

*The Chairman.*] What do you specifically ask for in this case?—We ask that representation be given to the municipalities on the Main Highways Board, so that their rights should be given full consideration. The Municipal Association think that the proposal to have conflicting interests as between the North and the South Island, as suggested in subclause (3) of clause 51, is not satisfactory.

*Hon. Mr. Veitch.*] Do you know what the South Island people themselves think about that?—I have seen it stated what they think, but I can only speak for the Municipal Association. The Mayors of Christchurch, Invercargill, and Dunedin are present here.

*Hon. Mr. Veitch.*] This is in fulfilment of a promise made by the Prime Minister.

*Witness:* I quite understand your position, but we make the suggestion because we think it is in the interests of the Dominion to do so. With regard to clause 52, we have no objection to that. Clause 53 apportionments the amounts between the North and the South Islands. The Minister will decide this in accordance with the number, kind, and weight of motor-vehicles in use in each Island. Under section 21 of the Main Highways Act, which will be replaced by this clause, the moneys received by the Crown as fees in respect of the licensing of motor-vehicles and the Customs duties in respect of tires are to be apportioned between the North Island and the South Island by the Board, and not by the Minister, by reference to the number of motor-vehicles in use in each Island. The Minister's power of apportionment applies to the whole revenue funds of the Highways Board, and includes the 92 per cent. of the motor-spirits taxation proceeds payable to the revenue fund of the Main Highways Account. The association has to consider the question whether, in its opinion, the Board or the Minister is the proper person to decide this matter. The opinion of the Minister is perfectly clear from the legislation. The association desire to point out that they think the position should be allowed to remain as it is.

*Hon. Mr. Veitch.*] The reason for that is that there are to be two Main Highways Boards, as promised, and practically provided for in this Bill. While it is somebody's duty to decide as between them, neither the North nor the South could be given the power to decide how much should be allocated to the other Island. At the same time, you will understand that this specifies quite clearly the principle on which the allocation should be made. It is not a question of the Minister taking possession of the funds: he simply adjudicates between the two parties.

*Witness:* We think both statements—yours and ours—are correct. We appreciate your point of view, and we do not intend to misrepresent anything.

*Hon. Mr. Veitch:* I do not suggest you are misrepresenting the position. I am taking this opportunity of explaining it in my own interests. It is definitely provided that the Minister will not spend the money.

*Witness:* I quite appreciate the point. The position is that the Minister has to make the allocation on certain grounds, and we think that there should not be this conflict between the North and the South, and consequently we think the Main Highways Board should decide the matter.

*The Chairman:* I do not agree with you.

*Witness:* Well, there is room for difference of opinion. Clause 54 provides for payment of subsidies to local authorities in respect of cost of maintenance of roads and streets that are not main highways. This section authorizes the Main Highways Board to expend up to £150,000 on roads and streets that are not main highways. How much of this will go to the municipalities is in no way certain. I think it is necessary that the interests of the cities and larger boroughs should be protected. These bodies have been excluded from benefits in the past. Their only recognition is to get 8 per cent. of the motor-spirit taxation. The association presumes that this is an ameliorating section, and that it will do justice to them and that they will get something that they have not got before. They think that the £150,000 should be divided equally between (1) the boroughs with a population of over six thousand and (2) the other smaller boroughs and the town districts.

*Hon. Mr. Veitch.*] So to this extent you would take the power of allocation away from the Main Highways Board?—No; we want to specify the destination of that £150,000. We believe it is intended for our benefit. There are roads in counties as well as in town districts, and the whole allocation might be made to the counties, and the supposed benefit we are looking for might disappear. Clause 55 provides for an excise duty in respect of motor-spirit produced locally. This clause, if it cannot be struck out altogether, should be amended so as to give some encouragement to local industries.

*Mr. Broadfoot.*] Where would we get our revenue?—If it is a question of revenue, there could be an adaptation between the fuel-tax, as proposed by the Minister, and the absolute exemption, as proposed by the association. But it may be there may be some medium way.

*Hon. Mr. Veitch:* As a matter of fact, we are rapidly approaching the point at which it is quite probable that a very large quantity of motor-spirit will be produced in New Zealand, and this is put in to protect the funds of the Highways Board to maintain the roads and compensate the local bodies, as they are being compensated now under the general motor-taxation. We do not want them to lose the money.

*Witness:* We realize that. We do not put this forward as an absolute opinion.

*The Chairman.*] What suggestion do you make?—We suggest that before this legislation is passed in its present form consideration should be given to the effect it will have on local industries: that puts the matter in a nutshell.

*Mr. Parry.*] You think it would be a good thing to allow it to stand as it is at present until it is proved we can produce the spirit locally?—Probably you will not get the industry started unless you give it some encouragement. Clause 56 provides for a refund of duty paid on motor-spirits destroyed by fire. This is a matter that could easily be covered by insurance, and will probably be, to some degree, of assistance to insurance companies. The association thinks that, once the tax is paid on motor-spirit, it should be a question of the owner insuring the whole value of the motor-spirit, including the tax, and no refund should be made. There is no reason why the person who has paid the tax should be freed from the necessity of insuring up to the amount of his tax.