

- (ix) Taxation imposed on vehicles propelled by other means than petrol—for instance, trolley-buses and Diesel-engined vehicles.
- (x) Compulsory insurance (third-party risk): While not strictly a tax, this matter has been referred to several times in evidence before us.

With regard to these taxes, we make the following observations: As to numbers (i), (ii), (iii), (iv), and (v), we do not think any of these charges are excessive. The charge made ought to be enough to cover the cost of administration. The cost of drivers' licenses is not too much when the expense of traffic control is considered. The cost of number-plates was seriously challenged by the Motor Unions, but on further inquiry we ascertained that the suggested profit to the Post Office on these plates is greatly exaggerated. A minor change in this charge may be possible at a later date. As to (vi) and (vii), the charges are not too high, having regard to the cost of administration, but some minor adjustments to the system are in contemplation by the Transport Department. The charges under (viii) have not been the subject of any discussion before us, and we conclude they are generally satisfactory. With regard to (ix), we have received little evidence, except from the Christchurch Tramways Board, but in principle it is clear that a sufficient tax must be imposed under this head to equalize taxation of road-users, because traffic of this nature ought to bear its share of road taxation. There are not many vehicles affected, and we make no recommendation, except in so far as we refer later to the Christchurch trolley-buses. As to (x), this is not a tax, though it is a charge actually imposed by law on motor-vehicles. It is proper and not excessive, and, with the exception of the use of the term "tax," we agree with the Motor Trade Federation, whose opinion we quote: "This is a legitimate tax, and should continue. The system is economical and provides insurance at minimum rates."

HORSE-POWER TAX.

13. Only one suggestion of a new tax has been made to us. The Motor Omnibus Proprietors' Association recommends the abolition of heavy-traffic license fees, and annual license fees, and the substitution of a horse-power tax. The association points out that such a tax "would tend to encourage smaller and lower-powered vehicles which would do less damage to the roads," and gives reasons for this opinion. While admitting that a horse-power tax may have been worthy of consideration at an earlier stage in the development of motor traffic in New Zealand, there would be great disadvantages and some hardships in its adoption now. The distribution of motor-taxation would be subjected to a violent change, and the new system would bring about anomalies of taxation more difficult to remedy than the old.

MOTOR-TAXATION AS RELATED TO ROAD MAINTENANCE.

14. We have mentioned the general assumption that taxes on motor-users should bear some relation to the cost of upkeep of the roads. This was clearly in the minds of all who gave evidence before us, and the assumption is probably true to a certain point, even if all motor-taxation were retained in the Consolidated Fund instead of any being paid to a separate road fund. It is worth while examining some of the suggestions as to road-maintenance cost which were made to us accordingly. The New Zealand Road Transport Alliance and the White Star Passenger Services of New Zealand advocate that "maintenance charges should become the entire responsibility of road-users." Taking this in conjunction with the recommendation of all the commercial organizations to abolish heavy-traffic license fees, the result would be—as far as motor-users are concerned—that the upkeep of all roads would be borne by taxation of petrol. Now the cost of maintenance of the present 11,000 miles of highway is given by the Highways Board as £1,210,000; and the Counties Association informs us that other county roads cost last year £577,000 for maintenance, and that £750,000 a year is actually needed for them. The cost of urban roads and streets not included in highways may be estimated as £500,000. We thus arrive at the following result:—

Total cost of maintenance of roads and streets—						£
Highways	..	..	..	..	..	1,210,000
Other county roads..	..	..	..	..	..	750,000
Urban roads and streets	..	..	..	..	..	500,000
						<u>£2,460,000</u>

Since a tax of 1d. per gallon on petrol produces £225,000, this proposal would involve a tax of 11d. per gallon on petrol, less any amount contributed to road upkeep by other road-users, which tax would be $\frac{1}{2}$ d. more than that paid at present. If the tire-tax is taken into account, a difference of little more than $\frac{1}{4}$ d. is made in the result, but in any case the Motor Trade Federation recommend this tax should be paid to the Consolidated Fund. Of course, there are other users of the roads besides motor transport, and the above calculation leaves them out of account. So far as horse-drawn transport is concerned, however, it is now almost negligible; and the other main item of traffic on the roads is stock on the hoof, which requires only a low standard of road for its travelling.

15. In contrast with the above figures, it is contended by the Motor Unions in particular that the motorist is too heavily taxed, and that 75 per cent. of the petrol-tax is retained by the National Exchequer instead of being applied to the road fund. Actually the figures supplied to us proved very misleading, and are exaggerated by at least 40 per cent. The true position is that out of a total tax