

The money spent in the formation and upkeep of roads and streets is derived from the following sources: (1) Half the money received as bath fees; (2) all rents received by the Crown from lands leased in the township; (3) fees received for registration and license, as publichouse licenses, licensed vehicles, dog-tax, &c. For last year these sums were respectively £1,313 19s. 1d., £1,811, and £1,091 0s. 10d.

Beyond the fees, &c., paid under class (3) the householders do not contribute anything by way of rates or otherwise to the management of the town.

The town dates from the year 1883. Prior to 1900 it was managed and controlled and the funds administered by a Board elected under the provisions of the Thermal Springs District Act. From 1900 to 1907 the control was intrusted to a Council formed under the Rotorua Town Council Act, 1900, consisting of three members elected by the people and four appointed by the Crown. This Council had power to levy rates, but never did so, preferring to maintain the town out of funds furnished by Government from the bath fees and Crown rents. In 1907 the Rotorua Town Act was passed, repealing the Act of 1900, and the Council ceased to exist. The management of the town was by the Act of 1907 placed in the hands of the Government Tourist Department, which was, for the purpose by a provision of the Act, constituted a corporate body. The expenditure of all moneys on the upkeep of the town was intrusted to the Resident Officer of the Tourist Department. The Act now in force provides for the town maintenance out of Crown rents collected on lands within its boundaries, and all fees and revenue which, were the corporation a municipality, would be paid to the local authority, but makes no provision for rating private property. Beyond the doubtful authority of section 2 of the Rotorua Town Act, 1907, read in conjunction with section 12 of the Rotorua Town Council Act, 1900, there is no statutory provision for the payment of half the bath fees as under the Act of 1900, but a payment of half the receipts for bath fees has nevertheless been paid up to the present time.

All the Crown lands within the town boundaries have been leased by the State for a term of ninety-nine years at a fixed rental for the whole term, so that under present conditions there is no possibility of increasing the revenue from rents during the whole term of the leases.

From the evidence adduced and from our own inspection of the town we are of opinion that the revenue is at present barely sufficient to efficiently maintain the roads and streets now existing. The town is growing and the demands for expenditure increasing, but the revenue is, from its nature, stationary, and in the near future it will become altogether inadequate. The roads are unmetalled and soft. It is essential for the comfort of the inhabitants and visitors that this state of things should be remedied, but it is quite beyond the resources of the corporation, with its present income, to do so. Some change in the administration of the town will in the near future become imperative, and it must be in the direction of taxing the property-holders of the town. Although we think that, on account of the large interests owned by the State in lands and buildings likely to be benefited by the proper maintenance of the town, the Government of the Dominion should contribute a portion of the funds required, we are of opinion that the time has arrived when the people themselves should be called upon to contribute something substantial to supplement the revenue derived from the Crown.

APPENDIX B.—NOTE EXPLANATORY OF SUBDIVISIONS.

WHEN the Town of Rotorua was laid off a certain portion of the land fronting the lake was divided into sections averaging approximately a quarter of an acre. This portion was intended for occupation as the "town." Outside of this area a much larger portion, now known as the suburbs, was surveyed and cut up into sections varying from 10 to 40 acres in extent, with the intent that they should be taken up and used as gardens and small farms. These were all let at the upset price of £10 per section. As the town sections became occupied more room was required for dwellings, and several of the suburban blocks, especially those near the town, were divided by their holders into smaller sections—generally a quarter of an acre in area—and occupied by tenants holding under the Crown lease. These tenants did not acquire a transfer of the lessee's interest in their sections. To avoid the cost of survey necessary to a subdivision they obtained a sublease of a defined portion of the original holding for a period extending over the full term of their lessor's title, less one day. The subletting in each case was consented to by the Commissioner of Crown Lands as agent for the Crown. The tenants who entered into possession as sublessees have built houses and greatly improved the land. In some cases they have sublet their sections: Roads, one chain in width, have been reserved for their use by the lessor out of the land comprised in his original lease, but the dedication not having been accepted by the Crown, no funds have been expended on their formation or upkeep. The sublessees have virtually become possessed of all the Crown tenants' interest in their respective sections so long as they comply with the covenants in their leases, and it is for this reason they have urged that the Crown should, in the matter of granting the freehold, deal with them directly (by special legislation if necessary) without reference to the Crown lessee, except in so far as to pay to him his due proportion of the purchase-money.