

During the forthcoming year it is also hoped to make several important connections in the highway system which have seriously inconvenienced the travelling public for many years. In particular, preparations are in hand to provide all-weather access between Gisborne and Opoitiki via Motu by the surfacing of the unmetalled section of 6 miles. It is also hoped to complete the surfacing between the Ohakune district and the southern part of the North Island. In addition, if weather conditions permit vigorous construction work during the summer, it is anticipated that light motor traffic will be able to traverse the whole length of the main highway from Te Kuiti to Bulls via Taumarunui during next winter.

In regard to standards of construction, very satisfactory progress has been made during the year under review. Local authorities are now appreciating the necessity for the requirements of the Board, particularly as regards improved alignment and visibility. The increasing traffic, and the increased speed of that traffic, require frequent modification of these standards, and in approving proposals an endeavour is made to anticipate in a reasonable manner the requirements of the future.

MOTOR-SPIRITS TAXATION ACT, 1927.

During the last session of Parliament the Motor-spirits Taxation Act, 1927, was passed. This Act, which provides for the imposition of a Customs duty of 4d. per gallon on motor-spirits imported into New Zealand, will have a very far-reaching effect on the policy and activities of the Main Highways Board. The tax is estimated to produce a total net sum of approximately £720,000 per annum, there being provision in the statute for exemptions for certain users of motor-spirits whose activities do not involve the use of roads. The Act provides that after deducting the expenses of administration and the amount of any refunds or drawbacks on duty the residue shall be apportioned as follows:—

- (a) Ninety-two per cent. thereof shall be paid into the Revenue Fund of the Main Highways Account under the Main Highways Act, 1922;
- (b) The balance shall be apportioned among those Borough Councils in whose districts there is a population of six thousand or upwards, in amounts bearing to each other approximately the same proportions as exist for the time being between the populations of the several boroughs.

As shown in the earlier part of this report, a sum of £13,461 was paid into the Main Highways Revenue Account under the provision contained in paragraph (a) above. At the 31st March, 1928, a sum of £10,200 was distributed among the several borough councils in whose districts there is a population of six thousand or upwards. Although the 8 per cent. payable to Borough Councils does not pass through the Main Highways Revenue Account, the staff of the Main Highways Board assists in the administration work in connection with its distribution.

Brief reference is made hereunder to the more important factors which brought about the introduction of the petrol-tax. As was mentioned in last year's report, it was anticipated that there would be a further large increase in the cost of maintenance, and as a result of this the expenditure would exceed the revenue by a substantial amount. Also, during the past two or three years the Board's attention had been drawn to a considerable mileage of road which, although not in the main-highways system, nevertheless was carrying a large amount of motor traffic. While recognizing the claims of many such roads, the Board did not, in view of its financial position, feel justified in recommending their declaration as main highways.

Another significant fact was that during 1927 the motorists and local authorities in a number of individual districts were making preparations for the promotion of local roading schemes involving the imposition of special local taxation on motorists. These were, in the most part, inspired by the results which followed the formation of the Wellington City and Suburban Highways Board, which in 1924 was given statutory power to impose a tax of £1 10s. per motor-vehicle on all vehicles within a specified area, and in 1927 was authorized by Parliament to increase the annual payment to £2 per motor-vehicle. While the disadvantages of one such scheme were not so apparent, nevertheless the multiplication thereof would unquestionably have brought about considerable dissatisfaction amongst those called upon to pay the special taxes; and, moreover, the possible variations in the rates of the taxes required in the different localities would undoubtedly have aggravated the position.

It was considered advisable by the Government to adhere to the fundamental principle in modern highway administration, that the national authority should impose and control all motor-taxation levied for the specific purpose of road-improvement. Although the schemes for local taxation were superseded by the national legislation, nevertheless the fact that quite a number of local schemes were being considered pointed to the necessity of the motorists assisting to a greater extent than in the past towards the cost of the construction of higher-type pavements adjacent to the larger centres of population, which construction was the primary object of practically all the local schemes above mentioned. It was obvious, therefore, that sufficient finance should be available from the national taxation to enable these desirable works to be undertaken without unduly burdening the local authorities through whose areas the most heavily trafficked roads pass.

In the three years during which the Board has been in operation, its notice has been continually drawn to the difficulties with which the smaller boroughs had to contend in endeavouring to maintain the continuations of the main arterial roads through their areas. Consequently, when it was decided to impose additional motor-taxation, provision was made to enable the smaller boroughs to participate to a greater extent in the benefits provided under the main-highways scheme.

Immediately upon the passing of the Motor-spirits Taxation Act the Main Highways Board took steps to remould its policy and enlarge its activities with the object of giving immediate effect to the intentions of the legislation.