

We deal later with the economic impact but at this stage it should be emphasised that after a period there will be no increase in the number of radio stations in the area. The regional FM station will be less direct competition for the Hamilton full service AM station 1ZH than the existing Radio Waikato AM operation in Hamilton, which in many ways aims to capture the same audience for the same purposes.

We do not believe it would be satisfactory for listeners in this area to be left to eavesdrop on Auckland oriented programming where that signal can be adequately received. This region is entitled to its own station. The indications we have had are, however, that those signals have their limitations in the region and judging by listening patterns elsewhere will attract little in the way of listenership once a Waikato oriented programme and regional signal at full strength is available.

The Tribunal is satisfied that the stereophonic high fidelity sound which enhances the listening pleasure and brings the music quality available on recordings to the listener, is a real and substantial benefit to which great weight must be given. We consider that the programme is suitably organised and formatted to exploit the qualities of the mode for the intended audience. We accept that there will be some overlap between the services of this station and that of the existing stations, but the tone and style will be distinctive, the advertising and talk content lower and we believe it will be a legitimate and effective exploitation of the FM mode.

- (b) The economic effect which the establishment of the station to which the application relates is likely to have in respect of broadcasting stations already in operation
- (c) The effect which the establishment of the station to which the application relates may have on broadcasting services provided by the Corporation in the public interest

We heard considerable evidence from BCNZ witnesses on this. Not all of it was convincing.

Mr Bartlett for the PSA expressed fear of the effect on the BCNZ of the amount of revenue which would be taken out of the area and the effect this might have on extending the Corporation's radio services.

The Tribunal accepts that there will be a significant effect on the revenue of Radio New Zealand stations in the area. The effect will be greatest on 1ZH and much less on 1ZD Tauranga.

The effect on 1ZH will be a temporary one and will be matched by or exceeded by the effect on Radio Waikato.

We intend to limit the period within which Radio Waikato may maintain its AM operation to a period of 2 years. Mr Stubbs suggested 12-18 months. We believe Radio Waikato may decide to terminate its operation earlier and the Tribunal would have no objection to that.

We also intend to limit the advertising content to 6 minutes per hour which will rise to 8 minutes per hour upon the cessation of broadcasting by Radio Waikato.

We believe this restriction will not inhibit the reasonable attainment of revenue by the new station during the initial period. We believe it will have the effect of making its rates more comparable with those of the AM stations.

By these 2 conditions we believe the financial impact on the Broadcasting Corporation will be alleviated and, with the cessation of Radio Waikato's service, the Corporation should still be able to maintain in both Hamilton and Tauranga, stations which contribute to a commercial surplus nationally.

Another factor which will limit the effectiveness of the station in the interim period will be the fact that it will only reach 86 percent of its potential audience because of broadcasting from a temporary tower at Mount Te Aroha.

The Corporation on 1 June supplied the figure for revenue for the Tauranga station. We do not consider that any revenue gathered from that area for the FM station in the first 2 years will substantially diminish the revenue earned by Radio Bay of Plenty.

The effect on 1XX is dealt with, for convenience, under paragraph (n) with other submissions by the warrant holder.

- (d) The needs of New Zealand or the locality or localities proposed to be served in respect of broadcasting services

In submissions from the PSA and to a lesser extent implied in the BCNZ opposition, was the claim that there was no need for this service because there was only one application and no clamour in the area for the introduction to FM broadcasting.

Mr Bartlett points out that a survey of receiver capacity was 61 percent, less than the 64 percent found to exist in Auckland at the same time.

However, the Tribunal is aware that the Auckland figure has risen to 75 percent and it is reasonable to expect that the Waikato figure would similarly move in that direction—as has the Hawkes Bay figure.

Set penetration is increasing in New Zealand and it is clear that broadcasters must consider FM as a service which in the normal course ought to be available to listeners. We refer later to Government policy on the development of FM broadcasting.

The Tribunal does not accept that there is no need for the service. The area is a populous and expanding one and is affected by the popularity of stereo FM broadcasting having commenced in Auckland. We cannot see any justification for declining the application on the grounds that there is no need for a service. Listeners expect a stereo FM service to be introduced. The transmission site is an efficient one and should provide a good stereo service to some areas where there has been a less than satisfactory AM service.

- (e) The financial and commercial ability of the applicant to carry on the proposed service

The Tribunal is satisfied as to the quality of the directorate and management. The programming of this station and its general operations are probably less demanding than the operation of Radio Waikato.

The proposed funding arrangements are considered satisfactory.

The station will have the benefit of sharing some costs with Radio Waikato for the first 2 years.

The station has the financial support of the major shareholder in IBC, the Independent News group.

- (f) The likelihood of the applicant carrying on the proposed service satisfactorily

There was no suggestion made at the hearing that the company would not be competent to operate the station, although Mr Gough raised philosophic objections to commercial operators.

- (g) The results of any survey available to the Tribunal

Although various statistics were produced to us there was no audience survey conducted for the purpose of the application.

- (h) The requirement that frequencies be best utilised in the public interest

It appeared to us that this requirement was fulfilled by transmission from the Te Aroha site. We would not be in favour of restricting that, although there may be room to consider at any time an adjustment to the aerial pattern.

The Tribunal would need a good deal of convincing that a translator was desirable in the interim. That evidence would have to be based on both technical and economic grounds.

- (i) The desirability of avoiding monopolies in the ownership or control of news media

There was a good deal of opposition to the application based on this argument before it was known that Radio Waikato would surrender its AM warrant.

Nevertheless, Mr Gough puts forward a cogent case for limiting the participation of newspaper companies even in FM ownership.

It is Government policy that applications for FM stations by newspaper companies should be considered on their merits. We have taken that into account.

In practical terms, taking the existing situation with INL ownership in Radio Waikato the long term change is only that of an extension in the coverage area of the station owned by that company. The Tribunal will impose a similar restriction as to news media ownership as it has with Radio Waikato and will consent to the proposed shareholding arrangements.

In fact the impact will be somewhat less since the station will become a much less important vehicle for information and news than the AM station is. While it will carry news, as far as national and international news is concerned, it will be networked from Radio Pacific. It is also intended to impose the existing condition on editorial independence that applies to Radio Waikato.

The Tribunal would indeed have been concerned if an existing station attempted to use the vehicle of another