



## Broadcasting Decision CRTC 2017-192

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Reference: 2016-259

Ottawa, 9 June 2017

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

*The Commission finds that the Aurora radio market cannot sustain an additional radio station at this time. Consequently, the Commission will not issue a call for applications for new radio stations to serve that market and will return the application filed by Bhupinder Bola, on behalf of a corporation to be incorporated, for a broadcasting licence to operate a commercial radio station in Aurora, Ontario.*

#### **Introduction**

1. In Broadcasting Notice of Consultation 2016-259, the Commission announced that it had received an application by Bhupinder Bola, on behalf of a corporation to be incorporated (Bola, OBCI), for a broadcasting licence to operate a commercial radio station to serve Aurora, Ontario.
2. The town of Aurora is located approximately 49 kilometers north of Toronto's downtown core between the towns of Newmarket and Richmond Hill in the Regional Municipality of York. In terms of audience measurement, Aurora is included in the Numeris Toronto Central Area (Toronto CTRL), which has the same boundaries as the Toronto census metropolitan area. The Toronto radio market is currently served by 31 commercial radio stations.
3. In accordance with Broadcasting Regulatory Policy 2014-554 (the Policy), the Commission called for comments on the capacity of Aurora to support a new station and whether it should issue a call for applications for new radio stations to serve that market. The Policy states that the Commission will weigh factors such as market capacity, spectrum availability or scarcity and interest in serving the market when deciding whether to:
  - publish the applications 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 sustain additional stations, return the applications and issue a decision setting out this determination.

## Interventions and reply

4. The Commission received several interventions from businesses, town representatives and residents supporting the licensing of a new radio station in Aurora. The Commission also received an intervention by CKDX Radio Limited (CKDX Radio), as well as a joint intervention by Bell Media Inc. (Bell), Corus Entertainment Inc. (Corus), Newcap Inc. (Newcap) and Rogers Media Inc. (Rogers) commenting on the limitations of the market. Finally, the applicant Bola, OBCI also filed an intervention and a reply. The public record for this proceeding can be found on the Commission's website at [www.crtc.gc.ca](http://www.crtc.gc.ca).
5. In its intervention, Bola, OBCI stated that its station CFMS-FM Markham deals with several businesses and organizations whose principal marketing area is within the York region and that they have expressed a need for a local, cost-effective broadcast medium to advertise in Aurora. It also cited a 2014 quantitative study by INCanada Research Panel and a 2015 qualitative online study showing listener demand for a station in Aurora. The applicant concluded that Aurora had the capacity to support a commercial radio station based on its population, retail sales level and consumer demand.
6. CKDX Radio, licensee of the commercial radio station CKDX-FM Newmarket, noted that CKDX-FM's primary contour covers the entire population of Aurora and that therefore CKDX-FM already serves that market pursuant to the *Radio Regulations, 1986*. It further indicated that approximately 20% of the active advertisers on CKDX-FM for the 2015-2016 fiscal year were based in Aurora and argued that licensing a new commercial radio station in Aurora would have a serious negative impact on the revenues of CKDX-FM. Finally, while arguing that the Commission should return the current application to serve Aurora, CKDX Radio stated that it would consider applying to serve the market in the event of a call for applications.
7. Bell, Corus, Newcap and Rogers argued that the Aurora market did not have the capacity to support the addition of a new service and did not represent a separate market from Toronto. They further argued that the Aurora market was already well served by stations in the Greater Toronto Area (GTA). In their view, licensing a new service in Aurora would dilute the advertising market and would amount to introducing a new Toronto radio service without requiring the licensee to compete for a major market licence. They submitted that a licensee operating only one commercial station in the market would likely return to the Commission in the near future to enhance its service and increase its footprint within the GTA in order to sustain its radio service.
8. In reply to CKDX Radio, Bola, OBCI submitted that although it did not doubt that Aurora advertisers had made use of CKDX-FM, most of CKDX-FM's advertising revenues were drawn from national, regional, Barrie/Muskoka and Newmarket advertisers. It also noted that town representatives, residents and local institutions expressed support for a radio station in Aurora and believed the town can sustain

one. Contrary to CKDX Radio, which submitted that the economy in the Newmarket-Aurora market was stagnant, the applicant argued that economic and demographic indicators showed that Aurora's economy was expanding.

9. In reply to the joint opposing intervention by Bell, Corus, Newcap and Rogers, Bola, OBCI argued that a radio service in Aurora, a town representing only 1% of the retail sales in Toronto CTRL, would not constitute a serious threat to the wide-reaching stations operated by these major broadcasters. It further argued that the concern expressed by these interveners that a new licensee would return to the Commission for some type of enhancement had no merit since no opportunity for enhancement was identified in the current proceeding. Finally, it insisted that Aurora was not being served by the Toronto stations operated by these broadcasters.

### **Commission's analysis**

10. A new station in Aurora would likely provide coverage to surrounding areas, including the neighbouring town of Newmarket. Therefore, it would likely compete for local advertising revenues with CKDX-FM Newmarket, which covers Aurora in its primary contour, and with the recently licenced Aurora community station (Voice of Aurora Community Radio). Consequently, licensing a new station risks having an undue financial impact on CKDX-FM, which already serves Newmarket, as well as on other Toronto stations.
11. Finally, the Commission has received little expression of interest to serve Aurora in response to Broadcasting Notice of Consultation 2016-259, suggesting that it might prove challenging for an operator to enter the market and achieve viability.

### **Conclusion**

12. Based on the written record of this proceeding, its concerns over the effects of licensing a new commercial radio station in Aurora at this time and its existing policy framework, the Commission is not persuaded that issuing a call for applications for new radio stations to serve that radio market is warranted. Consequently, it will return the application filed by Bola, OBCI.
13. 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 Aurora 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 Aurora, Ontario*, Broadcasting Notice of Consultation CRTC 2016-259, 11 July 2016

- *A targeted policy review of the commercial radio sector*, Broadcasting Regulatory Policy CRTC 2014-554, 28 October 2014