

1938.  
NEW ZEALAND.

# ANNUAL REPORT

OF THE

## NATIONAL BROADCASTING SERVICES

(FOR THE TWELVE MONTHS ENDED 31st MARCH, 1938).

*Presented to both Houses of the General Assembly pursuant to the Provisions of the Broadcasting Act, 1936.*

### REPORT.

THIS report is furnished in two sections, the first dealing with the National Broadcasting Service and the second with the National Commercial Broadcasting Service.

#### SECTION I.—NATIONAL BROADCASTING SERVICE.

I have the honour to submit the following report on the operations of the National Broadcasting Service for the period 1st April, 1937, to 31st March, 1938.

##### RECEIVING LICENSES.

That interest in broadcasting has been fully maintained is evident from the fact that radio-receiving licenses increased by 43,751 during the year. To-day approximately 76 per cent. of the houses in the Dominion are equipped with radio-receiving sets.

The increases in licenses during the past eight years are shown hereunder :—

	Number of Licenses.	Increase for Year.
31st December, 1929 .. .. .	50,273	..
31st December, 1930 .. .. .	60,162	9,889
31st December, 1931 .. .. .	71,453	11,291
31st December, 1932 .. .. .	88,993	17,540
31st December, 1933 .. .. .	113,053	24,060
31st December, 1934 .. .. .	148,284	35,231
31st December, 1935 .. .. .	183,830	35,546
31st December, 1936 .. .. .	231,364	47,534
31st March, 1937 .. .. .	242,306	*58,476
31st March, 1938 .. .. .	286,057	43,751

\* Increase for fifteen months.

## PERCENTAGE OF LICENSES TO POPULATION.

There are at 31st March, 1938, 17·829 licenses per hundred of population. New Zealand is now third on the list of countries where licenses are issued in respect of the density of licenses to population. The table given below shows the position of the six countries having the greatest density of licenses :—

Country.	Date to which Percentage refers.	Percentage of Licenses to Population.
Denmark .. .. .	31st December, 1937 .. .. .	18·99
Great Britain .. .. .	31st December, 1937 .. .. .	18·35
New Zealand .. .. .	31st December, 1937 .. .. .	17·42
Sweden .. .. .	31st December, 1937 .. .. .	17·05
Australia .. .. .	31st December, 1937 .. .. .	14·73
Germany .. .. .	31st December, 1937 .. .. .	13·39

The percentage of licenses to population in the larger towns of the Dominion is shown in the subjoined table :—

Town.	Percentage of Licenses to Population.	Town.	Percentage of Licenses to Population.
Masterton .. .. .	27·99	Greymouth .. .. .	20·63
Blenheim .. .. .	27·18	Hastings .. .. .	20·21
Ashburton .. .. .	26·45	Auckland .. .. .	20·14
Hamilton .. .. .	23·97	Timaru .. .. .	20·02
Wellington .. .. .	23·57	Dunedin .. .. .	19·42
Oamaru .. .. .	22·68	Westport .. .. .	18·89
New Plymouth .. .. .	22·56	Invercargill .. .. .	18·56
Wanganui .. .. .	22·30	Napier .. .. .	18·01
Palmerston North .. .. .	21·37	Nelson .. .. .	17·67
Gisborne .. .. .	21·27	Bluff .. .. .	17·51
Rotorua .. .. .	21·19	Whangarei .. .. .	16·05
Christchurch .. .. .	20·89		

## HOURS OF TRANSMISSION.

The annual rates of the hours of transmission of the broadcasting stations owned by the National Broadcasting Service at 31st March, 1938, are shown in the subjoined table :—

	Hours of Transmission (Rate per Annum).
At 1st January, 1932 .. .. .	10,612
At 1st January, 1933 .. .. .	16,484
At 1st January, 1934 .. .. .	23,036
At 1st January, 1935 .. .. .	25,700
At 1st January, 1936 .. .. .	27,456
At 31st March, 1937 .. .. .	27,593
At 31st March, 1938 .. .. .	47,346

For the year ended 31st March, 1938, out of 31,278 hours of transmission time, 17 hours 53 minutes were lost owing to technical faults and power failures.

## PROGRAMMES.

The National Broadcasting Service, at the 31st March, 1938, was supplying programmes from the twelve national stations indicated hereunder :—

Station.	Aerial Energy.	Frequency.	Wave-length.
		Kiloeycles per Second.	Metres.
1YA, Auckland .. .. .	10·00 kw.	650	462
1YX, Auckland .. .. .	0·15 kw.	880	341
1ZM, Auckland .. .. .	0·75 kw.	1,250	240
2YA, Wellington .. .. .	60·00 kw.	570	526
2YC, Wellington .. .. .	5·00 kw.	840	357
2YD, Wellington .. .. .	0·20 kw.	990	303
2YN, Nelson .. .. .	0·03 kw.	920	327
3YA, Christchurch .. .. .	10·00 kw.	720	416
3YL, Christchurch .. .. .	0·30 kw.	1,200	250
4YA, Dunedin .. .. .	10·00 kw.	790	380
4YO, Dunedin .. .. .	0·15 kw.	1,140	263
4YZ, Invercargill .. .. .	0·10 kw.	680	441

During the period the Service made full use of the best musical and other talent available in the Dominion, and in addition many notable artists from overseas were engaged. The library of recordings has been extensively enlarged, and through this medium items by the most famous international artists and combinations are available for the benefit of listeners.

Throughout the period 146 concerts by musical societies, choirs, &c., were broadcast, and 2,266 different local artists gave performances.

Of the artists and combinations broadcast from the National Stations, the following are worthy of mention: The Budapest String Quartet, the Comedy Harmonists, Essie Ackland, Benno Moiseiwitsch, Anderson Tyrer, Victoria Anderson and Viola Morris, Barbara Lane, Cuthbert Matthews, and Sydney MacEwan.

#### *Talks.*

Wherever possible, notable visitors to the Dominion have been induced to broadcast talks, generally on subjects on which they are authorities. In this way listeners have been afforded the opportunity of hearing authoritative views on many important subjects. In addition, local speakers have been encouraged and a number of interesting debates arranged.

Included in the list of speakers heard from the national studios were Dowager Lady Swathling, Dr. Susan Isaacs, Miss Fay Compton, Miss Kathleen Courtney, Dr. Koo, Dr. Paul Dengler, Professor Brunner, Professor Kandel, Dr. Hugh Dalton, Mr. Laurin Zilliacus, Rev. John Flynn, and Mr. Adrian Quist.

The educational broadcasts to schools have become increasingly popular, and at the 31st March, 1938, there were 751 schools with 47,156 pupils participating in these broadcasts. The educational broadcast booklets which are issued to pupils and teachers by the National Broadcasting Service are necessary adjuncts to these sessions, and 151,036 were issued free during the period.

An innovation in educational broadcasting this year was the introduction of a weekly half-hour broadcast to children of the Education Department's Correspondence School.

#### *Plays.*

Plays continue to be popular with the listening public, and during the year nearly three hundred were presented. Worthy of mention were performances of "The Green Goddess," "Libel," "Laburnum Grove," "Pompey the Great," "The Rivals," and "The Time Factor."

In order to encourage local writers, a play competition providing prizes totalling £100 was launched during the year.

#### *Overseas Rebroadcasts.*

Many important speeches and commentaries on events occurring overseas were made available to New Zealand listeners in the form of rebroadcasts and relays. Included in the long list of these broadcasts were the Coronation ceremony from Westminster Abbey, His Majesty the King's Christmas message to the Empire, the opening of the Naval Base at Singapore, commentaries on the cricket test matches New Zealand *v.* England, the matches for the Davis Cup, the King's Prize at Bisley, the boxing matches Braddock *v.* Louis and Farr *v.* Louis, events at the Empire Games, Sydney, and Rugby matches played by the South African team in Australia. Speakers heard during rebroadcasts of overseas stations included Lady Astor, Sir Hugh Walpole, Sir Josiah Stamp, Miss Jean Batten, Mr. Arthur Henderson, Mr. Bernard Shaw, and Mr. Ian Hay.

#### *News.*

During the period under review a short daily Government news service was inaugurated, the four main national stations being linked up for the purpose during the news session. This service ensures that listeners receive first-hand information of Government and departmental activities.

#### *Special Recorded Programmes.*

Considerable progress has been made in the recording work undertaken in the Wellington studios, and a large number of plays and serials were produced during the year for use at the various national stations.

#### *Programme Analysis.*

A dissection of the matter broadcast during the 31,278 transmitting-hours shows that music took up 71.9 per cent. of the broadcasting-time. The following analysis sets out the position in detail:—

Item.	Percentage of Programme Time.
Music—	
Serious .. .. .	20.51
Light .. .. .	46.69
Modern dance .. .. .	4.47
Old-time dance .. .. .	0.23
Plays and sketches .. .. .	5.78
Sporting commentaries .. .. .	2.23
Talks: General; educative (including school broadcasts)	3.77
News, weather and market reports, announcements, &c.	6.63
Church and devotional services .. .. .	3.25
Children's session .. .. .	4.62
Miscellaneous .. .. .	1.82
	100.00

*Parliamentary Broadcasts.*

Throughout the year the proceedings of Parliament were again broadcast, and the transmissions continued to create a good deal of interest.

*Outside Broadcasts.*

Among the many relays arranged of interesting events within the Dominion were the arrival of the Right Hon. the Prime Minister in Wellington Harbour on his return from England, the inauguration of the Wellington-Auckland Air Service, the opening of the new Wellington Railway-station, the arrival of the Pan-American Clipper, the arrival of the "Centaurus," the arrival and departure of Flying-Officer Clouston, and the opening of the new Post-office at Dunedin.

*Sporting Broadcasts.*

Interest in sporting broadcasts was fully maintained, the visit of the South African Rugby team creating great enthusiasm.

Commentaries were broadcast on 145 Rugby matches, 105 wrestling matches, and 33 boxing matches. Racing and trotting meetings were dealt with on 137 occasions, whilst swimming, cricket, tennis, and athletic events were broadcast frequently.

## PRIVATE BROADCASTING STATIONS.

During the year sixteen private stations were purchased, at a total cost of £18,081 19s. 1d. There are now five stations being subsidized by Government and five stations owned by Government being operated under contract.

## SPECIAL SERVICES.

Talks on gardening, hints to motorists, and reviews of books were broadcast regularly.

Three hundred and seventy-four requests were broadcast for information regarding missing persons or persons required on account of the serious illness of relatives, 352 requests for information regarding missing motor-vehicles, and 195 appeals were made on behalf of charity.

Weather reports for aviators, farmers, and the general public were broadcast regularly.

## TECHNICAL.

Good progress has been made in the provision of stations to give a first-grade coverage to the Southland and Hawke's Bay districts. Early in the year, after thorough technical tests were conducted, sites were selected for both stations. Tenders were called for the equipment, and Amalgamated Wireless (Australasia), Ltd., secured the contracts for both transmitters, the power in each case being 5 kilowatts. The aerial system to be used is a recent Marconi development termed a "folded top" aerial, and is supported from two towers each about 300 ft. high. The system is designed to give the maximum coverage free from distortion. The Southland transmitting station is in the Township of Dacre, about twelve miles by air-line north-east of Invercargill, while the Hawke's Bay one is at Opapa, about twelve miles south-west of Hastings. Good progress is being made with the transmitter building and the residence at Dacre, and it is expected that the new station will be operating by August next. Due to unavoidable causes, there was some delay in commencing building-operations at Opapa, and consequently it does not seem likely that it will be possible to open the new station there before November next.

Station 2YC, which for some years has been operating on a power of 0.2 kilowatt, was increased in power to 5 kilowatts early in the year under review. The transmitter used for this station is that formerly carrying 2YA's programme. The redesign and transfer to the Titahi Bay site was undertaken by the staff of this Department. The transmitter of 0.2 kilowatt formerly used for 2YC commenced operating at Wellington under the call-sign 2YD. Following the purchase by Government of 4ZP, a temporary transmitter of more modern design, having a power of 0.1 kilowatt, was installed at Invercargill to serve until the new 5 kilowatts transmitter is brought into use. A new transmitter having a power of 0.75 kilowatt was arranged for Station 1ZM, Auckland, and installed at Henderson, being controlled from the main studio building in Shortland Street. This replaces the station formerly operated from Manurewa.

## FINANCIAL REPORT.

*Balance-sheet.*

The Balance-sheet, duly audited by the Controller and Auditor-General, and the Revenue Account appear at the end of this report.

Included in the capital expenditure was an amount of £30,630 for the purchase of land at Dacre and Opapa, the purchase of studio and office buildings at Christchurch and Invercargill, and part-payments on the equipment for the new Southland transmitting station. To provide for capital commitments, £75,000 was invested temporarily on the 1st May, 1937. During the year £98,975 4s. 10d. was advanced to the Commercial Broadcasting Service and £29,975 19s. 7d. was deposited by that Service to the Broadcasting Account. The net advances to the Commercial Service at the 31st March, 1938, amount to £80,269 19s. 6d., which includes £11,270 14s. 3d. net advances prior to 31st March, 1937.

*Revenue Account.*

Due partly to the increased transmitting-hours and partly to the operation of additional stations, programme expenditure increased at the rate of £34,800 per annum, and maintenance costs at the rate of £14,000 per annum. The same rates of depreciation have been maintained as previously.

The satisfactory results obtained throughout the year are due in no small measure to the efficient service given by the staff at the Head Office and the district offices.

JAMES SHELLEY, Director of Broadcasting.

## NATIONAL BROADCASTING SERVICE.

## REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1938.

<i>Expenditure.</i>			<i>Income.</i>				
	£	s. d.	£	s. d.	£	s. d.	
Expenditure on programmes, including salaries of programme staff .. .. .	109,525	16 6	License fees .. .. .	313,715	19 11		
Maintenance of plant, including salaries of engineering and operating staffs .. .. .	34,458	5 0	Less license fees paid in advance .. .. .	5,693	2 11	308,022	17 0
General administrative and running expenses, including salaries of administrative and clerical staffs .. .. .	28,548	9 9	Interest .. .. .			3,215	19 9
Subsidies to "B" stations .. .. .	1,333	13 4	Rents .. .. .			578	5 4
Payments to stations operated under contract .. .. .	2,718	4 10					
Contribution to Public Service Superannuation Fund .. .. .	402	3 5					
Contribution to Radio Research Committee .. .. .	682	6 5					
Depreciation of assets .. .. .	34,766	2 0					
Balance, transferred to Accumulated Fund .. .. .	99,382	0 10					
	<u>£311,817</u>	<u>2 1</u>				<u>£311,817</u>	<u>2 1</u>

## BALANCE-SHEET AS AT 31ST MARCH, 1938.

<i>Liabilities.</i>				<i>Assets.</i>			
	£	s. d.	£	s. d.		£	s. d.
I. Accumulated Fund—					I. Land and buildings .. .. .	141,805	14 11
Balance on 1st April, 1937	342,234	15 4			II. Machinery and plant .. .. .	85,927	3 1
Transfer from Revenue Account .. .. .	99,382	0 10	441,616	16 2	III. Office and studio equipment .. .. .	15,329	2 11
II. License fees paid in advance .. .. .			5,693	2 11	IV. "B" station purchases .. .. .	18,081	19 1
III. Sundry creditors—					V. Work in progress .. .. .	1,163	13 10
Departmental .. .. .	1,947	19 5			VI. Sundry debtors and prepayments—		
Sundry .. .. .	4,990	8 11	6,938	8 4	Post and Telegraph Department (license fees) .. .. .	1,232	3 9
					National Commercial Broadcasting Service (interest and refund of copyright payments) .. .. .	4,243	17 4
					Other .. .. .	48	7 6
						5,524	8 7
					VII. Temporary investment .. .. .	75,000	0 0
					Accrued interest thereon .. .. .	781	5 0
						75,781	5 0
					VIII. National Commercial Broadcasting Service: Net Advances .. .. .		80,269 19 6
					IX. Cash in bank—		
					Broadcasting Account .. .. .	29,043	15 7
					Broadcasting Imprest Account .. .. .	1,321	4 11
						30,365	0 6
						<u>£454,248</u>	<u>7 5</u>
						<u>£454,248</u>	<u>7 5</u>

JAMES SHELLEY, Director of Broadcasting.

I hereby certify that the Revenue Account and Balance-sheet have been duly examined and compared with the relative books and documents submitted for audit, and correctly state the position as disclosed thereby.—J. H. FOWLER, Controller and Auditor-General.

## SECTION II.—NATIONAL COMMERCIAL BROADCASTING SERVICE.

## GENERAL.

The year under review must necessarily be regarded as one largely of establishment, for at the beginning of the year only one station of the proposed network was actually in operation and revenue-producing, and that station had been in operation for a period of only four months. The last station of the network—namely, 4ZB, Dunedin—was not opened until as late as 12th October, 1937. Preliminary organization involved the Service in a comparatively heavy expenditure for establishment costs and other items of a non-recurring nature.

In connection with the establishment and organization of the southern stations, an expenditure of £4,520 was incurred before the stations became operative and revenue-earning. This amount does not include a considerable sum paid to the staff for the southern stations who were attached to the northern stations for training purposes and further expenditure due to travelling-expenses of executives and others in connection with the building of the studios and erection of equipment. The normal commercial practice of taking this expenditure as an establishment cost and writing it off over a period of years has not been adopted, and therefore the amounts have been taken into the operative costs of the stations and are a direct charge against the year's revenue.

The services of other Government Departments are used wherever possible, and no special concessions are made to the Commercial Service. Full commercial rates are paid for telephones, relay lines, postal and telegraph facilities, transport, and all other services rendered.

The opening dates and the hours that the four stations were on the air during the past year were as follows :—

—	Opening Date.	Hours of Operation.
Station 1ZB .. ..	In operation full year .. ..	6,240
Station 2ZB .. ..	28th April, 1937 .. ..	5,808
Station 3ZB .. ..	28th September, 1937 .. ..	3,330
Station 4ZB .. ..	12th October, 1937 .. ..	3,078
		18,456

## PROGRAMMES.

*General.*

In connection with the programmes provided by the Commercial Broadcasting Service, it is interesting to note the high percentage of entertainment as compared with commercial announcements or direct advertising. An analysis of our heaviest advertising month for the year—namely, March—reveals the following facts: 93·4 per cent. of the total time that the four stations were on the air was entertainment; 6·6 per cent. of the total time that the four stations were on the air was used for commercial announcements.

The standard of the programmes broadcast by the Commercial Service is constantly checked by the advertiser, who is in a position to know day by day the listener interest in the programme by the actual sales resulting from the commercial announcements associated with it. To a large extent the programmes offered are selected by the advertisers, who are constantly seeking for better programmes which will give them greater sales results. Consequently, the programmes include subjects of infinite variety, planned and purchased by the advertising brains of New Zealand and overseas. It is estimated that advertisers alone have spent during the year under review over £25,000 in feature programmes from the best studios in England, Australia, America, and New Zealand. Proof of their popularity is the fact that such programmes as "One Man's Family" and "Easy Aces" have been on the air continuously since the commencement of operation of the network, the former being entirely produced in the Dominion.

In addition to the amount spent by advertisers, a further amount of £17,000 was spent directly by the Service in the provision of programmes. Of this sum, £5,457 was paid in fees to artists. Within the limits of its scope the Commercial Service has given full encouragement to local artists.

*Wide Range.*

Full wide-range equipment and libraries were installed at all stations during the year. This system provides a range of new artists on high-fidelity recordings, which are exclusive to the Commercial Service.

*Overseas Artists.*

During the year personal broadcasts by a number of overseas artists were featured on the programmes, including Tito Schipa (Italy), the Weintraubs (Germany), Bob Dyer (United States of America), Ella Shields (England), Howard Millholland (United States of America), Eva Garcia (Spain), Bob Parish (United States of America), Miss D'Alvarez (Mexico), Four Trumpeteers (Canada), Charles Norman (Australia), Chick Arnold (Australia), George Doonan (London), and many others.

*Outside Broadcasts.*

Sustaining programmes of the Service include subjects of infinite variety, and not the least of these is the policy of developing "on the spot" novelty relays. Broadcast commentaries were made from places of public interest, many of them little known to listeners. These broadcasts covered public ceremonies, processions, radio tours of lighthouses, public libraries, fire-stations, tram depots, museums, naval and military depots, warships, coal-mines, churches, and observatories, thus bringing to listeners education hand in hand with entertainment. A feature of the outside broadcasts was the development of relays from factories and other industrial undertakings which were revenue-producing.

*Overseas Rebroadcasts.*

Many special broadcasts originating from overseas short-wave stations were made, in addition to broadcasts arranged per radio telephone from ships at sea. Important broadcasts covered by these means were the Coronation of Their Majesties King George VI and Queen Elizabeth; important English turf fixtures, such as the Derby and the Grand National; the world's championship fight in New York; principal English football matches; His Majesty the King's Christmas message to the Empire; the Oxford versus Cambridge boat race; the trooping of the colours in London; broadcasts from the "Awatea" and other ships at sea; other broadcasts included special programmes arranged for New Zealand and broadcast from Station PCJ, Holland, which were rebroadcast by the four Commercial stations.

*Sporting Broadcasts.*

With the exception of certain special events, it is the policy of the Commercial Service to give listeners a complete "result" coverage, rather than a commentary on single events. Complete and immediate telegraph service of sports flashes is given on all sports days, covering every important event throughout the Dominion. In addition, results of overseas sporting events of interest to Dominion listeners are adequately covered. Sports flashes are supplemented by summarized reviews, interviews with sporting personalities, teams, and experts. The interest displayed in the sports service is exemplified by the fact that Station 2ZB, Wellington, was able to organize a sports rally for the departure of the New Zealand team to the British Empire Games in Sydney, at which no less than twenty-six sporting organizations were well represented.

*Maori Sessions.*

The policy of the Commercial Service is to develop Maori sessions not alone as entertainment, but also to contribute something of permanent benefit to the Maori race. Maori announcers were employed, and much research has been undertaken in connection with ancient Maori lore, with the result that recordings have been made of chants and songs which were in danger of becoming lost for all time. It is expected that much of this material will be valuable during the coming Centenary Celebrations.

*Special Sessions.*

Specialized sessions conducted by the Commercial Service cover a wide variety of subjects and organizations. Special sessions were broadcast regularly for the farmer, which included, as well as entertainment, standard information on farming subjects, weather, &c. The hospitals were regularly catered for, and interest has been so great that this Service has been able to arrange for the installation of radio equipment in several wards, cots have been provided, and funds raised, in addition to providing entertainment for the patients. Others who have been catered for with special regular sessions are soldiers' organizations, the Boy Scouts Association, and many others. A number of successful competitions were organized, some designed for entertainment only, others for educational purposes, and, again, others to assist various charitable organizations.

One of the most important of these was the Deanna Durbin quest, which resulted in eight hundred entries from local talented singers. The winner of this quest was sent to Sydney, where she received broadcast and other engagements. A large number of entries was also received for the children announcers' competition. Educational competitions included the spelling bee, and the safety-slogan contest arranged in conjunction with the Safety Council.

*Theatre and Film Broadcasts.*

Part of the sustaining or non-revenue producing activity of the Commercial Service included a complete range of film broadcasts. Extracts from almost every important film, and relays of stage shows, gave a complete service to country listeners, who are often unable to attend theatrical performances. As an adjunct to these programmes, personal broadcasts were made by artists from dressing-rooms, back-stage, and the studios.

*Provincial Hours.*

An innovation in broadcasting was the introduction of the provincial hour—programmes developed with special reference to the town or district concerned. These sessions comprised broadcasts for the following districts:—

Station 1ZB, Auckland: New Plymouth, Pukekohe, Thames.

Station 2ZB, Wellington: Wairarapa, Palmerston North, Hawera, Wanganui, Lower Hutt, Feilding, Hastings, Marton, Blenheim.

Station 3ZB, Christchurch: Rangiora, Lyttelton, Ashburton.

Station 4ZB, Dunedin: Oamaru, Balclutha.

## NEW STATIONS.

During the year three new stations were built and opened—namely, 2ZB, Wellington; 3ZB, Christchurch; and 4ZB, Dunedin. The design and lay-out of the studios, control-rooms, and business accommodation for the Service were carried out entirely by our own staff and erected by the Public Works Department.

## STAFF.

A staff of 280 is directly employed by the Service, and of these 276 were engaged and trained locally. It has been the policy of the Commercial Service to engage local staff instead of importing a large number of experienced "key" executives. This has, of course, involved a tremendous amount of training, but that this training has been effective was conclusively demonstrated at the recent fire at Station 3ZB, Christchurch, when the local staff carried on a complete schedule and did not miss one minute off normal schedule, nor one advertisement, despite the fact that the studios and offices were burnt out.

## TECHNICAL.

Each of the four Commercial stations is equipped with a 1 kilowatt transmitter which was assembled and installed by the staff. A feature of the equipment is a new form of aerial radiator, the first of its type to be used in Australia and New Zealand, and the results achieved have more than justified its installation. The system was adopted on the recommendation of our Chief Engineer, who carried out and supervised the constructional work in co-operation with the Public Works Department, and the radio towers were wholly fabricated in the Railway Workshops. It can be reliably stated that on the wave-lengths allotted to the stations this type of aerial radiator, which has been installed at a comparatively reasonable price, is giving very satisfactory coverage. During the year experiments were made with short-wave relay apparatus to enable this Service to broadcast from points where no telephone-line is available.

Experiments were also commenced with high-frequency transmitters to enable linkage of the four stations, at present impossible by land-line. Other experiments made during the year were with various types of recording equipment, which will ultimately be installed in the four stations.

## SERVICE.

It has been the policy of the Commercial Service to give to listeners the maximum service to all classes of the community. For this reason, all stations maintain a full uninterrupted eighteen hours of broadcasting daily. This service is only surpassed by one station in Australia or New Zealand, and this station operates twenty-four hours daily. This full service to listeners is maintained by the Commercial Broadcasting Service on fifty-five days of the year when no revenue is obtained from advertising (Sundays, Christmas Day, Good Friday, and Anzac Day).

## ADVERTISING REVENUE.

At the beginning of the year under review the Service was faced with serious sales difficulties, due partly to organized opposition by competitive forms of advertising media and partly to the natural reluctance of advertisers to experiment with a new form of advertising until it had proved sales effectiveness. The following table of the sales figures of each station shows a steady and healthy progress:—

	1ZB.	2ZB.	3ZB.	4ZB.	Total.
	£	£	£	£	£
April .. ..	2,173	170	..	..	2,343
May .. ..	2,641	2,084	..	..	4,725
June .. ..	2,664	2,749	..	..	5,413
July .. ..	3,191	3,032	..	..	6,223
August .. ..	3,355	2,936	..	..	6,291
September ..	3,369	3,190	215	..	6,774
October .. ..	3,343	3,049	2,455	937	9,784
November ..	3,561	3,372	2,752	2,070	11,755
December ..	4,082	3,318	2,804	1,866	12,070
January .. ..	3,200	2,828	2,104	1,522	9,654
February .. ..	3,285	3,074	2,297	1,600	10,256
March .. ..	4,191	3,861	2,897	2,170	13,119
	39,055	33,663	15,524	10,165	98,407

In connection with the foregoing table, it must be noted that the rates charged for advertising are progressively lower reading from 1ZB to 4ZB, as the advertising rates are based on the difference in population and coverage. In regard to the March figures, those shown in the table are not abnormal, as proven by the fact that these figures were maintained during April and May of this year, and exceeded in June.



It will also be noticed that the figures for January and February are lower than the figures for December and March. This is due to a reduction in advertising expenditure during this period, which is common to all advertising media during the months of January and February. Although this decrease must be expected next year, it is anticipated that the percentage of decrease will be reduced, due to planned selling resulting from experience gained during the past two years.

Due to the fact that Stations 2ZB, Wellington; 3ZB, Christchurch; and 4ZB, Dunedin, were not on the air for the full twelve months, it is impossible to show comparative sales statistics. However, the following comparison of the March figures for Station 1ZB for the years 1937 and 1938 illustrates the progress being made by the Commercial Service:—

—	March, 1937.	March, 1938.	Percentage Increase.
Number of advertisers using Station 1ZB . .	127	244	92·1
Cash value of advertisements broadcast during the month	£1,945	£4,192	115·5

Apart altogether from the increase in both the number of advertisers and the revenue received, the greatest proof of the success of the Service from an advertising point of view is the large percentage of advertisers who are renewing their contracts. Almost without exception the major advertisers using the Service are not only renewing their contracts, but increasing their appropriations.

#### FINANCIAL STATEMENT.

Revenue Account for the year and Balance-sheet as at 31st March, 1938, are submitted with this report. An excess of expenditure over revenue of £7,387 is shown, but it is necessary to give some analysis of the accounts to enable the true position at the end of the financial year to be appreciated.

Of the four stations established by the end of the year, only Station 1ZB was revenue-earning over the whole trading period, the stations at Wellington, Christchurch, and Dunedin operating for eleven months, six months, and five and a half months respectively. Expenditure totalling £4,520 was incurred at these stations before broadcasting commenced, and it must be also borne in mind that stations did not reach their average of revenue for the year until some months after opening. This applied also to Station 1ZB, which did not reach average earnings until August, 1937.

Mention was made in the report for the year ended 31st March, 1937, of items of expenditure which were proportionately higher during establishment. Travelling and removal expenses, printing and stationery, telephone installation, and Head Office administration costs were necessarily disproportionate during the year under review, with consequent adverse effect on the trading results, but the normal rate of expenditure under these heads is reached on completion of establishment. To quote an example, removal expenses charged to Station 4ZB totalled £431 out of £1,041 for the whole Service. The cost is not only abnormal in that it is largely non-recurring, but it has to be taken into account in a period when revenue is earned at a rate below the normal and over less than half the year.

From the date on which Station 4ZB, Dunedin, was opened, the Commercial Service has been charged with a proportion of the fees payable for copyright on all musical items broadcast and for the use of gramophone recordings. Payment was made from Broadcasting Account, but the amount allocated to the Commercial Service (£2,747) has been included in the Revenue Account and added to the balance drawn from Broadcasting Account, on which interest is charged.

Interest at 4 per cent. per annum has been charged on moneys drawn from Broadcasting Account for establishment of the Commercial Service, a sum of £1,497 being included in the accounts for 1937-38.

It will be clear from the foregoing that the inclusion of all charges other than capital expenditure represented by tangible assets, has the effect of heavily loading the Revenue Account during the period over which the Commercial stations commenced trading. Many of these charges might well have been temporarily capitalized and written off over succeeding years.

C. G. SCRIMGEOUR, Controller.

## NATIONAL COMMERCIAL BROADCASTING SERVICE.

## INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1938.

<i>Expenditure.</i>		£	s. d.	£	s. d.	<i>Income.</i>		£	s. d.
Expenditure on programmes, including payments to artists, hire of special recordings, relay lines, and sundry miscellaneous items .. .. .		13,260	5 3			Sales of station time .. .. .		98,418	12 8
Less sundry programme charges borne by advertisers .. .. .		3,214	13 3			Miscellaneous .. .. .		7	2 10
						Balance carried down .. .. .		7,386	17 5
Copyright .. .. .				10,045	12 0				
General administrative and running expenses, including rents, rates and insurance, lighting, heating and power, legal and audit, printing and stationery, salaries and wages, telephone services, repairs and maintenance of buildings, plant and office and studio equipment, advertising, commission and sundry miscellaneous items .. .. .				85,405	11 0				
Interest .. .. .				1,497	4 9				
Depreciation .. .. .				5,482	10 1				
Reserve for bad debts .. .. .				575	2 6				
				£105,812	12 11			£105,812	12 11
Balance brought down .. .. .				£	s. d.	Balance .. .. .		£	s. d.
Balance brought forward from previous year .. .. .				7,386	17 5			11,953	11 2
				4,566	13 9				
				£11,953	11 2			£11,953	11 2

## BALANCE-SHEET AS AT 31ST MARCH, 1938.

<i>Liabilities.</i>		£	s. d.	£	s. d.	<i>Assets.</i>		£	s. d.	£	s. d.
Advances from Broadcasting Account .. .. .		80,269	19 6			Land and buildings .. .. .		3,777	15 0		
Add accrued interest .. .. .		1,497	4 9			Machinery and plant .. .. .		31,299	11 10		
				81,767	4 3	Office and studio equipment, including furniture, typewriters, office mechanical appliances, and library .. .. .		23,126	11 2		
Creditors—						Purchase of Station 1ZB, Auckland .. .. .		1,898	16 5		
Sundry .. .. .		2,441	5 10					60,102	14 5		
Departmental .. .. .		4,175	17 2			Less depreciation reserve .. .. .		4,202	14 4	55,900	0 1
Public Works Department .. .. .		15,649	19 6			Records, blocks (advertising), music, photographs, and script .. .. .				4,734	5 3
Commission .. .. .		3,604	2 9			Leasehold, Station 1ZB .. .. .				51	15 0
				25,871	5 3	Highcliffe relay installation .. .. .				500	0 0
Writings-off, Reserve .. .. .				38	16 8	Stock of spares, machinery, and plant .. .. .				3,205	15 5
								£	s. d.		
						Departmental debtors .. .. .		27	3 4		
						Sundry debtors .. .. .		30,727	4 6		
								30,754	7 10		
						Less reserve for bad debts .. .. .		900	0 0	29,854	7 10
						Deposit (Customs duty) .. .. .				1	0 0
						Payments in advance .. .. .				5	0 0
						Bank .. .. .				1,432	14 9
						Writings-off, Suspense .. .. .				38	16 8
						Income and Expenditure Account—					
						Balance, 31st March, 1937 .. .. .		4,566	13 9		
						Add excess of expenditure over income for year ended 31st March, 1938 .. .. .		7,386	17 5	11,953	11 2
										£107,677	6 2
										£107,677	6 2

C. G. SCRIMGEOUR, Controller.

I hereby certify that the Revenue Account and Balance-sheet have been duly examined and compared with the relative books and documents submitted for audit, and correctly state the position as disclosed thereby.—J. H. FOWLER, Controller and Auditor-General.

*Approximate Cost of Paper.*—Preparation, not given; printing (1,090 copies), £17 10s.

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