



Broadcasting Decision CRTC 2009-31

Route reference:

Broadcasting Public Notice CRTC 2008-22

Additional references:

Broadcasting Notice of Public Hearing CRTC 2008-10

Ottawa, 23 January 2009

Various applicants

Guelph, Ontario

*Public Hearing in Cambridge, Ontario
20 October 2008*

Licensing of new radio stations to serve Guelph, Ontario

*By majority decision, the Commission **denies** applications for broadcasting licences to operate new commercial FM radio stations to serve Guelph, Ontario.*

Introduction

1. In Broadcasting Public Notice 2008-22, the Commission announced that it had received an application for a broadcasting licence to provide a commercial radio service in Guelph, Ontario and called for applications from other parties wishing to offer radio programming services to the area. The Commission received three applications for new commercial radio stations in response to the call, including an application to convert incumbent AM station CJOY to the FM band. These, together with the application that prompted the call, were considered at a public hearing commencing 20 October 2008 in Cambridge, Ontario. Three of the applications were mutually exclusive on a technical basis. The applicants were as follows:
 - 591989 B.C. Limited, the licensee of CJOY Guelph,
 - Blackburn Radio Inc.,
 - Frank Torres, on behalf of a corporation to be incorporated, and
 - Guelph Broadcasting Corporation.
2. As part of this process, the Commission received and considered interventions with respect to each application. The public record for this proceeding is available on the Commission's website at www.crtc.gc.ca under "Public Proceedings."

3. After reviewing the positions of the parties to this proceeding, the Commission is of the view that the primary issue to be considered is whether the Guelph radio market could sustain additional commercial radio services without an undue negative impact on existing stations.

The Guelph radio market and its ability to sustain new stations

4. Guelph is located in southern Ontario, 100 kilometres west of Toronto. The Financial Post Markets – Canadian Demographics 2008 Report counts the population of the Guelph central market area as approximately 137,783. Just over 25% of the Guelph market labour force is employed in the manufacturing sector.
5. Currently, there is only one local commercial radio licensee serving the Guelph radio market, namely, 591989 B.C. Limited (591989), a subsidiary of Corus Entertainment Inc. (Corus). It operates CJOY, which broadcasts a Gold/Oldies music format, and CIMJ-FM, which offers a Hot adult contemporary music format. As noted above, 591989 is applying to convert CJOY from AM to FM in this proceeding. Guelph is also served by the local non-commercial University of Guelph radio station CFRU-FM.
6. BBM Canada data indicate that out-of-market tuning by Guelph area residents 12 years of age and older accounts for approximately 80% of their total tuning in 2007. Among the out-of-market radio stations available to Guelph listeners are Corus' stations CJDV-FM Cambridge and CING-FM Hamilton, Ontario.
7. Before issuing the call for applications in Broadcasting Public Notice 2008-22, the Commission conducted an analysis of the Guelph radio market. The Commission found that total radio revenues and profits in the market had increased from 2003 to 2007 and the economic outlook was positive. Nevertheless, the total revenues generated in the Guelph radio market in 2007 were small, a reflection of its status as a small market served by a single operator.¹
8. In its call for applications, the Commission clearly indicated that it had not reached any conclusion with respect to the licensing of any service in Guelph. At the hearing, the Commission asked the applicants to comment on the capacity of the Guelph radio market to support new commercial entrants as well as the viability of their business plans given the recent global downturn in financial markets. The applicants generally acknowledged that the recent change in the economy might have some negative impact on their respective proposals. They nevertheless expressed confidence that their business plans were viable.

¹ The Commission notes that, in accordance with the guidelines respecting the confidential treatment of annual returns set out in Circular No. 429, an aggregate financial summary for the Guelph radio market cannot be made available due to the limited number of incumbents serving that market.

9. The Commission notes that the economic situation in southern Ontario has changed considerably since the issuance of the call for applications to serve Guelph. The November 2008 Trans-Canada Radio Advertising by Market (TRAM) Report reflects the initial impact of the economic slowdown with radio advertising revenues declining in most radio markets in Canada and particularly in southern Ontario. In early December 2008, the Bank of Canada acknowledged that Canada is entering a recessionary period “as a result of weakness in global economic activity.” A decline in exports to the United States has had a negative impact on the manufacturing sector in southern Ontario.
10. In Broadcasting Public Notice 2006-159, the Commission set out its general concern with the relatively lower profitability of radio markets with populations under 250,000, such as Guelph, and signalled its intent to avoid over-licensing in such markets. As stated in that public notice:

Stations in smaller markets generally tend to report levels of profitability that are below the industry average [...]. The Commission notes that commercial radio stations in smaller markets are more vulnerable to the impact of increasing competition. The Commission considers that, generally, smaller market stations have fewer resources than larger market stations to absorb the impact of competition.

11. Based on its general concerns regarding small market radio stations set out in Broadcasting Public Notice 2006-159 and given the current economic slowdown, the Commission is not convinced that the Guelph radio market could support the introduction of new commercial radio services at this time.

Proposed conversion of CJOY to FM

12. The Commission notes that the proposed conversion of the existing AM station CJOY to the FM band would have a minimal impact on the Guelph radio market, given 591989’s presence as the sole commercial radio operator in the market. Further, 591989 made a commitment to maintain CJOY’s current Gold/Oldies music format on the new FM station.
13. The Commission also notes, however, that 591989’s application for the proposed conversion was based, in part, on the expectation that the Commission would license one or more new radio stations on the FM band in Guelph as a result of the call. Since the Commission has decided not to issue a new licence to serve the Guelph radio audience, the Commission is therefore of the view that 591989’s proposed conversion is not warranted at this time.

Determinations

14. Based on all of the foregoing, the Commission, by majority decision, **denies** the following applications for broadcasting licences to operate English-language FM radio programming undertakings in Guelph:

591989 B.C. Ltd.

Application 2008-0685-4, received 12 May 2008

Blackburn Radio Inc.

Application 2008-0679-7, received 12 May 2008

Frank Torres, on behalf of a corporation to be incorporated

Application 2007-1787-9, received 7 December 2007

Guelph Broadcasting Corporation

Application 2008-0689-6, received 12 May 2008

Secretary General

Related documents

- *Call for applications Radio – Guelph, Ontario – Notice of consultation, Broadcasting Public Notice CRTC 2008-22, 13 March 2008*
- *Revised policy concerning the issuance of calls for radio applications and a new process for applications to serve small markets, Broadcasting Public Notice CRTC 2006-159, 15 December 2006*
- *Guidelines respecting the confidential treatment of annual returns and material or information filed in support of a broadcasting application before the Commission, Circular No. 429, 19 August 1998*

This decision is available in alternative format upon request and may also be examined in PDF format or in HTML at the following Internet site: <http://www.crtc.gc.ca>.