



## Broadcasting Decision CRTC 2008-31

Ottawa, 19 February 2008

### **MZ Media Inc.**

Cobourg and Toronto, Ontario

*Applications 2007-0811-7 and 2007-1329-9, received 28 May 2007*

*Public Hearing in London, Ontario*

*10 December 2007*

### **English-language Specialty FM radio station in Cobourg and licence amendment for CFMX-FM-1 Toronto (formerly CFMZ-FM-1)**

*The Commission **approves** the application by MZ Media Inc. (MZ Media) to amend the broadcasting licence of CFMX-FM-1 Toronto (formerly CFMZ-FM-1) by deleting its rebroadcasting transmitter CFMZ-FM Cobourg. The Commission also **approves** the application by MZ Media for a broadcasting licence to operate an English-language Specialty FM radio programming undertaking in Cobourg.*

#### **The applications**

1. The Commission received an application by MZ Media Inc. (MZ Media) to amend the broadcasting licence of CFMX-FM-1 Toronto (formerly CFMZ-FM-1)<sup>1</sup> by deleting its rebroadcasting transmitter CFMZ-FM Cobourg. The Commission also received an application by MZ Media for a broadcasting licence to operate an English-language Specialty FM radio programming undertaking in Cobourg. The proposed station would operate on frequency 103.1 MHz (channel 276C1) with an effective radiated power of 86,700 watts, which are the currently authorized technical parameters for CFMZ-FM.
2. MZ Media noted that because CFMZ-FM presently receives all of its programming from its originating station CFMX-FM-1 Toronto, the station can offer only full coverage advertising rates based on CFMX-FM-1 operating as a Toronto central market area (CMA) station. The applicant submitted that approval of its applications would benefit local Cobourg and area businesses since it would be able to offer customized local advertising packages directed specifically to Cobourg and the surrounding area at rates significantly lower than the current full coverage rates.

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<sup>1</sup> The Department of Industry has informed the Commission that the call sign of the Toronto station CFMZ-FM-1 has been changed to CFMX-FM-1.

3. With respect to programming on the proposed FM station, MZ Media stated that it would continue to offer the same Classical and Fine Arts music format as currently broadcast on CFMZ-FM. Although a predominance of the proposed FM station's programming would continue to originate with CFMX-FM-1, MZ Media stated that it would provide, on average, a maximum of 24 hours per week of differentiated local programming content directed specifically to listeners in Cobourg and the surrounding area. MZ Media defined this differentiated content as advertising and spoken word material that would not be broadcast on CFMX-FM-1 during the same broadcast week.
4. More specifically, MZ Media indicated that it would broadcast, on average, up to 18 hours and 54 minutes per week of differentiated advertising content, of which up to 12 hours and 36 minutes per week would be advertising specific to Cobourg and the surrounding area. To ensure that its proposed FM station would have a minimal impact on Pineridge Broadcasting Inc. (Pineridge), licensee of the two commercial stations currently licensed to serve the Cobourg CMA (i.e. CKSG-FM and CHUC-FM), MZ Media indicated that it would be prepared to accept a condition of licence limiting the amount of differentiated local spoken word content to a maximum of 4 hours and 12 minutes per broadcast week. This spoken word content would consist of station identifications, promotional announcements, and first appearance surveillance material such as arts billboards, community messages, public service announcements, and regional information.
5. MZ Media noted that although all programming would be produced in its CFMX-FM-1 Toronto studio, its differentiated local Cobourg programming would be produced for exclusive broadcast on the proposed FM station.
6. The Commission did not receive any interventions in connection with this application but did receive a letter of support filed by Pineridge as part of MZ Media's application for a new broadcasting licence.

### **Commission's analysis and determinations**

7. In Decision 88-292, the Commission authorized both CFMZ-FM (formerly CFMX-FM) and CFMX-FM-1 to solicit advertising in both the Cobourg and Toronto markets. In granting this authority, the Commission sought to ensure that the Specialty FM Classical and Fine Arts music format and the diversity of format provided by these stations in both the Cobourg and Toronto markets would remain financially viable over the long term. This issue remains a concern to the Commission.
8. Subsequent to Decision 88-292, the Commission adopted the local programming policy set out in Public Notice 1993-38 and reaffirmed in Broadcasting Public Notice 2006-158 (the 2006 Commercial Radio Policy). Under this policy, the Commission requires new FM stations other than those in single-station markets to refrain from soliciting or accepting local advertising for broadcast during any broadcast week when less than one-third of the programming aired is local.

9. In its application for a new broadcasting licence, MZ Media has requested that the undertakings be allowed to continue soliciting advertising in both Cobourg and Toronto. Specifically, approval of the FM station in Cobourg as proposed would permit MZ Media to broadcast a limited amount of split-feed programming on the new Cobourg FM station consisting of locally-oriented spoken word material and locally-oriented advertising.
10. As the sustainability of the Specialty FM Classical and Fine Arts music format and the diversity of format remains a concern today, the Commission notes that maintaining the status quo and excepting the service with respect to the requirement concerning local advertising would further this aim.
11. The Commission also notes that it has granted similar exceptions to the requirement concerning local advertising as that requested by the applicant in Decisions 96-675 and 98-61. In doing so, the Commission took into consideration the impact on existing stations in the market. In this respect, the Commission notes that CFMZ-FM does not achieve any significant 12+ tuning in the Cobourg CMA according to Fall 2007 BBM Canada survey data.<sup>2</sup> Conversely, the BBM Canada survey shows that both CKSG-FM and CHUC-FM continue to be among the top-ranked stations in the market.
12. Finally, the Commission notes that the proposed FM station would receive 100% of its music programming from CFMX-FM-1. Consequently, the proposed FM station would be subject to CFMX-FM-1's current incremental condition of licence pertaining to the minimum level of content category 3 (Special Interest Music) Canadian musical selections to be aired. Moreover, the level of category 3 Canadian musical selections to be broadcast on the proposed station would reflect that in force for CFMX-FM-1 as of the date of this decision (i.e. 16%). This percentage would increase by 1% per year thereafter.
13. In this regard, the Commission notes that the 2006 Commercial Radio Policy announced certain changes to the requirements concerning weekly content category 3 Canadian musical selections. In announcing these changes the Commission stated that it considered it appropriate to require that at least 25% of musical selections from subcategory 31 (concert music) and at least 20% of subcategory 34 selections (jazz and blues) aired during each broadcast week by commercial radio stations be Canadian. While the Commission noted that the *Radio Regulations, 1986* (the Regulations) would be amended accordingly, it also announced that the amended regulations would not immediately affect radio licensees that are currently subject to conditions of licence related to airplay for Canadian category 3 musical selections. In such cases, current conditions of licence would continue to apply until the end of the licence term.

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<sup>2</sup> CFMZ-FM is identified as CFMX-FM in the survey.

14. In light of all of the above, the Commission **approves** the applications by MZ Media Inc. to amend the broadcasting licence of CFMX-FM-1 Toronto by deleting its rebroadcasting transmitter CFMZ-FM Cobourg and for a broadcasting licence to operate an English-language Specialty FM radio programming undertaking in Cobourg. The terms and **conditions of licence** for the new undertaking, including conditions with respect to the maximum amount of local spoken word content and the minimum level of content category 3 Canadian musical selections to be aired, are set out in the appendix to this decision. Because a predominance of the new FM station's programming will continue to originate with CFMX-FM-1 Toronto, the new licence to be issued will expire on 31 August 2010. This will allow the new FM station's licence renewal to coincide with the renewal of the licence for CFMX-FM-1 Toronto.

### **Canadian content development**

15. In the 2006 Commercial Radio Policy, the Commission set out a new approach to the development and promotion of Canadian artists. In order to reflect a new emphasis on development initiatives that lead to the creation of audio content for broadcast using Canadian resources, the Commission replaced the expression "Canadian talent development" (CTD) with "Canadian content development" (CCD). Under the new policy, each radio station holding a commercial radio licence is required to make a basic annual CCD contribution based on its total broadcast revenues in the previous broadcast year. This requirement will be reflected in the Regulations. Until such time, it will be implemented by a transitional condition of licence, as set out in the appendix to this decision. This condition of licence will expire upon the coming into force of the amendments to the Regulations.

Secretary General

### **Related documents**

- *Commercial Radio Policy 2006*, Broadcasting Public Notice CRTC 2006-158, 15 December 2006
- *New licence form for commercial radio stations*, Public Notice CRTC 1999-137, 24 August 1999
- *Licence amendment and new FM radio programming undertaking*, Decision CRTC 98-61, 25 February 1998
- *Licence amendment and new FM radio programming undertaking*, Decision CRTC 96-675, 10 October 1996

- *Policies for local programming on commercial radio stations and advertising on campus stations*, Public Notice CRTC 1993-38, 19 April 1993
- Decision 88-292, 25 April 1988

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

# Appendix to Broadcasting Decision CRTC 2008-31

## Terms, conditions of licence, and encouragement

### Terms

#### Issuance of the broadcasting licence to operate an English-language Specialty commercial FM radio programming undertaking in Cobourg, Ontario

The licence will expire 31 August 2010.

The station will operate at 103.1 MHz (channel 276C1) with an effective radiated power of 86,700 watts.

### Conditions of licence

1. The licence shall 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 conditions of licence numbers 5 and 8, as well as condition 9, which relates to local advertising.
2. The station shall be operated within the Specialty format as defined in *Revised content categories and subcategories for radio*, Public Notice CRTC 2000-14, 28 January 2000 and *A Review of Certain Matters Concerning Radio*, Public Notice CRTC 1995-60, 21 April 1995, as amended from time to time.
3. The licensee shall, in any broadcast week, devote a minimum of 70% of all musical selections broadcast to musical selections drawn from subcategory 31 (concert music).
4. The licensee shall, as an exception to the percentage of Canadian musical selections set out in section 2.2(3) of the *Radio Regulations, 1986*, in any broadcast week, during the first broadcast year that the station is owned by the licensee, devote at least 14% of all musical selections drawn from content category 3 (Special Interest Music) to Canadian selections and schedule those selections in a reasonable manner throughout each broadcast day. This percentage (14%) will increase by 1% per year thereafter, reaching a level of 20% Canadian musical selections drawn from content category 3 by year 7.

For the purposes of this condition, the terms “broadcast week,” “Canadian selection,” “content category” and “musical selection” shall have the same meaning as that set out in the *Radio Regulations, 1986*.

5. The licensee shall, in any broadcast week, limit the amount of differentiated spoken word content broadcast to a maximum of 4 hours and 12 minutes. For the purpose of this condition, differentiated spoken word content is defined as station identifications, promotional announcements, and first appearance surveillance material, such as arts billboards, community messages, public service announcements, and regional information, that shall not be broadcast on CFMX-FM-1 Toronto during the same broadcast week.
6. The licensee shall, upon commencement of operations, make a basic annual contribution to Canadian content development (CCD). The amount of the contribution shall be determined in accordance with the policy set out in *Commercial Radio Policy 2006*, Broadcasting Public Notice CRTC 2006-158, 15 December 2006 (Broadcasting Public Notice 2006-158), as amended from time to time.

The licensee shall allocate 60% of this basic annual CCD contribution to FACTOR or MUSICACTION.

The remainder of the annual basic contribution to CCD shall be allocated to parties and initiatives fulfilling the definition of eligible initiatives in Broadcasting Public Notice 2006-158.

This condition of licence shall expire upon the coming into force of the amendments to the *Radio Regulations, 1986* relating to CCD.

## **Encouragement**

### **Employment equity**

In accordance with *Implementation of an employment equity policy*, Public Notice CRTC 1992-59, 1 September 1992, the Commission encourages the licensee to consider employment equity issues in its hiring practices and in all other aspects of its management of human resources.