

adopt the practice of adjusting freight rates to attract business within the legitimate scope of air transport it will not be possible to fill a substantial portion of the available space or to develop this field of revenue, which is fast becoming of major consequence to airlines in other countries, and must eventually do so in New Zealand.

FUTURE POLICY

By reason of the heavy losses sustained in the operation of the air services in the past year and the persisting trend, it has been necessary for the Corporation to make a complete survey of its policy and the contributing circumstances so that the Government may review, if it so wishes, the provision of air transport facility in relation to the total transport of all kinds necessary to meet the Dominion requirements and the extent to which both air and surface services can participate in the over-all facilities.

It is more than probable that commercial aviation, similar to all other forms of new transport in days gone by, must be given extensive support by the State during its initial and developmental stages. Without such support the outstanding advantages of air transport in this age could not be properly developed. This has already been demonstrated by the very valuable assistance rendered by the State and public authorities in the provision of aerodromes, and the installation of navigational aids, meteorological services, and the like. How far this policy of support can be carried is, of course, a matter of Government policy and must be viewed from many angles, including the place an efficient air service occupies in respect of national defence, the capital outlay in relation to all forms of transport, and the effect of its operations on the total transport business to be undertaken. No one transport undertaking can make these decisions and, further, not one of them is able to formulate a policy and be able to carry it out, as all spheres of transport operation are either governed directly by the Government or by legal authorities specially set up for the purpose.

As already stated, in the favourable conditions existing during the year ended 31st March, 1948, the Board decided on a developmental policy designed to provide services to meet the air requirements of the Dominion, as it is charged to do under its statutory responsibilities.

Most parts of the Dominion were provided with air services, and despite adversities such as the closing of Gisborne Airfield for a long period owing to flood damage resulting in a loss of over £26,000 and the delicensing and restricted use of aerodromes such as Rongotai, Mangere, Greymouth, Hokitika, and Invercargill, the Corporation has endeavoured to provide the best services to the public under the changed circumstances. It is also submitted that, notwithstanding the many adverse circumstances with which it has been confronted, the Corporation has developed a public utility which is basically sound and which, though subject to certain unavoidable limitations and yet capable of improvement in some details, is nevertheless of a relatively high standard.

While it is not a matter of satisfaction to the Corporation, it is nevertheless of relevant significance that in recent years even long-established airlines throughout the world are facing financial difficulties in their operation. In this regard the position of the Corporation differs in that it is one of the very few airlines which is precluded by the unavailability of ground facilities from night flying and its resultant benefits by way of greater utilization of flight equipment for revenue earning; neither is it long established nor able to employ the larger and more modern aircraft which are now in general operation in larger countries.

Many of the airlines in other countries are heavily subsidized by their Governments by means of mail contracts and otherwise. In this respect the revenue received from mail by the New Zealand National Airways Corporation represents a considerably lower proportion of its total revenue when compared with other airlines in all English-speaking countries throughout the world.