

1933.

NEW ZEALAND.

PUBLIC SERVICE COMMISSIONER

(TWENTY-FIRST REPORT OF THE).

Presented to both Houses of the General Assembly by Command of His Excellency.

To His Excellency the Right Honourable Charles, Baron Bledisloe, Member of His Majesty's Most Honourable Privy Council, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, Knight Commander of the Most Excellent Order of the British Empire, 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.

REPORT.

THE ADMINISTRATION OF THE PUBLIC SERVICE.

The normal problems of general administration and the efficient organization of the several Departments comprising the Public Service of the Dominion have been greatly intensified during the past period by the unusual conditions arising out of the economic situation.

In addition to these problems, there was added the responsibility for the island services of Samoa and the Cook Groups. As a period of five years had elapsed since the Samoan Group had been investigated, it was decided by Government that the staffing and the administration of this mandated territory should be the subject of a further review. Accompanied by the Permanent Head of the External Affairs Department (Mr. C. A. Berendsen), I made an inspection and inquiry in July and August of this year. A visit—necessarily very hurried on account of the shipping facilities available—was also made to Niue Island (Cook Group).

During my absence the duties of Public Service Commissioner were ably carried out by Mr. A. D. Thomson, previously Assistant Public Service Commissioner.

The routine of administration of the Public Service Act may be summarized under the head of such matters as promotions, transfers, retirements, classification

of officers, the filling of vacancies, the examination of candidates for appointment, inquiries involving disciplinary action, and investigations concerning details of departmental organization to ensure the efficient and economical administration of the Service as a complete whole. During the past year a considerable amount of investigatory work has been undertaken in an endeavour to explore all possible avenues of economy and to consider means of dealing with problems arising out of the depression. One of the outstanding advantages secured by the Public Service Act has been the fixing of comprehensive salary scales to fit all groups of positions, with provision for the payment of annual increments within the limit of the scale for the position. This advantage, together with the right of appeal in certain cases to an independent Board of Appeal, was a very definite step in the direction of creating a contented Public Service, and a contented service is an efficient service. These and other advantages have considerably offset the added burdens which have been placed on officers and the salary reductions which have been enforced owing to the necessities of the present times.

EFFICIENCY OF THE SERVICE.

I am pleased to again report that the general standard of efficiency throughout the Public Service has been well maintained, and staffs have with commendable zeal striven to meet the difficulties arising out of the present economic situation.

In the Department of Agriculture and the Lands and Survey Department the introduction of the small farms plan has added considerably to the normal work of the Departments, but the difficulties incidental thereto have been ably surmounted. Similarly, the operation of the sales tax legislation has added to the responsibilities of the Customs Department, and while taxing the resources of the Department to the utmost, has not affected the high standard of work one expects from a well-organized concern.

In addition, practically the whole of the work connected with the initiation and administration of the unemployment scheme has been carried out by transferring men from other Departments where a slackening off in ordinary business has made it possible to reduce the number of employees. The Post and Telegraph, Railway, and Public Works Departments have been of great assistance in this connection.

In securing efficiency, the need for ensuring economical working has not been overlooked, and every opportunity has been taken by actual inspection of Departments and otherwise to ensure that no Department has retained any surplus staff. The active co-operation of all Departments with this Office and the whole-hearted support of any suggestion leading to increased efficiency or economy is a feature which has been particularly evident during the present time of stress.

SALARIES OF PUBLIC SERVANTS.

There is a widespread impression, amounting to an obsession in some cases, that there exists in the New Zealand Public Service an army of high officials who receive a princely salary, and who are a heavy drain upon the resources of the Dominion. Actually, when the position is analysed, it is found that in the whole of the public services (excluding Judges) in New Zealand there are only twelve officers who are in receipt of salaries in excess of £1,000 per annum, while the number in receipt of salaries in excess of £725 is 117. Of the twelve officers referred to above, three are in the New Zealand Division of the Royal Navy, one is a University Professor, and eight are Permanent Heads of Departments.

Some of the salaries paid to Heads of Departments are as follow :—

	£
Secretary to the Treasury	1,142
Comptroller of Customs	1,024
Director-General of Agriculture	984
Director of Education	984
General Manager, State Fire Insurance Department	866
Under-Secretary for Lands	787
Commissioner of Taxes	787
Secretary of Labour and Commissioner of Unemployment	728

These salaries are so inadequate that one naturally dislikes to disclose them, but they should supply an answer to those persons who are inclined to harshly criticize anything appertaining to the Public Service, but who do not trouble to ascertain the actual position.

Officers in all services in receipt of over £620 absorb £197,570 or 2·18 per cent. of the total salary bill of such services. Even if this group were eliminated altogether, the amount which would be saved would not go so far as some people think towards balancing the Budget.

The labourer is worthy of his hire, and I feel constrained to express the opinion that the salaries paid, especially to the higher officers, are woefully inadequate. These men have won their positions by preparation, industry, ability, and grit, and while they are loyally accepting the position as it exists at present with a feeling of stoicism, this may give way to an all-round pessimism with resultant loss of morale and efficiency, unless they may reasonably hope for some improvement in the near future.

It is understood that the reductions in salaries in the Australian services were effected by legislation which unless renewed remained in operation only for a specified period. Already an improvement has been effected in some instances. On the other hand, the New Zealand legislation will continue effective until repealed or until new salary scales are introduced. The following table shows the percentage of permanent staff (both for the Public Service under Public Service Commissioner control and for all State services) at various salary groups as at 1st April, 1933, and is rather illuminating:—

Salary Group.	Public Service (under Public Service Commissioner control, including Administrative Officers and Native-school Teachers).		Whole of State Services (excluding Judges).	
	Officers.	Salaries.	Officers.	Salaries.
	Per Cent.	Per Cent.	Per Cent.	Per Cent.
£900 and over	0·21	0·83	0·07	0·34
£726 and over	0·60	2·03	0·29	1·10
£649 and over	1·04	3·21	0·56	1·92
£621 and over	1·22	3·67	0·65	2·18
£383 and over	9·48	19·29	4·43	9·92
£241 and over	38·07	53·40	28·61	41·04
£215 and over	61·45	74·73	49·41	62·20
£198 and over	71·20	82·87	66·10	77·61
£181 and over	77·74	87·89	80·05	89·53
£151 and over	86·81	93·96	86·70	94·46
£150 and under	13·19	6·04	13·30	5·54
£150 and under	13·19	6·04	13·30	5·54
£180 and under	22·26	12·11	19·95	10·47
£197 and under	28·80	17·13	33·90	22·39
£214 and under	38·55	25·27	50·59	37·80
£240 and under	61·93	46·60	71·39	58·96
£382 and under	90·52	80·71	95·57	90·08
£620 and under	98·78	96·33	99·35	97·82
£648 and under	98·96	96·79	99·44	98·08
£725 and under	99·40	97·97	99·71	98·90
£899 and under	99·79	99·17	99·93	99·66
£900 and over	0·21	0·83	0·07	0·34

RECRUITMENT AND STATUS OF PUBLIC SERVANTS.

The first requisite of a good system of recruitment is that the most desirable candidates should be selected. This is the principle laid down in the Public Service Act, 1912, and the regulations made thereunder. Recruits to the Service naturally fall under two main headings—

- (1) Juniors—*i.e.*, cadets, shorthand-typists, &c.
- (2) Those requiring professional or technical qualifications.

In regard to (1)—*i.e.*, juniors—some form of educational test or entrance examination is required. In the case of cadets the usual standard was the Public Service Entrance Examination. As an economy measure this examination, however, has been discontinued, it being considered that the University Entrance Examination adequately meets all requirements. Another advantage is that lads who have matriculated before entry to the Service more readily continue with their studies towards a degree. It is the practice to give preference to those who possess any higher educational qualifications. Thus, in arranging the order of merit list for cadetships, matriculated candidates who have passed two or more subjects of the Professional Accountants' Examination or of a University degree are placed first, those who possess a Higher Leaving Certificate or a University Scholarship are placed next, and then those who have passed the University Entrance Examination.

Shorthand-writers and typists are required to pass a competitive examination in shorthand and typewriting. These examinations are conducted by an Examiner appointed by the Public Service Commissioner, and are held annually in various centres throughout New Zealand. There are five grades of examination, namely:—

Junior Entrance Examination with shorthand at the rate of eighty words a minute and typewriting at the rate of thirty words a minute, together with an English test.

Senior Entrance Examination, with shorthand at the rate of 110 words a minute and typewriting at the rate of forty words a minute, together with an English test.

Intermediate Examination with shorthand at the rate of 130 words a minute and typewriting at the rate of fifty words a minute, together with a test in confused manuscript.

Special Examination, with shorthand at the rate of 150 words a minute and typewriting at the rate of fifty words a minute, together with a test in confused manuscript.

Shorthand Reporters' Examination, requiring a speed of from 150 to 180 words a minute in shorthand with not more than 1 per cent. of error in transcription.

While the first two are the entry examinations, the other three are mainly for promotion purposes.

In regard to (2)—*i.e.*, those requiring professional or technical qualifications—the usual practice is to invite applications, in some cases restricted to those already in the Service and in others open to persons not already public servants. Vacancies under this latter heading are notified in the public press, and comprise such positions as Medical Officers, Veterinarians, Actuaries, Inspectors of Machinery, Surveyors of Ships, Inspectors of Scaffolding, Inspectors of Factories, and similar positions which require qualifications and experience which cannot usually be obtained within the Service. Positions such as Engineers (Civil, Electrical, or Mechanical), Analysts, Geologists, Bacteriologists, Surveyors, Law Officers, Accountants, &c., are usually (but not always) filled from within the Service, which, combined with University training, affords considerable scope for training and experience. In selecting an officer for promotion, seniority is subordinated to fitness, and academic and other qualifications are taken into consideration in determining the relative fitness of applicants.

In the New Zealand Public Service there is ample provision for adequately dealing with University graduate applicants for professional or technical positions, but the position is not so clear-cut in regard to those positions which may be regarded as providing training for the administrative positions.

Conditions in New Zealand are not analogous to those which exist in the United Kingdom, either in regard to the universities or the Public Service.

New Zealand is essentially a democratic country, and no practice which might be inferred to give an undue advantage to those who can afford to continue full-time studies at a University is likely to meet with general approval. Due consideration must be given to the claims of those already in the Service, who in their spare time attend a University College and graduate therefrom. Indeed, the Public Service Act requires that an officer already in the Service fully qualified for appointment to a position and capable of efficiently carrying out the duties thereof

must be considered in preference to an outsider if his appointment thereto would involve his promotion. Again, opportunities comparable to those given in such branches of the English Public Service as the Foreign Office, the Colonial Service, and the India Service, do not exist in New Zealand.

The University of New Zealand cannot be expected to afford the same scope as the universities and colleges of the United Kingdom, where, particularly in London, Manchester, and Glasgow, special training is given in public administration and in any of the social sciences.

It is difficult to determine what is the best practice to adopt or necessarily the best form of preparation for the holding of administrative positions. It may, however, be said that there are three principles to be observed: (1) A general high standard of education and training must be maintained; (2) the greatest opportunity for promotion from within the Service should be provided as is consistent with maximum efficiency; (3) new blood must be introduced from without the Service when this secures the supply of officers with training and experience of a kind which cannot be obtained within the Service and which is necessary to ensure efficiency.

Another material factor which must be taken into consideration is that of remuneration. On graduating, the individual naturally offers his services where the financial reward, other things such as congenial work, &c., being equal, is highest. The standard of salaries in the New Zealand Public Service in comparison with that obtaining in commercial undertakings, the Teaching service, and in positions in other countries is very low not only in regard to what may be offered as a commencing salary, but also in regard to that paid in respect of the highest positions. This is evidenced by the fact that not one New Zealand Rhodes Scholar has been attracted to the New Zealand Public Service, although inquiries have been made from several as to whether they would be prepared to accept appointment.

NATIONAL EXPENDITURE ADJUSTMENT ACT, 1932.

In accordance with the provisions of the National Expenditure Adjustment Act, 1932, a Committee was established to consider cases of hardship arising from the operation of that Act. Individual applications were received from 364 officers, and several Service organizations made representations on behalf of special groups of employees. No individual applications were granted, but a measure of relief was afforded to special classes of employees involving 389 officers.

RETROSPECT.

The Public Service Act has now been in operation for twenty years, and it may be of interest to compare the state of the Public Service as it is now with what it was in 1912 when the Royal Commission, which was set up in that year, reported on the working of the various unclassified State Departments. The members of the Commission were William Duffus Hunt, Esq. (now Sir William), James Macintosh, Esq., and Peter Barr, Esq.

Management.—The Commission advocated the setting-up of a Board of Management, stating that they considered this the most important matter of all, as if an efficient head with the necessary powers were obtained it would in time put the whole machine in perfect working-order. The system of Public Service Commissioner control was introduced to give effect to this proposal.

The Commission stated that amongst the first duties of the new form of control should be the following—

- (a) Block all "back doors" of entrance to the Public Service;
- (b) Arrange that all promotions should be made from within the Service;
- and
- (c) Arrange for free transfer of officers between the Departments.

Appointments.—The Commission was of opinion that the matter of appointments wanted the very closest watching, for it was a very sore point right throughout the whole Service. They stated that from their business experience nothing would break up the spirit of a staff so soon as to bring in an outsider and put him over their heads. If a staff knows that all promotions are to be free from within it promotes a loyalty and enthusiasm for the Service and an *esprit de corps*, the value of which it is impossible to overestimate. They referred to the various means by which "back door" appointments were made.

Officers of the Service know that under the conditions now governing the matter of appointments to the Service they need have no fear that an outsider will be jumped in over their heads, and there is, therefore, no feeling of discontent in this respect.

Transfers.—The Commission considered that the next thing to do was to arrange for free transfers between Departments—the Public Service to be treated as a whole, and not as a number of watertight compartments. Officers should feel that they were officers of the Public Service as a whole, and not officers of special Departments only. Officers of ability would then feel that they had the whole Service as a scope for their energies.

Officers now have every opportunity for transfer from one Department to another, and, as mentioned elsewhere in this report, staff is transferred from Department to Department as may be necessary to meet the exigencies of the Service as a whole. This was very necessary throughout the war period and also during the disturbing effects of the present depression. As a general rule, all vacancies likely to involve the promotion of some one already in the Service are advertised in a Service journal, and all officers are therefore made aware of any opportunity for advancement.

Valuation of Positions.—The Commission considered that the next matter was to see that all officers were getting properly paid for their work, and that the State was getting proper service for its pay. To do this, a proper plan of valuing all the various positions in the Public Service would require to be carried out and separate Divisions established in which each position should be classified and graded.

This has been done, and each position is graded in one of the following Divisions and placed in an appropriate subdivision according to its value. The object is to give fair pay for every position and to see that similar work done in different Departments is paid at a similar rate. The Divisions are Administrative, Professional, Clerical, General, and Educational.

It is provided that the Service as a whole shall be regraded or revalued at intervals of not more than five years, but positions may be improved or reduced in status from time to time as the occasion demands.

Promotions.—The Commission indicated that promotions from one class to another should be entirely by merit, that factor alone to be the only consideration. No influence, political or otherwise, no social considerations, nothing but efficiency should be allowed to affect the selection and promotion of officers from one class to another. Periodical reports should be obtained on the work, general character, and ability of officers. The younger officers should be encouraged to go in for examinations, although promotion should not be decided by examination results alone.

These matters have now all been given effect to, although it was not until the passing of the Public Service Amendment Act of 1927 that the matter of seniority was entirely subordinated to fitness.

Appeals.—The Commission suggested that all officers should have the right of appeal direct to the controlling authority by letter stating fully their grounds of appeal should they think their positions were wrongly valued or that they were ill-treated in any way. They were of opinion that an outside Appeal Board that could override the management was a decided mistake.

Officers now have a right of appeal to an independent Board of Appeal, and while much might be said for and against the system proposed by the Commission as well as the present system, it would now be difficult to make any change. An Appeal Board performs a very useful function, and may be regarded as a governor on the appointing authority and a safety-valve for the officers of the Service.

Characteristics of the Service.—The Commission considered that the characteristics of the Service should be (1) entry by competitive examination, (2) probation before final admission, (3) security of tenure during good behaviour after admission, (4) promotion by merit, and (5) pensions on retirement.

In regard to (1), entry to cadetships and as shorthand-typists is, as stated elsewhere in this report, by passing an Entrance Examination. Appointments from outside the Service are usually confined to adults and are to positions requiring some professional or technical skill. Competitive examinations are not held in such cases.

In regard to (2), all new appointees are placed on probation for a period of not less than two years and quarterly progress reports are obtained as to the manner in which the duties are being performed and the officer's suitability for the position.

As to (3), reasonable security of tenure is secured to officers who know that they are not likely to be dispensed with without cause if they continue to give loyal and efficient service. The Act, however, provides that all officers are three-monthly servants and if any staff should become excess this section can be brought into operation if it is not possible to utilize it elsewhere.

The matter of promotion by merit (4) has been dealt with already.

In regard to (5), pensions on retirement are provided in accordance with the provisions of the Public Service Superannuation Act, but the financial position of the fund is far from satisfactory, and unless some improvement is effected it would appear that in the near future the fund will not be able to meet its obligations, and it may be necessary for it to be wound up. One cannot contemplate such a possibility with any degree of equanimity, for it is, I think, fully appreciated that a sound pension scheme is necessary in any State Service, even if it be only for the purpose of promoting the efficiency of the Service by facilitating the removal from office of those who, as the result of age or medical unfitness, have outlived their usefulness. It is, I think, admitted by all who have given any real thought to the question of the stability of the Superannuation Funds that some action is necessary to improve matters, but it is difficult to secure any unanimity as to the methods to be adopted to secure this end. This is unfortunate, as world experience has shown that a sound pension scheme is essential to the well-being of any large Service. The matter was investigated by the National Expenditure Commission in 1932 and their conclusions and recommendations may briefly be summarized as follow :—

(1) The actuarial deficiency in the Superannuation Funds is £23,000,000, and unless action is taken to reconstruct the funds this liability must eventually be met by the State.

(2) The interest on this deficiency amounts to over £1,000,000 per annum, and the Commission is of the opinion that this annual sum is beyond the present capacity of the country to meet. It suggests, in effect, that the burden be approximately halved between the State and its employees.

(3) The sacrifice to be made by the employees consists of a reduction of benefits, and it is proposed to extinguish roughly one-half of the deficiency by reducing the liabilities of the funds as follows :—

(a) Modify contributors' rights to retire, and generally tighten up early retirement provisions.

(b) Base the pensions of existing contributors on the average salary of the last seven or ten years instead of three years as at present.

(c) Review the annuities paid to present pensioners (excluding those who retired prior to the 31st March, 1921) so as to bring them into line with what is recommended in (a) and (b) above for present contributors.

(d) Strengthen the Railways Fund by increasing by 2 per cent. the future contributions of certain officers in order to bring them into line with the remainder of the Railways Service and with contributors to the other funds.

(e) Make the proposed future pound-for-pound subsidy retrospective in respect of the trading Departments.

(4) The report also recommends the removal of the arbitrary pension limitation of £300 to officers joining the Service after the 24th December, 1909, thus bringing them into line with officers joining before that date.

(5) The suggested contribution to be made by the State in liquidation of the balance (roughly one-half) of the deficiency is—

(a) A pound-for-pound subsidy of the employees' contributions; and

(b) A guarantee of a net effective interest yield of 5 per cent. on the funds.

It will be seen from the foregoing that if effect were given to the proposals most of the existing annuitants would require to accept smaller pensions, present contributors would have to submit to a general tightening-up of conditions, particularly in respect of early retirement provisions, and Government would need to subsidize the funds to a larger extent than at present.

A Bill based on the recommendations of the National Expenditure Commission was drafted last session and introduced into the House. The Bill was, however, not treated as a Government policy measure, and was referred to a Select Committee for report. The Committee heard voluminous evidence, but reported at the end of the session that the time at its disposal was insufficient to enable it to make

a complete investigation of the proposals contained in the Bill and to consider the many alternatives placed before it. It was recommended by the Committee that the Bill be not allowed to proceed that session, and the Bill has now automatically lapsed.

The objections raised to the Bill were mainly to the moral breach of faith or contract involved. Whether there is any such moral breach of faith or not (and the present instability of the funds cannot be laid at the door of the present or any other Government in particular) contributors and annuitants must face facts, however unpalatable they may be, and realize that financial considerations will not allow of the funds being stabilized on the basis of present benefits and privileges, particularly in regard to early retirements, and that if the funds are to be made solvent (and no one questions the necessity for this) sacrifices must be made by contributors and annuitants. The alternative proposals made to the Committee for stabilizing the funds without any diminution of benefits to contributors and annuitants involved the issue of Government stock to the amount of approximately £4,000,000 and were accordingly quite unacceptable.

Failure to place the funds on a sound financial basis is likely to have a serious effect on the morale of the Service.

General Matters.—The Commission referred to the absence of any regular system or uniformity in regard to travelling-allowances, overtime, attendance of officers, leave of absence, discipline, &c.

These matters have now all been placed on a uniform basis and regulations have been framed applying to all Departments.

Suggestions from Service.—The Commission thought it not out of place to refer to a scheme of obtaining suggestions from officers as to improving the working methods of the Service. They considered it would be a great advantage if there were a system for the interchange of ideas between officers in the Service.

As referred to elsewhere, this has been given effect to and officers are invited to make suggestions for improvements and any which possess any intrinsic merit are usually given a monetary reward.

Public Accounts.—In the opinion of the Commission, probably the most important and outstanding feature of the accounts was that, numerous as they were, they could be divided into two classes only—(1) the “balance-sheets” or summaries of transactions with subsidiary statements in detail of receipts and expenditure, and (2) the tables of balances at the close of the year dealing (a) with the public debt, and (b) with the cash and bank accounts. This meant that the whole of them might be described as simply cash accounts. The term “balance-sheet” as used throughout the accounts was entirely misleading, and at variance with the commonly accepted meaning of the words in business or by mercantile accountants.

Practically the whole of the matters referred to by the Commission were given effect to, and all Departments now furnish balance-sheets in a commercial form. This has resulted in increased efficiency and economy, particularly in those Departments where undertakings of a commercial or semi-commercial nature are carried out.

Since the year ended 31st March, 1930, what may be called a “General Balance-sheet for the Dominion” has been prepared and is published with the Annual Statement of Accounts under the heading “State Balance-sheet.”

STAFF STATISTICS.

As indicated in Table III, the number and the total annual salaries of the permanent staff showed decreases of 122 officers and £46,042 respectively between 1st April, 1932, and 31st March, 1933. During the year 371 officers left the Service for various reasons. It was necessary to appoint 256 persons from outside the Service. Of this number, 138 were appointed to the Mental Hospitals Department, 57 were cadets, and 23 were probationer dental nurses in the Health Department.

Departments showing a net decrease in staff are: Agriculture (11), Cook Islands (1), Customs (2), Education (11), Government Insurance (3), Health (7), Immigration (8), Industries and Commerce, Tourist, and Publicity (6), Internal

Affairs (6), Justice (12), Land and Deeds (2), Land and Income Tax (3), Lands and Survey (17), Marine (5), National Provident (3), Native Trust (2), Printing and Stationery (6), Public Works (72), Scientific and Industrial Research (1), State Forests (9), and Valuation (3).

Those Departments whose staff has increased are: Audit (5), Internal Affairs (relieving staff) (27), Labour (1), Native (5), Prisons (6), Public Trust (18), State Advances (4), State Fire Insurance (1), Treasury (1).

As stated in my report for last year, the depression has in many cases considerably increased the volume and complexity of work and created many new problems to be dealt with. The increase in the number of officers attached to the relieving staff of the Internal Affairs Department was caused by the transfer from other Departments of surplus officers, most of whom are now engaged on duties connected with unemployment. The net increase of 18 officers in the Public Trust Department was due to the appointment of 36 cadets to that Department. During the years 1931 and 1932 this Department, in common with others, endeavoured to carry on without replacing officers retiring or resigning. At the close of 1932 it was apparent that in the interests of efficiency and to provide the necessary material for training, additional cadets were required, and early in 1933 over fifty cadets were appointed to the different Departments. Despite the fact that 23 probationer dental nurses were appointed during the year, the Health Department showed a net reduction of 7 officers.

Since 1st April, 1930, the number of permanent employees (exclusive of administrative officers) under the control of the Public Service Commissioner has decreased from 7,803 officers, with total annual salaries of £2,332,527, to 7,391 officers, with total annual salaries of £1,836,921, at 31st March, 1933—a decrease of 412 officers and £495,606.

UNIVERSITY TRAINING AND THE PUBLIC SERVICE.

In previous reports by my predecessors and myself, emphasis has been laid on the value of University training to the Public Service, and by pecuniary advantage and otherwise the furthering by public servants of their education has been encouraged. The value of such training has never been more clearly apparent than it is to-day, when many new problems are pressing upon Governments and their employees—problems which have hitherto fallen beyond the scope of Governments. Departmental training is valuable in approaching these new tasks, but it is not enough—the universities have a function in extending and amplifying that training.

COMMONWEALTH FUND FELLOWSHIPS.

I am glad to be able again to acknowledge, from the viewpoint of the New Zealand Public Service, the gratitude that is felt towards the Commonwealth Fund Foundation, of New York, for their practical assistance in bringing post-graduate travel and education within the reach of members of our Dominion Service. The Commonwealth Fund was established, through the munificence of the Harkness family, to encourage friendly relations between England and America, and it has made provision for a number of years for the award of post-graduate fellowships to graduates of British universities who desire to pursue their studies in American universities. Since 1929 the fund has offered a limited number of fellowships for award to Civil servants from any part of the British Empire. These fellowships are handsomely endowed, and they afford unique opportunities for useful and pleasant study in the United States. The public servants to whom they are awarded are enabled to follow up whatever lines of inquiry they desire, with particular reference to problems in Government and public administration.

The Commonwealth Fellowships have been eagerly sought by members of the New Zealand Public Service. Three fellowships have already been granted to New Zealanders, and keen interest is being shown by officers in applying for further awards. The highest praise and appreciation of the Commonwealth Fund are expressed by those who have held fellowships.

It is required as a condition of award that persons who enjoy the benefit of a Commonwealth Fellowship should continue in the Government Service for at least two years after the completion of the term of the fellowship. This useful and reasonable provision meets the objection that is commonly raised, with some validity, to the value of other scholarships whose immediate beneficiaries may perhaps not even return to their own country.

COURSES IN PUBLIC ADMINISTRATION.

Apart from such exceptional opportunities for post-graduate travel, and while a good deal has already been achieved in bringing the advantage of the University to the New Zealand Public Service, there is scope for further improvement in this matter. There is on the one hand the problem of ensuring equitable recruitment-conditions for graduates who have taken specialized and professional courses which are appropriate equally to the Public Service and to other occupations. On the other hand, there is need for giving more adequate attention to public administration as a study and a science in itself. It may well be that at some future time, when normal financial conditions permit, the Government and one or more of the University colleges might consider appropriate arrangements for providing courses to cover the subject. University teaching and research in the problems of Government, at a time when these problems are challenging in their novelty and variety, could properly be encouraged for their practical value in improving the technique of administration. This, as I have said, is a matter that will warrant consideration when circumstances permit.

BOARD OF APPEAL.

The following is a summary of appeals dealt with during the period 1st April, 1932, to 31st March, 1933 :—

Decision recorded.	Classification.	Non-appointment.	Dismissal.	Total.
Allowed
Not allowed	7	..	7
Do not lie	2	..	2
Withdrawn	2	..	2
	..	11	..	11

SUGGESTIONS FOR IMPROVEMENT.

Public Service Regulation 17 is a standing invitation to officers to forward, for the consideration of the Commissioner, any fresh ideas or proposals that are likely to improve the organization or efficiency of the Service. Even if these suggestions are not considered by the Commissioner to be suitable for adoption, the submission of an intelligent suggestion is regarded as an evidence of zeal, and it is duly noted on the personal file of the officer concerned. It is the practice to make a special reward to any officer bringing forward a suggestion of merit.

Mr. A. G. Butchers, M.A., M.Ed. LL.B., Senior Secondary Assistant, Correspondence School, Education Department, Wellington, submitted a proposal, which was adopted, in regard to a two-way envelope system for the despatch and return of pupils' work in the primary and secondary departments of the Correspondence School. A considerable saving to the Department has been effected thereby, and Mr. Butchers has been awarded a cash bonus.

Several other suggestions were made during the year, and, although none was considered of sufficient novelty and merit to warrant monetary recognition, the following are deserving of mention herein :—

Name.	Department.	Suggestion.
Ibell, H. M... ..	Treasury	Keeping of duplicate records relating to the public debt of the Dominion, inscribed stock investments, &c.
Ross, A. L. B. ..	Land and Deeds ..	Book of Departmental Instructions.

OFFENCES BY OFFICERS.

Offences by officers are dealt with as prescribed by sections 12 and 13 of the Public Service Amendment Act, 1927.

Minor offences may be dealt with by the head of the Department, but must be reported to the Public Service Commissioner. All the more serious cases are required to be referred to the Commissioner, who may conduct an inquiry himself or delegate his powers to others. In all cases the officer must be specifically charged in writing, and is required to answer the charge in writing. In the case of the more serious charges the officer has a right of appeal to the Public Service Board of Appeal against both the finding of the Commissioner and the penalty inflicted.

The principal classes of cases dealt with since last report, and the decisions arrived at, are as follow:—

- (a) Misappropriations: Dismissed (1); services terminated (2); resignation called for (2); absent without leave (1).
- (b) Irregularities in connection with stores: Dismissed (1); services dispensed with (1); reprimanded (1); charge not proved (1); forfeited office (1).
- (c) Breaches of regulations: Charge not proved (1); reprimanded (1); fined and severely reprimanded (1); transferred to other duties and portion of annual leave forfeited (1).
- (d) Neglect of duty: Services terminated (1); disgraced and transferred (2); fined (1); severely reprimanded (1).
- (e) Unsatisfactory conduct and work: Reprimanded and transferred (1).
- (f) Unsatisfactory conduct: Appointment annulled (1); services terminated (4); disgraced and transferred (2); reprimanded and fined (2); severely reprimanded (2); reprimanded and annual leave forfeited (1); reprimanded and annual leave and portion of salary forfeited (1).

DEPARTMENTAL OFFICERS ON DUTY ABROAD.

During the year the following officers proceeded abroad for the purposes stated:—

Hopkirk, C. S. M., Officer in Charge, Veterinary Laboratory, Agriculture Department, Wallaceville: To represent New Zealand at Australian Veterinary Association's Conference at Canberra.

Lambie, Miss M. L., Director, Division of Nursing, Health Department, Wellington: To visit Samoa for purpose of reporting on nursing staff.

AMENDMENTS TO THE GENERAL REGULATIONS.

During the year the principal amendment was as follows: Regulation 101, providing that appeals lodged by officers against any decision of the Commissioner shall be accompanied by a receipt for the payment of a fee of 10s. 6d., such fee to be refunded to the appellant in any case in which the appeal is allowed.

ADMINISTRATIVE CHANGES.

Since the last report was issued the following changes have taken place in the Administrative Division:—

Education Department: Mr. T. B. Strong, I.S.O., M.A., B.Sc., retired on 30th April, 1933, and was succeeded by Mr. N. T. Lambourne, M.A.

Government Insurance Department: Mr. A. E. Allison retired on 30th September, 1933, after over forty-seven years' service. Mr. W. E. Arnold, formerly Deputy Commissioner and Secretary, succeeded Mr. Allison.

Justice Department: Mr. R. P. Ward retired from the position of Under-Secretary on 31st May, 1933, after forty-nine years' service. The opportunity was taken of amalgamating the Justice and Prisons Departments, and Mr. B. L. Dallard succeeded Mr. Ward as Under-Secretary, holding this position in conjunction with that of Controller-General of Prisons.

Marine Department: Mr. L. B. Campbell, A.M.I.C.E., was appointed Secretary to this Department on 1st July, 1933, *vice* Mr. G. C. Godfrey, who was appointed to the position of Commissioner of Unemployment and Secretary of Labour.

Native Trust Department: Judge R. N. Jones, C.B.E., assumed the position of Native Trustee from 1st April, 1933, in addition to the positions already held by him.

Printing and Stationery: Mr. W. A. G. Skinner retired from the position of Government Printer on 31st May, 1933. He was succeeded by Mr. G. H. Loney, who previously held the position of Superintendent.

DEPARTMENTAL OFFICERS ON LOAN WITH OTHER ADMINISTRATIONS.

The following officers of the New Zealand Public Service are on duty with the Administrations named :—

Administration.	Name.	Department from which loaned.	
High Commissioner's Office	Wright, W.	Agriculture.	
	Taylor, F. H.	"	
	Valentine, G. M.	"	
	Rutherford, J. P.	Audit.	
	Steere, H. C.	"	
	Lawrence, F. W.	Customs.	
	Mitchell, T.	"	
	Mitchinson, Miss E.	Internal Affairs.	
	Jervis, D. M.	"	
	Sandford, F. T.	Labour.	
	Wright, N. L.	Scientific and Industrial Research.	
	Mackay, A. R. F.	Treasury.	
	Samoa	Peddie, J. J. G.	Agriculture.
		Gair, C. J. M.	Audit.
Nicol, R. S.		"	
Boyd, G. B.		Customs.	
McKay, C. G. R.		External Affairs.	
Quin, C. E. H.		"	
Turnbull, A. C.		Internal Affairs.	
Norrie, J. A.		"	
McBride, W.		Land and Deeds.	
White, A. R.		Lands and Survey.	
Pound, J. G. W. T.		Prisons.	
Gratton, F. J. H.		Public Trust.	
Sapsford, H. B.		Public Works.	
Lofley, W. G.		"	
Wadsworth, J.		Scientific and Industrial Research.	
Wyman, T. S.		State Forests.	
Cook Islands	Crowther, W. J.	Treasury.	
	Nottage, I. L.	Agriculture.	
	Wright, J. B.	Cook Islands.	
	Cook, L. M.	"	
	McMahon-Box, J. P.	Customs.	
Secretariat to League of Nations Fiji	Bell, M. V.	Native.	
	Luckham, A. A.	Prisons.	
	Chapman, J. H.	Customs.	
	Lindsay, Miss G.	Internal Affairs.	

EXAMINATIONS.

Officers are encouraged to continue their studies along lines likely to equip them for the better performance of their duties. It is the practice to grant double increments on the passing of such examinations as the Law Professional, the Accountants' Professional, and University degrees, provided the officer is not above Class VI. In certain Departments—*e.g.*, Land and Income Tax, Audit, and Public Works—salary bars have been instituted above which officers cannot proceed without having passed a higher qualifying examination. In selecting officers for promotion recognition is also given to examination qualifications.

The Public Service Act, 1912, has now been in operation for twenty years, and the following table illustrates the great improvement in this direction which has been attained as a result of the policy adopted :—

	1913.	1914.	1924.	1926.	1929.	1931.	1933.
Accountants' Professional, B.Com., M.Com.	18	26	160	195	228	280	349
Law Professional, LL.B., LL.M. . .	43	55	88	147	177	211	221
Engineering degrees and diplomas . .	159	146	175	196	200	199	228
Other University degrees	21	47	163	158	197	224	243

ENTRANCE EXAMINATIONS FOR SHORTHAND-TYPISTS.

In November of last year the Senior and Junior Entrance Examinations for Shorthand-typists were held in thirty-two centres. There were 932 entries, showing a decrease of 145 from the previous year: 544 of the candidates were successful in passing the examinations, 368 failed, and 20 did not present themselves.

In addition, the Intermediate and Special Examinations were held in the four chief centres. There were 89 entries; 17 of the candidates were successful, 70 failed, and 2 did not present themselves.

DEPARTMENTAL CONFERENCES OF OFFICERS.

The following conferences of departmental officers were held during the year :—

Department.	Name of Conference.
Public Trust ..	Second Regional Conference of Co-operative Rural Intermediate Credit Associations operating in Taranaki, Wanganui, Manawatu, Hawke's Bay, and Wairarapa districts.
Public Trust ..	Third Regional Conference of Co-operative Rural Intermediate Credit Associations operating in the South Island.

CONCLUSION.

In the foregoing I have endeavoured to describe some of the various matters which come within the field of operations of the Public Service Commissioner. In an undertaking such as the Public Service, new problems are continuously arising and ever-varying conditions have to be provided for. I would be glad to see a better public appreciation and recognition by the public generally of the loyal and efficient work of members of the Public Service in the assistance they have been able to give to those carrying the responsibility of Government. I again wish to place on record my keen appreciation of the generous measure of support and co-operation accorded by Permanent Heads and of the loyal manner in which officers of the Service have risen to the demands of the abnormal conditions which have been experienced. Special thanks are due to the staff of my own office for their unfailing zeal and loyalty.

All of which is respectfully submitted for Your Excellency's gracious consideration.

P. VERSCHAFFELT, Commissioner.

Office of the Public Service Commissioner,
Wellington, 30th November, 1933.

TABLE I.—PUBLIC SERVICE LIST, 31/3/33.—GENERAL SUMMARY OF CLASSIFICATION BY DEPARTMENTS
(EXCLUDING OFFICERS IN ADMINISTRATIVE DIVISION).

Department.	Number of Officers.	Total Salaries, Year ending 31/3/33.	Classification Salaries, Year ending 31/3/34.	Scale Increase.
		£	£	£
Agriculture	513	151,473	152,916	1,442
On loan	4	..	..	..
On leave	1	..	..	..
Audit	162	43,891	45,112	1,221
On loan	1	..	..	..
Cook Islands	4	1,008	1,043	34
On loan	2	..	..	..
Crown Law	6	3,171	3,188	17
Customs	292	81,086	82,280	1,193
On loan	2	..	..	..
On leave	1	..	..	..
Defence	31	7,287	7,363	76
Education	256	75,705	76,475	769
Appointed, 1/4/33	1	..	149	..
External Affairs	3	694	711	17
On loan	2	..	..	..
Government Insurance	96	25,192	26,071	879
Health	403	92,338	93,612	1,274
On loan	1	..	..	..
On leave	1	..	..	..
Industries and Commerce, Tourist and Publicity	159	37,468	38,303	834
Internal Affairs	258	58,768	59,755	986
On loan	4	..	..	..
On leave	3	..	..	..
Justice	301	72,516	74,574	2,058
Labour	96	24,813	25,240	427
On loan	1	..	..	..
Land and Deeds	123	32,060	32,733	672
On loan	1	..	..	..
Land and Income Tax	172	37,841	39,619	1,778
Lands and Survey	570	145,530	148,873	3,343
On loan	1	..	..	..
Marine	163	46,900	47,306	406
Mental Hospitals	1,089	202,422	204,163	1,741
On leave	2	..	..	..
Mines	49	13,731	14,010	279
National Provident and Friendly Societies	29	6,700	6,915	214
Native	80	19,487	19,983	496
Native Trust	28	7,521	7,681	159
Pensions	101	22,367	23,293	926
Police	6	1,732	1,741	9
Prime Minister's	1	649	649	..
Printing and Stationery	237	56,425	56,740	314
On leave	5	..	..	..
Prisons	242	56,669	57,089	420
On loan	2	..	..	..
Public Service Commissioner's	8	2,736	2,736	..
Public Service Superannuation	8	1,641	1,752	111
Public Trust	645	163,734	168,683	4,948
On loan	1	..	..	..
On leave	4	..	..	..
Public Works	637	178,794	181,664	2,870
On loan	2	..	..	..
On leave	1	..	..	..
Scientific and Industrial Research	56	18,232	18,573	340
Stamp Duties	71	17,856	18,215	358
State Advances	102	22,215	23,008	792
On loan	1	..	..	..
State Fire Insurance	135	32,824	33,887	1,063
State Forests	98	27,871	28,191	319
On loan	1	..	..	..
On leave	1	..	..	..
Transport	7	2,466	2,500	34
Treasury	79	19,953	20,581	627
On loan	1	..	..	..
Valuation	75	23,134	23,478	343
Totals	7,391	1,836,921	1,870,729	33,807
Appointed, 1/4/33	1	..	149	..
On loan	27	..	..	..
On leave	19	..	..	..
Totals, 31/3/33*	7,391	1,836,921	..	..
Totals, 31/3/34*	7,392	..	1,870,879	..
Native-school teachers	328	59,096	..	..
Vacant, 1/4/33	11	..	..	..

* Excluding 27 officers on loan and 19 on leave without pay.

NOTE.—Fractions of £1 are not taken into consideration in totals.

TABLE II.—PUBLIC SERVICE LIST, 31/3/33.—GENERAL SUMMARY OF CLASSIFICATION BY CLASSES
(EXCLUDING OFFICERS IN ADMINISTRATIVE DIVISION).

Class (excluding Administrative).	Number of Officers.	Total Salaries, Year ending 31/3/33.	Classification Salaries, Year ending, 31/3/34.	Scale Increase.
Professional—		£	£	£
Over scale	76	51,442	51,442	..
A	112	60,802	60,883	81
A (on leave)	1	..	..	..
B	123	55,318	55,379	60
C	117	45,384	45,384	..
D	101	32,574	32,833	259
D (on leave)	1	..	..	..
E	58	13,521	13,950	429
F	13	1,966	2,231	265
Clerical—				
Special	69	39,912	40,034	121
Special (on loan)	1	..	..	..
I	94	44,444	44,647	202
I (on leave)	1	..	..	..
II	69	28,459	28,499	40
II (on loan)	1	..	..	..
II (on leave)	1	..	..	..
III	154	57,659	57,736	76
III (on loan)	1	..	..	..
IV	217	74,086	74,200	113
IV (on loan)	2	..	..	..
IV (on leave)	1	..	..	..
V	260	79,282	79,554	271
V (on loan)	2	..	..	..
VI	467	126,230	126,517	287
VI (on loan)	1	..	..	..
VII (£222/15/0—£238/19/0)	1,055	242,924	248,301	5,376
VII (on loan)	8	..	..	..
VII (on leave)	1	..	..	..
VII (£179/11/0—£213/15/0)	543	99,085	108,217	9,131
VII (on loan)	3	..	..	..
VII (on leave)	1	..	..	..
VII (£68/8/0—£162/9/0)	629	72,427	85,880	13,453
VII (on loan)	1	..	..	..
VII (on leave)	2	..	..	..
General—				
I (£260 and over)	721	230,432	230,828	395
I (on loan)	4	..	..	..
I (on leave)	1	..	..	..
II (£198—£259)	1,421	315,462	316,375	912
II (on loan)	2	..	..	..
II (on leave)	6	..	..	..
III (£163—£197)	479	87,623	88,756	1,132
III (on loan)	1	..	..	..
III (on leave)	2	..	..	..
IV (£162 and under)	566	67,284	68,302	1,017
IV (on leave)	1	..	..	..
Educational—				
I (£260 and over)	10	3,341	3,349	8
II (£198—£259)	17	3,862	3,921	58
III (£163—£197)	16	2,830	2,889	59
IV (£162 and under)	4	560	611	51
IV (appointed, 1/4/33)	1	..	149	..
Totals	7,391	1,836,921	1,870,729	33,807
Appointed, 1/4/33	1	..	149	..
On loan	27	..	..	..
On leave	19	..	..	..
Totals, 31/3/33*	7,391	1,836,921	..	..
Totals, 31/3/34*	7,392	..	1,870,879	..
Native-school teachers	328	59,096	..	..
Vacant, 1/4/33	11	..	..	..

* Excluding 27 officers on loan and 19 on leave without pay.

NOTE.—Fractions of £1 are not taken into consideration in totals.

TABLE III.—SHOWING ALTERATIONS IN STAFFS AND SALARIES OF DEPARTMENTS BETWEEN CLASSIFIED LIST FOR 1932-33 AND 31ST MARCH, 1933.

Table with columns: Departments, Classified List, 1932-33, Increase, Decrease, Net Increase or Decrease, At 31st March, 1933, Departments. Sub-headers include Number of Officers, Total Classified Salaries, (1) Additions to Salary on Promotion, &c., (2) To fill Vacancies, (3) As Additions to Staff, (4) To fill Vacancies, (5) As Additions to Staff, (6) To fill Vacancies, (7) As Additions to Staff, (8) By Reduction in Salary, (9) By Transfer to other Departments or to Unclassified Positions, (10) By Death, (11) By Retirement on Superannuation or Pension, (12) By Resignation, (13) By Dismissal (including Cases where Services dispensed with), Total Increase, Total Decrease, Number of Officers, Total Classified Salaries.

NOTE.—This return does not include administrative officers, Native-school teachers, and officers on loan or on leave without pay. Fractions of £1 are not taken into consideration in totals.

TABLE IV.—TEMPORARY EMPLOYEES, OTHER THAN WORKMEN, ETC., AS AT 1ST APRIL, 1933.

Department.	Male Clerks.	Sorters.	Female Clerks.	Shorthand-typists, Typists, and Machinists.	Office Assistants.	Draughtsmen and Computers.	Draughtswomen and Tracers.	Engineers and Engineers' Assistants.	Inspectors and Instructors.	Milk Testers.	Overseers and Foremen.	Medical Officers.	Storekeepers and Storemen.	Miscellaneous.
Agriculture	5	3	..	22	11	..	..	..	65	10	2	..	..	18
Audit .. .. .	..	..	4	1	..	..	..	..	..	..	..	..	..	..
Cook Islands .. .. .	..	..	..	..	..	..	..	..	..	..	..	..	..	2
Crown Law .. .. .	..	..	..	2	..	..	..	..	..	..	..	..	..	..
Customs	1	..	..	9	..	..	..	..	..	..	..	..	..	..
Defence	16	..	..	2	5	..	..	..	..	..	2	..	25	27
Education	3	2	12	19	16	..	..	..	..	..	..	..	..	42
External Affairs .. .. .	..	..	..	1	..	..	..	..	..	..	..	..	..	..
Government Insurance	1	..	..	11	17	..	..	..	..	..	..	..	..	..
Health	10	1	4	15	4	..	..	4	8	..	..	8	1	39
Industries and Commerce, Tourist and Publicity	4	..	1	38	5	..	..	1	3	..	..	..	..	16
Internal Affairs	12	2	1	52	6	..	..	..	1	..	..	..	..	25
Justice	3	..	..	22	3	..	..	..	..	..	..	..	..	5
Labour	6	..	..	25	1	..	..	..	1	..	..	..	..	..
Land and Deeds	2	1	..	16	3	..	12	..	..	..	..	..	..	..
Land and Income Tax .. .. .	..	..	..	6	23	..	..	..	..	..	..	..	..	..
Lands and Survey	3	13	..	48	..	3	..	..	7	..	..	..	2	4
Marine	2	..	..	8	1	..	..	..	1	..	..	..	..	3
Mental Hospitals .. .. .	..	..	..	11	4	..	..	3	..	..	..	3	1	5
Mines	2	..	1	5	3	..	..	..	2	..	2	..	..	3
National Provident and Friendly Societies .. .. .	..	..	..	3	13	..	..	..	..	..	..	..	..	..
Native	11	..	1	21	1	..	..	..	..	..	3	..	..	14
Native Trust	1	..	..	5	1	..	..	..	..	..	..	..	..	..
Pensions	13	..	..	21	20	..	..	..	..	..	..	..	..	2
Printing and Stationery .. .. .	..	..	..	3	..	1	..	..	..	..	..	..	..	..
Prisons	5	..	..	5	..	..	..	..	..	..	..	..	..	1
Public Service Superannuation .. .. .	..	..	..	..	2	..	..	..	..	..	..	..	..	..
Public Trust	30	3	..	154	3	..	..	..	2	..	..	..	..	4
Public Works	7	5	..	59	5	22	..	35	4	..	62	..	23	49
Scientific and Industrial Research	5	..	..	4	..	..	..	..	..	..	1	..	..	45
Stamp Duties .. .. .	..	..	..	8	1	..	..	..	..	..	..	..	..	..
State Advances	21	12	..	28	5	..	..	..	..	..	..	..	..	20
State Fire Insurance	2	..	..	34	20	..	..	..	..	..	..	..	..	..
State Forests	3	..	..	11	1	3	..	..	..	..	..	..	..	9
Transport .. .. .	..	..	..	2	..	..	..	..	..	..	..	..	..	..
Treasury	1	1	..	9	11	..	..	..	..	..	..	..	..	..
Valuation	3	1	..	17	3	..	1	..	..	..	..	..	..	1
Totals	172	44	24	697	188	29	13	43	94	10	72	11	52	334

Approximate Cost of Paper.—Preparation, not given; printing (770 copies), £23.

By Authority: G. H. LONEY, Government Printer, Wellington.—1933.

Price 9d.]

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