



Broadcasting Decision CRTC 2020-203

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

The Commission finds that the Scarborough radio market cannot support an additional commercial radio station at present.

However, given that Christian music stations generally do not raise concerns pertaining to commercial impact, the Commission will publish the application by International Harvesters of Christ Evangelistic Association Inc. for a broadcasting licence to operate a new Specialty (Christian music) FM radio station to serve the Scarborough market as part of the non-appearing phase of a future public hearing.

Introduction

1. In Broadcasting Notice of Consultation 2019-27, the Commission announced that it had received an application by International Harvesters for Christ Evangelistic Association Inc. (International Harvesters) to operate a new Specialty (Christian music) FM radio station in Scarborough, Ontario.
2. The City of Scarborough is part of the Greater Toronto Area (GTA), and is located approximately 20km north-east of Toronto's downtown core. One commercial radio station is licensed to serve the Scarborough market: CJRK-FM, an ethnic service operated by East FM.

3. In accordance with Broadcasting Regulatory Policy 2014-554 (the Policy), the Commission called for comments on the capacity of Scarborough 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

4. The Commission received three interventions opposing the introduction of a new commercial service (English or ethnic) and one intervention opposing the introduction of a new Christian music service. Two of the interveners expressed an interest in submitting an application. International Harvesters did not reply to the interventions.
5. Corus Entertainment Inc., on behalf of Corus Radio Inc., licensee of CFMJ, CFNY-FM and CILQ-FM, opposed the licensing of a new commercial station in Scarborough at this time. Corus argued that the Commission should refrain from issuing new licences in highly competitive markets until after its radio regulatory policy review, specifically the Common Ownership Policy. Alternatively, Corus urged the Commission to only consider applications for low-power stations in a specialty format. Corus cautioned that a commercial operator may use a licence to serve Scarborough as a means of obtaining a backdoor entry into the Toronto market.
6. Bell Media, Rogers Media Inc. and Stingray Radio Inc. filed a joint intervention expressing concern that an applicant may use a low-power application to attempt to gain backdoor entry to the Toronto market. They did not object to the licensing of a low-power specialty format station provided it is made clear in the licensing decision that the station cannot be converted into a full power station. They noted that there is a risk for technical interference with first-adjacent stations CHOQ-FM and CHRY-FM, owned by Cooperative Radiophonique de Toronto inc. and the Canadian Centre of Civic Media and Arts Development Incorporated, respectively. They also submitted that the Commission should limit licensing activities until after a review of the radio regulatory framework.
7. 8041393 Canada Inc., licensee of CJRK-FM, opposed to the licensing of an additional ethnic FM service in Scarborough, but indicated that it would not oppose an English-language religious licence application. It stated that the Toronto market is already well served in terms of ethnic programming and that CJRK-FM is only in its third year of operation and is still not profitable. It added that the licensing of an additional ethnic radio service could be potentially harmful to CJRK-FM.

8. Asian Television Network International Limited (ATN) expressed an interest in submitting an application for a new ethnic FM station. ATN argued that Scarborough has recovered from an economic downturn that spanned the period of 2002-2012. Furthermore, it added that according to the 2016 census, almost 50% of the population has a mother tongue that is not an official language and that total revenues for all radio stations in Toronto have remained stable in recent years while total revenues for ethnic radio stations in Canada have grown by 2.3% since 2013. Finally, ATN noted that, due to its niche nature, an ethnic station would have a significantly reduced impact on incumbent stations.
9. For its part, Trafalgar Broadcasting Limited (Trafalgar), licensee of CJYE in Oakville, opposed the licensing of a new Christian music station in Scarborough and expressed concern that any new Christian service would challenge their presence in the GTA. It also expressed an interest in acquiring an FM licence for the purpose of switching from AM to FM; however, they stipulated that an expression of interest would be dependent upon the benefits which could be realized by the acquisition of such a frequency.

Commission's analysis

10. The Scarborough radio market is a subset of the Toronto radio market and is served by many of Toronto's commercial English and ethnic services. At present, there is only one radio station that is exclusively licensed to serve the Scarborough market: CJRK-FM. The service is in its first licence term and has not yet achieved profitability. The Commission notes that an additional commercial radio station (English or ethnic) in Scarborough would likely compete for local advertising revenues with CJRK-FM, and thus inhibit its ability to achieve viability in a highly competitive market.
11. Conversely, Christian music specialty services generally generate a relatively small amount of advertising revenues in comparison to commercial radio services, as they often generate revenues from other sources including donations and paid programming.

Expressions of interest

12. Given the conclusion above that the Scarborough market can support a new non-commercial station, the Commission has given consideration to other parties who expressed interest in serving the market.

Trafalgar Broadcasting Limited

13. Trafalgar submitted that it would be interested in exploring signal conversion to FM and that it reserved the right to apply for any available FM frequency in the GTA, depending on the benefits of acquiring such a frequency.

14. The Commission notes that the intervention contains limited actionable information that could be interpreted as genuine interest in submitting an application. Trafalgar did not submit any market studies, demographic information or business plans for a radio undertaking in Scarborough.
15. Regarding the conversion of its AM Oakville station to the FM band, the Commission notes that as the available contour would serve a distinct market from that which it is licensed to serve, the available frequency in Scarborough would not realize their objective of an AM to FM conversion.
16. The Commission is of the view that Trafalgar's intervention did not constitute a substantiated expression of interest. In light of the above, the Commission dismisses Trafalgar's expression of interest.

Asian Television Network International Limited

17. ATN expressed an interest in submitting an application for a new ethnic FM station. The expression of interest was substantiated, citing data from the 2016 census, independent economic assessments of the Scarborough market, the Commission's financial summaries and anecdotal evidence from their own experience as broadcasters in the GTA.
18. However, given its conclusion above that the Scarborough market cannot support an additional commercial station (English or ethnic) without causing undue harm to CJRK-FM, the Commission dismisses ATN's expression of interest.

Conclusion

19. In light of all the above, the Commission finds that the Scarborough market does not have the capacity to support an additional commercial service (English or ethnic).
20. However, given that specialty Christian music stations generally do not raise concerns pertaining to commercial impact, the Commission will publish the application for consideration in the non-appearing phase of a future public hearing, where it will conduct a more comprehensive analysis of the application.

Secretary General

Related documents

- *Call for comments on market capacity and the appropriateness of issuing a call for radio applications to serve Scarborough, Ontario*, Broadcasting Notice of Consultation CRTC 2019-27, 30 January 2019
- *A targeted policy review of the commercial radio sector*, Broadcasting Regulatory Policy CRTC 2014-554, 28 October 2014