



Broadcasting Decision CRTC 2004-515

Ottawa, 26 November 2004

Global Communications Limited
Halifax, Nova Scotia

Application 2003-1149-9
Public Hearing at Halifax, Nova Scotia
1 March 2004

Easy Listening FM radio station in Halifax

*The Commission **approves in part** the application by Global Communications Limited (Global) for a broadcasting licence to operate an English-language commercial FM radio station in Halifax, Nova Scotia. The station will operate in an Easy Listening music format.*

*In Youth Contemporary FM radio station in Halifax, **Broadcasting Decision CRTC 2004-514**, also issued today, the Commission has approved an application by CKMW Radio Ltd., on behalf of a corporation to be incorporated (CKMW), for a broadcasting licence to operate an English-language commercial FM radio station in Halifax at 103.5 MHz (channel 278C). Given that CKMW's application is technically mutually exclusive with the application submitted by Global, the Commission will only issue a licence to Global if it submits, within three months of the date of this decision, an amendment to its application proposing the use of another FM frequency that is acceptable to both the Commission and the Department of Industry.*

*The Commission's general approach to the radio applications considered at the 1 March 2004 Public Hearing in Halifax is set out in Introduction to Broadcasting Decisions CRTC 2004-513 to 2004-525 – Licensing of new FM radio stations in Halifax, Moncton, Saint John and Fredericton, **Broadcasting Public Notice CRTC 2004-91**, also issued today.*

Introduction

1. The Commission received an application by Global Communications Limited (Global) for a broadcasting licence to operate an English-language commercial FM radio programming undertaking in Halifax, Nova Scotia at 103.5 MHz (channel 278C) with an effective radiated power of 100,000 watts. Global proposed to operate the station in an Easy Listening music format.
2. Global is wholly-owned by Global Television Network Inc., which in turn is controlled by CanWest Global Communications Corp. Global owns numerous television stations across Canada, as well as FM radio stations in Winnipeg, Manitoba and Kitchener, Ontario.

3. The Commission considered the Global application at a public hearing convened in Halifax on 1 March 2004. At the hearing, the Commission examined a total of 11 applications for new English-language radio services in Halifax: 10 for commercial stations and one for a community station. The Commission's general approach to the radio applications considered at the 1 March 2004 Public Hearing in Halifax is set out in *Introduction to Broadcasting Decisions CRTC 2004-513 to 2004-525 – Licensing of new FM radio stations in Halifax, Moncton, Saint John and Fredericton*, Broadcasting Public Notice CRTC 2004-91, also issued today. Based on the record of the hearing, the Commission considers that the Halifax market can accommodate four new commercial radio stations.

Interventions

4. The Commission received 217 interventions expressing support for the approval of this application, as well as two interventions expressing general comments. The general comments were submitted by the Canadian Independent Record Production Association (CIRPA) and Seaside Broadcasting (Seaside).
5. In its intervention, CIRPA noted Global's weekly Canadian content proposals, whereas Seaside disputed Global's claim that Halifax is not served by an easy listening station, submitting that the community station that it operates provides easy listening music to certain communities within the Halifax metropolitan area.
6. The Commission also received two interventions from parties opposed to Global's application, namely CKMW Radio Ltd. (CKMW) and Maritime Broadcasting System Limited (MBS). Both interveners had also submitted applications for new FM radio programming undertakings to serve Halifax. In fact, CKMW had requested the same frequency as Global, an issue addressed later in this decision. Both opposing interveners questioned the need for a new easy listening FM service in Halifax. Furthermore, MBS raised concerns about cross-media ownership and the number of editorial voices in the market. These issues will also be addressed later in the decision.

The applicant's replies

7. Global disagreed with the views expressed on diversity of programming and voices in the market, as well as the cross-media ownership concern. These issues, including Global's position on them, are discussed later in this decision.

The Commission's analysis and determination

8. In the Introductory Statement to Decisions CRTC 99-480, 99-481 and 99-482, 28 October 1999, the Commission indicated that, pursuant to its *Commercial Radio Policy 1998*, Public Notice CRTC 1998-41, 30 April 1998 (the Commercial Radio Policy), the factors set out below are generally among those relevant to the evaluation of competitive commercial radio applications:

- the quality of the application;
- the diversity of news voices in the market;
- the market impact of any proposed station on existing stations; and
- the competitive state of the market.

Quality of the application

9. The Commission generally assesses the quality of an application for a new commercial radio station by examining the following:
- local programming proposals and the benefits the applicant would bring to the community;
 - commitments to Canadian content;
 - the quality of the business plan, including the proposed station format; and
 - commitments in regard to Canadian talent development.

Local programming

10. Global stated that 11% of its weekly programming, or almost 14 hours, would be devoted to spoken word programming, with a minimum of five hours 35 minutes per week of news and information programming. Newscasts would include local, regional, national and international news, sports, business, travel and entertainment information, and would be broadcast 13 times per day, including seven 7-minute newscasts and six 3-minute newscasts. With regard to news, Global suggested that the new FM station would benefit from synergies with its Halifax television station, CIHF-TV, although it emphasized that the proposed radio station would have its own dedicated news department, including a news director.
11. Local spoken word programming would also include in-studio interviews and background segments featuring both local musical and non-musical guests. Global would broadcast these features on a daily basis, as well as during specialty music programming segments.

Canadian content

12. Global made a commitment that a minimum of 40% of all category 2 (Popular Music) musical selections and that a minimum of 30% of all category 3 (Special Interest Music) musical selections broadcast during each broadcast week would be Canadian. The applicant proposed to adhere to these commitments as conditions of licence. **Conditions of licence** to this effect are set out in the appendix to this decision.

The quality of the business plan, including the proposed station format

13. Global proposed an easy listening format, with a target demographic between the ages of 35 and 64. The applicant anticipated, however, that the format would primarily appeal to people 45 and older. Approximately 80% of the music to be played would be in the easy listening/softer pop vocal vein, blended with 20% instrumental music. Approximately

20% of its overall music mix would be drawn from Category 3 genres consisting of folk, celtic, jazz, jazz-related and world music, as a firm commitment. At the hearing, Global explained that, while 20 or 30 years ago, “Easy Listening” was a background, primarily instrumental format, today this format is more vocal, foreground and involving for the listener. In fact, the proposed format is similar to the “Adult Standards” format, gaining popularity in the United States. Iconic singers such as Frank Sinatra and Tony Bennett would share air-time with a much younger generation of artists like Norah Jones and Canadians Diana Krall and Michael Buble.

14. The applicant has proposed a business plan which the Commission considers to be reasonable, given the proposed format and the size of the Halifax market. While Halifax is currently served by an Adult Contemporary format, the Commission considers that the Easy Listening format as described by Global will be different from the programming provided by existing Halifax stations. Global submitted that the 35-64 demographic in Halifax must currently rely on CDs, cable channels and Internet music services to hear easy listening music, and that the new station would repatriate this under-served audience to radio.

Canadian talent development

15. The applicant will not participate in the Canadian Talent Development (CTD) Plan created by the Canadian Association of Broadcasters. Instead, Global proposed a number of initiatives which would cost \$700,000 in direct expenditures over a seven-year licence term. This total would be based on annual expenditures of \$100,000 for various initiatives, including:

- Annual talent contest and CD recordings (\$45,000 annually)
- Contributions to the Foundation to Assist Canadian Talent on Record (FACTOR) (\$35,000 annually*)
- Contributions to the Music Industry Association of Nova Scotia (MIANS) (\$5,000 annually)
- Contributions to Nations in a Circle (NIAC) (\$5,000 annually)
- College bursaries (\$10,000 annually, including \$3,000 to Nova Scotia Community College for journalism studies, \$3,000 to Dalhousie University for music studies, and \$4,000 to University of Kings College for journalism studies.)

*\$17,500 of the annual \$35,000 FACTOR donation would be directed to Halifax and Nova Scotia-based artists working in the easy listening, jazz, folk, celtic, or world music genres, with any unused portion of this annual \$17,500 to be rolled over and cumulative in subsequent years of a seven-year licence term.

A condition of licence to this effect is set out in the appendix to this decision. The Commission considers that the minimum amount of the budget allocation is to be made over seven consecutive broadcast years, upon commencement of operations.

16. The Commission is satisfied that the various CTD initiatives proposed by the applicant meet the eligibility criteria set out in *Contributions by radio stations to Canadian talent development – A new approach*, Public Notice CRTC 1995-196, 17 November 1995.

Diversity of news voices, including cross-media ownership

17. At the hearing, the Commission held a thorough discussion with Global on the subject of cross-media ownership and diversity of voices in the market. This issue is of particular relevance in the area of news and information programming, and it was also raised in the opposing intervention submitted by MBS.
18. In Halifax, Global owns and operates the conventional television station CIHF-TV. While it does not own a local newspaper, Global's national newspaper, *The National Post*, is available in the Halifax market; at the same time, with a local circulation of approximately 5,700 copies, Global did not anticipate that the newspaper would be part of any synergies involving its new Halifax FM radio station. With respect to CIHF-TV, however, Global expected that certain synergies would make sound business sense, specifically in areas such as human resources, legal, administrative and regulatory costs, as well as the promotion of talent, cultural and arts events. In fact, Global has found success with this approach in Winnipeg, where it owns and operates CJZZ-FM and CKND-TV.
19. Notwithstanding the above, Global assured the Commission that the new radio station would have editorial independence when broadcasting news. The radio station will have its own news director to control news stories and supervise dedicated journalists/announcers, as well as its own building and newsroom. The station could still make use of the national newsgathering resources of the Global Television Network, and local news on CIHF-TV. Global stated that it would accept a condition of licence similar to that attached to its Winnipeg and Kitchener FM stations, ensuring editorial independence between CIHF-TV and the new radio station.
20. While the Commission is satisfied with Global's assurances, it will nevertheless impose an appropriate condition of licence to ensure the independence of this proposed news voice for Halifax. The **condition of licence** is set out in the appendix to this decision.

Market impact on existing stations

21. The Halifax market is currently served by 13 radio stations, of which 11 are English-language and 2 are French-language stations. These stations include seven English-language commercial stations, four Canadian Broadcasting Corporation/Société Radio-Canada (CBC/SRC) stations, an English-language Type B community station (CFEP-FM Eastern Passage) and an English-language campus station.

22. In analyzing the potential market for new services, potential advertising revenues, and the market impact of any proposed station on existing stations, the Commission examined the state of the economy in Halifax using data from Statistics Canada and forecasts by the Conference Board of Canada. The Commission's review of economic indicators points to growth in the Halifax economy over the next five years.
23. Over the last five years, the aggregate profit before interest and tax (PBIT) margin¹ for the Halifax radio market has been substantially above the aggregate PBIT margin for all commercial radio stations in Canada. For example, in the year ending 31 August 2003, the PBIT margin for Halifax attained a level of 32.8%, while, for all commercial radio stations in Canada, it was 19.3%. These results suggest there is room in the Halifax market for additional commercial stations.
24. With respect to diversity in the market, and in response to interventions, Global reiterated that its proposed format would be aimed at an under-served audience. Moreover, the applicant observed that Halifax is a major economic hub for Atlantic Canada, a role that will continue, and that the impact of the new station on any incumbent undertaking would be minimal. The Commission agrees with Global's analysis. The Commission is further satisfied that the Global proposal will contribute to programming diversity in Halifax, and meet the needs of this under-served, mature demographic.

Competitive state of the market

25. The Commission notes that, as a new entrant to the Halifax radio market, Global will increase competition. The Commission considers that Global, as an experienced broadcaster, will be able to compete on a stand-alone basis, with other radio licensees in the market.

Cultural diversity

26. In its Commercial Radio Policy, the Commission encouraged broadcasters to reflect the cultural diversity of Canada in their programming and employment practices, especially with respect to news, music and promotion of Canadian artists.
27. The Commission expects Global to reflect the cultural diversity of Canada in its programming and employment practices.

Conclusion

28. The Commission considers that the Easy Listening format proposed by Global would add to the variety of the radio programming available in the Halifax market, and help to fulfil the expectations and needs of older listeners in that market. Moreover, the Commission is satisfied that the proposed FM station will add another news voice for Halifax radio listeners, given Global's assurance that the new undertaking will be operated separately

¹ The PBIT margin is defined as profit before interest and tax expressed as a percentage of total revenue.

from its existing television service, and its willingness to accept a condition of licence to that effect. Commitments to CTD will benefit local talent. As stated earlier, the Commission is satisfied that the Halifax market can accommodate Global's proposed station, and that no existing undertaking will experience an undue negative impact. Overall, the Commission is of the view that the new station will make an important contribution to fulfilling the requirements of the Broadcasting Policy for Canada, as set out in the *Broadcasting Act*, and the objectives of the Commission's Commercial Radio Policy.

29. Although Global's business plan estimated pre-tax losses for its proposed Halifax station over the first four years of operation, considering Global's experience and resources, the Commission is satisfied that the station can be operated viably in the Easy Listening format.
30. The Commission therefore **approves in part** the application by Global Communications Limited for a broadcasting licence to operate an English-language commercial FM radio programming undertaking in Halifax, Nova Scotia.
31. The frequency 103.5 MHz, proposed for use by Global, is the same as that proposed by CKMW to provide a new Youth Contemporary FM service to Halifax. At the hearing, Global stated that it would, if necessary, be willing to find another frequency if its application for a new FM station were approved. In *Youth Contemporary FM radio station in Halifax*, Broadcasting Decision CRTC 2004-514, also issued today, the Commission approved CKMW's application to use 103.5 MHz. Accordingly, the use of 103.5 MHz by Global is **denied**.
32. The licence will expire 31 August 2011, and will be subject to the **conditions of licence** set out in the appendix to this decision.

Issuance of the licence

33. The Commission will only issue the licence, and the licence will only be effective at such time as:
 - The applicant submits, within three months of the date of this decision, an amendment to its application proposing the use of an FM frequency that is acceptable to both the Commission and the Department of Industry (the Department);
 - Pursuant to section 22(1) of the *Broadcasting Act*, the Department notifies the Commission that its technical requirements have been met, and that a broadcasting licence will be issued.

34. Furthermore, the licence for this undertaking will only 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 26 November 2006. In order to ensure that such a request is processed in a timely manner, it should be submitted at least 60 days before that date.

Employment equity

35. Because this licensee is subject to the *Employment Equity Act* and files reports concerning employment equity with the Department of Human Resources and Skills Development, the Commission does not examine its employment equity practices.

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 2004-515

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, with the exception of condition number 5.
2. The licensee shall devote, during each broadcast week, a minimum of 40% of all musical selections broadcast from category 2 to Canadian selections broadcast in their entirety.
3. The licensee shall devote, during each broadcast week, a minimum of 30% of all musical selections broadcast from category 3 to Canadian selections broadcast in their entirety.
4. The licensee shall devote \$100,000 during each broadcast year, for a total of \$700,000 over the seven-year licence term, in direct expenditures to support the development of Canadian talent, as detailed in this decision.
5. In order to ensure that the radio station's newsgathering and news management activities are separate from those of CIHF-TV, the licensee shall maintain a separate radio newsroom and employ a separate radio news director and a team of journalist/announcers. The news director shall control the news stories that the radio station will broadcast, and the presentation of news on the radio station shall be accomplished by dedicated radio station personnel.