Included in the total sum recovered (£26,869) is an amount of £10,897 paid by Hospital and Charitable Aid Boards for the maintenance of 954 children committed to industrial schools on account of indigency. In addition 141 inmates of private industrial schools were maintained at the expense of Hospital and Charitable Aid Boards. As these latter schools make their claims direct against the Boards, the figures are not included in this report.

Section 50 of the Industrial Schools Act provides for the placing of inmates of industrial schools in situations and for part of their earnings to be placed in trust accounts in the Post Office Savings-bank. There are some two thousand such trust accounts, representing about £50,000. Though these earnings cannot be claimed as a right, in practice they are generally paid over to the persons concerned who, after passing out of the control of the schools, are able to give evidence of good character, provided that satisfactory investments for the money are shown.

The Boarding-out System.

The system of boarding out young children from industrial schools has been in operation in New Zealand for the past thirty-five years. As part of the recent reforms the Department has extended the boarding-out system considerably: the rate of payment has been increased from 8s. to 10s. a week; the list of clothing supplied as an initial outfit has been altogether revised, providing for better material and more of a standard so far as fit and style are concerned; and provision has been made for more frequent inspection of the foster-homes and the children by departmental officers. The detailed reports of the honorary lady visitors, the Department's Visiting Officers, and the teachers of the various schools that these children attend are a striking proof of the success of the boarding-out system and of its superiority when compared with the barrack or institution system that is still followed by the many private and religious organizations interested in child-welfare in New Zealand. A perusal of the official reports and literature respecting the child-welfare systems in other countries shows that the preference for the boarding-out system in dealing with neglected and dependent children is practically world-wide. Indeed, so overwhelming is the evidence in this direction that the respective merits of the two systems have almost ceased to be a matter for controversy.

The boarding-out system aims at placing the dependent or neglected child in the natural surroundings of a good country home where such child will grow up with his foster brothers and sisters and become one of the family. He attends the local public school and the Sunday School, associates with children outside his foster-home, and in short becomes an ordinary member of the local community. When the time comes for him to make a start in life for himself he possesses the ordinary child's knowledge of the world, and in addition has the guidance and affection of his foster-parents in all his efforts.

To the child who has been reared in an institution no such advantages can be given, and when that child is placed out, as he invariably must be on reaching the wage-earning age, he suddenly finds himself, with character wholly unformed, placed in a new world and among strange people. Only those who have come in close contact with the institution-bred child can realize the tremendous handicap with which he begins life in the outside world. It is not possible, however, to board out all children who are committed to the care of the State. The institution occupies a valuable and a necessary place in this work, provided that it is properly equipped and managed. Children of vicious habits or who for various causes are unfit to associate with ordinary children must of necessity be admitted and detained in institutions for a certain period for purposes of observation and for preliminary training in discipline and correct habits. There is no doubt, however, that the normal healthy child who is committed to the care of the State on account of destitution, or on account of the character of the parents, is better provided for by boarding out in a selected foster-home under strict supervision. This system forms the closest approximation to the normal home life of which these children have either been deprived or have never had.