

This brings me to the more general question of the effect of a reduction of £50,000 or £100,000 in the whole expenditure. I take it that the question is meant to apply to expenditure on teaching and administration, and not to the building grants. But the means of erecting necessary buildings must be considered. Hitherto the supply has come from a public-works vote, or (in other words) out of the proceeds of loans. It appears likely that it will not be possible to draw money for this purpose from this source in future, and that therefore—unless some measures are adopted that the questions put to me do not require me to speculate upon—the demand upon the consolidated revenue will be heavier than it has been—heavier, I mean, in proportion to population, and not merely with respect to the amount required. However that may be, I assume that the question is not meant to apply to grants for buildings. In considering what would be the effect of reducing the grants made to Boards for purposes independent of school buildings, it is necessary to notice the cost of each part of the Boards. Last year (as is shown on page ix. of the Minister's report) the expenditure on teachers' salaries and allowances and on the training of teachers was £290,794 15s. 7d. Out of this sum £8,495 16s. 10d. was spent on training, so that the payments to teachers amounted to £282,298 18s. 9d. The incidental expenses of schools are set down at £29,104 5s. 9d.; the office expenses of the Boards at £10,695 0s. 8d.; and inspection (including examination of pupil-teachers) at £10,241 1s. 10d. There is also an expenditure of £5,573 0s. 9d. on scholarships. Apart from the cost of buildings these items practically constitute the whole of the Boards' expenditure. Recapitulating and using round numbers the items are—Teachers, £282,000; training institutions, £8,000; incidental expenses of schools, £29,000; office expenses, £10,500; inspection, £10,000; scholarships, £5,500: total, £346,000. About £17,000 of the total is independent of the capitation allowance (£4,000 towards cost of inspection, £8,000 for normal schools, and £5,000 for scholarships). About £330,000 was the expenditure on objects to which the ordinary capitation is applicable.

I am asked to say what would be the effect of reducing £346,000 to £296,000, or to £246,000, or how any such reduction can be effected with as little injury as possible to the system. I observe that the proposed reductions are reductions of $14\frac{1}{2}$ per cent. and 29 per cent. respectively on the present expenditure. Since no part of the expenditure is devoted to objects that are not either necessary or of great importance, the most natural method of reduction appears to be one that would operate *pro rata*. I cannot contemplate any such reduction with equanimity. The teachers (whose salaries amount to more than 80 per cent. of the expenditure) are not in the position of the servants of some great firm, who, if a reduction of one-sixth or one-seventh, or a reduction of nearly one-third, is proposed to them, have the option of submitting to it or of seeking employment with another firm. The Government has practically acquired a monopoly of the business of primary instruction, and most of the teachers would be unable to find another employer in the colony, unless they deserted the profession. Some might be able to remove to other colonies and find employment there, but I suppose that the majority would have to submit to the altered conditions. Many of them have been induced to devote their lives to educational pursuits by the prospect of a career and of adequate emolument held out to them by the State, and have depended on the guarantee of stability afforded by parliamentary enactment, and they are not now as well fitted to compete for other employment as they might have been. The shock contemplated in the question would be a very rude one, but probably most of the teachers would rather take reduced pay than be dismissed. Most of the salaries are so small that any reduction would be a serious matter. At the end of last year the number of teachers (as shown in Table M, page viii., of the Report) was 2,894. 281 had salaries of £200 and upwards, 968 had salaries between £100 and £200, and the rest were paid less than £100 a year each.

I have said what effect *pro rata* reductions would in my opinion have. I think it is evident that no saving can be made on any of the items that would render it unnecessary to save on the others. The cost of inspection might, perhaps, be reduced by £3,000 if all the inspection were directed from the central department, and if some education districts were amalgamated there might be some saving in the office expenses of the Boards. I have heard it proposed to abolish the Boards, but if they were abolished some one would have to do their work, and competent agents of the central department would have to be posted at local centres and to be assisted by clerks. The normal schools might be continued by the Boards at their own cost if the special grant were withdrawn, but it is more likely that some of them would be abolished, and I think that would be cause for regret. The scholarship grant might be abolished, but not at once, because existing scholarships must be maintained for their whole currency. I think the wiping out of this item would be unpopular. Suppose the cost of maintaining normal schools were thrown on the Boards (£8,000), scholarships abolished (£5,000), inspection centralised at a saving of £3,000, and small districts merged in the larger ones at a saving of £4,000, there would be a saving of £20,000, of which probably not more than £5,000 would be taken from teachers of primary schools. The extra capitation of 4s. (5s. until lately) is, I understand, to be taken off. This amounts to about £17,000 (practically to £21,000, for the whole of the 5s. may be regarded as a present reduction).

Since the Boards are endowed with full discretion as to the distribution of the capitation allowance, they might propose to do something towards meeting the demands of an impoverished condition by closing some of the small schools. The schools with less than 50 children each (containing about 19,000 in all) cost the Boards nearly £30,000 in excess of the capitation allowed for them. Of course if the Boards closed any of these schools the saving to the Boards would be the difference between the cost and the capitation, and this curious result would follow: that the Board would make a small saving by effecting a much larger saving for the Government, for the Government would save the whole capitation on every school that was closed. I will suppose an extreme case. The salary fund is, say, £280,000. The Government resolves to reduce this fund, say, by £30,000. The Boards resolve to maintain the efficiency of their larger schools which on the whole contain nearly between three-quarters or four-fifths of the children. To do this they shut up all the schools with less than 50 children each. By so doing they save £30,000 to balance