

assistance to local-body funds is very necessary. The deficiency should be made up by a grant to local authorities from the Highways Fund of the amount involved. The relation of the figures suggests that this grant might take the form of a subsidy of £1 for every £3 received by the local authority in respect of heavy-traffic fees.

APPORTIONMENT OF TAXATION.

30. We now refer to the apportionment of the proceeds of motor-taxation. We are not concerned with that portion which is paid to the Consolidated Fund. The Main Highways Fund receives the proceeds from the tire tax, the motor registration and license fees, and 6d. per gallon petrol-tax (less the amount of £500,000 at present retained by the Consolidated Fund); the heavy-traffic license fees and drivers' license fees are paid direct to local bodies. Of the proceeds of the 6d. per gallon petrol-tax (including the £500,000 at present retained in the Consolidated Fund) 8 per cent. is paid from the Main Highways Fund to boroughs with a population exceeding 6,000. The heavy-traffic fees are paid to the local bodies in each heavy-traffic district in such proportion as is agreed on between them, or, failing agreement, as the Minister may decide.

31. We recommend that the collection of heavy-traffic license fees in future should be carried out by the Post Office in the same manner as other motor-license fees, and the resultant revenue should be credited to the Main Highways Fund. The Main Highways Fund should make an annual allocation of the total received in each heavy-traffic district, together with the subsidy recommended in the penultimate paragraph, among the local bodies concerned in the manner already provided for. The Main Highways Fund will, in fact, therefore, be called upon to provide the deficiency resulting from a readjustment of the present heavy-traffic fees on the lines indicated. We emphasize the need for a subsidy to this fund from the Highways Fund, if the scale of license fees is altered in accordance with our previous recommendation.

32. Counsel for the Municipal Association argued that the share of the cities and larger boroughs in the Highways Fund should be raised from 8 per cent. to 16 per cent., but he failed to adduce any evidence whatever in support of this claim. We have, therefore, had to try to find evidence for ourselves—if any exists—that the present scale of payments from the Fund is unjust. We can find no such evidence. In fact, figures at our disposal seem to indicate that an adequate proportion of the Fund is received by the cities and larger boroughs.

33. It was suggested to us that a very large proportion of the motor-spirits tax was paid by city motor-users, and on that ground the cities and larger boroughs should receive a much greater proportion of the motor-spirits taxation than is now allowed them. This statement may be quite correct, but it must be recognized that city car-owners make considerable use of the main highways outside city and borough boundaries. The extent of the use of main highways by city car-owners was the subject of surveys made in certain States in America during the last few years, and the results are worthy of note. In the State of Ohio in 1935 a survey shows that 87·6 per cent. of the total passenger traffic on the main highways consisted of city-owned cars; 84·5 per cent. of the trucks on the main highways were from the city. In Vermont in 1926 89·9 per cent. of the total passenger traffic on the main highways consisted of city-owned cars, and 81 per cent. of truck traffic was city-owned trucks. In New Hampshire 93 per cent. of the total passenger traffic on the main highways consisted of city-owned cars, and 88·6 per cent. of the truck traffic was city-owned trucks. In Pennsylvania in 1929 93 per cent. of the traffic (passenger) was city-owned cars.

34. At the present time cities and boroughs which come within the meaning of section 10 of the Motor-spirits Taxation Act, 1927, receive 8 per cent. of the net revenue from the motor-spirits tax of 6d. per gallon now collected for main-highways purposes. The remaining 92 per cent. credited to the Main Highways Account, has, during the last two years, been subject to a deduction of £500,000, which has been applied to general revenue purposes on account of the difficult financial position in which the Government has been placed. The 8 per cent. payable to the cities and larger boroughs has not been subject to any deduction, so that at the present time the cities and larger boroughs are actually receiving considerably more than 8 per cent. of the net amount available from this tax. Section 10 of the Motor-spirits Taxation Act provides that—

“(1) All moneys paid to a Borough Council pursuant to this Act shall be paid into its District Fund Account, and shall, except as provided in the next succeeding section, be available only towards defraying the cost of construction, reconstruction, maintenance or repair of any street or streets *forming a continuation of a main highway within the meaning of the Main Highways Act, 1922, or towards the payment of interest or of interest and sinking fund payable in respect of moneys borrowed for the construction or reconstruction of any street or streets forming a continuation of a main highway as aforesaid.*

“(2) If the moneys paid to any Borough Council as aforesaid are more than sufficient for the purposes specified in the last preceding subsection, the Council may, *with the prior approval of the Main Highways Board*, apply any surplus funds toward the costs of construction, reconstruction or maintenance, or repair of any other street or streets within the borough or towards the payment of interest, or of interest and sinking fund in respect of any loans raised by the Borough Council for street improvement works.”

It is apparent that the intention of the Legislature was to provide the cities and larger boroughs referred to under this section with funds sufficient to construct and maintain streets forming a continuation of main highways only.