



Broadcasting Decision CRTC 2022-198

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Reference: 2021-378

Ottawa, 27 July 2022

Public record: 1011-NOC2021-0378

Findings regarding market capacity in the Newmarket radio market

Summary

The Commission finds that the market of Newmarket, Ontario, cannot support an additional commercial radio station at this time. Consequently, the Commission will return the application filed by Frank Torres, on behalf of a corporation to be incorporated, for a broadcasting licence to operate a commercial radio station in Newmarket, Ontario.

However, the Commission considers that community stations generally do not raise concerns pertaining to commercial impact. Given that no other parties expressed an interest in operating a community station in this market, the Commission will publish an application by Pickering College Campus Radio for a broadcasting licence to operate a new English-language community FM radio station in this market as part of the non-appearing phase of an upcoming public hearing.

Background

1. In Broadcasting Notice of Consultation 2021-378, the Commission announced that it had received an application by Pickering College Campus Radio for a broadcasting licence to operate an English-language community radio station that would replace its low-power FM campus station CHOP-FM Newmarket, Ontario.
2. Newmarket is part of the Greater Toronto Area and is located within Numeris's Toronto Central Area. The Toronto market is currently served by 37 commercial radio stations. One commercial radio station is licensed to operate specifically in Newmarket: the English-language FM radio station CKDC-FM, which is operated by Evanov Communications Inc. (Evanov).
3. In accordance with Broadcasting Regulatory Policy 2014-554 (the Policy), the Commission called for comments on the capacity of the Newmarket market to support a new station. 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.
4. As an exception to the current process set out in the Policy, the Commission simultaneously called for radio applications to serve Newmarket, as described in Broadcasting Notice of Consultation 2021-378, to avoid further delays related to the COVID-19 pandemic. Taking into account economic and financial data as well as the interventions and replies received in response to this notice, the Commission decided whether to make a determination that the market:
- can sustain an additional station, and publish the initial application for consideration as part of an appearing or of a non-appearing phase of a public hearing, either on its own or alongside any additional applications that were filed in response to this call for applications; or
 - cannot sustain additional stations, return the application(s) and issue a decision setting out this determination.

Interventions and replies

5. The Commission received five interventions—two supporting interventions and three opposing interventions—as well as three replies. The Commission also received an application from the co-founder and co-owner of Torres Media Group (TMG), Frank Torres on behalf of a corporation to be incorporated (OBCI) to operate an English-language commercial FM radio station in Newmarket.
6. The National Campus and Community Radio Association (NCRA), which represents 119 not-for-profit radio stations including CHOP-FM, argued that Newmarket has the capacity for a campus/community radio station. It indicated that campus/community stations earn a negligible amount of advertising revenue and have a negligible impact on the market in general.
7. TMG argued that Newmarket has the capacity for an additional commercial radio station. TMG pointed out that Newmarket has healthy economic indicators, a diverse business community and one of the largest populations in York. TMG claimed that Newmarket would be better served by a commercial radio station because community stations lack the resources to provide high quality local news, traffic reports and weather.
8. In a joint intervention, Corus Entertainment Inc. (Corus) and Bell Media Inc. (Bell) did not oppose the licensing of a low-power community station in Newmarket.¹ However, they opposed the licensing of a new commercial station in Newmarket, claiming that this would provide the licensee with back-door entry into Toronto. Finally, they held that the

¹ Note that Pickering College Campus Radio's application was in fact to operate a full-power community station in Newmarket.

Commission should not grant a new radio licence before completing its commercial radio policy review.

9. Michel Mathieu, a broadcast consultant representing 8041393 Canada Inc., which operates CJRK-FM Scarborough, claimed that the Newmarket radio market is already well served since most Toronto stations provide programming meant to inform the Newmarket community.
10. Evanov opposed the licensing of a new radio station of any type in Newmarket. It argued that the Toronto radio market has been experiencing a steady decline in revenues that was exacerbated by the COVID-19 pandemic and that there is no indication that the market will recover even once the pandemic ends. Evanov pointed out that its station CKDX-FM faces stiff competition from Toronto radio stations whose signal extends to Newmarket. Evanov expressed the view that even the proposed community station would compete with CKDX-FM for the dwindling share of advertising revenue in Newmarket. Evanov also claimed that converting Pickering College Campus Radio's campus station into a community station would undermine the integrity of the Commission's licensing process.
11. In its reply to the opposing interventions, the NCRA argued that Pickering College Campus Radio is merely seeking frequency protection for its low-power station and to override incoming co-channel interference from CJRK-FM and CJFB-FM Bolton. The NCRA also indicated that community stations have the ability to provide high quality news and information programming that is relevant to the local community. The NCRA specified that a full-power community station would have minimal financial impact on incumbent stations, particularly since Pickering College would continue to support it financially.
12. In its reply to Corus and Bell, TMG indicated that it intends to serve only Newmarket with its proposed commercial radio station, particularly since the proposed frequency does not allow for back-door access to Toronto. It also noted that the financial impact of a new commercial station on Bell and Corus would be negligible because they are among the largest broadcasting entities in Canada. TMG reiterated that the best use of the scarce spectrum in Newmarket is a commercial radio station and indicated that it would provide support to CHOP-FM as a low-power station.
13. In its reply to the NCRA and TMG, Evanov emphasized the high degree of competition for advertising and listenership that already exists in Newmarket. Evanov reiterated that even a community radio station would have an undue negative impact on CKDX-FM, particularly since it would have a larger coverage area as a full-power station.

Commission's analysis

Scarcity of spectrum

14. A frequency availability assessment showed that the frequency proposed by Pickering College Campus Radio and by Frank Torres OBCI (102.7 MHz, channel 247) is one of the last known frequencies in the market.

Capacity to support an additional commercial radio station

15. Since the beginning of the pandemic, commercial radio in Canada has experienced two years of revenue declines. Profitability has also declined nationally, as radio continues to face pressures from additional online advertising options and channels, making it a buyer's market for advertisers. Compounding this decline, inflation in Canada is at its highest levels since 1991.
16. Furthermore, while average tuning for traditional radio has been in decline for some time, listening hours decreased substantially during the lockdown given that commuting is a large driver for radio listenership and, according to NLogic, had not yet reached pre-lockdown levels as of January 2022.
17. As mentioned above, TMG cited that Newmarket has healthy economic indicators, a diverse business community and one of the largest populations in York. Nevertheless, the Toronto commercial radio market has experienced declines in both revenues and profitability, before and after the start of the pandemic. Since 2019, its revenues declined by \$99 million dollars, while its profit before interest and taxes margin (PBIT) fell by 13%. The Commission also recognizes that CKDX-FM is especially vulnerable to additional financial pressures. Therefore, a new commercial station would likely have an undue financial impact on the incumbent stations in the market.
18. However, the Commission is of the view that community stations, being partially reliant on volunteers, grants and fundraising to ensure their viability, generally do not raise concerns pertaining to commercial impact.

Conclusion

19. In light of the above, the Commission finds that the market of Newmarket cannot support an additional commercial radio station at this time. Consequently, the Commission will return the application filed by Frank Torres OBCI for a broadcasting licence to operate an English-language commercial FM radio station in Newmarket.
20. 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 Newmarket radio market for a period of two years from the date of this decision.
21. However, given that no other parties expressed an interest in operating a community station in this market, the Commission will publish the application by Pickering College Campus Radio for a broadcasting licence to operate a new English-language community FM radio station in this market as part of the non-appearing phase of an upcoming public hearing.

Secretary General

Related documents

- *Call for comments on market capacity to serve Newmarket, Ontario, and call for applications to serve Newmarket, Ontario*, Broadcasting Notice of Consultation CRTC 2021-378, 12 November 2021
- *A targeted policy review of the commercial radio sector*, Broadcasting Regulatory Policy CRTC 2014-554, 28 October 2014
- *Campus and community radio policy*, Broadcasting Regulatory Policy CRTC 2010-499, 22 July 2010