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It has not been possible to afford much encouragement lately to proposals for the establishment of new schools. The limited supplies voted last year rendered it necessary to postpone all repairs that were not very urgently demanded. The works in progress are—new school-buildings at Poroporo, near Whakatane, where work has been carried on for years under great disadvantages; and the reinstatement of the old buildings at Te Teko (inland from Whakatane), a place that is now rapidly recovering from the devastation wrought by the Tarawera eruption in 1886. The master at Poroporo has been living at Whakatane, four miles away from his work, and the school has assembled in a Maori house: there were 34 children on the roll in December, and the average attendance was 20. The Te Teko people, who have reoccupied their old settlement, expect to have an attendance of about 30 when their school is reopened.

Negotiations are in progress for the transfer to the Auckland Education Board of some schools in districts where the people have become well accustomed to European ways. It is not to be expected that the transfer of such schools to the Board will result in a diminution of the cost per head in the schools that will remain under the direction of the Education Department; on the contrary, the more unfit the schools are to be merged in the public-school system of the colony the more expensive—as a rule—must they be, and the transfer of those that differ least from the ordinary public schools will leave the more expensive ones in the hands of the 'department. A Native school in a lonely place must not be intrusted to a junior teacher or to a bachelor, and it is not a fitting sphere for a single woman. It is usually necessary to have for masters married men, and the example set by the daily life of a well-ordered family is one of the greatest benefits conferred on the people of a Native settlement by the establishment and maintenance of a Native school. There is always the danger that, removed from the influence of the society of their equals, the teachers may fail to maintain their old standard of comfort, refinement, and energy, and, as a matter of fact, some do fail; but the few instances of failure serve to emphasize the importance of selecting men of strong character to form the vanguard of civilisation. It is possible that the Department may have been too reluctant to proceed to extremities at the first indication of any objectionable weakness; that in such cases it has sometimes been too sanguine and too patient, and that occasion has thus been given for adverse judgments fairly applicable to individual instances, but quite unfair when they are made to apply to the service as a whole. Of the service generally, and of most of the teachers by name, the Inspectors constantly speak in terms of high commendation.

The number of children on the books at the end of December was 2,259; Maoris and children between Maori and half-caste make up 71 per cent. of this number, half-caste children 11 per cent., and Europeans or half-castes inclining to European 18 per cent. The proportion of children under ten years of age was 57½ per cent. The average attendance for the year was 1,877, and for the fourth quarter 1,785. The falling-off of attendance, as disclosed by a comparison of the numbers here given with those of the preceding year, has been considerable, and a decline in this respect is necessarily accompanied at first by an increase in the expenditure reckoned at so much a head. The number of pupils that passed at standard examinations was 699: Standard I., 281; II., 236; III., 110; IV., 72. The examinations of the year were more strict than those of former years, especially with respect to the accurate use of English.

The number of teachers employed in December was 135: 59 were masters, with salaries from £90 to £235; 8 were mistresses, with from £72 to £165; 27 were assistant mistresses, with from £15 to £55; and 41 were teachers of sewing, at £20 each. For the present financial year the highest salary is £205. Mr. A. J. Hamilton, one of the most efficient of the Native-school teachers, has just been appointed Principal of the College at Tonga, an institute where 200 youths are under instruction. The Government of Tonga, believing that the New Zealand method of giving instruction in Native schools through the medium of