

The Corporation proposed simulcasting for a period of 90 days. We believe that this is a reasonable period in the circumstances for promotion of the FM station on the AM station and we will permit simulcasting for that period.

The *Radio Avon* application involves the retention of the AM operation.

Where grants have been made elsewhere, the applicant has accepted that it should cease operations within a period defined under the regulations not exceeding 4 years. The usual practice is to issue a new warrant in which the existing AM operation becomes a supplementary warrant and expires within a stated period.

In this case the applicant has proposed that on grounds of special circumstances it should be permitted to retain its AM warrant indefinitely.

We do not find those special circumstances made out but in view of the type of programming which is of a pioneering nature among an older audience, we would have considered it reasonable for the existing AM operation to continue for several years, as there would be a difference between the formats of the 2 stations.

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

There is no question of a monopoly in any of the particular applications.

However, this is a convenient point to consider the media involvement.

The *Canterbury FM* application involves a 40 percent shareholding by both the publisher of *The Press* newspaper and Metropolitan FM Broadcasting, warrant holder of *Magic 91* in Auckland.

It has become customary in AM warrants to limit news media companies, which includes both newspaper companies and radio companies, to a maximum of 30 percent interest. However, it has been accepted that applications by newspaper companies for commercial FM warrants should be considered on their merits and this is indeed adopted as part of Government policy. The Tribunal's reasons for recommending this policy were clear in the FM report.

The 2 major shareholders were prepared to undertake to protect the editorial independence of the station and its editor, not to sell their shares without consent and not to take shares in each other.

In these circumstances and because the radio station is in another centre, we would impose a condition that the news media ownership limit be 30 percent but consent to the two named companies having a 40 percent interest each, for so long as

- (1) They do not take shares in each other (either directly or indirectly)
- (2) The ownership of those 2 companies does not change to the extent that any shareholder which is a news company (as will be defined in the warrant) gains a prescribed interest in the warrant.

As far as the ownership regulations are concerned, the company would have to ensure that compliance was achieved.

In relation to the *ZM* and *Radio Avon* applications there would be no new news service introduced.

In the case of the other 2 stations there is a possibility of an additional service, although it is also possible that the successful applicant may use a *Radio Avon* service.

*Radio Avon* has a significant financial interest in the companies holding the other 3 warrants in the South Island. The grant of their application would involve their having an interest in 5 warrants, this is a disadvantage of the *Music 90 FM* proposal.

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

The *Canterbury FM* proposal is for 18 hours on weekdays and for 24 hours in the weekends. The broadcasting hours would be increased to continuous broadcasting after 2 years. We do not believe the additional 6 hours to be so important as to require a condition.

The other applicants propose a continuous service.

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

*3ZM* estimated 6 minutes per hour in the first year, 7 minutes in the second year and 8 minutes in the third year. This was less than that proposed by *Canterbury FM* and *Radio Avon* and the same in the first year as *Mainland FM* in its establishment period.

*Canterbury FM* was prepared to accept a maximum of 8 minutes per hour.

If one FM warrant were granted the Tribunal would impose a limit of 8 minutes per hour. The grant of 2 warrants would make that statutory limitation unnecessary as we believe the competitive element would tend to limit the amount of advertising.

*Music 90 FM* would have a self imposed limit of 10 minutes.

We were persuaded that, if 2 FM warrants are issued, there should be no special restrictions on commercial content.

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

The *3ZM* rates appear to be generally lower than the others and the *Mainland FM* rate to be the highest which is in keeping with its proposal for the lowest commercial content.

(m) *Such matters as may be necessary for the purpose of imposing conditions under section 71A of this Act*

We have referred to the consents which would be required.

(o) *Such other matters as may be prescribed in regulations in that behalf*

The submission was made to use that Regulation 14A Broadcasting Regulations requires the Corporation, if granted a warrant for *3ZM-FM*, to surrender the warrant for *3ZB*.

It is convenient here to consider the effect of Regulation 14A. (S.R. 1981/295)

"14A. (1) A single sound-radio warrant may be issued in respect of—

(a) A frequency modulation broadcasting station; or

(b) Both a frequency modulation broadcasting station and an amplitude modulation broadcasting station.

(2) Notwithstanding section 72 of the Act, but subject to the proviso to that section and to regulation 16A of these regulations, every sound-radio warrant issued in respect of a frequency modulation broadcasting station shall, unless sooner revoked, continue in force for a period to be specified in the warrant, which period shall not exceed 5 years after the date of the issue of the warrant.

(3) Where—

(a) An applicant for a sound-radio warrant in respect of a commercial frequency modulation broadcasting station or in respect of both a commercial frequency modulation broadcasting station and a commercial amplitude modulation broadcasting station is the holder of a sound-radio warrant in respect of a commercial amplitude modulation broadcasting station; and

(b) The Tribunal is satisfied that the frequency modulation station serves or will serve a significant proportion of the same area as the amplitude modulation broadcasting station—

it shall, unless the Tribunal determines that there are special circumstances, be a condition of any warrant granted that the applicant surrender the warrant previously held in respect of the commercial amplitude modulation broadcasting station (whether or not the warrant granted authorises the operation of the commercial amplitude modulation broadcasting station).

(4) Notwithstanding subclause (3) of this regulation, where the Tribunal grants a sound-radio warrant that authorises the operation of a commercial frequency modulation broadcasting station and of a commercial amplitude modulation broadcasting station, the Tribunal may make it a condition of the warrant that the holder of the warrant shall surrender the warrant, to the extent that the warrant authorises the operation of a commercial amplitude modulation broadcasting station, at the expiration of a period to be specified in the warrant, which period shall not exceed 4 years from the date on which the commercial frequency modulation broadcasting station begins broadcasting.

(5) The Tribunal shall specify in every sound-radio warrant issued in respect of a frequency modulation broadcasting station or in respect of both a frequency modulation broadcasting station and an amplitude modulation broadcasting station, the coverage objectives of the frequency modulation broadcasting station to which the warrant relates.

(6) It shall be a condition of every sound-radio warrant issued in respect of a frequency modulation broadcasting station that the holder of the warrant observe in respect of that station the coverage objectives specified in the warrant in respect of that station.