Every car would be an omnibus ?—Every car which runs on these services should be so regarded, because whether a man runs a six- or seven-seater he should be in the same position so far as the safety of the public is concerned. There are people who have continually tried to invade the rights of the regular omnibuses by putting seven people in six-seater cars. With regard to clause 38, it will be observed that the three conditions named must be cumulative—they must all exist before preference is given to the local bodies. The clause provides that applications by local or public authorities to establish motor-omnibus services shall have preference in certain cases over private applications. These are—(*a*) If there is no existing transport service over the proposed route or routes; (*b*) if the proposed service is an extension of an existing transport service carried on by the local or public authority or by the Minister; (*c*) if the local or public authority or the Minister satisfies the licensing authority that it is prepared to carry on a service sufficient to meet the reasonable requirements of the public. It is suggested by the association that the only condition should be (*c*) We submit that if real preference is to be given to the local or public bodies the only condition should be that they should satisfy the authority that they could carry on an efficient service. There would be no question of extension then at all; but to insist that there must be an extension of an existing service would disqualify them in many cases.

Would you give the right of appeal in that case ?—We are not very fond of appeals. We find in all our litigation that wherever the local authorities are parties those local authorities are assumed to be able to stand financial knocks and setbacks better than a private individual.

So you want the final control, without appeal ?—No; what we want is preference—a real preference.

Mr. Sullivan.] You suggest simply deleting (*a*) and (*b*) ?—Yes.

Mr. Murdoch.] Suppose there is an existing transport service ?—The licensing authority will not license both unless there is sufficient business. If the licensing authority licenses both parties to run a service where there is an existing service, and there is not sufficient business to support both, there will be an appeal; but there is a very strict control of local bodies—an unseen control—and that is in the Local Government Finance Act of 1921, which provides that no local body shall at the end of the year owe more than its outstanding revenue, and no local body, unless it is a strong body like Wellington, can afford to run non-paying services. We are losing at least £13,000 a year in running unprofitable services, and we cannot take on any more. The Tramway Department is just on the border-line of making a loss, and there are no means of making up these losses except by profits from trading or by rating. Every local body has more calls than it can meet, and it is only by exercising great care and restraint that a balance can be struck. We have a balance of only a few thousands every year. There is no danger, then, of local bodies rushing in to take over existing services unless there is every prospect that they will pay.

Mr. Sullivan.] But if paragraphs (*a*) and (*b*) were deleted, would it have the effect of giving the public authority the right to get the service even if there was another service there ?—No; they could not exclude them—they could only run alongside them.

And if (*a*) and (*b*) were deleted it would give absolute preference ?—It would give a real preference. There might be room for another service where a service already existed. And the men who held the existing services would have the right to expand indefinitely once they got a license. It cannot be suggested that if a man happened to be running a service between, say, Cromwell and Alexandra, and those towns grew to be large cities, such a man would be entitled to the whole business between such places. The position is that when an opportunity arose for a new service, either on an existing or non-existing route, preference should be given to one of those three bodies, none of whom is financially able to undertake any wild-cat competition. Clause 39 is a difficult clause, and the difficulties are technical and legal. A reference to section 15 of the original Act will show that there is an implied power to refuse a license to motor-omnibuses on the ground that a local authority proposes to run or is running a service, but there is no expressed power so given. There are two kinds of licenses in regard to the services: the authority to establish motor-bus services which at present have a license in perpetuity—a franchise existing for ever; also a licensing for motor-buses for a specified period. There has been confusion in the drafting, and the intention in the original Act was that this authority to grant licenses or authorities to establish services should be terminable; but it is only there by inference. We suggest that the power to terminate these licenses should be given explicitly, and, as it applies to the authority, that the Act should be altered. We suggest that clause 39 should be altered. At present it is only by cancelling all the buses in connection with a service that you do away with the authority. We suggest that this question should be faced in this clause, and that the legislation proposed here should not follow the lines existing at present. Clause 39, as altered, would then read, "(1) A licensing authority may hereafter refuse to renew any authority heretofore or hereafter granted to establish any motor-omnibus service on the ground that the motor-omnibus, if licensed, would be used in competition with a tramway or other transport service established or proposed to be established by any local or public authority or by the Minister of Railways, but shall not do so unless the application for the renewal of such authority is objected to on such ground by or on behalf of any such local or public authority or the said Minister." There will be consequential alterations in subclause (3). Then we have another new departure, which I propose to refer to, in subclause (6), and this has, without doubt, emanated from the representatives of the motor trade. It is putting a screw on the compensation clause. The old compensation clause has had an addition made to it. Subclause (6) is the same as the present law, but these words are added—and I would draw particular attention to this: "Together with such amount, if any, as is agreed upon by the parties or as is considered reasonable by the Compensation Court as compensation for the loss suffered by the claimant by reason of the refusal of the licensing authority to renew his license." That is the old goodwill clause which it was proposed should not be considered in the 1926 Bill. Any Compensation