



Broadcasting Decision CRTC 2017-304

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Reference: Part 1 licence renewal application posted on 1 March 2017

Ottawa, 24 August 2017

Newcap Inc.

Various locations in British Columbia

Application 2016-0976-0

CHNL Kamloops and its transmitters CHNL-1 Clearwater, CINL Ashcroft, CJNL Merritt and CFNL-FM Sorrento – Licence renewal

*The Commission **renews** the broadcasting licence for the English-language commercial radio station CHNL Kamloops, British Columbia, and its transmitters CHNL-1 Clearwater, CINL Ashcroft, CJNL Merritt and CFNL-FM Sorrento from 1 September 2017 to 31 August 2024.*

Application

1. N L Broadcasting Ltd. (NLB) filed an application to renew the broadcasting licence for the English-language commercial radio station CHNL Kamloops, British Columbia, and its transmitters CHNL-1 Clearwater, CINL Ashcroft, CJNL Merritt and CFNL-FM Sorrento, which expires 31 August 2017. The Commission did not receive any interventions regarding this application.
2. Subsequently, on 5 June 2017, the Commission approved an application (2017-0304-1) for authority to effect a change in ownership and effective control of NLB to Newcap Inc. (Newcap), effective 25 June 2017.

Non-compliance

3. Under section 15 of the *Radio Regulations, 1986* (the Regulations), commercial radio licensees with revenues exceeding \$1.25 million are required to make a basic annual contribution to Canadian content development (CCD). At least 15% of this contribution must be made to the Community Radio Fund of Canada (CRFC) and at least 45% to FACTOR or MUSICACTION.
4. According to Commission records, the station incurred shortfalls in its basic CCD contributions for the 2010-2011, 2011-2012 and 2012-2013 broadcast years. Moreover, as part of these shortfalls, the station also incurred shortfalls relating to its basic contribution to FACTOR for the 2010-2011 broadcast year and to both FACTOR and the CRFC for the 2011-2012 and 2012-2013 broadcast years.

5. The total shortfall for the above-noted years was rectified by NLB on 2 May 2017 as part of the proceeding to address its change in ownership and effective control. However, since basic CCD contributions are to be made during each broadcast year ending 31 August, these payments were made late.
6. The licensee explained that the shortfalls resulted from a miscalculation of the base broadcasting revenue for the 2010-2011 and 2012-2013 broadcast years, a miscalculation of the basic CCD amount for the 2011-2012 broadcast year and the licensee's misunderstanding of the rules relating to the allocation of basic CCD contributions, which resulted in an over-contribution to local initiatives and an under-contribution to FACTOR or MUSICACTION and the CRFC. Newcap noted that as a result of the Commission's approval of the change in ownership, the station will be managed by itself effective 25 June 2017 and will be subject to its stringent CCD management processes, ensuring future compliance. It further submitted that as operating decisions for CHNL will now be made by Newcap's senior management team, the imposition of a short-term licence renewal based on the actions of its predecessor would not serve as an appropriate consequence for the new licensee.
7. In light of the above, the Commission finds the licensee in non-compliance with section 15 of the Regulations for the 2010-2011, 2011-2012 and 2012-2013 broadcast years.

Regulatory measures

8. The Commission's approach to non-compliance by radio stations is set out in Broadcasting Information Bulletin 2014-608. Under that approach, each instance of non-compliance is evaluated in its context and in light of factors such as the quantity, recurrence and seriousness of the non-compliance. The circumstances leading to the non-compliance, the arguments provided by the licensee and the actions taken to rectify the situation are also considered.
9. The Commission is satisfied with the licensee's explanation of the circumstances that led to the non-compliance and with Newcap's measures to ensure future compliance. Accordingly, the Commission considers that the imposition of regulatory measures is not warranted in this case.

Conclusion

10. In light of all of the above, the Commission **renews** the broadcasting licence for the English-language commercial radio programming undertaking CHNL Kamloops, British Columbia, and its transmitters CHNL-1 Clearwater, CINL Ashcroft, CJNL Merritt and CFNL-FM Sorrento from 1 September 2017 to 31 August 2024. The licensee shall adhere to the **conditions** set out in Broadcasting Regulatory Policy 2009-62, as well as to the **conditions** set out in the broadcasting licence for the undertaking.

Reminder

11. Pursuant to section 22 of the *Broadcasting Act*, the broadcasting licence renewed in this decision will cease to have any force or effect if the broadcasting certificate issued by the Department of Industry lapses.

Cultural diversity

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

Employment equity

13. In accordance with Public Notice 1992-59, 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.

Secretary General

Related documents

- *Update on the Commission's approach to non-compliance by radio stations*, Broadcasting Information Bulletin CRTC 2014-608, 21 November 2014
- *Conditions of licence for commercial AM and FM radio stations*, Broadcasting Regulatory Policy CRTC 2009-62, 11 February 2009
- *Implementation of an employment equity policy*, Public Notice CRTC 1992-59, 1 September 1992

This decision is to be appended to the licence.