

tenance and rebuilding. If Boards had since the date of this circular regularly transferred sums amounting to 7 per cent. of their maintenance grants, such sums would have totalled only £28,000 by the end of 1911, and there would still be £28,000 unaccounted for. It is of the utmost importance that this depreciation fund be kept as far as possible intact, and Boards are urged to expend their school-building maintenance grants solely on the purposes for which the moneys were appropriated by Parliament—viz., maintenance and rebuilding of schools and small additions, &c., the cost of which latter item should not exceed in the total 7 per cent. of the maintenance grant.

These calculations and remarks are based on all the building transactions undertaken by all Boards, and must not be taken to refer especially to any individual Board.

EDUCATION RESERVES.

(See also E.—2, Appendix B.)

By the provisions of the Education Reserves Amendment Act, 1910, the School Commissioners ceased to hold office on the 31st March, 1911, and all reserves and endowments vested in them were vested in the Crown in trust for the purposes for which they were reserved, and were placed under the administration of the several Land Boards. The revenues derived from these reserves, after being subject to a charge for expenses of administration, are paid by the Receivers of Land Revenue into the Public Account to the credit of a separate account for each provincial district.

The above provisions of the Act apply only to revenue derived from reserves since the day on which the Act came into force. There is a further provision that all funds, mortgages, and investments vested in the School Commissioners on 1st April, 1911, should be taken over by the Public Trustee, and administered on the same trusts as they were held by the School Commissioners. The revenue is dealt with similarly to that received by Land Boards.

All revenue paid into the Treasury in respect of education reserves, whether received from Land Boards or from the Public Trustee, is distributed quarterly by the Minister of Finance among Education Boards and High School Boards on a basis provided by statute, and in the case of Education Boards amounts equal to such sums are deducted from the payments made for teachers' salaries.

It will thus be seen that four Departments are concerned in the administration of the Act—viz., Lands and Survey, Public Trust, Treasury, and Education. As the year under review has been a year of transition, the Education Department has taken the liberty of summarizing the transactions of these four Departments, but in future only those directly pertaining to the Education Department will be dealt with in this report.

The total area of education reserves in the hands of Land Boards was, on the 31st December, 1911—

	Total Area. Acres.
Primary reserves ..	800,748
Secondary reserves ..	41,593
Total ..	842,341

The estimated capital value of these reserves was as follows, on the same date :—

	Estimated Capital Value. £
Primary reserves ..	1,186,264
Secondary reserves ..	192,255
Total ..	£1,378,519

Table G is a summary of the income and expenditure of the Land Boards in connection with the reserves. In order not to make a break with the figures given in last report, the accounts of the School Commissioners for the March quarter, 1911, have also been taken into consideration.