



Broadcasting Decision CRTC 2007-435

Ottawa, 24 December 2007

591991 B.C. Ltd.
Sherbrooke, Quebec

*Applications 2007-1249-9 and 2007-1255-6, received 31 August 2007
Public Hearing in Kelowna, British Columbia
30 October 2007*

CIGR-FM Sherbrooke – Acquisition of assets

*In this decision, the Commission **approves in part** an application by 591991 B.C. Ltd. (Corus) to acquire the assets of the radio programming undertaking CIGR-FM Sherbrooke from Groupe Génération Rock inc. This approval is subject to three **conditions** requiring Corus to submit, within 30 days of this decision, a tangible benefits package acceptable to the Commission that amounts to a minimum of \$66,000, as well as a list of eligible Canadian content development parties and initiatives to which it plans to contribute funding for the broadcast years 2004-2005, 2005-2006, 2006-2007, 2007-2008 and 2008-2009.*

*The Commission **denies** the applicant's request to be relieved of certain conditions of licence set out in the current licence for CIGR-FM.*

Introduction

1. The Commission received an application by 591991 B.C. Ltd. (Corus), a wholly-owned subsidiary of Corus Entertainment Inc., to acquire the assets of the French-language commercial radio programming undertaking CIGR-FM Sherbrooke from Groupe Génération Rock inc. The applicant also requested a licence to continue the operation of the undertaking under the same terms as those set out in the current licence.
2. However, the applicant requested relief from certain conditions of licence set out in the current licence of CIGR-FM. Specifically, Corus proposed the following amendments to the conditions set out in CIGR-FM's current licence:
 - a reduction in the percentage of category 2 (popular music) musical selections devoted to Canadian musical selections, from 45% to 40%;
 - relief from the condition of licence relating to new musical selections (a song that has aired for no more than twelve months post production);

- the replacement of the Rock musical format, which comprises classic, light and new rock, with a CHR/Top 40 format similar to that broadcast by CKOI-FM Montréal.
3. According to the applicant, approval of the proposed amendments to the conditions set out in CIGR-FM's current licence would enable it to compete more effectively in the Sherbrooke market and ensure the station's viability. The applicant noted that, despite substantial marketing efforts by Groupe Génération Rock inc., the station's format is not reaching the target audience, the station's signal does not offer adequate market coverage, and the current licensee does not have the financial means to remedy the situation.
 4. CIGR-FM commenced operations on 31 May 2004. The station is currently in its third year of operation.
 5. The Commission received three interventions in support of the proposed acquisition, as well as a comment from the Association québécoise de l'industrie du disque, du spectacle et de la vidéo (ADISQ). ADISQ indicated that while it supports the acquisition of assets, it opposes the amendment to the format and the proposed amendments to the conditions of the current licence. The Commission has considered all interventions in its review of these applications. The complete record of this proceeding can be found on the Commission's Web site at www.crtc.gc.ca under "Public proceedings."
 6. After reviewing the applications and the interventions, the Commission considers that the issues raised by these applications are the following:
 - the value of the transaction;
 - the tangible benefits required on transfers of ownership;
 - the sale of broadcasting undertakings during their first licence term; and
 - the proposed amendments to the conditions set out in CIGR-FM's current licence.

Value of the transaction

7. The purchase price for the radio station is \$1.1 million. The Commission is satisfied that this represents the appropriate value of the transaction.

Tangible benefits

8. In Public Notice 1998-41 (the 1998 Commercial Radio Policy), the Commission states, in paragraph 70, that “in respect of all transfers of ownership and control of radio undertakings [...] the Commission has determined that [...] in the case of such applications, commitments [must] be made to implement clear and unequivocal benefits representing a minimum direct financial contribution to Canadian talent development of 6% of the value of the transaction” (the tangible benefits policy).
9. The 1998 Commercial Radio Policy further stipulates that an exemption from the tangible benefits policy may be granted in the case of transactions involving the sale of unprofitable undertakings. However, the policy also states that “the Commission will not systematically apply this exemption to stations in the first five years of operation.”
10. The applicant requested an exemption from the tangible benefits policy because the radio station is having financial problems and because investment will be required to remedy those problems. The applicant plans to pay amounts owed under conditions of CIGR-FM’s current licence relating to Canadian content development (CCD).
11. The Commission notes that ADISQ opposed this exemption, contending that Corus should be required to pay tangible benefits, as proposed by the Commission.
12. The Commission also notes that Corus, in a letter dated 23 September 2007, in response to a deficiency letter from Commission staff, stated that it would agree to pay tangible benefits equalling 6% of the value of the transaction if the Commission determined this appropriate.
13. In regard to the station’s lack of profitability, the Commission recognizes that CIGR-FM is operating at a loss, but notes that it is not unusual for radio stations to experience operating losses in the first term of licence.
14. As for the potential for profitability, the Commission has, among other things, taken into account Corus’ vast experience in radio broadcasting, the resources available to it, and the fact that CIGR-FM could now benefit from synergies available through other Corus stations, specifically, CHLT-FM in the Sherbrooke market.
15. Under the circumstances, the Commission does not find that an exemption to the tangible benefits policy is justified. Accordingly, as a **condition of approval** of its acquisition of CIGR-FM, Corus must, within 30 days of the date of this decision, submit a tangible benefits package acceptable to the Commission that amounts to a minimum of \$66,000, which represents 6% of the value of the \$1.1 million transaction.

The sale of broadcasting undertakings during their first licence term

16. The Commission is generally concerned when broadcasting undertakings are put up for sale within their first licence term. Such transactions raise issues relating to the integrity of the licensing process and the potential gain to the vendor.
17. In the present case, the Commission notes that the vendor, Groupe Génération Rock inc., is an independent broadcaster that does not own any other radio stations. CIGR-FM competes in a market served by broadcasters with a solid base, such as Astral Media Radio inc., Cogeco Diffusion inc. and Corus.
18. The Commission further notes that CIGR-FM is not profitable and that, according to the current licensee, has no hope of becoming profitable in the foreseeable future. The Commission considers that the sale of the station will not bring Groupe Génération Rock inc. an unreasonable financial gain. Further, CIGR-FM and its audience would benefit from Corus' broadcasting expertise and from its ability to move this station toward profitability.
19. On balance, the Commission is satisfied that the transaction is in the public interest and that the integrity of its licensing process would not be compromised by its approval of the applications, minus the proposed amendments to CIGR-FM's current licence.
20. As noted above, the Commission is concerned when broadcasting undertakings are put up for sale within their first licence term or shortly after a previous sale. Accordingly, the Commission will continue to examine such transactions carefully to ensure that there is no potential for licence trafficking.

Proposed amendments to certain conditions set out in the current licence of CIGR-FM Sherbrooke

21. The Commission notes that ADISQ opposed most of the proposed amendments to the conditions set out in the current licence of CIGR-FM.
22. Specifically, ADISQ noted that CIGR-FM's licence was issued to Groupe Génération Rock inc. under a competitive process in which the Commission considered several factors, such as the impact of demand on the market, the competitive state of the market, the diversity of news sources and the quality of the application.
23. ADISQ further noted that, in the decision issuing the licence to Groupe Génération Rock inc., the Commission indicated that the new station's music format complemented existing offerings in the Sherbrooke market. ADISQ pointed out that the new music format proposed by Corus is similar to that offered by the other stations in this market. ADISQ added that it did not believe the music format alone could explain a radio station's financial setbacks, and that sustained long-term marketing should be implemented. ADISQ asked the Commission to require Corus to maintain the existing music format.

24. The Commission notes that Corus, in its reply, explained that the purpose of CIGR-FM's existing music format was to replicate the format used by CHOI-FM Québec (spoken word/music). According to Corus, this type of format is not viable in a market as small as Sherbrooke, because it is difficult to attract well-known hosts to this area. Corus added that it was aware of the similarity between its proposed musical format and Astral's existing format, but pointed out that neither Astral nor Cogeco opposed its application. Corus explained that its proposed format differs from Astral's format, given that its level of Canadian content would be 40%, rather than the 35% set out in the *Radio Regulations, 1986*, and given its commitment to air, during each broadcast week, 20 hours of spoken word programming and 60 hours of local programming. The Commission also notes Corus' argument that Astral accounts for half the advertising revenues in the market and that approval of the proposed amendments to the conditions set out in the current licence would ensure fair competition in this market.
25. With respect to the sustained long-term marketing initiatives that the current licensee should have initiated, Corus noted that Groupe Génération Rock inc. never achieved its forecast revenues and was thus unable to make the investments shown in its financial forecasts.
26. Finally, with respect to new musical selections, Corus pointed out that the Commission is still considering this issue and that a minimum level has not been imposed on any other licensee or applicant. Corus therefore considered that it would be unfair to impose such a minimum so long as the Commission has not ruled on this issue.
27. The Commission considers that approving the proposed licence amendments could undermine the integrity of the licensing process. In Broadcasting Decision 2003-198, the Commission stated that, in approving the initial licence application for CIGR-FM, it took into account the fact that the Rock format was not offered by any other radio station in Sherbrooke. Given that CIGR-FM is still in its first licence term, the Commission is not satisfied that CIGR-FM has fully experimented with the format on which the initial application was based.
28. The Commission further notes the concerns raised by ADISQ concerning Corus' request for relief from the current conditions of licence pertaining to the broadcast of Canadian content and new musical selections. According to ADISQ, the applicant's requests to reduce the percentage Canadian content and to be relieved of the condition of licence concerning new musical selections are not warranted, and that these limitations do not explain the financial losses incurred by Groupe Génération Rock inc.
29. The Commission notes that when it issued a licence to Groupe Génération Rock inc., it took into account the preponderance of local programming, the high level of Canadian content offered by the station, and the requirement that a minimum of 25% of all musical selections be devoted to new musical selections. Another important factor in the issuance of this licence was the entry of a new local player in a market served by large broadcasters such as Astral, Corus and Cogeco.

30. Accordingly, the Commission **denies** the request by 591991 B.C. Ltd. to be relieved of certain conditions of licence set out in the current licence of CIGR-FM. Furthermore, to preserve the integrity of the decision making process, the Commission expects Corus to take the steps required to maintain the station's existing format.

Other matters

31. The Commission's analysis shows that CIGR-FM is in non-compliance with its condition of licence relating to contributions to Canadian talent development (CTD) for 2004, 2005 and 2006. The Commission notes that Corus agreed to pay the outstanding amounts owed by Groupe Génération Rock inc. for CTD contributions up to \$61,266. Consequently, the Commission directs the licensee to disburse \$61,266 to eligible parties and initiatives no later than 31 August 2008 and to submit to the Commission, within 30 days of the date of this decision, details of the eligible parties and initiatives to which the contributions will be directed. **Conditions of licence** to this effect are set out in the appendix to this decision.
32. Corus has agreed to adhere to the Commission's new approach, which is set out in Broadcasting Public Notice 2006-158. Corus also commits to pay the CCD contributions for the 2007-2008 and 2008-2009 broadcast years in the form of surplus contributions to the basic annual amount. Corus must provide the Commission with a list of the eligible CCD parties and initiatives within 30 days of this decision. A **condition of approval** to that effect is set out in the appendix to this decision.

Conclusion

33. In light of the above, the Commission **approves in part** the application by 591991 B.C. Ltd. to acquire the assets of the French-language commercial radio programming undertaking CIGR-FM Sherbrooke. This approval is subject to three **conditions** requiring Corus to submit, within 30 days of this decision, a tangible benefits package acceptable to the Commission that amounts to a minimum of \$66,000, as well as a list of the eligible CCD parties and initiatives to which it plans to contribute funding for the broadcast years 2004-2005, 2005-2006, 2006-2007, 2007-2008 and 2008-2009.
34. Upon surrender of the current licence, the Commission will issue a new broadcasting licence to 591991 B.C. Ltd. The new licence will expire 31 August 2009 and will be subject to the terms and **conditions** set out in the appendix to this decision.

Employment equity

35. Because this licensee is subject to the *Employment Equity Act* and files reports concerning employment equity with the Department of Human Resources and Skills Development, its employment equity practices are not examined by the Commission.

Secretary General

Related documents

- *Commercial Radio Policy 2006*, Broadcasting Public Notice CRTC 2006-158, 15 December 2006
- *Commercial French-language FM radio station in Sherbrooke*, Broadcasting Decision CRTC 2003-198, 2 July 2003, as amended by *Erratum*, Broadcasting Decision CRTC 2003-198-1, 15 July 2003
- *Commercial Radio Policy 1998*, Public Notice CRTC 1998-41, 30 April 1998

This decision is to be appended to the licence. It 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>

Appendix to Broadcasting Decision CRTC 2007-435

Terms, conditions of approval and conditions of licence

Terms

The licence will expire 31 August 2009.

Conditions of approval

1. Within 30 days of the date of this decision, the licensee must submit a tangible benefits package acceptable to the Commission that amounts to a minimum of \$66,000, which represents 6% of the value of the transaction, which is \$1.1 million.
2. Within 30 days of the date of this decision, the licensee must submit to the Commission details of the eligible parties and initiatives to which it expects to direct the unpaid contributions owed to Canadian Talent Development for the broadcasting years 2004-2005, 2005-2006 and 2006-2007 amounting to \$61,266.
3. Within 30 days of the date of this decision, the licensee must submit a list of eligible Canadian content development parties and initiatives to which it plans to contribute funding for the broadcast years 2007-2008 and 2008-2009.

Conditions of licence

1. The licence will be subject to the conditions set out in *New licence form for commercial radio stations*, Public Notice CRTC 1999-137, 24 August 1999, with the exception of condition of licence number 5.
2. The licensee shall devote at least 45% of all category 2 (popular music) musical selections aired over the entire broadcast week to Canadian musical selections broadcast in their entirety.
3. The licensee shall devote at least 25% of all musical selections broadcast to new musical selections. For the purposes of this condition, a new musical selection is a song that has aired for no more than twelve months post production.
4. The licensee shall contribute \$61,266 to Canadian Talent Development no later than 31 August 2008.
5. In the 2007-2008 broadcast year, the licensee shall make direct expenditures of \$30,826 to Canadian content development.
6. In the 2008-2009 broadcast year, the licensee shall make direct expenditures of \$31,751 to Canadian content development.

7. With respect to Canadian content development (CCD):
 - a) The licensee shall make a basic annual contribution to CCD. The amount of the contribution shall be determined in accordance with the *Commercial Radio Policy 2006*, Broadcasting Public Notice CRTC 2006-158, 15 December 2006 (Broadcasting Public Notice 2006-158), as amended from time to time.
 - b) The licensee shall allocate 60% of this basic annual CCD contribution to FACTOR or to MUSICACTION.
 - c) The remainder of this basic annual contribution to CCD shall be allocated to parties and initiatives fulfilling the definition of eligible initiatives in Broadcasting Public Notice 2006-158.

Amounts required under the conditions of licence relating to Canadian talent development initiatives may be deducted from the amounts that will be required under the new basic CCD contribution.

This condition of licence shall expire upon the coming into force of the amendments to the *Radio Regulations, 1986* relating to CCD.

8. Upon commencement of operations, in addition to the basic annual contribution to Canadian content development, the licensee shall make an annual contribution of \$9,429 to the promotion and development of Canadian content. The licensee shall devote at least 20% of this amount annually to FACTOR or MUSICACTION, with the remainder to be paid to parties or initiatives fulfilling the definition of eligible initiatives in *Commercial Radio Policy 2006*, Broadcasting Public Notice CRTC 2006-158, 15 December 2006.

Dissenting opinion of Commissioner Michel Morin

Background

After only three years of operation, the owners of CIGR-FM Sherbrooke are packing their bags and selling their assets, at a profit, directly to Corus Entertainment Inc. (Corus) of Toronto, a national undertaking.

In September 2007, Corus appeared before the Diversity of Voices Proceeding organized by the Commission in the National Capital Region. Inspired by a general principle, Corus asked the Commission to intervene to avoid any future situations where the sale of an undertaking with a newly-acquired licence was approved by the CRTC.

Implicit in this recommendation was a recognition that an undertaking – however well-intentioned it might be – should not be able to obtain through the back door what it was unable to obtain through the front door, i.e. as part of a process involving open and transparent public hearings.

A general, simple and transparent rule

In other words, although Corus had not participated in the public process associated with the issuance of a broadcast licence in the Sherbrooke area in 2003, the fact remains that the general principle it articulated would have been fully confirmed had the Commission chosen a different option.

In the decision before us, the Commission once again affirms, however, that it is “concerned when broadcasting undertakings are put up for sale within their first licence term.” Later on, it adds, “Such transactions raise issues relating to the integrity of the licensing process and the potential gain to the vendor.”

I fully share the Commission’s concerns on this issue because the decision to approve a transaction during a first licence term essentially transfers ownership of the licence to another entity that either attended the hearing or failed to attend for individual reasons.

Some people, myself included, will agree that this opportunity to acquire a new station in the years following its launch tends to favour larger undertakings, who may take advantage of a younger competitor’s short-lived or longstanding weakness to acquire it at a discount or premium price.

A commercial broadcaster... and nothing more

Moreover, I find it difficult to follow the rationale used by the Commission, which – rather than adopt the simple, predictable and universally applicable rule proposed by Corus – labels commercial radio as a public service to justify its decision.

While commercial broadcasting does play a public service role, its ultimate purpose in a competitive marketplace like Sherbrooke is to operate a business, whether providing information or entertainment, to the profit of its shareholders and customers. And it should be dealt with on those terms. Given the circumstances, I find the use of the word “public service” somewhat inappropriate.

To digress a little, the Canadian Broadcasting Corporation is widely available as a public service in this region, in both English and in French, thanks to the support of Canadian taxpayers. That should reassure the Commission.

Further, there are at least four commercial radio stations in the area that can easily supplement the general offer of commercial radio stations in the absence of a fifth private station.

On the commercial level, the Commission’s actions in the file before us are essentially sanctioning a commercial transaction that, in itself, is short-circuiting, after only three years of operation, the public call for applications process instituted for all private providers in Canadian broadcasting.

On a general level, outside the strict bounds of this decision and the file that concerns us here, I would say that the absence of explicit regulations feeds people’s suspicions that some independent applicants are submitting applications as part of a competitive process with absolutely no intention of absorbing losses for a standard period of time following the station’s launch. Thus, if they defeat other licensees during the competitive process, the applicants know that they can negotiate a sale later with one or other of these licensees. It goes without saying that licensed operators are strongly motivated to eliminate the competition by acquiring the new station.

Far from me to think that Corus intended to acquire CIGR-FM, but the result is the same. As a result, in September 2007, Corus and Evanov Communications Inc. (Evanov Communications) jointly proposed to henceforth avoid these kinds of suspicions, which embarrass not only the Commission but also the entire industry, which continues to seek a regulatory framework that is clear, predictable and transparent.

The rule suggested by Corus

On 18 September 2007, during the Diversity of Voices Proceeding, Corus clearly stated, and I quote:

It should not be permitted to sell their radio stations before the end of the first licence term. In the event that a licensee was unable to continue operating the station, Corus proposed that the Commission should conduct a competitive process for the transfer of the licence. The original owner would only be awarded a rebate on its original investment.

The proposal submitted by Corus made a great deal of sense and, in my opinion, it still does. If it had been applied by the CRTC, this entire file would have been more transparent and more rigorously handled. Yet, although the opportunity presented itself, the Commission, to my great regret, declined either to intervene or to issue a new call for applications.

Yet as a dissenting Commissioner not only do I adhere to the rule proposed by Corus, but I also feel that we here at the Commission are currently facing a sort of regulatory vacuum that is needlessly breeding uncertainty with respect to our decisions. It is clear to me that the rule proposed by Corus should form an integral part of the Commission regulatory framework.

In conclusion, when an undertaking obtains a licence, its goal should not be to sell it to the first bidder a few years later when the project turns out to be less profitable than forecast. In a regulated market, the first licensing period of seven years represents a long-term commitment, a kind of social contract between the undertaking and the Commission. This rule applicable to a first licence term is implicit and recognized by everyone, which explains why the Commission is uneasy when the rule is broken. In my view, we have an obligation to rid ourselves of this uneasiness by adopting a clear rule that is easy to interpret. The proposal made by Corus in September 2007 was timely.

The adoption of such a rule would reinforce even more explicitly the entire process governing the call for applications and ensure greater rigor in the analysis of files. No longer would companies have a way out, as is currently the case. In other words, there would be no more trafficking in licences during the first seven-year licence term.

Consequently, contrary to the decision rendered in this case, I humbly suggest, like Corus and Evanov Communications, that the Commission adopt this regulation.

I fully subscribe, therefore, to the recent proposal submitted by Corus, despite the fact that, in not supporting the Commission's position in this file, it would have been the first to suffer as a result of it.

If reality sometimes trumps theory, within a transparent process, the general principle must nevertheless take precedence over the exception. This has the effect of clarifying the rules, both for the regulators that we are and for the industry as a whole, which has a definite advantage in profiting from a regulatory environment that does not accept exceptions and leaves no doubt as to the fairness of the decisions rendered by the Commission.

The absence of reasons to approve this licence transfer

That a commercial radio station is in a deficit position after the first three years of operation is not unusual and is in fact commonplace, particularly when it involves a spoken word radio station.

The fact that the undertaking incorrectly evaluated its market should not influence our decision to approve the transfer of the licence to another player that did not participate in the call for applications.

That the sale of the station should not result in *unreasonable profit* for Groupe Génération Rock Inc. (Groupe Génération Rock) should also not be a part of the Commission's argument either. As regulators, we are not concerned with the inherent value of the deficit or profit of the undertakings tied by such a transaction.

That the Commission suggests in its decision that the "sustained and long-term marketing efforts that should have been done by the current licence holder" were not carried out is simply not true. In fact, in the words of Corus, CIGR-FM had "launched a very aggressive marketing plan in the first year of operation" and the undertaking had "well exceeded normal marketing expenditures." In its submission to the Commission, Corus provided plenty of examples of the "aggressive" marketing plan that Groupe Génération Rock had implemented to succeed in the Sherbrooke market.

Here are a number of reasons explaining why I do not agree with closing the book on this transaction between Groupe Génération Rock and Corus.

Determined to maintain a format that turned out to be a failure

In approving this transaction that *a posteriori* short circuits the public call for applications process, the Commission is taking ADISQ's positions into account and deciding to maintain the musical rules (45% Canadian content, etc.) that were the basis of CIGR-FM and that were unsuccessful after a first three-year period, during which no marketing effort was spared.

By acting in this manner, the Commission is trying to entrench a format that, at face value, seems to have no future.

Not only did the purchaser Corus want to change the musical formats to ensure the longevity of the station and, particularly, to adapt to the Sherbrooke market, but the competitors – Astral and Cogeco – did not object.

Why go against the market by maintaining, by condition of licence, a format that has turned out to be a failure?

Like Corus, I note that even the private interveners who really stand to gain or lose – Astral and Cogeco – did not object to the original proposal by Corus to amend the musical formats. Why is the Commission so out of step with the market? Why go against the tastes of the consumers who, in my opinion, are the ultimate judges here?

Under current Commission and Government of Canada regulations (65%, 35%, etc.) that are aimed at protecting and developing our culture, it is not up to the Commission, even with ADISQ support, to step beyond its role and try to define the musical formats that are most compatible with the demand of the almighty consumer. That is the mission of private undertakings. Whether they are equity and commercial (co-operative) undertakings or community radio stations, they all face the challenge of providing Canadian consumers with musical formats or appropriate content in the context of current Commission regulations, which could be amended or enhanced, but which at the moment do not authorize us to take the place of undertakings in choosing a musical genre under the pretext that the integrity of formats that have failed must be maintained.

Therefore, Corus is compelled to operate according to a format whose success is questionable, both for the undertaking and for the consumer.

The Commission is breaking the rules with a new exception when we know that, contrary to category 3 musical formats, the musical formats in category 2 (popular music) can normally be amended at any time by the licensee. This is even more unfair for Corus, which, after risking an investment of more than \$1 million, must now come to terms with the Commission's decision.

In my opinion, it makes no sense at all to make an acquiring corporation as skilled and experienced as Corus adopt a format that is not its own.

Finally, under the circumstances, referring to the integrity of the licensing process to justify this decision amounts to a "poison gift" for Corus.

To repeat the arguments given by Corus, with which I agree fully, "*no other licence holder or applicant has been tied to a minimum level [the infamous 45%] ... and it is not fair that this minimum is being imposed as long as the Commission has not made a decision on the issue*" (emphasis added).

In my humble opinion, the Commission has, in acting thus, stepped beyond its regulatory role. It is creating a precedent by asking an important player in the market to adapt to a format that the player has no confidence in. This is no longer regulation; it is intervention. By acting in this manner, the Commission is significantly influencing the content, the concept of which the market has just soundly rejected.

By substituting itself for the undertakings, the Commission has not only penalized Corus, which will be forced to live with a formula that has failed, but has also deprived other undertakings of the opportunity to propose, in the course of another call for applications, musical or content formats that are more attractive to consumers and have greater potential for success. The residents of the greater Sherbrooke area are those who get the short end of the stick.

Less journalistic content

As mentioned previously, the Commission is aware that a transaction of this nature during the first seven-year licence term inevitably raises questions related to the integrity of the licensing process.

In this file, the Commission has remained firm on the station's musical content, i.e. in light of the broad parameters (45%, etc.); there is no difference between the first proposal and the new Corus proposal.

This is not the case for the journalistic content of the new station, as confirmed by the following table:

JOURNALISTIC CONTENT

| | Number of hours | % and minutes of local and regional information |
|------------------------|-----------------|---|
| GROUPE GÉNÉRATION ROCK | 8 hours | 40% or 192 minutes |
| CORUS | 3 hours | 70% or 128.88 minutes |

In 2004, when the licence was granted to Groupe Génération Rock, it specified the broadcast of 192 minutes of local and regional information. According to the Corus proposal, the commitment was reduced to 128.8 minutes, or one-third less than the original commitment.

At the time, the licence had been granted to Groupe Génération Rock specifically because of a greater diversity of news voices. Welcome to the news! By granting the licence transfer to Corus, there will be substantially less. How, under the circumstances, can we speak of compromising the integrity of the licensing process, as was done when this broadcasting licence was granted to Groupe Génération Rock?

Who says that had the Commission issued a new call for applications, Sherbrooke residents would not have had the right to a station that provided them with 250 minutes of local and regional information with three journalists? One thing is for certain, with 60 fewer minutes of information per week, the Corus proposal is far from what Groupe Génération Rock had originally proposed.

The Commission chose to agree to cut information programming rather than change the musical format. It is a choice, but the choice does not respect the integrity of the format that had been proposed when the licence was granted to Groupe Génération Rock.

I believe that the news should have a higher priority.

Conclusion

As regulators, we have a duty to establish clear, transparent and predictable rules, which brook no exceptions. I humbly submit that it must always be left to the discretion of the market to decide over the seven-year licence term. Both our regulated broadcasting system and listeners as a whole would benefit from this.

For these reasons, I oppose the transfer of the CIGR-FM licence to Corus, and as such, express my dissent from this decision made by the Commission as a whole.