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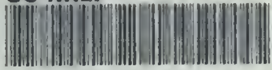
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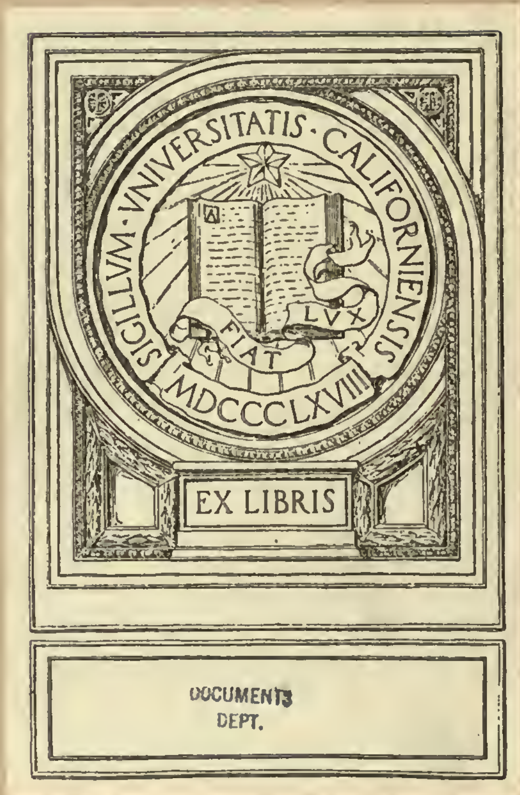

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THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA.

UNIV. OF CALIFORNIA

REPORT

OF

ROYAL COMMISSION

ON

PUBLIC SERVICE ADMINISTRATION

COMMONWEALTH OF AUSTRALIA.

Presented by Command; ordered to be printed, 28th July, 1920.

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UNIV. OF
CALIFORNIA

GEORGE THE FIFTH, *by the Grace of God, of the United Kingdom of Great Britain and Ireland and of the British Dominions beyond the Seas King, Defender of the Faith, Emperor of India.*

TO *our trusty and well-beloved* DUNCAN CLARK McLACHLAN, C.M.G., I.S.O.

GREETING:

KNOW YE *that we do by these our Letters Patent, issued in our name by our Governor-General of our Commonwealth of Australia, acting with the advice of our Federal Executive Council, and in pursuance of the Constitution of our said Commonwealth, the "Royal Commissions Act* 1902–1912," *and all other powers him thereunto enabling, appoint you to be a Commissioner to inquire into and report upon the various Acts relating to the administration of the Public Service of the Commonwealth, and particularly in relation to the effect of such Acts upon the management and working of the Departments, and the steps necessary to adjust the position that has arisen by reason of the various authorities in existence for the regulation and working of the Public Service.*

AND WE *require you, with as little delay as possible, to report to our Governor-General in and over our said Commonwealth the result of your inquiries into the matters intrusted to you by these our Letters Patent.*

IN TESTIMONY WHEREOF *we have caused these our Letters to be made Patent, and the Seal of our said Commonwealth to be thereunto affixed.*

(L.S.)

WITNESS our right trusty and well-beloved SIR RONALD CRAUFURD MUNRO FERGUSON, *a Member of His Majesty's Most Honorable Privy Council, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, Governor-General and Commander-in-Chief of the Commonwealth of Australia, this second day of October, in the year of our Lord One thousand nine hundred and eighteen, and in the ninth year of Our Reign.*

R. M. FERGUSON,
Governor-General.

By His Excellency's Command,
W. A. WATT,
Acting Prime Minister.

Entered on record by me in the Register of Patents, No. 6, page 356, this eleventh day of October, One thousand nine hundred and eighteen.

M. L. SHEPHERD,

ROYAL COMMISSION ON PUBLIC SERVICE ADMINISTRATION.

To His Excellency the Right Honorable Sir Ronald Craufurd Munro Ferguson, *a Member of His Majesty's Most Honorable Privy Council, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, Governor-General and Commander-in-Chief of the Commonwealth of Australia.*

May it please Your Excellency :

In pursuance of the Commission intrusted to me by Your Excellency directing me to inquire into and report upon the various Acts relating to the administration of the Public Service of the Commonwealth, and particularly in relation to the effect of such Acts upon the management and working of the Departments, and the steps necessary to adjust the position that has arisen by reason of the various authorities in existence for the regulation and working of the Public Service, I have the honour to furnish Your Excellency with the following Report :—

SCOPE OF INVESTIGATION.

In commencing my investigation into the matters remitted to me for consideration and report, it was realized that the task involved a wide survey of Public Service administration, covering not only the organization and management of the various Departments constituted under the provisions of the Public Service Act, but also the numerous governmental activities for which legislative authority had from time to time been granted under special Acts of Parliament dealing with territorial services and services established in connexion with Defence measures or matters arising out of the war. In addition, it was seen that, in reporting upon the action necessary to secure a proper co-ordination of Public Service powers and authorities, consideration must necessarily be given to the effect of legislative recognition of Public Service Associations and the issue of awards under the Arbitration (Public Service) Act upon the efficiency of the public departments and the conservation of the public interests. The Acts of the Commonwealth Parliament which have been brought under review in the course of my inquiries are :—

Public Service Act 1902–17.

Arbitration (*Public Service*) *Act* 1911.

Northern Territory (*Administration*) *Act* 1910.

Papua Act 1905.

Defence Act 1903–17.

Naval Defence Act 1910.

Commonwealth Railways Act 1917.

Repatriation Act 1917–18.

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For the purposes of this Report the particular services requiring consideration have been grouped under the following headings:—

(A) The Federal Service, covering the Departments, including the Officers of Parliament, at present administered under the Public Service Act; the Commonwealth Railways Service; and the Naval and Military Defence Services.

(B) The Territorial Service, comprising the services of Papua, the Northern Territory, and Norfolk Island.

(C) The Provisional Service, including services specially established in connexion with the war, or to be provisionally maintained after the war.

These three Services under conditions to be prescribed should, it is considered, form the future Commonwealth Public Service.

(A.) THE FEDERAL SERVICE.

COMMONWEALTH PUBLIC SERVICE ACT.

Prior to dealing with the matters upon which I have been particularly directed to report, it is desirable that brief reference be made to the history of the administration of the Commonwealth Public Service Act. Concurrently with the establishment of the Commonwealth on 1st January, 1901, the following Departments of the Commonwealth Public Service came into being:—The Department of External Affairs, the Attorney-General's Department, the Department of Home Affairs, the Department of the Treasury, the Department of Defence, and the Postmaster-General's Department. On the same date the States Departments of Trade and Customs were transferred to the Commonwealth, and on 1st March following the Postal and Defence Departments of the States were also transferred.

Pending legislation to regulate the Public Service of the Commonwealth, all appointments of officers were made by the Governor-General in Council under the authority of section 67 of the Constitution, and continued to be so made until the 31st December, 1902. The Commonwealth Public Service Act of 1902 came into operation by proclamation on the 1st January, 1903. In anticipation of the proclamation of the Act, and in order that the preliminary work of drafting regulations and setting up the machinery for organization and classification of the Public Service might be initiated, steps were taken by the Federal Government to appoint a Commissioner and Inspectors. My appointment as Public Service Commissioner therefore took effect as from 5th May, 1902, while Inspectors were appointed some months later. With the proclamation of the Act on 1st January, 1903, came the full exercise of the powers, duties, and authorities vested in myself as Commissioner, and my tenure of office continued until the expiration of my second term of appointment on 4th May, 1916, when I retired from the Commonwealth Public Service after a period of administrative activity therein covering fourteen years.

In 1904 the classification of the Commonwealth Public Service was completed by myself with the assistance of the Inspectors appointed in the several States, and subsequently appeals were heard by Boards of Appeal and finally adjudicated upon, and the whole scheme received the Governor-General's approval in October, 1905. The work of classifying the Commonwealth Service with its ramifications over a continent, a service including, in addition to the new departments, the transferred departments of six States, formed a stupendous task, particularly when it is borne in mind that the States systems of Public Service management differed very considerably, and that the conflicting interests and claims of officers as to so-called constitutional rights were many and varied. It was only by the loyal assistance of Inspectors and the members of my staff that the success achieved in welding together the scattered elements of Public Service departments was possible. Following upon the adoption of the classification, the work of building up and recruiting the service and the solution of the many problems of Public Service management engrossed the attention of myself and Inspectors, in addition to which the gradually developing service required considerable initiative and resource in dealing with promotions, transfers, and the general minutiæ of administration. During the period 1905–1912 inspection and reorganization of departments, the consideration and adoption of systems of grading, the revisions of salary scales, and other important matters affecting the well-being and economical administration of the service occupied much of the time of myself and those associated with me.

With the advent of the Arbitration (Public Service) Act of 1911, the responsibilities of the Commissioner and his staff, already very heavy, became intensified, as, while the functions of fixing rates of payment and determining hours of labour and other conditions of employment were remitted to the Arbitration Court, the responsibility of classification and organization of the service still rested with the Commissioner, who was called upon from the date of the first award made by the Court in 1913 to fit into the working machinery of the service the special conditions prescribed by the Court. The difficulties of management were seriously increased by the issue of awards by an Arbitration Court which had no final responsibility as to the interpretation or administration of those awards, and with the multiplication of awards, as the several associations approached the Court, the burden of Public Service administration grew gradually heavier and heavier, while the problems arising which required solution became increasingly difficult. With the outbreak of the war in 1914, and the enlistment of many officers from the permanent service of the Commonwealth and the restrictions placed upon the permanent appointment of persons of military age, it became necessary to carry on departmental activities with the assistance of temporary employees to a greater extent than under normal conditions. It will be readily recognised that during the trying years following the introduction of the Arbitration (Public Service) Act and the commencement of the war, the difficulties of administration were greatly accentuated. Although in the early years of the Commonwealth the work was heavy and of a complex nature, it was not comparable with the experience of the years 1913–1916, when the obligation fell upon me of reconciling the administration of the Public Service Act with the awards of the Arbitration Court and at the same time carrying on the management of a widely-spread and rapidly expanding Public Service.

In May, 1916, upon the completion of my second term of office as Public Service Commissioner, the Government consented to my retirement from office, and action was taken to make a temporary appointment pending selection of my successor. It was anticipated at the time that the temporary appointment would be of short duration, but it was eventually considered desirable, for reasons of policy, to defer selection of a permanent Commissioner, and legislative authority was obtained for appointment of an acting Commissioner for an indefinite period. Subsequent to my retirement from the service, the term of office of three of the six Public Service Inspectors expired by effluxion of time, but they were requested to continue in office pending determination of the future policy of the Government as to Public Service management. The Victorian Inspector was appointed as Acting Commissioner, thus leaving two Inspectors only with a definite tenure. It is hardly necessary to say that the present provisional arrangements, which have operated in part for nearly three years, under which the positions of Commissioner and four of the six Inspectors are occupied by persons with only temporary status, are unwise and unsatisfactory from the stand-point of efficient Public Service administration. It necessarily follows that officers acting temporarily, even although discharging the immediate duties of their offices in a proper and satisfactory manner, cannot be expected to prepare schemes of organization and make arrangements likely to extend over years, when they themselves are unlikely to take part in the future control of the service, by reason of the fact that in certain cases they have already reached the statutory age for retirement, and will retire upon permanent appointments being made to the respective positions. The continuance of the present unsatisfactory arrangement of acting appointments of Commissioner and Inspectors is prejudicial to the public interest, and is certainly opposed to the ideals aimed at in the legislation dealing with the Public Service. The delay in placing the matter of future administration of the service on a sound footing appears to me to be indefensible. The Public Service cannot stand still; it must either make a progressive or retrogressive movement, and the interests of good government demand prompt action to arrest what is certainly a backward tendency in Public Service morale.

The Commonwealth Public Service Act, as brought into operation in 1902, was largely based upon the experience of public service legislation in the several States, and the framers of the Act, eliminating much that was undesirable and inappropriate to Commonwealth conditions in the State laws, were able to devise a code of legislation suitable for the control of the new Public Service, and one which the test of time has proved to have been based on sound principles. Any deficiencies in the law of 1902 as applied to present conditions are largely due to the unforeseen development

of the Public Service, rather than to any inherent defects in the scheme adopted for control of the service. Looking backward over the sixteen years which have elapsed since the inauguration of the Public Service Act, one notes with satisfaction the absence of any well-founded complaint against the manner in which the Act has been administered, or against the main governing principles upon which it was based. While in some quarters there may have been criticism of the restrictions imposed by the Act in dealing with the *personnel* of the service in relation to appointments, promotions, and temporary employment, when a comparison is made with pre-Federal methods of Public Service organization and management much can be said in favour of the Commonwealth methods; and the fact cannot be gainsaid that any abandonment of the system of control by an independent Commissioner, and the exclusion of the present safeguards against political, official, or social influence, would rapidly react against the efficiency of the service and against fearless and impartial administration.

In pursuing my inquiries under the terms of the Commission intrusted to me—inquiries made from the stand-point of an independent investigator—the opportunity afforded me of renewing my acquaintance with service conditions, after an absence of nearly three years from official life, has resulted in strong confirmation of the views held after 40 years of public service in State and Commonwealth, that successful management of the Public Service is dependent upon adherence to well-established principles, and upon control by one authority in whom is vested wide and independent powers of adjudication and administration. The evidence elicited during my inquiries has been most marked in the consensus of opinion against any departure from these principles, or from the system of control by a Commissioner. The opinions expressed by responsible officers of Departments, and by certain Public Service organizations, have been definitely in favour, not only of retention of the present methods of management, but of extension of the Commissioner's authority in certain directions.

AMENDMENTS IN PUBLIC SERVICE ACT SINCE 1902.

From time to time since the passage of the principal Act in 1902, it has become necessary to secure amendments dealing with certain phases of Public Service administration, but, with the notable exception of the Arbitration (Public Service) Act, which seriously interfered with the cardinal principles adopted by the Parliament in 1902, none of these amendments has resulted in departure from those principles.

Between the years 1902 and 1909 no amendment was found necessary beyond a minor alteration extending the period of eligibility for appointment of persons qualified by examination. In 1909, amendments covered an increase in the maximum salaries of Clerical Division officers of the Fifth Class, and the retirement of messenger boys at the age of 18 years for whom there was no prospect of advancement.

In 1911 an amendment was made in the scale of salaries for officers of the Clerical Division, the only division for which salaries were fixed by statute. Provision was made to permit Chief Officers to allow an officer charged with an offence to continue on duty pending determination of the charge. Previously when the offence was of such a nature as not likely to result in termination of the officer's employment, unnecessary hardships were imposed on officers by suspension, as well as inconvenience to the Department. A new provision was adopted for the granting to officers of payment in lieu of furlough upon their retirement, and, in the case of death of an officer who had been entitled to furlough, for payment to his dependants. In computing the service for certain purposes of officers who had had previous service in the Naval or Military Forces, the latter service had not been credited under the original Act to such officers. An amendment rectified this disability.

By an amending Act passed in 1913, eligibility for appointment to the Commonwealth Service was conferred on officers in corresponding divisions of the Public or Railway Service of a State. The power thus given proved of advantage in obtaining officers of special qualifications in cases where it was in the interests of the Commonwealth to recruit from the sister services.

In 1915 preference for appointment as the result of examination was accorded returned soldiers. The maximum age for appointment by examination to the Clerical Division was raised from 21 to 25 years, as the former limitation was found to have a

deterrent effect upon the recruitment of the service by suitable appointees. Provision was made to admit of the transfer of officers of the Territorial Services to the Commonwealth Public Service where the public interest would be served by such transfer. Persons who had served in the permanent Naval Forces of the Commonwealth were granted eligibility for appointment to the General Division in the Department of Trade and Customs where the experience and training of such persons could be used to advantage. The procedure in regard to officers convicted of criminal offences was simplified. Previously, where an officer had been convicted otherwise than on indictment or presentment, it was necessary to proceed further against the officer under the Public Service Act in order to terminate his public service; but the amendment gave power of dismissal following upon conviction. Provision was made for the granting of payment to officers for duty performed on public holidays. The previous practice of granting officers time off in lieu of holiday duty was inconvenient to departments, and inability to release officers for the equivalent time made it necessary to adopt payment as the most satisfactory and equitable method of meeting claims for holiday compensation. Enlistment of officers for active service necessitated provision for granting leave of absence to such officers, and for recognition of their service with the Expeditionary Forces as service under the Public Service Act. Instances having occurred of impersonation at Public Service examinations and of irregular dealing with examination papers, penalties were prescribed for such offences.

By the amending Act of 1916, the Chief Officer of a department in a State was given power to exercise the functions of a Chief Officer over portion of an adjoining State or Territory where the geographical conditions made the exercise of such power desirable in the interests of the department. A number of amendments were made by the Act of 1917, principally in the interests of officers serving in the Expeditionary Forces. In addition, provision was made to extend to members of the Army Medical Corps, Nursing Service, and members of the Naval Forces the conditions applicable to persons who had served in the Expeditionary Forces, and to extend the age at which returned soldiers could be appointed to the Clerical Division. Provision was also made for the holding of examinations confined to returned soldiers, and for the recognition of certain prescribed examinations, other than the Public Service examination, as a sufficient qualification for appointment of returned soldiers to the Public Service. The retention of returned soldiers in temporary employment beyond the prescribed period was provided for, and special conditions were adopted as to leave of absence to officers serving as munition workers or on active service in Australia or in the Naval Forces.

GROWTH OF THE COMMONWEALTH PUBLIC SERVICE SINCE 1902.

As a preliminary to consideration of existing conditions of the Public Service, it is essential that a comparison be made between the service as at the inception of the Act and at the present day, and that some idea be afforded of the expansion of the service consequent upon increased population and business, and upon the assumption by the Commonwealth of functions of government provided for by the Federal Constitution, other than those taken over at the inception of Commonwealth administration.

The following tables show—(A) the Departments of the Commonwealth, the number of permanent officers employed in each under the Public Service Act, and the annual salary expenditure as at the date of proclamation of the Public Service Act, 1st January, 1903; and (B) the position as at 30th June, 1918:—

(A)

1st January, 1903.

Department.	Officers.	Annual Salary Expenditure.
		£
External Affairs	17	4,095
Attorney-General	4	1,520
Home Affairs	38	8,823
Treasury	34	7,473
Trade and Customs	1,136	212,099
Defence	123	20,728
Postmaster-General	10,022	1,266,313
Total	11,374	1,521,051

(B)

30th June, 1918.

Department.	Officers.	Annual Salary Expenditure.
		£
Prime Minister	286	64,360
Home and Territories	386	94,875
Attorney-General	138	34,823
Works and Railways	173	42,800
Treasury	1,127	169,879
Trade and Customs	1,528	350,810
Defence	210	47,855
Postmaster-General	19,576	3,137,682
Total	23,424	3,943,084

From the above it will be seen that during a period of fifteen and a half years the staff of permanent officers employed under the provisions of the Public Service Act has slightly more than doubled, while the annual salary expenditure is now approximately two and a half times as great as it was in 1903.

The following statement shows the strength of, and total amount of salaries paid to, the permanent staff of the Service for each year from the first year of operation of the Public Service Act:—

Year.	Total Officers.	Salaries.
		£
1903	11,374	1,521,051
1904	11,661	1,578,861
1905	11,493	1,630,435
1906	11,585	1,659,834
1907	11,763	1,694,641
1908	12,452	1,761,143
1909	13,530	1,862,461
1910	13,987	1,935,797
1911	15,120	2,098,530
1912	17,050	2,434,051
1913	19,845	2,719,360
1914	21,056	3,146,815
1915	22,194	3,381,349
1916	22,686	3,593,609
1917	23,028	3,819,119
1918	23,424	3,943,084

An analysis of the figures in tables (A) and (B) shows that the increase of 12,053 officers is divided amongst departments as under :—

Department	Increase
Home and Territories (formerly External Affairs)	369
Attorney-General	134
Works and Railways (formerly Home Affairs)	135
Treasury	1,093
Trade and Customs	392
Defence	87
Postmaster-General	9,554

The balance is attributable to the formation of the Prime Minister's Department, which, in addition to the administrative staff of the department, includes the staff of the Public Service Commissioner and of the Auditor-General, transferred upon the creation of the new department from the Home Affairs Department and Treasury Department respectively.

The increase in staff in the several departments has been to a large extent due to the creation of new branches of departments to carry out functions of the Government taken over or accepted since the proclamation of the Public Service Act. These branches are shown hereunder against the departments with which they are now associated :—

Prime Minister's Department—
- High Commissioner's Office.

Home and Territories—
- Electoral.
- Northern Territory (excluding Northern Territory local service).
- Statistical.
- Meteorological.
- Lands and Survey.

Attorney-General—
- High Court.
- Arbitration Court.
- Patents, Trade Marks, and Copyright.

Works and Railways—
- Federal Capital.

Treasury—
- Taxation.
- Pensions.
- Note Printing and Issue.
- Printing.
- Stamp Printing.
- Loans.

Trade and Customs—
- Quarantine.
- Commonwealth Analyst.
- Lighthouses.
- Inter-State Commission.
- Commerce.
- Navigation.

For the carrying out of the additional functions, upon the importance of which it is unnecessary to dwell, officers to the total of 1,700 are now provided. This number does not include any increased staff which would be necessitated in the head offices of the departments to meet the added administrative responsibilities cast upon permanent heads.

If from the total increase in permanent staff (12,053) be deducted the 1,700 officers provided for the new branches, a balance is left of 10,353, which is almost wholly accounted for by the increase (9,556) shown as having occurred in the Postmaster-General's Department. Justification for this apparently large augmentation of staff may be mainly found in the important development of business which has occurred in that department, other factors having operated in a minor degree.

In illustration of this statement, the following figures relative to the revenue of the department under the principal headings of business are cited :—

Year.	Private Boxes and Bags.	Commission on Money Orders and Postal Notes.	Telegraphs.	Telephones.
	£	£	£	£
1902–3	16,517	78,624	£358,805	
1917–18	34,920	128,407	1,031,885	1,731,278

Year.	Postage.	Miscellaneous.	Total.
	£	£	£
1902–3	1,905,457	45,327	2,404,730
1917–18	2,624,034	205,198	5,755,722

These figures indicate a growth in business, which it will be readily admitted could only be met by substantial increase in staff; but as they relate only to revenue, an increase in which may be due to some extent to such causes as alteration of rates, &c., a better indication of the increase in work can be obtained from the subjoined statement :—

Year.	Letters, &c., posted.	Parcels.	Telegrams transmitted.	Telephones in use.
1906	290,000,000	2,100,000	10,200,000	24,000
1917	480,000,000	4,300,000	14,100,000	179,000

The years 1906 and 1917 have been taken as the staff at 1906 was practically the same as in 1903, and the years 1906 and 1917 are those upon which comparison is made in the last report of the Postmaster-General upon the operations of his department. The most striking instance of development is seen in the telephones in use, the figures showing that there are now seven and a half times more telephones in operation than were used in 1906. The staff requirements to meet the enormous expanse must necessarily be large, and that they account for a substantial portion of the general increase in officers of the Postmaster-General's Department will be recognised by comparing the number of telephonists and mechanics, sections of officers directly associated with the telephone service, in 1906 with the number required to-day. The relative figures are :—

	1906.		1918.
Telephonists	976	..	2,175
Mechanics	314	..	1,925
	1,290	..	4,100

This shows that 2,810 more officers are at present required than were necessary in 1906 to meet the indoor requirements of the telephone service, but in addition the outdoor work of telephone line construction and maintenance, both aerial and underground, has necessitated the employment of a large staff of engineers and linemen.

The statistics of revenue derived from telegraphs and telephones are also worthy of consideration. The annual revenue from telegraphs and telephones combined for the financial year 1902–3 was only £358,805, whilst for 1917–18 the separated figures show :—

Telegraphs	£1,031,885
Telephones	1,731,278
giving a total of	£2,763,163

or nearly eight times the amount received in 1902–3. It will be recognised that a staff required to earn a revenue in 1902–3 of £358,805 would need to be very materially increased to earn the revenue of £2,763,163 received in 1917–18. If consideration is given to the increased business of the department in other directions, it will be noted that the telegraph revenue alone of 1917–18 was three times the amount received from telegraphs and telephones combined in 1902–3, that the parcels handled in post-offices and mail branches had doubled, and that 190,000,000 more letters, &c., were handled by the postal staff in 1918 than in 1906, portion of this increase being, of course, due to war conditions.

There is, however, another important factor which should be considered in connexion with the increase of permanent staff in the Postmaster-General's Department, *i.e.*, its relation to temporary and exempt employment, and for this purpose the figures regarding temporary and exempt employment for the year 1912 may be compared with those for the past year :—

Persons employed under the temporary employment provisions of the Public Service Act and employed under exemption from the Act—

30th June, 1912	11,463
30th June, 1917	11,507

These figures are significant as indicating that in the past five years the number of persons employed under other than permanent tenure has shown practically no increase. It should be remembered that this has occurred at a time when an increase of temporary employment might have been expected, owing to the enlistment of permanent officers in the A.I.F. and their replacement in a large proportion of cases by the employment of temporary hands. Up to the 30th September, 1917, 3,341 officers of the Postmaster-General's Department had joined the Expeditionary Forces. It is not claimed that the absence of increase in the number of temporary and exempt employees is wholly due to the efforts of the Commissioner and the department in replacing temporary employees by permanent officers wherever the work is of a permanent nature, but it is so to a large extent. Apart from this factor, the slackening of departmental activities by reason of the completion of line construction work, or the postponement of such work through conditions arising from the war, accounts in some measure for the diminution in temporary and exempted employment.

While the number of persons other than permanent officers (11,507) still employed may appear large, it should be noted that this includes the large number of persons who act as postmasters at semi-official and allowance post-offices, where the intermittent business and general conditions are such as may be met by the payment of a small annual sum, and do not warrant the employment of a permanent staff at heavy cost to the Commonwealth. The business of the department at these offices is, as a rule, carried on by the postmaster in conjunction with some other occupation, *e.g.*, storekeeper, &c. The persons employed at such offices throughout the Commonwealth number 7,800, and when this is substracted from the total number of exempted and temporary employees, the balance is not unreasonable, keeping in view the absence of permanent officers at the war, and the conditions continually arising, necessitating the employment of casual assistance.

In the Trade and Customs Department, the increase in staff since 1903 has been shown as 393, this number being accounted for by the transferred services of Quarantine, Lighthouses, &c., taken over from the States, and which employ 398 officers. If the functions of the Trade and Customs Department were confined to those existing at the date of proclamation of the Public Service Act, an appreciable reduction would have been effected, owing to the abolition of border stations following on Inter-State free trade and other reasons. In four of the States this reduction has actually occurred.

In the Department of the Treasury the permanent staff has increased from 34 in 1903 to 1,127 in 1918, but the creation of branches such as Taxation, Pensions, Note Issue and Printing, requiring the services of over 1,000 permanent officers, accounts entirely for the increase. The explanation of increases in other departments may be similarly found in the particulars previously furnished of new activities.

It will be gathered from the facts thus presented as to development of business and widening of the scope of Commonwealth activities, that considerable warrant exists for the increased permanent staff, despite the criticism sometimes levelled at controlling authorities—criticism which fails to take into account the continuously changing circumstances of Australia, and the tendency to extend the functions of government. Judged by business standards, the development of the Federal Service may reasonably be justified, although economies may be possible in certain directions without prejudice to departmental efficiency.

ARBITRATION (PUBLIC SERVICE) ACT.

Under the provisions of the Arbitration (Public Service) Act, which was passed by Parliament in 1911, authority was given for the formation of Public Service organizations, and their registration in the Commonwealth Court of Conciliation and Arbitration, following upon which they are entitled to present to the Court by plaint any claims relating to salaries or wages or terms or conditions of employment. During the past five years awards have been made by the Arbitration Court embracing probably 90 per cent. of the officers in the Commonwealth Public Service, but the making of awards has not resulted in finality, as applications are continually being filed for variations of the awards, either by claimant organizations pressing for further concessions or privileges, or by the Public Service Commissioner for the purpose of elucidating difficulties or remedying abuses.

It was anticipated in some quarters that by the passage of the Arbitration (Public Service) Act, the Public Service Commissioner and his Inspectors would be relieved of much responsibility, and that the volume of work in administering the Public Service Act would be appreciably reduced, it being assumed that if the functions of prescribing salaries and allowances, fixing hours of duty, and determining questions affecting the conditions of employment were transferred from the Commissioner to the Arbitration Court, the burden of the Commissioner's responsibility must necessarily be lightened. This has proved a fallacy, for, as a matter of actual experience, the reverse has been the case. While the expansion of the Service has in natural course increased the work of the Commissioner and his staff, a no less important factor in this increase has been the operation of the Arbitration Act. Representation of the Commissioner in the Court has entailed a vast amount of work in the preparation of detailed information, and of evidence which involves labour of the most strenuous character by the Commissioner's staff. The issue of awards has brought no finality to the Commissioner's work. Detailed instructions have then to be issued for the guidance of departments in carrying out the terms of the award, and consequent questions arise as to interpretation and as to the application of the award to circumstances unforeseen. The Commissioner and Inspectors, already overtaxed by the development of the Public Service, found their burdens increased to an extent intolerable, except at the sacrifice of other important features of their work. There is not the slightest doubt that the settlement of difficulties arising from awards has made the administration of the Service infinitely more complex, and responsible departmental officials, who have been required to carry out the provisions of these awards, have become bewildered and perplexed, and have been compelled to fall back upon the Commissioner for direction and advice. Added to all these difficulties, the Public Service Associations in numerous instances have, through the columns of the press and the service journals, charged the Commissioner with having committed breaches of awards, and as a consequence frequent references to the Court as to alleged breaches have been made.

In placing the responsibility upon the Arbitration Court of dealing with claims of public servants for increased pay and privileges, it was apparently never realized by the framers of the Arbitration (Public Service) Act that the Court was being set an almost impossible task. However skilled the Judges of the Arbitration Court may be in analyzing evidence bearing upon industrial problems, however painstaking and conscientious they may be in the discharge of their onerous duties, the fact remains that they have been required to deal with questions which can only be satisfactorily compassed by men with long experience in the management of the Public Service. Generally speaking, the Court has found the greatest difficulty in following the intricacies of Public Service organization, with the result that the awards have increased the troubles of administration of the Service, and have produced crop after crop of anomalies and inconsistencies, rendering the work of control a most exacting and unsatisfactory business.

Many of the disturbing features have arisen from the fact that the Court, under a system of registration of separate organizations representing separate interests in the Public Service, had perforce to deal with individual sections, instead of being able to adjudicate on the Public Service as a composite whole, as had hitherto been done by the Public Service Commissioner. It was clearly not recognised by the framers of the Arbitration (Public Service) Act that the Public Service is not a series of watertight compartments, but is inter-dependent in its several parts, and that in any system of salary allocation the relation of one class of positions to another must be considered, otherwise friction and irregularity must inevitably result. This defect in arbitration procedure has hampered departments by restricting the interchange of officers between certain positions, and has involved unnecessary expenditure. The Court has been unable to view the Public Service as a whole, and the result has been a loss of elasticity of working, and consequent embarrassment to those responsible for the management of the Service. A further cause of anomaly and dissatisfaction is that awards of the Court affecting the Public Service have been made by two separate authorities (the President and Deputy President) holding divergent views in many directions.

It would be tedious to recount all the inconsistencies which appear in the awards of the Court, but it may suffice to say that in such a matter as payment for holiday duty three different systems have been adopted by the Court, that the matter of granting allowances to officers acting in higher classified positions is dealt with in four separate

ways, while some awards provide for granting of increments when so acting, while others do not. Overtime is determined in a multiplicity of ways, and this applies also to relieving allowances. Under some awards travelling time is conceded, while in others it is not granted, although the circumstances are similar. Increments are granted from the actual due date, or from the first day of the month, or from the first day of the pay period, this being dependent upon the particular award governing the matter. In the same clause of one award provision is made that officers of the Clerical Division shall receive the adult minimum wage from the first day of the month following the twenty-first birthday, while those in the General Division are to receive it from the actual birthday. In one award the stretch of shift allowance is 1s. per hour, while in another award it is time and a half. Increments are granted on different bases for no apparent reason. The inconsistencies of arbitration awards are puzzling in the extreme, and this feature alone has greatly intensified the difficulties of working the Public Service.

Public Service arbitration has proved a most costly matter. In order to obviate legal expenses, it is provided by the Act that neither party to a plaint shall be represented by counsel in the hearing of cases by the Court, but representation of the Commissioner and departments has involved heavy expenditure because of the necessity for bringing witnesses from other States to give evidence, and in paying the salaries of those witnesses and of other officers in attendance at the Court. On the side of the Public Service Associations, the cost of prosecuting their claims has also been heavy, as although legal representation in the Court is prohibited by the Act, legal assistance outside the Court is availed of in many cases. In addition, the salaries of numerous witnesses as well as their travelling and living expenses have to be recouped by associations. The salaries and expenses of executive members of associations appearing in the Court also form a serious item of expenditure.

The expenditure on salaries and allowances of public servants has under the arbitration system increased by leaps and bounds. Since 1913, when the first award was made, the salaries granted to members of associations have been advanced until at the present time the increase represents nearly half a million pounds sterling per annum, while the provisions of awards in respect to extraneous payments such as Sunday and holiday pay, overtime and travelling time, allowances for special duties, &c., have necessitated considerable additional expenditure. In one award the extravagant overtime provisions resulted in the doubling of extra payments during a given period. It is safe to say that, during the past five years, the additional expenditure directly attributable to the awards of the Court has aggregated well over a million pounds sterling. It should be stated, however, that a proportion of this expenditure was justifiable, and would have been provided for by the Commissioner in the absence of any system of arbitration. But even after making due allowance for this, the fact remains that many of the provisions of awards, both as to salaries and extraneous payments, have been upon an extravagant scale and quite unjustifiable.

The expenditure necessitated by the provisions of awards relating to extraneous payments does not end with the actual payments to officers. Under the conflicting, differing, and generally liberal practices prescribed by the awards, a large staff of officers is required to deal with the claims made by officers for payment of allowances in addition to salary. In the Accounts Branch of one department only—the Postmaster-General's Department of Victoria—no less than eight clerks are required to examine the claims made by officers of the department for these allowances. When this is multiplied by the number of officers required for the purpose in other sections of the Postmaster-General's Department, and in other departments, the additional expenditure for staff alone due to the operation of awards must amount to a considerable annual sum. There would not be the slightest exaggeration in saying that, for one officer formerly required by departments to deal with such claims, three are now necessary under the complex conditions introduced by awards.

A remarkable example of the conflicting character of awards made by the Arbitration Court in Public Service cases is afforded by the recent judgments issued on the question of a basic wage. The Deputy President of the Court, after hearing voluminous evidence submitted on behalf of eight Public Service associations, issued a lengthy judgment and award, and fixed the basic wage at £162 per annum. On the same day, the President of the Court, also after hearing evidence from two Public Service unions, issued a separate judgment and award, and increased salaries after adopting a basic wage of £156. Manifestly both judgments cannot be right.

The conflicting nature of awards has induced a spirit of unrest and dissatisfaction throughout the Public Service, as associations of officers not so fortunate as other associations have felt keenly the granting of liberal awards in which they have not shared, owing to their cases having been heard by another Judge, and the result has been agitation and attempts to secure better conditions at the hands of the Court. A notable instance of this occurred in the case of the Professional Officers' Association, which secured an award startling in its effects, no less a sum than £15,303 having been granted in immediate increases to 274 officers, or an average of £56 per officer, while the increased salary to individual officers was such as to exceed even the most sanguine anticipations of those concerned. In a time of serious financial stress due to war conditions, these officers, already receiving high salaries, were granted individual increases of £100, £84, £72, £66, and lesser amounts, and provision was made by the Court that the officers awarded such extravagant increases should further benefit by the payment of automatic annual increments of £18 per annum. I am led to believe the whole Public Service was astounded by the munificence of the award, and that meetings were immediately convened in most of the States of the heads of branches of departments—men carrying higher responsibilities than the fortunate professional officers—for the purpose of considering their positions, and deciding what action they should take to safeguard their interests and secure recognition of their claims for increased remuneration. It is evident the effect of this award was to create a strong feeling of discontent amongst the heads of branches, and generally throughout the Public Service.

A further illustration of the extravagance of arbitration awards is furnished in the cases of the Postal Electricians' and Linemen's unions, which on an application for increased salaries to meet abnormal cost of living conditions were in 1916 awarded a sum of £55,932 per annum, thus bringing their benefits in salaries alone, without considering allowances, up to an aggregate of £101,036 per annum under awards. One could well understand any action taken by the Court to revise the salaries of employees receiving the basic wage, who must necessarily be seriously affected by the undoubted advance in cost of living; but when officers in these two unions drawing salaries up to £400 per annum, who had already considerably benefited by the awards of 1913 and 1914, were allowed to participate in cost of living increases, under the plea that the marginal wage for skill must be maintained, one begins to wonder whether the Court was cognisant of the fact that the British Empire was in a state of war and that the finances of Australia are being strained to the uttermost. In his reasons for judgment in the Professional Officers' case, the President of the Court naively remarked:—"The state of the country's finances has not even been put before me for investigation, as a ground for lower salaries." As regards the theory that the marginal wage for skill must be maintained in any adjustment of salaries on cost of living, the action of the Court in this respect is in marked contrast with that of the New South Wales Industrial Court, which has repeatedly laid it down that in abnormal times such as the present, the higher classes of worker can no longer claim as a right the same proportion above the living wage as prevailed before the war. It is certainly difficult to justify the granting of such increased salaries to men working in the sheltered haven of Government employment, who lose no time, enjoy exceptional privileges, and already receive high salaries. The granting of these increased salaries was the immediate signal for claims from a number of Public Service associations for similar treatmen[illegible] the country's finances these claims di[illegible] not receive the same liberal treatment as those of the Postal Electricians' and Linemen's unions, and the increases awarded were reasonable and beyond criticism.

Despite the increased salaries granted by the Arbitration Court in 1913, 1914, and 1916 to the two unions already mentioned (the Postal Electricians' and Linemen's unions), the Court only recently (in October last) again granted further increases of salary because of cost of living conditions, and again granted increases to the higher paid officers of the permanent service in order to maintain the margin between the basic wage and the wage for skill. This further variation of award will involve an additional payment in salaries to the members of the two organizations of £53,900. It is estimated that the benefits in augmented salaries granted by the Arbitration Court to the Postal Electricians' union from 1913 to 1918, and to the Linemen's union from 1914 to 1918, taking into consideration the original awards and the increases of 1916 and 1918, amount in the aggregate to well over £400,000. The practical effect of these decisions of the Court was that the public servants concerned should not be required to share at all in the

general hardship arising out of the war, and should be sheltered from its effects ; in other words, they were to be treated so that financially they would be oblivious of the existence of war.

In the actual proceedings of the Court in connexion with the hearing of evidence, the interests of justice have been seriously prejudiced by the fact that while the claimant organizations were able to make a free selection of witnesses from the whole field of employees, on the side of the respondents (the Commissioner and department concerned) it has been a matter of the utmost difficulty to obtain witnesses from within the departments, owing to the strong aversion of branch heads against appearing in the Court and subjecting themselves to be cross-examined and pilloried by their subordinate officers. One notable case, which was brought before the Court, occurred where a manager of a Telegraph Branch, who had submitted evidence on behalf of the department, was the subject of an insulting resolution carried by the association, and was made the recipient of an iron cross with an opprobrious epithet engraved thereon. The Commissioner and departments have always been at a disadvantage in arbitration proceedings because of this aversion by heads of branches, and because of the evidence submitted by organizations representing exceptional cases rather than the generality of cases. The work of departments is of such a nature that evidence from outside the Public Service is but rarely applicable, hence departmental heads constitute the only source of supply of witnesses in the interests of departments. Frequently, however, heads of branches were members of the organization before the Court, and were directly interested in the success of the plaint, and in such cases the Commissioner was precluded from calling them as witnesses, while in other cases the heads of important branches appeared in Court as witnesses in support of the association claims. It may readily be understood how difficult was the position of the Commissioner in such circumstances, when responsible officers who might reasonably have been relied upon for loyal assistance to the department went over to the opposition and made common cause with their subordinates against the Government.

It is provided in the Arbitration (Public Service) Act that awards of the Court shall not take effect until they have been presented to Parliament, and that either House of Parliament may during a period of 30 days after such presentation pass a resolution of disapproval of any award. The Arbitration Court has frequently sheltered itself behind this provision, relying on the fact that the final responsibility rests with Parliament. In one award the Court stated—"Parliament can reject the award, or it can pass a new Act, or it can refuse the necessary appropriation." And because Parliament has not seen fit to disapprove of some one provision of an award, possibly owing to the fact that such disapproval would have involved condemnation of the whole award, the Court has accepted this as a justification for repeating an unsatisfactory provision in later awards. While the Court has thus made use of this provision, it is recognised on the other hand that Parliament cannot consistently veto any Public Service award, seeing that outside employers of labour are required to accept and abide by the awards of the same Court. It thus follows that no matter how injudicious or extravagant or inconsistent the provisions of any award may be, the safeguard of the public finances imposed by the Arbitration (Public Service) Act appears to have been inoperative in its results.

In discussing the operation of the Arbitration (Public Service) Act, consideration must be given to the effect of legal recognition of associations of public servants on the efficiency and discipline of the service. The recognition of Public Service organizations under the Conciliation and Arbitration Act involved adoption of the principle of preference to unionists, as awards granted by the Court to these organizations are applicable only to the members thereof. In the year 1913, when holding the office of Public Service Commissioner, the opinion was expressed in my annual report to Parliament that in the public departments of the Commonwealth, and particularly in the Postmaster-General's Department, there had been a development of general efficiency which was most gratifying, and that the departments were year by year gaining strength, and consequently giving better service to the public. This was the statement of a well-considered opinion, based on information at my command, covering the Public Service in every department and State, and related to the period 1904–1912. The years 1913–1918 represent the period of operation of the Arbitration (Public Service) Act, and reviewing this period from the stand-point of departmental efficiency, I would say that the evidence is overwhelming as to a decided retrogression in efficiency and in the state of discipline that

underlies efficiency. In the Postmaster-General's Department, in which the greater number of Public Service associations has been formed, the insidiously weakening effect of organizations on the morale of the Public Service has been most marked. It is not too much to say that a pronounced effort has been made by some of the more militant associations to usurp the management of the Department by a system of pressure and agitation directed against the controlling heads of branches. It is certainly believed by the prominent members of these organizations that the Department exists for the benefit of the public servants, and that the public interest is merely secondary. Administration and efficiency have been interfered with by the action of the associations in influencing officers who are members of these associations against carrying out the requirements of the Department. For example, in the Sydney Mail Branch, when the primary division of mail matter became the function of assistants, the Sorters' Union placed a notice on their notice-board, erected in the Mail Branch, intimating that, in accordance with a resolution unanimously adopted at a meeting, members must refrain from imparting a knowledge of sorting to assistants and postmen. Another union advised its members not to submit themselves for examination for final increment, provision for which was expressly inserted in an award of the Arbitration Court in order to stimulate increased efficiency. The action of the union in this respect has had a serious effect on the working of the Department, which has been hampered by the absence of trained men with the Expeditionary Forces. The unions have not only taken action from time to time which has militated against the proper administration of the Post Office Department, and has been directly prejudical to efficiency, but in more than one State they have acted in a most arbitrary manner against their own members. In Queensland, two members of a public service union elected to remain on duty for a short while after the regular hours in order to gain a better knowledge of the duties intrusted to them. As this action was taken of their own volition, and without any instruction from the Department, they naturally did not claim overtime payment. The union, becoming aware of this, expelled the officers from membership, thus subjecting them to loss of the benefits under the arbitration award. As an indication of the extent to which unions will go in terrorizing their own members, it is reported that in one branch the employees have been prohibited by their union from "clocking" on until the exact moment for commencing work. Thus at 10 a.m. a long queue of employees is awaiting the stroke of the hour, and while the first employee records his attendance at 10 a.m., the last man in the line is not recorded on duty until some time after the hour. This union demands much in the way of departmental concessions, but is so bitterly hostile towards the Department that it is obsessed with the fear of giving a few moments' service beyond the regulation hours. In another instance, certain postmen who, because of an awkward train service arrived at their office a few minutes before starting time, were warned by the union not to enter the office, and this union had the consummate effrontery to protest to the Minister against the action of the postmen concerned. Numerous instances have occurred where responsible officers who have joined the same union as their subordinate officers, and who have in the ordinary course of their duty found it necessary to report employees for wrong-doing, have been summoned before a union meeting to justify their action, and to produce the departmental papers. Much could be said as to the interferences with discipline by the executive members of unions, and as to the terrorism exercised by these members over the rank and file of the unions. It might have been anticipated that the controlling officers of an association such as that of Professional Division officers would not descend to such tactics, yet it was found that a leading officer of the Engineer's Branch was brought to task by his union for having submitted to the Department certain suggestions as to reorganization of the branch without first referring the matter to the union for its opinion, and was threatened with expulsion.

Although registration under the Commonwealth Conciliation and Arbitration Act was accorded Public Service organizations under the Arbitration (Public Service) Act of 1911, and strikes are made illegal by the provisions of the first-named Act, instances are not lacking where these organizations have set aside their obligations to the Court and to the community they are serving, and have seriously considered the question of striking against the Commonwealth Government. A meeting of telegraphists was held at Sydney to consider the question of going out on strike, and it was only by the most fortuitous circumstances that a strike was averted. In Queensland, owing to the refusal of the Postmaster-General to accede to the request of the Letter Carriers' Association to grant a close holiday on Eight Hours Day in 1916, a ballot was taken of members of the association on a stop-work motion, and the result of the ballot showed

a majority in favour of no work. A meeting was held at the Trades Hall on 25th April, 1916, to consider the attitude of the Postmaster-General, and a motion was carried unanimously as follows :—

> "That this association condemns the autocratic action of the Postmaster-General in his decision in refusing to grant us a close holiday on Eight Hours Day as not becoming the action of a true labour representative."

In view of the publication of this resolution in the press, the Deputy Postmaster-General saw the president of the Letter Carriers' Association, and pointed out that the officers concerned were pursuing a dangerous course so far as their official positions and future prospects in the Department were concerned. He mentioned the fact that the policy of the Commonwealth Government was to discountenance strikes in every shape and form, in connexion with which policy suitable machinery has been provided in the Arbitration Court to enable officers to ventilate and obtain redress of any alleged grievance. The Deputy Postmaster-General further pointed out that the attitude adopted by the Letter Carriers' Association was utterly indefensible, inasmuch as they were officials of the Department, employed and paid for the express purpose of carrying out the work allotted to them under departmental regulations. The peculiar coincidence was mentioned that this extraordinary action on the part of the association followed upon its affiliation with the local Industrial Council, the members of which, if occupying the position of letter-carrier, would hesitate to adopt the course which they were so solicitous in advising the letter-carriers to follow. The Deputy Postmaster-General urged the president of the association to exercise any influence he might have with the letter-carriers to refrain from adopting the threatened course of action, otherwise he (the Deputy Postmaster-General) would have no alternative but to suspend every officer who failed to take up duty on Eight Hours Day, and recommend his dismissal from the Service. He also intimated that, as public convenience would be so seriously interfered with, he would probably also have to consider the question of instituting a prosecution against the strikers for breach of the provisions of the Post and Telegraph Act. There was no strike.

In New South Wales, threats of strike by members of Public Service organizations have been frequent, and on one occasion a stop-work meeting was actually held at the Trades Hall, presumably with the object of intimidating the Department, and forcing the will of the organization upon the authorities. This action was taken by a Public Service union, working under an award of the Arbitration Court.

The conscription issue has involved serious differences amongst the members of Public Service associations, owing to levies being imposed on members to assist the anti-conscription campaign. In one instance, the president of a union was compelled by his union to tender his resignation owing to his views in favour of conscription. The report of the meeting as published in the press showed that the view was held by the association that "it would be against the best interests of the association to have a rank conscriptionist at the head of affairs, that conscription meant a death-blow to the democracy of Australia, and it would be good-bye to unionism, and mean establishing a system of Prussian militarism in Australia instead of killing it in Germany." Returned soldiers who are officers of the Commonwealth Service have been prevented from joining certain Public Service associations, because of the strong attitude of these associations against conscription, and have thereby been debarred from the financial benefits of arbitration awards. It should be clearly understood that in this reference the merits or otherwise of conscription is not the point at issue. The object of the reference is to show that under existing conditions an officer, holding an opinion upon some question of interest not connected in any way with his position or duties as a public servant, may be debarred from membership of an association of public servants formed under the provisions of a Public Service Act, and be deprived because of such opinion of the privileges awarded by the Arbitration Court, and reserved under award solely to the members of the Association.

The fact that controlling officers have by the provisions of the Arbitration (Public Service) Act, and the constitution and rules of registered organizations, been allowed to join the same union as their subordinate officers, must be highly subversive of discipline. Leading officers of the Service whose duty it is to protect the interests of departments and the public have not scrupled to ally themselves with their subordinates, and as a result efficiency has rapidly deteriorated. The whole position in this respect has become

intolerable. Only recently an officer occupying an inspectorial position journeyed from Sydney to Melbourne to give evidence in the Arbitration Court in favour of the claims of subordinate employees for payments which the department did not consider justifiable. This inspector's duty is to check, examine, and criticise the work of subordinates, yet he is an executive officer of their union, and openly supports their claims for concessions. Apparently this officer believes he can serve two masters. In another case, professional officers occupying the highest positions in the Public Service joined the same union as their subordinates, and gave evidence in the Arbitration Court in support of their claims. That such officers could be so oblivious of the proper fitness of things, and so lost to the sense of dignity, is almost unbelievable. The baneful effects of Public Service arbitration under present conditions are incalculable.

A serious defect in the Arbitration (Public Service) Act is the absence of any provision governing the registration of associations by which officers of any given class shall combine in one organization. Under existing conditions, postmasters are members of two separate Public Service associations—the Commonwealth Postmasters' Association, and the Post and Telegraph Association. Assistants are members of three separate organizations, while the Post and Telegraph Association, by reason of the wide terms of its constitution, may take into membership any officer of the Postmaster-General's Department from the telegraph messenger to the Deputy Postmaster-General. All this makes for delay in dealing with claims, as every organization interested in any class of officers must be allowed to submit representations to the Court, and separate awards must be made in favour of each such organization, although covering the same class of officers. Furthermore, the Commissioner and the Department are bound to deal with applications and complaints from several associations affecting one class of officers, thus involving unnecessary work. Apart from this phase of the question, each union, in addition to having a Federal executive committee, is divided into State branches, each branch electing a branch executive. The State branches are permitted to make representations to the departments, and the Federal executives also submit their views, the result being that the unions are given a predominance which is unjustified and which seriously hampers the departmental machinery. Moreover, in many instances the Federal executives have no controlling power over the branches of the unions, and discipline within the unions is practically non-existent. The branches of the unions in some cases publish journals in the interests of their members, and in certain other cases the Federal executives issue a monthly journal. While some of these journals are temperate in tone and express the views of the unions in a reasonable way, one journal in particular has been most scurrilous in its attacks upon the Postmaster-General and upon leading officers of the department, while the attitude adopted in its articles is one of defiance and ridicule of those responsible for the administration of the departmental service.

Although the Public Service organizations are registered under the Arbitration (Public Service) Act, and have no legal standing under the principal Arbitration Act, except as to procedure respecting registration, some of these organizations have affiliated themselves with Trades Hall Councils in the several States, and have accepted the obligations of such affiliation. This has already led to serious trouble even within the ranks of the Public Service associations, and has resulted in public servants being compelled to withdraw from membership, and thus suffer the loss of benefits under arbitration awards. In Victoria, a number of officers in one section were precluded from joining a Public Service association because of their objection to affiliation with outside labour bodies, while in another State the attitude of an affiliated Public Service union on the question of conscription was such as to force certain members who held strong views in a contrary direction to sever their connexion with the union and thus suffer the penalty of reduced salaries. The affiliation of the service organizations with outside labour unions has had a most pernicious effect on the morale of the Public Service, and I do not hesitate to say that any future recognition of associations should be based on a condition that there shall be no direct or indirect affiliation with such unions. The public interest demands that servants of the Crown shall not be rendered liable to participate in labour disputes outside the Government employment. The experience of other countries in this respect definitely points to the need for firm action on the part of the Commonwealth Government as to prohibition against any combination of public servants with labour organizations outside the departmental service.

As an illustration of the danger of the present unsatisfactory conditions, an instance may be mentioned of a recent occurrence. The permanent employees in the Lighthouse service of the Commonwealth submitted claims under the Arbitration (Public Service) Act for increased salaries and improved conditions of employment. These claims were heard by the Court in May last, and an award was made granting certain increases. In June last, the following communication was addressed by a head lightkeeper, permanently employed by the Commonwealth, to his fellow-employees in the lighthouse service :—

"In view of the unsatisfactory nature of the award made by Mr. Justice Powers, I beg to call your attention to the remedy, which is for all lightkeepers to resign from the General Division Trade and Customs Union by giving three months' notice, and at the end of that period each lightkeeper to send in a request to the Seamen's Union asking to be allowed to join that body, which request, I understand from the secretary, will be at once granted. Any further information you may require can be procured from the Secretary of the Seamen's Union, Brisbane. I have sent a copy of this letter to each Light Station in Queensland. I shall be glad to have your views on this matter. Please show this letter to your assistants."

It was apparently not seen by the writer of this communication that membership of lightkeepers in the Seamen's Union would involve participation in any industrial crisis that might occur, and that the lightkeepers on the Queensland coast might at any time have to choose between loyalty to the Commonwealth Government and loyalty to the Seamen's Union, with a possibility of the whole coast remaining unlighted, with consequent danger to the lives of many people (including members of the Seamen's Union following their vocation), and loss of valuable shipping.

From the foregoing remarks it will be gathered that departmental control has been most seriously prejudiced by the operation of the Arbitration (Public Service) Act and by the encouragement of militant unionism in the Public Service. During the war period, the Federal departments have been thwarted and hampered in every conceivable way by the action of Public Service unions, and by a system of terrorism levelled against the controlling officers of the Service and against the rank and file of the unions. The efficiency of the Service has suffered a severe blow, and the aim of the majority of the unions has been to establish a dead level of mediocrity, with a maximum reward by way of salaries, rather than to encourage their members to secure promotion by demonstrating their qualifications for higher duties. And this is the result of six years of Public Service arbitration—disloyalty, extravagant salaries, and reduced efficiency.

PROPOSED REPEAL OF ARBITRATION (PUBLIC SERVICE) ACT.

In the foregoing analysis of the results of Public Service legislation dealing with arbitration, it has been shown that a gradual process of disintegration has operated throughout the Service, combined with the weakening of constituted authority, the reduction of efficiency, and the general disorganization of departmental management. The advantages which were expected from such legislation have failed to materalize, while the disadvantages have been such as to make one almost despair of the future of the Public Service. It is certain that the experience of the Commonwealth, in regard to settlement of Public Service claims and grievances through the medium of an Arbitration Court, has been of such a disappointing and unsatisfactory nature as to serve as a salutary warning to all State Governments, and to the Public Service authorities of other countries. When one reflects that the arduous work of a period of more than ten years, prior to the introduction of the Arbitration (Public Service) Act, in building up and strengthening the departmental administration, in endeavouring to establish the highest standards of efficiency, and in insuring a maximum of service to the general public, has been to a considerable extent neutralized by the iconoclastic operation of the Arbitration (Public Service) Act, the only conclusion to be arrived at is that the experiment of arbitration has been a sad and costly failure. From a careful and unbiased study of the whole position, I am convinced that the continuance of this Act upon the statute-book is likely to be fraught with the most serious and disastrous consequences to the future Public Service management as regards discipline and efficiency, while the cost to the country will be such as to inflict an unjustifiable and grievous burden upon the taxpaying community.

The repeal of the Arbitration (Public Service) Act, and of all awards made under its provisions, will involve an enormous amount of work in placing the Service once more upon a sound foundation, and in rectifying the many anomalies which have been created

by the unsatisfactory and incongruous conditions prescribed by those awards. It, therefore, becomes a matter for grave consideration as to what action is essential in order to remedy the mistakes of the past, to weld the Public Service into a proper co-ordination, and adequately protect the interests of employees. It may be accepted as axiomatic that, under existing conditions throughout the industrial world, the right of the employee to submit representations when the conditions of his employment are being determined must be vouchsafed, and this principle must apply equally to Government as to private industrial undertakings. In dealing with the Commonwealth Public Service, therefore, it appears not only desirable but imperative that the employees shall be afforded an effective method of adjustment of their grievances by means of representations to some constituted authority outside Parliament. It will, I think, be generally admitted that Parliament is not a suitable or satisfactory medium for the discussion and settlement of Public Service grievances, and it was no doubt due to the recognition of this fact that the experiment of a Public Service Arbitration Act was adopted. For the same reason that Parliament is unable to cope with service problems, the Arbitration Court has failed ; experience and knowledge of the internal administration of the Public Service are essential to successful adjudication and the solving of difficulties and disputes.

It is obvious that, in dealing with the many questions bearing upon the rates of payment and conditions of employment of public servants, proper consideration of representations submitted can only be given by an authority with an intimate knowledge of the working conditions of departments and lengthy experience of Public Service administration. The problems arising from time to time for solution on a basis equally fair to employer and employee in a vast Public Service are intricate and far-reaching, while the duty of holding the balance equitably between contending sides—the public department and its employees—is one which demands experience and training of a special nature. This all points to the necessity for arbitral functions as regards the Public Service being removed from the Commonwealth Arbitration Court and vested in an authority with undoubted knowledge of the organization and management of the departmental service, an authority capable of dealing with and determining the claims both of departments and the employees of those departments. This authority should be the Public Service Commissioner, who, under the system of management outlined and recommended in this Report, would occupy a neutral and independent position as between departments on the one hand and employees on the other, and would be free to adjudicate on matters submitted for his decision by either party. In this connexion, provision would be necessary for submission to the Parliament of any determination arising from the exercise of arbitral functions by the Public Service Commissioner which the Government found itself unable to accept for reasons of policy or otherwise.

In thus providing for the submission of representations to a Public Service Commissioner by employees of the Commonwealth Government, the question of official recognition of Public Service associations requires to be considered, as well as the conditions under which such recognition should be accorded both by the Commissioner and by the Department concerned. The experience of the past six years as to the internal management and control of Public Service associations or unions has been, generally speaking, of an unsatisfactory nature, due to reasons which have already been indicated—affiliation with outside organizations, lack of proper control by the leaders of associations, and the tendency to subordinate the public interests to those of the service organizations. With this experience in retrospect, it becomes essential to provide for the establishment of conditions of official recognition of associations which shall eliminate the undesirable features of Public Service unionism while affording a means of frank discussion and consideration of grievances. In my opinion the conditions essential to the placing of Public Service associations upon a proper basis under the scheme outlined in this report are as follows :—

(1) The rules of the association should be submitted to and be subject to approval by the Commissioner.

(2) Associations should be representative of community of interest, and no class of employees should be represented by more than one organization. For example, postmasters should be represented by one association, not by two separate associations as at present.

(3) The rules should clearly show that the association is formed for the promotion of Service interests and Service interests only.

(4) The annual membership fee prescribed by the rules should not exceed an approved amount. Any association wishing to exceed that amount must satisfy the Commissioner that the excess is necessary to meet the legitimate needs of the association.

(5) Associations formed on such bases should be entitled to demand that every officer of the class of employees represented by the association shall become a member of the association.

(6) If any officer refuse to join the association, there should be deducted from his salary, at the usual due dates, the amount of membership fees of the association, and the amount so deducted should be paid to the association.

(7) If any member fails to pay his membership fee at the due date, or after fourteen days of notice of default, the secretary of the association should advise the Chief Officer, who will deal with the defaulting officer.

(8) No officer controlling other officers should join an association to which his subordinates belong.

(9) Although associations may find it necessary for convenience of organization to establish branches in the several States, official recognition (both Commissioner's and departmental) should be extended only to the federal executives of such organizations, these executives to act as the association channels for all communications and representations.

(10) Affiliation of federal executives or the branches of associations with any organization outside the Commonwealth Public Service should be prohibited.

(11) Executive officers of recognised associations should be members of the Permanent Service of the Commonwealth, elected by their fellow employees in such associations.

(12) The publication of journals by Public Service associations should be subject to approval of the Public Service Commissioner, such approval to be suspended or withdrawn by the Commissioner for good and sufficient reasons.

(13) The annual balance-sheets, showing receipts and expenditure of associations, duly certified and audited, should be submitted for the information of the Public Service Commissioner.

(14) Membership of associations should be confined to permanent officers of the Public Service.

(15) Associations, through their federal executives, should be entitled to lodge with the Public Service Commissioner applications for variation of any Public Service regulation as to rates of pay or conditions of employment, and to be heard in support thereof, or to submit communications or verbal representations to the Public Service Commissioner or departments, as the case may be, on matters of general principle affecting the interests of members of the organization, but no representations on behalf of an individual officer should be permitted except where he has first submitted his case for consideration by the Commissioner or department, and has failed to obtain redress of his grievance.

In thus indicating the conditions which, in my opinion, should govern the official recognition of Public Service associations, it is desirable to point out that the rules governing the constitution and operations of an association should show clearly that its objects are purely the promotion of Service interests ; that the activities of the association or its funds are not to be utilized in other directions ; hence the rules should first be submitted to the Commissioner for approval. The amalgamation of separate sections of officers in one association is not only prejudicial to the interests of the officers

themselves, but is disadvantageous to departmental management in relation to the consideration of conflicting views and interests. The organization of the Public Service is such as to readily lend itself to the formation of associations representative of separate classes; thus, clerks should comprise one association, and telegraphists, postmen, &c., should each be represented by their separate organization dealing with the special interests of the particular class of officers.

Public Service associations should confine themselves strictly to Service matters, and if any officer desires to associate himself with persons holding views with which he is in sympathy upon matters outside the Public Service, he is at liberty to join any outside association formed for the purpose of supporting such views. He should not carry them into a Public Service association. Having shut out all outside objects which may be the cause of controversy, every officer of the class concerned should join his representative association. In the formation and maintenance of an association, expense is incurred which should be met by the members conjointly. It would be unfair to the members of an association, which by its efforts gained some advantage, that persons who through indifference refused to join the association should share in the benefits and not in the incidental expenditure. Isolated cases have occurred of officers who, through some question of conscience, resolutely refused to ally themselves with others in an association, no matter what its object. Compulsion should not be exercised in such cases, but it is reasonable to demand that by deduction from his salary he should bear his fair share of the expense incurred by others in gaining advantages in which he will participate.

The membership fee must be reasonable. Under the proposed procedure the associations will be freed from much of the expense they have had to incur under past practice, and a fee which can be paid without any hardship should be adequate to meet all future legitimate requirements of the associations. The amount of fee should be limited to that necessary to maintain an association for its proper function—that of protecting the Service interests of its members. It should exercise no other. Officers who are members should not be permitted to escape their reasonable obligations, and under the conditions proposed for official recognition the executive officers of associations may reasonably ask for official assistance in collection of fees from members who fail to pay their subscription.

The policy adopted in the past of granting recognition to branches of associations has not worked satisfactorily, as each branch has been permitted to act independently of other branches and of the federal executive of their union, and in many cases there has been an absence of effective control by the federal executive. This has all made for confusion in departmental administration, and has, moreover, resulted in investing the individual branches with an importance not justified by the circumstances. All branches should be subordinate to the federal executive, and this body should be the only channel of communication between the employees and the administration in submitting representations from associations.

Affiliation of Public Service associations with bodies outside the Service cannot be justified from any stand-point if proper consideration is to be given to the public interest. In 1908, when reporting upon this question to the Federal Government, the view was expressed by me that public servants who are employed and paid under the provisions of parliamentary legislation are not justified in combining with trade organizations working under entirely different conditions, or in identifying themselves with industrial disputes which may occur in these outside organizations. It was pointed out by me that if such a course were permitted, the Public Service associations were bound sooner or later to become involved in matters which, while not directly affecting their official positions, might seriously affect the conduct of public business. It was further shown that affiliation with outside trades unions was also likely to lead to pressure being brought to bear upon the Government of the day by means of these organizations to secure concessions and privileges to the Public Service which Parliament in its wisdom did not consider to be fair and reasonable; and that, while sound reason may exist for trades unions and for Public Service associations, each working independently of the other, and each within its own sphere discharging certain functions, there could be no affiliation between these bodies without serious detriment to the public interest and weakening of the powers of parliamentary control. The history of the past six years of Public Service management has fully justified the opinions thus expressed in 1908.

In 1914 a Royal Commission which reported on the Public Service of Great Britain dealt with the question of affiliation in somewhat similar terms when it stated :—" Another question that arises under this head is that of the position of associations of civil servants formed for the purpose of formulating and advocating their professional claims. We do not suppose that in the present day there can be any question of restraining public servants from combining together for that purpose. When combined within legitimate limits, such combination is unobjectionable and even advantageous, as insuring the full discussion of claims and the presentation of them in appropriate form. But a development has, we understand, taken place within recent times, which raises the question whether associations of the kind may legitimately affiliate themselves to similar bodies outside the Public Service. To this, we should unhesitatingly reply in the negative. Without examining closely what the precise meaning and purpose of affiliation may be, it seems to us obvious that it must at least mean this: that the affiliating body sacrifices something of its independence, and may under certain circumstances be under an obligation to take action dictated, not by its own needs and interests, but by those of the body or bodies to which it has affiliated itself. That at once condemns 'affiliation' for associations of public servants with others in the nature of 'trades unions.' We therefore recommend that affiliation with bodies outside the Service be forbidden, under pain of non-recognition, to associations having for their object the promotion of Service interests."

The same principle was clearly recognised by the French Government in a communication addressed by the President of the Council and Minister for Home Affairs, France, to the Teachers' Union, in which the following passage occurred :—

"No Government will ever accept the combination of members of the Public Service with workmen employed in private enterprises, because the combination is neither legitimate nor reasonable."

In 1911 action was taken by the French Government against an association of postal servants for a breach of the law in constituting an association of employees of the Post Office administration, and judgment was issued by the Court proclaiming the dissolution of the association and inflicting penalties on certain members thereof. It was pointed out by the Court that the law permitting the formation of associations of employees was clearly intended to apply to private interests, and not to interests of the State, and that the Legislature had not extended the benefit of this law to officials of the Government. The opinion was expressed in the judgment issued by the Court that, while the right of striking might be admitted in connexion with workmen who treat independently with their employer, who may concede or refuse what is asked of him, it cannot be admitted on the part of employees of the State charged with a public function or with functions representing public interest. The Court added that the State employer cannot be likened to an ordinary employer, as the State does not seek any personal benefit, and its employees receive a salary independent of the fluctuations of labour, therefore comparison is not possible with the employer seeking in commerce or in industry only his own personal interest.

Mr. A. B. Piddington, who in 1913 was intrusted with a commission to report on Industrial Arbitration in the State of New South Wales, discussed in his report to the Government the subject of strikes of State servants, his remarks being as follows :—

"Whatever may be said in extenuation of strikes in businesses carried on for the individual profit of their owners, there can be no escape from the position that strikes by Government employees are in the arena of civil duties of service exactly what mutiny is in the arena of military duties. A strike in the Government Service, and in any of those greater services which rank amongst public utilities, is no more defensible than a mutiny amongst our military or naval forces or a strike amongst policemen would be, and it is suggested that by positive statutory enactment all accruing or accrued privileges (of which there are a great many in most branches of Government employment) to persons in the Government Service who strike, with the possible exception of the right to superannuation benefits, should, *ipso facto*, be terminated."

In the Annual Report of the Postmaster-General of the United States of America for the year 1917, attention is called to the activities of certain organizations of postal employees in attempting to influence legislative and administrative action on behalf of their members. It is stated that, through the efforts of Government employees, a provision was included in the Act of 24th August, 1912, which permitted them to become members of associations or organizations so long as membership did not impose an obligation or duty upon them to engage in any strike or to assist in any strike against the United States; and to present, either individually, by groups, or by associations, any grievances to the Congress or any member thereof. The report goes on to say that

some of these organizations maintain representatives in Washington for the purpose of influencing legislation and presenting grievances, many of which are imaginary, and that by distorting and misrepresenting the facts they encourage disrespect for administrative officers, disloyalty to the Service, and make the maintenance of discipline extremely difficult.

The Postmaster-General of the United States, in discussing the question of affiliation, remarks that an outside organization has during the past several years attempted to unionize Government employees, including those in the postal service, and a large number of postal employees are now affiliated with it, and others soon will be, notwithstanding the fact that such affiliation is believed to be contrary to the Act of 24th August, 1912. He adds that the advisability of permitting Government employees to affiliate with an outside organization, and use the strike and boycott as a last resort to enforce their demands, is seriously questioned by those interested in the public welfare. It is stated in the report that postal employees have become bold because of this affiliation, and have within recent years threatened to strike, and in one case actually did so by tendering their resignations and leaving the Service in a body. In this case they were promptly indicted and prosecuted in the Federal Courts. In commenting on these facts, the Postmaster-General remarks that, while strikes in the postal service of the United States may be averted for the time being, yet they will inevitably come; and the public will then be brought face to face with a most serious situation, one that will be a menace to the Government.

In concluding his report on this subject, the Postmaster-General states that the conduct of these organizations at the present time is incompatible with the principles of civil service and with good administration of the postal service, that they are fast becoming a menace to public welfare, and should be no longer tolerated or condoned. He earnestly recommends that the provision in the Act of 24th August, 1912, referred to, be repealed, and adds that, in making this recommendation, it is not an expression unfavorable to organizations where employees are obliged to protect themselves against the selfishness of private employers—organizations in those circumstances being necessary; but that in the case of Government employees the situation is entirely different. They are not working for private employers, but for the Government, whose officers are merely executing the will of the people, therefore the relations between the employee and the Government are always matters of public information, and the interests of the employee will always be protected by public sentiment. The reasons for justifying organizations among other employees under other circumstances, and for the purposes for which such organizations are approved, do not therefore exist in the case of Government employees, who can always depend upon public opinion and insure their enjoyment of their full rights under their employment.

In the same report he points out that the difficulty experienced with the organizations of postal employees in that country is that of other countries, and remarks that some years ago in France, when those in executive authority refused to acquiesce in their demands, the Government employees went on strike; and then, with the helplessness of the Government, the destruction of all authority, and the choking of Government activities, it was seen that to allow Government employees to organize and use the strike as a weapon to enforce their demands was to recognise revolution as a lawful means of securing an increase in salaries for one class, *and that a privileged class,* at the expense of the whole.

The experience of the United States postal administration has been to a considerable extent duplicated during the past six years in the administration of the postal service of Australia, and much that has been said in the report from which quotations have been made might readily have been written of the Commonwealth Public Service. It is essential in the public interest that limitations should be imposed on the activities of associations, while granting full consideration to representations submitted in a reasonable manner by these bodies. In framing amending Public Service legislation it is requisite, in my view, that specific provision be made for the treatment of strikes amongst public servants, whether members of officially recognised associations or otherwise, as illegal actions against the peace and good order of the Commonwealth; and providing for the definite penalty of dismissal from the Public Service of any person or persons adjudged to be guilty of aiding or fomenting a strike against the Federal Government, or of co-operating or taking part in any strike. This punishment of offenders against the proposed law should be placed outside the scope of political action, and should be vested in the Public Service Commissioner.

In any amending legislation governing the administration of the Public Service, it is necessary, keeping in view the proposal for exercise of arbitral functions by the Public Service Commissioner, that provision be made excepting the Commonwealth Government, in relation to its employees, from the operation of the Conciliation and Arbitration Act (generally known as the Principal Act). At the present time, while outside unions have no right of access to the Court under the Arbitration (Public Service) Act, it is competent for such unions to cite any Minister of a department, or the Commissioner, under the provisions of the Principal Act, and to obtain an order of the Court in respect to rates of payment of any employees whose salaries or wages are not specifically fixed by statute or regulation. It is desirable that all questions relating to rates of payment and general conditions of employment shall be disposed of by the one authority—the Public Service Commissioner.

It will be gathered from the foregoing *résumé* of the position as regards the Arbitration (Public Service) Act that the public interest demands an early repeal of this measure, and the substitution of some provision which will enable the intention of Parliament to be more effectively carried out. From the stand-point of the Court, the administration of the Arbitration Act has been surrounded with difficulties, while the effect on the management of the Public Service has been disastrous as regards the maintenance of discipline and efficiency. Remedial measures are absolutely essential in order that the present anomalous and confused conditions of assessment of work values, and determination of general questions affecting the Service, may be superseded by a well-ordered and consistent policy in keeping with the importance and magnitude of the interests involved. It has been shown that the continuance of a system of Public Service administration by separate and independent authorities would be fraught with serious consequences to the future management of the Service, and to the interests of the general community.

In recommending that provision be made by amending legislation for the vesting of arbitral powers in the Public Service Commissioner, I have kept steadily in view the necessity for affording adequate recognition to associations of public servants, and full consideration of their claims, while at the same time conserving the departmental interests. Adjudication by the Public Service Commissioner will result in a much more expeditious settlement of difficulties between departments and their employees, will obviate much of the existing expense entailed in the preparation and presentation of evidence to the Arbitration Court, and will provide a less laboured and less formal method of arriving at the facts material to the determination of issues. The associations and departments will be enabled to present their respective views without all the tedious formality of sworn evidence, without the legal atmosphere of a Court; and all the parties to a dispute, as well as the Commissioner, will be able to discuss matters from the viewpoint of intimate knowledge of service conditions, much in the same manner as Wages Boards constituted under industrial legislation are enabled to deal with the difficulties and intricacies of trade matters. The Public Service Commissioner should be constituted the sole authority for settlement of all questions relating to salaries and wages, hours of labour, and the conditions of service of permanent and temporary employees, as well as of employees exempted from the provisions of the Public Service Act, and his decisions should be final and conclusive.

PUBLIC SERVICE ADMINISTRATION.

While the Public Service Act passed in 1902 covered the then existing departments, the objects of the Act as regards the independent control of all branches of the Public Service have to some extent been neutralized by subsequent legislation dealing with new services, which vested in Ministers the power to make appointments and dispose of matters which should more properly have come within the jurisdiction of the Public Service Commissioner. It is now generally recognised that a wise co-ordination of these several branches of Public Service is essential if economical administration is to be secured; that there shall be one authority responsible for classification and valuation of duties and for the fixing of rates of payment, and that the obligations and privileges of employees of the Commonwealth shall be subject to determination under a clearly defined and uniform system of Public Service management. It has likewise been seen by those interested in departmental control that the machinery designed by those responsible for the Public Service Act of 1902, however appropriate to the conditions of the early years of Federation, with all the conflicting interests and jealousies associated

with the union of separate State Services, is far from adequate to cope with the altered conditions of the present day. It is obvious that the public departments cannot be held in leading strings for all time, and the question has arisen whether a stage has not been reached when the responsible heads of those departments should be required to assume wider powers in respect to the *personnel* of their staffs, and be invested with greater freedom of decision in dealing with the internal management of the service. The evidence at my command all points to the need for a definite recasting of the relative functions of the Public Service Commissioner and the departmental heads, involving a shedding of the Commissioner's responsibility for detailed management in certain directions, and the creation of new and broader responsibilities in other directions. It likewise indicates that the future administration of the Public Service should lie in the direction of intrusting the Commissioner with full powers of adjudication in respect to the assessment of work values, and in relation to the general conditions of employment under the Commonwealth Government—functions which, for the reasons already set forth, have been imperfectly discharged by the Commonwealth Arbitration Court.

Consideration has been given to the question whether, in view of the ramifications of the Commonwealth Public Service, and the magnitude of the interests to be conserved, any advantage would accrue from the establishment of a Public Service Board of three members in place of the present system of control by one Commissioner. The New South Wales State Service Act is administered by a Board of three members. In Queensland, Public Service matters are dealt with by a Committee of the Cabinet, while in Victoria, South Australia, and Western Australia the Public Service is managed by one Commissioner. In new legislation now before the Tasmanian Parliament, provision is made for appointment of a Commissioner and an Assistant Commissioner. The New Zealand Public Service is controlled by a Commissioner and two Assistant Commissioners. In Great Britain the Civil Service Commission comprises two members, but the functions of this Commission relate mainly to the holding of examinations, and are not administrative. The Victorian Royal Commission on the State Public Service, reporting in 1917, discussed the general management of that Service, and after full consideration of the arguments for and against the constitution of a Public Service Board, stated that, although a good deal might be said in favour of the appointment of a Board of three Commissioners, they (the Royal Commission) were not prepared to recommend any change in that regard. It may be mentioned that for many years the Victorian Public Service was controlled by a Public Service Board of three members, and that this arrangement was eventually superseded by the present system of control by one Commissioner.

In my opinion there are strong reasons against alteration of the present system of management of the Commonwealth Public Service. Control by a Board of three members necessarily involves a more cumbrous procedure than by a single Commissioner, and consequent delays in settlement of questions of administration. In addition, the important factor of direct and personal responsibility would be sacrificed by the appointment of a Board. Moreover, the circumstances surrounding the Commonwealth Service differ very materially from those of a State Public Service, seeing that the former service is spread over all the States forming the Commonwealth, necessitating the location of a Public Service Inspector in each State, exercising delegated powers of the Commissioner. In providing for the future administration of the Public Service Act, it would be disadvantageous to establish a Public Service Board, with the consequent inelasticity of control and the diminution of personal responsibility. The existing system of management by one Commissioner will undoubtedly better meet the requirements of the Commonwealth Public Service, provided that the necessary assistance is given him to carry out the duties and extended functions to be conferred upon him.

From the inception of the Act, the work of the Commissioner and Inspectors has been of the most onerous character, and has been carried out only at considerable self-sacrifice and the devotion of much private time to the interests of the Commonwealth. In the larger States the pressure upon Public Service Inspectors has been particularly heavy, and much of the inspection work has necessarily been sacrificed to the more urgent requirements of the administration in dealing with staff changes involving appointments, transfers, and promotions, and in reporting upon the many questions continually requiring settlement by the Commissioner. In Victoria, where seven central departments and three transferred departments are located, the duties of the Inspector, if confined only to staff changes in those departments, and to the preparation of reports on questions referred by permanent heads for the decision of the Commissioner, are in themselves of no light character; but added to these are the proper control of

temporary employment, with the necessity for close supervision of selection of employees and the fixing of rates of payment appropriate to the work to be performed, and the general inspection of departments, together with the preparation of reports upon organization and classification. Despite the exacting conditions under which Inspectors have been compelled to labour by reason of the accumulation of work imposed upon them, marked economies have been effected as the result of inspections and consequent action to reduce staffs by rearrangement of duties and abolition of unnecessary positions. It has, however, become evident that an inspection staff, which might have been numerically sufficient in the earlier years of Federation has, with the large increase in departmental staffs and the greater complexity of Public Service questions, proved to be now inadequate. The pressure of official duties upon the Public Service Inspectors has reacted upon the Commissioner, who must of necessity pass in review much of the work of his Inspectors and accept the final responsibility for all administrative action.

After a careful analysis of the position, and keeping in view the necessity for bringing the whole of the Commonwealth services under one general authority, I am satisfied that full justification exists for relieving the Commissioner and Inspectors of some of the detailed work at present required of them, and in particular that connected with promotions, transfers, and increments to salaries.

Later sections of this Report dealing with the classification of the Service and promotions and transfers of officers will disclose the burdensome requirements of the present procedure in relation to promotions, transfers, and increments; and from these it will be evident that if these requirements are to be still demanded of the Commissioner and Inspectors, they can only be met either at the continued sacrifice of other important functions—a sacrifice which would be detrimental to the economical and efficient working of departments—or else by making provision for an increase to the inspectorial staff to a far greater extent than will be required if the proposed new plan of organization be adopted.

It is mainly in the direction of largely transferring to heads of departments existing responsibilities of the Commissioner and Inspectors in relation to promotions, transfers, and increments that the new plan of organization will operate. The responsible officers of departments have now the advantage of many years of experience of public service methods in dealing with staff conditions. They recognise, and are generally in full sympathy with, the basic principle of the Public Service Act, which makes efficiency the first essential of promotion; they realize the importance of careful administration in the matter of transfers involving in many cases heavy expenditure in the removal from one station to another of officers and their families; and, under the altered conditions which will be suggested, they will be placed in a position to deal with increments with an essential uniformity of action unattainable if they were vested with such authority under existing conditions. The exercise by departmental heads of these proposed responsibilities should be subject to the right of appeal being extended to officers under conditions to be prescribed, and the Commissioner being the final authority for determination of appeals. Under this rearrangement the Commissioner and his staff will be relieved from much of the minutiæ of detail, and will be free to deal with the wider questions of policy and organization of departments, and with measures for greater economy of administration.

For the proper discharge of the duties proposed to be carried out under the new arrangements relating to Public Service management, provision should be made as follows:—

Public Service Commissioner.

Assistant Public Service Commissioner.

Public Service Inspectors (7), viz.:—

- Central Staffs.
- New South Wales.
- Victoria and Tasmania.
- Queensland.
- South Australia.
- Western Australia.
- Special Service.

Under the proposed reorganization the Commissioner should be required to exercise the functions at present discharged by the Arbitration Court under the Arbitration (Public Service) Act in respect to the fixing of rates of payment and hours of duty of officers, and determination of the general conditions of their employment. In addition, he should act as a court of appeal in all matters prescribed as coming within his jurisdiction in relation to appeals against classification, promotion, &c. He should be responsible for the making of all regulations under the Public Service Act, and for the general policy of the management of the Service, and in addition should finally deal with such cases of discipline as involve dismissal from the Service. The Assistant Commissioner should be responsible for the carrying out of the details of administration as prescribed by regulations, subject to decision by the Commissioner as to policy matters ; he should direct and check the work of Public Service Inspectors as well as that of the head office staff, and in the absence of the Commissioner on official duties or during recreation or other leave he should discharge the functions of the Commissioner. The Commissioner should be empowered to delegate to the Assistant Commissioner any of his duties or powers considered necessary from time to time, but only in his absence should his arbitral or appellant functions be exercised by the Assistant Commissioner.

The duties of Public Service Inspectors should be primarily to inspect departments and report as to improved methods of organization and possible economies ; they should be responsible for the control of temporary employment, and generally act as representatives of the Commissioner in their respective States in all matters affecting the administration of the Act. It should be their duty to report on appeals lodged by officers, and to submit necessary information for the guidance of the Commissioner, and to report and make recommendations on the classification of positions and officers. The Special Service Inspector should not be attached to any particular State, but should be intrusted with special investigations on behalf of the Commissioner in any part of the Commonwealth or in the Territories. Preferably, he should possess recognised accountancy qualifications, and have had good general departmental experience. The proposed provision will involve the creation of two more officers than were provided in the Act of 1902, viz., one of Assistant Commissioner and one of Inspector. Taking into consideration the immense growth of the Service since 1902, the nature of the functions to be exercised by the Commissioner, particularly in his arbitral capacity, and the generally more complex and difficult questions which have to be faced under the vastly differing conditions of the present day, it is considered that the proposed increase has been too long delayed, and that the staff recommended is the irreducible minimum, if justice is to be done to the officers charged with such important responsibilities and to the Service with which it will be their province to deal. With any less assistance no Public Service Commissioner could discharge his onerous duties with satisfaction to himself and to the community whose interests he will be required to protect.

In addition to the proposed provision for appointment of a Commissioner, Assistant Commissioner, and staff of Public Service Inspectors to be continuously occupied in the duties described, power should be given to the Commissioner to utilize the services of persons either within or without the Public Service with special knowledge of some particular class of work in the Public Service to act in the capacity of assessor. The Commonwealth Government has taken up a number of new and important functions of far reaching effect in the welfare of the community, having commercial, technical, or other aspects differing from the ordinary routine of Public Service matters. The extent and variety of these new functions will materially affect the responsibilities of the Commissioner and make great demands upon his versatility. Although he may be acquainted with general business principles and the details of Government practices and procedure, neither he nor his Inspectors can be expected to have an expert knowledge of the technical and professional features of work which may require to be considered as the Commonwealth Public Service develops.

It will be of obvious advantage to the Commissioner to have the assistance of a professional expert in a particular section of the work of a department. At present, the Commissioner is at a disadvantage in combating the views of officers whose interests may lie in the continuance of existing methods and whose professional knowledge of the subject might carry weight when expressed in opposition to the views of a layman.

In such cases the Commissioner should have power to call upon the services of a Commonwealth officer with special qualifications in the direction in question, or make arrangements for securing an officer of a State Service, or some recognised authority on the subject outside the Public Service. The engagement of such person should operate only for the particular matter in hand, and where it is necessary to go outside the Commonwealth Public Service, the terms and conditions of engagement should be subject to the approval of the Governor-General.

Under the provisions of the Public Service Act of 1902, the tenure of office of the Commissioner and Inspectors is limited to a period of seven years, and power is given to re-appoint these officers for a further term or terms. It is difficult to understand the reason for such a condition of tenure when it is remembered that no statutory limitation is imposed in the case of the Judges of the High Court or of the Auditor-General of the Commonwealth. While it is questionable whether any advantage accrues from the existing provisions of the Act, I am convinced that serious disadvantage results from the fact that experienced officers of the Federal and State Services, or men of high standing outside the service, will hesitate to accept appointments involving a limited tenure. It is within my recollection that in 1902 a prominent officer of the Post Office service withdrew his application for appointment as Public Service Inspector because of the condition imposed by the Act as to a seven years' tenure. The limitation of the period of appointment is particularly unwise from the stand-point of independent administration, and although my own experience in this respect when holding office as Commissioner was satisfactory and such as to give no cause for complaint, it may readily be understood that the possibility of non-renewal of appointment is likely to affect the independence of a Commissioner or Inspector and to prove detrimental to the public interests. The Royal Commission on the Victorian State Public Service, reporting on this subject last year, stated :—

> The Commissioner should in our opinion have real power and should be really independent. Nominally he is independent, but as he cannot be appointed for more than seven years at a time it will be seen that he is not really independent. He cannot help feeling that if he does not endeavour to please the powers that be, he may not get a renewal of his position when his term expires. And he should be paid a salary befitting his important office. There is no good reason, so far as we can see, why he should not be appointed to hold office during good behaviour, as the Auditor-General is. Of course, we do not suggest that the administration of the present Commissioner or any of his predecessors has been influenced in the slightest degree by their insecurity of tenure, but we feel that the office should be placed in such a position of strength that there would be absolutely no colour for the suggestion that in some particular case or cases the Commissioner's action was not altogether disinterested.

In the report of the Royal Commission on the Civil Service of Great Britain (1914), it is pointed out that the members of the Civil Service Commission (two in number) hold their appointments direct from the Crown, and that like other members of the permanent Civil Service, these officers hold office during his Majesty's pleasure, this meaning in practice until they are retired owing to age or invalidity.

A Royal Commissioner was appointed by the New South Wales Government to report on the administration of the Public Service of that State, and in an interim report recently issued, the Commissioner (Mr. G. M. Allard) referred to the question of tenure of office of members of the Public Service Board in the following terms :—

> The present limited tenure makes it possible for periodical pressure to be applied to the members of the Board, especially when the term of office is approaching completion. I consider it imperative that the tenure of office should be such as to make the Board independent in spirit as well as in letter, and that, subject to removal by a vote of both Houses of Parliament, the tenure of office should be from the date of appointment until the date upon which each Commissioner shall attain the age of 65 years.

So far as the future administration of the Commonwealth Public Service is concerned, I am in entire agreement with these views, and consider that in the provision for appointment of a Commissioner, Assistant Commissioner, and Inspectors, the restricted tenure as prescribed by the present law should be abandoned in favour of the tenure as suggested for the members of the New South Wales Public Service Board and the Victorian Public Service Commissioner.

Under the existing Public Service Act the salary of the Public Service Commissioner is fixed at £1,500, and of each of the Public Service Inspectors at £700 per annum. In view of the fact that the system of Public Service management proposed herein will involve the new appointments of a Public Service Commissioner, an Assistant

Commissioner and four Inspectors (two positions of Inspector being already occupied—Central Staff and Queensland—while the Victorian Inspector holds office as Acting Commissioner), it is essential that consideration be given to the question of salary or remuneration of these officers. This, in my opinion, should largely be governed by the salaries to be paid to officers of the Administrative Division—permanent heads and chief officers of departments. It is proposed in a later section of this report to discuss the matter of remuneration of administrative officers, and at this stage it will suffice to say that in determining what legislative provision should be made for the salaries of the Public Service Commissioner and his staff, the necessity should be recognised of placing the Commissioner and Inspectors in a proper relation to permanent heads and chief officers in the several States. After giving full consideration to the powers and responsibilities proposed to be centered in these officials, and to the remuneration granted by the States Governments, and Governments of Great Britain and the Dominions generally for the discharge of functions of a similar but less important character, I have formed the opinion that the salaries which should be appropriated for the positions recommended under the re-organized system of Public Service administration, should be—

	£
Public Service Commissioner	1,750
Assistant Commissioner	1,200
Public Service Inspectors (seven)—	
Two at	900
Three at	800
Two at	700

It is in the highest degree essential that the importance of the duties to be performed shall be properly recognised in the granting of adequate remuneration, otherwise the administration will suffer by the appointment of men inferior in calibre, experience, and training. A false economy in the matter of fixing salaries of officers to be intrusted with the administration of the Public Service Act would react seriously against the best interests of the Commonwealth.

Before leaving the question of the future administration of the Public Service, it is desirable to set forth seriatim the duties which should be delegated to (*a*) the Commissioner, Assistant Commissioner, and Inspectors, and (*b*) the Permanent Heads and Chief Officers of departments. The functions of Commissioner, Assistant Commissioner, and Inspectors should embrace the following :—

(1) To recruit the staffs of all departments, and to be responsible for meeting the demands of departments for the requisite officers to fill vacancies, where such cannot be filled by promotion or transfer within the departments.

(2) To determine the rates of payment and general conditions of employment in the Public Service according to the nature of occupation and the classes into which the officials may be divided for the purpose of relative valuation of work.

(3) To separate according to relative value of work the officers of departments into classes and to determine as in (2) the limits of pay within such classes.

(4) To recommend the appointment of officers to the First Division of the service.

(5) To deal with representations by associations of officers regarding rates of pay and general conditions of employment, and to determine appeals by officers against deprivation of prescribed increases of salary or loss of promotion.

(6) To determine the necessity for the creation of additional offices or the abolition of existing offices upon reports by Inspectors and Heads of departments.

(7) To take steps by inspection and report to insure that the staff employed for the work of a department is carrying out its duties under methods most conducive to economy, expedition, and efficiency, and to provide for the proper disposal of redundant officers. To personally suggest to heads of departments minor improvements in working.

(8) To keep records of the staff of the Commonwealth Public Service, and to publish necessary particulars of staff.

(9) To advise Parliament once each year as to the general condition of the Public Service and as to action taken in the preceding year relative thereto, together with any suggestions as to improvements in the conduct of the service deemed necessary, and to report any breaches or evasions of the provisions of the Public Service Act which may have come under notice.

(10) To select under prescribed methods persons for appointment to the Public Service on probation or otherwise, and where appointment is dependent upon examination to make all necessary arrangements for the holding of examinations preliminary to appointment.

(11) To confirm or annul appointments after expiration of probationary period upon reports furnished by Chief Officers of departments, and to insure that officers appointed have effected life assurance as prescribed.

(12) To provide proper methods of registering applicants for temporary employment, to select and supply the temporary assistance required, to guard against unnecessary retention of temporary employees, or utilization of temporary assistance where permanent appointments should be made.

(13) To determine conditions under which officers may be transferred from one division to another division, and conditions under which in special cases officers may be promoted from class to class.

(14) To determine the punishment of officers found guilty of offences where the offence is considered by the Chief Officer sufficiently serious to warrant dismissal.

(15) To determine the rent to be charged officers for occupancy of Commonwealth buildings for the purpose of residence.

(16) To determine upon report by Chief Officer and Inspector the retirement or transfer of inefficient or incompetent officers.

(17) To determine the conditions upon which officers may be granted leave of absence for reasons of ill-health.

(18) To determine the granting of leave of absence for extended periods for reasons other than ill-health or prescribed recreation leave.

(19) To determine after report from Permanent Head the granting of furlough, or pay in lieu of furlough, to officers or their dependants.

(20) To determine retirement of officers who have reached the prescribed age, or to recommend their retention in any case thought necessary in the interests of the service.

(21) To invite applications when necessary to fill vacant positions.

(22) To make regulations for the carrying out of any of the provisions of th Public Service Act.

The functions of permanent heads and chief officers of departments, so far as relates to the administration of the Public Service Act, should be as shown hereunder, subject to the condition that provision should be made by Regulation for a definite demarcation between the functions of permanent heads and chief officers :—

(1) To report to the Commissioner any vacancy which, in the opinion of the Chief Officer, should be filled by the appointment of a person from outside the Service.

(2) To report where required upon the qualifications of persons, other than those who have qualified by examination, for appointment to the Service.

(3) To report the existence of redundant officers.

(4) To report upon the conduct, diligence, and efficiency of all persons appointed on probation, and make recommendation as to confirmation, extension of probation, or annulment of appointment.

(5) To approve or disapprove of increments within the prescribed limits of salaries of officers.

(6) To report to Commissioner upon the appeal of any officer against deprivation of increment or loss of promotion.

(7) To approve, under prescribed conditions, of promotions or transfers of officers within their respective divisions.

(8) To report to the Inspector any requirements for temporary assistance, to dispense with the services of temporary employees when services not further required, or for reasons of inefficiency, lack of diligence, or any other condition of unsatisfactory service. In any case where retention is desired beyond prescribed period, to report to Inspector with supporting reasons.

(9) To deal with officers charged with the commission of offences, under the conditions prescribed.

(10) To direct appointees to comply with the life assurance provisions, and advise Commissioner when assurance effected. To insure the continuance of assurance by officers, and the effecting of increased assurance as required.

(11) To report to Commissioner any case of occupancy by an officer of quarters for the purpose of residence.

(12) To report all cases of inefficient or incompetent officers.

(13) To report the case of any officer charged with commission of a criminal offence, and the result of such charge.

(14) To report insolvency of any officer, with any necessary recommendation.

(15) To grant recreation and sick leave to officers under prescribed conditions.

(16) To report upon any application for furlough or pay in lieu, and upon claims of dependants of deceased officers, in relation to pay in lieu of furlough.

(17) To report on officers who have attained the age of 60 years, with recommendation for retention or retirement.

(18) To approve of payment of travelling, relieving, and other allowances, transfer expenses, overtime, holiday pay, Sunday pay, &c., under prescribed conditions.

(19) Generally to exercise such powers and authorities necessary for the efficient control of the Department other than those prescribed for exercise by the Commissioner, Assistant Commissioner, Inspector, or other authority.

In later sections of this Report the proposed rearrangement of the functions of the Commissioner and staff with those of permanent heads and chief officers is dealt with in greater detail, but in concluding this portion it is desired to refer briefly to those which should be exercised by the Commissioner as distinct from those of the Assistant Commissioner.

The arbitral functions which it is proposed shall be exercised by the Commissioner should be exercised by him alone. It may be contended that the proposition is one which would simply mean the restoration of the conditions in operation before the passing of the Arbitration Act, when officers dissatisfied with their conditions could only appeal to the authority who had determined the conditions, and who, it may be said, would be averse to revoking his determinations or admitting they needed revision. However mistaken such belief may be, its possible existence must be recognised. It is therefore desirable to show how material are the differences between the proposed system and that of the past. An important feature of former conditions was that, despite opinions to the contrary, the Public Service Commissioner had not a free hand in determining rates of payment and conditions of employment. He had no voice in determining the salaries of administrative officers, whose remuneration had an important bearing on the salaries of other members of the service; he had no authority over the scales of pay of the large section of officers embraced in the Clerical Division, which were fixed by the Act, and could only be altered by the cumbrous procedure

involved in amending the Act, and this applies also to many of the conditions of employment. Even in the cases of scales of pay for officers of the Professional and General Divisions, the Commissioner had only power to recommend. The approval of the Government was a necessary condition, and the Commissioner was fettered with restrictions which do not apply to the Arbitration Court. Under the free hand given by the Arbitration (Public Service) Act, the President or Deputy President of the Court can vary at will any provision of the Act or Regulations, subject only to submission to Parliament with its power to disapprove, a power which, as previously mentioned, has never been exercised. If the Commissioner were given the same powers as those enjoyed by the Arbitration Court—and this is proposed—it would place him in a far better position than under past conditions to meet the just claims of officers.

The second and most important difference between the proposed new conditions and those of the past lies in the distinction between the functions of the Commissioner and Assistant Commissioner in regard to arbitral and appellate functions. It is proposed that all regulations affecting rates of payment and general conditions of employment of officers shall be framed by the Assistant Commissioner and his staff, with the assistance of Inspectors. Before submission to the Commissioner for adoption, the intention to make such regulations, the scope of such regulations, and the date on which they will be considered by the Commissioner, should be notified in the *Gazette*. Copies of the proposed regulations should be available for interested parties, *i.e.*, heads of departments and associations concerned, who may lodge objections in prescribed form against the regulation or any part thereof.

Upon the date fixed, representatives of the department and associations concerned would appear before the Commissioner, practically in the form of a conference, with the Commissioner as Presiding Officer, when the regulation would be discussed. The Commissioner, after hearing all parties, would determine the form of the regulation. All reasonable facilities should be given representative officers to attend such conferences. The regulation having been brought into operation, it would be open to the Assistant Commissioner, the departments, or the associations at any subsequent time to apply for a variation in the light of altered circumstances, and the application for variation would be dealt with in a similar manner.

In the case of promotions, &c., which may be the subject of appeal by officers, the appeal will not in future be to the Commissioner against a decision of the Commissioner, but to the Commissioner against a decision of the chief officer or permanent head, a decision of which the Commissioner has had no previous knowledge. Similarly in any reclassification of the Service, necessary under an alteration of the arrangement of divisions into classes, the preliminary classification on lines of policy laid down by the Commissioner should be intrusted to the Assistant Commissioner and Inspectors, and any appeal against the classification will be made to the Commissioner. While also any question of interpretation of regulations or general rulings will be the function in the first instance of the Assistant Commissioner, it should be open to any department or association dissatisfied with the interpretation to appeal to the Commissioner, as may now be done to the Arbitration Court or Board of Interpretation, but in a more expeditious, economical, and practical manner than is at present possible.

Generally speaking, the Commissioner is to occupy, as already mentioned, a neutral and independent position between departments on the one hand and employees on the other, and also between the Assistant Commissioner and departments and employees. Under the conditions outlined, the Commissioner will be so placed as to hold evenly the scales of justice between the public employee and the public which he serves.

EXEMPTIONS FROM PUBLIC SERVICE ACT.

In all Public Service legislation it is found essential to provide for the exemption of persons or classes of employees from the operation of the law governing the administration of the departmental service. The general practice is to separate employees in the service of a Government into three categories—(1) permanent employees in classified positions; (2) temporary employees engaged to meet special exigencies of the service; and (3) exempted employees who are excluded from the operation of the Public Service Act by reason of the provisions of some other Act, or of their whole time not being devoted to the Public Service, or because their employment is of such a nature

as not to warrant appointment to the permanent service. A further term is frequently used in connexion with Public Service employment, viz., casual employment. Casual employees are usually provided for by the exemption provisions of the Act, and therefore come within the third category mentioned above. The definition of " casual employee " varies in accordance with the circumstances ; thus a telegraph messenger employed for not more than two weeks in any month is a casual employee, while a person employed not more than three days in any week is also designated a casual employee.

Under Section 3 of the Public Service Act, power is taken to exempt from the provisions of the Act the occupants of specified positions such as the Justices of the High Court, members of the Inter-State Commission, the Auditor-General, examiners under the Public Service Act who are not officers of the Service, and so on. In addition the Governor-General may for special reasons assigned by the Commissioner exempt from the Act any officer or class of officers or any employee or class of employees. Under this latter provision artisans and labourers engaged on public works, linemen employed on construction or maintenance work of a temporary or casual character, meat inspectors, female office cleaners, semi-official postmasters, and many other employees whom it would not be expedient or convenient to bring within the temporary employment provisions of the law, are exempted, the exemptions being reviewed annually by the Commissioner.

The existing provisions of the law in respect to exemptions have operated satisfactorily, and the only suggestion I desire to make in relation thereto is that in future Orders-in-Council dealing with exemptions, a provision should be inserted that departure from Industrial Court or Wages Boards determinations in regard to rates of payment or conditions of employment should only be made with the sanction of the Public Service Commissioner in the exercise of his arbitral functions. This is necessary in order that a satisfactory check may be imposed on questions of remuneration, and so that differential practices as to hours of labour and holidays shall, where considered necessary, be brought into agreement with recognised Public Service conditions.

APPOINTMENTS TO THE SERVICE.

Appointments to the Public Service following upon competitive examination are made by the Commissioner, and after expiration of the probationary period, are confirmed or annulled by the Governor-General. Appointments without examinations —(*a*) to the Administrative or Professional Division of persons not already in the service, and (*b*) of persons who are eligible by reason of employment in the Public, Railway, or other Service of a State, or in the service of a Territory, are made by the Governor-General on the recommendation of the Commissioner, and generally without probation.

The provisions of the Act as to confirmation of appointments by the Governor-General involve considerable clerical labour as well as delay in the final making of appointments, and the circumlocution inseparable from the present practice serves no good purpose. For example, the appointment of a messenger boy is made by the Commissioner upon probation for a period of six months, at the end of which period the head of the department reports to the Commissioner the satisfactory performance or otherwise of the duties carried out by the appointee. Upon this report the Commissioner prepares a recommendation to the Governor-General for confirmation or annulment of the appointment, as the case may be, and this recommendation is forwarded through the usual departmental channels to the permanent head of the department concerned, in whose office is prepared an Executive minute which is placed before the Minister, is transmitted thence to the Executive Council, receives the indorsement of the Governor-General, and finally the appointee is informed that the appointment is confirmed or annulled, and notification published in the *Commonwealth Gazette*. The work and delay involved in this circuitous course is unnecessary, and to obviate the present circumlocution, the power of direct appointment, except in certain special cases which may be prescribed, should be vested in the Commissioner. In two of the most recent Civil Service Acts, those of the Dominions of Canada and New Zealand, the power of appointment is intrusted to the Public Service Commissioners, and there is the strongest reason for adoption of a similar arrangement in the Commonwealth.

The Act directs that all new appointments to the Clerical Division, except in the case of returned soldiers, shall be made to the lowest subdivision of the Fifth Class at a commencing salary of £60 per annum, no provision being made for the recognition of

educational qualifications of an advanced character by the payment of a higher commencing salary than the minimum. This, in my opinion, constitutes a serious defect in the present law. A boy may, under the regulations, enter the Clerical Division of the service at sixteen years of age. If at that age he has attained an educational standard sufficient to enable him to pass the entrance examination, an inducement is offered him by the prospect of early appointment and consequent seniority to join the service at the sacrifice of further education. The entrance examination is equivalent in standard to the University Junior Public (Intermediate) Examination. The youth who continues his studies for a further two years, say, until he has reached eighteen years of age, and then seeks to enter the Public Service, is handicapped by reason of the fact that he is bound to commence at the minimum salary of £60, as in the case of the boy of sixteen years of age, and has lost two years of seniority in the service. This difficulty should be met by a provision that a youth who thus continues his studies and qualifies by passing the University Senior Public (Leaving) Examination, or any other prescribed examination, can be appointed to the service at a salary above the minimum and with corresponding seniority. There is no doubt that the services of many brilliant youths are lost to the Government owing to the shortsighted policy of failing to provide for entrance at a later age and with advanced educational qualifications.

Except in certain special cases covered by the provisions of the Act all appointments to the General Division are made as the result of competitive examination, the educational examination being of a rudimentary character. Experience has shown that in many appointments to this division considerable advantage would be gained by dispensing with the obligation to hold examinations. For example, if a vacancy occurs for a carpenter, a competitive examination is necessary. An elementary educational examination is of no value in testing the efficiency of applicants, and to preserve the competitive element each applicant is tested by performance of actual work required to be done in his trade. This is a cumbrous and costly procedure, productive of delays, and involving the employment of officers as examiners at a loss to their departments of their services. In the course required to be followed of notifying examinations, making all necessary preparations, and in passing the candidates through the requisite tests, it may happen that months will elapse in the selection of one person to fill, say, a carpenter's vacancy in the Post Office Department.

The holding of examinations as a preliminary to appointment has been particularly detrimental to the securing of boys for the work of telegraph messenger in certain localities in the Commonwealth where there is an insistent demand for boy labour. Boys of the class desired for telegraph messengers' positions find no difficulty in these localities in securing positions without any of the troublesome features connected with examinations, *i.e.*, lodging formal applications, paying entrance fees, attending the examination, waiting until the results are available, and, finally, their turn for appointment. In such circumstances the boys take the jobs first at hand, and the Department suffers from the poor field left for its selection. These remarks apply particularly to Sydney and Brisbane. In Victoria, where the supply of suitable boys generally exceeds the demand, the system of competitive examination is the most suitable, and should be continued ; but a more direct system should be substituted in the localities where the difficulties mentioned are being experienced. While it is practicable and desirable to continue the system of competitive examinations in the majority of positions in the General Division, power should be given to the Commissioner to dispense with examinations in cases such as those of artisans, labourers, and, in certain localities, telegraph messengers. A method of selection with suitable safeguards can readily be substituted in these cases for the present cumbrous and unsatisfactory method of holding examinations.

Under the existing law no person can be appointed to the Clerical Division of the Public Service unless he has passed the entrance examination, or unless he is an officer or ex-officer of a corresponding division in a State or Territorial Service. Appointments may, however, be made to the Administrative and Professional Divisions without examination, subject to the Commissioner's certificate that there is no person available in the Public Service who is as capable of filling the position to which the appointment is to be made. The interests of the service have benefited by this provision, and in the event of adoption of a proposal made later in this Report to amalgamate the present Professional and Clerical Divisions as the " Third Division," it should be continued as one of the conditions for entrance to that division. A much wider field will

be afforded the Government for the recruitment of the service by the appointment of persons with special and distinctive qualifications. The provision should be utilized only in such exceptional cases, and in no instance where the vacancy can be adequately filled by an officer from within the service. Any appointment made under it should be subject to the approval of the Governor-General and report to Parliament.

CLASSIFICATION OF THE PUBLIC SERVICE.

In any proposals for reorganization of Public Service administration, the classification of the service must necessarily form an important part as involving equitable recognition of the value of duties performed by every class of officer, from the administrative head to the junior messenger, by the granting of adequate salaries for services rendered. It is of the first importance in dealing with an army of public servants engaged in a variety of occupations requiring the possession of attainments varied in character, or performing duties of a similar nature but differing in importance and responsibility, that a precise method of grouping should be adopted in order that comparisons may be made between the relative values of offices. A system of classification has therefore to be evolved which will enable these conditions to be met.

Under the existing Public Service Act provision is made for separating the service into divisions, classes, and grades, the divisions being constituted in the following manner :—

The Administrative Division includes all Permanent Heads and Chief Officers, and all persons whose offices the Governor-General on the recommendation of the Commissioner directs to be included in the division.

The Professional Division, in which the prescribed conditions for inclusion require special skill or technical knowledge usually acquired only in some profession or calling different from the ordinary routine of the Public Service.

The Clerical Division, which is prescribed as including all officers whose offices are directed by the Governor-General on the recommendation of the Commissioner to be included in such division.

The General Division includes all officers not in other divisions.

It will be observed that, while some guidance is given for determining inclusion in the Administration and Professional Divisions, the officers to be placed in the Clerical and General Divisions are left to the discretion of the Commissioner. While under the provisions of the Act admission to the Clerical and General Divisions can be obtained only as the result of competitive examination except in certain special cases, in the Administrative and Professional Divisions appointments may be made without examination, the essential conditions being that the interests of the service require the appointment, and that there is no officer already in the service as capable of filling the position as the proposed appointee. It is no doubt due to the differing conditions of entrance to the service that the practice of separation into Professional and Clerical Divisions had its origin in several of the State services, and later on in the Commonwealth service. The existing arrangement of the Public Service into divisions, combined with the prescribed methods of admission to the service, has resulted in the creation of numerous anomalies amongst which has been the appointment of persons to the Professional Division whose duties could not even under a most liberal interpretation be considered as professional in character, but who by reason of the examination barrier, or because of age, could not be appointed to the Clerical Division. In certain instances, in order to overcome the difficulties arising from the present faulty division of the service, officers have been placed in the Professional Division so that salaries might be granted at rates higher than are prescribed in the Clerical Division, or possibly because it was considered injudicious to classify such officers in the Administrative Division. No question is raised as to the necessity for such appointments, which were essentially in the public interest and in agreement with the spirit of the Public Service Act ; but the fact remains that certain officers are included in the Professional Division the nature of whose duties and qualifications cannot be deemed to be professional in the ordinary acceptation of the term. On the other hand, officers may be found in the Clerical Division whose functions and qualifications are as distinctive as those of many

professional officers, their skill and knowledge in many instances being partly due to training outside the Public Service, as for example in connexion with courses of study for admission to the recognised Institutes of Accountants.

In the Public Service legislation of other countries, and of some of the Australian States, although the Professional and Clerical Divisions are separately classified, the same scale of salaries is applicable to each, and this is particularly noticeable in the State of New South Wales, where the regulations prescribe one scale of salaries for both divisions; hence it may reasonably be assumed that the only justification for a separate nomenclature is that the conditions of entrance to the two divisions of the service being different it was found desirable to create an arbitrary distinction. In my opinion this does not furnish sufficient ground for maintaining these distinctions in the Commonwealth, seeing that the methods of appointment to the Professional or Clerical ranks should be similar in every respect, and be determined by competitive examination in either case, excepting where the position to be filled is of such a nature as to require the exercise of skill and training not possessed by any officer of the service, when the appointment, whether professional or clerical, should be made without examination. Classification of the service does not require an arbitrary distinction between so-called professional and clerical positions, and there is no sound justification for such a distinction. Classification should be dependent upon the value of the duties, whether performed by an engineer or a clerk. It will follow, as a matter of course, that the proportion of officers with professional qualifications in the higher classes will be far larger than of those with ordinary clerical qualifications.

The distinguishing of divisions by names which are not invariably appropriate to the qualifications and work of the officers included in such divisions should, in my opinion, be abandoned in favour of a numerical separation to secure a more desirable uniformity in classification and scales of pay, and remove claims for preferential treatment and an irritating distinction of "caste" based only upon nomenclature. A rectification of anomalies and a desirable elasticity will be secured by the adoption of new divisions on the following lines:—

The Public Service should consist of four divisions, designated as—

First Division.

Second Division.

Third Division.

Fourth Division.

The First Division should be confined to Permanent Heads and Chief Officers of departments, *i.e.*, the officers who are responsible for the general administration of departments throughout the Commonwealth, or responsible for the general working and business of a department within a State. The Second Division should include officers who under Permanent Heads or Chief Officers are required to exercise executive functions in directing the work of the more important and distinctive branches of the Service. The Third Division should include all officers now in the Professional and Clerical Divisions (excepting such as may be placed in the Second Division), and all officers who may be subsequently appointed, under the prescribed conditions, to the Third Division. The Fourth Division should include all persons in the Public Service not included in the other Divisions.

Classification within Divisions.—Having separated the Public Service into suitable Divisions, it becomes necessary to consider the further separation of these Divisions into classes appropriate to the value and class of work to be performed, with scales of salary for each class. At present there is no classification of the Administrative Division, the salaries of administrative officers being determined by the amounts provided in the annual Appropriation Act. The Professional Division is divided into classes under regulation; the Clerical Division is also divided into classes, but the subdivision is made by the Act; the General Division is divided into grades under regulation. In considering the method of classification within the proposed Divisions, the continuance of the present conditions under which two divisions are dealt with by regulation, one by the Act, and the fourth is not controlled by regulation or Act, cannot be recommended. It is proposed that the classification of the four Divisions shall be prescribed by regulation. The classes for the First and Second Divisions should be common to both, the Third Division should have its separate group of classes, and the Fourth Division should be

classified under occupations, or designations of positions, with a scale of salary appropriate to such occupation or designation, and not by a system of grading as prescribed in the Act of 1902.

First Division.—In prescribing by regulation the range of salary for each class in this Division, action will be required which, in my opinion, has too long been postponed. The First Division is to replace the present Administrative Division. The Public Service Act provides that officers of the Administrative Division, except in the case of officers paid at a specified rate by virtue of any Act, shall be paid such salaries as may be voted by Parliament. At the initial classification of the Public Service in 1904, recommendation was made setting out the salary to be paid in respect to each office classified in the Administrative Division. The Attorney-General was asked, however, whether the Commissioner was empowered to name the salary to be paid officers of the Administrative Division, and advice was given that he was not so empowered, and could only recommend that the officers be placed in the Administrative Division, leaving it to Parliament to fix their salaries. The provision for salaries in this Division was, therefore, deleted from the classification of 1904, and there is little doubt that, as a result, administrative officers have been prejudiced by the fact that their remuneration has never been reviewed by the Commissioner.

The advantage to the Government and to Parliament of giving the Commissioner authority to determine the salaries of administrative officers is obvious. Relative values of services can only be properly arrived at by comparison, and the Commissioner, with his knowledge of administrative conditions in every department, is the most suitable person to make such a comparison. Under existing arrangements, advancement in salary of an administrative officer is practically dependent upon whether a Minister, with or without the solicitation of his Permanent Head, decides to include provision for advancement in the departmental estimates, that this provision is permitted to remain undisturbed in the final draft of the estimates, and that it is indorsed by Parliament. The unsatisfactory features of such procedure are self-evident. It is in the highest degree humiliating for administrative officers who think they merit promotion to have to make personal appeals to their Minister to ask Parliament to grant them higher pay. An officer of high ideals is at once prejudiced by the possession of such attributes. If, however, the Minister is prepared to withstand the attacks certain to be made upon him for recommending a highly paid officer for advancement, he is faced with the difficulty of convincing his colleagues in Cabinet and members of his party who know that no political gain—rather the reverse—will be obtained by promoting officers of high grade, and are consequently unwilling to sanction what cannot bring them advantage, but will almost certainly bring them blame from some section of the public. It has also to be recognised that provision by one Minister for advancement in salary to his particular administrative officers, and omission by other Ministers of similar provision for their officers, establish grounds for complaint as to invidious treatment. The final authorities in the preparation of the estimates are placed in a difficult position in determining whether the provision should stand, and whether other officers have not equal claims for consideration. There is little doubt that the present conditions have operated unfavorably to many administrative officers, and have resulted in the adoption of a negative policy towards them. Salaries which at the inception of Federation may have been fairly adequate for the officers charged with responsibility for the administration of Departments, as then constituted, are not commensurate with the importance of their present functions, and the limitation placed upon the powers of the Commissioner in respect to such officers has had, in my opinion, a prejudicial effect in this direction.

In a preceding section of this Report evidence has been given as to the growth of Departments, and a comparison may be made—selecting for purposes of illustration the Attorney-General's Department, the Department of the Treasury, and the Postmaster-General's Department—of the manner in which the growing responsibilities of Permanent Heads have failed to be reflected in their salaries—

	Salaries paid in 1906.	Salaries paid in 1918.
	£	£
Secretary, Attorney-General's Department	800	1,000
Secretary to the Treasury	800	1,000
Secretary, Postmaster-General's Department	1,000	1,000

If consideration be given to the administrative and professional qualifications of the Permanent Head of the Attorney-General's Department and to the important responsibilities of his position, both as Permanent Head and as Solicitor-General, it will be recognised that the present salary attached to the office is far from adequate to meet existing conditions. In the Department of the Treasury, a comparatively small department in the early years of the Commonwealth, the responsibilities of the position have considerably increased. The addition of Loans, Pensions, Taxation, Note and Stamp Printing, and Note Issue Branches to the Department has now made it one of the most important Departments of the Commonwealth Service. It is unnecessary to dwell on the immense development of the financial activities of the Commonwealth with which the Treasury is so vitally connected, and the conclusion is obvious that the remuneration of the permanent head is not in keeping with the value of the services rendered to the community, nor in parity with that paid to managing heads of large financial institutions. It will be observed that in the Postmaster-General's Department no alteration has been made in the salary of the permanent head, a condition which is open to comment in the light of the changed circumstances of that department, with its largely increased responsibilities. These instances have been cited by way of illustration, but it may be stated generally that in any new system of classification the salaries of administrative officers require to be revised in consonance with the importance of their relative responsibilities. For the purposes of the proposed revision a regulation should be made prescribing classes suitable to the relative importance of the positions occupied by Permanent Heads and Chief Officers, into which the First Division should be divided with an appropriate scale of salary for each class.

References to the salaries paid to administrative officers are made in a report by the Royal Commission appointed in connexion with the administration of the Navy and Defence Departments, and also by a Royal Commission which inquired into the working of departments of the Public Service of the State of Victoria, in the following terms:—

Page 33—*paragraph* 53.—*Royal Commission—Navy and Defence Departments.*

We consider the department will have great difficulty in getting competent officers to fill the higher positions unless some re-arrangement be made of the rates of pay to senior Government officers. In this connexion, we instance the cases of the Auditor-General of the Commonwealth, the Secretary to the Defence Department, and the Secretary to the Commonwealth Treasury, all of whom are performing work of a highly responsible nature, and are in receipt of salaries absolutely inadequate for the duties pertaining to their offices.

Page 20—*Royal Commission—State Public Service of Victoria* (1917).

Some interesting facts may be gleaned from this table. (Table comparing rates of payment in the Public Service and outside the Service.) The results are favourable to the Public Service up to the salary of £624. From that division onwards they suffer by the comparison. We may say that we were not surprised with the last-named result, for when going through the departments, noting the responsibilities of the senior officers, we were impressed by the fact that their salaries were distinctly below those paid for corresponding services in commercial establishments.

The remarks thus made by the Victorian Royal Commission apply with equal if not greater force to the Commonwealth Service. Out of over 23,000 positions in the Service there are only 40 carrying salary in excess of £600 per annum. When one considers these figures it will be recognised that the prizes to which ambitious officers may aspire are very few. In the interests of good government it is essential that the remuneration of officials exercising important administrative or financial functions should be dealt with in no parsimonious spirit.

The salaries of all officers of the Public Service should be governed by regulation in order that the changing conditions of the country and the service may from time to time be met by appropriate action in the adjustment of salaries, the powers of Parliament in respect to the voting of funds being retained. In the proposed First Division (administrative officers) the classes to be adopted must necessarily cover a wide range of salaries, as, between an executive position which may be properly recognised by a minimum salary of, say, £550 per annum, and the highest administrative position which may carry a salary of £1,500 per annum, are an appreciable number of offices varying in importance and value. Classification is, therefore, essential in order that the assessment of values shall be on a sound comparative basis. The First and Second Divisions should be subdivided into nine classes, with a minimum salary of £550 in the

lowest and a maximum of £1,500 in the highest class. It has already been indicated that the Second Division, which is to include officers who under the permanent heads and chief officers are to exercise administrative functions in directing the work of the more important and distinctive branches of the service, should be classified under the same grouping of salaries as the First Division, but it will not necessarily follow that any officer of the Second Division will receive the maximum salary prescribed for the First Division, but this may be possible in the case of an officer who, although not a permanent head, is required to possess high professional qualifications and to exercise important administrative functions. The conditions as to classification of the Second Division will be fully met by the provision made as to classes in the First Division under a desirable elasticity of application.

The Third Division, which will comprise officers at present in the Professional and Clerical Divisions, excluding those to be placed in the Second Division, will also require to be brought under a definite system of classification, and in this connexion it is desirable to examine the provisions of the existing law in respect to the Professional and Clerical Divisions. The Professional Division is divided by regulation into six classes with subdivisions in each class, these subdivisions representing the stages of salary through which an officer passes in advancing from the minimum to the maximum of the class. The Public Service Act divides the Clerical Division into five classes, with subdivisions on a similar principle to those in the classes in the Professional Division.

Until the issue of recent awards by the Arbitration Court the range of salary in each class was as follows :—

PROFESSIONAL DIVISION.

Class.	Minimum.	Maximum.	Increments.
	£	£	£
F	72	204	24 and 18 *
E	216	312	24 †
D	336	408	24 †
C	432	504	24 †
B	528	600	24 †
A	624	1,250	... ‡
CLERICAL DIVISION.			
5	60	200	12 and 18 *
4	210	300	25 and 20 †
3	310	400	20 †
2	420	500	20 †
1	520	600	20 †
Special	...	700	... ‡

* Annual, and subject only to satisfactory service.
† Discretionary with Commissioner.
‡ Salary paid according to fixed value of office.

The principles governing advancement in both divisions were similar, and the following remarks upon the Clerical Division may be read, *mutatis mutandis*, as also applying to the Professional Division. While the Act prescribes for the lowest (fifth) class of the Clerical Division that advancement through the class shall be annual, subject to satisfactory service, no officer may be advanced within a class in the fourth and higher classes of the Clerical Division except by promotion from one subdivision to the next higher subdivision. The Act further provides that an officer may be promoted from one subdivision to another although there may not be a vacancy in the latter subdivision, and a further condition of advancement is that the officer must have served *at least* twelve months in the subdivision of class from which he is to be advanced. The Act undoubtedly does not contemplate the advancement as a matter of course of an officer in the fourth or higher classes from the minimum salary to the maximum salary of his class; and in administering the Act advancement has been granted by the Commissioner only in cases where, upon the report of his Inspectors and the opinions of the responsible officers of departments, he has been satisfied that the value and importance of the officer's work and the efficiency and diligence displayed in its performance have warranted the advancement. Despite the provisions of the Act, however, an officer upon entering

one of the higher classes in the Clerical Division expects to be advanced from the minimum salary of his class to the maximum in the least time legally possible. If, for example, he is placed in the Third Class (with its four subdivisions above the first) with salary of £310, he considers that he should not be required to spend more than one year in each subdivision, and that after four years' service in the class he should be in receipt of £400 per annum. These expectations are in many cases not realized. In dealing with the advancement of officers through the class the Commissioner requires to be satisfied that the officer is not being paid the full value of his services by the salary he is receiving, and, while the value and importance of the work of one officer and the diligence and efficiency he displays would warrant the Commissioner in considering that £400 would not be an excessive salary return for his services, in another case the circumstances would be adequately met by payment at £360 per annum.

In this provision of the Act for subdivisional promotion of officers in the fourth and higher classses lies one of the most difficult and troublesome problems confronting the Commissioner. The matter is complicated by the dissimilar nature of duties in the several departments, and by the divergent views held by permanent heads, chief officers, and heads of branches, not only as to their obligations to the Commonwealth in making recommendations for public expenditure, but also as to the importance and value of officers' duties. Experience has proved that one chief officer, taking a liberal view of the importance of an officer's work, or being unduly influenced by relative seniority, or by the desire to stand well with the officer concerned, favours rapid advancement to the maximum salary of a class ; while another chief officer adopts different views as to value of services rendered, and is not swayed by seniority or personal considerations. Notwithstanding the varying views and personal idiosyncrasies of chief officers, it has been the aim of the Commissioner and his Inspectors to secure uniformity of treatment and of valuation of work, and in carrying out this policy the recommendations of chief officers have frequently had to be departed from, either in the direction of advancing officers who have been passed over or in not approving of advancement which has been recommended by chief officers. From this fact arises one of the most fruitful causes of discontent in a large section of the service. It is only in exceptional cases that an officer will admit that his work is relatively less important than that of another, or that he is relatively less efficient. As a rule, when an officer finds that he has not been advanced, and another officer in the same class has received an increment, he complains to the head of his branch, the result being in many cases that the officer is informed that it is not understood why he has not been advanced, that he was recommended, but the Inspector or Commissioner has not indorsed the recommendation. Even when the officer has not been departmentally recommended, he is left in ignorance of the departmental view. There is reason to believe that in many instances principal officers thus endeavour to escape the unpleasant features of their responsibilities, and throw the onus for refusal upon the Commissioner. The responsibility for refusal based upon a frank, open, and unbiased report by a chief officer can fairly be accepted by the Commissioner; but the unsatisfactory feature of the present procedure is that it establishes a sense of grievance in a fairly large section of officers, as it is inevitable that, in discriminating by efficiency and value of work, at one time or another many officers will be denied one or more increments which rightly or wrongly they think they should have obtained. This unsettling effect upon officers is frequently reflected in their work, and has a still more undesirable result in fostering a spirit of antagonism to the authorities administering the Public Service Act, which cannot conduce to efficiency and contentment in the service.

Complaints against controlling officers of personal predilection or of antipathy are inseparable from the operation of any system, no matter how conscientiously and capably administered, where the personal equation looms so largely. While I am satisfied that in the Commonwealth there has been little or no ground for such grievance, it is impossible to avoid complaints from officers who have an exaggerated idea of their abilities and are disappointed when those responsible for their work make a different assessment. These have been used as a basis of a general attack on the system of advancement of officers in the higher classes of the Public Service, and to such effect that, in the recent award of the Arbitration Court relating to officers of the Professional Division, increments to officers of corresponding classes to those of the Clerical Division have been made practically annual and automatic. There are many positions which must necessarily be classified in a particular class as being worth the minimum salary, although not worth the maximum salary, of the

class. The object aimed at in the Commissioner's administration has been to grant an appropriate rate of salary, and in this connexion the following extract from the report presented in 1917 by the Royal Commission on the State Public Service of Victoria is of interest :—

The neglect to give proper effect to an important provision of the law enacted for the first time in the Act of 1883, which enabled salaries to be fixed at a limit within a class, is another instance of faulty administration. When the Act referred to was passed, Parliament very properly recognised that the duties of a particular officer might not be worth anything like the maximum salary of his class, and therefore gave power to fix a limit in that case below the maximum. But, except in a few cases—and it is hard to say why these particular cases have been singled out for special treatment—the will of Parliament has been set aside. Let us take an example. An officer in the 4th class—minimum salary £216, maximum £336—may be engaged in work that is not worth more than £250 per annum at the outside; yet, so long as he behaves himself and attends to his duties, he gets regular increments until he reaches the maximum of £336. In all the different classes the position is similar. We are satisfied that the neglect to administer the provision under notice in accordance with the intention of the framers of the law has greatly increased the cost of administration. Instead of fixing salaries as has been done in a few cases only, the great majority should, in our opinion, have been so dealt with, as the duties of a very large number of the positions in the various classes are more or less routine. No commercial institution run on business lines would dream of paying its servants as the State does.

The provisions of the State Public Service Act in relation to the advancement of officers within a class are similar to those of the Commonwealth Public Service Act, and the opinion expressed by the State Royal Commission upon the practice of regularly advancing an officer by increments through his class is in consonance with the attitude adopted by the Commonwealth Public Service Commissioner, who, whatever the defects of the system, has conscientiously carried out the expressed directions of the Parliament as embodied in the Public Service Act. It should be mentioned that the method of classification and the conditions of subdivisional advancement within the several classes of the Professional and Clerical Divisions have been the subject of awards by the Arbitration Court, which have differed in their provisions. While in the award for the Clerical Division the system of advancement by subdivisional promotion in the higher classes as laid down by the Act has been followed by the Court, in the Professional Division award (made by another Judge) the principle has been abandoned in favour of automatic and annual increments in the three lower classes, and of discretionary increments at the will of the permanent head in the higher classes.

In summarizing the conclusions arrived at, it appears to me that the present system is defective in the following respects :—

(1) The existing provision for classes and scales of salaries as made by the Act is too rigid.
(2) The classes in the Clerical and Professional Divisions are insufficient in number, and do not readily permit of classification based on relative values of offices.
(3) The increments prescribed for the several classes above the lowest class are unnecessarily high, and the range of salary too wide.
(4) The present system of discretionary increments imposes a heavy burden on administrative officers in making inquiries into individual claims, and is a serious tax on the time of the Commissioner and Inspectors in adjudicating upon such claims without commensurate results.

The remedial measures which should be taken involve—(1) the fixing of classes and salaries by regulation, (2) the increase in the number of classes with a lesser range between the minimum and maximum salaries of each class, (3) reduction in the amount of increments, which should be annual, (4) increments to be granted, subject to satisfactory service, by the Permanent Head or Chief Officer, with the right of appeal to the Commissioner by aggrieved officers where increments have been deferred or refused.

While the details of the proposed classification of the Third Division should be covered by regulations, some indication may be given of the general lines which should be followed. These are set forth in the tentative scale hereunder :—

THIRD DIVISION.

Class.	Minimum.	Maximum.	Increments.
	£	£	£
9	66	210	18
8	222	252	15
7	264	312	12
6	324	372	12
5	384	432	12
4	444	492	12
3	504	552	12
2	564	612	12
1	624	672	12

Provision should be made for some elasticity in the classification. For example, although the minimum salary of the proposed Class 9 is shown as £66, it does not necessarily follow that all new appointments to the class should be made at that salary. In making appointments to positions where professional training will be necessary, the possession by the appointee of educational qualifications of higher than the minimum standard for entrance to the Division should be prescribed as warranting appointment at a salary in advance of the minimum. The same principle should be applicable in appointing probationers for clerical duties; thus while a candidate who has passed the University Intermediate Examination or its equivalent may properly be appointed to the service at the minimum rate, a candidate two years older, who has passed the University Leaving Examination, should commence at a higher salary than the minimum of the lowest class. The acquirement by an officer of some official qualification, *e.g.*, accountancy diploma, shorthand certificate, might be recognised by the granting of, say, a double increment. It may also be desirable to provide that an officer having reached the maximum of Class 9, or even before attaining the maximum, may secure promotion to Class 8 on passing a prescribed examination or otherwise demonstrating qualifications of a special character, *e.g.*, an officer in Class 9 of the Attorney-General's Department who obtains an LL.B. degree, and similarly a junior engineer or some other officer engaged in professional duties who acquires a corresponding qualification in some other department.

This provision might with advantage be extended even further to permit officers, occupying positions to be specified, to advance through two or even three classes irrespective of the occurrence of vacancies and without formal reclassification of office. While in the majority of cases it is practicable to definitely classify an office within the limits of salary of one class which would fairly represent the minimum and maximum value of the work in that particular office; in other cases the assessment of a particular office should cover a wider range to represent the difference between the value of an officer when he first takes up the duties of the office and that to which his experience and training in the office would eventually entitle him. The positions occupied by Examining Officers in the Trade and Customs Department may be selected for illustration. Differentiation in these cases is largely one of training, experience, and individual efficiency, and not generally of nature of duties; and provision should be made for advancement in this position, subject to prescribed conditions as to efficiency, through certain specified classes until the maximum value of an Examining Officer's work is reached. In order to satisfactorily deal with such cases it should be provided that, in the event of a promotion or retirement of an officer who has reached the highest class permissible under the suggested method of progression, the vacancy should be filled in the lowest of the combined classes and not in the class of the promoted or retired officer. Such latter class should only be reached by progression as in the case of the retired officer. Solely for purposes of example, and without expressing an opinion as to the minimum or maximum value of the work of an Examining Officer, it may be supposed that an officer has entered the Trade and Customs Department as a Customs Assistant, which is in the lowest class, maximum value, say, £210. He is promoted as an Examining Officer (Class 8), minimum £222. An Examining Officer's position may be prescribed as covering three classes, the maximum of the highest (6) being £372. The officer having progressed through these three classes may be promoted out of the Examining Officer's class, and it becomes necessary to appoint another Examining Officer. That officer would not be appointed to the class (6) of the promoted officer but to the class (8) in which the promoted officer commenced his work as Examining Officer.

The method of classification outlined herein will, I am satisfied, prove advantageous to the service and will give greater satisfaction to the officers concerned because of the fact that their advancement is certain, provided their service is satisfactory. The annual amount now applied to the payment of increments in the higher classes will suffice for double the number of officers it has hitherto been possible to advance, while administration of the Act will be freed from many of its present difficulties.

Fourth Division.—In this Division, at present known as the General Division, it is proposed that rates of payment shall be fixed from time to time by regulation, as at present, and officers classified in accordance with their several occupations. Under the present arrangement a system of grading is imposed by the Act which is complicated

and unnecessary. The suggested classification will secure simplicity of method and enable scales of salary or fixed salaries, as the case may be, to be adopted in respect to each designation of position without reference to other positions differently designated.

There now remains to be considered the question of a reclassification of the Public Service following new legislation in the direction herein recommended. With the establishment of an altered system of divisions and classes, and the consequent provision under regulation of scales of salaries with accruing increments for each of such classes, it will be necessary to pass under review the whole of the positions occupied by officers in every department of the Commonwealth, and to assign values to these positions, indicating such values by the appropriate division and class, thus formulating what is usually termed a "classification" of the Public Service. This classification will require to be carried out by the Assistant Commissioner and Inspectors, under the general direction of the Commissioner, and when finally adopted will form the foundation of the future administration of the Public Service Act. It is desirable that provision be made for the classification being issued in divisions, or in relation to particular sections of officers, instead of as a complete whole. Thus the Fourth Division may be dealt with separately from the remainder of the Service, then possibly the First and Second Divisions, while separate sections of the classification might be issued in relation to large groups of officers with particular functions, such as for instance postmasters and telegraphists. The classification should be subject to the right of appeal by officers concerned. The existing provision for a Board of Appeal should be eliminated as being too cumbersome and productive of delays in final adjudication. Appeals should be filed with the Public Service Inspectors in the several States, and be determined by the Commissioner. Following upon the settlement of all appeals against the classification, and the approval of the Governor-General to the final classification as modified by decisions on appeal, the matter should be presented to Parliament. In order that any anomalies revealed by the classification may be rectified, provision should be made in the Public Service Act that officers found to be in receipt of salaries above the maximum salary prescribed for the classification of their offices shall be transferred as opportunity presents itself to positions corresponding with their salaries ; but if such transfers have not been affected within a period of twelve months from the date of Governor-General's approval of the classification, the salaries of such officers shall be adjusted in agreement with the classified value of their offices. Provision should likewise be made that from the date of proclamation of the new Public Service Act, and pending approval of the classification, increments shall be suspended, except in the case of officers whose salary does not exceed £210 per annum. It should, however, be stipulated that the suspension of increments beyond that salary shall be taken into consideration in fixing the salary under the new classification, and the date from which the classification will take effect.

Officers of the Parliament.—It is provided by Section 14 of the Public Service Act that appointments and promotions of officers of the Senate or House of Representatives or of both Houses of Parliament, and all regulations affecting such officers, shall be made by the Governor-General on the recommendation of the President of the Senate and/or the Speaker of the House of Representatives, and that any functions exercised by the Public Service Commissioner in respect to the Public Service generally shall, so far as officers of the Parliament are concerned, be exercised by the President and/or Speaker. It is further provided that the powers of a permanent head or chief officer shall in relation to officers of Parliament be exercised by the Clerk of the Senate, the Clerk of the House of Representatives; the Librarian, the Chief Parliamentary Reporter, or the Clerk of the Joint House Committee, as the case may be.

Although these provisions have been in operation since the proclamation of the Public Service Act in 1903, and notwithstanding that the Act prescribes *inter alia* that the Service shall be divided into four Divisions, and that officers shall be classified according to division, class, subdivision of class, or grade, no action has been taken to effect a classification of the officers employed on the staffs of Parliament, or to make regulations affecting such officers. The salaries of these officers are voted from year to year in the Appropriation Act, but the determination as to amounts of salaries and granting of increments does not appear to have been based on any settled principles. It is difficult to understand the reason for placing officers of Parliament outside the general provisions of the Public Service Act, and thus subjecting them to disadvantages

in many respects, unless it be that the framers of the Act were guided by established precedent as followed in the Public Service legislation of the several States. In my opinion, there is no real justification for separating the Parliamentary Service from other departmental services, in so far as the jurisdiction of the Public Service Commissioner is concerned. Officers of the Parliament are servants of the Commonwealth precisely as are officers of the departments generally, and, making due provision for the special conditions of employment of officers of the Parliament, one system of administration should embrace all sections of the service.

Under the proposals submitted in this Report for the future management of the Public Service, it is recommended that the Commissioner shall be responsible for appointments to the Service, for classification of offices, for fixing the rates of payment appropriate thereto, and for the determination of appeals relating to classification, promotion, and refusal or deferment of increments. The permanent head or chief officer is to have the responsibility of dealing with promotions, and granting or deferment of increments, subject to the right of appeal by officers to the Commissioner. There is no good reason why these provisions should not be made applicable to the Parliamentary Service in common with all other branches of the service. The Commissioner would thus deal with the classification of the Parliamentary service, leaving it to the heads of the departments of Parliament to carry out the administration of the Act so far as internal management is concerned. In dealing with offences, however, the President and the Speaker should be the determining authority in place of the Commissioner. It is probable the officers of Parliament would themselves welcome the proposed alteration as placing them on the same footing as officers of the Service outside Parliament, and insuring the adoption of a definite classification with provision for regular advancement under the general scheme for classification. It is anomalous that one section of the Public Service (the Parliamentary service) should be dealt with under exclusive conditions; a defective arrangement which should be remedied in the proposed new legislation. I am unable to see any justification for slavish adherence to precedent in a matter affecting the efficiency and well-being of a section of the Public Service, and therefore recommend that the officers of Parliament be brought into the general system of administration to govern the whole Service.

PROMOTION AND TRANSFER OF OFFICERS.

The principles which should govern the classification of the Service having been discussed, it is necessary to consider a further important phase of Public Service administration in relation to promotion and transfer of officers to fill vacancies occurring in the departments. The efficiency of the Service depends very largely upon the methods adopted in effecting promotions from class to class, and any defects in the system of carrying out staff changes in this direction would react with telling force against the proper and economical management of public business. Fortunately for all concerned, the old evils of political, official, or social influence in the advancement of officers of a Public Service have given place to recognition of fitness for the discharge of the duties to be performed, the Parliament in the Act of 1902 having clearly defined the methods to be adopted in the Commonwealth Public Service to insure a fair field and no favour.

It is hardly necessary to dwell upon the defects of any system of promotion wherein seniority is regarded as the determining factor, as in all modern legislation dealing with Public Service administration provision is made for the subordination of seniority to other more important considerations. As far back as 1888 a British Royal Commission, reporting on Civil Establishments, remarked, "We think that promotion by seniority is the great evil of the service, and that it is indispensable to proceed throughout every branch of it strictly on the principle of promotion by merit—that is to say, by selecting always the fittest man instead of considering claims in the order of seniority and rejecting only the unfit." Similar views have been expressed by Royal Commissions dealing with Public Service matters in various parts of the British Dominions. In framing the Commonwealth Public Service Act those responsible were not unmindful of the experience of the Australian States in earlier years, where promotion on the rigid lines of seniority resulted in serious consequences to departments, when the trained Customs officer, because of his seniority, was promoted to a position in the Crown Lands Department, and when attempts were frequently made to fit the round peg into the square hole. It was enacted by the Federal Parliament that efficiency should be the first consideration in the promotion of officers, and that seniority should only be a factor in the event of an equality of efficiency. My experience from 1902 to 1916 in the

administration of the Act justifies me in the definite expression of opinion that not only has the system of promotion by efficiency operated in a most satisfactory manner, but any departure therefrom in new legislation would result prejudicially to the interests of departments and of the public. In connexion with the suggestions submitted in this Report for reorganization of the system of Public Service control, it should be clearly understood, therefore, that existing principles of promotion should be maintained.

The Public Service extends over six States, with a Public Service Inspector and Chief Officers in each State, consequently in order that a uniform practice might be followed in the filling of vacancies by promotion it was necessary to deal with the matter by regulation. Briefly stated, the regulations provide for the following procedure:—Vacancies are divided into two classes—(1) those for which it is desirable to invite applications by notification in the *Gazette*, and (2) those which may be filled without advertising. In the case of an advertised vacancy two weeks' notice is usually given, and upon receipt of applications the Public Service Inspector confers with the Chief Officer. After conference, the Inspector and Chief Officer submit separate reports to the Commissioner, the Chief Officer forwarding his report through the Permanent Head. Upon these reports the Commissioner makes his recommendation to the Governor-General, such recommendation being transmitted through the Minister of the department concerned. The Governor-General's approval is conveyed through the customary channels back to the department, when the promotion is gazetted. In regard to non-advertised vacancies the procedure is similar, excepting that consideration is not limited to the claims of applicants as in the other case. The time and labour involved in this complicated and circuitous procedure is evident, and, although efforts have been made to shorten the process by delegation of authority in certain classes of cases to Inspectors and Chief Officers, nothing less than an amendment of the law will suffice to place the matter on a proper footing.

The provisions of the law requiring a report from the Permanent Head or Chief Officer, recommendation by the Commissioner, and approval by the Governor-General, were designed no doubt as safeguards against unfair discrimination in the selection of officers for promotion, but in the application of these provisions excessive delays have occurred in filling vacant positions and consequent expense and inconvenience to departments because of the necessity of making temporary arrangements pending the permanent promotion of officers. It is not unusual for months to elapse between the notification of a vacancy and the filling of the position, and in cases where the vacant office is in the higher grades of the Service, the consequential changes following upon the initial promotion can only be made long after the occurrence of the original vacancy, with hampering effects upon departments which call for rectification. The time and attention of Public Service Inspectors, especially in the larger States, are absorbed in dealing with promotions and transfers of officers to such an extent as to militate seriously against their usefulness in other directions, particularly in regard to the general organization of departments and the disposition of offices and officers to insure efficient and economical management. If Inspectors were relieved of the responsibility of advising on staff changes involving promotions and transfers, more beneficial results would accrue from the exercise of their inspectorial functions, which are highly important and far-reaching in relation to successful administration of the Public Service Act.

Transfers are distinguished from promotions by the fact that no advancement in salary follows the filling of a vacancy by transfer. It frequently happens that, while the original vacancy requires to be filled by the promotion of an officer, consequential vacancies may be filled by transfers without promotion. In determining transfers, however, the question of fitness also arises, and care requires to be taken to so arrange transfers that the minimum of inconvenience to the officer and his family, and of expense to the department by way of removal expenses, shall be incurred.

Careful consideration has been given by me to the question of transferring the authority for making promotions and transfers from the Public Service Commissioner to the Permanent Heads and Chief Officers of departments. Responsible heads of departments who are charged with the duty of internal administration have now a clear conception of the principles that should govern the advancement of officers, and it appears to me that, keeping in view the educative influences of the past sixteen years under the Federal *régime*, the time has arrived when, subject to certain safeguards, the departmental heads may be intrusted with authority as to staff changes. It is imperative

that action be taken to obviate the present unseemly delays and to provide more business-like methods, insuring at the same time that the claims of every officer are accorded proper consideration. The transfer of these functions to Permanent Heads and Chief Officers would mean the elimination of action by Inspectors and the Commissioner, as well as reference to the Governor-General. To further expedite action, Chief Officers should exercise authority in respect to promotions and transfers other than those to the more important positions; this would enable staff changes in the several States to be carried out promptly, and with considerable savings in the present cost of making temporary arrangements due to payment of travelling expenses and relieving allowances. Proper safeguards should, however, be provided against any possibility of outside influence being used in determining promotions.

The following procedure should govern the making of promotions :—

(1) Promotions other than to the First Division to be made by the Permanent Head or the Chief Officer.

(2) The principles governing promotion as at present defined in the Act to remain unaltered, *i.e.*, first and foremost, efficiency; in the event of equality of efficiency, then seniority.

(3) Promotions to be made provisionally, subject to the right of appeal by aggrieved officers.

(4) Provisional promotions to be notified in the *Commonwealth Gazette*, or, in the case of the Postmaster-General's Department, in the weekly departmental list.

(5) A prescribed time to be fixed within which officers may lodge appeals against proposed promotions.

(6) The grounds for appeal must be (*a*) that the appellant is more efficient than the officer proposed to be promoted, or (*b*) that the appellant is as efficient for the discharge of the duties of the vacant office as the officer proposed to be promoted, and is the senior.

(7) Appeals to be addressed to the Permanent Head or Chief Officer, as the case may be, and forwarded with accompanying report to the Public Service Inspector for transmission to the Commissioner.

(8) The Inspector to make full inquiry into the claims of the officer proposed to be promoted and of the appellant officer, and on completion of his inquiries to forward the appeal with his report to the Commissioner, who will, on the information furnished by the Permanent Head or Chief Officer and the Inspector, determine the appeal.

(9) Where an appeal is disallowed by the Commissioner the department to be notified accordingly.

(10) Where an appeal is upheld by the Commissioner, he will issue approval for the promotion of the appellant officer, and for the cancellation of the provisional promotion: Provided that in the case of promotions in or to the Second Division the Minister may, if he think fit, refer the matter to the Governor-General, who may confirm or disallow the determination of the Commissioner, but, in the latter case, a statement of the reasons for disallowance shall be laid before Parliament.

(11) Where no appeal has been lodged within the prescribed time, or where an appeal has been disallowed by the Commissioner, the provisional promotion to be confirmed by the Permanent Head or Chief Officer, as the case may be, and to be gazetted as finally approved.

By the adoption of these arrangements for promotion of officers, prominence will be given to the efficiency provision of the law, and the limitation of appeals as suggested will prevent officers who rely upon their seniority in the service from lodging unjustifiable appeals, while heads of branches will be deterred from recommending relatively inefficient senior officers for advancement. In addition, the safeguards of the right of appeal and of independent inquiry by the Public Service Inspector should effectually prevent irregular exercise of the power proposed to be conferred on heads of departments.

It may possibly be urged that, instead of the proposed procedure for investigation of appeals, provision should be made for the constitution of Boards of Appeal, with a representative of the officers acting as a member of the Board; but there are strong reasons why such a course should not be followed. If promotions are to be effected with a minimum of delay, expeditious methods must be adopted. Investigation by Boards of Appeal would involve intolerable delays, a negation of responsibility, and the withdrawal of administrative or other senior officers from their regular duties to act as members of these Boards. The atmosphere inseparable from such a tribunal is not conducive to informal investigation, and sources of information which are readily made available to an Inspector in the course of his inquiries are not so available to a Board of Appeal. The view cannot be expressed too strongly that the remission of appeals to a formal Board of Appeal would involve a distinctly retrogressive step, and the retention of the present system, with all its manifest defects, would be preferable to the constitution of Boards of Appeal carrying no responsibility as to the ultimate outcome of their recommendations. The future administration of the Public Service is too important and serious a matter to be prejudiced by endeavours to obtain theoretical justice.

This matter is aptly dealt with by the Royal Commission on the New Zealand Public Service, which reported as follows:—

"We are very strongly of opinion that an outside Appeal Board that can override the management is a decided mistake. Positions like the following often arise:—A vacancy may occur in the Service, and the management may have the right of promotion by merit. The management may look down the list of officers next in the order of seniority and think that No. 15, say, is far and away the best man available for the position, and that he should get it. But they know that if they give him the position, Nos. 1 to 14 can all appeal against it; and if they do, the management has to appear before the Board in the position of defendant and prove its case. Most men do not care to put up with this annoyance and trouble, and, unless No. 1 is a 'rank duffer,' will give him the position regardless of results to the Service. The result in most cases where Appeal Boards exist is that, although in theory the system is promotion by merit, in practice it is promotion by seniority, and the introduction of promotion by seniority instead of promotion by merit is the introduction into the Service of a dry rot that will ultimately destroy its working efficiency. If there is no Appeal Board it is possible that an occasional injustice may be done, but it is far better to risk this than to do a permanent injustice to the Service as a whole and all the men of energy and ability in it."

Staff Committees.—A cognate subject to which it is necessary to make some reference is the appointment within departments of what are generally known as staff committees, formed to act as advisory bodies to Chief Officers in the selection of officers for transfer or promotion to vacant positions. In my opinion, not only are such committees unnecessary, but their constitution would tend to a devolution of responsibility of Chief Officers which would be most undesirable and pregnant with unsatisfactory results in the working of departments. The Permanent Head or Chief Officer should shoulder his burden of responsibility, and carry out his obligations to the Government without the aid or intervention of staff committees. Existence of such committees affords heads of branches means of escape from the responsibility of reporting freely and unreservedly upon the capacity of officers under their control, while the Chief Officer would be enabled to evade his responsibility of exercising independent judgment. It is not assumed that a Chief Officer will be in a position to make individual inquiry into the merits and claims of every officer; but he should require from branch heads such information as will enable him to weigh the relative claims of officers. By the adoption of a system of report by staff committees, the responsibility of heads of branches, Chief Officers, and Permanent Heads would in practice be delegated to the committees, while the individual members of these committees would have no personal responsibility; thus the department and its officers would suffer because of the impossibility of fixing the onus of any action upon the proper person. The appointment of staff committees in each department and in each State would moreover necessitate the withdrawal of many officers of high rank from their regular duties to the detriment of efficient working of the departments, and at serious cost to the administration. The success of the new system governing transfers and promotions must depend very largely on the assumption of personal responsibility by Permanent Heads and Chief Officers, a responsibility which should be reflected in their salaries, and there can be no doubt that the appointment of staff committees would in most cases result in the perfunctory discharge of the powers proposed to be vested in the administrative heads.

Inter-departmental Promotions and Transfers.—The proposals outlined in this section have covered the question of promotions and transfers within a department. The Act provides that, in the filling of vacancies by promotion, priority of consideration

shall be given to officers of the department in which the vacancy occurs, and it is only where it is considered that the duties of the vacant office can be more efficiently performed by the promotion of an officer from some other department that recourse is had to another department. This is sound policy, it being obvious that in ordinary circumstances officers trained in the department, with all the knowledge and experience of precedents and practices, are likely to render better service than those drawn from other departments. In the majority of cases, therefore, promotions are made within the ranks of the department, but it becomes necessary from time to time to introduce new blood, and certain positions can be better filled by the promotion of officers from other departments. The Royal Commission on the New Zealand Public Service reported that one of the causes of dissatisfaction amongst officers and of dry rot in departments was the slavish adherence to the principle that each department should be self-contained, and no exchange of officers should be permitted amongst departments. This evil has since been remedied by legislation governing the Dominion Service.

It is obvious that, while Permanent Heads and Chief Officers should have full jurisdiction in effecting staff changes within their respective departments, no permanent head can issue a direction for the filling of a vacancy in his department by the transfer or promotion of an officer from another department. While the Permanent Head of the other department might acquiesce in any such arrangement, there would sometimes be a strong tendency to prevent the transfer of a valuable officer to meet the convenience of some other department. It may readily be understood that the interchange of officers between departments might result in friction between responsible heads, unless some provision were made to obviate this possibility. Provision should therefore be made, in connexion with the general proposals for the future control of staff movements, for inter-departmental transfers and promotions being effected by the Commissioner after report by the Permanent Heads or Chief Officers of the two departments concerned—the department in which the vacancy exists and the department from which it is sought to transfer the officer. All promotions thus made of an inter-departmental nature should be provisional in the same manner as departmental promotions, and the Commissioner should be required to notify such promotions, in order that aggrieved officers may be afforded an opportunity to appeal.

The adoption of the proposed alterations of practice as outlined in this portion of the Report should go far to remove many of the difficulties inherent in the present methods, and while it is realized that no system will secure the attainment of ideal justice to the officers concerned and to the general community, it is believed that the proposed new arrangements will give a greater measure of satisfaction to the Service, and strengthen the hands of administrative officers. Many anomalies and harassing restrictions will be removed with considerable saving of time and labour, and the Commissioner and his Inspectors will be relieved of a mass of detailed work, enabling other work of an important character to be covered.

APPOINTMENT OF ADMINISTRATIVE HEADS.

The administrative heads of departments are the Permanent Heads and Chief Officers. In explanation of the relationship between the Permanent Head and the Chief Officer, it should be stated that in the Postmaster-General's Department, for instance, the Permanent Head is the secretary located at the office of the Central Administration, while under his control and direction are six Chief Officers located at the capital cities of the six States, known by the title of Deputy Postmaster-General, each supervising the general management of the Department in his particular State, and discharging certain recognised functions as well as functions specifically delegated to him by the Permanent Head. The Department of Trade and Customs is similarly represented by a Chief Officer—the Collector of Customs. The remaining six departments are controlled by Permanent Heads, located at the seat of government (Melbourne), and have no chief officers located in the States, although some of them are represented by branch offices at the State capitals. The Permanent Heads and Chief Officers now included in the Administrative Division would, under the proposals made in this Report, be classified as officers of the First Division.

As a general rule, vacancies which may occur in the Administrative Division are filled by the promotion of officers from within the Service, although the law permits of appointments from outside, should the circumstances justify such a course, always provided there is no officer in the Service as capable of filling the vacant position. In

such an event the appointment from outside the Service must be made the subject of a report to Parliament. As already indicated, it is proposed that, under the new system of Public Service management, existing functions of the Commissioner in dealing with staff changes shall be transferred to the Permanent Heads and Chief Officers, but it is not intended that this arrangement should go so far as to include promotions in or to the First Division. While the Permanent Head or Chief Officer should be given authority to decide upon promotions in the Second, Third, and Fourth Divisions, it is considered that promotions in or to the First Division should be made by the Governor-General on the recommendation of the Commissioner, and that where the Governor-General is unable to accept any such recommendation, the matter should be made the subject of a report to Parliament. It is obvious that on a vacancy occurring for a Permanent Head, the nomination of an officer to fill such vacancy cannot be allowed to rest with any departmental officer.

In this connexion a curious position arose some time since in relation to a vacancy for the permanent head of a Commonwealth Department. It was decided by legal authority that in this case an appointment could be made to the vacancy without reference to the Commissioner, as under Section 44 of the Act a necessary precedent to the filling of a vacancy in the Administrative Division by the Governor-General upon the recommendation of the Commissioner was a report from the permanent head, but as there was no permanent head to furnish a report, the Commissioner had no power to make a recommendation in the absence of such a report. In the case under notice, the appointment was made by the Governor-General without reference to the Commissioner. On its merits, this particular appointment was justified, and would no doubt have been recommended by the Acting Commissioner, but the course pursued indicates a defect in the Act which should be remedied. In all previous cases of promotion to the position of permanent head, the recommendation of the Commissioner was sought and acted upon, and this is as it should be, seeing that the filling of the highest positions in the service should, above all others, be free from any suspicion of outside influence. Provision should, therefore, be made in any amendment of the Act placing this matter beyond doubt by directing that in all appointments or promotions to or in the First Division the Commissioner shall submit a recommendation to the Governor-General.

DISCIPLINE.

An indispensable feature in any system of Public Service management is that suitable provision be made for the maintenance of discipline, and in this connexion adequate machinery must be available for dealing with offences under conditions which, while safeguarding officers against unjust or capricious treatment, should not hamper the administrative heads of departments in exercising proper discipline, or involve procedure of such a formal, costly, and cumbrous nature as really to defeat the intentions of the Act.

In the procedure laid down by the Public Service Act for dealing with officers charged with the commission of offences, meticulous care is taken to protect the interests of the officer so as to avoid any injustice ; but the interests of the department are to a considerable extent prejudiced by the excessive delays involved in settlement of cases, the general circumlocution rendered necessary by the provisions of the law, and the unsatisfactory composition of Boards of Inquiry. The main principles governing action under the Public Service Act against an officer for an alleged offence are (*a*) the officer is to be furnished in writing with particulars of the offence with which he is charged, (*b*) he is required to admit or deny the truth of the charge and to give any explanation he desires, and (*c*) where the charge is denied, but the Chief Officer is satisfied that the offence has been committed, no punishment other than a caution or reprimand or a fine up to £10 may be inflicted until the charge has been investigated by a Board of Inquiry. This Board includes in its *personnel* an elected representative of the division to which the offending officer belongs, and, in addition, the officer may be represented by counsel.

Disciplinary action may be taken in any one of the following directions :—

Caution.
Reprimand.
Fine up to £50.
Deprivation of leave of absence.
Reduction in salary and status.
Enforced resignation.
Dismissal.

Cautions or reprimands are administered by officers prescribed as having authority to take such action, including Chief Officers, while a fine up to £10 may be inflicted by a Chief Officer. Any fine exceeding £10 can only be imposed by the Permanent Head, who also has power to order deprivation of leave of absence. Reduction in salary and status is, on the recommendation of the Chief Officer, determined by the Commissioner. Enforced resignation or dismissal can only be authorized by the Governor-General, on the recommendation of the Commissioner. No punishment exceeding in severity the imposition of a fine of £10 can be inflicted except on the recommendation of the Chief Officer, and while the Permanent Head or the Commissioner may vary the Chief Officer's recommendation by deciding upon a lower penalty, he is powerless to increase the extent of the punishment so recommended.

A serious defect in the present procedure is that the Chief Officer is burdened with the responsibility of decision in cases of minor offences, instead of power being given to the heads of branches to determine such matters. As a general rule, matters which should be summarily disposed of are made the subject of formal procedure, involving the framing of official charges, furnishing the officer with a copy of the charges, &c., and after all this circumlocution the eventual result is a formal caution or reprimand, or an insignificant fine. In any amendment of the Act, it is highly essential that a distinction should be made between offences which should be left to heads of branches for adjudication, and those which should be dealt with by Chief Officers and higher authorities. Supervisory officers should be empowered to caution or reprimand or fine an officer any sum not exceeding Five shillings, the punishment to be reported to the Chief Officer, and, so far as relates to fines, to be subject to the right of appeal by the offending officer to the Chief Officer, who should be empowered to vary, annul, or confirm the action of the branch head. Supervisory officers, who should be prescribed by regulation, should include generally the heads of important branches of departments and other leading officers, who should be specifically designated. It is my intention at a later stage in this Report to deal in fuller detail with the question of punishment for minor offences.

It is necessary now to discuss the matter of adjudication in offences of a more serious character, which are punishable by heavy fine, reduction in salary, or dismissal. The defects in the existing mode of procedure as prescribed by the Act may be stated to be—

(*a*) Excessive delays, involving expense and inconvenience to departments as well as hardships to suspended officers.

(*b*) Evasion of responsibility.

(*c*) Varying *personnel* of Boards of Inquiry.

(*d*) Lack of uniformity as to decisions.

(*e*) Unjustifiable circumlocution.

The time necessarily occupied in adherence to the present method of procedure will be evident from perusal of the following statement, which outlines the course to be taken in the case of an officer who has committed an offence which cannot suitably be met by reprimand or caution :—

(1) The Chief Officer is advised of the circumstances leading up to the charge.

(2) The charge, which must be carefully drawn, somewhat in the form of an indictment, is prepared and signed by the Chief Officer, who may or may not, according to the nature of the offence, suspend the officer from duty.

(3) The charge is forwarded to the officer.

(4) The officer makes a written reply to the charge.

(5) The Chief Officer considers the reply, and, if in his opinion the offence has been committed, may fine the officer a sum not exceeding £10, or, if the offence is of too serious a nature to be met by a fine and has not been admitted, he refers the charge to a Board of Inquiry. In the latter case—

(6) The officer is further suspended, and action is taken to appoint the Board of three officers, one of whom is the elected representative for the

division to which the accused belongs, one is invariably an officer of the department in which the accused is employed, and the third may be an officer of the same or another department, generally the latter.

(7) The Board having been appointed by the Chief Officer, with the concurrence of a Public Service Inspector, the Chairman arranges for the sitting of the Board.

(8) The officer is given due notice of the sitting of the Board, and at least seven days before the date fixed the officer is supplied with copies of all documents intended to be used at the inquiry.

(9) The Board makes an exhaustive investigation, all evidence being reported verbatim. The officer may be represented by counsel, who may examine and cross-examine witnesses and may address the Board.

(10) The Board forwards the evidence to the Chief Officer with a report of proceedings and its opinion thereon.

(11) If the charge is found to be not proved, the suspension is removed; but, if proved, the Chief Officer must submit through the Permanent Head a recommendation for (*a*) penalty not exceeding £50, or (*b*) deprivation of leave of absence for a specified period, or (*c*) reduction in salary or status, or (*d*) enforced resignation or dismissal.

(12) If the punishment recommended be either (*c*) or (*d*), the Permanent Head submits the matter to the Commissioner, who may confirm the recommendation for (*c*)—reduction in status or salary—or may impose a lesser punishment; or if (*d*) be recommended by the Chief Officer, may impose a lesser punishment, or may recommend to the Governor-General enforced resignation or dismissal.

(13) The decision of the Governor-General is conveyed to the officer through the Permanent Head and Chief Officer of his Department and is subsequently gazetted.

From this statement of procedure it will be recognised that promptness of decision in these cases is impracticable, and that, particularly in the cases of officers stationed away from the capital cities, it may easily happen that a period of three months will intervene between the laying of the charge and the final decision. During the whole of this time the officer may be under suspension, and the Department be compelled to pay the cost of relieving him, as well as the heavy expense involved in the proceedings of the Board. The cost of investigations by Boards of Inquiry, coupled with expenses in connexion with suspension of officers, is a very serious matter. In the interests of the suspended officer it is important that his case should have prompt attention, as while the charge is hanging over him he is subjected to continued mental anxiety, and is either receiving no salary for the maintenance of himself and dependants, or, as an act of grace, is being paid by the department a reduced salary for a portion only of the period during which he is under suspension.

There is good reason to believe that, in cases where the offence would be met by a penalty not exceeding £10, Chief Officers evade the responsibility placed upon them by the Act, and, instead of determining upon the reports of their inspecting officers that an accused officer is guilty, they prefer to remit the case for investigation by a Board of Inquiry rather than inflict an appropriate penalty. I am strongly of opinion that Chief Officers should be required to take full responsibility in such matters, in the same manner as the manager of a private undertaking would deal with an employee found guilty of misconduct.

That this responsibility is accepted in other administrations may be gathered from the attached extract of a recent report by the Postmaster-General of the United States of America:—

Reductions and removals are not made by the department until after the most searching investigation and careful consideration of all the facts. When charges are preferred against an employee they are referred to the field for a thorough investigation, which is made by a post-office inspector or other person in whom the department has the utmost confidence. If the inquiry develops that there is basis for the charges, the employee is furnished in writing with the substance of the charges and afforded every opportunity to submit his defence. The investigating officer represents the employee

as well as the department, and it is his duty to see that the person against whom the charges are pending is given every opportunity to submit his defence. When forwarding the case to the department the action recommended must be based solely upon the facts disclosed by the investigation. Upon receipt of the papers at the department they are reviewed with extreme care. If, after careful consideration of the facts disclosed, doubt still exists in the mind of the administrative officer, the papers are again referred to the field for further inquiry to ascertain if additional facts can be discovered.

It will be observed from this report that in the U.S.A. Postal Service the procedure does not provide for inquiry by a Board, the decision being left in the hands of an administrative officer, who bases his finding upon an investigation by an individual officer, not by a Board of Inquiry as in Australia. It is obvious that if the Australian system were applied to an immense service, such as that of the U.S.A., successful or businesslike management would be impossible.

The Boards of Inquiry as at present constituted have never been entirely satisfactory, owing to the constantly changing *personnel.* The personality of the Chairman and the other members of the Board, and their experience in the investigation of charges against officers, are factors which must have an important bearing on the findings, and an officer may be found guilty by one Board, who might have escaped had the Board been differently constituted. There has been a serious lack of consistency in the findings of these Boards, and of uniformity in procedure, due to the conditions under which the Boards are constituted. It is clear that the divisional representative in many cases is not sitting in a judicial capacity, but fills the *rôle* purely of an advocate. He is not there to maintain a just and impartial attitude, and to deal with the facts of the case on their merits, but undoubtedly as an avowed advocate of the interests of the accused officer. Parliament did not intend this should be so, but in practice it is so ; this is not to be wondered at, from the fact that the divisional representative is elected by the officers, and is generally desirous of re-election at the close of his three years' tenure. While an accused officer and his friends would hesitate to interview the Chairman and the second member of the Board, in order to influence their finding, no such compunction would exist in regard to interviewing the third member of the Board, for is he not the divisional representative elected to safeguard the interests of his fellow officers ? The divisional representative sits on all Boards affecting officers of his division, while the other members are not permanent, hence the permanent member of the Board, if an officer of strong personality, may have a marked influence in the deliberations of the Board and on its findings. It is recognised, however, that any proposal to abolish the system of appointment of divisional representatives on Boards of Inquiry would be viewed with disfavour, if only for sentimental reasons ; but it is believed that the constitution of the Boards can be placed on a better footing.

Much of the delay in reaching finality in discipline cases is attributable to the circumlocution necessitated by the law, and this is particularly the case where dismissal is involved. As already shown, after a charge has been investigated by a Board of Inquiry and found proven, and the Chief Officer has recommended dismissal, the recommendation and relative papers must be conveyed through the Permanent Head to the Commissioner, who, after considering the matter, forwards his recommendation to the Minister for transmission to the Governor-General. If the Chief Officer is satisfied that the offence warrants dismissal, and the Commissioner after consideration of the papers and the evidence in the case agrees with this view, no good reason exists why the action of dismissal should not be carried out by the Commissioner, and save the delays, formalities, and labour involved in submission for approval by the Governor-General. In another part of this Report it has been recommended that appointments to the Public Service should be made by the Commissioner, instead of as at present by the Governor-General, and, following the recognised theory that the appointing authority should likewise be the dismissing authority, any new legislation should provide for dismissal by the Commissioner.

Before leaving this phase of the question of dealing with punishment cases, it is necessary to express the opinion that the present provision in the law for enforced resignation as an alternative to dismissal should be expunged from the statute-book. If an officer be guilty of an offence which justifies enforced resignation, then it obviously justifies dismissal, and it is only a subterfuge to allow an officer to resign from the service when he should have been dismissed. An officer guilty of embezzlement may be allowed to resign instead of being dismissed, and may on the strength of his " resignation " from the Public Service secure employment outside the service in a position of financial responsibility, and repeat his act of embezzlement. In such a case, the Commonwealth

Government would be morally responsible for the loss suffered by the private employer. The provision in the law as to deprivation of leave of absence, which has practically been a dead letter, should likewise be deleted from the Public Service Act.

As to future legislation dealing with offences against the Public Service Act and regulations, the experience of the past sixteen years has demonstrated that the present provisions of the law are unsatisfactory from many standpoints. Some change in procedure is urgently necessary, and the following arrangements should result in a marked improvement. The Chief Officer of the Department should be required to deal with cases of misconduct, other than minor offences, on the reports of responsible officers and the explanation tendered by the accused officer, and should thereupon determine the punishment adequate to the offence—fine, transfer, reduction in salary and status, or dismissal—and notify the officer of his decision. The officer should have the right of appeal within a specified period against the proposed punishment, if it involves transfer or reduction or dismissal, the ground of the appeal to be either innocence of the charge or the excessive nature of the punishment decided upon. If the officer fail within the specified period to submit an appeal, the decision as to punishment should be confirmed and the matter brought to finality; but should the officer elect to lodge an appeal, it should be referred to a Board of Appeal, constituted in the following manner:—

(*a*) A permanent Chairman, who should possess the qualifications of a Stipendiary or Police Magistrate, and be attached for official purposes to the staff of the Public Service Commissioner.

(*b*) An officer of the department in which the accused officer is employed, nominated by the Chief Officer, such member of the Board not to be the person who laid the charge against the accused officer.

(*c*) The elected representative of the division of the service to which the accused officer belongs.

The Board of Appeal thus constituted would replace the existing Board of Inquiry under section 46 of the Act, and should be empowered to investigate the charge and to annul, vary, or confirm the decision of the Chief Officer. The accused officer should be informed by the Board of its decision, which should be final, except that in any case where dismissal is involved the Board should report its finding direct to the Commissioner, who may confirm the dismissal or inflict a lesser punishment. In all other cases, the Board of Appeal should advise the Chief Officer of its decision, and it should be at once carried into effect by the Chief Officer. The accused officer should, as under the existing law, be allowed representation by counsel, attorney, or agent, and similar representation should be provided for in regard to the department. At present no power is given by the Act to allow a department to be so represented at any inquiry into offences, and this lack of provision should be remedied in any new legislation.

Where in the opinion of the Board the officer lodging the appeal had no reasonable ground for its submission, and the appeal is adjudged to be frivolous or vexatious, provision should be made that such officer should be made to pay the costs of the hearing to an amount to be fixed by the Board, the payment to be deducted from any sum due to the officer by the department, or be recoverable by the department in any court of competent jurisdiction. Such a provision is necessary to safeguard departments against unwarranted appeals. A case within my recollection occurred in Queensland, where an officer stationed at Thursday Island having denied certain charges, a Board of Inquiry was appointed to take evidence at that place. On the proceedings being opened the officer amended his reply and admitted the truth of the principal charge. The three members of the Board had a useless journey to Thursday Island, at heavy expense to the Department, incurred wholly through the vexatious action of the offending officer, who was reduced in salary and transferred to another position.

Considerable advantages will accrue from the appointment of an officer with the qualifications proposed as a permanent Chairman of Boards of Appeal, as the presence of such an officer with his legal training in relation to the hearing and analyzing of evidence, added to the experience which he will gain in dealing with offences under the Public Service Act, will secure greater uniformity of treatment and more effective consideration than is obtainable under the present constitution of Boards of Inquiry. In addition, any suspicion which now exists as to unconscious

bias on the part of the Chairman of a Board, who is a departmental officer, would be removed by the appointment of an impartial and independent Chairman. The time now lost in reference to the Permanent Head, and through him to the Commissioner, and from the Commissioner through the Minister to the Governor-General, would under the proposed arrangements be saved, as well as a vast amount of clerical and other work. It may possibly be found necessary to appoint two officers to act as Chairmen of Boards of Appeal, one of whom would deal ordinarily with cases arising in New South Wales and Queensland, and the other with cases requiring to be decided in the remaining four States. When not engaged on work connected with Boards of Appeal, their services would be fully utilized in other directions.

In arriving at the foregoing conclusions, careful consideration has been devoted by me to the practices in other administrations, and, having in view the scattered and distant locations of many of the officers and the ramifications of the Commonwealth Public Service, I am satisfied that the adoption of the proposals bearing on the treatment of disciplinary cases would greatly add to the efficient management of departments, and at the same time secure to officers an assurance of impartial and disinterested hearing of their appeals.

In connexion with the election of divisional representatives to sit on Boards of Appeal, provision should be made that representatives may be elected for any part of a State, as defined by the Public Service Commissioner. At present, in States such as Queensland and Western Australia, a divisional representative is elected for the whole State, consequently he must sit on all Boards, and thus be compelled to travel thousands of miles to carry out his duties. If the State of Queensland, for instance, were divided into three electoral districts, separate representatives could be elected for the northern, central, and southern districts, and much travelling and public expense be obviated. In order to remove any difficulty which might arise through the transfer of a divisional representative from the district for which he was elected, provision should be made for the election of a deputy representative to act in the absence of the representative, and, in the event of transfer of the latter from the district, to take his place as the representative of the district.

Where the accused officer is stationed in a remote locality, which the Board could only visit in circumstances involving unreasonable expense or inconvenience or delay, the Board should be empowered to direct that evidence be taken on commission by some fit and proper person. The evidence taken should be considered by the Board, and its decision thereon should be final.

Minor Offences—Cautions, Reprimands, Fines.—In pursuance of my investigations, attention has been directed to the question of improved methods of securing discipline in the departments by adoption of an alternative to the present practice of dealing with minor offences by cautions, reprimands, or fines. In the Commonwealth Public Service, some difference of opinion exists amongst administrative officers as to the effectiveness of the present system of recording cautions and reprimands against employees, and of inflicting fines for minor breaches of discipline or careless discharge of duties; but it is generally admitted that the existing methods of enforcing discipline are cumbrous and productive of much personal friction. In many instances the effect of a caution or reprimand is evanescent, especially with the younger sections of the service, and the fact that such action on the part of heads of branches rarely prejudices advancement of the employees robs it of the desired effect. It is doubtful whether the imposition of fines has either a deterrent or reformative effect, as the general feeling of employees subjected to fines is that the payment of the fine cancels the offence. In other cases a feeling is engendered that as a set off against the fine the employee is justified in "going slow," or neglecting the interests of the department; in other words, there is a tendency to "get even" with the department. An officer who has been fined for repeated late attendance may readily take advantage of any laxity of supervision in a spirit of revenge against his department. Furthermore, the infliction of fines frequently does not affect the officer himself so much as it does his dependants. Cases undoubtedly occur where the family of an officer, already impoverished by his bad habits, must suffer additional hardship through the loss of the money represented by the amount of fines.

The governing principles in connexion with advancement of officers, whether by increment of salary or promotion, are satisfactory conduct, diligence, and efficiency, and it is frequently urged by interested officers, when the Chief Officer is considering

the question of increments, that the fact of punishments having been imposed during the year should be ignored, it being plausibly contended that the officer, having expiated his offences by the payment of fines, should not be again punished for the same offences by withholding of the increment. This view has been placed before the Arbitration Court on several occasions by representatives appearing on behalf of Public Service Associations. The fact is overlooked by those advancing such an unsound argument that an officer who commits an offence does so with full knowledge of the possible consequences, and that he is risking not only an immediate punishment by fine, but a future loss by stoppage or deferment of increment.

Information available from several sources shows that the problem of dealing with minor breaches of discipline has engaged the attention of executive officers of various administrations who, having at heart the general welfare of their employees, have sought methods which, without impairing discipline, would be free from the objectionable conditions of the old systems, of which reprimands and fines formed an integral part. With this object in view there has been introduced in many railway services in America, and more recently in the Railway Department of New South Wales, what is known as the "merit and demerit record" system. A personal record card is kept for each employee for the notation during a particular period of all offences formerly dealt with by caution, reprimand, or fine, the practice being to record against the officer on the debit side the number of demerit marks considered to be proportionate to the nature of the offence. On the credit side are noted the marks awarded for satisfactory service during the period. The accumulation by an officer of a certain debit balance of marks within the period is brought directly under the notice of the officer concerned, with an intimation that a continuance of the unsatisfactory service, as shown by his record, will result in serious action, either in the direction of reduction or dismissal, whereas a creditable record for the ensuing period will result in the officer earning sufficient merit marks to cancel the previously existing demerit marks. The officer is exhorted to turn over a new leaf and endeavour to rehabilitate himself. If after this warning the officer's service continues to be unsatisfactory during the ensuing period, action is taken to reduce him to lower rank and salary, or, if the circumstances justify it, to dismiss him from the Service.

Under the system of demerit and merit marks thus outlined, the officer knows that without any immediate correction by fine or otherwise for an offence, it is noted against him as a black mark, and that an accumulation of black marks on the debit side of his account without balancing credit marks on the other side will eventually land him outside the ranks of the Service. He knows that the commission of an offence is not forgotten, but that the record of such offence remains a blot on his departmental history, only to be wiped out by satisfactory service, and in this knowledge lies the efficiency of the system as a deterrent. From a reformative stand-point, the system induces an officer to behave so as to clear his record, and appeals to his instincts of self-preservation, and every opportunity is afforded him to mend his ways, thus avoiding the imposition of further demerit marks, and what to him is of the utmost consequence, cancelling his old record of unsatisfactory service.

Amongst the results sought to be attained by the originator of the "merit and demerit" system in America (Mr. George R. Brown, Vice-president of the New York Central Railway) are stated to be the following :—

To secure a higher scale of efficiency, strict discipline is essential to successful operation ; no continuous service performed by man can be perfect, but a high state of discipline and a careful selection of men will produce a high class of service, and successful operation will be the result.

To remove the false but too common impression in the minds of employees who have served actual suspensions (*i.e.*, fined by stoppage of work and pay) that the amount lost by them is a payment to the employer for the loss and trouble caused him, and that in future settlements can be similarly made.

To establish in the service a feeling of certainty that reward and promotion will not follow indifferent service.

It would appear from the available information that, while doubt was expressed in many circles associated with American railways as to the practical results of the Brown system, in the majority of railway services it has established itself firmly as a

permanent adjunct of administration, while in the isolated instances where after its introduction it was abandoned there is good reason to believe that the cause of the failure was not in the system but in the methods of its application.

The adoption of such a system as that described would be of marked benefit in the administration of the Commonwealth Public Service, more particularly in the Postmaster-General's Department, in which the conditions of employment are in many respects similar to those of a railways service; but, in applying it to Post Office employees, care should be taken that it is devised in such a manner as to be easily understood, practicable, and having for its objective deterrent and reformative influences. In addition, uniform administration throughout the States would be essential, and its success would largely be dependent upon sympathetic and efficient co-operation between controlling officers. The new system would take the place of the present punishments of caution, reprimand, and fine by the Chief Officer, but would not be applicable to serious offences at present punishable by reduction or dismissal, which would still require to be dealt with in the manner already indicated. It should, however, be clearly understood that an accumulation of demerit marks for minor offences would lead to the same ultimate result as a single offence of serious magnitude.

In the Commonwealth Public Service cases occur of officers whose record is one long series of minor offences, indicating that punishment by means of reprimand or fine has had no corrective influence. While such an officer has never committed an offence which standing by itself would justify his dismissal from the Service, the combination of minor offences would undoubtedly warrant such action being taken. His retention in the Service is attributable to unreasonable laxity on the part of administrative officers who have dealt with his sins of commission or omission. Under the Brown system of record such officers could not be continued in the Service.

It is unnecessary to enter fully into details, these being matters for inclusion in regulations under the Act; but it may be stated briefly that the application of the system as a tentative measure to the department suggested would involve adoption of scales of merit and demerit marks. The officers to be held responsible in their respective branches for the working of the system should be prescribed by regulation, and district inspectors should be included in the list of officers. Officers offending against discipline should be furnished with the reports made against them, and be afforded an opportunity of making an explanation. They should be advised of the demerit marks recorded, and be allowed to appeal to the Chief Officer against such record, his decision to be final. At the end of each half-year officers who have accumulated a stated number of demerits should be advised of their record, and informed that if it is unsatisfactory during the ensuing half-year serious action will be taken either by reduction in rank and salary or by dismissal. Wherever practicable, this intimation should be conveyed verbally by the Chief Officer at a personal interview, when he should use his influence by kindly advice and suggestion to lead the officer into better ways. Apart from the personal interview, the officer concerned should be notified by written memorandum. In country districts the admonition should where practicable be given by the District Inspector. If after such a warning and advice has been given the record for the ensuing period shows no definite improvement, action should be taken to reduce the officer or terminate his services. Any laxity or mistaken sympathy at this stage would be prejudicial to the success of the system, and the punishment should be certain and irrevocable. Nothing would be so fatal as the establishment, through weakness in administration, of a belief in the minds of officers that a mere bogey is being set up. Officers thus dealt with should be afforded an opportunity, before the reduction or dismissal takes effect, to appeal to the Commissioner if they so desire.

In any amendment of the Public Service Act, I would strongly recommend that provision be made for adoption of the merit and demerit system on an experimental basis, and as an alternative system to that of cautions, reprimands, and fines. Provision should be made for both systems, and power be given to make regulations having a tentative or permanent operation, as may be warranted by results.

INCAPACITY OF OFFICERS.

One of the most serious problems of Public Service administration as affecting the efficiency of the Service is that of dealing with officers who by reason of physical or mental incapacity, or because of manifest incompetency, are unfit to discharge in an

efficient manner the duties intrusted to them, and the difficulties experienced in this connexion are accentuated by the absence of any provision for pensions or superannuation allowances.

The Public Service Act directs that before an officer can be removed from a position which the Commissioner, after obtaining a report from the Permanent Head or an Inspector, considers he is not competent to fill efficiently, the matter must first be remitted to a Board, and unless the Board finds the officer to be unfit to discharge or incapable of discharging his duties, he cannot be transferred to another position or removed from the Service. It is found that, as a general rule, members of Boards are most reluctant to declare an officer incompetent, and it is only in cases where the evidence discloses absolute physical or mental incapacity that a decision is given adverse to the officer. In many cases sentimental considerations are allowed to outweigh a sense of duty, and in the rare cases where an officer is found by the Board to be incompetent in his present position, not infrequently a recommendation is made that he be transferred to other duties, where he will in all probability prove equally incapable of performing duties commensurate with his salary. From my experience of the operation of the Public Service Act, I am convinced that the Service will never be relieved of the incubus of incompetent and inefficient officers so long as the present provision on the statute-book remains unaltered—a provision which casts the onus of decision upon a Board not directly responsible for the efficiency of a department or of the Service generally, and which almost invariably will be swayed by feelings of compassion for or sympathy with a fellow officer whose livelihood or remuneration is in the balance. In such cases the public interest is subordinated to the interests of the individual, and the object aimed at by the Legislature has been largely stultified.

It may perhaps be argued that, if a Board of Inquiry may suitably determine whether an officer is guilty of an offence, surely such a Board is equally suitable to deal with a charge of incompetency; but in the former case the Board is required to adjudicate on definite evidence as to facts relating to some act of commission or omission, while in the latter case, where the issue is one of general incompetency, the difficulties of convincing a Board are almost insuperable. Excepting where the incompetency arises from physical or mental disabilities upon which definite medical testimony is forthcoming, a Chief Officer or Inspector is faced with a well-nigh impossible task in procuring evidence sufficient to convince a Board. Generally such evidence can be tendered only by those connected with the officer in his work, who from long association with him and appreciation of his personal qualities, or other reasons of sentiment, feel a natural revulsion towards publicly testifying against a fellow officer whose position in the Service is at stake. Even the heads of branches, who are directly responsible for the output of work and the efficiency of the service rendered by officers, will not hesitate to shield men who are "decent duffers," and have been known to overburden themselves with work, or transfer duties to a smart junior which ought to have been performed by the incompetent senior who is paid to do the work. It is obvious that such heads of branches, who in their mistaken attitude of loyalty to subordinate officers are failing to discharge their responsibilities towards the department, cannot be relied upon for satisfactory evidence before a Board of Inquiry. Thus the departments continue to retain the services of officers overpaid for the work performed by them, or so manifestly incompetent through lack of physical or mental capacity that their maintenance in the Service is unjustified. Shielded and aided by their fellow officers, they continue ostensibly to fill the positions, while the general efficiency of the Service suffers.

If this unsatisfactory condition of affairs is to be rectified, it can only be by a radical departure from the present provisions of the Act. The Commissioner and his Inspectors, and the Permanent Heads and Chief Officers of departments are conjointly responsible for the efficiency of the Public Service, and the only rational method, therefore, is that authority should be vested in these officers to deal with and determine all cases of alleged incompetency. The Board of Inquiry established by the Act has been weighed in the balance and found wanting. The obvious defects in the present practice would be remedied by the following:—

Where a Permanent Head or Chief Officer has reason to believe that any officer under his control is incompetent, from whatever cause, he should so report to the Commissioner, who may thereupon direct an Inspector

to make personal inquiry. If the Inspector, after full investigation, is in agreement with the Chief Officer, then upon the reports furnished by them the Commissioner should determine the matter either by transferring the officer to a lower position or salary or by terminating his services. To meet a case where the Permanent Head or Chief Officer does not initiate action, it should be the duty of an Inspector, if he considers an officer to be incompetent, to report accordingly to the Commissioner. The Permanent Head or Chief Officer should thereupon be required by the Commissioner to furnish him with a report on the case, on the receipt of which the matter would be determined. Under this proposed arrangement, either the departmental head or the Public Service Inspector may take the initial action to bring any case under the notice of the Commissioner, and any possibility of injustice would be guarded against by the provision for agreement in the views of the Chief Officer and Inspector reporting separately and independently.

A brief survey of the provisions of State Public Service Acts relative to this vexed question will be of interest :—

New South Wales.—If in the opinion of the Public Service Board an officer is not competent to perform work equivalent to his salary, his salary may be reduced to the maximum appropriate to the class of work performed by or assigned to him. The officer is given the option of accepting the reduced salary or retiring. Further, if an officer is at any time found to be incapable of discharging his duties, and the unfitness appears likely to be permanent, the retirement of the officer may be effected on the recommendation of the Public Service Board.

Victoria.—The services of any officer found to be inefficient to discharge or incapable of discharging the duties of his office, or to be inefficient in the prompt and effective discharge of his duties, may be dispensed with on the recommendation of the Commissioner.

Queensland.—An incompetent officer may be transferred to other duties with reduction in salary equivalent to the value of the lower duties on the recommendation of the Public Service Board.

South Australia.—An officer who appears to the Commissioner, after report from the Permanent Head or otherwise, to be incompetent may be retired or transferred to some other office upon the recommendation of the Commissioner.

Western Australia.—If an officer appears to the Commissioner, after report from the Permanent Head, to be incompetent, the Commissioner inquires into the case, and upon the recommendation of the Commissioner the officer may be transferred to some other position or retired.

It will be observed that the provisions of the State laws are uniform in requiring no reference to a Board of Inquiry, and in providing for action upon the determination of the Commissioner, after, in some cases, a report from the Permanent Head, but these provisions appear to be defective in that they are not sufficiently specific in respect to the initiative to be taken in removing incompetent officers, and thus allow room for evading the unpleasant duty of reporting cases of inefficiency or incompetency.

If the problem of dealing with incompetent officers in the Commonwealth Public Service is to be faced with an earnest desire to remove the evil, the responsibility of determining an officer's fitness for the discharge of his duties should be placed definitely in the hands of the Commissioner, and the specific duty should be imposed on Permanent Heads, Chief Officers, and Inspectors of reporting all such cases under the proposed conditions, which will afford some guarantee that their action in so reporting will not be rendered futile. Invariably the existence of incompetent officers forms the basis of criticism against the administration of the Public Service, and unless responsible heads are enabled to cope with the question under the authority of new legislation their efforts to deal with cases of incapacity will continue to be ineffective and unsatisfactory.

FURLOUGH, RECREATION LEAVE, AND SICK LEAVE.

The furlough provisions of the Act require to be considered from the stand-point of equity to public servants, as anomalies have arisen during the past few years which in any amending Public Service legislation will need to be rectified. It is provided by the Act that any officer who has served for at least twenty years, and whose conduct has been satisfactory, may be granted leave for six months on full pay or twelve months on half pay. By an amendment of the Act made in 1911, the provisions as to furlough were extended, so as to enable payment equivalent to the monetary value of the furlough to be granted an officer on his retirement, assuming he had not availed himself of the opportunity of taking the furlough during his service, and further, that in the event of the death of an officer who had qualified by length of service and satisfactory conduct for furlough, and had not availed himself of it, the monetary value of the furlough could be paid to the dependants of the deceased officer.

Apart from the general provisions of the law as to furlough thus outlined, questions have arisen as to whether an officer who at the completion of twenty years' service in State or Commonwealth had enjoyed the privilege of furlough, was entitled to further furlough after serving a second period of twenty years. The Crown Law authorities of the Commonwealth expressed the opinion that such an officer was in the circumstances eligible for a second period of furlough, or, as an alternative, for payment of the monetary value of the furlough upon his retirement, or payment could be made to his dependants in case of his death. At the same time, however, it was held that an officer who had completed 40 years' service, and who had not availed himself of furlough at the expiration of twenty years, was not entitled to double the furlough, or to monetary compensation in lieu of double furlough. Thus an officer with, say, 46 years' service granted six months' furlough in 1907 was not eligible for a further period of furlough in 1908, as the granting of the second period of furlough would be dependent upon the officer completing a second period of twenty years' service subsequent to his enjoyment of the first period of furlough. It was pointed out to the Crown Law authorities that this decision would operate inequitably, as in many cases officers who on completing twenty years' service had applied for furlough were refused the privilege, owing to the exigencies of public business, and such officers would, as compared with those who were allowed the furlough, be penalized in respect to the second grant of furlough, or its monetary equivalent, upon retirement.

Special provision is made by Public Service Regulation 89A to meet the cases of officers who may retire from the Public Service at 60 years of age, but have not served the full period of twenty years entitling them to furlough, such officers being granted a reduced period of furlough, or its monetary equivalent, in accordance with the actual period of service. Thus an officer with sixteen years, but less than twenty years' service, is granted five months' furlough, with twelve years and under sixteen years' service four months' furlough, and so on. It was ruled by the Crown Law advisers that this Regulation was applicable to officers who had been granted furlough on account of their first twenty years' service, and had served a further period of years on resuming duty after furlough.

Thus an officer who was granted furlough at the completion of twenty years' service, and after resumption of duty had served an additional twelve years, would, on retirement at 60 years of age or later, be entitled to four months' pay as the equivalent of furlough earned under Regulation 89A. Here again the inequitable operation of the law is apparent, as the officer who can be spared for the first period of furlough gets the benefit of an additional four months' furlough, or ten months in all, while the officer who carried such responsibilities that he could not be conveniently spared for furlough is penalized, and on his retirement is granted six months instead of ten months' furlough.

It will be seen that the present provisions of the law operate unjustly against officers who by long and satisfactory service are equitably entitled to the benefits of furlough. Already much dissatisfaction has been evinced by officers who are and will be prejudiced by the unequal incidence of the law. It is understood that the Government has for some time past contemplated an amendment of the Public Service Act in order to place the matter upon a proper basis, and in my opinion there is a full justification for the rectification of anomalies which have arisen. This rectification should take one of two forms. Either the furlough provisions of the Act should be so amended as

to make it clear that every officer shall be granted furlough on his retirement or the monetary equivalent of such furlough corresponding with his full period of service, but not to exceed twelve months on full pay, or twelve months' pay in lieu. Any furlough already granted under Commonwealth or State law should be taken into account and the grant of furlough or pay in lieu should be conditional on the officer having given satisfactory service to the Government. As an alternative, the present provisions of the law should be continued, with the exception that it should be clearly indicated that for an officer's whole period of service, whether twenty years or more, he should not be entitled to more than six months' furlough or a monetary equivalent of six months' pay, thus restoring the situation which existed prior to the receipt of the opinion of the Crown Law authorities previously mentioned. In my opinion the latter course should be taken. During my tenure of office as Commissioner the view was held and frequently expressed that it was the intention of Parliament that an officer who had served for twenty years or more should be granted at some time, subsequent to his attaining twenty years of service, the privilege of six months' leave on full pay, and that any officer who exercised this privilege, no matter what his later service may be, would exhaust all his rights to furlough or monetary equivalent.

This view was also set forth in the Thirteenth Report made by the Acting Public Service Commissioner in the following terms :—

I would like at this stage to emphasize the fact that I have strongly and consistently opposed the granting of more than one period of furlough, and consider that, in view of the liberal provisions in the Public Service law as to sick leave, annual recreation leave, and holidays, officers were fairly treated in being granted that concession. Even after the legal opinions referred to were made available I endeavoured to secure a continuance of the practice that had hitherto obtained limiting furlough to six months on full pay or twelve months on half-pay, and pointed out the anomalies that would arise should a departure from that custom be sanctioned. In fact, it was only because of the explicit direction of the Government as to the course to be followed in dealing with applications for second periods of furlough or their monetary equivalent that I agreed to recommend the claims of officers for what to me seemed an unreasonable privilege.

Taking all the circumstances into consideration, I am unable to see sufficient justification for the expense to be incurred by granting every officer who has completed over twenty years' service more than is involved in allowing six months' leave with full pay, which, in my opinion, was the maximum contemplated by the framers of the original Act. I would, therefore, recommend that no furlough exceeding six months on full pay, or no more than six months' pay in lieu, should be granted officers, and that the following should be the conditions of granting such leave or pay in lieu :—

(*a*) That the officer has rendered satisfactory service ;

(*b*) That the officer is returning to duty after expiration of furlough ; or

(*c*) If retiring from the service that such retirement is due to his having reached 60 years of age, or is due to infirmity ;

(*d*) That the officer has completed at least twenty years' service, except that in the case of officers who are retired because of having reached 60 years of age, and who have not served for twenty years, that furlough or pay in lieu be granted in the proportion that their service bears to twenty years ;

(*e*) That the previous granting of furlough under either Commonwealth or State should exhaust any right to furlough or pay in lieu.

It is held to be a condition of the law that the furlough or its monetary value under Regulation 89A must be granted prior to, and not after, the retirement of the officer. Officers, therefore, who retired from the Service prior to the ruling mentioned as having been given by the Crown Law authorities relative to the operation of this regulation, have been precluded from receiving the payment in lieu of furlough to which under that ruling they were equitably entitled upon retirement. If the granting of furlough is to be continued on the lines at present being followed, it is a matter for the consideration of the Government whether, in any amendment of the law, provision should not also be made to rectify this injustice to deserving officers.

Recreation Leave.—Officers are at present permitted to accumulate recreation leave for not more than two years, thus an officer desiring to take a lengthy journey may be granted 36 days' leave. Special provisions are made as to accumulation of leave in remote districts. In my experience, many attempts were made to secure an accumulation of recreation leave for three or more years on the ostensible plea that the exigencies of public business were such that officers could not be spared, therefore they should not be compelled to suffer deprivation of the leave. It had apparently been overlooked by these officers that recreation leave is granted as much in the interests of the department as of the individual, in order that the highest efficiency of working may be secured through the recuperation each year of the officer. It is only in exceptional cases and for satisfactory reasons that recreation leave should be allowed to accumulate even for two years, as the public interest demands that the leave shall be taken annually, in order that the best advantage shall accrue to departments. The rule as to the granting of recreation leave annually should be rarely departed from except in remote districts, and heads of branches should encourage the general observance of this rule. No officer is so indispensable that he cannot be spared for eighteen days.

Reference may be made to the cases of officers who are required to serve in remote or isolated localities throughout the Commonwealth, and more particularly in the western parts of Queensland and the north-west district of Western Australia, where the climatic conditions are severe, and frequently detrimental to the health of officers, their wives, and families. In these cases special provision is made by regulation to grant up to 24 days' recreation leave for each year, and to permit the accumulation of leave for two and, in certain cases, three years. In addition to this amount of leave, officers in exceptionally remote places are allowed a reasonable time for travelling, not exceeding two weeks. While these concessions as to leave are liberal, and justifiably so in the circumstances, many officers are debarred from taking advantage of them because of the prohibitive cost of the journey to the coast or to the capital city. In illustration, it is desirable to mention one or two cases. An officer stationed at Cloncurry who desires to spend his recreation leave at Brisbane would require to pay an amount of £20 10s. 6d. as railway and steamboat fares, and the cost of fares for himself, wife, and two children (the last-named travelling at half-fare) would amount to £61 11s. 6d. An officer stationed at Camooweal in the same circumstances would require to spend £94 11s. 6d. in travelling in order to enjoy a holiday at Brisbane. An officer stationed at Fitzroy (W.A.) would be required to spend £90 in travelling to and from Perth in order to obtain a holiday for himself, wife, and two children. In many cases full fares would have to be paid for children, and the cost of the holiday in such cases would be proportionately greater than the amounts stated.

The matter of affording some relief to officers stationed out-back in order that they and their families may enjoy the benefits of a periodical holiday has already received some consideration by those responsible for Public Service administration, and reference has also been made by the Arbitration Court to the desirableness of making provision for reimbursement or partial reimbursement of railway and other fares. From reports which have been obtained by the Acting Commissioner, and estimates of cost which have been framed, it would appear that the expense of a comprehensive scheme of assistance to officers in defraying their cost of travelling whilst on recreation leave would be heavy, but, notwithstanding this, I consider that the matter is one which should not be overlooked, and that some scheme should be devised which would appreciably benefit officers in the more isolated districts. In any amending Act provision might reasonably be included so that regulations may from time to time be made, giving power to pay part cost of conveyance on recreation leave of officers compelled to live, with their families, in localities far removed from the centres of civilization and where the climatic conditions are severe.

Sick Leave.—The yearly expenditure on salaries of officers absent on sick leave, and on the provision of staff to afford the necessary relief, has assumed considerable proportions. In 1910, when discussing the subject of sick leave in my annual report, it was pointed out that in each year nearly one-third of the total number of permanent officers in the Postmaster-General's Department were absent from duty for long or short periods through sickness, that the Department thus lost the services of an equivalent of 198 officers throughout the whole of the year, and that the amount

thus expended in salaries for which no return was rendered in services was over £22,000 per annum. It was further shown that the statistics as to sick leave enabled accurate comparison to be drawn as to the relative efficiency of male and female employment, and incidentally opened up the question as to the soundness of a principle frequently enunciated, that equal pay should be granted irrespective of sex distinctions. Still dealing with the Postmaster-General's Department, the largest of the Federal Departments, it was found that 43 per cent. of female officers were absent each year through sickness, against 29 per cent. of male officers; while the average absence per annum of female officers was 12·5 days, as compared with 5·8 days for males. Comparing classes where males and females are engaged upon the same work, the proportion of postmistresses absent through sickness was 28 per cent., and of postmasters 17 per cent., and of female telephonists 46 per cent., as against 28 per cent. of male telephonists, although the latter are largely engaged on night duty, which is recognised to be more unhealthy than day duty. In these cases the average periods of absence of female officers were considerably greater than those of males. The experience of the Commonwealth in this respect is borne out by that of other Government institutions employing large bodies of women. Since the date of the report referred to the amount of sick leave has increased in keeping with the expansion of staffs, and if all departments of the Service be considered, the cost to the community of granting sick leave to public servants forms a serious item of expenditure.

Under the Public Service Act and regulations sick leave is granted officers on the following scale, the amount of sick leave mentioned being applicable to a triennial period, commencing from the date of the first absence on sick leave. On the expiration of the triennial period, the officer is allowed to commence afresh on the scale of such leave, and to continue on that scale until the end of the next triennial period, and so on :—

SCALE OF SICK LEAVE.

Length of Service.	Full Pay.	Half Pay.	Third Pay.	Without Pay.
	Months.	Months.	Months.	Months.
Under 5 years	1	3	6	8
Over 5 years and under 10	2	4	6	6
Over 10 years	3	6	3	6

Although these periods of sick leave are prescribed as maximum periods which may be granted, in practice they are fixed periods, as no discrimination is exercised on the merits of cases, and the illness of an officer which may be indirectly attributable to causes within his own control is treated precisely on the same basis as that of an officer whose illness is due to misfortune. It is a matter for grave consideration whether steps should not be taken, apart altogether from the question of discrimination between officers, to reduce the maximum periods of sick leave which may be granted under regulations. The present scale is unduly liberal, and in many cases offers an incentive to unscrupulous officers to absent themselves from duty without sufficient reason. If all sick leave were grantable only on half-pay (although I do not suggest such a course), I am satisfied that the total absences on account of alleged illness would be reduced by a large percentage. Generally speaking, the medical check on unlawful absences and on malingering is but slight, as the certificates of private medical practitioners must be accepted by departments, except at Sydney, where a permanent medical officer is attached to the staff of the Postmaster-General's Department. This appointment has thoroughly justified itself, and there is no doubt that the creation of a similar office in Victoria would well repay departments by the restriction of absences and the check on malingering. Many officers regard sick leave as a vested right, which they are justified in exercising, whether necessary or not. The history of malingering in the Service includes many remarkable instances of the ingenuity of officers in defrauding their departments. It should be understood that these remarks do not apply to a large proportion of the Service, comprising honorable men and women who would scorn to take advantage of the departments, but unfortunately there is a proportion who do not hesitate to avail themselves of the liberality of the regulations, which were solely designed to help unfortunate and deserving officers.

In the reorganization of the Service, early opportunity should be taken to revise the conditions under which sick leave is granted, in the direction of exercising greater differentiation in the scale of sick leave between officers according to their relative service, and extending the period within which the prescribed scale will operate. It will be noted that an officer of only twelve months' service is entitled to the same privileges as an officer of four years' service, and he may absent himself through illness for ten months and receive pay. No distinction is made between officers with five and nine years' service respectively. An officer of over ten years' service may in successive periods of three years be absent for twelve months in each period with pay.

These conditions are unduly liberal to officers with the shorter periods of service, and to officers generally in that they may be exercised in every period of three years. In my opinion the best interests of the Public Service require a variation of the existing conditions, and for consideration in any proposed amendment, it is suggested that for the present triennial period be substituted a period of five years, during which deserving officers should be eligible for sick leave on the following lines :—

Full Pay.—One week for every year of service with a minimum of two weeks and a maximum of thirteen weeks.

Half Pay.—Two weeks for each year of service with a minimum of three weeks and a maximum of twenty-six weeks.

Third Pay.—Four weeks for each year of service with a minimum of four weeks and a maximum of twenty-six weeks.

The maximum amount of sick leave obtainable on full, half, and third pay, in any period of five years should be 52 weeks.

Under these conditions an officer who has completed four years' service before being compelled to absent himself from duty may in the ensuing five years receive according to his service from four to eight weeks' leave on full pay, from eight to sixteen weeks on half pay and from twelve to twenty-four weeks' leave on third pay. An officer who has completed thirteen years' service may in any period of five years following absence on sick leave receive thirteen weeks on full pay, twenty-six weeks on half pay, and thirteen weeks on third pay. If still unable to return to duty he could be granted six months' leave without pay. These terms should be regarded as sufficiently liberal and should effect improved conditions in the operation of the sick leave provisions.

At the present time, sick leave up to a period of three months may be provisionally granted by the Chief Officer, subsequently approved by the Minister ; but any extension is provisionally granted by the Public Service Inspector, and subsequently approved by the Governor-General on the recommendation of the Commissioner. Much time and labour would be saved by dispensing with the reference to the Minister, the Commissioner, and the Governor-General, and empowering the Chief Officer to grant all sick leave, subject to the concurrence of the Public Service Inspector, where the period of leave exceeds three months in any period of five years. Provision should also be made that where any officer has been absent on sick leave for a period of eighteen months, and is then unable to resume duty, he shall be deemed to have forfeited his office, subject to eligibility for reappointment if he eventually recover his health. While the present Act directs that an officer shall not be granted leave beyond eighteen months, it is silent as to the action then to be taken if the officer is unable to resume duty, and definite provision should be made for his retirement from the Service.

In any amending legislation, power should be taken authorizing a Chief Officer, upon medical report, to direct any officer to cease duty where, although he may be capable of performing his work, he is in such a state of health as may constitute him a source of danger to his fellow-employees or the public. The absence of such officer should be dealt with under the regulations relating to sick leave, which should apply as if the officer had applied for leave of absence through illness.

OBSERVANCE OF PUBLIC HOLIDAYS.

Under the provisions of the Act certain holidays are prescribed for observance in the public offices of the Commonwealth, and these holidays (eight in number) include the generally recognised days, such as New Year's Day, Christmas Day, King's Birthday, &c. Any duty performed on these days must be paid for at double rate—*i.e.*, single rate in addition to salary. In addition, the Act provides that any day or part of a day proclaimed as a public holiday *throughout* a State, or in any locality, shall be observed in the Commonwealth offices in the State or locality ; but the Minister or Permanent Head or Chief Officer may require such offices to be kept open for public business, and, unless the Minister directs that extra payment shall be made for attendance of officers, no payment is to be made. In any case, payment can only be granted in respect of duty on a holiday which operates *throughout* a State.

Under Arbitration awards, provision is made for exercising the Minister's discretion in respect to the observance of holidays other than the prescribed eight (8) days, but it has been ruled by the Court that if the Minister decides to allow as many of the staff off duty as can be spared on any such holiday, this amounts to an exercise of discretion on his part, and all officers who remain on duty must be compensated by payment of double time, just as in the case of the prescribed eight days. This interpretation by the Court has given rise to many difficulties and anomalies, and if strictly followed would result in serious embarrassment to departments. For example, St. David's Day is one of the whole State holidays fixed by the Holidays Act of Queensland, although it is rarely observed outside the State Public Departments. It may happen that this day is selected at Thursday Island for a local sports gathering, and the Minister consents to the closing of the post-office for that day in order that the officials may take part in the gathering. Although the holiday is observed in no other locality throughout Queensland, according to the ruling of the Court, the Minister, having exercised his discretion in respect to Thursday Island, must grant holiday pay at double rates for St. David's Day to every employee in the State. These days, outside the regular eight (8) holidays prescribed by the Act, are generally known as concession days, and the question of recognising these holidays for the purpose of payment of holiday rates has given rise to considerable discussion. The practice usually followed is to allow as many officers as can conveniently be spared to go off duty, and to permit those retained in the Department to share in a concession holiday on some other occasion. In 1916 it was decided by the Government that while holiday payment should be allowed for duty on the eight (8) prescribed days, on other holidays (concession days) no such extra payment should be made. This practice was continued until September, 1917, when the Arbitration Court issued a ruling that payments must be made even for these concession days, and this ruling has since been observed. Proceedings have recently been taken in the High Court by an interested union and in the Arbitration Court by the Acting Commissioner to determine the question whether the ruling of the Court is to operate retrospectively as at the dates of the original awards.

There is no doubt that the law and practice in regard to the observance of public holidays, and the granting of additional payment for holiday duty, are unsatisfactory and anomalous, and that urgent need exists for revision of existing conditions. Considerable difficulties exist between the States as to the number and nature of the public holidays observed, whether throughout the whole of a State or in the various localties, and further anomalies arise from the fact that while a public holiday may be observed in a capital city, officers employed in the country districts do not enjoy this holiday, as it is proclaimed only for the city. Thus the complaint is made as to differential treatment between city and country. Consideration has been given by Public Service authorities to the question of how far holiday privileges, including payment for duty performed, are to be extended, for obviously there must be some limitation to the number of holidays to be observed in the Federal departments short of the actual number of holidays proclaimed by the State Governments, as operating throughout the whole of a State, otherwise Queensland officers would enjoy or be paid for sixteen public holidays each year, Western Australia fourteen, New South Wales eight, and so on.

It is observed, from a perusal of the report of the Premiers' Conference held in May last, at which a Commonwealth Minister was in attendance, that the matter of securing uniform holidays as between the States was discussed, and an arrangement made that the matter would be further dealt with by correspondence. Any decision which may be arrived at by the Governments of the States as to observance of uniform

public holidays would be advantageous to the Commonwealth administration. In connexion with such a holiday as Eight Hours Day, while this is observed as a whole State holiday in three States, in the remaining three States it is observed only in certain localities, and not throughout the State. Many holidays are recognised by States Governments which have long since outlived their significance, and it is difficult to understand why in Queensland the four Saints—St. George, St. Andrew, St. Patrick, and St. David—are particularly honored by closing the public offices, while in other States the necessity for this course is not recognised. There should be reasonable possibility of agreement between the States as to a limitation of public holidays, thus securing increased production industrially and saving expense to the States and the Commonwealth.

From the information placed at my disposal, it is gathered that tentative arrangements have been agreed to by the Government as to limiting the number of public holidays to be observed in the Federal department each year, and that it is proposed to validate these arrangements by amending the law at an early opportunity. Under the Public Service Act all officers are entitled to eighteen days' recreation leave annually. In addition, there are eight public holidays prescribed, thus giving a total of 26 days' leave for each officer of the Public Service. It was considered by the Government that if four concession days were added, making in all 30 days, members of the Public Service would have no reasonable ground of complaint as to inequitable treatment. Officers of the Service are allowed liberal concessions in the matter of sick leave and furlough, apart from the public holiday and recreation leave privileges. It was decided, therefore, that in each locality of the Commonwealth, four concession days should be selected for observance, and that no Federal public office in any locality should close for more than twelve days in any calendar year, employees required to remain on duty on any of these days to be compensated by the granting of holiday payment, this number being made up by the eight prescribed holidays and the four concession days. It was arranged that these four days should be selected by the heads of departments so that uniform action might be secured as to closing the public offices, and that the days might differ as between various localities in the one State. Thus in Victoria, while Cup Day might be selected as one of the four days for Melbourne, at Bendigo Easter Tuesday might be chosen, and so on. This arrangement, although not yet given the force of law, has worked satisfactorily during the past year, and in considering revision of the holidays scheme for 1919, it is found that but few alterations are likely to be required. The danger exists, however, that so long as the matter is not placed on a proper legal basis, pressure is bound to be exerted by outside bodies for the recognition by the Federal Government of extra holidays, which would result in increasing the total number beyond twelve per annum. This actually happened recently in connexion with the observance of Melbourne Show Day, with the result that Melbourne officers gained an advantage over those stationed elsewhere by securing thirteen holidays during the year instead of the number fixed by the Government.

It is important that action should be taken in connexion with any proposed amending legislation to place the matter of observance of and payment for public holidays upon a sound footing, this being necessary from the stand-point of equitable treatment of public servants, of convenience to the general public in the matter of the closing of departments, and of economical administration.

RENT FOR QUARTERS.

Where an officer occupies, for the purpose of residence, the whole or part of a Government building, the Governor-General, on the recommendation of the Commissioner, may direct that rent shall be paid by the officer not exceeding 10 per cent. of the officer's salary. This provision of the Act necessitates a recommendation being made to the Governor-General as to payment of rent in every case where an officer is transferred to an office at which he will occupy quarters, and, as frequent changes occur in the occupancy of quarters, particularly those attached to post-offices, this involves considerable work in the submission of each individual case to the Governor-General and the publication of orders in the *Commonwealth Gazette*. This unnecessary circumlocution should be obviated by prescribing that the Commissioner shall determine the amount of rent to be charged, subject to such limitations as may be imposed by the Act. In addition, an amendment of the law should be secured, empowering the Commissioner to direct that rent shall be chargeable in respect of the

occupancy of any particular quarters without specifying the officer or officers who may from time to time occupy such quarters, thus avoiding the frequent submission by departments to the Commissioner which is necessary under the present law.

Where the occupancy of quarters may be regarded as incidental to the duties of the office, as in the case of postmasters, whose residence on post-office premises is conducive to the better carrying out of departmental duties, the rental charge of 10 per cent. on salary, although generally inadequate as a return for capital expenditure, may be justified because of the advantages to the Department. There are, however, other cases where these conditions do not obtain, and, keeping in view the possible future activities of the Government in erecting buildings altogether dissociated from public offices, solely to meet the demand for housing accommodation for employees, it is considered that in such cases the rental charges should approach more closely to the ordinary basis as between landlord and tenant. In any amending legislation provision should, in my opinion, be made that the Commissioner may, to meet such cases, fix a fair and reasonable sum to be charged as rent. The rental should be fixed to provide for reasonable interest on the capital cost and for expenses of maintenance. A general rule might be made that the rent to be charged in such cases shall not exceed 6 per cent. of the capital value of the premises occupied by any officer.

Under the present practice, a postmaster appointed to an office at the minimum salary for that office is required to pay 10 per cent. of his salary as rent, and as each increment accrues in his advancement to the maximum salary of his office the rental charge is increased in order to maintain the payment of 10 per cent., thus an officer awarded an increment of £10 actually receives only £9, the difference being applied to rent. While this practice is in agreement with the law, it is productive of much irritation and establishes a grievance against the Department. In the British Postal Service the position has been met by providing that the rental, which, similarly to the Commonwealth, is on the basis of a percentage of salary, shall not be increased because of any incremental advance in salary. The rental, once fixed on the basis of the minimum salary of the office, remains unalterable, no matter what increments may be granted the occupant of the quarters. This practice should, I consider, be adopted in the Commonwealth Public Service, and, under the power proposed to be vested in the Commissioner to fix rental charges, he will be enabled to direct that at all post-offices and other buildings, where quarters are occupied by public servants, and rent is charged for such occupancy, the amount of rent shall not exceed 10 per cent. of the minimum salary attached to the particular position. Where an officer for whom official quarters are provided, can furnish satisfactory reasons for relief from the obligation of occupancy, he should be permitted to sublet such quarters to another officer, but he should be held responsible to his department for the amount of rent chargeable on the classified value of the office, and any arrangement between himself and the sub-lessee should be a personal matter between the two officers, subject to a safeguard against any possible exploitation. The adoption of the foregoing proposals as to rent will considerably simplify the present methods, and result in greater contentment amongst an important section of the Public Service.

Allowances in lieu of Quarters.—Under an award of the Arbitration Court, postmasters who are compelled to rent a private residence, owing to Government quarters not being available, are entitled to allowances varying from 2½ to 5 per cent. on salary. The view apparently taken by the Court is that, if postmasters who occupy Government quarters are charged merely a rental of 10 per cent. on their salary, other postmasters, not so fortunately situated, required to provide their own housing accommodation by renting premises should be paid an allowance to partly compensate them for the outlay thus incurred. It must, however, not be overlooked that, while the postmaster occupying quarters in a Government building is required to pay only a comparatively small rent, by the fact of his residence therein he is called upon to act as caretaker of the building, and to render services to the public outside the ordinary business hours. The equity of the arrangement made by the Court in granting allowances to officers not in residence at post offices is somewhat doubtful, and, while provision may perhaps be made in any amendment of the Act enabling such allowances to be paid, the question should be left open for further consideration in connexion with the framing of regulations under the Public Service Act.

LIFE ASSURANCE OF OFFICERS.

Pending the adoption of a system of pensions or superannuation allowances for officers of the Public Service, the existing provisions of the Act as to compulsory life assurance must necessarily remain in operation. Under the present law an arrangement is made by which any officer who is unable to effect an assurance upon his life, excepting with a loading on his age of five years or more, or whose proposal for life assurance will not be accepted by any company, is required to submit to a prescribed deduction from his salary in lieu of assurance, and the amount so deducted is accumulated, with interest, for his benefit upon retirement or the benefit of his dependants in the event of his death.

It is found that the existing provisions of the Act as to compulsory assurance involve some hardship in the cases of officers who, entering the Service late in life, are required, because of their advanced age, to pay heavy premiums on life assurance policies. For example, an officer appointed as an artisan at a salary of £186 was required to effect an assurance necessitating the payment of a yearly premium of £22. The difficulty does not end here, as on promotion such officers are required to effect further assurance, and the payment of premiums for the additional assurance would largely absorb any advance in salary secured by promotion. In order to ease the financial strain upon officers appointed in such circumstances, the Commissioner should be empowered to waive the provision as to compulsory life assurance where an officer is appointed over a stipulated age, and to permit him to take advantage of the provisions quoted above as to deductions from salary in lieu of assurance.

RETIREMENT OF OFFICERS FROM THE SERVICE.

Every officer upon attaining the age of 60 years is entitled to retire from the Public Service should he elect to do so, or, if the circumstances justify it, he may be compelled to retire. If, however, he is desirous of continuing in the Service, and is capable of performing his duties satisfactorily, and continues to be capable, he may be retained until he reaches his sixty-fifth year, when his services are terminated. Provision is made in the Act for retention even beyond 65 years of age in cases where the Commissioner certifies that it is in the interests of the Service to so retain an officer, but this has been interpreted to mean that the officer's services should not be retained if his place can conveniently be filled, and, with the wide field of selection always available, this is a most unlikely contingency. As a matter of practice, no officer remains in the Service after attaining the age of 65 years. Similar provisions are contained in the Public Service Acts of some of the Australian States, and it is probable that, in prescribing in the Commonwealth Act an age at which retirement should be compulsory, the object of the Legislature was to obviate the creation of conditions which had arisen in some of the States under which officers were retained far beyond the period of official usefulness. On the transfer of State Departments to the Commonwealth in 1901, it was found in one State that many transferred officers were between 65 and 70 years, and a few even over 80 years of age. There is no doubt that in the original legislation dealing with the age for retirement of public servants the States Parliaments had in view the fact that provision existed for the granting of superannuation allowances, or some form of compensation, upon retirement, and this is borne out by the terms of the Commonwealth Constitution which provides (Section 84) that an officer shall be entitled to retire from office at the time, and on the pension or retiring allowance, which would be permitted by the law of the State.

While the provision as to retirement of officers on reaching the statutory age has much to commend it, keeping in view the need for active and vigorous discharge of public duties, and for providing avenues of advancement for ambitious youth, at the same time there is an element of hardship in the enforced retirement of officers who have grown grey in the Service and who have not the consolation of a superannuation allowance. In a separate section of this Report reference has been made to the urgent necessity for the introduction of some scheme of superannuation. During the past seventeen years a considerable proportion of the retirements on account of age from the Federal Service have, because of accruing State rights as to pensions, been unaccompanied with hardship, but even during this period numerous cases have arisen, particularly in the New South Wales and Queensland sections of the Federal Service, where the retired officers possessed no such rights. It will not be long before all officers of the Federal

Service who were transferred from the larger States in 1901 with pension rights will have disappeared, as the majority of the transferred officers were appointed to the State Services subsequent to the abolition of pensions. In Victoria, for instance, pensions were abolished in 1883, thus officers now in the Federal Service who were appointed to the Victorian Service 35 years ago are not entitled to pension upon retirement.

Under the Commonwealth Public Service Act, as also under some of the State Acts, compulsory life assurance is prescribed, in order that some endowment provision may be available for officers on reaching the retiring age. While this provision has, no doubt, been beneficial, it can hardly be considered as more than a palliative, as the majority of public servants are not required to effect an assurance beyond £200, and in no case for an amount greater than a year's salary, which amount capitalized would not assist to any material extent in meeting the wants of the retired officer and his dependants. As indicating how few are the possibilities of the great majority of public servants being able to make appreciable savings for their maintenance after leaving the Service, the following figures are extracted from the Thirteenth Report of the Public Service Commissioner as to the permanent staff of the Service at June, 1917. Of the 23,058 officers of the Federal Service, 16,583 are in the General Division, a proportion of approximately 70 per cent., and of this proportion there are only thirteen officers receiving a salary in excess of £300 per annum. Of the remainder, 1,891 are paid more than £200 a year, while the balance are paid at rates below £200. In the Clerical Division there are 6,042 officers, of whom only one-sixth (1,078 officers) receive a greater salary than £300 per annum.

It is necessary to bear in mind that the public servant occupies a peculiar position in relation to his life's work when compared with persons employed outside the Service. Except in comparatively rare instances where engaged in the practice of a profession or trade, a public servant is trained for and occupied in duties which have no parallel in outside commercial or industrial life, consequently, on the termination of his career in the Public Service, there is no avenue open to him where his services may be profitably utilized. The class of work in which he has been engaged is the monopoly of the Government, and generally his qualifications are of value only in the direction of departmental employment. The employee in outside industries has a wider scope, and may continue to obtain employment in the later years of life, although possibly at a reduction in wage compared with his earnings in earlier years.

The problem of dealing with retired sexagenarians can only be thoroughly solved by a system of superannuation allowances, but, pending the adoption of such a system, action should be taken to make some provision for the employment of men who, having reached the age at which they might reasonably be expected to vacate positions they are now occupying, are still capable of giving useful service in minor positions. With this object in view, it is considered that the Act should confer authority on the Commissioner to determine that, upon an officer reaching 65 years of age, he shall vacate his position, but if such officer is not entitled to pension or superannuation allowance, and, in the opinion of the Commissioner, is capable of giving satisfactory service in a lower position, with corresponding salary, he may sanction transfer of the officer to such lower position. The positions to which such officers may be transferred should be defined by regulation, and the transfers should be of such a nature as would not interfere with the advancement of other officers. For example—If applied under existing conditions the officer, if in the Clerical or Professional Divisions, would be transferred to an office in the lowest class of such Divisions, with salary appropriate to such office, and if an officer of the General Division to an office in a junior grade in that Division where he should be paid the minimum wage payable to adults employed in the duties of such grade. The retention of an officer in the Service after reaching 65 years of age should be subject to report by a Public Service Inspector at least once a year that the officer is capable of rendering, and is rendering, service commensurate with the lower rate of payment granted him In no case, however, should an officer be kept in the Public Service, even under the foregoing conditions, after reaching 70 years of age. By the adoption of the proposed arrangement many cases of extreme hardship would be ameliorated, while the avenues of promotion would be kept open for deserving officers by the vacation of positions at 65 years of age, and the transfer of their occupants to minor posts, carrying a lower salary, but still a salary sufficiently adequate to provide some measure of comfort in their declining years. From a humanitarian stand-point there is much to be said for the suggested

provision in relation to men who have rendered faithful service, and whose misfortune it is that they have grown old; and, with the safeguard as to inspection and report, it is free from objection from an ordinary business point of view.

Retirement of Telegraph Messengers.—The section of the Act dealing with the employment of telegraph messengers enacts that every messenger, on reaching eighteen years of age, shall cease to be employed unless he has passed the prescribed examination before attaining that age. The examination thus referred to means the examination for appointment as telegraph messenger, the practice being to allow boys to enter the Service on passing in two of the three subjects prescribed for the entrance examination, and to require them to complete their qualification by passing in the third subject prior to reaching eighteen years of age. Under section 10 of the Post and Telegraph Act of 1901 it was provided that every telegraph messenger should immediately on attaining the age of eighteen years cease to be employed by the Department, but, if eligible, he could be appointed to some other position in the Public Service. This provision was repealed by the Public Service Act Amendment Act of 1909, it being anticipated that sufficient vacancies would be available to absorb the whole of the telegraph messengers eligible for promotion to other positions in the General Division upon their reaching eighteen years of age. For some years these anticipations were realized, but it has recently been found that difficulty is experienced in finding positions for these boys as they reach the age mentioned. It is now essential, in my opinion, that some provision be made to meet the present position, and it is recommended, therefore, that the law be amended to provide that retirement of telegraph messengers, excluding returned soldiers, shall be effected at eighteen years of age where no positions are available which can be filled by their promotion. Power should be given by an amendment of the Act to appoint telegraph messengers without examination, where deemed expedient by the Commissioner, so as to provide for filling positions in certain localities where a supply of suitable lads is not available under the ordinary procedure of appointment after competitive examination, and for the holding of examinations enabling them to qualify for promotion prior to their reaching their eighteenth birthday.

SUPERANNUATION.

It is a matter for regret that the Commonwealth Public Service Act of 1902 did not include some provision for the establishment of a system of superannuation of employees, instead of following the methods adopted in the more recent Public Service legislation of the larger States in prescribing a system of compulsory life assurance. While the Federal law was to some extent based on the Public Service Acts of the Australian States, important departures were made from those Acts, and it is strange that the necessity for providing a pension scheme was not realized by those concerned in the framing of the new Act. It is evident that some attention was concentrated on the subject during the discussions in Parliament, as proposals were made for the creation of a Commonwealth Insurance Department for the purpose of dealing with life assurance of all employees of the Government. These proposals were, however, not accepted, and the existing arrangement as to life assurance with recognised public companies was adopted. It is clear that any provision for life assurance of public servants, no matter how liberal, cannot take the place of a properly devised system of superannuation allowances, and this fact has been recognised by many Governments, and by banking and commercial institutions throughout the world. While the superannuation systems adopted many years ago by some of the Australian States have for a variety of reasons proved unsatisfactory in their operation, much evidence is available as to the success of other systems adopted by commercial institutions where adequate safeguards have been introduced, and the contributions by employer and employee have been fixed on a sound actuarial basis.

In the Commonwealth Public Service there is no doubt that many cases of hardship have occurred through the operation of the law as to compulsory retirement of officers upon reaching the statutory age, hardships which would have been obviated or mitigated by the existence of a superannuation fund. Officers who have devoted their lives to the Public Service, and who are approaching the age for retirement, regard their future with deep concern and anxiety, and the maintenance of themselves and families at an age when it is difficult to enter new walks of life is a serious problem. Public servants generally are not in receipt of such salaries as will enable them, while rearing their families and discharging their duties as useful citizens, to lay by sufficient means to

secure a reasonable standard of comfort in their old age. They are rightly prevented from entering into competition with the outside public, and consequently have not the same opportunity of supplementing their incomes and providing for their declining years as is possessed by persons outside the Service. It is certain that nothing would be more calculated to insure the maintenance of a contented Service than the knowledge that some measure of provision had been made by the combined action of the Government and its employees for the well-being of the officer and his dependants in the closing years of his life.

From the stand-point of the public interest, experience has shown that the provision of a superannuation fund is a wise policy, as insuring loyal service and the retention of men in the Public Service whose training and experience are of much value, and which otherwise might be lost to the Government because of the inducements offered them to join undertakings outside the Service. Moreover, there is much to be said for the theory that the possession of superannuation rights establishes a strong, although not an absolute, safeguard against the participation of employees in industrial troubles, and insures their loyalty to the interests of the Government.

The Public Service Commissioners of the United States of America have devoted considerable attention to the subject of superannuation, the members of the Board being strong advocates of pensions for long service officers, and their views are epitomized as follows :—

> " The establishment of pension rights benefits the employer as well as the employee.
>
> " The prospect of a pension at the end of an employee's useful service attaches him more closely to the firm or service than anything else can do. The one great concern of a man when he reaches middle life is as to his future provision, especially in the event of his breaking down in health towards the close of a useful career. The subject is always before him, and constantly worries him, and interferes with his efficiency and the produce of his day's work ; but with a pension scheme before him he is relieved of this anxiety, and can more thoroughly and cheerfully carry out his duties.
>
> " It is a direct incentive to the employee to render good service, because he recognises that unsatisfactory conduct or perfunctory work may result in loss of the valuable asset accruing to him at the close of his working career, or when unforeseen disaster may overtake him in the way of sickness.
>
> " It means that the employee keeps to his work, and when he reaches the age, say, of 50 years, and has become a valuable asset to the Government by reason of his experience, he is content to remain and not be induced to enter other walks of life. This continuous service is of great importance in conducting the work of a public department whose business is entirely distinct from anything outside. The officer who really becomes valuable to a department is the one who has had long service, and is acquainted with the methods and precedents existing in his business."

The British Civil Service has earned a high reputation for fidelity, zeal, and independence, and it has been claimed that this is due to the fact that those employed in it are aware that provision has been made for them by the pension system against ultimate want. The continuance in the Public Service of men with waning powers often acts as a barrier to reform, because they are unequal to the strain of introducing new methods, and such men cannot be expected to initiate new systems involving strenuous work in their establishment and in opposition to preconceived ideas, whereas a younger officer will be constantly striving to effect improvements, and thus enhance his official reputation. The efficiency of a Public Service can only be maintained or increased where there is continuous movement upwards and a regular retirement of the superannuated, with the consequent influx of the young, strong, and ambitious. Effective provision for those who are too old to render satisfactory service does not rest upon sentimental considerations, but upon solid grounds of economy and efficient administration.

As regards the adoption of a scheme of superannuation allowances in the Commonwealth Public Service, the question is too wide and far-reaching for elucidation in the time at my disposal for the preparation and submission of this Report. The matter is one involving most careful and prolonged study of existing conditions, and the consideration of questions of a technical and complex nature. Any system to be adopted will require to be framed, not on speculative or problematical results, but on ascertained facts reduced as nearly as practicable to a mathematical basis by a thoroughly competent actuary or actuaries. The necessity for the establishment of such a scheme appeals strongly to me, and it is therefore urged that some authority should, as early as possible, be empowered to investigate fully the proposals which have been made from time to time by those interested in the matter, and to submit recommendations for the consideration of the Government.

The details of the scheme must necessarily be left for the suggestion of such an authority, but, in my opinion, certain general principles should be followed to insure that the scheme adopted should be free from the extravagant features of past State systems, which have resulted either in their breaking down, or in being carried on at an expense to the community which has operated as the most potent argument against the introduction of a superannuation scheme into the existing Services. It must be recognised that any scheme which will make an appreciable demand upon the public treasury, either in the direction of a heavy preliminary or permanent subsidy, is unlikely to meet with acceptance, and, therefore, it must be founded mainly on a basis of contribution by the employees of the Service, and, if such contributions are not to be of a crushing character, the benefits must be less liberal than those under past State legislation.

Under the system of salary payments now in operation in the Commonwealth Service, it would seem that officers generally could contribute an adequate sum for the main support of a reasonable superannuation scheme without appreciable hardship. Payments of salary are now made fortnightly, and, assuming that a contribution equal to 4 per cent. of salary were thought necessary, the fortnightly quota of an officer receiving, say, £200 per annum, would be approximately 6s., or not twice the amount he is at present required to pay in life assurance premium to meet the minimum requirements of the compulsory life assurance provisions of the Act.

For the object desired officers might reasonably be required to contribute up to 4 per cent. of salary, and, taking into consideration the advantages to be gained by the Government through the effect of a pension system upon the Public Service, it might also reasonably contribute a sum equal to 1 per cent. of the salaries of contributing officers ; or, in other words, officers should contribute four-fifths of the annual payments to the Superannuation Fund, and the Government provide the remaining one-fifth. The incidence of pension payments should be such as to be adequately met by an annual contribution equal to 5 per cent. of the salaries of the contributors. The present annual salary expenditure upon officers to whom the pensions scheme would be applicable, *i.e.*, excluding persons already entitled to pensions, can be accepted as not more than £3,500,000, and the contribution by the Government would not for many years to come exceed £35,000 per annum.

It should be possible, with expert assistance, to introduce a scheme which, without imposing any serious burden on officers, or any unreasonable demand upon the public purse, would place the public servant in a position where he could view the future with more equanimity than under present conditions. Such a scheme should embrace the following features :—

(1) That the funds necessary, apart from any expense of management, should be obtained by contributions on a basis of one-fifth to be provided by the Government, and four-fifths by the officers by deduction from salary.

(2) That all details of management should be conducted by a staff of public servants forming a branch of the Commonwealth Treasury, the salaries of such staff, and all expenditure incidental to the management, to be provided by the Government.

(3) That pensions granted should accord with contributions, *i.e.*, if pension is computed on salary received by the officer it should be the average

salary received by him during his period of contribution, and not, as generally the case under State systems, on the salary received by him in the three closing years of his service.

(4) That provision should be made for payment on a reduced scale to widows of deceased pensioners or, in the event of the death or remarriage of a widow, to the children of the deceased pensioner under a prescribed age.

(5) That contribution to the fund should be compulsory upon all officers excepting those entitled to pension or superannuation allowance under the laws of the State from which they were transferred. This is contingent upon the management taking over the compulsory life assurance obligations of officers already in the Service.

A recommendation was recently made by the Royal Commission dealing with the Naval Administration of the Commonwealth for the adoption of some scheme of superannuation in the Navy and Defence Departments. In my opinion, any action in this direction should be extended to embrace the whole of the departments of the Commonwealth.

EXTRANEOUS PAYMENTS.

In any scheme of Public Service reorganization attention will require to be given to the large expenditure involved in granting payments to officers other than by way of annual salary in relation to such matters as Sunday and holiday pay, overtime and meal allowances, travelling and relieving allowances, district allowances, payment for excess travelling time, stretch of shift allowances, allowances for performance of higher duties, &c. In no direction is there a greater tendency to inflate the public expenditure than in connexion with these extraneous payments, and in many instances allowances of various kinds are looked upon by officers as legitimate perquisites which should not be interfered with or challenged. The annual expenditure incurred in this manner has reached considerable proportions, and would well repay close investigation.

In a separate section of this Report reference is made to the need for amending legislation as to observance of public holidays and payment for duty performed on these holidays, where considerable scope exists for retrenchment in expenditure. Much of the expenditure for Sunday and holiday duty is unjustifiable if considered from the stand-point of interference with the privileges of officers; *e.g.*, an officer who has enjoyed his Sunday or holiday, and in the regular course of his duty is required to commence a night shift at 10 p.m. or 11 p.m. on the Sunday or holiday should not be granted extra payment; yet in this direction a considerable sum has been paid to officers as compensation for loss of Sunday and holiday privileges. Payments for overtime and meal allowances require to be carefully safeguarded. The public expenditure on relieving allowances is a serious item, and some provision is necessary for securing adequate reimbursement of out-of-pocket expenses without enabling officers to make a regular and substantial profit. An instance has come under my notice where, in order to relieve an officer who had enlisted for service abroad, an officer was sent to take his place temporarily, and was paid a relieving allowance of 27s. 6d. a week. After the officer had drawn this allowance for some nine months, it suddenly dawned upon the department that the officer might have been permanently appointed to the position and the relieving allowance be saved. This should have been done at the outset, and some other position found for the enlisted employee on his return from the war. It is obvious that many savings can be made in relieving allowances by intelligent administration.

As a result of a visit by me to Western Australia in 1911, and a recommendation to the Government, a special district allowance of 5 per cent. on salaries was granted officers stationed in Perth and at all localities outside those where a special allowance had always been paid, such as the gold-fields and northern district areas. The 5 per cent. allowance was intended to equalize cost of living conditions between Perth and the eastern capital cities, and was justified by the circumstances then existing. In the course of time, however, the cost of living at Sydney and Melbourne rapidly advanced, while at Perth the upward movement was slower, with the result that the disparity between Perth, Sydney, and Melbourne, which originally justified the payment of the allowance, disappeared, and there was no longer any sound reason why the extra payment

should be continued. The statistician's figures as to purchasing power of money for the quarter ended September last show that the cost of living at Perth was lower than at any other capital city in Australia. Although a recommendation was made by the Acting Commissioner to the Government some two years ago for abolition of the allowance, no action has been taken in this direction, and the payment is still made. Many thousands of pounds are being unjustifiably expended on this special allowance of 5 per cent., and the officers who have thus benefited have been placed in a more favorable position than those in the eastern States, where the cost of living is higher than in Western Australia.

The payments for excess travelling time granted by Arbitration awards are unwarranted in many respects. "Travelling time" is paid for time spent in travelling outside the ordinary hours of duty, and is granted in addition to the ordinary day's pay. While there is some justification for granting travelling time to linemen, mechanics, and artisans who are required to travel in their own time on departmental business, and where such travelling does not form a regular part of their ordinary duties, there is no sufficient reason why travelling time should be allowed officers such as engineers, line inspectors, telephone inspectors, and others whose regular duty is to travel, and who could not perform their work without travelling. In the award granted by the Arbitration Court to the Professional Officers' Association, the provision as to payment of travelling time gives rise to serious abuses, and involves much expenditure which is absolutely without precedent and without justification. For example, an engineer is required in the course of his duty to journey from Melbourne to Sydney. He has completed his day's work in Melbourne by 4.30 p.m., and leaves for Sydney by the 5 p.m. express, arriving at Sydney at 10.45 a.m. next day. The department provides him with railway ticket, reserved seat, and sleeping berth, and grants him a travelling allowance on a scale according to his salary to defray any expenses *en route*. In addition to this, under the Arbitration Court award he is entitled to be paid up to an extra day's pay for time spent in travelling outside official hours. Thus, because in the course of his duty he journeys from Melbourne to Sydney, he is paid an extra day's pay, in addition to the travelling allowance to cover all expenses incurred during the journey. Another case may be cited in illustration of the extravagance involved in these allowances. An officer of the Professional Division is required to journey to Darwin on official business. He travels by rail from Melbourne to Sydney, and the steam-boat journey thence to the Northern Territory occupies eight days. The officer draws travelling time for sixteen days, representing the journey both ways, equal to 16 days' extra pay, and, in addition, travelling allowance to meet all expenses. During the sixteen days practically spent in comfortably lounging on the steam-boat he draws two days' pay each day, free of all expense. The justification for repeal of such provisions should require little argument.

The allowances paid under Arbitration Court awards to officers who are required temporarily to perform duties of a higher class vary in accordance with the award. In many cases the allowance is paid after one month's temporary occupancy, in another case it is granted after three months, and in yet another after six months. There is no adequate reason for these differences in practice, hence the whole question requires reconsideration, and adjustment on an equitable basis.

Sufficient has been said to indicate that some action is necessary to place the matter of extraneous payments upon a sounder basis. This, of course, is only possible upon repeal of the existing arbitration awards, when a material saving could be made of expenditure for which there is no present justification.

Hours of Duty.—The expenditure in overtime payments is governed largely by the hours of attendance prescribed by arbitration awards and Public Service regulations. In the General Division necessity exists for the revision of the present hours of duty, in order that manifest inconsistencies may be removed. For example, it was decided by the Arbitration Court that the hours of duty of post-office mechanics should be reduced from 46½ to 44 hours a week, while other artisans are still required to work the former hours. This decision was based on an undertaking by the union that as much work would be performed in 44 hours as was previously done in 46½ hours. There is no evidence that this result has been achieved, but, in any case, there is no justification for differential treatment. In the Clerical Division the hours of duty of telegraphists have, by an award of the Arbitration Court, been fixed in such a manner as to widely extend the opportunities for claiming overtime, the practice in operation for many

years of computing overtime on a weekly basis having been altered by the Court, which substituted a daily basis. The conditions of the Telegraph Branches are similar to those of Mail Branches in respect to the fluctuation of business from day to day, yet while employees in the former branches are paid, by award, overtime on a daily basis, those in the latter are paid, also by award, on a weekly basis. There is no satisfactory reason for this inconsistency, from which the public funds suffer by unjustifiable overtime payments.

As a general rule the hours of duty of officers engaged in clerical or professional work, and also those of many General Division officers, are from 9 a.m. to 4.30 p.m., with three-quarters of an hour interval for the mid-day meal. In two States these officers are allowed a meal interval of an hour, and remain on duty until 4.45 p.m. The actual working hours of these officers are six and three-quarter hours a day, Monday to Friday, and three hours on Saturday, or a total of 36¾ hours in a week. In four of the six States the practice in the public departments controlled by the States Governments is to employ clerical staffs from 9 a.m. to 5 p.m. on Monday to Friday in each week, and from 9 a.m. to 12 noon on Saturday. Reasonable warrant exists for amending the present arrangement, and providing that the ordinary working hours for such classes of officers in the Commonwealth Service shall in future be from 9 a.m. to 5 p.m., with an allowance of one hour instead of three-quarters of an hour for a meal, and that on Saturdays the hours should be from 9 a.m. to 12 noon. The present provision as to meal interval is more honoured in the breach than the observance, as many officers actually take a full hour instead of the three-quarters prescribed, and the actual effect of the suggested alteration would be to obtain from such officers half-an-hour's daily extra service. It is recommended that in any amendment of Public Service regulations, following upon the passage of new legislation, the question of revision of hours of duty on the lines indicated should be given consideration.

EMPLOYMENT OF WOMEN.

Some reference should be made to the conditions governing the admission of women into the Public Service and their employment therein. It has been urged from time to time that there should be no discrimination between men and women as regards appointment to the Service, nor as to their rates of payment for services rendered, and in this connexion it is desirable to review the existing practice and to consider whether any alteration is advisable in the public interests. The Public Service Act gives power to make regulations for prescribing the salaries or wages for women employed otherwise than in the Clerical Division, and prohibits the employment of any married woman except upon the certificate of the Commissioner that such employment is desirable. Beyond these provisions the Act is silent as to the employment of women, and there is no legal bar to the appointment of women to any division of the Service. While the Act empowers the fixing of special rates for women in the General Division, no regulations have been framed for this purpose, consequently women employed in the same occupations as men in this division are similarly remunerated. In the Clerical Division no distinction is made between men and women in rates of payment. No women are employed in the Professional Division.

It has been the practice to restrict the appointment of women to positions for which, generally speaking, they are particularly suitable, such as those of typist, telephonist, female sorter, in which their utilization is of advantage to the Service. Males are likewise employed as telephonists, and in some few cases as typists, and no differentiation is made between the rates of payment of male and female employees; but the principle has been established that no male telephonist shall continue to be employed in that position after he reaches 21 years of age, and steps are taken to promote him to some other position on attaining that age. In the departments transferred from the States at the inception of Federation a number of female officers occupied positions corresponding to the present positions of clerk, telegraphist, and postmistress, and these officers on classification were placed in the Clerical Division. With few exceptions, the whole of the female officers now in the Clerical Division obtained their eligibility for employment in that division under State law prior to Federation. Apart from these transferred officers, the majority of the female officers now employed occupy positions which may appropriately be filled by them, and in which they do not enter into competition to any marked extent with male officers. The total number of female officers employed in the Service is 2,645, of whom 2,419 are in the General Division. The balance (226)

are classified in the Clerical Division, and of these one-half are employed in the Postmaster-General's Department in Victoria, in which State, before Federation, facilities were afforded women to enter the Clerical Division, but only in certain defined positions, and at special rates of payment substantially lower than those granted to male entrants to the Service.

In any discussion as to amendment of the Act, the question may possibly be raised as to widening the avenue for employment of women by throwing open positions for unrestricted competition between male and female candidates. The examinations for appointments to the Service which have in the past been confined to males have been principally for nomination to the Clerical Division in the position of clerk ; and to the General Division in such positions as lineman or mechanic, for which women are obviously unsuitable. As regards appointment to positions of clerk, the unrestricted admission of women to these positions would certainly mean the complete transformation of a Service now comprised for the most part of men, and a radical change of this nature could only be justified by the fact of some advantage accruing to the Public Service. If the future efficiency of the Service be kept in view, such a change would be a serious disadvantage. Young men enter the Service of the Commonwealth with the intention of devoting their lives to the work, and with the ambition to qualify for higher positions and assume greater responsibilities. Experience has shown that in the case of women employees the same incentives do not as a rule exist ; the knowledge of departmental working gained by them is lost in an appreciable number of cases owing to marriage, and even when they continue in the Service it is found that they reach their limit of usefulness at a comparatively early age if placed in positions ordinarily filled by men. While they may stand the strain and pressure of work for a time, usually reaction follows with the accompanying nervous break-down, and, as a general rule, it is shown that women are physiologically unfitted to carry responsibility at an age when men are improving and developing their capacity in this respect. Any action to materially increase the present proportion of female officers in the Clerical Division would result in lessening the supply of trained officers capable of filling future executive positions in the Service, and this would undoubtedly prove a serious matter as affecting the efficiency of departments. All the evidence is strongly against any alteration in the present practice of restricting Clerical Division appointments to male candidates, particularly in view of the endeavours now being made to provide, in this Division, an avenue of employment for returned soldiers.

The positions at present occupied by female officers in the Service include the following :—

Clerical Division.

Clerk,
Postmistress,
Telegraphist,
Clerical Assistant.

General Division.

Assistant,
Postal Assistant,
Typist,
Telephonist,
Monitor,
Supervisor,
Checker, Female,
Reader, Female,
Sorter, Female,
Senior Sorter, Female,
Assistant, Printing, Female.

The last five positions named are reserved for females, while the remaining positions may be filled by appointment of males or females, although in the case of telephonists and typists females largely preponderate.

As regards the question of remuneration, there is, in my opinion, justification for adopting differential rates as between male and female officers in certain cases. The cry of "equal pay for equal work," irrespective of sex, has been an insistent one ; but it should not be overlooked that an important consideration in fixing wages, apart from the actual value of the work performed, is that a wage shall be granted sufficient to meet the reasonable requirements of a man and his family, or to enable him to make provision for marriage and his future responsibilities as a citizen. No such consideration enters into the fixing of wages for female labour. Moreover, even where similar duties are performed by men and women, whether it be in the Public Service or in the teaching profession, or elsewhere, the experience throughout the world is that equal services are not rendered, owing to the fact that constitutionally women are unable to give such

continuous effort as men, and are absent from duty for health reasons to a far greater extent. The more frequent absences of women, through illness, necessarily restrict their utility as workers. In the British Post Office a differentiation to the extent of 10 per cent. is made in the salaries of men and women.

In such positions as those of typist and telephonist, taking all the conditions into consideration, women render service equal to that of men, and there should be no necessity to discriminate between the sexes in the matter of salary. There are, however, in the Service positions of a clerical character specially suitable for women, where the work is not of sufficient value to justify the maximum rates at present payable in such positions, and in these cases the Commissioner should be empowered to exercise some discrimination, keeping in view the nature of the occupation. In this connexion the work of record clerks may be mentioned. While the employment of a junior male clerk on the duties of recording and indexing papers for a period of one or two years is desirable from the stand-point of training in office routine and procedure, his further retention on the work is unwise, as limiting his training for other positions requiring initiative, and resulting in a loss of ambition, combined with a feeling of dissatisfaction with his environment. The routine nature of this work renders it peculiarly suitable for women, and, where the experiment has been tried, it is found that female clerks discharge the duties in a satisfactory manner. I would suggest that the junior positions in the records branches of departments be filled largely by female officers, and that, for this purpose, a limited number of clerical positions be thrown open to females already employed in the Service, subject to a special scale of payment being adopted, the maximum of which being less than that prescribed for the junior class of the Clerical Division. The adoption of this proposal would be advantageous to the Service, and would release promising youths from duties which are mainly routine, thus widening their scope for training and improving their prospects of advancement, while at the same time making for a more contented Service.

RETURNED SOLDIERS.

Any report dealing with Public Service administration under existing conditions would be incomplete without reference to the employment of returned soldiers. Not only the Commonwealth Government, but the Governments of all the States, have devoted attention to recognition of the services of our brave men in the cause of their country and the Empire, by affording them the fullest opportunity of now serving their country in a civil capacity. The policy of the Commonwealth Government in respect of their employment is reflected in the several amendments of the Public Service Act which have been made since the outbreak of war, and which place the returned soldier who seeks entrance to the Service in a more advantageous position than other classes of candidates. Returned soldiers who pass an examination for appointment to the Federal Service are given priority over all other candidates at the same examination, and, in addition, examinations may be restricted to returned soldiers, who upon passing may be appointed to the Clerical Division at any age up to 50 years, while the maximum age for other candidates is 25 years. Apart from the examinations thus prescribed to enable returned soldiers to qualify for appointment to the permanent Service, the Act provides for appointment on evidence of educational qualifications, and without any further examination. For instance, a lad who passed the Junior Public Examination prior to the war, and who enlisted for service, may on his return to Australia secure permanent appointment to the Service on the strength of his University pass, and without again submitting himself to an educational examination. Provision is also made that a returned soldier may be appointed to any class or subdivision of the Clerical Division with corresponding salary ; while the outside candidate must, under the law, be appointed to the lowest subdivision of the lowest class, and at a minimum salary of the class. The regulations governing temporary employment confer priority on the returned soldier if he is qualified to perform the work required to be done, and no limitation is placed on the period of employment as is the case with ordinary applicants for temporary work. The returned soldier may be continued in a temporary position so long as temporary assistance is required, and he does the work satisfactorily. I am satisfied from inquiries that the provisions of the Act in relation to employment of returned soldiers are being administered in a sympathetic manner, and every reasonable allowance is made for infirmities resulting from service at the war.

It will be seen that the preference given to returned soldiers has been of a substantial nature, and the effects of the Government's policy in this connexion are already apparent in the public departments in the number of returned men serving in a permanent or temporary capacity. It should be stated, however, that the granting of preference to returned soldiers carries with it certain results which should be cheerfully accepted as inseparable from the aftermath of warfare, but which, in justice to officers responsible for the control of departments, should be fully recognised. The appointment of returned soldiers of adult age instead of youths fresh from school must necessarily render the process of training more difficult, and this is bound to be reflected to some extent in the efficiency of the Service. Some indication of the difficulties experienced by controlling officers of departments may be gathered from a recent quarterly report relative to the temporary employment of returned soldiers in one branch of the Service which shows that, in order to obtain the desired assistance, it was necessary to communicate with 171 returned soldiers, of whom 84 failed to acknowledge the communications. Of the 87 men engaged during the quarter, 30 left their occupation before the expiration of the quarter, 10 left their work without giving any notice, 12 resigned, 4 left through illness, and 4 were dismissed for reasons to their discredit. And, despite all this, the public business of the department had to be carried on. While such conditions must be anticipated in the circumstances, they add materially to the burdens of responsible officers, but I am satisfied they are being faced with the desire to give whole-hearted support to the policy of the Government in offering avenues of employment to the returned soldier.

Some consideration has been given to the question of whether the preference already provided for in legislation should be extended in any other direction. The provisions already mentioned relate to the returned soldier who desires to enter the Public Service, but many officers have left their positions in the Service to fight for their country. Should preference for promotion be given to these officers on their return from the war over senior fellow-officers who have stayed at home? No officer should be prejudiced in his prospects of advancement by reason of absence on active service, and apparently this principle has been kept well in view, as the practice has been adopted of giving full consideration to the claims of absent officers in the making of all promotions, as a result of which a large number of men now serving abroad have been promoted during their absence to higher positions in the Service, the duties of which they will take up on their return to Australia. With the continued recognition of this principle it is considered that full justice will be done. Claims have been advanced that the returned soldier should be given preference for promotion as against other members of the Service, senior and equally efficient, and it has been contended in thus advocating preference to returned soldiers that it is desired to reward those who have served the nation rather than to penalize those who have not enlisted. It must not, however, be overlooked that the prior advancement of the returned soldier must necessarily have a punitive effect on the officer superseded, whose failure to enlist will have resulted in the forfeiture for an indefinite period of a right to promotion which as an equally qualified and senior officer he formerly possessed. The adoption of a policy of preference for promotion would also mean that the permanent officer who endeavoured to enlist, but was medically rejected, the officer who was over the age for enlistment, and the officer whose home ties and obligations rendered his enlistment out of the question, are all to be penalized for no causes of their own. The old experienced officer, who could not enlist, but who has perhaps sacrificed his only son on the altar of his country, is to be superseded in the Service by a younger officer whose age and absence of family ties have enabled him to enter the conflict. No one would gainsay the fact that the officers who enlisted are deserving of commendation and reward, but I cannot believe that these officers would seek to be rewarded at the expense of their fellow-officers, particularly at such heavy expense as would be involved by the loss of promotion, the effect of which would be felt throughout their official career.

It is apparently not realized by those advocating the promotion of returned soldiers over the heads of other officers how inequitable such a preference would be, as, not only would it operate adversely against non-soldiers in respect to immediate promotions, but would enable the returned soldier to claim preference throughout every class of his division, and, if this preference be multiplied over and over again, it would mean that the non-soldier would find himself continually being passed over by returned men, many years junior to himself, both in age and service, and with less experience, and no superior capacity. To any person having a knowledge of Public Service organization

the adoption of such a system of preference is unthinkable if the public interests are to be considered. The effects of preference to returned soldiers would be far-reaching in the destruction of incentive and the creation and continuance of bitter feeling between soldiers and non-soldiers which would seriously affect the *esprit de corps* of the Public Service. The senior officer, if not surpassed in efficiency, has the right, conferred by law, and enjoyed since the inception of the Public Service Act, to preference for promotion. It is now sought to destroy this right. It is difficult to believe that the agitation in this direction arises from the returned soldiers who are officers of the Public Service, or that it would be countenanced by such men, who, having served their country in the interests of right and justice, have returned, or are returning to their positions in the departments.

The provisions already made by the law in the interests of returned soldiers seeking entrance to the Public Service, if wisely and sympathetically administered, should, in my opinion, adequately meet all reasonable claims, and I believe that once having secured admission to the Service, returned soldiers will not seek to trade on their patriotism, but will be ready to stake their future advancement upon their qualifications and capacity in competition with their fellow-officers under the regular conditions of promotion prescribed by the Public Service Act, and not by means of undue preference accorded them by reason of their war service.

TEMPORARY EMPLOYMENT.

Under the provisions of the Act temporary assistance may be engaged by a department whenever in the opinion of the Minister it is necessary, and the selection of the person to be employed is to be made by the Permanent Head or Chief Officer. It is provided that the persons selected shall be those who appear to be best qualified for the work to be performed. While the Act thus confers authority on the departmental head as to selection of temporary employees, the order of preference in selection is prescribed by Public Service regulations as follows:—Returned soldiers, relatives of soldiers, persons qualified for and awaiting permanent appointment, members of trades unions, and so on. It will be seen, therefore, that decision as to the necessity for temporary assistance nominally rests with the Minister, and the power of selection with the Permanent Head or Chief Officer, while the Commissioner or Public Service Inspector has no expressed direct power in the matter. In practice, the Minister's decision is usually an indorsement of authority for temporary assistance, and the actual selection of the temporary employees is not made by the Permanent Head or Chief Officer, but by some subordinate officer under instructions. The Commissioner or Inspector may question the selection of any temporary employee upon the ground that the provisions of the law governing selection have not been observed, and it has frequently been necessary to take this course. In addition, cases have occurred where persons who have not been registered for temporary employment have been engaged, and others where the conditions of selection in order of registration have been ignored.

The following extract from the Seventh Report issued by me as Public Service Commissioner indicates the view taken by me in the matter:—

> Glancing at the provisions of the Public Service Act in respect to the employment of temporary hands in the public departments, it must be recognised that it was never contemplated that such assistance should be utilized except to meet the exigencies of those departments during periods of pressure, or to cope with conditions where the appointment of permanent officers would be unwise and unjustifiable; and it is certain that Parliament never intended that temporary hands should be employed in a wholesale manner for the performance of duties which, by no effort of imagination, could be considered as temporary in character. While the provisions of the law are as indicated, a regrettable omission occurred in the failure to provide for a system of selection for employment which would remove any possibility of undue influence, and enable temporary or casual work to be distributed on fair grounds without favour to any person. It must be acknowledged that where opportunities occur for the exercise of patronage, they are liable to be availed of, and in the absence of restriction as to the method of engaging temporary assistance, the greatest temptation exists to find work for solicitous applicants, irrespective of the requirements of departments or of the claims of other applicants for prior consideration. And the danger does not end at this stage, as once having secured temporary engagement by means of undue influence, the same influence is brought into play to prevent the service of temporary hands being dispensed with. Viewing the matter not only from an economical stand-point, but also from that of efficiency, the present system is detrimental to departmental interests; and nothing but demoralization of the permanent Service can result from a wasteful introduction of temporary hands.

Although every effort has been made within the restricted power of the Commissioner and Inspectors to eliminate the undesirable features of temporary employment, and generally with satisfactory results, an amendment of the law is urgently necessary to prevent the continuance or recurrence of these conditions. While no permanent

office can be created in the Service except upon the recommendation of the Commissioner, a temporary position may be established in which the Commissioner has no voice. Similarly, while an appointment to the permanent Service can only be made under conditions which render impossible the exercise of influence or favoritism, the present method of appointing temporary employees furnishes inadequate safeguards against irregular methods of selection. The Permanent Head of a Commonwealth department, in discussing this matter recently, expressed his views in the following terms :—

> As regards increases of staff, it may be pointed out that, even under existing legislation, it is possible for the department to employ temporary assistance in a position which the Public Service Commissioner has deemed to be unnecessary. This serves to indicate that the present provision of the Act in this connexion may be rendered ineffective from the Commissioner's point of view, while the department is able to secure the assistance which it requires, but not in the manner most to be desired, as generally speaking a permanent officer would render more efficient service than a temporary employee.

For the purpose of indicating the importance of this phase of Public Service administration from a financial stand-point, the following figures are quoted :—

—	Number of Temporary Employees on 30th June.	Annual Expenditure.
1912	1,533	£215,467
1914	1,648	197,690
1918	3,622	508,052

The marked advance in 1918 as compared with 1914 (the pre-war period) may be attributed to the engagement of temporary assistance in the absence of permanent officers with the Expeditionary Forces, and the conditions may to that extent be regarded as abnormal.

In any amendment of the Public Service Act it is highly necessary that alterations be made which will remove any possibility of unfair discrimination, and secure some guarantee that temporary assistance shall only be utilized where justified by the requirements of departments. In addition, it is desirable that provision should be made to obviate the continuance of temporary employment where the conditions are such as to warrant the establishment of permanent positions. The amendment of the law should be in the direction of providing that when temporary assistance is considered necessary the Permanent Head or Chief Officer should notify the Public Service Inspector, who, if satisfied that the assistance is required, should make the selection of a suitable person from the employment register. The effect of this arrangement would be to erect a barrier against the creation of a temporary position for the purpose of providing employment for some favoured person, and also to insure the careful examination of the available resources of the department and the possible temporary rearrangement of duties, so as to obviate the necessity for temporary assistance. The Victorian Public Service Act provides that temporary assistance shall be engaged only when in the opinion of the Commissioner such assistance is necessary, and the selection of the employees rests with the Commissioner.

COMMONWEALTH RAILWAYS.

Under the terms of the Commission intrusted to me, it is required that report be made as to the steps necessary to adjust the position that has arisen by reason of the various authorities in existence for the regulation and working of the Public Service. It is therefore necessary to consider the position with regard to the administration of the Commonwealth Railways in relation to staff management. Under the provisions of the Kalgoorlie to Port Augusta Railway Act, the Minister was empowered to appoint such officers as he considered necessary for the purposes of construction or working of the Railway for any period not extending beyond six months after the date the line was declared open for traffic. This Act, so far as it concerns the powers of appointment, together with the Pine Creek to Katherine River Railway Act, has now been repealed by the Commonwealth Railways Act of 1917, under which the power of appointment, and the fixing of salaries, wages, and allowances is vested in the Commissioner of Railways, excepting appointments of persons at a salary of more than £500 per annum, which require the approval of the Governor-General. Any determination of the Commissioner

of Railways as to salaries, wages, and general conditions of employment may be varied by an award of the Arbitration Court under the provisions of the Arbitration (Public Service) Act in the same manner as the Public Service of the Commonwealth. The Commissioner of Railways is empowered to dismiss, reduce, or otherwise deal with employees for incapacity or misconduct, but employees are granted the right of appeal against any decision as to reduction in status or pay, or as to dismissal. The Appeal Board includes a Police or Stipendiary Magistrate appointed from time to time by the Minister, an employee of the Railway Service appointed by the Commissioner, and an elected representative of the employees. The Board is empowered to vary any punishment imposed, and its decision is final. The Commissioner of Railways may make by-laws prescribing *inter alia* the terms and conditions of appointment, retirement, and dismissal, and such by-laws must be approved by the Governor-General, be published in the *Gazette*, and be laid before Parliament within a specified time.

In a preceding section of this Report, a recommendation has been made for the repeal of the Arbitration (Public Service) Act, and the adoption of this recommendation will involve the necessity for providing some other arbitral authority to deal with claims of Railways employees. Under the proposals for re-organization of the Service, provision is made for the Public Service Commissioner being vested with arbitral functions in relation to the Federal and Territorial Services, and there appears to be no sound reason why the employees of the Commonwealth Railways should not be brought within his jurisdiction in this respect. and provision made for investigation and determination by him of Railway claims as to rates of pay and general conditions of employment.

It is a matter for consideration whether, in respect to the administrative section of the Commonwealth Railways, the officers should be brought into line with the Federal Service proper as to methods of appointments, classification, and scales of payments, and jurisdiction as to appeals against promotions, and deprivation of increments, these matters being within the proposed functions of the Public Service Commissioner. It is recognised that appointments of professional and clerical officers in the Railway Service are usually made on a different basis from that adopted in the Public Service, and that it is frequently found necessary to make such appointments from the services of the State Railways Departments, but this is not an insuperable difficulty, as appointments from these services are often made to the Public Service under conditions which may easily be applied to the Railway Service. It may possibly be urged that salary scales applicable to the conditions of the Public Service proper are not suitable for employees of a Railway Service, where the duties and functions differ in many respects from those of an ordinary Government. Whatever ground there may be for such a contention in relation to conditions under the present Public Service Act, it would not apply to the more elastic provisions proposed in this Report for future conditions.

In my opinion the jurisdiction of the Public Service Commissioner should extend to the matters mentioned, so far as they relate to salaried officers of the Commonwealth Railways, but not to daily-paid employees. The latter should continue to be wholly controlled by the Commissioner of Railways, subject to the exercise of arbitral powers by the Public Service Commissioner, who would take the place of the Arbitration Court in this respect.

NAVY AND DEFENCE DEPARTMENTS.

Prior to the year 1909, persons employed in the Department of Defence, other than members of the Naval and Military Forces, were subject to the provisions of the Public Service Act and Regulations, but in that year an amendment of the Defence Act was adopted by the Parliament authorizing the Governor-General to employ persons in a civil capacity for any purpose in connexion with the Defence Force, or in any factory established under the Defence Act, and persons so employed were to be excepted from the operation of the Commonwealth Public Service Act. It was further enacted that all appointments to the Department of Defence, other than such clerical appointments to the Central Administrative staff as in the opinion of the Governor-General should be under the Public Service Act, should be appointments to the Naval or Military Defence Forces. In 1910 a further amendment of the Defence Act provided that the appointments which might be made under the Public Service Act, if the Governor-General saw fit, should include not only those to the Central Administrative staff as prescribed by the Act of 1909, but also appointments to the Pay and Ordnance branches. In 1917 the Defence (Civil Employment) Act was passed, providing for removal of all officers employed in the Department of Defence from the operation of the Public Service Act until the expiration of a period of twelve months after the close of the war, when the original

position is to be resumed and former public servants are again to become subject to the Public Service Act. It is provided, in addition, that all offices created in the interim which in the opinion of the Governor-General would have been created under the Public Service Act but for the operation of the Defence (Civil Employment) Act, and all persons occupying such offices, are to become offices and officers under the Public Service Act after the lapse of the period specified, and that salaries paid under the Defence Act to officers becoming subject to the Public Service Act are not to be reduced.

Naval Defence.—The Naval Defence Act of 1910–11 authorizes employment of persons in a civil capacity in the Department of the Navy under the conditions prescribed in section 63 of the Defence Act, and as a result of this provision no officers of this department are subject to the Public Service Act.

It will be seen, therefore, that since 1909 the Public Service Commissioner has had no jurisdiction in the matter of creation of offices or the appointment of persons to any civil office in the Defence Department except in regard to a *clerical* office in the Central Administration or in the Pay and Ordnance branches, and even then only when in the opinion of the Governor-General the office should be under the Public Service Act. The conditions of management thus established formed the subject of comment in the following terms in the Twelfth Report of the Public Service Commissioner :—

> A system of dual control which is open to grave objection obtains in some sections of the Department of Defence. In the Central Administration, and in the Pay and Ordnance Branches of the several States, civil positions are occupied in some instances by officers appointed under the Public Service Act, and in others by appointees under the Defence Act, the discretion resting with the departments as to which statute is to govern an appointment to a vacancy. The result is that officers in a particular branch performing duties of a similar character demanding like qualifications are working under differing conditions as to salary, promotion, and terms of employment, and such a state of affairs is not only anomalous but exceedingly undesirable from an administrative standpoint. In my view, officers attached to the branches particularly mentioned in capacities of a civil nature should be appointed under the Public Service Act, but if good and sufficient reasons can be advanced in opposition to that opinion the remaining course for terminating the present unsatisfactory situation should be followed, *i.e.*, to place all positions of the nature referred to under the Defence Act.

Similar views as to the present anomalous conditions were expressed by the Royal Commission on Naval and Defence Administration, which in its Third Progress Report made the following reference to the matter :—

> We are fully seized of the pressing necessity for the abolition of divided control and varying conditions of employment. We consider that uniformity in methods of staff control, discipline, and advancement is essential in order to secure that contentment of service without which there can be no real efficiency. We have conferred with the Acting Commonwealth Public Service Commissioner, the Crown Law authorities, and the responsible officers—both civil and military—of the Defence Department, and the recommendations contained herein are calculated to bring about the desired unification of staff management. The course of bringing all officers of the department under the Defence Act presents itself as the only practical solution of the difficulty, inasmuch as the great majority of those employed by the department in a clerical capacity are already subject to the provisions of the Defence Act. Moreover, it would be impracticable to attach the whole of the staff to the corps of military staff clerks or to absorb them under the Public Service Act. We intend that our proposals in the matter shall be operative for the period of the war and for twelve months thereafter.

These proposals were adopted and carried into effect by the passage of the *Defence* (*Civil Employment*) *Act* 1917 already mentioned. For the present, therefore, the objectionable system of dual control has ceased to operate, but on the expiration of the twelve months period after the war, failing any corrective legislation in the meantime, the former position will be resumed with all its undesirable features possibly accentuated by any action taken by the department during the interregnum. The Public Service Commissioner must then take over all previous "Public Service" offices, and also all offices created under the *Defence* (*Civil Employment*) *Act* which the Governor-General (or, in other words, the Administration) considers should be offices in the classified Public Service, and all officers occupying these offices are to come within the scope of the Public Service Act, irrespective of the method of their appointment to the Defence Department. The opinion of the Commissioner is apparently not to be sought, and there is nothing to prevent the re-establishment of the former anomalous position under which officers working side by side and performing similar duties will be subject to the varying provisions of the Public Service Act and the Defence Act, and heads of sections may be classified under the Defence Act, while their subordinates may be employed under either Act. The jurisdiction of the Commissioner will extend only to that portion of the staff brought within the scope of the Public Service Act, and differences of classification and rates of payment as between Public Service and Defence officers

will create heartburnings and dissatisfaction. In such circumstances, no Commissioner can reasonably be expected to accept responsibility for the organization of any particular section of the department or for any failure to meet public requirements.

Under existing conditions there are manifest possibilities for introduction into the Defence Department of irregular practices connected with the appointment of officers against which the Public Service Act was designed as a safeguard, it having been the intention of Parliament that any element of patronage should be eliminated. While regulations have been framed under the Defence Act which prescribe, *inter alia*, examination and other conditions of appointment, an open door is left for making appointments under a separate regulation which reads :—

If at any time it appears expedient or desirable in the interests of the department to appoint as an officer some person who is not an officer in the service of the department under these Regulations, the Governor-General may, on the recommendation of the Secretary, appoint such person accordingly without either examination or probation, and without regard to age.

At the present time there is attached to the Works and Railways Department a staff of 115 officers, designated a Naval Works Staff, which embraces engineers, draughtsmen, surveyors, clerks, typists, messengers, &c., with a total salary bill of over £22,000 per annum. This staff was previously controlled by the Navy Department, but under an alteration of departmental organization was transferred to the Works and Railways Department. Although this department is administered under the provisions of the Public Service Act, the position has been taken up that the Commissioner has no control whatever over these employees as they were appointed to their present positions under section 41 of the Naval Defence Act.

I am aware of nothing more likely to furnish ground for bitter grievance and dissatisfaction than the establishment of conditions of appointment which will engender feeling that the old-time political and other influences are being asserted. While recognising fully that both in the Navy and the Defence Departments exceptional conditions require exceptional methods, I am of opinion that the vesting of power wholly in these departments to make appointments to the civil staffs is wrong in principle and constitutes a danger to the public interests ; the earliest opportunity should be taken to bring these departments within the ægis of the Public Service Act in respect to all sections of civil employment. If the interests of the Commonwealth and of the Public Service are to be considered, the staffing of each branch other than the purely Naval and Military sections of the Departments should be controlled by the Commissioner under the conditions recommended in this Report for adoption throughout the Service. These conditions will permit of greater elasticity in the selection of persons for permanent appointment, and keeping in view the wider powers proposed to be intrusted to departmental administrative officers, no logical reason can apparently be advanced for differentiating between the civil branches of the Navy and Defence Departments and those in other departments of the Commonwealth Public Service.

As a basis for consideration, it is suggested that in the Department of Defence all offices and officers of the Central Administrative staff, embracing the Secretary's Office, Finance Branch, and Contracts and Supplies Section, as also of the District Pay Offices, Ordnance Branches, and Rifle Club Offices in the several States should be wholly under the Public Service Act. It must, however, be strongly emphasized that, if one or more positions in these branches are to remain subject to departmental control, all should be, as no system of dual control can ever be satisfactory ; the re-establishment of a system under which the conditions of employment of one particular officer, or of a group of officers, can be played off against the conditions of others under different control would prove intolerable and be subversive of the public interest. There should, generally speaking, be a clear line of demarcation between those branches of the Navy and Defence Departments which may be regarded as civil branches and those which should be filled by members of the Naval and Military Forces. Provisions should be made for the specific naming of the civil branches in each of the two departments, and despite any existing powers conferred by the Naval and Defence Acts, all offices and officers in such branches should be brought within the operation of the Public Service Act. The arrangements thus recommended should come into force at the expiration of the period fixed by the Defence (Civil Employment) Act, both in respect to the Navy and Defence Departments, and in the meantime conferences should be held between representatives of the Public Service Commissioner and of the two departments concerned in order to determine the branches to be transferred and the conditions of such transfer,

subject to the provisions of any new legislation dealing with the management of the Public Service. Included in the matters for consideration by such conferences should be the question whether the executive and clerical staffs of the factories established under the Defence Act should also be brought within the provisions of the Public Service Act. The employees, other than the executive and clerical staffs, should as at present be exempted from the operation of the Public Service Act; but provision should be made in respect to such employees for exercise by the Commissioner of arbitral powers in the event of any dispute as to wages or general conditions of employment between the employees and the management.

(B.) THE TERRITORIAL SERVICE.

In any amendment of the Public Service Act provision should be made for the future management of the Public Service of the Territories of the Commonwealth, including the existing Territories and those which may hereafter, possibly as a result of the war, be administered by the Federal Government. The existing Territories to which it is proposed that reference be made are (*a*) the Northern Territory; (*b*) Papua; and (*c*) Norfolk Island. It appears anomalous that the territorial services should be recruited and controlled by separate authorities from those dealing with the general Service of the Commonwealth, and it is important in the public interests that expenditure on salaries of officers employed in those services should be subject to the same checks and supervision as those of employees in the Federal Service, so far as concerns the classification of positions and a proper assessment of work values. No sufficient reason apparently exists for exempting the territorial services from a general system of administration by a Public Service Commissioner under special conditions appropriate to the several Territories, and the powers proposed to be vested in the Commissioner in relation to the Federal Service should be equally applicable to the territorial services, reserving to the responsible administrators the functions relating to internal management.

The existing legislative provisions affecting the Public Services of the Territories may be summarized as follows:—The Northern Territory Administration Act of 1910 provides for the appointment of an Administrator by the Governor-General, and that the Governor-General may appoint, or may delegate to the Minister or the Administrator power to appoint, such officers as are necessary for the administration of the Territory. In addition, the Governor-General may make ordinances having the force of law in the Territory. Under the *Papua Act* 1905, covering the acceptance of British New Guinea as a Territory under the authority of the Commonwealth, provision is made for appointment of a Lieutenant-Governor by the Governor-General, and the Lieutenant-Governor is empowered to appoint all necessary judges, magistrates, and other officers of the Territory who shall, unless otherwise provided by the law, hold their offices during the pleasure of the Governor-General. The Act further provides that the Lieutenant-Governor may suspend from duty any officer of the Territory and report such suspension to the Governor-General. The Legislative Council of Papua is empowered to make ordinances for the peace, order, and good government of the Territory. Power is given by the Act to transfer any officer from the Papuan Service to the Clerical Division of the Commonwealth Public Service. Under the Norfolk Island Act of 1913 the Governor-General may constitute and appoint judges, magistrates, and officers for the government of Norfolk Island, and such appointments are to be held during the pleasure of the Governor-General. By the amending Public Service Act of 1915, special provision is made for the appointment of any officer from the Service of a Territory to an office in the corresponding Division of the Commonwealth Public Service, subject to a certificate by the Public Service Commissioner that the appointment is in the interests of the Commonwealth.

The number of permanent officers at present employed in the Public Services of the Territories is as follows:—

Northern Territory	114
Papua	90
Norfolk Island	13 (mainly part time)

The Public Service of the Northern Territory is organized and controlled under the provisions of the *Public Service Ordinance* 1913, which empowers the Administrator to make regulations for the administration of departments, and rates of payment and general conditions of employment are as prescribed from time to time by these

regulations, which follow closely on the lines of the Federal Public Service Regulations while providing for special conditions associated with the Territory. Scales of salaries are provided to meet local conditions at higher rates than those ruling in the Federal Service, the rates being inclusive of district allowances. In the Papuan and Norfolk Island Services practically nothing has been done in the direction of making regulations governing the management of the staffs employed by the respective administrations.

It is considered that the Territorial Services should be brought into the general scheme of administration by a Public Service Commissioner as recommended in this Report, and that all regulations dealing with the respective Territorial Services should be made by the Commissioner under the proposed provisions of the Public Service Act relating to the Territorial Service. The Commissioner should be responsible for the creation and abolition of offices, and for the selection and appointment of all persons for service in the Territories, thus relieving the Minister, or the Administrator of the Northern Territory, or the Lieutenant-Governor of Papua, as the case may be, of his present responsibility. All appointments should be made during pleasure. The classification of offices in the Territorial Service and the determination of appropriate rates of payment for the duties performed should be the functions of the Commissioner, and officers affected by any such classification should be granted the right of appeal. The positions of Administrator of the Northern Territory, Judge of the Supreme Court of the Northern Territory, Lieutenant-Governor of Papua, Deputy Chief Judicial Officer of Papua, and such other positions as may from time to time be determined by the Governor-General should be exempted from the operation of the Public Service Act. The local administrative head in control of each of the Territories should be intrusted with authority to make promotions and transfers and to grant or refuse increments of salary, subject always to the right of appeal by an aggrieved officer to the Public Service Commissioner. The local administrative head should likewise be empowered to inflict punishments, and the procedure recommended in respect to the Federal Service should be followed in dealing with matters of discipline in the Territorial Service, subject to such variations as are necessary to meet the special needs of the Territories. The present Board of Inquiry constituted under Part IV. of the Public Service Ordinance of the Northern Territory should be converted to a Board of Appeal under discipline regulations. The Administrator, after consideration of an offence and all the relevant facts, should determine the punishment, and the accused officer should be permitted, within a prescribed period, to appeal against the decision, whereupon the matter should be remitted to the Board of Appeal whose decision should be final, and should be carried into effect by the Administrator. Similar procedure should be followed in respect to other Territories. A judicial officer in each of the Territories should act as Chairman of the Board of Appeal.

It is difficult to understand why the Public Service of Papua has not hitherto been brought under a definite scheme of classification of work and officers. Although taken over by the Commonwealth at a later date than Papua, the service of the Northern Territory appears to be on a better foundation, as evidenced by the adoption of working regulations for the management of the Service. It is manifestly undesirable that the Service of one Territory should be placed in a more advantageous position than that of another in respect of salaries and privileges, assuming that difference of location or climatic conditions do not justify any disparity of treatment. Under the Papua Act, the Legislative Council is given power to make ordinances, but seeing that this body is comprised mainly of officials of the Territory, it would certainly place them in a difficult position to expect them to legislate as to the general management of the Public Service, a matter in which they personally are so vitally concerned. The classification of the Papuan Service should be free from any possibility of local influences, and should be intrusted to the Public Service Commissioner, who would be responsible for the adequate remuneration of officers, and for the proper recognition of work values.

The adoption of these proposals would no doubt afford considerable relief to the administrative heads of the Territories, as they would have the decided advantage of securing a classification of their respective Services by an outside authority conversant with Public Service practice. The internal management of the Services should not be interfered with by the Commissioner once a determination has been arrived at as to the working staffs necessary for the administration of the Territories; but the Cmomissioner would be available for advice on any matter which, in the opinion of the administrative heads, affected the interests or proper working of the respective Services. It is recommended that provision be included in the proposed amending Public Service

Act on the lines indicated herein, and that power be given to the Public Service Commissioner to make regulations dealing with the administration of the Territorial Services.

(C.) THE PROVISIONAL SERVICE.

Under this heading it is proposed to deal with branches of Public Service which, without the creation of offices under the Public Service Act, have been established to meet conditions arising from the war, and which after having served their purpose will disappear either at the termination of hostilities, or, with possible exceptions, shortly afterwards. From the beginning of the war, the creation of special branches of public service became inevitable, as the machinery designed to meet normal conditions of administration was clearly inadequate to cope with new and far-reaching issues which developed with the progress of the war. While some effort was made to comply with the requirements of the Public Service Act in the staffing of these new branches, the inadequacy of that Act effectually to meet the situation appears to have been soon recognised, and there is no doubt that the limitations of existing Public Service legislation have largely been responsible for certain unsatisfactory features connected with employment in these new and special branches of the Commonwealth Service.

As an indication of the widely varying functions dealt with by these branches, it may be mentioned that, since the outbreak of war, the following branches or departments have been constituted :—

Repatriation,
Ship Construction,
Commonwealth Line of Steamers,
Commonwealth Shipping Board,
Price Fixing,
Central Wool Committee,
Australian Wheat Board,
Wheat Storage Commission,
Barrier Wharf, Port Pirie,
Institute of Science and Industry,

together with a number of other Boards or Committees formed to deal with some particular phase of public policy. The work of these various institutions is being carried out under differing conditions of management, but, generally speaking, the administration is in the hands of persons not officers of the Public Service, and whether remunerated by the Commonwealth for their services or acting in an honorary capacity, they have been selected for their positions without reference to the provisions of the Public Service Act. In the filling of these administrative positions the circumstances were such as could not be satisfactorily met by the creation of offices and by appointments under the Public Service Act. The exceptional conditions necessitated exceptional action, and legislative restriction may have had a hampering effect upon the Government in its selection of persons for the purpose of directing these national activities during the abnormal period covered by the war.

The appointment of subordinate officials to carry out the work under the direction of administrative heads must, however, be viewed differently, and some measure of control by a constituted authority, under conditions more facile than those afforded by the present Public Service Act, is needed if the public interest is to be safeguarded. Under the Public Service Act, three classes of employees are recognised—(1) permanent officers ; (2) temporary employees ; and (3) exempted employees ; but employees in the special branches referred to could not properly be brought within any one of these classes, although the services rendered are generally more or less of a temporary nature. The period of employment in these cases may be prolonged or may possibly develop into permanency, but the conditions of appointment were not such as would have warranted the creation of permanent positions under the Public Service Act, and the consequent appointment of permanent officers. Had the provisions of the Public Service Act been strictly complied with, the officials required for the work of these special branches should have been engaged as temporary employees under the Act. In some cases this was done, but in the circumstances as to the formation of the branches and the qualifications required in the persons engaged, it was found to be practically impossible to apply the conditions of the existing law, hence in the majority of instances the provisions of the

Public Service Act were ignored and appointments were made which under normal conditions could only be characterized as irregular. In the exceptional circumstances the persons so employed were formally exempted from the operation of the Public Service Act. The continuance of such a practice would, however, render nugatory the intention of Parliament as to adequate control and supervision of the Service by the Public Service Commissioner, and in order to obviate any such irregularities in future the inelasticity of the existing provisions of the law should be remedied.

To satisfactorily meet the altering conditions of Public Service administration an amendment of the Public Service Act is urgently needed for the establishment of a provisional Service, as distinguished from the present permanent Service of the Commonwealth, and quite apart from the existing provisions for temporary and exempted employees. Permanent appointments should be made as at present to offices of a permanent nature created under the Act. Provisional appointments should be made to departments or branches of the Public Service formed to meet the temporary needs of government, but which will not be, or may not be, of a permanent nature. Temporary appointments should be made to meet conditions such as the temporary absence of a permanent officer, or fluctuations of work not justifying permanent appointments. Exempt employment should apply only to cases specially exempted by the Act itself, or where it is considered for good and sufficient reasons that the provisions of the law as to permanent, provisional, or temporary appointments should not operate.

The establishment of a provisional Service should have for its objects :—

(*a*) To secure officials with suitable qualifications for the work of any branch of Public Service formed for the discharge of some specific but apparently temporary function of government.

(*b*) To provide for continuity of employment of such officials so long as their services are required.

(*c*) To insure that appointments are made upon proper principles of selection, with due regard to requirements, and at rates of payment commensurate with the value of the work.

(*d*) To safeguard the public interests by checking unnecessary appointments and excessive salaries.

It is desirable, in order to obviate any possible misconception as to the establishment of a provisional Service, that some indication should be given as to the general policy which should be followed in the management of such a Service. The provisional Service should be one of three branches of the Commonwealth Public Service, namely, the Federal Service, the Territorial Service, and the Provisional Service, in respect of which the Public Service Commissioner should exercise certain defined functions. The Provisional Service should be prescribed as including certain specified departments or branches, and generally any other department or branch of a provisional or temporary character which may be added upon proclamation of the Governor-General. These departments or branches would be constituted for the purpose of carrying out some function of government which is not clearly of a permanent nature, and the employees would be engaged on a provisional tenure only. It is not proposed, except where the Government may see fit to obtain the advice of the Commissioner, that he should exercise any authority in relation to the appointment of the persons selected to control these specified Departments or branches, who should be exempted from the operation of the Public Service Act, and this should also apply to employees other than those attached to the administrative or executive branches. With these exceptions, the appointments of officials should be made by the Commissioner either upon report of the administrative officers or after conference between representatives of the Commissioner and the branch concerned. The only conditions of appointment would be relative fitness for performance of the required duties, together with reputableness, with preference to returned soldiers when possessed of the necessary qualifications. Appointments should be during pleasure only, and in no case should appointment to the Provisional Service confer eligibility for transfer to the Federal or the Territorial Service. Officers of the Federal Service should be selected where practicable or advisable for positions in the Provisional Service, but the classification and salaries paid in the Provisional Service should only operate during the officer's employment therein, and upon re-transfer to his former department the classification and salary of the officer should be such as is considered fair and equitable by the Commissioner, having regard to the position to be filled upon re-transfer.

The Public Service Commissioner, after consultation with the departmental heads, should be responsible for the classification of offices and for fixing the salaries or scales of salaries, with increments, payable to officers in the Provisional Service. All promotions, transfers, and granting or withholding of increments on the prescribed scales would be left to the determination of the head of the department or branch. Incompetent or otherwise unsatisfactory officers would be retired either directly by the departmental head or by the Commissioner upon reports from the departmental head and a Public Service Inspector. It is not intended that the general management should be interfered with by the Commissioner, but he should be empowered at any time to authorize inspection by a Public Service Inspector, and if it be found that any person is overpaid or underpaid for the work performed, or that the staff employed is excessive, the Commissioner should advise the responsible Minister and submit recommendations for the necessary alterations. Provision should be made that if the Minister is unable to adopt the recommendations thus made, they shall be laid before Parliament with a statement of the reasons for disagreement.

Repatriation Department.—The largest department which would come within the category of the Provisional Service is the Department of Repatriation, established under the provisions of the Repatriation Act, which confers power on the Minister to make appointments for the purposes of the Act. The number of employees of this department is 512. It is believed that advantage would accrue to the department if the responsibility of making appointments (subject always to preference to returned soldiers), classification, fixing rates of payment, and dealing with inefficient, incompetent, or unsatisfactory employees were vested in the Public Service Commissioner in the manner proposed. This Department is still in its initial stages, and with the development of repatriation activities will come added administrative responsibilities which will render it highly desirable that the Minister, the Comptroller of Repatriation, and the Deputy Comptrollers in the several States shall be relieved of the burden of work inseparable from questions of *personnel* of staffs, and be given full freedom to deal with the problems of repatriation. The Public Service Commissioner, with the machinery at his command, should be better able to deal with the details connected with appointments and the other matters indicated than the responsible officers of the Department, whose time and attention must necessarily be largely concentrated upon the important duties intrusted to them in carrying out the provisions of the Repatriation Act. Internal management should, as at present, be a matter for the administrative officers, and there should be a clear line of demarcation between their functions and those of the Commissioner in dealing with staff matters. The immense difficulties connected with the problems of repatriation and the initiation and extension of staff organization are recognised, and it is considered the application of the general proposals made as to the Provisional Service will be of material advantage in the future administration of the department.

Institute of Science and Industry.—The constitution of this Institute is at the time of writing being considered in connexion with a Bill before Parliament, and it is interesting to observe from the discussion which has taken place that some doubt appears to exist as to the expediency of appointments being vested in the Public Service Commissioner. Keeping in view the functions proposed to be exercised by the Institute, it would seem that the intentions of the Government would best be met by its establishment as a branch of the proposed Provisional Service, leaving it to the future to determine whether justification exists for placing it definitely amongst the permanent branches of the Public Service. In the debates in Parliament, the arguments advanced against the Public Service Commissioner having jurisdiction over appointments to the Institute were principally as follows :—

(1) That specialists will be required, and these are not available within the Public Service.

(2) That if the power of appointment were vested in the Commissioner, he would be bound to select scientists from within the Service.

(3) That the appointments of employees will be largely of a temporary character.

(4) That if appointed by the Commissioner under temporary employment regulations, persons would have to leave at the end of a prescribed period and at the time of their greatest usefulness.

(5) That the Minister will look for a man who can efficiently fill the office whereas the Commissioner would seek for an office to place the man.

(6) That the Director should be able to secure the services of the best-trained individuals for the special work to be undertaken.

In reply to these statements it may be pointed out:—

(1) That the Public Service Act provides for appointments being freely made from outside the Service in such cases.

(2) The Commissioner would not be bound to select scientists from within the Service. If a better man is available from outside, the Commissioner is bound to go outside.

(3) If the work is temporary in character, the position can be met under the present Act, but still better under the proposed establishment of a Provisional Service.

(4) Under the present Act, where the work performed is of a special character, power is given the Commissioner to extend employment beyond the prescribed period, and this is exercised in all such cases. If a Provisional Service be constituted, the point raised will be still more adequately met.

(5) It is not the Commissioner's function to seek an office for a man; on the contrary, it is his duty to oppose the creation of unnecessary offices.

(6) There is nothing in the present Act to prevent the Director seeking the best qualified men for the objects desired, and the proposal contained in this Report for Commissioner's responsibility as to all appointments is a means to that end. It will be the Commissioner's duty to assist in securing the best qualified men, and to prevent the appointment of any person except upon his relative qualifications. The Director would be fully consulted before any appointment was made.

My experience in the Public Service leads me to view with trepidation any legislation which will result in placing a branch of the Service such as this outside the controlling power considered necessary for other branches of the Service, seeing that the exercise of influence both direct and indirect is bound to be attempted in regard to appointments, fixing of salaries, and tenure of office, which will be most prejudicial to the interests of the Commonwealth.

As a case in point, and one that will illustrate the situation, attention is invited to the establishment of the Commonwealth Serum Laboratory. The scientists engaged for the work of the laboratory were in all cases secured from outside the Public Service, but under the supervision of the Public Service Commissioner, practically under the conditions proposed to be applied to the Provisional Service, with results that have proved satisfactory to the management. Similarly the non-technical positions have been filled under the provisions of the Public Service Act with advantage to the Department. If this is practicable in the establishment of such an institution as the Serum Laboratory, it should be equally so in that of the Institute of Science and Industry, and there is apparently no sound reason why principles adopted by the Parliament in the Public Service Act should be departed from in this case. Before leaving the question of establishment of a Provisional Service, some reference should be made to the constitution of such bodies as the Central Wool Committee. The officials employed by that Committee are not paid for their services by the Commonwealth Government, but are remunerated from funds derived from the operations of the Committee, the salaries being charged against such operations and not against the Commonwealth revenue. It may be urged in these circumstances that the management should have an entirely free hand in regard to its officials, but in my opinion the obligation rests with the Government to insure that, in the expenditure of funds derived from the public under any system of control initiated by the Government, the interests of the general community shall be safeguarded. It is therefore highly essential that employees of such bodies as the Central Wool Committee should come within the category of the Provisional Service, and be subject to the jurisdiction of the Public Service Commissioner in respect to selection for appointment, valuation of work, and determination of salaries.

SUMMARY OF FINDINGS AND RECOMMENDATIONS.

The following summarises the findings and recommendations included in this Report which I have the honour to submit for consideration :—

Constitution of Commonwealth Public Service.

(1) The Public Service of the Commonwealth should be widened, so as to embrace the present Public Service (to be known as the Federal Service), the Territorial Services (Papua, Northern Territory, and Norfolk Island), and a Provisional Service, covering the Services specially established for purposes arising out of the war, or to be provisionally maintained after the war ; these three Services should form the future Commonwealth Public Service (p. 4).

(2) The increase in permanent staff since 1902 is reviewed, and it is shown that this is due to the large expansion of public business, and the widening of scope of Commonwealth activities (p. 7).

Arbitration (Public Service) Act.

(3) The operations of the Arbitration (Public Service) Act have greatly increased the work and responsibilities of the Public Service Commissioner and Inspectors, and rendered departmental working more difficult and complex (p. 12).

(4) The Arbitration Court has found the greatest difficulty in following the intricacies of Public Service organization, with the result that awards have been productive of many anomalies and inconsistencies (p. 12).

(5) While a proportion of the expenditure under arbitration awards would have been provided for by the Commissioner in the absence of any system of arbitration, many of the provisions of awards, both as to salaries and extraneous payments, have been upon an extravagant scale, and unjustifiable (p. 13).

(6) Recognition of Public Service Associations, without a defined method of regulating their scope and activities, has resulted in reduced efficiency and a slackening of discipline in Departments ; these conditions have been accentuated by controlling officers joining the same unions as their subordinates (p. 15).

(7) Affiliation of Public Service Associations with outside labour unions has had a pernicious effect on the morale of the Service. Future recognition of associations should be conditional on there being no such affiliation (p. 18).

(8) Departments have been thwarted and hampered by the action of Public Service Associations, and by a system of terrorism levelled against controlling officers of Departments, and against the rank and file of associations by executive officials of these associations (p. 19).

(9) Results of six years of Public Service arbitration have been disloyalty, extravagance, and reduced efficiency (p. 19).

Repeal of Arbitration (Public Service) Act.

(10) Continuance of the Arbitration (Public Service) Act upon the statute-book will have serious and disastrous effects as regards discipline and efficiency of the Service, and inflict an unjustifiable and grievous burden upon the taxpaying community (p. 19).

(11) Repeal of this Act will involve the substitution of some authority other than Parliament for discussion and settlement of Public Service grievances. Lengthy experience in Public Service administration is essential to successful adjudication and the solving of difficulties. This authority should be the Public Service Commissioner, who should be vested with arbitral powers, and deal with claims by Departments and employees (p. 20).

(12) Recognition of Public Service Associations should be governed by regulations, the main conditions of which are set forth in recommendations (p. 20).

(13) The Commissioner should be constituted the sole authority for settlement of salaries and wages, hours of labour, and conditions of service of permanent, temporary, and exempted employees, and his decisions, subject to disallowance by Parliament, should be final and conclusive (p. 25).

Public Service Administration.

(14) Establishment of a Public Service Board of three members would be unwise, owing to inelasticity of control and diminution of personal responsibility. The existing system of management by one Commissioner would better meet the requirements of the Commonwealth, provided adequate assistance is afforded him (p. 26).

(15) Since 1902 the work of the Commissioner and Inspectors has been most onerous and exacting; with the development of the Service, and the increased duties following on arbitration, their duties have only been carried out with considerable self-sacrifice and devotion of private time. The present inspection staff is inadequate (p. 26).

(16) The whole of the Commonwealth Services should be brought under one authority (the Commissioner), and, while arbitral and appellate functions should be vested in him, much of the present detailed work of Commissioner and Inspectors should be transferred to Heads of Departments (p. 27).

(17) The administration of the Public Service Act should be intrusted to a Commissioner, and provision should be made for appointment of an Assistant Commissioner and seven (7) Public Service Inspectors, the staff being thus increased by an Assistant Commissioner and one additional Inspector (p. 27).

(18) Appointments of the Commissioner, Assistant Commissioner, and Inspectors should not be limited to a seven years tenure, as under the present Act, but should be terminable at 65 years of age (p. 29).

(19) The salaries to be appropriated for positions under the re-organized system of Public Service administration should be—Commissioner, £1,750; Assistant Commissioner, £1,200; Public Service Inspectors—two at £900; three at £800; and two at £700 per annum (p. 30).

(20) The proposed functions of the Commissioner and staff and of Permanent Heads and Chief Officers are set out in detail (p. 30).

(21) The general lines on which the Commissioner should exercise arbitral and appellate functions are indicated (p. 32).

Exemption from Public Service Act.

(22) In connexion with employment of persons exempted from the Public Service Act, any departure from Industrial Court or Wages Boards determinations as to rates of payment or conditions of employment should be made only with the sanction of the Commissioner, in the exercise of his arbitral functions (p. 34).

Appointments to the Service.

(23) The power of direct appointment, except in certain special cases, should be vested in the Commissioner, thus obviating the circumlocution and delay at present involved in submission to the Governor-General (p. 34).

(24) Provision should be made to recognise educational qualifications of an advanced character by paying a higher commencing salary than the minimum. The services of many brilliant youths are lost to the Government by failure to provide for entrance at a late age and with advanced educational qualifications (p. 35).

(25) Competitive examinations should be dispensed with in certain cases, *e.g.*, artisans and labourers, and, in special circumstances, telegraph messengers, subject to prescribed conditions as to method of selection (p. 35).

(26) Power should be given to make appointments from outside the Service in special cases without competitive examination, subject to Commissioner's certificate that there is no person available in the Public Service who is as capable of filling the position. This power at present exists as regards administrative and professional appointments, and the interests of the Service have benefited thereby (p. 35).

Classification of the Service.

(27) The Public Service at present comprises the Administrative, Professional, Clerical, and General Divisions. A rectification of anomalies and a desirable elasticity will be secured by adoption of numerical divisions —First Division, Second Division, Third Division, and Fourth Division (p. 37).

(28) The salaries of officers in all four Divisions should be governed by regulation, the powers of Parliament as to the voting of funds being retained, and not, as at present (Clerical Division), by the Public Service Act, or without (Administrative Division) any statutory scale (p. 39).

(29) The present provisions of the law as to classes and scales of salaries are too rigid, the classes are insufficient in number, increments above the lowest classes are unnecessarily high, and the range of salary too wide. The granting of discretionary increments in the classes above the lowest class imposes a heavy burden of work in inquiry and adjudication without commensurate results (p. 42).

(30) There should be a range of salary fixed for each class, and annual increments should be granted in all classes, subject to satisfactory service, by the Permanent Head or Chief Officer, with the right of appeal to the Commissioner by aggrieved officers whose increments have been deferred or refused (p. 42).

(31) Reclassification of the Service will require to be carried out by the Assistant Commissioner and Inspectors, under general direction of the Commissioner, and provision should be made for the right of appeal to the Commissioner against the classification (p. 44).

(32) Officers of the Parliament should be brought into the general system of administration of the Public Service as regards classification, fixing of salaries, and determination of appeals other than in relation to punishments, the internal administration being left to the Heads of Departments of Parliament (p. 45).

Promotions and Transfers.

(33) In the future administration of the Public Service, the principle of promotion by efficiency should be maintained; seniority should only be a factor in the event of equality of efficiency (p. 46).

(34) Promotions and transfers should be made by the Permanent Head or Chief Officer, except to positions in the First Division, subject to right of appeal in cases of promotion (p. 47).

(35) Promotions thus effected should be provisional, pending settlement of any appeals made to the Commissioner. The appointment of Boards to deal with such matters is strongly opposed, it being desired to abolish circumlocution, and secure prompt action in relation to staff changes (pp. 47, 48).

(36) The appointment of Staff Committees within Departments to deal with promotions and transfers would be mischievous in its effect, wholly unwarranted, and would involve a devolution of Chief Officers' responsibility, with a possible perfunctory discharge of the powers proposed to be vested in Administrative Heads (p. 48).

(37) Promotions and transfers from one Department to another should be dealt with by the Commissioner, and officers concerned should have the right of appeal in cases of promotion (p. 49).

(38) The alteration of practice as to promotions and transfers will result in removal of many harassing restrictions, and relieve the Commissioner and Inspectors of a mass of detailed work, besides saving considerable time and labour, and preserving at the same time adequate safeguards against the use of improper influences (p. 49).

Appointment of Administrative Heads.

(39) All appointments or promotions to or in the First (Administrative) Division should be made on the recommendation of the Commissioner by the Governor-General (p. 50).

Discipline.

(40) Power should be delegated to Heads of Branches to deal directly with minor offences (p. 51).

(41) As regards treatment of offences, the present law is unsatisfactory, and results in serious delays and circumlocution (p. 53).

(42) The present provision for Boards of Inquiry should be abolished, and Chief Officers should be required to deal with cases of misconduct, and determine the punishment. Officers should, however, have the right of appeal against proposed punishment where it involves transfer, reduction, or dismissal, and a Board of Appeal should be constituted to hear and determine such appeals (p. 54).

(43) The Board of Appeal should comprise—

(*a*) a permanent Chairman with the qualifications of a Stipendiary or Police Magistrate ;

(*b*) a representative of the Department concerned ; and

(*c*) the elected representative of the division of the Service to which the accused belongs (p. 54).

(44) Where appeals are considered by the Board to be frivolous or vexatious, the accused officer should be charged with the cost of the hearing, or such proportion of it as is recommended by the Board (p. 54).

(45) Provision should be made for election of divisional representatives for any part of a State instead of as at present for the whole of a State (p. 55).

(46) Provision should be made for the adoption of a " merit and demerit record system," as an alternative to that of cautions, fines, and reprimands (p. 57).

Incapacity of Officers.

(47) The present provisions of the law as to dealing with incompetent officers or officers physically or mentally incapable are unsatisfactory, and should be repealed (p. 58).

(48) Boards of Inquiry, as established by the Act to deal with such cases are ineffective, and should be abolished (p. 58).

(49) The responsibility of determining an officer's fitness for the discharge of his duties should be placed definitely in the hands of the Commissioner, and the specific duty should be imposed on Permanent Heads, Chief Officers, and Inspectors of reporting all cases of incompetency or unfitness (p. 59)

Furlough, Recreation Leave, and Sick Leave.

(50) Furlough should be restricted to six months' leave on full pay or twelve months' leave on half pay, or to a monetary equivalent, upon retirement, not exceeding six months' pay (p. 61).

(51) If not so restricted, every officer should be granted furlough, or its monetary equivalent upon retirement, proportionate to his period of service, not to exceed twelve months on full pay (p. 61).

(52) The accumulation of recreation leave for two or more years, except in remote districts, should be prohibited other than in very special cases. It is in the public interest that every officer should avail himself of leave annually (p. 62).

(53) Relief should be afforded officers compelled to live, with their families, in localities far removed from centres of civilization, and where climatic conditions are severe, by defraying part of the cost of travelling while on recreation leave (p. 62).

(54) Time and labour should be saved by authorizing Chief Officers to grant sick leave, subject to the concurrence of the Public Service Inspector where the leave exceeds three months in any period of five years, instead of as at present referring such matters to the Minister, the Commissioner, and the Governor-General (p. 64).

Observance of Public Holidays.

(55) Action should be taken to place the observance of public holidays, and payments for duty on holidays, upon a proper footing, this being necessary to secure equitable treatment of public servants, convenience to the general public, and economical administration (p. 66).

Rent for Quarters.

(56) Circumlocution should be obviated by empowering the Commissioner to determine rent chargeable for quarters instead of submitting recommendations to the Governor-General (p. 66).

(57) Rents should be based on the minimum salary attached to offices, and not be increased because of the granting of increments to officers (p. 67).

Life Assurance of Officers.

(58) Power should be given to the Commissioner to waive the present provisions of the law as to compulsory life assurance in any case where the officer enters the Service over a stipulated age. In such cases a prescribed deduction should be made from salary in lieu of assurance (p. 68).

Retirement of Officers from the Service.

(59) Provision should be made to permit of the retention in the Service of officers who have reached the prescribed age for retirement, and who are not entitled to pension or superannuation allowance. Retention should be subject to such officers being placed in minor positions, their competency to perform the duties of such positions, and payment of salaries corresponding to such duties. The efficiency of such officers should be reported upon annually by the Public Service Inspector, and in no case should retention extend beyond 70 years of age (p. 69).

(60) Telegraph messengers who reach eighteen years of age should be retired from the Service if no positions are available to which they can be promoted prior to reaching that age (p. 70).

Superannuation.

(61) The introduction of a system of superannuation allowances in the Commonwealth Public Service under conditions of fair contribution by officers, reasonable support by the Government, and elimination of extravagant benefits, is recommended. Any inquiry in the direction of the application of a pensions scheme to the Navy and Defence Departments should be extended to embrace the remaining Departments in the Commonwealth Public Service (p. 72).

Extraneous Payments.

(62) Payments to officers by way of allowances of various kinds which involve a considerable and in many cases unjustifiable expenditure, due to the operation of the Arbitration (Public Service) Act, should be reviewed (p. 74).

(63) The present hours of attendance (9 a.m. to 4.30 p.m.) of a large section of the Public Service should be altered by extending the hour of ceasing duty to 5 p.m., and by substituting an hour for lunch for three-quarters of an hour at present allowed for that purpose. The incidence of overtime payments as prescribed by Arbitration awards should be altered by adopting a weekly basis of hours instead of the present daily basis in certain circumstances (p. 74).

Employment of Women.

(64) Provision should be made empowering the fixing of scales of payment for women engaged in certain prescribed positions, and subject thereto the employment of women should be extended in certain directions (p. 77).

Returned Soldiers.

(65) The existing conditions giving preference to returned soldiers with regard to appointment to the Service, age of entry into the Service, and retention in temporary employment, should be maintained. It is not, however, considered that in the making of promotions within the Service preference should be given to returned soldiers over other officers who are senior and equally efficient for the performance of the duties (p. 77).

Temporary Employment.

(66) The existing law should be amended so that when a Chief Officer of a Department requires temporary assistance he shall advise the Public Service Inspector, who, if satisfied that the assistance is required, shall select under prescribed conditions the persons to be employed (p. 80).

Commonwealth Railways.

(67) As a permanent branch of the Public Service attached to the Department of Works and Railways, the Commonwealth Railways should be brought within the provisions of the Public Service Act in so far as salaried officers are concerned; and appointments, promotions, transfers, classification, and general conditions of employment of such officers should be dealt with in the same manner as will apply to other officers of the Public Service. Daily paid employees should be exempted from the provisions of the Public Service Act, and controlled entirely by the Commissioner of Railways, subject to the exercise by the Public Service Commissioner of arbitral powers in the event of any dispute between the Commissioner of Railways and the employees in regard to rates of pay or conditions of employment (p. 80).

Navy and Defence Departments.

(68) Upon the expiration of the Defence (Civil Employment) Act (twelve months after the war) the civil branches of the Navy and Defence Departments and all offices in such branches should become subject to the Public Service Act. Prior to the expiration of the Act, and after conference between representatives of the Public Service Commissioner and the Departments concerned, the branches to be transferred should be determined, so that the transfer may be effected simultaneously with the expiration of the Defence (Civil Employment) Act. It should also be determined whether the executive and clerical staffs of the factories established under the Defence Act should at the same time be brought within the provisions of the Public Service Act. All other employees should remain, as at present, exempted from the Public Service Act, subject to the Public Service Commissioner exercising arbitral functions in the event of any dispute between the Department and its employees as to wages or general conditions of employment (p. 83).

The Territorial Service.

(69) The Public Services of the Northern Territory and the Territories of Papua and Norfolk Island should, as a "Territorial Service," form a portion of the Commonwealth Public Service, and should be controlled by the Public Service Commissioner to the extent and under conditions to be prescribed. The Commissioner should make appointments to these Services, and have the same powers in regard to classification, rates of pay, and appeals against promotion as he will exercise in respect to the Federal Service (p. 84).

(70) Such positions as those of Administrator of the Northern Territory and the Judge of the Supreme Court of the Northern Territory, and the Lieutenant-Governor and the Deputy Chief Judicial Officer of Papua should be exempted from the operation of the Public Service Act. All regulations affecting the rates of pay and general conditions of employment of officers of the Territorial Service should be made by the Public Service Commissioner with due regard to local circumstances, and, subject to the proposed conditions, the internal administration should be left in the hands of the local administrative officers (p. 85).

The Provisional Service.

(71) The establishment of a Provisional Service is proposed, to embrace all branches of the Public Service constituted for the purpose of carrying out some function of Government which is not clearly of a permanent nature, and in which the employees should be engaged upon provisional tenure only. A number of branches of this description have been created since the outbreak of war, and, in the circumstances attendant upon their creation, were excluded from the operation of the Public Service Act. While the existence of a number of these branches will terminate with the proclamation of peace, or shortly after, others will be continued indefinitely, but under such conditions as make it advisable to constitute them branches of the Public Service (p. 86).

(72) The Public Service Commissioner should be given the requisite powers to insure satisfactory conditions of appointment of officials (such appointments to be of a provisional nature), proper rates of pay for such officials having regard to their qualifications and the services rendered, to safeguard the public interest by checking unnecessary appointments and the retention of incompetent persons, and to make any regulations considered desirable for the proper management of the Provisional Service. The internal management of Departments or branches should be vested in the Administrative Heads (p. 88.)

(73) Keeping in view the existing and probable future responsibilities of the Department of Repatriation, it is strongly recommended that this Department in particular should be placed under the jurisdiction of the Public Service Commissioner to the extent suggested (p. 88).

In concluding this Report, it should be stated that the recommendations submitted for the consideration of Your Excellency deal only with matters of general principle affecting the administration of the Public Service of the Commonwealth; no attempt has been made to enter into the detailed working of the Service, this being outside the scope of the Commission intrusted to me.

An invitation was given responsible heads of departments, and to the several organizations of the Service, to submit any suggestions they had to make in the direction of effecting improvements in the conditions governing the management and working of the Service. In preparing this Report every consideration was given to the representations received from these sources.

It will have been gathered from the opinions expressed herein, and the recommendations made, that urgent necessity exists for legislative action, in order that serious anomalies may be dealt with and the present condition of drift arrested. The tentative arrangements for administration of the Service, which have operated for nearly three years, should be terminated at the earliest possible moment by placing the control and management of the Service upon a sound and permanent basis.

Following upon the passage of new legislation, much important work will require to be done in the direction of reclassifying the Service, restoring conditions of efficiency and economy, and securing improved organization of departmental activities, work which will demand the highest capacity from those intrusted with the administration of the suggested new legislation.

I have the honour to be,

Your Excellency's most obedient servant,

D. C. McLACHLAN,

Commissioner.

Melbourne, 6th January, 1919.

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