



Broadcasting Decision CRTC 2009-319

Route reference:

Broadcasting Public Notice 2008-42

Additional references:

Broadcasting Notices of Public Hearing 2008-14, 2008-14-3, 2008-14-6, 2008-14-7

Broadcasting Public Notice 2008-37

Ottawa, 1 June 2009

Various applicants

Bracebridge and Gravenhurst, Ontario

Public Hearing in Orillia, Ontario

26 January 2009

Licensing of new radio stations to serve Bracebridge and Gravenhurst and technical change relating to CFBK-FM Huntsville

*The Commission **approves** the application by Instant Information Services Incorporated for a broadcasting licence to operate a new low-power tourist information FM radio station to serve Bracebridge and Gravenhurst.*

*The Commission also **approves** the application by Muskoka-Parry Sound Broadcasting Limited to change the authorized contours of the English-language commercial station CFBK-FM Huntsville by increasing the effective radiated power from 5,000 to 43,400 watts and by decreasing the effective height of the antenna above average terrain to 147 metres.*

*The Commission **denies**, by majority decision, the remaining applications for broadcasting licences to operate radio stations to serve Bracebridge and Gravenhurst.*

A dissenting opinion by Commissioner Marc Patrone is attached.

Introduction

1. At a public hearing commencing 26 January 2009 in Orillia, Ontario, the Commission considered six applications for new radio programming undertakings to serve Bracebridge and Gravenhurst, some of which are mutually exclusive on a technical basis. These six applications were submitted by:
 - Bayshore Broadcasting Corporation
 - Bill (William) Wrightsell, on behalf of a corporation to be incorporated
 - Evanov Communications Inc., on behalf of a corporation to be incorporated
 - Instant Information Services Incorporated
 - Joco Communications Inc. (two applications)

2. The Commission also considered an application by Muskoka-Parry Sound Broadcasting Limited (Muskoka-Parry Sound Broadcasting) to change the authorized contours of the English-language commercial radio programming undertaking CFBK-FM Huntsville by increasing the effective radiated power from 5,000 to 43,400 watts and by decreasing the effective height of the antenna above average terrain to 147 metres. The station would continue to operate at 105.5 MHz (channel 288B). In Broadcasting Notice of Public Hearing 2008-14, the Commission noted that the proposed technical change would result in the station's 3 mV/m contour partly overlapping the Bracebridge market and that the application would be treated as a competitive radio application for that market.
3. As part of this process, the Commission received and considered interventions with respect to each application for a new radio programming undertaking. The Commission did not receive any interventions in connection with the application by Muskoka-Parry Sound Broadcasting. The public record for this proceeding is available on the Commission's website at www.crtc.gc.ca under "Public Proceedings."
4. After reviewing the positions of the parties to this proceeding, the Commission is of the view that the primary issue to be considered is whether the Bracebridge/Gravenhurst radio market could sustain additional radio services without an undue negative impact on the existing station.

The Bracebridge/Gravenhurst radio market and its ability to sustain new stations

5. The towns of Bracebridge and Gravenhurst are located within 18 km of each other in Ontario's Muskoka region. Bracebridge is approximately 36 km south of Huntsville and 189 km north of Toronto.
6. In the case of an FM station, the *Radio Regulations, 1986* define a radio market as the FM 3mV/m contour or the central area as defined by BBM Canada, whichever is smaller. Of note, Bracebridge was last covered as a central radio market by BBM Canada in the Fall of 2005. Given the close proximity between Bracebridge and Gravenhurst and the fact that the 3mV/m contours proposed by the applicants encompass both communities, the Commission considers that the two communities form a regional radio market from an economic perspective.
7. According to *FP Markets: Canadian Demographics 2008*, the combined population for the towns of Bracebridge and Gravenhurst is 29,402.
8. The Bracebridge/Gravenhurst market is currently served by one local commercial station, CFBG-FM Bracebridge, which is owned by Haliburton Broadcasting Group Inc. (Haliburton) and offers a Hot Adult Contemporary music format. When Bracebridge was last covered as a BBM Canada central market in the Fall of 2005, CFBG-FM recorded an 18.5% 12+ tuning share, up from 14% in the Fall of 2004.

9. Before issuing the call for applications in Broadcasting Public Notice 2008-42, a preliminary analysis of the Bracebridge/Gravenhurst radio market was conducted. The Commission found that total radio revenues in the market had increased from 2006 to 2008 and that the economic outlook was positive. Nevertheless, the total revenues generated in the Bracebridge/Gravenhurst radio market in 2008 were relatively small, a reflection of its status as a small market served by a single operator.¹
10. In its call for applications, the Commission clearly indicated that it had not reached any conclusion with respect to the licensing of any service in Bracebridge and Gravenhurst. At the hearing, the Commission asked the applicants to comment on the capacity of the Bracebridge/Gravenhurst radio market to support new commercial entrants as well as the viability of their business plans given the recent global downturn in financial markets. The applicants generally acknowledged that the recent change in the economy might have some negative impact on their respective proposals. They nevertheless expressed confidence that their business plans were viable.
11. For its part, the incumbent Haliburton opposed the introduction of a new licensee at this time, stating that it would have a potentially devastating financial impact on CFBG-FM in the context of the current economic downturn. Haliburton noted that future bookings and the number of unique advertisers in the radio industry were in serious decline for quarters three and four of 2009 and that the forecast for organic radio growth, which was flat in the first quarter, is negative for the next two quarters and into the foreseeable future. The incumbent indicated that its current advanced bookings for the key summer period on CFBG-FM, which represents 100% of its operating profit on the station and 60% of its annual revenues, had dropped by 11% relative to the previous year. It submitted that the combination of this downturn and a new station could take CFBG-FM from profitability to an operating loss and that the collateral damage of that loss would have a dramatic impact on its operations both in Bracebridge and in smaller communities across Northern Ontario.
12. The Commission notes that the economic situation in southern Ontario has changed considerably since the issuance of the call for applications to serve Bracebridge and Gravenhurst. Trans-Canada Radio Advertising by Market data reflects the initial impact of the economic slowdown, with radio advertising revenues declining in most radio markets in Canada and particularly in southern Ontario. In early December 2008, the Bank of Canada acknowledged that Canada is entering a recessionary period resulting from weakened global economic activity. The Bank of Canada further noted that a decline in exports to the United States has adversely impacted southern Ontario's manufacturing sector.

¹ The Commission notes that in accordance with the guidelines respecting the confidential treatment of annual returns set out in Circular No. 429, an aggregate financial summary for the Bracebridge/Gravenhurst radio market cannot be made available due to the limited number of incumbents serving that market.

13. In Broadcasting Public Notice 2006-159, the Commission set out its general concern with the relatively lower profitability of radio markets with populations under 250,000, such as Bracebridge/Gravenhurst, and signalled its intent to avoid over-licensing in such markets. As stated in that public notice:

Stations in smaller markets generally tend to report levels of profitability that are below the industry average [...]. The Commission notes that commercial radio stations in smaller markets are more vulnerable to the impact of increasing competition. The Commission considers that, generally, smaller market stations have fewer resources than larger market stations to absorb the impact of competition.

14. The Commission is aware that there are markets comparable in size to the Bracebridge/Gravenhurst market that support two or more competing stations. However, based on its general concerns regarding small-market radio stations set out in Broadcasting Public Notice 2006-159 and given the current economic slowdown and the small size of the market under consideration, the Commission is not convinced that the Bracebridge/Gravenhurst radio market could support the introduction of a new mainstream commercial radio service at this time without an undue negative impact on the existing station CFBG-FM Bracebridge.
15. However, for the reasons outlined below, the Commission considers approval of the application by Instant Information Services Incorporated (Instant Information) for a low-power tourist information FM radio station and of the application by Muskoka-Parry Sound Broadcasting for an increase in the power of CFBK-FM Huntsville would have minimal impact on the market.

Instant Information Services Incorporated

16. The Commission considers that given its distinct nature of service and the fact that it would be limited to broadcasting six minutes of advertising material per hour, the English-language, low-power tourist information FM station proposed by Instant Information would make a valuable addition to the Bracebridge/Gravenhurst radio market without an undue negative impact on the incumbent station. The station would offer 125 hours of local programming consisting of repeated loops of information on current weather, road conditions and the Bank of Canada exchange rate, along with tourist and community information about local events and attractions. The station would also have the capacity to serve as an emergency broadcast system in the event of an emergency in the Bracebridge/Gravenhurst area.
17. At the hearing, Instant Information indicated that it would adhere to section 15 of the *Radio Regulations, 1986* relating to basic annual contributions to Canadian content development. As a spoken word station, Instant Information specified that it would direct its contribution to eligible initiatives that support independent parties dedicated to producing new spoken word content that would otherwise not be produced for broadcast. The incumbent Haliburton did not oppose the application.

Increase in power of CFBK-FM Huntsville

18. As noted above, the Commission considers that the application by Muskoka-Parry Sound Broadcasting for an increase in the power of CFBK-FM Huntsville would have minimal impact on the market. At the hearing, Muskoka-Parry Sound Broadcasting stated that the rationale for its application was to improve its signal to the west into the Almaguin Highlands Region in order to enhance service to a cluster of 27 very small communities and to establish an emergency broadcast plan. The applicant indicated that the proposed power increase will greatly improve the reception and signal in areas that have limited or impeded signal coverage due to the very challenging terrain in its service area. The applicant also noted that the overlap between the proposed signal and the Bracebridge trading area was slight and that the station's spoken word and news content would focus only on Huntsville, Algonquin Park and the Almaguin Highlands Region. No party opposed the application.

Determinations

19. Based on the foregoing, the Commission **approves** the following application for a broadcasting licence to operate an English-language, low-power tourist information FM radio programming undertaking in Gravenhurst:

Instant Information Services Incorporated
Application 2008-0963-4, received 14 July 2008

The terms and **conditions of licence** for the new undertaking are set out in the appendix to this decision.

20. The Commission also **approves** the following application to change the authorized contours of the English-language commercial radio programming undertaking CFBK-FM Huntsville by increasing the effective radiated power from 5,000 to 43,400 watts and by decreasing the effective height of the antenna above average terrain to 147 metres:

Muskoka-Parry Sound Broadcasting Limited
Application 2008-0513-7, received 3 April 2008

21. The Department of Industry has advised the Commission that while this application is conditionally technically acceptable, it will only issue a broadcasting certificate when it has determined that the proposed technical parameters will not create any unacceptable interference with aeronautical NAV/COM services.
22. The Commission reminds Muskoka-Parry Sound Broadcasting Limited that pursuant to section 22(1) of the *Broadcasting Act*, this authority will only be effective when the Department notifies the Commission that its technical requirements have been met and that a broadcasting certificate will be issued.

23. The Commission **denies**, by majority decision, the five remaining applications for broadcasting licences to operate commercial radio programming undertakings in Bracebridge and Gravenhurst, as set out below:

Bayshore Broadcasting Corporation

Application 2008-0962-6, received 14 July 2008

Bill (William) Wrightsell, on behalf of a corporation to be incorporated

Application 2008-0960-1, received 14 July 2008

Evanov Communications Inc., on behalf of a corporation to be incorporated

Application 2007-1294-4, received 17 September 2007

JOCO Communications Inc.

Application 2007-1150-9, received 16 August 2007

JOCO Communications Inc.

Application 2008-0867-8, received 17 June 2008

Secretary General

Related documents

- Broadcasting Notice of Public Hearing CRTC 2008-14 – Notice of consultation and hearing, 13 November 2008
- *Call for applications* – Notice of consultation, Broadcasting Public Notice CRTC 2008-42, 13 May 2008
- Broadcasting Public Notice CRTC 2008-37 – Notice of consultation, 1 May 2008
- *Revised policy concerning the issuance of calls for radio applications and a new process for applications to serve small markets*, Broadcasting Public Notice CRTC 2006-159, 15 December 2006

This decision and the appendix, where appropriate, are to be appended to each 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 2009-319

Instant Information Services Incorporated

Application 2008-0963-4, received 14 July 2008

Terms, conditions of licence, expectation, commitment and encouragement

Issuance of the broadcasting licence to operate an English-language, low-power tourist information commercial FM radio programming undertaking in Gravenhurst, Ontario

Terms

The licence will expire 31 August 2015.

The station will operate at 101.9 MHz (channel 270LP) with an effective radiated power of 25 watts.

The Department of Industry (the Department) has advised the Commission that while this application is conditionally technically acceptable, it will only issue a broadcasting certificate when it has determined that the proposed technical parameters will not create any unacceptable interference with aeronautical NAV/COM services.

The Commission reminds the applicant that pursuant to section 22(1) of the *Broadcasting Act*, no licence may be issued until the Department notifies the Commission that its technical requirements have been met and that a broadcasting certificate will be issued.

Given that the technical parameters approved in this decision are for a low-power unprotected FM service, the Commission also reminds the applicant that it will have to select another frequency if the Department so requires.

Furthermore, the licence for this undertaking will be issued once 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 1 June 2011. 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. If the licensee originates 42 or more hours of programming in any broadcast week, the licensee shall adhere to the Canadian Association of Broadcasters' *Equitable Portrayal Code*, as amended from time to time and approved by the Commission. However, the application of the foregoing condition of licence will be suspended if the licensee is a member in good standing of the Canadian Broadcast Standards Council.

2. The licensee shall use the station solely for the purpose of providing pre-recorded messages informing tourists of weather forecasts and conditions, road condition reports, road traffic reports, the Bank of Canada exchange rate and tourist/community information about local events, attractions and services in the Bracebridge/Gravenhurst area.
3. The licensee shall not broadcast more than six minutes of advertising material per clock hour.
4. The licensee shall not broadcast musical selections, except as incidental background music.

Expectation

Cultural diversity

The Commission expects the licensee to reflect the cultural diversity of Canada in its programming and employment practices.

Commitment

The licensee shall make its service available as an emergency broadcast facility for the Cities of Gravenhurst and Bracebridge.

Encouragement

In accordance with *Implementation of an employment equity policy*, Public Notice CRTC 1992-59, 1 September 1992, the Commission encourages the licensee to consider employment equity issues in its hiring practices and in all other aspects of its management of human resources.

Dissenting opinion of Commissioner Marc Patrone

The following is a dissenting opinion on the Bracebridge/Gravenhurst segment of the Orillia Radio hearings.

I'd like to begin by acknowledging the commitment and fine work of staff and my Commission colleagues on the Orillia panel: Rita, Candice, Peter and Suzanne. It's been a real honour to serve on a panel with people so committed to the betterment of the broadcasting system. I understand their intentions were to "protect" the market's viability. The reason for this dissenting opinion is that I feel, in this case, "protection" will only hurt the market's capacity to add diversity and as a result undercut its potential to generate listener and business interest over the long term.

I would also like to congratulate the panel for its decision to license a station in Orillia by majority vote. I do not think it possible to consider the decision not to license in Bracebridge/Gravenhurst without looking at it within the context of the decision to license in Orillia.

While each market should be licensed according to the circumstances unique to the needs and economics of that community, many of the arguments that won the day in Orillia were turned on their head in justifying the decision **not** to add diversity in Bracebridge/Gravenhurst. The economic arguments are a case in point. In Orillia, the majority felt Orillia's economy could absorb competition, but in Bracebridge/Gravenhurst the following line of rationale for not licensing is offered in paragraph 11 (emphasis mine):

A decline in exports to the United States has had a negative impact on the manufacturing sector in **southern Ontario**.

And

.... with radio advertising revenues declining in most radio markets in Canada and particularly in **southern Ontario**.

This rationale appears to make no distinction between the "southern Ontario" where manufacturing is a huge part of the economy (Windsor et al.) and the area we are referring to here (a.k.a. cottage country), which has a relatively small manufacturing base anyway and where the economy is clearly service/tourism-based.

I understand the overall economic situation in Ontario causing "peripheral" damage to this market, but the majority decision makes no reference to the obvious differences between this market and those affected by the serious problems in the auto sector. Given the decision to license in one market and not the other, are we to believe the manufacturing sector woes in southern Ontario will hurt Bracebridge more than Orillia?

I'm not saying "consistency" must be the only criterion in licensing, but the "compromise" solution that forms the main rationale for licensing in one and not the other ultimately fails the industry, which looks to the CRTC for some logical thread with which to plan a regulatory strategy and business case going forward.

The Commission has rightfully endeavoured to encourage radio listenership in this country by placing a high premium on local reflection, news, sports, etc. I agree wholeheartedly. In Orillia, the decision to license a second local station in a city of some 50,000 people, in which a small minority (17%) currently listens to the lone local station, makes perfect sense and is in my view overdue. I would further submit that, faced with competition from such a wide variety of sources, radio's relevance to the lives of Canadians can grow only through the maintenance and execution of a regulatory strategy aimed at encouraging access to the kind of intimate, familiar and local voices that makes radio special.

Up to now, I believe the regulator has done a decent enough job of this but, in my view, the Commission has lost its way by succumbing to recessionary fears: first during the Cambridge hearing and now again in considering Bracebridge/Gravenhurst. While the CRTC is no stranger to being second guessed, decisions like these are bound to frustrate businesses and radio listeners who believe, as do I, that radio enterprises are undertakings that will weather economic ups and downs with a view to prospering over the long term. Consider a letter addressed to our Chairman and copied to all Commissioners by Mr. Joe Preston, MP for Elgin-Middlesex-London. He's a businessman who is clearly disappointed with and bewildered by the Commission's recent decision not to license in St. Thomas, Ontario – a community of some 35,000 people that does not have a single radio station. I reference this letter simply to illustrate what I see as an unfortunate trend at play here. His letter reads as follows :

I have continued to inquire as to why, but as of yet, have had only 'talking point' types of responses. I have read the entire application, all of the transcripts of the hearing, yet I still cannot understand the logic behind your decision.

Mr. Preston goes on to say:

As a business owner in St. Thomas, I would like the opportunity to reach my customers without having to reach 350,000 others that won't be motivated to frequent my business.

I believe the St. Thomas decision Mr. Preston is talking about and the latest in Bracebridge/Gravenhurst represent the victory of a kind of paternalistic, short-sighted fear that fails to take into account the resilience, intelligence and common sense with which the majority of broadcasters (incumbents and new entrants) operate their respective businesses. The rationale for such a decision may be well-intended but it's ultimately misguided.

Many, if not most, broadcasters have navigated choppy economic waters time and time again and are perfectly equipped to ride through this one with a mind to growing their businesses over the long haul.

Applicants like Bayshore went so far as to factor in an additional 15% reduction in projected revenues during their oral presentations. These were not reckless applicants prepared to “risk it all” on a roll of the dice. Most were reasonable applicants with solid business plans and deep enough pockets to weather the current difficulties.

The majority of applicants made prudent adjustments to their already tempered expectations. I’m not suggesting all broadcasters will weather the current economic downturn, but is it really the regulator’s job to try to save individual broadcasters from possibly making a mistake relative to how quickly they wish to grow? Further, and perhaps more importantly, should any regulatory action whose aim, in effect, is to try to “save broadcasters from themselves,” override the concerns of communities that could very well benefit from competition and diversity? I would strongly suggest the answer to both those questions is a resounding no.

Cited among the guiding principles used in justifying the decision not to license Bracebridge/Gravenhurst (and London, St. Thomas et al.) is the so-called “small market policy.” I say so-called because there is in fact no actual “small market policy” with which the Commission can look to for guidance in licensing in markets like Bracebridge/Gravenhurst.

There is a policy meant to guide the CRTC in putting forth calls for applications. That’s what it’s called, that’s its stated intention and that’s the way it should be applied. Paragraph 9 in the *Revised policy concerning the issuance of calls for radio applications and a new process for applications to serve small markets*² states the following:

Stations in smaller markets generally tend to report levels of profitability that are below the industry average, particularly in smaller French-language markets. The Commission notes that commercial radio stations in smaller markets are more vulnerable to the impact of increasing competition. The Commission considers that, generally, smaller market stations have fewer resources than larger market stations to absorb the impact of competition.

This paragraph has come to take on a level of import far beyond what it was ever intended to have. As a result, a policy clearly intended to provide guidance during the initial process associated with the issuance of calls for applications is being given more weight than it should.

Does the way this policy is applied really matter? In short, it absolutely does unless one considers it appropriate to mix and match policies, applying them to circumstances they were never intended to apply to. If this policy were truly intended to guide the Commission toward reaching decisions, I would think it would look very different.

² Broadcasting Public Notice CRTC 2006-159, 15 December 2006.

Would it not, for instance, consider issues that would certainly arise from the applications themselves?

As it now stands, the CRTC's "small market policy" intended to "protect incumbents" makes no mention of the capabilities, cost structures, historical practices and stated goals of the applicants; nor considerations relating to the potential inherent in any given market to grow as a result of a) repatriating out of market tuning and b) growing the ad pie as a result of generating greater local advertising interest and attracting new or former commercial radio listeners thanks to increased diversity.

How does a "small market policy," currently being used to guide the Commission in deciding whether to license or not, ignore such fundamentals? It does so by being applied in such a way as it was never intended. As a result, I totally reject any use or application of this policy in any way other than its stated purpose.

As far as applying a rationale for determining a course of action relative to this proceeding, it's important to draw a distinction between licensing during an economic downturn and launching during one. These are two very different things.

From a business standpoint, I do not advocate launching during the current economic downturn. I do not believe it is the regulator's job to tell any broadcaster when to launch, but I would fully expect a responsible broadcaster to weigh economic considerations in making any such decision.

Licensing during a recession is an entirely different matter, considering the built-in flexibility in launching an undertaking. Licensing now would allow a licensee as much as three years (pending the approval of an extension) to move ahead with a launch. I've considered the argument that executing a launch during an economic recovery/early economic growth phase would mean that it would take place in the period immediately after the market has contracted, thus challenging both the incumbent and the new entrant. Consider however, and I will touch further on this later, that the likelihood of a new station facing an economic downturn during its first term of licence is quite high anyway. At least this way, by already having been licensed, the new undertaking would have the benefit of being able to monitor the pace of the recovery. It could then plan a launch strategy accordingly with some degree of comfort in knowing that once launch does take place, the new station would have a reasonably high probability of having the benefit of a lengthy period of growth uninterrupted by another downturn.

Considering the inevitable cycles of positive and negative growth periods, it does a disservice to both the new undertaking and the incumbent(s) to wait until the economy is well into the midst of a growth period given the time required to hear applications, decide who will be licensed and allow for a period during which the undertaking gears up for launch.

By then the economic cycle may be nearing the next downturn, and the new undertaking would not have had the benefit of an extended period of economic growth that preceded it. It's a lose/lose proposition, given that a new undertaking might be left with a truncated period of growth before the next downturn that would hurt both the new undertaking's financial prospects and that of the incumbent(s), which would be facing fresh competition just as the economy nears the next contraction. I believe it requires further analysis, but even accounting for a sluggish 6- to 12-month rebound, I think it would be more advantageous to launch fairly early during an economic recovery phase than to be in the position of launching in the middle or the last few years of a growth phase.

As mentioned, if one were to take into account the frequency with which economic downturns occur and the duration of those periodic contractions, one would realize the chances of being in the midst of recession/downturn and recovery during the first term of a seven-year licence period are fairly high. Consider for example anyone who launched between 2003 and the present, between 1994 and the 2000 downturn, or in the mid-1980's ahead of the 1990 recession.

If, on the other hand, one was licensed during the 1980 to 1982 recession and launched as the economy was recovering (within say 1 to 3 years of being awarded a licence), the new licensee would not have had to face another economic downturn until quite late in the decade (the '87 stock market collapse notwithstanding).

Anyone who was licensed during the 1990 recession and who launched as the economy in Canada was in recovery in the second half of '91 would have benefited from an extended period of the relatively stable growth that followed. At the risk of belabouring the point, anyone who launched shortly after the 2000 downturn would have had the benefit of a reasonable period of growth that preceded the current downturn.

If the Commission really wants to examine and develop a rationale for licensing, it should do so in such a way as to consider economic cycles and thus weigh the merits of easing the pace of licensing; not during a recession, but around the fifth year of an economic "growth phase." By doing that, the Commission might have a better chance of avoiding a scenario whereby stations licensed nearing the tail end of a growth phase would launch just as the full impact of an economic downturn was beginning to be felt.

While few of us can predict a recession with any great degree of accuracy, slowing the pace of licensing after four or five years of economic growth (boom cycle) would come much closer to taking into account the rhythm and cycles associated with global economies. It would also serve, at least in part, to help anticipate the contractions that inevitably take place based on past economic trends.

Because of confidentiality, there are limits to what I can say about the specific profitability of the Bracebridge/Gravenhurst market and the extent to which I can draw comparisons between profit levels here and other similar-sized markets. I can only say, based on the numbers I've seen, that I find compelling reasons why this market can absorb competition.

The incumbent, Haliburton, is clearly a very savvy operator with a proven record of running efficient and profitable operations. It is therefore noteworthy that there is a higher than average rate of staffing costs in his Bracebridge/Gravenhurst operation as compared with most others the Commission looked at, including some of Haliburton's other stations.

I found these numbers not consistent with an operation that is simply "treading water" or one which, in Mr. Grossman's words, would face "devastation" if a local competitor were introduced to the community. It is noteworthy that the Commission approved the power increase for Mr. Grossman's Huntsville station (he owns 70.1% of Haliburton, which controls the Huntsville station). This will allow the Huntsville operation to broadcast into the Bracebridge/Gravenhurst market. This does not add diversity of ownership to the local market, only more out-of-market tuning potential involving the same licensee that operates the lone local station. While Mr. Grossman predicted dire consequences should the Commission approve a new applicant to compete against his operation in Bracebridge/Gravenhurst, he has no apparent misgivings about having his own Huntsville station increase power and reach into Bracebridge/Gravenhurst, where the potential exists of having his Huntsville station cannibalize Mr. Grossman's own ad revenues in that market. In other words, an advertiser who currently buys time on both his Huntsville and Bracebridge operations could now theoretically buy time on just one and still hit both markets.

The high rate of out-of-market tuning (83%) is once again an indicator that the local audience is listening to radio, just not very much to the local station. Bear in mind also that Gravenhurst (while just 18 km away from Bracebridge) has no incumbent per se. The Haliburton station is based in Bracebridge – a point underscored by the Evanov Group, which proposed a station based in Gravenhurst that would focus primarily on that community of 11,500 people (FP Markets figures).

When compared with seven other similar-sized markets (six of which had at least two competing stations), Bracebridge/Gravenhurst was number 3 in total revenues. Bear in mind that, with such a high rate of out-of-market tuning, it's a virtual certainty that those revenues would increase if a second station were allowed to compete with the Haliburton operation in that market. We won't find out for sure anytime soon, however, given this decision.

It is a disappointment that, during this proceeding, my efforts to get the panel to think of licensing in terms of economic cycles failed, but perhaps through closer examination of historical data, the Commission can determine whether this may be relevant to future proceedings. Again, I'm not suggesting for an instant that downturns can be "predicted" with any kind of accuracy, but trends (economic and otherwise) can "generally" be anticipated by considering the duration of "boom" and "bust" cycles which have been with us over many decades. It's a point which, I would suggest, warrants further serious study within the context of a licensing strategy going forward.

I would suggest further that the real losers here are radio listeners who would welcome more local reflection, healthy competition and ownership diversity in that community.

Of the applicants, I thought Evanov and Bayshore had the best presentations. I've no doubt either one would've done very well in the market. I particularly thought highly of the Evanov application, which proposed a format that was sensitive to the influx of retirees in the area and the substantial economic clout with which they enter this phase of their lives.

Thanks again to staff and fellow Commissioners for this opportunity to present my dissenting views.