The liquidation has been completed and the Audit Office has certified a statement showing that the capital loss was £593,646 16s. 1d. The amount due as the United Kingdom Government's share is £523,436 3s. 11d., and when recovered this amount will be payable to Public Works Account as the account from which the capital expenditure was made.

State Interests in Air Services

In recent years the State has acquired an interest in various air services by providing the entire capital or by contributing in partnership with other Commonwealth Governments. Some details of these investments or contributions are given hereunder.

Tasman Empire Airways, Ltd.—The original capital of this company consisted of 500,000 £1(N.Z.) shares, of which 300,004 were issued from 1940–41 to the United Kingdom, Australia, and New Zealand in the proportions of 38 per cent., 23 per cent., and 39 per cent. respectively, as provided for in the memorandum of association of the company.

To finance the purchase of new aircraft it was decided to call up the unallotted capital and to increase the total capital to 750,000 £1 shares. A redistribution of capital was also agreed upon by the three Governments, the new proportions of shareholdings to be United Kingdom 20 per cent., Australia 30 per cent., and New Zealand 50 per cent. The specific provisions of the memorandum of association regarding proportions of shareholdings were varied by the execution by all parties of deeds of waiver, and during 1948–49, in accordance with the new arrangement and under the authority of section 2 of the Finance Act (No. 2) 1939, New Zealand made the following purchases of shares :—

118,997	shares of the unallotted capital.
14,001	shares of the United Kingdom holding.
125,000	shares of the newly created capital.
257,998	

Together with the 117,002 shares already owned by New Zealand the new purchases gave a total holding of 375,000 £1 fully-paid-up shares. New Zealand also paid a half-share amounting to £85,000 of the company's estimated operational loss for the year ended 31st March, 1949. This payment was charged to Unauthorized Expenditure Account.

New Zealand National Airways Corporation.—The Corporation was established in terms of the New Zealand National Airways Act, 1945, wherein provision was made for the payment to the Corporation from National Development Loans Account of capital amounting to £1,000,000 and further advances up to £500,000. The sum of £685,000 was transferred to the Corporation during the year, and, with previous transfers of £540,000, brought the total at 31st March, 1949, to £1,225,000. Apart from the capital payments referred to, an amount of £21,734 was paid to the Corporation from Unauthorized Expenditure Account to offset a revenue deficit on Pacific Regional Services for the period 1st November, 1947, to 31st March, 1948.