

The amounts expended from endowment revenue received by the governing bodies of University colleges and secondary schools, amounting to £83,000, should be added to this, making a total expenditure from public sources of £3,286,000, as compared with £3,526,000 in 1921-22. The saving is accounted for chiefly by the reductions in the cost-of-living increase and other economies.

The financial position has been such that the Government has been compelled to exercise the greatest care in all its expenditure, but no essential service connected with education has been unduly curtailed, and the various activities have been maintained. The pressing need for increased school accommodation has received the earnest consideration of the Government, and since 1918-19 the sum of £1,698,304 has been expended for this particular purpose. The expenditure is very largely in excess of the pre-war rate, as for the five years ended 31st March, 1915, the capital expenditure for school buildings, &c., amounted to £564,389. Where possible preference has been given to claims for primary schools. For many of these schools there has been an insistent demand for more liberal staffing and better building accommodation, and gradually effective steps are being taken to meet this demand. In schools where increased staffing has been shown to be necessary to avoid unduly large classes authority has been given for the appointment of additional assistants. In all cases where overcrowding has been acute the Government has provided grants for buildings, and is continuing its efforts to overcome the shortage of buildings. For the information of honourable members I have included in the attached tables a statement which sets out the enormous increase in the cost of education since 1911-12, and from which it may be seen that this important national service has not been neglected. I have arranged to provide an increased sum for school-building purposes in this year's finance by the transfer of £100,000 of the accumulated surpluses to the Education Loans Account.

DEPARTMENT OF HEALTH.

The amount appropriated last year for hospitals and charitable aid was £425,000, but owing to the fact that subsidies were claimed more promptly than usual the expenditure slightly exceeded the estimate. The amount required for the current year is £420,000, the actual maintenance requirements of Hospital Boards again showing a slight reduction. There is an increase, however, in the capital requirements, and, as maintenance charges are the ultimate result of the capital expenditure, Hospital Boards should use the greatest prudence in embarking upon any but absolutely essential capital expenditure. The net expenditure of the Department in 1922-23 was £4,414 less than voted, and an increase of about this amount is required for the current year, due principally to the fact that the war service institutions taken over are being used more for civilian treatment for which the full cost is not now recovered. Steps are being taken in the direction of handing over these institutions to Hospital Boards.

STATE ADVANCES OFFICE.

The substantial benefit derived from borrowing money at the low rate of $4\frac{1}{2}$ per cent. interest to build houses and acquire homes is of great advantage to those persons desirous of owning their own properties. The Amendment Act of last year, authorizing advances for the purpose of redeeming mortgages at a rate of interest not exceeding $5\frac{1}{2}$ per cent., is affording settlers much relief, and since October last advances totalling £884,090 have been authorized for this purpose.

The Amendment Act of last year also authorized loans on chattels at a rate of interest not exceeding $6\frac{1}{2}$ per cent. The applications for advances on this class of security have been fairly numerous, and a considerable number of loans has already been granted.

The new business for the year was as follows :—

			Number.	Amount. £
Loans granted to settlers	..	..	2,149	1,211,635
Loans granted to workers	..	..	1,754	878,150
Loans granted to local authorities	..	..	213	478,035
Totals	..	..	4,116	<u>£2,567,820</u>