

through a FM transmitter. It would be broadcast simultaneously through the AM transmitter. This is referred to as simulcasting.

The station would continue to simulcast for a period of up to 2 years and would then surrender its AM warrant and broadcast solely on the VHF band in stereo FM.

The company did not propose any change in its programme content or format. The company's transmitters would be due for renewal in 3 years and it was the company's intention to switch to the VHF band broadcast in FM stereo as a better service to the public of the existing programme material.

The applicant considered that it would be uneconomic to provide a separate service on FM and it preferred to switch to entirely FM broadcasting within a 2-year period.

Opposition to the application centred around—

1. The location of the main transmitter.
2. The use of translators.
3. The coverage area.
4. The effect on other stations.
5. Simulcasting.
6. The failure to exploit the advantages of FM.

The Tribunal called for applications for separate warrants for commercial FM radio broadcasting stations to serve the Waikato and Western Bay of Plenty and the Central and Eastern Bay of Plenty. The provisional coverage objectives would be to provide a stereophonic service to most of the areas directly served by television transmissions from Mount Edgecumbe.

Radio Bay of Plenty Ltd. was the only applicant for the Central and Eastern Bay of Plenty.

In considering the application the Tribunal, before determining whether or not to grant the application, had regard to the following matters, so far as they were applicable:

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

The application is essentially one to convert the existing station from broadcasting on the medium frequency band to broadcasting on the VHF band. Leaving aside the question of simulcasting for a 2 year period, the applicant proposed no programme changes but considered that the presentation of the programme material in the higher quality attained by VHF-FM would be a distinct advantage. The changeover was prompted by the need to replace the existing transmitters shortly.

The effect of the change would be that a proportion of the population who did not have an FM receiver would have to acquire one in order to listen to the Radio Whakatane programme. In some situations, such as in the case of a car radio, it is unlikely that listeners would change their equipment solely for this reason. It is more likely that they would fit a radio with FM capability when changing vehicles.

In some homes there would be fewer sets capable of receiving FM than there would be sets capable of receiving AM programmes.

The Tribunal gained the impression that the change was a technology led one promoted because of the technical attractions of FM broadcasting for the audience, the enthusiasm of D. G. Bryce, the station's technician, and because it felt the need to compete with FM signals which would be coming into some of the area served by the station from the Waikato station at Mount Te Aroha. It was not promoted because of programming considerations or because of public demand.

In support of the application it was said that it would bring to the region a stereo FM programme not at present available to listeners, that the stereophonic high fidelity sound enhances listening pleasure and brings the music quality available on recordings to the listener constituting a real and substantial benefit to which great weight must be given. The proposal based on Mount Manawahe would take the signal into areas outside the desired coverage area, namely to Tauranga, possibly some signal into Rotorua and towards Taupo.

The BCNZ evidence in opposition was given by the Tauranga station manager for Radio New Zealand, P. B. Harman. He stressed the undesirability of extending the signal beyond the intended coverage area and particularly towards the heavily populated areas of Tauranga, Mount Maunganui and Rotorua. He said the application was not for an expansion of service to the audience but a contraction so far as the dedicated 1XX AM listeners are concerned if they do not choose to convert to FM. There would be gaps caused by the lower FM set penetration which would remain once the AM warrant is surrendered.

Mr Harman suggested that the format for the local station, which included 30 percent talk content and up to 16 minutes of advertising per hour, raised the question of how much music would be played through the stereophonic broadcasts. He also said many people would not then receive the signal, including many visitors to the area who did not come armed with a FM receiver. The applicant had acknowledged that up to 15 percent of its audience were dairy

farmers who would be forced to buy FM sets if they were still to listen to the station in their cowsheds and the company acknowledged that these listeners would be slower to convert.

Mr Harman said there was no evidence of any public demand for a conversion to FM but there was a general demand for the introduction of FM services which were seen as additional or alternatives services not for a duplication.

There is no evidence of the set penetration level in the area but in other centres it was about 65 percent.

The McNair survey in 1982 showed that 34.4 percent of the total audience chose not to listen to 1XX. There was no evidence that this number would be reduced but it was possible that the number would be increased.

It is clear to the Tribunal that those who are listening to the station would have a much better quality signal to listen to and the music segment which was low during the day but much higher at night would be considerably enhanced.

It is equally clear that there could well be strong audience pressure for the continuation of an AM service and that either the company would seek to retain its AM warrant and continue simulcasting or some of the audience would move their allegiance to the Tauranga station.

In summary we would give the application only limited weight for its desirability.

- (b) *The economic effect which the establishment of the station 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 BCNZ objected to the signal reaching into Tauranga and taking some of the audience from 1ZD. Mr Harman said that the Waikato FM station would extract about \$250,000 from the Tauranga/Mount Maunganui market. In terms of share it was reasonable on experience elsewhere to predict that the Waikato FM station would capture between 10 percent and 15 percent of the market.

A second FM station broadcasting into 1ZD's primary coverage area would further fragment the audience. Although not substantial by itself, cumulatively over the choice of FM stations it could be significant. The effect could be overcome by restricting the signal to the Eastern Bay of Plenty.

The applicant emphasised that there has never been any attempt to sell advertising in the Tauranga area and that the high local talk content would discourage any great listenership from that area.

The Tribunal concluded that the Manawahe site was undesirable from the point of view of the effect on other stations and that the Mount Edgecumbe site would not produce the same intrusion into the more densely populated area of 1ZD's market. Bringing another AM-type community station based on another part of the Bay of Plenty into that area cannot be justified as providing an "alternative" FM service.

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

The applicant's case was that it was desirable to provide an FM service to the area and because it would not be economic for a second local station to be established, then it followed that either 1XX had to convert or people in the Eastern Bay of Plenty did not have a FM station providing stereo coverage.

The applicant referred to the Waikato decision in which the Tribunal said "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". The applicant said there was no justification for declining the application on the grounds that there was no need for an FM service.

It is convenient here to note what the Tribunal said in the Waikato case in relation to an objection by 1XX. The following extract appears on pages 10, 11 and 12 of that decision:

"Radio Bay of Plenty Limited holder of the AM warrant 1XX for Whakatane did not object to the application but raised a number of matters of concern.

"The company considered the effective radiated power too high because it said it would extend the signal into its primary service area and would have an effect on the audience of 1XX AM or FM. That could affect the viability of the station.

"It was submitted that there was no community of interest between the Waikato and the Bay of Plenty and that it would be serving too many communities and regions.

"The company expected to lose some national sales which it said were the difference between profitability and non-profitability for the station.

"Radio Bay of Plenty Ltd. said the proposed format was too similar to that of existing stations and that the company would be operating a juke box without any real community service.