



Broadcasting Public Notice CRTC 2006-97

Ottawa, 2 August 2006

Licensing of new radio stations to serve Calgary and Airdrie, Alberta – Introduction to Broadcasting Decisions CRTC 2006-321 to 2006-326

At a public hearing commencing 21 February 2006 in Calgary, the Commission considered 10 applications for new radio stations to serve Calgary, Alberta, as well as three applications to serve the nearby community of Airdrie.

This public notice describes the various applications and sets out the Commission's determinations with respect to the ability of the Calgary market to absorb additional radio stations. This notice also summarizes the Commission's decision to approve, in whole or in part, four applications for new FM stations to serve Calgary and one application for a new FM station to serve Airdrie, with an additional transmitter to serve Cochrane. A dissenting opinion by Commissioner del Val is attached.

The call for applications

1. On 13 May 2005, the Commission issued *Call for applications for a broadcasting licence to carry on radio programming undertakings to serve Calgary, Alberta*, Broadcasting Public Notice CRTC 2005-48, in which it announced that it had received an application for a broadcasting licence to provide a commercial radio programming undertaking to serve Calgary and called for applications from other parties wishing to provide radio programming services to the area. The Commission advised potential applicants that they would be required to provide evidence giving a clear indication that there is a demand and a market for the service they propose, and that they should address, among other things:
 - the contribution that the proposed service would make to achieving the objectives established in the *Broadcasting Act* (the Act) and, in particular, to the production of local and regional programming;
 - the factors relevant to the evaluation of applications, as outlined in *Introductory statement – Licensing new radio stations*, Decision CRTC 99-480, 28 October 1999, i.e., the quality of the application (including the business plan and the proposed format), the diversity of news voices, the market impact and the competitive state of the market;
 - the means by which the applicant will promote the development of Canadian talent, including local and regional talent;

- an analysis of the markets involved and potential advertising revenues, taking into account the results of any survey undertaken supporting the estimates; and
- evidence as to the availability of financial resources consistent with the requirements established in the financial projections of the applicant's business plan.

The applications

2. Ten applications to serve Calgary, as well as three applications to serve the nearby community of Airdrie, which is considered part of the Calgary Central Market Area (CMA), were considered at the 21 February 2006 Public Hearing in Calgary.

Calgary

3. The applicants for Calgary were:
 - Touch Canada Broadcasting Inc. (Touch Canada)
 - CHUM Limited (CHUM)
 - 1182743 Alberta Ltd. (1182743 Alberta)
 - Evanov Radio Group Inc., on behalf of a corporation to be incorporated (Evanov)
 - Calgary Independent Radio Broadcasters Inc. (Calgary Independent)
 - Jim Pattison Broadcast Group Ltd. (the general partner) and Jim Pattison Industries Ltd. (the limited partner), carrying on business as Jim Pattison Broadcast Group Limited Partnership (Pattison)
 - Yadwinder S. Sivia, on behalf of a corporation to be incorporated (Sivia)
 - Rawlco Radio Ltd. (Rawlco)
 - Harvard Broadcasting Inc. (Harvard)
 - Newcap Inc. (Newcap)

Touch Canada

4. Touch Canada proposed to establish an English-language commercial AM radio station that would operate at 700 kHz with a transmitter power of 50,000 watts (day) and 20,000 watts (night). The proposed station would offer a Gospel music format with some religious spoken word programming, designed to appeal to listeners 45 years of age and over. At least 10% of all musical selections from content category 3 (Special Interest Music) broadcast during each broadcast week would be Canadian selections, which conforms to the minimum requirements set out in the *Radio Regulations, 1986* (the Regulations). The proposed station would broadcast 47 hours and 17 minutes of spoken word programming per broadcast week, including 7 hours and 17 minutes of news, weather and sports. Touch Canada would devote \$112,000 to Canadian talent development (CTD) during seven consecutive broadcast years upon commencement of operations.

CHUM

5. CHUM proposed to establish an English-language commercial FM radio station that would operate at 90.3 MHz (channel 212C1) with an average effective radiated power (ERP) of 100,000 watts. The proposed station would offer a Hot Adult Contemporary music format designed to appeal to listeners between 25 and 44 years of age, with a core audience of women between 25 and 34. A minimum of 35% of all musical selections from content category 2 (Popular Music) broadcast both during the broadcast week and between 6 a.m. and 6 p.m. Monday through Friday would be Canadian selections, which conforms to the minimum requirements set out in the Regulations. The proposed station would broadcast 7 hours and 15 minutes of scripted spoken word programming each broadcast week, including 4 hours of news. CHUM would devote \$4.480 million to CTD over seven consecutive broadcast years upon commencement of operations. In addition to its CTD initiatives, the applicant proposed to contribute \$645,000 per year to Aboriginal Voices Radio (AVR) for a total contribution of \$4.515 million over the first seven years of operations to ensure the establishment and expansion of AVR's planned operations in Calgary and other parts of Western Canada.

Evanov

6. Evanov proposed to establish an English-language commercial FM radio station that would operate at 92.9 MHz (channel 225C1) with an average ERP of 47,000 watts. The proposed station would offer an Adult Standards/Contemporary Easy Listening music format designed to appeal to listeners 45 years of age and over. A minimum of 40% of all musical selections from content category 2 aired during each broadcast week, and a minimum of 35% of all musical selections from content category 2 broadcast between 6 a.m. and 6 p.m. Monday through Friday would be Canadian selections. The proposed station would broadcast 16 hours of scripted spoken word programming per broadcast week, including 5 hours of news and lifestyle features. Evanov proposed to devote \$5 million to CTD over seven consecutive broadcast years upon commencement of operations.

1182743 Alberta

7. 1182743 Alberta proposed to establish an English-language commercial FM radio station that would operate at 92.9 MHz (channel 225C1) with an ERP of 100,000 watts. The proposed station would offer an Adult Standards/Modern Nostalgia music format designed to appeal to listeners between 35 and 64 years of age, with a core audience of those 45 years of age and over. A minimum of 40% of all musical selections from content category 2 aired during the broadcast week, and a minimum of 35% of all musical selections from content category 2 aired between 6 a.m. and 6 p.m. Monday through Friday would be Canadian selections. The proposed station would broadcast 23 hours of scripted spoken word programming each broadcast week, including 4.5 hours of news. 1182743 Alberta would devote \$525,000 to CTD over seven consecutive broadcast years upon commencement of operations.

Calgary Independent

8. Calgary Independent proposed to establish an English-language commercial FM radio station that would operate at 92.9 MHz (channel 225C1) with an ERP of 100,000 watts. The proposed station would offer a Soft Rock music format featuring music from the 1970s, 1980s and today that would be designed to appeal to listeners between 35 and 64 years of age, with an emphasis on women. A minimum of 35% of all musical selections from content category 2 aired both during the broadcast week and between 6 a.m. and 6 p.m. Monday through Friday would be Canadian selections, which conforms to the minimum requirements set out in the Regulations. The proposed station would broadcast 24 hours of scripted spoken word programming each broadcast week, including 7 hours of news. Calgary Independent would devote \$2.1 million to CTD over seven consecutive broadcast years upon commencement of operations.

Pattison

9. Pattison proposed to establish an English-language commercial FM radio station that would operate at 90.3 MHz (channel 212C1) with an ERP of 100,000 watts. The proposed station would offer a Soft Vocal music format with an emphasis on music from the 1960s and the 1970s, but also including some music from the 1950s and 1980s, that would be designed to appeal to listeners between 35 and 64 years of age, with a core audience of those between 45 and 54. A minimum of 35% of all musical selections from content category 2 aired both during the broadcast week and between 6 a.m. and 6 p.m. Monday through Friday would be Canadian selections, which conforms to the minimum requirements set out in the Regulations. The proposed station would broadcast 14 hours and 13 minutes of scripted spoken word programming each broadcast week, including 5 hours and 13 minutes of news. Pattison would devote \$5.6 million to CTD over seven consecutive broadcast years upon commencement of operations. In addition to its CTD initiatives, Pattison proposed to contribute \$700,000 to Canadian Women in Communications as well as \$700,000 that would be split between the Alberta Métis Association and the Southern Alberta Institute of Technology over seven consecutive broadcast years upon commencement of operations.

Sivia

10. Sivia proposed to establish a commercial specialty (ethnic) FM radio station that would operate at 92.9 MHz (channel 225C1) with an ERP of 50,000 watts. The proposed station would direct ethnic programming to a minimum of 10 cultural groups in a minimum of 14 different languages during each broadcast week. At least 7% of all musical selections broadcast in ethnic programming periods during each broadcast week would be Canadian selections, which conforms to the minimum requirements set out in the Regulations. The proposed station would devote 30% of the broadcast week to spoken word programming, including 3 hours and 45 minutes of news and talk shows. Sivia would devote \$56,000 to CTD over seven consecutive broadcast years upon commencement of operations.

Rawlco

11. Rawlco proposed to establish an English-language commercial FM radio station that would operate at 100.3 MHz (channel 262C) with an average ERP of 19,000 watts. The proposed station would operate in the Specialty format with a minimum of 30% of all musical selections aired during each broadcast week drawn from content subcategory 32 (Folk and folk-oriented). The format would be designed to appeal to listeners between 35 and 64 years of age, with a core audience of those between 45 and 64. A minimum of 40% of all musical selections, including both category 2 and category 3 selections combined, broadcast during each broadcast week would be Canadian selections. The applicant would also respect the minimum levels of Canadian selections for category 2 and for category 3 musical selections, considered individually, that must be broadcast during each broadcast week that are set out in the Regulations. As well, a minimum of 35% of musical selections from category 2 and from category 3, considered individually, broadcast between 6 a.m. and 6 p.m. Monday through Friday would be Canadian selections. The proposed station would broadcast 16 hours per week of scripted spoken word programming during each broadcast week, including a minimum of 11.5 hours of news, including related surveillance material. Rawlco would devote \$3.116 million to CTD over seven consecutive broadcast years upon commencement of operations. In addition to its CTD initiatives, the applicant proposed to devote \$70,000 to the Women In Media Foundation over seven consecutive broadcast years upon commencement of operations.

Harvard

12. Harvard proposed to establish an English-language commercial FM radio station that would operate at 92.9 MHz (channel 225C1) with an average ERP of 45,000 watts. The proposed station would offer an Alternative Rock music format designed to appeal to listeners between 12 and 34 years of age, with a core audience of males between 12 and 24. A minimum of 40% of all musical selections from content category 2 aired both during the broadcast week and between 6 a.m. and 6 p.m. Monday through Friday would be Canadian selections. The proposed station would devote 8 hours and 31 minutes to scripted spoken word programming each broadcast week, including 3 hours of news. Harvard proposed to devote \$4.025 million to CTD over seven consecutive broadcast years upon commencement of operations. In addition to its CTD initiatives, Harvard indicated that it would devote \$119,000 over seven consecutive broadcast years upon commencement of operations to establish a news mentoring program in association with the Aboriginal Peoples Television Network (APTN).

Newcap

13. Newcap proposed to establish an English-language commercial FM radio station that would operate at 92.9 MHz (channel 225C1) with an average ERP of 48,000 watts. The proposed station would offer a Triple A (Adult Album Alternative) music format designed to appeal to listeners between 18 and 44 years of age, with a core audience of those between 20 and 35. A minimum of 40% of all musical selections from content category 2 aired both during the broadcast week and between 6 a.m. and 6 p.m. Monday

through Friday would be Canadian selections. The proposed station would devote 9 hours to scripted spoken word programming each broadcast week, including 5 hours and 45 minutes of news. Newcap proposed to devote \$7 million to CTD over seven consecutive broadcast years upon commencement of operations.

Airdrie

14. The applicants for Airdrie were:

- Tiessen Media Inc. (Tiessen)
- Golden West Broadcasting Ltd. (Golden West)
- Newcap

Tiessen

15. Tiessen proposed to establish an English-language commercial FM radio station that would operate at 106.1 MHz (channel 291A) with an average ERP of 3,600 watts. An additional transmitter would be established at Cochrane that would operate at 99.1 MHz (channel 256LP) with an average ERP of 15 watts. The proposed station would offer an Eclectic Adult Contemporary music format that would feature a blend of pop, soft rock, country and roots-oriented music and artists designed to appeal to listeners between 25 and 54 years of age. A minimum of 40% of all musical selections from content category 2 aired during the broadcast week, and a minimum of 35% of all musical selections from content category 2 aired between 6 a.m. and 6 p.m. Monday through Friday would be Canadian selections. The proposed station would broadcast a minimum of 26.5 hours of scripted spoken word programming each broadcast week, including news and related surveillance material, the majority of which would relate to Airdrie, Cochrane and the surrounding area. Tiessen would devote \$13,000 to CTD over seven consecutive broadcast years upon commencement of operations.

Golden West

16. Golden West proposed to establish an English-language commercial FM radio station that would operate at 99.5 MHz (channel 258A) with an average ERP of 1,200 watts. The proposed station would offer an Adult Contemporary music format designed to appeal to listeners between 25 and 49 years of age. A minimum of 40% of all musical selections from content category 2 aired both during the broadcast week and between 6 a.m. and 6 p.m. Monday through Friday would be Canadian selections. The proposed station would provide a minimum of 4 hours and 40 minutes of scripted spoken word programming per broadcast week, including 77 local newscasts. Golden West would devote \$100,000 to CTD over seven consecutive broadcast years upon commencement of operations.

Newcap

17. Newcap proposed to establish an English-language commercial FM radio station that would operate at 100.3 MHz (channel 262A) with an average ERP of 3,600 watts. The proposed station would offer a Hot Adult Contemporary music format that would feature

music from the 1980s, 1990s and today designed to appeal to listeners between 25 and 40 years of age. A minimum of 35% of all musical selections from content category 2, broadcast both during the broadcast week and between 6 a.m. and 6 p.m. Monday through Friday would be Canadian selections, which conforms to the minimum requirements set out in the Regulations. The proposed station would provide 14 hours of scripted spoken word programming each broadcast week, including 3.5 hours of local news. Newcap would devote \$245,000 to CTD over seven consecutive broadcast years upon commencement of operations.

18. Several of the applications set out above are mutually exclusive on a technical basis. Both CHUM and Pattison proposed to broadcast at 90.3 MHz. 1182743 Alberta, Evanov, Calgary Independent, Sivia, Harvard and Newcap for Calgary all proposed to operate at 92.9 MHz. Tiessen's proposal for a transmitter in Cochrane to rebroadcast the programming of its proposed station in Airdrie that would operate at 99.1 MHz is technically mutually exclusive with Golden West's application for a new FM station in Airdrie that would operate 99.5 MHz. The application by Rawlco to serve Calgary and the application by Newcap to serve Airdrie are technically mutually exclusive in that both proposed to operate at 100.3 MHz.

The Calgary radio market and its ability to sustain a new station

19. The Calgary radio market includes the city of Calgary as well as the communities of Strathmore, Chestermere, Cochrane and Airdrie. According to 2004-2005 BBM Canada estimates, which are extrapolated from Statistics Canada Census population data, the Calgary radio market is comprised of approximately 894,000 persons 12 years of age and over.
20. The Calgary radio market is currently served by 13 commercial radio stations owned by six licensees. Rogers Broadcasting Limited (Rogers) operates CHFM-FM, CKIS-FM, CFFR and CFAC. Corus Entertainment Inc. (Corus) operates CKRY-FM, CFGQ-FM and CHQR, while Standard Radio Inc. (Standard) operates CIBK-FM, CJAY-FM and CKMX. Fairchild Radio (Calgary) Ltd., Touch Canada and Newcap operate CHKF-FM, CJSI-FM and CIQX-FM, respectively.
21. In addition, Calgary is served by the not-for-profit educational station CKUA-FM, which is operated by the CKUA Radio Foundation, the campus/community station CJSW-FM, which is operated by The University of Calgary Student Radio Society, and four CBC radio stations that provide the programming of the Corporation's two English-language and two French-language networks.
22. The Calgary commercial radio stations enjoyed a combined profit before interest and tax (PBIT) of just under \$24.5 million in 2005. This represented an increase of just over \$5 million, or 26%, compared with the results for 2004. In 2005, the average PBIT margin of all Calgary radio stations was 31.8%, well in excess of the average PBIT margin of all English-language Canadian radio stations, which was 22.9%.

23. According to the Conference Board of Canada's *Metropolitan Outlook*, Autumn 2005, increased demand for oil and gas products, leading to increased prices for crude oil, will drive significant investments in energy-related projects in Alberta over the next several years. Calgary's annual growth in real gross domestic product is projected to average 3.6% from 2006 through 2009 versus 2.9% for all Canada. Domestic demand in Calgary is also expected to remain strong, with growth in retail sales projected at 4.1% through 2006 versus 3.2% for all Canada.
24. On the basis of the strength of the Calgary market and the current profitability of Calgary commercial radio stations, the Commission is of the view that the Calgary radio market can support the introduction of four new commercial radio stations to serve Calgary as well as a new radio station to provide local service to Airdrie without an undue negative impact on existing stations.

Commission's assessment of the applications and summary of its decisions

25. The Commission has evaluated each of the applications for broadcasting licences for new radio services for Calgary and for Airdrie in light of the criteria set out in paragraph 1 above, and has rendered decisions that approve the establishment of five new radio stations that are summarized below.
26. In *Alternative Rock FM radio station in Calgary*, Broadcasting Decision CRTC 2006-321, 2 August 2006 (Decision 2006-321), the application by Harvard for a broadcasting licence to operate a new English-language commercial FM radio station to serve Calgary at 92.9 MHz is **approved**. The new station will offer an Alternative Rock music format designed to appeal to listeners between 12 and 34 years of age, with a core audience of males between 12 and 24.
27. In *Folk/Acoustic Specialty FM radio station in Calgary*, Broadcasting Decision CRTC 2006-322, 2 August 2006 (Decision 2006-322), the application by Rawlco for a broadcasting licence to operate a new English-language commercial FM radio station to serve Calgary at 100.3 MHz is **approved**. The new station will operate in the Specialty format with a minimum of 30% of all musical selections aired during each broadcast week drawn from content subcategory 32 (Folk and folk-oriented). The format will be designed to appeal to listeners between 35 and 64 years of age, with a core audience of those between 45 and 64.
28. In *Adult Album Alternative FM radio station in Calgary*, Broadcasting Decision CRTC 2006-323, 2 August 2006 (Decision 2006-323), the application by Newcap for a broadcasting licence to operate a new English-language commercial FM radio station to serve Calgary is **approved in part**. The new station will offer a Triple A (Adult Album Alternative) music format targeted to an audience between 18 and 44 years of age, and of particular appeal to listeners from their early twenties to their mid-thirties. The applicant proposed to operate its station at 92.9 MHz, which was technically mutually exclusive with the frequency proposed in the application by Harvard. The Commission has denied Newcap's proposal to use frequency 92.9 MHz, but indicated that it is prepared to

authorize Newcap to operate its service at 90.3 MHz. The Commission has asked Newcap to notify it within three months of the date of this decision as to whether it is prepared to do so and, if not, to propose the use of another frequency.

29. In *Hot Adult Contemporary FM radio station in Calgary*, Broadcasting Decision CRTC 2006-324, 2 August 2006 (Decision 2006-324), the application by CHUM to operate a new English-language commercial FM radio station to serve Calgary is **approved in part**. The new station will offer a Hot Adult Contemporary music format designed to appeal to listeners between 25 and 44 years of age, with a core audience of women between 25 and 34. The licensee proposed to operate its station at 90.3 MHz. Considering the overall quality of the applications, the Commission is of the view that Newcap's proposed service would represent optimal use of the last remaining Class C frequency available in Calgary: 90.3 MHz. Accordingly, the Commission's approval is subject to CHUM filing an amendment to its application proposing the use of an acceptable alternative frequency within three months of the date of the decision. The Commission notes that there are drop-in frequencies available for use in Calgary.
30. In *Eclectic Adult Contemporary FM station in Airdrie and Cochrane*, Broadcasting Decision CRTC 2006-325, 2 August 2006 (Decision 2006-325), the application by Tiessen for a broadcasting licence to operate a new English-language commercial FM radio station in Airdrie at 106.1 MHz with a transmitter at Cochrane is **approved in part**. The new station will offer an Eclectic Adult Contemporary music format designed to appeal to listeners between 25 and 54 years of age. The applicant proposed to operate its transmitter in Cochrane at 99.1 MHz. However, the Commission awarded the use of frequency 99.1 MHz to the Canadian Broadcasting Corporation in *CBK Regina, CHFA and CBX Edmonton, CKSB St-Boniface and CBW Winnipeg, and CBR Calgary – Addition of FM transmitters*, Broadcasting Decision CRTC 2006-84, 16 March 2006. The Commission's approval is therefore subject to Tiessen filing an amendment to its application proposing the use of an acceptable alternative frequency for its transmitter in Cochrane within three months of the date of the decision.
31. The Commission is of the view that the decisions issued today, taken together, will increase programming diversity as well as the diversity of radio voices in the Calgary market, address competitive imbalance in that market, and provide significant new support for CTD and cultural diversity.
32. The Alternative Rock format offered by Harvard will provide additional musical diversity for youth and young adults, aged 12 to 34. The Harvard application was the only application in this proceeding targeting youth and young adults and the Commission notes that the hours tuned to radio by younger listeners have declined over the past few years. The Commission is of the view that the presence of an alternative rock station may prompt an additional number of young people to listen to radio, thereby increasing the tuning of younger Calgary listeners to commercial radio stations. The Commission further notes that the new Harvard station will provide significant exposure for Canadian artists in that the applicant has made a commitment to ensure that at least 40% of all musical selections from content category 2 (Popular Music) played both during each broadcast week and between 6 a.m. and 6 p.m. Monday through Friday are Canadian

selections. Harvard will devote \$4.025 million to CTD over seven consecutive broadcast years upon commencement of operations, including \$3.304 million to support local talent. Although not a CTD initiative, Harvard will also assist in the development of Aboriginal journalists by devoting \$119,000 over seven consecutive broadcast years upon commencement of operations to a news mentoring program in association with APTN. Harvard will also provide a new radio voice and increase competition in the Calgary radio market.

33. While the Harvard station will serve younger listeners, the new station operated by Rawlco, which will offer a folk and folk-oriented acoustic music format, will appeal to older listeners between 45 and 64. The Commission considers that the proposal by Rawlco will bring a higher level of diversity to the market than the proposals by Evanov, 1182743 Alberta, Calgary Independent and Pattison, which were also targeted to older listeners. Rawlco will be subject to conditions of licence requiring it to operate in the Specialty format and to ensure that a minimum of 30% of all musical selections broadcast during each broadcast week are from content subcategory 32 (Folk and folk-oriented), thereby ensuring that the station maintains its programming orientation. The Commission is of the view that Rawlco's commitments relating to the broadcast of Canadian music will provide unprecedented exposure for a large segment of Canadian artists that currently receive little or no airplay on commercial radio stations. These include a unique commitment to ensure that at least 40% of all musical selections broadcast during each broadcast week, including selections from both content categories 2 and 3 combined are Canadian. The applicant will also respect the minimum levels of Canadian selections from category 2 and from category 3, considered individually, that must be broadcast during each broadcast week that are set out in the Regulations. As well, a minimum of 35% of musical selections from category 2 and from category 3, considered individually, broadcast between 6 a.m. and 6 p.m. Monday through Friday will be Canadian selections. Rawlco will devote \$3.116 million to CTD over seven consecutive broadcast years upon commencement of operations, all of which will be spent locally to support Calgary-based artists working in the folk and acoustic music genres. Rawlco will also provide a new locally based radio voice and increase competition in the Calgary market.
34. The Triple A (Adult Album Alternative) format to be offered by Newcap will introduce a new commercial radio format to Canada, adding an important element of musical diversity to the Calgary radio market that will appeal to listeners between 18 and 44 years of age and may serve to repatriate to radio such listeners who now listen to alternative music from sources such as iPods. The Commission considers that the diversity inherent in the format will lead to on-air exposure for artists that receive little or no airplay by radio stations that offer more mainstream formats. As well, the Commission considers that this eclectic format, although targeted to a broad demographic group, will have a minimal impact on existing commercial radio stations offering more mainstream formats. The Commission further notes that the new Newcap station will provide significant exposure for Canadian artists in that the applicant has made a commitment to ensure that at least 40% of all musical selections from content category 2 (Popular Music) played both during each broadcast week and between 6 a.m. and 6 p.m. Monday to Friday are Canadian selections. Newcap will devote \$7 million to CTD over seven consecutive

broadcast years upon commencement of operations, including \$3.85 million to be spent locally. The Commission further notes that approval of the Newcap application will address a competitive imbalance in the Calgary market, given that Newcap currently competes as a standalone operator against Corus, Rogers and Standard, which all operate multiple stations.

35. The Hot Adult Contemporary format to be offered by CHUM will provide an additional choice for Calgary listeners aged 25 to 44, an age group that comprises approximately 50% of the city's population. The new station will devote a minimum of 35% of the musical selections aired both during the broadcast week and between 6 a.m. and 6 p.m. Monday to Friday to Canadian selections, as required under the Regulations. CHUM will also devote \$4.424 million to CTD over seven consecutive broadcast years upon commencement of operations, including \$1.403 million to local initiatives. In addition, CHUM has made a commitment to contribute \$645,000 annually, for a total of \$4.515 over seven consecutive years, to AVR to ensure the establishment and expansion of AVR's planned operations in Calgary and other parts of Western Canada. While CHUM's proposed funding for AVR will not contribute directly to the development of Canadian talent, it will contribute to the achievement of the objective set out in section 3(1)(d)(iii) of the Act which states that "the Canadian broadcasting system should, through its programming and the employment opportunities arising out of its operations, serve the needs and interests, and reflect the circumstances and aspirations of Canadian men, women and children, including ... *the special place of aboriginal peoples within that society* (emphasis added) ... ," as well as the objective set out in section 3(1)(o) of the Act which states that "programming that reflects the aboriginal cultures of Canada should be provided within the Canadian broadcasting system as resources become available for that purpose."
36. With respect to Airdrie, the Commission considers that Tiessen has presented the strongest proposal of the three applicants to provide a first local radio service. It is of the view that the proposed Eclectic Adult Contemporary format targeted to listeners between 25 and 54 years of age, which is the broadest demographic group proposed by the three applicants for Airdrie, will have wide appeal. The Commission further considers that Tiessen has presented a more comprehensive proposal with respect to local spoken word programming than either Newcap or Golden West. In this regard, Tiessen will broadcast a minimum of 26.5 hours of scripted spoken word programming during each broadcast week, including news and related surveillance material, the majority of which will relate to Airdrie, Cochrane and the surrounding area. Tiessen will contribute a total of \$13,000 to CTD over seven consecutive broadcast years upon commencement of operations, a commitment that the Commission considers satisfactory given that Tiessen will be a new entrant to the Canadian broadcasting system.
37. The Commission finds, for all of the reasons set out above and in Decisions 2006-321 to 2006-325 accompanying this public notice, that these applications best fulfil the criteria set out in paragraph 1 for evaluating competing applications for new radio stations. Therefore in *Denial of various applications proposing radio service for Calgary and Airdrie, Alberta*, Broadcasting Decision CRTC 2006-326, 2 August 2006 (Decision 2006-326), the Commission **denies** competing applications for broadcasting licences to

operate new radio stations in Calgary by Touch Canada, Evanov, 1182743 Alberta, Calgary Independent, Pattison and Sivia, as well as the applications for broadcasting licences to operate new radio stations in Airdrie by Golden West and Newcap.

38. Decision 2006-326 includes denials of two applications that proposed to offer programming that were more special interest in nature. Touch Canada proposed to offer a Gospel Music format complemented by religious spoken word programming. After carefully considering the application, the Commission is of the view that Touch Canada has not adequately addressed how it would comply with the provisions of the Commission's *Religious Broadcasting Policy*, Public Notice CRTC 1993-78, 3 June 1993, including how it would ensure that the proposed station would provide balanced religious programming. The Commission is also of the view that Touch Canada's proposed reliance on brokered religious programs to fulfil its commitments for spoken word programming calls into question the quality and quantity of programming reflecting the local community that the proposed station would provide.
39. Sivia proposed to offer an ethnic programming service. After carefully considering the applicant's business plan, the Commission is not convinced that the proposed station would be viable. It is also of the view that the applicant has not provided sufficient detail concerning the nature of the ethnic service that the station would provide.

Secretary General

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Dissenting opinion of Commissioner Helen Ray del Val

I have carefully considered the majority decision and agree with my colleagues' licensing decisions for Airdrie. With respect to Calgary, I respectfully dissent from part of the majority decision.

Several well qualified applicants presented excellent proposals at the Calgary hearing making the task of choosing amongst them difficult. For Calgary, five proposals stood out from the rest – those of the four successful applicants and that of Pattison. I agree with my colleagues' reasons for licensing Harvard, CHUM and Rawlco. As for Pattison and Newcap, my view is summarized as follows:

1) It would have been reasonable to conclude that the strength of the Calgary radio market could have supported five new stations in Calgary, namely those proposed by Harvard, CHUM, Rawlco, Pattison and Newcap. Licensing five new stations instead of only four would not have had an unduly negative impact on the incumbent stations because:

- (a) objective measures indicate that the Calgary radio market is exceedingly healthy;
- (b) it is unlikely that the PBIT margin of the incumbent Calgary stations would have been unduly eroded; and
- (c) it is unlikely that the impact on the revenues of the incumbent Calgary stations would have been unduly negative.

This is particularly so where Rawlco, one of the new entrants, is being licensed in the Specialty format and is expected to attract an audience share of only between 2% and 4%.

2) Assuming that the Calgary radio market could only sustain four new stations, Pattison should have been licensed instead of Newcap for the following reasons:

- (a) Even if the two applications were of equal quality, licensing Pattison would have capitalized on the opportunity created by the health of the Calgary market and the caliber of the competing applications. The conditions were ideal for introducing new radio voices and increasing competition. Approving Pattison would have added another new voice with the means to compete effectively as a standalone station in the Calgary market. By contrast, awarding a second station to the incumbent Newcap further consolidates ownership in a market where radio ownership is already concentrated and worsens the competitive imbalance for several standalone stations in that market.

(b) The quality of Pattison's application is at least as good as if not better than Newcap's.

A fuller explanation of the reasons for this dissent is set out below.

1) It would have been reasonable to conclude that the strength of the Calgary radio market could have supported five new stations in Calgary instead of only four:

(a) By several objective measures, the Calgary economy and radio market is one of the most robust in the country

According to the Conference Board of Canada's *Metropolitan Outlook*, Autumn 2005:

- annual growth from 2006 to 2009 in real gross domestic product is projected to average 3.6% for Calgary compared to 2.9% for the country;
- retail sales growth through 2006 is projected to be at 4.1% for Calgary compared to 3.2% for the country. Between 2006 and 2010, the Conference Board of Canada projects retail sales to grow in Calgary at the average annual rate of 5.1%;
- between 1994 and 2005, Calgary radio advertising revenues grew at an average annual rate of 8.3% (compared to the much lower overall retail sales growth rate).

In addition, based on the Commission's analysis of the 2005 annual financial returns of radio stations, the 2005 average PBIT margin of all Calgary radio stations was at 31.8%. This is well in excess of the 22.9% average PBIT margin of all English-language Canadian radio stations.

(b) Impact on PBIT margin is unlikely to be unduly negative

Assuming 2007 to be year one of the new stations' operations, the impact that adding the four successful applicants (CHUM, Harvard, Rawlco and Newcap) will likely have on the average PBIT margin of Calgary stations can be estimated based on:

- the projected revenues for the Calgary market beginning in 2007, and
- the portion of those total revenues expected to be generated by the said four successful applicants.

Using these parameters and the assumptions noted below, the average PBIT margin of all Calgary stations (including the four newly licensed stations) would exceed a healthy 29% in year one and 28% in year three if we were to assume cautiously that:

- revenue growth will only be 6.5% (well below the actual 8.3% rate);
- up to 60% of the advertising revenues of the new stations could be derived from the incumbent stations (despite the applicants' projections of a negative impact on incumbents ranging between 15% and 35%); and
- radio station expenses will grow at the 2005 Canada CPI rate of 3.3%.

If we assumed less pessimistically that up to 40% of the advertising revenues of the new stations could be derived from the incumbent stations rather than 60%, then the average PBIT margin of all Calgary stations including the four newly licensed ones would be approximately 31% for both year one and year three.

Even if Pattison were also licensed for Calgary, the average PBIT margin of all stations would not have been significantly eroded. Pattison's target audience is the 45-64 age group. It projects that in year one only 20% of its advertising revenues would be from incumbent stations. This is a supportable projection given that the Fall 2005 BBM radio audience surveys of the incumbent Calgary radio stations show that there is generally less reliance by these stations on the 45+ audience group. If, despite the BBM findings and Pattison's projections, we assume that the new stations would derive 40% of their advertising revenues from the incumbent stations and we further assume that expenses grew at 5% per annum (rather than the 2005 CPI rate of 3.3%), the average PBIT margin would still remain slightly above 30% in year one and in year three. Therefore, had Pattison also been licensed, the Calgary stations' average PBIT margin would likely remain about 30%, still well above the 22.9% average PBIT margin of all English radio stations across the country.

(c) Impact on revenues is unlikely to be unduly negative

In terms of impact on the incumbents' revenues, licensing both Rawlco and Pattison to serve the 45 + age group is unlikely to have an unduly negative impact on existing stations. Rawlco estimated that \$285,000, being 15% of its year one total revenue, would be derived from existing stations. Pattison projected that, of its total advertising revenue of just under \$1.4 million in year one, 20% or just under \$275,000 would be advertising from existing stations. Together, Pattison and Rawlco would have had a combined negative impact of \$560,000 on the existing stations' advertising revenues in year one. If Calgary's annual radio advertising revenues were to stagnate at the 2005 figure of \$77 million, the combined impact of \$560,000 would constitute less than 0.75% of such total. Any negative impact that these two new stations which target the 45+ audience may have on the incumbents' advertising revenues would most likely be small.

In summary, licensing five new stations being those proposed by Harvard, CHUM, Rawlco, Pattison and Newcap would still have left the Calgary radio stations with a very healthy PBIT margin on average. The market impact of licensing both Rawlco and Pattison to serve the underserved 45+ age group (on whom the incumbents have placed less reliance) would have been small. Therefore, a decision to introduce even more competition into a radio market as robust as Calgary's would have been defensible.

2) Assuming that the Calgary radio market could only sustain four new stations, Pattison should have been licensed instead of Newcap:

(a) Even if the respective applications of Pattison and Newcap were equal in quality, priority should have been accorded to adding new radio voices and competition in the Calgary radio market rather than to increasing consolidation

Ownership of Calgary's radio stations is already concentrated: 10 of Calgary's 13 incumbent stations are owned by only three owners. Addressing the competitive imbalance resulting from Newcap having to compete as a standalone operator against Corus, Rogers and Standard which operate multiple stations was a factor noted by the majority in granting the incumbent Newcap a licence to operate a second station in Calgary. The effort to improve the competitive balance among Newcap, Rogers, Standard and Corus exacerbates the competitive imbalance for the existing and newly licensed standalone stations. As amongst the four new licensees, it could also have the effect of placing the three new entrants licensed as standalone stations at a further disadvantage right from the outset.

In a vibrant market like Calgary's, consolidation of ownership to address competitive imbalance should not be considered more important than increasing competition where: (i) There is another proposal from a new radio voice that is at least equal in quality to that from an incumbent and only one or the other (but not both) can be licensed; (ii) There is already considerable ownership concentration; and (iii) The effect of addressing competitive imbalance is to help one incumbent but hinder several operators of standalone stations.

(b) The quality of Pattison's application is at least as good as if not better than Newcap's

i. Financial contributions

(A) Canadian Talent Development (CTD)

Pattison's proposed contribution to CTD totaled \$5.6 million over seven consecutive broadcast years upon commencement of operations. Its CTD initiatives included a number of programs focused on developing Canadian talent in the Calgary and Alberta regions. Its "Silk Series" recording project (accounting for \$1.19 million) would have been for the benefit of southern Alberta

musicians and artists. The Silk Series (Road Version) (\$350,000) would have funded free concerts to be held in Calgary and surrounding areas featuring the musicians and artists who participated in the Silk Series recording project. \$210,000 would have been allocated to the Calgary Philharmonic Orchestra and \$350,000 to the Alberta Recording Industry Association. The remaining \$3.5 million of Pattison's proposed CTD contribution would have funded an initiative called the "Save the Music Foundation".

The purpose of the \$3.5 million "Save the Music Foundation" fund was to revitalize, promote and support music programs in public schools throughout Alberta and British Columbia. Perhaps the essence of the "Save the Music Foundation" is best summarized by intervenor Mr. Willie Connell, a music educator for 35 years. The following are excerpts from what he had to say in his oral remarks at the public hearing about the initiative:

“ . . . This foundation, which will develop Canadian talent, goes far and beyond that . . . If you are serious about developing Canadian talent long term, you must get to the grassroots. You must get to music programs. You must get to the kids. . . .

The point I would like to stress is how encompassing this foundation will be. The foundation has the potential of working with 300,000 music students. If you want to develop Canadian talent, I can think of no better way to do it than working with 300,000 music kids . . . As the pool of music students grows, so too will the volume of Canadian talent.

. . . It is a documented fact that music students listen to music 50 percent more than non-music students. Not only do they listen to more music, they listen to a greater variety of music. It is these music students that will listen to the radio more than anyone else. . . . Finally, it is important to note music students listen to music for life. . .

. . . I have been in music all my life. I have seen initiatives come and go. I have never seen an initiative like this. . .”

Pattison's proposed \$3.5 million "Save the Music Foundation" program is unique in that it would have provided substantial funding to a very broad base of emerging Canadian talent at the entry level. Not only would it have developed Canadian talent, it would have also built the audience who would listen to that talent on radio.

The radio industry has repeatedly voiced its concern that Canadian youths no longer listen to radio. Yet, commercial radio “stations tend to concentrate on providing programming to only those age brackets and social demographic groups that are most attractive to advertisers.”¹ The fact that out of 12 proposals for non-ethnic commercial radio stations to serve Calgary and Airdrie, only one applicant, Harvard, chose to include the 12 to 18 age group as its target audience is a good example of this tendency. Pattison’s “Save the Music Foundation” is an effort that demonstrates the applicant’s initiative to address a concern of its own industry.

Compared to the CTD proposals of the four successful applicants for Calgary, Pattison’s is qualitatively at least equal, if not better. Pattison’s CTD proposal is more innovative and its benefits more far-reaching.

(B) Other tangible benefits

Pattison’s non-CTD financial contributions would have totaled \$1.4 million over its seven year licence term. \$700,000 would have been allocated to Canadian Women in Communications, half of which would have been contributed to the Radio Career Accelerator Program for women. The other half would have funded the launch of a new Radio Career Accelerator Program designed to assist the careers of visible minorities, Aboriginal persons and persons with disabilities. Another \$700,000 would have been committed to two initiatives: One for a strategic alliance between the Alberta Métis Association and the Southern Alberta Institute of Technology (SAIT) for the development of two continuing education programs and the other for a new program called the Broadcast Leadership Bootcamp at the SAIT.

Pattison’s combined CTD and non-CTD financial contributions would, therefore, have totaled \$7 million over its seven year licence term. Three of the four successful applicants for the Calgary radio market, CHUM, Harvard and Rawlco, also committed to make CTD and additional non-CTD financial contributions. Compared quantitatively to the total proposed financial contributions of the four successful Calgary applicants, Pattison’s at \$7 million is less than only CHUM’s whose total proposed contribution is almost \$9 million over its seven year licence term. While Newcap did not commit to any non-CTD contributions, its proposed CTD contribution of \$7 million over its seven year licence term is equal to Pattison’s total financial contributions.

¹ *Review of the Commercial Radio Policy*, Broadcasting Notice of Public Hearing CRTC 2006-1, 13 January 2006, amended by Broadcasting Notice of Public Hearing CRTC 2006-1-1, 23 February 2006, amended by Broadcasting Notice of Public Hearing CRTC 2006-1-2, 24 April 2006, Paragraph 95.

The foregoing features of Pattison's total financial benefits proposal place it amongst the best of those heard in Calgary. It would easily rank within the top four.

ii. Underserved market

Pattison proposed a Soft Vocal music format with an emphasis on music mainly from the 60s and 70s aimed at the 35-64 demographic group with the 45-54 age group as its core target.

According to Fall 2005 BBM data, radio audience surveys of the current format offerings by Calgary's incumbent radio stations indicate that no apparent format holes exist and that:

- the 25 to 44 year-old segment is particularly well served,
- the under 25 and over 44 age groups are less well served, and
- the 45+ group is less served than the 18 to 24 group.

Three of the four new licensees in Calgary, CHUM, Newcap, and Harvard all have as their core target audience the under 40 age groups. While Rawlco's core target audience is the 45-64 age group, it will offer a Specialty format expected to attract a small audience share of only between 2% and 4%.

Therefore, licensing Harvard, CHUM, Newcap and Rawlco in Calgary is unlikely to significantly increase radio listening by the 45-64 audience age group. Adding Pattison's proposed station would have created a better complement of radio services for the older demographic groups in Calgary.

iii. Format

The majority considered that Newcap's Triple A format would add music diversity to the Calgary market. It is difficult to rationalize why bolstering music diversity would be more important than increasing services for the less served when:

- only Rawlco's niche service will be added for the less served 45-64 age group while three new stations will be introduced for the under 40 audience,
- CHUM (with a core target audience of 25 to 34) and Newcap (with a core target audience of 20 to 35) will provide two more services for a group who, in large part, is already well served;
- Harvard and Rawlco will introduce new formats to the Calgary market and thus increase the level of musical diversity.

Under the circumstances, it is debatable whether the need is greater for more musical diversity in the services targeting the well served than that for simply more services for the underserved.

iv. Local programming and spoken word

Pattison's proposed local and spoken word programming is detailed and well developed. Its 14 hours and 13 minutes per broadcast week of scripted spoken word programming would have comprised:

- 87 newscasts totaling 5 hours and 13 minutes of news with an emphasis on local and regional stories,
- 3.5 hours of magazine style current affairs,
- 2.5 hours of general arts and entertainment programming, and
- 3 hours of open-line general interest programming.

Pattison also proposed to broadcast the following locally produced specialty music programs each broadcast week, including:

- 1 hour with Calgary celebrity Eric Friedenberg inviting local music artists to share their work and discuss their influences,
- a 2 hour new releases program, and
- a 2 hour program featuring local artists recorded live (part of station produced CTD initiative).

In addition to the scripted spoken word programming, Pattison proposed an additional 6 hours per broadcast week of non-scripted interstitial and surveillance material.

Pattison further committed that all of its programming would be live-to-air with no voice tracking during the regular broadcast week.

The four successful applicants' respective spoken word programming proposed consisted of:

- CHUM - 7 hours and 15 minutes of scripted spoken word each broadcast week with an unspecified amount of non-scripted interstitial talk and DJ banter,
- Newcap - 9 hours of scripted spoken word with an additional 6.5 hours of non-scripted talk including DJ banter, local events and community information,
- Rawlco - 16 hours each broadcast week of scripted spoken word programming and an unspecified amount of non-scripted interstitial segments, DJ talk, and
- Harvard - approximately 8.5 hours each broadcast week of confirmed scripted spoken word with an unspecified level of non-scripted DJ talk.

Pattison's local programming and spoken word proposals, with 14 hours and 13 minutes each broadcast week of scripted spoken word, are again more substantial than most of those of the new licensees for Calgary.

Conclusion

Calgary's economy is amongst the strongest in the country, and its radio stations have enjoyed some of the highest PBIT margins for English radio. Under the circumstances, licensing all of Harvard, CHUM, Rawlco, Pattison and Newcap would not have been unreasonable nor would it have resulted in undue negative impact on the incumbent stations.

Pattison should have been licensed instead of Newcap if the Calgary radio market were judged capable of supporting only four new stations. Pattison's application, on its own merits, should have placed it amongst the top four proposals. Even if Pattison's application were only equal in quality to Newcap's, priority should have been given to increasing competition in a radio market such as Calgary's where there was already significant concentration of ownership and conditions were optimal for adding new radio voices. Mr. Cowie of Harvard, in his oral remarks at the public hearing said it best, ". . . where else could a stand-alone survive if not in what is arguably the healthiest radio market in Canada . . ."