



## Broadcasting Decision CRTC 2024-59

PDF version

Reference: 2023-12

Ottawa, 15 March 2024

*Public record: 1011-NOC2023-0012*

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

#### **Summary**

The Commission finds that the market of Calgary, Alberta, has the capacity to sustain at least one additional radio station at this time. Given the scarcity of FM frequencies and the additional interest in serving the market, the Commission has issued a call for applications for a new radio station to serve the Calgary radio market in Broadcasting Notice of Consultation 2024-60, also published today.

Further, given Calgary's growing ethnic and Indigenous populations, increased tuning to stations that serve these communities and strong support for another such station, the Commission considers that the market may best be served by the introduction of a new ethnic or Indigenous station.

Accordingly, the Commission encourages the submission of applications for a broadcasting licence to operate an ethnic or Indigenous radio station but will also consider other types of applications, should any be submitted.

#### **Background**

1. In Broadcasting Notice of Consultation 2023-12, the Commission announced that it had received an application by Fraser Media Diversity Inc. (Fraser Media) for a broadcasting licence to operate a community ethnic FM radio station in Calgary, Alberta.
2. Calgary is currently served by 20 commercial radio stations, which are operated by Bell Media Inc. (Bell), Corus Radio Inc., Fairchild Radio (Calgary FM) Ltd. (Fairchild), Harvard Broadcasting Inc. (Harvard), Multicultural Broadcasting Corporation Inc. (MBC), Pattison Media Ltd. (Pattison), Rawlco Radio Ltd., Rogers Media Inc. (Rogers), Stingray Radio Inc. (Stingray) and Touch Canada Broadcasting Limited Partnership (Touch Canada). The stations operated by Fairchild and MBC are commercial ethnic stations and those operated by Touch Canada are commercial specialty (Religious Music) stations. Calgary is also served by an Indigenous (Type B

Native)<sup>1</sup> station operated by the Aboriginal Multi-Media Society of Alberta (AMMSA), a campus station operated by The University of Calgary Student Radio Society (UC Student Radio) and four stations operated by the Canadian Broadcasting Corporation.

3. In accordance with Broadcasting Regulatory Policy 2014-554 (the Policy), the Commission called for comments on the capacity of the Calgary market to support a new station and the appropriateness of issuing a call for applications for a new station in this market. The Policy states that, following the receipt of comments, the Commission weighs various 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 interventions and replies in response to Broadcasting Notice of Consultation 2023-12.
5. Seven parties, including the applicant, Fraser Media, expressed interest in obtaining a licence to operate an Indigenous or ethnic radio station that would serve Calgary.

### **Interventions in opposition**

6. Five interventions opposed the authorization of any new station. Four of these interventions were filed by members of the public and the fifth by Lewis Birnberg Hanet Bobadilla LLP on behalf of MBC, which operates the ethnic station CKYR-FM Calgary.
7. MBC not only opposed the authorization of a new station but also requested that any new station, if authorized, be prohibited from broadcasting Hindi- or Punjabi-language programming. MBC stated that CKYR-FM's Hindi- and Punjabi-language programming subsidizes that for all other cultural groups, and that a new community station targeting the South Asian community or new commercial ethnic station targeting the Hindi- and Punjabi-speaking communities would fragment the revenues upon which it relies. MBC submitted that these communities, as well as Calgary's Cantonese- and Mandarin-speaking communities, are already well served.

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<sup>1</sup> Type B Native stations, as defined in Public Notice 1990-89, are referred to as Indigenous stations in this decision.

8. MBC stated that there had been a decrease in local and national advertising on Calgary radio stations since 2018 as well as in Canadian advertising spending in 2020 and 2022. It submitted that some of Calgary's cultural communities' business sectors are not large enough or are otherwise not prepared to purchase advertising (at any cost), and that the historical operating margins of the ethnic radio sector are lower than those of the English-language commercial radio sector.

#### **Interventions in comment**

9. Six operators of incumbent commercial radio stations, collectively referred to as Bell et al.,<sup>2</sup> jointly filed an intervention in comment in which they opposed the authorization of a new commercial station but not that of a new community radio station. They submitted that incumbent commercial stations have experienced several years of declining revenues and have sustained their operations only by increasing operating efficiencies. In their view, increased competition for limited advertising dollars would negatively impact not only the revenues of incumbent commercial stations but also programming quality and diversity (due to cost-saving measures).
10. Golden West Broadcasting Ltd. (Golden West) expressed concern that the station proposed by Fraser Media could cause signal interference that would negatively impact two of its stations near Calgary (CFXO-FM High River and CKUV-FM High River). Golden West also submitted that, given the scarcity of remaining frequencies, the Commission should issue a call for applications.

#### **Interventions in support**

11. The Commission received 75 interventions in support of the authorization of a new station to serve Calgary. Members of the public submitted 66 of these supporting interventions, 62 of which specifically supported the launch of a new ethnic station.
12. Fairchild, which operates the ethnic station CHKF-FM Calgary, and UC Student Radio, which operates the campus station CJSW-FM Calgary, supported the authorization of a new ethnic station provided that restrictions would be imposed to prevent it from negatively impacting their own stations.
13. Fairchild also submitted that radio revenues began declining prior to the pandemic and that Calgary's stations are struggling financially. In Fairchild's view, certain third-language audiences, including Calgary's South Asian and Chinese communities, are already well served.
14. AMMSA, which operates the Indigenous station CJWE-FM Calgary, expressed interest in operating a second such station and supported the launch of a new

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<sup>2</sup> This joint intervention was filed by Bell, Corus Entertainment Inc. (Corus), Harvard, Pattison, Rogers and Stingray. Corus owns and controls Corus Radio Inc., which operates CFGQ-FM Calgary, CHQR Calgary and CKRY-FM Calgary.

Indigenous or ethnic station. AMMSA submitted that the market is now recovering from temporary revenue decreases caused by the COVID-19 pandemic.

15. Six other parties supported the authorization of a new ethnic station based on Calgary's strong ethnic population growth. These interventions were filed by Akash Broadcasting Inc. (Akash), Fraser Media, Radio Humsafar Inc., Radio Sursangam & Punjabi National Media Group Ltd. (RS & PNMG), Sher-E-Punjab Radio Broadcasting Inc. (Sher-E-Punjab) and Amandeep Brar on behalf of Spice Radio (Spice Radio). All of these parties expressed interest in applying for a licence to operate an ethnic station.
16. Akash and Radio Humsafar noted that Calgary is served by only two ethnic stations (Fairchild's CHKF-FM and MBC's CKYR-FM) and that the Commission last authorized the launch of such a station over a decade ago.<sup>3</sup> Both Akash and Radio Humsafar expressed the view that Calgary's visible minority populations are demonstrably underserved given their substantial increase in the past decade.
17. Sher-E-Punjab and Fraser Media both submitted that Calgary continues to attract people who would greatly benefit from third-language broadcasting. Fraser Media stated that a new community station would respond to the needs of the market while also facilitating the participation of marginalized communities.
18. RS & PNMG submitted that a commercial ethnic station with a realistic business plan and strong community support could have a negligible impact on incumbent mainstream commercial stations. It also expressed the view that such a station would increase integration of Calgary's numerous ethnicities and accommodate the growth of local businesses.
19. Spice Radio submitted that a station targeting a South Asian audience would cater to the diverse cultural and linguistic backgrounds of a growing community in the process of establishing new businesses and cultural organizations. Spice Radio added that this would create employment opportunities and boost the local economy.

## Replies

### Replies from a member of the public, Fraser Media and RS & PNMG

20. Fraser Media and RS & PNMG submitted that most of the opposing parties operate incumbent commercial stations and have concerns relating to their business models, and that the Commission should find that Calgary's growing ethnic population justifies the authorization of a new ethnic station.
21. A member of the public disagreed with MBC's reasons for opposing a new ethnic station. This member of the public submitted that businesses serving Calgary's Hindi-, Punjabi- and Urdu-speaking communities find it challenging to obtain

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<sup>3</sup> See Broadcasting Decision 2012-308.

advertising and that MBC's advertising prices are very high (even compared to mainstream radio rates), and that the Commission should authorize a new commercial ethnic station to broadcast Hindi-, Punjabi- and Urdu-language programming.

22. RS & PNMG submitted that MBC does not fulfil certain third-language programming commitments that it made when applying for a licence for CKYR-FM, inadequately serves some cultural groups, and has not provided evidence in support of its claims that smaller cultural communities cannot purchase advertising and that Calgary's Punjabi- and Hindi-speaking populations are well served. Rather, according to RS & PNMG, Calgary's Punjabi- and Hindi-speaking populations are underserved in comparison to those in Edmonton, Calgary's Tagalog-speaking population is underserved in comparison to its Punjabi-speaking population and Calgary's Urdu- and Arabic-speaking populations are underserved in comparison to its Hindi-speaking population. RS & PNMG also stated that no licensee of a commercial ethnic station has demonstrated that the launch of another such station would materially impact its own operations or programming.

**Reply from Bell et al.**

23. In a joint reply, Bell et al. reiterated that Calgary cannot support another commercial station and submitted that declining revenues are not an anomaly resulting from the COVID-19 pandemic.
24. Bell et al. noted that Fairchild, MBC and UC Student Radio expressed concerns regarding the potential impact of new ethnic station in Calgary. Bell et al. also indicated that a new community ethnic station might not impact incumbent commercial stations but that this would not be true of a new commercial ethnic station.

**Reply from MBC**

25. MBC stated that several local broadcasters are in agreement that Calgary does not have the capacity to support an additional station relying on advertising revenues.
26. MBC reiterated that, in its view, Calgary's Punjabi-, Hindi-, Cantonese- and Mandarin-speaking communities are already well served. It added that local media offer these communities FM radio, subsidiary communications multiplex operations (SCMO) channel and Internet radio programming.
27. MBC also submitted that its advertising rates are neither excessive nor disproportionate (compared to local advertising rates in Calgary), and that its advertising revenues must cover the station's costs (including royalties, fees, programming expenses, and administrative and other costs).

**Commission's analysis**

28. The economic outlook of the region is positive. This is mainly due to a strong energy sector, strong oil prices and significant population growth. Calgary is increasing in

population more rapidly than Alberta or Canada (and has been since 2011). This increase in population includes growth in Calgary's ethnic and Indigenous populations. Calgary also has a higher average household income than Alberta or Canada and, with respect to growth in real gross domestic product, both Calgary and Alberta are expected to outpace the rest of Canada over the next few years.

29. Despite the downturn caused by the COVID-19 pandemic, the Calgary commercial radio market remained profitable and appears to be recovering. In the 2021-2022 broadcast year, this market reported increases in local sales and profitability.
30. Based on Numeris's Portable People Meter (PPM) and Radio Diary data, aside from a slight increase in fall 2022, tuning has been steadily decreasing since 2018, except for Calgary's ethnic and Indigenous stations, which have seen tuning significantly increase over recent years. Moreover, many interveners expressed interest in such programming. For example, not only did the vast majority of the filed interventions support the authorization of a new station but many of them specifically supported the authorization of a new ethnic or Indigenous station.
31. Despite the concerns raised by certain interveners that the authorization of a new station could negatively impact incumbent commercial stations, the Commission is of the view that Calgary, with its strong economic outlook and increasing population, could support an additional radio station.
32. Given the relatively rapid growth of Calgary's ethnic population (as compared to its total population), and the strong support for and expressions of interest in providing a new ethnic or Indigenous station, the Commission considers that the market may be better served by the introduction of a new ethnic or Indigenous station, which would have minimal impact on incumbent mainstream commercial stations and increase the diversity of voices in the Calgary market in line with the Diversity of Voices policy, set out in Broadcasting Public Notice 2008-4.
33. As noted in Broadcasting Notice of Consultation 2023-12, Fraser Media proposed to use one of the last known frequencies in the Calgary market. The Commission has determined that a scarcity of frequencies exists in this market.
34. Certain issues raised as part of this proceeding will be addressed during the Commission's consideration of applications to serve this market, namely, whether it would be appropriate to impose restrictions on the operation of a new station through conditions of service as well as issues relating to signal interference. That said, the Commission will defer to the Department of Industry (also known as Innovation, Science and Economic Development Canada) on matters relating to signal interference and its potential repercussions as well as the technical acceptability of any applications for a licence.

## **Conclusion**

35. In light of the above, the Commission finds that the market of Calgary can sustain at least one additional radio station at this time. Furthermore, the Commission considers

that this market may be best served by the introduction of a new ethnic or Indigenous station.

36. Given the FM frequency scarcity and the additional interest to serve the market, the Commission has issued a call for applications for a new radio station to serve the Calgary market in Broadcasting Notice of Consultation 2024-60, also published today. As set out in paragraph 3 of that notice, the Commission encourages the submission of applications for a broadcasting licence to operate an ethnic or Indigenous station. This does not preclude the submission of applications for a broadcasting licence to operate any other type of station. Should any such applications be submitted, the Commission will also consider them.
37. On 22 August 2023, in Broadcasting Information Bulletin 2023-278, the Commission announced the deferral of the examination of any new application or complaint relating to radio during the implementation of its regulatory plan for modernizing the Canadian broadcasting framework, for a period of approximately two years. As the Commission initiated its examination of the Calgary market prior to the publication of the information bulletin, the Commission finds that it is in the public interest to move forward with this proceeding.

Secretary General

### **Related documents**

- *Call for applications – Radio station to serve Calgary, Alberta*, Broadcasting Notice of Consultation CRTC 2024-60, 15 March 2024
- *Change to the processing time for applications and complaints relating to radio undertakings*, Broadcasting Information Bulletin CRTC 2023-278, 22 August 2023
- *Call for comments on market capacity and the appropriateness of issuing a call for radio applications to serve Calgary, Alberta*, Broadcasting Notice of Consultation CRTC 2023-12, 17 January 2023
- *A targeted policy review of the commercial radio sector*, Broadcasting Regulatory Policy CRTC 2014-554, 28 October 2014
- *Licensing of new radio stations to serve Calgary, Alberta*, Broadcasting Decision CRTC 2012-308, 24 May 2012
- *Regulatory Policy – Diversity of voices*, Broadcasting Public Notice CRTC 2008-4, 15 January 2008
- *Native Broadcasting Policy*, Public Notice CRTC 1990-89, 20 September 1990