The passage quoted is a good exposition of the case for making the petrol-tax the sole standard tax on road-users, but the question whether it is fair enough in its incidence to warrant such action is connected with that of the heavy-traffic license fees.

(3) *Customs Duties.*—All motor-vehicles imported into New Zealand, as well as spare parts and accessories, are subject to the Customs tariff. On vehicles imported from the United Kingdom the scale of duties on and after 1st January, 1935, is—

For complete vehicles	15 per cent.
For completely knocked down vehicles	5 per cent.

On vehicles imported from other countries (with certain qualifications in regard to Canada) the corresponding duties are—

For complete vehicles	60 per cent.
For completely knocked down vehicles	50 per cent.

The whole subject of import duties has been investigated recently by the Tariff Commission, and has been since the subject of legislation. The whole matter is one of general policy, especially the preference given to British cars, and we make no recommendation with regard to it, but merely observe that where preference is given, it is of no value unless it is sufficiently substantial to give a real advantage to the preferred article. The question of Customs duty was discussed by the trade representatives and the Motor Unions, the former suggesting the importation of British vehicles free, while retaining a tariff on others, so as to give preference to the United Kingdom, while the latter direct their attack mainly against the duties imposed on American cars. In addition to the evidence given before us, we have had the opportunity of perusing a lurid folder issued by the Automobile Associations of New Zealand, illustrating the burden under which the tariff places American cars. We do not share the anxiety of the Automobile Associations for the welfare of the American car-manufacturer or importer, and doubt if there is any real body of opinion outside interested circles opposed to the principle of a substantial preference for Empire goods, and we think it unnecessary to discuss the matter further. We point out that the duty on vehicles imported from Great Britain is very moderate, and cannot be described in any way as unfair to the user.

(4) *Heavy-traffic License Fees.*—These fees, which apply to commercial vehicles only, are charged under the Heavy Motor-vehicle Regulations on a scale related to the maximum laden weight of the vehicle. The amount received from this tax for the year ending 31st March, 1934, is estimated at £178,000, which is equivalent to about ⅘d. tax on petrol (1d. produces £225,000) for the same period. The retention of this tax was strongly urged by the Motor Unions, but was opposed by all those interested in the trade, and to a limited extent by the Farmers' Union and other farming interests. The Counties Association desire the fees to be retained, as, in their opinion, it would be unfair not to discriminate between light and heavy traffic, in view of the higher standard of road formation required for increased weight in vehicles. The Municipal Association is more concerned with the ultimate division of the proceeds than with the method of taxation. The question raised by the Counties Association, of course, forms the difficult problem connected with this tax; although the proper classification of roads, by restricting heavy traffic to those roads which are fit for it, provides a partial solution. The need to build roads of better quality as the weight of vehicles increases, still remains, however, and the cost of construction is enormously increased where such vehicles are to be carried. The licenses are inequitable in operation to this extent, that they are based on an arbitrary scale, and bear no relation to the use of the roads by the vehicles licensed; that is to say, vehicles of the same class pay the same fees whether they travel five miles or five hundred miles, and whatever the standard of the roads they traverse. In England, in 1932, the Commission on road and rail transport issued a report, known as "The Salter Report," and among other things discussed the question of petrol-consumption as the "main criterion of incidence" of taxation. The Commission came to the conclusion that the weight factor must also be taken into consideration. On the other hand, leaving out of consideration the standard of road to be provided, it has been contended by the Transport Department that the "damage" caused to roads by motor-vehicles "is approximately equal to the tractive effort which is measured within reasonable limits by petrol-consumption." The question, however, is not entirely one of "damage" or maintenance, but the standard of construction is involved also. If the license fees are retained, however, the scale needs some revision.

(5) *Sundry Licenses, Fees, and Charges.*—These are numerous and fall under the following heads:—

(i) Registration fee: £1 for all classes of motor-vehicles except motor-cycles, for which the charge is 10s.
(ii) Annual license fees: £2 for most vehicles, increasing to £5 for certain special types.
(iii) Transfer fees: 5s. for registration of each change of ownership.
(iv) Drivers' licenses: 5s. per annum.
(v) Vehicle number plates: 2s. 6d. per annum.
(vi) Inspection fees: These are charges on all passenger-service vehicles, each of which has to be examined each year before it receives a certificate of fitness. The amount is £3.
(vii) License fees under the Transport Licensing Act, 1931: These are paid on all passenger and goods vehicles licensed under the Act. The amount is £5 for each passenger-service license, irrespective of the number of vehicles used in the service, and, in the case of a goods-service license, £3 for each vehicle.
(viii) License fees charged by local authorities: These are charged under by-laws, and apply only to vehicles licensed by local authorities. The amount is variable, the maximum allowed by the Courts being about £3 (to cover administration expenses only).