



Broadcasting Public Notice CRTC 2005-68

Ottawa, 21 July 2005

Licensing of new ethnic radio stations to serve Vancouver – Introduction to Broadcasting Decisions CRTC 2005-338 to 2005-340

At a public hearing commencing 28 February 2005 in Vancouver, the Commission heard proposals by eight applicants, each seeking a broadcasting licence to operate a new radio programming undertaking in Vancouver. This notice describes the various applications, and sets out the Commission's determinations that a demand exists for new ethnic radio services that would be principally directed to South Asian audiences, and that the Vancouver radio market can absorb the impact of their introduction. This notice also summarizes the rationale underlying the Commission's decisions to approve two of the applications and to deny the remaining six.

The call for applications

1. On 21 July 2004, the Commission announced that it had received an application for a broadcasting licence to provide a commercial ethnic radio service in Vancouver, and called for applications from other parties wishing to provide radio programming services that would “clearly reflect the diversity of languages, as well as the multicultural and multi-ethnic reality of Vancouver” (see *Call for applications for broadcasting licences to carry on radio programming undertakings to serve Vancouver, British Columbia*, Broadcasting Public Notice CRTC 2004-55, 21 July 2004; call for applications). The Commission advised potential applicants that they would be required to provide evidence giving a clear indication that there is a demand and a market for the service they propose, and that they should address, among other things:
 - the contribution that the proposed service will make to achieve the objectives established in the *Broadcasting Act* (the Act) and, in particular, to the production of local and regional programming;
 - the four factors relevant to the evaluation of applications, as outlined in *Introductory statement – Licensing new radio stations*, Decision CRTC 99-480, 28 October 1999 (Decision 99-480), these being the quality of the application (including the business plan), the diversity of news voices, market impact and the competitive state of the market; and
 - the means by which the applicant will promote the development of Canadian talent, including local and regional talent.

The applications

2. The Commission received seven applications in response to its call. These, together with the application that prompted the call, were considered at the 28 February 2005 Public Hearing in Vancouver. The applicants, in the order of their appearance at the Vancouver hearing, were as follows:
 - Rogers Broadcasting Limited and Radio 1540 Limited, partners in a partnership to be established (Rogers);
 - Sukhvinder Singh Badh, on behalf of a corporation to be incorporated (Badh);
 - South Asian Broadcasting Corporation Inc. (SABC);
 - Radio India (2004) Ltd. (Radio India);
 - CHUM Limited (CHUM);
 - I.T. Productions Ltd. (I.T.);
 - Mainstream Broadcasting Corporation (Mainstream); and
 - Newlife Communications Inc. (Newlife).
3. All but one of the eight applicants (CHUM) proposed to operate ethnic radio stations with services focused predominantly on Vancouver's South Asian communities. The business plans of the seven applicants proposing new ethnic radio services were predicated, in part, on repatriating Vancouver radio listeners who currently tune to the Asian language programming broadcast by AM stations, one in Ferndale, Washington and the other in Blaine, Washington, whose signals are readily receivable in Vancouver. These business plans were also generally built around relatively conservative estimates of advertising rates and sell-out percentages, in anticipation of ongoing competition for listeners and advertising revenue in the Vancouver market.
4. Under sections 7(1) and (2) of the *Radio Regulations, 1986* (the Regulations), an ethnic station is required to devote not less than 60% of each broadcast week to ethnic programs and, except as otherwise provided under a condition of licence, not less than 50% of each broadcast week to third language programs. An ethnic program is defined in the Regulations as "a program in any language that is specifically directed toward any culturally or racially distinct group, other than one whose heritage is Aboriginal Canadian, from France or from the British Isles." A third language program is defined as "an ethnic program in a language other than English, French, or a language of the Aboriginal peoples of Canada." Most of the seven ethnic service applicants made commitments to provide levels of ethnic programming and of third language programming that were considerably higher than the levels required by the Regulations.

5. As noted above, each of the seven applicants for new ethnic radio stations proposed services primarily targeted to the South Asian community. However, consistent with the policies set out in *Ethnic broadcasting policy*, Public Notice CRTC 1999-117, 16 July 1999 (the Ethnic Policy), they also proposed to offer programming in a broad range of third languages, and aimed at a broad range of culturally or racially distinct ethnic groups living in the Vancouver area. This included groups that receive little, if any, programming from existing ethnic radio licensees operating in that market, and that are too small to provide complete or even partial services to on a viable basis.
6. All eight applicants were deemed to be competitive with each other for a licence to provide a new service in the market. Each of the applicants but one was also competing with at least one of the others for the use of a frequency.

Applicants for FM frequency 93.1 MHz

7. Five applicants sought use of 93.1 MHz, namely Rogers, Badh, SABC, Radio India and CHUM.

Rogers

8. Rogers is a proposed partnership of Rogers Broadcasting Limited and Radio 1540 Limited. The former is the licensee of CKLG-FM and CKWX Vancouver and of CKCL-FM Chilliwack. As licensee of CFMT-TV and CJMT-TV Toronto, it is also an experienced ethnic television broadcaster. Radio 1540 Limited is the licensee of the ethnic radio stations CHIN and CHIN-FM Toronto and CJLL-FM Ottawa. The applicant proposed an ethnic service that would include programming directed to a minimum of 18 different ethnic groups in as many different languages. A minimum of 90% of the programming in each broadcast week would qualify as ethnic programming, and all of that amount would be in third languages. Punjabi, Hindi, Bengali, Gujarati, Sinhalese Tamil and Urdu would be the principal languages of broadcast, and would account for a minimum of 50% of all programming. According to the material contained in Rogers' application, approximately 64% of the applicant's programming service would be directed to underserved groups in the Vancouver market, namely its South Asian communities (50%) and other underserved groups (14%). For the purpose of this calculation, and similar calculations set out below in the descriptions of other applications, regarding the amount of programming that Rogers and other applicants would devote to ethnic groups, the Commission has considered to be "underserved", ethnic groups that, according to the data contained in the *CRTC Broadcasting Policy Monitoring Report 2004*, currently receive five hours or less of programming per week from existing Vancouver ethnic radio stations.

9. Among Rogers' proposals for local reflection were its plans to devote 40% of all programming in each broadcast week to spoken word, including 25 hours weekly of open line programming. Rogers would also establish a local advisory board. Further commitments by this applicant included the provision of a minimum level of 10% Canadian content in musical selections aired during ethnic programming periods, as compared to the minimum level of 7% specified in section 2.2(4) of the Regulations, and to spend a minimum of \$700,000 in the first seven years of operation on Canadian talent development.

Badh

10. The applicant operates one of two AM stations based in Washington State that offer predominantly South Asian language programming and are widely available in the Vancouver market. Badh proposed to offer programming to 18 different ethnic groups in 15 different languages. A minimum of 97% of the proposed station's weekly programming would be ethnic, and 60% of the weekly programming would be in third languages. A minimum of 32% of the weekly programming would be in the Punjabi and Hindi languages. The material filed by the applicant indicated that 44% of the overall service would be directed to Vancouver's South Asian communities, and that a further 16% would be devoted to other underserved groups.
11. According to the applicant, all programming would be locally produced. A weekly minimum of ten hours of spoken word would be aired, including seven hours of news. The applicant's performance in providing local reflection would be overseen by a programming advisory board. In its written application, Badh committed to devote a minimum of \$90,000 to Canadian talent development over a seven-year period. At the hearing, however, the applicant stated that it would be willing to increase its expenditures on Canadian talent development substantially, to a minimum of \$504,000 over seven years.

SABC

12. SABC is involved in the production of multicultural television programming and in the multicultural music recording industry. It currently holds no broadcasting licence. The applicant proposed that at least 90% of all weekly programming aired on the station would be ethnic programming, all of which would be third language programming. The principal languages of broadcast, accounting for 75% of all programming, would be Punjabi, Hindi and Urdu. Virtually all of the proposed programming would be directed to underserved ethnic groups in the Vancouver market, with 80% targeted to various South Asian communities, and the remaining 20% to other underserved ethnic groups. In its written application, SABC indicated that it would provide programming to at least 15 ethnic groups in a minimum of 15 languages, when measured on a weekly basis, and, when calculated on a monthly basis, to 16 ethnic groups in 18 languages. At the hearing, SABC stated that it would be prepared to provide a service that would adhere to the

higher numbers, i.e., 16 ethnic groups to be served in a minimum of 18 different languages, both as measured on a weekly basis. It also stated that it would be willing to commit to a minimum of 10% Canadian content in musical selections broadcast during ethnic programming periods, as distinct from the commitment in its written application to meet the 7% minimum specified in the Regulations.

13. According to the application, all of the programming to be aired by the proposed station would be locally produced, including the approximately 12% of programming in each broadcast week that would be brokered. Local reflection would be provided through the broadcast of approximately 44 hours of spoken word each week, including 6.5 hours of news and between 25 and 30 hours of open-line programming. SABC also proposed to establish a local advisory committee. The applicant committed to make direct expenditures on Canadian talent development of at least \$30,000 in each of the first three years of operation. In years four through seven, SABC committed to spend, as a minimum, the greater of \$30,000 and 2.5% of the total annual revenues derived from the operation of its proposed station.

Radio India

14. Radio India operates the other of two AM stations based in Washington State that offer predominantly South Asian language programming and are widely available in the Vancouver market. Radio India's proposed new ethnic radio station in Vancouver would offer programming to 12 different ethnic groups in 10 different languages. A minimum of 90% of the station's programming would be third language programming. The principal languages of broadcast, accounting for 68% of all programming, would be Punjabi and Hindi. Virtually all programming would be directed to underserved groups in the Vancouver market, namely its South Asian communities (96%) and other underserved groups (4%).
15. The applicant proposed to offer approximately 100 hours of locally-produced programming weekly, including 55 hours of spoken word, 30 hours of public affairs programming and approximately 16 hours of news. Although Radio India did not put forward plans for the creation of an advisory committee, it proposed to monitor its performance in providing local reflection by conducting an annual listener survey. Radio India made further commitments to provide a minimum level of 10% Canadian content in musical selections aired during ethnic programming periods, and to spend a minimum of \$700,000 over seven years on Canadian talent development.

CHUM

16. CHUM is the licensee of CFUN, CKST and CHQM-FM Vancouver, and owns 100% of the licensee of independent television station CKVU-TV Vancouver. CHUM proposed to provide a service operating in a "Modern Global" music format. It indicated in its written application that 25% of all musical selections would be in Category 3. In an opposing intervention, Focus Entertainment Group Inc., licensee of CFBT-FM Vancouver,

objected to the amount of overlap that it claimed would exist between the format of its station and that proposed by CHUM. At the hearing, in response to this intervention, CHUM stated that it would accept a condition of licence requiring that a minimum of 30% of all musical selections be in Category 3.

17. CHUM indicated that its proposed format would be directed to Vancouver's ethno-cultural youth and young adults. The applicant committed to meet the regulatory requirement that a minimum of 35% of all Category 2 musical selections qualify as Canadian content. It indicated, however, that it would provide a level of 20% Canadian content in Category 3 musical selections, as distinct from the minimum requirement of 10% specified in the Regulations. While proposing to offer some third-language music and cross-cultural programming, CHUM's proposal made no provision for programming that would be targeted to any specific ethnic group other than in the form of incidental third-language spoken word content.
18. Local reflection would be provided through the broadcast of up to 11 hours per week of spoken word, including two hours of news and one hour of public affairs programming. The applicant proposed to establish an advisory board reflecting Vancouver's linguistic and cultural diversity. CHUM also committed to spend a minimum of \$1.05 million over seven years on Canadian talent development.

Applicants for AM frequency 1200 kHz

I.T.

19. I.T. has operated a subsidiary communications multiplex operation (SCMO) service offering ethnic programming in Vancouver (Radio Rim Jhim) for 17 years. It currently holds no broadcasting licence. The applicant's plans for its proposed station call for the provision of programming directed to a minimum of 11 different ethnic groups in 17 different languages. All of the station's programming would be devoted to ethnic programming, and 95% of this would be in third languages. A minimum of 73% of all programming would be in the Hindustani and Punjabi languages. Approximately 93% of the service would be directed to Vancouver's South Asian communities, while a further 1% would be targeted to other small and underserved ethnic groups.
20. At least 85% of all programming would be local. This would include 32 hours per week of spoken word, of which 14 hours would be news. The applicant would establish an advisory council consisting of ten representatives of the ethnic communities served by the station. It would also appoint an ombudsperson to resolve issues and concerns regarding programming, and institute a complaints review process.
21. I.T.'s written application contained a commitment to allocate \$500,000 over seven years to Canadian talent development, consisting of \$60,000 in each of the first five years of operation, increasing to \$100,000 in each of years six and seven. At the hearing, the applicant advised that it had inadvertently understated its intended commitment to Canadian talent development, and that the seven-year total of \$500,000, as identified in its written application, should have been entered as \$520,000 over seven years.

Mainstream

22. Mainstream is the licensee of an existing Vancouver ethnic radio station, CHMB. Its principal shareholder, Mr. James Ming Shing Ho, also holds a 22.5% partnership interest in the licensee of Vancouver ethnic television station CHNM-TV. The applicant proposed a service consisting of a weekly minimum of 90% ethnic programming, including 85% third language programming. The principal languages of broadcast would be Punjabi and Hindi, and would together account for a minimum of 70% of all programming. According to the Commission's calculations, 75% of all programming would be directed to underserved South Asian groups and 10% would be devoted to other small ethnic communities in the Vancouver area.
23. In its written application, Mainstream proposed to serve 32 different groups and to offer programming in 16 different languages. In the discussion of these plans at the hearing, the applicant indicated its intention to provide three hour-long blocks of programming per week, one in each of German, Portuguese and Spanish. The applicant stated that the German-language program block would be directed to residents of the Vancouver area of German, Austrian or Swiss origin, while the Portuguese-language program block would serve Portuguese Canadians, as well as those having Portuguese as their mother tongue, but whose origin was one of five other countries. According to Mainstream, the one-hour per week of Spanish-language programming would be directed to those whose ethnic origin was Spain, as well as to other groups whose origin was one of as many as nine other countries in Central and South America.
24. Mainstream proposed a service of which 85% would be local programming. The remaining 15% would consist of non-Canadian programming acquired from sources in South and East Asia. Spoken word programming would make up 85% of the schedule, including 15 hours per week of news. An advisory board would be established consisting of prominent representatives of Vancouver's major ethnic communities. A minimum level of 10% Canadian content in musical selections would be provided during ethnic programming periods, which is greater than the minimum level of 7% required under the Regulations. The applicant also made a commitment to spend \$204,000 over seven years on Canadian talent development.

Applicant for FM frequency 89.5 MHz

Newlife

25. Newlife proposed a low-power, Christian music, ethnic FM service that would be directed to residents of Delta, New Westminster and Surrey. The applicant proposed a service that would include programming directed to 14 ethnic groups in 19 different languages. Newlife committed to ensure that, at a minimum, 61% and 55% of the programming in each broadcast week would qualify, respectively, as ethnic programming and third language programming. The principal languages of broadcast

would be Punjabi, Hindi and Chinese which, together, would account for at least 24% of all programming. The applicant's plans indicate that 43% of its programming would be directed to underserved groups residing in the areas to be served, including those of South Asian origin (12%) and others (31%).

26. Newlife proposed a service that would include music, 82% of which would be drawn from subcategory 35 (non-classic religious), accompanied by provincial, national and international news, Bible-related programming, a regular talk show and community announcements. Advice on programming would be provided by a seven-member advisory review committee. Instead of the 7% minimum specified in the Regulations, the applicant committed to achieve a minimum level of 10% Canadian content in the musical selections aired during ethnic programming periods. Further, instead of the regulatory minimum of 10%, Newlife committed to ensure that at least 14% of all Canadian musical selections in each broadcast week come from Category 3 (special interest), increasing to a minimum level of 20% by the end of the station's seventh year of operation. Newlife's commitments to Canadian talent development included a minimum annual expenditure of \$10,000 in years one through four and of \$13,000 in years five through seven, for a total of \$79,000 by the end of the station's seventh year of operation.

Demand for new radio services and ability of the Vancouver radio market to absorb the impact of their introduction

27. The Vancouver market is currently served by a total of 17 commercial radio stations, including 8 FM and 9 AM undertakings. In 2004, these radio stations earned revenues totalling \$104 million and enjoyed a combined profit margin (before interest and taxes) of 21.8%. According to the Conference Board of Canada, Vancouver's annual gross domestic product and annual retail sales figures should experience average annual increases of 3.3% and 4.0%, respectively, in the period 2006 to 2009. Radio advertising revenues in Vancouver can be expected to mirror this pattern and should experience growth in the range of 3% to 4% per year over the same period. As other positive indicators of economic expansion, housing starts in the area increased by almost 18% in 2004, while average personal income grew by 5.2% last year. Consumer optimism and immigration are also both likely to increase with the approach of the Olympic Winter Games in 2010.
28. In 2001, as many as 725,370 individuals, or more than 37% of all persons living in the Vancouver central market area, reported having a mother tongue other than French or English. Of that group, approximately 293,000 individuals, or approximately 15.1% of Vancouver's total population, had Chinese as their mother tongue, while approximately 113,000 individuals (5.8% of the total population), reported having one or another South Asian language as their mother tongue. In 2002, 74% of all immigrants to the Vancouver area originated from countries in the Asia Pacific region. The largest group that year (25.6% of the total) emigrated from China, while the second largest single group (13.2%) came from India.

29. Vancouver's ethnic radio market is currently dominated by three commercial stations, namely CHKG-FM, CHMB and CJVB. Each, by condition of licence, is required to provide service to a broad range of different ethnic and linguistic groups. In each case, however, the predominant language of broadcast is Chinese, accounting for an average of 75% of all third language programming aired by the three stations in each broadcast week, including most of the peak hours during the morning and evening drive periods. By contrast, an average of only 2.7% of the weekly third language programming broadcast by the three stations is in one or another South Asian language. CFRO-FM, a Type B community radio station in Vancouver, also provides some ethnic programming, although the amount is relatively small (25.5 hours per week) and is evenly dispersed across 12 different groups in as many languages, without any single ethnic or third language group being the intended audience for more than a few hours of such programming each week.
30. In the Commission's view, the evidence of a demand and a need for licensed ethnic radio services directed principally to Vancouver's South Asian communities is strong and undisputed. Cumulatively, the facts noted above establish that a clear imbalance exists between the availability of programming directed specifically to these communities and the significant and growing proportion of Vancouver's overall population that these communities represent. The evidence also includes the presence at the Vancouver hearing of eight applicants, all but one of which proposed services targeted principally to South Asian audiences. The Commission's determination in this regard has also taken into account the almost 2,000 written interventions, and a large number of other petitions and form letters, filed in support of one or other of these seven applications.
31. The Commission has also considered the projections for a robust and expanding local economy, the evidence of that economy's ability to accommodate increased competition among radio stations for audiences and revenues, and the further projections for continued growth in the size of Vancouver's South Asian communities. In addition, the Commission has taken into account the opportunities to repatriate audiences and revenues from non-Canadian radio services targeted to those communities, and the generally conservative audience and revenue estimates of most applicants in anticipation of competition.
32. Based on all of the above, the Commission is convinced that there is a demand and a market for ethnic programming directed principally to Vancouver's South Asian communities sufficient to warrant the licensing of two new ethnic radio services, and that such new ethnic services would not have a material impact on the ability of incumbent radio licensees to meet their programming responsibilities under the Act.

Commission's assessment of the applications and summary of its decisions

33. The Commission evaluated each application in light of the principal criterion set out in the call for applications, namely that proposals should “clearly reflect the diversity of languages, as well as the multicultural and multi-ethnic reality of Vancouver,” as well as the other specific matters that it stated would be considered, including the potential contribution of each applicant to such objectives as Canadian talent development, and the production of local and regional programming.
34. Further, the Commission examined the four factors identified in Decision 99-480 with respect to the assessment of competitive applications for licences to operate new radio stations, these being the quality of the application (including the business plan), the diversity of news voices, market impact and the competitive state of the market. The Commission notes that the determinations it has reached earlier in this notice effectively address the third and fourth factors.
35. Based on its assessment of the applications, the Commission has determined that the applications by I.T. and SABC best meet the evaluation criteria set out in the call for applications and represent the best use of the frequencies involved. With respect to I.T., the Commission has considered, among other things, the success that this applicant has enjoyed in the operation of a predominantly Hindustani-language SCMO service in Vancouver. It notes that the over-the-air signal of the proposed AM station will greatly expand the range of this existing Vancouver editorial voice to reach a far larger audience than that served by I.T.'s SCMO service. I.T. will also contribute to the diversity of radio station ownership in the Canadian broadcasting system. The proposed service will offer an attractive mix of programming dedicated almost entirely to meeting the needs of currently underserved ethnic communities in the Vancouver area. The Commission is satisfied that I.T.'s business plan is sound, and that the applicant's experience and familiarity with the market will enable its proposed station to repatriate audiences and revenues from the existing South Asian-language stations broadcasting from Washington State.
36. With respect to SABC, the Commission is satisfied that this applicant has a sound business plan and will offer an attractive new programming service, dedicated in its entirety to underserved ethnic groups in Vancouver. The Commission notes the experience of SABC's principal shareholder in business activities closely related to broadcasting. The Commission considers that the proposed new FM station can make a meaningful contribution to the broadcasting system, add to the diversity of ownership within the Canadian radio broadcasting industry and provide a new editorial voice in the Vancouver radio market.

37. Accordingly, in *Ethnic AM radio station in Vancouver*, Broadcasting Decision CRTC 2005-338 of today's date, the Commission approves the application by I.T. Productions Ltd. for a broadcasting licence to operate a commercial AM (ethnic) radio programming undertaking in Vancouver at 1200 kHz with a transmitter power of 25,000 watts. Further, in *Ethnic FM radio station in Vancouver*, Broadcasting Decision CRTC 2005-339, also of today's date, the Commission approves the application by South Asian Broadcasting Corporation Inc. for a broadcasting licence to operate a commercial specialty FM (ethnic) radio programming undertaking in Vancouver at 93.1 MHz (channel 226C) with an average effective radiated power of 2,800 watts. In each case, reasons underlying the Commission's determinations are set out in the decision, as are the applicable conditions of licence.
38. In a third decision issued today, *Denial of various applications proposing new Vancouver radio services*, Broadcasting Decision CRTC 2005-340, the Commission has denied all of the six remaining applications heard at the 28 February 2005 Vancouver public hearing for broadcasting licences to operate new radio programming undertakings to serve that community.

Secretary General

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