

An analysis of the actual expenditure on maintenance in each Island as compared with the number of motor-vehicles in each Island at the 31st March, 1927, gives the following result, expressed in percentages of the Dominion totals:—

North Island—						Per Cent.
Maintenance expenditure ..	..	..	..	..	..	64·86
Motor-vehicles ..	..	..	..	..	..	61·86
South Island—						
Maintenance expenditure ..	..	..	..	..	..	35·14
Motor-vehicles ..	..	..	..	..	..	38·14

These figures show that, although the Board is treating the South Island more favourably as regards its average rate of subsidy over the whole, there is a balance of expenditure in favour of the North Island to the extent of 3 per cent. The corresponding figure for the year ending 31st March, 1926, was 4·4 per cent. in favour of the North Island.

In accordance with the direction contained in section 21 of the original Act, and following on the Board's resolution passed in May, 1925, an apportionment of the tire duty and license fees collected for the year ending 31st March, 1927, was made between the two Islands in proportion to the number of motor-vehicles registered in each Island on that date. In making this apportionment the interest and sinking fund on moneys borrowed for construction work in each Island have been charged against the allocation to each Island. The balances to the credit of the North and South Islands respectively were £317,823 and £324,920.

Shortly before the expiration of the year under review the Hon. the Minister of Finance informed the Board that he did not propose to borrow any funds for construction purposes for the financial year 1927–28 under section 12 of the Main Highways Act, 1922, and at the same time suggested that the Board should exercise the powers contained in subsection (2) of section 15 of the parent Act. The latter section provides that there may be at any time transferred from the Revenue Fund to the Construction Fund any moneys which in the opinion of the Board are not required for the purposes of the Revenue Fund. The policy of the Board of gradually absorbing the surplus in the Revenue Fund by increased maintenance subsidies and a review of the position of the Revenue Fund, however, especially in the light of the increasing demands on this fund, made it apparent that such a transfer could not be permanently made without seriously depleting the surplus in hand, on the strength of which surplus the Board had framed its recent policy and had recommended payment of the increased maintenance subsidy of £1 10s. for £1. It was therefore agreed that the transfer should be of a temporary nature only, and that provision should be made for the reimbursement of any amounts so transferred to the Revenue Fund. In order to retain the allocation of the revenue between the two Islands in terms of section 21 of the original Act, the following resolution was passed by the Board: "That the moneys temporarily transferred from the Revenue Fund to the Construction Fund shall be allocated according to their use between the North and South Islands on the basis now in force in regard to the distribution of revenue funds received from motor-taxation."

For the year ending 31st March, 1927, the appropriations and expenditure under the Construction Fund were as follows:—

—	Available for Authorization.	Appropriated.	Expenditure.	Percentage of Expenditure to Appropriation.
	£	£	£	
North Island	600,595	409,810	424,353	103·55
South Island	181,273	123,690	116,009	93·79
Administration charges and compensation for accidents to workmen	21,500	21,500	33,500	155·81
Totals	803,368	555,000	573,862	103·40

An analysis of the Board's expenditure and the expenditure by local authorities under the Construction Fund shows the following position:—

—	Board's Contribution.	Local Authorities Contribution.	Total.	Percentage of Board's Con- tribution to Total.	Percentage of Local Authorities Contribution to Total.
	£	£	£		
North Island	424,353	225,042	649,395	65·35	34·65
South Island	116,009	30,818	146,827	79·01	20·99
Totals	540,362	255,860	796,222	67·87	32·13