

The second matter is the increasing growth of air travel. Here, as in the case of road services, it is the rail traffic which is, in most cases, abstracted. In the case of the air traffic the revenue does ultimately find its way into the public funds, but there is no compensating factor shown in the railway accounts by which the Department is commonly judged.

The justice of judging the Department by the accounts may, in view of the services rendered and the history of developmental lines, be open to question, but if it is to be so judged and rates based accordingly, then it must be realized that freight rates are going to be affected by the extraction of passenger traffic into services the revenue from which does not appear in the Department's accounts.

THROUGH BOOKING BY RAIL AND AIR

During the year an important extension was made by the Department in the introduction of facilities for through booking parcels by rail and air.

The air express parcels service was inaugurated on 29th July, 1946, when an arrangement was entered into between the Royal New Zealand Air Force and the Railways Department to use a definite allocation of space on scheduled flights of the Dakota service between Auckland and Christchurch and between Wellington and Christchurch.

For the nine periods up to 31st March a total of 197,054 lb. of air express parcels was handled by these services, and an analysis shows that over 50 per cent. of the traffic handled was to and from places where no air facilities are available. The Department's service thus brought air transport to numerous clients who would not otherwise have been able to avail themselves of this service.

The Royal New Zealand Air Force Dakota passenger services passed to the control of the New Zealand Airways Corporation on 1st June, and as we were unable to finalize arrangements with the Corporation for a definite allocation of space on each flight the Railways Department was forced to withdraw this service from our clients. It will be appreciated that in dealing with air express freight, more particularly perishable articles such as cut flowers, fruit, and such-like commodities, it is necessary to have some definite allocation of space, otherwise traffic would be left behind, with consequent loss to the clients and claims for damage on the Department.

The Department experienced no difficulty whatever in its dealings with the Royal New Zealand Air Force for space over a period of nine months, and it was a matter of some concern to the Department that it was unable to continue to render this service to its clients.

The next phase of our air activities took place in December, 1946. A quantity of through-booked rail and sea cargo was held up at Wellington and Lyttelton due to shipping difficulties, and in order to assist our clients, who required much of these goods for Christmas traffic, the Railways Department asked the Royal New Zealand Air Force whether it would be possible to inaugurate a freight service by air between Paraparaumu and Woodbourne (Blenheim). As has been the case in the past, the co-operation of the Royal New Zealand Air Force was readily given, and the emergency service was inaugurated on 12th December with Dakota planes. Between 12th and 19th December a total of 510,617 lb. dead-weight of freight was moved. A further 178,005 lb. dead-weight was transported on 20th and 21st December and early in January when consignments of baling-twine for haymaking were urgently required in the North Island.

With this experience in air freighting, which had been introduced to overcome at least some of the bottleneck which had occurred in Lyttelton and Wellington, the Railways Department decided to explore the possibility of rendering a regular freight service over Cook Strait.