

# THE FUTURE OF BROADCASTING

## Proposed New Company with Listener Shareholders

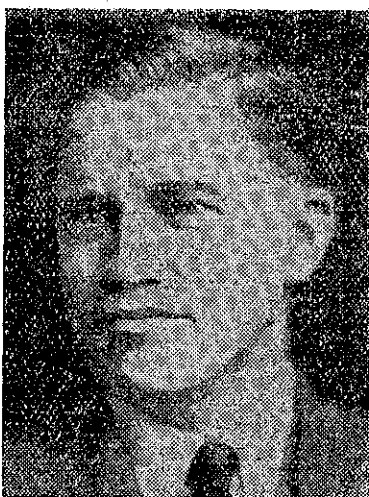
### Board of Eight Directors: Four Elected by Listeners in Districts.

BY request of the Government, the Radio Broadcasting Company of New Zealand has submitted its views for a comprehensive scheme for the future management and control of radio broadcasting in New Zealand. This scheme, which is now under consideration by Cabinet, is based upon the principle of customer ownership, and provides for an entirely new public company to be formed in which the shareholding will be divided between listeners and the management, and equal representation be given to both interests upon the directorate of the company, thus ensuring capable and efficient administration, with full and adequate protection of the interests of listeners.

**I**N a full and comprehensive statement of the whole situation leading up to the present, the Radio Broadcasting Co. states:—

The present Radio Broadcasting Co. of N.Z. owes its origin to a desire on the part of Mr. William Goodfellow to make conditions more attractive for the eight or nine thousand dairy farmer suppliers of the New Zealand Co-operative Dairy Company, Limited. In 1922 the directors of that company, on the suggestion of Mr. Goodfellow, managing director, took steps to investigate the practicability of installing a broadcasting station for the benefit of dairy farmers in the South Auckland district. At that time the erection of dried milk factories, and the extension and erection of butter and cheese factories, was proceeding apace. Wherever practicable, these plants were being connected with the Government hydro-electric supply by the A. R. Harris Company. The idea of the broadcasting station in Mr. Goodfellow's mind was therefore naturally discussed with Mr. Harris.

The upshot was that Mr. Harris was instructed to report fully on the project. From various sources, and a visit to Australia, Mr. Harris gathered considerable data, and his report prompted Mr. Goodfellow in May, 1923, to apply to the Right Hon. J. G. Coates, Postmaster-General, for a license to erect a station at Hamilton, and operate it on a co-operative basis and by levying a nominal license fee. This was agreed to, and an order placed with the A. R. Harris Company, Limited, for the supply and erection of a 500-watt station identical with those subsequently erected at Christchurch and Auckland. The proposal, however, was subsequently withdrawn, as Mr. Coates considered it inadvisable to license a number of individual stations, but decided to provide a

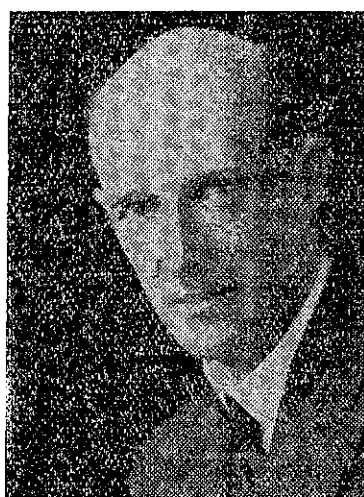


MR. A. R. HARRIS,  
General Manager of the existing Radio  
Broadcasting Company.

Dominion-wide service under unified control, taking in the South Auckland province. Mr. Goodfellow expressed unconcern as to how the service was conducted, provided the dairy-farmers in his district were given satisfactory broadcasting facilities, and left the matter at that.

Time went on, and some 18 months or two years later Mr. Goodfellow again looked into the position, and found that, while considerable progress had been made in the legislative machine for providing a service, the service itself seemed as remote as ever.

Negotiations, however, had been carried on between the Government and a Wellington syndicate without success, because the syndicate desired a term of at least ten years, whereas the legislation provided for a term of five years only. Further endeavours were then made to obtain a license for the South Auckland province, but without success. The Government reiterated its preference for a Dominion scheme, and approached Mr. Goodfellow to undertake that work. He refused, but subsequently accepted the suggestion, subject to A. R. Harris & Company, Limited, undertaking the technical work, and Mr. Harris personally accepting the responsibility of management.



MR. Wm. GOODFELLOW,  
Director of the Radio Broadcasting  
Company.

#### Government Requirements.

THE Government originally required that Messrs. Goodfellow and Harris should personally undertake to provide the service. This Mr. Goodfellow would not agree to, but subsequently to form a company within 31 days to inaugurate a national broadcast service in accordance with the Government's ideas. At that juncture there was considerable public unrest and criticism of the apparent delay by the Government in providing a service, and to expedite matters the Government insisted that both trustees should accept personal responsibilities (pending the formation of the company) as follows:

- (1) Forthwith to order two 500-watt radio telephone broadcasting transmitters.
- (2) To erect one in Auckland and one in Christchurch immediately on arrival.
- (3) To immediately form and register a radio broadcasting company.
- (4) That the trustees should be personally responsible for the erection of the plants.

#### Term of the Agreement.

IT was freely admitted that the term of five years was insufficient for the development of a national service. The

legislation, however, provided for only that period, but the matter was discussed with the Postmaster-General, Sir James Parr, who gave the trustees a letter stating that he had no doubt that, if the service was satisfactory, an application for a further term would be favourably considered by the department.

At that time it was considered a company of £20,000 capital would meet the situation. The Crown Law Office collaborated with the company's solicitors in drawing up a memorandum and articles of association for the company, the terms and conditions being approved by the Postmaster-General. It was provided that, if the company's license was not renewed, the Crown would purchase the company's plant and chattels at a price, if not agreed upon, to be determined by arbitration.

#### The Company's Undertaking.

IN general, the company undertook:

- (1) To purchase the four small stations then established at Wellington, Auckland, Christchurch, and Dunedin, and subsidised by the Post and Telegraph Department.
- (2) To establish and operate two half-kilowatt stations—one at Auckland and one at Christchurch.
- (3) To provide two additional stations, one at Wellington and one at Dunedin.
- (4) And to carry out the Broadcasting Regulations, 1925, and give from each station a minimum service of 12 hours weekly, Sundays not included.

#### Source of Revenue.

THE Minister undertook to pay the Broadcasting Company 25/- out of every receiving transmitting and experimental station license fee, and 90 per cent. out of every dealer's license fee (first grade £10, second grade £5, third grade £2), paid and received by the Post and Telegraph Department, provided that in case of fees paid for less than one year, the amounts paid the company should be proportionately reduced. Subsequently the amounts for dealers' licenses were increased, and the company's percentage reduced from 90 per cent. to 45 per cent.

It was provided that the capital of the company should be (a) £10,000 in 10,000 ordinary shares of £1 each, and (b) £10,000 in 10,000 preference shares of £1 each. In consideration of expenses incurred by the trustees prior