

The position of administrative officers will not be affected by a general regrading, as their salaries are as provided in the annual estimates and authorized by Parliament. The Public Service Commissioner, therefore, has no statutory power to determine the salaries of Heads of Departments, and they are not classified as regards salary as are other officers of the Service. The Public Service Commissioner has, however, on occasion expressed the opinion that the salaries of Heads of Departments should be reviewed, and I concur with those views.

In the case of the higher professional and clerical officers, any salary in excess of the scales provided (£715 for the Professional Division and £765 for the Clerical Division on a pre-cut basis) can only be paid subject to provision being made in the estimates and the amount being appropriated by Parliament. I am satisfied it is desirable that some improvement in their salaries should be effected.

SALARY ADJUSTMENTS.

The movement of salary scales over the past five years was fully set out in the 1935 annual report. The $7\frac{1}{2}$ -per-cent. increase mentioned therein as a Budget proposal was approved by Government as from 1st August, 1935 (Finance Act, 1935). As from 1st July, 1936, it is proposed to restore all scale salaries to the rates in operation on 31st March, 1931. The movement of the clerical scale from 1913 to the present time is shown below (the professional scale is very little dissimilar) :—

Clerical Division.

Class.	1913, Maximum.	1919, Maximum.	1920, Maximum.	1922 (January), Maximum.	1922 (July), Maximum.	1924, Maximum.	1931, Maximum.	1932, Maximum.	1934, Maximum.	1935, (August) Maximum.	1936 (July), Maximum proposed.
VII	220	270	320	305	295	295	265	239	251	270	295
VI	260	300	350	330	320	335	301	271	285	306	335
V	315	350	400	380	370	380	342	308	323	347	380
IV	370	400	450	430	420	425	382	344	361	389	425
III	425	450	500	480	470	470	423	381	400	430	470
II	475	500	550	525	515	515	463	417	438	471	515
I	600	600	650	625	615	615	553	498	523	562	615
C, Special ..	..	750	800	775	765	765	688	619	651	699	765

The above table shows that even with the restoration of reductions made in 1931 and 1932, salaries generally will not have recovered from the reductions made in January and July, 1922. In all cases the maximum salaries for clerical grades will still be below those paid in 1920.

EXPANSION OF THE PUBLIC SERVICE.

Attention has been previously called to the increase in the number of public servants due to the ever-increasing demand for expansion of social services. The number of public servants will be further augmented this year mainly by the increased activities of Government. In this connection the following instances are given :—

State Advances Corporation of New Zealand : Under legislative authority the staff of the former Mortgage Corporation again become public servants.

National Broadcasting Service : The staff previously engaged by the New Zealand Broadcasting Board become public servants under section 6 of the Broadcasting Act, 1936.

Primary Products Marketing Department : This is a new Department formed under the provisions of the Primary Products Marketing Act, 1936.

Agriculture Department, Labour Department, Pensions Department, Public Works Department, and Transport Department : Owing to either the resumption of former activities or the passing of new legislation, the work of these Departments has increased greatly during the past eight months. It has been essential to build up the staffs of these Departments to enable them to meet the additional demands made on them.