



## Broadcasting Decision CRTC 2018-251

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Reference: 2017-286

Ottawa, 25 July 2018

### **Findings regarding market capacity and the appropriateness of issuing a call for radio applications to serve the Lloydminster, Alberta/Saskatchewan radio market**

*The Commission finds that the Lloydminster radio market cannot sustain an additional commercial radio station at this time. Consequently, the Commission will not issue a call for applications for new commercial radio stations to serve this radio market. In light of this, the Commission will return the application filed by Vista Radio Ltd. for a broadcasting licence to operate a commercial radio station to serve Lloydminster, Alberta/Saskatchewan.*

#### **Introduction**

1. In Broadcasting Notice of Consultation 2017-286, the Commission announced that it had received an application by Vista Radio Ltd. (Vista) for a broadcasting licence to operate a new commercial FM radio station to serve Lloydminster Alberta/Saskatchewan.
2. Lloydminster is on the border of Alberta and Saskatchewan and is as a single municipality that is incorporated by the two provinces. There are currently two commercial radio operators in the Lloydminster market. Vista operates CKLM-FM. Newcap Inc. (Newcap) operates CKSA-FM, as well as CKWY-FM and CKKY-FM in the adjacent Wainwright market.
3. In accordance with Broadcasting Regulatory Policy 2014-554 (the Policy), the Commission called for comments on the capacity of Lloydminster 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;
  - 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 replies**

4. The Commission received submissions from Newcap and Vista.
5. Newcap argued that Lloydminster cannot support a new radio station and that the Commission should return Vista's application and place a two-year hold on accepting new applications for the market. Newcap submitted that the Lloydminster market is suffering from stagnant economic growth and employment due to low oil prices. In addition, Newcap submitted that economic conditions in Alberta have had a negative impact on Lloydminster's radio market. Newcap considered that licensing another station would further fragment the declining radio market.
6. Vista argued that licensing its proposed station should be considered a limited type of entry since the station would be owned by an existing operator rather than by a new player. It considered that a new Vista station would correct an editorial and commercial competitive imbalance, and that the new station would have minimal economic consequences for existing stations. Vista further submitted that steady population growth and above average household income were indications that Lloydminster would be able to sustain a new station. It was of the view that radio revenue declines are related to a specific economic event, not structural issues in the radio industry.
7. In reply to Newcap, Vista argued that Newcap should be able to withstand any adverse economic impact resulting from an additional Vista station given Newcap's strong position in the market.
8. In reply to Vista, Newcap argued that while Alberta's economy appears to have bottomed out in 2017, businesses and consumers will require time to adjust to new realities in the marketplace. As such, Alberta's radio markets will experience further declines. Newcap also considered that any new station would draw listeners and advertisers from existing radio stations.

## **Commission's analysis**

9. While Lloydminster's population is growing and average household income is relatively high, the Commission is concerned that its radio market is in decline. Total radio market revenue in Lloydminster has decreased at a greater rate than the provincial average for Alberta since 2013. Further, radio market revenues began to decline before the economic downturn in Alberta, and revenues have not recovered despite Alberta's economic recovery. Profitability in the Lloydminster radio market was below the national average in 2016 and 2017.
10. In light of the preceding, the Commission is concerned that licensing an additional station in Lloydminster at this time risks having an undue financial impact on incumbent stations.

## Conclusion

11. Based on the written record of this proceeding, its concerns over the effects of licensing a new radio station in Lloydminster at this time, and its existing policy framework, 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 filed by Vista.
12. 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 Lloydminster 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 Lloydminster, Alberta/Saskatchewan*, Broadcasting Notice of Consultation CRTC 2017-286, 16 August 2017
- *A targeted policy review of the commercial radio sector*, Broadcasting Regulatory Policy CRTC 2014-554, 28 October 2014