$R \to P_*ORT$.

To His Excellency the Right Honourable John Poynder Dickson-Poynder, Baron Islington, Governor and Commander-in-Chief in and over His Majesty's Dominion of New Zealand and its dependencies.

MAY IT PLEASE YOUR EXCELLENCY,-

The Commission intrusted to us by Your Excellency directed us to report and inquire into the matters stated in the Warrant under which we were

appointed, a copy of which appears at the commencement hereof.

We commenced our duties at Welfington on Friday, the 31st May, 1912. Mr. Thomas Finlayson, who was appointed a member of the Commission, intimated that he would be unable to take up his duties. We communicated the fact of his retirement to Your Excellency, and asked for permission to continue the work as a Commission of three. This request was agreed to by you.

PART I.—PRELIMINARY.

Scope of Order of Reference.

Our next step was to decide exactly what was the scope of our order of reference. It did not seem clear to us at first whether the Defence Department and the Police Department came within it. At our request the Under-Secretary of the Department of Internal Affairs sent the following letter to the Solicitor-General asking his opinion thereon:—

The Chairman of the Public Service Commission inquires whether his order of reference, a copy of which is attached, covers the Defence Department and the Police Department. It is assumed that in any case it covers the clerical branches in both Departments.

Will you kindly advise.

J. HISLOP, Under-Secretary.

and he replied as follows:-

In reply to the above memorandum, I am of opinion that the expression "each unclassified Department of the Public Service" includes every Department of the Public Service which is not classified by statute. The only two Departments that are classified by statute are the Government Railways Department and the Post and Telegraph Department. Every other Department is included in the order of reference.

John W. Salmond, Solicitor-General.

Some days later the question was raised as to whether the method of carrying out the public works of the Dominion by co-operative labour or otherwise came within the scope of our inquiry, and the following memorandum was transmitted to the Solicitor-General asking his opinion:—

The Chairman of the Public Service Commission inquires whether the method of carrying out the public works of the Dominion (by co-operative labour or otherwise) comes within the scope of the order of reference.

Will you kindly advise.

J. Hislop, Under-Secretary.

The Solicitor-General advised as follows:—

I am of opinion that the method of carrying out the public works of the Dominion by co-operative labour or otherwise does not come within the scope of the Public Service Commission. The Commission is appointed to inquire into the internal organization of the Public Service. The conduct of public works by the Government is no more within the scope of the inquiry than is the management by the Government of any other branch of administration—for example, the method of raising public loans or of dealing with Crown lands. The proper subject of inquiry is the Public Service itself, not the various functions of the Government which are carried out by means of the Public Service. In particular, co-operative labourers are not members of the staff of any public Department.

John W. Salmond, Solicitor-General.