

At the end of 1907 the deficits amounted to £939, and the balances to £24,906, leaving a net balance of £23,967, so that, taken altogether, the Boards have still further improved their position, which was already good, by £5,422. Auckland, Taranaki, Hawke's Bay, and South Canterbury showed smaller balances in 1908 than in the preceding year; all the other Boards either increased their credit balances or converted deficits into balances.

The Buildings Account refers to moneys granted for two purposes, which by parliamentary appropriation and by the terms of the grants made by the Department are quite distinct, namely,—

- (a.) Moneys granted for the general maintenance and replacement of school buildings out of the Consolidated Fund ;
- (b.) Moneys appropriated by Parliament and granted out of the Public Works Fund specially for the erection of new schools and the extension of existing schools rendered necessary by increased attendance, and for building teachers' residences in certain cases where suitable houses cannot be rented.

Table F2 will show the assets and liabilities of the several Boards on this combined Buildings Account. It may be set forth in outline as follows :—

<i>Buildings Account (a) and (b), all Boards, 31st December, 1908.</i>							
<i>Liabilities.</i>				<i>Assets.</i>			
				£			
Overdrafts			5,789	Cash			58,538
Other liabilities			56,672	Due from all sources			60,923
Balances			59,875	Deficits			2,875
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				£122,336			
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				Net balances 1st January, 1909			
				£57,000			
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The net balances at 1st January, 1908, amounted to £54,268, so that it will be seen that the total credit balances increased during the year by £2,732. As will appear, however, from what is stated below, this fact does not necessarily indicate a satisfactory condition of things, although at first sight it might seem to do so. From an examination of the grants made to the Boards for the maintenance and replacement of school buildings—see (a), above—and their returns of expenditure under these heads, it has been found that the School Buildings Maintenance Account should stand as shown in Table F3, a summary of which is given below :—

<i>School Buildings Maintenance Account, all Boards, 31st December, 1908.</i>							
				£			
Liabilities			7,504	Assets			1,117
Net balance			94,954	Balances			101,341
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				£102,458			
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				£102,458			
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Judging from this statement, we should expect a net balance, available on 1st January, 1909, for the maintenance and rebuilding of school buildings, of £94,954. As the actual cost of maintenance and repairs has already been charged to the fund, it may be said that this net balance should be available for rebuilding worn-out schools and for replacing worn-out furniture, fittings, &c. But the Combined Buildings Account shows a net balance of only £57,000; by the conditions of the grants for new buildings and additions, which are made just sufficient to meet the ascertained cost of the works in question, there can be no balance on these grants, and the deficit, if any, should be comparatively small; further, out of the sum of £57,000 just mentioned, over £19,000 forms a trust fund, being made up of the balance of donations and the statutory subsidy thereon intended to provide for the erection of part of the proposed Auckland Technical School; accordingly, the portion of the balance presumably available for the proper purposes of the maintenance and rebuilding of schools cannot be more than £38,000—that is, £57,000 less £19,000. Hence, it would appear that the sum of £56,954 (that is, the difference between £94,954 and £38,000) has been diverted from the Buildings Maintenance Account to the erection of new school buildings.

It might be contended, on the other hand, that from 1905 to 1907, inclusive, the Boards have been allowed to spend sums, amounting in the aggregate to not more than 7 per cent. of the building maintenance grants, on "small alterations and