

During the period under review, the total amount expended on land, buildings, and equipment associated with the new transmitting-station at Titahi Bay was approximately £101,149. A commencement was made on the reconstruction of the old 2YA transmitter, and at the end of the financial period the sum of £2,108 was expended on that work.

The financing of the Commercial Service has been arranged through the Broadcasting Account, from which account all the expenditure for this service is provided. The revenue received from advertising receipts is lodged to the credit of this account. At the 31st March, 1937, the amount advanced for running-expenses and capital expenditure to this Service was £14,721 1s. 1d., and the advertising revenue received for that period was £3,450 6s. 10d.

REVENUE ACCOUNT.

After providing the sum of £14,945 8s. for depreciation of assets, there is an excess of income over expenditure for the nine months ended 31st March, 1937, of £94,519 3s. 9d. This balance has been transferred to the Appropriation Account, and has, in turn, been appropriated in total to the Accumulated Fund to meet future heavy capital commitments.

The same proportionate rate of expenditure on programmes was maintained during the period under review, but the cost for the maintenance of plant has shown an increase due to the operation of more high-powered transmitters.

In addition to an expenditure of £710 2s. 10d. for the provision of gramophone records, relay lines and equipment for eight subsidized private stations, £1,921 10s. was paid in cash subsidies to these stations.

The sum of £641 3s. 6d. was provided for the running-expenses of the "Friendly Road" broadcasting-station—1ZB—for the period 1st July, 1936, to the 2nd October, 1936. From the latter date the station commenced operating under the control of the National Commercial Broadcasting Service.

In submitting this report, I desire to place on record my appreciation of the co-operation and assistance given to me by the Business Manager and the Chief Engineer, and of the services rendered by the staff at the Head Office and the district offices. The satisfactory results obtained are in themselves a tribute to their devoted and efficient services.

The following section dealing with the Commercial Service and the Balance-sheet and Revenue Account relating thereto have been furnished by the Controller of the National Commercial Broadcasting Service.

COMMERCIAL BROADCASTING SERVICE.

Under authority provided in the Broadcasting Act, 1936, section 14, the Government has undertaken the inauguration of a Commercial Broadcasting Service. The broad basis of this service is that it shall render a community service to the listeners of the Dominion as an alternative selection to the programmes of the National Broadcasting Stations, and at the same time provide an additional avenue by which manufacturers and business houses generally can make known their commodities to the consuming public. The underlying principle of the Commercial Service is that it shall ultimately be self-supporting, the revenue to cover all operations being obtained from the advertiser in such measure as to ensure that the additional radio entertainment furnished to listeners by the commercial stations shall be without cost to either the listeners or the State.

A preliminary organization was laid down, providing for Head Office control to be located at Wellington, and four experimental stations of one kilowatt each to be established at Auckland, Wellington, Christchurch, and Dunedin respectively.

To facilitate progress, suitable staff appointments were made, and responsibility for the operation of Station 1ZB, Auckland, was taken over by the Government. Advertising schedules were arranged and programmes reorganized so that commercial broadcasting was introduced from that station on 29th October, 1936, with a weekly transmission-time of eighty-four hours.

The innovation proved an immediate success with both radio audiences and the business community, and the proven earning-capacity has been definitely encouraging. Starting with a weekly revenue of £188, Station 1ZB has rapidly advanced so that at the end of five months' commercial operation (at 31st March, 1937) the weekly revenue is in excess of £570.

At this date the organization of the Wellington unit had proceeded to the point where opening of Station 2ZB at Wellington, with advertising schedules providing a commencing revenue of £2,000 per month can be projected for May, 1937. It is anticipated that commercial stations will also be in operation in both Christchurch and Dunedin before the end of 1937.

Funds for establishment of the Service have been provided by advances from Broadcasting Account, and interest at 4 per cent. per annum on these advances has been taken into account. The amount expended from the Broadcasting Account in excess of cash received and deposited was £11,270 14s. 3d. at 31st March, 1937. This, of course, includes capital items and establishment costs (such as purchase of records and initial printing and stationery charges).

Machinery and plant includes some £4,400 expended on technical equipment for Station 2ZB, Wellington, the installation of which was commenced in March, 1937.

Many items of expenditure are proportionately higher than would be the case with a fully established service, and of these mention may be made of the following :—

REPAIRS AND MAINTENANCE.

The plant at Station 1ZB, Auckland, has required considerable maintenance expenditure, and stocks of spares and replacement parts were also purchased with the new equipment for Station 2ZB, Wellington.

TRAVELLING-EXPENSES.

During establishment it was necessary for officers to travel to a greater extent than will eventually be normal, and this will continue to apply whilst expansion proceeds.