

ANSWER.

(For details see Appendix No. 1.)

Stillwater to Reefton and Brunnerton to Jackson's (69 m. 49 ch.).

	£	s.	d.
For actual construction, railway material, and labour ...	540,302	19	11
For supervision, commissions, salaries, and other incidental matters ...	385,739	9	10
Total...	£926,042	9	9

Belgrove to Norris's Gully (6 m. 31 ch.).

	£	s.	d.
For actual construction, railway material, and labour ...	56,081	3	0
For supervision, commissions, salaries, and other incidental matters ...	33,997	8	6
Total ...	£90,078	11	6

Springfield to Patterson's Creek (6 m. 2 ch.).

	£	s.	d.
For actual construction, railway material, and labour ...	58,027	4	0
For supervision, commissions, salaries, and other incidental matters ...	34,480	3	6
Total ...	92,507	7	6

Grand total ... £1,108,628 8 9

of which £454,217 1s. 10d. has been expended in supervision, commissions, salaries, cost of raising capital, interest charged to capital account, and other incidental matters.

2. "Whether the sums so actually expended exceeded the amount which, with proper economy and supervision, would have been necessary for the due construction and equipment of the said lines of railway."

ANSWER.

Stillwater to Reefton and Brunnerton to Jackson's.

In the course of their inquiries the Commissioners had abundant evidence that the English contracts (Nos. 1, 2, and 3) had been let at rates far in advance of the colonial contracts, executed at or about the same time, amounting in the case of formation-works to fully 25 per cent. The Commissioners have deducted a sum of £44,172 4s. 3d. from these contracts as representing the sum in excess of colonial rates at the time. The Commissioners have deducted a further sum of £678 in respect to rolling-stock included in Exhibits Nos. 74, 75, and 105. The basis upon which the rolling-stock has been valued is fully set forth in Exhibit No. 140. The land purchased for the railway (Exhibit No. 110) must be reduced by a sum of £1,036 17s., land representing this amount having been retained by the Receiver. With these exceptions the Commissioners have every reason to believe that the sums paid for actual construction, railway material, and labour on this section were economical and according to ruling rates, and, after deducting the sum of £45,887 1s. 3d., the Commissioners consider that the balance may be passed as the reasonable cost of actual construction.

Turning to the cost of supervision, administration, commissions, salaries, interest, cost of finance, and other incidental matters, the Commissioners find the enormous sum of £385,739 9s. 10d. chargeable to this section. The Commissioners are of opinion that 5 per cent. (£24,720 15s. 11d.) on the reasonable cost of construction was fully adequate to cover supervision, administration, salaries, and all necessary incidental expenses.

With regard to interest on capital during progress of construction, the Commissioners, having in view the fact that at least a moiety of the funds provided might prudently have been invested on fixed deposit, have computed interest for the full amount of each contract at 3 per cent. per annum, counting from a date three months prior to entering on each contract until the issue of the final certificate, and have allowed twelve months' interest at the same rate on importations of railway material and for minor works. This represents in respect to this line a sum of £30,884. (For details see Appendix No. 2.)