

1880.

NEW ZEALAND.

CIVIL SERVICE OF NEW ZEALAND

(REPORT OF THE ROYAL COMMISSION APPOINTED TO INQUIRE AND REPORT UPON THE).

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

ROYAL COMMISSION.

VICTORIA, by the grace of God, of the United Kingdom of Great Britain and Ireland, Queen, Defender of the Faith, and so forth: To our trusty and loving subjects, Sir ROBERT DOUGLAS of Whangarei, Baronet; THOMAS KELLY, of New Plymouth, Esquire; CHARLES PHARAZYN, of Featherston, Esquire; and ALFRED SAUNDERS, of Ashburton, Esquire: all in our Colony of New Zealand—GREETING:

WHEREAS the Governor of our said colony hath, by and with the advice and consent of the Executive Council thereof, deemed it expedient that a Commission should be forthwith issued for the purposes and in the manner hereinafter set forth:

Now, therefore, know ye that we, reposing great trust and confidence in your zeal, knowledge, and ability, do, by these presents, constitute and appoint you the said Sir Robert Douglas, Thomas Kelly, Charles Pharazyn, and Alfred Saunders to be our Commissioners for the purpose of inquiring into the constitution and organization of the Civil Service of our said colony as such Service is at present constituted and organized, and to consider by what means the cost of such Service to our said colony may be reduced without impairing or lessening the efficiency thereof, and whether the said Service ought in any manner to be reorganized or reconstituted, having due regard to such efficiency as aforesaid.

And, for the better enabling you to carry these presents into effect, we do authorize and empower you or any two or more of you to make and conduct any inquiry under these presents at such place or places in the colony as you may deem expedient, and to call before you such persons or person as you may judge necessary, by whom you may be better informed of the matters herein submitted for your consideration, and also to call for and examine all such records, books, documents, accounts, or papers, as you shall judge likely to afford you the fullest information on the subject of this our Commission, and to inquire of and concerning the premises by all other lawful ways and means whatsoever.

And our further will and pleasure is that you or any two or more of you do report to us, under your hands and seals, with as little delay as may be consistent with a due discharge of the duties hereby imposed upon you, your opinion on the several matters herein submitted for your consideration, with power to certify unto us from time to time your several proceedings in respect of any of the matters aforesaid, if it may seem expedient for you so to do.

And we do further declare that this our Commission shall continue in full force and virtue, and that you, our said Commissioners, or any two or more of you, shall and may from time to time proceed in the execution thereof, and of every matter and thing therein contained, although the same be not continued from time to time by adjournment.

In testimony whereof we have caused these our letters to be made patent, and the seal of the said colony to be hereunto affixed.

Witness our Trusty and Well-beloved Sir Hercules George Robert Robinson, Knight Grand Cross of our Most Distinguished Order of Saint Michael and Saint George, Governor and Commander-in-Chief in and over our colony of New Zealand and its Dependencies, and Vice-Admiral of the same; and issued under the Seal of our said Colony, at Wellington, this tenth day of March, in the year of our Lord one thousand eight hundred and eighty, and in the forty-third year of our reign.

Issued by the Governor in Council.

FORSTER GORING,
Clerk of the Executive Council.

HERCULES ROBINSON.

R E P O R T .

To His Excellency Sir HERCULES GEORGE ROBERT ROBINSON, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, Governor and Commander-in-Chief in and over the Colony of New Zealand and its Dependencies, and Vice-Admiral of the same.

MAY IT PLEASE YOUR EXCELLENCY,—

We, the Commissioners appointed by your Excellency on the 10th March Object of appointment. “for the purpose of inquiring into the constitution and organization of the Civil Service of New Zealand, and to consider by what means the cost of such Service may be reduced without impairing or lessening the efficiency thereof, and whether the said Service ought in any manner to be reorganized or reconstituted, having due regard to such efficiency as aforesaid,” have the honor to submit the following report to your Excellency :—

It will not be supposed by any one who is capable of forming an idea of the magnitude of the Civil Service of New Zealand that your Commissioners have been able, in a few weeks, to procure all the information necessary to enable them to report on all the departments of that Service, far less to recommend any complete system of reorganization or reconstruction. We are conscious of having left some large and important branches of the Service altogether uninvestigated, of having inquired very superficially into others, and of having gone exhaustively into none; but, believing that one great object of our appointment was to collect evidence and obtain information useful to the Government and to the Legislature during the present session, and that would enable us to make some recommendations for immediate reduction in the cost of a Service which is consuming so large a portion of the revenue of the colony at a time of great trial and depression, we now submit to your Excellency the result of our inquiries so far as we have been able to prosecute them. Reasons for reporting hurriedly.

The extended power of investigation which your Excellency was pleased to confer upon us, the wide range of our instructions, and the freedom from all directions or control with which we have been left to act, has placed upon us the entire responsibility of choosing our own course, of deciding upon the manner in which our investigations should be conducted, and of selecting the departments to which our attention should be first or principally directed. We considered ourselves at liberty to put an extended construction on the term “Civil Service;” and we have thought it desirable, for our present purpose, to adopt such an interpretation of that term as to include all persons employed and paid for their services by the Government, comprising no less than 10,853 individuals. Extent and interpretation of power.

It soon became evident to us that, in order to render our inquiry of real service to the colony, we should be compelled to prosecute it at places outside the circle of daily inspection by Ministers. Therefore, in conducting our preliminary investigations at Wellington we chiefly endeavoured to obtain such general information from the heads of departments as we thought likely to assist us in our researches elsewhere. Reasons for travelling.

RAILWAY DEPARTMENT.

At an early stage of our inquiry we came to the conclusion that the Railway Department was the one which most urgently demanded reform, and in which the greatest amount of useless expenditure existed. We therefore determined that it should be the department which we would most strictly investigate during the limited time at our disposal before the meeting of Parliament, at whatever sacrifice of attention to other departments, where any mismanagement would involve less serious consequences to the colony. Railways investigated first and principally.

Extravagance and
want of unity in.

We first directed our attention to the railways of the South Island, the management of which, since 1878, has been vested in a Commissioner. With the exception of the short disconnected lines at Nelson, Blenheim, and the West Coast, the system of railways in that Island is a connected one, extending from Amberley to Kingston—the total length open for traffic, including branches, being 767 miles. Throughout this large and important section there is an evident tendency to extravagance, and, to say the least, a disregard of the recognized precautions in the expenditure of public money. Men with no special ability or training have been appointed to highly-paid offices, and to perform duties which are either quite unnecessary or within the capacity of an ordinary clerk. The service is split up into three distinct departments, with such an absence of definition as to their respective duties and powers, that business is carried on in a constant spirit of antagonism between them.

Confusion.

Whatever organization exists has evidently not been arranged by one directing mind, but is the result of a series of compromises agreed to from time to time as a matter of expediency, to prevent open rupture between the different sub-departments. We find, on inquiry into the system pursued on the railways in other countries, that, after many experiments have been tried, the general conclusion arrived at is, that no line can be satisfactorily worked unless the person who has to carry on the traffic has complete control over every person employed on the line in such a way as to affect the running of trains. This principle we consider essential, and yet we find it has been ignored to such an extent on our railways that the Traffic Manager is precluded from giving any order to the engine-drivers except through the Locomotive Engineer. So far has this been carried, that on one occasion trains were brought to a standstill at the "points," because the pointsmen, under the control of the Traffic Manager, refused to comply with a regulation insisted on by the engine-drivers, acting under orders from the Locomotive Engineer.

Orders disobeyed
and misunderstood.

In many cases we found that station-masters and guards were not carrying out the instructions said to be given to them, and much inconvenience to travellers resulted from the neglect. In one instance, accidentally brought under our notice, we saw much loss of time inflicted on the public, some danger incurred, and the time-tables disregarded for a week, in consequence of a too-literal interpretation by engine-drivers of an order of the South Island Commissioner. To us it appeared that, under proper arrangements, any such important misunderstanding should have been rectified in a few hours by the telegraph.

Two contending
sets of engineers.

At the present time there are, in connection with the Railway Department in the Middle Island, two distinct bodies of engineers employed on railway works. The Public Works Department has charge of and issues instructions to its staff of engineers in respect to all new works, not excepting additions to stations, &c., on working railways. The Railway Department, on the other hand, employs a separate and distinct staff of engineers—men with the same professional qualifications—to undertake any alterations or repairs which may be required on lines open for traffic.

Bad result.

The result of our inquiries has everywhere been to convince us that much evil and no good results from the existence of these two separate authorities on all engineering questions. The divided and often antagonistic opinions have caused great expense, as well as delay and confusion. We find that a really professional opinion is very seldom sought for or required by those engaged in the daily work of keeping the line in repair. For all practical purposes the Inspectors of Permanent Way are the working engineers on the open lines, and would often be better without the interference of less experienced men than themselves. Where a professional opinion is really required, the nearest engineer in the Government service should always be available for the purpose.

Railway
Telegraph
unnecessary.

Since the railways of the South Island have been placed under the control of the present Commissioner, a Railway Telegraph department has sprung into existence. Like all departments, when once constituted, it has shown a tendency to increase, and the staff is already a large one. We fully recognize the necessity for giving railway officials a claim to precedence over the telegraph wires in cases of urgency; and where the business is large a special wire appears desirable. As,

however, these facilities can be efficiently given by the present public offices, without the large expenditure which a separate establishment is certain to involve, we are of opinion that this department should be abolished with the least possible delay. At the same time we recognize the advantage of railway officers being instructed in telegraphy.

At Dunedin we found an officer, receiving £600 a year, called a Locomotive Engineer, who informed us in his evidence that his business was not to inspect the working engines and discover that they required repair, for which duty a distinct officer is employed. This engineer, who admits that he had no practical experience of locomotives previous to his appointment, is paid £600 a year to go into the locomotive shop with an engine that has been found to require repair, and instruct the long-experienced locomotive foreman what to do with it. Unnecessary officers.

In Nelson we found a gentleman in receipt of £425 a year as Manager of Railways, there being less than twenty miles of railway, on which only two trains a day are running; whilst neither the inspector of permanent way nor the engineers in a roofless workshop appear to have taken or required any instructions from him. In the same city we found a Railway Storekeeper receiving £160 a year, but who had no stores and no office. We believe that the supposed duties of both these gentlemen might be advantageously added to the exceedingly small demands made on the energies of the Nelson station-master, who should be a man of sufficient intelligence and experience to be intrusted with the general control of that short line with its very small traffic.

On the Kaipara Branch, with its sixteen miles of railway, an Assistant Manager receives £300 a year for duties that ought to be performed by the chief station-master. Neither the receipts of that line nor the amount of traffic on it justify the present outlay.

The Manager at Christchurch states, in his evidence, that entirely unnecessary gates are there maintained at railway-crossings for the purpose of giving employment to old railway-servants. With such examples cropping up on the surface, and disclosed by a hasty investigation, there can be little doubt that a large number of unnecessary officers could be dispensed with by a head of the department really wishing to reduce expenditure. A good head would discover more.

The great variety of locomotive engines used on the lines (no less than sixteen different kinds) gives rise to many inconveniences, and adds much to the difficulty and cost of repairs. The efforts naturally made by each maker to get his own pattern introduced to the colony have been too freely responded to by those who should have protected it from such a serious addition to the cost of patterns, duplicates, and repairs. Too many kinds of locomotives.

We found in connection with the working of this line a large staff employed by the Railway Department as contractors for collection and delivery of goods. This system, though possibly necessary under existing conditions, is one open to the serious objection of throwing upon the Government a considerable amount of additional work for the public. We are of opinion that the tendency in this direction should be checked. Admitting the necessity for the working of the lines being carried on by the Government, we think it very desirable that the many evils which follow from their employing so large a proportion of the population should be recognized, and every effort made to reduce this to a minimum. We have neither had time nor opportunity to thoroughly inquire into this question, but we consider it one deserving of the careful consideration of the Minister for Public Works. It appears to us quite possible that a plan may be devised by which the large staff now required in connection with the goods traffic may be considerably reduced, while at the same time the public convenience may be better served without increased cost. Government should avoid business.

The wanton destruction of tarpaulins in consequence of the absence of a few simple precautions in their use, and allowing them to be taken for the most undesirable purposes, and leaving them to be lost or stolen without being missed, alone forms a serious item in our railway expenditure. In some parts of the colony we found heaps of unprotected stores going to destruction, and in others the same kind of stores being purchased from private merchants, or manufactured at an excessive cost. The most culpable facilities are offered for dishonest appropriation. There is no real Careless waste.

check on the quantity used by the various departments, and consequently the correctness or incorrectness of some very elaborate and expensive returns furnished to the Government is quite a matter of chance.

Exposure of
engines and
carriages.

We had evidence in one instance of thirteen railway carriages having been left so exposed to weather that it cost £1,477 to put them in a fit state for use, "before they had earned a shilling." Valuable engines are still allowed to remain exposed to the weather "with the sea spray blowing over them." Wagons built by contract in Dunedin were delivered in Christchurch at the end of last year in a state thus described by a witness: "Some of them were disgraceful; bad workmanship, bad timber. The timber was unseasoned, stringy bark was put in instead of iron bark. The joints were not properly made. . . . Some of them had the bottom frames held up only by the nails in the flooring boards. . . . Some of them we have had almost to rebuild within six weeks." There is an absence of proper arrangements for protecting from weather valuable property of all descriptions.

Untrustworthy
calculations.

But the greatest waste of public money is probably going on in the railway workshops, where large numbers of highly paid artizans are employed without any careful or trustworthy calculations as to the result of their labour. To illustrate this point, we may state that, on visiting the Invercargill workshops, we found the smiths employed in making "points and crossings;" and the officer in charge assured us, with much satisfaction, that each set that was made was a saving of £5 to the colony, as he was making them at a cost of £17 a set, whilst the price charged by the Public Works Department for the imported set was £22. On making the simple inquiries necessary to test the accuracy of this statement, we found that the estimate had carelessly been based on an antiquated list of prices charged by the Public Works Department, which had not been altered with the altered price of iron. The real cost of the imported article, after adding every expense, was £12 1s. 8d., and consequently a loss of nearly £5 was incurred upon every set of "points and crossings" that was being turned out of that workshop.

Tenders
improperly called
for and accepted.

In the management of railway stores there is a want of system, supervision, and precaution so great that it can hardly fail to lead to the most objectionable practices, and to serious public loss. Where tenders have been invited, such a course has been taken as to produce very little competition—sufficient publicity has not been given, articles have been classed together which should have been separated, and the conditions of tender have been made alarmingly stringent, whilst at least some of these conditions were altogether unenforced in the public interest. Public officers have had most tempting facilities offered to them to gratify contractors by passing inferior articles, and we had some opportunities of seeing that they did not always resist the temptation. Besides this, we find that some thousands of pounds' worth of stores are annually obtained without tender, being merely purchased by railway servants how and where they choose to bestow their patronage. Tenders, too, have been accepted for largely-consumed articles at prices that should never have been entertained, and in consequence the cost of maintaining the lines in the colony has been greatly and most unnecessarily increased. Heavy castings, giving a great profit to contractors, have been ordered and found useless, and an irresistible suspicion created that the protection of the public interest has not been made a first consideration in the transaction.

Importation of
stores.

This system of obtaining railway stores from contractors in the colony should be at once discontinued, and all articles of large ordinary consumption imported. Precaution might be taken in future against the grave abuses we have pointed out, but still the fact would remain that the contractor must make his profit, which must necessarily be a large one to cover the risk he runs in being obliged to have stocks on hand to meet the uncertain demands of the department. In addition to this he has to pay the Customs duties, and expects a profit on money used for that purpose. It is evidently far from an economical arrangement to collect duties which are, in the end, paid by another branch of the service. We have ascertained that there will be no difficulty in estimating, from past experience, the quantities of each article likely to be used. There need, therefore,

be no risk, if proper precautions are taken, of accumulating stores in advance of requirements.

A careful reorganization of this branch of the department is urgently required. In this, as in other cases which we have investigated where Government stores are managed, there is an absence of that general control without which the present confusion and waste is inevitable. As a preliminary step towards such reorganization, stock should be carefully taken without delay, and all articles, not likely to be required, disposed of.

More control
over stores
wanted.

We find that the South Island Commissioner has capital invested in a firm contracting with the department of which he is the head, and that his receipts from this capital depend on the success of that firm. Such a fact can hardly fail to influence the action of officers serving under the Commissioner, and entirely to destroy the confidence of other firms tendering for railway supplies. It is impossible to estimate the amount of loss which the colony may have suffered from this obviously false position held by the working head of its principal railways—a position that should not be permitted under any circumstances.

South Island
Commissioner
interested in a
firm contracting.

Loose, irregular, and suspicious transactions of the kind we have mentioned appear to be confined to the South Island railways; in the North, formalities and safeguards have been adhered to with great strictness, and sometimes carried a little too far: but in neither Island could we find any evidence of able, searching, economic supervision, or any vigilant protection of the public interest. We found the Commissioner of the North Island insufficiently informed upon many important details of his own department, without a knowledge of which it was impossible that he could efficiently protect the public interest; and distant officers were evidently guided and restrained with a very loose hand.

Different though
unsatisfactory
state in North
Island.

In Auckland we found that, on 26th February, 1879, a Traffic Manager who had had great experience in the management of railways in India and Australia was appointed to take charge of the traffic on the Auckland line, with inducements held out to him of increased salary if he could reduce the working expenses of that line from its then rate of 94 per cent. of the gross earnings to anything under 70 per cent. Whilst he continued in this position the expenses were reduced to 68 per cent., and that certainly without any friendly aid from his superior officer, the Auckland General Manager. The loud complaints which had previously been made by the Auckland public were silenced, and his conduct seems to have been satisfactory. In consequence of the language and actions of his unfriendly superior, this officer felt compelled to resign. His resignation was accepted; and, although the General Manager was censured for his action towards this subordinate officer, his services are retained, whilst the too-successful Traffic Manager has been lost to the service, and the public complaints are again revived. So little encouragement does this service offer to meritorious or even successful officers, and so easy is it made to drive away any dangerous rival.

Good servants
driven away.

Whilst we found it easy to detect much that was irregular, wasteful, and extravagant in the management of our railways, especially in the South Island, the Commissioner of that Island has stated in his evidence that he has "done all that he could, and sees no way of making the service more economical." This can lead to no other conclusion than that some one else should take in hand a service of such vital importance to the prosperity of the colony, and which we are quite sure is susceptible of a very large reduction on its present expenditure. Convinced as we are, from the great mass of evidence before us, that the New Zealand railways have not been, and are not, managed so ably or so economically as they might be, or as the welfare and credit of the colony demand that they should be, it naturally follows that we think an effort should be made to place their control under a more able head. Neither of the present Railway Commissioners, however excellent they may have been in the subordinate offices previously held by them, have displayed the high qualities necessary for the responsible tasks they have undertaken; and, such being the fact, no personal considerations should be allowed to prevent their removal from the control of an interest so inseparably connected with the prosperity or adversity of this colony.

Little to be
expected from
present Railway
Commissioners.

We think that one permanent head of the department would be better than

One good head
wanted.

two, and that, if a sufficiently able and reliable man could be found to take that position, there are already enough officers in the service to carry out his directions with energy and exactness. Beneath him, we think that every officer in the service should be arranged in some well-understood order, so that instant obedience could be secured where necessary, and no confusion could arise, as it now appears to do, as to whose directions should be obeyed. It is only by the appointment of an able man, who would devote his energies to his duties, and go with a will into the work of economy so evidently required, taking the supervision and responsibility of the whole department on himself, that our railways will ever be well managed, and produce that return on their cost which the public have a right to expect. This permanent head of New Zealand Railways should be rather a man of business, with good organizing capacity, than simply an engineer, or even railway expert, and should be expected to arrange the business of the department, as a private proprietor would do, with a view to make the line pay and serve the public. Such an officer would also form, what does not now exist, a proper medium of communication between the whole Railway Department and the Minister for Public Works, and would act as a permanent director, whose presence would make political changes less costly and dangerous than under existing arrangements they must necessarily be.

Reductions of salaries and wages.

We are of opinion that a reduction of not less than $12\frac{1}{2}$ per cent. should be made on the railway wages and salaries, though it is quite possible that it may not be desirable to be perfectly uniform in the application of this decrease of pay to all officers and branches of the service. This would effect a direct saving of £52,000, and would naturally lead indirectly to a great reduction in the cost of new works let by tender, which it would not be too much to estimate as likely to reach at least an equal amount.

PUBLIC WORKS DEPARTMENT.

Good engineers may not be good directors.

Closely connected with Railways, and, for the present, at least, scarcely second to them in importance, is the Public Works Department. We have long believed New Zealand to be fortunate in having in its service engineers devoted to their profession, and ranking high in professional ability; but, unfortunately, there is no necessary connection between these qualities and that controlling and organizing power required in the head of such a large and expensive staff as that now employed on our public works. We have been able to find very little to commend in the results of its management, and have come to a very painful conviction that New Zealand has not received good value for the large sums that have been expended.

Highly-paid men doing inferior work.

Here, as in most other departments of the New Zealand Government, highly-paid men are too often employed at work requiring no uncommon ability, and engineers are found acting as accountants, as inspectors, or as clerks of works.

Too many engineers.

Fifty-seven engineers at high salaries, and often with expensive offices, form a staff out of all proportion to the work to be done; and it is evident that these engineers, if fully employed at all, must be engaged on work not requiring a professional head.

How employed.

In order to find any appearance of employment for this host of engineers, the most absurd regulations have to be adopted. We have it in evidence that a common siding cannot be put down on a working railway without the presence of two engineers. One must be called in from the construction department to decide how such an important new work can be executed, and a second must be brought from the maintenance staff to ascertain how it can be connected with the existing line.

Fewer blunders with smaller number.

A much smaller number of engineers who were men of ability and experience could evidently supply all the engineering skill our public works are likely to require; and a multitude of officers whose actual personal qualifications do not entitle them to the homage exacted by the profession would be far better out of the way, as they now interfere with the exercise of the ordinary good sense which

our cleverest practical mechanics so often possess. By selecting only the best engineers, retaining a far smaller number and requiring them to give their attention to any Government work in their locality, either of construction or maintenance, the responsibility of each work would be more easily fixed and traced than it can be now, many of the present costly mistakes could not occur, and a considerable saving in salaries alone would be effected. Even such a staff would be capable of further reduction as the expenditure of borrowed money draws to a close.

The strict formal separation of the two engineering departments is as inconvenient as it is costly. The isolation is so complete that each regards the other as an alien rather than an ally, and there is no evidence, and apparently no possibility, of friendly co-operation for the general good. Two classes of engineers mischievous.

Engines and rolling-stock have been largely imported by this department for use on the working railways without previous consultation and agreement as to the most suitable descriptions: the result is, that they are condemned by the railway officials, and the answer to all questions on this subject is, that "the responsibility rests with the other department." Large quantities of expensive articles are now thrown aside by the railway management as useless, and further expense incurred in importing or constructing what they believe to be better adapted for their special purposes. Wasteful importations.

At the same time the palpable engineering mistakes that are made, the evident inattention to common well-known requirements, and the want of adaptation of stereotyped plans to varying circumstances, have given us a strong impression that this costly staff is made to effect very little profitable result. Too often we have noticed in the engineers employed, a feeling of indifference as to the result of their work, and almost a sullen obedience to orders believed by them to be absurd. Bad result of too many engineers.

A railway line that has been passed by a Public Works' engineer must be accepted by the officers taking charge of it as fit for traffic, although they may be able to demonstrate that there is no ballast under the sleepers, no way provided for storm-water, or that the curves and gradients are of a character that must be immediately altered. Absurd homage to their opinions.

With such an immense force of engineering skill in the service of the colony, it might be supposed that at least an intelligent selection would be made of our native timber for bridges, sleepers, and other purposes. Upon this we find that the most contradictory opinions are held, leading to the use in one district of a timber strongly condemned for the same purpose in another, and unfortunately these opinions seems always to vary in the direction least conducive to economy. Even in the few instances in which locally-grown timber is used, its price is often made much higher than it need be by insisting on its delivery in the winter, when it is almost impossible to get it out of the bush. Kauri, which is plentiful in Auckland, has been found to be quite useless for piles in salt water, and totara, which is comparatively scarce, is now used; while in Napier, where no kauri grows, and totara is cheap and plentiful, a large bridge across the harbour, costing more than £12,000, is being built with piles of imported kauri, though it is well known that the latter timber is soon destroyed by the *teredo* in salt water. On the Auckland lines puriri, which is admitted to be the best wood in New Zealand for sleepers, and is readily obtainable, is neglected, while kauri, which cannot be compared with it for durability, is used. Their choice of timber.

In these, perhaps more than in any other branches of the Government service, the mischief of dividing departments and multiplying heads is apparent, as, besides the waste of energy and money that is caused by it, the bad effect of clashing opinions and instructions may everywhere be seen. It is clearly one of those cases in which "one bad general would be better than two good ones," and in which it would be far easier for one head to control the whole than for each separate head to be called on at every important step to meet the opposing opinions of what is really a rival department. One general better than two.

CROWN LANDS DEPARTMENT.

Organization of department.

Since the abolition of provinces the control of this department has been vested in the Minister of Lands, with a Secretary, Under-Secretary, and clerks in the central office, and a Waste Lands Board, Commissioner, and staff in each of the provincial land districts, of which there are ten. The Land Act in force is applicable to the whole colony; but embodied in it are portions of the old provincial enactments, which are made applicable in each district. The result of this is, that on many of the more important details there are as many land laws as there are land districts. This fact has greatly increased the difficulty we have found in arriving at a sound conclusion on many points. In order to enable ourselves to do this we have not only taken a large amount of evidence, but have personally inspected, so far as time would permit, some portions of the colony.

Small sales to be anticipated.

Both evidence and inspection convince us that the amount of land in the hands of the Crown which is likely to sell within the next few years is very small as compared with the large sales effected in the past. This being the case, and finding the staff employed about the same as, and in some cases even larger than, it formerly was, it appeared at first sight that with less work to do a reduction in cost of the department would be possible.

Work of department not decreased.

On examination, however, we found that, though the lands sold and amounts received are so much less, the work to be done has not materially decreased. This arises to a great extent from the fact that sales have been made on terms which involve periodical collection of small amounts from the purchasers, as well as the necessary supervision to enforce the conditions agreed on. This being the case, we cannot at present satisfy ourselves that any material reduction in staff can be effected, though it is possible that some saving may be made by amalgamation of offices.

Mistakes in dealing with land.

The evidence shows that, in consequence of want of proper precautions having been taken, orders have been given, in some cases by the Boards and in others by the Crown Lands Department, to prepare for sale blocks of land which, from their character, are unfit for the purposes intended, and have therefore necessarily proved unsaleable. The result of this has been a very large waste of money, as we shall show more clearly when dealing with the surveys. This does not merely apply to the past, as we find the same wasteful expenditure going on in preparing blocks for sale where the land is of such a character that the result cannot fail to be most unsatisfactory. We would strongly urge the necessity for putting a stop to this, and recommend that before any block of land is dealt with the Government should be satisfied that it is fully suitable for the purposes to which it is intended to be put. Under no circumstances should money be spent on sectional surveys until this is done.

Want of definition of responsibility.

There appears to us to be a great want of definition as to responsibility between the Government, the Boards, and the Survey Department; so that when such mistakes are made as we have pointed out, it is difficult, if not impossible, to say with whom the responsibility rests. The Boards appear to act at times on the information and opinions of their own members, at others on the reports of Chief Surveyors, and in some instances on the evidence of some irresponsible persons, which there is reason to believe is too often far from unprejudiced.

Chief Surveyors not clearly instructed.

The Chief Surveyors have no sufficiently definite instructions as to their relations with the Boards, and either do not consider themselves bound to make reports to them, or do not feel responsible for the opinions they give. We are of opinion that these officers should be held strictly responsible to the head of their own department, and should feel that they cannot relieve themselves of this responsibility except by reporting their opinion to him. Practical recognition of the importance of defining the position and responsibility of each branch of the department will, we believe, result in avoiding the recurrence of the errors of the past, and this will undoubtedly tend so to lessen the work as to make a reduction in the staff employed practicable.

Receivers of Land Revenue.

The appointment of Receivers of Land Revenue, who in some instances have their offices at a considerable distance from those of the Commissioners, we find results in increased work to the department, and in some inconvenience to the public, every purchaser having to visit the two offices before he can complete a

transaction. This difficulty is often surmounted by the payments being, as a fact, received in the Commissioner's office, and then handed over in one sum to the Receiver. We can see no reason why such accumulated funds should not be paid by the Commissioner directly into the bank. A system which leads in practice to this evasion of the strict letter of the law cannot, we submit, be a good one, and, as it certainly increases the total amount of work to be done, we believe some saving would be effected by discontinuing it.

We have taken some evidence on the question as to whether it is necessary to continue to issue Crown grants as well as certificates of title under the Land Transfer Act. Several witnesses to whose opinions we attach much weight say no real advantage is gained by having two documents. This, however, being rather a question for the Law Officers of the Crown than for us to decide, we simply allude to it as a matter worth careful consideration.

SURVEY DEPARTMENT.

This has always been a very costly branch of the Government service, involving a total estimated expenditure for last year of £150,000. Having been regarded from a scientific and technical rather than a practical point of view, its management has, to a large extent, been left almost uncontrolled in the hands of specialists. We regret to have to state that we have formed a low opinion of the real utility of a large proportion of the work done.

In whatever direction we have inquired we have found evidence of serious waste of money in making sectional surveys of land which is of such a character as to preclude the idea of its being required for settlement in the sizes of holdings into which it is arbitrarily cut up. The extent to which this has been done is almost incredible, except to those who know from experience how it is possible for a department to act on a theoretical system without considering the practical conditions involved. Examination of maps, in connection with evidence taken, has convinced us that a large waste of public money has been incurred in this direction.

Blocks have been uselessly cut up into numbers of small sections. This has been proved by the fact that either no sales have been effected, or they have been so small as not even to cover the cost of survey, which has in a large number of cases been from 1s. 6d. to 2s. 6d. per acre. The evil has not, however, been confined to the mere waste of money. The result of laying off sections without regard to the nature and configuration of the land has been that large blocks of country are rendered unsaleable, and are often held without charge by the men who have been shrewd enough to secure the few which form, as it were, the key to the rest. This has tended to encourage that monopoly which it has been the desire of the Legislature to avoid, while it has largely increased the expense of survey.

To those who have any knowledge of the practical work of settlement it will be at once obvious that where land is laid out in such a way that the section lines run over ground on which it is almost impossible to fence, the prospect of purchases being made is greatly decreased. In a large number of cases the scheme of sections has been first laid off on paper quite independent of the form of the land; and the result may be imagined when this has to be marked out on a rugged piece of country. Had care been taken to survey land only into suitable allotments, and with due consideration of the way in which from its character it was likely to be occupied, the mere saving in money to the country would have been large, while profitable settlement would have been greatly assisted.

If all we had to say on this subject were merely to point out the irreparable errors of the past, our task would be one of no practical utility; but it is not so. The same system is still being carried on in various parts of the colony, and a worse than useless expenditure is being incurred. We would strongly recommend that reliable reports should be at once obtained as to the character of the land in the various land districts which is now being cut up into sections, and that all the surveys which are shown to be of the character we describe should be discontinued.

No further detailed surveys should be undertaken much in advance of the requirements of purchasers, and, subject to definite regulations, of a character to guard the interests of the public against speculators, applications to purchase

pastoral land before survey should be received and carefully considered. The effect of this would be that, instead of the Government having to decide as to the form and size of sections in which land would sell best, purchasers would make their applications, whether for large or small areas, in such a way as suited the character of the country and their own requirements. This would certainly result in a very considerable saving to the department; and, if the regulations were properly framed and acted upon, no such power as there is at present to secure the occupation of large blocks by making small purchases would exist.

Evil, if unchecked, will increase.

The importance of this question is increased by the fact that the lands to be dealt with in future are generally of an inferior or of a broken and rugged character. While the surveys were confined chiefly to the more level land, the evils were small compared with those which may be anticipated unless the change we advocate is made. If the same system is pursued in future, both useless expenditure and the other attendant evils we have referred to will be largely increased.

Practicable road-lines required.

Before, however, any sales are allowed, and as a preliminary to all sectional surveys, either before or after purchase, we would point out, in the strongest terms, the importance of laying out the road-lines. This, however, must not be done, as has been too often the case in the past, merely on paper. They must be carefully located lines, so situated as to be the most economical for construction as well as best for the future traffic. That this has hitherto been so generally neglected is a matter for the greatest regret, as the expense it will entail on the local bodies who will ultimately have to form those roads will be a serious charge on their resources. The difficulty certain to arise from this growing evil is fully recognized by all who have any knowledge of the subject.

Instructions as to grades, &c., in road-lines ignored.

The importance of the question was urged upon Parliament in the session of 1878; and, in consequence of a resolution then passed, instructions have since been given by the Surveyor-General to take great care in laying off all road-lines, and this has to be done in accordance with certain general conditions as to grades, &c. To carry out these instructions in difficult country has involved much additional labour and expense, without immediate results being apparent; and the consequent tendency to ignore them, particularly in contract surveys, has been great, and in many cases irresistible. It is true that in looking at the more recent maps a large number of road-lines are shown, but on making inquiries we find that they do not fulfil the necessary conditions to render them suitable for construction. To such an extent has this occurred that it will probably prove in many instances better to abandon the existing sectional surveys as useless and lay out proper roads, than to attempt to form those shown on the plans.

Suggestions of future saving.

In many of the land districts we are aware that the locally-applicable portions of the Land Act require that sections shall not exceed a certain maximum size, and this size is one into which it is useless to subdivide poor, rough pastoral country with any idea that the blocks will be bought separately. An alteration of the law in this respect appears to us to be necessary if wasteful expenditure is to be avoided. We also suggest, with a view of saving expense in completing arrears of surveys, that when adjoining owners each hold a considerable number of sections the boundary-lines on which are altogether unsuited for fencing, a great saving might be made if authority were given to merely lay off such dividing-line as the owners may jointly agree on; this being done on condition that the department will then be relieved from the necessity for making the sectional surveys.

Outside pressure.

The department will, it is to be hoped, no longer be subjected to that outside pressure to prepare for sale land for which there is only an imaginary demand. Should this be so, the whole question can be dealt with on sound business-like principles, and we believe the result will be that the large annual expense of this department may be greatly reduced. During the prevalence of the eager speculative demand for land which till recently existed, such recommendations as we now venture to make would have been useless. Now, however, that this feeling has subsided, we hope that a calm consideration of the best way of dealing with the small portion that remains of good agricultural Crown lands which is at all likely to sell, will be possible.

While criticising so unfavourably the existing state of the surveys, we are far from wishing to throw discredit on the officers of the department. We feel that they have had to work under great disadvantages, arising both from outside pressure and from the complicated nature of the land laws. We have confidence that, if the proper responsibility is thrown upon them, they will willingly and efficiently carry out reforms in the directions we have indicated.

Officers of department not solely responsible for mistakes.

The fact has been forcibly brought before us by all the evidence taken that the value of the remaining portion of the Crown estate has been greatly over-estimated. In thus placing before your Excellency somewhat at length the evils which arise from an unintelligent interpretation of the existing land laws of the colony, we are mainly influenced by a desire to draw attention to the fact that little or no reduction can be made in an expensive staff till the evils themselves are put an end to with unflinching determination.

Crown estate over-valued.

CUSTOMS DEPARTMENT.

In the Customs we find that there has been great reluctance to reduce any existing staff which a removal of business from their port of residence has left with very little to do. Our inquiries into this department have been very superficial, but enough to find that at some ports expensive officers are maintained where they have no proportionately active or important occupation. If it is necessary for revenue purposes to retain so many officers at ports where vessels call so unfrequently, it is evidently desirable that such officers should be utilized for the collection of other taxes and the performance of other public duties when possible.

Reform needed.

With regard to the returns from this department, we find the value of exports is ascertained by obtaining from merchants a statement of values. Nothing could be more unreliable than this. There being no pecuniary reasons for accuracy, the statements are furnished in a careless manner, but with a natural tendency to over-estimate, as every firm wishes to appear as a large exporter when the ship's list of cargo is published. Much more reliable information would be obtained if shippers were required to state quantities only and the values were made out monthly or quarterly by the Customs Department, on the basis of the actual average market price of the articles.

Unreliable returns.

POST AND TELEGRAPH DEPARTMENTS.

Some economy and public convenience may be effected by the complete union of Telegraphic and Postal services under one head, combining the duties of the two services in one building, and in country districts in one office. The evidence on this subject was very unanimous. Considerable progress has already been made in this direction. In these departments we see much evidence of a desire to keep down expenditure and to promote the public convenience and interest, and have therefore not thought it wise to devote any large portion of our attention to the suggestion of possible reforms, where the heads of the departments are so evidently working in the desired direction. We would, however, suggest for consideration whether, it would not be a wise concession to the public to discontinue the practice of requiring telegrams passing through any post office to be stamped. The loss of direct receipts would be small, and would probably be fully recouped by the consequent increase in number of telegrams.

Union of Post and Telegraph Departments.

The double inspection of the country offices by an officer from each department is an unnecessary expense. The duty should in future be performed by one officer well versed in the business of both departments.

Inspection.

One defect in the practical working of the Telegraph Department has been brought prominently under the notice of the Commission. The best operators are necessarily retained at the transmitting and more important stations, without getting their superiority recognized by any increase of salary, whilst the less skilful operators are transferred to country stations, where their work is far less severe, and their salary often supplemented by the combination of some other service. This is capable of easy remedy, as the operators can be subjected to tests of skill that will be perfectly impartial, and their title to increased pay can literally be decided by machinery.

Skilful telegraphists.

PRINTING DEPARTMENT.

Useless documents.

The large and costly printing establishment, employing 132 hands, is one to which we have been able to give no time. Our investigation of other departments has led us to the conviction that a great amount of useless work is thrown on this department, and an immense mass of documents printed that are of no public interest or utility.

TREASURY AND AUDIT DEPARTMENTS.

Complication of accounts.

These departments it has been impossible, in the limited time at our disposal, to inquire into in such a way as to attempt to report on them at present. There appears to be great complication without the real efficiency in practice in the distant parts of the colony, which is desirable. Serious inconvenience and loss of time is caused to surveyors, engineers, and others, who are imprest officers, by the amount of account-keeping thrust upon them. In some cases it is stated that they have to make a long journey to the town where the nearest bank is situated, in order to comply with the requirements of the Audit. In others, officers who have small payments to make are not made imprestees; consequently these payments have to be made by cheques from the Treasury, to which, on receipt, a counter-signature, involving a long journey to obtain, is required before payment. Several witnesses have stated that, while a number of complicated forms are insisted on, there is no such real audit of their accounts as would prevent a dishonest person from committing fraud. It is asserted that the cash-books only are examined, and the department is satisfied if they balance. This demands careful investigation, and is only referred to here as showing its necessity.

JUSTICE DEPARTMENT.

Improper appointments.

In the Department of Justice the necessity for an exhaustive and painstaking investigation was so evident that we could entertain no hope of completing our inquiries into that question before the necessity of reporting would be forced upon us. We have been able to find that the department is unnecessarily costly, and that appointments have been made to it for considerations other than those of capacity and fitness. In some instances this appears to have been done with a desire to reward military and other meritorious services; but even in such cases we believe the practice will not be found economical, and is, of course, open to objections of a more important character.

In many places the District Judges' and Resident Magistrates' districts might be extended, and the number of Resident Magistrates and their Clerks might be diminished; but without more careful and extended inquiry we are not prepared to say whether the Resident Magistrates' Courts should or should not be abolished and their places supplied in one direction by the District Courts, and in the other by the appointment of Police Magistrates and the assistance of Justices of the Peace. The existence of both the Resident Magistrates' and the District Courts appears unnecessary; but without much more investigation than we have had time to make into this subject we must decline to say upon which of these Courts the duties now divided between them could be placed with the greatest economy and public convenience.

Too many police.

In some parts of the colony we are quite satisfied that the number of police is much greater than it should be, and some highly-paid officers are residing where there is not the slightest occasion for their presence, and where less highly-paid men would be much more useful. In this direction immediate economy could be effected, and the number of the police in some parts of the colony could certainly be reduced without danger or difficulty. In one district, historically remarkable for its temperance, its freedom from crime, and the order-loving character of its population, we found that the number, and still more the expense, of the police had been largely increased during the last few years without any increase of population or other assignable reason. Employing the police to attend to their officers' horses and carriages, and act as personal attendants upon them, is a practice that should be kept within very narrow limits, if not entirely disallowed, as it offers a direct temptation to the officers to advise the maintenance of a larger number of constables than is required for the public service.

The number of small gaols maintained in different parts of the colony is a cause of very considerable waste of public money, whilst it perpetuates many other evils in connection with prison management, discipline, classification, and employment. As an illustration of the loss to the colony, we may mention that whilst in Auckland we found 158 prisoners, maintained at a cost for food of £10 13s. per head, and £20 for superintendence, whilst the actual cash received for each prisoner's labour being £9 7s. 6d., and the estimated value of labour given to various public Boards and institutions was £15 7s. 4d. per head. In Picton, on the other hand, we found an annual average of $5\frac{1}{2}$ prisoners, costing £23 19s. per head for food, and £83 1s. 9d. per head for superintendence, whilst the cash earnings were *nil*, and the work performed for their locality of very little value. In still smaller establishments the cost per head for superintending a prisoner is even more illustrative of the extravagance of the present arrangement. In Arrow Town, where they seem to have a prisoner two days a month, the cost of waiting on him is at the rate of £2,837 15s. per annum; Westport, £645 7s. 6d. per head; Russell, £465 7s. 6d.; Naseby, £317 17s. 4d.; Thames, £189 10s. 10d.; Reefton, £152 1s. 8d.; Clyde, £116 2s. 2d.; and Greymouth, £113 10s. 1d.

Wasteful expense in small gaols.

It is very evident that such occasional duties as are necessary in these particular instances should be performed by the police or by some temporarily-appointed person, and not be made a reason for appointing permanent officers.

Permanent officers should not be appointed for occasional services.

What has been done in the Auckland Gaol shows that our able-bodied prisoners can be maintained without adding anything considerable to the burdens of the colony, and that the heavy cost now incurred for maintaining small numbers of prisoners in isolated establishments is one that can be and should be avoided. The advantage obtained by local bodies from the prison labour offers a temptation to advise the continuance of these expensive and useless institutions; and, in order to avoid any local jealousies on that ground, it is desirable that prison labour should in no case be given to any local institutions except at its market value.

Local bodies interested in continuance of gaols.

TRAVELLING ALLOWANCE.

Officers travelling on public duty are allowed the actual cost of conveyance by rail, steamer, or vehicle, and such a daily allowance in addition as is supposed to cover their hotel charges for board and lodging. This hotel allowance varies according to salary: the hotel expenses of Ministers and Judges are assumed to be 2 guineas a day; District Judges, $1\frac{1}{2}$ guineas; and all other public officers, 3s. 6d. for each hundred pounds of salary, but in no case less than 7s. 6d. per day. While the lowest-paid officer can only draw 7s. 6d., those paid £1,000 can draw £1 15s. a day in addition to cost of conveyance.

Allowances made.

Travelling allowance being given solely for the purpose of covering reasonable expenditure, precautions should be taken to prevent persons from regarding this allowance as a source of indirect profit. Inquiries which we commenced on this subject have shown us that it is not only possible, but also probable, that improper charges and entries have been made for the purpose of obtaining payments under this head.

Danger of abuse.

PENSIONS.

We are of opinion that any provision for pensions or retiring allowances must necessarily interfere with that free choice of servants which every employer finds necessary in order to secure vigilant and attentive services, and that the uncertainty which many circumstances introduce as to its eventual realization prevents it from being valued by the possible recipient at its full cost to the Government.

Pensions undesirable.

A still greater objection exists as to any implied or traditional claim which long service, accident, or other circumstances, may or may not be supposed to confer on any Government employé; everything should be avoided that would place Civil servants in the position of suppliants for favours, either from their superior officers or from the Legislature; and no uncertainty should be allowed to prevent them from making such provision for their own future as their prudence would dictate in any other employment.

Should be no uncertainty about them.

GENERAL REFORMS IN CIVIL SERVICE TO EFFECT ECONOMY.

First step towards economy in Civil Service.

Speaking of those departments to which we have not particularly referred, and of the departments generally, the first step towards economy must be the abandonment of all ideas and traditions that now exist as to the Government being required to treat its employés on any different principles from those which would regulate a well-conducted establishment of any large employer; and chiefly that men should be sought for the work required, and not places sought for the men who have been trained to expect them. By far the greater part of the work demanded from the officers and clerks employed in the Government service is of a routine character, requiring no uncommon ability, and the Government ought to obtain men qualified for such work at their market value. The prevalent idea, if not the recognized rule, that every person who is called into the Government service has obtained a footing from which he cannot be removed, and which must necessarily lead him up to constant, regular promotion, with very little regard to his own assiduity and efficiency, and none whatever to the character of the duties upon which he is engaged or which he has qualified himself to perform, has not only removed one of the strongest incentives to effort which lead men to aspire to excellence, but has indefinitely and progressively increased the cost of Government. Departments and heads of departments have been multiplied until the heads have grown out of all proportion to the bodies, and the cost of the Service has been made excessive by paying high salaries to officers who contribute nothing to the efficiency and useful power of the Service. A necessary, and only a necessary, number of officers promoted to a commanding position for their superior qualities would be a most valuable element in any Service, and salaries sufficient to retain such services must be paid. Nothing, however, could be more undesirable than a Service composed of all officers and no rank and file, and departments crowded with those who think themselves entitled to high salaries and commanding positions, but deficient in men who are contented to toil on patiently, yet skilfully, at what must always constitute the great bulk of the work in the Civil Service. There are few employments in which the daily clerical work is so unvaried, or in which all the necessary skill may be more surely acquired by experience and repetition; and the first step towards economy should be to arrange for all such work to be performed by men who do not despise it as beneath their best attention, nor expect the colony to pay more for it than it is worth.

Bad effects of indiscriminate promotion.

Leaders and organizers should rise from the ranks of Service.

At the same time a few, and a very few, men should be selected as leaders, organizers, and directors, and, if their number is not made unnecessarily large, the colony would be a gainer by paying for efficient supervision, whatever may be necessary to retain first-rate men, and to make such a position a tempting prize, worthy of the ambition of every man in the Service. We need hardly say that, in order that it may be looked up to as such, no such position should be filled except by meritorious officers who have risen in the Service.

Services should be paid for at their real value.

With this conviction we cannot recommend any mere automatic scale of reduction in salaries in order to bring the cost of the Service within the means of the colony, but a total reorganization, that will retain all the necessary power and skill, and put all the main work of the Service into the hands of those willing to do it at its market value. Such an arrangement, if unflinchingly and impartially carried out, would greatly decrease the present cost of the Service, and at the same time add to its discipline and its efficiency.

Promotion should mean more work or responsibility.

Really moral or legal claims on the Government by existing office-holders must of course be recognized, but there should be no hesitation in disregarding mere supposititious or traditional claims, and no attempt made to retain men at high salaries to perform clerical work requiring no exceptional ability. Each position in the department should remain at a stated salary, and promotion in the Service should mean removal from a less to a more important or arduous position, and not in any case an increase of salary for the performance of the same services.

EFFECT OF ADVISED RETRENCHMENTS.

In considering the question of retrenchment in so large a service as that of the New Zealand Government, the first idea which naturally suggests itself is to consider whether or no the average scale of payments is a fair one as compared with the rates paid privately for similar classes of work. The large command of borrowed money has placed the Government in a position to fix a scale of payments quite independent of ordinary economic principles. When we find that a thirteenth of the adult males in the colony are in the direct employment of the Government, in addition to the large number indirectly employed through contractors and in other ways, it will be at once obvious that whatever rates are paid by the Government must form a standard by which all those requiring similar services have to be guided. In this way a rate has been artificially fixed, not based on the law of supply and demand nor limited by the necessity for making a fair profit on capital invested. The scale of payments, both public and private, throughout the colony being thus an artificial one, it is clearly useless to attempt any comparison between the Government service and any other employment in the colony. We have therefore taken steps to obtain information from other colonies of such a nature as to guide us. The conclusion we arrive at is, that the average rates are considerably above those which the position of the colony will render it possible to maintain. It is necessary for the colony, in order to make real progress, to put itself in a position to compete in the markets of the world with the products of its labour, as well as to supply local requirements. To do this while the present artificial standard exists is impossible.

Present rate of wages artificial, and cannot therefore be sustained.

By continuing to pay higher rates of wages to a portion of the population than the agriculturists, manufacturers, miners, and other employers can get a return for, the Government has itself materially contributed to prevent the general employment of the whole population in remunerative occupations, has fostered unreasonable and unattainable expectations, which have prevented the offer and the acceptance of possible wages, thereby keeping a large portion of the population from constant employment, and preventing the full healthy development of the natural and permanent resources of the colony.

Prevents general employment.

The practical effect of the Government action on the mechanics and labourers of the colony is thus forcibly described by a large colonial manufacturer in a communication to this Commission: "Our hands were offered higher wages at the railway shops than the current rates, while they were still working for us, and in some cases they have dropped our work at half an hour's notice, and left us. . . . The result is, that we have lost heavily on contracts taken on the old basis of competing fairly with imported machinery, and we are now unable to secure orders from the impossibility of doing the work at reasonable prices. Our works have thus come almost literally to a standstill. . . . Wages nominally rose in consequence, and became permanently 'set' at a high rate. Our offers for contracts are now commensurately high, our orders proportionately few; so that now journeymen work perhaps two days for four they go idle, or two men work for four who walk about; and a cry arises that to insure full work at the current rates a protective tax is necessary on imported machinery to the extent of at least 30 per cent. Wages that formerly were 9s. being now 11s. and 12s., people desiring machinery for new enterprises 'do without,' and the artisans get 12s. a day for two days, equal to £1 4s. a week, instead of 9s. a day for six days, equal to £2 14s. a week. . . . The Government of the past is responsible for the inflated condition of things that tends to make one mechanic highly paid and two mechanics paupers, and on the Government will devolve the painful duty of restoring both classes to the potential position of moderate competency." Such is the opinion formed by our manufacturers from painful experience. The head of a large establishment of another description thus writes as to the effect of treating clerks in the Government service differently from those employed by mercantile firms: "I consider the present system of allowing Government clerks better hours than those obtained by mercantile and other clerks hurtful both to the individual and to the public service. The very fact of being allowed to cease work half an hour or an hour earlier than other clerks tends to

Experience of employers.

create an aristocracy of Government officials, and is an inducement to young men in mercantile offices—*having influence*—to enter the Government service. Were the hours the same as those of mercantile houses, and were the men better looked after—each clerk having a certain task allotted to him each day, which he should be compelled to complete ere he left the office—the work of the country would not be performed in the very unsatisfactory manner in which it is at present.” These letters are only samples of many received expressing similar views.

CONCLUSION.

We are quite prepared for the accusation that all our recommendations as to the treatment of Civil servants are of an illiberal character; but we address your Excellency under a painful sense that the financial condition of the colony is such that any pretence at liberality would be unjustifiable. It is only by very uncommon exertion and heroic sacrifices that the small number of taxpayers in New Zealand can hope to honestly meet their engagements and bear the excessive burdens which the last ten years of borrowing and reckless spending have brought upon them. With the most evident desire to cut down expenditure and to avail himself of every source of revenue that is open to him, we regret to see that the Colonial Treasurer has been unable to anticipate that he can meet the liabilities of the current financial year without some resort to that ever-tempting resource of meeting deficiencies by loans. If such is his position whilst large sums of borrowed money are still being expended, it must be evident that nothing but the most severe economy, and the sternest refusal to be generous without being just, can ever restore this colony to a sound financial position.

The number of adult European males in the colony is only 136,915. From these we have to deduct 659 who are in prison, 694 in lunatic asylums, 1,638 sick and infirm, 3,423 above sixty years of age, leaving only 130,501 to bear all the burdens of the colony. When, in addition to all the ordinary expenses of their own Government, it is borne in mind that this small number of producers will have in future to send annually to our foreign creditors no less than £1,535,000, or £11 15s. 1d. each—or 4s. 6d. per head per week—it becomes only too evident that economy will in future be severely forced on the Government of this colony, and that we are in no position to be liberal either with the number or with the salaries of our Civil servants. How far this full liability will fall oppressively on our population depends upon how much our railways can be made to contribute towards interest on the outlay incurred in their construction; but the fact of so small a population being really liable for such large sums appears to us to make it imperative on the Government to adopt at once that economy in the Civil Service from which the seductions of borrowed money have led us so far away.

In 1874, when our gold fields were pouring in their long hidden treasure, the land sales were swelling our revenues, and the natural blaze of prosperity was fanned by the expenditure of borrowed money, Sir Julius Vogel proposed, that our Civil servants should participate in the general prosperity of the time—a proposal in which he was supported with alacrity by the Legislature, and a large special vote was granted for that purpose. It will be far less pleasant to ask them to share in the depression of the present period; but no reasonable body of men in such circumstances could expect that they and they alone in the community should stand unaffected by circumstances that have greatly lessened the productive power of the whole population. With all the reductions we advise, our Civil servants would still command more of the luxuries of life and enjoy shorter hours of labour than the average taxpayer.

In a country where all the necessaries of life are so very cheap as they are here at present, reduction of salary fortunately does not mean actual privation, but rather an absence of style in living which is little felt by any, when all descend together. Even in the interests of the Civil servants themselves it is far more desirable that some substantial reduction should now be made at the dictate of prudence, than that an expenditure beyond the natural capacity of the community to sustain should be continued until the demands of necessity have

Economy
necessary.

Large burdens
on small
population.

Civil servants'
salaries rose in
prosperity: must
fall in adversity.

Better done now
than in a panic.

rendered it impossible to give that consideration to equitable claims which may now be expected.

We make our recommendations with a full knowledge of the opposition they will encounter, and of the thorny path any Government will tread that attempts to act on this report, but with a conviction that, if not now voluntarily adopted, our proposals will ere long be forced on an impoverished community, who will then be unable to carry them out with the moderation, forbearance, foresight, and justice that would now be possible. Difficult but necessary.

We respectfully submit to your Excellency this our Report.

Witness our hands and seals, this 18th day of June, 1880.

ALFRED SAUNDERS, *Chairman*.

R. DOUGLAS.

THOMAS KELLY.

C. PHARAZYN.

In affixing my signature to this Report, I must qualify my approval by calling attention to the observation contained in it: "We are conscious of having left some large and important branches of the service altogether uninvestigated, of having inquired very superficially into others, and of having gone exhaustively into none." I wish, therefore, the Report had stopped short of proposals on which the entire reorganization of the Civil Service *as a whole* are recommended to be based.

R. DOUGLAS.

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