

Decision No. 7/85

Bro. 100-103/84

Before the Broadcasting Tribunal

IN the matter of the Broadcasting Act 1976, and in the matter applications for commercial FM sound radio warrants in Christchurch by:

- (1) Canterbury FM Broadcasting Limited
- (2) Radio Avon Limited
- (3) Broadcasting Corporation of New Zealand
- (4) Mainland FM Limited:

Chairman: B. H. Slane.

Members: Lionel R. Sceats and Ann E. Wilson.

Co-opted Member: Murray J. Henshall

Counsel: M. J. O'Brien QC and B. Hudson for Broadcasting Corporation of New Zealand.

R. L. Maclaren and B. G. Impey for Canterbury F.M. Broadcasting Limited.

G. G. McKay for Mainland FM Ltd.

P. L. Mortlock for Radio Avon Limited.

Dates of Hearing: At Christchurch October 2, 3, 4, 5, 6, 9, 10. At Hastings—October 25, 1984. Written submissions December 1984.

DECISION

THE Tribunal called for persons who wished to apply for a commercial FM warrant for Christchurch to file applications but the Tribunal did not predetermine whether one or more warrants would be issued.

The Applicants—Canterbury FM Broadcasting Ltd. sought a warrant to broadcast from 6 a.m. to midnight Monday to Friday and for 24 hours on Saturday and Sundays. At the end of 2 years the station intended to broadcast 24 hours continuously.

The station was said to be musically oriented and would broadcast familiar consistent and contemporary music with a high ratio of current music and less reliance on old or "gold" records. It would not emphasise high profile personality radio. The company considered that FM in the early stages mainly attracted 18-39 age group by the nature of FM and its focus on music.

Because of the commercial risk of commencing FM in Christchurch it believed it could not "narrowcast" for the adventurous in its format. It considered the first FM radio stations in Christchurch would have to have broad appeal.

If there were to be 1 FM warrant, *Canterbury FM* would serve an 18-39 audience. If there were to be 2 warrants, one would cater for an under 25 audience, the other competing for the 20-35 audience with a spill-over up to 39. *Canterbury FM* would fulfil that role.

It said that *3ZM* had been appealing to young people in Christchurch but had succeeded largely by default as *Radio Avon* had targeted itself to more of a music/news radio station while *3ZB* remained the traditional community middle of the road operation.

Radio Avon's recent programme changes, it claimed, showed it was caught between the younger targeting of *3ZM* and the middle of the road *3ZB*.

If the application were successful the applicant company would increase its authorised share capital to \$550,000. The shareholders would be the Christchurch Press Co. Ltd. (publisher of *The Press* newspaper) holding 200 000 1 dollar shares, Metropolitan FM Broadcasting Ltd. holder of a commercial FM warrant in Auckland, 200 000 shares, and T. J. Ward, a proposed sales executive, G. T. Dowling and D. W. Cooper would each take up 50 000 shares. The directors of the company would be Messrs Ward and Dowling, R. A. Barker, and D. J. Broughton, respectively general manager and company secretary of the Christchurch Press Co. Ltd., and from Auckland the joint managing director of Metropolitan FM Broadcasting, R. L. McKay, and another director of Metropolitan, R. I. McMillan.

Radio Avon Ltd., the owner of an AM radio station in Christchurch, sought a warrant which would be issued to a new subsidiary company, for a station, *Music 90 FM*, which would play music in longer sweeps than is the case on commercial AM stations. It would present a wider range of music and a balanced mixture of songs and melodies including selections from the best quality stereo material of the nineteen fifties through to the hits of today.

It would be a contemporary sounding station but would reach beyond the normal AM diet of contemporary pop and golden oldies. It would play easy listening music appealing to a 25- to 44-age group.

The directors would be Messrs I. J. Kirkpatrick and N. Wesley, directors of Radio Avon Ltd., S. J. Bankier and A. F. Price, all of Christchurch.

Mr Wesley would be general manager and programme director of the company and would train an assistant to take over from him. The company would have a separate sales organisation from *Radio Avon AM*.

Radio Avon Ltd. proposed that it retain its existing warrant indefinitely.

The applicant favoured the grant of a warrant for *3ZM* on 1

The Broadcasting Corporation of New Zealand applied for a hour a day popular music station, *3ZM FM*, directed towards needs of an audience of 15-30 years which it said would complement other radio services available in Christchurch. The program would, in broad principle, maintain the programming policy followed by *3ZM* an existing AM station operated by Radio New Zealand in Christchurch.

It expected its current audience share would not be duplicated in the short term; no change in the programming philosophy indicated and the format changes proposed were not radical. The station would provide concise information, including specially prepared news bulletins from Radio New Zealand sources and special information packages.

The applicant proposed a period of 90 days to simulcast the station on *3ZM AM* as a suitable duration to promote the use of the station's programme services on the new medium. At the end of that time the AM frequency would be relinquished.

3ZM-FM would maintain hourly commercial content at estimated 6 minutes in the first year, 7 minutes in the second year and 8 minutes per hour in the third year. The present self-imposed maximum content is 12 minutes per hour.

Mainland FM Ltd.—The applicant proposed a company with capital of \$500,000. The 3 promoters, Messrs G. W. Parson, M. L. Ballantine, K. Foley and G. G. McKay (all from Radio Hawke Bay Ltd.) would hold 20 percent each and the remaining 40 percent would be held by Christchurch residents, management and shareholders. Directors from Christchurch would be P. C. Greenslade and I. Gilmore.

A 24-hour service for a target audience 15 to 35 was proposed with some interest from listeners outside that age group. The audience was expected to embrace the FM service quickly.

The expertise and experience in Hawke Bay would be used to set the style of the station. Mr Parsonage would be responsible for programming and promotion and would be on the air during the establishment of the station but not permanently.

The Applications—The consideration involved 2 applications for existing warrant holders, and two from new entrants. The *BC* proposal was to convert station *3ZM* to FM after a short period of simulcasting. Radio Avon Ltd. wished to establish a FM station but pleaded special grounds to avoid surrender of its AM warrant.

There were two new entrants both involving partly local ownership and partly ownership from outside the area. *Canterbury FM* proposal is a combination of the Auckland station Metropolitan Broadcasting (Magic 91) and the publisher of *The Press* newspaper which together would hold 80 percent of the shareholding and balance of 20 percent would be held principally by a number of Christchurch shareholders.

Mainland FM was promoted by shareholders of Radio Hawke Bay Ltd. which operates the private commercial FM station in Hawke Bay. They too would combine with local capital.

In respect of formats, *3ZM* claimed it would appeal to a 15 age group but, if it were the only station to receive a warrant, would extend the format to embrace a wider age group of 15-39.

Radio Avon essentially was to serve an older audience, and shall discuss the exact demographic proposed but essentially it would not appeal significantly to an audience under 30.

After hearing a tape which demonstrated the range of music available, the station would appeal mainly to an over 30 audience.

Canterbury FM had an 18-39 format and *Mainland FM* sought to serve a 15-35 age group.

Section 80—In considering the application and before determining whether or not to grant the application the Tribunal is required by section 80, Broadcasting Act 1976 to have regard to the following matters, as far as they are applicable:

(a) *The extent to which the proposed service is desirable in the public interest*

The BCNZ application was an attractive one. It would provide a proven popular programme with some slight modifications for the FM band. It had won support as a result of attractive programming and effective marketing and its audience predominantly between 15 and 30, would be a loyal one cross-over readily to the FM band.