

APPENDIX C.—THE STATE'S INTERESTS.

THE total value of the unimproved land and the improvements at Rotorua at the 31st March, 1914, as prepared by the Government Valuation Department, was as follows :—

	Capital Value. £	Unimproved Value. £	Value of Improvements. £
Rateable lands	503,002	285,287	217,715
Exempt non-rateable lands	250,933	184,645	66,288
Totals	753,935	469,932	284,003

The non-rateable lands belong to churches, the Natives, and the Government, but do not include the Government Gardens, which, not being included in the town, do not enter into this estimate. The total rent derived from the leased lands in the town and suburbs of Rotorua amounts to £2,596 14s., but that sum includes £698 14s. received under the Public Reserves and Domains Act, 1908, and the Thermal Springs District Act, 1881. This latter sum does not go to the Government, but to educational trusts, and that leaves only £1,898 net rental received by the Government for street-maintenance. If we capitalize at 5 per cent. the net rental received by the Government we get £37,960, which latter sum may be taken to represent the unimproved value of the land when first leased by the Crown. The first land leased at Rotorua was in the year 1882, since which time there has been land leased in the town and suburbs periodically as opportunity offered.

To get an approximate estimate of the increase of value of the land, which is now £469,932, we may deduct the beforementioned £37,960 from the value to-day, thus leaving £431,972 as representing the increase, being an average per annum of £22,735 for the nineteen years expired of the ninety-nine-years leases—leaving now eighty years unexpired. We assumed eighty years unexpired because the leases are at different dates, and we can get only an approximate estimate; but it is adequate to illustrate the position of affairs under consideration.

The State have alienated the Rotorua lands for ninety-nine years, having eighty years to run, the marketable interests it has in the lands now are the present value of the £1,898 a year ground rent, worth £37,194, and the reversionary interest in the land, worth £9,483, making a total of £46,677.

A careful consideration of the questions of the relative increase of money at compound interest at 5 per cent. and of the probable increase in the value of land at Rotorua shows that even if the land there increases during the ensuing eighty years at the same rate per annum as it has done during the last nineteen years, the increase of the £46,677 will, in our opinion, be greater than the probable increase in the value of the land at the end of eighty years, reckoning interest at 5 per cent.

Such estimates over so long a period can be only approximate, because interest at 5 per cent. may not be procurable continuously over eighty years, and on the other hand the most unexpected things may happen at Rotorua to enhance or depress the value of lands beyond possible calculation.

Approximate Cost of Paper.—Preparation, not given; printing (650 copies); £4 15s.

By Authority : JOHN MACKAY, Government Printer, Wellington.—1914.

ice 6d.]