



Broadcasting Decision CRTC 2020-215

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Public record: 1011-NOC2019-0026

Findings regarding market capacity and the appropriateness of issuing a call for radio applications to serve the Grande Prairie radio market

The Commission finds that the Grande Prairie radio market cannot support an additional commercial radio station at this time. Consequently, the Commission will return the application filed by Vista Radio Ltd. for a broadcasting licence to operate a commercial radio station in Grande Prairie, Alberta.

This decision takes into account a public record for this application that was completed before the onset in Canada of the current COVID-19 pandemic crisis.

Introduction

1. In Broadcasting Notice of Consultation 2019-26, the Commission announced that it had received an application by Vista Radio Ltd. (Vista) for a broadcasting licence to operate a commercial FM radio station in Grande Prairie, Alberta.
2. Grande Prairie is located in northwestern Alberta, approximately 456 kilometres northwest of Edmonton. The Grande Prairie radio market is currently served by five English-language commercial radio stations: CFRI-FM, operated by Vista; CFGP-FM, operated by Rogers Media Inc. (Rogers); CIKT-FM and CJXX-FM, operated by 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); and CJGY-FM, operated by Golden West Broadcasting Ltd (Golden West). The Canadian Broadcasting Corporation also operates a rebroadcasting transmitter for its Edmonton station, CBX.

3. In accordance with Broadcasting Regulatory Policy 2014-554 (the Policy) the Commission called for comments on the capacity of the Grande Prairie 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

4. The Commission received an intervention from Vista, as well as a joint opposing intervention from Rogers, Golden West and Pattison.
5. Vista noted that the local economy of Grande Prairie is strong and growing, and that underlying economic trends in Alberta will provide ongoing support for the retail sector in Grande Prairie, thus contributing to the growth of radio advertising revenues. It added that the Grande Prairie radio market has the highest profit before interest and tax (PBIT) in Alberta, well above the average for Alberta and the industry as a whole. Vista submitted that the revenue per station and population per station are above average for non-major markets in Alberta, and that radio advertising revenues have increased strongly in Grande Prairie in the five years preceding the 2015 recession. Vista is of the view that, consequently, there is significant potential for a new station in the market. Finally, it submitted that the introduction of a new local English-language commercial radio station would help reduce the imbalance created by Rogers and Pattison's commanding position in the market.
6. In their joint opposing intervention, Rogers, Golden West and Pattison indicated that the poor performance of the Grande Prairie radio market reflects its inability to absorb a new station at this time, given that radio revenues have been in a downward trend since 2015. They added that based on current economic conditions, competitive landscape and a very small population base, the Grande Prairie market is already saturated with five local commercial radio stations.

Reply

7. In reply to Rogers, Golden West and Pattison's intervention, Vista reiterated that there is capacity for a new station in Grande Prairie and provided comparisons with the Lethbridge market. It also argued that the decline of revenues of the radio market is evidence of an economic recession, not of a radio market in decline, and that Grande Prairie's overall economic trends are positive. It submitted that, on the contrary, there is evidence of continuing underlying health and strength in the Grande Prairie radio market, and that the market's profitability continues to exceed the national and provincial averages.

Commission's analysis and decision

8. According to the Conference Board of Canada's reports, *Provincial Outlook Economic Forecast: Alberta – Winter 2019*, and *Canadian Outlook: Spring 2020*, Alberta's economy showed signs of recovery with some economic growth reaching above pre-recession levels and was expected to see growth in 2020. In addition, Grande Prairie was benefiting from favorable economic conditions such as increased oil production, high median income and population growth, according to Statistics Canada 2016 Census. However, Alberta's gross domestic product growth decreased in 2019.
9. Over the last five years, revenues in the Grande Prairie radio market have experienced a sharp decline. This decline has outpaced the decline in revenue in Alberta's radio market as a whole, and is considerably higher than the decline in the national radio market. Furthermore, while the market exhibited an average PBIT margin above the provincial and national averages over the past five years, profits have decreased significantly from 2015 to 2019 despite a significant reduction in reported expenses during the same period.
10. Based on the information above, the Commission considers that licensing an additional commercial radio service in Grande Prairie could cause undue financial impact on the incumbent stations.
11. While the record of this proceeding was closed prior to the COVID-19 pandemic, the Commission notes that the pandemic has had significant negative impacts on the Canadian economy.
12. While there is no data regarding the effect of the pandemic on the Grande Prairie radio market at this time, the Commission considers that it seems likely to further exacerbate the market's already declining revenues.

Conclusion

13. In light of all the above, the Commission finds that the Grande Prairie radio market cannot support an additional radio station at this time. Consequently, it will return the application filed by Vista Radio Ltd.
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 Grande Prairie 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 the appropriateness of issuing a call for radio applications to serve Grande Prairie, Alberta*, Broadcasting Notice of Consultation CRTC 2019-26, 30 January 2019
- *A targeted policy review of the commercial radio sector*, Broadcasting Regulatory Policy CRTC 2014-554, 28 October 2014