

The Corporation is conscious of the desirability of providing air services as economically as possible. During the development period, however, it is not possible for the Corporation to operate the internal air services without some form of State subsidy. This is due primarily to the necessity to use the only aircraft that are available. These, consisting of a number of different types, are expensive in maintenance and obsolescent for economical operation. The Corporation plans to buy new aircraft when suitable types are available from British sources.

A second and more important factor in the uneconomic operation of internal air services is the necessity for operating from Paraparaumu and Whenuapai. When new aerodromes are available at Wellington and Auckland a very substantial improvement in the finances of the Corporation will result. The Corporation has also been faced with steeply rising costs resulting from higher wage levels, and increased cost of materials, the adverse effect of accidents, the closing-down of Gisborne Airfield for eight months due to flood damage, and increase in competitive surface transport facilities between Wellington and Auckland.

The operations of the Corporation for the year under review have resulted in a loss of £246,714, of which £78,068 represents a loss in direct operating-costs and £168,676 represents depreciation, obsolescence, and interest on capital.

Operating revenues of £912,551 represented an increase of 33·67 per cent. over the preceding year.

Passenger revenue increased by £184,685, or 32 per cent.

Freight and excess baggage increased by £17,161, or 68·7 per cent.

Mail increased by £3,381, or 8·6 per cent.

Of the total revenue, passenger revenue represented 83·47 per cent., freight and excess baggage represented 4·62 per cent., mail represented 4·67 per cent., and and charters incidental represented 7·24 per cent.

Operating-expenses, including provision for depreciation and obsolescence and interest on capital, amounted to £1,159,295, an increase of 70·67 per cent. over the previous year. This is attributable mainly to the general expansion and intensification of the air services, but costs were substantially enhanced by higher wage-rates and depreciation of further equipment introduced for service development, including a dispersed workshop development occasioned by multiplicity of aircraft types. The full effects of the transfer of operations to Paraparaumu and Whenuapai have been felt in the year under review and have contributed to a large degree in increasing operating-expenses. Aircrew-training expenses amounting to £28,480, although still including an element of establishment training, have been charged in total to the year under review. In the establishment of its own offices and workshops, &c., there has also been an element of non-recurring development expense which is not capable of separation.

At the time of preparing the report covering the Corporation's operations for the year ended 31st March, 1948, the Board had every reason to view the future of commercial aviation in New Zealand with confidence. There existed a real and unsatisfied demand for air transport. Intending passengers in most cases found it necessary to book weeks ahead in order to obtain passage. Commercial aviation had earned a fine accident-free reputation within the Dominion and there was a confidence on the part of the travelling public reflected in a corresponding growth in the use of the Corporation's services.

At that stage, due to the shortage of coal, railway trunk services had been considerably reduced; the "Limited" between Wellington and Auckland had been cut to two trips each way per week, with corresponding restrictions on all trunk services on other routes in both the North and South Islands. These curtailments in express services had to be taken into account by the Board in assessing the potential demand for air transport.