



Broadcasting Decision CRTC 2004-133

Ottawa, 5 April 2004

CHUM Limited/Milestone Media Broadcasting Ltd., partners in a partnership to be established Edmonton, Alberta

*Application 2002-0706-0
Public Hearing at Edmonton
18 June 2003*

Urban FM radio station in Edmonton

*In this decision, the Commission **approves** the application by CHUM Limited/Milestone Media Broadcasting Ltd., partners in a partnership to be established (CHUM/Milestone), for a new English-language FM radio station in Edmonton at 91.7 MHz. The new station will operate in an Urban musical format, targeted to an audience aged 15 to 39.*

The application by CHUM/Milestone is one of four applications approved today for broadcasting licences to carry on new FM radio stations to serve Edmonton. The Commission heard these and other applications proposing new Edmonton FM radio stations at the 18 June 2003 Edmonton Public Hearing. In Introduction to Broadcasting Decisions CRTC 2004-133 to 2004-137 – Licensing of new FM radio stations to serve Edmonton, Broadcasting Public Notice CRTC 2004-23, 5 April 2004, the Commission reviews the factors relevant to the evaluation of competing radio applications and discusses those factors leading to its determinations regarding the competitive state of that market and its ability to absorb the competitive impact that would be generated by the introduction of new radio services, without affecting unduly the ability of existing services to fulfill their programming responsibilities. The Commission's reasons for its approval of CHUM/Milestone's application, as set out in the present decision, are based on the Commission's assessment of the overall quality of the applicant's programming plans and commitments, and of the contribution that the proposed service will make to the programming diversity available to Edmonton radio listeners.

Introduction

1. The Commission received an application by CHUM Limited/Milestone Media Broadcasting Ltd., partners in a partnership to be established (CHUM/Milestone) for a broadcasting licence to operate an English-language FM radio programming undertaking in Edmonton at 91.7 MHz (channel 219C1) with an effective radiated power of 100,000 watts.

2. The Commission considered this application at a public hearing held in Edmonton that commenced 18 June 2003. At the hearing, the Commission heard eight other applications, including seven other proposals for conventional, commercial, English-language FM stations to serve Edmonton, and one proposal for a new Edmonton Native Type B FM radio programming undertaking.
3. The criteria used by the Commission to evaluate the eight applications for conventional, commercial, English-language FM stations considered at the public hearing are set out in *Introduction to Broadcasting Decisions CRTC 2004-133 to 2004-137 – Licensing of new FM radio stations to serve Edmonton*, Broadcasting Public Notice CRTC 2004-23, (Public Notice 2004-23), published today. In Public Notice 2004-23, the Commission also announces that it has approved four applications for new Edmonton radio stations, including the application approved herein. This decision addresses the particulars of the application by CHUM/Milestone.

Ownership

4. CHUM Limited (CHUM) is one of Canada's largest radio broadcasting groups. It is a public company controlled by Allan F. Waters of Toronto. Milestone Media Broadcasting Ltd. (Milestone) holds a 67% voting interest in Milestone Radio Inc., licensee of CFXJ-FM (Flow FM) Toronto, which offers an Urban music format. CHUM and Milestone hold ownership positions of 51% and 49% respectively in CHUM/Milestone.

Interventions

5. The Commission received 819 interventions in support of this application. The Commission also received one intervention in opposition to the proposed new station, and one intervention offering general comments submitted by Standard Radio Inc. (Standard).
6. The intervention in opposition was submitted by Dale Crawford, who expressed the view that the Edmonton radio market already provided an abundance of Rock and Top 40 music formats, but lacked diversity for adults over the age of 50.
7. Standard stated that the Edmonton radio market is already well served. It recommended that, if the Commission were to license a new service, that service should add to the diversity of the programming in the market.

Evaluating the application

8. In its assessment of applications for new commercial radio stations, the Commission takes into account four main factors or bases of comparison that it has identified as being relevant. While the relative importance of the factors will vary depending on the specific circumstances of the market, these factors are:

- quality of the application;
 - diversity of news voices in the market;
 - competitive state of the market; and
 - likely impact of a new entrant or entrants.¹
9. In Public Notice 2004-23, the Commission noted that there is already a considerable diversity of news voices in the market, since Edmonton residents have ready access to a very large number of news voices. The Commission notes that approval of this application will add to this diversity.
10. With respect to the competitive state of the market and the likely impact of a new entrant or entrants, in Public Notice 2004-23, the Commission concluded that the Edmonton radio market would be able to absorb the introduction of the Native Type B FM service proposed by Aboriginal Voices Radio Inc., in addition to as many as three new commercial, music-based FM radio services, without affecting unduly the ability of existing services to meet their programming responsibilities.
11. As noted in Public Notice 2004-23, the above determinations leave the quality of each of the applications as the one remaining factor to be examined by the Commission in its deliberations concerning the Edmonton commercial FM applications.

Quality of the application

12. The Commission generally assesses the quality of applications for licences to operate new radio programming undertakings by examining the following:
- local programming proposals and plans for providing reflection of the local community;
 - Canadian content commitments;
 - quality of the business plan, including the proposed station format; and
 - commitments in support of the development of Canadian talent.

Local programming and local reflection

13. CHUM/Milestone indicated that it would provide a local programming service that would be community-centred and community-driven. The applicant further indicated that at least 3 hours 10 minutes of news would be broadcast each week, with five-minute newscasts scheduled each hour during weekday morning and afternoon rush hours.
14. Examples of spoken word programming on the proposed station would include *The Weekend News Roundup*, a 15-minute review of the week's top news stories, *Sunday Morning*, a one-hour weekly open-line show presenting expert advice and opinion on issues of the day of particular interest to younger people, and *Sports Rap*, a one-hour

¹ The relevance of these four factors was highlighted by the Commission in *Introductory statement – Licensing new radio stations*, which appeared in Decisions CRTC 99-480, 99-481 and 99-482, all dated 28 October 1999.

program featuring local and international sports-related information. The plans for the proposed station also include the broadcast of mini-features throughout the day offering information on urban music and musicians.

15. The news, information, other spoken word and specialty programming would directly address concerns and issues in the local community and would offer members of the community significant new opportunities to present their ideas and express their views. The applicant also indicated that it would establish a Local Advisory Board to ensure that leading members of the community would have direct and effective input into programming policies and plans.
16. The Commission is satisfied that CHUM/Milestone's proposals for the use of spoken word programming are sufficient for the reflection of the local needs of the Edmonton audience and that its planned spoken word and specialty programs are appropriate to meet the needs of the target audience of the proposed station.

Canadian content

17. Section 2.2 of the *Radio Regulations, 1986* (the Radio Regulations) requires that, on a weekly basis, a minimum of 35% of all category 2 musical selections broadcast be Canadian selections. As part of its application, CHUM/Milestone made a commitment to ensure, by condition of licence, that at least 40% of all category 2 musical selections broadcast would be Canadian, both over the broadcast week and during the period 6:00 a.m. to 6:00 p.m. on weekdays.
18. The Commission notes that the proposed level of Canadian content exceeds the minimum regulatory requirement, and would therefore provide enhanced exposure for Canadian music. A **condition of licence** requiring the applicant to adhere to this commitment is contained in the appendix to this decision.

Business plan and format

19. The applicant indicated that the proposed new station would operate in an Urban music format, which is a format that Milestone has experience providing in Toronto. CHUM/Milestone stated that its proposed station, targeted to persons 15 to 39 years of age, would appeal to those younger people who prefer urban music and who have an interest in the events, issues and cultural context that underlies the development of this type of music. The applicant indicated that the proposed station would primarily feature the musical genres of Rhythm and Blues, Hip-Hop and Reggae.
20. Research undertaken by the applicant indicated that there is a significant demand for a radio format based on Urban music in Edmonton, with that style of music being among the most popular genres with people 15-29 years of age. CHUM/Milestone's research also showed that a significant proportion of the age group 15-39 are dissatisfied with the current radio programming choices in Edmonton, and that almost 40% of that age group would find an Urban music radio station to be attractive.

21. The Commission considers that CHUM/Milestone has provided evidence of demand for its proposal and has set out a satisfactory business plan based on the provision of a musical format that is not currently available in the Edmonton radio market.

Canadian talent development

22. Under the Canadian talent development (CTD) funding plan instituted by the Canadian Association of Broadcasters (CAB), licensees adhering to the plan and serving markets the size of Edmonton are required to contribute a minimum of \$8,000 annually to CTD initiatives, through eligible third parties.
23. As part of its application, CHUM/Milestone proposed to spend a total of \$4 million on CTD over a seven-year licence term. The applicant's proposed annual spending of \$571,429 would include a \$192,858 contribution to the Foundation to Assist Canadian Talent on Record (FACTOR), an amount that includes the \$8,000 annual contribution through the CAB plan noted above. The applicant indicated that, over a seven-year licence term, at least \$675,000 of the proposed total contribution to FACTOR would be earmarked to support Urban recording artists based in Alberta. CHUM/Milestone also set out plans for a Quadruple Urban-Mix Series, a national television showcase for Alberta Urban musicians, club and summer concert series, a Canadian Urban music website separate from the proposed station's own website, and an education fund to support the study of broadcast journalism or music by Edmonton-based members of the designated groups (women, Aboriginal peoples, disabled persons and visible minorities).
24. As part of its CTD expenditures, CHUM/Milestone proposed to meet the direct costs of a salary for a CTD co-ordinator. The co-ordinator would implement all of the CTD initiatives noted above as well as develop and maintain the permanent website noted above. In the past, the Commission has approved salaries for such co-ordinators as valid contributions to CTD in cases where the salary forms a relatively small portion of the overall CTD commitment, and where the initiatives proposed would require the devotion of a significant amount of time by the co-ordinator to ensure that the initiatives are realized. The Commission is satisfied that, in this case, the duties of the co-ordinator would be significant and warrant the inclusion of the \$50,000 yearly salary as part of the overall CTD budget.
25. The Commission is satisfied that the applicant's CTD plan will serve to promote and develop local, regional and national Canadian musical talent, particularly in the genre of Urban music. A **condition of licence** requiring the applicant to adhere to its CTD commitments is contained in the appendix to this decision.

The Commission's determination

26. The Commission is satisfied that approval of this application will add a new English-language editorial voice to the Edmonton radio market and will add to the programming diversity in that market by offering a range of artists and music that currently receive little exposure on local radio stations. In light of the above, the Commission **approves** the application by CHUM Limited/Milestone Media Broadcasting Ltd., partners in a

partnership to be established, for a licence to operate a commercial FM radio programming undertaking at Edmonton. The new station will operate at 91.7 MHz (channel 219C1) with an effective radiated power of 100,000 watts.

Issuance of the licence

27. The licence will expire 31 August 2010. It will be subject to the **conditions** set out in *New licence form for commercial radio stations*, Public Notice CRTC 1999-137, 24 August 1999, as well as to the conditions set out in the appendix to this decision.
28. The Commission notes that CHUM and Milestone will operate the new station as a partnership to be established. Consequently, before a licence is issued, the Commission requires that a duly signed partnership agreement be filed on terms similar to those proposed in the application.
29. The Department of Industry (the Department) has advised the Commission that, while this application is conditionally technically acceptable, it will only issue a broadcasting certificate when it has determined that the proposed technical parameters will not create any unacceptable interference with aeronautical NAV/COM services.
30. The Commission reminds the applicant that, pursuant to section 22(1) of the *Broadcasting Act* (the Act), no licence may be issued until the Department notifies the Commission that its technical requirements have been met, and that a broadcasting certificate will be issued.
31. Furthermore, the licence for this undertaking will be issued once the applicant has informed the Commission in writing that it is prepared to commence operations. The undertaking must be operational at the earliest possible date and in any event no later than 24 months from the date of this decision, unless a request for an extension of time is approved by the Commission before 5 April 2006. In order to ensure that such a request is processed in a timely manner, it should be submitted at least 60 days before this date.

Cultural diversity

32. Section 3(1)(d)(iii) of the Act states, in part, that the Canadian broadcasting system should reflect the “multicultural and multiracial nature of Canadian society and the special place of Aboriginal peoples within that society”, and in *Commercial Radio Policy 1998*, Public Notice CRTC 1998-41, 30 April 1998, the Commission encouraged all radio broadcasters to reflect the cultural diversity of Canada.
33. In its application, CHUM/Milestone indicated that the new station’s cultural diversity practices would be guided by the *CHUM Radio Best Practices on Cultural Diversity* (the Best Practices), a draft of which was submitted as part of this application. The Best Practices is based on the *CHUM Television Best Practices on Cultural Diversity*, a set of guidelines which, according to the applicant, brings together policies and strategies for equitable hiring and acquisition and commissioning of programming.

Employment equity

34. Because this licensee is subject to the *Employment Equity Act* and files reports concerning employment equity with Human Resources Development Canada, its employment equity practices are not examined by the Commission.

Secretary General

This decision is to be appended to the licence. It is available in alternative format upon request, and may also be examined at the following Internet site: <http://www.crtc.gc.ca>

Appendix to Broadcasting Decision CRTC 2004-133

Conditions of licence

1. The licence will be subject to the **conditions** set out in *New licence form for commercial radio stations*, Public Notice CRTC 1999-137, 24 August 1999, as well as to the following conditions of licence.
2. In each year of the licence term, the licensee shall contribute \$571,429 to specific direct Canadian talent development (CTD) initiatives. These annual contributions shall be allocated as follows:
 - \$192,858 to the Foundation to Assist Canadian Talent on Record (FACTOR), \$96,428 of which will be earmarked to support Alberta Urban music artists,
 - \$200,000 for a Quadruple Urban-Mix Series,
 - \$50,000 for a national television showcase for Alberta Urban musicians,
 - \$50,000 for a CTD co-ordinator staff member,
 - \$20,000 for a series of summer concerts,
 - \$30,000 for live club concerts in Edmonton,
 - \$18,571 for a Canadian Urban music website separate from the station's own website, and
 - \$10,000 for an education fund to support the study of broadcast journalism or music by Edmonton-based members of the designated groups (women, Aboriginal peoples, disabled persons and visible minorities).
3. The licensee shall, as an exception to the requirements set out in subsection 2.2(8) of the *Radio Regulations, 1986* and subject to subsection 2.2(6) of these regulations, devote 40% or more of its musical selections from content category 2 to Canadian selections,
 - a) during the broadcast week, and
 - b) between 6:00 a.m. and 6:00 p.m., in any period beginning on a Monday and ending on Friday of the same week.