

382. In addition to the foregoing ventures, the Department is now controlling the Chateau at Tongariro, National Park.

383. The Chateau was erected and furnished by the Tongariro Park Tourist Co., Ltd., at a cost of approximately £126,000, of which the sum of £60,000 was obtained on loan from the Public Trustee through the Tongariro National Park Board. This loan carried a Government guarantee. Owing to default by the company the Chateau was taken over by the National Park Board. The loan from the Public Trustee has since been repaid from the Public Works Fund, so that the Chateau is now the property of the Government. The Department assumed control during 1931–32, and the results of the year's trading are not available. It is estimated that without allowing for depreciation and interest on capital there will be an annual loss of £3,000. **It is obvious that the property should be disposed of to private enterprise, if at all possible, but, failing this, it would be more economical to close the Chateau and to appoint caretakers to look after the asset.** As an alternative, the possibility of utilizing the building for one of the social-service activities of the Government should be explored.

384. In regard to other tourist resorts controlled by the Department, each of the following show a working loss, apart from interest and depreciation. It would therefore be more economical for the Government to close these institutions than to carry them on at a heavy annual loss. The institutions are as follow :—

Te Aroha springs.
Rotorua baths.
Rotorua sanatorium.
Rotorua gardens.
Rotorua water and drainage.
Lake House, Waikaremoana.
Queenstown gardens and grounds.
Glade House, Milford Hostel, &c.

385. After carefully reviewing the whole of the operations, including those which are showing a small interest return on capital and those activities where a profit is made, **we are definitely of opinion that the development of tourist traffic and the running of hostels should be left to private enterprise.**

386. We therefore recommend that every endeavour be made to dispose of the tourist resorts, either by sale or lease. We append individual recommendations :—

387. *Te Aroha Springs.*—This resort is now of local interest only, and it should be handed over to the local authority to which most benefit accrues, failing which it should be disposed of.

388. *Rotorua Tourist Resorts.*—In view of the varied activities of the Department in and around Rotorua, we draw special attention to the figures appearing in the foregoing table, which disclose that the losses in connection with Rotorua activities during 1930–31 amounted to no less than £25,000, from which should be deducted the profit on the electric system, £5,831.

389. **It is evident that the town is substantially dependent upon the activities of the Government and we are of opinion that some contribution should be obtained from the local authority as a set-off against the loss which is borne by the Crown.** For instance, the water and drainage system should be the responsibility of the borough, and we recommend that the system should be handed over to it and that the capital invested in the system be deemed to be a loan, on which interest and sinking fund should be paid. This would minimize the loss to the Crown and provide for a more equitable distribution of the burden.

390. Another point in connection with the Department's operations at Rotorua is that it is responsible for the Sanatorium. This function should fall naturally under the administration of the Health Department. To a certain extent there is duplication of facilities, in that the Health Department already maintains the King George V Hospital at Rotorua. **We accordingly recommend that the Sanatorium be amalgamated with King George V Hospital.**

391. *Waitomo Hostel and Caves.*—A very small interest return is earned by this undertaking. We recommend that every effort be made to dispose of the hostel, either by way of sale or lease.

392. *Lake House, Waikaremoana.*—There is a loss on the running of this hostel, without taking into account depreciation and interest on capital. Every effort should be made to minimize the loss pending the disposal of the property, which we recommend.

393. *Morere Hot Springs.*—While the loss on this activity is relatively small, we recommend that every effort be made to render it wholly self-supporting.

394. *Mount Cook Hermitage.*—This undertaking is leased, but the rental return to the Department does not cover interest on capital and depreciation. There is a loss of over £1,500 per annum on this account, but no remedy appears possible at the present time.

395. *Queenstown Gardens and Grounds.*—This undertaking does not produce sufficient to cover working-expenses. The amenity should be provided by the local authority that receives most benefit from it, and we recommend that control be delegated to it.

396. *Glade House, Milford Hostel, and Track.*—We are of opinion that the available tourist traffic does not justify either the capital which has been expended on this resort or the annual operating loss which is incurred. **We recommend that every effort be made to dispose of the properties, but, failing this, that the hostels be closed.** An annual loss of £6,500, of which over £3,000 is in respect of operating-costs, cannot be justified. There would be a direct economy of £3,000 if the Hostels were closed.

397. *Miscellaneous Reserves.*—There is an annual loss of approximately £500 in this connection. We recommend that wherever possible the reserves be handed over to the appropriate local authorities.