

The Local Bodies' Loans Act was long overdue, and will probably in the future be looked upon as one of the most important Acts ever passed in this country. Most of us know of instances of loans that have been raised and spent on works that have never produced any beneficial result for the ratepayers. The provision of a sinking fund is the great feature; but this in some cases presses hardly on the backblocks, where the estimated life of the loan, coupled with the sinking-fund rate, prohibits the raising of a loan. It might be remarked that what may to-day appear a sound proposition as a metalling loan may in a few years, with the rapidly changing methods of and increased desire to travel, assume a very different aspect and become a burden rather than an asset.

From the point of view of the local authorities, one of the events of paramount importance was the passing of the Motor-spirits Taxation Act of last session, providing, as this new source of revenue did, a fund from which the construction and maintenance of the principal roads of the Dominion could be financed without further increasing the already severe load which the local authorities were carrying in the way of local rates.

The increase of motor-cars, and particularly of heavy motor-lorries, in New Zealand, with its resultant wear-and-tear on the roads, had made it evident that further income must be derived from some source other than the pockets of the ratepayers, and the decision of the Government that the user of the road should pay a larger proportion than had previously been contributed by him has, I am sure, met with universal satisfaction, even those who have to pay not maintaining that any unfairness exists.

In considering the question of road finance, it must not be forgotten that for many years before the motor-vehicle was taxed for the upkeep of the roads local authorities and the Government had been forced to spend large and constantly increasing sums for the upkeep of the roads. To such an extent did this apply that from 1917 to 1927 more was spent annually per motor-car than was received in the whole period, and, as I stated when the Motor-spirits Taxation Bill was before the House, something had to be done to give relief to rates. Naturally, this relief cannot be expected to manifest itself immediately. Quite a long period was necessary in which to examine into the comparative merits of various roads before they could be declared highways, and consequently the full benefit could not be realized this year; and, in any case, the revenue from the motor-spirits taxation only began to flow into the coffers of the Treasury at the beginning of 1928.

Since the highways system was inaugurated local authorities have been spending an undue proportion of their rates on the main highways, and as a result their less important roads—particularly those carrying in some cases little less traffic than the main highways—had fallen into a bad state of repair, and it will take some time for this leeway to be made up. I wish it to be clearly understood that the whole of the money derived from the motor-spirits taxation was not intended for further road-improvement, but a considerable proportion of it was intended for, and must be devoted to, the relief of the county ratepayers. That it will have this effect is quite clear if we consider the case of any road where, for instance, the annual cost of maintenance was £50 per annum. Prior to the recent declaration of additional highways, this £50 would all fall on the local authority; since declaration as a highway, only £20 would fall on the local authority, and relief to that extent or in that proportion must have a beneficial effect on rural districts.

Perhaps this would be an appropriate place for me to make a few general remarks on roads and road transport, which have become in recent years a most important factor in the life of the community. The number of motor-vehicles in New Zealand has risen at a phenomenal rate, so that there is now only one country in the world which per head of population has more motor-vehicles, this being the United States. Canada and New Zealand are practically on the same footing when vehicles are compared with population, but when we come to commercial motors in particular we find that Canada has only one to every ninety-eight of population, while New Zealand has one to sixty-two. No other country approaches New Zealand's ratio any closer, and highly industrialized countries like Germany and Italy have only one to 700 and one to 794 respectively—in other words, less than one-tenth of New Zealand's proportion. The result of this exceptional number of commercial motor-vehicles is a very keen competition between the owners of same, resulting in extremely low freights—low from the point of