



Broadcasting Decision CRTC 2017-122

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Reference: Part 1 application posted on 19 May 2016

Ottawa, 28 April 2017

Vista Radio Ltd.
Medicine Hat, Alberta

Application 2016-0488-5

CJLT-FM Medicine Hat – Licence amendments

*The Commission **denies** the application by Vista Radio Ltd. to amend and delete conditions of licence relating to the specialty (Christian music) format of the English-language radio station CJLT-FM Medicine Hat, Alberta so that it may operate the station within a distinctive “new-to-the-market” Indie/Alternative music format.*

Application

1. Vista Radio Ltd. (Vista) filed an application relating to the English-language specialty (Christian music) radio station CJLT-FM Medicine Hat, Alberta. The licensee requested an amendment to the following condition of licence for the station, set out in the appendix to Broadcasting Decision 2013-742:¹
 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, with the exception of condition of licence 7.
2. Specifically, Vista requested the deletion of the clause “with the exception of condition of licence 7”. That condition of licence requires that a station not be operated within the Specialty format as defined in Public Notice 1995-60.²

¹ On 31 August 2013, following the issuance of Broadcasting Decision 2013-742, Lighthouse Broadcasting Limited, the licensee of CJLT-FM at that time, amalgamated with Westwave Broadcasting Inc. and Vista to continue as Vista Radio Ltd. (see Broadcasting Information Bulletin 2013-62).

² As set out in that public notice, a private commercial FM station is operating in the Specialty format if it meets one or more of the following criteria: i) the language of broadcast is neither English nor French; ii) more than 50% of the broadcast week is devoted to Spoken Word; iii) less than 70% of the music broadcast is from subcategory 21 (Pop, Rock and Dance) and/or subcategory 22 (Country and Country-oriented). Examples of specialty format stations include those specializing in ethnic programming, news or talk programming, traditional and special interest music programming (including Christian music), or a combination of a number of kinds of special programming.

3. The licensee further requested the deletion of the following conditions of licence for CJLT-FM, also set out in the appendix to Broadcasting Decision 2013-742:
 2. The station shall be operated within the Specialty format as defined in *A Review of Certain Matters Concerning Radio*, Public Notice CRTC 1995-60, 21 April 1995, as amended from time to time, and *Revised content categories and subcategories for radio*, Broadcasting Regulatory Policy CRTC 2010-819, 5 November 2010, as amended from time to time.
 3. The licensee shall devote at least 95% of all musical selections broadcast each broadcast week to selections from subcategory 35 (Non-classic religious), as defined in *Revised content categories and subcategories for radio*, Broadcasting Regulatory Policy CRTC 2010-819, 5 November 2010, as amended from time to time.
 4. Where the licensee broadcasts religious programming as defined in *Religious Broadcasting Policy*, Public Notice CRTC 1993-78, 3 June 1993, the licensee shall adhere to the guidelines set out in sections III.B.2.a) and IV. of that public notice with respect to the provision of balance and ethics in religious programming, as amended from time to time.
4. Vista stated that if the application is approved, it would operate the station within a distinctive “new-to-the-market” Indie/Alternative music format rather than its current specialty (Christian music) format. The licensee argued that this would allow the station to offer musical selections that currently receive little or no exposure on local commercial radio stations, and that would be of particular interest to younger male listeners in the market.
5. According to Vista, the proposed amendments are necessary to address the station’s financial viability. It stated that it has invested time and resources to improve the programming offered by CJLT-FM and to strengthen its sales and marketing in order to properly test the viability of the specialty (Christian music) format in Medicine Hat. The licensee concluded, however, that the format is not viable in the Medicine Hat radio market and that CJLT-FM is unlikely to ever achieve financial viability if it must continue to adhere to the above conditions of licence.
6. Recognizing the effect that the loss of Medicine Hat’s over-the-air Christian music radio station would have on that radio market, Vista stated that, should sufficient interest be shown by the community, it would establish a Medicine Hat-focused Christian Internet radio station.

Positions of parties

7. The Commission received interventions in support of the application. It also received interventions in opposition from individuals as well as from Clear Sky Radio Inc. (Clear Sky), licensee of CJCY-FM Medicine Hat, and Jim Pattison Broadcast Group Ltd. (the general partner) and Jim Pattison Industries Ltd. (the limited partner), carrying on business as Jim Pattison Broadcast Group Limited Partnership (Pattison),

licensee of CHAT-FM Medicine Hat and CFMY-FM Medicine Hat. Vista submitted two replies to the opposing interventions, one to the residents of Medicine Hat who expressed concerns over the application, the other to Clear Sky and Pattison. The public record for this application can be found on the Commission's website at www.crtc.gc.ca or by using the application number provided above.

Interventions

8. Certain individuals who opposed the application expressed their support for their Christian music station and stated that they do not want it to change into a mainstream music station. Others considered that it is necessary to maintain a station in Medicine Hat that gives listeners an option, is family friendly, offers a different, more positive message, and adds diversity.
9. Clear Sky and Pattison submitted that the Medicine Hat radio market has not recovered from the licensing of two new radio stations in 2007,³ and that the city's situation has not improved since 2011. In their view, this radio market is not healthy enough at this time to absorb another mainstream commercial radio station.
10. Clear Sky and Pattison further submitted that although CJLT-FM currently competes for advertising dollars in the Medicine Hat radio market, the impact on the other stations in that market would be significantly higher should CJLT-FM begin competing for mainstream advertisers. They stated that all radio operators in the market are contending with shrinking revenues and lower profit before interest and taxes (PBIT) margins. Clear Sky added that the PBIT margin for the Medicine Hat radio market is significantly below those for both Alberta and Canada.
11. Pattison added that approval of the application would result in decreased programming and music format diversity in Medicine Hat. For its part, Clear Sky noted that Vista purchased CJLT-FM in 2012 knowing full well that the Commission had recently denied format relief for the station and that CJLT-FM had a long history of financial losses operating within the Christian music format.

Replies

12. In reply to the residents of Medicine Hat, Vista stated that "the specialty (Christian music) format is not an economically viable format for an over-the-air commercial radio station in Medicine Hat." It reiterated its commitment to establish a local Medicine Hat-focused Christian Internet radio station.
13. In reply to Clear Sky and Pattison, Vista submitted that these broadcasters have presented a pessimistic view of the local economy in Medicine Hat. It argued that the interveners have cited questionable unemployment statistics to support their arguments, and have ignored data that do not support their point of view. In this regard, Vista stated that economic forecasters are projecting a return to economic

³ In Broadcasting Decision 2007-154, the Commission approved applications by Rogers Broadcasting Limited and Clear Sky to operate new FM stations in Medicine Hat.

growth in Alberta in 2017 with positive growth in both real gross domestic product and retail sales.

14. Vista added that approval of its application would have a minimal impact on incumbent stations in the Medicine Hat radio market as it would lead to a very modest increase in revenues accruing to CJLT-FM.
15. In regard to programming, Vista submitted that approval of its application would not be detrimental to the diversity of programming choices for Medicine Hat, but would instead increase the choice and diversity of distinct local Medicine Hat-focused audio programming services. Further, the licensee reiterated its commitment to establish a new Internet radio station offering Christian music, complemented by local news and information specifically for and about Medicine Hat.

Commission's analysis

16. After examining the public record for this application in light of applicable regulations and policies, the Commission considers that it must address the following issues:
 - whether the licensee has demonstrated a compelling economic need justifying the proposed amendments;
 - whether approval of the application would have an undue financial impact on incumbent stations in the Medicine Hat radio market; and
 - whether approval of the application would have a negative impact on the diversity of programming in the Medicine Hat radio market.

Economic need

17. Since 2012, CJLT-FM has posted very modest revenues and has accumulated considerable losses. Vista indicated that, should its application be approved, the station would become marginally profitable by 2020. Accordingly, the Commission finds that Vista has demonstrated a financial need justifying the proposed amendments.

Impact on existing radio stations in the Medicine Hat radio market

18. The Medicine Hat radio market is served by four mainstream commercial FM stations (Clear Sky's CJCY-FM, Pattison's CHAT-FM and CFMY-FM, and CKMH-FM Medicine Hat, operated by Rogers Broadcasting Limited), as well as by CJLT-FM.
19. In their interventions, Clear Sky and Pattison cited the poor state of the Medicine Hat radio market and the negative economic factors currently affecting the province of Alberta.
20. Although Vista partially refuted Clear Sky's and Pattison's arguments, the reality of the situation is that revenues and profitability for radio stations in Medicine Hat have decreased in recent years. Consequently, the Commission finds that approval of the

proposed amendments could have an undue financial impact on incumbent Medicine Hat radio stations.

Impact on diversity of programming

21. In Broadcasting Decision 2003-12, the Commission approved an application by Lighthouse Broadcasting Limited (Lighthouse) to operate a low-power, English-language specialty (Christian music) FM radio station in Medicine Hat, which would launch as CJLT-FM in 2003. The first licence term for the station expired 31 August 2009.
22. In Broadcasting Decision 2007-154, issued towards the end of CJLT-FM's first licence term, the Commission approved an application by Lighthouse to change the station's technical parameters, which included an increase in its effective radiated power from 48 to 2,300 watts. This increase in power resulted in a change to CJLT-FM's status from that of a low-power station to that of a regular-power class A station. Approval of that application was based on the specialty (Christian music) format of the station, the fact that the station had yet to achieve profitability as it neared the end of its first licence term, and the limited commercial impact that the proposed technical change would have on incumbent stations in the radio market.
23. In Broadcasting Decision 2012-82, the Commission denied an application by Lighthouse to delete CJLT-FM's condition of licence relating to the broadcast of religious musical selections. It also denied a second application to change the frequency and authorized contours of the station's transmitter, and to relocate the transmitter. At that time, the Commission determined that the addition of a mainstream commercial radio station to the Medicine Hat radio market could strain the profitability of incumbent radio stations, and that permitting CJLT-FM to change its format would result in a loss of diversity in terms of the programming offered in that radio market.
24. In regard to the present case, while the applicant has cited the added programming diversity that would result from the proposed "new-to-the-market" Indie/Alternative music format, the Commission considers that approval of the requested amendments, which would allow CJLT-FM to abandon its specialty (Christian music) format, would not mitigate the undue financial impact on the incumbent market stations.

Conclusion

25. In light of all of the above, the Commission **denies** the application by Vista Radio Ltd. to amend the broadcasting licence for the English-language specialty (Christian music) radio programming undertaking CJLT-FM Medicine Hat, Alberta by amending and deleting conditions of licence relating to its specialty (Christian music) format.

Secretary General

Related documents

- *CJLT-FM Medicine Hat – Licence renewal*, Broadcasting Decision CRTC 2013-742, 20 December 2013
- *Applications processed pursuant to streamlined procedures*, Broadcasting Information Bulletin CRTC 2013-62, 15 February 2013
- *CJLT-FM Medicine Hat – Licence amendments*, Broadcasting Decision CRTC 2012-82, 9 February 2012
- *Licensing of two new radio stations to serve Medicine Hat, Alberta and technical changes for CJLT-FM Medicine Hat*, Broadcasting Decision CRTC 2007-154, 28 May 2007
- *Low-power religious music FM radio station in Medicine Hat*, Broadcasting Decision CRTC 2003-12, 21 January 2003
- *A review of certain matters concerning radio*, Public Notice CRTC 1995-60, 21 April 1995