

It is impossible to adequately handle so large a number of pupils on the limited grounds of the Emma street location. For this purpose a suitable building, costing about \$80,000, will be necessary, and economy requires that the building be sufficiently large to meet the probable increase of pupils for at least ten years to come.

SCHOOL PROPERTY.
The Board of Education is desirous of securing a complete record of all property in its care and devoted to educational purposes. The Superintendent of Public Instruction has asked for a survey of every known school lot, occupied or otherwise. With this information at hand, the Board proposes to transfer all vacant property to the appropriate Department of the Territory, by actual description, for other public uses. The estimates for the Survey Department (to be submitted to you) cover increased allowances for this work. You will readily perceive that the cost will be more than offset by the use or disposition of property which is now lying idle.

INDUSTRIAL SCHOOL KULEANAS.
The developing of the Wailalee Industrial School on Oahu has aroused an interest in the titles to neighboring kuleanas long since abandoned and unoccupied. In order to prevent disputes as to water rights and rights of way, and avoid the possibility of having neighbors who would be a menace to the Industrial School, it is advisable to acquire, by condemnation or otherwise, as many as possible of the kuleanas lying in and around Wailalee. It is estimated that \$5,000.00 will be needed for this purpose, and I recommend the appropriation. These parcels of land can be put to good use by this splendid institution, which is doing such remarkable work for our wayward youth and which it is hoped will soon be self-supporting.

SCHOOL PROBLEMS.
In the Report of the Superintendent of Public Instruction there is submitted for your consideration a plan for the centralization of schools in certain districts of the Islands, and the providing of transportation for the scholars by contract. This plan has already been adopted elsewhere, and it is believed will make for economy and greater efficiency, in that it permits children to enjoy the benefits of a graded school, as opposed to the difficulties that are encountered when children of several grades are under one teacher.

A suggestion which is well worth your consideration is the plan of securing a School Medical Inspector, who would give his whole time in going from school to school, examining the children privately and reporting to the Board of Health the results of his investigations. If approved by you, a suitable appropriation should be placed under the Board of Health, of probably not more than one hundred dollars a month, with an amount sufficient for traveling expenses.

The public interest in educational matters is well illustrated by the use, for a year or more, of a comparatively small fund in loans to students of the Normal School, on which interest is paid, and these advances are returned in monthly installments as soon as the recipient graduates and begins to teach in one of the public schools. The fund is growing, and as yet there has not been a single student who has repudiated the obligation and refused to repay the amount advanced.

It is proposed to develop this idea and secure a larger fund, by voluntary subscription, to be used in so-called "honor loans," to enable those who desire further preparation for the more responsible positions under the public school system to go abroad and study, the fund, as in the former case, gradually growing from the payment of interest and returns from those who have benefited under it.

Your attention is called to a special report of the Board of Education, conforming to a resolution of the last session of the Legislature, on the question of a Territorial Agricultural College. This report covers the laws under which such institutions have been established, and recommends ways and means for an agricultural college in Hawaii. The benefits conferred by such an institution will be apparent to you, and I concur in approving the report.

The industrial work of our schools is particularly interesting in that the first marked development of this feature of education in the United States of America was undoubtedly

modeled on that in the Lyman School at Hilo and at our historic Lahainaluna. The Territory's progress in this line is set forth in a special report of the Department of Education, and your attention is specially called to it in view of its particular importance to Hawaiians.

PERMANENT SETTLEMENTS.
The unfortunate and harrowing accident which occurred to Mr. H. M. Wells, the School Inspector for Maui, while in the performance of his duties, will probably incapacitate him for future work, and in conformity with past precedent, I recommend that the list of Permanent Settlements be increased to include Mrs. H. M. Wells, and that a settlement of four hundred dollars a year be made to her, in recognition of the many years of faithful public service on the part of Mr. Wells, first in our public schools and later as an Inspector.

PUBLIC WORKS.
Your deliberations should be guided by a common interest for the whole Territory. Your duties, if properly undertaken, do not make you partisans of either County or Territory. There is no saving by the transfer of expenditures from one to the other. But, in view of the separate corporate powers and responsibilities the property of one cannot with reason and propriety be transferred, without consideration or compensation, to the other. This question of the right to dispose of property is serious and can no longer be set aside with indifference.

If it is your desire to enlarge by amendment the functions, the scope of the Counties, and give over to each the court houses and jails, with the care of prisoners, then in justice to each County, let the property in each be appraised and paid for, thus keeping faith with our Territorial bondholders and protecting our credit.

What would be thought of a corporation which on a showing of assets floated bonds, and then gradually transferred its assets, without consideration, to a new and distinct corporation?
Other public property belonging to the Territory, such as wharves, landings and public buildings, need funds for their proper care and preservation. But besides this, now that the Federal Government has undertaken to build a breakwater for Hilo, there is certain to be a marked increase in shipping and trade at that point within the next two years, and the Territory should be prepared to offer increased facilities or else a surrender of the water front to private enterprise. The Government already owns a wharf not now used, and you are asked to make provision for its repair and remodeling.

This breakwater makes it certain that Hilo is bound to be the main port for the Island of Hawaii. Capital for needed railroad development on that Island has sometimes hesitated through fear that Federal experts might select some other point for improvement. The determination of this question will, I believe, materially enhance the possibility of a Hamakua railroad. Throughout the Territory there is no great undertaking which is of more importance than the construction of this railroad, and I submit for your consideration the passage of an Act, through which the development, during the next two years, of railroads that are common carriers will be exempt from taxes for ten years. Experience shows that pioneer railroads increase the taxable value of real property to a marked degree, and thus the Territory will suffer no setback in its income by the passage of such an Act. (To be continued.)

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