"(7) Nothing in this section or in section twenty-eight of the Finance Act (No. 3), 1934, shall affect or be deemed to have affected the amount of the subsidies payable to any local authority under the authority of section nine of the Appropriation Act, 1916, or section seventy-one of the Municipal Corporations Act, 1933, and such subsidies shall be calculated and paid in all respects as if no refunds or rebates had been granted under this section or under section twenty-eight of the Finance Act (No. 3), 1934, as the case may be.

"(8) For the purposes of this section, unless the context otherwise requires,—

The term "local authority" includes the Valuer-General acting under the authority of section fifty-eight or section fifty-nine of the Hospitals and Charitable Institutions Act, 1926; and

The term "rates" does not include any charges which by any Act are made recoverable as if they were rates or are declared to be rates unless the amount of such charges is in fact computed by reference to the rateable value of the rateable property on which they are charged."

The amount of subsidies paid from the Main Highways Revenue Fund during the year 1935–36 under the authority of the foregoing legislation was £186,117.

The total amount of special rate subsidies paid during the last few years under legislation of a similar nature, and including last year's payments, has been £618,257.

Section 3 of the Finance Act (No. 2), 1935, provided for the abolition of the Main Highways Revenue Fund and of the Main Highways Construction Fund, as from the 1st April, 1936.

The section reads as follows:—

"3. (1) The Main Highways Revenue Fund and the Main Highways Construction Fund established by subsection two of section thirteen of the Main Highways Act, 1922, are hereby abolished.

"(2) All references in the Main Highways Act, 1922, or in any other Act, to the Main Highways Revenue Fund or the Main Highways Construction Fund shall, unless the context otherwise requires, be deemed to be references to the Main Highways Account established by section thirteen of the Main Highways Act, 1922.

"(3) The Main Highways Act, 1922, is hereby consequentially amended as follows:—

(*a*) By repealing subsection two of section thirteen:

(*b*) By omitting from paragraph (*e*) of subsection one of section fifteen the words "not being moneys payable out of the Construction Fund":

(*c*) By repealing subsection two of section fifteen:

(*d*) By repealing paragraph (*c*) of section sixteen.

"(4) Section three of the Main Highways Amendment Act, 1927, and subsection two of section five of the Finance Act, 1928, are hereby consequentially repealed.

"(5) This section shall come into force on the first day of April, nineteen hundred and thirty-six."

This enactment will simplify accounting and obviate the necessity for keeping two Funds within the Main Highways Account. For convenience, the expenditure on works is now being recorded under three divisions—viz., maintenance, renewals, and construction, which latter term includes improvements. In the past, expenditure from the Revenue Fund has not shown the actual maintenance costs, as renewal items have also been included. However, from the 1st April, 1936, true maintenance expenditure, as distinct from renewals and construction, will be available. The figures appearing throughout this report relate to expenditure from the respective Funds, rather than to the particular nature of the works undertaken, and on this basis are comparable with the details as presented in previous reports.

FINANCE.

The actual income of the Main Highways Revenue Fund from external sources for the year 1935–36 amounted to £1,941,655. The table below shows how this amount is made up, and the corresponding figures over the previous nine years:—

—	1926–27.	1927–28.	1928–29.	1929–30.	1930–31.	1931–32.	1932–33.	1933–34.	1934–35.	1935–36.
	£	£	£	£	£	£	£	£	£	£
Transfer from Consolidated Fund	35,000	35,000	35,000	35,000	†	†	†	†	†	†
Proceeds of tax on tyres and tubes collected through the Customs Department	188,450	219,658	196,747	155,722	129,188	84,649	63,253	62,979	91,693	93,308
Registration and license fees of motor-vehicles, &c.	283,963	303,861	341,017	378,135	397,139	372,224	354,216	354,444	355,990	397,606
Motor-spirits tax ..	..	130,461	730,414	873,369	1,219,209	1,231,202	644,126	669,868	970,506	1,449,125
Mileage-tax ..	..	..	..	..	..	..	..	1,133	1,284	1,616
Totals ..	507,413	688,980	1,303,178	1,442,226	1,745,536	1,688,075	1,061,595	1,088,424	1,419,473	1,941,655

† Further transfers abolished by amending legislation.