The loss of revenue on this service alone is estimated at £26,318 per annum, having conservative regard to the passenger increase otherwise expected.

The transfers to Paraparaumu and Whenuapai also had the effect of materially offsetting the previous advantages in total travelling-time between the two cities and brought into bold relief the disproportionate time occupied on the ground and in the air. This amounted to approximately two and a half hours by road at the terminals, as against one hour forty minutes in the air between aerodromes. In a country like New Zealand, where the travelling-times by air occupy an hour or two at the most, any material increase in the time occupied in travelling to and from aerodromes must adversely affect traffic, and although the general effect is apparent, it is impossible to gauge accurately the entire loss due to the falling-off of business.

These factors were accepted by the travelling public to a greater degree when alternative surface transport was not available to them, but with the restoration of rail express services, and particularly the night "Limited," the adverse increase in the over-all air journey time was evidenced by a falling off in the patronage of air services. It is possible, however, to assess the increases in the cost of operating the services under the changed circumstances, involving as they do increased ground transport, additional flying distances, and a good deal of dead flying to get the aircraft to maintenance depots each day for their necessary checks.

Passenger traffic is liable also to be influenced by such factors as regularity of services and their reliability. While the percentage of services scheduled and flown is relatively high, regularity is often impaired by adverse weather conditions, and, as most air services are inter-related with others, any delays at departure points due to weather or other causes have a direct effect on the whole system. This is particularly applicable in a country like New Zealand where the airline operations are confined as yet to daylight. The limited number of hours per day available for flying, especially during winter months, have the effect of increasing disruption of services, and this in turn reflects itself on passenger loads.

Losses of business due to the transfer to Paraparaumu and Whenuapai, plus the increased costs involved in operation of services arising out of the transfers, and the other major factors mentioned in this review, cost the Corporation over £170,000 for the year. It is difficult to see that even with a material restoration of traffic the Corporation's finances will be ever buoyant enough to meet the extraordinary conditions that must be met in operating from Paraparaumu and Whenuapai.

Increases in the price of fuel amounted to close on £20,000 for the year, and rises in salaries and wages to approximately £50,000.

## PASSENGER FARES

Very careful consideration has been given to the fare structure, but in view of the fact that air fares are already in excess of surface fares, and taking into account also the reduced passenger loadings, the Board is compelled to the view that an over-all increase in fares would be more likely to have a deleterious effect than to result in an improvement of the passenger revenue. It is far more satisfactory to fill the empty seats and unavailed freight capacity.

## FREIGHT

The Corporation has a substantial unused freight capacity on the regular air services in operation. At the present non-selective rates this would represent approximately £150,000 per annum. It must be appreciated, however, that inherently air rates must be considerably higher than surface transport, but unless air services are allowed to