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Right Hon. Mr. Massey.

PUBLIC EXPENDITURE ADJUSTMENT.

ANALYSIS.

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A BILL INTITULED

AN ACT to make Provision for an Adjustment of Public Expenditure.

Title.

WHEREAS the rates of remuneration of certain persons employed, whether permanently or temporarily, in the Government Service, or in the service of any Education Board, or in any technical school of which an Education Board is the controlling authority, or in the service of the governing body of any secondary school, and of certain other persons in receipt of public moneys as remuneration for their services in respect of the duties of their several offices have from time to time since the first day of April, nineteen hundred and sixteen, been increased, firstly by way of a bonus or grant, and afterwards by way of an increase in the rates of salaries or wages, such increase of remuneration being given partly in respect of special services and partly on account of the increased cost of living due to conditions arising out of the war with Germany: And whereas the salaries payable to persons employed as teachers in the service of any Education Board, or in any technical school of which an Education Board is the controlling authority, or in the service of the governing body of any secondary school, and of certain other persons, were as from the first day of April, nineteen hundred and twenty, increased by an aggregate amount of three hundred thousand pounds per annum, which was distributed in accordance with regulations: And whereas the rates of remuneration of

Recital.

certain other persons in receipt of honoraria or salaries from the public revenues have since the first day of April, nineteen hundred and sixteen, been increased by varying amounts: And whereas the increased rates of remuneration continue to be paid notwithstanding that a state of war no longer exists, and notwithstanding also that the cost of living has decreased and is likely further to decrease: And whereas it is essential in the public interest, having regard to the decreasing amount of revenue derivable from the usual and ordinary sources, that such increases as were made in the permanent charges on the public revenues by reason of the increased rates of remuneration aforesaid should be diminished: 5 10

BE IT THEREFORE ENACTED by the General Assembly of New Zealand in Parliament assembled, and by the authority of the same, as follows:—

Short Title.

1. This Act may be cited as the Public Expenditure Adjustment Act, 1921. 15

Application of Act.

2. Save as provided in the *next succeeding* section, this Act shall apply to—

(a.) All Ministers of the Crown:

(b.) The Speaker and Chairman of Committees of the Legislative Council, and the Speaker and Chairman of Committees of the House of Representatives: 20

(c.) Members of the General Assembly:

(d.) The Clerk and Clerk-Assistant of the Legislative Council, and the Clerk and Clerk-Assistant of the House of Representatives: 25

(e.) The Controller and Auditor-General:

(f.) The members of the Board of Trade:

(g.) The Public Service Commissioner and the Assistant Commissioners: 30

(h.) All persons employed in the Public Service within the meaning of Part II of the Public Service Classification and Superannuation Act, 1908 (whether permanently so employed or not):

(i.) All persons employed in the Education Service within the meaning of Part I of the Public Service Classification and Superannuation Amendment Act, 1908 (whether permanently so employed or not): 35

(j.) All employees of the Government Railways Department:

(k.) Any other person in receipt of remuneration from the Consolidated Fund, or from grants made from the Consolidated Fund, to whom this Act may be applied by the Minister of Finance, not being a person exempted from the operation of this Act by the *next succeeding* section. 40

Exemptions.

3. Nothing in this Act shall apply to— 45

(a.) The Governor-General:

(b.) The Judges of the Supreme Court:

(c.) The Judge of the Court of Arbitration:

(d.) The High Commissioner for New Zealand:

(e.) Any person employed by the Government or by any other authority for a specific limited term of office pursuant to a contract made out of New Zealand: 50

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(f.) Any person who is remunerated by fees or commission, and not by wages or salary :

(g.) Any person in any of the classes enumerated in the *last preceding* section who is at the passing of this Act on leave of absence prior to retirement.

5 4. The rates of salaries and honoraria payable to Ministers of the Crown and to members of Parliament (including the Speakers and the Chairmen of Committees) shall, as from the first day of January, nineteen hundred and *twenty-two*, be reduced by an amount equal to *ten* per centum of the rates fixed by the Civil List Act, 1920.

Reduction of salaries of Ministers of Crown and members of Parliament.

10 5. The aggregate annual rate of salaries payable to persons employed as teachers (including relieving teachers, temporary teachers, pupil-teachers, probationers, and training-college students) in the service of any Education Board, or in any technical school of which an Education Board is the controlling authority, or in the service of the governing body of any secondary school, and of all other persons whose rates of salary were increased by reason of the distribution of the sum of three hundred thousand pounds as hereinbefore recited, shall, as from the first day of January, nineteen hundred and *twenty-two*, be reduced by an annual rate equal to *thirty* per centum of the aggregate annual rate of the increases to salaries made as hereinbefore recited as from the first day of April, nineteen hundred and twenty.

Reduction of salaries of teachers.

15 6. (1.) The rates of salaries and wages of all other persons to whom this Act applies shall, as from the first day of January, nineteen hundred and *twenty-two*, be reduced in manner following, that is to say:—

Reduction of salaries of officers of Public Service and other persons to whom this Act applies.

30 (a.) Where the rate of remuneration as at the thirty-first day of December, nineteen hundred and twenty-one, exceeded eight hundred pounds per annum, the rate of reduction shall be as follows—

35 (i.) Where the rate of remuneration exceeded one thousand two hundred and fifty pounds per annum, the rate of reduction shall be *ten* per centum thereof :

(ii.) Where the rate of remuneration exceeded one thousand pounds per annum but did not exceed one thousand two hundred and fifty pounds per annum, the rate of reduction shall be *nine* per centum thereof :

40 (iii.) Where the rate of remuneration exceeded nine hundred pounds per annum but did not exceed one thousand pounds per annum, the rate of reduction shall be *eight* per centum thereof :

45 (iv.) Where the rate of remuneration did not exceed nine hundred pounds per annum, the rate of reduction shall be *seven* per centum thereof :

50 (b.) Where the rate of remuneration as at the thirty-first day of December, nineteen hundred and twenty-one, did not exceed eight hundred pounds per annum, the rate of reduction shall be as follows:—

(i.) In the case of persons not paid at an hourly or a daily rate, the rate of reduction shall be *fifteen* pounds

per annum; increased by *five* pounds per annum in cases where such rate of remuneration exceeded *three hundred and twenty* pounds per annum, and by a further *five* pounds per annum where such rate exceeded *five hundred* pounds per annum: 5

(ii.) In the case of persons paid at an hourly or daily rate, the rate of reduction shall be *one* shilling a day or its equivalent, increased by *fourpence* a day or its equivalent in cases where such rate of remuneration exceeded *three hundred and twenty* pounds per annum. 10

(2.) Where in any case rates of payment for overtime are fixed by reference to the rates of payment for time other than overtime, the last-mentioned rates shall as from the first day of January, nineteen hundred and *twenty-two*, be deemed to be the rates as reduced in accordance with this Act. 15

7. (1.) If in the month of March, nineteen hundred and *twenty-two*, and the month of June, nineteen hundred and *twenty-two*, the Minister of Finance is of opinion that further reductions in the amount of the permanent charges on the public revenues are necessary in the public interest, he may, by notices published in the *Gazette*, declare that the rates of remuneration of persons to whom section *five* hereof applies and of persons to whom paragraph (b) of section *six* hereof applies, shall as from the first day of April, nineteen hundred and *twenty-two*, and as from the first day of July, nineteen hundred and *twenty-two*, as the case may be, be reduced by 25 rates to be fixed by the Minister of Finance as provided in the *next succeeding* subsection, and every such notice shall, subject to the *next succeeding* subsection, have effect according to its tenor.

(2.) For the purpose of determining the rate of reduction (if any) to be fixed by the Minister of Finance pursuant to the *last preceding* 30 subsection as from the first day of April, nineteen hundred and *twenty-two*, or as from the first day of July, nineteen hundred and *twenty-two*, the Judge of the Court of Arbitration, on the request in writing of the Minister of Finance, shall proceed to ascertain the ratio between the standard cost of living as at the twenty-35 eighth day of February, nineteen hundred and *twenty-two*, and as at the thirty-first day of May, nineteen hundred and *twenty-two*, as the case may require, and the standard cost of living as at the thirty-first day of March, nineteen hundred and twenty. In determining the rates of reduction (if any) to be made as on the first day of 40 April, nineteen hundred and *twenty-two*, and as on the first day of July, nineteen hundred and *twenty-two*, the Minister of Finance shall take into consideration the finding of the Judge of the Court of Arbitration in respect of the standard cost of living as at the afore-45 said dates, and shall, so far as practicable, fix the rates of reduction so that the proportion between the rate of reduction of remuneration and the rate of special increase of remuneration granted as from the first day of April, nineteen hundred and twenty (as hereinbefore recited), shall not exceed the proportion between the rate of reduction in the cost of living and the standard cost of living as on the 50 thirty-first day of March, nineteen hundred and twenty, as certified to by the Judge of the Court of Arbitration:

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Provided that in the case of persons to whom section *five* hereof applies the aggregate reduction as from the first day of April, nineteen hundred and *twenty-two*, may be equal to but shall not exceed *sixty thousand* pounds per annum, and the aggregate
 5 reduction as from the first day of July, nineteen hundred and *twenty-two*, may be equal to but shall not exceed *forty thousand* pounds per annum; and in the case of persons to whom paragraph (*b*) of section *six* hereof applies the rate of reduction as from the first day
 10 of April, nineteen hundred and *twenty-two*, may be equal to but shall not exceed *fifteen* pounds per annum, and as from the first day of July, nineteen hundred and *twenty-two*, may be equal to but shall not exceed *ten* pounds per annum.

(3.) Notwithstanding anything in the foregoing provisions of this section the Minister of Finance may fix a date later than the
 15 first day of April, nineteen hundred and *twenty-two*, or the first day of July, nineteen hundred and *twenty-two*, as the case may be, as the date on which any reduction under this section in the rates of salaries shall take effect.

8. The reductions in the rates of salaries of persons to whom section *five* of this Act applies shall be effected in accordance with
 20 regulations to be made in that behalf pursuant to this Act.

Rates of reductions in teachers' salaries.

9. The reductions effected pursuant to paragraph (*a*) of section *six* of this Act in the rate of remuneration of any person shall not so operate as to reduce his rate of remuneration below the
 25 reduced rate of remuneration of a person in the same service whose rate of remuneration is also reduced pursuant to the said paragraph and who on the passing of this Act is in receipt of a lower rate of salary or wages.

Graduated reductions not to operate so as to reduce salary of any officer below that of subordinate officer.

10. Where pursuant to any Act or authority grants are made
 30 from the Consolidated Fund to any Education Board or to the governing body of any secondary school or of any University college or other institution, and such grants are available for the payment of salaries by such Board or governing body, then, notwithstanding anything to the contrary in any Act or other authority, the amount
 35 of such grants shall be reduced by an amount equivalent to the reduction to be effected pursuant to this Act in the amount of the salaries payable by such Board or governing body.

Reduced grants to Education Boards and to governing bodies of University colleges.

11. (1.) Every person whose rate of salary or wages is reduced by this Act and who is a contributor to the Public Service
 40 Superannuation Fund, or the Teachers' Superannuation Fund, or the Government Railways Superannuation Fund, may, by notice in writing to the Secretary of the Board charged with the administration of that superannuation fund, given on or before the
 45 thirty-first day of March, nineteen hundred and *twenty-two*, elect to continue to contribute to the fund as if his salary or wages had not been so reduced, and every person so electing and contributing shall be entitled on retirement to a retiring-allowance (if any) of the same amount as that to which he would have been entitled if his
 50 salary or wages had not been reduced by this Act.

Saving of rights of contributors to Superannuation Funds.

(2.) Every person (not being a contributor to any of the aforesaid funds) whose rate of remuneration is reduced by this Act and who is entitled on retirement to compensation for loss of office

or to a retiring-allowance computed with reference to the rate of his remuneration, shall, on retirement after the passing of this Act, be entitled to the same compensation or to the same rate of retiring-allowance as if this Act had not been passed.

Statutory scales of salaries to be subject to this Act.

12. The provisions of this Act as to rates of honoraria, salary, or wages shall apply, notwithstanding anything in any Act or in any regulations or scale of salaries to the contrary, and the rates of honoraria, salaries, and wages as fixed pursuant to this Act shall continue in force until lawfully altered, save that where pursuant to any Act or regulations or scale of salaries or wages any person is entitled to an increment to his salary or wages, such increment shall be payable at the same rate as if this Act had not been passed, and shall be in addition to the rate of his salary or wages as fixed pursuant to this Act. 5 10

Computation of annual equivalent of daily or other rates.

13. Where any person to whom this Act applies is paid at a rate other than an annual rate, the annual equivalent of such rate and the daily or other equivalent of any annual rate referred to in this Act shall be computed in accordance with regulations for the purpose of ascertaining the appropriate rate of reduction of his salary or wages in accordance with the foregoing provisions of this Act. 15 20

Regulations.

14. The Governor-General may from time to time make all such regulations as may be deemed necessary for the purpose of carrying this Act into effect.