

We are further of the opinion that the cost of making all the main and access roads across this swamp—estimated at £50,000—should be charged against the State.

Deducting these amounts of £27,000, £35,000, and £50,000 from the present net liability of £481,202 leaves a sum of £369,200, to which has to be added £40,000—the estimate of proposed additional works—bringing the proposed total liability up to £409,200. Of this amount we recommend that the Government should contribute, by way of £1-for-£1 subsidy, the sum of £204,600, leaving an amount of £204,600 as representing the net liability of settlers at the 31st March, 1925. The following statement shows more clearly how this amount has been arrived at :—

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|--|---|----------------------|
| Net liability, 31st March, 1925 | £ | 481,202 |
| Deduct proposed charge against Public Works | | |
| Department on account of saving in cost of railway-construction effected by the drainage-works | £ | 35,000 |
| Deduct on account of road-construction | | 50,000 |
| Deduct residual value of plant owned by Government | | 27,002 |
| | | <hr/> 112,002 |
| | | 369,200 |
| Add for cost of additional works and completion of existing works, say | | 40,000 |
| | | <hr/> 409,200 |
| Of this amount it is proposed that the Government should contribute, by way of £1-for-£1 subsidy | | 204,600 |
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| Proposed amount of settlers' liability at the 31st March, 1925 | | <hr/> <hr/> £204,600 |

The drainage area is liable for a rate to cover interest on this sum, and also for a sinking fund to ultimately repay it. This rate we recommend should be fixed at 5 per cent.—or $4\frac{1}{2}$ per cent. for interest, plus $\frac{1}{2}$ per cent. for sinking fund. In addition to this charge for interest and sinking fund, the cost of annual maintenance has to be provided for. This is estimated by the Drainage Department's Engineer as probably amounting to £7,000 per annum—representing about 2 per cent. on the cost of the actual drainage-works and excluding road-maintenance. We recommend that of this, or any other annual amount chargeable for ordinary maintenance, the Government should contribute by way of subsidy £1 for £1 for the first year, 18s. for the second year, 16s. for the third year, and so on until the subsidy is reduced to 10s. for £1, and that thereafter the amount of Government subsidy towards annual maintenance charges should remain at 10s. for £1. The settlers' share of the maintenance charge is to be met by a rate and paid in addition to the foregoing rates for interest and sinking fund. As a set-off against this proposed permanent maintenance subsidy, the Railway Department will be saved the cost of considerable drainage and river maintenance that would otherwise be necessary for the protection of the railway-line.

Your Commissioners have given very careful thought in arriving at the foregoing recommendations as to what is a fair and reasonable charge to make against the Rangitaiki lands on account of drainage-works and maintenance, and, in considering the whole question of the owners' and settlers' liability, have taken into account the following factors, namely :—

- (a.) The extremely disappointing character of the swamp lands after they have been drained ;
- (b.) The disparity between the original estimates and the final cost of drainage operations, coupled with the fact that under the Rangitaiki Drainage Acts of 1910 and 1913 owners and settlers were in no way given an opportunity either to agree to, or protest against, being saddled with a large financial liability ;