

£1,108 12s. (£1,471 for rent, less rent shown in Exhibit No. 97, £362 8s.) for rentals on land acquired by company and credited to railway revenue. In estimating the earning-power of the railway, these items less the cost of earning same, must be taken into consideration.

PERIOD SUBSEQUENT TO SEIZURE AND PRIOR TO VESTING :—

Springfield to Patterson's Creek.

		£	s.	d.
(Exhibit No. 61.)	1st April, 1897, to 31st March, 1898 ...	0	8	5
"	" 1898, to " 1899 ...	49	8	9
"	" 1899, to " 1900 ...	141	15	0
"	" 1900, to 21st July, 1900 ...	69	18	7

Belgrove to Norris's Gully.

Nil.

Stillwater to Reefton and Brunnerton to Jackson's.

(Exhibit No. 8.)	For passengers from Jackson's ...	£215	per annum.
"	For goods (Public Works) to Jackson's	557	"
"	For goods (workmen's stores) to Jackson's ...	377	"
(Exhibit No. 157.)	For passengers to Jackson's ...	15	"

In estimating the earning-power of the railway these amounts, less the cost of earning same, must be taken into consideration, and two-thirds of the gross proceeds from this class of traffic may fairly be estimated to have been absorbed in the working-expenses.

It will be observed that during the period prior to the seizure a considerable traffic was carried and revenue derived in connection with the construction of the lines going on (Exhibits Nos. 93, 96, and 97). The traffic returns, however, for this period are not of much value in determining the selling-value of the lines, because between January, 1890, and March, 1894, the lines were incomplete, and portions as completed were being opened for traffic. Moreover, during this period the lines, rolling-stock, and buildings were practically new, and maintenance and upkeep would therefore be comparatively light. Taking these factors into consideration—viz., that the revenue due to settlement and ordinary business would be smaller than when the lines were completed and opened to Reefton and Jackson's; also, that the revenue, such as it was, was inflated by business due to construction-works going on, which business was, therefore, not of a permanent character; also, that the working-expenses cannot be taken as a guide as to what the working-expenses are likely to be in the future—the financial results of working the railway prior to the date of seizure do not form a reasonable basis for assessing the selling-value of the lines completed and constructed at the date of seizure. The business realised (Exhibit No. 2) between the date of seizure and date of vesting form, in our opinion, a more—in fact, the only—reliable basis of the permanent value of the lines.

7. "The annual cost of working and maintaining the said lines of railway during the said several periods."

ANSWER.

PRIOR TO SEIZURE :—

Springfield to Patterson's Creek.

Nil (see remarks under question 5).

Stillwater to Reefton and Brunnerton to Jackson's.

		£	s.	d.
(Exhibit No. 111.)	1st August, 1889, to 30th June, 1890 ...	2,460	16	1
"	1st July, 1890, to " 1891 ...	5,143	6	0
"	" 1891, to " 1892 ...	8,659	19	6
"	" 1892, to " 1893 ...	8,356	5	4
"	" 1893, to " 1894 ...	8,803	18	10
"	" 1894, to 25th May, 1895 ...	10,309	12	10

Belgrove to Norris's Gully.

Nil.