The growing population of the district necessitates, year by year, increasing accommodation, and further additions will have to be made during the next year at Belfield and Wai-iti.

A school and teacher's house is urgently required at Hakateramea, where the condition of the scholars is far from satisfactory, the school being held in a lean-to, 20ft. by 10ft., nearly half of which space is occupied by conveniences for the household. Teachers' houses are also required at Waimate, Temuka, Redcliffe, Glenavy, and the Timaru Side Schools. A sum of £300 has been set aside towards building a new school at Geraldine, which is very greatly needed.

A new school is now in course of erection at the Cave, on a site of two acres kindly given by the New Zealand and Australian Land Company, and towards which the residents gave a subsidy of £65. This school will be ready for opening early in the year. New schools also are required at Fairfield, Arundel, and Seadown, especially at the latter, which is a populous and growing district.

Whilst we have endeavoured as far as possible to meet the wants of the district generally out of the grants made by the Government for building purposes, we have been utterly unable to appropriate any considerable sum to the painting and general restoration of the school buildings. Many of them, being old structures, are in urgent need of preservation, but to do this thoroughly would require a very considerable sum.

Scholarships.—The annual scholarship examination took place in December, the examiners being a committee of gentlemen acting in conjunction with the Board's Inspector. One candidate for a scholarship given by the Waimate High School Board of Governors was examined with those who were competing for the Board scholarships, the total present at the examination being eighteen —fourteen juniors and four seniors.

District High Schools.—It appears from the Inspector's report on the District High Schools at Waimate and Temuka that the number of pupils taking secondary subjects has increased. This year nine scholars were examined at Waimate and thirteen at Temuka, the corresponding numbers for last year being three and ten. The subjects taken at Waimate were English, Latin, Euclid, and algebra; at Temuka, Latin, French, Euclid, and algebra. As in past years, the Waimate High School Board of Governors gave a contribution of £75 towards the cost of maintaining an extra teacher at Waimate.

Pupil-teachers.—The annual examination of pupil-teachers began on Tuesday, the 26th June, and ended on Saturday, the 30th June. The following table shows the number of pupil-teachers who sat at the annual examination, the number that passed, and the number that failed:—

	Presented.	Passed.	Failed.
Fourth year	13	10	3
Third year	10	10	0
Second year	7	7	0
First year	2	1	1

Sixteen candidates not yet holding appointments took part in the examination, with the following results:—

	Presented.	Passed.	Failed.
Second year	2	2	0
First year	14	10	4

Nine of the pupil-teachers who passed the fourth year examination sat for the E certificate at the teachers' examination. One passed in all the subjects, seven got "partial passes," and one failed.

The usual returns and reports are appended.

I have, &c.,

The Hon. the Minister of Education. Samuel W. Goldsmith, Chairman.

General Statement of Receipts and Expenditure for the Year ending 31st December, 1888.

Receipts.	£	s.	d.
To Balance at beginning of year—			
On Building Account	36	17	3
On General Account	1,675	8	1
Government grant for buildings ..	1,728	6	0
Government grant for rebuilding Winchester School	353	0	0
Subscriptions for buildings—			
Adair (Beaconsfield)	50	0	0
Cave	65	0	0
Glenavy	30	0	0
Government statutory capitation ..	10,866	7	7
Scholarship grant	242	5	0
Inspection subsidy	300	0	0
Payments by School Commissioners ..	2,646	8	2
District High School fees	42	5	0
Rents, &c.	22	6	8
Contributions from School Committees	92	0	0
Contribution from Waimate High School Board	37	10	0
Cheques written off	10	4	0
Errors in cheques	1	2	8
	£18,199	0	5

Expenditure.	£	s.	d.
By Office staff—Salaries	285	0	0
Departmental contingencies ..	204	5	7
Inspector's salary	450	0	0
Examination of pupil-teachers ..	66	12	8
Teachers' salaries and allowances (including rent, bonus, &c.) ..	12,096	4	2
Incidental expenses of schools ..	923	9	11
Scholarships—			
Paid to scholars	203	12	3
Examination expenses	59	11	9
School buildings—			
New buildings	963	18	1
Improvement of buildings ..	104	18	2
Furniture and appliances	107	5	7
Sites	55	3	3
Plans, supervision, and fees ..	74	6	0
Cheque book	0	2	0
Interest	0	8	0
*Balance at end of year—			
On deposit	2,031	16	8
Bank balance	572	6	4
	£18,199	0	5

* On Building Account, £932 10s. 2d.; on General Account, £1,671 12s. 10d.

Samuel W. Goldsmith, Chairman.
J. H. Bamfield, Secretary.

Examined and found correct.—James Edward FitzGerald, Controller and Auditor-General.