



Broadcasting Decision CRTC 2016-163

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Reference: 2015-291

Ottawa, 29 April 2016

Findings regarding market capacity and the appropriateness of issuing a call for radio applications to serve the Kentville, Nova Scotia radio market

The Commission finds that the Kentville radio market cannot sustain any additional commercial radio stations at this time. Consequently, the Commission will not issue a call for applications for new commercial radio stations to serve that radio market. In light of this, the Commission will return the application originally filed by Newcap Inc. for a broadcasting licence to operate a commercial radio station to serve Kentville.

Introduction

1. In Broadcasting Notice of Consultation 2015-291, the Commission announced that it had received an application by Newcap Inc. (Newcap) for a broadcasting licence to operate a new commercial FM radio station to serve Kentville, Nova Scotia. The applicant proposed to operate the station at 94.3 MHz with an average effective radiated power (ERP) of 5,300 watts (maximum ERP of 14,000 watts).
2. The town of Kentville is located off the coast of the Bay of Fundy, about 85 kilometers northwest of Halifax, Nova Scotia and 125 kilometers east of Saint John, New Brunswick. It is located in Kings County, which is part of the Nova Scotia's Annapolis Valley, and is included in the Kings Numeris Radio Market area. Three radio stations currently operate out of Kentville: CIJK-FM, licensed to Newcap, and CKEN-FM and CKWM-FM, both licensed to Maritime Broadcasting System Limited (MBS).
3. In accordance with Broadcasting Regulatory Policy 2014-554 (the Policy), to provide Canadians with an opportunity to comment prior to a decision on significant market development, such as a call for applications, the Commission requested comments on the capacity of the Kentville radio market to support a new radio station and on the appropriateness of issuing a call for applications for a broadcasting licence to operate a new radio station. Based on factors including market capacity, spectrum availability or scarcity, and interest in serving the market, the Policy sets out that the Commission may decide to a) publish the application for consideration during the non-appearing phase of a public hearing, b) issue a call for applications, or c) make a determination that the market cannot sustain additional stations and return the application to the applicant.

Interventions

4. The Commission received an intervention from Newcap in support of a call for applications. It also received interventions opposing a call from MBS and from the station manager for CKEN-FM and CKWM-FM. Newcap did not reply to the opposing interventions. The public record for this proceeding can be found on the Commission's website at www.crtc.gc.ca.
5. Noting that the population of Kings County has grown since 2011, Newcap argued that a new radio station in Kentville could spur audience growth by bringing in a music format that is absent from that radio market. It further noted that Nova Scotia's 2010-2014 small radio market profit before interest and taxes (PBIT) compares favourably with the national, English-language small radio market average PBIT. Newcap added that the province's economy is projected to grow modestly over the next few years, and that Kentville has strong retail sales given its status as the largest centre in the Annapolis Valley.
6. MBS, on the other hand, submitted that Nova Scotia's economy has been in decline, particularly in rural areas. In its view, the addition of a radio station in the Kentville radio market would over-saturate that market. MBS added that low radio tuning by the 25-54 age demographic is making radio less attractive to advertisers, and that a new radio station in Kentville would dilute existing radio advertising budgets rather than increase such advertising. The station manager for CKEN-FM and CKWM-FM expressed the view that market capacity in the Kentville/Annapolis Valley business area is insufficient to support an additional radio station.

Commission's analysis

7. Despite favourable economic projections for Nova Scotia, the average income for residents of Kings County is significantly below the national average, and the province's unemployment rate is well above the national average.
8. In addition, from 2011 to 2015, revenues in the Kentville radio market decreased during four of those five years, and were at their lowest in 2015. Per station, radio revenues in Kings County are among the lowest when compared to similar sized radio markets in the Maritimes. Profitability in the Kentville radio market also declined from 2011 to 2015 and, as a percentage of revenue, has been lower than that for Atlantic Region small radio markets over the past two years.
9. Moreover, the majority of tuning in the Kentville radio market is to either Canadian Broadcasting Corporation (CBC) stations or the local commercial stations. To survive, a new radio station in Kentville would need to garner tuning, and consequently draw advertising revenues, from incumbent stations in the market.
10. Finally, between 2006 and 2011, the year of the most recent Statistics Canada census, the population of Kings County did not post any significant growth, and in fact posted an overall decline for persons in the under 55 age demographic. A new radio station in Kentville could therefore have a significant impact on listenership to stations

currently operating in that town, thereby unduly threatening the health of its radio market.

Conclusion

11. Based on the written record of the proceeding, due to its concerns over the effects of licensing a new commercial radio station in Kentville at this time, and in light of its existing policy framework, the Commission is not persuaded that issuing a call for applications for new commercial radio stations to serve that radio market is warranted. Consequently, it will return the application originally filed by Newcap.
12. Further, consistent with its approach set out in the Policy, the Commission will not generally be disposed to accept applications for new commercial radio stations to serve the Kentville radio market for a period of two years from the date of this decision.

Secretary General

Related documents

- *Call for comments on market capacity and on the appropriateness of issuing a call for radio applications to serve Kentville, Nova Scotia*, Broadcasting Notice of Consultation CRTC 2015-291, 3 July 2015
- *A targeted policy review of the commercial radio sector*, Broadcasting Regulatory Policy CRTC 2014-554, 28 October 2014