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THE CIVILIAN

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No. 18

Sir George Murray's Report

Sir George Murray, of the Treasury Department of the United Kingdom, was invited by the Premier, during the latter's recent visit to Great Britain, to report upon the system of administering the Canadian Service.

The Editors of the Civilian being impressed with the importance of the report of Sir George Murray which was laid on the table of the House of Commons by the Premier on Thursday the 12th instant, and considering it desirable that it should be read by as many of the service as possible, have decided to devote the present issue to the purpose of printing it in full. Comment upon the various subjects discussed will be deferred for a future occasion.

The Editors take the opportunity to wish the members of the service a Happy New Year.

REPORT ON THE PUBLIC SERVICE OF CANADA

BY

SIR GEORGE MURRAY

The Right

Hon. R. L. BORDEN, K.C.,
Prime Minister.

OTTAWA, November 30, 1912.

SIR,—I have the honour to inform you that, so far as the time at my disposal will permit, I have completed the inquiry, with which you were good enough to entrust me, into the organisation of the public service of Canada; and I beg to submit the following report.

(2) At the outset I may perhaps be allowed to say that no one can be more conscious than I am how little weight any views of mine on this subject are entitled to carry, owing to the difficulty of forming a judgment on matters depending so largely on local conditions and local sentiment, the effect of which cannot be fully realized without a prolonged stay in the country. I ought, however, to add that while there are some points to which I should have been glad to give more attention if time had permitted, there are others on which I think it is unlikely that my conclusions would have been affected by further consideration.

(3) I propose to deal with the questions referred to me in the order in which they stand in my instructions.

I.—THE METHODS EMPLOYED IN THE TRANSACTION OF PUBLIC BUSINESS.

(4) My suggestions under this head will be confined almost exclusively to the functions of Ministers and the possibility of affording them relief, leaving for a later portion of the report some other questions of departmental organisation.

(5) Nothing has impressed me so much in the course of my inquiry as the almost intolerable burden which the present system of transacting business imposes on Ministers themselves. They both have too much to do and do too much.

(6) Speaking broadly, it may be said that every act of the Executive Government, or of any member of it, requires the sanction of the Governor in Council which, under present practice, is identical with the Cabinet.

(7) The number of these Orders in Council averages from three thousand to four thousand per annum, and their subject matter ranges from questions of the highest importance, such as the approval of a treaty with some foreign Power, the disallowance of provincial legislation, the appointment of a judge, or the exercise of the prerogative of mercy, down to the acceptance of a tender for the erection of a pump, the promotion of a clerk from one grade to another, and the appointment of a lighthouse keeper or an exciseman.

(8) Almost every decision of a Minister, even of the most trivial importance, is thus—at least in theory—brought before his colleagues for the purpose of obtaining their collective approval, which is necessary for its validity.

(9) Provisions to this effect can be traced in almost every Act of Parliament which has been passed since Confederation; and it seems clear that the statesmen of that time thought it necessary to ensure that the collective responsibility of the Cabinet for the action of individual Ministers should be protected by safeguards of this kind.

(10) But I need scarcely point out that a great deal has happened since 1867, and that methods of administration which may have been well adapted to the circumstances of those days have become quite unsuitable after the lapse of nearly half a century.

(11) With the increase of population, the extension of trade, and the development of the various activities of the State, the business of Government necessarily grows both in amount and in complexity.

(12) The only means by which this growth can be met is by division of labour and devolution of power. In the absence of some continuous process of this kind the machinery of government must gradually become less efficient and must ultimately break down under the stress imposed upon it.

(13) Many topics which, in the early stages of national life, may properly form the subject of collective discussion and decision, will in the course of time diminish in relative importance, and must be dealt with in some more summary fashion.

(14) The first suggestion which I have to offer is that many of the powers now vested in the Governor in Council should, by some process of devolution, be transferred to individual Ministers. At times mistakes will no doubt be made. These mistakes will occasionally be inconvenient to the Administration; and it may be conceded that some of them are such as might have been avoided by fuller discussion or consideration. But these are risks which must be run, and which are inherent in the working of any highly developed organisation. Under present conditions it is practically impossible that all Ministers should take part in all decisions.

(15) Legislation would, of course, be required in order to effect such a change, since the duties to which I have referred are imposed on the Governor in Council by statute; but the legislation, though complicated in detail, would not be likely to raise many questions of a controversial character. It would, I think, be generally conceded that a Minister should be able to give leave of absence to the officers of his department; to grant statutory increases of salary; to sanction the acceptance of tenders, except where very large amounts or questions of principle are involved; to make appointments to vacancies; and to promote the clerks in his department from one class to another.

I only mention these as illustrations of the general character of the changes proposed. There are many others which will readily occur to any one who will examine the details of the existing system.

(16) I suggest therefore that a Committee of Ministers should be appointed to review the whole of the duties now discharged by Council, and select those which can safely be left to the discretion of the individual Ministers. All that would then be necessary would be to schedule these particulars, and provide by statute that the powers hitherto exercised by the Governor in Council should be transferred to the several Heads of the departments concerned.

(17) If, in view of the importance which is attached in this country to even minor appointments and promotions, such a reform is considered too drastic to be fully adopted at once, a board of two or, at most, three Ministers, with an equal number of permanent officials, might be constituted, and charged with the duty of considering all appointments and promotions recommended in any department. If approved by the Board, the decision of the Minister would take effect at once, or with such modifications as the Board thought advisable.

(18) Even after this relief has been given to the Governor in Council there will still remain many matters which, though of small intrinsic importance, must for various reasons receive the approval of the highest administrative authority. There will always be some decisions which, though properly taken by an individual Minister on his own responsibility, may yet require the outward form of sanction by the Governor in Council.

(19) Whenever this sanction is merely formal and does not require the collective consideration of Ministers it should be given at a meeting of Council constituted for the purpose. It is not necessary that the whole body of Ministers should attend; the minimum quorum would be sufficient for the purpose and the business, being formal, would be rapidly transacted.

(20) In other words a distinction should be drawn between a meeting of the Cabinet and a meeting of Council.

At present the Cabinet, besides performing its proper functions of discussing and deciding questions of high policy, is compelled to conduct a large amount of purely routine business. If the latter were relegated to a meeting of Council summoned *ad hoc* and in much smaller numbers, the time at the disposal of the Cabinet for its more important duties could be better employed.

(21) In this connection reference should be made to another institution closely allied to the Council, namely, the Treasury Board.

This Board consists of six Ministers, acting as a committee of the Privy Council, and deals with such matters relating to finance, revenue and expenditure, and public accounts, as are referred to it by Council. In practice the references to it include all proposals relating to the appointment, promotion, salary, pension, leave of absence, and allowances, of any official in the public service. But, notwithstanding the unimportant character of nearly all these subjects, the Board has no power to deal finally with them. Reports have to be made to Council in all cases.

(22) Such matters do not appear to me to require the personal consideration either of Council or of a Board of six Cabinet Ministers; and in my judgment no harm could ensue if the Board were abolished and its duties discharged by the several Departments concerned; or by the Appointment and Promotion Board, if it is thought advisable to adopt the alternative suggestion made in paragraph 17.

(23) The Board has some other and more important duties to perform under the Bank Act, the Consolidated Revenue and Audit Act, the Finance and Treasury Board Act, the Savings Bank Act, the Penny Banks Act and the Insurance Act; but all these could be equally well discharged by the Minister of Finance, within whose sphere of action they seem naturally to fall; subject, of course, to consideration by the Cabinet when any important question of policy was involved.

(24) So far I have dealt only with the business of the Ministers in their corporate or collective capacity. I propose next to consider whether they could not be relieved of some of the work which now falls on them as Heads of Departments. At present they appear to transact in this capacity a great deal of business which need not engage their attention and could be equally well done by others. As an illustration of this, I may refer to an Order in Council of December, 1905, under which every requisition for furniture, fittings, and repairs, for all public buildings throughout the Dominion must be countersigned by the Minister of the Department making the requisition. A similar practice prevails with respect to certain articles supplied by the Stationery Department.

(25) The business of a Minister is not to administer, but to direct policy. When a Minister has laid down a line of policy to be adopted in his Department, the carrying out of this policy, or in other words the administration of the Department, should be left to his subordinates.

If I venture to make this statement in a rather dogmatic form it is because I am convinced that it is the foundation of any sound system of departmental organisation.

(26) Under the conditions which now prevail in Canada, and to which I have already referred, it is essential that a Minister, if he is to have time for the consideration of questions of policy and for his other important duties, should be relieved as far as possible of all purely administrative work. This, of course, involves the imposition of greater responsibility on the Deputy Heads of Departments. Their duty should be to give executive effect to the Ministers' decisions; they should be charged with the whole responsibility for the administration of their Departments, and should be the only channel through which the Minister acts.

(27) I realize, of course, that under any such scheme the Deputy Heads would require to be selected with great care, and that more power would be placed in their hands than under the existing system. But I cannot believe that it is impossible to find competent men to fill these positions under the new conditions which I have indicated.

(28) I have one further suggestion to make by which more relief could be given to Ministers.

Under present conditions there is only one political officer in each Department, namely, the Minister in charge of it. As a Cabinet Minister he has work of the highest importance to perform outside his Department; and even if the relief which I have above indicated could be afforded to him within his Department, his parliamentary and other duties would still be a heavy tax on his time, especially in the case of those Ministers who are in charge of the more important Departments. I suggest that in these Departments—probably four or five in number—a political Deputy Minister should be appointed who would be able to relieve the Minister himself not only of some of the departmental work but of many interviews and negotiations with Members of Parliament and others. It would, of course, be necessary that he should enjoy the full confidence of the Minister so that he could speak generally in the name of the latter without specific reference to him, and in other cases could refer for directions as occasion required.

II.—THE CONTROL OF APPROPRIATIONS AND EXPENDITURE.

(29) By the control of appropriations I understand the methods which Parliament has prescribed for securing that the funds which it grants for the various purposes of Government are applied to those purposes and to no other. This seems to me to be adequately provided for under the existing law, which is effectively carried out by the Auditor General.

(30) The control of expenditure may be considered from two points of view; there is the control exercised by the Government over its own Departments; and the control exercised by Parliament over the proposals of the Government.

(31) The latter may, I think, be regarded as negligible for the present purpose. In theory the control of Parliament over expenditure is complete; in practice it is of little value. This is partly due to the fact that, as the Government must necessarily command a majority in the House of Commons, it can generally secure the passing of its own estimates; and partly because notwithstanding many professions of a desire for economy in the abstracts, Members will generally be found demanding increased expenditure for purposes in which their constituencies are interested, rather than reductions on items which do not fall under this category.

(32) In short, the control of public expenditure must depend almost entirely on the Government of the day; and here again we shall generally find that individual Ministers, while not unwilling to acquiesce in the reduction of the estimates of other Departments, are *prima facie* disposed to recommend increased expenditure in their own.

(33) The Minister of Finance, who is responsible for raising the necessary taxation, is therefore, as a rule, the only Minister who has a strong inducement to press for economy.

The point of time at which he can use his influence with the best effect is while the estimates are under consideration and before they have been presented to Parliament. Proposals for expenditure which have passed this stage may be regarded in practice as unlikely to be further amended except in the direction of increase.

(34) The system under which the estimates are at present framed, criticised, and presented does not appear to me calculated to promote economical administration.

(35) They are drawn up, in the first instance, by individual Ministers who are likely to be influenced largely by their own prepossessions, and by the pressure put upon them by Members of Parliament.

The estimates so prepared are then subjected to the examination of the Department of Finance; but this examination, owing to pressure of time, has necessarily been of a somewhat cursory character, and directed rather to the totals of the votes than to the details.

The final settlement is arrived at in Council, usually after oral discussion between Ministers.

(36) This method appears to me to be at once wasteful of the time of the Ministers and unlikely to result in effective control, which can only be secured by persistent criticism of details, carried on by means of written correspondence in the first instance, rather than by oral discussion, and under conditions which permit of a thorough examination of the proposals.

(37) I suggest that the Department of Finance should be definitely charged with this duty. Every item of new or increased expenditures should be closely scrutinised; and the Department proposing it should be called on to state in sufficient detail the ground on which the expenditure is required; the reasons which prevent its being deferred to a later date; and the consequential expenditure which will be rendered necessary in future years if the proposal is sanctioned.

(38) I think it is important that these proceedings should be carried on in writing. Oral criticism in Council by the Minister of Finance, and oral replies by his colleagues are necessarily but imperfect methods for either attacking or defending proposals made.

(39) Arguments which may sound plausible in debate often lose much of their force when subjected to the kind of criticism which is only possible in the light of full information and accurate statements of fact. Pledges given in conversation are apt to be forgotten afterwards, and it is always desirable to keep on record statements of fact or arguments used in defence of particular points of policy.

(40) Correspondence will, of course, take time; but there must be great inconvenience in the present system under which the examination of all the estimates must be concentrated in the short period which elapses between the date when they are forwarded to the Department of Finance and the date at which they must be submitted to Parliament.

(41) Proposals for increased expenditure are probably being framed in the Departments throughout the year; and it is not easy to see why they should not be submitted for the approval of the Finance Department, as and when they are matured. This would relieve the pressure in the period immediately before the estimates are presented to Parliament, and would enable many of the proposals to be considered with due deliberation. Any sanction given in the course of the year would, of course, be provisional and subject to any modifications which might hereafter be found necessary when the final estimates for the ensuing year were under consideration.

(42) When the process of examination was completed the proposals for expenditure would be reviewed by the Minister of Finance; and those which were accepted by him need not be considered again; those to which he raised objections not accepted by his colleagues would be referred to the Cabinet for discussion by the whole body

of Ministers. The Cabinet would thus be relieved of an immense amount of discussion on the details of the estimates which is necessary under the present system, and would have to deal only with those points on which there was an irreconcilable difference of opinion between the Minister of Finance and one of his colleagues.

(43) In at least one respect the existing financial system seems to me unnecessarily rigid. Under section 41 of the Consolidated Revenue and Audit Act the Auditor General is directed to see that no payment of any public money is made for which there is no direct parliamentary appropriation, or which is in excess of any such appropriation.

(44) The result of this provision is that (except during the parliamentary recess when special powers are available to meet urgent and unforeseen expenditure) no money can be spent on any service not specially provided for in the estimates, nor can the sum provided for any service be exceeded.

(45) But it must occasionally happen, for example, that a public work for which specific provision has been made in the estimates, turns out in the course of the year not to be required, while some other work *ejusdem generis* proves to be urgently needed; or again, that the amount provided for a work turns out to be insufficient to complete it within the year, and the progress of the work has accordingly to be suspended until further supplies have been made available. I think it would be reasonable, so long as the total provision under the vote was not exceeded, that there should be some means of supplying these deficiencies; and that power might be given to the Minister of Finance on the application of a Department to authorise expenditure of a like kind to that already provided for in the estimates; or to authorise expenditure on a specific service in excess of the provision made.

(46) But in both cases the power should be subject to the limitation that the total amount provided in the vote was not to be exceeded; and it should be clearly understood that the power was not to be used except in really urgent cases.

III.—THE ADMINISTRATIVE METHODS AND OPERATIONS OF THE CHIEF SPENDING DEPARTMENTS, INCLUDING

(a) THE MANNER IN WHICH APPOINTMENTS TO THE PUBLIC SERVICE ARE MADE.

(47) The provisions of the law applicable to first appointments are extremely difficult to follow, as the Civil Service Act (R.S. 1906, Chapter 16) has been amended in 1908, 1909, 1910 and 1912. In the latter year, indeed, no less than seven Acts amending it in various respects were placed on the statute book.

(48) As regards the Inside Service the position is fairly clear. No appointment can be made to it without a certificate from the Civil Service Commissioners, who are constituted under the Civil Service Amendment Act of 1908; but whose powers do not apparently extend to the Outside Service.

(49) The normal method of appointment is by competitive examination and this is in practice the method adopted for admission to both Subdivision B of the Second Division and Subdivision B of the Third Division. But under section 21 of the Act of 1908, when the knowledge and ability requisite for a vacant situation are "wholly or in part professional, technical or otherwise peculiar," persons may be appointed without competitive examination. A certificate from the Civil Service Commission is, however, equally necessary in these cases.

(50) As regards the lower grades of officials, such as messengers and porters, whilst a certificate from the Civil Service Commissioners is required, the examination is not competitive but qualifying only.

(51) There are consequently three distinct types of examination for first appointments in the Inside Service; namely, that for Subdivision B of the Second Division, which was intended to correspond with an education approaching the University standard, but is in fact scarcely so high; that for Subdivision B of the Third Division, which represents an education corresponding roughly with that of a High School; and that for the lower grades, which is of an elementary character.

(52) In addition to the above there is the method of admission to the service provided by section 21 of the Act of 1908, which may or may not involve an examination of a more or less special character.

(53) A special qualifying examination is also prescribed in the case of candidates for appointment to the Second Division, who were in the service at the commencement of the Act of 1908 and were then classified in the Third Division under section 6 of that Act. This examination, whilst in some respects similar to the ordinary competitive examination for the same Division, includes also papers on the duties of the particular Department in which the candidate is serving.

(54) So far as I am able to judge, this method of recruiting the service by competitive examination has given general satisfaction and has succeeded in attracting a better class of candidate than the system which it replaced.

(55) The selection of persons for appointments in the public service, and especially in the Second Division, is a peculiarly difficult task because, if the service is to be regarded as a permanent career to which a man is to devote his active life, it becomes necessary to form a judgment not only on his capacity for the work which will fall to him immediately on appointment, but on his capacity some twenty or thirty years later for the higher duties which he may then be required to perform.

(56) No conceivable method of selection can be relied upon to penetrate so far into the future. We must, therefore, be content with such a measure of merit as is evinced by success in a competitive examination in subjects which indicate a previous education of a high standard; and we must assume that the raw material so selected will, with suitable training in the Department, develop the required capacity for the more advanced duties. The system of selection by open competition undoubtedly leaves much to be desired; but in this imperfect world it is not the least perfect institution; at any rate nothing better has yet, in my opinion, been suggested.

(57) For reasons given later* on in this report, I think it is of great importance to maintain an examination of a much higher standard for admission to the Second Division than is necessary for the Third. There may be isolated cases of men who, having entered the Third Division, afterwards show ability which might be usefully applied to the more responsible duties; but these will always be rare, and I think it is scarcely worth while to provide for them at the risk of introducing a lower standard of education into the higher ranks of the service.

(58) While the method of appointment to the Inside Service is on the whole satisfactory, it is a question whether it is attracting as good a class of recruits as it should—and must if the business of the country is to be carried on in an efficient manner.

(59) For this purpose it is necessary to attract the best brains and capacity into the service, and to induce young men to look on it as an honourable career in which they may spend their lives.

(60) One of the main drawbacks to which it is subject from this point of view, is the uncertainty of the prizes attainable. A man of ability will not be induced to enter the service or to put forth his best powers in it, unless he feels that merit is certain of its due reward. Care in the selection of candidates for first appointments is, therefore, not the only requisite; a man must be encouraged to feel that throughout his whole career his advancement depends on his own ability and industry, and that, given the proper measure of these qualities, success is assured to him. So long as promotion does not depend on these qualities alone, but is liable to be affected by other

considerations, the Civil Service will never be in a position to cope effectively with the growing business of the country.

(61) Confining myself for the moment to the Inside Service alone, I have the following suggestions to make:—

(a) The limits of age for appointment are too wide. If a man is to be properly trained in the Civil Service, he should enter it as soon as possible after he has completed his education. Under present conditions the maximum limit of age is 35. Men who come in after 25 have probably attempted some other occupation and failed in it; and there is, moreover, great inconvenience in having officials of 30 and upwards working side by side with younger men and performing duties of an elementary character. For Subdivision B of the Second Division, the limits of age should be 18 and 25. For Subdivision B of the Third Division, it might be desirable to take in youths even below the age of 18. Probably 17 and 21 would be more appropriate limits for candidates for this Division than 18 and 35. For the lower grades age is of less importance than physical vigour; but I think that 45 should be the limit not only for sorters, porters and packers, but for messengers also.

(b) In the case of both Subdivisions, the vacancies known to exist should be notified at the time when the examination is announced, and the vacant appointments should be offered to the successful candidates in order of merit. The Departments would, of course, have the right to reject any candidate after probation; but all successful candidates ought to be assured of an appointment, and so far as is practicable, they ought to be allowed, in order of merit, to select the Department in which they will serve.

(c) The powers conferred by section 21 of the Act of 1908 are, in my opinion, too wide, and tend to encourage a departure from the general principle of selection for merit alone, as it is always possible to contend that any particular position, even if not 'wholly or in part professional or technical,' is 'otherwise peculiar.' I suggest that the powers under this section should be limited to professional or technical positions; and that a schedule of the situations which may be filled in this way should be prepared and approved by the Governor in Council. The list could, of course, be added to from time to time with the like authority. If this suggestion is approved, the section should be amended so as to run as follows:—

'When the qualifications requisite for any situation are wholly or in part professional or technical, the Governor in Council may appoint a person thereto without competitive examination and without reference to the other conditions prescribed in section 14 of this Act: Provided that he obtains from the Commission a certificate to be given in accordance with the regulations of the Commission that he possesses the requisite knowledge and ability and is duly qualified as to health and character. A schedule of such situations shall be drawn up forthwith and approved by the Governor in Council, and shall not be added to, except with the like approval.'

I think it is also desirable that appointments under section 21 should be left entirely to the Civil Service Commissioners, unless they report that they are unable to find suitable candidates.

(d) A distinction should be drawn between those branches of the service which are of a clerical or administrative character, and those in which technical or professional knowledge is required; and special schemes of examination should be drawn up for the latter, when required.

(e) Provision should be made in the junior grades corresponding to the Third Division for a class of skilled artisans and technical assistants, such as laboratory assistants, electricians, draughtsmen and others, who require technical skill though not qualified by scientific or professional training for the higher positions.

(62) In connection with the method of making appointments in the Inside Service it may be proper at this point to refer to the question of the employment of temporary clerks, in which there appears to be a certain amount of laxity.

(63) Under present practice each Department inserts in its estimates a round sum for clerical and other assistance. When the estimates have been voted the Department is in a position, without any further control, to spend this sum on the employment of temporary clerks, the rate of pay being usually \$500 per annum, and rising in some cases to as much as \$800.

(64) The practice of employing temporary clerks seems to be growing, as the actual expenditure from Civil Government Contingencies under this head was \$25,095 in 1909-10, and \$110,071 in 1911-12; and the Estimates for 1912-13 include a provision of \$20,000 in one Department alone.

(65) Theoretically, the organisation of a Department should be arranged as to enable the whole of the year's work to be performed by the permanent staff. This can be accomplished to a certain extent by shifting clerks from branches where there is less to do at a particular time to branches where there is a temporary pressure; by arranging that work which is not urgent should be done at times when the pressure is least; and by taking care that leave of absence should only be taken with due regard to the convenience of the Department. It might even be practicable, on occasions of pressure, to borrow clerks from another Department. In practice it is of course not always possible to make adequate arrangements of this kind; and a certain amount of temporary employment will always be necessary in some Departments. But I feel sure that with the exercise of greater care more might be done in this direction.

(66) A temporary staff is, speaking generally, less efficient, owing to its defective training, than a permanent one; and is consequently more costly in reality, though perhaps more economical in appearance. Temporary employment should therefore, in my opinion, be discouraged in every possible way.

(67) I suggest that the employment of temporary clerks should be closely watched by the Department of Finance, under whose direction the remuneration is paid; and on every occasion when a temporary clerk is required the sanction of that Department should be obtained, the reason for the employment and the work to be performed being explained. The limit of six months prescribed for such employment seems to be reasonable, and necessary in order to prevent employment intended to be temporary in its character, from becoming in effect permanent. Precautions should also be taken to prevent this result being produced by successive periods of employment in different offices or in different branches of the service. Perhaps the simplest way of securing this would be by means of a declaration to be made by the temporary clerk on each occasion of his appointment stating all the previous occasions on which he had been employed.

(68) If the provisions of the law with regard to the Inside Service are fairly clear, the same cannot be said of the Outside Service.

(69) Under section 4 (b) of the Civil Service Act (R.S. 1906, Chapter 16) the Outside Service consists of the officers, clerks and employees mentioned in Schedule B, and the other officers, clerks and employees included in the Civil Service who are employed otherwise than on the departmental staffs at Ottawa. These 'other officers,' &c., are presumably those described in paragraph (a) and (b) of section 3 of the Act.

(70) Under sections 7 to 15 of the Act a Board of Examiners was constituted, which was intended to conduct examinations for both branches of the service; and under section 16 of the Act no person could be employed in either division of the Civil Service unless he had passed the prescribed examination.

(71) By section 4 of the Civil Service Amendment Act of 1908 the requirements as to examination were repealed so far as regards the Inside Service; and by sections 9 to 26 the Civil Service Commission was constituted, and provision made for the examinations which the Commission was to conduct; the powers of the Board of Examiners under the principal Act being transferred to the Commission. Sections 9 to 26, however, by reason of the provisions of section 4 (1), have no application to the Outside Service.

(72) It would appear, therefore, that the provisions contained in sections 7 to 16 of the earlier Act, with regard to the Board of Examiners and the examinations to be held by them, remain in force as regards that portion of the Outside Service which is defined by section 4 (b) of that Act. But by section 3 of the Civil Service Amendment Act of 1910 these examinations are to be held at the times and places specified under the regulations of the Civil Service Commission for the ordinary competitive examinations.

(73) The system thus provided would in itself be sufficiently inconvenient to administer; but further complications are introduced by the amending Acts of 1908 and 1910.

(74) By section 3 of the former of these two Acts the definition of the Civil Service seems to be considerably enlarged. After defining the Inside Service, the Act provides that the Outside Service shall consist of 'the rest of the public service.' The 'public service' is an expression which appears for the first time in the Act of 1908, and is not defined either in that Act or elsewhere; but the 'rest of the public service' presumably includes a considerable body of officials and employees not within the meaning of section 4 (b) of the original Act.

(75) It is not clear whether the provisions in sections 7 to 16 of the original Act were extended by the Act of 1908 to this enlarged Outside Service. But by section 2 of the Act of 1910 this enlargement of the Service is expressly excepted from the operation of section 16 and the other sections relating to examinations.

(76) We have, therefore, the original Outside Service defined by the principal Act, and the enlarged Outside Service defined by the Act of 1908. The former is still subject to the provisions of the principal Act dealing with examinations; but the additional force brought within the definition of the Outside Service by the Act of 1908 is specially excepted from those provisions by the Act of 1910.

(77) For the present purpose, however, it is not necessary to consider the legal position more closely; for I understand that in practice the Act is not regarded as requiring either examination or a Civil Service certificate for any position in the Outside Service, although the Civil Service Commissioners do in fact hold the Preliminary and Qualifying examinations referred to in the principal Act, and a certain number of candidates do in fact pass them either under department regulations or voluntarily.

(78) This position cannot be regarded as satisfactory. If the system of examination and certificate (whether after competitive or merely qualifying examination) is desirable for the Inside Service, it is difficult to understand why it should not be regarded as equally desirable for the Outside Service. I can see no reason why the junior ranks in the Excise and Customs Service, for example, should not be subjected to the same conditions, *mutatis mutandis*, as the junior ranks in the clerical departments of the Inside Service. The Outside Service is, speaking generally, of no less importance than the Inside Service. An efficient staff is no less necessary; and it should be recruited under similar conditions.

(79) For the same reason promotion in it should follow on the same lines; by which I mean that the prizes of the service should be reserved for those who have shown themselves capable of performing the highest duties. At present such positions as Postmasterships and Collectorships are filled by the appointment of persons who, whatever their other merits, have not had the advantage of long training in the service, and are consequently compelled to rely on their subordinates in transacting the business of their Departments. Such a system is fatal to an efficient service in two ways: the higher positions are filled, not by experts, but by amateurs; and the best type of official is not attracted into the service because he recognizes that its prizes are not within his reach.

(80) By section 4 (3) of the Act of 1908, power is given to the Governor in Council to bring the whole or any part of the Outside Service under the same provisions of the law as the Inside Service. I strongly recommend that this power should

be exercised forthwith, at least as regards the Post Office, Customs, and Inland Revenue Departments; and further, that each of these services should be graded in such a way as to provide a ladder of promotion from the lowest ranks to the highest.

(b) THE MANNER IN WHICH PROMOTIONS ARE MADE.

(81) As the law now stands promotion from the Third Division to the Second Division can only be made through the open competitive examination described above, except in the case of officers who were already in the Third Division on the 1st of September, 1908, for whom special provision has been made.

Promotion in the First and Second Divisions is made by the Governor in Council upon the recommendation of the Head of the Department, based on the report in writing of the Deputy Head, and with a certificate of qualification from the Civil Service Commissioners to be given either with or without examination as may be determined by them.

(82) *Prima facie* it appears to me undesirable that the Commission should intervene in questions of promotion. The duty of selecting suitable persons for first appointments in the service is one which they are well fitted to perform. The duty of adjudicating on the merits of officers whom it is proposed to promote from one grade to another is an entirely different one.

(83) Except in rare cases the method of examination seems to me unsuitable for such a purpose as promotion. The claims of an officer to promotion rest partly on the manner in which he has hitherto performed his duties, and partly on the judgment which can be formed of his capacity for the higher duties which will fall to him after promotion. On both these points the opinion of those under whom he has worked must be of far greater value than that of an outside body of commissioners who can have no personal experience of him or of his work. I cannot but think, too, that the intervention of the Commissioners in this matter must tend to weaken their position in the discharge of the more important duties imposed on them in regard to first appointments.

(84) If the recommendations of the Head of the Department and of the Deputy Head were honestly made under a proper sense of the responsibility imposed on them (and for the present purpose no other assumption is possible) I should feel some confidence that the right man was selected; and I should, therefore, be disposed to dispense with the certificate of the Civil Service Commissioners.

(85) On the other hand, I must say that cases have come under my notice which lead me to think that in some instances the recommendations of both the Heads and the Deputy Heads of Departments have not been founded exclusively on 'merit' as the Act directs, but that other considerations, or perhaps I should say 'merits' other than those contemplated by the Act, have been allowed to carry weight, and that grave injustice has sometimes been done to deserving officers who have in consequence been passed over. I should hope, however, that promotions of this kind are becoming fewer, as a sense of the responsibility for the selection of the fittest candidate becomes more real. Not only does the public service suffer if the fittest man is not promoted, but grave injustice is inflicted on the individual who is passed over merely because he is unable to bring political or other influence to bear in his favour.

(86) On the whole, whilst I do not feel entitled to express a very decided opinion on the subject, I should be inclined to repeal those provisions of the Act which require a certificate from the Civil Service Commissioners for promotions, and leave the matter in the hands either of the Head of the Department and his Deputy, or of the Appointment and Promotion Board above suggested.

(c) THE MANNER IN WHICH RETIREMENTS ARE EFFECTED.

(87) All persons in the Civil Service, with very few exceptions, hold office during pleasure—that is to say, their services can be dispensed with at any time. But I cannot find that there is in actual operation any rule or practice making retirement compulsory at any given age; and except in rare cases little or no pressure seems to be brought to bear on officers to induce them to retire, so long as they are able to continue in attendance at their Department. In the absence of ill health or misconduct, or some special ground for pressure on the individual, it seems to be left to the discretion of the officer himself to select the moment for his retirement.

(88) In the case of those who are entitled to pension some inducement is afforded to encourage voluntary retirement or to enable pressure to be exercised to enforce it. But speaking generally, the tendency on the part of the Heads of Departments is to leave the question to the officer himself. This tendency is, of course, more noticeable in the case of officers who are not entitled to pension; and this class now includes all officers appointed to the Inside Service since the 1st of July, 1898, as well as the greater part of the Outside Service, whether appointed before or after that date.

(89) This state of things, in my judgment, constitutes a very grave evil. Some system of securing retirement is absolutely essential if the public service is to be maintained in a satisfactory condition. It is necessary, on the one hand, in order to prevent officers from continuing in the service after they have ceased to be efficient; and it is equally necessary in order to provide a flow of promotion and to ensure that men of capacity should reach the higher positions at a period of life when they are able to make the best use of their powers.

(90) But a system of pensions is an essential element in any system of retirement. For it will be found that Heads of Departments will not discharge men who have given long and faithful service to the State—or even men who have not—unless some definite provision is made for their support when they have ceased to draw salary; and it is probable that public opinion would generally endorse this view.

(91) The pension system also has advantages of another kind. Owing to the nature of the work carried on in the public service it is highly desirable that men should be encouraged to enter it early and remain in it as long as their powers are unimpaired—in short to make their career in it. A pension, which will be available when they break down through ill-health, or when their term of service comes to an end, will be a powerful attraction to young men just entering a career, and will appeal even more directly to Civil Servants who have reached middle life and are tempted by offers of outside employment.

(92) The absence of a pension system, therefore, operates against the public interest in two ways;—men whose services might well be dispensed with are retained after their powers have begun to fail; and men whom the State would be glad to retain are allowed to be tempted out of the service at a time when their value is highest.

(93) I would therefore strongly urge as one of the most important items of Civil Service reform that some system of pensions such as that which was rescinded in 1898 should be re-established.

(94) But if the pension system is to be restored, it should be accompanied by a provision requiring compulsory retirement at a certain age. I suggest that at or after the age of sixty retirement should be at the option either of the officer himself or his Department; that at the age of sixty-five he should be compelled to retire; and that no relaxation of this rule should be permitted except for the single purpose of allowing him to continue in the service for a few months (not more than twelve) in order to complete a definite piece of work for which his services were specially required.

(95) The advantage of a rigid rule of this kind is that it relieves the Heads of Departments of the unpleasant and invidious task of representing to an official, who may perhaps be of long standing, that his powers have begun to fail and that his place can be better filled by a younger man. There will, of course, be cases of men who at the age of sixty-five will still be fully efficient, and whom it might be desirable to retain in the service; but these will be far out-numbered by the cases in which an officer ought in the public interest to retire, and will, under this rule, be compelled to do so without feeling that he has been harshly treated, or that any reflection has been cast upon his capacity. He will recognise that he is only conforming to a regulation which strikes at the efficient and inefficient alike.

(96) I do not propose to discuss the provisions of a pension scheme in detail but I may perhaps be permitted to suggest the following points for consideration:—

(i) The award of a pension has hitherto taken the form of an annuity for life, varying in amount according to length of service and salary. It may be worth while to consider whether it should not in future take the form of a reduced annuity coupled with the payment of a lump sum on retirement. The lump sum would, of course, represent the actuarial equivalent of the difference between an annuity at the higher rate and at the lower rate. In other words, the Government would undertake to commute, at a certain rate a portion, say one-fifth or one-fourth, of the pension to which the officer was entitled. I think that a scheme of this kind would be found popular with Civil Servants; and it would impose no additional charge on public funds.

(ii) No retirement should be permitted on the ground of ill-health unless it is certified that the officer's incapacity is likely to be permanent; and a medical referee should be appointed by the Government to examine these certificates and satisfy himself of their accuracy.

(iii) The provisions of section 12 of the Superannuation and Retirement Act, which enable an addition of years to be made to the actual service of certain persons, are in my opinion of doubtful expediency; and I should prefer to see them withdrawn. But if retained, I think that power should be taken to draw up a schedule of offices or situations requiring professional or technical qualifications, with the number of years to be added in each case, and that the grant of additional years should be confined to persons holding these offices. Under the Act the grant of the additional years is personal to the individual and depends on the view which may be taken, either at the time of his appointment or at the time of his retirement, of his qualifications, and on other considerations of a less relevant character. This involves a good deal of rather invidious discussion, which would be avoided if the grant depended not upon the individual but on the qualifications required for the office which he happened to hold.

(iv) It is a question whether it would not be desirable to abandon the practice of requiring contributions towards a pension to be deducted from the salary. My own opinion is against the system of contributions. I think it preferable on many grounds that the pension should be an entirely free gift on the part of the State.

(v) If the suggestion made in paragraph 22 of this Report (namely, that the Treasury Board should be abolished) is adopted, it would probably be found convenient that the administration of the pension system should be assigned to the Department of Finance.

(d) THE CLASSIFICATION OF THE STAFF AND THE DISTRIBUTION OF DUTIES IN EACH DEPARTMENT; AND THE DUPLICATION OF THE SAME OR SIMILAR WORK IN TWO OR MORE DEPARTMENTS.

(97) The Inside Service as constituted under the provisions of the Civil Service Amendment Act, 1908, is arranged in three divisions: First, Second and Third; each of these again comprises two subdivisions known as A and B.

Subdivision A of the First Division should consist of officers having the rank of deputy heads (but not being in charge of Departments), assistant deputy Ministers, and the principal technical, administrative and executive officers

The scale of salary assigned to this Subdivision is \$2,800 rising to \$4,000.

Subdivision B of the First Division should consist of 'the lesser technical, administrative and executive officers,' including the former chief clerks who are not eligible for Subdivision A.

The scale of salary is \$2,100, rising to \$2,800.

The Second Division, with its two Subdivisions A and B, should consist of 'other clerks having technical, administrative, executive, or other duties which are of the same character as, but of less importance and responsibility than, those of the First Division.'

The scales of salary of the two Subdivisions are \$1,600 to \$2,100, and \$800 to \$1,600 respectively.

The Third Division, also in two Subdivisions, comprises all other clerks in the service whose duties are copying and routine work, under direct supervision, of less importance than that of the Second Division.

The scales of salary of the two Subdivisions are \$900 to \$1,200 and \$500 to \$800 respectively.

The clerks who were actually in the service at the time of the passing of the Act in 1908, were distributed among these Divisions and Subdivisions, according to the rank and salary which they then enjoyed; but without apparently any other reference to the duties actually performed by them.

(98) A clear distinction is drawn by the Act between the duties of the Third Division on the one hand, and those of the Second and First Divisions, on the other. The duties of the former are described as copying and routine work under direct supervision, of less importance than those of the Second Division. The duties of the First and Second Divisions are technical, administrative or executive.

(99) While the First Division is to be recruited by promotion from the Second Division (section 25) and the Second Division by open competitive examination, no other provision is made for transfer from the Third Division to the Second, except in the case of officers who were already in the Third Division at the time of the passing of the Act, for whom special arrangements are made in section 26 (2).

Moreover, the subjects prescribed for the Second Division examination indicate a standard of education similar to that provided by the Universities, while the subjects prescribed for the examination admitting to the Third Division represent a much lower range of attainments.

(100) It is in my opinion of great importance that this distinction between the work of the two Divisions should be preserved. The essential difference between them is that the work of the two higher Divisions requires the exercise of discretion and the possession of altogether higher qualifications, whether professional, technical, or administrative, than that of the Third.

(101) For routine work, under direct supervision, all that is required is punctuality, accuracy, and precision. The copying of accounts, the compilation of statistics, the filling up of forms, and even the drafting of simple letters, are all matters in which there is no room for the exercise of discretion. The qualifications required for the work of the higher classes are essentially different from those required for

the routine duties of the lower classes; and are not usually developed from them. There will always be a large number of persons who, while quite capable of routine work, will never be able to rise to duties of a higher character requiring a higher standard of education and the higher qualities required for successful administration.

(102) I fear that under present conditions sufficient attention has not been paid to this distinction. In many Departments there are officers in both the First and Second Divisions performing duties which belong properly to the Third; and little, if any, attempt has been made to distribute the work in the two upper Divisions so as to correspond to the salaries assigned to them. Moreover, the distinction between the routine work of the Third Division and the superior work of the two higher Divisions seems to have been ignored.

(103) I attribute this mainly to two causes, (a) the principle laid down by the Act of 1908 for classifying the officers then in the service, which, as I have already mentioned, paid insufficient regard to the nature of the duties to be performed; and (b) the want of some one co-ordinating authority with power to deal with all Departments and regulate their staffs on uniform principles.

(104) It might possibly be contended that the Treasury Board and, through it, the Council, were charged with this duty; but it is obvious that Ministers themselves could not afford the time, and would otherwise be scarcely qualified, to exercise continuously such functions as those which I have described.

(105) In the absence of any such authority the various Departments have acted independently and each has arranged its staff in its own way. The result is that no uniform principles of organisation have been enforced. Men will be found in one Department with high salaries doing work which is performed by a much lower class in others; and the numbers of the various classes have been increased from time to time to meet the supposed claims of individuals without any special reference to the nature of the duties to be performed. It would be easy to quote numerous cases in which an officer has been allowed to proceed from one class to another without any change of work whatever, merely because it was desired to improve his position.

(106) The following figures afford a striking illustration of the consequences which inevitably flow from the absence of a controlling authority charged with the duty of co-ordinating the organisation of the whole service. They show (1) the classification of the staff in the various Departments made in 1909 under section 8 of the Act of 1908, and (2) the classification as it stands at the present time.

	First Division.		Second Division.		Third Division.		Total.
	A.	B.	A.	B.	A.	B.	
Number of clerks in 1909.	93	171	312	770	498	772	2,616
Number of clerks in 1912.	150	253	464	830	691	730	3,118
Increase in 1912.....	57	82	152	60	193	decrease 42	502

(107) It will be observed that while the total number of clerks has increased in the three years from 2,616 to 3,118, or by 19.2 per cent, the increase in the First Division has been 139 or 52.6 per cent; in the Second Division 212, or 19.6 per cent; and in Subdivision B of the Third Division, the lowest grade of all, there has been an actual diminution of 42 clerks.

(108) The character of the work performed differs widely in the several Departments, but it may be confidently asserted that in any properly organised Department, the routine work will require a considerably larger number of clerks than the work of a superior kind.

(109) I find, however, that in 1909 the Third Division represented no more than 48.5 per cent of the total number in the service; whilst in 1912 it represents only 45.5

per cent. It will further be noticed that while the lowest subdivision, namely III-B, is actually reduced in number, the highest, namely I-A, is increased by 57 to 61 per cent, and the next highest, I-B, by 82, or 48 per cent. The *quantity* of work has no doubt grown in the last three years, but it can hardly be supposed that its *quality* has grown in these proportions.

(110) The inferences which I draw from these figures are that the original classification of 1909 did not correspond with the duties to be performed; and that the alterations which have been made during the last three years have aggravated the initial error. I may add that, though I have not been able to make an exhaustive examination of the work in all of the Departments, my own observation, so far as it goes, entirely supports these conclusions.

(111) The first principle of a sound departmental organisation is that the work should be classified according to its importance, the responsibility involved, and the experience required to perform it properly. Regard should also be paid to the maintenance of a flow of promotion so that, if possible, a man should not be kept too long at work which is inferior to the best of which he is capable.

(112) When the staff has been arranged and classified according to that principle, the numbers of the several classes should not be varied except to meet an increase or diminution of the work allotted to each; and no promotions should be made except on the occurrence of a vacancy. On each occasion of promotion, therefore, the increased salary and the higher status would be coupled with higher duties.

(113) I have already called attention to one respect in which these principles are flagrantly ignored, namely, by the promotion of officers without any change of duties, so that there are numerous cases of men who, after twenty years' service, will be found to be doing work which, though quite suitable to their position at the beginning of their official career, is extravagantly remunerated by the salary of the class to which they have ultimately attained.

(114) As another illustration of the same error I may point to the legislation which enables a private secretary of a Minister to be added, after one year's service, without any certificate of the Civil Service Commissioners or other evidence of his qualifications, to the permanent staff of the Department in any position below Subdivision A of the First Division. It might thus happen that in a Department, presided over by a rapid succession of Ministers, the number of clerks in Subdivision B of the First Division (the salary of which is \$2,100 rising to \$2,800) might be increased at the rate of one a year without any corresponding increase in the work of the Department, and consequently without any duties for the clerks in question to discharge.

(115) It is difficult to understand how this point could have escaped notice when the legislation in question was being passed. If at any time there is work enough in a given department for a certain number of clerks and no more, how could the addition of another clerk be justified? The desire of the Minister to provide for his private secretary is intelligible, but this should clearly be done by appointing him to some vacant position which he is qualified to fill, and not by the creation for him of a post which is not required for the work of the Department, and which imposes for all time an additional charge on public funds.

(116) What seems to be urgently required is the appointment of a committee of Deputy Heads or other high officials to examine in detail the work of every Department in the service, and report what number of clerks of each grade is required to carry out the work. This may appear at first sight a task of inconvenient magnitude; but I think that when once the members of the committee had established certain principles for their own guidance (such as, for example, the definition of routine work), they would find the application of these principles to the business of the several Departments a comparatively easy matter.

(117) When this task has been completed some one Department should be charged with the duty of seeing that the classification laid down was adhered to. Every proposal for an increase in the number of any class should be carefully scrutinized; and the Department proposing it should be called on to explain the necessity for the new

post, the nature of the duties to be attached to it, and any other matters which may seem to call for inquiry. In this way the classification of all the Departments will be kept within proper limits and uniform principles of organisation will be applied.

(118) I think that the Department of Finance, which is directly interested in the financial effect of such proposals, is naturally marked out for this duty.

(119) In one other respect the classification prescribed by the Act might, I think, be amended with advantage. It appears to me to be too rigid and wanting in flexibility.

(120) The intention seems to have been to frame a uniform classification for all Departments. Considering the great variations in the work of the Departments, I doubt if this is either possible or even desirable. Even if the clerical services could be treated in this fashion, there is a large number of professional and technical appointments the classification of which cannot be cast in the same mold.

(121) For administrative work of a clerical kind it may perhaps be reasonable that a young man entering Subdivision B of the Second Division by open competition should begin at \$800 a year and rise in the normal course through the other classes to Subdivision A of the First Division, in which the maximum salary is \$4,000. But a frame-work of this kind is not so readily adaptable to the cases of men in middle life drawn from outside professions, or to the young men whose qualifications and work are mainly technical.

(122) I suggest that for all such appointments as are sanctioned under Section 21 of the Act of 1908 special salaries, or scales of salaries, should be fixed from time to time, and that the situations in question should not be classified with the purely clerical appointments.

(123) As regards the duplication of the same or similar work in two or more Departments, I regret that the limited time at my disposal has prevented my making as complete an examination of the work of the several Departments as I could have wished. In any case, however, I should scarcely be competent to make any definite recommendations of a detailed kind. But I have noticed some branches of business the organisation of which seems susceptible of improvement in this respect.

(1) *The statistical information compiled or published by the Government Departments.*—This is a matter in which co-ordination and control are especially necessary; but a very competent Commission has been appointed, under the chairmanship of Mr. Grigg, to inquire into it, and their labours have not yet been brought to a conclusion. I therefore refrain from making any suggestions on the subject. But I may perhaps be allowed to express the opinion that, while the form and matter of the statistical information to be issued to the public may properly be prescribed by some central authority or Department, the actual compilation of the statistics should rest with the Department dealing with the subject to which they relate.

(ii) *Public health.*—This is a subject which is at present dealt with by several Departments. Having regard to the rapid growth of population and the very important interests involved, it is, I think, desirable that a strong central Department should be established with power to deal with all questions relating to public health.

(iii) *Surveying and map-making.*—Several Departments appear to be engaged in this work, and I have no doubt that advantage would result if it were more concentrated; but the subject is one which requires much detailed investigation before a scheme could be drawn up. I suggest that a Departmental Commission should be appointed to inquire into the matter.

(iv) *Steamship subsidies.*—These are dealt with by both the Post Office Department and the Department of Trade and Commerce. I think that they should all be controlled by one Department. Under present conditions it is quite possible for a steamship company to be in receipt of a subvention from both Departments without either of them being aware of the payments made by, or the services rendered to, the other.

(e) THE DISTRIBUTION OF THE WORK BETWEEN THE SEVERAL DEPARTMENTS OR AUTHORITIES.

(124) This is another subject which requires more careful examination than I have been able to give to it, and I feel some diffidence in offering any remarks upon it.

The branches of administration which come within the purview of the Dominion Government are so numerous and so varied in their nature that it is clearly necessary to adopt some system of grouping; and it is certainly desirable not only that the branches to be dealt with by each Minister should be as nearly cognate as possible, but that all work of the same character should be concentrated in one Department. In the system under which the present distribution has been arranged it is not easy to recognize any underlying principle.

(125) For example, the Department of Agriculture, besides the work which one would naturally expect to find allotted to it, deals with patents, copyright, trade-marks, exhibitions, public health and quarantine. The Department of Inland Revenue, the main function of which is collecting the duties of excise, deals also with the inspection of weights and measures, the inspection of gas and electric light, patent medicines, and the adulteration of food and fertilizers. The Department of Public Works maintains harbours, piers and navigation works generally; but the maintenance of the St. Lawrence Ship Channel, a work not very different in character from the other navigation works, is under the control of the Department of Marine and Fisheries. I have already referred to the fact that two Departments, namely, the Post Office and the Department of Trade and Commerce, deal with steamship subsidies, while the latter Department is also charged with duties relating to the inspection of grain which, at first sight, seem more appropriate to the Department of Agriculture.

I am not in a position to make any definite suggestions as to the redistribution of these duties; but I think that the whole subject should receive early consideration by the Government.

(126) In this connection, however, I may perhaps be allowed to make a suggestion with regard to the Departments of Customs and Inland Revenue. Both of them are engaged in work of much the same character and each maintains a staff at various points in the Dominion. The suggestion which I have to make is that these two Departments and their staffs should be amalgamated. I feel sure that the convenience of the public would be consulted by such a change, and that considerable economies could be effected not only in the higher positions but also among the rank and file. Collectors of Customs, with a number of subordinate officials, are stationed at almost all places at which there are Inland Revenue Collectors; and at many of these places, judging from the amount of revenue collected, the duties must be scarcely sufficient to occupy the whole time of the officials. In suggesting this amalgamation I confine myself, so far as the Department of Inland Revenue is concerned, to that portion of its functions which relates to the collection of the excise. Its other duties seem to be more appropriate to the Department of Trade and Commerce.

IV.—GENERALLY THE MANNER IN WHICH THE PUBLIC BUSINESS OF THE DOMINION IS ADMINISTERED.

(127) Under this head I have brought together some miscellaneous points which have suggested themselves to me in the course of my inquiries and which could not conveniently be dealt with under any of the foregoing sections of this Report.

(i) *The development of the natural resources of the country.*—The Dominion of Canada is peculiarly fortunate, in comparison with other countries, in the wealth of its natural resources; but, notwithstanding what has already been done in this connection, I feel some doubt whether adequate steps have been taken for preserving and developing these resources for the benefit of the nation as a whole.

In laying down a policy to be adopted in such matters questions of great complexity will arise which must be treated from a comprehensive point of view and which require for their elucidation the highest technical and professional skill which can be made available.

The carrying out of the policy when decided on, and the execution of the necessary works must, of course, be left to the particular Department dealing with the matter in hand. This departmental autonomy is necessary for administrative purposes, and must clearly be maintained; but it has two drawbacks. In the first place it results in questions being dealt with in a fragmentary or piecemeal fashion without sufficient consideration of all their various aspects; and in the second place, the technical officers of the Departments, being mainly occupied with the projects and business of the moment, have not sufficient time to deal in a deliberate manner with all the problems involved, many of which do not directly concern their own Department and may consequently be lost sight of altogether.

For example, almost every waterway may be considered from at least two points of view. It may be utilised either for purposes of navigation or for the purpose of the production of power. These two objects may, and probably will, be antagonistic to each other. It may happen that the Department dealing with one is not the Department dealing with the other; and in that case one or both of the Departments will in all probability be found to be acting independently. Yet it is clear that a sound judgment can only be formed on a careful balance of all the considerations affecting the subject.

By the appointment of the Conservation Commission, under an Act passed in 1909, the first step was taken towards a comprehensive treatment of these important questions; and I understand that some progress has been made with the work. But I venture to think that it is necessary to define with greater precision the objects to be aimed at; and that the Commission is not adequately equipped with the expert assistance without which the best results cannot be achieved. I notice that the whole cost of the staff for the current year does not amount to \$25,000. Moreover, the size of the Commission (32 members) seems to me inconveniently large for practical purposes.

I think that a more suitable body for the purposes which I have indicated would be a small permanent Commission of three, or at most five, members, who should devote their whole time to the work, and who should be assisted by a staff of the best experts procurable either in Canada or elsewhere. Their functions should be (a) to initiate and work out—but not to execute—schemes for the utilisation in the future of the natural resources of the country; (b) to examine and report upon every scheme affecting these resources, whether promoted by the Government or by private parties, before it is sanctioned by Parliament; and (c) to train up a body of technical experts who could be transferred, as opportunity offered, to the permanent service in any Department in which they were required. The Commission would in short be a thinking, planning, advising, and training body, with no executive functions. It should be directly responsible to and under the general control of the Prime Minister.

(ii) *General control of the public service.*—In paragraph 103 I called attention to the want of some co-ordinating authority with power to deal with the staff and organisation of the different Departments so as to secure the application of uniform principles and methods; and in paragraph 118 I suggested that the Department of Finance should be charged with this duty. I attach importance to this recommendation because I feel sure that many of the defects in the existing system are attributable to the want of such an authority. But I think that its functions might usefully be extended to certain other matters in which general control is desirable;—such as the modification within certain minimum and maximum limits of the prescribed scales of salary; the number and character of the situations which may be filled under section 21 of the Act of 1908; exchanges and transfers between different Departments or different branches of the service; the hours of work in the

several Departments; the amount of ordinary and sick leave to be allowed; the keeping of attendance books, &c. Some of these are now regulated by statute, but it appears to me that they are matters which could be more conveniently dealt with by administrative action, which enables such uniformity as is desirable to be more readily enforced, and at the same time permits of exceptional treatment when required.

(iii) *Salaries.*—The question of salaries has not been specifically referred to me, and even if it had been, I do not consider myself competent to make definite recommendations on the subject without more knowledge than I possess of the various conditions affecting it, such as the cost of living in this country and the effect of the competition of other forms of employment. But I may perhaps be allowed to make the following observations.

The provisions in the Civil Service Acts with regard to classification and scales of salary are, as I have suggested in paragraphs 119 to 122, wanting in flexibility. I think it would be more satisfactory if, while minima and maxima were prescribed by statute, the actual scales were left to be settled, as occasion required, by the Departments concerned, with the approval of the Finance Department. For example, it does not seem to me necessary that all officers who are placed in Subdivision A of the First Division should proceed as a matter of course to the maximum of \$4,000. Having regard to the large number of administrative officers in this subdivision the maximum appears to be unnecessarily high in many cases, if compared with the salaries of the Deputy Heads, who rank immediately above them, and with the principal technical and professional officers who are usually placed in this class. On the other hand, while the normal salary of the Deputy Heads is \$5,000, it is clear that some of these positions involve much greater responsibility than others. If \$5,000 is a suitable remuneration for the greater number of these situations, I think that in some cases this amount should be considerably increased. The same remark applies to the higher professional and technical officers, many of whom are paid on the same scale as administrative officers performing duties of much less importance. It is clear that the best professional and technical skill should be at the disposal of the Government, but this can only be attained by the payment of salaries approximating to those which are received by professional men of equal eminence in outside employment.

I desire also to offer one suggestion with respect to the scale of salary prescribed for the Third Division. If it is intended to adhere to the principle laid down in the Civil Service Act of 1908 under which there is no outlet from this division into the Second Division except by open competition or the method prescribed in section 26 (2) of the Act, I think that the maximum of Subdivision A of the Third Division might well be increased to \$1,500, and in the case of specially meritorious officers with not less than, say, twenty-five years' service, even as far as \$1,800. If the Third Division is to be kept rigidly fenced off from the Second Division as the Act contemplates, and as is, I think, desirable, it is necessary that the maximum salary attainable in that branch of the service should be fairly high, and that there should be a few prizes in it, in order to attract candidates who will be content to make their career in it. For this purpose a maximum of \$1,500, with a rise to \$1,800 in special cases, does not appear to me to be excessive.

(iv) *The Drafting of Government Bills.*—Under present conditions no single authority seems to be responsible for seeing that uniform methods, language, and principles are observed in the preparation of Government measures. I think that this is a serious defect. While there is no objection to each Department drafting its own measures, it is highly desirable that all should be subjected to examination by some co-ordinating authority with a view to the application of common principles of construction and interpretation.

(v) *Accounts.*—The forms of account kept by the various public Departments do not appear to be designed on any uniform plan. The Governor in Council, on the

report of the Treasury Board, has power, under section 12 of the Finance and Treasury Board Act, to prescribe the manner in which each Department of the Public Service shall keep its accounts; but this power does not appear to have been exercised up to the present time. Uniformity in the system of account-keeping is a matter of some importance; and I think it would be well if the subject were taken into consideration at an early date. Probably the most convenient procedure would be for a committee consisting of a representative of the Auditor General's Department and a representative of the Finance Department to examine the various systems at present in use, and then prescribe one uniform system for the whole service.

(vi) *Medical Referee.*—In paragraph 96 I suggested the appointment of a medical referee to examine the certificates of ill health put forward in support of applications for superannuation. I think that the functions of such an official could be usefully extended so as to include the examination of certificates of ill health in support of applications for leave of absence. If such an examination were instituted an appreciable number of the certificates would in all probability be found to require reconsideration.

(128) In the earlier portions of this Report I have indicated the important points which appear to require attention in connection with the organisation of the public service; such as the amount of routine business transacted by Ministers both in Council and in their Departments; the necessity for a closer control over the expenditure; the practice of transacting business by oral discussion rather than by correspondence; the want of a proper classification of the duties and staff in the several Departments; the appointment and promotion of officials on political grounds rather than on merit; and the establishment of a system of retirement.

But of all the topics on which I have touched the two which appear to me to be the most important are first, the relief of Ministers from routine and administrative duties so that they may be set free for the consideration of policy; and secondly, the improvement of the organisation and personnel of the Public service so that it may be in a position to cope efficiently with the business of the country, not only in the present, but in a future which is day by day developing additional work and fresh responsibilities.

I desire to urge as strongly as I may that for the creation and maintenance of an efficient Civil Service three essential conditions are required:—

(1) The best material in the country must be attracted into it and induced to remain there.

(2) To this end the service must be so regulated as to provide a permanent career in which promotion will depend on individual merit exhibited in the daily performance of duty.

(3) It follows from this that the mutual relations of Ministers and Civil Servants alike must be conducted with a loyal and single-minded devotion to the public service, from which all considerations dependent on the political views of individuals should be wholly excluded.

Whether and how far it is possible to realise these conditions it is not for me to say. But I feel confident that, until they are realized, the Public Service will not be such as the Dominion is entitled to expect, or such as is essential for the proper transaction of its business.

I have the honour to be, Sir,

Your obedient servant,

G. H. MURRAY,