

The corporation alleged that the Fifeshire application was weak in terms of management talent, and Mr Ihaia's business experience was limited, and that Mr Gold, a non-executive director and consultant, lives in Wellington.

This criticism has to be taken within the context of the fact that the corporation itself "lives" (i.e., has its head office) in Wellington and provides advice at long distance for local managers. We are unaware of who would be appointed manager of a ZM/FM station so we are not comparing Mr Ihaia with a proposed management appointed by the corporation. We would expect however that the person appointed by the corporation would be competent. We believe with the guidance of Mr Gold and other directors Mr Ihaia is capable of establishing and commencing the operation of the station. It is accepted that a programme director would be appointed.

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

We believe that both applicants would be likely to carry on their proposed services satisfactorily.

We are impressed with the board of directors of Fifeshire, the stability and business experience of those behind the application, and the availability of consultancy and directorial talent.

We are also impressed with Mr Ihaia as a broadcaster.

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

The corporation's position was that the available survey material was neutral. Fifeshire claimed that both the McNair and Radio New Zealand surveys confirmed the demand for the service proposed by Fifeshire. After a taste of a short-term broadcasting authorisation granted to Fifeshire Music Co. Ltd. the "favourite station" classification of 2ZN by listeners had dropped by 37 percent from 78 percent, with very high listenerships to the Fifeshire station by people aged between 15 and 29 years, and a 30 percent listenership amongst those aged 30 to 39.

Radio New Zealand claimed that this merely indicated that young people were least happy with the 2ZN format, and that older people remained loyal to Radio Nelson.

Fifeshire claimed that a substantial proportion of those aged 15 to 44 found Fifeshire appealed to them.

The corporation claimed however that the Fifeshire short-term broadcast was not linked in evidence satisfactorily with the proposals made by Fifeshire. In this respect Fifeshire acknowledged no significant changes in programming.

Overall the tribunal found that the survey evidence justified the need for a station for a younger audience, but also supported the wider range of programming offered by Fifeshire.

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

There were no matters requiring to be taken into account under this heading.

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

The corporation's news service would be provided through both ZN and ZM with additional material being gathered for the ZM station.

Capital City Radio's 119 200 shares comprise 14.9 percent of a capital of 500 000 shares. If only 750 000 shares are issued and the options do not carry a right to vote, the 119 200 shares would comprise 15.9 percent. We assume this was not intended as no application for consent to a prescribed interest was said to be involved, and that it is intended to maintain a shareholding under 15 percent.

We did not consider that, in view of the restrictions in the Broadcasting Regulations, there was any objection that could be taken to such a shareholding which falls short of a prescribed interest. The programming, sales and promotions assistance of that station and of Mr Gold has been noted. The assistance will have to fall short of exercising control in terms of regulation 18.

The extent of cross media ownership proposed was considered by the tribunal. Through R. Lucas & Sons Ltd., proprietor of the *Nelson Evening Mail*, the local newspaper proposed a 40 percent interest, reducing to 37.5 percent in the event of Fifeshire Music Co. Ltd. exercising its 50 000 options within 5 years.

Capital City Radio's proposed interest of 14.9 percent would give a total news media company interest of 54.9 percent initially, potentially reducing to 52.4 percent within 5 years.

The tribunal noted that some of the minor shareholders proposed were also closely associated with the *Nelson Evening Mail*.

In decision 7/85 regarding the Christchurch FM radio warrant applicants, the tribunal referred to the desirability of media involvement in local FM radio stations, imposing a condition "that the news media ownership limit be 30 percent but consent to the 2 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."

It is Government policy that applications by newspaper companies for commercial FM warrants should be considered on their merits, as was recommended by the tribunal in its 1981 FM Report.

The tribunal has had regard to the proud record of the *Nelson Evening Mail* as a family company serving the area for more than 120 years, and the evidence given by D. R. Lucas.

Mr Lucas volunteered to accept a condition guaranteeing editorial independence for Radio Fifeshire along similar terms to that imposed in the warrant of Radio Waikato. The tribunal will impose a condition requiring that deed to be filed.

The tribunal will also impose a condition along the lines of that in the Canterbury FM warrant.

The corporation would without the grant of Fifeshire's application, have a monopoly of radio services in the area, except for the Radio Rhema relay station. The tribunal gave some weight to that.

The tribunal considered it is desirable that a separate news service be provided and gave some, but not great, weight to this point.

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

ZM/FM would broadcast continuously.

Initially and for 3 years Fifeshire would broadcast continuously except between 1 a.m. and 6 a.m. 5 mornings a week. After 3 years it would broadcast continuously 7 days a week.

The shorter hours during the establishment of the station in the market are acceptable. The disadvantage is more than outweighed by the local origination for the 19 hours weekdays and 24 hours in weekends.

This aspect of the proposed service is also relevant to section 80 (d)—the needs of the locality. We believe that there is a benefit, subtle but nevertheless real, in an extensive local origination for provincial cities.

Radio New Zealand networks 2ZN for about half its hours and provides the National Programme by network. Radio Rhema provides a Christchurch based programme on relay.

ZM/FM would be networked (with "inserts") for most of the weekdays and the weekends.

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

Fifeshire proposed a self-imposed limit of 8 minutes advertising per hour. As it will be a sole FM operator, the tribunal would impose a condition imposing that limitation.

The corporation proposed no fixed limit.

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

No issues arose as to the various rates and charges being made.

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

The tribunal did give consideration as to how it should approach the issue of the Concert Programme extension.

As stated elsewhere, an amendment to permit a relay station will be granted to the corporation but the indication was that it may not be taken up without a ZM/FM warrant grant.