



Broadcasting Decision CRTC 2021-54

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Public record: 1011-NOC2020-0001

Findings regarding market capacity and the appropriateness of issuing a call for radio applications to serve the Ajax/Pickering market

The Commission finds that the market of Ajax and Pickering, Ontario, cannot support an additional radio station at this time. Consequently, the Commission will return the application filed by 2685460 Ontario Inc. for a broadcasting licence to operate a commercial ethnic FM radio station in Ajax and Pickering, Ontario.

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

Introduction

1. In Broadcasting Notice of Consultation 2020-1, the Commission announced that it had received an application by 2685460 Ontario Inc. (Durham Diversity Radio [DDR]) for a broadcasting licence to operate a commercial ethnic FM radio station in Ajax/Pickering, Ontario.
2. The cities of Ajax and Pickering are part of the Greater Toronto Area and are located within Numeris's Toronto Central Area. The Toronto radio market is currently served by 35 commercial stations, 10 of which are ethnic stations. Two radio stations are licensed to operate in Ajax/Pickering: CJKX-FM Ajax, an English-language commercial radio station operated by Durham Radio Inc. (DRI) and CJRK-FM Scarborough, an ethnic commercial radio station operated by 8041393 Canada Inc., doing business as East FM (East FM).
3. In accordance with Broadcasting Regulatory Policy 2014-554 (the Policy), the Commission called for comments on the capacity of the Ajax/Pickering 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 seven interventions: one in opposition, two comments and four expressions of interest to serve the Ajax/Pickering market.
5. East FM, the licensee of CJRK-FM Scarborough, expressed the view that Ajax/Pickering is already well served by CJKX-FM and CJRK-FM. East FM submitted that any new station in this market would significantly reduce CJRK-FM's advertising potential and revenues. This would exacerbate its difficult financial situation, including its ability to fulfill its Canadian content development commitments.
6. Corus Entertainment Inc. (Corus) urged the Commission to refrain from issuing a new licence in a highly competitive market pending the outcome of the Commission's radio regulatory framework review.¹ Corus submitted that, should the Commission decide to issue a call for applications, the call should be limited to stations planning to broadcast in the ethnic speciality format.
7. Radio 1540 Limited, doing business as CHIN Radio/TV International (CHIN), the licensee of CHIN-FM, CHIN-1-FM and CHIN-AM Toronto, expressed concern that the proposed new radio station would compete for advertising revenue beyond its proposed service area. CHIN submitted that the most recent financial data for Toronto-based ethnic radio stations indicates that this market has little or no capacity to sustain increased competition.
8. DRI, the licensee of several radio stations including CJKX-FM Ajax, expressed the view that only an entity already operating in Ajax/Pickering could meet a standard of high quality service and be economically sustainable. DRI submitted that severe co-channel interference using the proposed 91.7 MHz frequency in Ajax/Pickering would limit the total population served by such a radio station. DRI expressed interest in applying to use this frequency, should the Commission determine that the Ajax/Pickering market has the capacity to support another radio station.
9. 8237646 Canada Inc., doing business as Torres Media (Torres), the licensee of CIUX-FM Uxbridge, submitted that the fast-growing population of the Ajax/Pickering market could support a new originating station but only if the station broadcast English-language programming. Torres expressed an interest in filing an application, should the Commission determine that the Ajax/Pickering market has the capacity to support another radio station.

¹ See Broadcasting Notice of Proceeding 2020-25 and Broadcasting Notice of Consultation 2020-374.

10. Asian Television Network International Limited (ATN) pointed out the size of the Ajax/Pickering market and the significant portion of its population with a mother tongue other than English or French. According to ATN, a new relatively low-power ethnic radio station would provide an important service to the ethnic communities in the market. ATN expressed an interest in filing an application to operate an ethnic radio station, should the Commission determine that the Ajax/Pickering market has the capacity to support another radio station.
11. Radio Humsafar Inc. (Humsafar), the licensee of ethnic radio stations operating in the Greater Montréal Area, Quebec, and in Brampton, Ontario, noted that the population of Ajax/Pickering increased significantly between the 2011 and 2016 censuses and at a faster rate than that of Ontario as a whole over the same period. Humsafar also indicated that the census data show that the visible minority population of the market in question also increased significantly from 2011 to 2016. Humsafar submitted that the market is underserved compared with similarly sized markets. Cities such as Windsor, Ontario, St. John's, Newfoundland and Labrador, and Regina, Saskatchewan, had similar populations but had over a dozen radio stations serving them. Humsafar expressed an interest in applying to operate an ethnic radio station in Ajax/Pickering.
12. In its reply, DDR challenged the appropriateness of Broadcasting Notice of Consultation 2020-1. In particular, DDR submitted that contrary to what is stated in that notice, the frequency DDR proposes to use for the new radio station is not the last known frequency available for the market. Consequently, DDR is of the view that its application should be considered under the exceptions to the issuance for a call for applications.

Commission's analysis

Scarcity of spectrum in Ajax/Pickering

13. In Broadcasting Notice of Consultation 2020-1, the Commission determined that DDR's application was not eligible to be considered under the exceptions to the issuance of a call for applications because the applicant proposed to use one of the last known frequencies available for its market, as per the Policy.
14. DDR included an engineering study with its reply noting the availability of at least three other frequencies in the Ajax/Pickering market.
15. The Commission notes that while other frequencies may be available in the market, these frequencies would reach a significantly smaller population than the frequency DDR proposes to use for a new radio station. In addition, the other available frequencies could cause interference to other stations and would require the consent of the incumbents. Accordingly, the Commission maintains that scarcity of spectrum is an issue in the Ajax/Pickering market.
16. In light of the above, the Commission considers that its decision to issue Broadcasting Notice of Consultation 2020-1 was consistent with the Policy.

Ajax/Pickering market capacity assessment

Interventions and expressions of interest

17. Some interveners raised concerns about the demand for, the feasibility of, and the effects of a new radio station in Ajax/Pickering. Nevertheless, four interveners expressed interest in competing for a licence to offer radio services in the Ajax/Pickering market, should the Commission find that the market has the capacity.
18. With regard to DRI's claim that the use of the 97.1 MHz frequency would cause significant interference to other radio station signals, the Commission notes that this interference would be contained within existing interference zones and would not prevent the Department of Industry from issuing a broadcasting certificate.
19. The interveners that expressed an interest in launching a new ethnic radio service submitted that the growing ethnic population in Ajax/Pickering would benefit from a new ethnic radio station. In that regard, the Commission notes that CJRK-FM already offers ethnic radio programming and sells advertising in the Ajax/Pickering market. As outlined below, the Commission considers that the addition of a new ethnic station in Ajax/Pickering would materially affect CJRK-FM.
20. DRI and Torres expressed an interest in launching a new English-language radio station in Ajax/Pickering. The Commission is of the view that little evidence was provided to support the need or demand for an English-language radio station in Ajax/Pickering.

Economic and demographic conditions

21. According to the Conference Board of Canada's Winter 2020 Metropolitan Outlook (released prior to the start of COVID-19 in Canada), the Toronto census metropolitan area and Ontario as a whole are expected to see moderate economic and employment growth in 2020 and 2021.
22. Ajax/Pickering experienced population growth between 2011 and 2016 that was above that of Toronto and Ontario as a whole. However, Ajax and Pickering are considered bedroom communities, in that a large portion of residents commute to downtown Toronto for work. According to the 2016 Census, the majority of the employed labour force in Ajax/Pickering commuted to a different census division for work. This could have a negative impact on the available audience for a new radio station.
23. The Ajax/Pickering market is ethnically diverse, with a majority of the population of Ajax and a significant portion of the population of Pickering self-identifying as visible minorities. However, a relatively low percentage of households in Ajax and Pickering reported speaking a language other than English or French at home.

Radio market performance

24. While the Toronto commercial radio market has consistently reported profit before interest and tax (PBIT) margins significantly higher than the national average, the PBIT margins for Toronto's ethnic stations have been below the national average for the past three years. In addition, total revenues in the Toronto market have declined slightly over the past five years, with the revenues of Toronto's ethnic stations declining more significantly.
25. The Commission considers that weakness in the overall Toronto commercial radio market and particularly among ethnic stations puts into question the feasibility of a new station in Ajax/Pickering.
26. Moreover, the Commission notes that a large part of Pickering falls within the primary contour of ethnic station CJRK-FM Scarborough. CJRK-FM is in its first licence term and expressed a concern that added competition at this time would reduce its advertising revenues. As a result, it would have more difficulty fulfilling its regulatory obligations including its contributions to Canadian content development. In the evidence it provided, CJRK-FM noted that it serves and targets advertising to not only the ethnic population of Scarborough but also that of Ajax and Pickering. The Commission considers that the addition of a new ethnic service would fragment the existing audience and likely have a material negative impact on CJRK-FM.
27. While the record for this proceeding was closed prior to the start of the COVID-19 pandemic in Canada, the Commission notes that the pandemic has had significant negative impacts on the Canadian economy.
28. While no data are available regarding the effect of the pandemic on the Ajax/Pickering radio market at this time, the Commission considers that it seems likely to further exacerbate the market's already declining revenues.

Conclusion

29. In light of the above, the Commission finds that the Ajax/Pickering radio market cannot support an additional radio station at this time. Consequently, it will return the application filed by 2685460 Ontario Inc. for a broadcasting licence to operate a commercial ethnic radio station in Ajax/Pickering.
30. 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 Ajax/Pickering radio market for a period of two years from the date of this decision.

Secretary General

Related documents

- *Call for comments – Commercial radio policy framework review*, Broadcasting Notice of Consultation CRTC 2020-374, 12 November 2020
- *Commercial radio policy framework review*, Broadcasting Notice of Proceeding CRTC 2020-25, 28 January 2020
- *Call for comments on market capacity and the appropriateness of issuing a call for radio applications to serve Ajax/Pickering, Ontario*, Broadcasting Notice of Consultation CRTC 2020-1, 9 January 2020
- *A targeted policy review of the commercial radio sector*, Broadcasting Regulatory Policy CRTC 2014-554, 28 October 2014