

1171. We have not felt it necessary to traverse in detail the annual appropriations under vote Education, but have dealt with principles rather than items of expenditure.

ENDOWMENT REVENUE FOR EDUCATION PURPOSES.

1172. Before concluding our report in regard to education, we wish to draw attention to the provisions of sections 296 and 297 of the Land Act, 1924, and section 30 of the Education Reserves Act, 1928, whereby the revenue derived from national-endowment land and education reserves is earmarked for education and old-age-pensions purposes.

1173. The position in regard to national-endowment land and education reserves may briefly be summarized as follows :—

National Endowment Land.

1174. The Land Act, 1924 (a consolidation of previous measures), provides for the setting-aside of national-endowment land as an endowment for education and old-age pensions. When the idea of creating a special endowment for these purposes was first conceived it could not have been realized that the public expenditure on education and old-age pensions would reach the dimensions it has, and no doubt the creation of a special endowment was intended to provide for some measure of certainty of finance to meet such expenditure.

1175. The revenues received from national-endowment land are, however, now but a fractional part of the expenditure which they were intended to meet, and the system has, by reason of the extraordinary growth in expenditure, been rendered futile.

1176. When reviewing the activities of the Lands Department we were surprised at the multiplicity of endowments and special accounts which the Department is called upon to administer and which require the setting-aside of revenues for special purposes. The large number of these special endowments and accounts does not make for simplicity of administration, and we have considered ways and means of reducing the number.

1177. With regard to national endowment, the Act originally provided that the revenues should be paid into a special account called the National Endowment Account, and the funds allocated at the end of each financial year for education and old-age-pensions purposes as credits-in-aid to the votes concerned. Although the National Endowment Account, as such, has since been abolished and the revenue is now credited to the Consolidated Fund, it is still necessary to observe the original intention and to credit the amounts received each year to the expenditure on education and old-age pensions respectively. The abolition of the special account thus did not destroy the identity of national-endowment lands, and the accounting procedure and administration remains more complicated than it need be. The reservation of land as national endowment and the preservation of the identity of these endowments is no longer necessary. **The revenues are merely "aids" to the Consolidated Fund, and the endowments should therefore be abolished and the revenues therefrom paid direct to the Consolidated Fund, out of which should be appropriated the gross amount required for education and old-age-pensions purposes.** The effect on the National Budget would be the same as under the present system, but the accounting and administrative machinery would be simplified to a large extent.

1178. **We accordingly recommend the abolition of the national endowment and that the lands be deemed to be ordinary Crown lands, to which the general provisions of the Land Act should apply.**

Education Reserves.

1179. The Education Reserves Act, 1928 (also a consolidation of previous measures), provides for the setting-aside of reserves for both primary and secondary education purposes, and the revenue from these reserves is credited to special deposit accounts and is allocated at the end of each financial year as a credit-in-aid to education expenditure.

1180. The position in regard to these reserves is substantially the same as with national-endowment lands, and although the purpose of the reservations in earlier years may have seemed reasonable, the growth of education expenditure has been such that the amount of revenue derived from the reserves is trifling when compared with the annual cost of education.

1181. **We accordingly recommend the abolition of the reserves, which should become ordinary Crown lands and be subject to the provisions of the Land Act, 1924. The total cost of education should then be appropriated direct from vote Education on the Consolidated Fund.**

VOTE—SCIENTIFIC AND INDUSTRIAL RESEARCH DEPARTMENT.

1182. The Department was constituted by Act at the end of 1926, and its duties may be broadly divided into three main parts—

- (1) Administration of regular routine services through—
 - (a) Dominion Laboratory (with branches in each of the four main centres).
 - (b) Meteorological Office.
 - (c) Geological Survey.
 - (d) Observatories at Wellington, Christchurch, and Apia.
- (2) To promote research in the primary and secondary industries and to administer such research institutes and services as may be committed to its charge by the Government.
- (3) To act as a clearing-house for research information generally, and maintain connection with overseas research organizations—*e.g.*, Research Councils in England, Canada, and Australia; the Empire Marketing Board; &c.