

The company is exploiting the FM mode to the best advantage by the selection of the music format with a low advertising content.

- (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

The Tribunal accepts that there will be a significant effect on the revenue of the Radio New Zealand stations in the area. When we dealt with the application for an AM station the applicant and the BCNZ respectively assessed the effect as \$200,000 and \$500,000. The Tribunal concluded that the effect in the market would have been in the order of \$300,000.

The Corporation provided evidence in confidence of its existing radio revenue for the last financial year. Considering that and the different nature of the application, the Tribunal considers the effect will be to the order of \$150,000 in the first year. The Tribunal considers that this is not so significant as to outweigh the benefit of the provision of a popular commercial stereo FM broadcasting programme service in Hawkes Bay. The Tribunal acknowledges however that at least in the initial stages some consideration should be given to limiting the effect.

The Tribunal has had regard to the case made by the Corporation and in particular in the evidence given by Mr G. M. L. Storry.

The Tribunal has considered the evidence given and the confidential figures supplied by the Corporation. We accept there will be additional costs as well as an effect on the revenue of the Corporation. But we do not believe there will now be a potential to obtain substantial additional revenue well beyond target which Mr Storry feared because it would exacerbate the economic effect on the Corporation stations. The condition as to advertising content will limit that.

Overall, we consider the desirability of the service outweighs the economic factors raised by the Corporation.

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

There are no stereo FM services available in the area. The Tribunal considers that the provision of stereo FM programmes in radio broadcasting is now considered, both by Government policy and by public decision, one of the needs of New Zealand and of various localities in New Zealand.

Evidence was given that nearly 3 homes in 4 have sets capable of receiving programmes on the VHF band which is an indication of public desire to avail itself of the stereo FM mode of broadcasting when it is available. There had been a significant increase in set penetration shown in surveys conducted in 1981 and 1982. The high set penetration argues strongly for the granting of the application since nearly three-quarters of the population is equipped to receive programmes on the VHF band although none are at present offered.

Evidence was given (and the Tribunal had been aware of it from previous hearings) of the interest in FM broadcasting of a classical or serious music programme. Survey information also indicated that there was a growing demand for a popular commercial programme. The publicity given to the development of FM and the commencement of FM broadcasting in Auckland has generated an interest which has probably identified a need which has existed for some time but has not become, until now, readily recognised.

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

The Tribunal reiterates its previous remarks about the directors and Mr Parsonage. (Decision 18/82, page 8). The proposal now before the Tribunal is one which probably demands much less in management skills.

The proposed funding arrangements are satisfactory and it is noted that the company is not proposing to be listed on the Stock Exchange but shares will be privately placed to between 25 and 50 mainly Hawkes Bay shareholders. The Tribunal is satisfied that the applicant has the financial and commercial ability to carry on the proposed service.

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

Programming will be a vital concern. Mr Parsonage has extensive experience in this field.

The acceptance of a news service from an outside source places less importance on the news aspect as far as the staffing

is concerned. As we have said on previous occasions news and information is a less significant part of the operations of a FM station than an AM station.

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

The applicant undertook an informal survey. Although we are not satisfied that, in every respect, the results of the survey can be taken without question—some of the faults referred to by the Tribunal in other surveys and in the last survey conducted by Radio Hawkes Bay Ltd., will exist in the present survey—we are satisfied that the information concerning set penetration shows a significant trend and that there is in the community a significant demand for the proposed service. The information revealed by the survey will be of use to the applicant in programming the station.

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

The approval of this FM station will be a better use of frequencies than the previous proposal for an AM station.

The fact that the station is to be co-sited is important.

The applicant hinted at the possibility that it might prefer to use Te Mata as an alternative site if the cost of co-siting with the television facility proved to be too expensive. After hearing the evidence of the Post Office, the Tribunal indicates its reluctance to consider any proposal other than co-siting at the intended site. While the Post Office could make a frequency available the impact on frequency planning of transmitting from other sites is significant. We fully accept the evidence of Mr R. W. Becker for the New Zealand Post Office who pointed out the poorer coverage which would be obtained from Te Mata and that greater power would be required to provide an adequate signal into the furthest part of Napier. He emphasised the importance of co-siting for frequency management. The objective was to provide a service similar to that provided by the television station from Mount Erin and this could not be achieved from Te Mata.

The Tribunal accepts the Post Office view that non co-siting is not fully accepted or understood. Except in the rarest circumstances the Tribunal should not consider deviating from that principle for full powered stations. Looked at in isolation, there might seem to be attractions in broadcasting from alternative sites in particular cases. But the cumulative effect might be to deprive listeners elsewhere of programme choices and limit the optimum use of the frequency band.

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

The applicant would provide an alternative radio news service.

The company proposed that Hawkes Bay News Ltd. will be entitled to take up to 25 percent of the capital and will have the right to appoint a director.

Hawkes Bay News Ltd. publishes the afternoon daily newspapers in Hastings and Napier and a number of other community newspapers in the area. There is no locally originated morning daily newspaper.

The Tribunal commented that there would need to be restrictions on the newspaper shareholding in the company when it was considering the AM application. In this FM application we do not consider the newspaper involvement a disadvantage. Each case should be considered on its merits. It is likely the company will use a network service for national and international news. If there were a greater local newspaper ownership we would want to see some guarantees of editorial independence.

In order to provide some control over the situation a condition will be imposed limiting news media ownership to 30 percent in the same form as has recently been approved for other private radio stations.

It is noted that there is a proposal for the networking of national and international news which would thus be edited independently of the station. Its own journalists will prepare reports of local news and the Tribunal would expect that they would be given the normal independence expected of journalists in a separate medium.

- (j) The hours during which the applicant proposes to broadcast programmes

The applicant proposes locally originated programmes for 24 hours a day.