

To His Excellency the Right Honourable Arthur William de Brito Savile, Earl of Liverpool, Member of His Majesty's Most Honourable Privy Council, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, Knight Grand Cross of the Most Excellent Order of the British Empire, Member of the Royal Victorian Order, Knight of Justice of the Order of Saint John of Jerusalem, Governor-General and Commander-in-Chief in and over His Majesty's Dominion of New Zealand and its Dependencies.

MAY IT PLEASE YOUR EXCELLENCY :

As Commissioner appointed under the Public Service Act, 1912, I have the honour to submit the following report, as required by section 15 of the Act.

Owing to my term of office expiring on the 30th instant it has not been possible to complete the figures necessary concerning salaries for the financial year 1919-20, but I have no doubt that my successor in office will lay this information before Your Excellency as early as possible.

REPORT.

CONDITION AND EFFICIENCY OF THE PUBLIC SERVICE.

The satisfactory state of efficiency of the Service, referred to in last report, has been fully maintained, and the loyalty of the staff continues to be worthy of praise from all concerned.

Legislation during the last two or three years, and the work of reconstruction following the war, have necessitated considerable expansion of staff. The Departments principally concerned are referred to in a subsequent paragraph. In addition there seems to be a tendency on the part of some Departments to endeavour to expand their operations and staffs, the reasons for which are not so apparent. With a view of restricting this tendency the Commissioners have asked for the production of evidence that Parliament has authorized the expenditure or that Government is prepared to find the necessary funds. While this to some extent meets the case, it appears to the Commissioners that if the Public Service is to be kept within reasonable bounds the formulation of a more comprehensive method of controlling such matters is worthy of consideration.

At the present time the wages and salaries bill for the Public Service has risen rapidly, in sympathy with the conditions existing throughout the world, and this in itself has added, and will apparently continue to add, largely to the financial commitments of the Dominion. Excluding the purely commercial and trading departments—the Government Insurance, Public Trust, State Fire, State Coal, and the State Advances to Settlers Departments—to which ordinary commercial tests can be applied, it is found that the personnel of and expenditure on the Public Service rose from 4,577 officers, with salaries of £874,613, on the 1st April, 1914, to 5,443 officers, with salaries of £1,271,658, on the 1st April, 1919—an increase of 18·92 per cent. in personnel and 45·39 per cent. in salaries. This does not include the Post and Telegraph Department, which may be regarded, for all practical purposes, as a trading department; nor are the salaries of school-teachers, to which considerable additions have been made, included.

For the current year it is evident that there will be a considerable increase, on account of the more liberal classification increments under last year's schedule and as the aftermath of the general regrading.

Since April, 1919, the cost of living has again increased, and Government has agreed to pay a cost-of-living bonus as from the 1st January, 1920, in correspondence with that recommended by Mr. Justice Stringer for the Railway Department. The bonus is estimated to cost approximately £500,000 per annum for the whole of the