

that road transport from door to door must be the cheaper, and it has been suggested that a solution of the problem lies in determining over what distance in each case road transport should be allowed to function in competition with a railway. As roads improve, however, and vehicles are better constructed, these distances tend to become longer. Certain commodities, however, can be carried more economically by road over very long distances, while railway rates are variable, and in many instances, especially where rail and sea transport are in competition, are extremely low in comparison with the standard railway rate over the same distance. These and other factors complicate the problem, and we have tried to decide each case on its own merits because we cannot find a general rule to fit them all.

19. In the case of long-distance traffic between Wellington and Napier, arrangements were made between the New Zealand Government Railways Board and long-distance operators, which are believed to be mutually satisfactory, and which the Board was glad to assist. Between Dunedin and Christchurch, also, the Board believes it was able to help in the conclusion of certain agreements between the Railways Board and private operators.

INQUIRIES AND INVESTIGATIONS.

20. The Board received no direction from the Minister of Transport during the year for carrying out any special inquiries or investigations.

AIR SERVICES.

21. In last year's report the Board predicted the growing importance of this branch of its work. This forecast has proved correct, a large amount of work has been done, and the foundation of a complete system of air travel has been laid. Four air-service routes are now in regular operation, including one main route flown with large machines, and all the aeroplanes used on these services are of modern type. Because of the growing importance, as well as the comparative novelty of this form of transport, the Board, in later paragraphs, gives a somewhat extensive summary of the present position.

22. In considering air-service licenses generally, in all cases the Board has had the advantage of reports by the Government's technical advisers upon such subjects as the suitability of the machines intended to be used for the particular service, the condition of the aerodromes, and landing-grounds on the route, climatic conditions, and other factors in the situation of a technical nature. In addition to such reports, much evidence has been given to the Board on these matters by the technical advisers of applicants themselves and of their opponents.

23. The Board has given close attention to the question of safety of air services. The Board has been impressed with the necessity of twin or multi-engined machines being used on main routes, or when a regular sea crossing is necessary, and in all cases where the use of a large type of machine is warranted. The aeroplanes used on one of the regular routes are not of this type, but this case is exceptional because the population to be served is sparse and scattered, and the use of larger machines would not be practicable. In some cases also the Board in its decisions has prescribed conditions with regard to the use of certain aerodromes with a view to additional safety.

24. The Board considers, however, the safety of air services is not entirely assured without the provision of beam wireless or some form of wireless telephony or telegraphy between the aeroplanes and the ground being installed and maintained. This is especially the case with main services. The Board thinks the matter is one for the technical advisers of the Government to consider, in conjunction with the companies concerned, and to frame regulations prescribing such methods of communication as may be decided on. The climate of New Zealand in many places is subject to low-lying clouds and fog, and the danger arising from this source can be eliminated to a large extent by proper methods of signalling. The Board regards this matter as one of great importance in the interest both of passengers and of the companies carrying on air services.

25. All air-taxi licenses came under review by the Board during the year. These licenses entitle the holder to fly for hire between any two licensed landing-grounds in New Zealand, and are distinct from licenses to carry on a regular service. The earlier air-taxi licenses issued by the Board were much restricted, because the Board considered it wise to limit them very carefully in the first place until it was seen what measure of protection the regular services