



## Broadcasting Public Notice CRTC 2003-33

Ottawa, 2 July 2003

### **Introductory statement to Broadcasting Decisions CRTC 2003-192 to 2003-203: Applications related to radio stations in the Province of Quebec**

*At a public hearing held in Montréal from 3 to 19 February 2003, the Commission considered 21 applications for new radio stations to serve the Montréal, Sherbrooke, Trois-Rivières and Saguenay areas, and 5 applications for licence amendments that were technically mutually exclusive with the applications for new licences.*

*In Broadcasting Decisions CRTC 2003-192 to 2003-203, published today, the Commission approves the applications for licences to operate four new radio stations in Montréal, three new radio stations in the Sherbrooke region, including one Type A community radio station in Lac-Brome, and one new radio station in Trois-Rivières. The Commission finds that the Saguenay market is not able to absorb a new commercial radio station at this time. The Commission also approves the applications for licence amendments by the Canadian Broadcasting Corporation to add a transmitter in Montréal and in Magog and to amend the technical parameters of its two stations in Trois-Rivières. Broadcasting Decision CRTC 2003-204 contains a list of applications that have been denied.*

#### **The applications**

1. In *Call(s) for applications for a broadcasting licence to carry on a radio programming undertaking to serve Montréal, Saguenay (previously Chicoutimi/Jonquière), Sherbrooke and Trois-Rivières, Quebec*, Broadcasting Public Notices CRTC 2002-2, 2002-3, 2002-4 and 2002-5, 17 January 2002, the Commission announced that it had received applications for broadcasting licences to provide radio services to serve the four above-mentioned communities. In accordance with its usual practice, the Commission invited other interested parties to submit applications. Subsequently, at the 3 February 2003 public hearing in Montréal, the Commission considered 21 applications for licences for new radio stations in the Montréal, Sherbrooke, Trois-Rivières and Saguenay areas, and five applications for licence amendments.
2. In addition to competing within the same market, the applications for new licences and the applications for licence amendments that proposed using the same frequency or a second adjacent channel<sup>1</sup> were considered technically mutually exclusive. Where

<sup>1</sup> In FM radio broadcasting, the second adjacent channel is a term used when two frequencies are separated by an interval of 400 kHz. FM radio broadcasting frequencies are separated by intervals from 88.1 MHz to 107.9 MHz. Department of Industry rules governing frequency allocation prohibit the licensing of stations located within the same community or in neighbouring communities and that use any frequency deemed to be a second adjacent frequency.

necessary, the Commission ruled in favour of applications offering the best use of the proposed frequency, in light of the criteria set out below, while factoring in the technical considerations of each of the target markets.

3. This public notice addresses only the various applications that are technically mutually exclusive, the interventions that are relevant to almost all of the applications, and the Commission's findings on the capacity of the Montréal, Sherbrooke, Trois-Rivières and Saguenay markets to absorb one or more new radio stations, given the competitive situation in each market. The Commission's findings on the applications approved in this proceeding also take other criteria into account further on, and are set out in Broadcasting Decisions CRTC 2003-192 to 2003-203 that accompany this public notice. Broadcasting Decision CRTC 2003-204 lists the applications that have been denied.
4. The Commission notes that the application by Radio Chalom will be addressed in a separate decision because of the specific nature of that application. The Commission notes that this application was not competing with the others because it proposed a specialty commercial AM radio station in Montréal. The proposed ethnic and religious programming raised some important issues with regard to the *Ethnic broadcasting policy*, Public Notice CRTC 1999-117, 16 July 1999 (the Ethnic Policy), and the *Religious Broadcasting Policy*, Public Notice CRTC 1993-78, 3 June 1993. Accordingly, that decision will be published at a later date.

### **Factors for evaluating competing radio applications**

5. In *Introductory statement – Licensing new radio stations*, as an introduction to Decisions CRTC 99-480 to 99-482, 28 October 1999, the Commission identified four key factors it deemed relevant to the evaluation of competing commercial radio applications. These factors are:
  - the market impact of new stations;
  - the competitive state of the market;
  - the diversity of news voices in the market; and
  - the quality of the application.
6. In addition to considering the applications in light of these four factors, the Commission also looked at how the applicants responded to its calls for applications, which stated that each applicant was to provide evidence that there is a demand and a market for the proposed service and was to address, among other issues, the following:
  - the contribution that the new service will make to achieving the objectives established in the *Broadcasting Act* and, in particular, to the production of local and regional programming;
  - the means by which the applicant will promote the development of Canadian talent, and especially local and regional talent;

- an analysis of the markets involved and potential advertising revenues, taking into account the results of all surveys that can support the estimates; and
  - evidence as to the availability of financial resources consistent with the requirements established in the financial projections of the applicant's business plan.
7. The Commission also examined the applications for ethnic stations in light of the Ethnic Policy, and the application for a community station in light of the *Community Radio Policy*, Public Notice CRTC 2000-13, 28 January 2000.
  8. The Commission also considered the linguistic and cultural context of the various markets involved, and in particular the broad cultural and ethnic diversity of the Greater Montréal Area. The Commission also wanted to foster the entry of new voices in each market so as to achieve greater diversity and a better balance among the players operating in the Quebec radio broadcasting community. The new licences for Cogeco Radio-Télévision inc. (Cogeco) in Sherbrooke and in Trois-Rivières will help strengthen the stations in its Rhythm FM network in Montréal and Québec, and more effectively counter-balance the strong presence of Astral Media inc., whose radio networks FM Rock Détente and Radio Énergie serve the major Quebec markets. With respect to its denial of the Cogeco application to provide service in Saguenay, the Commission notes that the applicant stated at the hearing that its three applications were severable.

## **Interventions**

9. The Commission received a large number of interventions relating to this proceeding. In addition to various interventions mentioned in each of the approval decisions published today, the Commission considered the issues raised in the general interventions filed by the Association québécoise de l'industrie du disque, du spectacle et de la vidéo (ADISQ), the Union des artistes (UDA), the Société professionnelle des auteurs et compositeurs du Québec (SPACQ), and the Association des radios communautaires du Québec (ARCQ).
10. ADISQ pointed out the importance of the commitments that the applicants must make with respect to Canadian content, French-language vocal music and the promotion of Canadian talent, and submitted detailed recommendations for each application. UDA asked the Commission to factor in the diversity of voices and to examine the impact of the concentration of ownership in the radio industry, as well as in all Quebec media. UDA also stressed the need to promote French-language stations in Montréal in the interests of linguistic balance. SPACQ stated that it is essential that any new French-language radio station licensed in Montréal broadcast, as a priority, French-language musical selections, and that it make full use of songs composed by Canadian writers and composers.

11. The Commission notes that the applications approved today will amount to eight new radio stations in Quebec, five of which are French-language stations, that is two in Montréal, two in Sherbrooke and one in Trois-Rivières. The Commission is of the view that the addition of these radio stations to the Quebec market will significantly enrich the provision of radio services in these markets and will encourage the promotion and exposure of the works of French-language Canadian artists. As previously stated, the entrance of new players and the strengthening of Cogeco's position in the Quebec radio industry will also add to the diversity of voices and to the balance among the players operating in these markets. In these circumstances, the Commission considers that it is unnecessary to add particular conditions to ensure that the diversity of the musical formats and equal access to the airwaves for Francophone artists are maintained, as ADISQ and UDA had suggested in their interventions.
12. ARCQ intervened, asking for prudence by the Commission with respect to the Montréal and Sherbrooke markets' capacity to support new services. In its intervention, ARCQ writes: [TRANSLATION] "We advise the CRTC in its analysis of the Montréal [and Sherbrooke] markets' capacity not to overestimate the current advertising market, which is sustained by high retail sales that are expected to fall significantly over the coming years because of the economy." ARCQ expressed concerns that the entry of new commercial radio stations to these markets will result in greater competition for advertisers and that some commercial stations will work even harder to attract the traditional clients of community stations operating in the markets.
13. The Commission notes that ARCQ did not present concrete data in support of its argument that Montréal and Sherbrooke retail sales could decline in the coming years. Furthermore, the Commission is not convinced that it should limit the entry of commercial services into a market on the grounds that they could create more competition for advertising dollars for community radio stations. Community radio advertisers are generally different from commercial radio advertisers. Moreover, they have other sources of income (government funding, memberships, donations, bingo games, etc.) that are not available to commercial radio stations.

#### **Applications for the Montréal region**

14. The Commission considered 12 competing applications for the Montréal region. Eight different frequencies were proposed, that is, six on the FM band and two on the AM band.

#### *Applications for FM frequency 100.1 MHz*

15. The Commission considered three applications proposing to use FM frequency 100.1 MHz. Because of the proximity between Montréal and Trois-Rivières, these three applications were technically mutually exclusive with another application for Trois-Rivières that also proposed to use 100.1 MHz.

16. TVA Group Inc. (TVA) proposed a French-language commercial radio station with a French- and English-language music format featuring all hits from the 1960s to the 1990s.
17. Aboriginal Voices Radio Inc. (AVR) proposed a Native Type B radio station that would be part of the Aboriginal Voices Radio Network (AVRN). The spoken word and music programming proposed by AVR would serve the needs of Montréal's urban Aboriginal community in English, French and Aboriginal languages.
18. Azzahra International Foundation Inc. (Azzahra) proposed an ethnic commercial radio station offering ethnic programming to a minimum of six cultural groups in a minimum of six different languages per broadcast week. Programming would be aimed mainly at Montréal's Arab communities.

*Applications for FM frequencies 106.3 MHz and 106.5 MHz*

19. The Commission examined two applications proposing to use FM frequency 106.3 MHz and one application for a licence amendment to increase the power of a station operating at FM frequency 106.5 MHz. Because of the proximity between Montréal and Saint-Hyacinthe, these three applications were technically mutually exclusive.
20. Genex Communications Inc. (Genex) proposed a French-language commercial radio station with an alternative rock music format at 106.3 MHz.
21. Global Communications Limited (Global) proposed a specialty English-language commercial radio station with a jazz music format that would operate at 106.3 MHz.
22. Astral Radio inc. (Astral) applied to amend the licence of CFEI-FM Saint-Hyacinthe to increase the effective radiated power from 3,000 watts to 33,200 watts at 106.5 MHz. The licensee stated that it wants to increase the quality of the station's signal and improve service throughout its coverage area.

*Applications for FM frequency 91.9 MHz*

23. The Commission considered two applications proposing to use FM frequency 91.9 MHz.
24. 9115-0318 Québec inc., the shareholders of which are Radio Nord Communications inc. and La Société Spectra-Scène inc. (RNC/Spectra), proposed a French-language commercial specialty radio station offering a jazz and blues music format.
25. Metromedia CMR Broadcasting Inc. (Metromedia) proposed an English-language commercial radio station offering a rhythmic urban/dance format.

*Applications for FM frequencies 104.7 MHz and 105.1 MHz*

26. The Commission examined two applications proposing to use FM frequencies 104.7 MHz and 105.1 MHz. The Department of Industry notified the Commission that the two proposals involved second adjacent frequencies that are generally considered

technically mutually exclusive. However, these two frequencies can co-exist if each applicant agrees to an interference zone around the other station's transmitter site. Both applicants stated at the hearing that they would be prepared to accept this interference zone.

27. Canadian Hellenic Cable Radio Ltd. (Hellenic Radio) proposed a commercial ethnic radio station that would operate at 105.1 MHz and offer programming directed to a minimum of six cultural groups in a minimum of eight different languages per broadcast week.
28. The Canadian Broadcasting Corporation (CBC) filed an application to amend the licence of CBME-FM (Radio One) Montréal, proposing to add a transmitter at the intersection of Sherbrooke West and Cavendish Streets and operate at 104.7 MHz, so as to correct significant reception problems in the Westmount, Notre-Dame-de-Grâce, Côte-des-Neiges, Hampstead and Snowdon communities in Montréal.

*Applications for AM frequencies 1570 kHz and 1650 kHz*

29. The Commission considered two applications proposing the use of AM frequencies 1570 kHz and 1650 kHz. The applications were not technically mutually exclusive.
30. Gilles Lajoie and Colette Chabot, on behalf of a company to be incorporated (Lajoie and Chabot), proposed a French-language commercial radio station operating at 1570 kHz in Laval and offering a nostalgia radio format with music from the 1940s to the 1970s.
31. Radio Chalom proposed an ethnic and religious specialty commercial radio station that would operate at 1650 kHz. The applicant proposed to offer programming to a minimum of six cultural groups in a minimum of six different languages per broadcast week.

**The Montréal market**

32. According to data from the latest census, the Montréal market had a population of approximately 3.4 million in 2001. Based on the language spoken at home, 69.2% are Francophone and 16.6% are Anglophone, with the rest of the population speaking a third language. The Commission notes that the Greater Montréal Area has the third largest population group in Canada that uses a language other than French or English at home.
33. The Montréal market is currently served by a total of 28 radio stations, 17 of which are French-language, 9 that are English-language and 2 that are ethnic. Of these stations, 18 are commercial radio stations and 4 are CBC/SRC stations.
34. The discussions at the public hearing seemed to bring about a consensus among most of the parties that the Montréal radio advertising market will grow in the coming years. The Carat Expert representative, speaking for RNC/Spectra, estimated that an annual growth rate of 3% was both realistic and conservative. TVA forecasts predicted a similar growth rate. In its written intervention, ADISQ also noted the sound financial health of the Montréal market.

*The Commission's conclusion*

35. To evaluate the capacity of the Montréal market to absorb one or more new radio stations, the Commission examined the strength of the market's economy. The Commission notes that the Conference Board of Canada anticipates steady growth in retail sales in Montréal from 2003 to 2007. Based on the economic data, the Commission estimates that the Montréal radio advertising market should grow at an average annual rate of 3.4% over the coming years.
36. Based on the record of these proceedings, including the evidence showing the relative strength of the local economy, the Commission is of the view that the Montréal region is able to absorb at least one new major commercial FM radio station, that is, a station that anticipates generating \$10 million or more over the next five years, with no undue negative impact on existing stations. The Commission is also of the view that the Montréal market can absorb a certain number of services with a lesser advertising impact, that is, stations that anticipate generating under \$10 million over the next five years.

**Applications approved – Montréal region**

37. In *Commercial French-language specialty FM radio station in Montréal*, Broadcasting Decision CRTC 2003-192, 2 July 2003, the Commission **approves** the application by RNC/Spectra to operate an FM specialty commercial radio station with a jazz and blues music format at 91.9 MHz.
38. In *Commercial French-language AM radio station in Laval*, Broadcasting Decision CRTC 2003-193, 2 July 2003, the Commission **approves** the application by Lajoie and Chabot to operate a commercial AM radio station with a nostalgia music format at 1570 kHz.
39. In *Ethnic FM radio station in Montréal*, Broadcasting Decision CRTC 2003-194, 2 July 2003, the Commission **approves** the application by Hellenic Radio to operate a commercial ethnic FM radio station offering programming directed to a minimum of six cultural groups in a minimum of eight different languages at 105.1 MHz.
40. In *Native FM radio station in Montréal*, Broadcasting Decision CRTC 2003-195, 2 July 2003, the Commission **approves** the application by AVR to operate a native Type B radio station that will be part of the AVRN network. AVR must, however, present a new frequency proposal within six months because 100.1 MHz, which it had proposed using, has been allocated to Cogeco in Trois-Rivières.
41. In *CBME-FM Montréal – New transmitter in Montréal*, Broadcasting Decision CRTC 2003-196, 2 July 2003, the Commission **approves** the application by the CBC to amend the licence of CBME-FM Montréal to add a transmitter at the intersection of Sherbrooke West and Cavendish Streets, to operate at 104.7 MHz.

42. The Commission denied three applications for frequencies 106.3 MHz and 106.5 MHz. With regard to the application by Astral for a licence amendment, the Commission considers that the licensee did not clearly demonstrate that its presently authorized service area is underserved and notes that its proposal would have led to a considerable broadening of CFEI-FM's coverage area without ensuring an improvement in this service area.

**Applications for the Sherbrooke region**

43. The Commission considered seven competing applications for the Sherbrooke region. Six different FM frequencies were proposed, and a new FM frequency was proposed at the public hearing.

*Applications for FM frequency 103.5 MHz*

44. The Commission considered two applications proposing to use FM frequency 103.5 MHz.
45. Genex proposed a French-language commercial radio station with an alternative rock format.
46. Groupe Radio RNC inc. (Radio RNC) proposed a French-language commercial radio station that would offer a contemporary hits/classic rock music format.

*Applications for FM frequencies 98.1 MHz and 99.1 MHz*

47. Two applicants initially proposed using 98.1 MHz. However, during the public hearing, one of the applicants proposed using 99.1 MHz instead. As a result, these two applications were no longer technically mutually exclusive.
48. Cogeco proposed operating a transmitter in Magog at 98.1 MHz to rebroadcast the programming of the radio station it also proposed for Sherbrooke at 93.7 MHz.
49. Radio Communautaire Missisquoi (RCM) proposed an English-language Type A community radio station in Lac-Brome that would operate at 99.1 MHz.

*Applications to use FM frequencies 93.7, 96.5, 104.5 and 106.9 MHz*

50. The following four applicants proposed using frequencies that were not technically mutually exclusive in the Sherbrooke market. However, because of the proximity between Sherbrooke and Trois-Rivières, the TVA application was technically mutually exclusive with the applications filed by Radio RNC and the CBC in Trois-Rivières at 96.5 MHz.
51. Cogeco proposed a French-language commercial radio station operating at FM frequency 93.7 MHz. The proposed station would be part of the Cogeco Rhythm FM network and would provide an adult contemporary popular music format composed primarily of hits from the 1970s to today.



52. TVA proposed a French-language commercial radio station operating at FM frequency 96.5 MHz with a French- and English-language music format featuring hits from the 1960s to the 1990s.
53. André Gagné, on behalf of a company to be incorporated and known as Groupe Génération Rock, proposed a French-language commercial radio station operating at FM frequency 104.5 MHz. The station would provide a rock (classic rock, soft rock and new rock) music format.
54. The CBC filed an application to amend the licence of CBF-FM-10 (La Première Chaîne) Sherbrooke in order to add a transmitter in Magog, operating at FM frequency 106.9 MHz. The application aims to improve service to several communities west of Mont Orford.

#### **The Sherbrooke market**

55. According to the 2001 census, the Sherbrooke market has a population of approximately 154,000. Based on the language spoken at home, approximately 92% are Francophone and 5% are Anglophone, with the rest of the population speaking a third language.
56. The Sherbrooke market currently has four French-language radio stations, three of which are commercial stations and one that is a community station, as well as CKTS, which rebroadcasts the English-language programming of CJAD Montréal and the radio network services of the CBC.
57. The discussions at the public hearing seemed to bring about a consensus among most of the parties that the Sherbrooke radio advertising market will experience fairly steady growth in the coming years. The Carat Expert representative, speaking for Radio RNC, estimated that a growth rate of 3% was both realistic and conservative. TVA forecasts predicted a growth rate of close to 4%.

#### *The Commission's conclusion*

58. To evaluate the capacity of the Sherbrooke market to absorb one or more new radio stations, the Commission examined the strength of the market's economy. The Commission notes that the Conference Board of Canada anticipates steady growth in retail sales in Sherbrooke from 2003 to 2007. Based on the economic data, the Commission estimates that the Sherbrooke radio advertising market should grow at an average annual rate of 5% over the coming years.
59. Based on the record of these proceedings, including the evidence showing the relative strength of the local economy, the Commission is of the view that the Sherbrooke region is able to absorb two new commercial FM radio stations, with no undue negative impact on existing stations. The Commission is also of the view that the application for the operation of an English-language community radio station in Lac-Brome will have no impact on the Sherbrooke market because they are two separate markets.

### **Applications approved – Sherbrooke region**

60. In *Commercial French-language FM radio station in Sherbrooke*, Broadcasting Decision CRTC 2003-197, 2 July 2003, the Commission **approves** the application by Cogeco to operate a commercial FM radio station in Sherbrooke offering an adult contemporary popular music format (Rhythm FM network) at 93.7 MHz, with a transmitter at Magog operating at 98.1 MHz.
61. In *Commercial French-language FM radio station in Sherbrooke*, Broadcasting Decision CRTC 2003-198, 2 July 2003, the Commission **approves** the application by Groupe Génération Rock to operate a commercial FM radio station offering a rock music format operating at 104.5 MHz.
62. In *English-language community FM radio station in Lac-Brome*, Broadcasting Decision CRTC 2003-199, 2 July 2003, the Commission **approves** the application by RCM to operate a Type A community FM radio station. RCM is required to file an application proposing the use of 99.1 MHz or another acceptable frequency within six months.
63. In *CBF-FM-10 Sherbrooke – New transmitter at Magog*, Broadcasting Decision CRTC 2003-200, 2 July 2003, the Commission **approves** the application by the CBC to amend the licence of CBF-FM-10 Sherbrooke to add a transmitter in Magog operating at 106.9 MHz.

### **Applications for Trois-Rivières**

64. The Commission considered five competing applications for Trois-Rivières. Three different FM frequencies were proposed.

#### *Applications for FM frequency 96.5 MHz*

65. The Commission considered two applications proposing the use of FM frequency 96.5 MHz. Because of the proximity between Trois-Rivières and Sherbrooke, TVA's application proposing the use of the same frequency in Sherbrooke was also technically mutually exclusive with these two applications. The three applicants stated they are prepared to consider other technical replacement solutions.
66. Radio RNC proposed a French-language commercial radio station that would offer a contemporary hits/classic rock music format.
67. The CBC filed an application to amend the licence of CBF-FM-8 (La Première Chaîne) Trois-Rivières in order to change the frequency and increase the effective radiated power. This application is for the restoration of the station's permanent technical facilities following the Mont-Carmel tragedy and the subsequent demolition of the Westower in April 2001.

*Applications for frequency 93.9 MHz*

68. The Commission considered two applications, one from the CBC and the other from TVA, proposing the use of FM frequency 93.9 MHz. TVA stated, however, that it was prepared to consider other technical replacement solutions.
69. The CBC applied to amend the licence of CBVE-FM (Radio One) Québec in order to change the frequency of its transmitter CBMZ-FM Trois-Rivières, and increase the effective radiated power. This application is for the restoration of the station's permanent technical facilities following the Mont-Carmel tragedy and the subsequent demolition of the Westower in April 2001.
70. TVA proposed a French-language commercial radio station with a French- and English-language music format featuring hits from the 1960s to the 1990s.

*Application for frequency 100.1 MHz*

71. Cogeco proposed a French-language commercial radio station operating at 100.1 MHz. The proposed station would be part of the Cogeco Rhythm FM network and would provide an adult contemporary popular music format composed primarily of hits from the 1970s to today.
72. As stated earlier, Cogeco's application is technically mutually exclusive with the three applications proposing to use 100.1 MHz in Montréal.

**The Trois-Rivières market**

73. According to the 2001 census, the Trois-Rivières market has a population of approximately 138,000. Based on the language spoken at home, approximately 98% are Francophone, 1% are Anglophone and the remaining 1% speak a third language.
74. The Trois-Rivières market currently has four radio stations, all French-language, three of which are commercial stations and one that is a campus station, as well as the radio network services of the CBC.
75. The discussions at the public hearing seemed to bring about a consensus among the parties that the Trois-Rivières market will experience fairly steady growth in the coming years. Both the Carat Expert and the TVA representatives forecasted growth similar to that in the Sherbrooke market. ADISQ was also of the view that the current economic climate in the market is conducive to the entry of a new radio service in Trois-Rivières.

*The Commission's conclusion*

76. To evaluate the capacity of the Trois-Rivières market to absorb one or more new radio stations, the Commission examined the strength of the market's economy and Conference Board of Canada forecasts. Based on the economic data, the Commission estimates that the Trois-Rivières radio advertising market should grow at an average annual rate of 4.5% over the coming years.

77. Based on the record of these proceedings, including the evidence showing the relative strength of the local economy, the Commission is of the view that the Trois-Rivières region is able to absorb one new commercial FM radio station, with no undue negative impact on existing stations.

#### **Applications approved – Trois-Rivières**

78. In *Commercial French-language FM radio station in Trois-Rivières*, Broadcasting Decision CRTC 2003-201, 2 July 2003, the Commission **approves** the application by Cogeco to operate a commercial FM radio station offering an adult contemporary popular music format (Rhythm FM network) at 100.1 MHz.
79. In *CBF-FM-8 Trois-Rivières – Technical changes*, Broadcasting Decision CRTC 2003-202, 2 July 2003, the Commission **approves** the application by the CBC to amend the licence of CBF-FM-8 Trois-Rivières so as to change the frequency and increase the effective radiated power.
80. In *CBVE-FM Québec and its transmitter CBMZ-FM Trois-Rivières – Technical changes*, Broadcasting Decision CRTC 2003-203, 2 July 2003, the Commission **approves** the application by the CBC to amend the licence of CBVE-FM Québec to change the frequency of its transmitter and to increase the effective radiated power.

#### **Applications for Saguenay**

81. Initially, three applicants proposed serving the Saguenay market, two of which proposed using the same FM frequency and were technically mutually exclusive. With the withdrawal of the TVA application during the public hearing, the two remaining applications were no longer technically mutually exclusive.
82. Cogeco proposed a French-language commercial radio station operating at 104.1 MHz. The proposed station would be part of Cogeco's Rhythm FM network and would offer an adult contemporary popular music format composed primarily of hits from the 1970s to today.
83. 9121-0070 Québec inc., a wholly-owned subsidiary of Groupe Radio Antenne 6 inc. (Antenne 6), proposed a French-language commercial radio station operating at 98.5 MHz and offering a nostalgia music format.

#### **The Saguenay market**

84. According to the 2001 census, the Saguenay market has a population of approximately 155,000. Based on the language spoken at home, over 99% are Francophone.
85. The Saguenay market currently has six radio stations, all French-language, that is, two CBC stations, three commercial stations and one community station.

86. The discussions at the public hearing seemed to bring about a consensus among the parties that the Saguenay market will experience fairly steady growth in the coming years. Antenne 6 expects the radio advertising market to grow by 3% per year. In its intervention opposing the applications for Saguenay, Astral also expressed its opinion that the radio market will grow by about 3% per year.

*The Commission's conclusion*

87. To evaluate the capacity of the Saguenay market to absorb one or more new radio stations, the Commission examined the strength of the market's economy and Conference Board of Canada forecasts. Based on the economic data, the Commission estimates that the Saguenay radio advertising market should grow at an average annual rate of 2.4% over the coming years.
88. Based on the record of these proceedings, including the evidence showing the relatively slow growth of the radio advertising market, the Commission is of the view that the Saguenay region would have difficulty absorbing a new commercial FM radio station at this time without an undue negative impact on the existing stations. In arriving at this conclusion, the Commission factored in the recent entry into the market of station CKYK-FM Alma, owned by Antenne 6, and the uncertain financial status of station CKRS Saguenay, which has posted a deficit every year for the last five years. In its opposing intervention, Astral noted the instability of the Saguenay market, which, according to Astral, may grow one year and decline the next.
89. The Commission therefore denies the two applications to operate new radio stations in Saguenay.

Secretary General

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