



## Broadcasting Decision CRTC 2022-197

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Reference: 2021-377

Ottawa, 27 July 2022

*Public record: 1011-NOC2021-0377*

### Findings regarding market capacity in the Sarnia radio market

#### Summary

The Commission finds that the market of Sarnia, Ontario, cannot support an additional commercial radio station at this time. Consequently, the Commission will return the application filed by Sarnia Media and Entertainment Inc. for a broadcasting licence to operate an English-language low-power commercial FM radio station in Sarnia, Ontario.

#### Background

1. In Broadcasting Notice of Consultation 2021-377, the Commission announced that it had received an application by Sarnia Media and Entertainment Inc. (SME) for a broadcasting licence to operate an English-language low-power commercial FM radio station in Sarnia, Ontario.
2. Sarnia is served by three commercial radio services all operated by Blackburn Media Inc. (Blackburn).
3. In accordance with Broadcasting Regulatory Policy 2014-554 (the Policy), the Commission called for comments on the capacity of the Sarnia market to support a new station. The Policy states that the Commission weighs 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 support additional stations, return the application and issue a decision setting out this determination.
4. As an exception to the current process set out in the Policy, the Commission simultaneously called for radio applications to serve Sarnia, as described in Broadcasting Notice of Consultation 2021-377, to avoid further delays related to the COVID-19 pandemic. Taking into account economic and financial data as well as the interventions

and replies received in response to this notice, the Commission decided whether to make a determination that the market:

- can sustain an additional station, and publish the initial application for consideration as part of an appearing or of a non-appearing phase of a public hearing, either on its own or alongside any additional applications that were filed in response to this call for applications; or
- cannot sustain additional stations, return the application(s) and issue a decision setting out this determination.

### **Intervention and reply**

5. The Commission received one intervention in opposition from Blackburn, as well as a reply from SME.
6. Blackburn noted the competition that it faces from online streaming services and from online advertising entities. Blackburn also expressed the view that the Commission's modified approach in this proceeding placed an unfair burden on incumbent stations, particularly in the context of the ongoing COVID-19 crisis. Finally, Blackburn argued that the Commission should not grant any further radio licences until it has completed its review of the Commercial Radio Policy, initiated in Broadcasting Notice of Proceeding 2020-25, in order to allow incumbent operators to adapt to any policy changes.
7. In its reply, SME claimed that, according to its own forecasts, the financial impact of the approval of its application on the incumbent would be minimal. SME also noted that economies have reopened following the COVID-19 crisis and that an increase in sales can be expected.
8. The Commission did not receive any applications from other parties wishing to obtain radio licences to serve Sarnia. However, Blackburn expressed an interest in filing an application to convert its existing AM radio service CHOK into an FM service. Blackburn is currently restricted from doing so by the Common Ownership Policy.<sup>1</sup>

### **Commission's analysis**

9. The Commission notes that the application was received under the existing Commercial Radio Policy and therefore, is of the view that it should be considered accordingly.
10. Since the beginning of the pandemic, commercial radio in Canada has experienced two years of revenue declines. Profitability has also declined nationally, as radio continues to face pressures from additional online advertising options and channels, making it a buyer's market for advertisers. Compounding this decline, inflation in Canada is at its highest levels since 1991.

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<sup>1</sup> The Common Ownership Policy is set out in Public Notice 1998-41 and reproduced in broadcasting public notices 2006-158 and 2008-4, and its guidelines are revised in Broadcasting Information Bulletin 2010-341.

11. Furthermore, while average tuning for traditional radio has been in decline for some time, listening hours decreased substantially during the lockdown given that commuting is a large driver for radio listenership and, according to NLogic, had not yet reached pre-lockdown levels as of January 2022.
12. According to Ontario's Ministry of Finance and Statistics Canada, Ontario's economic outlook is positive; however, there are few indicators of economic growth in Sarnia, and Sarnia has relatively low labour force participation and high unemployment.
13. Sarnia radio stations have experienced a severe drop in revenues in the context of the COVID-19 pandemic, and the Commission finds no evidence that these revenues will return to pre-pandemic levels or even increase.

## **Conclusion**

14. In light of the above, the Commission finds that the Sarnia radio market cannot support an additional commercial radio station at this time. Consequently, the Commission will return the application filed by SME for a broadcasting licence to operate an English-language low-power commercial FM radio station in Sarnia.
15. 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 Sarnia market for a period of two years from the date of this decision.

Secretary General

## **Related documents**

- *Call for comments on market capacity to serve Sarnia, Ontario, and call for applications to serve Sarnia, Ontario*, Broadcasting Notice of Consultation CRTC 2021-377, 12 November 2021
- *Commercial radio policy framework review*, Broadcasting Notice of Proceeding CRTC 2020-25, 28 January 2020
- *A targeted policy review of the commercial radio sector*, Broadcasting Regulatory Policy CRTC 2014-554, 28 October 2014
- *Revised guidelines for the application of the Common Ownership Policy for radio*, Broadcasting Information Bulletin CRTC 2010-341, 4 June 2010
- *Diversity of Voices*, Broadcasting Public Notice CRTC 2008-4, 15 January 2008
- *Commercial Radio Policy 2006*, Broadcasting Public Notice CRTC 2006-158, 15 December 2006
- *Commercial Radio Policy 1998*, Public Notice CRTC 1998-41, 30 April 1998