



Broadcasting Decision CRTC 2010-640

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Route reference: 2010-271

Ottawa, 31 August 2010

Rawlco Radio Ltd.
Edmonton, Alberta

Application 2009-1713-0, received 16 December 2009

CHMC-FM Edmonton – Licence renewal and amendment

*The Commission **approves** the request to amend the broadcasting licence for the English-language commercial radio station CHMC-FM Edmonton in order to delete the conditions of licence related to its operation as a specialty format station. The Commission also **renews** the licence for CHMC-FM from 1 September 2010 to 31 August 2017. The terms and **conditions of licence** are set out in the appendix to this decision.*

The application

1. The Commission received an application by Rawlco Radio Ltd. (Rawlco) to renew the broadcasting licence for the English-language commercial radio programming undertaking CHMC-FM Edmonton, which expires 31 August 2010. As part of its application, Rawlco requested to delete the conditions of licence related to the station's operation under a Smooth Jazz specialty music format. The Commission did not receive any interventions with respect to this application.
2. The licensee stated that while it has operated CHMC-FM as a Smooth Jazz specialty station over its first licence term, it has suffered significant financial losses. It submitted that the Smooth Jazz format is no longer viable in Edmonton and proposed to provide instead a middle-of-the-road format. The new format would include compatible music from other genres while mixing in Smooth Jazz music. In this regard, the licensee indicated that it would be prepared to accept a condition of licence requiring it to broadcast a weekly two-hour specialty Smooth Jazz program.

Commission's analysis and determinations

3. With regard to the licensee's request to delete the conditions of licence related to the station's operation under a specialty music format, the Commission evaluates such applications on a case-by-case basis. As a general rule, the Commission expects that applicants awarded licences in competitive situations maintain their commitments for at least the first term of their licence. The Commission notes that Rawlco has met its specialty FM format obligations over its first licence term, despite significant losses.

4. In approving various Smooth Jazz format applications between 2000 and 2004, the Commission took into consideration the musical diversity the format promised to bring to Canadian listeners. At the same time, however, the Commission recognized that this was a new format being introduced to the Canadian radio market. In the absence of a track record for the format in Canada, all audience and financial projections offered by Smooth Jazz applicants were of necessity based primarily on the US format model superimposed on the Canadian marketplace. As a consequence, the Commission was aware that it would take some time to determine if the Smooth Jazz format as envisioned by the various applicants would be sustainable in their respective markets. Consensus held that a five- to seven-year maturation period would determine the format's viability therein. Further, the Commission derived additional comfort from the fact that the applicants licensed were all experienced broadcasters that asked for an opportunity to introduce “something new” to the Canadian radio landscape.
5. The Commission notes the licensee’s commitment to maintaining some level of Smooth Jazz music to offer a sense of continuity for its current listeners. The Commission also notes that the Edmonton market is presently performing very well when compared to other Canadian markets. Specifically, in 2009 the overall market generated a healthy profit before interest and taxes (PBIT) of approximately \$21 million for a PBIT margin of 26.1%. Given that the Edmonton market will have to absorb the new stations licensed following the 2008 Edmonton public hearing,¹ it will most likely be competitive in the short term. However, although the Edmonton market has struggled through the recession, it appears that it will recover in the long term and approval of CHMC-FM’s request should not unduly impact the existing stations as CHMC-FM already solicits advertising in the Edmonton market. Finally, the Commission notes that none of the existing or recently licensed and unlaunched stations intervened to oppose or express concern that approval of Rawlco’s request would have a negative impact on the Edmonton radio market.
6. In light of the above, the Commission **approves** the application by Rawlco Radio Ltd. to amend the broadcasting licence for the English-language commercial radio station CHMC-FM Edmonton in order to delete the conditions of licence related to its operation as a specialty format station. The Commission also **renews** the licence for CHMC-FM from 1 September 2010 to 31 August 2017. The terms and **conditions of licence** are set out in the appendix to this decision.

Employment equity

7. Because this licensee is subject to the *Employment Equity Act* and files reports concerning employment equity with the department of Human Resources and Skills

¹ See *Licensing of new radio stations to serve Edmonton, Alberta*, Broadcasting Decision CRTC 2008-288, 17 October 2008. Two of the stations licensed in that decision have launched. Only the FM station granted to Harvard Broadcasting Inc. remains to be launched as the authorization for CTV Limited’s new FM station in Edmonton has lapsed.

Development Canada, its employment equity practices are not examined by the Commission.

Secretary General

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

Appendix to Broadcasting Decision CRTC 2010-640

Terms and conditions of licence

Terms

The licence will be in effect from 1 September 2010 to 31 August 2017.

Conditions of licence

1. The licence will be subject 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.
2. The licensee shall broadcast a two-hour Specialty Smooth Jazz program in each broadcast week.
3. The licensee shall fulfil all the commitments related to Canadian talent development, now known as Canadian content development (CCD), as well as other financial commitments set out in *Smooth jazz Specialty FM radio station in Edmonton*, Broadcasting Decision CRTC 2004-136, 5 April 2004 by no later than 30 November 2012, which is seven years following the launch of the station. Accordingly,
 - In years 1 and 2 of the licence term, the licensee shall devote \$315,000 in direct expenditures to support CCD, as follows:
 - \$200,000 to Project 10K20;
 - \$50,000 to the Edmonton International Jazz Festival;
 - \$50,000 to the Yardbird Suite Jazz Club;
 - \$7,000 to other eligible CCD initiatives; and
 - \$8,000 to FACTOR.
 - Between 1 September 2012 and 30 November 2012, the licensee shall devote \$78,750 to eligible CDD initiatives, as follows:
 - \$50,000 to Project 10K20;
 - \$12,500 to the Edmonton International Jazz Festival;
 - \$12,500 to the Yardbird Suite Jazz Club;
 - \$1,750 to other eligible CCD initiatives; and
 - 2,000 to FACTOR.

As of 1 September 2010, the licensee shall make the contributions to CCD required under section 15 of the *Radio Regulations, 1986* (the Regulations). However, the Regulations, as a transitional measure, allow licensees to reduce the basic annual amount contributable under the Regulations by the amount to be contributed to the development of Canadian content or Canadian talent under

conditions of licence imposed prior to 1 June 2007, the date after which all decisions were made in accordance with the new policy.

- In years 1 and 2 of the licence term, the licensee shall direct \$7,000 to support Canadian Women in Communications (CWC). Between 1 September 2012 and 30 November 2012, the licensee shall direct \$1,750 to CWC.
- In years 1 and 2 of the licence term, the licensee shall direct \$50,000 to the Aboriginal Multi-Media Society of Alberta (AMMSA) to support Aboriginal broadcast training. Between 1 September 2012 and 30 November 2012, the licensee shall direct \$12,500 to AMMSA.