



## Broadcasting Decision CRTC 2006-189

Ottawa, 15 May 2006

### **Africa Motherland Broadcasting Inc.**

Winnipeg, Manitoba

### **4284186 Canada Inc., operating as**

### **Winnipeg Multicultural Radio**

Winnipeg, Manitoba

*Applications 2003-1910-5 and 2005-0110-8  
Public Hearing in the National Capital Region  
16 January 2006*

### **Ethnic FM radio stations in Winnipeg**

*The Commission **denies** the applications by Africa Motherland Broadcasting Inc. and by 4284186 Canada Inc., operating as Winnipeg Multicultural Radio, for broadcasting licences to operate new commercial ethnic FM radio stations in Winnipeg.*

### **The call for applications**

1. On 29 October 2004, the Commission announced that it had received an application for a broadcasting licence to provide a commercial ethnic radio service to serve Winnipeg, Manitoba, and called for applications from other parties wishing to obtain a broadcasting licence to provide radio programming services that “clearly reflect the diversity of languages, as well as the multicultural and multi-ethnic reality of Winnipeg.” (See *Call for applications for broadcasting licences to carry on radio programming undertakings to serve Winnipeg, Manitoba*, Broadcasting Public Notice CRTC 2004-80.) The Commission stated that “It should be noted that, in making this call, the Commission has not reached any conclusion with respect to the licensing of any service at this time.”
2. The Commission advised potential applicants that they would be required to provide evidence giving 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 achieving the objectives established in the *Broadcasting Act* (the Act) and, in particular, to the production of local and regional programming;
  - the factors relevant to the evaluation of applications, as outlined in *Introductory statement – Licensing new radio stations*, Decision CRTC 99-480, 28 October 1999, 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 means by which the applicant will promote the development of Canadian talent, including local and regional talent;
- an analysis of the markets involved and potential advertising revenues, taking into account the results of any survey undertaken supporting the estimates; and
- evidence as to the availability of financial resources consistent with the requirements established in the financial projections of the applicant's business plan.

### **The applications**

3. The Commission received an application by 4284186 Canada Inc., operating as Winnipeg Multicultural Radio (WMR), in response to the call. WMR's application and an application by Africa Motherland Broadcasting Inc. (AMB), the application that prompted the call, were considered at the 16 January 2006 public hearing in the National Capital Region.
4. Both applicants requested broadcasting licences for new commercial ethnic FM radio stations to serve the Winnipeg market. The applications were deemed to be competitive with each other for a broadcasting licence to provide a new ethnic service in the market.
5. AMB proposed to operate at 106.3 MHz (channel 292A) with an effective radiated power (ERP) of 897 watts. WMR proposed to operate at 104.7 MHz (channel 284B) with an ERP of 10,000 watts. The Department of Industry (the Department) certified an ERP of 820 watts for AMB's proposed radio station, and an average ERP of 6,500 watts for WMR's proposed radio station.

### **AMB**

6. AMB stated that 60% of all programming broadcast by its proposed radio station would be ethnic programming, and 50% would be in third-languages, the minimum levels required of ethnic radio stations for such programming under sections 7(1) and 7(2) of the *Radio Regulations, 1986*<sup>1</sup>. AMB indicated that its proposed radio station would offer programming directed to a minimum of 10 to 20 different cultural groups in a minimum of 15 languages. However, despite numerous attempts by the Commission to obtain clarification from the applicant, it remains unclear which cultural groups would be served by the proposed radio station, or what the languages of broadcast would be.

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<sup>1</sup> An ethnic program is defined in the *Radio Regulations, 1986* 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."

7. According to AMB, local reflection would be provided through the broadcast of 28 hours 40 minutes of local programming in each broadcast week. The spoken word programming would consist of news, and programs such as story telling and African tales. The proposed radio station would also offer religious programming as defined in *Religious Broadcasting Policy*, Public Notice CRTC 1993-78, 3 June 1993 (the Religious Broadcasting Policy). AMB requested an exception to the standard condition of licence that at least one-third of programming be locally-produced in order to solicit or accept local advertising.
8. With respect to Canadian talent development (CTD), AMB initially indicated that it would participate in the CTD plan developed by the Canadian Association of Broadcasters (CAB). Under this plan, a radio licensee serving a market the size of Winnipeg would be required to contribute a minimum of \$8,000 in each broadcast year to eligible third parties for the development of Canadian musical and other artistic talent.
9. AMB, however, indicated that it would only be able to begin making its CTD contributions in the fifth year of its licence term and specified that it would contribute \$3,000 in that year and \$5,000 in each subsequent year. In responding to a written question put to it by the Commission during the deficiency process, the applicant subsequently stated that it would contribute a minimum of \$2,000 to CTD in the first year of its licence term, and increase that amount by \$1,000 every year until it achieved the required amount. The applicant added that it would also contribute up to and more than \$6,000 in promotional support to artists from the ethnic community.

#### **WMR**

10. WMR proposed that at least 90% of all programming broadcast by the station would be ethnic, and 60% would be in third languages. The proposed radio station would offer programming directed to a minimum of 15 cultural groups in 15 different languages. The cultural groups to be served would include Russians, Ukrainians, Poles, Slovenians, Hungarians, Chinese, Italians, Hispanics, Portuguese, South Asians, Vietnamese, West Indians, Africans, Dutch, Scandinavians, Germans, Filipinos and Jews. The principle languages of broadcast would be Cantonese/Mandarin, Tagalog, Spanish, Hindi, Punjabi, Ukrainian, Russian, Polish, Vietnamese, Italian, Portuguese, German, Dutch/English, Slovenian and Magyar.
11. According to WMR, local reflection would be provided through the broadcast of at least 46 hours 30 minutes per week of brokered programming that would be locally produced. The proposed station would offer 3 hours 45 minutes of news in each broadcast week to be broadcast in third languages, with the exception of the morning Eastern Europe program, which would be broadcast in English. In each broadcast week, the proposed station would also broadcast 2 hours 30 minutes of religious programming as defined in the Religious Broadcasting Policy and 10 hours of cultural programming, including a program focusing on youth that would be hosted by youth. The applicant proposed to establish a local advisory board.

12. WMR did not propose to take part in the CAB's CTD plan. Instead, the applicant stated that it would devote a minimum of \$25,000 in direct expenditures to CTD initiatives in each broadcast year, totalling \$175,000 over a seven-year licence term.

### **Interventions**

13. The Commission did not receive any interventions in connection with AMB's application but did receive many interventions in support of WMR's application as well as an intervention in opposition by Standard Radio Inc. (Standard), the licensee of CFQX-FM Winnipeg, which operates at 104.1 MHz (channel 281C).
14. Standard noted that channel 284B, which WMR proposed to use, is a third adjacent channel to channel 281C. The intervener expressed concern that approval of WMR's application would result in interference to the reception of CFQX-FM in the southern areas of Winnipeg.
15. In response, WMR pointed out that its proposed technical parameters have been approved by the Department.

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

16. The Commission evaluated each application in light of the principal criterion set out in the call for applications, namely that the proposals should "clearly reflect the diversity of languages, as well as the multicultural and multi-ethnic reality of Winnipeg."
17. The 2006 population of the Winnipeg Census Agglomeration is estimated by Financial Post Markets (FP Markets) to be approximately 712,450. According to FP Markets estimates, 82% of the residents in Winnipeg's Central Market Area speak English at home while the top ten non-official languages spoken at home (Tagalog (Pilipino), Chinese, Punjabi, Portuguese, Polish, German, Spanish, Vietnamese, Ukrainian and Italian) account for a total population of approximately 19,111, or 3.2% of the Winnipeg population. Statistics Canada's 2001 census reported the ethnic population in Winnipeg as 102,205.
18. The Winnipeg market is currently served by a total of twelve commercial radio stations, including one ethnic radio station, namely CKJS, which is operated by CKJS Limited and controlled by Newcap Inc.<sup>2</sup> By conditions of licence, CKJS must broadcast a minimum of 73 hours 30 minutes of ethnic programs in each broadcast week directed to not less than 19 cultural groups, in not less than 16 different languages. The community-based campus radio stations CKUW-FM, which is operated by The Winnipeg

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<sup>2</sup> On 23 March 2006, the Commission approved, by administrative letter, the transfer of ownership and control of CKJS Limited to Newcap Inc.

Campus/Community Radio Society Inc., and CJUM-FM, which is operated by The University of Manitoba Students' Union, together provide approximately eight hours of ethnic programming in the Winnipeg market. In addition, a full ethnic radio service in a number of East Indian languages is offered on a Subsidiary Communications Multiplex Operations channel of CITI-FM, which is operated by Rogers Broadcasting Limited.

19. In 2005, the average profit before interest and taxes margin (PBIT margin) for all radio stations in Canada was 20.94%. Preliminary 2005 financial results for the Winnipeg market indicate that, in 2005, the commercial radio stations earned combined revenues of just over \$34 million and reported a combined PBIT margin of 13.5%. The incumbent ethnic radio station, CKJS, generated a small portion of the total revenues generated by all commercial radio stations in the Winnipeg market in 2005 and its financial performance over the past four years has been relatively poor.
20. The Commission notes that each of the radio markets of Calgary, Edmonton and Ottawa currently support a single radio station targeting ethnic communities. Each of these radio markets has a slightly larger population and larger total potential ethnic target population than Winnipeg. The 2001 Census reports the ethnic population in Calgary as 104,700, in Edmonton as 142,985, and in Ottawa as 120,530. The ethnic radio stations serving these markets operate with minimum positive profit margins, or at a loss.
21. Based on the demographic, economic and other evidence relative to the Winnipeg radio market and taking into account those factors relative to other radio markets of a larger, but comparable size, the Commission determines that the Winnipeg market is capable of supporting only one ethnic radio station serving the largest ethnic groups. The Commission is not convinced that there is a demand or a market that could support another ethnic radio station in Winnipeg at this time.
22. In light of the above, the Commission **denies** the applications by Africa Motherland Broadcasting Inc. and by 4284186 Canada Inc. operating as Winnipeg Multicultural Radio, for broadcasting licences to operate commercial ethnic FM radio programming undertakings in Winnipeg.

Secretary General

*This decision 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>*