

Government of Madras.

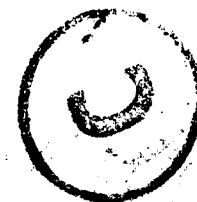
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COMMITTEE ON NATIONAL EXPENDITURE.

THIRD REPORT
OF
COMMITTEE
ON
NATIONAL EXPENDITURE.

Presented to Parliament by Command of His Majesty.



LONDON:

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TERMS OF REFERENCE.

To make recommendations to the Chancellor of the Exchequer for effecting forthwith all possible reductions in the National Expenditure on Supply Services, having regard especially to the present and prospective position of the Revenue. In so far as questions of policy are involved in the expenditure under discussion, these will remain for the exclusive consideration of the Cabinet; but it will be open to the Committee to revise the expenditure and to indicate the economies which might be effected if particular policies were either adopted, abandoned or modified.

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THIRD REPORT OF THE COMMITTEE ON NATIONAL EXPENDITURE.

To the Right Hon. SIR ROBERT S. HORNE,
G.B.E., K.C., M.P.,
Chancellor of the Exchequer.

Sir,

We beg to submit our Third Report, in which we deal with the 60 Votes which were outstanding after our Second Interim Report, and which account for an expenditure of approximately £102,000,000.

The Provisional Estimates for Ordinary Supply Services for 1922/23 amounted to £528,000,000, showing a reduction effected by the Departments themselves of £75,000,000 upon the original Estimates for 1921/22.

It is these Estimates amounting to £528,000,000 which we have been examining, and we have dealt with them as follows:—

In our First Interim Report we dealt with Services amounting to ...	£ 390,000,000*
In our Second Interim Report we dealt with Services amounting to ...	18,000,000
Irish Votes which we are not examining amount to ...	17,500,000
In this our Third Report we have dealt with Services amounting to ...	102,500,000†
	528,000,000

In this Third Report, we have also dealt with 5 Votes in respect of "Aftermath of the War Services," which come under the heading of "Special Expenditure," and we have reported on one special subject which has been prominently before us throughout our review of Government Expenditure, viz., "Pay."

* Including Middle East expenditure further dealt with in this report.
† Excluding Army and Air Force expenditure in the Middle East.

The cost of printing and publishing this report is estimated by the Stationery Office at £212 12s. 6d.

We have, as before, divided this Report into various parts according to the subject matter of the Votes under consideration, as follows, full details being given in the index.

Colonial Office, Colonial Services and Middle East Group	Part VIII.
Legal Services Group	Part IX.
Revenue Departments Group	Part X.
Houses of Parliament and certain Civil Departments Group	Part XI.
Office of Works and Public Buildings Group	Part XII.
Art and Science Group	Part XIII.
Foreign Office, Diplomatic and Consular Services Group	Part XIV.
Stationery Office and Registrar General Group	Part XV.
Miscellaneous Group	Part XVI.
Aftermath of the War Services Group ...	Part XVII.
Pay	Part XVIII.

We now proceed to deal seriatim with the Groups as set out above.

PART VIII.

COLONIAL AND MIDDLE-EASTERN SERVICES.

The Provisional Estimates submitted to the Committee of the cost of these Services in 1922/23 amount to £15,128,532 as compared with an expenditure of £841,364 upon the Services existing in 1913/14.

	1913-14 Audited Expenditure.	1921-22 Estimates.	1922-23 Provisional Estimates.
	£	£	£
Colonial Office	60,169	1,184,104	372,764
Colonial Services	781,195	2,067,027	1,752,068
Middle-Eastern Services	Non-existent	27,217,000	13,003,700
Total	841,364	30,468,131	15,128,532

We proceed to deal with these Services seriatim.

Chapter I.

COLONIAL OFFICE ESTIMATES.

	£
1913/14 Audited Expenditure	60,169
1921/22 Estimates	1,184,104
1922/23 Provisional Estimates	372,764

1. The Estimates for 1921/22 include a Supplementary Estimate of £330,000 voted last autumn for the provision of Free Passages in connection with the Overseas Settlement Scheme, making the provision on that account in the current year £980,000. Since the Provisional Estimates were submitted the Colonial Office have furnished a revised Estimate for 1922/23 of £928,866, the large increase over the Provisional Estimate being due mainly to additional provision for the Overseas Settlement Scheme.

2. Overseas Settlement

In 1919 the Government decided that approved ex-Service men and women who wished to settle within the Empire Overseas should be given free Third Class Passages for themselves and their Dependants. Under the arrangements finally made applications were required to be lodged before the 31st December, 1921, and passages taken before the 31st December, 1922.

This Scheme was part of the general arrangements for affording ex-Service men and women opportunities for settling in civil life after demobilisation. The total expenditure up to the 31st March, 1921 (including certain expenditure for assisting the emigration of non-ex-Service men and women out of employment) was £750,000, and the provision for 1921/22, including the administrative expenditure, is £1,037,675.

The provision for 1922/23 is asked for to complete the Scheme. We are informed that £200,000 included in the Provisional Estimate for the cost of Free Passages was a tentative Estimate only and that it is now considered by the Colonial Office that, in view of the large number of applicants whose names are on the books of the Overseas Settlement Office, £750,000 may be required.

The Treasury are disposed to think that this is an over estimate and that a provision of £500,000 for Free Passages should be sufficient to fulfil the obligations of the Government under the Scheme.

3. *Empire Settlement.*

We understand that proposals have been laid by the Secretary of State for the Colonies before the Government, involving a further expenditure amounting in 1922/23 to £1,245,000, for initiating a general measure of Empire Settlement which is intended to carry out and in some respects to extend a Scheme agreed in principle with the Dominion Prime Ministers last summer. We understand that this Scheme was accepted by the Government "on the understanding that caution should be exercised in regard to any immediate expenditure." As no provision is made in the Estimates before us for this purpose, we offer no observations beyond pointing out that the question for decision would appear to be how much the State can afford at the present time, for an object which is, in itself, probably desirable. The Scheme agreed in 1921 was roughly to be financed as to 50 per cent. by this country and 50 per cent. by the Dominions. We are informed that the only sum so far voted by the Dominions is £160,000 by the Commonwealth of Australia, which is the measure of any immediate Exchequer liability.

4. *Administrative Expenditure.*

The staff of the Department was 214 on the 1st August, 1914. The staff proposed for the 1st April, 1922, is 413. The increased number includes a staff of 98 employed in the Overseas Settlement Office and the staff of 20 of the Middle-Eastern Department now transferred to this Vote. Apart from these new Services the staff of the Colonial Office proper has increased from 206 to 295. This increase is accounted for by the greater volume of work due to taking over the former German Colonies and to the development

of the Colonies and Protectorates, particularly in East Africa, and we are unable to criticise it.

CONCLUSION.

As a result of our consideration, we are of opinion that the Net Estimate of the Colonial Office should be fixed at £678,866, instead of £928,866 in the revised Estimate, being an increase of £306,102 over the Provisional Estimate.

Chapter II.

COLONIAL SERVICES.

	£
1913/14 Audited Expenditure ...	781,195
1921/22 Estimates ...	2,067,027
1922/23 Provisional Estimates ...	1,752,068

1. The increase over 1913/14 is due to the requirements of Tanganyika territory (formerly German East Africa) and to provision for development loans to Uganda and Rhodesia. Since the Provisional Estimates for 1922/23 were submitted the Colonial Office have furnished a revised Estimate of £1,779,120, which is made up as follows:—

<i>Grants-in-Aid—</i>	£
Cyprus ...	50,000
Tanganyika ...	800,000
Wei-hai-Wei ...	2,300
Nyasaland ...	86,050
Uganda ...	150,000
Somaliland ...	72,080
St. Helena ...	3,000
Rhodesia ...	150,000
Niger Company Purchase Annuity ...	44,475
Uganda Railway Acts ...	319,112
Salaries, Passage Expenses, &c., of	
Governors ...	13,875
West Indian Agricultural College ...	5,000
Western Pacific High Commission ...	14,405
South Africa High Commission, &c. ...	14,200
Rhodesia Extraordinary War Expenditure ...	13,982
Boundary Commissions ...	5,000
Telegrams on Colonial Service ...	22,000
Imperial Institute ...	10,000
Miscellaneous ...	3,641
	1,779,120

We comment upon the following items :—

2. *Cyprus* : Grant-in-Aid, £50,000.

In 1878 Great Britain undertook to pay to Turkey an annual sum subsequently calculated at £92,800 a year to compensate the Porte for the actual loss of its revenue from the Island, on the average of the five preceding years. This amount was charged in 1882 by Order-in-Council on the Consolidated Revenues of Cyprus. It has not, however, in fact, been paid to Turkey, but has been applied towards the service of the Turkish Guaranteed Loan of 1855, in respect of which Turkey has been in default. This arrangement appears to accord with the recognised principle that Territories which have formed part of the Turkish Dominions should continue to bear their due share of the Ottoman Debt.

Cyprus has not, however, in practice been required to bear this charge in full. Grants-in-Aid were given from time to time from the Imperial Exchequer of varying amounts, until in 1910 the British Government agreed to ask Parliament to vote in future a fixed annual grant of £50,000 a year so long as the obligation to provide the £92,800 continued.

In recent years Cyprus has had a substantial surplus of revenue over expenditure, and by the 31st March, 1920, had accumulated a Reserve Fund of about £200,000, of which about £80,000 has since been spent upon special purposes.

3. *Tanganyika (late German East Africa)* : Grant-in-Aid, £800,000.

A further proposal has now been put forward to increase the grant to £850,000.

This Territory suffered considerably from the war, and assistance from the British Exchequer has been necessary since 1920, when a grant of £330,000 was provided. In 1921/22 grants have been made of £164,000 to meet the realised deficit for 1920/21, and £750,000 by way of loan to cover a deficit on ordinary expenditure of £456,000 and to provide for capital expenditure and a working balance. The British Taxpayer has therefore made grants of £500,000 and a loan of £750,000.

For 1922/23 the Territory's Estimates show a deficit on ordinary expenditure of £324,000, and capital expenditure of £378,000 is proposed, making a total of £702,000 in excess of revenue, to meet which a further grant of £800,000 is now asked.

We are informed that the Customs revenue is estimated at £275,000 only, although the actual revenue for 1920/21 was £225,000 and the duties were increased in August, 1921, by about 50 per cent. No other increased taxation is proposed, although the Native Hut and Poll Taxes are said to work out at 1s. 9d. per head of the Native population only, as compared with 5s. 4d. per head in Kenya. It would seem possible, therefore, in due course to obtain an increased revenue.

In the circumstances, the Grant-in-Aid of £800,000 proposed by the Colonial appears to call for close scrutiny. It has been urged before us that capital expenditure in this Territory, as in other British Protectorates in East Africa, will materially promote their development, and that the provision of funds by the British Taxpayer would be a sound investment. We would, however, observe that the British Exchequer has, in present circumstances, no surplus funds for investments of this nature. At the present time, the provision of Public Funds must necessarily be limited to urgent requirements, and the development of these countries ought, in our opinion, to be regulated mainly by the ability of the local Governments and private undertakings to raise funds independently. As in the case of this country, these Territories ought, we think, to deny themselves expenditure, even on laudable objects, until by rigid economy and taxation they have balanced their Budgets.

We recommend that the Grant-in-Aid to be provided for Tanganyika in 1922/23 should be limited to £600,000 to meet the deficit on ordinary expenditure which cannot be met by increased revenue and the most urgent capital requirements, and that it should take the form of a loan and not of a free grant.

4. *Wei-hai-Wei* : Grant-in-Aid, £2,300.

We understand that in connection with the arrangements under discussion at Washington, it is proposed that this Territory should revert to China. Its surrender will effect savings on Naval and Military expenditure and Telegraph subsidies, as well as on this Vote. Pending the final ratification of the proposed arrangements, the Grant-in-Aid provided in these Estimates (£2,300) must stand.

5. *Nyasaland* : Grant-in-Aid, £86,050.

This loan grant is proposed to assist the Protectorate to meet payments arising under a guarantee in respect of interest and Sinking Fund given for reasons of policy in connection with the construction of the Trans-Zambesia Railway, a line under construction in Portuguese East Africa connecting the Nyasaland Railway system with the port of Beira. The guarantee payments are eventually repayable out of the profits of the Railway. It does not appear to be possible at the present time to reduce the assistance required.

6. *Uganda* : Grant-in-Aid, £15,000.

In 1920 the Government undertook to provide a loan of £1,000,000 at 5 per cent. for the development of the Protectorate over a period of five years. The loan is to be repaid out of the proceeds of a loan to be raised by Uganda on her own account as

soon as possible after the 31st March, 1925. In 1920 the Protectorate was barely self-supporting, and did not appear to be capable of providing for development works out of its own revenue, or of raising a loan independently for the purpose. Since that time, owing to savings on current expenditure and growth of revenue, the Protectorate has been able to accumulate a surplus estimated to amount on the 31st December, 1921, to £418,000. On the other hand, Uganda has a large liability to the Imperial Government for her share of the war expenditure in East Africa, which may amount to about £800,000, but no definite arrangements have yet been made for the discharge of this obligation. The Uganda Government has agreed to reduce the loan instalment due from the British Exchequer under the 1920 arrangement, to £150,000 next year, on the understanding that the total sum of £1,000,000 will eventually be provided. We consider, however, that in view of the strength of the Protectorate's financial position, if the Exchequer is called upon to provide capital for development purposes, arrangements should be made at the same time for the liquidation of the War expenditure liability.

7. *Somaliland* : Grant-in-Aid, £72,080.

A loan grant of £72,080 is proposed to meet the excess of administrative expenditure over local revenue. We are informed that it will be necessary to increase this grant by £85,000 to enable the Protectorate to discharge its liabilities to the Air Ministry for the balance of the cost of the operations against the Mullah in 1919/20.

The expenditure of the Protectorate for 1922/23 is estimated at £150,827 of which £70,938 is for Military and Police. It is considered by the Colonial Office that, owing to the circumstances of the country and the small Military force with which it is held, it is impossible to raise additional taxation. Prior to the War the occupation was limited to the coast, but it is not now considered that coastal concentration would lead to economy. There does not appear to be any immediate prospect that the Protectorate can be made self-supporting. So long as the British occupation is continued it is probable that substantial contributions will have to be made by the British Taxpayer.

8. *Rhodesia* : Grant-in-Aid, £150,000.

The provision of £150,000 is the second instalment of a loan which the Government has undertaken to provide to meet the urgent capital requirements of the territory pending the establishment of self-Government. We understand that arrangements are now being made to bring self-Government into early operation, and that the advances now being made by the British Exchequer will be repaid by the new administration out of loans to be raised by them in the open market.

9. *Niger Company Purchase Annuity* : £44,475.

• This amount is an instalment of the annuity expiring in 1928, required to repay with interest at 3 per cent. per annum, the sum of £820,000 advanced by the National Debt Commissioners in 1900 for the purchase of the rights and properties of the Royal Niger Company under the Royal Niger Company Act, 1899.

It was provided by that Act that, until the advances made thereunder had been repaid to the Exchequer with interest, the excess of the receipts from the territories administered by the company over the expenses of administration should be paid into the Exchequer, save so far as those sums might with Treasury approval be applied towards the development of the Territories. No payments on account of interest or repayment of capital have in fact been made to the British Exchequer. Prior to 1918 Nigeria received assistance from the Exchequer. We understand that in recent years there has been a substantial surplus of revenue over expenditure and that the surplus assets of the Colony amounted on the 31st December, 1920, to £3,296,789, more than half of which came from recoupment from loan funds of expenditure on capital works previously charged to general revenue. It would appear to be a matter for enquiry whether, in these circumstances, the recent Exchequer Grants-in-Aid should not have been refunded.

The Colony raised loans, for development purposes, of £6,200,000 in 1919, and £3,000,000 in 1921. Owing to the depression of trade there has been a severe drop of revenue and the Colony is now faced with a deficit.

In the circumstances the Colony would not appear to be in a position to make repayment, at the present time, of the sums due to the Exchequer under the Act of 1899, but we recommend that as soon as the financial conditions improve, definite arrangements should be made for the discharge of the liability.

10. *Uganda Railway Annuities* : £319,112.

This amount represents instalments of the annuities terminating in 1925 required to pay advances amounting to £5,502,000, made by the National Debt Commissioners for the construction of the Uganda Railway. In this case it was part of the original arrangements that the surplus receipts of the railway should be paid into the Exchequer until the debt was discharged. The Railway has been administered by the Government of the British East Africa Protectorate, now Kenya Colony and Protectorate, the finances of which, including the Railway receipts, have not been hitherto more than self-supporting. The Colony has recently raised a loan of £5,000,000 for development purposes. It also owes the Imperial Government sums estimated to exceed £3,000,000 in respect of war expenditure in East Africa, and arrangements have been made to liquidate this debt.

We are informed that in these circumstances the Treasury have agreed that for the present the Railway revenue should continue

to be applied towards the general expenses of the Colony. We make no recommendation, but we suggest that the fact that the Railway is an asset of the British Taxpayer should not be lost sight of.

CONCLUSIONS.

As a result of our consideration, we are of opinion:—

- (1.) That the assistance which can be given by the British Exchequer to our African Dependencies must be limited to the most urgent requirements which those Dependencies can show themselves to be unable to meet out of their own resources.
- (2.) That the Estimates for Colonial Services for 1922/23 should be reduced from £1,752,068 to £1,664,120.

Chapter III.

MIDDLE EASTERN SERVICES.

	£
1913/14 no Vote	...
1921/22 Revised Estimate ...	27,217,000
1922/23 Provisional Estimate ...	13,003,700

1. It is now considered probable that the provision required for 1922/23 will not exceed £10,500,000. This compares with an expenditure of approximately £36,000,000 incurred in 1920/21.

The provision in this Estimate results from the acceptance by the British Government of responsibility for the Mandates for Iraq and Palestine, and the policy of establishing a national home for the Jewish Nation in the latter country under the Balfour Declaration of 1917. The Colonial Secretary has given us full explanations of the present position in these countries and the vigorous steps which he has taken to reduce the expenditure consistently with the fulfilment of the obligations undertaken by the Government.

2. Iraq.

The expenditure included in the Provisional Estimate was as follows:—

	£
Army	5,700,000
Army (Arrears and Contingencies) ...	1,000,000
Air Force	1,900,000
Native Levies	300,000
Railways	300,000
	9,200,000

The Colonial Secretary explained to us the policy under which, in substitution for a British Administration supported by large British Forces, an Arab State is being established, in which order will be maintained by Native Levies, with the assistance of the Air Force. Thirty-nine out of the fifty battalions which were in the country a year ago, have now been withdrawn, and further reductions are proceeding. As a result of this policy and the accession of King Feisal, the country is more tranquil than before. The object in view is the establishment of a Native State on a firm footing, with a consequent relief of the British burden. It is now considered that the British expenditure in 1922/23 in this country should not be more than £8,000,000 or £8,500,000, and if all goes well the cost may be further reduced, falling to £5,000,000 or £6,000,000 in the succeeding year. It is necessary, however, to point out that, so long as the British Government remains responsible for the defence of Iraq against external aggression and for the maintenance of internal order, a serious indirect liability exists which might involve very large expenditure should difficulties arise.

As regards the provision of £300,000 for railways, we are informed that the railway system was constructed at the cost of the Exchequer, and is a British war asset. It is now being valued on a commercial basis with a view to its sale. In the meantime, it is being worked by the Civil Administration, and some expenditure is necessary to provide for rolling-stock and necessary capital works to prevent deterioration. If, as is now hoped, an early sale can be effected, a proportion only of the proposed provision will be required for this purpose.

3. Palestine.

The expenditure included in the Provisional Estimate was as follows:—

	£
Army	3,300,000
Air Force	162,000
Trans-Jordanian Grant-in-Aid ...	130,000

The problem here is the maintenance of internal order in a comparatively small country, and the difficulties which have arisen are due to the attitude of the Arab population towards the Zionist policy adopted by the Government. The Colonial Secretary informed us that, in his opinion, the position is one which requires police rather than troops. The cost of maintaining a British garrison, although reduced from £7,000,000 in 1920 to £3,500,000 in 1921 for about 5,000 troops, would appear to be prohibitive for a small country. The Colonial Secretary now proposes to relieve the War Office of responsibility and to maintain order by means of less expensive Native troops, with a European Gendarmerie and local police. In his view, the cost of these forces may not exceed £2,000,000 in 1922/23, and may be reduced in future years by further economy and the growth of local revenue.

4. *Arabian Subsidies.*

A provision of £156,000 is proposed for subsidies to certain Arab Rulers on condition of their maintaining peace and with a view to keeping open access to the Moslem Holy Places. These objects are considered to be essential British interests, and the cost of the subsidies is much less than would be involved by direct British intervention in these regions.

CONCLUSIONS.

Our conclusions may be summarised as follows:—

- (1.) So long as the existing British responsibilities in the Middle East continue, we cannot suggest any further modification of the arrangements which are being carried into effect by the Colonial Secretary.
- (2.) On this basis it would appear to be possible to reduce the Estimates for Middle Eastern Services for 1922/23 to approximately £10,500,000, as compared with £13,003,700 in the Provisional Estimates, subject to any further economies which may result from the successful development of the Colonial Secretary's policy.

We desire to add that in the reductions recommended in our First Interim Report on the Army and Air Force Estimates no account was taken of any economies which the Colonial Secretary might be able to effect in Middle Eastern expenditure subsequently to the preparation of the Provisional Estimates.

PART IX.—LEGAL SERVICES.

LAW CHARGES (ENGLAND) ...	CLASS III (1).
MISCELLANEOUS LEGAL EXPENSES	CLASS III (2).
SUPREME COURT OF JUDICATURE ...	CLASS III (3).
PUBLIC TRUSTEE	CLASS III (5).
COUNTY COURTS	CLASS III (6).
LAW CHARGES AND COURTS OF LAW (SCOTLAND)	CLASS III (11).
REGISTER HOUSE, EDINBURGH ...	CLASS III (13).

Chapter I.

LAW CHARGES (ENGLAND).

CLASS III (1).

	£
Audited Expenditure, 1913/14	83,246
Net Estimate, 1921/22	251,800
Provisional Net Estimate, 1922/23 ...	241,657

The Provisional Estimate has since been reduced to £240,528.

Number of persons employed—

August 1, 1914	106
April 1, 1922 (estimated)	250

This Vote largely represents the expenditure in connection with the Law Officers, Public Prosecutor and Treasury Solicitor, and the increase of the staff is almost entirely accounted for by the latter Department. The number of cases submitted to the Treasury Solicitor in 1914 amounted to 3,730, while in 1920/21 they amounted to 7,747. The number of cases submitted to the Law Courts Branch in 1913/14 was 330, and in 1920/21, 1,333. The number of cases enquired into by the King's Proctor in 1913/14 was 894, and in 1920/21, 2,698, and the number of interventions in 1913/14 was 22, as compared with 141 in 1920/21.

The increase is largely due to cases arising out of the War and the increasing complexity of Government business, and, judged from that standpoint, the increase in the Estimates would appear to be justified.

There is one point, however, on which we think some economy could be realised, viz., the expenditure on Divorce Interventions by the King's Proctor. This now amounts to £20,000, as compared with £7,000 before the War. We suggest that a provision of £12,000 for this Service should be sufficient.

The Estimate would then stand at £232,528—a saving, as compared with the Provisional Estimate, of £9,129.

Chapter II.

MISCELLANEOUS LEGAL EXPENSES.

CLASS III (2).

	£
Audited Expenditure, 1913/14	48,572
Net Estimate, 1921/22	64,463
Provisional Net Estimate, 1922/23	63,062
The main headings of expenditure for 1922/23 are :—	
Sheriffs' Expenses	25,600
Railway and Canal Commission... ..	7,333
Wreck Enquiries	3,000
Grants to the Law Societies towards the expenses of carrying out their Statutory duties	1,900
Official Arbitrators under Acquisition of Land Act	10,100
War Compensation Court	14,129

Apart from such reductions as will follow from the settlement in Ireland, no reduction is considered possible for 1922/23, especially as the last two items are new duties and account for £24,200. As there is only an increase of £14,500 since 1913/14 it is clear that reductions have occurred elsewhere. The two new functions added appear to be necessary, but we recommend that opportunity should be taken to reduce the expenditure upon the official arbitrators as and when the work declines. The Provisional Estimate has since been reduced to £46,984—a saving of £16,078.

Chapter III.

SUPREME COURT OF JUDICATURE.

CLASS III (3).

The expenditure under this Vote compares as follows :—

	Audited Expenditure 1913/14.	Estimate 1921/22.	Provisional Estimate 1922/23.
	£	£	£
Gross	374,835	617,588	523,550
Appropriations-in-Aid	52,123	62,050	68,180
Net	322,712	555,538	455,370

The Provisional Estimate has since been reduced to £429,680.

1. The Vote provides for the salaries and travelling and incidental expenses of the Officers of the Lord Chancellor and of the various Departments of the Supreme Court, exclusive of the salaries of the Judges borne on the Consolidated Fund. It also bears war expenditure in respect of Pensions Appeals Tribunals under the War Pensions Act, 1921, estimated to amount to £66,450 in 1922/23.

The numbers of staff compare as follows :—

	August 1, 1914.	August 1, 1921.	April 1, 1922. (Estimated.)
Permanent	939	793	950
Temporary	...	173	
		966	

The main increases of staff at the present time are in the Probate Registry, owing to the increase of Probate and Divorce cases, and in the Poor Persons Department, owing to new rules in regard to proceedings by or against Poor Persons.

2. The increase in the amount of work required to be done by the Courts is illustrated by the following figures of writs and originating summonses issued by the Central Office :—

1913	44,410
1920	56,000
1921	68,473

For the District Registries the figures are as follows :—

1913	26,455
1920	29,474
1921	...Not yet available.

The actions disposed of compare as follows :—

	1913.	1921.
King's Bench Division	2,592	3,670
Divorce Court Suits	1,193	4,288

3. Besides the receipts and expenditure shown in this Vote, there are extra receipts taken by means of stamps, and further expenditure in connection with the administration of justice is also borne on other Votes. An annual account is presented to Parliament under the Supreme Court of Judicature Act, 1875, showing the receipts and expenditure in respect of the High Court of Justice, the Court of Appeal, and the Court of Criminal Appeal, which compares as follows for the under-mentioned years :—

	1913/14.	1920/21.
	£	£
Receipts	489,778	596,207
Expenditure	653,313	949,381

4. It is considered, however, that the annexed Account which has been furnished to us for 1920/21 will give a more complete picture of the financial position as regards the administration of justice. On the basis of this Account the total figures for 1920/21 would be as follows:—

	£
Receipts	639,094
Expenditure	1,002,369

We are informed that when the Schedule of Court Fees was originally fixed in 1884 the principle was accepted that the total receipts from fees should be sufficient to cover the total expenses of the Court, excluding the salaries and pensions of the Judges, amounting in 1920/21 to £208,769. It will be seen that the present receipts fall far short of this basis. We recognise that it would not be justifiable to make the cost of justice unduly expensive to the litigant, and we do not consider that the cost of criminal justice (£58,291 in 1920/21) or of Pensions Appeal Tribunals (£39,714 in 1920/21) should be charged to fees taken for civil proceedings; but we see no reason why the remaining expenditure should not be met by fees. We understand that some increase of fees was imposed in July, 1920, and that a Committee set up by the Lord Chancellor has recently recommended a revised scale, which has been adopted, and is estimated to increase the receipts by about £70,000 a year.

We are informed that the organisation and staffing of the various Departments of the Supreme Court have been, or are now being, investigated by a Committee, on which the Treasury is represented. On the recommendation of the Committee, economies amounting to about £30,000 per annum in salaries, excluding bonus, have been effected, and it is expected that some further reductions may be obtained in the Principal Probate Registry, which is now under investigation. In these circumstances, and in view of the figures of work given above, we do not make any recommendation on this head.

5. Considerable economy might, however, be secured if the District Registrarships of all the Divisions of the High Court in one particular district were concentrated in the hands of the County Court Registrar where that officer is a full time pensionable Civil Servant. The County Court Registrars at present frequently have High Court jurisdiction, with the exception of Probate, but for Probate work a separate Registrar is at present always appointed by the President of the Probate Division, the other appointments being in the hands of the Lord Chancellor.

District Probate Registries cost at present nearly £70,000 a year in staff alone, and the Probate Registrars are also in receipt of additional remuneration by way of fees for "agency business." It is suggested that the posts of District Probate Registrar should be combined with the other Registrarships, in which case a very considerable proportion of these salaries could be saved to the State.

6. In view of the need for economy we recommend that further consideration should be given to the omission from Circuit of Towns, at which there is little or no business at Assizes. In certain of the towns in question there is no longer a gaol, and persons have to be fetched at considerable expense from the nearest gaol for trial and taken back again. The reduction would also result in a substantial saving of Judges' time and expenses. We understand that the Lord Chancellor fully concurs in the desirability of reform in this direction.

TABLE of Expenditure and Receipts in connection with the Supreme Court of Judicature 1920/21.

	Expenditure.	Receipts.
	£	£
1. Salaries, Travelling, Scrivenery, &c. (excluding the Judges)—		
Official Referees	8,048	
Central Office	68,934	
Taxing Office	28,541	
Chancery Chambers	56,175	
Chancery Registrars	31,794	
Principal Probate Registry ...	79,290	
Admiralty Registry	15,885	
Lunacy Masters	19,110	
Lunacy Visitors	9,496	
Pay Office	34,430	
Official Solicitor's Office ...	8,594	
Royal Courts of Justice Staff (Messengers, &c.)	40,325	
District Registrars	21,420	
District Probate Registries ...	89,435	
	£511,477	548,954
2. Bankruptcy Departments ...	26,030	19,976
3. Cost of Criminal Justice ...	58,291	401
4. Pensions Appeal Tribunals ...	39,714	...
5. Salaries of Judges and their Officers (excluding the Lord Chancellor)	183,238	...
6. Lord Chancellor's Office and Crown Office	14,776	22,274
7. Judges' Pensions (excluding Lord Chancellor) and Pensions of officers, rent, rates, &c. ...	174,663	...
8. Interest on Suitors' money taken over, and other receipts ...	...	47,489
	£1,002,369	£639,094

Chapter IV.

PUBLIC TRUSTEE.

CLASS III (5).

	Gross Estimates.	Receipts.	Surplus Receipts payable to Exchequer.
	£	£	£
1913-14 Audited Expenditure	40,281	55,284	15,003
1921-22 Estimate	425,026	525,016	99,990
1922-23 Provisional Estimate	391,092	434,937	43,845

	August 1, 1914.	August 1, 1921.	April 1, 1922.
Numbers of Staff—			
(a) Permanent	—	675	730
(b) Temporary	411	669	630
Total	411	1,344	1,360

This Vote comprises the two branches of work at the Public Trustee Office :—

1. Public Trustee Work proper ;
2. Work as " Custodian of Enemy Property."

Since 1917, the work of the Public Trustee proper has been conducted at a loss, which has been recouped out of fees in respect of " Custodian of Enemy Property " work, which has shown a substantial surplus.

Taking the Public Trustee work alone, we find the following comparative results :—

	1921/22 Estimate.	1922/23 (Provisional Estimate).
	£	£
Expenditure	352,000	364,000
Receipts from Fees, &c.	282,000	303,000
Deficit	70,000	61,000

Taking the work as a whole, *i.e.*, including " Custodian of Enemy Property," it will be seen from the table at the head of this Report that the fees from Enemy Property work, after making good the deficit of £70,000 (in 1921/22) and £61,000

(estimated for 1922/23), on the work of the Public Trustee proper, still provide to the Exchequer surpluses of £99,990 in 1921/22 and £43,845 estimated in 1922/23.

Although, hitherto, by means of this recoupment, the Public Trustee work proper has not shown a deficit, we are of opinion that it is an unsatisfactory arrangement which conceals the fact that the Public Trustee work proper is being conducted at a loss, *viz.*, of £70,000 (in 1921/22) and of £61,000 (estimated for 1922/23).

If the position in 1922/23 were really going to be as serious as the Provisional Estimate suggests, we should have considered recommending the abolition of the Department, as we deprecate a State subsidy to a Department which renders legal services to private individuals.

The position, however, is materially altered by the revised Estimate which the Public Trustee has now furnished.

Instead of anticipating a deficit on Public Trustee work proper of £70,000 for 1921/22, he is of opinion that the deficit will only be £50,000.

As regards 1922/23, instead of anticipating a deficit of £61,000, he has informed us that he is reasonably confident that, in the absence of unforeseen difficulties, he can eliminate the deficit by a reduction of expenditure, provided there is a reasonable intake of new business. At the same time, he is strongly of opinion that any increase of fees would only drive away business and would increase, rather than reduce the present deficit.

CONCLUSION.

In these circumstances, we recommend that the plan proposed by the Public Trustee should be given a trial for the year 1922/23 on the understanding that he will effect such reductions of expenditure as will enable him to attain and preserve the equilibrium which he anticipates of expenditure and revenue on his Public Trustee work proper.

The result of this recommendation would be that in 1922/23, instead of requiring £61,000 from Enemy Property fees to balance his Public Trustee work expenditure, no such extraneous assistance will be required.

The estimated surplus in the whole Department for 1922/23, instead of being only £43,845, as shown in the table at the head of this Report, would thus be increased by £61,000 to a total of £104,845, which sum should, in our opinion, be transferred to the Exchequer, and not held in a Suspense Account, which though convenient, has had the effect of obscuring the fact that this work has resulted in a charge on the Taxpayer.

Chapter V.

COUNTY COURTS.

CLASS III (6).

	Gross.	Appropriations- in-Aid.	Net.
	£	£	£
1913-14 Audited Expenditure ...	479,759	476,030	3,729
1921-22 Estimate ...	678,636	300,000	378,636
1922-23 Provisional Estimate ...	642,353	391,720	250,633

The Provisional Estimate for 1922/23 has now been reduced to £209,017—a decrease of £41,616.

1. The numbers of staff employed show the following comparison :—

	August 1, 1914.	August 1, 1921.	April 1, 1922.
Permanent—			
Headquarters ...	34	34	33
Ex-headquarters ...	13	24	26
Temporary—			
Ex-headquarters only ...	3,198	2,591	2,574
Total ...	3,245	2,649	2,633

2. For many years the Exchequer has borne the cost of Court buildings and the salaries and pensions of the Judges, but these are not included in this Vote. Before the war the remaining expenses of the County Courts were, roughly speaking, balanced by the fees received. It has been explained to us that this state of equilibrium was fortuitous and we have found, in our examination, that the balance has now been altogether upset as the result of the war, and the present position of the County Courts, both as regards finance and staffing, is felt by the Lord Chancellor to be most unsatisfactory.

3. The history of the County Courts during the war shows a progressive decline in remunerative business and, indeed, all the social conditions which obtained during the war, coupled with moratorium and emergency legislation, resulted in a practical cessation of that kind of litigation which used to prove remunerative to the County Courts. This state of affairs is

illustrated by the following figures showing, for various years, the revenue received in fees and fines :—

	£
1909 ...	511,000
1913 ...	471,000
1914 ...	373,000
1918 ...	152,000

We are informed there are already signs of a revival of litigation in the County Courts, but even so the present fees would fail to meet current expenditure.

For the year 1921/22 the income has exceeded estimate and will be £400,000, as against an actual expenditure of £678,000—a deficit of £278,000.

In addition to this unsatisfactory financial position, we are informed that the method and scale of the staffing of the County Courts demands immediate revision if efficiency, which will result in economy, is to be secured.

There are only two ways of redressing the balance between the revenue of the Courts and their expenditure. They are : (1) by an increase of fees, and (2) by a reorganisation of the staff.

4. Increase of Fees.

We understand that, at the present moment, a Committee appointed by the Lord Chancellor is considering “ what additions should, with due regard to the interest of litigants, be made to the fees charged, whether by increase of the existing fees or by the introduction of new ones.” As this matter is at present under consideration we limit our remarks on this subject to an expression of hope that the Committee will be able to report very shortly.

It has been brought to our notice that no fees are levied in the County Courts in respect of Workmen’s Compensation Act business previous to the Award.

We are informed that the work is arduous and increasing, and adds much to the business of the Courts—so much so that the Treasury has been compelled to allow a special series of fees to the Registrars, though unable to obtain anything from the litigants. The work is therefore a net loss to the Exchequer.

However justifiable this provision may have been, we are informed that now, in practically every instance a workman’s Union takes up his case for him, and the difficulty of obtaining the small sum required to initiate an action is not felt. We doubt, therefore, if there is now any justification for imposing this extra burden on the Taxpayer.

The reasons for a change in the system are particularly strong in the present case, where the fees are not sufficient to balance the expenditure of the Courts. We think that the attention of the Committee, which is now considering the fees in County Courts, should be directed to this point, and that, if they so recommend, the necessary powers should be obtained.

5. Reorganisation of Staff.

As stated above, the remuneration and the conditions of employment of the staffs of the County Courts have been regarded as unsatisfactory for some time past. In 1920, a Committee under the Chairmanship of Mr. Rigby Swift, K.C., enquired into the whole matter and made important recommendations about :

- (a) Remuneration and status of Registrars, Clerks and Bailiffs;
- (b) Closing down certain small Courts; and
- (c) Combining or grouping the office of Registrar in a number of Courts.

As regards (b) and (c), we understand that the Lord Chancellor has already taken steps and contemplates further economies in these directions. He has abolished 13 Court Districts, grouped 18 Courts and kept staff vacancies unfilled.

As regards the major recommendation of Mr. Rigby Swift's Committee, on the subject of remuneration and status of Registrars, Clerks and Bailiffs, we understand that any reform of this kind will be fully considered as soon as the whole administration of the County Courts and the Finance Staff have been transferred to the Department of the Lord Chancellor. This transfer will, we are told, be effected almost immediately. Without wishing to prejudge the consideration which will thus shortly be given to the remuneration and status of the staffs of the County Courts, we strongly recommend that anything which may be done to give "established" Civil Service status to Registrars and their staffs in the County Courts, with the object of increasing efficiency, should be accompanied by a reduction of the present numbers of staff and an equivalent saving upon the expenditure of the County Courts as a whole.

CONCLUSION

We recommend that steps should be taken at the earliest possible moment to restore the financial position and to reorganise the staffing of the County Courts, in view of the great dislocation caused by the war in a system which was, long before the war, archaic and unbusinesslike. It is impossible to recommend any reduction in the Estimate which would be other than a mere guess and might involve the necessity of a Supplementary Estimate. In these circumstances, we recommend that the Lord Chancellor be asked to present, before the end of the year, a Report to be laid before Parliament on the subject of the increase in the scale of fees and the "establishment" of the staff, in order that Parliament may be afforded an opportunity of ascertaining what progress shall then have been made in these directions.

Chapter VI.

LAW CHARGES AND COURTS OF LAW, SCOTLAND.

CLASS III (11).

	£
Audited Expenditure 1913/14 ...	78,636
Net Estimate 1921/22 ...	177,098
Provisional Net Estimate 1922/23 ...	142,098

1. This Provisional Estimate has since been increased to £143,111—an increase of £1,013—owing to a reduction in the anticipated Appropriations-in-Aid. The reduction of expenditure in 1922/23 as compared with 1921/22 is :

£34,000, or 19 per cent. of the Net Vote.

2. The number of staff borne on this Vote is approximately the expenses of the Lord Advocate's Department, including the Procurators Fiscal and their staffs, the Courts of Session and Justiciary, and the Sheriff Courts and their staffs. It does not include the salaries of the Judges, Sheriffs and Sheriffs Substitute, amounting in all to £108,000 per annum, which are charged on the Consolidated Fund: but the Sheriffs receive "cost of living bonus" from the Vote.

The number of staff borne on this Vote is approximately the same as before the war, viz. :

	August 1, 1914.	April 1, 1922, estimated.
Central ...	118	120
Provincial ...	362	359

3. The following figures indicate the comparative amount of work done :

Court of Session figures are—

Year	Outer House.	Cases initiated	Final judgments
1913.	Outer House.	1,559.	1,397.
	Inner House	680.	441
	Bill Chamber	136.	109.
	Land Valuation	10.	
	Teinds	16.	
1920.	Outer House.	2,058.	1,771
	Inner House	663.	475
	Bill Chamber	74.	55
	Land Valuation	9.	
	Teinds	12.	

Sheriff Courts' figures are :—

1913—Cases dealt with	196,852
1920—Cases dealt with	235,522

4. We are informed that the organisation and salaries of the Procurators Fiscal and Sheriff Clerks and their respective staffs have recently been examined by a Committee under the Chairmanship of Lord Blackburn, and as a result of the investigation

it is not considered that any reduction of the gross expenditure on these services can be effected.

5. It does not appear that any attempt has been made as regards Scotland to carry into effect the principle followed in England, that fees should be levied to defray all the expenses of the Court, excluding the salaries and pensions of the Judges. The estimated total receipts and gross expenditure, including allied services, compare as follows:—

	1913/14.	1921/22.
Total Receipts	64,500	86,000
Total Gross Expenditure	284,532	423,268

The estimated expenditure from the Consolidated Fund during the current year for the salaries and pensions of Judges, Sheriffs and Sheriffs Substitute is £123,393, being practically the same amount as in 1913/14.

6. We are informed that a Committee has been appointed to consider, amongst other things, whether or to what extent it is possible to meet from the proceeds of fees, the cost of the salaries of the Court of Session and the Accountant of Court's Office and the Sheriff Courts, excluding the salaries and pensions of the Judges, and to advise as to the increases which should be made.

We recommend that steps should be taken at the earliest possible date, as in England, to increase the existing scale of fees to an amount sufficient to cover the expenditure on the same basis as in England.

7. In connection with this Vote, our attention has been called to the heavy cost of the Judiciary in Scotland as compared with England. The following statement which has been furnished to us shows the comparative position:—

	England.	Scotland.
Population	37,885,000	4,882,000
High Court Judges ...	38	13
Masters, Registrars, &c.	39	15
County Court Judges	56	47
		{ Sheriffs Principal 15 Sheriffs Substitute 47

To each million of the population, therefore, *England* has 1 Judge, 1 Master and $1\frac{1}{2}$ County Court Judges, *Scotland* has $2\frac{1}{2}$ Judges and 13 Sheriffs.

So far as the High Court is concerned, the disparity is apparently partly due to the fact that the Masters, who perform minor judicial functions in the English Supreme Court have, broadly speaking, no counterpart in Scotland. It would appear that, if judicial functions in Scotland could be devolved upon officers similar to the Masters in the English Supreme Court, a number of Judgeships carrying salaries of £3,600 per annum, with substantial pension rights, could be replaced by posts costing appreciably less than half this amount.

As regards the Provincial Courts, the duties of Sheriffs Substitute comprise generally those of the English County Court Judges, with the addition of certain Criminal and Probate business. The wider jurisdiction of the Scottish Courts, and the fact that the population is more scattered, may to some extent account for the apparent disproportion of these officers.

The Sheriffs Principal receive salaries ranging from £700 to £2,000 per annum, together with 75 per cent. of the Civil Service Bonus. They appear to constitute a first Court of Appeal from the decisions of the Sheriffs Substitute. Their official duties do not occupy their whole time, and they are not restricted from private practice. The necessity for these officers appears to us to call for enquiry, but the matter, like the question of the devolution of Judicial business mentioned above, is one which requires expert consideration.

We recommend that an independent Committee, comprising members conversant with Scottish Legal procedure, should be appointed to consider the possibility of reforms in Scottish Judicial arrangements on the lines above mentioned, with a view to economy.

Chapter VII.

REGISTER HOUSE, EDINBURGH.

CLASS III (13).

	£
1913/14 Audited Expenditure	42,428
1921/22 Estimate	91,328
1922/23 Provisional Estimate	79,685

The Provisional Estimate for 1922/23 has now been increased to £81,297, an increase of £1,612.

1. This Department receives fees which are taken in stamps and are paid direct to the Exchequer. They are therefore not shown as Appropriations-in-Aid. The fees from this source amounted—

	£
In 1913/14 to	41,901
In 1921/22 estimated	49,000

The numbers of staff show the following comparison:—

	August 1, 1914.	August 1, 1921.	April 1, 1922.
Permanent	246	{ 253	253
Temporary		{ 62	62
Total	246	315	315

2. This Vote covers the following Departments :—

- (a) *Record Department*, dealing with the preservation of records and legal documents, and searches.
- (b) *Registry of Sasines, Hornings, &c.*, for registration of deeds affecting land, and for making searches.
- (c) *Registry of Deeds*, for registration of personal deeds, such as wills and marriage contracts, and the issue of certified copies.
- (d) *Chancery Department*, mainly recording and framing extracts of "Decrees of Service of Heirs."

It is only in the Registry of Sasines and the Registry of Deeds that there has been an increase of staff since 1914. The following table shows the comparison :—

The Registry of Sasines staff has increased by 37 per cent. to meet a 70 per cent. increase in writs and searches.

The Registry of Deeds staff has increased by 16 per cent. to meet a 16 per cent. increase in the deeds presented and a reduction in the hours of engrossers.

3. Fees.

A considerable revenue is earned by this Department in the form of stamps, as explained above, but on the present scale of fees the revenue is not sufficient to cover the expenditure of the Department. In 1921/22 the revenue is estimated at £49,000, whereas the expenditure is £91,328.

This revenue is derived roughly as follows :—

	£
From the Record Department	1,700
From the General Register of Sasines	40,900
From the Registry of Deeds	5,800

We are of opinion that the fee revenue should cover the whole cost of the Department.

We understand that the fees in the Record Department and the Registry of Sasines have already been raised, and we recommend that an increase of fees for the Registry of Deeds should be dealt with by Lord Blackburn's Committee (which is considering the Court of Session fees) so as to produce a fee revenue which will cover the whole cost of the Department.

4. Staff Economies.

At the same time, we wish to endorse the recommendation of the Royal Commission on the Civil Service of 1915, that the Registries of Sasines and of Deeds should be amalgamated under a single Keeper, and that the two vacancies which at present exist for two Assistant Keepers in the Registry of Sasines should not be filled.

Further, we understand that the post of Deputy Clerk Register, who is the Head of the Register House, is now vacant. In the past, the Deputy Clerk Register carried out the additional duties of Registrar-General for Scotland. In 1920, however, in view of the Census work, a separate Registrar-General was appointed—consequently, the duties of the Deputy Clerk Register are limited to the work of the Register House. In view of this limitation and of the fact that there is now a vacancy, we suggest that a new appointment should not be made, but that the Keeper of the Registry of Sasines and the Registry of Deeds, combined as we have suggested above, should become the Head of the Register House.

CONCLUSION.

We are of opinion that the staff economies which we have suggested should be effected, with a saving of approximately £4,600. As against this saving of £4,600 there is an increase of £1,612, which, as shown at the outset of the Report, is the amount by which the revised Estimate put forward by the Department exceeds the Provisional Estimate of July last.

In addition to the saving on the cost of the Department, the Exchequer would benefit in 1922/23 considerably if the fee revenue were increased.

PART X.—REVENUE DEPARTMENTS.

Chapter I.

CUSTOMS AND EXCISE.

	£
1913/14 Audited Expenditure ...	2,419,072
1921/22 Net Estimate ...	6,675,900
1922/23 Provisional Net Estimate ...	5,554,000

1. When the Provisional Estimate for 1922/23 was submitted it was intimated that the staff was in process of re-organisation, and that a further estimate would be submitted. This has now been received, the revised figure being £5,451,000, a reduction of £103,000.

The numbers of staff employed compare as under :—

August 1, 1914 ...	10,802
August 1, 1921 ...	12,525
April 1, 1922 (Estimate) ...	12,314

The increase is mainly in temporary staff.

The Customs and Excise duties produced in—

	£
1914/14 ...	75,040,000
1921/22 (Estimate) ...	323,000,000

2. Headquarters Staff.

This accounts for £398,000 in the 1922/23 estimates as compared with £128,150 in 1913/14. The present staff at Headquarters numbers 1,260.

Since the Provisional Estimate was made steps have been taken to enlarge the powers of Collectors and Surveyors in certain matters, thus reducing correspondence and enabling staff at Headquarters to be saved. We think this policy should be pursued so long as the Revenue is not prejudiced.

There are large numbers of Returns compiled at Headquarters for other Government Departments, the present reason in some cases not being apparent. It may well be that at the time a Return is originally called for the cost of production is fully justified; but there is grave danger of Returns becoming purely routine, and being continued without any practical result. We consider that the need for the whole of these Returns should be continually under review in relation to present-day cost and usefulness, and we understand that this is being done.

We have made enquiries as to the extent to which machines are used in the compilation of statistics. We understand that hitherto practically no machines have been used, but that tests are now being made, and we recommend that the use of machines in connection with the heavy statistical work in this Office should be persevered with as when introduced elsewhere material economies have resulted.

3. Ex-Headquarters Staff. Customs and Excise Collections.

	£
1913/14 Audited Expenditure ...	1,704,930
1922/23 Estimate ...	4,261,000

This staff accounts for the bulk of the vote for Customs and Excise. The total staff has increased from 10,050 in 1914 to 11,146 estimated for April 1922. The increase in numbers does not appear to be unreasonable having regard to the increase in the duties imposed upon these Officers, the amount produced by the Duties having increased four and a half times.

We have made enquiries as to the tests which are applied to avoid wastage in staff.

Customs and Excise Stations are of two kinds, namely, Time Attendance Stations, and General Stations.

As regards Time Attendance Stations, the Board of Customs and Excise are required by statute to provide for the attendance of Officers at particular places, *e.g.*, docks and warehouses, for a certain period daily.

In General Stations an Officer is given Customs and Excise work of all kinds falling within a defined geographical area. This work comprises surveys, inspections and interviews, accounting, and visits to traders and Old Age Pensioners.

The Board have fixed standard time equivalents for all units of work which admit of standardisation, and by this means have arrived at a normal year's work for each man.

4. Revenue Launches, &c.

The annual cost of running and maintaining the Cruiser "Vigilant" is £6,800, to which must be added the cost of running and maintaining the twenty-two Revenue Launches, £48,000, and eighteen Motor Launches at a cost of £7,900 per annum. Having regard to the length of coastline, and the importance of preventing avoidance of payment of Duties, we cannot recommend any reduction in the preventive work of the Board. The value of this work cannot be gauged by the number of seizures in smuggling cases, as the real value is the deterrent effect which these craft exercise. The number of seizures has, however, increased. The following table shows the number of

seizures, the value of goods seized, and the penalties recovered in the years 1913/14 and 1920/21 :—

	Number of Seizures.	Value of Goods Seized.	Penalties Recovered from Smugglers.
1913-14... ..	7,694	£ 5,000	£ 6,431
1920-21... ..	11,076	16,000	18,698

CONCLUSION.

Having regard to the importance of maintaining the Revenue, we do not recommend any reduction in the Estimates of this Department beyond the revised figures submitted, namely, £5,451,000, which is a reduction of £103,000 below the Provisional Estimate of £5,554,000 originally submitted, although there should be a further small saving of, say, £3,000 as a result of the discontinuance of certain returns referred to in paragraph 2.

Chapter II.

INLAND REVENUE.

	£
1913/14 Audited Expenditure	2,034,788
1921/22 Estimate	8,024,750
1922/23 Estimate	7,269,000

1. Since the Provisional Estimate for 1922/23 was furnished, it has been found possible to reduce still further the estimated expenditure from £7,269,000 to £7,179,000. This is on the assumption that the cost of the Valuation Office is limited to £350,000. To this £7,179,000, however, it is now sought to add £162,000 for special non-recurrent work in connection with a reassessment of property to Income Tax (Schedules A and B), and Inhabited House Duty. It is anticipated that this reassessment will increase the receipts from Income Tax, Super-Tax and Inhabited House Duty by roughly £10,000,000.

2. The efficiency of this Department is of greater importance in maintaining the revenue of the State and except upon broad general lines it is not possible to criticise its expenditure.

The following is a comparison of the staff :—

August 1914	4,508
April 1922 (Estimated)	14,840

Increase ... 10,332=229 per cent.

. These figures exclude Industrial staff numbering 550 in 1914 and 620 in 1922, and cleaners in the provinces.

The Gross Revenue collected by the Department has risen from £87,989,000 in 1913/14 to £512,000,000 in 1921/22, an increase of 482 per cent. The increase of staff is due not only to the increase in the amount of actual money which has been collected, but also to :—

- (1) The increase in the rates of duty which render Tax-payers, in the discussion of their liability, far more jealous of their rights and far more prone than before to engage expert assistance.
- (2) The increase in the number of cases which have annually to be dealt with.
- (3) The increase in the complexity and elaboration of the law.
- (4) The addition to the work of the Department of definite new tasks which had no pre-War counterpart, viz., the Excess Profits Duty, the Corporation Profits Tax, and the supervision of the manufacture of currency notes.

It should be mentioned, however, that the duties on Land Values were repealed in 1920.

It is obvious that the work is affected by the greater complexity of a increased number of cases as well as by the rate of tax, and figures have been supplied by the Commissioners which show that the number of cases has increased from 11,585,000 in 1913/14 to 25,140,000 in 1921/22, the latter figure being inclusive of new Taxes, Excess Profits Duty, and Corporation Profits Tax.

3. Head Office.

	£
1913/14 Audited Expenditure	397,000
1922/23 Estimate	1,033,000

The staff has increased as under :—

1913/14	2,136
1922/23 (Estimated)	2,950

Of the staff in 1922/23, 1,110 are temporary, the permanent staff showing a decrease from 2,039 to 1,840.

Since the Provisional Estimate was prepared certain minor economies have been found possible which reduce the Head Office cost from £1,033,000 to £1,010,000.

Having regard to the increase in volume and complexity of the work, we make no recommendation.

4. Tax Inspectorate.

	£
1913/14 Audited Expenditure ...	232,000
1922/23 Estimate ...	1,201,000

The number of Inspectors has increased from 758 to 1,801, and apart from bonus the grading of the Inspectorate has been slightly improved.

5. Tax Clerks.

	£
1913/14 Authorised Cost ...	140,000
1922/23 ...	2,214,000

The staff has increased from 1,600 in 1913/14 to 10,000 for next year. This increase is entirely attributed to the increase in the work both in volume and complexity and to new duties imposed, e.g., Excess Profits Duty, Corporation Tax, &c.

We understand that the staff is subject to considerable overstrain and that a large number cannot be considered as fully experienced.

The Commissioners of Inland Revenue have adopted a scale based on units of work for comparing the work and staff of the various offices. We have examined returns affecting thirty Tax Districts and find that the number actually employed is 784; which closely approximates to the numbers justified on the basis of units of work which has been adopted.

We consider that the Commissioners are closely watching the staff, and we make no recommendation.

6. Assessors and Collectors.

The figures for 1913/14 and 1922/23 are as under :—

	1913/14. £	1922/23. £
Commutated Allowances of Assessors and Collectors ...	268,630	1,116,000
Payments to Associated Officers of Customs and Excise for collecting Taxes in arrear ...	3,230	12,000
Poundage to Railway Companies, &c. ...	82,165	90,000
Guarantee Premiums ...	189	100
National Health Insurance ...	24	20
	354,238	1,218,120

The commuted allowances of Assessors and Collectors cover all clerical and other office expenses incurred in connection with the performance of their duties. The same considerations apply

to this item as to the two preceding items, and the Commissioners of Inland Revenue are fully satisfied that the increase in the volume of work has been such as to justify the increase in the aggregate remuneration.

We understand, however, that if the position of the Collectors and Assessors could be revised on the lines recommended by the Royal Commission on Income Tax and embodied in the Revenue Bill of last year, a progressive economy would be made amounting to £100,000 per annum (exclusive of bonus). We are informed that a change on these lines would result not only in economy, but also in greater efficiency.

7. Land Valuation Office.

	£
1913/14 ...	622,599
1922/23 ...	446,000

Whilst submitting the figure of £446,000, the Commissioners indicate the possibility of rationing to a sum of £350,000, and this latter figure is included in the Estimate.

The Estimate of £446,000 provided for a staff of 395 Permanent Valuers and 476 Clerks, of whom 408 are temporary. The authorised staff in 1913/14 was 4,824.

The Valuation Office found its origin in a small nucleus staff of Valuers brought together in 1909, its first functions being to value important estates for the purpose of Estate Duty. On the passing of the Finance (1909/10) Act, 1910, the Valuation Office was developed on a large scale to cope with the general valuation of all the land in Great Britain and the assessment and collection of the Land Value Duties. In addition, the Office was entrusted with valuation and similar work for other Government Departments.

The main reason for the setting up of the Office disappeared with the repeal of the provisions of the 1910 Act in 1920, and it appears to us that the curtailment of the State Housing programme and the general reduction of Government activity will cause a further decline in the immediate future in the work of this Office. Great importance is attached by the Commissioners to the value of the Office in connection with Estate Duties, and 50 per cent. of the work is in this connection. It was also pointed out to us that the reassessment of property for Income Tax and Inhabited House Duty will cause additional work to be put upon this Office.

In all the circumstances, we cannot recommend the abolition of the Office, although the prime reason for which it was formed has now disappeared; but we think that the reduced figure of £350,000 is the maximum amount which should be allowed for 1922/23, and, further, that no vacancies should be filled until the policy of the Government on the question of the management of Government land and valuation has been determined.

CONCLUSION.

For reasons given in this Report we have come to the conclusion that the Provisional Estimate of £7,269,000, as reduced by the Department to £7,179,000, should be allowed. This gives a reduction of £90,000, against which, however, must be set an increase of £162,000 for special work in connection with the reassessment of property to Income Tax Schedules A and B, and Inhabited House Duty, which reassessment is estimated to increase the receipts from Income Tax, Super-Tax and Inhabited House Duty by roughly £10,000,000 per annum. These alterations involve a net increase of the Provisional Estimate by £72,000.

Chapter III.

POST OFFICE.

1. The Estimate for 1922/23, compared with the actual expenditure in 1913/14, and the Estimate for the current year is as follows:—

	£
1913/14 Audited Expenditure ...	24,198,726
1921/22 Estimate ...	67,165,287
1922/23 Estimate (Provisional) ...	59,375,376
Reduction ...	7,789,911
	(equal 11·6 per cent)

Since the Provisional Estimate was submitted a Revised Estimate of £57,371,000 has been put forward, showing a further saving of £2,004,000, which is accounted for by the revision of the Estimate for the conveyance of mails and for the cost of engineering work, and is not attributable to reduction of staff.

A detailed comparison of the Provisional Estimate for 1922/23 with the actual Expenditure in 1913/14 and the Estimate for the current year is given in Appendix (A).

We have been supplied by the Post Office with an analysis of the Revised Estimate for 1922/23, and the Expenditure can be roughly divided between the three Services as follows:—

	Per Cent. of Total.
Postal Services ...	62·3
Telegraphs ...	13·5
Telephones ...	24·2

The usual Exchequer Account Estimates show only the Cash Revenue and Expenditure. They do not take into consideration services rendered to other Government Departments which are

not paid for, Interest on Capital Expenditure, Rental Value of Crown Premises, Sinking Fund Charges, &c. These items are included in the Commercial Accounts, but estimates of these Accounts are not presented to Parliament.

We have been supplied with the following forecast of the Exchequer and Commercial Accounts for 1922/23 compared with the actual Revenue and Expenditure in 1913/14, and the estimate figures for the current year:—

EXCHEQUER ACCOUNT.

	1913-14 Audited Account.		1921-22 Estimate.		1922-23 Revised Estimate.	
	Revenue.	Expenditure.	Revenue.	Expenditure.	Revenue.	Expenditure.
	£	£	£	£	£	£
Postal ...	21,190,000	14,717,000	40,000,000	41,440,000	42,000,000	35,760,000
Telegraph ...	3,080,000	3,734,000	5,400,000	8,780,000	5,500,000	7,660,000
Telephones ...	6,534,000	5,748,000	10,500,000	16,905,000	15,000,000	13,940,000
Total ...	30,800,000	24,199,000	55,900,000	67,125,000	62,500,000	57,360,000
Excess or deficit ...	+ £6,601,274		— £11,225,000		+ £5,140,000	

COMMERCIAL ACCOUNT

	1913/14.		1921/22 Estimate.		1922/23 Revised Estimate.	
	Revenue.	Expenditure.	Revenue.	Expenditure.	Revenue.	Expenditure.
	£	£	£	£	£	£
Postal ...	23,471,000	17,299,000	46,311,000	43,850,000	46,750,000	37,640,000
Telegraph ...	3,120,513	4,332,000	5,648,000	9,315,000	5,660,000	8,000,000
Telephones ...	6,191,000	5,952,000	13,720,000	15,670,000	15,670,000	14,340,000
Total ...	32,783,000	27,583,000	65,679,000	68,835,000	68,080,000	59,980,000
Excess or deficit.	+ £5,200,000		— £3,156,000		+ £8,100,000	

2. The volume of Post Office business is governed largely by the trade and industrial situation, and we are informed that the Estimates for 1922/23 are based upon the present traffic, charges and services, and that no allowance has been made for any general revival of trade. A margin has, however, been allowed for the expansion of the telephone system.

The Commercial Account Estimate for 1922/23 gives the following results:—

	£	
Postal ...	9,110,000	Surplus.
Telegraph ...	2,340,000	Deficit.
Telephones ...	1,330,000	Surplus.

The estimated surplus of £8,100,000 for 1922/23 compares with an estimated deficit for the current year of £3,156,000. In 1920/21 there was a deficit of £6,510,965 and in 1919/20 a deficit of £1,128,065. It would appear, therefore, that on this basis, although considerably increased charges have been imposed, the State has had to subsidise during the past three years, the Postal, Telegraph and Telephone Services by £10,795,000 on the basis of the Commercial Account.

That Account is put forward by the Post Office as giving a truer indication of the result of the activities of the Post Office than is contained in the Estimates, but it falls short of the accounts which would be necessary if the whole of the activities of the Post Office were run on a commercial basis. For instance, no balance sheet whatever is prepared for the postal services although this is done in the case of Telegraph and Telephones. A trading Company would, moreover, have to make provision for Income and other Taxes which is not done in any of the accounts.

We have been supplied with the following comparative statement showing the approximate volume of each class of business in 1913/14, 1920/21 and 1921/22 :—

Class of Business.	1913/14.	1920/21.	1921/22.
Letters	3,477,800,000	3,460,000,000	3,400,000,000
Postcards	926,500,000	577,000,000	500,000,000
Printed Papers	1,172,300,000	1,340,000,000	1,150,000,000
Newspapers	207,100,000	202,000,000	192,000,000
Parcels	137,100,000	137,400,000	130,000,000
Registered Letters and Parcels ...	34,200,000	72,700,000	65,400,000
Express Delivery Services ...	2,500,000	2,000,000	1,900,000
Telegrams forwarded	87,000,000	80,000,000	74,300,000
Money Orders	16,100,000	16,800,000	15,503,000
Postal Orders	159,200,000	106,700,000	101,500,000
Telephones—			
Trunk Calls	38,200,000	57,600,000	52,200,000
Local Calls	834,000,000	843,000,000	675,000,000
<i>Services for other Government Departments, &c.</i>			
Licences issued	3,253,910	2,752,220	3,000,000
Old Age Pensions	50,518,052	51,262,997	52,500,000
Health Insurance Stamps ...	£16,877,000	£22,883,000	£22,094,500
Unemployment Insurance Stamps	£ 1,553,000	£ 7,236,000	£25,000,000
New Business—			
Allowance Forms—			
Number	—	86,687,000	79,000,000
Amount	—	£79,300,000	£70,500,000
Postal Drafts—			
Number	—	4,063,000	3,500,000
Amount	—	£ 9,000,000	£ 8,400,000
War Loan Dividends—Amount	—	£ 9,500,000	£ 9,100,000
Savings Certificates—Amount—			
Issued	—	£41,351,000	£42,000,000
Repaid	—	£32,305,000	£42,000,000
Entertainment Tax Stamps—			
Amount	—	£ 754,000	£ 620,000
Income Tax Stamps—Amount ...	—	£ 1,024,000	£ 710,000

We understand that, as regards Postal correspondence, the estimates are founded mainly on a count of letters, &c., for one week each year, and that although some allowance has been made for exceptional conditions, such as the Miners' Strike, the estimate may be vitiated by abnormal fluctuations, and can only be regarded as quite approximate.

The estimate of the current year's traffic was based on a count made last October, and in view of the rapid decline in trade since that date it is evident there is room for a large margin of error.

3. Staff.

The following table shows the staff employed by the Post Office on the dates specified :—

	*Non-Industrial.	*Industrial.	Total.
August 1, 1914	208,889	20,600	229,489
August 1, 1921	209,483	24,121	233,604
December 1, 1921	204,907	23,613	228,520
April 1, 1922 (estimated)...	202,500	23,500	226,000

The figure for 1914 is approximate only. The increase in Industrial staff is said to be due principally to the expansion of the telephone plant to be maintained, and the decrease in Non-Industrial staff to the reduction in business, set-off in part by new services undertaken since the war involving the employment of staff numbering 4,200.

4. Clerical Staff.

This staff numbers 14,700 and is included in the non-industrial class. As it is engaged largely on routine work it is essential that a regular, systematic survey of the work should be taken in order to see that the output per man-hour is not allowed to drop, and also to ascertain by every possible means whether shorter and more direct methods cannot be adopted for achieving the same result. We have examined the standard tests which are applied to large blocks of routine clerical work and find that checks of this nature are applied to 7,220 out of a total clerical staff of

* Industrial Staff is largely composed of Engineering Workmen. Non-Industrial Staff includes Clerks, Sorters, Telegraphists, Postmen, &c.

14,700. Details of the Departments in which these checks are applied are as follows:—

	Approximate Number of Officers whose work is Checked by Statis- tical Methods.	Approximate Number whose work is not so Checked.
Money Order Department ...	670	900
Accountant-General's Department ...	1,010	940
London Telephone Service ...	200	500
Savings Bank Department ...	2,350	1,700
Stores Department... ..	630	150
District Managers' Offices... ..	1,600	100
Accountants' Offices	190	115
London Engineering District ...	70	375
Number in Departments where no statisti- cal check is possible or for which definite information is not available, e.g., Secretary's, Engineer-in-Chief's, Surveyors', Provincial Engineers' Offi- ces, &c.	—	2,600
Typing staffs	500	100
Totals	7,220	7,480

The largest number is employed in the Savings Bank Department, and the tests applied in that Department are of two kinds. In one case a record of output is taken, and this applies to 1,330 out of a total staff of 4,050. The record shows that the output is appreciably less than before the war but an improvement is shown as compared with 1918-19, when the staff was necessarily less efficient than normal. It is also explained to us that the work has grown in complexity as well as volume.

In the second case, a definite task, based on tests, is allotted as being a fair day's output, and the staff have to perform that task. A similar check is applied in the Accountant-General's Department.

POSTAL SERVICES.

These services, which in the Revised Estimate are shown as costing £35,804,270, represent 62·3 per cent. of the total cost of the Department. The staff may be divided into two main sections—Indoor Force and Outdoor Force.

5. Indoor Force.

We find on enquiry that a system is in existence which enables the different classes of work, such as letters, parcels, sealed bags, registered letters, &c., to be valued out in units so as to arrive at the staff considered necessary under normal conditions for dealing with the work of the office. It appears that this system is not regularly applied either at headquarters or in the seventeen Surveyors' areas into which the country is divided, the Surveyors relying on personal inspection by their staff. It is, however,

used in cases where Postmasters apply for increases of staff. Before the war, we understand, cases of declining traffic were practically unknown, and at that time it may be that the limited use provided all the check that could reasonably be expected. Since the war, however, the position has changed, and we think that with so appreciable a reduction in traffic since 1913/14—e.g., letters show a drop 77,000,000, postcards 426,000,000, postal orders 58,000,000—a general scrutiny of the staff in relation to the volume of work is absolutely necessary.

We fully recognise that unless great care is exercised, comparison of one office with another or one district with another may be dangerous and misleading. We think, however, that a full comparison of the volume of work in relation to the staff and cost for each of the seventeen Surveyors' Districts would be valuable. Each Surveyor would know how his results compared with those of earlier years, and also how far they differed from the results obtained in other districts, and could ascertain the causes of this divergence. It is obviously impossible with varied conditions as to districts, train services, rush hours, etc., to lay down a hard and fast standard; but returns of the nature indicated serve to show how far each district deviates from the normal. At present the Administrative Machine is designed to check growth of staff, but does not necessarily operate in times of falling traffics.

The Department have evidently realised the importance of a scrutiny of this kind, because some six months ago a Travelling Committee was appointed to inspect the larger Post Offices in Great Britain. This Committee has compiled certain figures of traffic and staff for fifteen of these offices, but has not yet submitted a report to the Postmaster-General. Discussions, however, are taking place between the Committee and the various Postmasters. It is obvious from the figures compiled by this Committee that there is *prima facie* case for enquiry, and the Committee itself is by no means satisfied with the standard of staffing which obtains at some of the offices. We think it desirable that the scope of this enquiry should be extended and the report expedited.

In order to gather a general impression as to the present relation between traffic and staff, the Post Office have compiled at our request a comparison between October 1921 and the last occasion when a test was taken. We selected for this test the North Midland and Scotland East districts, also two large offices—Birmingham and Nottingham. The dates of the figures with which comparison is made vary widely; in some cases the last test made was in 1905.

The returns relate to both indoor and outdoor forces, but at this stage we will deal only with the figures as to indoor staff.

The Post Office point out that the returns have had to be compiled under considerable pressure, and that since the date of the earlier figures changes have occurred in the conditions of

service, notably the granting of half-an-hour meal relief in the case of split duty. Nevertheless, the results, even when looked at in districts, reveal such divergence as to be of interest.

	Increase or Decrease, per cent.		
	Units of Work.	Staff Engaged.	Cost calculated on Holt scale throughout.
Birmingham—			
Postal	+ 12·36	+ 23·14	+ 20·75
Telegraph	— 17·42	+ 22·37	+ 14·88
Nottingham—			
Postal	+ 15·55	+ 20·0	+ 22·66
Telegraph	— 13·73	+ 3·07	+ 0·81
N. Midland, Postal and Telegraph.	+ 13·55	+ 16·34	+ 15·37
Scotland E., Postal and Telegraph.	+ 9·42	+ 6·21	+ 5·17
Total	+ 8·53	+ 16·78	+ 14·15

When examined in detail the results show even greater divergence. For example, Ashbourne has a drop in business of 3·96 per cent., but an increase in staff of 24·62 per cent., and in cost of 33·28 per cent. Stamford has a drop in business of 7·26 per cent., but an increase in staff of 16·6 per cent., and in cost of 8·9 per cent.

The result of our own partial and necessarily general investigation, coupled with the results of the Committee appointed by the Post Office, leads us to point out the vital necessity for a strict watch on the cost of the service. It should not be necessary to have to go back fourteen years to obtain a comparison for an office of the standing and importance of Nottingham.

During the course of our investigation we have been struck with the immobility of the Postal staff. For example at Derby the existing permanent staff is admittedly greater than present conditions would justify, but being permanent men they are carried as surplus. At the same time temporary staff are being employed at Manchester. Again at Stornoway, to meet an anticipated development of traffic a considerable addition had been made to the strength of the office; the anticipations have not been realised, but the additional staff is still retained. In the former case it may well be that the normal vacancies will soon absorb the surplus staff, and that no economy would result from moving men for a short time, but it would appear that considerable time must elapse before surplus at an office like Stornoway can be profitably employed. We also found that in all cases, except the smaller branch offices, men for leave relief duty have been appointed. We consider that the question of fluidity of the staff is one which should be very carefully reviewed.

The total indoor staff involved is 27,500. We realise that in small offices a minimum number of staff must be in attendance,

but, after allowing for that, and having regard to the results in the districts examined we think that with present traffics a closer and more regular scrutiny of the staffing would admit of a reduction of staff equivalent to 5 per cent. being effected.

This reduction would take some time to bring about so we only suggest a saving in 1922/23 of £150,000.

6. Outdoor Force.

In the case of outdoor staff many considerations are involved. A minimum service has to be given, and the delivery of letters completed at a reasonable time. The practice of the Post Office seems to be to deal with complaints either from the public or the staff by means of a personal test of the round by an inspector attached to the office or by a surveying officer.

As in the case of indoor staff, a measure of traffic can be applied to town postmen. Obviously rural postmen are governed by different circumstances.

An examination of the figures of work and staff for the same districts, as in the case of indoor staff, shows the following results :—

	Increase or Decrease, per cent.		
	Units of Work.	Staff Engaged.	Cost.
Birmingham	+ 22·35	+ 14·7	+ 21·81
Nottingham	+ 1·65	— 3·7	+ 1·3
North Midland District	+ 15·11	+ 11·61	+ 20·39
East Scotland District	+ 10·21	+ 2·68	+ 3·51
Total	+ 14·74	+ 8·31	+ 14·07

The figures shown above are not unsatisfactory, but when the figures of individual offices comprised in the districts are considered, a *prima facie* case for enquiry is indicated :—

	Increase or Decrease, per cent.		
	Units of Work.	Staff Engaged.	Cost.
Coventry	+ 14·90	+ 27·9	+ 33·2
Grantham	+ 4·14	+ 19·2	+ 30·1
Loughboro'	+ 14·65	+ 38·0	+ 42·7
Nuneaton	+ 31·55	+ 41·9	+ 51·6
Tamworth	+ 12·08	+ 44·8	+ 42·2
Cupar	— 4·4	+ 16·6	+ 16·3
Forres	— 2·1	+ 20·0	+ 14·1
Perth	+ 11·74	+ 30·93	+ 28·41

The total outdoor postal staff numbers 80,500, of which about 27,500 may be classed as rural.

Reductions in rural postmen must be governed by considerations other than traffic, but we consider, having regard to our examination of the above returns, a closer and more regular scrutiny would admit of a reduction of staff equivalent to 5 per cent. being effected. Here again time would be required to bring about a reduction, so we suggest a saving in 1922/23 of only £200,000.

7. Telegraphs.

In this Department quality of service and economy of operation have to be kept equally in mind.

We have made enquiry as to how the checks of the Department are exercised, and find that returns are furnished to headquarters for one day per month by the smaller offices and one day in alternate months by the largest offices. By this means a check on the quality of the service is maintained.

A periodical check on staffing is also maintained by headquarters, and the following Table shows for the last five half-years how the staff and traffic have varied at the ninety-seven largest offices:—

Date.	Staff Hours.				Total Traffic (Valued).	Average Hourly Number of Telegrams dealt with per Officer—	
	Super- vising Force.	Non- Manipu- lative Force.	Manipu- lative Force.	Total Force.		(a.) By the Manipu- lative Staff;	(b.) By the Total Staff.
October, 1919*...	13,350	42,325	115,359	171,034	2,411,955	(a.) 20.9	(b.) 14.05
April, 1920 ...	13,652	44,280	102,744	160,677	2,254,379	21.9	14.02
November, 1920	13,322	44,296	94,861	152,480	1,785,597	18.9	11.75
May, 1921 ...	13,640	42,060	86,042	141,743	1,975,834	23.0	13.95
October, 1921 ...	12,892	39,968	87,548	140,409	1,898,204	19.4	12.10

* Traffic inflated by Railway Strike.

It will be seen that the average hourly number of telegrams dealt with between 8 A.M. and 8 P.M. on the day of the test shows considerable variation. The Post Office regard an output of 24 telegrams per hour per operator employed on manipulative duties as reasonable for an average office, and it will be seen that the average in October, 1921, was only 19.4 per hour, a reduction of 3.6 per hour compared with the previous test, and 4.6 below standard. Similarly, although here the figure is a little more difficult to compile, 14 telegrams per hour is regarded as the average over-all output for all staff, and this figure was actually reached in October, 1919, and April, 1920. At the last test, however, the output was only 12.10.

These figures show, we think, that while there has been a steady decrease in the force employed, this decrease has lagged behind the fall in traffic. It is admitted that there is an estimated surplus of telegraph staff of about 15 per cent. over bare necessities. Telegraph traffic, however, is not regular, and we append a diagram, Appendix (B), showing the fluctuations in the average daily number of telegrams handed in throughout the United Kingdom during the last three years. We recognise that in the case of a sudden increase in traffic the staff cannot be immediately augmented by trained personnel, as it is some time before an operator can give a reasonable rate of output. Some reserve of force is therefore necessary; but we find it difficult to justify the retention of 15 per cent. surplus staff, especially as there is a staff of about 11.1 per cent. carried as a relief force to cover sick and holiday absences. Further, holidays are given during the period of maximum traffic.

The present rate of wastage is about 7½ per cent. per annum, and this has been allowed in the Estimates for next year. We think unless there is an increase in traffic, the rate of wastage might be slightly accelerated during next year and a saving of a further £30,000 a year effected.

In reviewing the telegraph service we have been impressed by the full information regularly compiled as to the volume of traffic, the staff employed, and the efficiency of the service.

8. Telephones.

As in the case of telegraphs, quality of service and economy in operation are equally important.

A check on the traffic and staff is maintained by means of a return for one day in each quarter in the case of the larger Exchanges, and for one day in six months for the smaller Exchanges. We have examined the individual returns and also the summary and are satisfied that the figures produced enable a very complete check to be kept on the efficiency of the various Exchanges, and we are told that the operator is not aware when the check is being taken.

From the beginning of 1921 the traffic rapidly decreased, and the decrease was accentuated by the introduction of new rates in April, 1921. By May, 1921, when the steps taken after the Armistice to strengthen the telephone staff had produced the maximum trained staff, the busy hour load of originating traffic per operator had fallen to about 155 "valued" calls. The standard busy hour load recognised by the Post Office as efficient is 200.

It was estimated by the Post Office that at May, 1921, there was a theoretical surplus of 16.9 per cent. of the staff at Exchanges of 300 lines or more. Recruiting was suspended, and while the staff has been reduced the number of lines has increased, which has resulted in a reduction in the theoretical surplus.

Appendices (C) and (D) give a summary of the lines, traffic,

staff and service of these Exchanges from November, 1918, to January, 1922, with notes which may be of interest.

In this case also we have been favourably impressed with the information regularly compiled with a view to securing economy of operation and efficiency of service.

Of the 15,800 operators, 13,300 are employed at the larger Offices, and we think that, failing a growth in traffic, recruiting should remain suspended, retirement accelerated, if possible, and an additional saving of £10,000 realised next year.

9. Engineering.

The programme of engineering work for which provision is made in the Revised Estimates is as follows :—

	Lines and Apparatus.		Electric Light and Power and Common Services.
	Telegraph Services.	Telephone Services.	
	£	£	£
Construction	703,140	—	68,690
Renewals, rearrangements, &c. ...	200,800	2,085,030	57,750
Maintenance	420,000	3,029,700	227,000
Repairs of stores in Post Office factories	32,060	288,570	4,700
	1,356,000	5,403,300	358,140
Total	£7,117,440		

In 1913/14 the corresponding figure was £2,700,000.

In addition to the above estimates there is considerable new construction of telephone line and equipment on capital account estimated to cost during 1922/23, including sites and buildings, £9,500,000, so that the total estimated expenditure on new construction and maintenance in connection with the telegraphs and telephones of the country during 1922/23 is £16,617,440.

The first cost of telegraph plant at 31st March, 1922, is stated to be £10,000,000, and of the telephone plant, £52,250,000. We have examined in detail the expenditure for eleven years and do not think the provision proposed for maintenance and renewal can be reduced if the efficiency of the service is to be maintained.

With regard to Capital Expenditure on Telephone Account, we understand that upwards of 23,000 applicants are waiting telephonic facilities, and having regard to the fact that this country lags behind other countries in the ratio of telephones to population we do not think this expenditure can with advantage be reduced.

For purposes of engineering control the country is divided into thirteen areas, each area being under the control of a Superintending Engineer who is responsible direct to the Engineer-in-Chief.

We have examined very carefully the various methods which are employed to secure a satisfactory output of work from each work-

man. The total time occupied by the workmen on maintenance is divided by the number of units maintained and the average cost of maintenance per unit per week is arrived at. By this means the Engineer-in-Chief keeps in close touch with the cost of maintenance in each of his districts, and is able to compare the results obtained in the various districts.

In regard to construction work progress reports are compiled which enable the Engineer-in-Chief and the Superintending Engineers to ascertain the cost under each item of work.

We find that the results for the various districts are circulated to all Superintending Engineers, so that a laudable spirit of rivalry is encouraged.

In this department there is a systematic compilation of results and circulation of information.

10. Imperial Wireless Chain.

Included in the Post Office Estimates for next year is an item of £250,000 for plant, &c., in connection with the Imperial Wireless Chain, and the Office of Works have been asked to include £200,000 for buildings. The total estimated cost to this country of its proportion of the Imperial Wireless Chain is £800,000, so that a balance will remain to be provided in subsequent years. We understand that schemes have been put forward by a commercial company, but that they have been subjected to criticism both on general and technical grounds, and that the present scheme has the approval of the experts. Certain work, such as the first links at Leafeld (Oxfordshire) and Cairo, have been authorised, and officers have been sent out to South Africa, India and the East to select sites. Much of the preliminary work has been completed. In these circumstances, we make no recommendation.

11. Engineering Stores.

We have investigated the position of stores and find that the value of stock at the 31st March, 1921, was £3,126,591. The stock at the 31st March, 1914, valued at 1921 prices represented £2,906,000. Having regard to the fact that included in the stores in 1921 there is a submarine cable valued at £318,000, it does not appear that there has been any undue increase in the value of stores held.

The total stock of stores includes items which must be held in case of emergencies, such as storms, special events, and so forth, and these amount to £1,483,000 leaving a balance of £1,642,791 available for the maintenance of all engineering plant (telegraphs, telephones and common services), for joining up additional telephone subscribers, for works of renewal and rearrangement, and for new construction works both on Vote account and Capital Account. This stock represents between four and five months' average consumption, and having regard to the great variety of the stores and the time required to obtain tenders and deliveries we do not think the stock held is excessive.

12. Factories.

The Post Office operate two Factories, one in London and one

in Birmingham, the total number of workpeople employed being 579 and 540 respectively.

The bulk of the work at these Factories consists of the repair of telephone and telegraph apparatus, and the adaptation and conversion of apparatus from older to later forms.

The work is of a very varied character; but it appears from information which has been supplied to us that it has been found possible to apply piece-work rates to over 80 per cent. of the total work of the Factories. The large preponderance of piece-work enables the foreman to give special attention to time-work jobs: but in any case of a job becoming a recurrent one a piece-work price is fixed. We understand that it is the policy of the Post Office that if a piece-work rate is once fixed it is not cut unless a change of method is introduced, and the workmen are encouraged to earn as large profits as possible with a view to reducing establishment charges.

It is not practicable for us to form any opinion as to the cost of repairs carried out at these Factories; but in reply to an enquiry we were informed that in all cases where outside tenders have been obtained the prices submitted have been found to be in excess of Factory costs after due provision had been made for establishment charges.

13. Conveyance of Mails.

Conveyance by rail, road, sea and air is put at £8,662,900 in the Provisional Estimate for 1922/23, as compared with £2,845,336 in 1913/14. The Provisional Estimate has since been reduced to £7,187,472.

Apart from Road Transport owned by the Government these payments depend on Contracts and other arrangements made with the carrying companies, and we are not in a position to make any recommendation.

We understand, however, that an arrangement has been made with the railway companies to carry the Parcels Post packages on the basis of 40 per cent. of gross receipts in lieu of 55 per cent., but this saving has been taken into account in the Revised Estimates.

14. Motor Transport.

The Post Office own the following vehicles:—

—	Engineering Department.	Stores Department.	Postal Services.	Total.
Motor-Cycle Combinations	500	—	7	507
Motor-Cars... ..	12	—	—	12
Motor Vans and Lorries ...	165	35	151	351

We have examined the checks employed on the running of these vehicles, and find that adequate allowance is made for depreciation, interest on capital and other overhead charges. The introduction of these vehicles has effected substantial economies, and we find

that every care is taken before new Services are undertaken to ensure that in each case the running of Government-owned vehicles is cheaper than hiring.

15. Uniform.

The total cost of Uniform, including £16,500 for cost of uniform purchased for other Government Departments, is, on the 1913/14 standard of quality and equipment, £488,600. As in the case of the Fighting Services and Police, we consider that a lowering of the standard can be adopted without loss of efficiency. Economies have already been made amounting to £90,500, but we think more can be done in that direction, so that the total saving may be equivalent to 33½ of present-day cost based on the pre-war standard of uniform. This would yield a further saving on the Estimate of £81,000.

16. Postal Charges.

The Exchequer Account Estimates for 1922/23 foreshadow a surplus on the three Services as a whole of £5,140,000.

It has been shown, however, that in the current financial year the Services have been subsidised by the State, and it is for consideration what proportion of this surplus should go to the reduction of postal charges and to the Exchequer.

We have been reminded by the Postmaster-General of the pledges given when the new rates were imposed in 1921 "that the Government recognise that when costs are reduced the user of the Postal Services is entitled to get the benefit, and that such reductions as are possible in the rates now imposed will be made as soon as a surplus on the Post Office balance sheet is assured."

This pledge was given in relation to specific increases, and we understand that the increases imposed at that date may be estimated to yield at the rate of £2,000,000 per annum.

In the present financial condition of the country we do not think it unreasonable that a great monopoly like the Postal Telegraph and Telephone Services should yield some return to the Exchequer in respect of the capital invested, especially having regard to the fact that if it were in the hands of Trading Companies the Government would receive substantial payments in respect of Income Tax, Corporation Tax and Property Tax.

It may be that in certain cases additional net revenue could be derived from a reduction in charges and to such reduction no exception can be taken. We consider, however, that economy of operation is so important that any reductions in charges should where practicable be coupled with conditions which would enable the Post Office to take fuller advantage of the hours when surplus staff is necessarily available and thus relieve the congestion and expense of the rush hours.

CONCLUSION.

As a result of our consideration, we are of opinion:—

1. That regular and systematic check of traffic and staff should be instituted for the Postal Services.

2. That the cost of indoor force can be reduced to the extent of £150,000.

3. That the cost of outdoor force can be reduced to the extent of £200,000.

4. That the cost of the Telegraph and Telephone staffs can be reduced by £40,000.

5. That the standard of uniform should be lowered, as recommended in the case of other Uniform Services.

6. That the Provisional Estimate of £59,375,376 should be reduced to £56,900,145, a saving of £2,475,231 in 1922/23, which is £471,000 less than the revised Estimates submitted.

APPENDIX (A).

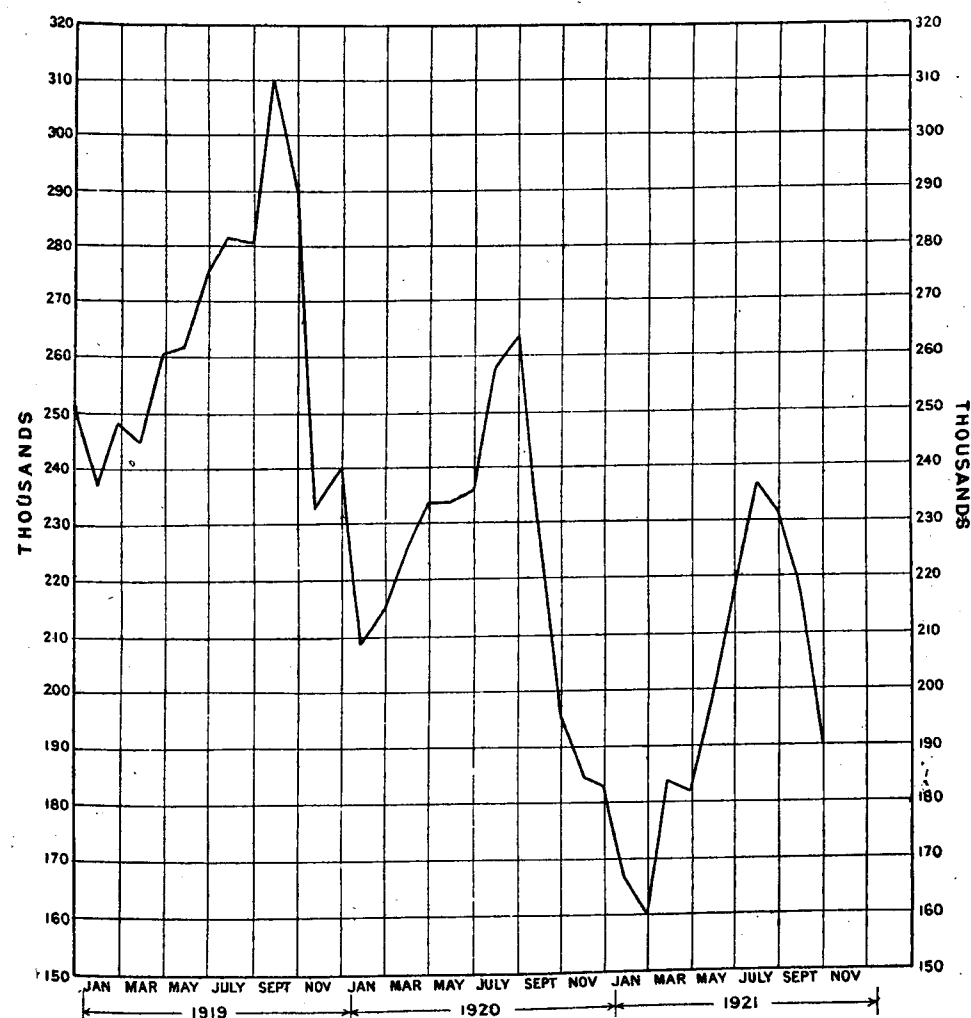
COMPARISON OF THE EXPENDITURE (1913/14), ESTIMATES (1921/22) AND PROVISIONAL ESTIMATES (1922/23) OF THE POST OFFICE.

	Audited Expenditure, 1913/14.	Estimates, 1921/22.	Provisional Estimates, 1922/23.
<i>Salaries, Wages and Allowances.</i>			
Headquarters Establishments ...	657,972	1,950,815	1,667,000
Metropolitan Establishments ...	4,606,288	13,616,684	11,547,000
Surveyors ...	83,081	187,645	163,000
Provincial Establishments ...	9,137,509	26,344,960	21,160,000
Stores Department ...	275,484	836,260	735,000
Postal Agencies Abroad ...	25,099	39,501	40,000
Travelling and Subsistence ...	217,210	268,500	255,000
Rent and Office Fittings ...	464,990	641,300	641,000
Purchases of Sites ...	100,403	150,000	150,000
Conveyance of Mails ...	2,845,336	7,990,558	8,662,900
Payments to Railways, &c., for Telegraphic Service.	55,003	105,000	105,000
Non-Engineering Stores—			
Stores ...	336,285	589,500	640,000
Uniforms ...	222,514	734,600	580,000
Stamp Manufacture ...	129,341	320,050	250,000
Incidentals and Law Charges ...	67,539	120,900	100,000
Engineering Establishment ...	1,721,010	5,660,950	7,882,000
" Materials ...	472,373	2,204,600	
" Contract Work ...	534,234	1,309,060	3,593,421
Redemption of Advances ...	1,949,200	2,835,854	
Superannuations, &c. ...	952,161	2,209,000	2,129,000
Post Office Savings Bank—			
Gross ...	655,679	2,238,792	?
Net ...	—	335,000	315,000
Government Annuities, &c.—			
Gross ...	6,575	9,525	?
Net ...	95	55	55
Telephone Arbitration ...	29,309	—	—
Appropriations-in-Aid ...	24,882,527	68,450,792	60,575,376
	683,801	1,285,505	1,200,000
	24,193,726	67,165,287	59,375,376

APPENDIX B

INLAND TELEGRAMS

AVERAGE DAILY NUMBER OF TELEGRAMS HANDED IN
THROUGHOUT THE UNITED KINGDOM



APPENDIX (C).

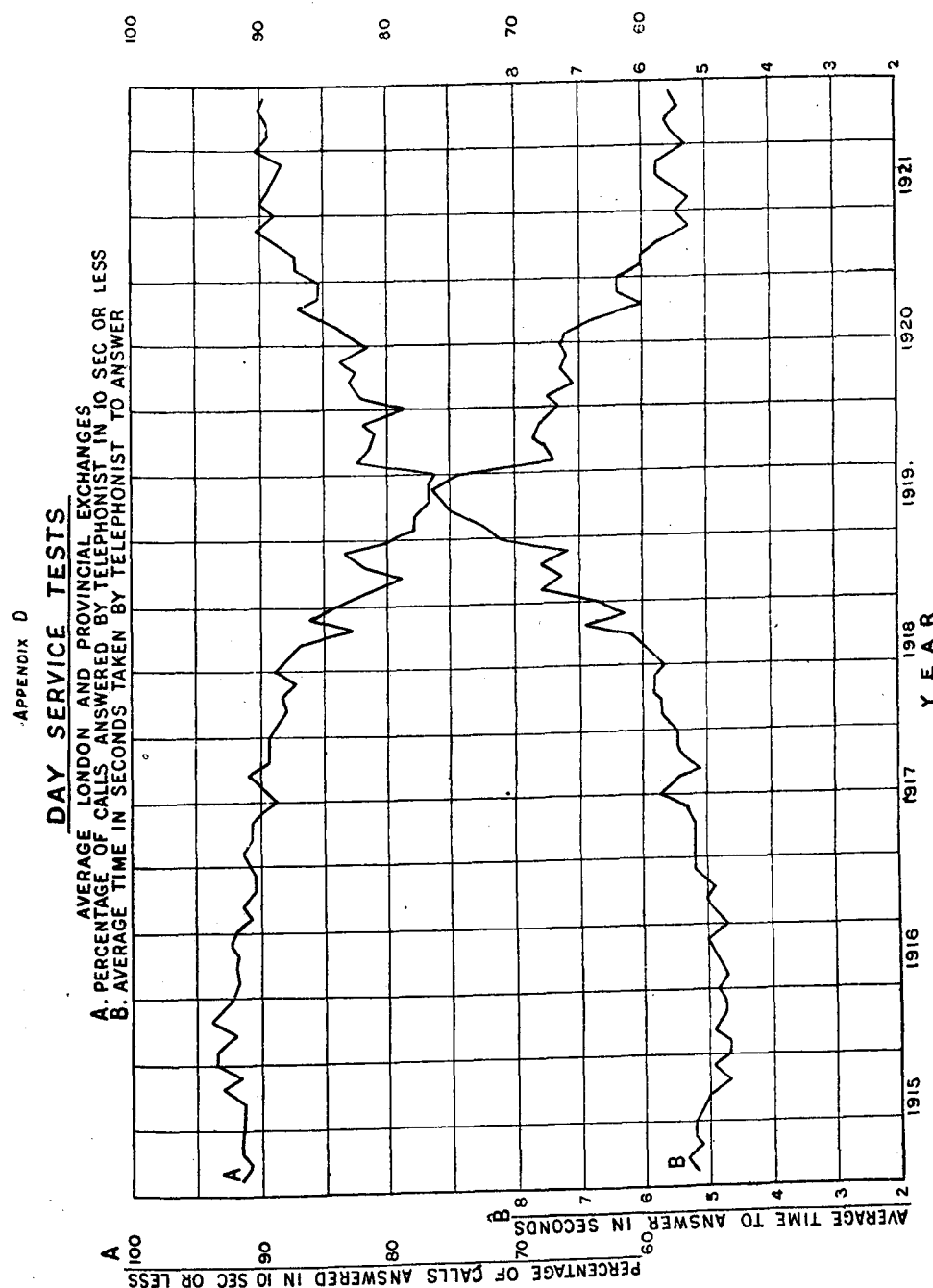
TELEPHONES.

Summary of Lines, Traffic, Staff, &c., in Exchanges with 300 Direct Subscribers' Lines and over.

Date of Record.	Number of Lines.	Valued Calls (Originating, plus Incoming).	Total Day Operating Staff, including Supervisors, Record Operators, &c.	Average Day-load per Operating Employee (3÷4).
(1.)	(2.)	(3.)	(4.)	(5.)
November 1918 (armistice)	373,565	5,755,469	8,549	673
May 1919 ...	383,820	6,632,823	9,182	722
July " ...	392,511	6,456,713	9,430	685
October " ...	403,047	7,200,196	9,871	729
January 1920 ...	412,821	7,196,765	10,005	719
April " ...	424,515	7,262,718	10,315	704
July " ...	434,392	6,944,982	10,600	655
November " ...	446,143	7,270,786	10,718	678
January 1921 ...	451,439	6,611,835	10,748	615
May* " ...	453,050	5,647,965	10,823	522
July " ...	444,512	5,568,563	10,551	528
October " ...	451,104	5,711,465	10,243	557
January 1922 ...	460,000†	5,720,000‡	10,035	570

* New rates April 1; also Coal Strike. † Approximate. ‡ Estimated.

- NOTES.—(1.) Total Day Telephonist Staff at all Exchanges, January, 1922—13,521 (London, 5,293; Provinces, 8,228).
- (2.) The table above shows that the maximum number of originating and incoming calls was reached in November, 1920, with a total for the day of 7,270,786 calls. At that time the average day load per operator was 678, but in July, 1921, it had dropped to 528, and is now only 570. The figure of 678 in November, 1920, is considerably inferior to the average day load, 729, in October, 1919; but a reference to the diagram, Appendix (D), shows that in the year 1919 the average time taken to answer calls was, comparatively speaking, very high, and the percentage of calls answered by a telephonist in 10 seconds or less was correspondingly low. At the present time an improved quality of service is given, and the average time taken to answer calls is now 5½ seconds, the percentage of calls answered in 10 seconds or less being about 90 per cent.



PART XI.—HOUSES OF PARLIAMENT AND CERTAIN CIVIL DEPARTMENTS.

HOUSE OF LORDS OFFICES	CLASS II (1).
HOUSE OF COMMONS OFFICES	CLASS II (2).
CABINET OFFICES	CLASS II (3).
TREASURY AND SUBORDINATE OFFICES...	CLASS II (4).
HOME OFFICE	CLASS II (5).
PRIVY COUNCIL OFFICE	CLASS II (9).
MINT	CLASS II (26).
CIVIL SERVICE ARBITRATION BOARD ...	CLASS II (21).
OFFICE OF THE SECRETARY FOR SCOTLAND	CLASS II (35).
SCOTTISH BOARD OF HEALTH	CLASS VII (3).

Chapter I.

HOUSE OF LORDS OFFICES. CLASS II (1).

	£
1913/14 Audited Expenditure	21,960
1921/22 Net Estimate	70,946
1922/23 Net Estimate	56,783

The control of the Treasury over this Estimate is confined to items which do not relate to the personal remuneration of Officers of the House of Lords. General control is vested in the Select Committee on the House of Lords Offices, which is appointed each Session.

COMPARATIVE Statement of Salaries, Wages and Allowances of House of Lords Offices.

	1913/14.		1921/22.		1922/23.	
	Numbers.	Total	Numbers.	Total.	Numbers.	Total.
Department of the Lord Chancellor.	5	£ 5,502*	5	£ 6,612*	5	£ 6,187*
Department of Chairman of Committees.	5	4,718	5	5,702	5	5,086
Department of Clerk of the Parliaments.	34	19,117	37	30,385	37	25,101
Department of Black Rod.	20	4,216	20	7,640	20	6,141
Librarian's Department	3	1,666	3	2,679	3	2,258
Department of Lord Great Chamberlain.	22	1,648	26	4,543	26	3,800*

* Includes £4,000, the salary of the Lord Chancellor as Speaker of the House of Lords.

The figures given at the head of this Report represent the *net* Estimates. The financial position can more properly be gauged from the following comparative figures:—

	1913/14.	Estimate 1921/22.	Estimate 1922/23.
	£	£	£
Gross Expenditure	43,148	72,946	60,783
Appropriations-in-Aid (Fees) ...	21,188	2,000	4,000
Net Expenditure	21,960	70,946	56,783

This reduction of net expenditure by £14,000 as compared with 1921/22 will, we understand, be effected by diminution of Bonus, reduction in the cost of Police, an increase of 30 per cent. in Judicial fees and a slight increase in fees for Private Bills.

It will be seen from the figures given just above that the Appropriations-in-Aid from fees show a diminution from £21,188 in 1913/14 to £4,000 estimated for 1922/23. We are informed that this is due to a decrease in the volume of private business and to an increase in the amount of the Pension List which is a first charge on fees. As stated above, the Select Committee on the House of Lords Offices propose an increase of 30 per cent. in Judicial fees and a slight increase in fees for Private Bills, but in view of the great decrease in the fee revenue since 1914 and the present increased costs, we suggest that the Select Committee should give the fullest consideration to the possibility of:—

1. Increasing up to 50 per cent. the scale of Judicial fees.
2. Increasing the present fees for Private Bills by 50 per cent.

As regards Judicial fees, we are informed that 50 per cent. is roughly the increase recently imposed in the case of High Court fees.

Chapter II.

HOUSE OF COMMONS OFFICES. CLASS II (2).

	£
1913/14 Audited Expenditure	294,622
1921/22 Net Estimate	379,320
1922/23 Provisional Net Estimate ...	369,208

The Provisional Estimate for 1922/23 has since been reduced to £365,229—a saving of £3,979.

The control of the Treasury over this Estimate is limited to items which do not relate to the personal remuneration of Officers. General control is vested in the House of Commons Offices Commission.

COMPARATIVE Table of Salaries, Wages and Allowances (other than Members' Salaries) of House of Commons.

	1913/14.		1921/22.		1922/23.	
	Num- bers.	Total.	Num- bers.	Total.	Num- bers.	Total.
		£		£		£
Department of Clerk of the House ...	46	24,702	37	37,026	37	30,159
Department of the Speaker ...	34	13,564	35	26,204	35	22,511
Department of the Serjeant-at-Arms ...	61	11,235	62	25,102	61	21,262

The only item of expenditure subject to Treasury control which shows an abnormal increase on the 1913/14 provision is the cost of Police, for which £14,497 is proposed as compared with an expenditure in 1913/14 of £5,528. We understand that the Authorities in the House of Commons have considered the possibility of a reduction, but are of opinion that it is not possible to reduce the number of Police on duty in the House of Commons. As this is a matter which necessarily depends on changing political circumstances, we assume that the Authorities will keep the matter constantly under review.

Fee Revenue.

The figures at the head of this Report give a comparison of the net expenditure of the House of Commons. The following figures show a comparison of the gross expenditure and the Appropriations-in-Aid from fees:—

	1913/14.	Estimate 1921/22.	Provisional Estimate 1922/23.
	£	£	£
Gross Expenditure ...	314,866	392,820	382,708
Appropriations-in-Aid ...	20,244	13,500	13,500
Net Expenditure ...	294,622	379,320	369,208

From this table, it will be seen that receipts from fees for Private Bills have fallen from £20,244 to £13,500 estimated for the current and forthcoming financial years. This decrease is due to a diminution in the number of Private Bills. We understand that the Authorities in the House of Commons propose a slight increase in fees, but, as in the case of the House of Lords, we suggest that they should give full consideration to the possibility of increasing fees for Private Bills by 50 per cent.

We understand that the Provisional Estimate for 1922/23 includes the salaries of Members of Parliament representing constituencies in Southern Ireland, and if, as we assume, these Members do not sit at Westminster, we are informed, that the Provisional Net Estimate can be reduced by £28,400. This reduction, in addition to the saving of £3,979 already made on the Provisional Estimate of July last, gives a total saving of £32,379.

Chapter III.

CABINET OFFICES.

CLASS II (3).

	£
1913/14 ...	Non-existent.
1921/22 Estimate ...	65,089
1922/23 Provisional Estimate ...	54,879

The Provisional Estimate for 1922/23 has since been reduced to £53,537—a saving of £1,342.

In 1913/14, there was not a Cabinet Office, the only counterpart being, at that time, the Committee of Imperial Defence, the expenses of which amounted in that year to £6,230 and which was borne on the Treasury Vote.

The Cabinet Secretariat became a permanent institution in November 1919, when the Cabinet decided to continue in peace time the organisation created during the war, under which the War Cabinet was provided with a Secretary and a small staff for recording the proceedings of meetings and for carrying out various duties in connection with Cabinet proceedings generally.

The Cabinet Offices at the present time comprise three main branches:—

1. Cabinet Secretariat.
2. Committee of Imperial Defence.
3. War History Section.

Of these, the Cabinet Secretariat, which constitutes the major part of the Office, now performs secretarial duties for the Cabinet itself, for Committees of the Cabinet and for various Conferences, international and otherwise, in which the Cabinet is chiefly concerned. It also has certain duties in connection with the League of Nations.

The following table shows the comparative numbers of staff of the whole Cabinet office:—

August 1, 1921.	April 1, 1922.
189	165 (estimated).

This staff of 165 is allocated as follows:—

	Cabinet. Secretariat.	Committee of Imperial Defence.	War History Section.
Administrative	11	4	16
Clerical	47	6	8
Typists	22	— *	1
Messengers	20	3	5
Charwomen	14	2	6
Total	114	15	36

* Provision made under Cabinet Secretariat.

We recognise that the amount of work devolving upon this Office is still very heavy, and the Treasury, who have carefully reviewed the whole staff from time to time, are satisfied that it is not in excess of what is required. In these circumstances we make no recommendation. There will be a saving of £1,342 due to the reduction made since the Provisional Estimate of July last.

Chapter IV.

TREASURY AND SUBORDINATE DEPARTMENTS.

CLASS II (4).

	£
1913/14 Audited Expenditure	106,086
1921/22 Net Estimate	385,388
1922/23 Provisional Net Estimate	305,931

The Provisional Estimate for 1922/23 has since been increased to £316,000—an increase of £10,069.

This Vote, besides the Treasury, includes the Office of the Parliamentary Counsel, Statute Law Committee, Paymaster-General (London), the Exchequer Office (Scotland), Paymaster-General (Ireland) and Teachers' Pension Office (Ireland).

The following table shows the comparative numbers of staff employed in all these Departments:—

	August 1, 1914.	August 1, 1921.	April 1, 1922.
(a.) Permanent	217	367	531
(b.) Temporary	53	350	190
Total	270	717	721

1. Treasury.

The staff of the Treasury for the year 1921/22 number 381 as compared with 148 in 1914. The figure of 381, however, includes 8 Ministers, 8 "Accountants for the Public Service" (who are on the Treasury Vote merely as a matter of convenience), 13 Treasury officials seconded for other service and 104 messengers and charwomen, whose duties extend over the Treasury Office, the official residences in Downing Street and the offices of the Chief Whips and Parliamentary Counsel.

The number of Treasury officials engaged on Treasury work proper is thus 248. Of this number, there are 92 Higher Division Officials to exercise the whole of the Departmental functions comprised in the term "Treasury Control." This number of 92 compares with 37 in 1913/14. The addition of approximately 148 per cent. to the pre-war strength of the Higher Division staff of the Treasury is due to the great increase in volume and complexity of the financial and administrative business, a fact which is illustrated by the comparative figures of the Budget which, in 1914/15, was £207 millions and in 1921/22 is £1,216 millions. Similarly, the Debt which, in 1914/15, was £706 millions, in 1921/22 is £7,633 millions.

We are satisfied that the Treasury staff is under constant review and it is estimated that in April 1922 the number of Higher Division staff engaged on Departmental work will have decreased from 92 to 81. In considering the staff of the Treasury, we have borne in mind that it is constantly and rightly looked upon as the source from which officials with special experience may be drawn to undertake special work outside the Treasury, as occasion demands. In so comparatively small an Office, this is an important consideration and we find that, at the present time, 13 officers, of whom 11 are Higher Division staff, are seconded for such special service.

In these circumstances, we make no recommendation, as we are of opinion that nothing should be done to detract from the efficiency of the Treasury machine for controlling expenditure and effecting economies.

2. Paymaster-General's Office.

The following table gives a comparison of the numbers of the staff:—

	August 1, 1914.	August 1, 1921.	April 1, 1922.
(a.) Permanent	56	47	205
(b.) Temporary	9	212	64
Total	65	259	269

The functions of the Paymaster-General are of the same nature as before the war, but the amount of the work has very greatly increased. The Paymaster-General either pays or imprints to other officers for payment all moneys for public service which are not provided in the Votes for Revenue Departments or issued for National Debt. The increased staff is due to the following factors :—

- (1) Payment of disability pensions awarded by the Ministry of Pensions to Officers, Warrant Officers, Nurses and their dependents. This work, which is entirely new, occupies some 40 per cent. of the staff, but it is gradually declining.
- (2) An increase of 30 per cent. in the number of Navy, Army and Air Force "Service Pensions." There are at present almost 22,000 of these pensions.
- (3) An increase in the number of Civil Effective Payments (*i.e.*, separate individual payments) from 377,000 in 1913/14 to 1,436,000 in 1920/21.
- (4) An increase in the income tax assessment work.

We realise that the work performed is very heavy at the present time, but it is of a kind which will decline as the numbers of the Civil Service as a whole are reduced and as the awards of the Ministry of Pensions decrease, and we think that the numbers of the staff should be kept constantly under review.

The remaining sub-Departments do not appear to us to call for special comment, but we are informed that under the settlement with the Irish Free State the cost of the Paymaster-General (Ireland), estimated at £6,042, and the Teachers' Pension Office (Ireland), estimated at £2,908 may be removed from this Vote, but as this is still uncertain we do not include it as a reduction.

As stated at the outset of this Report, there will be an increase of 10,069 over the Provisional Net Estimate of July last.

Chapter V.

HOME OFFICE.

CLASS II (5).

	£
1913/14 Audited Expenditure ...	255,009
1921/22 Net Estimate ...	471,446
1922/23 Provisional Net Estimate ...	412,371

The Provisional Estimate for 1922/23 has since been reduced to £375,857—a saving of £36,514.

1. The following table gives the comparative number of staff employed :—

August 1, 1914.	August 1, 1921.	April 1, 1922.
701	967	909

These figures include the Inspectorate as well as the Headquarters Staff at the Home Office.

The increase of staff by 208 as compared with 1914 is mainly accounted for—

	Officers required.
By extending duties of Alien Immigration Control ...	245
By extending duties of Police Administration ...	27
Other new duties ...	21
	293
Less Officers transferred to Mines Department ...	107
	186
Net Increase ...	186

In our examination of the Estimates, we have found two items on which we wish to comment : Alien Immigration Control ; and Anthrax Disinfecting Station.

2. Alien Immigration Control.

The cost of this service has increased since 1914 from £12,000 to approximately £100,000 in the current year. The estimated cost for 1922/23 is £74,000. This control, which is designed to exclude alien immigrants who are destitute, diseased or otherwise undesirable, is a matter of policy. If it were abolished, the saving of expense is obvious. As regards the results which it achieves, we find that during the twelve months ending the 31st December last, 294,569 alien passengers landed at British Ports, and 1,712 were refused permission to land. Of these, 200 were refused on medical grounds. If it were decided that the cost of this control should be met by a Poll Tax on alien passengers—say, 5s.—the revenue therefrom would, on the experience of the last twelve months, be some £73,000 per annum, but in considering this matter, the following classification, which shows the nature and business of the alien passengers who landed last year, is of importance. They are classified as follows :—

Residents returning from abroad ...	60,252
Passengers in transit to other countries ...	28,947
Visitors on holiday ...	107,310
Visitors on business ...	66,789
Foreign Diplomatic and other Missions ...	6,584
Seamen ...	13,752
Other passengers ...	10,395

With regard to visitors "on business," it must be remembered that there is a considerable number who make regular journeys to and from this country—sometimes twice a week.

Apart from the political and economic considerations which are involved, we would point out that there are practical difficulties in the way of the imposition of such a Poll Tax. The large majority of these alien passengers come by the cross-Channel service, using a through Railway ticket which, of course, gives no particulars about the passenger. We understand that there is no such difficulty in connection with the Tax which is imposed by the United States of America on alien immigrants. In the latter case, the Steamship Companies are in possession of full particulars

about the passengers whom they book to America, and with the aid of that information, the Companies are able to add the Tax to the price of the ticket.

Apart from these remarks, we make no recommendation on what is essentially a question of policy.

3. *Anthrax Disinfecting Station.*

Under the Anthrax Prevention Act of 1919 a factory has been established at Liverpool for the purpose of disinfecting certain classes of wool, and sums amounting to £35,000 are provided in the Estimates of 1921/22 and 1922/23 to cover working expenses.

Fees are charged for this disinfection, but at the present time only two classes of wool are on the schedule for compulsory disinfection, and the depression in the wool trade and the fall in the price of wool have caused supplies to the Station to fall off very considerably, even though the fees have been temporarily reduced.

The Station was opened early in 1921, and it is estimated that the financial year 1921/22 will show a deficit on working expenses of £5,705. This includes no provision for interest and depreciation on the capital cost of the building and plant, which cost £113,000.

We understand that the Home Secretary has recently considered the future of this Station and is of the opinion that nothing should be done to extend its scope or plant in the present circumstances, as had been suggested, since this would probably result in a further deficit. He does, however, attach considerable importance to the experimental work which is being done and which it is desirable to bring to a degree of success which will induce other nations to adopt similar methods of disinfection. The results of the experiment are, in fact, being awaited by foreign countries, and if successful, it is hoped to obtain an International Agreement on the subject. The Home Secretary is therefore in favour of the Station being kept running on its present basis for a limited period, so that the experiment may proceed and the future course of the wool trade may be gauged more accurately than is possible at present.

In these circumstances, we recommend that the Station should operate for the present, but that its position should be reviewed in four months' time, in order that it may either be closed altogether at the end of six months from now, or continue provided, in the latter case, that its fee revenue is sufficient to cover all expenses and capital charges, or that the full cost is met by a subsidy from the trade in the interest of whom, and its workers, the Station was established.

In considering this Vote, we find that a certain amount of administration cost at Headquarters is incurred in supervising the affairs of the Isle of Man and the Channel Islands, and we

suggest that the present is an appropriate time for the Government to consider the relation of these dependencies to the Exchequer.

4. *Isle of Man.*

This Island enjoys in full the protection of the Forces of the Crown, and its inhabitants possess all the advantages of subjects of the United Kingdom as regards diplomatic and consular privileges abroad. The present position is that the Island makes a statutory annual contribution of £10,000 to the Imperial Exchequer, but, in addition to this, Tynwald (the Legislature of the Isle of Man) has, in the present year, voted an additional special war contribution of £20,000 for a limited period of years, representing payment by annual instalments of a war contribution of £250,000. Before the war, the total revenue of the Island was about £85,000. In 1920/21, it rose to £369,000, and in the present financial year it is estimated to be £321,000. In addition to this revenue, there is the Isle of Man Accumulated Fund, representing the invested surplus of revenue over expenditure for more than fifty years, and the realised surplus each year of revenue over expenditure. This Fund is estimated to stand at the 31st March, 1922, at £333,000, the net amount of the Fund at that date being estimated at £273,000.

Until 1918, revenue was derived entirely from indirect taxation, but since then, there has been an Income Tax at rates varying from 10d. in the £ for incomes under £500 to 1s. 5½d. for incomes over £1,500. This Income Tax, however, produces less than one-fifth of the total revenue. From the foregoing, it will be seen that, whereas the total revenue of the Island has increased from £85,000 to £321,000, or roughly, four-fold; the statutory annual contribution to the Imperial Exchequer is still only £10,000, though this has been supplemented by the special war contribution voted by Tynwald.

We suggest that, in the present circumstances, the Government might think it an appropriate occasion to consider a revision of the amount of annual contribution, and the disposal of part at least of the Accumulated Fund, which, as we have already shown, is estimated to stand at a net amount of £273,000 on the 31st March, 1922. In this connection, we would add that Lord MacDonnell's Committee in 1911 reported that, in their opinion, the balance, which at that time amounted to £78,000, was unnecessarily high.

5. *Channel Islands.*

These Islands make no annual contribution to Imperial revenue, though, like the Isle of Man, they obtain practically the same benefits as though they were part of the United Kingdom. Guernsey and Jersey, however, have each made contributions of £100,000 to the expenses of the war. Though not in any way depreciating the value of these special contributions, as in the case of the Isle of Man, we think that the position calls

for review. The Channel Islands require and raise comparatively little revenue, and are very lightly taxed. In Guernsey there is now an Income Tax of 7d. in the £. In Jersey there is at present no Income Tax, and in both Islands the bulk of the revenue is raised by indirect taxation. We suggest that, as in the case of the Isle of Man, the Government might think the present an appropriate occasion on which to consider whether the Channel Islands should not be invited to make an annual contribution for the purpose of relieving the Imperial Exchequer in return for the benefits which the inhabitants obtain.

In this latter connection, we would point out that the cost to Army Votes of troops stationed in the Channel Islands shows the following comparison:—

1. Before the War—	£
(i.) For the Regular Garrison ...	135,000
(ii.) For the Militia ...	25,000
2. At the present time—	
(i.) For the Regular Garrison ...	330,000
(ii.) For the Militia ...	35,000

CONCLUSION.

The suggestions we have made do not enable us to point to a reduction of this Estimate at the present time, but there will, of course, be a saving of £36,514, the amount by which the revised Estimate falls short of the Provisional Net Estimate of July last.

Chapter VI.

PRIVY COUNCIL OFFICE.

CLASS II (9).

1913/14 Audited Expenditure ...	£
1921/22 Net Estimate ...	9,592
1922/23 Provisional Net Estimate ...	18,770
	13,832

The Provisional Estimate for 1922/23 has since been increased to £13,901, an increase of £69.

NUMBERS Employed.

	August 1, 1914.	August 1, 1921.	April 1, 1922.
(a) Permanent ...	51	49	37
(b) Temporary ...	—	1	—
Total ...	51	50	37

The decrease shown for the 1st April, 1922, is apparent only and is due to the transfer of certain cleaning staff to the Treasury Vote. There is practically no change in the staff of the Privy Council Offices as compared with 1914, though there has been an increase of work owing to the number of Orders in Council which required to be issued under recent legislation, and to the fact that, since 1915, the Judicial Committee has been empowered to sit in two Divisions.

Revenue from Fees.

The figures given at the head of this Report show a comparison of the net expenditure. The following table gives a comparison of the gross expenditure and the Appropriations-in-Aid from Judicial fees:—

	1913/14.	Estimate 1921/22.	Provisional Estimate. 1922/23.
	£	£	£
Gross Expenditure ...	12,077	22,770	17,832
Appropriations-in-Aid ...	2,485	4,000	4,000
Net Expenditure ...	9,592	18,770	13,832

Although, as will be seen from this table, the revenue from fees has considerably increased since 1913/14, we suggest that there might be a further increase in the scale of fees, seeing that an increased scale, amounting to roughly 50 per cent., has already been adopted in the fees of the Supreme Court.

As the result of the revised Estimate there will be an increase of £69 on the Provisional Net Estimate of July last.

Chapter VII.

MINT.

CLASS II (26).

1913/14 Audited Expenditure ...	£
1921/22 Estimate ...	143,374
1922/23 Provisional Estimate ...	383,160
	275,250

1. The above table represents the gross expenditure.

In the current and the forthcoming financial years, the Estimates of the Mint show Appropriations-in-Aid (part of payments for coin) amounting to £10 less than the gross expenditure. After setting these Appropriations-in-Aid against the gross expenditure, the Mint passes excess receipts to the Exchequer in respect of the balance of payments for coin. The figures of such excess receipts paid to the Exchequer are:—

				£
1913/14	...	...	...	708,216
1921/22 Estimate	...	...	...	2,016,850
1922/23 Estimate	...	...	...	1,724,760

2. We understand that the period since the Armistice has been a time of great difficulty for the Mint. Machinery required thorough overhauling. Colonial demands for coin had accumulated and the "fine content" of British silver coinage has been changed, involving much experiment and recoinage. Consequently, the incidental expenses of manufacture have shown a very great increase. Whereas in 1913/14 they amounted to £6,910, in the current year they are estimated at £125,000 and in the forthcoming year at £95,000.

3. The following table shows the increase in the numbers of staff since 1914.

	August 1, 1914.			August 1, 1921.			April 1, 1922.		
	Per- manent	Tem- porary.	Total.	Per- manent	Tem- porary.	Total.	Per- manent	Tem- porary.	Total.
Administrative and Clerical.	37	1	38	39	8	47	42	7	49
Industrial ...	192	47	139	179	211	390	185	179	364
Total ...	229	48	277	218	219	437	227	186	413

Owing to changed conditions, however, comparison with 1913/14 would be fallacious.

The staff are engaged on operations which are essential in the changed position of silver, and we recognise that the profit which results to the Exchequer from these operations must involve increase in the expenditure of the Mint until recoinage is complete.

4. We have visited the Royal Mint and have examined the methods by which the daily progress of the work is kept under review.

The premises are antiquated, and consequently it is difficult to obtain the maximum of efficiency. Much of the work is "piece-work," and as such is capable of statistical measurement. We have found that the present daily and weekly "operating returns" are sufficiently comprehensive to enable the Superintendent to maintain an even flow of work in each shop and to gauge the daily output.

We have no reason to think that the output is not up to the full capacity of the numbers of staff employed, but we are of opinion that a closer check on the efficiency of the seven individual shops would be secured if a "return" (either weekly or four-weekly) were compiled for each shop, showing the "output in units" and "man hours paid for."

For the purpose of reviewing the work of the establishment as a whole, we recommend that the total output, as represented

by good coin, should be converted into common units by applying conversion factors to the number of coins of each denomination, regard being had to the fact that in the case of a portion of the output the whole of the operations are not carried out in the Royal Mint, as a quantity of bars of metal and "blanks" are obtained from outside works. This would enable the output of good coin during the four-weekly periods to be compared with the man-hours in the same form as that suggested for individual shops, and in addition the total wages paid out and cost of wages per units should be given.

The conversion factors to be applied to the numbers of coins of the various denominations should be on the basis of the cost of labour. This would necessitate a careful costing analysis for one or more periods, but, when once obtained, the amount of clerical labour involved in compiling the return would be very small.

Chapter VIII.

CIVIL SERVICE ARBITRATION BOARD.

CLASS II (21).

1913/14	...	...	...	Non-existent.
Estimate 1921/22	...	...	...	2,524
Provisional Estimate 1922/23	...	...	...	1,886

1. Cost of Board.

Of the Estimate for 1921/22, salaries, wages and allowances amount to £2,444, and travelling and incidental expenses to £80. If to this were added the cost of Allied Services, which are charged to other Votes in respect of accommodation, fuel and light, rates, stationery, printing and postage, the total cost for the current year is £3,909.

The Board consists of a Chairman and two members. Of these, the Chairman and one member are unpaid, and the other member receives a fee of 5 guineas per meeting, up to a maximum of £525 per annum. The Secretary is an official of the Ministry of Health, and receives a special allowance of £200 per annum in respect of his duties with the Board. In addition, there are three clerks, two typists and two messengers.

2. Origin and Functions of the Board.

The Board was set up in February 1917 "to deal, by way of conciliation and arbitration, with questions arising with regard to claims for increased remuneration made by classes of employees in Government Departments other than classes of employees who are engaged wholly or mainly by way of manual labour of a kind common to Government and other employment." At present the Board is not empowered to entertain applications for permanent increases of salary from classes of officers with salaries

of £500 or over, or placed on scales of salary rising to £500 and over.

It is open to either party to a dispute to go to the Board independently of the consent of the other, *i.e.*, arbitration is compulsory if either party desires it. It was set up at a time when war conditions had dislocated the Civil Service, and when there was no established machinery of conciliation and arbitration, but it has now passed from the position of being a war-time expedient and has come to be regarded as a permanent body.

Whatever justification there may have been in time of war for setting up such a body, whose awards are final and who can thus authorise expenditure without the authority of the Chancellor of the Exchequer, we are very strongly of opinion that the main justification for the existence of the Board has disappeared with the institution of the Whitley Councils in the Civil Service. It has now become the established practice in the Civil Service to consider on these Whitley Councils questions of remuneration, so far as they relate to posts carrying salaries not exceeding £500 per annum, and, in these circumstances, we are of opinion that the need for a standing Arbitration Board no longer exists.

CONCLUSION.

We therefore suggest that the Board and, with it, compulsory arbitration, should be abolished. If this suggestion is adopted, the saving in 1922/23 will be £1,886, and there will be consequential savings on other Votes in respect of overhead charges.

Chapter IX.

OFFICE OF THE SECRETARY FOR SCOTLAND.

CLASS II (35).

	£
1913/14 Audited Expenditure	16,276
1921/22 Net Estimate	66,481
1922/23 Provisional Net Estimate	53,775

The Provisional Estimate for 1922/23 has since been reduced to £51,211—a saving of £2,564.

The following table gives the comparative numbers of staff employed :—

	August 1, 1914.	August 1, 1921.	April 1, 1922.
(a) Permanent	50	55	63
(b) Temporary	5	8	2
Total	55	63	65

The Scottish Office occupies a special position among Departments. Its direct administration work is comparatively small and its functions are largely concerned with the supervision and co-ordination with the Central Government of the Departments in Edinburgh. This liaison work covers a very wide field of business and is of a kind which requires an unusually large proportion of higher posts.

Since 1913/14 a great variety of new duties have devolved upon the Office, especially those arising from the passing of the Police (Scotland) Act, 1919; Representation of the People Acts, 1918 and 1921; the Temperance (Scotland) Act; the Licensing Act and the Land Settlement (Scotland) Act, 1919.

We do not see any prospect of reducing the staff.

There is one item, however, in this Estimate to which we call attention, *viz.*, the provision which is asked for the maintenance of a " Drifter " Service, mainly serving various small ports in Skye and on the west coast of Rossshire.

This service was instituted during the war at a time when the usual steamer services were cut down, and it is now administered by the Scottish Office at an annual cost of between £1,000 and £2,000 per annum.

In view of the fact that other steamer services are now available, we think that this " Drifter " Service, subsidised by the Exchequer, should be withdrawn, the Estimate being reduced accordingly by £1,500.

CONCLUSION.

In view of the suggested discontinuance of the " Drifter " Service, we are of opinion that this Estimate should be reduced from £53,775 to £52,275, a saving of £1,500, to which must be added the saving of £2,564, the amount by which the Scottish Office have reduced their Provisional Estimate of July last. The total reduction would therefore be £4,064.

Chapter X.

SCOTTISH BOARD OF HEALTH.

CLASS VII (3).

	£
1913/14 Audited Expenditure	652,392
1921/22 Net Estimate	3,375,999
1922/23 Provisional Net Estimate	2,397,399

1. It must be pointed out that the Audited Expenditure for the year 1913/14 quoted above refers only to the money provided by Parliament for the salaries and expenses of the National Health

Insurance Commission (Scotland); the Local Government Board for Scotland, and the Highlands and Islands (Medical Services) Board, and for services administered by those Departments. The Estimates for 1921/22 and 1922/23 refer, of course, to the Scottish Board of Health, which was established on the 1st July, 1919, with the powers formerly assigned to the Local Government Board for Scotland and to the Scottish Insurance Commission. Shortly afterwards, it also took over the powers and duties of the Highlands and Islands (Medical Services) Board and certain powers of the Scottish Education Department and the Privy Council.

In general, the policy and practice of the Scottish Board of Health follow those of the English Ministry of Health, on which we have already made recommendations in our First Interim Report.

2. The following table gives a comparative analysis of the main heads of the Audited Expenditure for 1913/14 and the Estimate for 1921/22, the Provisional Estimate for 1922/23 :—

	Audited Expenditure, 1913/14.	Estimate, 1921/22.	Provisional Estimate, 1922/23.
	£	£	£
Administration	73,097	273,825	213,025
Housing Grants	—	2,246,724	1,077,724
Miscellaneous Grants... ..	92,024	705,650	583,650
Statutory Contribution (National Health Insurance Acts) and Special Grants for National Health In- surance.	487,271	1,196,700	1,066,200
Relief of Dependents of Repatriated Russians.	—	7,250	5,800
Gross Total	652,392	4,430,149	2,946,399
Less Appropriations-in-Aid	Nil	1,054,150	549,000
Net Total	652,392	3,375,999	2,397,399

The numbers of staff employed show the following comparison :—

August 1, 1914.	August 1, 1921.	April 1, 1922.
473	602	580

3. Revised Estimate.

The Scottish Board of Health have now revised their Provisional Estimate of last July in the light of the recommendations which we have made on the Ministry of Health Estimates in Part II, Chapter 2, of our First Interim Report. It is not necessary, therefore, for us to analyse and criticise in detail the figures of the Provisional Estimate, but we proceed instead to show how the reductions which are now proposed in the revised Estimate compare with the Estimates for 1921/22 and with the Provisional

Estimate of July last for 1922/23. The following table shows the comparative figures and results :—

	(A) Estimate, 1921/22.	(B) Provisional Estimate, 1922/23.	(C) Revised Estimate, 1922/23.	(D) Increase or Decrease of (C) on (B).	(E) Percentage of Increase or Decrease of (C) on (A).
	£	£	£	£	
Administration	273,825	213,025	201,582	— 11,443	Dec. 26%
Housing Grants	2,246,724	1,077,724	896,320	— 181,404	„ 60%
Miscellaneous Grants	705,650	583,650	552,620	— 30,030	„ 22%
Statutory Contribution and Special Grants for National Health In- surance.	1,196,700	1,066,200	827,750	— 238,450	„ 31%
Relief of Dependents of Repatriated Russians.	7,250	5,800	4,500	— 1,300	„ 38%
Gross Total	4,430,149	2,946,399	2,482,772	— 462,627	„ 44%
Less Appropriations- in-Aid.	1,054,150	549,000	912,298*	363,298	—
Net Total	3,375,999	2,397,399	1,570,474	—	Dec. 53%
			Reduction of ...	826,925	

* The increase in Appropriations-in-Aid is mainly due to further receipts of £350,000 from sale of housing material.

It will be seen from the above table that the Revised Estimate shows a reduction of £826,925 as compared with the Provisional Estimate and shows a reduction of 53 per cent. as compared with the Estimate of 1921/22.

With regard to this Revised Estimate, which represents the application of the recommendations which we previously made on the Ministry of Health Estimates, we only wish to comment on the following matters :—

4. Housing.

The drastic cut made in July last in the Housing programme extended also to Scotland, the latter's share of Local Authority Housing Scheme houses being cut down to 25,550 as against England's 176,000. The following table shows a comparison of the figures for Housing Grants as estimated for 1921/22, as provisionally estimated for 1922/23, and as they now appear in the Revised Estimate for 1922/23 :—

	Estimate, 1921/22.	Provisional Estimate, 1922/23.	Revised Estimate, 1922/23.
	£	£	£
Gross Total	2,246,724	1,077,724	896,320
Appropriations-in-Aid (Refund by Local Authorities in respect of purchase of housing material, &c.)	1,048,000	542,500	893,935
Net Total	1,198,724	535,224	2,385

The Scottish Estimate of their deficit on Local Authorities' Housing Schemes in 1922/23 is £300,000 only as against the English figure of £10,000,000. This appears to be very favourable to the Scottish schemes when compared with the English figure on a population basis. The explanation is, however, that owing to the greater difficulties of securing labour and materials, the progress of building in Scotland has been very much slower than in England and whereas the subsidy to Local Authorities in England will practically reach its maximum in 1922/23, in Scotland the maximum deficit will not be reached till 1923/24, and possibly not till the year after that. Further, Local Authorities in Scotland have their accounts made up to 15th May. They receive payments on account from time to time, but any final balance due to them in respect of their financial year is paid in the next Government financial year. We fear, therefore, that the full deficit in Scotland is only postponed, but, on the other hand, the slow rate of building in Scotland will react favourably on the total deficit in that a much larger proportion of houses will be constructed during the period of falling prices than in the case of England.

5. Public Health Services.

Under this heading are included Grants for various Services, as in the case of the Ministry of Health. The following table shows the recurrent expenditure :—

Description of Service.	Estimated Scottish Grants in 1921/22.	Scottish Board of Health Provisional Estimate, 1922/23.	Scottish Board of Health Revised Estimate, 1922/23.	Committee's Recommendations for 1922/23.	Scottish Proportion, viz., 11/80ths of what Committee have Recommended for England and Wales.
1.	2.	3.	4.	5.	6.
Tuberculosis (Maintenance).	£ 239,000	£ 344,000	£ 280,000	£ 269,000	£ 165,000
Tuberculosis (Capital)—					
1. Sinking Fund	62,224	68,440	68,440	68,440	} 49,000
2. Grant ...	—	—	24,000	Nil	
Maternity and Child Welfare.	100,000	111,000	120,000	120,000	143,000
Veneral Diseases	46,000	63,000	65,000	65,000	58,000
Welfare of the Blind.	20,000	16,000	14,000	14,000	12,000
Port Sanitation ...	7,000	7,000	7,000	Nil	Nil
Total ...	534,224	609,440	578,440	536,440	427,000

We do not, however, think it would be fair to rely solely on a fixed proportion of the Grants for England and Wales in arriving at the amount of the Grants for Scotland for these Public Health Services, because local circumstances and the amount of progress made in recent years differ in the two countries and we think that each of the Services should be dealt with individually.

6. Tuberculosis (Maintenance and Capital).

(a) *Maintenance*.—The total provision, actual and prospective, of beds in England and Wales for the treatment of Tuberculosis is 22,750. The comparable figure for Scotland is 4,688. The English figure represents a drastic reduction of the provision agreed between the Treasury and the Ministry of Health in February, 1921. The Scottish Board of Health, on the other hand, appears to have made no corresponding reduction. It is admitted that Tuberculosis is more prevalent in Scotland than in England and Wales, and consequently, we understand the Treasury allowed a more generous margin to Scotland than in the case of England. On the other hand, the actual number of beds available in Scotland is higher than the Treasury contemplated.

We recommend that the grant for Scottish Tuberculosis maintenance should be limited to £269,000, which is the latest Estimate of the expenditure in 1921/22 (excluding non-recurrent items), and this is much more than the Grant would be on the proportionate basis of England and Wales.

(b) *Capital*.—A provision of £24,000 is asked for in the Revised Estimate, in respect of capital expenditure on Sanatoria. We would, however, point out that under the Finance Act, 1911, a sum of £1,500,000 was earmarked for Sanatoria Capital Grants in the Consolidated Fund. Of this sum, Scotland's share amounted to £158,000. We are informed that Scotland still has in hand sufficient to meet such capital expenditure on Sanatoria as is likely to be incurred in 1921/22 and 1922/23. In these circumstances, we recommend that the Scottish Board of Health should meet their capital expenditure out of the remaining balance which they have in hand, and that the additional Grant of £24,000 should be withheld.

	£
7. <i>Maternity and Child Welfare</i> ...	120,000
<i>Venereal Diseases</i> ...	65,000
<i>Welfare of the Blind</i> ...	14,000

We recommend that these grants be allowed.

8. *Port Sanitation*: £7,000.

As in the case of a similar item in the Ministry of Health Estimates, we suggest that as this expense was, until recently, borne by the locality, the Exchequer Grant should cease.

9. *Constitution of Board*

The present constitution of the Scottish Board of Health is made up of the following paid members:—

- 1 Chairman,
- 1 Member,
- 2 Medical Members,
- 1 Legal Member,
- 1 Woman Member,

making 6 in all, with salaries ranging from £1,000 to £1,800 per annum, together with bonus in all cases. We are not sufficiently acquainted with the duties of the Board to be able to make a recommendation on this matter, but it has been suggested to us that the present number of members is excessive and might be reduced to 3, viz., a Chairman and 2 other administrative members. Any such change would require amendment of the Scottish Board of Health Act, 1919, but nevertheless we suggest that the matter should be dealt with.

CONCLUSIONS.

As a result of our consideration, we are of opinion that:—

The revised Estimate shows a proper reduction in accordance with the principles contained in our recommendations on the Ministry of Health Estimates in our First Interim Report, but that further reductions should be made in the case of certain grants for Public Health Services, with a consequent further

saving of £42,000. The reductions on the Provisional Estimate for 1922/23 will therefore be:—

	£
1. Reductions proposed by the Scottish Board of Health to conform with the recommendations in our First Interim Report on the Ministry of Health ...	826,925
2. Further reductions as recommended above ...	42,000
Total Reduction ...	868,925

The Provisional Net Estimate will thus be reduced to £1,528,474.

PART XII.—OFFICE OF WORKS AND PUBLIC WORKS AND BUILDINGS.

Chapter I.

OFFICE OF WORKS.

		£	
1913/14 Audited Expenditure	...	142,834	
	Gross.	Net.	
	£	£	
1921/22 Estimates	...	732,900	582,900
1922/23 Provisional Estimates	...	589,500	559,500
1922/23 Revised Estimates	...	553,500*	538,500*

1. The gross reduction shown in the Revised Estimates for 1922/23, as compared with the Estimates for 1921/22, is £179,400, of which £72,000 is due to fall of bonus and £76,000 to decrease of the staff employed on the house-building work performed by the Department as agents for certain Local Authorities under the Government Housing Scheme. The curtailment of this work has, however, reduced the estimated receipts from the charges made for overhead expenses from £150,000 to £15,000, so that the net reduction is £44,400.

2. The staff borne on this Vote compares as follows :—

	August 1, 1914.	August 1, 1921.	April 1, 1922 (Estimated).
Permanent ...	613	731	992
Temporary ...	157	1,082	627
Total ...	770	1,813	1,619

The main increases have been in the following branches :—

	August 1, 1914.	April 1, 1922.
Accounts Branch ...	121	250
Directorate of Works ...	417	782
Directorate of Lands and Accommodation ...		127

This staff administers the Votes for Public Works and Buildings dealt with in the following chapter. This expenditure is governed by the requirements of other Departments, subject to the control of the Treasury, and the increase in the staff of the Department and its expenditure, therefore, reflects the expansion of the Public Service which has taken place during and since the War.

* Allowing for the transfer from the Public Buildings Vote to this Vote of Stores Staff costing £3,500.

We are informed that the Directorate of Lands and Accommodation is still fully occupied with the changes and concentrations required as temporary staffs diminish, and that the Maintenance Staff of the Directorate of Works has been strengthened to enable a stricter scrutiny to be applied to Departmental demands.

While the work of the Department will fall with the diminution of Government activities, the staff cannot be reduced *pari passu* with the reduction in Government staffs generally, owing to the work involved in concentrating the diminishing staffs in as few buildings as possible and disposing of the accommodation vacated.

CONCLUSION.

In view of the foregoing consideration, we are not in a position to recommend any reduction of the revised Estimate of £538,500, which compares with the Provisional Estimate of £559,500, but we consider that the staff of the Department should be kept under constant review and that substantial further reductions should be possible by the beginning of the financial year 1923/24.

Chapter II.

PUBLIC WORKS AND BUILDINGS.

TABLE of Votes for Public Works and Buildings under the Office of Works.

	Audited Expenditure, 1913/14.	Net Estimate, 1921/22.	Provisional Net Estimates, 1922/23.
	£	£	£
Royal Palaces ...	65,336	131,600	136,600
Osborne ...	9,760	19,150	16,700
Royal Parks and Pleasure Gardens	122,080	317,550	235,400
Houses of Parliament Buildings...	55,580	150,900	127,000
Miscellaneous Legal Buildings,	64,510	97,350	89,650
Great Britain.			
Art and Science Buildings, Great	92,721	306,000	201,900
Britain.			
Diplomatic and Consular Buildings	87,870	160,000	125,200
Revenue Buildings ...	640,833	2,141,450	1,607,500
Labour and Health Buildings,	216,665*	1,442,350	988,100
Great Britain.			
Public Buildings, Great Britain ...	751,574*	4,197,100†	2,979,900†
House Building ...	—	200,000	100,000
Housing Schemes ...	—	143,300	10,800
War Memorials ...	—	20,000	25,000
Totals ...	2,106,929	9,326,750	6,643,750

* Adjusted figures for 1913/14.

† Including War Services 1921/22, £1,021,250; 1922/23, £550,000.

1. As indicated in our Report on the Office of Works, the bulk of the services provided in these Votes is undertaken on behalf of other Departments to meet their requirements, subject to Treasury control. When the Provisional Estimates were framed full particulars of these requirements for 1922-23 had not been obtained, and the Estimates were, therefore, compiled upon a rationing basis equivalent, on the whole, to two-thirds of the current year's provision. Since that date examination of the detailed requirements has enabled further reductions to be effected, particularly as regards New Works, and the following revised figures are now put forward :—

	Net Estimates.	Increase or Decrease as compared with Provisional Estimates.
	£	£
Royal Palaces	120,400	— 16,200
Osborne	18,850	+ 2,150
Royal Parks	219,600	— 15,800
Houses of Parliament Buildings	118,350	— 8,650
Miscellaneous Legal Buildings	89,000	— 650
Art and Science Build- ings	384,400	+ 182,500
Diplomatic and Consular Buildings	115,800	— 9,400
Revenue Buildings ...	1,489,250	— 118,250
Labour and Health Buildings	911,100	— 77,000
Public Buildings ...	2,579,100	— 400,800
House Building ...	100,000	—
Housing Schemes ...	52,770	+ 41,970
War Memorials ...	2,500	— 22,500
Net Total ...	6,201,120	— 442,630

GENERAL.

The main items which compose the foregoing total are as follows :—

	£
New Works (exclusive of Housing Schemes)	1,391,463
Maintenance	1,922,630
Rentals	1,115,005
Fuel, Light and Water	1,006,220
Furniture	355,415

2. New Works.

Approximately half this provision is for the completion of works in progress. The only considerable items for new permanent buildings are :—

	£
(a) New Spirit Building at the Natural History Museum	39,500

This building is being provided to avoid serious risk of fire to the main building, as well as to provide accommodation for collections dangerously overcrowded. £34,500 of the total amount is a re-vote of provision already made but not expended.

	£
(b) New Science Museum	36,500

This building, which was urgently needed to relieve congestion in the Science Museum, was partially erected under a pre-war contract, and the reinforced concrete skeleton structure is in danger of serious deterioration through exposure to the weather. It is proposed to complete a section of the building at an estimated cost of approximately £107,000 spread over the next three years. The Science Museum will then vacate a portion of the Imperial Institute in which it is proposed to accommodate the Imperial War Museum, thus saving a rent of £25,000 a year now paid by that Museum for its premises at the Crystal Palace. This arrangement, besides avoiding an increase of this rent on the expiration of the present lease in 1924, should enable additional revenue to be obtained by the Museum from admission fees

	£
(c) New Post Office Buildings	146,708
In addition to Minor Post Office Works	54,725

We are informed that the proposed new works to be commenced in the year are confined to cases in which new accommodation has been seriously needed for many years and cannot be postponed without detriment to the work of the Post Office as a revenue earning undertaking.

	£
(d) Inland Wireless Stations	34,000

The above consideration does not appear to apply to this item, and we think that it might be omitted, with the exception of £4,000 which is required to complete work in progress.

No provision has been made for buildings in connection with the Imperial Wireless Chain, to which reference is made in our Report on the Post Office. If this scheme is proceeded with in 1922/23 an expenditure of £200,000 might be involved.

A provision of £257,000 is proposed for the provision of temporary Employment Exchange accommodation, £82,000 being required to complete work in progress. We are informed that

no permanent buildings are contemplated and that the policy is to provide temporary buildings only where hired accommodation is found to be unsuitable or difficult to obtain. We understand, however, that the provision of temporary hutments would only be more economical than hirings if they are likely to be required for about ten years. In view of the uncertainty as to the future of the Employment Exchanges we think that hirings should be resorted to wherever at all possible, and that the proposed provision might, therefore, be reduced by at least £50,000.

3. Maintenance.

The following comparison of expenditure on Government buildings in Great Britain indicates that steps have already been taken to restrict the expenditure under this head, regard being had to the fact that the work for which the Department is now responsible is estimated to be more than 100 per cent. in excess of the liability in 1913/14 :—

	£
Provision for 1913/14	506,544
Provision for 1913/14 based on estimated increased cost of maintenance during 1922/23	1,196,813
Provision in revised Estimates 1922/23	1,877,430

Detailed evidence has been supplied to us showing that reduced standards of engineering and building maintenance have been adopted.

We think that the Department is actively pursuing economies and we do not suggest any further reduction of the revised standards. In view however of the continued tendency of prices to fall and of the need for economy, we think that a further overall reduction of, say, 5 per cent. might be made on the total maintenance provision in these Votes.

4. Rents.

Systematic inspection has been made of the accommodation in London with the result that the superficial area per head has been reduced from 100 square feet in 1913/14 to 85 square feet in 1921, and in spite of the substantial increases in rents the annual cost per head of rented accommodation is less than in 1914. This inspection is being extended as the staff available permits, to the Provinces, where, excluding buildings to which the standard is inapplicable, the average is now 98 square feet per head. We are informed that the application of a standard of 80 square feet per head to clerical staffs in London and the country generally would produce an ultimate saving of nearly £200,000 a year, and we recommend that steps should be taken to secure this concentration at the earliest possible date.

Arrangements are also being considered for the housing of Government staffs wherever possible in the suburban areas rather than in the centre of London, *e.g.*, the Ministry of Pensions building at Acton. Until, however, the approximate normal staffs of Government Departments have been fixed, the question of further decentralisation cannot be effectively dealt with.

The recommendations which we have made elsewhere in our Reports, if adopted, should effect a substantial reduction in the accommodation required for Departmental staffs. Time is, however, required for the concentration of the remaining staffs and the surrender of vacated premises, and any savings obtained in 1922/23 would, we understand, be offset in that year by the expenditure on removals and dilapidations.

In these circumstances we do not recommend any reduction of the provision proposed under this head.

5. Fuel, Light and Water.

The restrictions imposed during the war upon the consumption of fuel are still in force in Government buildings. In particular, Government buildings in London have been given a definite rationed allowance of fuel against which the records of consumption are checked and it is considered that the allowance now given is the minimum attainable without involving hardship or loss of efficiency. No immediate fall can be expected in the charges for lighting, and additional charges for water will result from the increased rates imposed by the Metropolitan Water Board under an Act of last Session.

In these circumstances it would not appear to be possible to reduce this item.

6. Furniture.

Economies are being effected by standardisation and by reduction in the variety and quality of furniture issued to departmental grades. More rigorous scrutiny is also applied to departmental requisitions, and visits of inspection are made to Government Departments with the object of withdrawing into store furniture not actually in use. The cost of the standard furniture supplied to each departmental grade is approximately the same as pre-war in spite of the fact that current prices have increased at least 100 per cent. Beyond emphasising the importance of scrutinising departmental requisitions and maintaining a uniform standard of supplies, we make no recommendation.

7. Staff.

The staff borne on these Votes compares as follows :—

	August 1, 1914.	August 1, 1921.	April 1, 1922.
Administrative and Clerical ...	471	1,438	1,360
Industrial	1,707	8,589	7,425

Apart from the general increase of the Department's work as an agent for supplying increased requirements of Government Departments generally, the number of industrial staff has been increased by the extended employment of direct labour, both in connection with normal activities and with the House Building Scheme. In the Engineering Division of the Department about 1,000 men employed on maintenance and repair services, who were formerly obtained from a Contractor remunerated by a commission of 6 per cent. on the wages paid have now been taken into the direct employment of the Department, with a consequent saving estimated at £4,710 per annum.

In the Supplies Division about 600 men are directly employed upon Maintenance Services, the majority of which were formerly executed by contract. It is admitted, however, that in these cases the work has been found not to lend itself so readily to economical working by direct labour, and it is intended, therefore, to revert to contract arrangements.

In the case of House Building, the employment of direct labour was adopted at a time when it was found impossible to obtain satisfactory contracts. The workmen employed on these Schemes, who numbered 4,326 in December last, will not be required as soon as these Schemes have reached completion in the course of 1922/23.

The number of Night Watchmen directly employed by the Department is 280 at the present time as compared with 17 in August 1914, when 44 Commissionaires supplied by the Corps of Commissionaires, were also employed. This large increase is attributed to the increase in the number of buildings in the charge of the Department, the reduction of the working week from 72 hours to 48 hours and to emergency arrangements arising out of the Irish situation last year. In existing circumstances we consider that a substantial reduction should be effected in this staff.

8. *Police.*

We understand that a saving of £10,800 a year would be effected by the substitution of Night Watchmen for the Police employed upon night-watching duties in the Palace of Westminster, and by the substitution of Commissionaires for the Police employed at the Public Record Office. In view of the disproportionate cost of Police at the present time, we recommend that this should be considered by the Authorities concerned.

In addition to the foregoing general observations, we comment upon the following particular Votes :—

9. *Osborne.*

Under the Osborne Estate Act, 1902, such part of Osborne House as was in the personal occupation of Her late Majesty Queen Victoria is, with the exception of certain Apartments preserved as State Apartments, open to the Public at a charge of 8d. per head. The remainder of Osborne House and Grounds are

maintained as a Convalescent Home for the benefit of Naval and Military Officers. Before the war each patient paid 2s. 6d. a day towards the cost of his messing. This charge has since been increased to 3s. 6d. In view of the fact that the charge in a private Convalescent Home of a similar nature would probably not be less than £5 5s. a week, we think that it would not be unreasonable to increase the charge made at Osborne to £2 2s. a week.

10. *Art and Science Buildings.*

Of the increase in the Revised Estimate £149,000 is due to the transfer to this Vote of expenditure formerly charged against the Public Buildings Vote, in respect of Museums and Galleries, and of the cost of supplying fittings and exhibition cases formerly charged against the Museum Votes.

11. *War Services. Public Buildings.*

The Revised Estimate for this item is £719,450, as compared with £550,000 in the Provisional Estimate. £154,000 is for the reinstatement of premises already surrendered, and £70,700 compensation payable in respect of commandeered hotels. The balance is for rentals, maintenance of buildings, and supplies for the Disposal and Liquidation Commission and other temporary Departments.

12. *House Building.*

This Vote was taken in 1921/22 to enable the Office of Works to undertake certain House Building Schemes as agents of Local Authorities under the Government Housing Scheme. The expenditure incurred is recovered from the Local Authority concerned with a charge for overhead expenses, and the Vote is required for the purpose of providing temporary working capital only. No new schemes are being undertaken, and the liability of the Department under the schemes now in progress will be practically terminated by the end of 1922/23.

In these circumstances, we make no recommendation.

13. *Housing Schemes.*

	Gross Estimate.	Net Estimate.
	£	£
1921/22	418,000	143,300
1922/23 Provisional...	263,600	10,800
1922/23 Revised ...	293,770	52,770

This Vote is required for the purpose of financing the administration of certain Housing Schemes erected during the war by the Ministry of Munitions and a Housing Scheme at Woolwich erected by the Office of Works under the Housing Act, 1914, together with certain small schemes now being taken over from the Service Departments. The object of these schemes was to provide accommodation for Munition Workers in towns in which it was found to be seriously inadequate. No fresh schemes have been undertaken since the Armistice, but it was considered necessary to complete the schemes then in progress.

The Gross Estimate provides for the expenditure required for purchase of sites, payment of rates and maintenance, and the rents obtained are taken as Appropriations-in-Aid.

The Provisional Estimate covers twenty-three schemes comprising approximately 9,500 houses and certain hostels. Of the houses, about 5,600 are temporary structures. In the case of only five or six schemes have definite arrangements been made for the transfer, at the end of periods varying from three to seven years after the war, of the schemes to Local Authorities or others. As regards the remaining schemes, the efforts so far made to arrange for their transfer to Local Authorities or for sale have not proved successful.

We are informed that the total capital expenditure incurred upon these schemes amounts to £4,526,000, which will be increased by certain expenditure necessary to acquire sites now held under the Defence of the Realm Act only. It has been found necessary to add £30,250 to the Estimate for this purpose in order to avoid the heavy expenditure which would otherwise be necessary upon reinstatement if the sites were returned to their owners.

The gross rentals amount to £268,000, and the outgoings are estimated at £150,000. The arrears of rent in October 1921 amounted to £21,545, this excessive amount being attributed to the effects of the depression of trade and the coal dispute, as well as in certain cases to rent strikes, now terminated. Allowing for outgoings and losses due to bad debts and voids, the net rental would not appear likely to exceed £90,000 a year, which would represent barely 2 per cent. on the capital expenditure incurred.

We concur strongly in the view expressed to us by the First Commissioner of Works that it is extremely undesirable on general grounds that the Government should continue to own house property which is not required for direct Government employees. We recommend that, as in the case of the houses erected by Local Authorities under the Government Housing Scheme, vigorous efforts should be made to effect sales.

14. War Memorials.

It was originally contemplated that a number of War Memorials in France, Gallipoli and Salonika should be provided by the Office of Works, but it was subsequently decided that the work should be undertaken by the Imperial War Graves Commission. One memorial, however, had already been undertaken by the Office of Works, namely, a statue to be erected in Brussels as an acknowledgement of the thanks of the Government for the assistance and sympathy afforded by the Belgian people to British Prisoners of War during the period immediately following the Armistice.

The Revised Estimate of £2,500 for 1922/23, which is now substituted for the Provisional Estimate of £25,000 framed in July last in pursuance of the earlier policy, is required to complete this work.

CONCLUSIONS.

As a result of our consideration, we are of opinion:—

- (1.) That in view of falling prices and the need for economy, a reduction might be effected in the provision for maintenance of buildings made in these Votes.
- (2.) That, while no reduction in the expenditure on Rentals appears to be possible in 1922/23, the diminution and concentration of Government staffs, which should result from our recommendations, should enable a substantial economy to be effected under this head in the following year.
- (3.) That the provision proposed for the erection of further Inland Wireless Stations should be omitted.
- (4.) That resort should be had to hired accommodation wherever possible for Employment Exchanges rather than to the erection of temporary buildings.
- (5.) That the number of Police employed in connection with the Houses of Parliament buildings and the Public Record Office might be reduced.
- (6.) That in all the circumstances, the net total of the Estimates for Public Works and buildings under the Office of Works for 1922/23 should be reduced to £6,000,000, as compared with the Provisional Estimates of £6,643,750 and the revised Estimates of £6,201,120.

Chapter III.

RATES ON GOVERNMENT PROPERTY.

	£
1913/14 Audited Expenditure ...	789,335
1921/22 Net Estimate ...	2,359,000
1922/23 Provisional Net Estimate ...	2,237,500

Since the Provisional Estimate was submitted a Revised Estimate of £2,006,448 has been put forward showing a saving of £231,052.

The following statement shows the actual gross expenditure on rates for the Services indicated in 1913/14, and the Estimated Expenditure in 1922/23 :—

Service.	Expenditure, 1913/14.	Estimated Expenditure, 1922/23.
	£	£
Admiralty	148,157	380,000
War Department	252,060	582,000
Air Ministry	—	50,000
Ministry of Pensions... ..	—	40,000
Ministry of Labour	14,267	78,000
Education—		
England	12,323	25,000
Scotland	1,274	2,750
Ireland	2,361	—
National Health Insurance	4,123	} 19,000
Ministry of Health	2,937	
Revenue Departments	186,322	445,000
Other Services... ..	197,655	384,698

The charge for Rates on Government Property is entirely dependent upon the property in Government occupation and the recommendations already made in this and previous reports will ultimately lead to reduction in the property occupied, with consequent savings on the Vote of the Office of Works and on this Vote. These savings will be entirely automatic. It is not possible to forecast at this moment what premises will be given up and at what dates, so that no Estimate of the saving in respect of Rates for 1922/23 can as yet be given. We, therefore, make no recommendation.

PART XIII.—ART AND SCIENCE.

Chapter I.

MUSEUMS AND GALLERIES.

BRITISH MUSEUM	CLASS IV (2).
NATIONAL GALLERY	CLASS IV (3).
NATIONAL PORTRAIT GALLERY	CLASS IV (4).
WALLACE COLLECTION	CLASS IV (5).
LONDON MUSEUM	CLASS IV (6).
IMPERIAL WAR MUSEUM	CLASS IV (7).
GEOLOGICAL MUSEUM	CLASS IV (9f.)
NATIONAL GALLERIES (SCOTLAND)	CLASS IV (12).

For convenience, we deal with the above-mentioned Museums and Art Galleries in one Report. They each have a separate Vote, except the Geological Museum, which is a Subhead of the Vote of the Department of Scientific and Industrial Research, which is its controlling authority.

Apart from this exception, each of the other Museums and Galleries detailed above is controlled by a separate Board of Trustees with the Treasury as the co-ordinating authority.

1. The following table shows the Provisional Estimates for 1922/23 compared with the Audited Expenditure for 1913/14 and the Estimates for 1921/22 :—

Name.	Audited Expendi- ture, 1913/14.	Estimate, 1921/22.	Pro- visional Estimate, 1922/23.	Reduction in 1922/23 as com- pared with 1921/22.
	£	£	£	Per cent.
British Museum (including Natural History Museum).	197,369	375,085	306,285	18·3
National Gallery (including Tate Gallery).	21,464	39,627	33,416	16·3
National Portrait Gallery ...	5,642	10,844	8,432	22·1
Wallace Collection	7,459	15,612	12,510	20·1
London Museum*	5,172	5,882	4,998	15
Imperial War Museum	—	37,170	20,000	46
Geological Museum	3,810	9,126	8,232	6·8
National Galleries (Scotland)...	6,668	13,425	11,991	10·7
	247,584	506,771	405,864	19·9

* Audited Expenditure for 1914/15, the first year of the London Museum.

The Estimates for 1921/22 and the Provisional Estimates for 1922/23 can be further analysed as follows :—

	1921/22. £	1922/23. £
Expenditure on Staff and Police...	351,593	327,267
Purchase Grants	51,458	42,425
All other Expenditure	132,435	64,712
Gross Expenditure	535,486	434,404
Receipts	28,715	28,540
Net Expenditure	506,771	405,864

2. From this table, it will be seen that over 80 per cent. of the Estimate is in respect of the cost of personnel. The functions discharged by the staffs employed in the National Collections are very varied ranging from research, recording and the purchase of new *objets d'art* down to the safeguarding of the Collections and the cleaning of the premises.

As regards the higher and semi-technical staff, we have no comments to make. We think, however, that further economies might be produced by a close investigation into the question of the size of the warding staff required at all these Museums and Galleries, especially in the case of the British Museum and the Natural History Museum, where a reduction of the number of expensive Regular Police and their substitution by ex-soldier warders would effect a saving.

3. Purchase Grants.

The sum provided for Purchase Grants is shown in the following table:—

	1913/14.	1921/22.	1922/23.
	£	£	£
British Museum	25,000	25,000	25,000
Natural History Museum	5,500	6,500	6,500
National Gallery	5,000	8,000	8,000
National Portrait Gallery	750	1,033	1,000
Imperial War Museum	—	9,000	—
Geological Museum	350	525	525
National Galleries (Scotland)	1,400	1,400	1,400
	38,000	51,458	42,425

The Wallace Collection and the London Museum receive no Purchase Grants.

We have carefully considered whether any reduction in these Grants is justified, but having regard to the special opportunities which now occur for making purchases for the Nation as the result of the breaking-up of many continental and private Collections, owing to the war, we do not recommend any such reduction, especially as we understand that the suspension or reduction of the National Purchase Grants discourages gifts or bequests of private benefactors.

On the other hand, we are of opinion that a good deal can be done to increase the revenue of Museums and Galleries as we proceed to explain.

4. Admission Fees.

We think that the revenue can be considerably increased by the imposition of a small entrance fee for admission to Collections on certain days of the week. We understand that the National Gallery, the London Museum and the Wallace Collection have increased the number of paying days to four a week, and in the case of the National Gallery the results have been very satisfactory. We recommend that such a rule should be made general for all National Museums and Art Galleries without distinction, in view of the growing expenses of these Institutions. The retention of three free days a week, including Saturdays and Sundays, and the granting of "free passes" to *bonâ fide* students would, in our opinion, preserve all the necessary educational facilities.

The adoption of this recommendation is estimated to result in the following increase of revenue in 1922/23:—

	£
British Museum	6,000
Natural History Museum	3,500
National Portrait Gallery	300
National Galleries (Scotland)	100
Geological Museum	200
	10,100

At the same time, we are of opinion that other sources of income should be developed as far as possible on a uniform basis, and that any articles sold should be sold at a strictly economic rate.

5. British Museum.

In examining the Estimates of the British Museum, we are struck by the greatly increased cost of bookbinding. This item, which in 1913/14 cost £11,900, is estimated in 1921/22 at £26,500, and in 1922/23 at £22,000. We suggest that, in present circumstances, this item should be reduced by £3,000, and the incidental expenses at the Natural History Museum should be reduced by £500.

6. Imperial War Museum.

The Imperial War Museum, which is now based in the Crystal Palace, was instituted in 1917, and although the preliminary work is not yet completed, the volume of work is steadily decreasing. The expenditure has shown a steady decline since the high-water mark of 1919/20, as is shown in the following figures:—

	£
1919/20	59,751
1920/21 (estimated)	50,000
1921/22 (estimated)	37,170
1922/23 (proposed)	20,000

But apart from this current expenditure, there is the cost of housing the Collection, which is borne on the Vote for Public Buildings (Great Britain). The principal item is the rent of £25,000 per annum, which is paid to the Crystal Palace Trustees. We understand that the lease runs till the 31st March, 1924, and although no immediate economy can be effected in this respect, we think that less expensive accommodation could be found—possibly in one of the existing Government buildings which is not fully occupied. We understand that a Committee is considering the possible removal of the Museum to the Imperial Institute. From £80,000 to £90,000 has already been spent on the purchase of relics, apart from numerous gifts, and valuable pictures have been collected. There is an unexpired liability on the lease of the Crystal Palace, and the expense of storing the contents of the Museum elsewhere until it has found a permanent and more economical home would be very great. In these circumstances, we make no recommendation.

7. We have not mentioned in this Report the three Museums (the Victoria and Albert, the Science and Bethnal Green Museums), which are controlled by the Board of Education, and the expenses of which are borne on the Vote of that Board, nor the Royal Scottish Museum, which is controlled and financed by the Scottish Education Department. The English Museums have already been dealt with in our Report on the Education Estimates in our First Interim Report and the Scottish Museums shall be dealt with on similar lines. We would only say further here that the suggestion which we have made for the extension of admission fees should, in our opinion, apply to these four Museums also and the increased revenue derived therefrom should prove helpful to them in view of the reduction of the Grants to them which we have recommended in our First Interim Report.

CONCLUSIONS.

We are of opinion that, in view of the economies which we have suggested and the means of increasing revenue which we have recommended, the net sum of £405,864, which is asked for in the Provisional Estimates for 1922/23 should be reduced to £392,264, a saving of £13,600.

Chapter II.

SCIENTIFIC INVESTIGATION, &c.

CLASS IV (8).

This Vote consists of grants, mainly of small amount, to various learned and scientific societies. The following table

shows the comparison of the Estimates for 1913/14, 1921/22 and 1922/23 :—

	Expenditure, 1913/14.	Estimate, 1921/22.	Provisional Estimate, 1922/23.
	£	£	£
Royal Society... ..	27,150	9,000*	9,000*
Royal Geographical Society... ..	1,250	1,250	1,250
Marine Biological Association	1,000	1,000	—
Royal Society, Edinburgh	600	600	600
Scottish Meteorological Society	100	100	—
Royal Irish Academy	1,600	1,600	} 2,200
Royal Irish Academy of Music	300	300	
Royal Zoological Society of Ireland	500	500	
Royal Hibernian Academy	300	300	500
British School at Athens	500	500	500
British School at Rome	500	500	500
Royal Scottish Geographical Society	200	200	200
National Library of Wales	4,000	13,000	14,000
National Museum of Wales	8,800	36,000	20,023
Solar Physic Observatory	3,000	3,000	3,000
North Sea Fisheries Investigation	1,227	1,400	1,400
Imperial Mineral Resources Bureau	—	10,750	8,750
Royal Academy of Music	500	500	500
Royal College of Music	500	500	500
Medical Research Council	—	130,000	130,000
British Institute of Industrial Art... ..	—	2,500	—
International Seismic Association	157	150	—
Edinburgh Observatory	1,488	3,281	2,890
Australasian Antarctic Expedition... ..	1,000	—	—
International Geodetic Association... ..	294	—	—
Meteorological Office... ..	20,000	†	†
British Academy	400	—	—
Total	75,356	216,931	195,313

* This compares with a grant of £5,000 to the Royal Society proper in 1913-14, as explained below.

† Now in Air Votes.

The Provisional Estimate for 1922/23 has since been increased to £200,423, an increase of £5,110.

The sum of £195,313 proposed in the Provisional Estimates represents a decrease of £21,618, or 10 per cent. on the Estimates for 1921/22.

The Vote is entirely in respect of grants, except in the one small instance of the Edinburgh Observatory, where provision is made for the payment of a staff of four permanent observers, &c.

It will be seen from the table at the head of this Report that the chief increases since 1913/14 are as follows :—

1. A grant of £130,000 to the Medical Research Council.
2. A grant of £8,750 to the Imperial Mineral Resources Bureau.
3. An increased grant to the National Museum of Wales.

As regards (1), the grant to the Medical Research Council accounts for more than half the total Vote. We are assured that the work of this Council in Preventive Medical Research produces very substantial economies in administrative services falling on other Departments, and at a time when the prevention and combating of disease and the alleviation of physical disability is a matter of such vital concern from an economic as well as from a humanitarian point of view, we do not feel justified in recommending any reduction of a Grant-in-Aid of medical research conducted by a body of selected specialists.

As regards (2), Grant to the Imperial Mineral Resources Bureau, it will be observed that it is proposed to make a grant of £8,750, which is a reduction of £2,000 on the grant for the current year. We have no doubt that the Bureau is doing valuable work, but in the present circumstances, we endorse the reduction which the Treasury have proposed.

As regards (3), we understand that the grant to the National Museum of Wales is in respect of maintenance and building fund. It is estimated that no smaller provision than £13,000 will suffice for maintenance if the Museum is to be run with efficiency. The balance of the proposed grant, viz., £7,000, represents what the Exchequer may reasonably be expected to contribute to the building fund in 1922/23 in fulfilment of its obligation, which is to provide total grants for this purpose within a maximum of about £116,000. The actual contribution each year depends upon equivalent outside contributions.

The chief decreases, which are apparent and not real, as the grants now appear in other Votes, are as follows :—

1. The grant to the Royal Society now stands at £9,000 whereas in 1913/14 it was £27,150. Of this latter amount, however, £22,150 was for the National Physical Laboratory, its buildings and Aeronautical Section, and also Eskdalemuir Observatory. Provision for these latter services has, since 1918, been made in other Votes.
2. There is now no grant to the Meteorological Office, which, in 1913/14 amounted to £20,000. This is accounted for by the fact that the Meteorological Office is now administered by the Air Ministry, at an approximate cost of £150,000, on which we have commented in our first Interim Report.

CONCLUSIONS.

We are of opinion that the grant to the Medical Research Council, which is by far the largest item, should be as proposed by the Treasury.

As regards the smaller grants, we are averse from an arbitrary and uniform reduction on a percentage basis on the ground that the saving to the Exchequer would be small compared with the detriment which would be caused to the activities of the learned

and scientific world and the discouragement which would be given to private subscriptions and donations if the Exchequer grants were reduced. We therefore recommend that the Provisional Estimate, as framed by the Treasury, should be accepted, with the qualification that it may be possible, under the terms of the Irish Settlement, to omit the £2,200 proposed for the four Academies and Societies in Ireland. Against this possible saving of £2,200 must be set the increase of £5,110 by which the revised Estimate submitted by the Treasury exceeds their Provisional Estimate of July last.

Chapter III.

DEPARTMENT OF SCIENTIFIC AND INDUSTRIAL RESEARCH.

CLASS IV (9).

1. The following table gives a comparison of the expenditure for 1913/14 with the Estimates for 1921/22 and 1922/23 :—

	Audited Expendi- ture, 1913/14.	Estimate, 1921/22.	Provisional Estimate, 1922/23.	
Headquarters—	£	£	£	£
Salaries and travelling ...	—	47,858	38,287	
Grants for Investigation and Research, Research Boards and Committee, &c....	—	173,083	134,476	
		220,941	172,763	
<i>Less Appropriations-in-Aid</i>	—	38,612	33,000	139,763
		182,329		
Fuel Research Board ...	—	62,964	51,332	
<i>Less Appropriations-in-Aid</i>	—	6,600	5,600	45,732
		56,364		
Geological Museum ...	3,813*	—	9,126	8,232
Geological Survey ...	16,748*	56,585	53,160	
<i>Less Appropriations-in-Aid</i>	—	650	600	
		55,935		52,560
National Physical Laboratory	7,000†	213,269	184,300	
<i>Less Appropriations-in-Aid</i>	—	101,000	100,300	84,000
		112,269		
Net Vote ...	27,561	—	416,023	330,287

* Class IV, Vote 1 (Board of Education) in 1913/14.

† The Laboratory was, before 1918, managed by the Royal Society, who received a grant of £7,000 a-year from the Vote for Scientific Investigation (Class IV, Vote 8). But this figure is not really comparable with that of 1921/22

[Continued on p. 94.]

The Provisional Net Estimate for 1922/23 of £330,287 has since been reduced to £298,071, a saving of £32,216.

2. The following table shows the comparative numbers of staff employed :—

—	August 1, 1914.	August 1, 1921.	April 1, 1922.
Geological Survey	49	83	624*
Geological Museum	10	12	
National Physical Laboratory	180	299	
Other branches	—	224	

* It is not possible to give exact figures for 1922. The relative proportions of scientific staff of the National Physical Laboratory, the Fuel Research Station and other Research Boards cannot be determined until the programme of research for the year has been settled.

The staff is composed of :—

- (a) Administrative.
- (b) Scientific and Technical.
- (c) Financial and Clerical.
- (d) Draughtsmen, Warders, Messengers, &c.

In all these cases, with the exception of (b), the Treasury exercises the same control of staff as it does in other Departments. In the case of (b)—Scientific and Technical Staff—it is not possible for any outside or unscientific authority to estimate the number of persons or the length of time needed for the completion of a piece of research work. We think, however, that the incentive to engage or retain superfluous staff is small in a Department like this, where expenditure on personnel is governed by the total amount of funds available for the prosecution of researches and where there are no statutory and few administrative functions which might be over-elaborated or extravagantly conducted.

3. Origin of Department.

This Department did not exist before the war, but various grants were made by the Treasury to the Board of Education and the Royal Society for researches which are now conducted by this Department, while, in addition, fees were paid by various Government Departments from their own Votes for research work undertaken on their behalf. In the early years of the war, the Government were impressed with the great desirability of

Continued from p. 93.]

because part of the expenditure collected on this Vote in 1921/22 was, before the war, spread over the Votes of many Departments, who paid fees to the Royal Society or other investigators for research or testing work undertaken on their behalf. In addition to the above £7,000, the following grants were made in respect of the Laboratory in 1913/14 :—

	£
Buildings	5,000
Aeronautical Section	9,150
Eskdalemuir Observatory (now under Air Ministry)	1,000

setting up some permanent Research organisation which they felt would be essential in the period of industrial reconstruction after the war. Consequently, the Department was established early in 1917 with a separate Parliamentary Vote which provided also for the expenses of the National Physical Laboratory and the Fuel Research Board. The Geological Survey and the Geological Museum were transferred to this Vote from the Board of Education in 1920.

4. Work of the Department.

The various functions of the Department can be grouped as follows :—

Estimated Cost in 1922/23.

	£
1. Headquarters Staff	38,287
2. Grants to Researchers and Learned Societies	51,600
3. National Physical Laboratory	84,000
4. Geological Survey	52,560
5. Research Boards and Committees	49,876
6. Geological Museum	8,232
7. Fuel Research Board	45,732

We have already dealt with the Geological Museum in our Report on Museums generally and have recommended that there should be an increase of revenue by means of admission fees.

5. Special Fund.

In addition to providing for the annual expenses of the Department, Parliament voted in 1917/18 a capital sum of £1,000,000 to be expended on industrial research. The fund so created is not in the hands of the Government, but of a body of Trustees set up by Charter, who expend it in the form of £ for £ grants to approved Research Societies established by particular industries. This is not, however, a percentage grant, as it is based on contributions by the Associations, not on their expenditure, and the Government proportion stops altogether or is reduced rapidly after a certain point is reached. Since 1919/20, the Treasury has required the interest on the fund, subject to certain prior charges, to be appropriated in aid of the Vote and a sum of £36,192 was so appropriated in the current year.

6. Comparison of the Estimates.

Previous to 1920/21, the annual net estimates of this Department from the date of its inception were :—

	£
1917/18	63,325
(plus special grant of £1,000,000).	
1918/19	148,350
1919/20	242,815

The net Estimates for 1920/21 (£556,868) showed so great an increase on the already expanding figures of the previous three years that the Vote was specially examined. Reductions were

made and the fees charged to outside bodies for work done on their behalf at the National Physical Laboratory and in other Government Research Institutions were increased. This, as will be seen from the following table, has led to a substantial increase of the Appropriations-in-Aid, and there has been a steady decline in the gross as well as the net total expenditure during the last three years.

	1920/21.	1921/22.	1922/23.
	£	£	£
Gross	644,628	562,885	466,497
Appropriations-in-Aid	87,760	146,962	136,210
Net Total	556,868	416,023	330,287

This Department, like all others, was instructed, in May last, to effect at least a 20 per cent. reduction on their expenditure of 1921/22 when framing their Provisional Estimate for 1922/23. The Department succeeded in effecting this and presented a Provisional Net Estimate of £330,287. Since arriving at that figure, the Department and the Treasury have agreed on an additional cut of £17,700 and as the result of a further review, the Department have intimated that a still further reduction can be made, which will bring their Net Estimate down to £298,071. This recent reduction is partly due to the fact that the Department has reinvested more profitably the outstanding balance of their special fund and they are thereby enabled to appropriate in aid of their Vote a sum of £45,000 instead of £36,000.

7. Present Work of the Department

The work of the Department now comprises :—

- (a) Testing and research work for outside bodies for which substantial fees are charged.
- (b) Research work for Government Departments which can be more economically and efficiently carried out by this Department than by leaving the Government Departments to carry out their work unco-ordinated.
- (c) Scientific Research bearing on Industrial problems.

CONCLUSIONS.

We are of opinion that the activities of this Department have been minutely examined with a view to obtaining a reduction of expenditure, and we are unable to recommend any further reduction beyond what has been effected. The result is that the Provisional Estimate of £330,287 is reduced to £298,071, a saving of £32,216.

PART XIV.—FOREIGN OFFICE AND DIPLOMATIC AND CONSULAR SERVICES.

Chapter I.

FOREIGN OFFICE.

	£
1913/14 Audited Expenditure	67,868
1921/22 Estimates	212,520
1922/23 Provisional Estimates	181,310

1. The reduction in 1922/23 as compared with 1921/22 is due to the fall of Bonus and anticipated savings on Messengers' Travelling. Since the Provisional Estimates were submitted, it has been decided to transfer to this Vote certain duties from Navy Votes, the cost of which is estimated at £32,010. With this and other minor adjustments the revised Estimate for the Foreign Office for 1922/23 is £216,679.

Excluding the transferred staff the numbers of staff compare as follows :—

	August 1, 1914.	August 1, 1921.	April 1, 1922.
Permanent	187	273	421
Temporary		590	458
Total	187	863	879

Of the increased numbers the staff of the Passport Office accounts for 290. The cost of this Office is covered by the fees charged.

Apart from the staff of the Passport Office, the staff of the Foreign Office is more than three times as large as it was in 1914. This increase represents the additional work thrown upon the Department as a result of the Peace Treaties and the numerous problems arising out of the resettlement of Europe.

2. Higher Division staff.

The Higher Division staff of the Office has increased from a total of 43 before the war to an authorised establishment of 75 at the present time, but we are informed that in addition it is proposed to employ 14 Temporary Higher Division Officers and 11 Junior Administrative Assistants, at a cost of about £10,000 a year. We think that by 1922/23 it should be possible for the Higher Administrative work to be done by the authorised establishment, so as to enable this additional staff to be dispensed with.

3. News Department.

Further temporary staff costing about £3,000 a year is employed in connection with the News Department, for which provision of £2,900 is also made for incidental expenses. We refer to the News Department again in our Report on the Diplomatic and Consular Estimates, and we think that this expenditure might be saved.

4. Communications Department.

A special staff of about 30 is engaged on the duty of cyphering and decyphering messages in the Foreign Office and carrying despatches abroad. The estimated cost for salaries in 1922/23 is £13,500, together with £22,500 for travelling, &c., expenses, making £36,000. Prior to the war, the despatch work was performed by 6 King's Messengers at a cost of £1,650 per annum, plus travelling expenses, and the cyphering work was done chiefly by the ordinary staff.

We consider that it should be possible to effect a considerable reduction in the number of cypher telegrams sent, resort being had to despatch by bag in matters not of great urgency, and the recommendations which we make on this subject in our Report on the Estimates for the Diplomatic and Consular Services should appreciably reduce the work of this Department.

CONCLUSION.

In view of the foregoing considerations, we recommend that the Estimates for the Foreign Office for 1922/23 should be fixed at £195,000, to include the transferred Services, instead of the provisional £181,310 which was increased to £216,679.

Chapter II.

DIPLOMATIC AND CONSULAR SERVICES.

1913/14 Audited Expenditure	£	692,376
1921/22 Estimates :—		
Ordinary Services (net)	£	2,058,187
War Services (net)		60,000
1922/23 Provisional Estimates :—		2,118,187
Ordinary Services (net)		1,693,033
War Services (net)		60,000
		1,753,033

1. The main heads of the Estimates for 1922/23 as compared with 1913/14 are as follows :—

	Expenditure, 1913/14. £	Provisional Estimates, 1922/23. £
Diplomatic Services	277,196	646,565
Consular Services	427,461	1,153,818
Telegrams	41,120	175,000
Passport Control	—	110,000
Refund to India in respect of Far Eastern Services	68,963	89,950
Gross Total (Ordinary Services)	814,740	2,175,333
Appropriations-in-Aid	122,364	482,300
Net Total (Ordinary Services)	692,376	1,693,033
Net War Services (Boundary Commissions, Inter-Allied Rhineland Commission and Mixed Arbitral Tribunal) ...	—	60,000
		1,753,033

A revised Estimate for 1922/23 which has now been framed shows a net reduction of £109,094 on Ordinary Services, while the War Services will be more than covered by the corresponding Appropriations-in-Aid. The Net Estimate as revised is accordingly reduced to £1,571,439.

We proceed to deal with the heads of expenditure *seriatim*.

2. Diplomatic Services.

The numbers of Diplomats for 1914 and 1922/23 compare as follows :—

	1914.	1922-23.
Ambassadors, Ministers, &c. ...	41	44
Counsellors	12	12
Secretaries	65	75
	118	131

The number of the subordinate staff of Archivists, Clerks and Typists, excluding clerical staff paid from allowances, has increased from 34 in 1913/14 to 133 in 1922/23. This increase of subordinate staff, for which it is now proposed to obtain trained personnel, relieves the Diplomatic staff proper of a considerable amount of routine work. It should also be pointed out that the Commercial Diplomatic Service, for which £155,000 is provided in the Estimates for the Department of Overseas Trade, has

been added. The staff of Commercial Diplomats, numbering 43, has relieved the regular Diplomatic staff of work of a commercial nature, so that the real increase is very much larger than is shown in the table above. In these circumstances, we consider that some reduction should be possible in the number of Junior Diplomats employed. If the total number of Counsellors and Secretaries could be reduced to pre-war numbers a saving of about £10,000 a year might be effected.

Apart from numbers, the increased expenditure is due to increased rates of pay and Rent Allowances, and to provision for Entertainment.

The provision for "Frais de Représentation" for Ambassadors and Ministers in 1922/23 is £128,200. Before the war "Frais de Représentation" fell to be met by the Ambassador out of his salary. In 1914 the total cost of the salaries of 39 Ambassadors and Ministers was £143,162, giving an average salary of £3,670, the whole of which was liable to Income Tax. The provision for salaries and *frais* for 1922/23 is £217,650, an average of £4,950, of which the salary portion only, £2,032, is liable to Income Tax. For the purposes of super-tax an Estimate of the necessary expenditure on *frais* in 1913/14 was made, amounting to £81,000, and this compares with the proposed provision of £128,000 in 1922/23. In view of the obligations imposed on representatives of the Government in foreign countries and of present-day costs, we make no recommendation, especially as these allowances are under constant review.

Included under this head is a provision of £27,568 for the News Department expenses abroad. This provision is for press work in foreign countries, and we do not consider that its continuance so long after the war should be necessary, especially in view of the great increase in the number of diplomatic representatives of all kinds. We think the sum provided under this head might be saved by an adjustment of duties.

3. Consular Services.

The great increase in the cost of these Services since 1914 reflects the policy adopted since 1917, of giving active assistance to British trade overseas. In order to give a fair comparison of the expenditure incurred for this purpose, it is necessary to include the cost of the Department of Overseas Trade. On this basis the proposed expenditure appears as follows:—

	1913/14. £	1922/23. £
Consular Services	427,461	1,153,818
Department of Overseas Trade (or corresponding pre-war expenditure of Foreign Office and Board of Trade) ...	34,000	336,039*
	<u>461,461</u>	<u>1,489,857</u>

* Excluding the Petroleum Department.

It will be seen that the expenditure has increased nearly three and a half times. The revised Estimate for Consular Services for 1922/23 shows a saving of £107,000 on the above figure.

The growth of expenditure has been due to a considerable extent to increased rates of pay and to the provision of Rent and Representation Allowances. The number of salaried officers employed overseas compares as follows:—

(a) Overseas Trade Department Service—

	1914.	1922/23.
Commercial Diplomats	8	43
Trade Commissioners	4	12

(b) General Consular Service—

Inspectors-General of Consular Establishments	...	2
Consuls-General	40	39
Consuls	84	101
Vice-Consuls	113	149
Student Interpreters and Proba- tioners	20	62

(c) Far Eastern Consular Service—

Consuls-General	11	8
Consuls	25	25
Vice-Consuls and Assistants ...	53	63
Student Interpreters	31	9

Total 389 513

The cost of subordinate staff, &c., covered by Office Allowances, to Consuls in the General Consular Service has increased from £103,000 in 1913/14 to £252,000. Apart from increased prices and wages, this increase is due to the additional work thrown upon Consuls in answering commercial enquiries. If the recommendations in our Report on the Department of Overseas Trade as regards the nature of the information which should be given to the British traders are adopted, we consider that some economy should be possible in these staffs. We append joint Memoranda (Appendix (A)) furnished by the Foreign Office and the Department of Overseas Trade on the subject. As regards the Consular staffs, while reductions in the number of salaried posts can no doubt only be effected gradually as opportunity offers, we think that an immediate reduction of, say, 10 per cent. in the cost of subordinate staff should be possible.

4. Telegrams: £175,000.

The revised Estimate shows a reduction of £25,000 on this item. Even so, it is nearly four times the pre-war expenditure, and we are informed that the increase is due mainly to the increased volume of traffic and not to higher rates. Substantial economy should be possible in this expenditure. We believe

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that a large number of telegrams are sent on matters which might form the subject of ordinary despatches. The habit of telegraphing on every occasion is a habit of the war, when speed was essential and the ordinary means of communication either unsafe or not available. Now that there is a regular messenger service at frequent intervals with all the principal Embassies and Legations in Europe, it should be possible to limit severely the number of telegrams sent, except when Conferences of the highest political importance are in progress. The authority for the transmission of telegrams abroad should be restricted to a very few high officials. We consider that in this matter pre-war methods and expenditure should be reverted to and that the proposed provision should be reduced to £85,000, as compared with £41,000 before the war.

5. *Passport Control* : £110,000 *gross*.

The revised Estimate shows a reduction of £46,000 under this head. This service is a matter of policy, and as the cost is covered by the fees charged, we make no observations.

6. *Refund to India in respect of Far Eastern Services* : £89,950.

The revised Estimate for this item amounts to £168,550, which includes in addition to the cost of Consular Officers employed in Persia the following amounts :—

	£
Maintenance of Lights and Buoys in the Persian Gulf	30,000
Maintenance of Telegraphs in Persia ...	33,550
Cost of Indian Troops employed in South Persia as Consular Guards (half expenditure incurred in the last two years) ...	80,000

Under arrangements made as the result of a Royal Commission in 1900, India contributes a fixed sum towards the cost of Diplomatic and Consular Services in China, and shares equally with the British Government the cost of such services, and the kindred services specified above, in Persia and the Persian Gulf. The Diplomatic Mission in Persia and certain Consular Services are under the control of, and paid for in the first instance by, the British Government, and the other Consular, and all the kindred, services are controlled, and paid for in the first instance by India. The determining factor is predominating interest—roughly, north and west, British; south and east, Indian. The creation of new posts, and material increases of emoluments require the consent of both Governments. The Consular Posts controlled by India are more expensive relatively, and the expenditure on services incurred in the first instance by India is now the greater, so that the British Government has to make a contribution to India to equate the charges.

The provision proposed for 1922/23 cannot be reduced.

CONCLUSIONS.

As the result of our consideration, we are of opinion :—

- (1) That the special provision for the News Department should cease, the necessary work being performed by the regular Diplomatic staff, in which further economies should be effected.
- (2) That as a result of the recommendations in our previous Report on the Department of Overseas Trade, economies should be made in the cost of the Commercial, Diplomatic and Consular Services.
- (3) That a substantial reduction should be made in the expenditure upon telegrams.
- (4) That in the circumstances the Net Estimates for Diplomatic and Consular Services for 1922/23 should be reduced from the Provisional Estimate of £1,753,033 to £1,435,000.

APPENDIX (A).

MEMORANDA BY FOREIGN OFFICE AND DEPARTMENT OF OVERSEAS TRADE.

I.—*Effect on Commercial Diplomatic Service of application of the Recommendations of the Committee on National Expenditure with regard to the Department of Overseas Trade.*

The attached schedule shows the provision inserted in the estimates for 1922/23 for the Commercial Diplomatic Service. The provision is for forty-three officers at a total cost of £157,300.

The Committee have recommended that the functions of the Department of Overseas Trade should in future be limited to giving general information, and that they should not henceforth give assistance to traders in specific matters of business. Should this recommendation be adopted, it is certain that the activities of the Commercial Diplomatic Service would be very materially reduced, although not to the same extent as in the case of the Headquarters office. It has been estimated that the work at Headquarters would diminish immediately by something like 75 per cent. if the Department were precluded from giving assistance in specific matters of business. In the case of the Commercial Diplomatic Officers, while it is true that a considerable part of their work is at present concerned with assistance in specific matters of business, the remainder of their

duties includes, not only the rendering of general reports such as the Headquarters Department would under the Committee's recommendation henceforth pass on to the trading community, but also advising and assisting the head of the Mission in economic and financial matters, and rendering reports which are not intended for the trading community, but are designed to assist the work of the Political Departments of the Foreign Office. This work is, and is certain to remain, heavy. It is for this reason impossible to apply a definite percentage reduction to the Commercial Diplomatic Service and it has been necessary to review one by one the countries in which Commercial Diplomatic Officers are at present stationed.

In the first place it is probable that, generally speaking, not more than one Commercial Diplomatic Officer would be needed in any country. There are at present twelve subordinate appointments, the holders of which are in the position of assistants to the chief Commercial Diplomatic Officer in the country. Nine of these subordinate appointments should be abolished. It would, however, be necessary to retain the second posts in China, Germany and Russia. Special reasons exist in each of these countries. In *China*, it is essential to have one Commercial Diplomatic Officer permanently stationed in the Legation at Peking in order to assist in dealing with the commercial questions which form so large a part of the work of the Legation. The commercial centre of the country is, however, Shanghai, and the presence of another Commercial Diplomatic Officer is required there even for the purposes of general information alone. In *Germany* the senior post is in Berlin, but it is essential to have another Commercial Secretary in an independent position at Cologne to deal with the occupied territory. Of the two Commercial Diplomatic Officers for *Russia*, one is practically a Diplomatic Officer in charge of the Mission now in Moscow, and the other acts as his assistant especially with reference to commercial work. Both are fully occupied at the present time in handling the special relations which subsist with the Soviet Government, and if, and when, normal relations are restored, one of them will be required for Siberia, even if his duties are confined to general information.

While it is probably true that on the lines laid down no Commercial Secretary would at the moment be needed in Turkey, such an officer would inevitably be required there even for the purposes of general information on the resumption of normal relations with that country, and it is therefore necessary to retain provision for the post. The post in Czechoslovakia is retained because its abolition would immediately necessitate a corresponding addition to the Diplomatic staff at Prague.

On the strict application of these premises, the Commercial Diplomatic Service could be reduced to the establishment shown in the second part of the schedule, namely, twenty-four officers

at an estimated annual cost of £110,000 per annum, as against forty-three officers at a total cost of £157,300 provided for in next year's estimates.

Certain consequences would, however, be felt which would go some way to diminish the effect of this reduction. In certain countries the abolition of the junior Commercial Diplomatic post, or of the sole Commercial Diplomatic post, would quite clearly involve the need of more Diplomatic assistance at the Mission. This is true, for instance, of the United States and France. Even where it cannot be stated with precision that additional staff would be required at the Mission, the responsibility for general commercial information would, on the abolition of a Commercial Secretary, have to be distributed between the Mission and the Consular staff of the country in some way or other, and requests for additional assistance in some form might thus result.

It must also be recognised that the abolition of this large number of posts would leave to be disposed of a number of permanent pensionable officers whom it would be impossible to utilise elsewhere at once or probably at all. The saving indicated also could not be realised completely in the first year of the application of the new principle. There would necessarily be some delay in disposing of officers and closing down the posts.

This scheme of reduction is of course put forward not as in itself desirable or even practicable. It is simply an endeavour to interpret the logical consequences of the possible adoption of the recommendations of the Committee with regard to Government assistance in matters of trade.

(Signed) EYRE A. CROWE.

(Signed) P. LLOYD-GREAME.

SCHEDULE.

Country.	Posts as shown in Estimates for 1922/23.		Posts on Basis of Functions Proposed by Committee on National Expenditure.	
	Post.	Cost.	Post.	Cost.
		£		£
*Argentine	C.S. 1st	3,864	C.S. 1st	3,864
	C.S. 3rd	1,196	—	—
*†Austria	C.S. 2nd	2,088	C.S. 2nd	2,088
*Belgium	C.S. 1st	5,189	C.S. 1st	5,189
	C.S. 3rd	877	—	—
*Brazil	C.S. 1st	4,856	C.S. 1st	4,856
	C.S. 3rd	1,106	—	—
*†Chile	C.S. 2nd	3,098	C.S. 2nd	3,098
*China—				
Shanghai	C.C.	3,870	C.C.	3,870
Peking	C.S. 2nd	1,724	C.S. 2nd	1,724
*Czechoslovakia	C.S. 2nd	2,219	C.S. 2nd	2,219
Denmark	C.S. 2nd	2,891	—	—
Egypt	Com. Agent	4,483	—	—
*France	C.C.	4,789	C.C.	4,789
	C.S. 2nd	1,089	—	—
*Germany—				
Berlin	C.S. 1st	3,376	C.S. 1st	3,376
Cologne	C.S. 2nd	2,295	C.S. 2nd	2,295
Berlin	C.S. 3rd	871	—	—
*Greece	C.S. 1st	3,350	C.S. 1st	3,350
Hungary	C.S. 2nd	2,476	—	—
*Italy	C.C.	4,559	C.C.	4,559
	C.S. 2nd	1,083	—	—
*Japan	C.C.	3,863	C.C.	3,863
	C.S. 2nd	1,333	—	—
Morocco	C.S. 2nd	2,307	—	—
*Netherlands	C.S. 1st	3,603	C.S. 1st	3,603
Netherlands East Indies	Com. Agent	2,516	—	—
Norway	C.S. 2nd	2,959	—	—
Persia	C.S. 2nd	2,020	—	—
Poland	C.S. 1st	3,210	—	—
Portugal	C.S. 2nd	1,999	—	—
*Roumania	C.S. 1st	3,200	C.S. 1st	3,200
*Russia and Siberia	C.C.	4,647	C.C.	4,647
	C.S. 1st	2,025	C.S. 1st	2,025
	C.S. 2nd	2,580	C.S. 2nd	2,580
*S.H.S., Kingdom of	C.S. 1st	4,696	C.S. 1st	4,696
*Spain	C.S. 2nd	2,924	C.S. 2nd	2,924
§*Sweden	C.S. 1st	3,419	C.S. 1st	3,419
*Switzerland	C.S. 2nd	2,346	C.S. 2nd	2,346
*Turkey	C.C.	8,802	C.C.	8,802
*United States	C.S. 2nd	1,603	—	—
	C.S. 3rd	1,056	—	—
°Uruguay	C.S. 2nd	2,255	—	—
		124,712		87,382

* Indicates countries in which posts are retained under revised proposals.

† To include Hungary under the revised proposals.

‡ To cover west coast of South America under the revised proposals.

§ To cover Scandinavia under revised proposals.

	£	£
Salaries of Messrs. Weakley and Manners, &c. ...	2,093	1,968
Office allowances (Reserve Fund)	920	Nil
Office equipment allowances	900	300
Miscellaneous local travelling allowances ...	975	1,100
Travelling expenses on appointment, &c., and recall.	600	2,800
Personal outfit allowances	1,200	600
Official visit to United Kingdom	2,250	1,200
Annual and sick leave	3,000	1,800
Exchange compensation	2,250	2,050
War bonus	17,600	10,800
Savings since submission of estimates	800	—
Total	157,300	110,000

II.—Effect on Consular Service of Application of the Recommendation of the Committee on National Expenditure with Regard to the Department of Overseas Trade.

It is impossible to estimate in precise figures what reductions of staff, if any, could be effected in the Consular Service should the recommendations of the Committee as regards the Department of Overseas Trade be adopted.

The Consular Service has a variety of duties to perform which are not optional.

Political work, more especially in the Near East and in China and Japan, which involves the cultivation of reliable sources of information, the collection and careful sifting of items of political interest—the drawing up of reports to the diplomatic missions or to the Foreign Office. *Shipping work* which includes the administration of the Merchant Shipping Act, entailing in many cases, such as the relief of distressed British seamen, wrecks, the engagement or paying off of crews, considerable correspondence with the Board of Trade, the holding of Naval Courts. The *relief and repatriation* of distressed British subjects, the safeguarding of the interests of British subjects generally, either travelling or resident abroad, which often presents complicated and lengthy negotiations. The winding up of the estates of deceased British subjects. *Passport work* which was before the war of no great importance, has now attained large proportions and takes considerable time at the many posts where passport control officers are not stationed.

Notarial work and the *payment of pensions*, the latter having enormously increased in volume since the war.

Marriages have to be celebrated.

Nationality questions and points of international law.

In countries where we have extra-territorial rights *judicial functions* must also be performed.

The Provisional Estimate for the Consular Service for the year 1922/23 is £1,153,818 as compared with £419,991 for 1913/14.

There are three reasons for this increase.

1. The admitted inadequacy of the emoluments formerly sanctioned for Consular Officers. The findings of the Royal Commission on the Civil Service of 1914 left no doubt on this point. Nothing was done to remedy the existing conditions until Sir A. Steel Maitland's recommendations, in so far as they effected the emoluments of Consular Officers, were accepted by the Cabinet in 1919. Actual scales of salary were then raised, rent allowances were made universal and a representation allowance was sanctioned.

2. The increased cost of living, for which the new scales of pay were not intended to provide, has necessitated a bonus calculated on the varying increase in the cost of living in different countries. The amount sanctioned is 40 per cent. of this increase for Vice-Consuls and 30 per cent. for more senior grades.

3. The increase in the number of posts under Sir A. Steel Maitland's scheme.

The number actually sanctioned, which it should be remembered is about one-third of the total number proposed by Sir A. Steel Maitland, is 49, including 7 temporary posts which may eventually be required permanently.

While it is true that Sir A. Steel Maitland had regard to the interests of the commercial community, he emphasised in his Report the very general nature of the duties of Consular Officers, and framed his proposals on the basis of the whole range of the duties of a Consular Service.

While dealing with the increase in the number of Consular posts since 1913/14, it may be observed that between the years 1903/04 and 1913/14 there was also an increase of 49 posts. Such continuous increase appears inevitable as new fields for British enterprise are made available.

The above summary of the duties of the Consular Service has not touched on their commercial work, but it should be pointed out that the following duties of a commercial character are included in the general Consular instructions, which have been in force for many years past :—

" 1. To furnish immediate information with regard to all important changes in local conditions affecting trade or credit.

" 2. To deal promptly, to the best of their ability, with questions on commercial subjects addressed to them by the Commercial Intelligence Branch of the Board of Trade, or by individual British traders.

" 3. To prepare and keep up to date, for the use of the Board of Trade, lists of the principal dealers in various classes of goods.

" 4. To supply special reports from time to time on matters which appear to the Consular Officer to be of commercial interest, or which may be suggested to him by the Foreign Office.

" 5. To prepare an Annual Report on the trade of their district."

The above shows that duties of a commercial nature have habitually been performed by the Consular Service.

It is impossible to say how far commercial duties occupy the time of Consular Officers at most posts, but at certain posts, *e.g.*, New York, Chicago, Rotterdam and Buenos Aires, special commercial departments have been set up. The annual cost of these four departments is £4,998 in all.

While these special departments could be abolished if necessary, it is impossible, without reference to each individual post, to say what reduction, if any, could be made in the staff at that post, were the commercial work to be relinquished.

It may, however, be affirmed that, having regard to the general duties of the Consular Service, the abandonment of commercial work would not necessarily lead to the closing of consular posts; it might at most lead to the reduction at larger posts of the number of clerical assistants employed, but in most cases the obligatory work alone, entailed on Consular Officers, would necessitate the retention of the existing staff.

Very careful consideration has been given during the last year to the question of a reduction in the number of consular posts and certain posts, as shown in the attached list, have been noted for abolition, but their abolition cannot be effected until the officers *holding them have retired*, unless arrangements can be made for their retirement on pensionable terms before they have reached the nominal age for retirement.

(Signed) P. LLOYD-GREAME.

EYRE CROWE.

February 18, 1922.

SCHEDULE.

Salaries posts which can be abolished or reduced when corresponding reductions in numbers of personnel can be effected :—

(a) Consulates to be abolished, or reduced to unsalaried status :—

Five :—Barranquilla, Noumea, St. Pierre, Tahiti and San Juan (Porto-Rico).

(b) Consulates to be reduced to Vice-Consulates :—
Five :—Vienna, Iquique, Munich, Budapest and Savannah.

(c) Vice-Consulates to be abolished, or reduced to unsalaried status :—

Fourteen :—Charleroi, Kasai, Leopoldville, Stanleyville, Santos, Rio de Janeiro, Ajaccio, Majunga, Toulon, Taranto, Budapest and three at Loanda.

PART XV.

STATIONERY AND PRINTING	Class II (31).
REGISTRAR-GENERAL'S OFFICE, ENGLAND	Class II (30).
REGISTRAR-GENERAL'S OFFICE, SCOTLAND	Class II (39).
REPRESENTATION OF THE PEOPLE ACT ...	Class VI (12).

Chapter I.

STATIONERY AND PRINTING.

1. The Provisional Estimates for 1922/23 compare with the corresponding expenditure in 1913/14 and with the current year's Estimates as follows :—

	£
1913/14 Audited Expenditure	1,059,724
1921/22 Net Estimates	4,119,944
1922/23 Provisional Net Estimates ...	3,163,850

In addition, supplies to Liquidation Departments are estimated at :—

£67,500 for 1921/22.
£50,000 for 1922/23.

A detailed comparison of the expenditure under each main heading is given in Appendix A.

Since these figures were furnished, Revised Estimates have been put in, reducing the Net Estimated Expenditure for 1922/23 to £2,996,348 and the estimated value of supplies to Liquidation Departments to £25,000, representing a reduction in the aggregate of £192,502 per annum.

The increase in this Vote represents far more than rise of prices.

New items of expenditure have arisen, e.g., printing under the Representation of the People Act, 1918, estimated to cost £500,000 in 1922/23, half of which is paid by the Local Authorities, and the creation of new Departments, mainly in connection with social legislation, whose stationery requirements are from the nature of their functions and organisation much heavier than those of the older Departments.

2. Staff.

The increase in the number of staff employed is shown in the following table :—

	August 1, 1914.		August 1, 1921.		April 1, 1922.	
	Per- manent.	Tem- porary.	Per- manent.	Tem- porary.	Per- manent.	Tem- porary.
Administrative and clerical— London	122 11	59 13	180 69	619 137	467 161	287 13
Provinces	133	72	249	756	628	300
Technical— London	44 7	— —	78 18	55 15	124 25	— —
Provinces	51	—	96	70	149	—
Industrial— London	33 6	196 26	56 25	628 312	56 25	— 867
Provinces	39	222	81	940	81	867
Printing Works Staff— Harrow	—	—	—	887	—	794
Hare Street	—	—	—	574	—	447
Kingsway Press ...	—	—	—	7	—	7
India Office Press ...	—	—	—	41	—	41
Foreign Office Press	—	—	—	112	—	108
	—	—	—	1,621	—	1,397

Apart from the increase in the volume of work performed, changes in policy have occurred which account for a considerable number of the additional staff, such as the substitution of direct labour services for contract work, as in the establishment of a Government Printing Works, the formation of a Transport Section, the reproduction by duplicating processes, and the stocking, issue and distribution of forms previously undertaken by the various Departments.

We observe that in both the Administrative and Clerical and the Technical grades a large transfer from " Temporary " to " Permanent " is contemplated. The Department is of opinion that better results are obtained from Permanent Staff. While in no way dissenting from this view, there is obviously a time of contraction of Government activity ahead of us, and we consider it would be more prudent to wait until a normal level of work is reached before adding to the numbers of Permanent Staff.

3. *Salaries, Wages, &c.*

	£
1913/14 Audited Expenditure	54,057
1921/22 Estimate	492,844
1922/23 Provisional Estimate	389,850

These figures reflect both the increase in numbers dealt with in the preceding paragraph and the cost of living element in wages. Owing to the great alterations in policy referred to, a comparison with pre-war period is quite an unprofitable one. Although this Department is engaged on commercial work, yet, unlike a commercial concern, its business is to restrict output within the smallest possible compass, and the measure of success which the Department achieves in this direction only serves to enhance the proportion which salaries and wages bear to the total expenditure.

4. *Carriage and Transit.*

	£
1913/14 Audited Expenditure	8,527
1921/22 Estimate	90,000
1922/23 Provisional Estimate	85,000

We understand that of the total increase, £50,000 is in respect of outward freight charges, which in 1914 would have been paid by the consignees, and that the remaining £26,400 is attributable to the fact that approximately twice as much material has now to be transported at increased charge and that direct distribution is made to more than twice as many destinations as in 1914.

5. *Parliamentary Debates and Records, and Printing, &c., for Gazettes.*

	£
1913/14 Audited Expenditure	16,783
1921/22 Estimate	70,000
1922/23 Provisional Estimate	61,000

Apart from rise in the cost of paper and in printers' wages, this large increase is attributed to the growth in the volume of Parliamentary records consequent on the extension of the Committee system, and to the greatly increased size of the Official Gazettes. The sale price of the Gazettes has recently been doubled.

6. *Printing, &c., under the Representation of People Act, 1918.*

	£
1921/22 Estimate	700,000
1922/23 Provisional Estimate	500,000

The procedure prescribed by the Act involves the printing, twice a year, of registers of electors and the arrangements are conducted by the Stationery Office. Before the passing of the Act the printing was entirely a Local Authority responsibility.

We understand that if the Supplementary lists of names which are prepared and posted publicly every half-year could be substituted, as an effective supplementary register, for one of the complete registers each year, a saving of £85,000 could be effected and we suggest that the necessary steps be taken by legislation or by Order in Council to give effect to this economy.

This proposal does not interfere with the principle of a half-yearly register; if an annual register were reverted to, the total economy would be greater, but this is entirely a question of policy.

7. *Printing, Paper, Machinery and Wages at the Stationery Office Printing Works.*

	£
1913/14 Audited Expenditure...	812,683
1921/22 Estimate	2,904,150
1922/23 Provisional Estimate	2,254,000

The expenditure in this group is almost entirely dependent on the demands made by Departments. A summary of the Expenditure for the larger Departments on printing and stationery in 1913/14 and 1921/22 is given below :—

Department.	Expenditure. 1913/14. £	Estimate. 1921/22. £
Board of Trade	43,588	57,000
Patent Office		67,700
Mercantile Marine Services		2,700
Food Department		14,000
Ministry of Pensions	—	233,000
Ministry of Health, England	—	94,000
Ministry of Labour (formerly Labour Exchanges and Unemployment Insurance)	29,604	226,000
Air Ministry	—	103,000
Inland Revenue (England, Scotland and Ireland)	57,263	313,000
Customs and Excise	19,484	45,000
Post Office, Telegraphs and Telephones (England, Scotland and Ireland)	215,388	490,000
Admiralty	134,234	331,000
War Office	128,548	400,000
Ministry of Agriculture and Fisheries	7,521	50,800
Foreign Office	13,998	56,000

The cost of running the Stationery Office Printing Works at Harrow and elsewhere is included above. The Harrow works were originally purchased in 1918 for the purpose of printing the food coupons for the national scheme of food rationing. We are told that the works tender for Government orders in ordinary

competition with other contractors and that their trading accounts are run on an ordinary commercial basis.

The Works have been the subject of report by Select Committees of the House, and are being maintained for a trial period of three years dating from June 1920. In view of this we make no recommendation, but suggest that the whole question should be thoroughly reviewed before the expiration of the period, the staff being maintained on a temporary basis.

We cannot think that as a general rule such enterprise by Government Departments can be as economical as public tender, but such considerations as temporary rings in the market and other abnormal circumstances may otherwise justify a departure from principle. At the end of the three years trial the matter can be reviewed.

Miscellaneous Supplies, Binding, &c.

	£
1913/14 Audited Expenditure ...	254,898
1921/22 Estimate ...	656,950
1922/23 Provisional Estimate ...	560,000

We have satisfied ourselves that the necessary steps are taken by the Stationery Office to restrict the quantity and cost of issues, and that economy under these heads must result mainly from a reduction in the requirements of Departments, or from a fall in the price of materials or wages.

Summary.

The considerable increase in the cost of this Department reflects not only the increase in prices and wages, but also the growth in Departments and Departmental activities since 1913/14; and any restriction of those activities should involve a direct reduction in the corresponding subheads of this Estimate.

The difficulty of the Stationery Office is to check extravagant demands effectually. A good deal is done in this direction, and we have examined in detail a number of instances given to us where objections raised by the Stationery Office have resulted in economy.

Further economies might, we think, be realised if the various forms and returns in all Departments were thoroughly overhauled with a view to standardisation and simplification, and such an examination will, we feel confident, frequently show that the purpose for which the form or return was instituted no longer remains.

Having regard to the recommendations we have made in this and in earlier Reports, we think that the revised Estimates for the Stationery Office should be susceptible of a further reduction during 1922/23 of approximately £150,000 in addition to the £85,000 which might be saved in connection with printing under the Representation of the People Act.

CONCLUSIONS.

As a result of our consideration, we are of opinion:—

- (1.) That the restrictions on the activities of various Departments suggested in our Reports should lead to a further reduction in the Estimates for the Stationery Office approximating in 1922/23 to £150,000.
- (2.) That a modification of the procedure under the Representation of People Act, 1918, should, whilst retaining the principle of a half-yearly register, lead to a saving in expenditure on printing of £85,000.
- (3.) That the Estimate for the Department for 1922/23 should be fixed at £2,761,348, a reduction below the Provisional Estimate of £402,502, and the amount for supplies to Liquidation Departments at £25,000 instead of £50,000 shown in the Provisional Estimates, a total reduction of £427,502.

APPENDIX (A).

STATIONERY AND PRINTING.

	Audited Expenditure, 1913-14.	Estimate, 1921-22.	Estimate, 1922-23.
	£	£	£
Salaries, Wages, &c. ...	54,057	492,844	389,850
Carriage and Transit ...	8,527	90,000	85,000
Incidentals ...	2,914	6,000	6,000
Printing, Paper, Binding, &c., for Houses of Parliament.	82,872	100,000	88,000
Parliamentary Debates and Records ...	11,022	40,000	35,000
Printing, Binding, &c., for Gazettes ...	5,761	30,000	26,000
Printing, &c., Representation of People Act.	—	700,000	500,000
<i>For Public Departments, &c.</i>			
Printing ...	399,091	890,040	750,000
Paper ...	413,592	1,400,000	1,000,000
Miscellaneous Office Supplies ...	111,540	364,850	290,000
Binding, &c. ...	93,585	217,825	200,000
Books and Maps... ..	49,767	74,275	70,000
<i>Stationery Office Printing Works.</i>			
Machinery, &c. (Purchase and Upkeep)	—	124,750	104,000
Wages ...	—	489,360	400,000
Gross total ...	1,232,734	5,019,944	3,943,850
Deduct—			
Appropriations-in-Aid ...	173,011	900,000	780,000
Net total ...	1,059,723	4,119,944	3,163,850

In addition to the above, Supplies to Liquidation Departments are estimated
at { £67,500 for 1921-22.
£50,000 for 1922-23.

Chapter II.

REGISTRAR-GENERAL'S OFFICE, ENGLAND.

CLASS II. (30).

	£
1913/14 Audited Expenditure ...	45,247
1921/22 Net Estimate ...	401,330
1922/23 Provisional Net Estimate ...	165,648

1. *Numbers of Persons employed :—*

August 1, 1914.	April 1, 1922.
228	300 (estimated).
	500 (temporary staff in connection with Census).
	800

It must be pointed out that a comparison between 1922/23 and 1913/14 is quite misleading, since in the Estimates for 1922/23 a sum of £75,000 is included in connection with the Census of last year, and there was no such provision in 1913/14.

2. *Functions of the Registrar-General.*

There are three classes of duties now undertaken by the Registrar-General's Office which did not obtain in 1913/14 :—

1. The purely temporary work involved by the preparation of the report on the results of the 1921 Census will shortly reach its maximum and will remain heavy during 1922/23. The work in connection with the 1911 Census was practically complete before the financial year 1913/14.
2. A large amount of verification work is now undertaken on behalf of the Ministry of Pensions and the Service Departments and arises out of the war.
3. Certain new administrative work in connection with Electoral Registration.

The chief normal function of the Registrar-General is in connection with registration and statistics of births, marriages and deaths. This registration is carried on outside the Head Office by three separate sets of statutory Registrars, viz., Registrars of Births and Deaths, Superintendent Registrars, and Registrars of Marriages. Of these, the first two classes are appointed by the Guardians, and the Registrars of Marriages are appointed either by the Superintendent Registrars or by the Registrar-General. In all three cases, the appointments are held during the pleasure of the Registrar-General.

The system is an antiquated one and indeed, its connection with Poor Law dates back to 1836. There is no organic connection between the Registration Service and the Poor Law, but the Poor Law system was, at that time, the only existing system of ubiquitous local administration and the Registration Service was tacked on to it for convenience.

The Registrars are paid in a variety of ways, contributions being made by the Guardians and the Exchequer to supplement their proceeds from fees. The total cost of the Registration Service amounts to approximately £440,000 per annum. Of this amount, £120,000 is paid out of the Poor Rate, £30,000 out of the Exchequer, and the fees paid by the public account for £290,000. These figures are exclusive of the cost of the Head Office. It will be seen, therefore, that the revenue, apart from Head Office, fails to meet the cost of registration by £150,000 per annum, and this is not surprising; seeing that the ordinary statutory fees payable by the public were fixed in 1836, and none of them has since been increased.

We understand that the Registrar-General has in preparation a scheme for reorganising the Registration Service to synchronise with a revision of the fees charged to the public. This reorganisation and revision of fees has the object of relieving the rates and the Exchequer of the burden which at present falls upon them and of effecting economies in the case both of this Registration Service and the Electoral Registration Service, and, at the same time, it aims at providing a more elastic and cheaper system of machinery for future Census purposes. We understand that this reorganisation and the revision of the fees require to be put into force simultaneously, and that some little time must elapse before it can be effected, but we recommend that it should be given very full consideration in view of the economies which it promises.

3. *Fee Income of the General Register Office.*

As regards fee income of the General Register Office itself at Headquarters, it is estimated that at the existing scale of fees it should amount to £18,000 in 1922/23. One-third, roughly, of this sum is derived from searches and two-thirds from certificates. The proposals of the Registrar-General to which we have referred above contemplate an increase of this scale, which should raise the fee revenue to £34,000. It is not, however, considered desirable to introduce this revised scale at Headquarters until the reorganisation of the staff and the revision of the fees in the provinces have been effected. Such a step would merely divert the business from Headquarters to the local Superintendent Registrars. There is, however, one particular piece of work of the Head Office in respect of which an increased fee could be contemplated immediately, i.e., in connection with applications for certificates by post. This work involves a search of records by the staff in addition to the issue of a certificate. The present charge is only 1s., which is the same as is charged for a search made by a member of the public in person. We therefore recommend that this fee should be increased from 1s. to 2s. 6d., in order to make the work of the postal search-room more self-supporting. The increase in the Appropriations-in-Aid resulting therefrom is estimated at £3,600 annually.

CONCLUSIONS.

We are of opinion that :—

- (1.) The organisation of the Registration Service and the present scale of fees should be revised, so that the whole Service may be self-supporting, with an

ultimate saving of £150,000 to the Exchequer and the local Rates.

- (2.) That the fees for postal searches should be increased so as to produce an additional revenue of £3,600.
- (3.) That the Provisional Estimate should accordingly be reduced to £162,048, a saving of £3,600.

Chapter III.

REGISTRAR-GENERAL'S OFFICE, SCOTLAND.

CLASS II (39).

	£
1913/14 Audited Expenditure	6,003
1921/22 Net Estimate	85,758
1922/23 Provisional Net Estimate	27,740

The Provisional Estimate has since been reduced to £24,519, a saving of £3,221.

Numbers of Persons Employed—

August 1, 1914.	April 1, 1922.
37	47 (estimated).
	93 (temporary staff in connection with Census).

140

As in the case of the Vote for the Registrar-General, England, comparison with 1913/14 is vitiated, owing to the fact that a considerable amount of work will remain to be done as a result of the Census of last year which did not obtain in 1913/14.

Of the Provisional Estimate, work in connection with the Census accounts for £9,696. This has since been reduced by more than £2,000.

As regards the normal work of the Registrar-General's Office, Scotland, in connection with the registration of births, marriages and deaths, we suggest that full consideration should be given to the scheme for the reorganisation of the service and the revision of fees, as we have described in our Report on the Registrar-General's Office, England.

We make no recommendation on this Vote other than that, as in the case of England, the fee for postal search should be increased from 1s. to 2s. 6d.

The revised Estimate, as has already been pointed out, shows a reduction of £3,221 on the Provisional Estimate of July last.

Chapter IV.

REPRESENTATION OF THE PEOPLE ACT.

CLASS VI (12).

	£
1913/14 Audited Expenditure	16,783
1921/22 Estimate	70,000
1922/23 Provisional Estimate	61,600

This Vote is to provide for the payment to the Councils of Counties and Boroughs of one half of the sums paid by these Councils for Registration expenses under the Representation of the People Act, 1918. In 1913/14 there was no similar Vote, but the Vote for Miscellaneous Legal Expenses included, in respect of the Revising Barristers (England), a sum of £25,462, of which one-half was recoverable as an Appropriation-in-Aid.

Persons Employed.

Up to 1918, election expenses were borne by the local authorities and the candidates, except as regards the Revising Barristers mentioned above. On the 1st August, 1921, there were six temporary officers employed in the Treasury County Courts Department. On the 1st April, 1922, the position will be the same, with a proviso that, in the event of a General Election, a temporary increase of twenty-four would be required.

Cost of Electoral Registration.

Under the Representation of the People Act, 1918, it is provided that two Registers of Electors are to be prepared every year by the Registration Officers, and there is a Registration Officer for each area. Any expenses properly incurred by the Registration Officer in this work, including his own remuneration, are paid by the Council, and one-half of the Registration expenses so paid is repaid to the Council out of this Vote. The sum of £350,000 contained in this Estimate represents what is anticipated to be half the cost of the Registration Officers for the year in connection with the preparation of the two Registers which are required each year. If it were decided that one annual Register, instead of two, would suffice, it is estimated that there would be a saving of less than half of this Vote. This, however, raises a question of policy on which we express no opinion. In addition to the saving on this Vote, there would be a saving on the Vote for the Stationery Office, which, for the current year, shows an item of £700,000 for printing and paper required for Voters' Lists and Registers. Half of this sum is recoverable from local authorities. We have dealt with this point on the Stationery Office Vote.

PART XVI.—MISCELLANEOUS GROUP.

PETERHEAD HARBOUR	CLASS I (12).
SUPERANNUATION AND RETIRED ALLOWANCES	CLASS VI (1).
MERCHANT SEAMEN'S WAR PENSIONS	CLASS VI (4).
MISCELLANEOUS EXPENSES	CLASS VI (5).
NATIONAL SAVINGS COMMITTEE	CLASS VI (8).
IMPERIAL WAR GRAVES COMMISSION	CLASS VI (9).
NATIONAL INSURANCE AUDIT DEPARTMENT ...	CLASS VII (7).
ROAD FUND.	
STATE MANAGEMENT DISTRICTS.	

Chapter I.

PETERHEAD HARBOUR.

CLASS I (12).

1. This Vote is in respect of the construction of the Harbour of Refuge at Peterhead. The following table gives a comparison of the expenditure of 1913/14 and the Estimates for 1921/22 and 1922/23 :—

	Audited Expenditure 1913/14.	Estimate 1921/22.	Provisional Estimate 1922/23.
	£	£	£
Works	27,065	28,453	22,271
Salaries	2,089	3,389	3,171
Travelling and Incidentals	307	100	100
Insurance of Boilers	35	58	58
	29,496	32,000	25,600

The Provisional Estimate for 1922/23 has since been reduced to £25,000—a reduction of £600.

A vote for this service was first taken in 1885 and it has always been accounted for by the Admiralty.

The scheme for the construction of this Harbour of Refuge originated in the report of a Committee in 1882, which was appointed to consider the most suitable form of public works upon which convict labour could be employed. The Committee reported in favour of the construction of this Harbour at an estimated cost of £250,000, exclusive of the cost of housing and maintaining the convicts. Work was commenced in 1885 on a scheme estimated to cost £737,000, and has proceeded, with a short interval during the war, ever since. In 1903, the Treasury agreed to provide £32,000 per annum, so as to expedite the work and to complete it, as was then thought, in eighteen years, *i.e.*, by 1921.

2. Financial Position.

Up to the 31st March, 1921, rather less than £1 million had been voted for this scheme by annual instalments, and £900,000 had actually been spent. It will be seen, therefore, that the estimate for the whole work has already been considerably exceeded though the work is far from being completed. An estimate has been supplied to us showing that the total cost of this work is provisionally estimated at £1,592,147. Of this amount, £907,000 had been spent up to the 31st March, 1921. If the annual Votes are to continue to be at the rate of £25,000 now proposed, the work will not be completed for another twenty-six years.

There are three alternatives :—

1. To slow down the work and only do maintenance of what has already been constructed.
2. To abandon the work.
3. To continue the work on the present scheme, or a modified scheme.

As regards (1)—slowing down the work—the Treasury in September 1921 raised this Specific point in view of the present financial circumstances. The suggestion is opposed by all parties.

It is urged that the Harbour of Refuge will be of utility when completed; that there are no other means of employing the convicts so suitably; that the policy of slowing down would cost £14,000 a year quite unprofitably; that the present incomplete state of the breakwaters makes the Harbour dangerous, and that the local labour engaged on the work, in addition to the convicts, would lose its employment.

The arguments against slowing down apply also to alternative (2) above, *viz.*, the abandonment of the scheme, which would mean the sacrifice of nearly £1 million in wages and material and the results of thirty-seven years' work, and in the end the Harbour would be in a worse condition than before.

We are therefore driven to consider alternative (3)—to continue the work.

The Consulting Engineers hope to make an average surface progress of 80 to 100 ft. of breakwater, both in the current and the forthcoming financial years, though much depends on sea conditions and the cost of material. The completion of the northern breakwater is the only capital work remaining to be done.

We are far from being satisfied that the Harbour is really required. During the war, the Harbour was used by a considerable number of Naval vessels and others owing to the exceptional conditions in the North Sea, but we are informed that, at the present time, it is only used as a Harbour of Refuge by trawlers, drifters and other fishing craft and small sailing vessels proceeding coastwise, but even so, during a storm, the number does not exceed ten, and from the information before us we are of opinion that these works are likely to be of small national importance even though they ultimately formed a good Harbour of Refuge for fishing vessels. It will have taken sixty-three years to build (at the present rate of annual instalment), and will have

cost twice the amount estimated in 1885. The position seems to us to be unsatisfactory, and while we do not suggest the abandonment of the work, after so much money and labour has been expended on it, or the restriction of the work to mere maintenance (at a cost of £14,000 a year without any return), we strongly recommend that this subject should be at once examined with a view to seeing whether some modification of the plans cannot be introduced which will shorten the work and decrease the outstanding liability of £653,000. We are of opinion that a total sum of £1½ million is a big price to pay in order to provide suitable employment for convicts. Meanwhile, until a decision is arrived at by the Government as to possible modification of the plans, we feel that there is no alternative to recommending that a provision of £25,000 should be allowed for 1922/23. It will be observed that the revised Estimate gives a saving of £600 on the Provisional Estimate of July last.

Chapter II.

SUPERANNUATION AND RETIRED ALLOWANCES.

CLASS VI (1).

1. The following table shows a comparison of the Expenditure for 1913/14 and the Estimates for 1921/22 and 1922/23 :—

Sub-head.		Audited Expenditure, 1913/14.	Estimate, 1921/22.	Provisional Estimate, 1922/23.
A.	Superannuation Allowances	£ 676,437	£ 736,811	£ 850,000
B.	Compensation Allowances ...	37,922	37,252	38,000
C.	Additional Allowances and Gratuities.	58,474	275,000	300,000
D.	Compassionate Gratuities ...	3,639	7,500	8,000
E.	Injury Grants ...	2,252	5,281	10,000
	Miscellaneous Small Grants	5,470	3,372	3,250
	Diplomatic Pensions	In	49,513	50,000
	Colonial Governors' Pensions	Subhead	13,096	14,000
	County Court Judges Supplementary Pensions.	A	4,839	7,000
		above		
	Total ...	784,194	1,152,664	1,280,250

Note.—A Supplementary Estimate for 1921/22 is anticipated. The Provisional Estimate for 1922/23 has since been increased to £1,452,472—an increase of £172,222.

2. This Vote represents the non-effective benefits paid to all Civil Servants, except employees of the Fighting Services Departments and the Revenue Departments, whose non-effective

allowances, although granted in accordance with the Civil Superannuation Acts, are borne upon the Votes of the individual Departments, as shown in the following table :—

TABLE of Civil Superannuation Cost in Fighting Service Departments and Revenue Departments.

	Audited Expenditure 1913/14 (including Expenditure under Workmen's Compensation Act.)	Estimate, 1921/22.	Provisional Estimate, 1922/23.
Army—	£	£	£
Superannuation ...	137,463	186,800	186,800
Injuries, &c. ...		65,500	65,500
Navy—			
Superannuation ...	392,223	636,200	884,200*
Injuries, &c. ...		180,500	
Air Force—			
Superannuation ...	—	5,384	5,384
Injuries, &c. ...	—	11,150	11,150
Customs and Excise†	488,477	905,000	730,000
		330,000†	
Inland Revenue‡	130,805	222,000	265,000
Post Office—			
Superannuation ...	989,348	2,275,700	2,195,700
Injuries, &c. ...		15,000	15,000

* £88,000 of this is for injuries, &c.

† Probable Supplementary.

‡ The payments for injuries, &c., in these Departments are negligible.

Adding the foregoing table to the amount of the Vote as set out at the head of this Chapter, we find that the total figures of expenditure upon Civil Superannuation and Injury Grants are as follows :—

Audited Expenditure, 1913/14.	Estimate, 1921/22.	Provisional Estimate, 1922/23.
£ 2,922,510	£ 5,655,898 plus : 680,000*	£ 5,638,984
Total ... 2,922,510	6,335,898	5,638,984

* Probable Supplementary Estimate.

3. Calculation of Bonus in Assessing Pension.

Bonus was first made pensionable in part in connection with the Civil Service Arbitration Board Award of March, 1919. Subsequent agreements endorsed the principle and the present arrangement under which 75 per cent. of the bonus received at

the date of retirement reckons as an emolument for pension purposes, was embodied in the Civil Service Whitley Council Cost of Living Agreement, dated the 8th May, 1920.

It has been explained to us that this decision as to the calculation of bonus for pension purposes was only arrived at after very careful consideration of various alternatives, all of which were open to strong objection.

Since the above decision was arrived at, difficulty in the administration of the arrangement has been caused by the unexpectedly rapid fall in the average cost of living figure for the six months ending the 31st August, 1921, which, together with the super-cut for the higher salaries, brought about a situation in which there was a very marked difference in the Superannuation Allowances as between officers retiring just before or just after the 1st September, 1921. The sudden drop in bonus on the 1st September, 1921, gave a strong inducement to Civil Servants eligible to retire before the 1st September to do so. A table showing the retirements in each of the five quarters to the 30th September, 1921, is appended to this Report (Appendix (A)). This state of affairs coincided, however, with reorganisations and retrenchments, and Heads of Departments were able to avail themselves of the readiness of older Civil Servants, or of those whose health was such as to interfere with the efficient discharge of their duties, to retire and so facilitate plans for the reduction of staff. We are informed that, in the opinion of the Treasury, both economy and greater efficiency have been obtained by these changes.

The increases in this Vote are due to the following factors :—

1. The progressive increase in past years in the pensionable establishments of the Civil Service.
 2. Increased rate of pension and additional allowances due to the admission of 75 per cent. bonus as a pensionable emolument.
 3. An increase in the number of pensioners due to the exceptional number of retirements prior to the 1st September, 1921, explained above.
 4. The increases in certain pre-war pensions under the provisions of the Pensions (Increase) Act, 1920.
4. *Injury Grants.*

It will be seen from the table at the head of this Report that Sub-Head E—Injury Grants—has increased from £2,252 in 1913/14 to £10,000 in 1922/23. These payments are governed by the Workmen's Compensation Acts and similar Statutory provisions.

CONCLUSION.

We do not consider it possible to recommend any course which is likely to lead to a reduction of the amount necessary for these Services. It is inevitable that the growth of the Civil Service should be reflected in the Superannuation Vote for many years

to come. It will be observed, as we have stated at the outset of our Report, that the Provisional Estimate for 1922/23 of £1,280,250 has since been increased to £1,452,472, an increase of £172,222.

APPENDIX (A).

A table is attached showing the total number of retirements on pension of persons in receipt of the Civil Service Bonus (*i.e.*, excluding industrial employees) for the five quarters ending the 30th September, 1921 :—

Departments.	Quarter ending—					Totals.
	Sept. 30, 1920.	Dec. 31, 1920.	Mar. 31, 1921.	June 30, 1921.	Sept. 30, 1921.	
Civil Departments (excluding the fighting and revenue Departments).	94	137	90	130	225	676
Admiralty	20	27	13	19	18	97
Air Ministry	—	1	1	—	1	3
Customs and Excise ...	39	46	46	82	464	677
Inland Revenue	15	8	5	5	50	83
Post Office	353	358	316	510	655	2,192
War Office	15	17	17	11	48	108
Cases in Treasury on 1st October in respect of which awards had not been made.	—	—	—	—	190	190
Total	536	594	488	757	1,651	4,026

Chapter III.

MERCHANT SEAMEN'S WAR PENSIONS.

CLASS VI (4).

	£
1921/22 Estimate	595,485
1922/23 Provisional Estimate	534,600

A revised Estimate has since been furnished amounting to £537,391.

Under schemes initiated in connection with the Marine War Risks Insurance Schemes, the Government undertook to pay compensation, including pensions to widows and allowances to

children, in the case of Merchant Seamen who lost their lives or were injured on British Merchant Ships and Fishing Vessels through War perils. Up to the 31st March, 1921, payments were made from the War Risks Insurance Fund, and on the winding-up of the Fund, provision requires to be made from Votes. The benefits conform generally with those of the Pensions Warrants, and the present basis of awards will be subject to revision in common with pensions under those Warrants in 1923. The capitalised value of the pensions and allowances at present being paid is about £8,250,000.

The number of staff engaged in administering the pensions is estimated at 29 on the 1st April next as compared with 32 on the 1st August, 1921.

This Service is a liability arising out of the War, and we make no recommendation.

Chapter IV.

MISCELLANEOUS EXPENSES.

CLASS VI (5).

The net expenditure under this Vote shows the following comparison :—

1913/14 Net Expenditure	...	...	£
1921/22 Net Estimate	...	...	7,883
1922/23 Provisional Net Estimate	...	...	29,192
			21,553

The Provisional Estimate for 1922/23 has since been reduced to £12,479—a saving of £9,074.

This is a Vote composed of heterogenous items which do not conveniently fall under other Votes.

There is only one item on which we comment, viz., a provision of £5,000 for a Grant-in-Aid to the Empire Parliamentary Association. A similar sum appeared in the Estimates for 1921/22. We understand that this Association was formed in 1911 for the purpose of facilitating the exchange of information and visits and to provide a ready means of intercourse between Members of the different Parliaments of the Empire. Its Headquarters are at the House of Lords, where all information connected with Dominion Parliamentary and public affairs is collected and made available for Home and Dominion purposes.

Financial Position.

In the year 1919/20, the Association first asked for a Grant-in-Aid. Their working expenses were calculated to be as follows :—

	£
Fees to writers	1,090
Printing	1,160
Office staff and expenses	2,750
	5,000

In 1919 and in subsequent years, the House of Commons voted £5,000 as a Grant-in-Aid, which thus covers the working expenses of the Association. We understand that voluntary subscriptions only amount to some £400 a year and are allocated to hospitality purposes. We are informed that the Treasury have recently reviewed this grant and propose that, in 1922/23, it should be reduced by 20 per cent. to £4,000.

There will therefore be a saving of £1,000, in addition to the £9,074 by which the Provisional Estimate has been reduced in the Revised Estimate.

Chapter V.

NATIONAL SAVINGS COMMITTEE.

CLASS VI (8).

There was no similar expenditure in 1913/14, but the following table shows a comparison of the Estimates for 1921/22 and 1922/23 :—

	Estimate 1921/22.	Provisional Estimate 1922/23.
	£	£
Salaries, Wages, &c....	72,412	59,700
Travelling and Subsistence	12,000	10,500
Incidentals	750	700
Expenses of Local Committees	15,000	10,000*
Advertising	500	250
Special Propaganda	1,000	250
	101,662	81,400

The Provisional Estimate for 1922/23 has since been increased to £88,247—an increase of £6,847.

We are informed that this organisation, which deals with the sales of Savings Certificates, is regarded as valuable by the Treasury, who hope that it will remain a permanent part of the financial machinery of the State. Its object is to encourage saving by offering special facilities to the small investor in Government Securities, and it aims at fostering a habit of saving

* Includes £2,000 for Ireland.

which grew up during the war under the War Savings movement. Its usefulness has been strongly emphasised by two expert and authoritative Committees and its record in the form of sales of Savings Certificates is shown in the table attached (Appendix (A)).

Staff.

The following table shows the number employed at Headquarters:—

	August 1, 1921.	April 1, 1922.
(a) Permanent	40	52
(b) Temporary	228	152
	268	204

Of the staff of 268 in August 1921, only 40 held permanent posts, and of these 32 are pensionable. The staff position has been carefully watched in order that the numbers might always be kept in strict proportion to the volume of business, and as a result of a recent review, it was expected that, by the beginning of 1922/23, the staff will have been reduced to 204.

Apart from the Headquarters staff, the work throughout the country has been carried out by a large body of voluntary workers, numbering over 200,000, who carry on the work of 1,700 Local Committees and 25,000 Associations or Savings Clubs. Further new Associations are being formed at an average rate of 90 per month among Factories, Works, Schools and social organisations.

CONCLUSION.

We are of opinion that this system and organisation brings in real savings very largely contributed from sources hitherto untapped and that it encourages thrift. In these circumstances, we recommend the continuance of the organisation provided that the Headquarters staff is constantly kept under review. We assume that the sum of £2,000 included for the expenses of Local Committees in Ireland will be removed from the Vote for 1922/23.

APPENDIX (A).

TABLE showing Sales of Savings Certificates.

	Number Sold during Year.	Cash Value.	Withdrawals, excluding Interest.	Net Cash Total.
	£	£	£	£
1916	54,430,604	42,183,718	287,448	41,896,270
1917	86,465,571	67,010,817	3,135,733	63,875,084
1918	139,804,879	108,348,782	6,286,991	102,061,791
Totals 1916/18 ...	280,701,054	217,543,317	9,710,172	207,833,145
1919	101,952,837	79,013,449	19,864,618	59,148,831
1920	57,787,499	44,785,311	31,829,879	12,955,432
1921 (to June) ...	25,640,274	19,871,212	13,254,464	6,616,748
Totals 1919-June 1921.	185,380,610	143,669,972	64,948,961*	78,721,011
Grand total ...	466,081,664	361,213,289	74,659,133	286,554,156

* The total withdrawals over the whole period (£74,659,133) are of course in respect of a total issue of £361,213,289 certificates, and bears no relation to new certificates taken out in a given year.

The total outstanding at the beginning of 1921 was £279,937,408. During the six months to June 1921, a further £19,821,212 was invested and £13,254,464 withdrawn.

Chapter VI.

IMPERIAL WAR GRAVES COMMISSION.

CLASS VI (9).

	£
1920/21 Estimate	1,491,000
1921/22 Estimate	605,400
1922/23 Provisional Estimate	1,407,092

1. The Commission is an Imperial body established under Royal Charter with the duty of constructing and maintaining the graves of Imperial Service personnel who fell in the Great War, numbering some 600,000. It is financed jointly by the British and Dominion Governments in proportion to the number of graves for which each would ordinarily be responsible.

Apart from the cost of a small staff (4 in number) and of the acquisition of sites in this country which is a purely United Kingdom charge, the Vote is required to provide the British

share, provisionally fixed at 81·52 per cent. of the common expenditure. This share is given in the form of a Grant-in-Aid which, when voted, is paid into the common fund and is not subject to Treasury control, although the Treasury is represented on the Commission's Finance Committee. Any unexpended balance at the end of the year is carried forward or applied to reduce the Grant-in-Aid for the following year.

The original Estimates of common expenditure were as follows :—

	£
1920/21	2,787,000
1921/22	2,366,720
1922/23	2,316,000

2. The staff employed is :—

	August 1, 1921.	April 1, 1922 (estimated).
Administrative, Technical and Clerical	1,180	1,095
Industrial	1,367	1,948
Total	2,547	3,043

The numbers proposed for 1922/23 will be distributed as follows :—

Headquarters :

Administrative, Technical and Clerical	591
--	-----

Abroad :

Administrative	13
Technical and Clerical...	491
Industrial	1,948
Total	3,043

3. The work of the Commission has not yet reached its maximum activity and we are informed that owing to unavoidable delays the rate of progress has been much slower than was anticipated, and that falling prices and economies have enabled the average contract cost per grave to be reduced from £10 to £7 10s. The actual common expenditure for 1920/21 was £965,000 only, and the revised estimates of common expenditure recently furnished for the subsequent two years are :—

	£
1921/22	1,441,113
1922/23	1,863,000

As a result a balance of £1,079,000 is estimated to be carried forward on the 31st March next and the Commission have further agreed, on the representation of the Treasury, that the expenditure in 1922/23 should be limited to £1,750,000. These alterations will reduce the sum required from the Exchequer next year to £356,701.

We have not examined the common expenditure in detail, but we would point out that it materially concerns the United Kingdom Taxpayer who contributes 81·5 per cent. of the total. We are assured that the arrangements for consultation between the Commission and the Treasury are considered to be satisfactory.

We do not suggest any alteration in the reduced Estimate of £356,701 now proposed, which represents a reduction of £1,050,391 upon the Provisional Estimate.

Chapter VII.

NATIONAL INSURANCE AUDIT DEPARTMENT.

CLASS VII (7).

The following table shows a comparison of the expenditure for 1913/14 and the Estimates for 1921/22 and 1922/23 :—

Sub-Heads.	Audited Expenditure, 1913/14.	Estimate, 1921/22.	Provisional Estimate, 1922/23.
	£	£	£
(A.) Salaries, &c.	69,882	208,020	182,580
(B.) Travelling expenses, &c.	9,186	9,500	9,000
(C.) Incidental expenses	2,269	1,200	1,200
Gross Total	81,337	218,720	192,780
(D.) Appropriations-in-Aid...	—	1,450	—
Net Total	81,337	217,270	192,780

The Provisional Estimate for 1922/23—£192,780—has since been reduced to £183,180—a saving of £9,600.

This Department was created in 1912, in accordance with the provisions of the National Insurance Act, 1911, to conduct the audits of all the Approved Societies and Insurance Committees and we understand that Government Audit is the main instrument by which the administration of the complicated Health Insurance scheme by thousands of Societies and branches is kept on reasonably uniform and efficient lines.

Staff.

The following table shows the numbers employed :—

	August 1, 1914.	August 1, 1921.	April 1, 1922.
(a.) Permanent	544	482*	497*
(b.) Temporary	236	17	—
Total	780	499	497

* Includes 11 officers lent to other Departments.

The decrease of staff since August 1914 from 780 to 497 is almost entirely due to the completion of the initial work of organising the Approved Societies. That work involved the engagement of a large amount of clerical assistance at low rates of pay and the reduction in numbers is therefore not reflected proportionately in the cost.

The numbers of staff for the year 1922/23 are those which the Treasury are satisfied are required for the work of full audit in a normal year, including the work for the quinquennial valuations. We are assured that any modification of the audit would involve more loss of efficiency in the accounts of the Approved Societies than it would mean saving on the reduced Audit Staff. We think that this staff should be kept constantly under review. An amalgamation of small Societies would result in a decrease in the number of audits and a saving in staff.

We are of opinion that the cost of this audit should be borne by the Approved Societies and should be charged as an " administrative expense " towards which the State would contribute its ordinary proportion of 2/9ths. The State contribution would thus be about £40,000 for 1922/23, a saving of approximately £140,000.

Chapter VIII.

ROAD FUND.*

This Fund is not an ordinary Supply Service. Prior to the establishment of the Ministry of Transport the Road Fund was administered by the Road Board, and was financed by assigned revenues derived from the Motor Spirit and Carriage Licence Duties. These revenues were withdrawn during the war. In 1920/21 the Fund was again assigned the revenues of the Motor Spirit and Carriage Licence Duties during the first nine months of the year, after which the net proceeds of the new tax on

* With your approval the Chairman of the Committee took no part in the consideration of this subject or in framing the above report in view of the fact that he himself was the Minister of Transport.

mechanically-propelled vehicles has been paid into the Fund in accordance with provisions in the Roads Act, 1920.

The amount of the net receipts of the Road Fund from taxation available for expenditure on Road works during the last two years is estimated as under :—

	£
Year ending 31st December, 1921 ...	8,450,000
Year ending 31st December, 1922 ...	8,388,000

The purpose of the Fund is to make grants and loans to Highway Authorities throughout the country in aid of the expenditure incurred by them in the construction, maintenance and improvement of roads and bridges. For the purpose of enabling the contributions towards maintenance to be equitably distributed the roads of the country have been classified, and during the last year 50 per cent. of the approved expenditure on maintenance of Class I, roads, was borne by the Exchequer, and 25 per cent. of the expenditure on Class II, roads. Nothing is given to other roads.

We find that in every case where grants have been made a definite limit of money has been fixed by the Ministry of Transport, so that in no case has the State incurred an unlimited liability.

The assignment to road purposes of the proceeds of motor taxes was in the nature of a bargain with motor users, and while this bargain stands we do not feel that we can make any recommendation.

Chapter IX.

STATE MANAGEMENT DISTRICTS.

(FORMERLY LIQUOR CONTROL BOARD.)

	£
1920/21 Estimates (Liquor Control Board)	305,000
1921/22 Estimates (Liquor Control Board)	172,540
1922/23 Provisional Estimates	159,935

1. A sum of £138,000 is the estimated extra receipts payable to the Exchequer in 1922/23 in connection with this Service. The expenditure is divided as follows :—

	1921/22. £	1922/23. £
Salaries and Expenses of Central Staff	22,040	6,435
Acquisition of Licensed Premises and Additions and Improvements (Capital Expenditure) ...	150,000	153,500

The cost of actually conducting the business on the spot is charged to the Trading Account.

2. During the war the State undertook the direct control of the Liquor Traffic in four areas—Carlisle, Gretna, Cromarty Firth and Enfield Lock—with the object of maintaining the greatest possible efficiency of the munition workers in those areas. The retail sale of intoxicating liquor was taken over, full compensation being paid to the trade, so that within the areas there is now a virtual State monopoly of the retail liquor traffic. In the Carlisle area breweries have also been taken over. The administration was originally carried on by the Liquor Control Board. On the termination of the Board its functions have been transferred under the Licensing Act, 1921, to the Home Office and Scottish Office acting jointly.

We have been furnished with a statement of the assets and liabilities of the whole undertaking as at the 31st March, 1921, together with a Profit and Loss Account, from which it appears that the total capital employed was approximately £1,270,000, of which over £1,000,000 represents capital assets, and that during the year 1921 a profit of about £138,000 was made. The total profit made during the period from the 1st April, 1918, to the 31st March, 1921, one mainly of good trade, amounts to £464,000, representing approximately 12½ per cent. on the average capital employed during that period. This profit is arrived at before making provision for interest on capital provided by the Exchequer, Excess Profits Duty and Income Tax which would have been payable by a private firm.

3. The original object for which this trading operation was undertaken no longer exists and there does not appear to be any reason for its continuance as a State undertaking, except for the purpose of making an experiment in the direct administration of the liquor traffic. We are informed that the scheme is not intended to be primarily profit making, but that its present as well as its original aim is the provision of food and drink under model conditions.

The Licensing Act, 1921, provides that if the Secretary of State or the Secretary for Scotland is satisfied that any property vested in him by the Act is no longer required, he may sell or otherwise dispose of it in such manner as he may think fit. That Act also provides that until Parliament otherwise determines, the existing State Management Schemes may be continued. The Home Office state that, subject to further consideration as regards the Enfield Lock area, which does not appear to be profitable, it is intended to continue all the existing Schemes.

We do not enter into the political or social reasons for this experiment, but in view of the results, so far obtained and of the risk of loss in future years its continuance as a State undertaking would not appear likely to afford any special financial advantage to the Taxpayer.

4. We observe that the Estimate includes a provision of £153,500 for the acquisition of Licensed Premises as well as capital addi-

tions and improvements. Of this amount £53,500 is for compensation and adaptation in connection with premises already acquired and £100,000 to acquire further premises. We understand that the object of the proposed purchases is to complete the State monopoly in the Carlisle area, but we do not think that in present financial circumstances any further expenditure of this kind should be incurred.

PART XVII.

AFTERMATH OF THE WAR SERVICES.

INTRODUCTORY REMARKS.

In this part of our Report we deal with the following Aftermath Services in respect of which there was no corresponding expenditure in 1913/14 :—

Disposal and Liquidation Commission (formerly Ministry of Munitions).

Shipping Liquidation (formerly Ministry of Shipping).

Railway and Canal Agreements.

Treasury Securities Deposit Scheme.

Coal Mines Deficiency.

The expenditure under these five Votes, estimated to amount in 1922/23 to £44,000,000, forms part of the special expenditure to be set against Special Revenues in the Budget.

In our second Interim Report we suggested that it might be desirable to remove from the Trade Departments the work of an Aftermath nature now performed by them, and to group it together with the work of the Disposal and Liquidation Commission in a single Department. By this means the permanent Departments would be put upon a normal permanent basis of expenditure, and the work and cost of liquidation would be readily controlled and kept prominently under review. Theoretically we think that this would be desirable. We append at the end of this Part a Memorandum (Appendix (A)) furnished by the Treasury analysing the Aftermath Services referred to in our second Interim Report on Trade Services. While we recognise that the matter is mainly one of administration, and that there may be administrative difficulties in the way of altering existing arrangements, we are of opinion that it would be desirable for the reasons already stated, if these services could be grouped together under a single Minister, so far as such a course may be administratively practicable and economical, and we recommend that the Government should consider such an arrangement, with consequent modification of the Votes concerned to which we have not given effect.

We proceed to deal, *seriatim*, with the Estimates set out in the table above.

Chapter I.

DISPOSAL AND LIQUIDATION COMMISSION.

(FORMERLY MINISTRY OF MUNITIONS.)

	£
1920/21 Net Estimates	18,336,000
1921/22 Net Estimates	7,600,000
1922/23 Estimates—	
Gross	5,900,000
Net	4,500,000
Reduction in 1922/23 as compared with 1921/22	3,100,000

1. The gross expenditure, amounting to £5,900,000, is subdivided as follows :—

Salaries, wages and expenses of staff—

	£
Headquarters	300,000
Ex-Headquarters (mainly industrial)	600,000
Non-effective charges... ..	38,000
Transport and storage	2,500,000
Liquidation	2,462,000

2. Disposal Expenditure.

Apart from a liquidation staff, now numbering forty-seven and costing £20,000 in 1922/23, the provision for salaries and wages is for the staff engaged under the Disposal Board. The numbers are as follows :—

	September 1921.	April 1922.
Headquarters	1,550	1,200
Ex-Headquarters	4,750	5,060
	(4,200 industrial)	(4,500 industrial).

The Disposal Board is engaged in the sale of Government property declared to be surplus since the Armistice, and its functions and policy have been fully described in papers presented to Parliament in 1920 and 1921 (Cmd. Papers 850 and 1412). The total sales effected from the date of the Armistice to the 30th June, 1921, amount to £582,000,000, and although the depression of trade has seriously retarded the progress of the work and has made it difficult in many cases to carry out previous contracts, ordinary weekly sales by auction, tender and private treaty, are even now realising on the average £350,000 per week. Surplus stores are still being notified to the Disposal Board of an average value of about £300,000 per week, and it is now estimated by the Commission that the receipts in 1922/23 may amount to £35,000,000. The surplus stocks for disposal will be appreciably increased if the recommendations made in our first Interim Report upon the Fighting Services are adopted by the Government.

Apart from ordinary current sales, block sales have been effected by the Board of motor transport, textiles, ferrous materials, brass scrap, chemicals and explosives.

We are not in a position to criticise the organisation and expenditure of the Board in detail. We think that block sales of the property remaining for disposal should be effected wherever such a course appears to be possible and economical. It is however, desirable that the work of valuing and selling all the stores in the hands of the Board should be pressed on as rapidly as possible during 1922/23 so far as market conditions permit. The Statutory existence of the Disposal and Liquidation Commission terminates on the 31st March, 1924, and we recommend that the Government should consider the fixing of a date in 1922/23 after which no further stores should be notified by Departments to the Disposal Board, and pre-war methods of disposal restored, so that it may be possible to wind up this Department finally within the prescribed period.

3. Liquidation Liabilities.

The provision of £2,462,000 is for the purpose of completing the settlement of the war contracts of the Ministry of Munitions. During the period from the 1st April to the 31st December, 1921, the number of outstanding accounts has been reduced from 1,247 to 478, and we are informed that a considerable amount of preliminary work has been done upon the remaining Accounts, and that it is hoped to complete it during 1922/23.

The money provision to be made can only be estimated conjecturally as the expenditure will depend to a considerable extent upon the result of negotiations with Contractors and litigation. It is expected that towards the gross expenditure shown above, receipts amounting to £1,400,000 will be obtained in respect of the repayment of advances made by the Ministry of Munitions to Contractors during the war and interest thereon.

We make no recommendation.

Chapter II.

SHIPPING LIQUIDATION.

(FORMERLY MINISTRY OF SHIPPING.)

	Net Expenditure as shown in the Estimates.	Extra Receipts payable direct to the Exchequer.
	£	£
1920/21	16,298,825	23,628,000
1921/22	5,445,600	7,500,000
1922/23	2,981,700	2,811,000
Reduction of expenditure in 1922/23 compared with 1921/22	2,463,900	

1. The expenditure is divided as follows :—

	1921/22. £	1922/23. £
Salaries and expenses of staff—		
Headquarters ...	129,450	80,450
Outposts ...	25,150	5,250
Liquidation expenses in respect of requisitioned and other vessels ...	13,351,000	5,655,000
Liquidation expenses in respect of shipbuilding and shipyard schemes ...	304,000	65,000
Miscellaneous ...	26,000	26,000
Gross Total ...	13,835,600	5,831,700
Appropriations-in-Aid (receipts due in respect of liner requisition and other schemes) ...	8,390,000	2,850,000
Net Total ...	5,445,600	2,981,700

2. The numbers of staff compare as follows :—

September 1, 1921	...	349
April 1, 1922	...	314

It is anticipated that the staff will be reduced during 1922/23 to 200.

We are informed that the work remaining to be completed is :—

1. The examination and settlement of Accounts with Allied, and Dominion Governments and Shipping Companies, including certain cases in which arbitration proceedings or litigation are pending.
2. The collection of instalments due on the purchase of vessels.
3. The general closing of Accounts and their presentation to Parliament.

On the termination of the Ministry of Shipping and the Office of the Shipping Controller under the Ministries of Munitions and Shipping (Termination) Act, 1921, the Department was placed as regards Ministerial control and responsibility to Parliament under the Board of Trade. The actual administration is conducted with the assistance of an Advisory Committee consisting of the late Shipping Controller and other Shipowners formerly associated with the Ministry.

3. Liquidation Expenses in respect of Requisitioned and other Vessels : £5,655,000.

Included in this item is a sum of £258,000 on account of the current expenses in respect of certain Prize and Detained vessels not yet disposed of. The balance is required to discharge the liabilities of the Department to Shipping Companies and others

for the running expenses, repairs and reconditioning of vessels now sold or released. The precise amount required is somewhat conjectural as the payments to be made depend on the rendering of Accounts by the firms concerned, and the settlement of the State liability in disputed cases.

4. *Liquidation Expenses in respect of Shipbuilding and Shipyard Schemes* : £65,000.

This item represents the clearing up of outstanding liabilities in connection with the Standard Shipbuilding Programme and Shipyard Schemes undertaken by the Government during the war.

5. *Miscellaneous Expenses* : £26,000.

This amount represents provision for losses on exchange, the winding-up of Offices abroad, and other contingencies.

6. *Extra Receipts* : £2,811,000.

These receipts, which will be paid direct to the Exchequer, are the amounts due to the Government, which are expected to be received during 1922/23, in respect of the sales of vessels already made and payments by Allied and Dominion Governments for services rendered to them during the war.

We are informed that the work of the Department will not be finally completed by the 31st March, 1923, but that after that date it is anticipated that further expenditure amounting to £2,000,000 will be incurred, and receipts obtained of £6,000,000.

We have not investigated the staff in detail. The cost appears to be small in relation to the turnover, and we make no recommendation.

Chapter III.

RAILWAY AND CANAL AGREEMENTS.

	£
1920/21 Estimate	45,400,000
1921/22 Estimate	75,000,000
1922/23 Provisional Estimate ...	31,510,000
Reduction in 1922/23 as compared with 1921/22	43,490,000

This expenditure represents the Liquidation of Liabilities under Agreements relating to war-time control of Railways and Canals in Great Britain and Ireland.

The cost of administration is included in the Ministry of Transport Vote, and is not capable of exact ascertainment. An estimate, however, places the cost, including rent, postage, &c., at £23,690 for 1922/23.

The sum of £31,510,000 included in the Estimate for 1922/23 is made up as follows :—

	£
Second moiety of lump sum payment to Railway Companies in Great Britain, under Section 11 of Railways Act, 1921	30,000,000
Second moiety of lump sum payment to Railway Companies in Ireland, under Irish Railways (Settlement of Claims) Act, 1921 ...	1,500,000
Provision against certain remanent payments	10,000
	31,510,000

The lump sum payments, provided for under the statutes mentioned, were in discharge of liabilities arising at the termination of control. The Government remains liable for that part of the compensation which under the agreements and arrangements entered into during the war was payable currently during the control period.

Payments on account of this liability have been made, throughout the period of control, on the basis of monthly estimates submitted by the Companies. These provisional payments on account are subject to adjustment on audit, and the Ministry of Transport is still engaged on the detailed investigation of the claims which must precede a final settlement of the Government's liability. The claims are in various stages of investigation, and many claims have not yet been compiled by the Companies concerned in a form suitable for audit. While the bulk of the Government's cash liability has probably been liquidated by provisional payments made on the basis of estimates furnished by the Companies, the necessity remains of completing the investigation and audit of the Companies' substantive claims before final settlement can be reached.

The cost of the staff is small compared to the money involved.

We can make no recommendation with regard to this Vote other than the general recommendation as to combining the liquidation of claims of this nature. We consider that this service should be transferred either to the Liquidation Department or to the Treasury.

Chapter IV.

TREASURY SECURITIES DEPOSIT SCHEME.

	£
1920/21 Estimate	1,578,500
1921/22 Estimate	889,137
1922/23 Provisional Estimate ...	38,600
Reduction in 1922/23 as compared with 1921/22	850,537

This Vote arises out of arrangements made during the war whereby certain securities were borrowed from English holders and pledged in America as collateral for loans raised there. Under the scheme all securities borrowed were to be returned by the 31st March, 1922, and we understand that this is being effected.

Owners of securities so borrowed received by way of consideration additional interest at the rate of $\frac{1}{2}$ per cent. per annum. The Estimate for 1922/23 provides for a small remanet for paying this additional interest in cases in which dividend warrants cannot be cleared until after the 31st March next, together with a small provision for the payment of sums due to agents.

We understand that this office will close during the early part of 1922/23, and in the circumstances we make no recommendation.

Chapter V.

COAL MINES DEFICIENCY.

	£
1920/21 Estimate	15,000,000
1921/22 Estimate	3,000,000
1922/23 Provisional Estimate ...	5,000,000
Increase in 1922/23 as compared with 1921/22	2,000,000

This expenditure arises out of arrangements made by the Government under Statute for the control of the Coal Mines during and after the war. The provision required for 1922/23 consists of two items.

The first, amounting to £3,000,000, is for recoupment to Mine-owners of sums due to them under the Coal Mines Control Agreement (Confirmation) Act, 1918, in respect of their guaranteed standards during the period ended the 31st March, 1919. The estimated expenditure under this Act up to the 31st March, 1922, is £4,900,000, and besides the sum now asked for a further £1,000,000 may be required after 1922/23. The Taxpayer also provided £6,300,000 on account of increased wages under the Sankey Award in the period ended the 31st March, 1919, so that the total expenditure in respect of that period may amount to £15,200,000.

The second item, amounting to £2,000,000, is for advances to keep the Coal Mines Emergency Act Account in funds. This account, which was established by the Emergency Act of 1920 as from the 1st April, 1919, receives Coal Levy (excess profits) and distributes to Mines, which during the period of control have failed to earn their standard profits, sums to meet the deficiency. These deficiencies were increased during the latter months of control by the depression of trade, and, owing to the same cause

and to the Coal Dispute, the receipts from Coal Levy have fallen short of expectations and have been delayed. It has been, and still remains, necessary, therefore, for the Exchequer, under the Act, to place the account in funds to meet the Statutory payments, and the advances already made for this purpose and to be made in 1922/23 will amount to a total of £26,000,000.

As against this expenditure a sum of £1,000,000 has been recovered, and it is expected that a further £6,000,000 will be repaid to the Exchequer in 1922/23 or subsequently.

The net cost to the Taxpayer of the statutory control of the Coal Mines may therefore be put at £34,200,000, apart from the subvention costing £7,100,000 granted upon the termination of the Coal Dispute.

The expenditure provided in the Estimates for 1922/23 is determined by Statute, and we make no recommendation.

APPENDIX (A).

MEMORANDUM BY THE TREASURY ON CERTAIN AFTERMATH SERVICES.

The Aftermath Services, other than the Disposal and Liquidation Commission, mentioned in the Interim Report on Trade Services, may be analysed as follows:—

(1) Disposal of Surplus War Property.

The only Service of this nature which will remain in 1922/23 under the Board of Trade is the Timber Supplies Department. It would no doubt be possible to transfer the actual disposal of the small remaining stocks to the Disposal Board, but the Board of Trade must presumably continue to be responsible to the Public Accounts Committee for the Trading Account, and the change would, therefore, in addition to the disturbance of continuity, lead to some increase of interdepartmental correspondence. The remainder of the work of the Department, dealing with the liquidation of claims, &c., could hardly be transferred without serious loss of experience. The general administration of Timber Supply Services has suffered in the past from being in the hands of four Departments successively.

(2) The Winding-up of Accounts.

(a) Shipping Liquidation.

This is a self-contained Department with a separate Vote, and the question is, therefore, mainly one of Ministerial control and responsibility to Parliament. As regards actual administration, the Department receives most valuable help from an Advisory Committee, consisting of the late Shipping Controller and other Shipowners formerly associated with the Ministry of Shipping. On the termination of the Ministry and the Office of the Shipping Controller under the Ministries of Munitions and Shipping (Termination) Act, 1921, Parliamentary responsibility

was transferred to the Board of Trade, and it is not considered desirable to disturb this arrangement. The work will continue for about two years.

(b) *Liquidation of the Coal Mines (Confirmation) Act Account and the Coal Mines Emergency Act Account.*

This work is now being done by a staff of about 70 in the Mines Department, and no reduction will be possible before the end of 1922/23. It is possible that on the termination of the separate Mines Department, this staff might be transferred to the Liquidation Board, if it can be separated. The work is technical and requires continuous knowledge of the numerous changes made during and since the war.

(c) *Railway Accounts.*

Similar considerations apply to these Accounts, now being examined by the Ministry of Transport.

(d) *Food Liquidation.*

This Department will cease to exist in 1922/23. Apart from outstanding claims, the most important of which may involve litigation, the work will consist of the completion of the Trading Accounts. It will be necessary for the Accounting Officer of the Board of Trade to explain and defend these Accounts to the Public Accounts Committee, and no transfer of responsibility Accounts, no change is considered desirable at this late stage.

(e) *Wheat Accounts.*

The final winding-up has been placed under the supervision of a reconstituted Wheat Commission, including Lord Crawford, Chairman of the original Wheat Commission, the Accounting Officer of the Board of Trade and a Treasury Representative. The main financial questions outstanding are concerned with the settlements with the Allies in respect of Inter-Allied trading transactions and a number of claims which are likely to involve litigation. Apart from this, the work will chiefly be the completion of the Trading Accounts and their presentation to the Public Accounts Committee. As in the case of the Food Accounts, no change is considered desirable at this late stage.

(f) *War Risks Insurance Accounts.*

This is merely a staff of three persons engaged in the final settlement of marine claims and the completion of the Trading Accounts, and the same considerations apply.

(3.) *Post-War Services more or less arising out of the War.*

(a.) *Enemy Debts Clearing Office.*

This Service arises under the Treaties of Peace, and accounts for the bulk of the aftermath staff under the Board of Trade. As the cost is met by fees, the net Vote is not affected, and the question is, therefore, one of Ministerial control and responsibility. On the institution of the Office, it was decided that

the Board of Trade, as the Department responsible for the interests of British Traders generally, and under the Peace Treaties in particular, should be responsible for this Service, the object of which is to secure by Clearing House arrangements the repayment to British traders of the pre-war debts of ex-enemy nationals. It is considered that any alteration of these arrangements would be most undesirable.

(b.) *Zinc Concentrates and Spelter.*

The contracts for the purchase of Australian Zinc Concentrates and Spelter continue till June 1930, so that they are not suitable for transfer to a temporary Department. It is understood that they were entered into by the Board of Trade in 1916/17 as part of a policy then contemplated for the establishment in this country of the Zinc Smelting Industry, which before the war was largely under German control. The actual sales are conducted by the Zinc Producers' Association and the British Metal Corporation, as agents for the Government, so that little departmental work is involved. It is considered that the Board of Trade should retain the responsibility for the policy underlying the original contracts and for the general control of sales; as well as for such modifications of the contracts from time to time as may be desirable and possible.

(c.) *Russian Claims Department.*

This work was entrusted to the Board of Trade as the Department responsible for the commercial negotiations with Russia. The acknowledgment by the Russian Government of liabilities for these claims so far as they are established will presumably be a condition of any general settlement with Russia, and there would appear to be no advantage in transferring the register of the claims, which is more or less complete, to another Department.

(d.) *Reparation Claims Department.*

This Department is now engaged in furnishing Lord Sumner's Commission with particulars of the claims to compensation for damages made by individuals or firms which are to be paid out of the sum of £5,000,000 to be allocated out of the first Reparation receipts. While this Service has no close connection with the general work of the Board of Trade, it is hardly of a character suitable for amalgamation with any liquidation work, and no alteration in its present location seems to be called for.

It may be added that the cost of concentrating all the foregoing staffs in one building would be very heavy, and no compensating reduction in accommodation or rents would be secured. Moreover, the work of removal would divert the Office of Works' staff from other concentration work productive of economy, and the anticipated reductions in the Liquidation staffs themselves would be delayed as a result of the temporary dislocation of work.

The conclusion which, it is suggested, follows from the above analysis is that there would be no case for the establishment of any new Liquidation Department, but that, if it is desired on the winding-up of the Ministry of Transport and the Mines Department to relieve the Board of Trade of some of the duties which would otherwise fall upon it, the disposal of the remaining timber stocks might be transferred, though not without some counter-vailing disadvantages, to the Disposal Board, as agents of the Board of Trade, and the final liquidation of Railway Accounts, and possibly Coal Mines Accounts, might be placed under the Liquidation Board of the Disposal and Liquidation Commission.

PART XVIII.

PAY.

INTRODUCTION.

1. In dealing with the Estimates of the various Departments, we have, as explained in the reports on those Departments, refrained from commenting on the question of the pay of Government servants, as we felt that this subject is one which could not conveniently be examined Departmentally, but required consideration on broader grounds so that the relative positions of the various classes could be reviewed.

The State employs directly approximately 891,000 persons, and they may be divided into the following classes:—

Fighting Services—

Navy	...	...	...	122,000	
Army	...	...	...	210,000	
Air Force	...	...	...	30,000	
					362,000

Civil Service—

Supervisory, Technical, Clerical	...	...	...	...	160,800
Messengers, Porters, Charwomen and similar Grades	...	...	...	...	20,000
Manipulative Staff, such as Postmen, Sorters, &c.	...	...	...	...	191,700
Industrial Staff	...	...	...	...	156,500
					891,000

In addition to the direct employees of the State, the Exchequer is responsible to a very large extent for the salaries paid to the Teaching Profession and to the Police, which number 211,000 and 60,000 respectively.

The total salaries for which the State was responsible either in whole or in part, on the basis of the rates of salary and bonus current on the 1st September, 1921, were equivalent to £257,000,000 per annum. Of this amount £227,000,000 represented Exchequer liability. The total corresponding salaries borne by Exchequer and Rates amounted to approximately £90,000,000 before the war.

Obviously the question of pay is one of great importance, affecting, as it does, nearly 1,200,000 individual employees, and every Taxpayer in the country.

In such an investigation as ours, it is not practicable to do more than survey the position on broad general lines; elaborate machinery exists for dealing with rates of pay and conditions of service, and detailed examination of the various classes must be deferred until all the considerations can be fully argued and examined.

It is exceedingly difficult to review on any ordinary basis, or to attempt to make any immediate saving in, the pay of

certain sections of State servants for reasons which appear later. The question is extraordinarily technical and complicated, and our remarks must therefore be considered as general only, and must not be treated too meticulously.

How Rates of Pay are Regulated.

The procedure under which the rates of pay of various classes of State servants are fixed is set out below.

2. *Navy, Army and Air Force.*

The pay and allowances of Officers were revised in 1919 after the whole question had been fully considered by two Committees, one of which was presided over by a member of the Cabinet. It was decided at that time by the Cabinet that of the new rates of pay then fixed for the Officers 20 per cent. only should be considered as due to the high cost of living and should be subject after five years (*i.e.*, in 1924) to change either upwards or downwards, according as the cost of living had risen or fallen in the intervening period, and that there should be revision thereafter every three years, up or down, on the basis of the official food prices index number. The food prices index number at the time the new rates took effect was 109.

The rates of pay and allowances of "other ranks" are set out in Orders in Council and in Royal Warrants and form the bases on which the men enlisted or entered.

3. *Civil Service.*

In the case of the Civil Service, the rates of pay and conditions of service have been reviewed from time to time by various methods. In recent years they have usually, as regards the rank and file, been fixed after discussion on Whitley Councils, or other representative bodies, or as the result of a hearing before the Civil Service Arbitration Board.

4. *Teaching Profession.*

Teachers are not the direct employees of the State, and the State does not determine the rates of pay. These are fixed by the Local Education Authorities, who are the direct employers. The question of the appropriate remuneration for teachers was considered by a Committee, presided over by Lord Burnham, which laid down in 1919 and 1920 scales of pay known as the Burnham scales. These scales, as will be shown later, greatly improved the position of the teachers, and have been adopted by the Local Education Authorities in a large number of cases. The Government did not insist on the application of these scales; but an intimation was made to Local Authorities that grant would be paid on salaries based on such scales.

It is clear from an examination of the various documents that the scales are not fixed immutably. In the case of London they can be reviewed on the 1st April, 1923, and in other cases the statement of the President of the Board of Education limits the recognition of the new scales for purposes of grant up to the period ending the 31st March, 1925.

5. *Police Force.*

The rates of pay for the Police were considered in 1919 by a Committee presided over by Lord Desborough, when a single scale of remuneration was laid down. In this case the Government adopted the recommendations of the Committee and instructed the various Local Authorities to fix the wages of the Police on the Desborough scale, the additional expense falling on the Taxpayer being largely increased. In this way the rates of pay of the Police were made uniform throughout the whole of Great Britain. Hitherto the Metropolitan scale had always been higher than the scale applied in large boroughs, which in turn was generally higher than the rural scale.

Rates of Pay.

We will now deal *seriatim* with the pay in these Services.

6. *Fighting Services: Officers.*

Appendix (A) shows a comparison of the pay of various Officers of the Navy, Army and Air Force in 1914 and 1921. We understand these rates of pay, when fixed in 1919, were intended not only to cover the increased cost of living, but also to enable an Officer without private means to take a normal share in the life of his regiment when first commissioned, and upon attaining the age of 30, to maintain a wife on his pay and allowances.

The present rates of pay were fixed at a time when high rates were prevailing everywhere, and it was stated there was a reluctance to join or continue in the Forces. Conditions have now changed, and all classes of the community have had to adopt a less expensive standard of living.

The following table shows a comparison, as closely as it can be calculated, of the Pay and also of the total emoluments, including the actuarial value of Pension Rights of Officers and Civil Servants at given ages.

Service.	Age.	Rank or Grade.	Pay.	Other Emoluments.*	Total.
			£	£	£
Navy ...	21	Sub-Lieut. ...	183	331	514
Army ...	20	2nd Lieut. ...	238	231	469
Air ...	20	Pilot Officer ...	329	273	602
Civil Service ...	23	Admin. Class ...	200	168	368
Navy ...	30	Lieut.-Comdr. ...	547	352	899
Army ...	30	Regtl. Captain... (married)	428	366	794
Air ...	26	Flight Lieut. ... (married)	529	344	873
Civil Service ...	30	Admin. Class ...	365	242	607
			(average)		

* The "other emoluments" for the fighting services are based on the cash allowances paid when such allowances are not drawn in kind. They also include an estimate of the actuarial value of pension rights. In the case of the Civil Service, bonus is included and calculated on the basis of a cost of living figure 100 per cent. above pre-war, but the bonus is automatically reduced as the index number falls.

7. Other Ranks.

As in the case of the Officers, the rates of pay were revised at a time when high rates of wages were prevailing outside the Services and we understand there was then a difficulty in obtaining recruits.

Appendix (B) shows the actual rates paid to the various ranks in 1914 and in 1921, and these are exclusive of Rations, Clothing, Marriage Allowance and value of Pension Rights. In the case of a single man practically everything is found for him. A married man with two children would receive a marriage allowance of £1 per week on the basis of a cost of living 100 per cent. over pre-war; further a considerable number of men in the Army and Air Force are granted quarters for their families.

It will be observed that the percentage increases in pay range from 100 per cent. to 424 per cent. in certain ranks and are generally speaking now much higher in the Services than the increases in the weekly time-rates paid in Industry generally, which range from 82 per cent. to a maximum of 155 per cent., as set out in Appendix (C). Industrial rates are likely to be further reduced as the cost of living falls.

8. Civil Service.

We have been supplied with the following particulars showing for all Departments in Great Britain the percentage in each salary range in 1914 and 1921, of the total staff, excluding Manipulative and Industrial staffs, Messengers, Charwomen and similar grades. The figures for 1921 include bonus based on a cost of living figure of 100 over pre-war.

Salary Ranges, including Bonus.	1914.		1921.	
	Numbers.	Per Cent. of Total.	Numbers.	Per Cent. of Total.
Up to £200	43,525	74.8	64,416	49.74
£200-£400	10,240	17.6	44,190	34.12
£400-£500	1,668	2.9	6,752	5.21
£500-£750	1,811	3.1	8,737	6.75
£750-£1,000	631	1.1	3,412	2.62
£1,000-£1,200	145	.25	1,106	.85
£1,200-£1,500	106	.18	662	.51
Exceeding £1,500	43	.07	255	.19
Total ...	58,169	—	129,530	—

The effect of the improvement in the standard of remuneration is reflected in this table. There is a reduction in the under £200 range from 74.8 per cent. of the total to 49.7 per cent., which is counter-balanced by increased percentages in the other ranges. The improvement is due partly to bonus granted on cost of living grounds, partly to a revision of basic salaries or wages, and partly to reorganisation of various administrative, executive and clerical establishments, the full effect of which has not yet been

felt. Any further increase of cost on this account, however, will be more than compensated by substantial savings due to reductions of pay in other directions.

The average salary for all the above grades, inclusive of bonus, has increased from £174 to £281, i.e., by 61.8 per cent.

If temporary staff are excluded and the comparison is limited solely to members of the permanent staff, the average salary for all the above grades has increased from £185.6 to £231.3 (exclusive of bonus), and to £370 inclusive of bonus, i.e., by 99 per cent. It should be mentioned in explanation of this figure of increased cost of the permanent staff that under present conditions the bulk of the routine clerical work of the Civil Service is assigned to members of the temporary staff. The average pre-war rate of £185.6 per annum indicated the general level of remuneration of permanent Civil Servants for all classes of work from the highest to the lowest, whereas to a very marked extent the average salary of £231.3 per annum now payable to members of the permanent staff reflects, in general, the standard of remuneration of the better class work.

The pay of the Industrial and Manipulative staffs and of Messengers, Charwomen, &c., has also been considerably improved apart from the application of bonus. The average annual cost for Departments in Great Britain, including bonus, is as under:—

	1914.		1921.		Percentage Increase of 1921 over 1914.
	Number.	Cost per Head.	Number.	Cost per Head.	
Manipulative... ..	186,337	£ 66	191,781	£ 158	139.4
Messengers, Charwomen, Porters, &c.	12,918	47	19,968	114	142.6
Industrial, excluding Woolwich.	79,977	81	117,974	176	117.4

9. Bonus.

The Civil Service Bonus Scheme constitutes machinery for the automatic adjustment of the remuneration of the permanent staff of the Civil Service in accordance with fluctuations in the cost of living. The following scheme was introduced on the 1st March, 1920, but several schemes had already been in operation:—

- 130 per cent. on ordinary remuneration not exceeding 35s. per week.
- 60 per cent. on ordinary remuneration in excess of 35s per week, but not exceeding £200 per annum.
- 45 per cent. on ordinary remuneration in excess of £200 per annum.

The maximum bonus was not to exceed £750, and the scheme provided for a periodical revision at intervals of four months during the first year and six months thereafter on the basis of

an increase or reduction of $\frac{1}{26}$ th of bonus for every five full points rise or fall in the cost of living index figure above or below 130.

From the 1st September, 1921, onwards the bonus of all Officers receiving salaries exceeding £500 per annum has been reduced by a super-cut, with the result that the highest rate of bonus now payable to any Officer is approximately £400. No officer on a salary of £2,000 or more receives any bonus, and bonus is not payable so as to bring total remuneration in any case above £2,000 per annum.

The index figures for each month since March 1920 are set out in Appendix (D), together with the average figures on which the bonus rates were fixed.

10. *Teaching Profession.*

The Burnham Committee fixed standard scales for teachers, with the intention that one of these scales should apply to each area in the country. It was provided that the individual teacher was not merely to enter the appropriate scale at his existing salary, but to be put in the same position on the scale by three successive yearly steps as he would have reached had the scale been in operation during the whole time he was a teacher—a most unusual provision.

The average salary of teachers on the 31st March, 1921, and under the full Burnham Scales compared with 1913/14, are set out in Appendix (E). The individual increases vary from 58 per cent. to 184 per cent. The average salary in elementary schools has increased from £99 per annum to £206 when the scales are fully operative, which will be reached during the next year, an average increase of 169 per cent. These figures apply to England and Wales only, but we understand that in Scotland similar increases have been given. The striking feature about teachers' salaries is that their increases have suffered no check with the large fall in the cost of living and are still automatically increasing.

In considering the pay of teachers it must be borne in mind that "Certificated" teachers, who receive the highest salaries and who form the majority of the profession, have generally spent two years in a Training College largely at the expense of the public. We are informed that in England and Wales £1,350,000 will be paid from Taxes and £350,000 from Rates for the training of teachers in the year 1922/23. Although the work may be exacting, the hours are short, the holidays long and the risk of unemployment slight. Further, they receive pensions paid by the State on a scale approximating to that of Civil Servants.

11. *Police.*

The present scales of Police Pay are those recommended by the Desborough Committee, which reported in July 1919. This

Committee recommended that the scales of pay of Police should be standardised throughout Great Britain, and a comparison of the rates of pay in 1914 and 1921 is set out in Appendix (F).

It will be observed that the percentage increase in the case of Constables in rural counties amounts in some cases to 208 per cent. above pre-war, in Industrial Boroughs to 148 per cent. and in the Metropolitan Police to 133 per cent. The present scales are not subject to any reduction on the grounds of cost of living, as the floating bonus has already disappeared. We have already recommended in our report on Police that the obligation to pay the Metropolitan Police scale of remuneration in County and Borough Police Forces should be cancelled. In our opinion, there is no justification for paying a Constable in a rural County up to £234 per annum and Sergeants up to £292 per annum in addition to the Rent Aid, Boot allowances, free clothing and generous pension terms which are granted to all members of the Police Force. Their emoluments are exceptionally favourable compared with outside rates in skilled occupations.

12. *General Remarks.*

We have dealt in detail with the methods of fixing and the rates of remuneration for the various classes of State servants, showing how in each case their position has improved since 1914. We have also given similar information as regards Teachers and Police to the cost of which the Taxpayer largely contributes.

The improvement in conditions has been by no means uniform, and we give below figures as to the average cost per head and the percentage improvement for the various classes which have been supplied to us. Comparison is, however, not easy where Navy and Army pay is involved, as the actual rates of pay do not by any means cover the whole of the emoluments. In the following table, so far as the Fighting Services are concerned, the emoluments include rations, fuel and light cash allowances for lodgings and servants and in the case of men, clothing and marriage allowance, but nothing has been added for the value of quarters, free medical attendance, travelling concessions, customs privileges and the actuarial value of pension rights.

	Average per Head.		Percentage.
	1914.	1922.	Increase.
Navy—	£	£	
Officers (including Warrant Officers)...	255	485	90·2
Men	75	190	153·3
Army*—			
Officers	330	618	87·3
Men	60	151	151·0
Air Force*—			
Officers	—	603	—
Men	—	158	—
Civil Service†—			
Administrative, Technical and Clerical (permanent and temporary).	174	281	61·8
Ditto (permanent only)	186	370	99·0
Manipulative	66	158	139·4
Messengers, Porters, Charwomen and similar grades.	47	114	142·5
Industrial (excluding Woolwich) ...	81	176	117·4
Teachers‡—			
Elementary Schools	99	266	169
Secondary Schools	174	389	124
Police, Metropolitan§	104	271	160·6

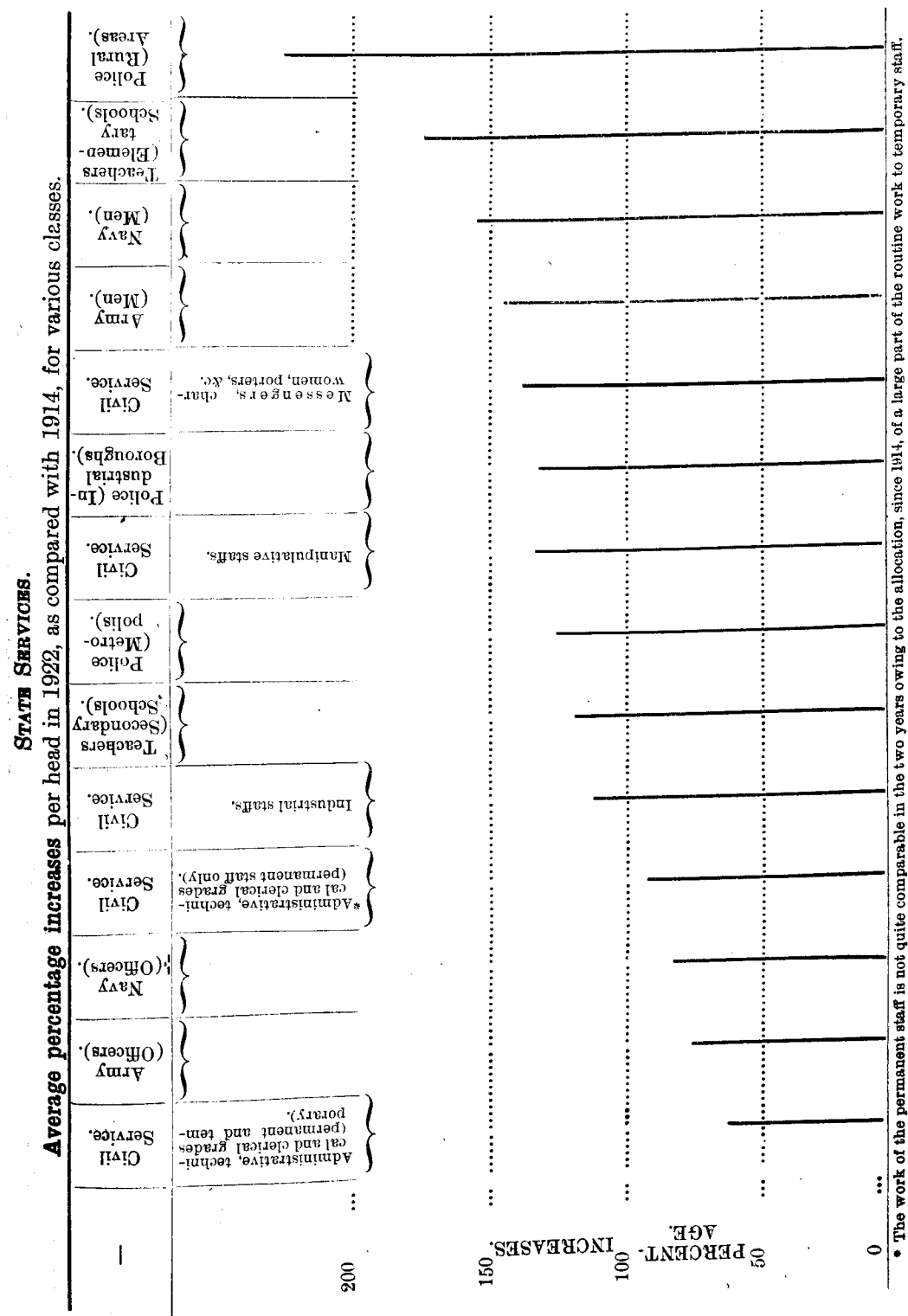
* Homes rates.

† Figures exclusive of actuarial value of pensions, but including bonus.

‡ Figures exclusive of actuarial value of pensions, but including benefits under the Burnham Scales, accruing this year or in 1923.

§ Figures include value of rent, boots, plain clothes and uniform, but not the actuarial value of pensions.

13. The following diagram illustrates the *relative percentage increases* for the various classes :—



* The work of the permanent staff is not quite comparable in the two years owing to the allocation, since 1914, of a large part of the routine work to temporary staff.

The diagram clearly shows that the percentage increases in the case of certain classes are more marked than in the case of others. When we consider the actual emoluments the differences are more striking.

A Second Lieutenant in the Army on joining at 20 years of age now costs the State in one way or another £469 per annum. He has received an outfit allowance of £50. A Civil Servant, on entering the administrative class of the Civil Service cost at 22 or 23 years of age after a University education, would cost £368 per annum including bonus and pension rights valued approximately at £168 per annum.

In order to see how the Fighting Services compare with the Civil Service we have made a test of representative entries into the Higher Division of the Civil Service. We find that the average remuneration at age 30 is £607 per annum of which £242 represent bonus, liable to reduction in accordance with cost of living, and pension rights.

An officer in the Navy at the same age would be a Lieutenant-Commander and in the Executive Branch with full allowances and value of pension rights would cost about £900 per annum. It is true that most of these allowances when afloat are taken in kind, but the allowances when ashore seem to us not to be an unfair basis for an estimate of this kind. Engineering and Medical officers receive additional pay of approximately £70 and £90 per annum respectively.

Similarly an Army Officer in the Combatant arms of the Service at the same age would in ordinary circumstances be a Captain and if married his total cost would amount to £794 per annum. Other Arms receive an additional £54 15s. per annum.

At the lower end of the scale it is therefore apparent that the Higher Division men in the Civil Service even with Bonus have fared worse than their contemporaries in the Fighting Services although they have passed a far higher examination on entrance and join at a later age.

As regards the highest posts in the Services, it is admitted that every service must have a few plums in order to stimulate ambition and secure the necessary reward for ability and hard work.

The following table shows the number of posts in each service of £2,000 per annum and upwards and the ratios these bear to the total personnel :—

	No. of Posts, £2,000 and upwards.	Total Personnel.	Ratio.
Navy	46	122,000	1-2,600
Army	67	186,400*	1-2,800
Air	12	30,000	1-2,500
Civil Service	91	349,000	1-3,800

The Fighting Services thus have a greater proportion of highly paid posts than the Civil Service.

* Excluding Native Troops.

As regards the remuneration of these higher posts the average pay of the six highest posts in the Civil Service is £3,080 per annum. In reviewing the pay of the Fighting Services it is necessary to have regard to allowances which in the case of the Navy are on a liberal scale. Estimates have also to be made as to the value of the houses provided. The average amount of the pay and allowances of the six highest posts in the Navy is approximately £4,187 and in addition the five Commanders-in-Chief each receive an allowance of £2,464 per annum for Table Money. It must also be remembered that most allowances are not liable to Income Tax. For the six highest posts in the Army the average of pay and allowances is £4,513 per annum exclusive of Table Money.

In these comparisons of the highest posts the value of pension rights is ignored as all the services are pensionable services, but it should be mentioned that in the Fighting Services an officer can retire at a much earlier age than the Civil Servant.

It should be added that the total provision for Table Money in the Navy is £77,000 a year and £15,000 for the Army.

14. We have pointed out how the pay of the Fighting Services, Teachers and Police was fixed in 1919 under quite abnormal circumstances and on a general survey we feel that the country cannot continue to support a burden of this magnitude.

We recognise the complexity of the question and the difficulties in dealing with it, some of which we have referred to. We feel, however, that the subject is so far reaching that it calls for a thorough special investigation.

Such an investigation would necessarily have to cover not only the percentage increase, but also the relation of the pay and conditions of service of each grade to its corresponding grade in the public Service and in civil life. It would also have to take into account the contractual obligations existing and the possibilities of introducing new rates of pay and conditions of service for new entrants, also whether provision exists and has already operated to meet the reduced cost of living.

We would also draw attention to the fact that in certain cases, e.g., Government offices in London, the lower grade staff paid on an overtime basis has a normal day from 10 to 5 with an interval for lunch and half-day on Saturday. This is a shorter day than obtains in outside employment, and might well be reviewed at the same time.

Such an important and far-reaching enquiry is manifestly beyond the scope which was ever intended for this Committee, touching as it might the very varying conditions of life of 1½ millions of employees and their families. Indeed it is far beyond the time at our disposal to hold such an enquiry, and we have therefore refrained from making a recommendation, arrived at after inadequate investigation, and have contented ourselves with urging that the most expeditious and authoritative means available should be adopted for a thorough review of this important question.

Non-effective Charges and War Pensions.

15. We have referred in our "General Conclusions" to Part I to the increase in the non-effective Votes which may follow the acceptance of our recommendations as to the personnel of the Fighting Services. This will depend on the number of Officers and men entitled to pension whose retirement is accelerated and the terms on which such retirement can be arranged. It is exceedingly difficult to arrive at an estimate of this increase, but we are advised it is not likely to exceed £10,000,000 for next year, and the annual charge for some years thereafter may be at the rate of £2,500,000 per annum. We consider these charges to be really "aftermath" charges, but having regard to the fact that special revenue is anticipated next year, we think that the spreading of such charges need not be considered as they can be carried on the Departmental Votes and met out of the Special Revenue.

We also referred in the same Conclusions to the question of War Pensions and stated we proposed to forward our views on the method of dealing with this charge. As this question involves considerations of Budget policy we have come to the conclusion that it is outside our "Terms of Reference."

APPENDIX (A).

COMPARISON of Rates of Pay only of Officers in the Navy, Army and Air Force in 1914 and 1921.

Navy.				Army (Infantry).				Air Force.	
Rank.	1914.	1921.	Increase.	Rank.	1914.	1921.	Increase.	Rank.	1921.
	£	£	%		£	£	%		£
Sub-Lieutenant	91	183	100	Second Lieut.*	96	238	148	Pilot Officer*	329
Lieut.-Commr.	238	547	130	Captain	211	428	100	Flight-Lieut.	529
	292	620	112		262	474	81	Group Captain	1,004
Captain	411	1,095	169	Lieut.-Colonel	511	1,049	105		1,168
	602	1,368	127						

* Unmarried.

NOTE.—These rates do not include the value of emoluments in kind or allowances in lieu, or value of pension rights.

APPENDIX (B).

COMPARISON of Rates of Pay only in 1914 and 1921.

Navy, Army, and Air Force Men.

Navy.				Army.				Air Force.	
—	1914.	1921.	Increase.	—	1914.	1921.	Increase.	—	1921.
<i>Non-technical.</i>									
	£	£	%		£	£	%		£
Ord. seamen ...	23	50	117	Private† ...	18	50	177	Aircraftsman, Class II†	54
A.B. ...	30	73	143	Private† after 2 years.	18	64	255	Aircraftsman, Class I†	61
L. seaman ...	35	82	134	Corporal* ...	30	91	203	Corporal* ...	67
	39	96	146						91
P officer ...	42	100	138	Sergeant* ...	42	128	205	Sergeant* ...	103
	54	128	137						119
	60	140	133						137
<i>Technical.</i>									
Probationary men††	46	96	109	Private† ...	21	55	162	Aircraftsman, Class II†	64
	50	100	100		21	91	333		73
Qualified men††	50	135	170	Private† after 2 years.	21	73	247	Aircraftsman, Class I†	73
	54	140	159	Corporal* ...	21	110	424	Corporal* ...	88
Qualified men*†	54	154	185		37	100	170		106
	64	164	156	Sergeant* ...	46	132	187	Sergeant* ...	155
Chief men*† ...	58	178	207		47	164	249		128
	73	192	163		59		178		192

* Married.

† Unmarried.

† Includes plumbers, painters, joiners, coopers, blacksmiths, armourers.

NOTE.—These rates do not include the value of rations, clothing, marriage allowance or pension rights.

APPENDIX (C).

COMPARISON of Rates of Pay in Industry in 1914 and 1922.
Average Annual Rates of Pay for 52 Full Weeks.

Occupation.	August 1914.	February 1922.	Increase.
Building Trades (Towns with population of 100,000)—	£	£	Per Cent.
Bricklayers	105·5	225·3	114
Masons	100·5	226	119
Carpenters and Joiners	103·8	224·9	117
Plumbers	103·4	231	123
Plasterers	104·4	224·9	115
Painters	94·2	224·9	139
Labourers	70·0	177·9	154
Engineering (Provincial Districts)—			
Fitters and Turners	101·2	191·3	89
Ironmoulders	108·4	198·9	84
Patternmakers	109·4	202·2	85
Labourers	59·4	148	150
Shipbuilding (Provincial Districts)—			
Platers	104·8	194·8	84
Riveters	98·2	186·3	89
Shipwrights	107·5	195·2	82
Labourers	59·4	146·9	148
Printing and Bookbinding (selected Large Towns)—			
Hand Compositors	92·8	224	141
Bookbinders and Machine Rulers	88·2	225·1	155
Furniture Making (selected Large Towns)—			
Cabinet Makers	103·4	231·4	124
Upholsterers	100·7	230·7	129
French Polishers	78·6	230·5	139

APPENDIX (D).

COMPARISON of Ministry of Labour Monthly Cost of Living
Figures with the Index Numbers on which Civil Service
Bonus has been based.

Civil Service Bonus.

Month.	Ministry of Labour Monthly Figures.	Bonus related to Cost of Living, Figures of.
1920—		
March	130	} 130 from March 1, 1920.
April	132	
May	141	
June	150	
July	152	} 135 from July 1, 1920.
August	155	
September	162	
October	164	
November	176	} 155 from November 1, 1920.
December	169	
1921—		
January	165	} 165 from March 1, 1921.
February	151	
March	141	
April... ..	133	
May	128	} 130 from September 1, 1921.
June	119	
July	119	
August	122	
September	120	} 130 from September 1, 1921.
October	110	
November	103	
December	99	
1922—		
January	92	
February	...	

APPENDIX (E).

COMPARISON of Average Rates of Pay in 1913/14, 1921, and when
Burnham Scales are fully Operative.

Teachers.

	1913/14.	1921.	Increase.	Burnham Scale.	Increase.
	£	£	Per cent.	£	Per cent.
<i>Secondary Schools.</i>					
Men Teachers—					
Head (Graduates) ...	455	718	58	718	58
" (Non-Graduates) ...	328	573	75	573	75
Assistant (Graduates) ...	189	380	101	450	150
" (Non-Graduates)...	161	324	100	380	137
Women Teachers—					
Head (Graduates) ...	335	571	70	571	70
" (Non-Graduates) ...	274	461	76	461	76
Assistant (Graduates) ...	133	294	121	359	170
" (Non-Graduates)...	117	243	108	293	150
Average ...	174	332	92	389	124
<i>Elementary Schools.</i>					
Men Teachers—					
Head (Certificated) ...	177	371	110	438	148
Assistant (Certificated) ...	129	304	136	339	163
" (Uncertificated) ...	68	173	154	182	168
Women Teachers—					
Head (Certificated) ...	126	300	138	347	175
Assistant (Certificated) ...	96	239	149	273	184
" (Uncertificated) ...	57	140	145	159	179
Supplementary Teachers ...	40	94	135	108	170
Average ...	99	233	135	266	169

Note.—The Burnham Report prescribes a minimum only for Head Teachers in Secondary Schools. Actual figures would in many cases be higher than those given above.

APPENDIX (F).

COMPARISON of Rates of Pay in 1914 and 1921.

Police.

	1914.	1921.	Increase.
			Per cent.
<i>Rural County—</i>			
Constable ...	59·1	182	208
	to	to	
Sergeant ...	78·8	234	197
	79·3	260	231
	to	to	
	91	292·5	221
<i>Industrial Borough—</i>			
Constable ...	73·2	182	148
	to	to	
	101·4	234	130
Sergeant ...	107·9	260	141
	to	to	
	120·9	292·5	142
<i>Metropolitan Police—</i>			
Constable ...	78	182	133
	to	to	
	104	234	125
Sergeant ...	111·8	260	132
	to	to	
	122·2	292·5	140

As an example, we quote the case of the provisional estimates for the Navy, amounting to £81,183,800, which were submitted to us for the year 1922/23. These were described in the following terms by the Board of Admiralty in a letter to the Treasury, dated the 2nd August, 1921:—

" . . . My Lords are satisfied that, with very few exceptions, the Votes as fixed for the present year are not susceptible of reductions if the Navy is to be maintained in a state of efficiency at the One-Power Standard laid down by His Majesty's Government. There are, however, certain risks which My Lords feel justified in accepting in the present financial situation, on the strength of the assurance of His Majesty's Government that a state of war within the next few years need not be regarded as a possible contingency, and by deferring or dispensing with services which would otherwise be regarded as essential they can definitely omit items in 1922/23 amounting to £1,968,400.

It is the estimates thus referred to which are dealt with in our Report on the Navy, Chap. 1, Part 1. These estimates were framed before the Washington Conference was arranged and our Report took no account of its results. In view of such a pronouncement, a civilian might indeed shrink from suggesting any reduction in naval expenditure. We are, however, definitely of the opinion, after our investigation, that this grave advice cannot be justified. In our judgment, this is a forcible illustration of the financial danger of accepting unchallenged the dicta of Naval and Military experts. Their natural tendency is invariably to be satisfied with nothing short of perfection, to which must be added their inherent desire to maintain the prestige of the Service.

We are convinced, on the facts submitted to us, that great economies can be realised in the Fighting Services if the control of the Treasury over them is vastly increased and brought up to the standard obtaining in the Civil Departments. In the covering letter to our first interim Report we refer to the fact that for the Fighting Services a base line similar to that in use before the war by means of which the deviation in expenditure from year to year can be measured, is essential to Treasury control. We have endeavoured in our recommendations on those Services to enable you to re-establish that base line. If our recommendations are approved by you, we recommend for these Services the imposition of a definite ration.

£

Class 6.—Middle East ... 27,197,000 This is a legacy of the war. The policy which governs our position in Palestine and Irak governs also this expenditure, but there can be real financial control by administrative methods which the Secretary of State for the Colonies is applying, and from which we look for further economies.

<i>Class 7.—Other Civil Expenditure—</i>		£
Pay (including P.O. and Industrial Staffs) ...	120,000,000*	
Erection, maintenance of buildings, &c. ...	11,150,000	
Colonial Services—Grants-in-Aid of local revenues ...	1,425,000	
Educational Grants—Grants to Scientific Institutions, &c. ...	5,184,000	
†National Health Insurance ...	6,774,900	
†Unemployment Insurance ...	8,312,000	
†Tuberculosis ...	1,692,000	
†Representation of the People Act ...	450,000	
†Agricultural Development ...	1,000,000	
†Forestry ...	200,000	
†Irish Land Purchase Fund ...	432,000	
†Excess Stock (Irish Land) ...	550,000	
Voluntary Hospitals ...	500,000	
†Percentage Grants—	£	
Education ...	43,547,000	
Agricultural Education ...	227,000	
Health ...	2,017,550	
Police ...	7,455,000	
Reformatories ...	672,370	
Lunacy and Mental Deficiency ...	476,000	
Grants to Agricultural Committees for expenses of administration ...	175,000	
	54,569,920	
†Education (Scotland) Fund (11/80ths English expenditure) ...	6,833,000	
Agricultural (Scotland) Fund (less Land Settlement loss) ...	200,000	
Small Holdings (less Land Settlement loss) ...	183,000	
Medical Research Council ...	130,000	
National Health Insurance (special non-statutory grants, &c.) ...	4,244,850	
Empire Cotton Growing Association ...	978,715	
Miscellaneous Expenditure ...	16,205,798	
	241,615,183	
The totals of the Groups are therefore—		
Total of Classes 1 to 4 ...	710,008,417	
Total of Classes 5 to 7 ...	436,114,583	
Grand Total ...	1,146,123,000	

* This is a gross figure. In cases in which expenditure is recouped in part from Appropriations-in-Aid (e.g., Savings Bank Expenses) the recoupment reduces the balance shown as Miscellaneous Expenditure which must therefore be regarded as an approximately correct balancing figure.

The size of the Civil Service depends no doubt largely on the policy of the Government, but it is subject to administrative control.

The pay of the Civil Service, except that of the limited number in the higher classes, is settled usually after discussion, and in cases where disagreement is recorded and recourse had to arbitration, control passes from the Treasury, a most undesirable state of affairs. Policy largely governs the second item ("buildings") as well as "pay." The other items in this class susceptible to administrative economy have been dealt with in the appropriate chapters of our report.

The items marked (†) are largely statutory grants and, save by an alteration of the statute or policy, economies cannot be made. The expenditure is a result of Parliament's decisions.

Percentage grants marked (‡) are, as we have shown in our report, really beyond administrative control except by the Spending Authority, which is not the Government.

The above examination indicates—we hope in a convenient form—that as regards roughly £700 millions out of £1,100 millions for the year 1921/22 further real substantial economy can only be achieved if changes are decided upon in the policy already approved by Parliament.

3. We were invited by the terms of reference to make recommendations for effecting “forthwith all possible reductions in the National Expenditure on Supply Services.” As great economies can only be obtained by curtailment of the least necessary activities, some measure of the reduction to be aimed at was required. The national ability to continue expenditure on objects which might be justified with an overflowing Exchequer is limited by the financial position in the year under review.

As set out in the opening paragraphs of our First Interim Report, the sum to be aimed at as a reduction in the year 1922/23 was £175 millions, of which £75 million has already been indicated to you by the Departments.

Our terms of reference permitted us to indicate economies which might be effected if particular policies were either adopted, abandoned, or modified. We have endeavoured to encroach as little as possible upon questions of policy in making our definite recommendations, recognising that, as stated in our terms of reference, these would “remain for the exclusive consideration of the Cabinet.”

Summary of the Reductions we recommend.

First Interim Report—

	£	
Navy	21,000,000	
Army	20,000,000	
Air Force	5,500,000	
Education	18,000,000	
Health	2,500,000	
War Pensions	3,300,000	
	70,300,000	70,300,000

Adjustment on First Report 1,171,875

Second Interim Report—

Trade Group	538,000
Export Credit	500,000
Agricultural Group	855,000
Police and Prisons	1,595,000
General (24 Votes)	102,000

3,590,000 3,590,000

Third Report—

Colonial Group	2,285,500
Legal Group	94,500
Revenue Departments	2,509,200
Houses of Parliament and certain Civil Departments	935,000

Third Report—cont.

	£	
Works and Public Buildings		
Group	895,800	
Art and Science Group	42,900	
Foreign Office, &c.	304,300	
Stationery Office and Registrar-General	584,300	
Miscellaneous Group	1,130,800	
	8,782,300	8,782,300
Further Review of Estimates for War Pensions since First Report		3,000,000
Grand Total		86,844,175

This gives £86½ millions as against the £100 millions for which you have asked.

In order to make the further economies necessary, we have invited your attention to a reduction—

1. In naval expenditure, as a result of the Washington Conference.
2. In naval expenditure, under the heading of Oil Stocks and Oil Storage.
3. In military expenditure, upon a review of the foreign garrisons abroad.

We are confident that under these heads more than £13¼ millions necessary to complete the total of £100 millions can be realised.

4. We have therefore come to the end of our task, and have reviewed the expenditure remitted to us. Over a period of six months we have been in almost continuous session, and no member of the Committee has been absent from a meeting.

We believe that the reductions we have proposed throughout are attainable if prompt action is being taken by the Departments upon the general lines of our suggestions, and with determination to effect economies. We have no doubt whatsoever that a close scrutiny of expenditure by the Departments themselves and by the Treasury will disclose the possibility of further economies on the lines we have followed, as our investigations could not be exhaustive.

5. There is also one very important point in reserve. The Treasury in May last laid down that Departments should estimate upon a cost of living figure for the year 1922/23 of 100 per cent. above the pre-war level. As the cost of living has already fallen to 88 per cent. above the pre-war level, there appears to be more than a possibility that the Treasury forecast made in July last can be improved upon, and, as the cost of materials was also taken at the same hypothetical level, it will be seen that the estimates as a whole have in all probability a margin of

further saving in sight. Agreements, contracts and purchases will cause difficulty in the full realisation of this fall in prices.

We understand that the Revised Estimates of Civil Departments reflect, so far as could be forecast, the fall in prices of materials, but Revised Estimates have not been submitted by the Fighting Departments. We recommend that this point should be specially watched by the Treasury, and that each Department should specifically surrender such savings, so that the Taxpayer may benefit.

We wish to take this, the last opportunity, of stating that the task you set us was to say where retrenchment could be carried out with the least harm in order at any rate to balance the national accounts.

We do not lay claim to infallibility in our judgment, but hand you our final Report as the unanimous recommendations of five men of good will, desirous of advising you as to how, having regard to the revenue, the national Budget can best be balanced, and we suggest that criticism can only be constructive, on the remit which you gave us, if accompanied by concrete alternative proposals. It is in this sense that we hope the Government and the public will regard our Report.

6. In conclusion, we desire to record our deep appreciation of the assistance we have received from all members of the Civil Service. In every Department our path was made smooth for us by the Minister. The officials have also done everything possible to assist us.

With the Treasury we were in constant partnership of effort, and to Sir Warren Fisher and his staff we offer our special thanks.

Sir George Beharrell occupies a special place amongst those to whom we are indebted, and we must thank him particularly for the masterly aid he has given us.

The Secretary of the Committee, Mr. G. A. Steel, and Mr. G. C. Upcott and Mr. James Milne, the officers specially attached to the Committee, brought marked ability and energy to a difficult task. We give them our sincere and grateful thanks.

We are, Sir,

Your obedient Servants,

(Sgd.) ERIC GEDDES (*Chairman*).

INCHCAPE.

FARINGDON.

J. P. MACLAY.

GUY GRANET.

(Sgd.) G. A. STEEL

(*Secretary*).

21st February, 1922.

