

In view of the importance of securing continuous progress in the design of machines, and more particularly a steady improvement in the ratio of paying-load to running-costs, the scale of subsidy above mentioned provides for the application of an average obsolescence rate of not less than 25 per cent. per annum, unless in special circumstances the Secretary of State shall otherwise determine. This will allow for two complete replacements of types during the currency of the agreement, at the expiration of which period it is hoped that, given a reasonable increase in the volume of traffic, a fully paying type of machine, with consequent low obsolescence rate, will have been evolved, and that subsidies from the Exchequer will no longer be required.

In effect, as the result of experience gained to date under the old agreements, the period of ten years, by the end of which it was originally hoped that commercial air transport would have become self-supporting, is extended to fifteen years; and the new agreement accordingly provides for the subsidy in respect of the European services being maintained in 1928 at the same rate as in the past four years, and thereafter tapering towards extinction over a period of ten instead of five years.

In regard to mails, the surcharges per ounce of mail carried will be fixed in agreement with the Postmaster-General, but provision will be made in the agreement for carriage of mails at such rates as will enable the surcharge, in the first instance at any rate, to approximate to 3d. per ounce between England and Egypt, Egypt and Iraq, Iraq and India; and 6d. per ounce between England and Iraq or India.

The conditions in regard to the England-India service include the handing over to Imperial Airways, Limited, of the two experimental "Calcutta" flying-boats recently completed under the civil aircraft experimental programme; but provision will be made for payment by Imperial Airways for these boats and a corresponding addition to the subsidy for the first year of operation of the England-Egypt section of the through route.

Under the existing agreements one-third of the profits of the company available for distribution after a dividend of 10 per cent. on the paid-up capital is to be applied to repayment of subsidies received by the company under the agreement of 15th May, 1924. In the new agreement this provision will be abandoned, and in lieu thereof the Government will receive an allotment of deferred shares carrying rights to half the excess over 10 per cent. on the ordinary shares which (1) may be distributed as dividends in any year during the ten years' subsidy period, (2) may be earned as distributable profits in any year thereafter. The deferred shares will also have special rights in regard to participation in any surplus assets in the event of a voluntary winding-up of the company.

The right of the Secretary of State to nominate two Government directors upon the board of the company is retained, and, apart from the special provisions above quoted, the general terms and conditions of the agreement will be similar to those embodied in the former agreements (Cmd. 2010 of 1923; 2574 of 1926; and 2758 of 1926).

SAMUEL HOARE.

Air Ministry, 9th July, 1928.

No. 20.

New Zealand, Dominions No. 378.

SIR,—

Downing Street, 1st August, 1928.

I have the honour to refer to the subject of the nationality and registration marks to be used by civil aircraft, and to state, for the information of His Majesty's Government in New Zealand, that, as a result of the decisions on aircraft call signs reached by the International Radio-telegraph Conference held in Washington last year, the International Commission for Air Navigation, at its fourteenth session, held in Geneva from the 8th to the 11th June, 1928, decided to adopt a revised table of marks based on the Washington Convention, the new markings to become effective as from the 1st January, 1929.

2. The decisions of the International Commission involve changes in the nationality and registration marks allocated to the Dominions, which will be in accordance with the following table:—

Dominion.	Markings for Civil Aircraft as from 1st January, 1929.
Australia	V.H-; V.I-; V.J-; V.K-; V.L-; V.M-; followed by all three-letter combinations.
Canada	C.F-; C.G-; C.H-; C.I-; C.J-; C.K-; V.A-; V.B-; V.C-; V.D-; V.E-; V.F-; V.G-; followed by all three-letter combinations.
Irish Free State ..	E.I-; followed by all three-letter combinations.
Newfoundland ..	V.O-; followed by all three-letter combinations.
New Zealand ..	Z.K-; Z.L-; Z.M-; followed by all three-letter combinations.
South Africa ..	Z.S-; Z.T-; Z.U-; followed by all three-letter combinations.