



## Broadcasting Decision CRTC 2016-376

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Reference: Part 1 application posted on 23 September 2015

Ottawa, 14 September 2016

**101056012 Saskatchewan Ltd.**  
Yorkton, Saskatchewan

*Application 2015-1124-6*

### **CJJC-FM Yorkton – Licence amendment**

*The Commission **denies** the application by 101056012 Saskatchewan Ltd. to change the format of the English-language specialty (Christian music) radio station CJJC-FM Yorkton, Saskatchewan, to a variety or new oldies format.*

#### **Application**

1. 101056012 Saskatchewan Ltd. (101056012 Saskatchewan) filed an application to change the format of the English-language specialty (Christian music) radio station CJJC-FM Yorkton, Saskatchewan, to a variety or new oldies format. Specifically, the licensee requested that the Commission delete the following conditions of licence set out in the appendix to Broadcasting Decision 2013-438:
  2. The station shall be operated within the Specialty format as defined in *A Review of Certain Matters Concerning Radio*, Public Notice CRTC 1995-60, 21 April 1995 and *Revised content categories and subcategories for radio*, Broadcasting Regulatory Policy CRTC 2010-819, 5 November 2010, as amended from time to time.
  3. During each broadcast week, at least 95% of all musical selections shall be drawn from subcategory 35 – Non-classic religious, as defined in *Revised content categories and subcategories for radio*, Broadcasting Regulatory Policy CRTC 2010-819, 5 November 2010, as amended from time to time.
  4. The licensee shall, as an exception to the percentage of Canadian musical selections set out in section 2.2(3) of the *Radio Regulations, 1986*, in any broadcast week, devote in that broadcast week a minimum of 10% of its musical selections from content category 3 (Special interest music) to Canadian selections.
  5. Where the licensee broadcasts religious programming as defined in the *Religious Broadcasting Policy*, Public Notice CRTC 1993-78, 3 June 1993, the licensee shall adhere to the guidelines set out in sections III.B.2.a) and IV of that public notice with respect to the provision of balance and ethics in religious programming, as amended from time to time.

2. 101056012 Saskatchewan indicated that the proposed amendment was necessary to address the station's financial situation. It submitted that CJJC-FM would quickly disappear if it did not radically reorient its programming and that the station would gain greater financial sustainability as a result of being able to appeal to a broader audience.
3. Given that the station would become a non-specialty popular music station, the licensee proposed to adhere to the standard conditions of licence for commercial radio stations set out in Broadcasting Regulatory Policy 2009-62.

### **Intervention and reply**

4. The Commission received an intervention opposing the application from Harvard Broadcasting Inc. (Harvard), to which the licensee replied. The public record for this application can be found on the Commission's website at [www.crtc.gc.ca](http://www.crtc.gc.ca) or by using the application number provided above.
5. Harvard characterized the application as a proposal for a new commercial radio station and argued that the Commission should treat the application under its call for applications procedure. Harvard also submitted that approving the application would have a significant negative impact on its commercial radio stations CFGW-FM and CJGX Yorkton. Specifically, it argued that the economic conditions of the Yorkton radio market are not favourable to the addition of a commercial radio station and that the applicant had overestimated the amount of advertising revenues available in Yorkton.
6. 101056012 Saskatchewan replied that CJJC-FM would not compete directly with other radio stations in the market because its proposed variety or new oldies format is currently not available in Yorkton. It added that Canadian businesses are investing and expanding in the Yorkton radio market.

### **Commission's analysis**

7. After examining the public record for this application in light of applicable regulations and policies, the Commission considers that it must address the following issues:
  - whether the licensee has demonstrated a compelling economic need justifying the proposed amendment;
  - whether approval of the application would have an undue financial impact on existing stations in the Yorkton radio market; and
  - whether approval of the application would undermine the integrity of the Commission's licensing process and impact the diversity of programming in the Yorkton radio market.

## **Economic need**

8. 101056012 Saskatchewan stated that CJJC-FM had incurred significant financial losses over the past 10 years and had not reported a single year of profitability since launching in 2005. According to the licensee, a format change is necessary for the station to benefit from national advertising revenue and become financially viable.
9. The licensee indicated that it had taken a number of steps over the years to achieve profitability, including filing applications to add a rebroadcasting transmitter<sup>1</sup> and increase its authorized contours.<sup>2</sup>
10. The Commission finds that the licensee has demonstrated a financial need justifying the proposed amendment.

## **Impact on existing radio stations**

11. The Yorkton radio market is comprised of three stations: CJJC-FM, CFGW-FM and CJGX. Revenues in the market have been declining since 2011.
12. The Commission is of the view that 101056012 Saskatchewan has not demonstrated how its proposed format change would grow the advertising revenue potential of the Yorkton radio market or how it could retain any of its current advertising revenue streams following such a change. Moreover, the applicant's revenue projections for its first year under the proposed format exceed the 2015 profit before interest and taxes margin for the entire Yorkton radio market.
13. Consequently, the Commission finds that the proposed amendment could have an undue financial impact on existing radio stations in the Yorkton radio market.

## **Integrity of the licensing process and impact on diversity of programming**

14. In Broadcasting Decision 2005-522, the Commission approved an application to operate a low-power, English-language specialty (Christian music) radio station in Yorkton. The Commission considered that the station would have little economic impact on existing radio stations in the market given its niche format and power. It noted that the station would increase the diversity of radio services available in the Yorkton radio market without having an undue negative impact on existing radio stations.
15. Near the end of CJJC-FM's first licence term, in Broadcasting Decision 2011-421, the Commission approved an application to change the station's technical parameters, including significantly increasing its effective radiated power from 44.8 to

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<sup>1</sup> The Commission denied this application in Broadcasting Decision 2007-353.

<sup>2</sup> While the Commission denied the licensee's first application to change CJJC-FM's authorized contours in Broadcasting Decision 2008-344, a second amendment application was approved in Broadcasting Decision 2011-421.

50,000 watts. The increase in power resulted in a change to CJJC-FM's status from that of a low-power unprotected station to that of a protected class B station. This approval was based on the niche format of the station, the fact that it had yet to achieve profitability as it neared the end of its first licence term and the limited commercial impact on existing stations of the proposed changes.

16. At the time, the Commission had no concerns that the licensee's application could undermine the integrity of the Commission's licensing process or impact diversity in the market as there were no indications in that application that 101056012 Saskatchewan would seek to abandon its specialty format.
17. The Commission considers that approving the current application would result in a decrease in the diversity of programming available in the Yorkton radio market and would allow CJJC-FM to change its format to offer mainstream programming in the market without undergoing the call for applications process.
18. As such, the Commission finds that approval of the application would undermine the integrity of its licensing process and would impact the diversity of programming in the Yorkton radio market.

## **Conclusion**

19. In light of all of the above, the Commission **denies** the application by 101056012 Saskatchewan Ltd. to amend the broadcasting licence for the English-language specialty (Christian music) radio programming undertaking CJJC-FM Yorkton, Saskatchewan, to change its specialty format to a variety or new oldies format.

Secretary General

## **Related documents**

- *CJJC-FM Yorkton – Licence renewal*, Broadcasting Decision CRTC 2013-438, 26 August 2013
- *CJJC-FM Yorkton – Licence amendments*, Broadcasting Decision CRTC 2011-421, 14 July 2011
- *Conditions of licence for commercial AM and FM radio stations*, Broadcasting Regulatory Policy CRTC 2009-62, 11 February 2009
- *CJJC-FM Yorkton – Technical changes*, Broadcasting Decision CRTC 2008-344, 4 December 2008
- *CJJC-FM Yorkton – New transmitter at Melville*, Broadcasting Decision CRTC 2007-353, 20 September 2007
- *Christian music FM radio station*, Broadcasting Decision CRTC 2005-522, 21 October 2005