



Broadcasting Decision CRTC 2016-408

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Reference: 2016-162

Ottawa, 14 October 2016

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

The Commission finds that the Sudbury radio market cannot sustain any additional commercial radio stations at this time. Consequently, the Commission will not issue a call for applications for new commercial radio stations to serve that radio market. In light of this, the Commission will return the application filed by Larche Communications Inc. for a broadcasting licence to operate a commercial radio station to serve Sudbury.

Introduction

1. In Broadcasting Notice of Consultation 2016-162, the Commission announced that it had received an application by Larche Communications Inc. (Larche) for a broadcasting licence to operate a new commercial FM radio station to serve Sudbury, Ontario. The applicant proposed to operate the station at 88.5 MHz with an effective radiated power of 50,000 watts.
2. The city of Sudbury is located 65 kilometres north of Lake Huron and 115 kilometres west of North Bay. It has the highest population of any city in Northern Ontario. Six commercial radio stations currently operate in Sudbury:
 - CICS-FM, licensed to Larche;
 - CHYC-FM, licensed to LE5 Communications Inc.;
 - CIGM-FM and CHNO-FM, licensed to Newcap Inc. (Newcap); and
 - CJRQ-FM and CJMX-FM, licensed to Rogers Media Inc. (Rogers).
3. In accordance with Broadcasting Regulatory Policy 2014-554 (the Policy), to provide Canadians with an opportunity to comment prior to a decision on significant market development, such as a call for applications, the Commission requested comments on the capacity of the Sudbury radio market to support a new radio station and on the appropriateness of issuing a call for applications for a broadcasting licence to operate a new radio station. Based on factors including market capacity, spectrum availability or scarcity, and interest in serving the market, the Policy sets out that the Commission may decide to a) publish the application for consideration during the non-appearing phase of a public hearing, b) issue a call for applications, or c) make a determination that the market cannot sustain additional stations and return the application to the applicant.

Interventions and replies

4. The Commission received an intervention from Larche in support of publishing the application for consideration during the non-appearing phase of a public hearing. The Commission also received a joint intervention from Newcap and Rogers opposing the licensing of a new commercial radio station at this time. Larche replied to the intervention by Newcap and Rogers, while Newcap and Rogers replied to the intervention by Larche. The public record for this proceeding can be found on the Commission's website at www.crtc.gc.ca.
5. In its intervention and reply, Larche submitted that approval of its application would allow synergies between its existing and proposed stations, and would ensure the stations' viability through increased market presence with no undue impact on existing stations. It also indicated that Sudbury's economic outlook, although sluggish, will slowly improve over the next few years. Finally, Larche stated that Sudbury can only sustain an additional service operated by a licensee that currently operates a station in Sudbury and that any new entrant would have a detrimental impact on its station CICS-FM.
6. For their part, Newcap and Rogers submitted in their intervention and reply that the Sudbury radio market is well served by five English-language commercial FM radio stations, two specialty stations, one French-language commercial radio station and four Canadian Broadcasting Corporation radio stations. They also noted that radio tuning among the five English-language commercial radio stations decreased by 18% between 2011 and 2015. Newcap and Rogers added that the economic climate in Sudbury does not allow for the introduction of a new radio station.

Commission's analysis

7. According to the Conference Board of Canada, economic projections for Sudbury remain sluggish, with no foreseeable improvement in the near future. As indicated in the Statistics Canada Labour Force Survey, Sudbury's unemployment rate for May 2016 reached 8.7 %, the highest unemployment rate in Ontario and the second highest in Canada.
8. Further, between 2006 and 2011, population growth in Sudbury was much lower than the provincial and national average. Considering the economic outlook for Sudbury, no population growth is anticipated over the next few years.
9. In addition, the profit before interest and taxes margin in the Sudbury radio market decreased between 2011 and 2015 from 11.9% to 8.5%, and market revenues have not increased since the licensing of CICS-FM in 2007.¹ While revenues per station in Sudbury are comparable to similar-sized markets in Ontario, profitability is below average. Moreover, the addition of a commercial radio station in that market, regardless of ownership, would result in a very low ratio in terms of population per commercial radio station when compared to similar small-sized markets in Ontario.

¹ See Broadcasting Decision 2007-229.

10. Finally, given that the vast majority of tuning in the Sudbury radio market is to local commercial radio stations and that there is no evidence of potential market growth, a new station would be highly reliant on repatriating tuning and advertising revenue from existing radio stations in the market to be successful.

Conclusion

11. Based on the written record of the proceeding, and in light of its existing policy framework, the Commission is not persuaded that the Sudbury radio market can sustain any additional commercial radio stations at this time. Consequently, the Commission is not persuaded that issuing a call for applications for new commercial radio stations to serve that radio market is warranted, and the Commission will return the application originally filed by Larche.

12. 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 Sudbury radio market for a period of two years from the date of this decision.

Secretary General

Related documents

- *Call for comments on market capacity and the appropriateness of issuing a call for radio applications to serve Sudbury, Ontario*, Broadcasting Notice of Consultation CRTC 2016-162, 29 April 2016
- *A targeted policy review of the commercial radio sector*, Broadcasting Regulatory Policy CRTC 2014-554, 28 October 2014
- *Licensing of new radio station to serve Sudbury, Ontario*, Broadcasting Decision CRTC 2007-229, 12 July 2007