

11. "By what amount the sums so realised and the present value of the lands unsold exceed the aggregate value of the lands granted, as estimated for the purposes of the contract between Us and the said company, known as the B1 values."

	£	s.	d.
(Exhibit No. 1.) Land realised and unsold ...	326,555	18	5
" B1 value of land ...	260,735	0	0
	£65,820	18	5

Unless the sum of £15,625 5s. for land-administration expenses is deducted herefrom and the Government moiety of the cost of survey is added, the conclusion to be deduced from these figures will be an erroneous one.

12. "The said lines of railway having been constructed by means of (a) moneys provided partly by the shareholders in the said company, (b) partly by moneys raised upon debentures, and (c) partly by moneys provided by Us by our said grants of land and out of our Colonial Treasury, in what proportion should the money value of the said lines of railway, estimated by you as aforesaid, be apportioned among the three said several contributors to the cost of construction?"

(c.) Moneys provided by Crown out of Colonial Treasury:—

	£	s.	d.
(Exhibit No. 4.) Belgrove ...	13,552	2	7*
(Exhibit No. 5.) Brunner-Stillwater ...	15,359	0	0
(Exhibit No. 67.) Springfield line ...	2,196	7	9
(Exhibit No. 70.) " ...	915	3	1*
(Exhibit No. 2.) Belgrove—Rolling-stock ...	1,287	8	0*
" Reefton—Jackson's—Rolling-stock ...	2,713	15	4*
" Protective works, Reefton—Jackson's ...	2,287	6	0*
" " Springfield ...	127	11	4*
	£38,438	14	1

The items marked * have been provided for out of the profits of the railway and sums provided by the debenture-holders after date of seizure and prior to date of vesting. They have, in accordance with Exhibit No. 153, been treated as sums provided by the Government on capital account, it being understood that these and other sums provided by the debenture holders in like manner are to be dealt with as between the petitioners and the Government separately, and entirely apart from this inquiry, and to which course the counsel for the petitioners has agreed.

The Commissioners, in the event of the Crown waiving its rights under "The Railways Construction and Land Act, 1881," and its ordinary right of priority, apportion this selling-value of £190,000 as follows: To the debenture-holders, £93,021; to the company, £31,266; to the Crown, £65,713. The two first items are divided on the basis of £250,000 provided by company and £743,800 provided by the debenture-holders.

1. (a.) (*Commission of 1st June*): "Excluding any increase of value of traffic which would or might accrue from railways continuing or connecting with the said lines of railway at either end thereof, but adopting any method of ascertaining the selling-value of the said lines of railway which may appear to you just and equitable, and ascertaining thereby what, in your opinion, is the highest amount which could have been realised by a sale of the said lines of railway immediately after the Government of our said colony took possession of the same from a purchaser other than the Government of our said colony, and deducting from such amount the aggregate amounts of the B1 values of the land granted by Us to the New Zealand Midland Railway Company (Limited), and the value of the Crown lands occupied for purposes of the said railway and the construction-work, and moneys provided by Us out of our Colonial Treasury, would any, and, if so, what, sum remain to be divided between the shareholders and debenture-holders of the said company?"

The selling-value of these lines at date of seizure (May, 1895) is arrived at by computing the net returns from the traffic receipts between the date of seizure and the date of proclamation, deducting the amount of profit from construction tariff, and adding 5 per cent. per annum for the increase of traffic to be expected during the five years subsequent to the date of proclamation, in the same manner as set forth in our answer to clause 8 of the original Commission. This gives a selling-value of £155,633 to these lines at date of seizure.

The B1 values of the land granted and moneys given and provided for the purposes of the railway, amounting to £314,604 4s. 5d., far exceed the selling-value of the railways as above.

1. (b.) "Proceeding in the same manner, but deducting the aggregate amounts received by the company from the lands granted by Us, and the sums provided out of our Colonial Treasury, and the value of the Crown lands occupied as aforesaid, and the construction-work, and moneys provided by Us as aforesaid, would any, and, if so, what, sum remain to be divided between the shareholders and debenture-holders of the said company?"

The selling-value of the line being £155,633, and the sum-total of value of lands and moneys provided by the Crown being £355,932 3s. 6d., it follows that under this process nothing remains for the debenture-holders or the company.

2. "Adopting the method prescribed by our said original Commission for the ascertainment by you of the selling-value of the said lines of railway, and making the deductions from the value so ascertained directed by sub-paragraphs (a) and (b) of paragraph 1 of this present Commission, would any, and, if so, what, sum remain in either cases respectively to be divided between the shareholders and debenture-holders of the said company?"