



Broadcasting Decision CRTC 2005-87

Ottawa, 2 March 2005

Newlife Communications Inc.
Kelowna, British Columbia

*Application 2004-0557-3
Public Hearing in the National Capital Region
1 December 2004*

Specialty radio station in Kelowna

*In this decision, the Commission **denies** the application by Newlife Communications Inc. to operate a low-power specialty English-language commercial FM radio programming undertaking in Kelowna, British Columbia.*

The application

1. The Commission received an application by Newlife Communications Inc. (Newlife) for a broadcasting licence to operate a low-power specialty English-language commercial FM radio programming undertaking in Kelowna, British Columbia. The applicant proposed to operate at 88.1 MHz (channel 201LP) with an effective radiated power of 50 watts.
2. The applicant stated that the proposed station would offer a Christian music service (specialty format) with at least 94% of the music aired in each broadcast week drawn from subcategory 35 (non-classical religious). In each broadcast week, the proposed station would also broadcast at least 21 hours of religious spoken word programming.

Interventions

3. The Commission received interventions in connection with this application, the majority of which were in support.
4. Standard Radio Inc. (Standard), licensee of CKBL and CHSU-FM Kelowna, Jim Pattison Industries Ltd. (Pattison), licensee of CKOV and CKLZ-FM Kelowna, and Silk FM Broadcasting Ltd. (Silk), licensee of CILK-FM Kelowna, expressed concern that the proposed station would have a significant negative impact on their respective operations.
5. Standard argued that the Kelowna market is already well-served by its existing radio stations, which include five local commercial radio stations and English- and French-language Canadian Broadcasting Corporation radio stations. Standard stated that many of Kelowna's radio stations devote significant airtime to religious programs in co-operation with the churches, mosques and synagogues in the market and contended that the applicant has not demonstrated an overwhelming need for the proposed service.

6. Pattison stated that the Kelowna radio market has recorded a negative profit before interest and tax (PBIT) since 1995. In Pattison's view, the Kelowna market is too small to adequately sustain its existing stations and cannot support the introduction of another commercial radio station. Pattison noted that, in *CHOR Summerland – Conversion to FM band*, Broadcasting Decision CRTC 2004-161, 23 April 2004, and in *Introductory statement – Licensing new radio stations*, Decision CRTC 99-481, 28 October 1999 (Decision 99-481), the Commission denied previous applications for radio stations that would have served Kelowna.
7. Silk noted that Decision 99-481 stated that the Commission was “not convinced that the Kelowna radio market could sustain in a financially viable manner six local commercial stations” and that it was “concerned that licensing too many stations in the market could lead to a reduction in the quality of service to the local community.”
8. Standard and Pattison contended that the applicant's projected advertising revenues are understated and unrealistic. Silk stated that the applicant did not provide any market data or research to substantiate its claim that the proposed station's advertising revenues would not be realized at a cost to existing local stations.
9. Pattison alleged that the applicant had filed an application to operate a low-power radio station as a means of eventually obtaining a licence to operate a Class C full power station. For its part, Silk expressed concern that the proposed low-power radio station would provide excellent FM coverage to the entire city of Kelowna, with the possible exception of Glenmore Valley.
10. Silk pointed out that, while the applicant identified CIAJ-FM Prince Rupert as a model for its proposed service in Kelowna, the Commission imposed a condition of licence on CIAJ-FM prohibiting it from selling commercial messages¹.
11. In-House Communications Inc. (In-House) indicated that it had recently filed an application for a broadcasting licence to operate a Christian music radio station to serve the Kelowna area. While not opposing Newlife's application, In-House requested that the Commission refrain from making a decision on Newlife's application until it has considered the intervener's application.

The applicant's response

12. In response to the interveners' concerns about the potential negative impact that the proposed station would have on their respective operations, the applicant stated that there is currently no Christian radio station in Kelowna and submitted that there is a need to provide such a service to people in the community who do not listen to the existing “secular” radio stations. The applicant further argued that the Christian music format attracts a selective listening audience of between 6% to 10% of the population and that, given Kelowna's demographics, the Christian community would be a small market

¹ *New Christian music FM radio station*, Decision CRTC 99-468, 18 October 1999

within coverage of the proposed low-power station. Accordingly, the applicant maintained that it would not be able to compete with existing radio stations in Kelowna. The applicant added that it had proposed lower advertising rates to attract new advertisers who would not normally advertise on other stations but who would be likely to advertise primarily to Christians.

13. With respect to Pattison's concern that the application was an attempt to obtain a licence for a full-power radio station "by the back door", the applicant explained that it had originally filed an application for a Class C full power service with a transmitting site at Okanagan Mountain and a studio at Rutland Gospel Tabernacle Church. Since the Okanagan Mountain site was not available, the applicant had changed its application to a request to operate a low-power station at the same frequency and channel as proposed in the original application.
14. In response to Silk's comment about CIAJ-FM Prince Rupert, the applicant noted that the licensee of CIAJ-FM applied for and was granted authorization to operate a non-commercial station.
15. In response to In-House, the applicant stated that its application was made public before the intervener filed its application. The applicant submitted that In-House's request was unrealistic.

The Commission's analysis and determination

16. The Commission's financial data show that, since 1999, the average annual PBIT of the radio stations in the Kelowna market was just 2.0%. In comparison, during this same period, the average annual profit margin for all British Columbia, Yukon Territory and Northwest Territories radio stations was 13.5%, and for Canadian radio stations overall was 16.6%. The Commission shares the concern of some interveners that the applicant may have under-estimated the amount of local advertising revenue that its proposed service might capture in the Kelowna market. Accordingly, the Commission considers that the proposed station could have an undue negative impact on the ability of existing broadcasters in the market to meet their programming commitments.
17. In light of the above, the Commission **denies** the application by Newlife Communications Inc. for a broadcasting licence to operate a low-power specialty English-language commercial FM radio programming undertaking in Kelowna.

Secretary General

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