

1949  
NEW ZEALAND

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# NEW ZEALAND NATIONAL AIRWAYS CORPORATION

(ANNUAL REPORT OF) FOR THE YEAR ENDED 31st MARCH, 1949

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*Presented to Both Houses of the General Assembly Pursuant to Section 29 (3) of the New Zealand National Airways Act, 1945*

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The Hon. the MINISTER IN CHARGE OF THE AIR DEPARTMENT.

SIR,—

Pursuant to the provisions of section 29 (3) of the New Zealand National Airways Act, 1945, a report on the operations of the Corporation, together with a copy of the Balance-sheet and the report of the Auditor-General, is tendered to you herewith for presentation to Parliament.

Steady progress has been maintained in the development of the Dominion network of air services. New passenger services were introduced during the year connecting Auckland, Hamilton, Rotorua, Palmerston North, and Wellington, and a freight air service connecting Auckland, Wellington, Christchurch, and Dunedin. Increased frequencies were provided on the main trunk Auckland-Wellington-Dunedin-Christchurch service, on the Dunedin-Invercargill, the Gisborne-Wellington, and the Auckland-Whangarei-Kaikōhe-Kaitia services. The total mileage flown for the year was 4,298,922 miles, representing an increase of 23·8 per cent. on the previous year. This increase in services and mileage has been made possible by the acquisition of additional aircraft, the Corporation's fleet now consisting of 37 aircraft: 7 Douglas D.C. 3, 11 Lockheed Lodestar, 3 Lockheed Electra, 6 D.H. Dominie, 1 D.H. Rapide, 3 Fox Moth, and 6 Douglas freighters.

What has been accomplished in the past three years is indicated by the mileage flown and passenger-miles created by the Corporation's Dominion network. The mileage flown increased from 1,407,583 in 1946-47 to 3,116,124 in 1947-48 and to 4,298,922 miles in 1948-49. Passenger-miles created increased from 16,019,896 in 1946-47 to 40,681,963 in 1947-48 and to 55,690,283 in 1948-49. Thus in the past two years there has been an increase of 205·4 per cent. in aircraft revenue mileage flown and an increase of 287·6 per cent. in the passenger-miles created.

Of the total services scheduled throughout the year under review, 97·06 per cent. were flown. On the main trunk route the percentage was 98·2 per cent.

The development has taken place under adverse conditions. The Corporation has had to convert military-type aircraft to civil standards, has had to establish major maintenance and overhaul bases, set up offices in the main centres, and obtain and train personnel for a rapidly expanding organization. At the same time it has fallen to the Corporation to take over from the Royal New Zealand Air Force the Pacific Regional service and with this the responsibility for establishing and maintaining facilities for transient passengers at the international airport at Nadi, Fiji.

The Corporation is conscious of the desirability of providing air services as economically as possible. During the development period, however, it is not possible for the Corporation to operate the internal air services without some form of State subsidy. This is due primarily to the necessity to use the only aircraft that are available. These, consisting of a number of different types, are expensive in maintenance and obsolescent for economical operation. The Corporation plans to buy new aircraft when suitable types are available from British sources.

A second and more important factor in the uneconomic operation of internal air services is the necessity for operating from Paraparaumu and Whenuapai. When new aerodromes are available at Wellington and Auckland a very substantial improvement in the finances of the Corporation will result. The Corporation has also been faced with steeply rising costs resulting from higher wage levels, and increased cost of materials, the adverse effect of accidents, the closing-down of Gisborne Airfield for eight months due to flood damage, and increase in competitive surface transport facilities between Wellington and Auckland.

The operations of the Corporation for the year under review have resulted in a loss of £246,744, of which £78,068 represents a loss in direct operating-costs and £168,676 represents depreciation, obsolescence, and interest on capital.

Operating revenues of £912,551 represented an increase of 33·67 per cent. over the preceding year.

Passenger revenue increased by £184,685, or 32 per cent.

Freight and excess baggage increased by £17,161, or 68·7 per cent.

Mail increased by £3,381, or 8·6 per cent.

Of the total revenue, passenger revenue represented 83·47 per cent., freight and excess baggage represented 4·62 per cent., mail represented 4·67 per cent., and and charters incidental represented 7·24 per cent.

Operating-expenses, including provision for depreciation and obsolescence and interest on capital, amounted to £1,159,295, an increase of 70·67 per cent. over the previous year. This is attributable mainly to the general expansion and intensification of the air services, but costs were substantially enhanced by higher wage-rates and depreciation of further equipment introduced for service development, including a dispersed workshop development occasioned by multiplicity of aircraft types. The full effects of the transfer of operations to Paraparaumu and Whenuapai have been felt in the year under review and have contributed to a large degree in increasing operating-expenses. Aircrew-training expenses amounting to £28,480, although still including an element of establishment training, have been charged in total to the year under review. In the establishment of its own offices and workshops, &c., there has also been an element of non-recurring development expense which is not capable of separation.

At the time of preparing the report covering the Corporation's operations for the year ended 31st March, 1948, the Board had every reason to view the future of commercial aviation in New Zealand with confidence. There existed a real and unsatisfied demand for air transport. Intending passengers in most cases found it necessary to book weeks ahead in order to obtain passage. Commercial aviation had earned a fine accident-free reputation within the Dominion and there was a confidence on the part of the travelling public reflected in a corresponding growth in the use of the Corporation's services.

At that stage, due to the shortage of coal, railway trunk services had been considerably reduced; the "Limited" between Wellington and Auckland had been cut to two trips each way per week, with corresponding restrictions on all trunk services on other routes in both the North and South Islands. These curtailments in express services had to be taken into account by the Board in assessing the potential demand for air transport.

The Corporation had obtained from the New Zealand Government and other sources a number of Dakota, Lodestar, Electra, and Dominic aircraft released mainly from Service use and proceeded to have as many as thought necessary converted to modern standards of passenger comfort, with the result that a fleet was built up sufficient to provide a reasonable service to meet the estimated requirements.

At that period it was clear there would be no suitable British post-war type of aircraft available for some years, and that is still the position in mid-1949. It was therefore a question of meeting an existing demand for air transport with the assistance of the aircraft available locally converted, or confining operations on very restricted time-tables to the more lucrative trunk routes. An expansion policy based upon these factors was decided upon by the Board. The Board realized that in the development period the Corporation would be faced with the undesirable operation of several types of aircraft—many uneconomical—for the reasons that modern and proved British aircraft would not be obtainable and also that varying operational restrictions on the aerodromes would in any case necessitate the use of several types of aircraft.

Rongotai, constituting as it did a highly convenient aerodrome for not only the capital city but the most up-to-date air-linking centre in the Dominion, had enabled the Corporation to develop with the aircraft available a very well patronized service across the Cook Strait running consistently into over 95 per cent. capacity. The central position of this aerodrome within a short travelling-time from the city also had a very far-reaching effect on the traffic to all parts of the Dominion, due to the time saved in journeys in comparison with other forms of transport. Coupled with the use of Mangere, at Auckland, ground travelling-time in relation to flying-time between the two main and largest cities was exceedingly attractive to the Corporation's interests.

The tangible result of these conditions was indicated in an increase in the paying passengers carried on all the Corporation's internal services from 80,807 in 1946-47 to 147,253 in 1947-48, with a passenger load factor of 83.1 per cent. in the latter year. It was reasonable to assume that if the factors remained constant the Dominion network of services established during the year under review would have been regarded as meeting the commercial air requirements of the Dominion. As already indicated, however, certain limiting aspects were also apparent—viz., the use of so many types of aircraft, the consequent uneconomic duplication of ground maintenance, the expensive replacement of parts, and also aerodrome restrictions, referred to later—and even with the existing advantageous conditions it would have been difficult during the interim and development period to provide at a working profit the services demanded by the public. This was referred to in the last annual report.

It could not be foreseen, however, that the position would decline to the considerable degree experienced last year. From being barely able to break even for the year ended 31st March, 1948, the Corporation's financial results steeply deteriorated during the middle period of the year. A reverse of such magnitude could only be accounted for by some major cause or a combination of adverse factors which, although apparent, were not easy of solution. Whilst the total number of paying passengers carried rose to 174,800, an increase of 18.73 per cent. over the previous year, the passenger load factor dropped from 83.1 per cent. to 79.59 per cent. Against the increase of 18.73 per cent. in the number of passengers carried there was an increase of 36.89 per cent. in the passenger-miles created.

Most far-reaching in effect of the Corporation's business was the transfer from Rongotai and Mangere aerodromes to Paraparauamu and Whentapai respectively. The Cook Strait services, built up to such a successful degree mainly due to the proximity of Rongotai to Wellington City, deteriorated sharply as may be gauged from the following figures showing passengers carried:

|                                     | 1947.  | 1948.  |
|-------------------------------------|--------|--------|
| Blenheim to and from Rongotai .. .. | 25,557 | 15,647 |
| Nelson to and from Rongotai .. ..   | 17,562 | 15,700 |

The loss of revenue on this service alone is estimated at £26,318 per annum, having conservative regard to the passenger increase otherwise expected.

The transfers to Paraparaumu and Whenuapai also had the effect of materially offsetting the previous advantages in total travelling-time between the two cities and brought into bold relief the disproportionate time occupied on the ground and in the air. This amounted to approximately two and a half hours by road at the terminals, as against one hour forty minutes in the air between aerodromes. In a country like New Zealand, where the travelling-times by air occupy an hour or two at the most, any material increase in the time occupied in travelling to and from aerodromes must adversely affect traffic, and although the general effect is apparent, it is impossible to gauge accurately the entire loss due to the falling-off of business.

These factors were accepted by the travelling public to a greater degree when alternative surface transport was not available to them, but with the restoration of rail express services, and particularly the night "Limited," the adverse increase in the over-all air journey time was evidenced by a falling off in the patronage of air services. It is possible, however, to assess the increases in the cost of operating the services under the changed circumstances, involving as they do increased ground transport, additional flying distances, and a good deal of dead flying to get the aircraft to maintenance depots each day for their necessary checks.

Passenger traffic is liable also to be influenced by such factors as regularity of services and their reliability. While the percentage of services scheduled and flown is relatively high, regularity is often impaired by adverse weather conditions, and, as most air services are inter-related with others, any delays at departure points due to weather or other causes have a direct effect on the whole system. This is particularly applicable in a country like New Zealand where the airline operations are confined as yet to daylight. The limited number of hours per day available for flying, especially during winter months, have the effect of increasing disruption of services, and this in turn reflects itself on passenger loads.

Losses of business due to the transfer to Paraparaumu and Whenuapai, plus the increased costs involved in operation of services arising out of the transfers, and the other major factors mentioned in this review, cost the Corporation over £170,000 for the year. It is difficult to see that even with a material restoration of traffic the Corporation's finances will be ever buoyant enough to meet the extraordinary conditions that must be met in operating from Paraparaumu and Whenuapai.

Increases in the price of fuel amounted to close on £20,000 for the year, and rises in salaries and wages to approximately £50,000.

### PASSENGER FARES

Very careful consideration has been given to the fare structure, but in view of the fact that air fares are already in excess of surface fares, and taking into account also the reduced passenger loadings, the Board is compelled to the view that an over-all increase in fares would be more likely to have a deleterious effect than to result in an improvement of the passenger revenue. It is far more satisfactory to fill the empty seats and unavailed freight capacity.

### FREIGHT

The Corporation has a substantial unused freight capacity on the regular air services in operation. At the present non-selective rates this would represent approximately £150,000 per annum. It must be appreciated, however, that inherently air rates must be considerably higher than surface transport, but unless air services are allowed to

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.

It is well known that the cost of operating commercial services is very high. This is due to the standards of operation and maintenance laid down the world over and observed by operating concerns to secure the greatest measure of safety and regularity. Whatever economy may be possible, this margin of safety must not be impaired. It is reasonable to expect, also, that costs of operation in New Zealand would be higher than in the countries where aircraft are manufactured and where greater and more regular payloads are obtainable by reason of larger populations. Countries such as New Zealand, with sparse and widely distributed populations and with limited aerodromes and route facilities, must operate smaller and less economical aircraft. By reason of remoteness from the source of supply, it is also necessary to obtain and hold extensive supplies of spare parts in order to maintain full regularity of services.

The Board has carried out full-scale investigations continuously into all aspects of the Corporation's activities with a view to securing the maximum utilization by the public of the air transport facilities now available, and also into every detail of cost in all sections. An analysis of the saleable ton-miles produced with the staff employed shows a favourable comparison with the more efficient services throughout the world, but, despite this, there will be maintained a rigorous and continuous supervision to ensure that unjustified and uneconomical operation is avoided.

The repercussions of war-created difficulties in the sphere of industrial rehabilitation continue to affect adversely some of the major activities of the Corporation. Housing difficulties seriously restrict the employment of skilled staff in the centres where they would be most economically situated, and the same set of circumstances which curtails housing renders difficult the construction of central maintenance workshops. With the use of many types of aircraft and the enforced distribution of the highly important maintenance of machines, the cost in this sphere of the Corporation's activities must be unduly high.

On the revenue side, therefore, the problem falls into two main categories; a material build-up in passengers carried and a fuller utilization of space available for freight. The increased employment of aircraft on charters—both for passengers and freight—must also continue to receive particular consideration, side by side with the regular service operations.

Public confidence in the reliability and regularity of services, together with the fare structure, are prime factors. Alternatively, cognizance must also be taken of the standard and cost of service provided by surface means of transport. By surface the travelling public is well served, particularly with night services between Auckland and Wellington and inter-Island. Night services by air are not yet possible, but there can be no doubt that travel in off-business hours is a valuable time-saver for both passengers and mail and that night services present an important avenue for development.

A high load factor on all scheduled services is necessary for their economic operation. At the present time this is not being maintained at the required level. If this position still obtains after a reasonable period under normal operating conditions, two courses must be considered, viz.—

- (1) An adjustment of services more in line with demand.
- (2) A State subsidy scheme to bridge the gap between revenue and expenditure.

On the expenditure side steps are being taken to offset the high costs in operating so many types and, where practicable, the diminution in use of others, concentrating upon the operation of the most economical type. This policy will be an interim measure until a post-war British machine is available to meet more universally the all-round requirements of the Corporation, including aerodrome limitations, and to secure also the greatest economies in operation.

As has already been mentioned, the cost of operating air transport has always been high, due to heavy capital requirements for aircraft and spares, skilled personnel with consequential high wages and salaries, and the very thorough system of organization, training, supervision, and maintenance to ensure the widest margin of safety.

The tendency is for general costs to increase, despite the fact that the cost of operating post-war machines is lower than the older types. The future of the air services must, however, be regarded from a long-term viewpoint rather than from the exclusive focus of the initial and formative years, and even taking into account these considerations as well as the further potential outlay in up-to-date aerodromes fully equipped with the latest facilities and the installation of radar and other navigational aids, there can be little doubt that commercial aviation will continue to expand. Unlike the other forms of transport, there is little likelihood of its being superseded, and far-reaching improvements in performance and speeds will be attained.

Development in commercial aviation must obviously be in stages, during which financial provision must be made for writing off and replacing types becoming obsolete in much shorter periods than is customary in the older forms of transport.

The amortization of the multi-types being used by the Corporation, together with large stocks of spares, is a heavy burden on operating-costs, and it seems fairly clear that in turn they will be replaced by new post-war types to cover another stage until the turbo-prop. and jet-engined aircraft are available and fully proven.

### SERVICE EXPANSION

New services introduced during the year were daily services each way (excepting Sundays) :—

- (i) Auckland—Hamilton—Rotorua—Palmerston North—Wellington.
- (ii) Freight air service, Auckland—Wellington—Christchurch—Dunedin.

Increased service frequencies were one additional service daily each way (excepting Sundays) :—

Auckland—Wellington—Dunedin—Christchurch—Dunedin.  
 Dunedin—Invercargill.  
 Gisborne—Wellington.  
 Northland service.

### SERVICE AND CHARTER MILEAGE, ETC.

The total mileage flown on internal services and charter flights during the year was : Revenue-miles, 4,298,922. This represents an increase in revenue mileage of 23·8 per cent. on the previous year.

Passenger-miles created were 55,690,283, representing an increase of 36·89 per cent. on the previous year.

Passenger-miles flown were 44,323,199, an increase of 31·1 per cent. on the previous year.

The passenger load factor dropped from 83·1 per cent. in 1947-48 to 79·58 per cent. in 1948-49.

### ESTABLISHMENT EXPANSION

Offices opened during the year were as under :—

Wellington City office.  
 Auckland City office.  
 Gisborne.  
 Hamilton.  
 Rotorua.

Workshops were established and extended at the following airports, viz.—

|           |    |  |
|-----------|----|--|
| Harewood  | .. | Major overhaul base for Douglas aircraft.                        |
| Whenuapai | .. | Expansion with transfer from Mangere.                            |
| Gisborne  | .. | Expansion.   |
| Milson    | .. | Expansion, including commencement of Butler hangar construction. |

### PERSONNEL

With the additional major workshop establishment at Harewood, opening of new offices at various centres, and general expansion of air services, the staff of the Corporation increased to 1,112 at 31st March, 1949, as compared with 687 at 31st March, 1948, and it is comprised of the following divisions:—

|  |         |       |
|--|---------|-------|
| Operations: Aircrews, instructors, and operational administration                      | ..      | 170   |
| Engineering and Maintenance, including Inspectors                                      | .. ..   | 580   |
| Traffic and passenger service  | .. .. . | 167   |
| General services, including stores staff   | .. .. . | 75    |
| Administration, including accounting and Nadi (Fiji) transient passenger establishment | .. .. . | 120   |
|  |         | 1,112 |

Staff numbers shown are inclusive of necessary personnel for the management, administration, accounting, maintenance, and operation of the Regional Air Service between Auckland Norfolk Island Fiji Tonga Samoa Aitutaki Rarotonga, and the operation of a transient passenger establishment at Nadi, Fiji, for the North American services.

Having regard to the restriction of flying operations to daylight hours, the average output per staff member as measured by saleable ton-miles created, mileage, and passenger miles flown compares favourably with similar averages for contemporary airlines engaged in domestic service in other countries, but which are not precluded from night flying.

Thus:—

|  | N.A.C.       | Contemporary.    |
|--|--------------|------------------|
| Staff per 10,000 miles created         | .. .. 1.5    | 1.041 to 3.799   |
| Aircraft miles flown per staff member  | .. .. 4,614  | 3,496 to 4,224   |
| Passenger-miles flown per staff member | .. .. 44,663 | 16,330 to 57,270 |

### FLEET

At 31st March, 1949, the aircraft of the Corporation consisted of:—

D.C. 3—

|                      |         |                                     |
|----------------------|---------|-------------------------------------|
| Passenger liners     | .. .. . | 7                                   |
| Freighters           | .. .. . | 6 (including one under conversion). |
| Lockheed Lodestar    | .. .. . | 11                                  |
| Lockheed Electra     | .. .. . | 3                                   |
| D.H. Dominic         | .. .. . | 6                                   |
| D.H. Rapide          | .. .. . | 1                                   |
| D.H. Fox Moth        | .. .. . | 3                                   |
| Total aircraft owned | .. .. . | 37                                  |

Two Sunderland flying-boats on hire from the New Zealand Government were being operated between Auckland and Fiji.



The Board regret to report three fatal accidents during the year under review, resulting in thirty deaths of passengers and crew.

These accidents were :—

Douglas freighter ZK-AOE, 9th August, 1948, crashed on Scraggy Ridge, Point Underwood, with loss of two crew. The finding of the Board of Inquiry was that the aircraft entered cloud, contrary to visual flight regulations, and was flown at insufficient altitude to clear terrain.

Lockheed Electra ZK-AGK, 23rd October, 1948, crashed on Mount Ruapehu, with the loss of two crew and eleven passengers. The Board of Inquiry found that the aircraft was flown on an erroneous course through error in navigation.

Lockheed Lodestar ZK-AKX, 18th March, 1949, crashed at Waikanae, with the loss of two crew and thirteen passengers. The recommendation of the Board of Inquiry was as follows: "The captain's election to go V.F.R. was a fundamental error of judgment from which flowed cumulative errors terminating in a critical situation from which the aircraft could not be extricated."

### STATISTICS

|                                     | Year Ended<br>31st March, 1947. | Year Ended<br>31st March, 1948. | Year Ended<br>31st March, 1949. | Percentage<br>Increase on<br>Last Year. |
|-------------------------------------|---------------------------------|---------------------------------|---------------------------------|---|
| Route mileage—                      |                                 |                                 |                                 |   |
| New Zealand internal .. ..          | 1,918                           | 2,201                           | 2,580                           | 17·22                                   |
| Pacific .. ..                       | ..                              | 5,273                           | 5,273                           | ..                                      |
| Daily scheduled mileage—            |                                 |                                 |                                 |   |
| New Zealand internal .. ..          | 7,044                           | 11,509                          | 15,023                          | 30·53                                   |
| Pacific (average) .. ..             | ..                              | 1,146                           | 1,146                           | ..                                      |
| Mileage flown—                      |                                 |                                 |                                 |   |
| (a) Revenue—                        |                                 |                                 |                                 |   |
| New Zealand internal .. ..          | 1,407,583                       | 3,116,124                       | 4,298,922                       | 23·8                                    |
| Pacific .. ..                       | ..                              | 133,046                         | 412,442                         | 210·0                                   |
| (b) Non-revenue, including training | 107,474                         | 288,013                         | 419,297                         | ..                                      |
| Passengers carried: Revenue—        |                                 |                                 |                                 |   |
| New Zealand internal .. ..          | 80,807                          | 147,253                         | 174,836                         | 18·73                                   |
| Pacific .. ..                       | ..                              | 1,831                           | 6,390                           | 249·00                                  |
| Passenger-miles: Created—           |                                 |                                 |                                 |   |
| New Zealand internal .. ..          | 16,019,896                      | 40,681,963                      | 55,690,283                      | 36·89                                   |
| Pacific .. ..                       | ..                              | 2,294,176                       | 7,237,822                       | 215·49                                  |
| Passenger-miles: Revenue—           |                                 |                                 |                                 |   |
| New Zealand internal .. ..          | 14,764,385                      | 33,808,603                      | 44,323,199                      | 31·1                                    |
| Pacific .. ..                       | ..                              | 1,499,509                       | 5,341,620                       | 256·2                                   |
| Average passenger journey (miles)—  |                                 |                                 |                                 |   |
| New Zealand internal .. ..          | 179                             | 225                             | 253                             | ..                                      |
| Pacific .. ..                       | ..                              | 819                             | 836                             | ..                                      |
| Freight and mail (lb.)—             |                                 |                                 |                                 |   |
| New Zealand internal .. ..          | 965,265                         | 1,809,118                       | 2,593,087                       | 43·3                                    |
| Pacific .. ..                       | ..                              | 28,463                          | 89,380                          | 214·02                                  |
| Freight (ton-miles)—                |                                 |                                 |                                 |   |
| New Zealand internal .. ..          | 38,877                          | 91,569                          | 319,170                         | 248·5                                   |
| Pacific .. ..                       | ..                              | 8,998                           | 21,691                          | 141·06                                  |
| Mail (ton-miles)—                   |                                 |                                 |                                 |   |
| New Zealand internal .. ..          | 71,178                          | 97,310                          | 108,580                         | 11·58                                   |
| Pacific .. ..                       | ..                              | 5,866                           | 15,599                          | 165·9                                   |
| Load factor—                        |                                 |                                 |                                 |   |
| New Zealand internal .. ..          | 76·75                           | 70·85                           | 67·48                           | ..                                      |
| Pacific .. ..                       | ..                              | 65·85                           | 67·90                           | ..                                      |

NOTE.—Pacific service operated five months only in year ended 31st March, 1948.

It is our pleasant duty once again to place on record the Board's appreciation of the excellent and loyal services rendered by the management, executive officers, and staff generally. The year was fraught with great difficulties, but the staff has risen to all occasions and thus has enabled the Corporation to come through a very arduous year with increased efficiency and greatly improved services to the general public.

LEONARD ISITT, Chairman.

J. S. HUNTER, Deputy Chairman.

F. W. MOTHEs }  
W. W. HYNES } Directors.  
H. WORRALL }

Wellington, 30th September, 1949.

## NEW ZEALAND NATIONAL AIRWAYS CORPORATION

OPERATING ACCOUNT (NEW ZEALAND INTERNAL SERVICES), YEAR ENDED  
31ST MARCH, 1949

| Operating revenues—                                   | £        | s. | d. |
|---|----------|----|----|
| Passenger .. .. .                                     | 761,701  | 18 | 9  |
| Excess baggage .. .. .                                | 6,299    | 5  | 4  |
| Freight .. .. .                                       | 35,837   | 12 | 3  |
| Mail-money .. .. .                                    | 42,636   | 11 | 11 |
| Charters .. .. .                                      | 50,656   | 4  | 1  |
| Incidental and sundry revenue .. .. .                 | 15,419   | 14 | 10 |
|   | <hr/>    |    |    |
|   | £912,551 | 7  | 2  |
|   | <hr/>    |    |    |
| Operating-expenses—                                   | £        | s. | d. |
| Flying operations .. .. .                             | 335,451  | 13 | 6  |
| Direct maintenance : Flight equipment .. .. .         | 165,016  | 11 | 9  |
| Indirect maintenance .. .. .                          | 129,715  | 19 | 8  |
| Ground operations .. .. .                             | 76,781   | 2  | 0  |
| Passenger services .. .. .                            | 95,320   | 5  | 6  |
| Freight services .. .. .                              | 1,561    | 9  | 2  |
| Traffic and sales .. .. .                             | 78,206   | 11 | 11 |
| Advertising and publicity .. .. .                     | 10,886   | 19 | 6  |
| Administration .. .. .                                | 63,823   | 0  | 2  |
| Aircrew training .. .. .                              | 28,479   | 2  | 6  |
| Deferred training expenses .. .. .                    | 5,377    | 1  | 4  |
|   | <hr/>    |    |    |
|   | £990,619 | 17 | 0  |
|   | <hr/>    |    |    |
|   | £        | s. | d. |
| Loss, excluding depreciation and interest .. .. .     | 78,068   | 9  | 10 |
| Depreciation—   |          |    |    |
| Flight equipment .. .. .                              | 129,653  | 18 | 8  |
| Ground equipment .. .. .                              | 12,300   | 19 | 3  |
| Interest on capital at 3½ per cent. per annum .. .. . | 26,721   | 6  | 10 |
|   | <hr/>    |    |    |
| Net loss for year ended 31st March, 1949 .. .. .      | £216,744 | 14 | 7  |
|   | <hr/>    |    |    |

## NEW ZEALAND NATIONAL AIRWAYS CORPORATION

BALANCE-SHEET AS AT 31ST MARCH, 1949

| <i>Capital and Liabilities</i>   |           | <i>Assets</i> |    |
|--|-----------|---------------|----|
|  | £         | s.            | d. |
| Capital: Advances from New Zealand Government under section 25 of New Zealand National Airways Act, 1946 .. .. . | 1,225,000 | 0             | 0  |
| Reserves—  |           |               |    |
| Insurance .. .. .  | 24,425    | 1             | 2  |
| Replacements .. .. .   | 13,510    | 0             | 9  |
| Creditors—   |           |               |    |
| Sundry creditors .. .. .   | 229,908   | 19            | 7  |
| Accrued liabilities .. .. .  | 51,180    | 3             | 10 |
| Deferred credits .. .. .   | 43,178    | 3             | 1  |
| Provision for obsolescence—  |           |               |    |
| On aircraft engines and propellers .. .. .   | 130,868   | 11            | 6  |
| On spare parts .. .. .   | 78,533    | 0             | 0  |
|  | 37,935    | 1             | 11 |
|  | 324,267   | 6             | 6  |
|  | 209,401   | 11            | 6  |
| Aircraft and flight equipment (see provision for obsolescence, £130,868 lls. 6d.) .. .. .                        |           |               |    |
| Land and buildings at cost .. .. .   |           | 177,115       | 4  |
| Less depreciation .. .. .  |           | 10,843        | 1  |
| Plant, equipment, and tools .. .. .  |           | 97,020        | 1  |
| Less depreciation .. .. .  |           | 10,826        | 1  |
| Motor-vehicles .. .. .   |           | 21,178        | 13 |
| Less depreciation .. .. .  |           | 5,633         | 7  |
| Office furniture, fittings, &c. .. .. .  |           | 33,433        | 15 |
| Less depreciation .. .. .  |           | 2,658         | 6  |
| Spare parts and stores (see provision for obsolescence, £78,533) .. .. .   |           |               |    |
| Debtors—   |           |               |    |
| Sundry debtors .. .. .   |           | 106,250       | 2  |
| Agents' balances .. .. .   |           | 31,819        | 14 |
| Accrued assets .. .. .   |           | 18,561        | 11 |
| Deposits and prepayments .. .. .   |           | 6,503         | 12 |
| Pacific services: Recoverable balances .. .. .   |           | 64,365        | 19 |
| Carried forward .. .. .  |           |               |    |
|  | 571,974   | 14            | 11 |
|  | 166,272   | 2             | 5  |
|  | 86,203    | 0             | 2  |
|  | 13,545    | 5             | 7  |
|  | 30,775    | 9             | 3  |
|  | 322,495   | 11            | 1  |
| Carried forward .. .. .  |           |               |    |
|  | 227,501   | 1             | 0  |
|  | 1,420,767 | 4             | 5  |

NEW ZEALAND NATIONAL AIRWAYS CORPORATION—*continue*  
BALANCE-SHEET AS AT 31ST MARCH, 1949—*continued*

| <i>Capital and Liabilities</i> | £         | s. | d. | <i>Assets</i>                                 | £          | s. | d. |
|--------------------------------|-----------|----|----|---|------------|----|----|
| Brought forward                | 1,796,603 | 19 | 11 | Brought forward                               | 1,420,767  | 4  | 5  |
|                                |           |    |    | Cash on hand and in bank                      | 29,744     | 7  | 6  |
|                                |           |    |    | Acquisition of other airlines                 | 61,004     | 3  | 1  |
|                                |           |    |    | Acquired Assets Value Adjustment Account      | 8,938      | 10 | 5  |
|                                |           |    |    | Preliminary development and deferred expenses | 32,831     | 7  | 0  |
|                                |           |    |    | Profit and Loss Account—                      |            |    |    |
|                                |           |    |    | £   | 3,426      | 7  | 1  |
|                                |           |    |    | Credit balance, 31st March, 1948              |            |    |    |
|                                |           |    |    | Less loss, year ended 31st March, 1949        | 246,744    | 14 | 7  |
|                                |           |    |    |   | 243,318    | 7  | 6  |
|                                |           |    |    |   | £1,796,603 | 19 | 11 |

LEONARD ISITT, Chairman.  
D. E. FOLEY, Chief Accountant.

Wellington, 29th August, 1949.

I hereby certify that the Profit and Loss Account and Balance-sheet have been duly examined and compared with the relative books and documents submitted for audit, and correctly state the position as disclosed thereby.—J. P. RUTHERFORD, Controller and Auditor-General.

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