



## Broadcasting Notice of Consultation CRTC 2011-398

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Ottawa, 30 June 2011

### Call for applications – Radio stations to serve Calgary, Alberta

1. The Commission announces that it has received an application by Harvard Broadcasting Inc. for a broadcasting licence to operate a commercial radio service for Calgary, Alberta. The Commission hereby calls for applications from other parties wishing to obtain a radio licence (or licences) to serve this area.
2. Persons interested in responding to this call must submit a duly completed application to the Commission no later than **28 September 2011**, using the appropriate application form for a licence to operate a new radio station which can be found at [http://www.crtc.gc.ca/eng/forms/form\\_201.htm](http://www.crtc.gc.ca/eng/forms/form_201.htm). Applicants are also required to submit all necessary technical documentation to the Department of Industry (the Department) by the same date.
3. It should be noted that in issuing this call, the Commission has not reached any conclusion in regard to the licensing of any service at this time.
4. Applicants will be required to provide evidence giving clear indication that there is demand and a market for the station and the proposed service.

### Factors for evaluation of applications

5. In assessing applications for new commercial radio services in a market, the Commission will consider the following factors, which were first set out in *Introductory Statement – Licensing of new radio stations*, Decision CRTC 1999-480, 28 October 1999.

### Quality of the application

6. In its analysis, the Commission will evaluate the applicant's programming proposal and commitments in a number of areas. These will include the manner in which the applicant will reflect the local community, including the community's diversity and distinct nature. Accordingly, the Commission will consider commitments related to local programming and the benefits that such programming will bring to the community.
7. The Commission will also consider commitments regarding the percentage of Canadian content of musical selections, contributions to Canadian content development, and, where applicable, the percentage of French-language vocal music.
8. The Commission does not regulate the format of AM or FM stations that base their programming on popular music. The Commission will, however, assess the

applicant's business plan in light of the proposed format since the two are interrelated. The business plan should clearly demonstrate the applicant's ability to fulfill its proposed programming plans and commitments. Further, the Commission will examine the programming proposals submitted by the applicants to determine which overall proposal best suits the market.

#### **Diversity of news voices in the market**

9. This factor relates to concerns regarding concentration of ownership and cross media ownership. The Commission has stated that it seeks to strike a balance between its concerns for preserving a diversity of news voices in a market and the benefits of permitting increased consolidation of ownership within the radio industry.
10. The Commission will therefore assess how approval of the application would add to or serve to maintain the diversity of voices available in the market, and how approval of the application would increase the diversity of programming available to listeners.

#### **Market impact**

11. The possibility that licensing too many stations in a market could lead to a reduction in the quality of service to the local community remains of concern to the Commission. The economic condition of the market and the likely financial impact of the proposed station on existing stations in the market will therefore be relevant.
12. The Commission will therefore evaluate how the proposed station's programming, general and core target audience, and projected audience share overlap stations already present in the market. While the Commission may also consider the profitability of existing station groups in the market in its assessment of the proposed station on existing ones, this will be only one factor in its evaluation.

#### **Competitive state of the market**

13. In markets with fewer than eight commercial stations operating in a given language, the Commission's common ownership policy permits a person to own a maximum of three stations, with a maximum of two in any one frequency band. In markets with eight commercial stations or more, a person may own a maximum of two FM and two AM stations in any given language. The concentration of ownership resulting from this policy may increase the possibility of competitive imbalance in a radio market.
14. The Commission will therefore consider factors such as the number of radio stations that an applicant already owns in the market, the profitability of its station(s) and the concentration of ownership in that market, in making its licensing decision.

#### **Importance of factors**

15. The relative importance of each of the factors set out above will vary in each case, depending on the specific circumstances of the market.

## Financial summary for Calgary

16. For the convenience of interested parties, the financial summary for the Calgary radio market is attached to this notice of consultation.

## Technical approval from the Department of Industry

17. The Commission intends to consider the applications at a public hearing. However, the Commission advises applicants that it **will** withdraw any application from the public hearing if it is not advised by the Department, **at least twenty days prior to the first day of the hearing**, that the application is technically acceptable. The Commission must also be advised by the Department, **at least twenty days prior to the first day of the hearing**, that any alternative frequencies proposed by the applicant are technically acceptable. Otherwise, those frequencies shall not be considered as part of the proceeding.

## Eligibility of applicant

18. The Commission also reminds applicants that they must comply with the eligibility requirements set out in the *Direction to the CRTC (Ineligibility of Non-Canadians)*, and the *Direction to the CRTC (Ineligibility to Hold Broadcasting Licences)*.

## Update of application

19. Harvard Broadcasting Inc. will be given the opportunity to update its application and to provide the essential information set out below within the same period provided for the submission of applications by other parties.

## Essential information that applicants must provide

20. To assist the Commission in its assessment of applications, each applicant is required to provide all the information requested in the appendices to this document for the type of service that it proposes to operate. An applicant must clearly demonstrate that its application includes the required information and submit the appropriate completed application. Requests for information by Commission staff will seek to clarify specific facts or to resolve minor discrepancies in the applicants' proposals.
21. **The Commission will return any application that fails to provide the required information, and that application will not be considered as part of this process.**
22. At a later date, the Commission will announce the public process for considering applications and how the applications may be examined by the public. As part of that process, the public will be given the opportunity to comment on any application by submitting written interventions to the Commission.
23. Notice of each application will also be published in newspapers of general circulation within the area to be served.

24. Applications filed in response to this call must be submitted in electronic form using Access Key. For instructions on how to file applications using Access Key, consult the Commission website at [http://www.crtc.gc.ca/eng/forms/form\\_201.htm](http://www.crtc.gc.ca/eng/forms/form_201.htm). Applicants who are unable to file their applications using Access Key should contact the Commission's single point of contact for small undertakings at 1-866-781-1911.
25. The new Canadian Radio-Television and Telecommunications Commission Rules of Practice and Procedure (the Rules of Procedure) set out, among other things, the rules for filing, content, format of applications, as well as the procedure for filing confidential information and requesting its disclosure. Accordingly, the procedure set out in the notice of consultation announcing the public hearing must be read in conjunction with the Rules of Procedure and its accompanying documents, which can be found on the Commission's website under "CRTC Rules of Practice and Procedure."

Secretary General

# Appendix 1 to Broadcasting Notice of Consultation CRTC 2011-398

## Requirements for new commercial radio licences

The Commission requires applicants to provide the information set out below.

### Programming information

#### Musical content

- Canadian content commitments for category 2 music, as well as for category 3 music, if applicable
- Percentage of category 3 music, if applicable
- Percentage of French-language vocal music, if applicable
- Commitments with respect to the broadcast of emerging artists as defined by the Commission in *Definition of emerging Canadian artists on commercial radio*, Broadcasting Regulatory Policy CRTC 2011-316, 12 May 2011

#### Contributions to Canadian content development

- Canadian content development (CCD) proposals, including proposals over and above the regulated minimum annual requirements
- Demonstration of the eligibility of each initiative proposed, as discussed in paragraphs 106 to 112 of the *Commercial Radio Policy*, Broadcasting Public Notice CRTC 2006-158, 15 December 2006 (the Commercial Radio Policy)

#### Local programming

- Local programming commitments, including the level of spoken word material of direct and particular relevance to the community
- A description of how the proposed service would meet the particular needs and interests of its local community. The Commission refers applicants to paragraphs 206 and 207 of the Commercial Radio Policy, which provides a detailed definition of local programming.

In addition, applicants for new ethnic commercial radio licences should provide the following information so that the application can be evaluated according to *Ethnic Broadcasting Policy*, Public Notice CRTC 1999-117, 16 July 1999:

- Amount of ethnic programming (as a percentage of total weekly programming)

- Amount of third-language programming (as a percentage of total weekly programming)
- How the station will meet the broad service requirement, including an indication of the minimum number of groups to be served and the number of languages in which programming will be broadcast
- Canadian content commitments for ethnic programming periods

#### **Commitments as conditions of licence**

Applicants are required to provide their views on the possibility of the Commission imposing any or all of the above commitments as conditions of licence.

#### **Technical information**

Applicants are required to provide the following information:

- the technical parameters and appendices identified in the application form for each of the frequencies that the applicant is requesting that the Commission consider; and
- proof that technical documents have been submitted for consideration by the Department of Industry for each of the frequencies that the applicant is requesting that the Commission consider.

#### **Financial information**

Applicants must provide an overall business plan that includes the following information:

- the proposed format as well as the general and core target audiences;
- projected revenues and allocation of expenses, particularly with respect to programming and marketing;
- projected audience share to support the projected business plan;
- any operational efficiencies with existing stations, where applicable;
- an analysis of the markets involved and potential advertising revenues, taking into account the results of any survey undertaken supporting the estimates;
- an assessment of the impact of the proposed service on the revenues and audience share of existing stations in the market;
- where the applicant has identified alternative frequencies, the impact of their use on its business plan;

- any market study that was commissioned;
- evidence as to the availability of financial resources consistent with the requirements established in the financial projections of the applicant's business plan. For the convenience of applicants, the Commission has made available a document entitled [Commission policy regarding documentary evidence to confirm the availability of financing.](#)

## **Appendix 2 to Broadcasting Notice of Consultation CRTC 2011-398**

### **Requirements for new community or campus radio licences**

Applicants should provide the information set out below so that the Commission may evaluate the application in light of the *Campus and community radio policy*, Broadcasting Regulatory Policy CRTC 2010-499, 22 July 2010.

#### **Community support**

- Submissions on the need for a community or campus radio station in the market to be served, including any evidence of community support for the proposed station
- A description of the communities that the station will serve
- Clear plans with regard to community involvement (and student/campus involvement as applicable) in all aspects of the proposed station's operations including its board of directors, management, programming and other station activities

#### **Programming information**

##### **Musical content**

- Canadian content commitments for category 2 music, as well as for category 3 music, if applicable
- Percentage of category 3 music, if applicable
- Percentage of French-language vocal music, if applicable
- Commitments with respect to the broadcast of local and emerging Canadian artists and opportunities for other new and local talent. The definition of an emerging artist can be found in *Definition of emerging Canadian artists on commercial radio*, Broadcasting Regulatory Policy CRTC 2011-316, 12 May 2011.

##### **Local programming**

- Clear plans for the reflection of the needs and interests of the communities to be served. Such plans should include measures that the station will take to include community input and membership to ensure that the station will broadcast a diversity of opinions and programming content.
- Clear plans, including description of programs, for the broadcast of locally relevant spoken word programming including news, public affairs and other programs that have a specific local focus

- Clear plans for the involvement of volunteers and the training and supervision of these volunteers, particularly in the area of programming

In addition, applicants for new community stations that intend to devote at least 60% of their programming to ethnic programming and at least 50% of their programming to third-language programming should provide the information set out below so that the Commission can evaluate the application according to *Ethnic Broadcasting Policy*, Public Notice CRTC 1999-117, 16 July 1999.

- Amount of ethnic programming (as a percentage of the total weekly programming)
- Amount of third-language programming (as a percentage of total weekly programming)
- How the station will meet the broad service requirement, including an indication of the minimum number of groups to be served and the minimum number of languages in which programming will be provided
- Canadian content commitments for ethnic programming periods

#### **Commitments as conditions of licence**

Applicants are required to provide their views on the possibility of the Commission imposing any or all of the above commitments as conditions of licence.

#### **Technical information**

Applicants are required to provide the following information:

- the technical parameters and appendices identified in the application form for each of the frequencies that the applicant is requesting that the Commission consider; and
- proof that technical documents have been submitted for consideration by the Department of Industry for each of the frequencies that the applicant is requesting that the Commission consider.

#### **Financial information**

Applicants must provide:

- projected revenues and allocation of expenses, particularly with respect to programming and marketing;
- potential sources of revenue (including advertising and all sources of grants and other contributions) to justify the revenue projections made in the application;

- where an applicant has identified alternative frequencies, the impact of their use on the communities it intends to serve; and
- any market study that was commissioned.

## **Appendix 3 to Broadcasting Notice of Consultation CRTC 2011-398**

### **Application for a native Type B service**

Applicants should provide the information set out below so that the Commission may evaluate the application in light of the *Native Broadcasting Policy*, Public Notice CRTC 1990-89, 20 September 1990.

#### **Native community support**

- Submissions on the need for a native radio station in the market to be served, including evidence of community support for the proposed station
- A description of the communities that the station will serve

#### **Programming information**

##### **Musical content**

- Canadian content commitments for category 2 music, as well as for category 3 music, if applicable
- Percentage of category 3 music, if applicable
- Percentage of French-language vocal music, if applicable

##### **Aboriginal talent development**

- Percentage of music that will be performed or composed by Aboriginals

##### **Programming orientation**

- Local programming commitments, including the amount of spoken word material of direct and particular relevance to the community
- Language(s) of Aboriginal Canadians to be offered and the amount of programming in each language expressed in hours per week
- A description of how the proposed service would address the specific needs and concerns of the Aboriginal population in its proposed service area as well as the efforts the station will make to strengthen culture and preserve Aboriginal ancestral languages

##### **Commitments as conditions of licence**

Applicants are required to provide their views on the possibility of the Commission imposing any or all of the above commitments as conditions of licence.

## **Technical information**

Applicants are required to provide the following information:

- the technical parameters and appendices identified in the application form for each of the frequencies that the applicant is requesting that the Commission consider; and
- proof that technical documents have been submitted for consideration by the Department of Industry for each of the frequencies that the applicant is requesting that the Commission consider.

## **Financial information**

Applicants must provide:

- projected revenues and allocation of expenses, particularly with respect to programming and marketing;
- potential sources of revenue (including advertising and all sources of grants and other contributions) to justify the revenue projections made in the application;
- where an applicant identified alternative frequencies, the impact of their use on the communities it intends to serve; and
- and any market study that was commissioned.

**CRTC - FINANCIAL SUMMARY - RADIO**

**Calgary Market**

	2006	2007		2008		2009		2010		CAGR* (%)
<b>Reporting Units</b>	13	16		17		17		17		
<b>Revenue (\$)</b>			Var %		Var %		Var %		Var %	<b>5 years</b>
Local Time Sales	61 372 709	69 370 250	13.03	78 040 072	12.5	68 617 805	-12.07	65 608 302	-4.39	1.7
National Time Sales	19 924 634	21 335 604	7.08	22 460 956	5.27	20 497 948	-8.74	20 795 989	1.45	1.1
Network Payments				0		0	n/a	0	n/a	n/a
Infomercials										n/a
Syndication-Production	231 140	122 572	-46.97	80 955	-33.95	90 732	12.08	76 103	-16.12	-24.3
Government Grants								0		n/a
Other Revenue	510 348	1 231 796	141.4	1 654 575	34.32	1 839 296	11.16	1 400 085	-23.88	
<b>Total Revenue</b>	<b>82 038 831</b>	<b>92 060 222</b>	<b>12.22</b>	<b>102 236 558</b>	<b>11.05</b>	<b>91 045 781</b>	<b>-10.95</b>	<b>87 880 479</b>	<b>-3.48</b>	<b>1.7</b>
<b>Expenses (\$)</b>										
Program	18 544 383	21 802 245	17.57	27 023 230	23.95	27 952 656	3.44	28 622 311	2.4	11.5
Technical	1 652 381	1 952 024	18.13	2 785 840	42.72	2 799 398	0.49	2 615 690	-6.56	12.2
Sales and Promotion	19 596 783	21 605 504	10.25	26 172 106	21.14	24 081 415	-7.99	22 588 446	-6.2	3.6
Administration and General	13 378 913	18 002 260	34.56	17 415 033	-3.26	14 790 969	-15.07	14 408 499	-2.59	1.9
<b>Total Expenses</b>	<b>53 172 460</b>	<b>63 362 033</b>	<b>19.16</b>	<b>73 396 209</b>	<b>15.84</b>	<b>69 624 438</b>	<b>-5.14</b>	<b>68 234 946</b>	<b>-2</b>	<b>6.4</b>
Operating Income	28 866 371	28 698 189		28 840 349		21 421 343		19 645 533		
Depreciation	1 695 912	1 950 633	15.02	2 092 191	7.26	2 481 227	18.59	2 141 333	-13.7	6
<b>PBIT**</b>	<b>27 170 459</b>	<b>26 747 556</b>		<b>26 748 158</b>		<b>18 940 116</b>		<b>17 504 200</b>		
Interest Expense	853 614	1 240 204	45.29	740 362	-40.3	886 555	19.75	789 409	-10.96	
Adjustments Gain (Loss)	2 353 189	1 000 998	-57.46	-883 499	-188.3	-971 444	9.95	-44 065 968	>999±	
<b>Pre-tax Profit</b>	<b>28 670 034</b>	<b>26 508 350</b>		<b>25 124 297</b>		<b>17 082 117</b>		<b>-27 351 177</b>		
<b>Programming (%)</b>										
Prog Expense/Expense Total	34.9	34.4		36.8		40.1		41.9		
Prog Expense/Revenue Total	22.6	23.7		26.4		30.7		32.6		
<b>Staff</b>										
Total Salaries	25 930 236	31 046 935	19.73	36 831 974	18.63	35 982 858	-2.31	33 952 391	-5.64	7
Average Staff Count	343.7	415.3	20.82	451.5	8.72	442.5	-2	422.4	-4.54	
Average Salary (\$)	75 440	74 763	-0.9	81 577	9.11	81 319	-0.32	80 376	-1.16	1.6
Salaries/Expense Total (%)	48.8	49		50.2		51.7		49.8		

	2006	2007		2008		2009		2010		CAGR* (%)
<b>Profitability (%)</b>										
Operating Margin	35.2	31.2		28.2		23.5		22.4		
PBIT Margin	33.1	29.1		26.2		20.8		19.9		
Pre-tax Margin	34.9	28.8		24.6		18.8		-31.1		
*CAGR = Compound Annual Growth Rate										
**PBIT = Profit before interest and taxes										