



## Broadcasting Decision CRTC 2019-84

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Reference: 2018-379

Ottawa, 20 March 2019

*Public record: 1011-NOC2018-0379*

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

*The Commission finds that the Timmins radio market cannot sustain an additional radio station at this time. Consequently, the Commission will return the application filed by Vista Radio Ltd. for a broadcasting licence to operate a commercial radio station in Timmins, Ontario.*

#### **Introduction**

1. In Broadcasting Notice of Consultation 2018-379, the Commission announced that it had received an application by Vista Radio Ltd. (Vista) to operate a commercial FM radio station in Timmins, Ontario.
2. The city of Timmins is located in northeastern Ontario approximately 280 kilometers north of Sudbury. The Timmins radio market is currently served by four commercial FM radio stations: the English-language stations CJQQ-FM and CKGB-FM, operated by Rogers Media Inc. (Rogers); the English-language station CHMT-FM, operated by Vista; and the French-language station CHYK-FM, operated by LE5 Communications Inc. (LE5). The market is also served by the Indigenous station CJWT-FM, operated by Wawatay Native Communications Society, as well as rebroadcasting transmitters of Sudbury stations belonging to the Canadian Broadcasting Corporation.
3. In accordance with Broadcasting Regulatory Policy 2014-554 (the Policy), the Commission called for comments on the capacity of Timmins to support a new station and the appropriateness of issuing a call for applications for new stations in this market. The Policy states that the Commission weighs factors such as market capacity, spectrum availability or scarcity and interest in serving the market when deciding whether to:
  - publish the application 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 support additional stations, return the application and issue a decision setting out this determination.

## **Interventions and reply**

4. The Commission received an intervention from an individual supporting the introduction of a new station in the market, as well as an intervention by a consultant on behalf of an undisclosed company interested in participating in a call for applications. The Commission also received a supporting intervention from Vista and opposing interventions from LE5 and Rogers.

## **Interventions**

5. Vista noted that Rogers holds a commanding position in the English-language radio market in Timmins, where it accounts for 76.5% of commercial radio tuning. Vista submitted that any financial impact from the introduction of a new English-language service would be predominantly borne by Rogers. It further noted that profitability in Timmins consistently exceeds that of non-designated radio markets in Northern Ontario and the national average and that the share of total advertising accounted for by local advertising in Timmins decreased from 77% to 57% between 2013 and 2017, suggesting that the local radio advertising market is underexploited.
6. LE5 noted that French-language commercial radio services are losing audience and revenue shares to both English-language stations and subscription audio services and that local advertising revenues in the Timmins market are in steady decline. It submitted that licensing an additional commercial radio service would have financial ramifications for CHYK-FM regardless of the language of broadcast since all stations draw from the same advertisers.
7. For its part, Rogers estimated that a new commercial station would result in a 20% loss in audience share for its two stations, resulting in roughly \$500,000 in lost revenue and requiring a reduction in its staff of three positions. Rogers also noted that Timmins fell below the provincial averages for population growth, employment rate and average household income and that growth in advertising revenue in the market has stagnated. Finally, Rogers noted that the population per commercial station is lower in Timmins than in Sudbury, which was deemed low at the time that the Commission considered an application for a new commercial service in Sudbury based on this metric (see Broadcasting Decision 2016-408).

## **Reply**

8. In response to LE5's concerns relating to the financial impact of a new station, Vista reiterated its position that the local advertising market in Timmins was underexploited, that an unmet demand exists for alternative musical selections and that consequently the impact on existing stations would be minimal and even less likely for a French-language station.
9. In response to Rogers' claim that the Timmins market is overserved given its population, Vista noted that the data submitted by Rogers only included the city of Timmins and not its extended trading area, which would increase the population to 118,000.

10. Finally, Vista reiterated that the strong profitability of the Timmins market supported its claim that the market is capable of supporting an additional radio station.

### **Commission's analysis**

11. According to the Conference Board of Canada's report *Mid-Sized Cities Outlook 2018*, the Timmins economy experienced a moderate growth in real gross domestic product of 1.3% in 2017, which is projected to decrease to 0.9% and 0.8% in 2018 and 2019 respectively. The unemployment rate for Timmins was 8.4% in 2017, well above the provincial average.
12. While the Timmins radio market exhibits a profitability margin above national and provincial averages, this is largely attributable to a decrease in expenditures as total revenues in the market have remained stagnant in recent years. Further, despite Vista's claims that the local advertising market is underexploited, its station, CHMT-FM, has seen its local advertising revenues decline in recent years.
13. Finally, although the possible licensing of a second FM service to Vista could allow it to benefit from synergies and reduce the competitive imbalance in the market, audience measurement figures indicate that CHYK-FM, which serves the official language minority community in Timmins, already faces strong competition from English-language stations for Francophone tuning. This was a factor in the Commission's decision to deny previous applications by Rogers to amend the broadcasting licences for its stations to permit them to broadcast French-language advertising material (Broadcasting Decision 2014-237). Accordingly, the Commission is concerned that licensing an additional commercial radio service in Timmins could cause undue financial impact on the French-language station.

### **Conclusion**

14. In light of all the above, the Commission finds that the Timmins radio market cannot sustain an additional radio station at this time. Consequently, it will return the application filed by Vista Radio Ltd.
15. 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 Timmins 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 the appropriateness of issuing a call for radio applications to serve Timmins, Ontario*, Broadcasting Notice of Consultation CRTC 2018-379, 27 September 2018

- *Findings regarding market capacity and the appropriateness of issuing a call for radio applications to serve the Sudbury, Ontario, radio market*, Broadcasting Decision CRTC 2016-408, 14 October 2016
- *A targeted policy review of the commercial radio sector*, Broadcasting Regulatory Policy CRTC 2014-554, 28 October 2014
- *CKGB-FM and CJQQ-FM Timmins – Licence amendments*, Broadcasting Decision CRTC 2014-237, 15 May 2014