

In estimating the earning-power of the railway these amounts, less 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 up-keep 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—indeed, 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."

PRIOR TO SEIZURE.

*Springfield to Patterson's Creek.*

Nil (see remarks under question 5, clause (a)).

*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-Norris's Gully.*

Nil.

SUBSEQUENT TO SEIZURE AND UP TO DATE OF PROCLAMATION.

*Springfield-Patterson's Creek.*

		£	s.	d.
(Exhibit No. 2.)	26th May, 1895, to 31st March, 1896	...	294	18 8
"	1st April, 1896, to " 1897	...	248	10 11
"	" 1897, to " 1898	...	131	18 11
"	" 1898, to " 1899	...	645	13 11
"	" 1899, to " 1900	...	317	10 8
"	" 1900, to 21st July, 1900	...	102	16 8

*Belgrove-Norris's Gully.*

		£	s.	d.
(Exhibit No. 2.)	1st March, 1899, to 31st March, 1899	...	104	8 11
"	1st April, 1899, to " 1900	...	1,520	6 11
"	" 1900, to 21st July, 1900	...	302	17 1

The expenditure given in the exhibit has been reduced by the sums shown in Exhibit No. 70.

*Stillwater to Reefton and Brunnerton to Jackson's.*

		£	s.	d.
26th May, 1895 to 31st March, 1896	...	8,399	1	10
1st April, 1896 to " 1897	...	14,168	3	0
" 1897 to " 1898	...	13,869	14	3
" 1898 to " 1899	...	19,146	3	9
" 1899 to " 1900	...	16,049	6	9
" 1900 to 21st July, 1900	...	4,904	9	3

8. "The selling-value of the said lines of railway from Stillwater to Reefton and from Brunnerton to Jackson's, treated as a railway equipped and constructed and owned by persons having the running powers provided by 'The Railways Construction and Land Act, 1881,' having regard—

- "(a.) To the net revenue already derived from working the same, excluding revenue under paragraph 6 of these presents;
- "(b.) To the prospective increase in net revenue to be derived from increase of population in the neighbourhood and increase of traffic on the said lines, taking into consideration the increase or decrease of revenue from the said lines since they were first opened for traffic, but not taking into consideration and excluding any increase in value or traffic which would or might accrue from the construction by us of railways continuing or connecting with such line of railway at either end thereof."