

in maintenance-costs to cover the interest and sinking-fund charges on loans for such reconstruction. Large loans had to be raised in order to carry out this improved construction, but those counties who had sufficient foresight to borrow accordingly have now the advantage of excellent tarred roads and of low costs of maintenance. On the other hand, those who postponed action and did not borrow still have the ordinary waterbound macadam roads, which are maintained, even in their present condition, only by very heavy annual expenditure. At the same time it is only fair to add that the counties who initiated the improvements were, generally speaking, forced to do so on account of the very high cost of stone and the apparent impossibility of maintaining their road-surfaces.

The cost of construction and maintenance is much greater than formerly, owing to increased rates of labour and prices of material, and higher rates of interest are now necessary. Consequently, counties like Taranaki, Inglewood, Egmont, Waitotara, and Wanganui are faced with a much heavier financial burden to reconstruct and maintain their roads than is the case with counties who adopted a progressive policy some years earlier. The general financial position of the various counties interviewed is as per attached schedule, from which it will be observed that (taking into consideration special rates on loans as well as general rates) the counties concerned have rated themselves as highly as could be reasonably expected if the valuations were up to date, but many of the valuations are so old that the amounts collected are not as great as they should be.

Before the advent of the motor the natural limitation of horse-drawn vehicles militated against any large volume of through or foreign traffic on the roads generally, and almost the whole of the traffic over the county roads was local. Latterly, however, there have been a great number of road-users who pay nothing whatever directly towards the upkeep of the roads which they use. The institution of toll-gates was, therefore, an attempt to ensure that all those who used the roads should contribute towards their upkeep and thus provide the additional revenue.

The local bodies are unanimously of the opinion that the establishment of toll-gates is an undesirable and retrograde step, but they argue that in the absence of any other legal method of apportioning the cost, and in the present state of local-body finance, they have no option.

The alternatives suggested by the counties were :—

- (a.) Increased subsidy on all amounts collected from rates. In most cases up to 10s. in the pound was suggested. This was the subsidy recommended by the conference of counties which met in 1919, and would involve the provision of an amount at least £500,000 in excess of the present subsidy.
- (b.) Tax on tires, collected through the Customs. No special percentage was named, but about £200,000 a year was in places assumed as likely to be available. The distribution of this source of revenue was, however, a matter of difference of opinion; some advocated in proportion to road mileages, others in proportion to number of cars, and others in proportion to rates.

The taking-over of the Wellington-Waitara-Auckland main road will relieve the following counties of the mileages of roads as shown—in all cases excluding lengths within boroughs or town districts :—

County Council.	Miles.
Wanganui .. .. . Wangaehu River to Wanganui .. .. .	9
Waitotara .. .. . Wanganui to Waitotara .. .. .	20½
Patea .. .. . Waitotara to Manawapou .. .. .	26½
Hawera .. .. . Manawapou to Onewai .. .. .	12
Eltham .. .. . Boylan Road to northern boundary .. .. .	7
Stratford .. .. . Southern boundary to Waipuku .. .. .	9
Inglewood .. .. . Waipuku to Waiongona .. .. .	10½
Taranaki .. .. . Waiongona to Waitara .. .. .	8
Clifton .. .. . Waitara to Mokau .. .. .	45

There is no doubt that the financial obligations placed on local bodies are now becoming more difficult to deal with, but the only remedy appears to be to review the whole question of local-body finance, which would apparently involve questions that lie beyond the scope of this Committee.

On the other hand, if the toll-gate principle is carried to its logical conclusion, every county would be entitled to erect at least one or more toll-gates, thus creating a position which would be absolutely intolerable to the travelling public, and would result in increased charges on all merchandise and commercial transactions. A large proportion of these increased charges would fall on the county ratepayer, and would also tend to stifle trade.

After careful consideration your Committee recommends that suitable legislation be introduced, providing—

- (1.) That in future no toll-gates be authorized.
- (2.) That on the coming into operation of the Main Roads Bill or other compensating legislation, as indicated in clause 3 below, all existing toll-gates be abolished.
- (3.) That subsidies at the rate of 5s. in the £1 on all general rates collectable on capital value or on equivalent unimproved value be payable out of Consolidated Fund as from the same date, but only in proportion, as the actual rates levied are to the maximum rate permissible under the Counties Act. As the maximum rate is 3d. in the £1 on the capital value, a county rating 1d. in the £1 would only receive one-third of the subsidy, and other ratings similarly.
- (4.) That a 20 per cent. *ad valorem* tax on all rubber tires, pneumatic or solid, be levied through the Customs Department, paid to Consolidated Fund, and subsidies on rates be paid to County Councils as in terms of recommendation (3) as above, and the balance be devoted to the maintenance of such arterial roads as may from time to time be so declared by Government.