

The reasonable cost of this railway the Commissioners therefore fix at £550,020 14s. 7d.

Belgrove to Norris's Gully.

The company carried out the grading and formation, also the tunnel, and erected a few small buildings in connection with this line, and then discontinued the works. The platelaying and completion of the line was subsequently carried out by the Government, as well as the extension of the line to Motupiko. The work done by the company was let by public tender, and, in the opinion of the Commissioners, was economically done. So far as the charges allocated against this section for supervision, interest, and finance are concerned, the Commissioners are of opinion that they are out of all proportion to the value of the work done, and consider that 5 per cent. (£2,804 1s. 2d.) on the £56,081 3s. expended for actual construction sufficient to cover all charges for supervision and administration; while the amount which might reasonably be considered fair and equitable as a charge for interest during construction would be £2,700, computed as in the case of the Stillwater to Reefton and Brunnerton to Jackson's line.

The reasonable cost of this line the Commissioners therefore fix at £61,585 4s. 2d.

Springfield to Patterson's Creek.

This work was also let by public tender, and the Commissioners consider it was carried out with proper economy, and have, therefore, no deductions to make in respect to actual construction, railway material, and labour. In respect to the charges for supervision and salaries, the Commissioners consider in this case also that 5 per cent. (£2,901 7s. 2d.) on the £58,027 4s. expended in actual construction, railway material, and labour sufficient to cover all such charges, whilst the sum of £2,250 to cover interest during construction is, in the opinion of the Commissioners, all that can be allowed under this head, interest being computed as in the case of the Stillwater to Reefton and Brunnerton to Jackson's line.

The reasonable cost of the railway the Commissioners therefore fix at £63,178 11s. 2d.

Summarising these sums, the Commissioners arrive at the reasonable cost of construction, equipment, supervision, administration, and interest on capital during construction, as follows :—

	£	s.	d.
Stillwater to Reefton and Brunnerton to Jackson's ...	550,020	14	7
Belgrove to Norris's Gully	61,585	4	2
Springfield to Patterson's Creek	63,178	11	2
Total	£674,784	9	11

3. "The condition of the permanent-way and rolling-stock and buildings of the said lines of railway at the date when the Governor of our said colony took possession of the same on our behalf."

ANSWER.

Stillwater to Reefton and Brunnerton to Jackson's.

Exhibit No. 11 gives full particulars of the condition of the permanent-way, rolling-stock, and buildings, by the company's engineer; and Exhibits Nos. 10 and 12, similar reports by the Government engineer. The Commissioners are of opinion that the permanent-way was in fair order, with the exception of ballast being bare in places, and birch sleepers and birch structures decaying. The latter were fast deteriorating, and it is manifestly false economy to lay permanent-way of this character. Very large renewals must be undertaken in the immediate future. The rolling-stock was, allowing for fair wear-and-tear, in good order. (For depreciation see Exhibit No. 140.) We estimate that at this date buildings had depreciated by £2,630, fencing by £1,815, rolling-stock (Exhibit No. 140) by £7,359.

Belgrove to Norris's Gully.

At the time the company discontinued these works (December, 1893) the rails and sleepers had not been laid, and there was no rolling-stock provided. We estimate that at the date of seizure the buildings and fencing had depreciated by £227. Nothing was done to the line by the company between December, 1893, and the date of the seizure. The line was handed over to the Railway Department in February, 1899, in good order and as at present, the banks and cuttings having been repaired and completed, and the formation