

station would amount to \$350,000. This would lead to a loss of potential advertising for the regional FM station and to a lesser extent have an effect on Radio Northland's revenue. This station may, in fact, prejudice the viability of the regional station during its first years of establishment.

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

Mr Lilley has spent many years in radio as an announcer and has been involved in community promotions including the summer station Bay Radio, established by Radio New Zealand in the Bay of Islands over the summer holiday period. For the past few years he has been part of the team in that station and announcer in charge of promotions. He is a medical electronic technician.

Mr Pearce has an Electrical Trades certificate and for the last 6 years has been employed by the Bay of Islands Electric Power Board as an electrical technician working on telemetry systems, radio communications and laboratory testing. He was in charge of the installation at Kerikeri Airport and of a new radio telephone repeater at the summit of Mount Raetea.

In March, P. W. Byers, a chartered accountant, became a director of the applicant company. He is responsible for organising the overall management requirements for the company's operation, raising the capital and controlling the day to day financial management of the company. He is 40 years old and has many years experience in chartered accountancy. He is now a senior partner in an accounting firm in Kaikohe.

We had the opportunity of seeing both Mr Lilley and Mr Pearce giving evidence and of their being cross-examination. The accounting evidence was given by a partner of Mr Byers, A. E. Webber.

To some extent we also formed an opinion on the way in which the application was put together. Despite their technical background there were extensive amendments to the proposal and extensive criticism of the original proposals on technical grounds by other witnesses.

The application had not been thought out carefully as regards news and staffing, and none of the directors had any sales or marketing experience.

What is more it was not evident that Messrs Lilley and Pearce saw this lack as important. The way in which they would handle local news and information was unsatisfactory and the proposition appeared to be beyond their personal abilities and beyond the resources of the area, unless it were introduced and carried out by experienced broadcasters with both sales marketing and management experience. Mr Pearce who was to take responsibility in these areas had no sales experience or radio news experience.

(None of this reflects on Mrs Beer's presentation of the case which certainly made the most of it.)

We would have been more impressed with the application had the applicant's proposed a more modest siting and coverage area and shorter hours, although we cannot say that it would necessarily be successful.

We accept that Mr Byers is a capable accountant in private practice, but do not know whether he would have the level of commitment to the establishment of this business which might prejudice his personal time and involvement in his professional activities.

The survey material when probed was not impressive.

After hearing Mr Webber's evidence we considered that the research and budgeted figures are reasonable except in this respect. We do not consider the revenue projections can be attained on the small population base, even allowing for the summer influx. From 400 businesses this would require \$750 per annum sales to every one of them. There was no satisfactory evidence of advertising support.

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

Mr Lilley has some knowledge of programming but it appears to be limited. The resources of the station would not permit any extensive surveying of reaction to music programming and we doubt that the station could survive in its present form. It is more likely that the company would be taken over and run by some others on another basis who would then possibly ask for amendments to the warrant.

We believe that the task has been under-estimated by Messrs Pearce and Lilley and that their lack of management experience would show up in the difficult first 12 months of the establishment of the station.

There is not the breadth of ability in the 2 working directors to run a community station. There is a lack of experience to organise and manage sales.

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

The survey was referred to but it proved to be of no substance. It was informal and subjective. The material, when probed, was not impressive.

(h) *The requirement that frequencies be best utilized in the public interest.*

Mr R. B. Vernall, an engineer with the Regulatory Division of the New Zealand Post Office, pointed out that the proposed transmitter site did not comply with the co-siting policy, and had the potential for causing interference problems, namely:

1. Excessive field strength causing domestic receiver overload for locations close to the transmitter.

2. Picture impairment on TV Channel 1 receivers in nearby areas.

3. General field strength and balance with the Hikurangi station.

However, Mr Vernall pointed out that because of the sparse population in the vicinity of the transmitter site, with a careful allocation of frequency and power the number and severity of the interference problems would be low. Because this area is at one end of the country the implications of non-co-siting would be less important for frequency allocation. The Post Office would be prepared to certify the application up to 1 kW with omnidirectional aerials as a result of further information supplied. Mr D. J. Gatland said that if the most desirable frequency 89.0 MHz were allocated as the FM frequency in order to minimise interference with television reception, there may then be no suitable FM frequency available in the area for short term broadcast authorisations. Mr Gatland pointed out that the assessed population of 25 000 average was not consistent with the total mid-north regional television coverage from Hikurangi and Russell transmitting stations of about 24 000 based on the 1981 census.

Mr Gatland also noted that the site was an inefficient one providing a marginal service to important places such as Kaikohe (shaded by 12 foot hills 4 miles out of Kaikohe), Opuā which was heavily shaded, Moerewa and Kawakawa which were heavily shaded.

By contrast the Hikurangi site used by television which had been criticised by the applicants was an efficient site requiring only one television translator in the proposed service area for Sunshine, namely at Russell. It is by no means certain in the view of Mr Gatland that a similar translator would be required for FM if Hikurangi was used as the mid-north area station. The 2 mV/m standard for a town like Kaikohe would be achieved from Hikurangi. He said that a lot of the coverage problems of Sunshine arose because the site was so low that it did not clear the surrounding hills. Only 1½ kilometres away to the southwest, there was a hill 50 feet higher whereas Hikurangi was 3 times the height, which meant that the station would only require one-tenth of the power to serve a similar coverage radius.

We accept that Mr Gatland's evidence casts doubt on the coverage proposed by the applicant. The reason for not wanting the Hikurangi site was expense and the fact that it would cover a wider area than was intended to be served by the applicant. While there is no doubt that the most efficient use of frequencies would be the use of the Hikurangi site, because of the location of the area no great harm would be done by having a non-co-sited station, if the desirability of the service, its economic viability and its likelihood of fulfilling a need in the area weighed sufficiently in the balance.

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

The applicant would provide another source of information.

(j) *The hours during which the applicant proposed to broadcast programmes.*

The 18-hour period appears to us to be too ambitious and shows an attempt to provide a full station service to an area. A more modest proposal would have been more realistic.

(k) *The extent of advertising matter which the applicant proposed to broadcast.*

It is unlikely the extent of advertising would reach a level where there would be any disadvantage in the application to anyone.

(l) *The proposed rates and charges to be made in respect of the advertising programmes.*

The rates were too high. We accepted Mr Borck's comparisons with Radio Northland's rates as unfavourable to the applicant.