



Broadcasting Decision CRTC 2014-475

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Route references: 2014-102 and 2013-536

Ottawa, 15 September 2014

Blackgold Broadcasting Inc.
Spruce Grove and Stony Plain, Alberta

Application 2013-1318-9, received 1 October 2013

Golden West Broadcasting Ltd.

Spruce Grove, Alberta

Application 2013-1014-3, received 27 June 2013

*Public hearing in Toronto, Ontario
13 May 2014*

Licensing of a new radio station to serve Spruce Grove and Stony Plain

*The Commission **approves** an application by Blackgold Broadcasting Inc. for a broadcasting licence to operate an English-language commercial FM radio station to serve Spruce Grove and Stony Plain.*

*The Commission **denies** an application by Golden West Broadcasting Ltd. for a broadcasting licence to operate an English-language commercial FM radio station to serve Spruce Grove.*

Introduction

1. On 27 June 2013, Golden West Broadcasting Ltd. (Golden West) filed an application for a broadcasting licence to operate an English-language commercial FM radio station to serve Spruce Grove, Alberta. Further, on 1 October 2013, Blackgold Broadcasting Inc. (Blackgold) filed an application for a broadcasting licence to operate an English-language commercial FM radio station to serve Spruce Grove and Stony Plain. The applications are technically mutually exclusive given that both applicants proposed to operate at 88.1 MHz. However, Blackgold proposed the use of 106.5 MHz as an alternate frequency.
2. Blackgold is equally owned by Mr. And Mrs. Tamagi. Pursuant to the shareholders agreement, control rests with Mr. Tamagi as he has the right to exercise the casting vote in the event of an equality of votes at any board of directors meeting.

3. Golden West is controlled by its majority shareholder, Mr. Elmer Hildebrand.
4. As part of this process, the Commission received and considered interventions with respect to each application. The public record for each application can be found on the Commission's website at www.crtc.gc.ca or by using the appropriate application number.
5. After reviewing the positions of the parties to this proceeding, the Commission is of the view that the primary issues to be considered are as follows:
 - Can the Spruce Grove/Stony Plain radio market sustain two new radio services?
 - If not, which of the applications should be approved, in light of the factors identified in Decision 99-480?

The Spruce Grove/Stony Plain radio market and its ability to sustain new stations

6. Based on Statistics Canada's most recent census, the communities of Spruce Grove and Stony Plain, both located approximately 30 km west of Edmonton, had a total population of 41,222 in 2011. They are already well served in terms of radio services given that they receive the signals of most of the 19 commercial radio stations operating in Edmonton. Consequently, any new local service in Spruce Grove and Stony Plain would be competing with these Edmonton services for advertising revenues and tuning.
7. Blackgold submitted that based on the 2012 FP Markets report, retail sales in the two communities are sufficient to support two new stations.
8. Conversely, Golden West stated that since the Spruce Grove market area is a rural metro-adjacent community that is greatly influenced economically by the larger adjacent metropolitan area (Edmonton), a local first service would have to hold its own in the shadow of a larger market. As such, it argued that two separate operators would not only unduly disadvantage both organizations, but would disrupt the orderly process of introducing and establishing a first-time local radio service. The applicant added that in its experience, a community of this size obtaining its first radio station is best served by the targeted, focused roll-out of a single station.
9. The Commission notes that the potential radio advertising revenues projected by both applicants suggest that the market could sustain the introduction of two new services in Spruce Grove/Stony Plain. However, it is of the view that by competing against a larger number of well-established stations originating from Edmonton, most of which are owned by experienced multi-station operators, any new service licensed to serve the Spruce Grove/Stony Plain community would enter an already competitive market and would face fierce competition for tuning as it attempts to establish itself.
10. Accordingly, the Commission finds that approval of two services in the market would exacerbate these challenges and could hinder the efforts of both applicants to

establish their respective services.

11. 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 Spruce Grove/Stony Plain market at this time is consistent with this intent.

Assessment of the applications

12. Having determined that there is room in the Spruce Grove/Stony Plain radio market for one service, the Commission has considered the applications to serve Spruce Grove/Stony Plain in light of the factors relevant to the evaluation of applications set out in Decision 99-480:
 - the quality of the application; and
 - the diversity of voices.
13. Details regarding the applications are set out in Appendix 1 to this decision.
14. Having considered both applications in light of the criteria set out above, the Commission finds that both applications proposed a high-quality service in terms of local reflection, programming commitments and proposed Canadian content development (CCD) contributions. That said, the Commission finds that the proposal by Blackgold best meets the needs of the Spruce Grove/Stony Plain radio market. In the Commission's view, approval of the Blackgold application would support the diversity of voices in the Spruce Grove/Stony Plain market and offer a musical format that adds musical diversity to the market.
15. Furthermore, the Commission notes that in 2013, Blackgold launched a Country music radio station in Leduc, Alberta.¹ In the Commission's view, the addition of a service in Spruce Grove/Stony Plain to Blackgold's portfolio would provide an opportunity for a small player to achieve synergies between its two stations—thereby strengthening its position and helping the two services meet their financial objectives. It would also help the two services to compete on a more equal footing with Edmonton radio stations—thus ensuring a diversity of voices in the Spruce Grove/Stony Plain radio market in the long term.
16. Finally, all commercial radio licensees must adhere to the requirements relating to contributions to CCD set out in section 15 of the *Radio Regulations, 1986*, as amended from time to time. Blackgold made a commitment to exceed the minimum contribution to CCD. Specifically, it committed to devote, over and above the basic annual contribution to CCD, a total of \$52,500 to CCD over seven consecutive

¹The Commission approved the application for this station in Broadcasting Decision 2012-110. Leduc is located 40 km southeast of Spruce Grove and 30 km south of Edmonton.

broadcast years upon commencement of operations. Of this amount, at least 20% will be devoted to FACTOR. The remainder will be directed to eligible initiatives annually as follows:

- \$2,000 to the Parkland Music Festival;
- \$2,000 to the Blueberry Bluegrass & Country Music Festival; and
- \$2,000 to Parkland School Division #70/Music in Schools.

Conclusion

17. Based on all of the foregoing, the Commission **approves** the application by Blackgold Broadcasting Inc. for a broadcasting licence to operate an English-language commercial FM radio programming undertaking to serve Spruce Grove and Stony Plain. The terms and **conditions of licence** for this new service are set out in Appendix 2 to this decision.
18. Further, the Commission **denies** the application by Golden West Broadcasting Ltd. for a broadcasting licence to operate an English-language commercial FM radio programming undertaking to serve Spruce Grove.

Secretary General

Related documents

- *English-language FM radio station in Leduc*, Broadcasting Decision CRTC 2012-110, 22 February 2012
- *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
- *Introductory statement – Licensing new radio stations*, Decision CRTC 99-480, 28 October 1999

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

Appendix 1 to Broadcasting Decision CRTC 2014-475

Details from the applications for new broadcasting licences for FM radio programming undertakings to serve Spruce Grove and Stony Plain, Alberta

Applicant	Details from the application
<p>Blackgold Broadcasting Inc. Application 2013-1318-9</p>	<p>Type: English-language commercial FM radio programming undertaking Technical parameters: 88.1 MHz (channel 201A), effective radiated power of 500 watts (non-directional antenna with an effective height of antenna above average terrain of 43 metres) Format: Country Target audience: 25-54 years Canadian content (music): 40% category 2*; 10% category 3** Local programming per broadcast week***: 126 hours Spoken word programming per broadcast week: 81 hours News programming per broadcast week: 13 hours and 24 minutes, which includes 6 hours and 1 minute of pure news, 4 hours and 48 minutes of local news, 54 minutes of national news and 19 minutes of international news (news**** and related surveillance material) Canadian content development contribution (over the basic annual contribution): \$52,500 over seven consecutive broadcast years Emerging Canadian artists programming per broadcast week: 15%</p>
<p>Golden West Broadcasting Ltd. Application 2013-1014-3</p>	<p>Type: English-language commercial FM radio programming undertaking Technical parameters: 88.1 MHz (channel 201B1), effective radiated power of 6,000 watts (non-directional antenna with an effective height of antenna above average terrain of 151.6 metres) Format: Hybrid (Contemporary Hit music/Hot Adult Contemporary/Adult Contemporary/Rock) Target audience: 18-54 years Canadian content (music): 40% category 2*; 10% category 3** Local programming per broadcast week***: 126 hours Spoken word programming per broadcast week: 82 hours News programming per broadcast week: 19.73 hours, which includes 3.2 hours of pure news, and of which 90% is local news, 5% is regional news, 2.5% is national news and 2.5% is international news (news**** and related surveillance material) Canadian content development contribution (over the basic annual contribution): \$56,000 over seven consecutive broadcast years Emerging Canadian artists programming per broadcast week: 3%</p>
<p>* Percentages shown for category 2 musical selections (Popular Music) are for both the broadcast week and the period from 6 a.m. to 6 p.m., Monday to Friday. The definition of “broadcast week” is the same as that set out in the <i>Radio Regulations, 1986</i>. ** Percentages shown for category 3 musical selections (Special Interest Music) are for the broadcast week. The definition of “broadcast week” is the same as that set out in the <i>Radio Regulations, 1986</i>. *** The definition of “broadcast week,” as it relates to local, spoken word and news programming, is the same as that set out in the <i>Radio Regulations, 1986</i>. **** As set out in <i>Revised content categories and subcategories for radio</i>, Broadcasting Regulatory Policy CRTC 2010-819, 5 November 2010, “news” excludes related surveillance material, that is, weather, traffic, sports and entertainment reports.</p>	

Appendix 2 to Broadcasting Decision CRTC 2014-475

Terms, conditions of licence, expectation and encouragement for the English-language commercial FM radio programming undertaking to serve Spruce Grove and Stony Plain, Alberta

Terms

The licence will expire 31 August 2021.

The station will operate at 88.1 MHz (channel 201A) with an effective radiated power of 500 watts (non-directional antenna with an effective height of antenna above average terrain of 43 meters).

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 **15 September 2016**. 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 licensee shall adhere 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, as amended from time to time.
2. 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) and subject to section 2.2(6) of these Regulations, the licensee shall devote:
 - a) in each broadcast week, at least 40% of its musical selections from content category 2 (Popular Music) to Canadian selections broadcast in their entirety; and
 - b) between 6 a.m. and 6 p.m., in any period beginning on Monday of a week and ending on Friday of the same week, at least 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 meanings set out in the Regulations.

3. The licensee shall not solicit advertising material from the Edmonton market.
4. In addition to the basic annual contribution to Canadian content development set out in section 15 of the *Radio Regulations, 1986*, the licensee shall, upon commencement of operations, make an annual contribution of \$7,500 (\$52,500 over seven consecutive broadcast years) to the promotion and development of Canadian content. Of this amount, 20% per broadcast year shall be devoted to FACTOR or MUSICACTION. The remainder 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.

Expectation

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

Encouragement

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.