

The average annual net profit from date of seizure to date of proclamation was £3,794, ascertained as follows:—

	£	s.	d.
Revenue, 26th May, 1895, to 21st July, 1900	98,147	6	2
Expenditure, " to "	81,538	0	2
Net result	16,609	6	0
Plus—Rolling-stock	2,713	15	4
Protective works	2,287	6	0
	21,610	7	4
An average per annum of (5½ years)	4,182	0	0
Less net return per annum from traffic due to construction-works (£1,164 per annum, less 66 per cent. for working-expenses = £388)	388	0	0
Balance	£3,794	0	0

The Commissioners have considered that the traffic may reasonably be expected to increase by 5 per cent. per annum during the next ten years, and that of this increase two-thirds will be absorbed by working-expenses. Based upon these conclusions, the Commissioners believe that a purchaser might possibly be found to give £190,000 for the property, which, in their opinion, is all that could be realised under the conditions set forth in this paragraph.

9. "The value of the said portions of railway from Belgrove to Norris's Gully and from Springfield to Patterson's Creek estimated in the same manner, but having regard to the fact that they were constructed as continuations of, and are continuations of, lines of railway then existing, and also having regard to the fact that the expense of their construction was borne partly by the company and partly by the Government of our said colony."

Belgrove to Norris's Gully.

This line, as will be seen from the traffic and expenditure returns (Exhibit 2), does not nearly earn the very moderate working-expenses incurred; and, even if the traffic were to increase by 5 per cent. per annum, it would take many years before the working-expenses were recouped. We are of opinion that the section of railway from Belgrove to Norris's Gully, if put up for sale subject to the conditions imposed by "The Railways Construction and Land Act, 1881," would not find a purchaser. We therefore find that, in terms of our Commission, it has no selling-value.

Springfield to Patterson's Creek.

On the basis as submitted to us in our Commission this line has no commercial value whatever. Any one owning the line subject to the conditions imposed by "The Railways Construction and Land Act, 1881," would have to spend a great deal more in working-expenses than the line can possibly bring in; consequently the line, under the conditions set forth, has no selling-value.

10. "The total sum realised by the company and the said Receiver as the proceeds of the sale of lands granted by Us to the company pursuant to sections 7 and 8 of 'The East and West Coast (Middle Island) and Nelson Railway and Railways Construction Act, 1884,' and the present value of such of the said lands granted by Us as have not yet been sold by the said company or the said Receiver, and the value of the lands provided by Us and upon which the railway is constructed."

	£	s.	d.
(Exhibit No. 1.) Total sum realised from sale of land	312,505	0	0*
(Exhibit No. 109.) Cash given by Crown in lieu of land	5,000	0	0
(Exhibit No. 1 and evidence.) Westport sections unsold	640	10	0
" " Cobden sections unsold	626	5	0
" " Ahaura sections unsold	575	7	6
" " Canterbury lands unsold	7,208	15	11
(Exhibit No. 62.) Value of land provided by Crown for Springfield line	32	15	8
(Page 10, evidence.) Value of land provided by Crown for Belgrove line	30	8	9
(Exhibits Nos. 30 and 16, evidence, question 1327.) Value of land provided by Crown for Reefton line	1,316	7	6
Land-claims still unpaid by company	750	0	0
	£328,685	10	4
Deduct cost of land-administration by company	15,625	5	0
	£313,060	5	4
Add moiety of cost of surveys by Government	5,183	4	1
	£318,243	9	5

* This amount should be reduced by the cost of administration and land-grant expenses. Exhibit No. 163 gives details of this expenditure, but, as the Commissioners consider that several of the items should not be included, they have allowed 5 per cent. (£15,625 5s.) on the gross receipts of £312,505 as an adequate charge for the disposal of the land. At the same time the expenditure of the Government (£10,366 8s. 2d.) on account of the Government surveys on the land selected by the company, less the moiety paid by the company according to contract, should be added.