

trolley-bus should be encouraged; it is superior in almost every respect, and particularly in its silent running, to the ordinary tramcars. We quote the following passage from the Board's evidence:—

“One important factor is that there is no fire risk. The absence of petrol placing it in a much more desirable position from the public point of view. The absence of petrol means, too, no fumes, which in crowded streets is a distinct advantage. Trolley-buses use State-generated electric power instead of imported petrol power. All their power costs are kept in New Zealand.”

We take no responsibility for the grammar of this passage, but otherwise approve of the Board's views. The vehicles used are six-wheeled buses. If our recommendations as to heavy-traffic license fees are adopted, these vehicles will receive a substantial benefit, shared with petrol buses in two ways: (a) By the reduction of fees for passenger omnibuses, and (b) by the reduction of the six-wheeled-vehicle license fee.

44. There may be a further point to consider. With regard to the special taxation imposed on the Board's trolley-buses under section 19 of the Finance Act, 1932–33 (No. 2), we are somewhat impressed by the contention of the Board that some relief ought to be given. If the trolley-buses were driven by Diesel or other self-contained engines, the same argument would not apply, but the Tramway Board contend, and with some justice, that it uses locally generated electric power, and should receive some consideration on that account. The mere fact that the Board uses local power would not necessarily incline us to favour their relief; but the fact emerges that the State benefits both by the electric power sold to the Board and by the mileage-tax. The mileage-tax payable in respect of vehicles of Class Q (under which the Board's trolley-buses fall) is equivalent to the petrol-tax payable by petrol-driven vehicles which consume 1 gallon of petrol for every 6·6 miles run. Trolley-buses now receive a rebate on mileage-tax amounting to 60 per cent., but in view of the cost of power to the Board we think some further concession should be made. We recommend that the mileage-tax of 13s. 6d. per one hundred miles be charged, less 75 per cent. instead of less 60 per cent. as at present. This will make a difference of slightly more than 2s. per hundred miles, or $\frac{1}{4}$ d. per mile in the cost of running.

45. As to the other points raised by the Christchurch Tramway Board, we make no recommendation; so far as they need mention they have been considered under other headings.

SUMMARY.

46. We have now dealt with all the points brought before us which were relevant to the inquiry, and we wish finally to summarize our conclusions and recommendations. They are as follows:—

(1) Taxation upon the motor industry is heavy in common with taxation generally in the present times.

(2) Import duty on motor-vehicles and parts has not been criticized seriously, and calls for no special comment.

(3) Fees payable for registration, transfer of ownership, annual licenses, and drivers' licenses are not unreasonable.

(4) The existing scale of heavy-traffic license fees requires adjustment.

(5) Taxation on motor fuel, having regard to all the surrounding circumstances, is not excessive, and any increase beyond the present levy would probably bring into operation the principle of diminishing returns.

(6) Taxation of motor fuel does not provide a complete measure of road usage. A combination of motor-fuel tax and heavy-traffic fees represents the most equitable form of motor-vehicle taxation.

(7) The percentage of the motor-fuel tax which is now allocated to cities and larger boroughs, combined with a share of heavy-traffic license fees and drivers' license fees, provides a fair allocation for the construction and maintenance of main-highway continuations within their areas.

(8) If motor-fuel taxation is to be considered in relation to any standard of road construction and maintenance, it is essential that the national system of highways in the Dominion be completely classified. It does not appear possible to co-relate motor-taxation with road construction and maintenance over our national system of highways until such highways have been so classified, and a general roading standard has been fixed.

RECOMMENDATIONS.

We make the following recommendations:—

(1) That the scale of heavy-traffic fees, as at present in operation, be revoked, and the scale set out in the Appendix be adopted in substitution therefor.

(1) That all heavy-traffic license fees be collected through the Post Office and be credited to the Main Highways Revenue Account.

(3) That the heavy-traffic license fees collected in the respective heavy-traffic districts be subsidized by the Main Highways Fund in the proportion of £1 for each £3 collected, and the amounts collected and subsidized to this extent be allocated among the various local authorities entitled thereto in the manner as now provided.

(4) That a complete classification of the system of highways throughout the Dominion be carried out at the earliest possible opportunity.

(5) That the rebate allowed in respect of trolley-buses under the existing mileage-tax be increased from 60 per cent. to 75 per cent.

(6) That no reduction in motor-taxation be granted except in conformity with a reduction of taxation in other directions as improvement in conditions in the Dominion may warrant.

We have the honour to be, Sir,

Your obedient servants,

S. S. ALLEN.

HARRY BELL S. JOHNSTONE.

LISLE ALDERTON.