

Evolution and Policy of the Broadcasting Coy.

Essential Facts Recalled--Original Commitments Heavily Exceeded--Building of Organisation Steadily Advances

Hitherto, in the stress of doing the job of building plants and an organisation capable of putting satisfactory programmes on the air, the broadcasting authorities have not been able to talk as much about their plans and activities as may have been thought desirable by eager listeners. One result has been that a certain amount of misconception and incomplete appreciation of facts has developed. The expression of this has, if anything, served to delay recognition of the interest to be derived from broadcasting, and has thus reacted upon the public and the trade generally. With the opening of the new high-powered station 2YA and the issue of this souvenir number, the opportunity is presented for traversing some of the views and statements that have been put forward—notably in the form of recent representations to Parliament—with a view to giving readers a complete view of the facts of the situation.

One of the initial and major points stressed to the members of Parliament by way of complaint was that broadcasting constituted a "monopoly." From the nature of things and the facts of the scattered population of the Dominion, no other method of control but a monopoly would provide a basis for satisfactory service. Obviously only by concentration of the whole broadcasting effort into one channel is success likely to be achieved; hence the charge of monopoly is in itself futile.

HOW BROADCASTING BEGAN.

It will be of interest, however, to review the facts relating to the entry of Messrs. Goodfellow and Harris into the business, as much of the publicity indulged in seems to be directed against them personally. The interest of Mr. Goodfellow in radio had a very early origin. He quickly perceived the value of an efficient broadcasting service to the rural population as being a medium by which they could be provided with an increasing participation in the amenities of culture and civilisation.

As the head of a large dairying company, drawing supplies from every corner of the South Auckland Province and in direct touch with some 8000 homes, containing approximately 50,000 people, Mr. Goodfellow recognised the desirability of adding to their comfort and enjoyment of life by providing them with the opportunity of enjoying radio.

Nearly four years ago, therefore, with a view to providing this service, Mr. Goodfellow asked Mr. Harris to make a full investigation into the cost of installing a moderate sized plant at Hamilton, as the capital of the South Auckland area, and permitting the suppliers of his dairy company to enjoy the news and musical service contemplated to be provided from Hamilton.

Mr. Harris accordingly went very deeply into the matter and compiled a full and comprehensive report. This was submitted to the Government in the form of a request that the rights should be granted for the erection of a small plant at Hamilton. The Department, however, advised, in reply, that it could not see its way to grant provincial rights, as it desired that the broadcasting rights over the whole Dominion should be controlled by one company. The idea accordingly was then dropped by Mr. Goodfellow. Negotiations were then begun between the Government and another syndicate in respect to the acquisition of Dominion rights.

DISSATISFIED WITH DELAY.

It will be remembered by the older listeners-in that that position obtained for some little time, and in the course of it, as time went on and little progress was made towards the standard desired by the public, a good deal of public indignation was created. As Mr. Goodfellow was desirous of providing the service originally contemplated

for his own area, he therefore approached the Government again, with a view to being permitted to go on with his own scheme for the South Auckland Province, pending the satisfactory settlement of the Dominion-wide problem as between the Government and the syndicate.

The Government's reply was that they could not entertain any sectional allocation of broadcasting rights, and they in turn suggested that Mr. Goodfellow should interest himself in a full scheme for covering the whole Dominion.

After giving the matter full consideration, Mr. Goodfellow, recognising the urgent desire of the public, and particularly of the rural interests, for a broadcasting service, decided to act and go ahead on the full scheme.

THE BASIS OF CONTRACT.

Mr. Goodfellow had already offered, in connection with his own proposition, to put a satisfactory station at Auckland, and the Government's suggestion was that, if he would agree to put a further station in the South Island, they would deal with him and with Mr. Harris. From that point the negotiations proceeded, and it was ultimately agreed that Messrs. Goodfellow and Harris would personally undertake to order forthwith two first-class approved half-kilowatt plants for erection at Auckland and Christchurch. They also undertook to form within 30 days a company to comply with the other requirements of the Government. It will thus be seen that the fact that Messrs. Goodfellow and Harris are now associated with the scheme is due to the fact that no other interests would touch the proposition at the time when the opportunity presented itself under the conditions suggested by the Government, and laid down by the Right Hon. J. G. Coates, when Postmaster-General, as the Government's policy when delivering a policy speech at the opening of the Dannevirke Post Office. The main question, it is understood, upon which difficulty was later experienced between the Government and the syndicate referred to was the question of term or period—a contract of 10 years being desired by the syndicate. The shorter term of five years was accepted by Messrs. Goodfellow and Harris, and a contract entered upon. Under this contract they were to order forthwith stations for Auckland and Christchurch, and purchase the old existing stations from the traders holding them and operate them, until such time as these two new stations were erected and working; subsequently, if called upon by the Department, they were to erect two further half-kilowatt stations at Wellington and Dunedin.

PROTRACTED NEGOTIATIONS.

In connection with the taking over of the old stations, the company found itself in the position that, while it had to accept the price fixed by the Chief Telegraph Engineer, in the event of being unable to agree with the owners of the plants, the owners were under no such obligations in their turn. No delay was experienced in settlement with the Dunedin and Christchurch owners, although some difficulty was encountered in reaching finality in the case of Auckland and Wellington, as the owners could not see their way to accept the arbitrator's award.

This occasioned a delay for which Messrs. Goodfellow and Harris were in no way responsible, but for which the public indulged in a good deal of criticism.

The traders were, of course, quite justified in asking the fullest price they could for their property. They had carried the pioneering burden, and were justified in endeavouring to recoup their outlay, more particularly as in some cases the financial burden had been shared by only a few individuals, although in others dealers had combined to share the cost of operating station. Messrs. Harris and Goodfellow felt that the owners should be fully compensated for their property and the service they had rendered listeners, but they on their part had entered into heavy commitments for a short term, and under conditions which made the old plants no use to them once the new ones contracted for were installed and in service. The

compulsory purchase of these old plants was therefore a legacy from the past not of their seeking, but it is mentioned now as a phase of the development of broadcasting which it is necessary not to overlook in a complete presentation.

MODERN PLANTS ORDERED.

Now, has the company carried out the obligations entered into? Although cheaper plants have been available, the company from the start adopted the policy of purchasing the very best equipment offered by the world's markets. Some delay occurred in the arrival of the first two plants while the question of royalties was argued as between the company with whom the order had been placed and other parties that felt themselves interested. To secure delivery in the peculiar circumstances, which were imposing a definite disability upon the New Zealand public, the good offices of the New Zealand Government were invoked, and eventually their representations yielded the desired result. This delay again was a commercial legacy outside the control of the Broadcasting Company; but from the solution of those difficulties the listener is benefiting to-day, and future developments may show just how much has been gained by the satisfactory solution of those problems at that time.

THE NEW STATIONS BEGIN.

The Auckland and Christchurch stations were, however, duly erected, and immediately established a new standard for broadcasting in New Zealand. At that stage the company, under its agreement with the Government, could have taken the course of closing down the obsolete stations in Wellington and Dunedin, because the agreement had stipulated that a satisfactory station should be provided in each island and others opened duly at the request of the Government, if and when the fees warranted such a course being taken.

The company, however, did not choose to exercise its rights under the agreement, but instead, continued to give listeners in the Dunedin and Wellington areas the fullest service possible within the capacity of the plants available, although such services were really ahead of the revenue and involved the company in substantial loss.

GENESIS OF 2YA.

Immediately the Auckland station was finished, and before the Christchurch station had been officially opened, the company, by request of the Post and Telegraph Department, went into the question of the Wellington station. Without hesitation with respect to the restrictions under its agreement for a half-kilowatt station, the company ordered and has erected a five-kilowatt station, ten times the size of that called for under the original proposition, and larger and more modern, and on a higher scale in every way, than any other station in the Southern Hemisphere.

RADIO SOCIETY'S REQUEST EXCEEDED.

After the company had actually ordered the five-kilowatt plant, and were awaiting particulars of its delivery in order to give definite publicity to its action, a meeting of the Wellington Radio Society was held, at which a resolution was passed stating that it was not desirable that a station of less power than 2½ kilowatt should be provided for Wellington. This society, therefore, in view of its wishes being exceeded to the extent of a plant being provided more than double the power desired, should have been fairly pleased at the position conferred upon its members by the installation of such a powerful station. It is curious to note, however, from recent utterances, that the solicitor of this society takes exception to the company being granted an extra term of 18 months in consideration of its action in undertaking responsibility for such an expensive and important plant, far beyond original commitments.

The new station at 2YA has involved the company in an additional expenditure of £20,000 beyond what they would have had to undertake to be in line with the other stations, and, to all fair-minded men, it would seem perfectly right that, in view of such a heavy extension of its financial obligations, the company should be granted the extension agreed upon.

That extension, however, does not exceed the statutory limit of five years, and simply serves to make a new starting-point for the company as from the period of ordering the big high-power station for Wellington.

THE FINANCIAL ISSUE.

Some quite inaccurate statements have been in circulation in regard to finance, and, therefore, it is desirable to emphasise the exact position, which is:—

(1) That the revenue received from listeners has been returned to them in the running of the existing stations and the supply of programmes.

(2) All capital expenditure has been met out of capital provided by the company.

The total capital commitment of the company now amounts to nearly £50,000, and that is the amount of capital that Messrs. Harris and Good-

fellow have provided, or made themselves responsible for, in fulfilling their obligations.

All statements suggesting that inadequate finance has been provided by the company are incorrect.

In further satisfaction of those who may be apt to be misled by the amount of publicity given in certain sections of the Press to these unwarranted statements, it may be mentioned that, under the agreement with the Government, a limit is placed upon the dividends that may be paid, and that limit is 7½ per cent. interest, plus tax, upon the money employed.

DISSEMINATION OF PROGRAMMES.

Before proceeding to deal with further points in relation to programmes, etc., it may be helpful if a general review of the business aspect of the position is engaged in. To the listener the programme is everything: it is his means of determining the appeal of wireless to him, and upon it he bases his judgment. To put the programme into his home, however, the company must have two things: first, the operating plant, to put the programme upon the air and make it carry; and, secondly, the organisation, to feed that programme through the plant and to the listener. Three distinct stages of the business must therefore be recognised: First, the plant and its operation; second, the organisation and administration both of the plants and the programmes to be broadcast; and, thirdly, the programmes themselves and their appeal to listeners.

From the business point of view the company has been concentrating so far mainly upon the satisfactory establishment of the first two points, while maintaining as good a standard of programmes as possible for the satisfaction of listeners on the third point. The reason for this is simply that it was recognised as being poor business to, in effect, "put good wine into old skins."

The stage has now been reached, however, when the business foundation has been well and truly laid, and a forward movement in the third phase will be possible.

THE COST ASPECT.

In this connection, however, it is advisable to emphasise the financial aspect. The actual cost of mechanically operating broadcasting stations is greater than the general body of listeners realise. For half-watt stations of the calibre of Auckland and Christchurch, operating, maintenance and business charges, without any allocation whatever for talent, royalties and copyright, approximate £8000 annually for minimum efficiency. These essential charges are heavily increased in the case of a high power station, like the new Wellington one.

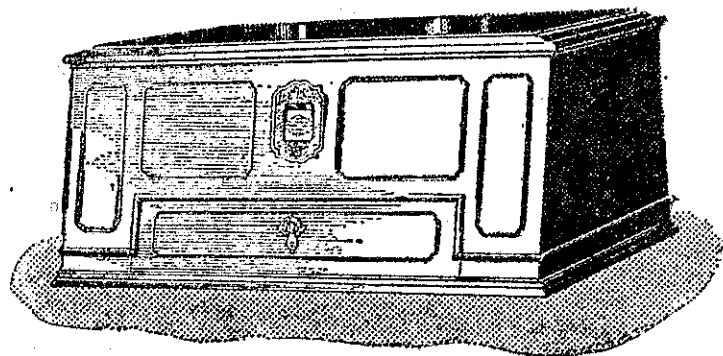
These figures show very clearly that there is not the margin available for talent and the provision of high-class programmes from the company's present revenue that the listening public has been led to assume by certain propaganda.

The fairness of expecting annual charges to be met by annual income will be appreciated by most; and it is therefore to the credit of the musical and elocutionary talent of the Dominion that the position has been recognised, and so much voluntary assistance given over the past two years in the matter of gratuitous service. A distinct debt of gratitude must be acknowledged in this connection to performers. It is regrettable, but necessary, that a definite limit has been inevitably imposed upon the standard of fees. This has doubtless occasioned some disappointment in circles which had been led to expect that broadcasting would constitute a gold mine for talent. In the nature of things this cannot be, and a brief comparison in this connection between New Zealand and British conditions will be illuminating. Britain has a total of over 2,300,000 licensed listeners, with a fee of 10s. New Zealand has a present total of about 20,000, with a fee of 30s., of which 25s. is available for broadcasting administration. The standard of fees payable to performers in Britain, despite the very much greater income available, is not very much in excess of the general average ruling in New Zealand. Much the same comparison may be made between New Zealand and Australia. In the case of the larger Australian centres, their stations are situated in heavily-populated areas, which means an income in one case of approximately £60,000 for one station, compared with the income of approximately £24,000, upon which New Zealand is required to operate four stations—and it is only now that New Zealand has grown to this figure. These figures alone indicate quite clearly that, in the nature of things, New Zealand has been compelled to rely upon a degree of gratuitous service, and the need for that will only vanish as income steadily mounts with the popularisation of broadcasting. The creation of a precedent of unduly high fees for talent in the early stages of radio would unquestionably have involved the whole service in insuperable difficulties.

THE PROGRAMMES.

With this introduction to the general programme question, another view may be secured of the complaint that "the improvement of programmes had been promised for two years, but nothing had been done." This statement, as

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TAIHAPE, 12/3/27.

"With regard to the reception of Canberra Broadcast on the Counterphase Eight: The items were picked up by Mr. Taihape. He commenced listening in about 11.45 a.m. and picked up 2BL (Sydney) immediately. He heard them describing the Federal Hall and the position of the different statesmen. The band and procession announcing was heard quite clearly, and then the Duke's opening speech, followed by a bugle call. They listened to Sydney all the afternoon. Since then, Mr. Taihape says, he can get Sydney any afternoon he tries. I have heard the set on one occasion, and New York and Chicago were just as clear as 1YA, Auckland. Mr. Taihape says he picked up 27 American stations the first Sunday night he tried the set. I would not be surprised if he picks up London with the results he is getting."

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