NewCap Broadcasting

A DIVISION OF NEWCAP INC.

April 21, 2005

Mr. Peter Muhl
Broadcasting Analysis
Canadian Radio-television and Telecommunications Commission
Ottawa, Ontario K1A 0N2
Via email: peter.muhl@crtc.gc.ca
Copy: mike.amodeo@crtc.gc.ca

Dear Mr. Muhl:

Re: Application 2004-0871-7 CJYQ

Having reviewed your letter of 19 April 2005, we think it would be useful to review our activities to make clear why we believe that we have been in essential compliance.

1. CJYQ TRADITIONAL PROGRAMMING

There is no doubt that CJYQ-930-AM exceeded all expectations of the condition of licence that we focus the station as a unique cultural outlet.

- We have exceeded the exception to the percentage of Canadian Musical selections from the 40% set-out in the condition of licence to 90%.
- Newfoundland selections were set-out to be a minimum of 20% and we are approaching 90% of all music played being Newfoundland selections.
- With CRTC Decision 2000-141 and 2000-399 Newcap committed to contribute $1,166,500.00 to the development of Canadian Talent over a seven year period distributed as $166,643.00 per year. The Commission is aware through our annual returns that Newcap is ahead of those commitments.
- Many new, original programs have been created as a result of our special focus on Newfoundland culture on CJYQ.
    - Arts Newfoundland and Labrador
    - Fresh Focus
    - Newfound Underground
    - Spinnin' Yarns
    - Gospel Hour
    - East Coast Blues and Jazz
    - Christmas Specials
    - Local Sports "live" Broadcasts

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CJYQ has twice been nominated as the East Coast Radio Station of the Year at the East Coast Music Awards. This honour speaks to the value of the newly created content on CJYQ and its perceived value in the local musical community.

2. NEWFOUNDLAND-BASED PROGRAMMING FROM CJYQ

With a strong feeling of what would work best in the local community, after a period of producing local music at CJYQ and shipping it out to the stations acquired from Radio VOCM, we began producing the programs right at the local station, in the local community.

As a validation of how well this system works, here is a comment from a resident of Marystown sent to us in March 2005.

> CHCM Marystown has been a very visible part of this community since it's beginning here. From nurturing a potential new star to promoting the local bingo, this station is always at the ready. As a new musical group in town and strictly volunteering our talents to the community, our challenge to CHCM was two fold; promote our group and help us fundraise at the same time. With the expertise of Bob Power and the dedication of Gary Myles, Gary Mosher and Fred Dodge, we were able to sell out our concert. No small feat when you consider two other major events on in town on the same night. These people did an absolutely superb job in promoting our music. Of course, without the approval of the station manager, this would not be possible. We would like for you to pass on our sincere appreciation for a job well done. Keep up the good work.
>
> Respectfully
> John Baker for
> Celtic Kin

There are many such testaments from all of our stations giving us confidence in our approach to promoting local music and culture. We believed that the simple act of moving the production off CJYQ to the network stations would not constitute a failure to comply.

3. EIGHT HOURS OF PROGRAMMING FROM CJYQ

We are delivering the full eight hours per week of local Newfoundland-based music on our stations in Grand Falls-Windsor and in Gander. In Carbonear, Marystown and Clarenville we are half-way there at four hours every week.

In our efforts at delivering the very best Newfoundland Traditional programming to our listeners, we have worked with emphasis and perhaps missed the opportunity to do everything.

Our standing in the Newfoundland Cultural Community is highly regarded and our reputation for commitment to the development of Newfoundland music is second-to-none.

Technically, there could be the appearance of some degree of non-compliance, but we believe great advances in the promotion of Newfoundland Music and Culture have been made on CJYQ and the stations acquired from VOCM. We hope this will view us as being in essential compliance.

Having said all of this, in the interest of express and technical compliance, we will return to the exact letter of the condition of licence on May 2, 2005. We are still committed to continuing the Newfoundland programming already created which will, as of May 2, 2005, increase our weekly hours to well over those indicated in the condition of licence.

We hope that the Commission will understand our sincere efforts at compliance with the spirit of the condition and accept our undertakings for the future.

Sincerely,

Mark S. Maheu

Mark S. Maheu
Executive Vice President and Chief Operating Officer