



Broadcasting Decision CRTC 2017-272

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Reference: 2016-440

Ottawa, 31 July 2017

Findings regarding market capacity and the appropriateness of issuing a call for radio applications to serve the St. John's radio market

The Commission finds that the St. John's radio market cannot sustain an additional radio station at this time. Consequently, the Commission will not issue a call for applications for new radio stations to serve that market and will return the application by Andrew Green, on behalf of a corporation to be incorporated, for a broadcasting licence to operate a commercial radio station in St. John's, Newfoundland and Labrador.

Introduction

1. In Broadcasting Notice of Consultation 2016-440, the Commission announced that it had received an application by Andrew Green and Jordan Elliott, on behalf of a corporation to be incorporated (Andrew Green (OBCI)),¹ for a broadcasting licence to operate a commercial FM radio station to serve St. John's, Newfoundland and Labrador.
2. St. John's is situated on the eastern tip of the island of Newfoundland and is Newfoundland and Labrador's largest city and capital. In terms of audience measurement, St. John's is included in the Numeris St. John's Central Area (St. John's CTRL). St. John's CTRL is larger than the St. John's census metropolitan area (CMA), encompassing all of the St. John's CMA and additional territory to the southwest of St. John's. The St. John's radio market is currently served by six commercial stations.
3. In accordance with Broadcasting Regulatory Policy 2014-554 (the Policy), the Commission called for comments on the capacity of St. John's to support a new station and whether it should issue a call for applications for new radio stations to serve that market. The Policy states that the Commission will weigh factors such as market capacity, spectrum availability or scarcity and interest in serving the market when deciding whether to:
 - publish the applications for consideration as part of the non-appearing phase of a public hearing;

¹ Since the publication of that notice, the applicant's name has changed to Andrew Green, on behalf of a corporation to be incorporated.

- issue a call for applications; or
- make a determination that the market cannot sustain additional stations, return the applications and issue a decision setting out this determination.

Interventions and reply

4. The Commission received several interventions supporting the licensing of a new radio station in St. John's, including two from interveners who expressed interest in applying for a licence. The Commission also received interventions from Coast Broadcasting Ltd. (Coast Broadcasting), Newfoundland Broadcasting Company Limited (Newfoundland Broadcasting) and Newcap Inc. (Newcap)—the three broadcasters already operating in the market—commenting on the limitations of the market and opposing the issuance of a call. Finally, the applicant, Andrew Green (OBCI), also filed an intervention and a reply. The public record for this proceeding can be found on the Commission's website at www.crtc.gc.ca.
5. In its intervention, Andrew Green (OBCI) stated that a new service would address the public's desire for increased diversity in radio options in St. John's by offering a different programming option. It asked that, should the Commission determine that the market has capacity, the application be considered independently without an open call for applications.
6. Acadia Broadcasting Limited indicated that it is interested in serving the market and supported a call for applications. It provided supporting market research suggesting that certain demographic segments of the market are underserved and dissatisfied with the choices available in the market.
7. Coast Broadcasting (licensee of CKSJ-FM St. John's), Newfoundland Broadcasting (licensee of CHOZ-FM St. John's) and Newcap (licensee of two AM and two FM stations in St. John's) opposed the issuance of a call. They argued that any entrant would have to rely on capturing audience and revenue from existing operators to be successful. They were of the view that the St. John's radio market cannot support a new entrant, given poor present and forecasted economic conditions, flat radio market revenues and low profit margins.
8. Coast Broadcasting and Newfoundland Broadcasting both argued that, should the Commission issue a call for applications, an incumbent operator should receive the licence to increase diversity in the market without changing the ownership or financial landscape.
9. In its reply to the interventions, Andrew Green (OBCI) stated that a call for applications would take one to one and a half years, and that upon completion, provincial gross domestic product (GDP) growth will have recovered and will have exceeded the growth of 2017.

10. Andrew Green (OBCI) further argued that no new stations have been introduced in the market since 2003 and that the formats of incumbent stations overlap, leading to “stagnation” in the radio market. This has produced a situation in which certain demographics are adequately served, and other demographics are underserved.

Commission’s analysis

11. The St. John’s radio market has performed poorly since 2012, with flat revenues and low profitability. Further, according to the Conference Board of Canada, economic projections are unfavorable. While GDP growth for St. John’s is expected to be comparable to national GDP growth between 2018 and 2020, population growth is forecasted to stagnate. Moreover, between 2018 and 2021, the unemployment rate is expected to remain high (average of 10.4%), which exceeds the national average for that period of 6.5%.
12. In light of the preceding, the Commission is concerned that licensing an additional station in St. John’s at this time risks having an undue financial impact on incumbent stations in the market.

Conclusion

13. Based on its concerns over the effects of licensing a new radio station in St. John’s at this time, its existing policy framework as well as the written record of this proceeding, the Commission is not persuaded that issuing a call for applications for new radio stations to serve that radio market is warranted. Consequently, it will return the application by Andrew Green, on behalf of a corporation to be incorporated.
14. Further, consistent with its approach set out in the Policy, the Commission will not generally be disposed to accept applications for new commercial radio stations to serve the St. John’s radio market for a period of two years from the date of this decision.

Secretary General

Related documents

- *Call for comments on market capacity and on the appropriateness of issuing a call for radio applications to serve St. John’s, Newfoundland and Labrador*, Broadcasting Notice of Consultation CRTC 2016-440, 4 November 2016
- *A targeted policy review of the commercial radio sector*, Broadcasting Regulatory Policy CRTC 2014-554, 28 October 2014