



Broadcasting Decision CRTC 2013-606

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Route reference: 2013-209

Ottawa, 13 November 2013

Commission's findings following its call for comments on the capacity of the Saskatoon radio market to support the licensing of new commercial radio stations

Based on its analysis of the comments received and its review of the financial performance of the market and its stations, the Commission remains concerned about the effects of licensing further commercial radio stations in the Saskatoon market at this time. Accordingly, the Commission will not issue a call for applications for new commercial radio stations to serve this market.

Introduction

1. In Broadcasting Public Notice 2013-209, the Commission announced that it had received an application for a broadcasting licence for a commercial radio station to serve Saskatoon. The Commission expressed concern over that market's ability to support an additional radio station, primarily due to the low aggregate profitability of radio stations operating in the market, and called for comments from all interested parties on this issue and on whether it should publish a call for applications for new radio stations to serve the market.

Interventions

2. The Commission received a number of interventions and replies in response to its call for comments. The public record for this proceeding can be found on the Commission's website at www.crtc.gc.ca under "Public Proceedings."
3. Parties in favour of a call for applications generally argued that Saskatoon is among Canada's strongest and fastest growing economies, that the market has experienced strong and consistent growth in radio advertising revenues and that the addition of new voices would ensure a more competitive framework for listeners and advertisers. Certain parties, such as Fabmar Communications Ltd. and Newcap Inc., also expressed difficulty in reconciling the low aggregate profitability reported by the market's incumbent stations with the strong growth in advertising revenues recorded by the market in recent years.
4. Parties opposed to a call for applications, such as Rawlco Radio Ltd. and Saskatoon Media Group, both of which operate stations in the market, argued that the stations operating in the Saskatoon radio market provide high-quality, full-service and intensely local programming, that they generally devote a higher proportion of their expenses to programming and that as a result Saskatoon is well served by the existing

stations in the market. They further argued that the intense local focus of the stations increases their reliance on these local advertisements, which generally have higher sales costs than national advertisements and thus result in significantly lower profit margins than those recorded by radio stations in other markets.

Commission's analysis and decision

5. The Commission agrees with the view expressed by parties supporting a call for applications to the effect that the Saskatoon economy has performed well and that the economic outlook for the market is generally positive. The Commission also recognizes that the economic growth experienced in Saskatoon has led to solid radio advertising revenue growth in the market, most notably since the latest new station was introduced in 2008. In this respect, advertising revenues in the market increased by over \$6 million between 2008 and 2012.
6. However, the Commission remains concerned with the low aggregate profitability recorded by the market and in particular with the fact that the additional revenues generated in the market have not led to a marked improvement in the market's profitability. Specifically, although improved from its level of 3.7% in 2008, the Saskatoon radio market's aggregate profit before interest and taxes level still remains relatively modest at 8.7%, which is well below the national average.
7. In this respect, the Commission notes that the average operating expenditures of stations in the Saskatoon market are well above those of markets of comparable size. The Commission accepts that such expenditures are made at the discretion of these stations and considers that strong investments, particularly in areas such as programming, contribute to offering high-quality, intensely local radio services to the residents of Saskatoon. As such, the Commission is of the view that the Saskatoon market is well served by existing radio stations and is mindful of the effect that the licensing of more stations in the market would have on the quality of programming.
8. Accordingly, based on its analysis of the comments received and its review of the financial performance of the market and its stations, the Commission remains concerned about the effects of licensing further commercial radio stations in the Saskatoon market at this time. As a result, the Commission will not issue a call for applications for new commercial radio stations to serve this market. Further, consistent with the approach set out in Broadcasting Public Notice 2006-159, the Commission will not generally be disposed to accept applications for new commercial radio stations to serve the Saskatoon market for a period of two years from the date of this decision.

Secretary General

Related documents

- *Call for comments on the Saskatoon radio market's ability to support additional radio stations, and on whether the Commission should issue a call for applications for new radio stations to serve that market, Broadcasting Notice of Consultation CRTC 2013-209, 1 May 2013*

- *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*