



## Broadcasting Decision CRTC 2019-200

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Reference: 2018-380

Ottawa, 6 June 2019

*Public record: 1011-NOC2018-0380*

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

*The Commission finds that the market of North Bay, Ontario, can sustain an additional radio station at this time. Given that no other party besides Vista Radio Ltd. (Vista) expressed interest in serving this market, the Commission considers that it is not necessary to publish a call for applications.*

*Accordingly, the Commission will publish the application filed by Vista for a broadcasting licence to operate a new commercial FM radio station in this market as part of the non-appearing phase of an upcoming public hearing.*

#### **Introduction**

1. In Broadcasting Notice of Consultation 2018-380, the Commission announced that it had received an application by Vista Radio Ltd. (Vista) for a broadcasting licence to operate a commercial radio station to serve North Bay, Ontario.
2. The city of North Bay is located in northeastern Ontario approximately 120 kilometres east of Sudbury. The North Bay radio market is currently served by four English-language commercial radio stations: CHUR-FM, CKFX-FM and CKAT, operated by Rogers Media Inc. (Rogers), as well as CFXN-FM, operated by Vista. The market is also served by the commercial specialty (Christian music) radio station CJTK-FM-1 (Harvest Ministries Sudbury), as well as a transmitter that rebroadcasts the programming of CBCS-FM Sudbury (Canadian Broadcasting Corporation).
3. In accordance with Broadcasting Regulatory Policy 2014-554 (the Policy), the Commission called for comments on the capacity of the North Bay 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 from an individual supporting the introduction of a new station in the market, as well as a supporting intervention from Vista. It also received an opposing intervention from Rogers.

### **Interventions**

5. In its intervention, Vista submitted that the local economy in North Bay is strong and growing, as evidenced by long-term trends in unemployment and retail sales. It indicated that the profitability of the commercial radio market in North Bay is currently well above the average for the non-designated markets in Northern Ontario and for the industry as a whole. Vista also argued that the local radio advertising market is under exploited, and that there is therefore potential for the proposed station to attract new advertising revenues. Finally, Vista argued that the introduction of an English-language commercial radio station in North Bay would help reduce the imbalance stemming from Rogers' commanding position in the market.
6. According to Rogers, the North Bay radio market is stagnant and has limited potential for future growth. It indicated that radio stations must already compete for local advertising sales with local television stations and newspapers. Rogers stated that a new station would have an undue financial impact on existing operators in the market and would undermine their ability to sustain local news and information services. Rogers added that North Bay's overall economy is experiencing significant challenges, specifically in terms of employment rates, population decline and household income.

### **Reply**

7. In its reply, Vista reiterated that North Bay's overall economic trends are positive. Vista argued that the strong profitability figures in the North Bay market support its claim that the market is underserved and capable of supporting an additional radio station.
8. Further, Vista reiterated its position that North Bay has the capacity to sustain the introduction of a new local commercial radio station by increasing local radio market advertising revenues, with minimal economic impact on the ability of existing stations to continue to provide their radio services.

### **Commission's analysis**

9. While the city of North Bay is experiencing a decline in population, a median total income that is lower than the provincial average and an unemployment rate that is above the provincial average (according to the Statistics Canada 2016 Census), the radio market is performing relatively well. Between 2013 and 2017, the market

exhibited profits before interest and taxes margins that were above the provincial and national averages, and revenues remained stable.

10. Rogers, which operates three out of the four commercial stations in the market, has accounted for the large majority of revenues and listenership in the market, and its shares of revenues and listenership have steadily increased. Given that Vista already operates a radio station in the market, a new station could allow it to benefit from the synergy stemming from multiple ownership and reduce the competitive imbalance in the market.
11. Further, in addition to holding a dominant position in the market, Rogers has demonstrated through its national broadcasting network an ability to achieve cost-saving synergies by shifting its focus to national sales, thereby placing it in a strong position to withstand competition from a new station in the market. Vista, which operates stations predominately located in small- to medium-sized markets and relies more heavily on local sales, stated that local advertising in the North Bay radio market is underexploited and has demonstrated the ability to repatriate some of the market's lost local advertising revenues over the past two years.
12. Finally, no other party besides Vista expressed interest in serving the North Bay market.

## **Conclusion**

13. In light of all of the above, the Commission considers that North Bay could sustain an additional radio station at this time.
14. Given that no other party expressed interest in serving this market, the Commission will publish the application filed by Vista Radio Ltd. as part of the non-appearing phase of an upcoming public hearing.

Secretary general

## **Related documents**

- *Call for comments on market capacity and the appropriateness of issuing a call for radio applications to serve North Bay, Ontario*, Broadcasting Notice of Consultation CRTC 2018-380, 27 September 2018
- *A targeted policy review of the commercial radio sector*, Broadcasting Regulatory Policy CRTC 2014-554, 28 October 2014