



## Broadcasting Decision CRTC 2007-146

Ottawa, 18 May 2007

### **Vista Radio Ltd.**

Powell River, British Columbia

### **Westwave Broadcasting Inc.**

Powell River, British Columbia

*Application 2006-0274-9, received 15 March 2006*

*Application 2006-1127-9, received 7 September 2006*

*Public Hearing in the National Capital Region*

*29 January 2007*

### **English-language FM radio programming undertakings in Powell River**

*The Commission **approves in part** the application by Vista Radio Ltd. (Vista) for a broadcasting licence to operate an English-language FM radio programming undertaking in Powell River to replace its AM station CHQB. Vista must submit for the Commission's approval, within three months of the date of this decision, an application proposing the use of another frequency and technical parameters that are acceptable to the Commission and the Department of Industry for use in the Powell River market.*

*The Commission **denies** the application by Westwave Broadcasting Inc. for a broadcasting licence to operate an English-language commercial FM radio programming undertaking in Powell River.*

### **Background**

1. On 15 March 2006, the Commission received an application by Vista Radio Ltd. (Vista)<sup>1</sup> for a broadcasting licence to operate an English-language FM radio programming undertaking in Powell River to replace its AM station CHQB. The proposed station would operate at 94.1 MHz (channel 231C1) with an average effective radiated power (ERP) of 8,600 watts. The transmission site would be located across the Strait of Georgia, on Vancouver Island at Mount Washington, the current transmitter site of CFCP-FM Courtenay. The Commission announced its intention to consider the application as part of the 30 October 2006 Public Hearing, in Broadcasting Notice of Public Hearing CRTC 2006-9, 31 August 2006.

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<sup>1</sup> CFCP Radio Limited (CFCP) submitted the application. However, subsequent to the submission, CFCP, Vista, CCIR Holdings Ltd. and Coast Radio Ltd. amalgamated to continue as Vista. Vista is therefore the current licensee of CHQB Powell River and the applicant of this proceeding.

2. On 7 September 2006, the Commission received an application by Westwave Broadcasting Inc. (Westwave) for a broadcasting licence to operate an English-language commercial FM radio programming undertaking in Powell River. The proposed station would operate at 105.3 MHz (channel 287B) with an ERP of 3,000 watts. Westwave would co-site the proposed station at the site of the Canadian Broadcasting Corporation's (CBC) current tower on Texada Island.
3. Given that the applicants proposed to operate in the same market, the Commission determined that it would be appropriate to consider both the Vista and Westwave applications in the context of the same public hearing. To that end, the Commission withdrew the Vista application from the 30 October 2006 Public Hearing and rescheduled it for the 29 January 2007 Public Hearing, to be heard along with the application by Westwave.

## **The applications**

### **Vista**

4. Vista, in addition to being the licensee of CHQB, is the licensee of CFCP-FM Courtenay and CFWB Campbell River, British Columbia.
5. According to Vista, the Powell River area is dominated by FM stations and, as a consequence, CHQB can no longer compete in this market as an AM station. Vista is looking to improve the financial position of CHQB through its application to convert the station to the FM band.
6. Vista indicated that the proposed station would offer the same Adult Contemporary format as that currently offered by CHQB and would target listeners between 25 and 54 years of age. The proposed station would provide local programming over the entire broadcast day. CFCP-FM Courtenay would produce afternoon newscasts tailored to the Powell River market for the short term until the proposed station's revenues are such that it would no longer need to offer programming produced at its Courtenay studios. An individual in Powell River would ensure that editorial news content and story development are relevant to the Powell River community, although the group news director would remain in Courtenay. Furthermore, Vista committed to add more local staff as the revenues for the station support further growth.
7. Vista also submitted that although in the past CHQB has offered little in the way of local programming, Vista has made a commitment to local programming since acquiring the station. In addition to increasing the amount of local news and sports content on CHQB, Vista has invested in a new studio facility, increased the station's local programming content, introduced on-air training, doubled the number of staff before any revenue gains were realized, and engaged the community in several local events.

8. The proposed station would devote 9.45 hours per broadcast week to spoken word programming, 60% of which would be dedicated to news programming.
9. With respect to the development of Canadian talent, Vista submitted that it would contribute \$400 in each broadcast year, for a total of \$2,800 over seven broadcast years. In addition, Vista would continue to sponsor the Powell River Academy of Music and its international choral festival.

### **Westwave**

10. Westwave is the licensee of CKAY-FM Sechelt, British Columbia.
11. Westwave proposed a Pop Adult music format, which would feature approximately 40% music from before 1980 and would target listeners between 35 and 60 years of age. Westwave submitted that the proposed station would benefit from synergies in the areas of administration, operations and programming with CKAY-FM. The two stations would operate separate newsrooms but would share news gathering and reporting tasks.
12. All programming would be local-station-produced. In each broadcast week, the proposed station would provide 13 hours and 39 minutes of spoken word programming, including 5 hours and 40 minutes of weekly station-produced news programming. Westwave indicated that it would devote 40% of the station's news content to local Powell River news and 25% to issues affecting both the Powell River and Sechelt communities. Westwave also proposed to establish a local advisory board to advise and assist the proposed station in enhancing its local reflection programming.
13. With respect to the development of Canadian talent, Westwave committed to devote \$2,000 in each broadcast year to direct expenditures, for a total of \$14,000 over seven broadcast years.

### **Interventions**

14. The Commission received interventions in support of the Vista and the Westwave applications. It also received interventions opposing both applications and a comment with respect to the Vista application. The interventions and the replies to the interventions for each of these applications are available at the Commission's Web site at [www.crtc.gc.ca](http://www.crtc.gc.ca) under "Public Proceedings."

### **Commission's analysis and determinations**

15. After considering the positions of the parties to this proceeding, the Commission finds that the issue arising from these applications relates to the Powell River radio market and its ability to sustain a new FM station.

16. The Powell River radio market consists of one AM and one FM station. CHQB is the only local commercial radio station in Powell River. CJMP-FM, a low-power community FM station operated by the Powell River Model Community Project for Persons with Disabilities, also serves Powell River. From 2001 to 2005, CHQB reported revenue losses. Vista also indicated that it has sustained losses since acquiring the station in 2005.
17. According to Census statistics from Statistics Canada, the population of Powell River (Census Agglomeration) declined during the period 2001 to 2006, by 0.4%, from 16,604 to 16,537 persons. The Financial Post has predicted a further decline from 2007 to 2012.
18. Most importantly, the bulk of total tuning in the Powell River central area is out-of-market, which reduces the amount of advertising revenues available in a market. This limits the ability of local stations to exploit the full revenue potential of their market unless they are able to repatriate this tuning.
19. While the Commission's predisposition generally lies in favour of increased competition and diversity, and the improvements in the overall quality of available services that these promote, it must also ensure that the competitive impact of a new radio station on a market will not impinge unduly on the ability of any existing station to meet its programming responsibilities under the *Broadcasting Act* (the Act).
20. Given the significant amount of out-of-market tuning in Powell River, the Commission considers that insufficient radio advertising revenues are available in this market to support the entry of competition to Vista. Such competition could have a significant negative impact on CHQB, whether or not the station is converted to the FM band.

## Conclusion

21. In regard to the application by Vista, the Commission considers that a conversion of CHQB to FM would improve the station's financial situation and could enable the station to become profitable. Furthermore, given Vista's past and present efforts to rebuild CHQB as noted above, the Commission considers that Vista should have the opportunity to continue its growth by having access to the superior technical quality that can be obtained by operating on the FM band. Accordingly, the Commission **approves in part** the application by Vista Radio Ltd. for a broadcasting licence to operate an English-language FM radio programming undertaking in Powell River to replace its AM station CHQB.
22. The Commission notes that Vista's proposed technical parameters are technically mutually exclusive with the CBC's Long Range Radio Plan to implement Radio One service in Powell River and Port Renfrew, and Radio Two in Campbell River. Furthermore, Vista's proposed technical parameters would significantly expand CHQB's coverage area beyond its existing AM licensed service area.

23. In light of the above, the Commission considers that a site closer to Powell River at a lower power would represent a better use of the limited spectrum for a new local FM station for that community. Accordingly, Vista's use of the 94.1 MHz (channel 231C1) frequency with an average ERP of 8,600 watts is **denied**. As set out in the appendix to this decision, Vista must submit, within three months of the date of this decision, an amendment to its application proposing the use of an FM frequency and technical parameters that are acceptable to both the Commission and the Department of Industry.
24. As set out in the appendix to this decision, the licensee is authorized to simulcast the programming of the new FM station on CHQB for a transition period of three months following the commencement of operations of the FM station. Pursuant to sections 9(1)(e) and 24(1) of the Act, and consistent with the licensee's request, the Commission **revokes** the licence for CHQB effective at the end of the simulcast period.
25. As noted above, due to historical and foreseen declines in population and the lack of radio advertising revenues due to out-of-market tuning, the Commission is of the view that the Powell River market cannot support the entry of competition to Vista. Accordingly, the Commission **denies** the application by Westwave Broadcasting Inc. for a broadcasting licence to operate an English-language commercial FM radio programming undertaking in Powell River.
26. In *Commercial Radio Policy 2006*, Broadcasting Public Notice CRTC 2006-158, 15 December 2006 (Public Notice 2006-158), the Commission set out a new approach to the development and promotion of Canadian artists. In order to reflect a new emphasis on development initiatives that lead to the creation of audio content for broadcast using Canadian resources, the Commission will replace the expression "Canadian talent development" (CTD) with "Canadian content development" (CCD). Each radio station holding a commercial radio licence will be required to make a basic annual CCD contribution based on its revenues in the previous broadcast year.
27. The Commission notes that Vista has made commitments for CTD that will be imposed as a condition of licence. Amounts required under this condition may be deducted from the amounts that will be required under the new basic CCD contribution.
28. The Commission reminds the applicant that any development initiatives that have not been allocated to specific parties by condition of licence should be allocated to the support, promotion, training and development of Canadian musical and spoken word talent, including journalists. Parties and initiatives eligible for CCD funding are identified in paragraph 108 of Public Notice 2006-158.
29. The new FM station will operate in a single-station market, as defined in *Local programming policy for FM radio – Definition of a single-station market*, Public Notice CRTC 1993-121, 17 August 1993.

30. The licence for the new radio station will expire 31 August 2013 and will be subject to the **conditions** set out in *New licence form for commercial radio stations*, Public Notice CRTC 1999-137, 24 August 1999, with the exception of condition number 9 relating to the solicitation of local advertising, which does not apply to stations operating in a single-station market, and of condition number 5. The licence is also subject to the **terms and conditions** set out in the appendix to this decision.

### **Employment equity**

31. Because this licensee is subject to the *Employment Equity Act* and files reports concerning employment equity with the Department of Human Resources and Skills Development, its employment equity practices are not examined by the Commission.

Secretary General

*This decision is to be appended to the licence. It is available in alternative format upon request, and may also be examined in PDF format or in HTML at the following Internet site: <http://www.crtc.gc.ca>*

## Appendix to Broadcasting Decision CRTC 2007-146

### Terms of licence

#### Issuance of the licence

The Commission will only issue the licence and the licence will only be effective at such time as:

- the applicant submits, within three months of the date of this decision, an amendment to its application proposing the use of an FM frequency and technical parameters that are acceptable to both the Commission and the Department of Industry (the Department);
- pursuant to section 22(1) of the *Broadcasting Act*, the Department notifies the Commission that its technical requirements have been met and that a broadcasting certificate will be issued; and
- the applicant has informed the Commission in writing that it is prepared to commence operations. The undertaking must be operational at the earliest possible date and in any event no later than 24 months from the date of this decision, unless a request for an extension of time is approved by the Commission before 18 May 2009. In order to ensure that such a request is processed in a timely manner, it should be submitted at least 60 days before this date.

#### Conditions of licence

1. The licence will be subject to the conditions set out in *New licence form for commercial radio stations*, Public Notice CRTC 1999-137, 24 August 1999, with the exception of conditions of licence numbers 5 and 9.
2. The licensee shall make direct expenditures of at least \$400 in each broadcast year for the development of Canadian content to eligible initiatives as defined in *Commercial Radio Policy 2006*, Broadcasting Public Notice CRTC 2006-158, 15 December 2006.
3. The licensee is authorized to simulcast the programming of the new FM station on CHQB for a transition period of three months following the commencement of operations of the FM station.