

total net balances on the building accounts proper at the beginning of the year 1909 amounted to about £38,000. In the above statement, which shows total net balances of about £4,000 at the end of the year, the amount remaining in the trust fund referred to has been duly included in the liabilities; so that the total credit balances on the combined building accounts decreased during the twelve months by nearly £34,000. Nearly all of this is accounted for by the fact that the grants distributed to the Boards for the maintenance and replacement of school buildings were £32,099 less than the amount that would have been payable according to the rule adopted since 1903.

From an examination of the grants made to the Boards for the maintenance and replacement of school buildings—see (a), above—and their returns of expenditure under these heads, it has been found that the School Buildings Maintenance Account should stand as shown in Table F11, a summary of which is given below:—

School Buildings Maintenance Account, all Boards, 31st December, 1909.

	£		£
Liabilities	67	Assets	19,444
Net balance, 31st December, 1909 ...	69,997	Balances	50,620
	<u>£70,064</u>		<u>£70,064</u>

As the actual cost of maintenance and repairs (as well as that of schools already replaced) has already been charged to this fund, it would appear that there should be on the 1st January, 1910, a net balance of £39,997 available for rebuilding worn-out schools and for replacing worn-out furniture, fittings, &c. But the combined buildings account shows a net balance of only £4,149. Hence it would appear that about £66,000 has been diverted from the Buildings Maintenance Account to the erection of new school buildings. It is true that since 1905 the Boards have been informed that, in accordance with the recommendation of the Education Committee, sums amounting in the aggregate to not more than 7 per cent. of the buildings maintenance grants might be spent on “additions and alterations”; but the circular conveying that information further stated in clear terms the condition under which any part of the grants could be used for additions and alterations—namely, only after the Board had “made due provision for the requirements” in respect of maintenance and rebuilding; no authority was given for using the money for or in aid of the building of new schools. Even if the Boards had all been able to make due provision for the heavy rebuilding expenditure that is imminent, the deficiency of £66,000 would not have been accounted for, as the total of the maintenance grants for the five years 1905–9 has been £263,092, and 7 per cent. of this, which on the most liberal interpretation the Boards might have spent on additions, is £18,416. Hence, apparently, the amount of money diverted from the proper purposes of the buildings maintenance grants, the purposes for which they are voted by Parliament and distributed by the Department, is not less than £48,000.

The calculation is made on the total of the buildings accounts of all the Boards taken together. It is not to be inferred by any means that these remarks apply with equal force to all Boards taken individually; in some cases they may not apply at all.

It is very doubtful whether the actual balance remaining (£4,000), even with the aid of building grants of this year of the normal amount, will be sufficient to provide the cost of rebuilding schools that require to be replaced in the immediate future. Some relief might be afforded by transferring to the Buildings Maintenance Fund the balances in hand on the General Account, which, by paragraph (b) of section 52 of the Education Act, 1908, may be used, *inter alia*, “for the expense . . . of erecting, fitting-up, and improving school buildings.” This suggestion would not, of course, help the Boards which have deficits on the General Account; even in the case of other Boards, whose general accounts show credit balances, the remedy would be incomplete and only temporary, unless the policy adopted in the expenditure of these grants were radically amended. The only alternative would be to ask the Government to pay a second time moneys already given for rebuilding.