

In this connection it has been necessary to absorb additional operating-costs arising out of the unexpected transfer during the year from Rongotai to Paraparaumu, and latterly from Mangere to Whenuapai, of the respective terminal points. Nevertheless, it is recognized that both these changes were required in order to conform with international standards of operational efficiency and that it was in the public interest that they should be effected.

With the concurrence of the Government, the Board has approved the principle of the Corporation carrying its own insurance risks. Except with regard to aircraft and motor-vehicles, practically all insurable risks are now being carried, and for the current year a substantial portion of the aircraft risks are also being carried. It is therefore both prudent and necessary that an adequate insurance reserve should be built up.

With regard to aircraft passenger risks, it is relevant to mention that, whereas commercial airlines normally contract themselves out of liability, the Corporation's regulations provide protection to passengers in the provision of a £5,000 maximum per person where negligence on the Corporation's part is established.

During the year under review the Regional (South-west Pacific) services were taken over from the Royal New Zealand Air Force. These services, carried out on behalf of the Government, provide regular and frequent air connections with Norfolk Island, Fiji, Tonga, Samoa, and the Cook Islands, and although the Government is aware that existing conditions prohibit the services from being self-supporting, there can be no question of the worth of the air facilities, directly and indirectly, to the islands concerned and to New Zealand.

The problems associated with the world's post-war period of reconstruction have, of course, had their repercussions on the Corporation's efforts to develop its organization to provide adequately for the expansion of flying services. These repercussions manifest themselves in every direction, but their effect is felt mostly in the building of new workshops or major additions to existing buildings, in the provision of booking-offices in the more important centres, as well as in passenger and freight facilities on the aerodromes. Then there is the all-important work of the construction of hangars and store buildings to house the large quantity of equipment that must be carried to ensure regularity of services.

In commercial aviation, internal expansion and development is dependent on simultaneous action in all essential directions, and if one major step is lagging it retards the whole plan of operations. This is present to a greater degree in commercial aviation than possibly any other industry. These remarks have particular significance to the Dominion's own internal problems, but the Corporation is also dependent for its day-to-day operation and its expansion upon being able to secure essential work, machinery, and spares from Australia, the United States of America, and Great Britain. Difficulties in those countries have far-reaching effects here, as illustrated by the fact that aircraft sent to Australia for conversion to modern passenger standards and promised for delivery about the middle of 1947 were secured only in part toward the end of the year, the remainder being still in process of delivery.

In the face of these obstacles, which are not peculiar to New Zealand, the Corporation has been able to make very considerable progress, as will be observed from the operational statistics. The expansion has been limited only by causes beyond the control of this Corporation.

In this respect it must be emphasized that under its statutes the Corporation is charged with the responsibility of providing full and adequate services as may be necessary to meet the Dominion's requirements. Besides bringing about a material expansion of services with the assistance of aircraft converted mostly from war types, the Board