



## Broadcasting Decision CRTC 2008-194

Ottawa, 21 August 2008

### Various applicants

Drumheller, Alberta

*Public Hearing in Edmonton, Alberta*

*27 May 2008*

### Licensing of a new radio station to serve Drumheller, Alberta

*The Commission **approves** the application by Golden West Broadcasting Ltd. for a broadcasting licence to operate a new FM radio station to serve Drumheller.*

*The Commission **denies** the remaining applications for broadcasting licences for radio stations to serve Drumheller.*

### Introduction

1. At a public hearing commencing 27 May 2008 in Edmonton, Alberta, the Commission considered three applications for new radio programming undertakings to serve Drumheller, two of which are mutually exclusive on a technical basis. The applicants were as follows:
  - Thomas Bolin, on behalf of a corporation to be incorporated
  - Newcap Inc.
  - Golden West Broadcasting Ltd.
2. As part of this process, the Commission received and considered interventions with respect to each application. The public record for this proceeding is available on the Commission's website at [www.crtc.gc.ca](http://www.crtc.gc.ca) under "Public Proceedings."
3. After reviewing the applications and interventions, the Commission is of the view that the primary issues to be considered are as follows:
  - Can the Drumheller radio market sustain additional radio services without an undue negative impact on the existing station?
  - If so, which of the applications should be approved, in light of the factors identified in Broadcasting Public Notice 2007-133 (the Call)?

## **The Drumheller radio market and its ability to sustain new stations**

4. The town of Drumheller is located approximately 140 kilometres northeast of Calgary, Alberta, and approximately 160 kilometres southeast of Red Deer, Alberta. The Drumheller radio market consists of one AM radio station, CKDQ Drumheller, which broadcasts a Country music format. CKDQ is owned by Newcap Inc.
5. According to Statistics Canada's 2006 Census, the population of the town of Drumheller was 7,932. The population had increased by 1.9% from the 2001 Census, as compared to 5.4% for Canada and 10.6% for Alberta during the same period. According to the website for the town of Drumheller, this town's primary trading area encompasses a population of approximately 30,000.<sup>1</sup>
6. Out-of-market tuning by Drumheller area<sup>2</sup> residents 12 years of age and older accounts for approximately 97% of their total tuning. Among the out-of-market radio stations available to Drumheller area listeners are CKMX Calgary, which broadcasts a Country music format; CKRY-FM Calgary, which broadcasts a Contemporary Country music format; CHFM-FM Calgary, which broadcasts an Adult Contemporary music format; CFUL-FM Calgary, which broadcasts an Adult Album Alternative music format; and KISC-FM Spokane, Washington, which broadcasts an Adult Contemporary music format.
7. Although the incumbent station, CKDQ, experienced some revenue growth from 2006 to 2007, its average yearly growth in advertising revenues from 2004 to 2007 was considerably below that recorded by the entire Alberta radio market between 2004 and 2007, which is largely attributable to the strong performance of the Calgary and Edmonton radio markets. However, the significant level of out-of-market tuning by Drumheller area listeners would provide an opportunity for newly-licensed stations to repatriate those listeners, thereby making this listening audience attractive to Drumheller area advertisers. The Commission is therefore of the view that the Drumheller radio market would be able to realize modest growth in total advertising revenues from 2007 to 2013.
8. Finally, despite experiencing a decline in its profit before interest and tax (PBIT) margin from 2006 to 2007, CKDQ recorded a very healthy PBIT margin in 2007, and was consistently profitable from 2003 to 2007. Further, the PBIT margin for the Drumheller radio market has exceeded that for the Canadian radio market each year since 2003.
9. Based on the evidence set out above, the Commission is satisfied that the Drumheller radio market could support the licensing of one new commercial radio station without experiencing an undue negative impact on its incumbent station.

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<sup>1</sup> www.dinosaurvalley.com, (20 August 2008)

<sup>2</sup> This area corresponds to that identified by BBM Canada as Census Division 5, for which the 2007 population 12 years of age and older was 42,679.

10. In Broadcasting Public Notice 2006-159, the Commission set out its general concern with the relatively lower profitability of radio markets with populations under 250,000, and signalled its intent to avoid over-licensing in such markets. The Commission is of the view that the licensing of one new commercial radio station to serve the Drumheller radio market at this time is consistent with this intent.

### **Assessment of the applications**

11. Having determined that there is room in the Drumheller radio market for one additional service, the Commission has considered the applications to serve Drumheller in light of the factors relevant to the evaluation of the applications outlined in the Call, which include the factors set out in Decision 99-480:
  - the quality of the application;
  - the diversity of news voices; and
  - the competitive state of the radio market and the level of market impact.
12. The details relevant to the assessment of the applications are set out in Appendix 1 to this decision.
13. Having considered all of the applications in light of the criteria set out above, the Commission finds that the proposal by Golden West Broadcasting Ltd. (Golden West) best meets the needs of the Drumheller radio market. In the Commission's view, the proposal by Golden West would augment the diversity of radio voices in the Drumheller radio market and would add to the news voices in that market. Moreover, the Commission considers that Golden West presented a viable business plan, and that approval of its application would increase competition in the Drumheller radio market without having an undue negative impact on its incumbent radio station.
14. The addition of this service would contribute to the musical diversity of the Drumheller radio market, with an Adult Contemporary format targeting an audience from 25 to 50 years of age. Golden West indicated that a minimum of 40% of all musical selections from content category 2 (Popular Music) broadcast during the broadcast week and between 6:00 a.m. and 6:00 p.m. Monday through Friday would be Canadian selections, which exceeds the requirements set out in the *Radio Regulations, 1986* (the Regulations). The applicant also indicated that 10% of the musical selections broadcast in each broadcast week would be drawn from subcategory 32 (Folk and folk-oriented), as defined in Public Notice 2000-14. The Commission considers that the programming proposed by Golden West and the audience targeted by its proposed service would repatriate out-of-market tuning, in particular, to out-of-market radio stations that operate under a format similar to that proposed by the applicant.

15. Further, the station would broadcast 126 hours of local programming per broadcast week, of which 12 hours and 48 minutes would be spoken word programming, including three hours and 36 minutes devoted to news.<sup>3</sup> In addition, the technical, accounting and overall management synergies, as well as the synergies relating to regional sales and regional news coverage, that Golden West would be able to achieve with its radio stations in Alberta (CFXO-FM and CFXL-FM High River / Okotoks, and CHRB High River) would enable it to foster its continued growth and better position itself in the Drumheller radio market.
16. As of 1 September 2008, commercial radio licensees will be required to adhere to the requirements relating to contributions to Canadian content development (CCD) set out in section 15 of the Regulations, as amended by *Regulations Amending the Radio Regulations, 1986*, SOR/2008-177, 28 May 2008, announced in Broadcasting Public Notice 2008-67. Golden West committed to devote, over and above the basic annual contribution to CCD, a total of \$100,000 to CCD over seven broadcast years, upon commencement of operations. Of this amount, 20% would be devoted to FACTOR or MUSICACTION, with the remainder to be directed to eligible parties and initiatives as defined in Broadcasting Public Notice 2006-158.

### **Determinations**

17. Based on all of the foregoing, the Commission **approves** the following application for a broadcasting licence to operate an English-language commercial FM radio programming undertaking in Drumheller:

**Golden West Broadcasting Ltd.**  
*Application 2008-0167-2, received 31 January 2008*

The terms and **conditions of licence** for this new service are set out in Appendix 2 to this decision.

18. The Commission **denies** the two remaining applications for broadcasting licences to operate radio programming undertakings in Drumheller, as set out below:

**Thomas Bolin, on behalf of a corporation to be incorporated**  
*Application 2007-0362-0, received 1 March 2007*

**Newcap Inc.**  
*Application 2007-1067-5, received 20 July 2007*

19. Because Golden West is subject to the *Employment Equity Act* and files reports concerning employment equity with the department of Human Resources and Social Development Canada, its employment equity practices are not examined by the Commission.

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<sup>3</sup> "News" excludes related surveillance material, that is, weather, traffic, sports and entertainment reports.

20. In Broadcasting Public Notice 2007-133, the Commission indicated that the applicants were required, in their applications, to provide evidence giving clear indication of a demand and a market for the stations and the proposed services. The Commission also stated in that public notice that the applicants were required to address, in their applications, issues related to, for example, the achievement of the objectives established in the *Broadcasting Act* (in particular, those relating to the production of local and regional programming); the markets involved and potential advertising revenues; the availability of financial resources consistent with the requirements established in the financial projections of the applicant's business plan; contributions to CCD; and other factors relevant to the evaluation of applications, as outlined in Decision 99-480.
21. The Commission considers that the original application submitted by Golden West lacked precision and detail in regard to several of the above-noted issues, and that the strength of the application was only revealed during the public hearing. In order to ensure that it can process and examine applications for broadcasting licences in a timely and efficient manner, the Commission expects applicants to ensure that the details of their applications are clearly defined and accurate prior to entering into the public hearing phase of the proceeding.

Secretary General

#### **Related documents**

- *Amendments to the Radio Regulations, 1986 – Implementation of the Commercial Radio Policy 2006 and the Digital Radio Policy – Regulatory policy, Broadcasting Public Notice CRTC 2008-67, 23 July 2008*
- *Call for applications for a broadcasting licence to carry on a radio programming undertaking to serve Drumheller, Alberta, Broadcasting Public Notice CRTC 2007-133, 22 November 2007*
- *Revised policy concerning the issuance of calls for radio applications and a new process for applications to serve small markets, Broadcasting Public Notice CRTC 2006-159, 15 December 2006*
- *Commercial Radio Policy 2006, Broadcasting Public Notice CRTC 2006-158, 15 December 2006*
- *Revised content categories and subcategories for radio, Public Notice CRTC 2000-14, 28 January 2000*
- *Introductory statement – Licensing new radio stations, Decision CRTC 99-480, 28 October 1999*

- *New licence form for commercial radio stations*, Public Notice CRTC 1999-137, 24 August 1999
- *Revised Policy on the Use of Hits by English-language FM Radio Stations*, Public Notice CRTC 1997-42, 23 April 1997

*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 1 to Broadcasting Decision CRTC 2008-194

### Specific details relevant to the assessment of the applications for new broadcasting licences for FM radio programming undertakings to serve Drumheller, Alberta

Applicant	Details from the application
<b>Thomas Bolin, on behalf of a corporation to be incorporated</b> Application 2007-0362-0	<b>Type:</b> Low-power, English-language commercial FM radio programming undertaking <b>Technical parameters:</b> 99.5 MHz (channel 258LP), effective radiated power of 43.7 watts <b>Format:</b> Classic Hits <b>Target audience:</b> 18-55 years (core: not specified) <b>Canadian content (music):</b> 35% category 2* <b>Local programming per broadcast week**:</b> 126 hours <b>Spoken word programming per broadcast week**:</b> 21 hours 35 minutes <b>News programming per broadcast week**:</b> 8 hours 10 minutes (news*** and sports) <b>Canadian content development contribution (over the basic annual contribution):</b> \$8,400 over seven consecutive broadcast years <b>Live-to-air programming per broadcast week**:</b> 60 hours <b>Automated programming per broadcast week**:</b> 66 hours <b>Emerging artists programming per broadcast week**:</b> 2% of Canadian musical selections <b>Hit material****:</b> 49% of music programming
<b>Newcap Inc.</b> Application 2007-1067-5	<b>Type:</b> English-language commercial FM radio programming undertaking <b>Technical parameters:</b> 102.7 MHz (channel 274A), effective radiated power of 6,000 watts <b>Format:</b> Broad-based Classic Hits, Rock-based format featuring a wide variety of non-current music, drawing from Classic Hits, Classic Rock, and 60's and 70's Oldies songs, and 80's and 90's songs <b>Target audience:</b> 25-54 years (core: 35-44) <b>Canadian content (music):</b> 35% category 2 <b>Local programming per broadcast week:</b> 126 hours <b>Spoken word programming per broadcast week:</b> 17 hours 28 minutes <b>News programming per broadcast week:</b> 4 hours 37 minutes (news (3 hours, 18 minutes) and related surveillance material) <b>Canadian content development contribution (over the basic annual contribution):</b> \$70,000 over seven consecutive broadcast years <b>Live-to-air programming per broadcast week:</b> 66 hours <b>Voice-tracked programming per broadcast week**:</b> 60 hours, during non-peak hours <b>Emerging artists programming per broadcast week:</b> 4% <b>Hit material:</b> 49.9% of music programming

**Golden West  
Broadcasting Ltd.**  
Application 2008-0167-2

**Type:** English-language commercial FM radio programming undertaking  
**Technical parameters:** 99.5 MHz (channel 258A), effective radiated power of 3,600 watts  
**Format:** Adult contemporary with 10% of all musical selections broadcast during each broadcast week\*\* to be devoted to selections drawn from content subcategory 32 (Folk and folk-oriented)  
**Target audience:** 25-50 years (core: not specified)  
**Canadian content (music):** 40% category 2  
**Local programming per broadcast week:** 126 hours  
**Spoken word programming per broadcast week:** 12 hours 48 minutes  
**News programming per broadcast week:** 10 hours 57 minutes (news (3 hours 36 minutes) and related surveillance material / announcer talk)  
**Canadian content development contribution (over the basic annual contribution):** \$100,000 over seven consecutive broadcast years  
**Live-to-air programming per broadcast week:** 87 hours  
**Emerging artists programming per broadcast week:** percentage will vary depending on material available  
**Hit material:** 48% of music programming

\* Percentages shown for category 2 musical selections (Popular Music) are for both the broadcast week and the period from 6:00 a.m. to 6:00 p.m., Monday to Friday. The definition of "broadcast week" is the same as that set out in the *Radio Regulations, 1986*.

\*\* The definition of "broadcast week," as it relates to local, spoken word and news programming, live-to-air, voice-tracked and automated programming, emerging artists programming, and the format proposed by Golden West Broadcasting Ltd., is the same as that set out in the *Radio Regulations, 1986*.

\*\*\* As set out in Public Notice 2000-14, "news" excludes related surveillance material, that is, weather, traffic, sports and entertainment reports.

\*\*\*\* The definition of "hit material" is the same as that set out in Public Notice 1997-42.



## Appendix 2 to Broadcasting Decision CRTC 2008-194

**Golden West Broadcasting Ltd.**

*Application 2008-0167-2, received 31 January 2008*

### Terms, conditions of licence and expectation

**Issuance of the broadcasting licence to operate an English-language commercial FM radio programming undertaking in Drumheller, Alberta**

#### Terms

The licence term will begin 1 September 2008 and expire 31 August 2015.

The station will operate at 99.5 MHz (channel 258A) with an effective radiated power of 3,600 watts.

The Department of Industry (the Department) has advised the Commission that, while this application is conditionally technically acceptable, it will only issue a broadcasting certificate when it has determined that the proposed technical parameters will not create any unacceptable interference with aeronautical NAV/COM services.

The Commission reminds the applicant that pursuant to section 22(1) of the *Broadcasting Act*, no licence may be issued until the Department 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 21 August 2010. 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 licence will 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 exceptions of conditions numbers 1 and 5.
2. The licensee shall, 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):

- a) devote, in each broadcast week, a minimum of 40% of its musical selections from content category 2 (Popular Music) to Canadian selections broadcast in their entirety; and
- b) devote, between 6:00 a.m. and 6:00 p.m., in any period beginning on Monday of a week and ending on Friday of the same week, a minimum of 40% of its musical selections from content category 2 (Popular Music) 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 meaning as that set out in the Regulations.

- 3. The licensee shall devote 10% of all musical selections broadcast during each broadcast week to selections drawn from content subcategory 32 (Folk and folk-oriented).
- 4. In addition to the required basic annual Canadian content development (CCD) contribution, set out in section 15 of the *Radio Regulations, 1986*, as amended by *Regulations Amending the Radio Regulations, 1986, SOR/2008-177, 28 May 2008*, announced in *Amendments to the Radio Regulations, 1986 – Implementation of the Commercial Radio Policy 2006 and the Digital Radio Policy – Regulatory policy, Broadcasting Public Notice 2008-67, 23 July 2008*, the licensee shall, upon commencement of operations, contribute \$100,000 over seven consecutive broadcast years to the promotion and development of Canadian content, according to the following schedule: Years 1 through 5: \$10,000 annually; Years 6 and 7: \$25,000 annually.

Of this amount, the licensee shall allocate no less than 20% per broadcast year to FACTOR or MUSICACTION. The remaining amounts of this additional CCD contribution 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*.

- 5. The licensee shall adhere to the Canadian Association of Broadcasters’ *Equitable Portrayal Code*, as amended from time to time and approved by the Commission. The application of the foregoing condition of licence will be suspended as long as the licensee remains a member in good standing of the Canadian Broadcast Standards Council.
- 6. The licensee shall adhere to the Canadian Association of Broadcasters’ *Broadcast code for advertising to children*, as amended from time to time and approved by the Commission. The application of the foregoing condition of licence will be suspended as long as the licensee remains a member in good standing of the Canadian Broadcast Standards Council.

## **Expectation**

### **Cultural diversity**

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