

365. The net cost of the Department for 1930–31, excluding Census and Statistics, which was then a branch of the Internal Affairs Department, was £89,273, after charging interest and depreciation on all activities, and in order to show how this loss accrued the following statement is submitted:—

<i>Expenditure.</i>			<i>Income.</i>		
To Net loss after charging interest and proportion of Head Office expenses—			By Net profit after charging interest and portion of Head Office expenses—		
	£	s. d.		£	s. d.
Te Aroha	3,572	11 1	Rotorua electric system ..	5,831	0 10
Rotorua baths	10,687	13 10	Rotorua Acclimatization District ..	314	5 8
Rotorua sanatorium	1,172	6 5	Net loss after charging interest ..	89,273	3 2
Rotorua gardens	4,425	15 8			
Rotorua water and drainage ..	6,338	15 9			
Rotorua reserves	1,629	6 1			
Rotorua wharves and beacons ..	325	0 6			
Waimangu round trip	553	0 8			
Waitomo Hostel and guiding ..	3,059	7 8			
Lake House, Waikaremoana ..	2,369	1 6			
Morere Hot Springs	171	6 5			
Hermitage Hostel (leased) ..	1,555	3 4			
Te Anau steamer and Hotel (leased) ..	1,177	19 7			
Queenstown	762	0 1			
Glade House, Milford Hostel and track	6,513	6 0			
Miscellaneous reserves	1,066	2 8			
Passenger-booking bureaux ..	4,735	16 0			
Sydney and Melbourne agencies ..	5,835	2 3			
Toronto agency	3,407	17 6			
Industries and Commerce Branch ..	9,541	13 2			
Publicity Branch	22,428	9 1			
Subsidies to inland mails	1,061	6 3			
Subsidies to steamer service, accommodation-houses, and New Plymouth Expansion League ..	675	0 0			
Expenses in connection with minor agencies overseas	794	9 6			
Subsidy to Rotorua Borough Council	1,300	0 0			
Compassionate allowance to Mrs. R. Gilkison	74	0 0			
Interest on National Development Account	185	18 8			
	£95,418	9 8		£95,418	9 8

366. The following statement shows the losses in respect of the combined Department since 1926–27:—

	£
1926–27	103,691
1927–28	100,019
1928–29	108,110
1929–30	94,362
1930–31	89,273

367. It will be noted that, without exception, the tourist activities in 1930–31 resulted in very substantial losses.

368. It is realized that under certain circumstances tourist trade may be an important branch of commerce, but it is open to question whether the benefits derived by New Zealand from tourist traffic counterbalance the substantial loss incurred by the Crown in the operation of the various tourist resorts. We are of opinion that the cost is far in excess of the value of the additional tourist traffic secured to the Dominion by State activities.

SUBDIVISION I.—INDUSTRIES AND COMMERCE.

Trade Representatives in Australia.

369. The Department has offices in Sydney and Melbourne, and trade representatives are located in those centres. The cost since 1926–27 has been as follows:—

	£
1926–27	3,766
1927–28	3,863
1928–29	3,944
1929–30	4,082
1930–31	5,835

370. We are of opinion that the expenditure of such a large amount of public money on the maintenance of trade representation in Australia is unwarranted. **We recommend that the Melbourne office be definitely closed, and, furthermore, consider that adequate representation can be obtained at an annual cost not exceeding £1,500 if an officer of the Customs Department was stationed in Sydney.** The work in connection with tourist and trade matters in Australia could well be carried out by such an officer acting in conjunction with the shipping companies, railways, tourist interests, and others who benefit from tourist traffic.

371. Provision was made in the 1931–32 appropriations for the cost of sending a trade representative to the East. We are of opinion that the practice of sending State trade representatives abroad to investigate oversea trade conditions should be discontinued, and that that phase of trade development should be left to the enterprise of the commercial interests concerned.

Saving, £4,300.