

And I do further award and direct that the fair and reasonable allowance for the Minister to make to the company in respect of the matters referred to in clause 13 of the said Agreement of 29th December 1931 is the sum of £588.

And I declare that attached to this my award is a statement of my reasons for my said award.

I further award and direct that the costs of and incidental to this award including Arbitrator's fees, secretarial fees, travelling-expenses, the fees of an accountant employed by me (at the request of the parties) to make sundry calculations and check and verify certain figures, and the rent of rooms for the holding of the Enquiry, the whole of which I fix at the sum of Four hundred and nineteen pounds fifteen shillings (£419 15s.) shall be paid as to one moiety thereof by the Postmaster-General and Minister of Telegraphs, and as to the other moiety thereof by the Radio Broadcasting Company of New Zealand Limited.

I further award and direct that the legal costs of and incidental to this award which I fix at the sum of £10 10s. 0d. shall be borne by the said parties in like proportions.

In witness whereof I have hereunto set my hand this sixteenth day of February, 1932.

Signed and published by the said Archibald William Blair in the presence of— } A. W. BLAIR.
J. C. Hutton, Judge's Associate, Wellington.

REASONS FOR AWARD.

Reasons for the Award of the Honourable Archibald William Blair, the Arbitrator appointed by Agreement made the 29th day of December, 1931, between the Postmaster-General and Minister of Telegraphs of the Dominion of New Zealand, of the one Part, and the Radio Broadcasting Co. of New Zealand, Limited, of the other Part.

The Crown has taken over the whole of the assets of the Broadcasting Co. as a going concern, and the change involved no interruption in the broadcasting service theretofore carried on by the company.

The whole organization was delivered to the Crown complete and intact. The agreement between the parties appointed me sole arbitrator to settle the price payable by the Crown to the company "in accordance with and under the terms of the proviso to clause 23" of the agreement of the 18th July, 1925. This proviso says,—

"Provided that if the parties cannot agree upon the price to be paid for such plant, machinery, apparatus, and chattels, then the amount to be paid shall be determined by arbitration. . . ."

Clause 3 of the agreement of the 29th December, 1931, provides:—

"In applying the said proviso the land buildings plant machinery chattels property and assets set out in the said schedules, shall be valued as part of a going concern but eliminating goodwill and any consideration of the past profits of the Company."

The schedules referred to comprised a complete inventory of the whole of the plant, &c., on the company's four stations.

The agreement contained provisions as to the apportionment of outgoings, but this has been the subject of arrangement between the parties, and I am not concerned with it.

Clause 13 of the said agreement provides for the settlement by me of a claim by the company for a reasonable allowance in respect of the immovable improvements made by the company to the studio of 2YA, but this question has been settled by agreement between the parties, it being agreed that I am to award the company the sum of £588 on this head. This I accordingly do.

It was contended by the Crown that the instructions to me to value the assets "as part of a going concern" had the effect of requiring me to approach the consideration of the subject upon the basis of considering what percentage would be allowed in a broadcasting company's balance-sheet each year by way of depreciation. It was submitted that if reasonably minded directors would in such a business allow, say, 10, 15, or 20 per cent. for depreciation, then the percentage so allowed was what I should adopt as proper depreciation for the company's plant. It was pointed out that the Commissioner of Taxes, so far as the company was concerned, had for income-tax purposes agreed to accept a certain percentage as reasonable depreciation, and this practice was strongly relied upon as affording evidence of the practice of business men. In other words, the Crown contended that the basis of value was original cost depreciated by such percentage as reasonable men, in conducting the affairs of that business, would in the company's balance-sheet allow. It appeared to me that such was not the proper basis, because no business man buying a business would be content to take mere book values, because such might well be appreciated, nor would any seller of a business who, for abundance of caution, has made drastic provision for depreciation, be content to sell the assets at less than their real value. It