



Broadcasting Decision CRTC 2008-6

Ottawa, 16 January 2008

Rogers Broadcasting Limited
Parry Sound, Ontario

Application 2007-0360-5, received 1 March 2007
Public Hearing in Kelowna, British Columbia
30 October 2007

English-language FM radio station in Parry Sound

*The Commission **denies** an application for a broadcasting licence to operate an English-language, FM radio station in Parry Sound, Ontario.*

Introduction

1. Rogers Broadcasting Limited (Rogers) filed an application for a broadcasting licence to operate an English-language, FM radio programming undertaking in Parry Sound at 94.7 MHz (channel 234B) with an effective radiated power of 10,000 watts.
2. The proposed station would offer a broad-based, Rock music format. In each broadcast week, the station would broadcast a minimum of 100 hours of local programming. Weekly spoken word programming would include 2 hours 2 minutes devoted to local news, 1 hour 31 minutes of weather and 16 minutes of traffic reports. Rogers committed to contribute, by condition of licence, \$690,750 over seven consecutive broadcast years to support Canadian content development (CCD). These expenditures would be over and above basic annual CCD contributions required pursuant to Broadcasting Public Notice 2006-158 (Commercial Radio Policy 2006).
3. The Commission received three interventions in support of this application as well as three interventions in opposition. The public record for this proceeding is available on the Commission's web site at www.crtc.gc.ca under "Public Proceedings".
4. After considering the positions of the parties in this proceeding, the Commission finds that the primary issue arising from this application relates to the Parry Sound commercial radio market and its ability to sustain an additional radio station.

Can the Parry Sound commercial radio market sustain an additional radio station?

5. The District of Parry Sound is located in north-eastern Ontario, approximately two hours south of North Bay and 2.5 hours north of Toronto. Overlooking Georgian Bay, the Parry Sound area is a prime visitor destination as it encompasses thousands of cottages, over 100 resorts and several provincial parks.
6. Statistics Canada's 2006 Census of Canada counts the District of Parry Sound's population as 40,918, representing a 3.2% increase from the 2001 Census but still less than half of the 6.6% growth achieved by the province of Ontario over the same period. While the Town of Parry Sound is the largest community in the area, Census statistics indicate that its population decreased by 5% between 2001 and 2006, from 6,124 to 5,818. During the summer, the area's population increases to over 75,000. In 2002, over 1.4 million cottagers, overnighters and day-travellers visited the Parry Sound area, most during the summer.
7. The Parry Sound District's economy relies heavily on the tourism and hospitality industries. The area's economy is subject to a considerable degree of seasonality and potential volatility from factors such as poor weather and fluctuations in the Canadian currency in relation to the U.S. dollar. Financial Post Markets project a decline in retail sales for the District of Parry Sound from 2006 to 2007.
8. The Parry Sound commercial radio market consists of one FM station, namely CKLP-FM, which is owned and operated by Haliburton Broadcasting Group Inc. (Haliburton). In an opposing intervention, Haliburton contended that approval of Rogers's application would have undue negative impact on CKLP-FM, even if the proposed new station were to achieve only 33% of its projected revenues.
9. The Commission notes that, between 2003 and 2005, the Parry Sound commercial radio market recorded an aggregate profit before interest and tax (PBIT) margin that was lower than the average PBIT margin for all commercial radio stations in Canada. In 2006, the Parry Sound commercial radio market reported a PBIT margin that was up from 2005. Nevertheless, the Commission finds that there is no evidence to indicate that the increased profitability for 2006 demonstrates a trend in that radio market.
10. Overall, 72% of total commercial radio tuning in the Parry Sound central area is to out-of-market radio stations. This limits the ability of local stations to exploit the full revenue potential of their market unless they are able to repatriate this tuning. Furthermore, Rogers, through its three North Bay stations (CKFX-FM, CKAT and CHUR-FM), currently captures almost 41% of tuning by listeners over 12 years of age in the Parry Sound commercial radio market. The Commission considers that, if the present application were approved, it is unlikely that Rogers would operate a station that would seek to attract audience and revenues currently captured by its North Bay stations. Rather, the Commission is of the opinion that Rogers would focus on competing with Parry Sound's current incumbent radio station with a consequent significant negative impact on that station.

11. 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 and signalled its intent to avoid over-licensing in such markets. Given the specific circumstances of the Parry Sound District's economy, the incumbent radio station's financial performance over the past five years as well as the significant amount and unique circumstances of the out-of-market tuning in the Parry Sound commercial radio market, the Commission determines that this market cannot sustain a new radio station at this time.
12. In light of all of the above, the Commission **denies** the application by Rogers Broadcasting Limited for a new FM radio programming undertaking to serve Parry Sound and area.

Secretary General

Related documents

- *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
- *Commercial Radio Policy 2006*, Broadcasting Public Notice CRTC 2006-158, 15 December 2006

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>