

present time, would involve wasteful competition, and would cause such loss to competitors as would eventually result in deterioration of the services concerned. In a venture having such potentialities for danger, it is of great importance the person or company carrying it out should not be invited to take risks to beat a competitor, or to restrict some expenditure desirable for safety. In fact, many reasons present themselves to us for deciding that one through service over the main route is enough, at any rate to start with. With this view we believe all three applicants agree. It has been suggested that the main route might be divided between competitors, and that each should fly over one portion of it, but this does not appeal to us. We think it better to have unity of control over the whole route.

As to clause (c), the aircraft and ground organization of any large service must be of some value, but in assessing that value we must rely mainly on the advice of the Controller of Civil Aviation and other officers of the Defence Department.

We have decided, therefore, with regard to all three applicants, but with some hesitation as to one of them, to take into consideration the matters referred to in subsection (2). Some of the clauses in this subsection are of a very general nature, but a consideration of clause (d)—the financial ability of the applicant to carry on the proposed service, and the likelihood of his carrying it on satisfactorily—causes us to eliminate one of the applicants—N.Z. Airways, Ltd. We have some doubt in any case whether we should have considered this applicant further having regard to clause (c) of subsection (1), because the Controller of Civil Aviation says the machines proposed to be used “cannot be regarded as of any great value from a defence point of view.” Disregarding this point for the moment, we are not satisfied with the financial ability of the company to carry on the service. We must not be assumed to reflect on the solvency of the applicant company, or on its efficiency in carrying on the business which it conducts at present, but to carry on a complete trunk service large reserves of capital are essential as well as funds for the immediate purpose of buying and equipping aeroplanes. A company undertaking the air service over a long route must be prepared to meet losses and unforeseen expenditure; and every precaution must be taken to prevent financial difficulties which might be reflected in mechanical unsoundness of the operator's fleet. In addition, we are not satisfied under clause (i) of the subsection with the type of aircraft proposed to be used. They are single-engined machines which the Controller of Civil Aviation condemns as “obsolescent,” and which he states are “being discarded” from American air routes. The Board considers the best and most modern machines should be procured, that these should be of British manufacture, and that over the main route single-engined machines ought not to be used.

We pass on to consider the applications of the Union S.S. Co. and of Mr. Withers.

The main difference between these applications is that the former intends in the first place to fly between Palmerston North and Dunedin only, and to extend its service later. If the service commenced in October the company would be ready to take in the section between Auckland and Palmerston North, if required by the Board, not less than six months later—that is, say, not before April, 1936. The latter would be able to commence its service, according to Mr. Neilson, in December. It would therefore probably be later in beginning its service, but earlier over the northern part of the route. A further important point is that the first applicant would omit Wellington from its route, while the latter would include it. The first service might use different machines over the northern section; its definite idea is to take the mails from Palmerston North, where mail routes from the north, east, and west of the North Island now converge, and convey them to the South Island, and *vice versa*. To suit the mail-service at Palmerston North, the times of arrival and departure at that place need to be such as makes it difficult to fit in any extension of the service to Auckland; that part of the route might have to be run on an independent time-table, and with different machines, and there are evident difficulties over the connection, though these difficulties are not entirely insuperable.

While taking evidence with regard to these applications we were inundated with witnesses and representatives of local authorities and public bodies in the Auckland and Taranaki Districts and Wellington City, who all desired a more extended service than that which the Union S.S. Co. proposed in the first place to run. We are rather at a loss to understand much of the agitation of these witnesses, because there does not seem a very material difference, so far as Auckland and Taranaki are concerned, whether the service starts about December as proposed by Mr. Withers or about April, 1936, under the Union S.S. Co.'s proposals. The permanent exclusion from a long-distance service of so large a part of the population of New Zealand as resides in the northern and western areas of the North Island would be absurd, but it seems to us that the question whether such a service should begin in December or April is not a point of supreme importance. The provision and equipment of aerodromes for large passenger machines must not be overlooked, and even if licenses are granted it is by no means certain that all aerodromes on the longest route can be ready on the dates suggested by either applicant. Much work has to be done before the service can be commenced. None of the aerodromes in New Zealand, except the one at Christchurch, are of the “A” class yet, and only three (two of which neither applicant intends to use) are of “B” class yet; and the single “A” class ground is for defence purposes, and is therefore not permanently available for civil aviation. Work on some aerodromes is progressing, however, and by the time services are ready to start it is believed several will be sufficiently advanced for use. The evidence of local authorities and public bodies entirely disregarded the condition of aerodromes, except to indicate the perfection of Rongotai, but we venture to say it is a question on which the witnesses should not remain apathetic, because through licenses may be granted the actual flying to any point cannot begin before the landing-ground has a real margin of safety in all weathers for the machines to be used. As to the route to be followed, these witnesses were all in favour of the long route, but with one exception no thought had been given to the exact course to be followed, and only one of these witnesses was able to indicate the places at which calls should be made. The one exception was the Hon. J. McLeod, to whose evidence we attach weight, and who has long been connected with