



## Broadcasting Decision CRTC 2020-216

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Reference: 2019-102

Ottawa, 6 July 2020

*Public record: 1011-NOC2019-0102*

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

*The Commission finds that the market of Vancouver, British Columbia, cannot support an additional radio station at this time. Consequently, the Commission will return the application filed by Rogers Media Inc. for a broadcasting licence to operate a commercial radio station in Vancouver, British Columbia.*

*This decision takes into account a public record for this application that was completed before the onset in Canada of the current COVID-19 pandemic crisis.*

#### **Introduction**

1. In Broadcasting Notice of Consultation 2019-102, the Commission announced that it had received an application by Rogers Media Inc. (Rogers) for a broadcasting licence to operate a commercial radio station to serve Vancouver, British Columbia.
2. The Vancouver radio market is located in southwestern British Columbia approximately 85 kilometres west of Chilliwack. It shares the same boundaries as the census metropolitan area of Vancouver. The market is currently served by 22 commercial stations (13 FM and 9 AM), of which 16 are English-language stations and six are ethnic stations.
3. In accordance with Broadcasting Regulatory Policy 2014-554 (the Policy), the Commission called for comments on the capacity of the Vancouver market 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 various 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 sustain additional stations, return the application and issue a decision setting out this determination.

## **Interventions and reply**

4. The Commission received an intervention and reply from Rogers, as well as a joint opposing intervention from incumbents Bell Media Inc., Corus Entertainment Inc. and Stingray Group Inc. (the Interveners); and an expression of interest to serve the market from I.T. Productions Ltd. (I.T. Productions).

## **Interventions**

5. In its intervention, Rogers argued that its application should not trigger a call for applications given that as an incumbent operating radio stations that currently serves Vancouver, its presence is already established in the market. Further, it argued that there would be no impact on the competitive balance of radio stations serving Vancouver. Rogers noted that the application for a new licence to serve Vancouver is purely administrative and would not have the impact of a truly new station in the market as the station has been operating out of Rogers' studios in Vancouver since 2000 as set out in Broadcasting Decision 2000-445. Rogers added that it has exclusive use of the frequency it currently uses to serve Vancouver and does not intend to relinquish it, regardless of the outcome of this application. Finally, Rogers conceded that the Vancouver market continues to see a decline in overall revenues and staffing levels. However, according to Rogers, these declines are the result of station closures and failures to launch.
6. In their intervention, the Interveners submitted that Vancouver's current market conditions are insufficient to sustain another mainstream commercial radio station as revenues, in particular local advertising revenues, are in decline. They project the decline to continue to shift away from terrestrial radio to digital media. Finally, they cited the struggle and shut-down of Roundhouse Radio as a clear indication that the market cannot sustain a new station at this time.
7. The Interveners further stated that should the Commission choose to grant a new commercial licence, it should not go to Rogers as it previously tried to enter the Vancouver market by the backdoor as this service was twice cited for a failure to provide locally relevant programming for the Chilliwack and Fraser Valley areas as set out in Broadcasting Decisions 2007-148 and 2011-539. They also indicated that switching from a rebroadcasting transmitter of its Chilliwack-based station to a full in-market, Vancouver-based station would represent the introduction of a new competitor for local Vancouver advertising revenues and a strong competitor for Vancouver-based audience.
8. I.T. Productions, licensee of CJRJ in Vancouver, stated that should the Commission issue a call for application for Vancouver, it wishes to file an application to use the frequency 106.9 FM, an unprotected frequency currently in use by a low-power station in Surrey.

## **Reply**

9. In its reply, Rogers agreed with the Intervenor that the Vancouver market cannot sustain a new commercial entrant, but strongly disagreed with the characterization of the application as a backdoor attempt to enter the Vancouver market, and refuted the contention that CKKS-FM-2, if operating as an originating rather than a rebroadcasting transmitter, would have a material impact on the Vancouver market.
10. Further, Rogers argued that even though the economic indicators suggest that Vancouver could not absorb an entirely new mainstream radio station at this time, CKKS-FM-2 is already soliciting advertising in the Vancouver market and currently offers local programming that is reflective of the Vancouver community.
11. Rogers also argued that both I.T. Productions' expression of interest and Rogers' application to convert CKKS-FM-2 into an originating station should not require a call for competing applications as there has been no indication that such a call would result in further expressions of interest.
12. Rogers noted that the opposing Intervenor enjoys the majority share of market tuning and revenue, and is outpacing Rogers in terms of both revenue and profitability. Rogers also noted that none of the independent and smaller broadcast groups currently operating in Vancouver intervened in this proceeding.

## **Commission's analysis**

13. According to the Conference Board of Canada's Metropolitan Outlook for Winter 2020, local and provincial economic growth and employment were relatively strong over the past few years. However, even prior to the pandemic, projected economic indicators were less optimistic than recent historical highs.
14. Despite the strong historical economic growth, the Vancouver radio market exhibited profit margins below the national average with declining revenues. In 2018, the market's overall profit margins ranked ninth out of the ten most populated designated markets.
15. The Vancouver area is currently served by a wide variety of radio groups and services, along with a number of new and unlaunched services. Also, Vancouver tuning is in decline, with very little out of market tuning from which to repatriate listeners.
16. Rogers, which operates three commercial stations in the market not including the rebroadcasting transmitter CKKS-FM-2, currently accounts for a commensurate share of revenues and listenership in the market.
17. Even though the applicant is proposing a service that is already present in the market, the Commission is of the view that Rogers is significantly understating the potential market impact of converting its rebroadcasting transmitter to an originating station. The Commission notes, for example, that the average per station revenue for an

English-language commercial FM station belonging to a group in Vancouver in 2018 was approximately twice the amount projected by Rogers for this service.

18. The only other expression of interest is from I.T. Productions, owner of an existing ethnic radio service in Vancouver, who indicated that they intend to submit an application should the Commission issue a call for applications. However, no evidence of market capacity for another service was provided and the Commission granted two new licences for ethnic radio stations in Broadcasting Decision 2016-464 for which one of the stations recently launched and the other has not yet commenced operations. Based on this, there is no evidence of market capacity for another service at this time.
19. While the record of this proceeding was closed prior to the COVID-19 pandemic, the Commission notes that the pandemic has had significant negative impacts on the Canadian economy.
20. While there is no data regarding the effect of the pandemic on the Vancouver radio market at this time, the Commission considers that it seems likely to further exacerbate the market's already declining revenues.

## **Conclusion**

21. In light of all of the above, the Commission considers that Vancouver radio market cannot sustain an additional radio station at this time. Consequently, the Commission will return the application filed by Rogers Media Inc. for a broadcasting licence to operate a commercial radio station in Vancouver.
22. 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 Vancouver 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 Vancouver, British Columbia*, Broadcasting Notice of Consultation CRTC 2019-102, 4 April 2019
- *Licensing of new radio stations to serve Surrey and Vancouver, and addition of a transmitter in Surrey*, Broadcasting Decision 2016-464, 28 November 2016
- *A targeted policy review of the commercial radio sector*, Broadcasting Regulatory Policy CRTC 2014-554, 28 October 2014
- *CFUN-FM Chilliwack and its transmitters CFUN-FM-1 Abbotsford and CFUN-FM-2 Vancouver – Licence renewal and amendment and issuance of mandatory orders*, Broadcasting Decision CRTC 2011-539 and Broadcasting Orders CRTC 2011-540, 2011-541, 2011-542 and 2011-543, 31 August 2011

- *CKCL-FM Chilliwack and its transmitters CKCL-FM-1 Abbotsford and CKCL-FM-2 Vancouver - Licence renewal*, Broadcasting Decision CRTC 2007-148, 22 May 2007
- *Licence amendment for CKVX-FM*, Decision CRTC 2000-445, 20 November 2000