



## Broadcasting Decision CRTC 2018-447

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References: 2018-106 and 2018-106-3

Ottawa, 3 December 2018

### **Golden West Broadcasting Ltd.**

Cochrane and Airdrie, Alberta

*Public record for these applications: 2017-0549-3 and 2017-0566-7*

*Public hearing in the National Capital Region*

*31 May 2018*

### **English-language commercial FM radio station in Cochrane and licence amendment for CFIT-FM Airdrie**

*The Commission **approves** an application for a broadcasting licence to operate an English-language commercial FM radio station in Cochrane, Alberta.*

*The Commission also **approves** an application to delete the rebroadcasting transmitter CFIT-FM-1 Cochrane from the broadcasting licence for the English-language commercial radio station CFIT-FM Airdrie.*

### **Background**

1. In Broadcasting Decision 2016-11, the Commission denied an application by Golden West Broadcasting Ltd. (Golden West) for a broadcasting licence to operate an English-language commercial FM radio station in Cochrane, Alberta. The new station would have replaced CFIT-FM-1 Cochrane, the rebroadcasting transmitter of the English-language commercial radio station CFIT-FM Airdrie, and would have operated at 91.5 MHz, the same frequency as that rebroadcasting transmitter.
2. In that decision, the Commission determined that the proposed primary (i.e., 3mV/m) service contour for the station would reach a limited portion of Calgary and overlap with the primary service contours of Calgary radio stations, while the secondary service contour would encompass a significant portion of Calgary. In light of this, and given the relative size of the Calgary and Cochrane markets, the Commission determined that there was a risk the new station would direct its programming and marketing activities outside Cochrane to achieve its financial objectives, even with the imposition of a condition of licence that would prohibit the proposed station from soliciting advertising in Calgary. The Commission also noted the possible negative impact that approving the application could have on the audience share and advertising revenues of stations operating in the Calgary market.

## Application

3. Golden West filed a new application (2017-0549-3) for a broadcasting licence to operate an English-language commercial FM radio station in Cochrane, which would replace the rebroadcasting transmitter CFIT-FM-1. Golden West also filed an application (2017-0566-7) to amend the broadcasting licence for CFIT-FM in order to delete CFIT-FM-1 as a transmitter. The Commission received an intervention in support of these applications from Rawlco Radio Ltd. (Rawlco), licensee of CHUP-FM Calgary, and a joint intervention by representatives of Cochrane expressing their support.
4. Golden West is owned by Elmer Hildebrand Ltd. (53.98%), Airwave Investments Ltd. (26.74%) and other Canadian shareholders (19.28%). It is effectively controlled by Mr. Elmer Hildebrand. The applicant currently operates 36 commercial radio stations in 18 markets across Canada, most of which are located in Alberta, Saskatchewan and Manitoba.
5. The proposed station would operate at 91.5 MHz (channel 218B1), the current frequency of CFIT-FM-1, with an average effective radiated power (ERP) of 4,700 watts (maximum ERP of 10,000 watts with an effective height of antenna above average terrain (EHAAT) of 118.1 metres). As such, it would operate with greater technical parameters compared to those currently in place for CFIT-FM-1, which operates at class A1 with an ERP of 100 watts (non-directional antenna with an EHAAT of 135 metres).
6. Golden West proposed service contours similar to those proposed in its previous application. It stated that the new contours would ensure that the proposed station would be able to properly serve listeners commuting to and from Calgary on Highway 1A. However, it further stated that the proposed secondary service contour would encompass less of Calgary than the secondary service contour proposed in the previous application. The applicant submitted that the proposed secondary contour is not powerful enough to provide quality reception in Calgary and that the signal would be “unlistenable” to the vast majority of that city’s population, thereby limiting any undue impact on existing Calgary radio stations. Golden West nevertheless stated that it would accept a condition of licence prohibiting the new station from soliciting advertising in the City of Calgary.
7. The proposed station would offer a hybrid Country music format targeting adults from 25 to 54 years of age and consisting of Country songs from the “80’s, 90’s and today.” In support of this format, Golden West filed with the Commission an independent music format analysis that concluded that 80’s and 90’s Country music was the least represented side of the Country music format for stations serving Cochrane.
8. Further, the station would broadcast 126 hours of local programming each broadcast week, which would include 19 hours and 44 minutes of spoken word programming devoted to local news and information, local weather, local sports, local features,

local surveillance and local farm/agriculture reports. Local news and information programming would include three hours and twelve minutes of pure news, with three hours and two minutes devoted to local and regional news, five minutes to national news, and five minutes to international news.

9. Golden West committed to devote, by condition of licence, 40% of the station's content category 2 (Popular Music) musical selections broadcast each broadcast week and between 6 a.m. and 6 p.m. from Monday to Friday to Canadian selections.
10. According to the applicant's projections, the station would generate annual revenues below the \$1.25 million threshold set out in the *Radio Regulations, 1986* (the Regulations). As such, the station would not be required to make any basic Canadian content development (CCD) contributions so long as its annual revenues remain below \$1.25 million. However, as part of its application, Golden West committed to contribute, by condition of licence, \$84,000 to CCD over seven consecutive broadcast years (\$12,000 per broadcast year) upon commencement of operations. Of this amount, at least 20% would be devoted to FACTOR, with the remainder to be directed to eligible initiatives as set out in paragraph 108 of Broadcasting Public Notice 2006-158.

## **Issues**

11. After examining the record for this proceeding, the Commission is of the view that the issues to be addressed are the following:
  - whether approval of the application for a new station would have an undue negative economic impact on incumbent stations, in particular those that operate in the Calgary radio market; and
  - public interest in approval of that application.

## **Economic impact**

12. The Numeris Calgary Central Area (Calgary CTRL) comprises 21 commercial radio stations (16 FM and 5 AM), operated by 11 ownership groups; many of those stations can be heard in Cochrane. As noted above, the potential undue negative impact of the previously proposed station on existing stations in Calgary was the main reason for denying Golden West's previous application. In the Commission's view, given that the newly proposed station might reach Calgary, approval of the present application may have an economic impact on the Calgary radio market, which has experienced declining revenues and profitability since 2015.
13. Golden West provided financial projections in support of its application that are modest relative to the total revenues of that market. Further, as noted by the applicant, the reach of the new station's secondary contour into the Calgary market would be less than that proposed in the previous application, whereas the primary service contour for the new station would be limited to Cochrane and its immediate

surroundings. Additionally, as noted above, Golden West indicated that it would adhere to a condition of licence prohibiting it from soliciting advertising in Calgary.

14. Moreover, the positive economic outlook for Alberta, and for Cochrane in particular, will decrease the risk that a new radio station operating out of Cochrane will direct programming and marketing activities towards other communities, including Calgary, to achieve its financial objectives. To support this, Golden West submitted that the Conference Board of Canada forecasts a positive economic outlook for the province of Alberta beginning in 2017, and that the City of Calgary will be among the fastest growing metropolitan areas between 2018 and 2020. In addition, according to Statistics Canada, the population of Cochrane increased by 47.1% from 2011 to 2016, and currently has a median individual income that is greater than that of Calgary and the province of Alberta.
15. Finally, the Commission did not receive any interventions in opposition to Golden West's application. The only incumbent Calgary radio station operator to intervene was Rawlco, who expressed support for Golden West's proposal. According to Rawlco, the applicant has proven that it can operate just outside of Calgary and focus strictly on the markets it is licensed to serve. It submitted that Golden West would bring its "unique brand of hyper-locally focused, community-based radio to Cochrane." In addition, Rawlco did not voice any concerns over the service contours of and the coverage to be provided by the proposed station.
16. In light of the above, the Commission finds that approval of Golden West's application would not have an undue economic impact on incumbent stations.

#### **Public interest**

17. As set out in the Regulations, the market of an FM station is defined by either the primary service contour or by the central area as defined by the Bureau of Broadcast Measurement (BBM, now known as Numeris), whichever is smaller. Although Cochrane lies approximately 20 kilometres west of Calgary within the Calgary CTRL, the primary contour of the proposed station is limited to Cochrane. Accordingly, it is that primary service contour that would be used to define the Cochrane radio market. Approval of the application would provide a first radio service in the Cochrane radio market for the members of this community.
18. Furthermore, the proposed station would introduce local reflection through its local programming commitment of 126 hours per broadcast week, and would add to the diversity of radio programming in Cochrane through the proposed musical, spoken word, and news and information offerings. In addition, as noted above, Golden West committed to contribute, by condition of licence, \$84,000 to CCD over seven consecutive broadcast years, which would be above any contributions required pursuant to the Regulations.
19. Finally, as noted above, interveners to this proceeding only expressed support for Golden West's application.

20. Accordingly, the Commission finds that approval of the application would be in the public interest.

### **Conclusion**

21. In light of all of the above, the Commission **approves** the application (2017-0549-3) by Golden West Broadcasting Ltd. for a broadcasting licence to operate an English-language commercial FM radio programming undertaking in Cochrane. The terms and **conditions of licence** are set out in the appendix to this decision.

22. The Commission also **approves** the application (2017-0566-7) by Golden West Broadcasting Ltd. to amend the broadcasting licence for the English-language commercial radio programming undertaking CFIT-FM Airdrie in order to delete the rebroadcasting transmitter CFIT-FM-1 Cochrane. Pursuant to section 9(1)(e) of the *Broadcasting Act* and consistent with the licensee's request, the Commission will delete CFIT-FM-1 from the broadcasting licence for CFIT-FM once the broadcasting licence for the new Cochrane radio station has been issued. The terms relating to the issuance of the new broadcasting licence are set out in the appendix to this decision.

### **Reminder**

23. Pursuant to section 16 of the Regulations, all radio licensees must implement a public alerting system.

### **Employment equity**

24. Because Golden West is subject to the *Employment Equity Act* and files reports with the Department of Employment and Social Development, its employment equity practices are not examined by the Commission.

Secretary General

### **Related documents**

- *English-language commercial FM radio station in Cochrane*, Broadcasting Decision CRTC 2016-11, 14 January 2016
- *Commercial Radio Policy 2006*, Broadcasting Public Notice CRTC 2006-158, 15 December 2006

*This decision is to be appended to each licence.*

## Appendix to Broadcasting Decision CRTC 2018-447

### Terms, conditions of licence and expectation for the English-language commercial FM radio programming undertaking in Cochrane, Alberta

#### Terms

The licence will expire 31 August 2025.

The station will operate at 91.5 MHz (channel 218B1) with an average effective radiated power (ERP) of 4,700 watts (maximum ERP of 10,000 watts with an effective height of antenna above average terrain of 118.1 metres).

Pursuant to section 22(1) of the *Broadcasting Act*, no licence may be issued until the Department of Industry notifies the Commission that its technical requirements have been met and that a broadcasting certificate will be issued.

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 **3 December 2020**. 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.

#### Conditions of licence

1. The licensee shall adhere to the conditions set out in *Conditions of licence for commercial AM and FM radio stations*, Broadcasting Regulatory Policy CRTC 2009-62, 11 February 2009, as well as to the conditions set out in the broadcasting licence for the undertaking.
2. As an exception to the percentage of Canadian musical selections set out in sections 2.2(8) and 2.2(9) of the *Radio Regulations, 1986* (the Regulations), the licensee shall:
  - devote, in each broadcast week, at least 40% of its musical selections from content category 2 (Popular Music) to Canadian selections broadcast in their entirety; and
  - devote, between 6 a.m. and 6 p.m., in any period from Monday of a week and ending on Friday of the same week, at least 40% of its musical selections from content category 2 to Canadian selections broadcast in their entirety.

For the purposes of this condition, the terms “broadcast week,” “Canadian selection,” “content category” and “musical selection” shall have the same meanings as those set out in the Regulations.

3. In addition to the basic annual contribution to Canadian content development set out in section 15 of the *Radio Regulations, 1986*, the licensee shall, upon commencement of operations, make an annual contribution of \$12,000 (\$84,000 over seven consecutive broadcast years) to the promotion and development of Canadian content. Of this amount, at least 20% per broadcast year shall be devoted to FACTOR or MUSICACTION. The remainder shall be allocated to parties and initiatives fulfilling the definition of eligible initiatives set out in paragraph 108 of *Commercial Radio Policy 2006*, Broadcasting Public Notice CRTC 2006-158, 15 December 2006.
4. The licensee shall not solicit advertising in the City of Calgary as identified by Statistics Canada.

### **Expectation**

The Commission expects the licensee to reflect the cultural diversity of Canada in its programming and employment practices.