



Broadcasting Decision CRTC 2007-387

Ottawa, 22 October 2007

0759969 B.C. Ltd.

Salt Spring Island, British Columbia

Salt Spring Island Radio Corp.

Salt Spring Island, British Columbia

*Applications 2007-0068-4, received 15 January 2007,
and 2007-0439-7, received 16 March 2007
Public Hearing in the National Capital Region
27 August 2007*

Licensing of a radio station to serve Salt Spring Island

*The Commission **approves** the application by Salt Spring Island Radio Corp. for a broadcasting licence to operate a Specialty FM radio programming undertaking to serve Salt Spring Island.*

*The Commission **denies** the application by 0759969 B.C. Ltd. for a broadcasting licence to serve the Salt Spring Island radio market.*

Introduction

1. At a public hearing on 27 August 2007 in the National Capital Region, the Commission considered two competitive applications for broadcasting licences to operate a radio station to serve Salt Spring Island, British Columbia.
2. As part of this process, the Commission received and considered interventions with respect to these two applications. The public record for this proceeding is available on the Commission's web site at www.crtc.gc.ca under "Public Proceedings".
3. After reviewing the applications and interventions, the Commission is of the view that the two primary issues to be considered in its evaluation of these applications are the following:
 - Can Salt Spring Island support one or more local radio stations?
 - Which, if either of the applications should be approved?

Can Salt Spring Island support one or more local radio stations?

4. Encompassing 180 square kilometres, Salt Spring Island is the largest of a group of islands located in the Strait of Georgia between Vancouver Island and mainland Vancouver. Salt Spring Island is known as one of North America's best small arts towns. The Island's economy relies heavily on tourism, but also supports an agricultural community. Its population has grown steadily over the past 16 years, increasing from 7,871 in 1991 to its current level of approximately 10,500.
5. Salt Spring Island currently does not have a local radio station. "The Driftwood", a weekly local newspaper that has been in operation for 47 years, is currently the only local media outlet in the community. Two attempts to establish competitive newspapers have been unsuccessful.
6. In its experience of evaluating Canadian radio markets of various sizes over many years, the Commission has not found evidence that a community with a population of approximately 10,000 would be capable of sustaining two commercial radio stations. However, taking into account the positive economic indicators in Salt Spring Island, the Commission considers that a party with business and broadcasting experience and the ability to establish co-operative connections with the local community would be able to implement a successful radio station on Salt Spring Island. The Commission is therefore satisfied that Salt Spring Island could support the licensing of one commercial radio station at this time.

Assessment of the applications

Criteria for assessment

7. Given that the Salt Spring Island market can support only one commercial radio station, the Commission considered the competing applications in light of the factors set out in Decision 99-480 with special importance accorded to the business plan, commitments to Canadian content, local programming and Canadian content development (CCD).

The applications

0759969 B.C. Ltd.

8. 0759969 B.C. Ltd. (0759969) indicated that the proposed station would be controlled by three shareholders: Messrs. Jack Woodward and Eamon Murphy, both lawyers, and Mr. Shilo Zylbegold, a teacher. Mr. Zylbegold would be the station's manager, Mr. Woodward would be the accounting manager responsible for the advertising budget, among other things, and Mr. Murphy would be the program director.

9. 0759969 proposed to establish an English-language, Specialty commercial FM radio station that would operate at 102.1 MHz (channel 271A1) with an effective radiated power (ERP) of 8.9 watts. At least 85% of the musical selections broadcast by the station would be drawn from category 3 (Special interest music). Most of those selections would be drawn from subcategory 32 (Folk and folk-oriented). Up to 20% of the broadcast week would be devoted to musical selections featuring emerging artists.
10. In terms of local reflection and spoken word programming, 0759969's proposed station would offer 45 hours of local programming in each broadcast week. The station would also air 30 hours of news, sports and weather weekly.
11. 0759969 projected that it would generate \$400,000 in local advertising revenues in its first year of operation increasing to \$550,000 by the seventh year. The applicant stated that it would contribute \$10,000 to CCD over seven consecutive broadcast years, upon commencement of operations.

Salt Spring Island Radio Corp.

12. Salt Spring Island Radio Corp. (SSI Radio) indicated that the proposed station would be controlled by Messrs. Gary Brooks and Richard Moses. According to the biographical information included with the application, Mr. Brooks has an MBA and experienced a successful entrepreneurial career before moving to Salt Spring Island. Mr. Moses, the proposed program director, worked at CJRT-FM Toronto in the 1970s and at CKUA-FM Edmonton in the late 1980s.
13. SSI Radio proposed to establish an English-language, Specialty commercial FM radio station that would operate at 107.9 MHz (channel 300A) with an average ERP of 340 watts. At least 33% of the musical selections broadcast by the station would be drawn from category 3 (Special interest music). SSI Radio indicated its willingness to accept a condition of licence stipulating that at least 25% of the category 3 musical selections broadcast in each broadcast week be Canadian, which exceeds the minimum requirements set out in the *Radio Regulations, 1986* (the Regulations). At the same time, SSI Radio stated that it would strive to increase the Canadian content level of its category 3 musical selections to 50% of the broadcast week. SSI Radio further indicated that up to 6% of the broadcast week would be devoted to musical selections featuring emerging artists.
14. With respect to local reflection and spoken word programming, SSI Radio's proposed station would offer 123 hours of local programming weekly including varied musical selections as well as information and discussion programs. The station would also broadcast 60 minutes of Aboriginal programming and 90 minutes of religious programming weekly. The applicant also indicated that it planned to involve volunteers and local talent in operating the station.

15. SSI Radio projected that it would generate \$130,000 in local advertising revenues in its first year of operation increasing to \$269,000 by the seventh year. It indicated that it would seek to establish a joint rate card with the long-standing local newspaper. The applicant indicated that, in addition to its required basic annual contribution to CCD, it would contribute \$17,500 to CCD over seven consecutive broadcast years, upon commencement of operations.

Commission's analysis and determinations

Business plans

16. The Commission considers that businesses located on Salt Spring Island would be the primary source for advertising revenues for any local radio station. Accordingly, the Commission finds that it is essential for the successful applicant to be able to provide a quality signal to Salt Spring Island's principal population centres.
17. The Commission's analysis of the technical parameters filed by 0759969 reveals that mountains and hills would prevent the proposed station's signal from reaching the more populated areas in the northern part of the Island. The technical parameters proposed by 0759969 would not even provide adequate coverage to Ganges, the Island's main town. Given that 0759969 would not be able to provide adequate coverage to the Island's most populated areas, the Commission is of the view that this applicant would have difficulty in fulfilling its projected advertising revenues.
18. The Commission's analysis of SSI Radio's proposed technical parameters reveals that its station would cover the northern part of Salt Spring Island and provide good coverage of Ganges and other populated areas of the Island. The Commission therefore considers that this applicant would be capable of fulfilling its projected advertising revenues, which are more modest than those of 0759969 and which take into account a well established competitor, the local newspaper. While the station's proposed 0.5 mV/m contour would also encompass some smaller communities along the coast of Vancouver Island, the Commission does not consider that this additional coverage would generate any incremental advertising from local businesses operating in these communities.
19. In the Commission's view, Mr. Brooks' business experience and Mr. Moses' broadcasting experience would together contribute to the proposed station's success in a small market where for many years businesses have relied on the local newspaper for advertising their services. Many of the interveners who supported SSI Radio's application emphasized the importance of the partnership between Messrs. Brooks and Moses and noted that both men are active in the community and have extensive knowledge of music and the local community.
20. Based on the foregoing, the Commission considers that 0759969's business plan contains major flaws while SSI Radio presented a viable business plan and clearly demonstrated the financial capacity to fulfil its plan.

Local reflection and Canadian content

21. The Commission notes that SSI Radio proposed to offer 123 hours of local programming weekly while 0759969 proposed to offer 45 hours of local programming weekly. SSI Radio's commitment to focus on investing in the local community is also reflected in its CCD plans, which are described below. SSI Radio's proposals to offer Aboriginal and religious programming and to include volunteers and local talent in the operation of the station would provide a diversity not found in 0759969's proposal. In addition, SSI Radio's commitment to exceed the minimum regulatory requirement for category 3 musical selections would provide increased exposure for Canadian Special interest music. The Commission therefore determines that SSI Radio's proposal contains greater levels of local reflection, diversity and Canadian content than those found in 0759969's proposal.

Canadian content development

22. In Broadcasting Public Notice 2006-158 (Commercial Radio Policy 2006), 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.
23. SSI Radio committed to make contributions to CCD in excess of its required basic annual contribution. Specifically, SSI Radio indicated that, in addition to the required basic annual contribution, it would, by condition of licence, allocate a contribution of \$2,500 per year in each of the first seven years of operation. SSI Radio proposed to direct \$500 per year of this over-and-above amount to FACTOR. The remainder, \$2,000, would be directed to the following eligible initiative: funding of new musical instruments for the Gulf Island Secondary School. In comparison, 0759969 merely indicated that it would expend a total of \$10,000 on CCD without specifying how it would allocate its expenditures.

Conclusion

24. In light of all of the above, the Commission determines that the application by SSI Radio best fulfils the criteria for evaluating competing applications for new radio stations. Accordingly, the Commission **approves** the application by Salt Spring Island Radio Corp. for a broadcasting licence to operate an English-language, Specialty commercial FM radio programming undertaking in Salt Spring Island. The Commission **denies** the application by 0759969 B.C. Ltd.

25. Terms and **conditions of licence** for SSI Radio's station, including conditions requiring the applicant to adhere to its commitment to broadcast a minimum of 25% Canadian content in its category 3 musical selections, and to its CCD commitments are set out in the appendix to this decision.
26. The Commission reminds SSI Radio that any CCD initiatives that have not been allocated to specific parties by condition of licence must be allocated to the support, promotion, training and development of Canadian musical and spoken word talent, including journalists. Parties and initiatives eligible for CCD funding are identified in paragraph 108 of the Broadcasting Public Notice 2006-158.
27. The Commission has noted the intervention to SSI Radio's application by Société radio communautaire Victoria (the Société), which is authorized to operate the French-language, community station CILS-FM Victoria at 107.9 MHz (channel 300A1) with an ERP of 250 watts. The Société indicated that it planned to file an application for an increase in ERP that would permit its signal to reach Sidney, Sooke and Salt Spring Island. The Commission notes that, if the Société were to file an application for an increase in CILS-FM's power, the proposal would be assessed at that time.

Secretary General

Related documents

- *Commercial Radio Policy 2006*, Broadcasting Public Notice CRTC 2006-158, 15 December 2006
- *Introductory statement – Licensing new radio stations*, Decision CRTC 99-480, 28 October 1999

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 2007-387

Salt Spring Island Radio Corp.

Application 2007-0439-7, received 16 March 2007

Terms, conditions of licence, expectation and encouragement

Issuance of the broadcasting licence to operate an English-language, Specialty commercial FM radio programming undertaking in Salt Spring Island, British Columbia

Terms

The licence will expire 31 August 2014.

The station will operate at 107.9 MHz (channel 300A) with an average effective radiated power of 340 watts.

The Commission reminds the applicant that, 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 22 October 2009. 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.

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 5 and 8.
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, 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 devote, in that broadcast week, a minimum of 25% of its musical selections from content category 3 (Special interest music) to Canadian selections, and schedule them in a reasonable manner throughout each broadcast week.

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*.

4. 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.

5. In addition to the basic annual contribution, the licensee shall, upon commencement of operations, contribute \$2,500 annually to the promotion and development of Canadian content. This amount is over and above the licensee’s required basic annual CCD contribution. Of this amount, \$500 per broadcast year shall be devoted to FACTOR. The remainder, \$2,000, shall be allocated to parties and initiatives fulfilling the definition of eligible initiatives in Broadcasting Public Notice 2006-158.
6. Where the licensee broadcasts religious programming as defined in *Religious Broadcasting Policy*, Public Notice CRTC 1993-78, 3 June 1993, the licensee shall adhere to the guidelines set out in sections III.B.2.a) and IV of that public notice with respect to the provision of balance and ethics in religious programming, as amended from time to time.

Expectation

Cultural diversity

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

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.