



## Broadcasting Decision CRTC 2019-418

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Reference: 2019-25

Ottawa, 13 December 2019

*Public record: 1011-NOC2019-0025*

### **Findings regarding market capacity and the appropriateness of issuing a call for radio applications to serve the Vernon radio market**

*The Commission finds that the Vernon radio market cannot support an additional commercial radio station at present.*

*However, given that community stations generally do not raise concerns pertaining to commercial impact, the Commission will publish the application by Vernon Community Radio Society (VCRS) for a broadcasting licence to operate a new community FM radio station to serve the Vernon market as part of the non-appearing phase of a future public hearing.*

*Since no other party besides VCRS expressed an interest in serving this market, the Commission considers that it is not necessary to issue a call for applications.*

#### **Introduction**

1. In Broadcasting Notice of Consultation 2019-25, the Commission announced that Vernon Community Radio Society (VCRS) had applied for a broadcasting licence to operate a community FM radio station in Vernon, British Columbia.
2. Vernon is located in southeastern British Columbia, approximately 88 kilometres southeast and 46 kilometres northeast of Kamloops and Kelowna, respectively. Two commercial radio stations serve the Vernon market: CICF-FM Vernon, operated by Bell Media Radio G.P. (Bell), and CJIB-FM Vernon, operated by Jim Pattison Broadcast Group Limited Partnership (Pattison). The Canadian Broadcasting Corporation also offers Radio One network programming, which is rebroadcast by CBYV-FM Vernon from CBTK-FM Kelowna.
3. In accordance with Broadcasting Regulatory Policy 2014-554 (the Policy) the Commission called for comments on the capacity of the Vernon market to support a new station and the appropriateness of issuing a call for applications for new stations in this market. The Policy states that the Commission weighs factors such as market capacity, spectrum availability or scarcity, and interest in serving the market when deciding whether to:

- publish the application 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 support additional stations, return the application and issue a decision setting out this determination.

### **Interventions and replies**

4. The Commission received numerous supporting interventions as well as interventions offering general comments from VCRS, Bell and Pattison. VCRS replied to the interventions from Bell and Pattison.

#### **Interventions**

5. In its intervention, the applicant, VCRS, submitted that the local economy exhibited strong economic indicators and that radio market revenues could be increased by repatriating out-of-market tuning. It added that it expects its proposed community station to capture only a small percentage of market share, which would mitigate the risk of harm to incumbent stations.
6. Bell and Pattison, in their respective interventions, opposed a call for applications that included commercial radio stations and expressed the view that the Vernon radio market is well served. They also submitted that the introduction of a new commercial station would negatively impact their respective stations, which have exhibited profits before interest and taxes (PBIT) margins below the provincial and national averages for non-designated markets. While they didn't oppose the introduction of a community station to the market, they expressed concern that VCRS's proposed advertising schedule resembled that of a commercial station, which could have a negative impact on their stations.
7. Further, Pattison indicated that audience and local advertising shares for radio had diminished as a result of competition with digital media platforms, while Bell added that its station CICF-FM had been experiencing difficulty in meeting its budget target for local advertising revenues.

#### **Replies**

8. VCRS, in its respective replies to Bell and Pattison, stated that it supported their opposition to a call for applications. VCRS also clarified that its proposed advertising schedule, to which both Bell and Pattison expressed concerns, includes fewer advertising minutes than were indicated in the schedule that it originally posted on its website.
9. In response to Bell, VCRS submitted that CICF-FM had been experiencing difficulty in meeting its advertising targets as a result of downsizing of its sales personnel.

VCRS also submitted that the impact of its proposed station on CICF-FM would be minimal, given that Bell benefits from being an established operator in the market.

## **Commission's analysis**

10. While the provincial economy is performing relatively well, the local Vernon economy has a population growth rate and median total income lower than the provincial average as well as an unemployment rate that is above the provincial average (according to the Statistics Canada 2016 Census).
11. Similarly, the local radio market is underperforming relative to other non-designated markets, exhibiting a PBIT margin lower than the national average for those markets.
12. A new commercial station would likely have an undue financial impact on the incumbent stations in the market; however, the Commission is of the view that community stations, being partially reliant on volunteers, grants and fundraising to ensure their viability, generally do not raise concerns pertaining to commercial impact.

## **Conclusion**

13. In light of all of the above, the Commission finds that the Vernon radio market cannot support an additional commercial radio station.
14. However, given that community stations generally do not raise concerns pertaining to commercial impact and that no other party besides the Vernon Community Radio Society (VCRS) expressed an interest in serving this market, the Commission will publish the application by VCRS for a broadcasting licence to operate a new community FM radio station to serve the Vernon radio market as part of the non-appearing phase of a future public hearing. In light of the concerns raised by interveners pertaining to potential commercial impact on the market, the Commission will conduct a more comprehensive analysis of the application and its specific impact on this market during that hearing.

Secretary General

## **Related documents**

- *Call for comments on market capacity and the appropriateness of issuing a call for radio applications to serve Vernon, British Columbia*, Broadcasting Notice of Consultation CRTC 2019-25, 30 January 2019
- *A targeted policy review of the commercial radio sector*, Broadcasting Regulatory Policy CRTC 2014-554, 28 October 2014