

1929.

NEW ZEALAND.

SALARIES AND WAGES OF EMPLOYEES IN
PUBLIC SERVICE

(STATEMENT BY PRIME MINISTER REGARDING).

Laid on the Table of the House of Representatives by Leave.

VERY careful consideration has been given to the representations recently made by representatives of the three parties of the House in connection with matters affecting Government employees, with particular reference to employees in the Post and Telegraph Department.

The principal matter referred to is what is known as the restoration of the salary "cuts." In this regard, representations were made to me early in the year by deputations representing not only the Post and Telegraph Association, but also the Public Service Association, and the various Railway organizations. I intimated then that I proposed to consider carefully the position, and, pending receipt of representations from all of the organizations concerned, would make no promise or statement. I further intimated that I proposed to refer the matter to a Committee for the purpose of advising me in regard to the merits of the representations made, so that I might be in a position, after reviewing the whole of the facts, to make a decision in respect thereto.

At the outset I think it should be made plain that the representations really affect three distinct issues, namely:—

- (1) The restoration of what is known as the salary cuts ;
- (2) The regrading or reclassifying of salaries of officers of the various services ;
- (3) The increasing of salary scales generally, without reference to salary cuts or regradings.

Dealing firstly with the restoration of the salary cuts, I am advised that there remains only a small proportion of employees in the various services who have not had some adjustment made in their rates of pay or conditions of work since the Public Expenditure Adjustment Act of 1921–22, and that the restoration of the salary cuts to these employees—and these employees only—is not sought for by the various Service organizations. It is recognized by them generally that to restore the salaries to these employees, and these only, would create an anomaly in the various services, in that differing salary rates would be paid to employees for the same class of duty.

(2) In regard to the regrading or reclassifying of the services, I have intimated to the Departments concerned that Government does not propose to take any action to hold over the regrading of the services as at present required by law.

(3) What the Post and Telegraph Officers' Association really have represented to Government is *not* that the salary cuts be restored, and *not* that the Service

be reclassified, but that all the salary scales, from message-boys to executive officers, be increased generally; and the representations made to me by the representatives of the three parties were in the direction that special consideration in this regard should be given to the officers of the Post and Telegraph Department.

All Departments—*i.e.*, Railways, the various Government Departments under the control of the Public Service Commissioner, and the Post and Telegraph Department—now have the same scale of salaries, and Government could not consider giving an improved scale to one section of the Service while denying it to others.

In order that the whole of the representations made by the various Service organizations might be fully considered, and the full financial effect reviewed, as already indicated I referred the matter to a committee, consisting of the Public Service Commissioner, the General Manager New Zealand Railways, the Secretary Post and Telegraph Department, and the Secretary to the Treasury, for report; their report is as follows:—

“ We have carefully considered the representations which have been made to Government by the various organizations with regard to what may be regarded as the restoration of the salary cuts.

“ To restore the salary cuts in the several services at the present time, after making allowances for the improvements which have been granted, would cost at least £1,000,000 per annum.

“ We are of the opinion that a general attempt to restore these reductions or to increase generally the salary scales is not warranted, practicable, or capable of equitable adjustment, mainly for the following reasons:—

“ 1. That the present maximum salaries for the lower grades of the services are largely in accord with the rates of remuneration generally paid in outside employment (as far as they can be reasonably compared):

“ 2. That in individual or other cases where the responsibilities of the officers warrant, there is machinery by way of regrading for meeting such cases without affecting the whole services:

“ 3. That there have been fresh appointments to the services and new positions created due to extension of State services, since the cuts were made:

“ 4. That there has been a subsequent general regrading of the services, which has taken into consideration the relative responsibility of positions both in relation to other positions in the services and to comparable positions outside the services:

“ 5. That officers generally had the right of appeal to independent Boards of Appeal as to their salary and grading:

“ 6. That the statutory quinquennial regrading of the services is again being undertaken this year, when further opportunity will be afforded to adjust salaries in relation to the value of the service rendered and the responsibility involved:

“ 7. That restoration of the salary cuts as such, or the general increasing of all salary scales, would have a far-reaching effect, and would tend to create a false standard of values that is bound to have a reactionary effect.

“ There may be certain cases of hardship, but these can be individually considered in connection with regrading which is under review. The determination of these cases, however, should be left to each separate administration to deal with.”

The financial position of the Dominion was pointed out plainly to the parliamentary deputation, and I think was fully appreciated by the members thereof. The present is not an opportune time for considering any claims of this nature, involving as they do an additional expenditure of more than a million pounds per annum, more especially when one considers the amount of unemployment which exists and the additional taxation for other purposes which it has been necessary to impose to enable the Budget to be balanced this year. It must, I think, be apparent to all that the granting of these requests would necessitate a further burden by way of taxation.

It will be observed from an examination of the statement given by the committee whose report I have just read that the question raised by the various organizations is not so much a matter of restoring something that the present employees of the Service have lost—which the term “restoration of salary cuts” naturally implies, and which is apparently the impression of some honourable members—as an adjustment of grades of salary. It will be appreciated that there has been a great number of changes in personnel in the various Departments by way of retirement, promotion, and alteration in individual classifications since 1922, and, as pointed out by the committee, the only question which can reasonably be considered is not one of a general increase of every public servant’s salary, but an adjustment by way of regrading or reclassifying, based on a careful analysis of the particular merits of each individual case or class of cases.

The foregoing explanation does, I consider, materially alter the complexion of affairs; and, indeed, I am assured that a large section of the officers of the Government Service realize the impracticability at the present time of making any adjustment by way of an all-round increase in rates of pay. The only practicable and reasonable method of dealing with salaries is by way of a general regrading of the Service—which has already been partially accomplished and is in course of completion. In the case of the Second Division of the Railway Service (which is not affected by the regrading), the rates of wages and conditions of work are being constantly brought under review for the purpose of making adjustments as circumstances may from time to time seem to justify, and a number of such adjustments has been effected since the cuts were made.

It may be felt that perhaps a distinction should be drawn in respect of the Post and Telegraph Department, where there is a greater number of officers on the lower scales, but it must not be overlooked that the Post and Telegraph Department, in common with other Government Departments, is a classified service, the members of which are classified and paid salary according to the value of the duties they are required to perform. In a classified Service it is not possible to increase the salaries of one group of employees without upsetting the balance or disturbing the relationship between the respective classes or groups of employees.

So far as comparison can be made, the salary scales paid to the groups of lower salaried officers in the Government Service compare favourably with the rates of remuneration in outside employment.

In regard to the second matter raised by the deputation—namely, the position of those officers of the Post and Telegraph Department who are at the maximum of £295—the Post and Telegraph Department is in a somewhat different position from the other branches of the Government Service, inasmuch as there is a greater proportion of officers in that Department on lower salaries than in other Departments. I have conferred with the members of the committee who submitted the report I have quoted, and as a result an attempt will be made to promote the more deserving of these officers, and particularly those who are qualified for promotion. This arrangement must necessarily be restricted to a proportion of the staff, but it will alleviate the position. In addition, as I shall refer to later, qualified officers of the Post and Telegraph Department will be given an opportunity of transferring to the other branches of the Government Service should they so desire. This arrangement will meet the position of certain junior officers, to whom reference was made, for whom it has not been possible to find positions carrying higher salaries. These officers, if qualified, will be considered for transfer as opportunity arises.

The other matter raised was the one I have just touched upon—namely, a request for the removal of a restriction which prevents members of the Post and Telegraph Department transferring to the General Public Service. There is no such restriction; but a restriction was provided in the Post and Telegraph Department Amendment Act of 1918, at the express wish of the Post and Telegraph Officers’ Association, preventing officers from the other Departments being appointed to the Post and Telegraph Department. There is no objection by Government to the repeal of this provision. At present officers of the Public Service are not eligible for transfer to the Post and Telegraph Department, and if officers of the latter Department are to be enabled to transfer to the Public Service, members of the Public

Service should also be given facilities to transfer to the Post and Telegraph Department. In other words, there should be no “ring fence” round any branch of the Service.

I have the interests of the members of the Service at heart, and any arrangement which will give greater opportunities to the individuals comprising it or to any branch thereof will have my full support.

The deputation from the Public Service Association also raised the question of the financial position of the State superannuation funds. As mentioned in the Budget, the position of these funds is such that a thorough investigation is necessary, and I propose to appoint a special committee to go fully into the whole matter during the recess. It is quite clear that a considerable payment to the funds will be necessary to place them in a sound financial position, and in my opinion the superannuation question is of considerably more vital significance to the members of the Civil Service at the present time than the claims for salary adjustment which have already been referred to.

Another matter raised by the Public Service Association was the question of repealing the provision which they considered still existed for applying a third cut under the Public Expenditure Adjustment Act, 1921-22.

I have looked into this, and find that when considering this matter in December, 1922, the Government of the day decided that, although on the cost-of-living figures a third cut might reasonably have been applied, it was preferable to make any adjustment considered necessary by regrading the various services the following year. Before a third cut could be applied the Act provided that the Minister of Finance should publish a notice in the *Gazette* which would have taken effect from the 1st January, 1923, the date fixed by the Act. As this was not done the statutory power automatically lapsed, and there is now no provision for a further cut.

Approximate Cost of Paper.—Preparation, not given; printing (500 copies), £3 10s.

By Authority: W. A. G. SKINNER, Government Printer, Wellington.—1929.

Price 3d.]