



Broadcasting Decision CRTC 2014-172

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Route reference: 2013-536

Ottawa, 10 April 2014

Allan F. (Lee) Marshall, on behalf of a corporation to be incorporated
Cobalt, Ontario

Application 2012-0779-6, received 25 June 2012
Public hearing in the National Capital Region
5 December 2013

English-language commercial FM radio station in Cobalt

*The Commission **denies** the application for a broadcasting licence to operate an English-language commercial FM radio station in Cobalt.*

Application

1. Allan F. (Lee) Marshall, on behalf of a corporation to be incorporated, filed an application for a broadcasting licence to operate an English-language commercial FM radio station in Cobalt, Ontario.
2. The proposed station would operate at 107.9 MHz (channel 300B1) with an effective radiated power of 8,700 watts (non-directional antenna with an effective height of antenna above average terrain of 99.4 metres).
3. The station would offer an Adult Variety music format targeting listeners over the age of 45 and would broadcast 126 hours of local programming each broadcast week, including 3 hours and 30 minutes of French-language programming.
4. In addition to the basic contributions to Canadian content development (CCD) required by the *Radio Regulations, 1986*, the applicant proposed to contribute a total of \$38,000 to CCD over seven consecutive broadcast years.

Interventions and applicant's reply

5. The Commission received interventions supporting the application, as well as an intervention in opposition from Connelly Communications Corporation (Connelly), licensee of CJTT-FM New Liskeard.
6. Connelly submitted that the applicant was misleading the Commission regarding the market it was proposing to serve and that it had not completed any of the necessary market research or properly budgeted for the proposed undertaking. Specifically,

Connelly submitted that the applicant's projected sales revenues were unrealistic based on the market conditions and declining population of the community.

7. The intervener also noted that 20% of the applicant's projected revenues were to come from existing radio stations. Connelly argued that if the proposed station were able to achieve that level, it would negatively impact CJTT-FM since it was the only commercial station physically located in the market. Finally, the intervener argued that Cobalt was already well served by CJTT-FM in terms of local news and information and that the applicant would not be introducing a diverse music format since 77% of the music on its sample playlist was already part of CJTT-FM's playlist.
8. In reply, the applicant disputed the facts based on which Connelly claimed that the retail sector in Cobalt was shrinking, arguing that they were not derived from an independent market survey of local businesses and that Connelly had ignored businesses that operate in business locations as well as those that choose to operate from home. Further, the applicant submitted that its programming budget and technical costs estimates were reasonable as it would be involved directly in the station's operations and the technical costs estimates were provided by an experienced engineer. However, should the costs be higher, the applicant stated it had the financial capacity to cover those costs.
9. With respect to the impact on CJTT-FM, the applicant stated that it was unreasonable to conclude from the available evidence that CJTT-FM could not sustain the entry of a new station given the licensee's 25 years of experience and its ownership of two radio stations in the region (i.e. CJTT-FM New Liskeard and CJKL-FM Kirkland Lake). The applicant argued that its proposed station would target a subset of CJTT-FM's audience, submitting that most of CJTT-FM's music came from a short list of top 40 selections, whereas the proposed station's format would primarily consist of Oldies music. Finally, the applicant emphasized that it would provide Cobalt with highly local news and information.

Commission's analysis and decision

10. In the case of an FM station, the *Radio Regulations, 1986* define a market as the smaller of the primary (3 mV/m) contour or the central area as defined by BBM Canada. In this case, the Commission finds that the proposed station's primary contour defines the market.
11. The Commission notes that the proposed service's contours would be fully encompassed within CJTT-FM's primary contour and thus its defined market. The proposed service would reach about two-thirds of the population covered by CJTT-FM. Accordingly, the Commission considers that the proposed service would serve the same market as CJTT-FM and would introduce an additional commercial radio service to Cobalt without the benefit of a competitive process.
12. Further, given that the proposed service's contours would almost completely overlap those of CJTT-FM, covering the bulk of the population found in its market, the

Commission considers that the proposed station would likely compete directly with CJTT-FM for tuning and advertising revenues.

13. In this respect, the Commission notes that revenue growth for both CJTT-FM and the Connelly group has been stagnant in recent years and that population declines and weak economic growth prospects suggest that advertising revenue growth potential may be limited in the short to medium term. As a result, the Commission is of the view that licensing a new service in the Cobalt/Temiskaming Shores area could have a significant adverse impact on the viability of CJTT-FM.
14. Based on the preceding, the Commission **denies** the application by Allan F. (Lee) Marshall, on behalf of a corporation to be incorporated, for a broadcasting licence to operate an English-language commercial FM radio programming undertaking in Cobalt, Ontario.

Secretary General