

1. *All Accounts (excluding Buildings).*

Excluding the expenditure on buildings, the following summary shows the chief items of expenditure for the past five years :—

| | 1913. | 1914. | 1915. | 1916. | 1917. |
|----------------------------------------|---------|---------|---------|---------|---------|
| | £ | £ | £ | £ | £ |
| Boards' administration | 48,004 | 48,267 | 28,892† | 33,368 | 31,964 |
| Incidental expenses of schools .. | 46,412 | 46,678 | 51,628 | 56,530 | 59,125 |
| Teachers salaries* | 668,094 | 716,749 | 818,263 | 905,425 | 899,540 |
| Training of teachers | 37,864 | 37,180 | 43,189 | 46,061 | 46,789 |
| Scholarships and district high schools | 33,072 | 34,436 | 34,962 | 35,373 | 35,389 |
| Manual and technical instruction .. | 82,030 | 89,350 | 95,697 | 100,502 | 114,902 |

* Excluding house allowance.

† Inspectors transferred to Department in 1915.

Taking all of the above items there was an increase of about £10,000 in 1917 over the expenditure for the preceding year, much the largest increase being in the expenditure on manual and technical instruction.

The expenditure out of the Board's General Fund, the revenue for which is derived from a capitation payment of 5s. per head of the average attendance, shows a decrease of £2,404. The income amounted to £41,136 from the Government and £3,699 from other sources. The sum of £2,738 was transferred to other accounts—principally to the Incidental Expenses of Schools Account, so that the credit balance to the General Fund increased by £10,133 during the year and stood at £64,653 at the end of the year. In the case of every Board excepting one there was a credit on the year's working, ranging from £167 to £3,230. The variation in the relation of income to expenditure in the case of various Boards under this heading points clearly to the need of a reconsideration of the basis on which the grants are made. The average expenditure of the Boards out of this fund for the purposes of administration was 3·8s. per head of the average attendance, ranging from 3·1s. in the Auckland District to 5·3s. in the Nelson District.

The expenditure on the incidental expenses of schools increased by £2,595. In order that the increased cost of labour and material might be met, provision was made under the Statute Law Amendment Act, 1917, for making an increased payment to Boards on this account during the currency of the war. The additional amount (calculated on an average attendance scale) amounted to £8,490 for the year 1917, the greater proportion of which was paid to Boards prior to the 31st December last. The sum of £2,427 was transferred from the General Fund Account to the Incidental Expenses Account during the year, and the deficit on the latter account stood at £572 at the end of the year, in addition to which the excess of other liabilities over assets was £4,411. The average expenditure on the incidental expenses of schools per head of the average attendance was 7s. for the Dominion, the amount ranging from 5·9s. to 7·6s. in the various education districts.

The receipts and expenditure on account of teachers' salaries were about £5,000 less than in 1916, but owing to the inclusion of the war bonus in these amounts the true position is not shown. Two half-yearly payments on account of the war bonus were made in 1916 and only one in 1917, the difference amounting to roughly £25,000, so that as a matter of fact the increase in teachers' salaries for 1917 was approximately £20,000. This is shown to be the case in the section of this report dealing with teachers' salaries.

The unusual increase in the expenditure on manual and technical instruction is due to larger amounts having been received by the Boards from the Government to be handed over to the Managers of Technical Schools, the increase in the Government payments being due to the inauguration of a system of monthly capitation payments resulting in the whole of the earnings of the manual and technical classes for the year being paid by December. In this way capitation was paid in 1917 on account of all of the classes held during that year besides on account of a certain proportion of classes held in 1916. The credit balance of the manual and technical classes combined accounts was £25,731 at the end of the year, or, including the excess of all monetary assets over liabilities, £34,838. The accounts in connection with buildings and equipment are not included in these figures.

Taking the whole of the Board's accounts, with the exclusion of those connected with buildings of any kind, it appears that the total credit balance, including excess