

of typewriters, mechanical office appliances, and telephones and telegraphic equipment. We have referred, when dealing with the operations of the Public Works Department, to the fact that that Department also has a workshop for the manufacture of office furniture and joinery, that these workshops are practically adjoining each other, and that each has sufficient capacity to absorb the other. We have recommended that the Public Works workshops be closed, except that a skeleton staff be maintained for the purpose of effecting minor repairs and maintenance of Government buildings.

1381. In regard to the Post and Telegraph workshops, although they are fully equipped and can no doubt undertake the manufacture of office fittings, furniture, and joinery for all Departments in Wellington, **we are of opinion that work of this description should be left to private enterprise, and recommend that the manufacture of office furniture and joinery be discontinued.** The closing-down of the workshops should not result in any loss to the Government; in fact, **it is probable that furniture can be purchased more cheaply in the open market.**

1382. In view of the large amount of technical equipment with which the Department is concerned, a mechanical workshop is necessary and this should be retained.

1383. While dealing with this subject we would refer to the great variety of office furniture to be found in Government offices. Considerable economies could be effected in the furnishing and equipment of Government offices if equipment were standardized.

#### *Competitive Services.*

1384. There is a degree of competition between the Railway and the Post and Telegraph Departments in the handling of parcels traffic, and both these services should be co-ordinated. This degree of competition between State Departments is not altogether confined to the handling of parcels traffic in the Railway and Post and Telegraph Departments. It was evidenced, for instance, in connection with the workshops previously mentioned and in other minor matters, there is considerable duplication of services and competition between various Departments of State. **The duplication of services is obviously uneconomic, and should not be permitted.**

1385. **We accordingly recommend that the parcels services of the Railway and Post and Telegraph Departments be reviewed and co-ordinated.**

#### SUPERANNUATION FUNDS.

1386. We made two references to the position of the Railways, Teachers', and Public Service Funds in our interim report. In the first place, we recommended that the subsidies payable to the three Funds should be provided by annual vote, but could not recommend any reduction in the subsidies in view of the actuarial unsoundness of the Funds. We further stated that in the limited time at our disposal we had been unable to consider the complicated question of superannuation to retired officers, but would deal with the subject at a later date and embody our findings in our final report.

1387. We have now considered in detail the whole question of superannuation to retired officers, and believe that unless the State is able to make good its obligations to the Funds some radical alteration must be made in the basis of calculation of retiring-allowances if the interests of the present contributors are to be conserved.

1388. We also draw special attention to the huge potential liability on the State in regard to the Funds, a liability from which the State cannot honourably escape.

1389. It perhaps will not be out of place here to mention that some form of superannuation is necessary in any State service, even if the need be only for the purpose of promoting efficiency within the Service by facilitating the removal from office of those who as a result of age or medical unfitness should be retired. This principle has long been recognized in most countries, and in England as early as 1810 a Superannuation Act was passed, providing for free pensions to retired State employees.

1390. Government contributions to any retirement scheme must be regarded as in the nature of deferred pay, more particularly as the emoluments of senior public servants are, as a general rule, on a somewhat lower plane than those in other callings. Various systems of providing for some form of superannuation have been tried in New Zealand, the first being that provided under the Civil Service Act, 1858. The Civil Service Act of 1886 must be read in conjunction with the Act of 1858. Under these Acts a public servant was entitled on retirement at the prescribed age to a pension not exceeding two-thirds of his average salary for the three years immediately preceding retirement. No contribution was paid by the officer for this benefit. The widow and children of a deceased officer were paid a gratuity.

1391. The legislation also provided for payment of compensation at the rate of one month's salary for each year of service to an officer whose services were dispensed with through no fault of his own or in consequence of the abolition of the office he held.

1392. The Civil Service Amendment Act, 1871, abolished pensions, preserving existing rights, but the compensation provision remained in force until the passing of the Civil Service Reform Act, 1886, when it was abolished also, and replaced by what is commonly known as the Public Trustee Fund. Every public servant appointed after the date of the passing of the Act was required to pay 5 per cent. of his salary to the Public Trustee, to be invested for his benefit on retirement, or, if his death intervened, the total amount to his credit was payable to his legal personal representatives.

1393. In 1893 the Civil Service Insurance Act provided for compulsory life insurance for future appointees to the Public Service, and allowing those officers who joined under the 1886 Act the option of transferring from the Public Trust Office Fund to the insurance scheme. The policies which were