



## Broadcasting Decision CRTC 2007-95

Ottawa, 21 March 2007

**Carl Gilbert, on behalf of a corporation to be incorporated**  
Saguenay (zone La Baie), Quebec

*Application 2006-1072-6*  
*Public Hearing in the National Capital Region*  
*29 January 2007*

### **French-language FM radio station in Saguenay (zone La Baie)**

*In this decision, the Commission **approves in part** an application for a broadcasting licence to operate a new French-language, commercial FM radio programming undertaking in Saguenay (zone La Baie). Within 90 days of the date of this decision, the applicant must submit an amendment to its application proposing the use of a frequency other than 99.9 MHz (channel 260A) that is acceptable to both the Commission and the Department of Industry.*

### **The application**

1. The Commission received an application by Carl Gilbert, on behalf of a corporation to be incorporated, for a broadcasting licence to operate a French-language, commercial FM radio programming undertaking in Saguenay (zone La Baie) at 99.9 MHz (channel 260A), with an effective radiated power (ERP) of 6,000 watts.
2. The applicant proposed a pop rock music format. All programming would be local, with the exception of five hours of national and international information originating from the Nouvelles Télé-Radio (NTR) network. The applicant proposed to broadcast 120 minutes of local and regional information and a 60-minute public affairs magazine on Saturday mornings summarizing the week's events in La Baie. The new station would also air two classical music programs on Saturdays and Sundays, and one program Monday to Thursday titled *Place à la Relève*, showcasing new artists in La Baie, Bas-Saguenay and elsewhere in the region by means of interviews with songs from the artists' repertoires.
3. The applicant indicated that it did not want to participate in the Canadian talent development (CTD) plan developed by the Canadian Association of Broadcasters (CAB). It proposed instead to contribute \$3,000 in each broadcast year in direct expenditures for CTD, upon commencement of operations, for a total of \$21,000 over seven consecutive broadcast years. According to the initial application, this amount would be distributed as follows:

- \$500 to MUSICACTION;
- \$1,500 to new artists (competition winner); and
- \$500 journalism scholarship to a student at Collège de Jonquière and \$500 scholarship to a student at École de musique de La Baie.

## Interventions

4. The Commission received numerous interventions in support of this application, comments by the Association québécoise de l'industrie du disque, du spectacle et de la vidéo (ADISQ) and interventions opposing the application from Groupe Radio Antenne 6 inc. (Antenne 6), Radio communautaire du Saguenay inc. (CKAJ-FM) and the Syndicat des employé(e)s de CJAB-FM et CKRS (the Syndicat).
5. The interveners supporting the application noted that the proposed station would be a valuable asset to the municipality, that the new station would have a positive impact on the community and on the local economy, and that the station is essential for reaching the public and providing information on the economic, social and cultural life of the community. One intervener pointed out that the applicant proposed including historical vignettes in its programming to teach youth about the history of their region. The interveners also noted that the new station would be completely local in nature and that it would feature emerging artists. They further noted that most of the region's radio stations offer very few local programs and that, after 6 p.m., most of them air programs originating from the national networks.
6. In its comments, ADISQ submitted that the Saguenay market can support a new Francophone music radio station and that the entry of a new player is not only desirable, but also definitely necessary to restoring an appropriate competitive balance in this radio market. ADISQ pointed out the importance of the commitments applicants are required to make with respect to Canadian content, French-language vocal music and CTD.
7. ADISQ stated that it did not intend to give this application its formal support. Regarding CTD contributions, the intervener noted that the proposed commitment is quite small and expressed disappointment that the applicant proposed to devote barely 15% of its CTD contribution to MUSICACTION. ADISQ therefore asked the Commission to require that at least half of the total contribution be paid to MUSICACTION.
8. ADISQ noted the applicant's commitment to produce a series of daily one-hour programs, titled *Place à la relève*, featuring emerging artists and groups, and requested that this commitment be made a condition of licence if the application is approved.
9. CKAJ-FM strongly opposed the application, claiming that the city of Saguenay has ample radio service. It further noted that in *CKAJ-FM Saguenay (zone Jonquière) – New transmitter at Saguenay (zone La Baie)*, Broadcasting Decision CRTC 2006-612, 27 October 2006 (Decision 2006-612), the Commission approved the operation of its

transmitter in Saguenay (zone La Baie). CKAJ-FM submitted that its efforts to install a new transmitter in La Baie will have been in vain if the Commission approves another radio signal in this zone.

10. According to CKAJ-FM, the applicant exaggerated the advertising potential in La Baie, knowing full well that advertising dollars are still and always have been in the Chicoutimi area.
11. CKAJ-FM also pointed out that the applicant proposed using frequency 99.9 MHz, despite the fact that the 99.7 MHz frequency was assigned to the new CKAJ-FM transmitter in Decision 2006-612, a frequency that is not compatible with this application. The applicant's proposal as submitted would thus be technically unacceptable.
12. Finally, CKAJ-FM noted that the applicant's proposed programming adds nothing new or complementary to current market offerings.
13. In its opposing intervention, the Syndicat noted that, given the region's advertising market and economic situation, a new commercial radio station could not be accommodated. The intervener pointed out that in *Denial of various applications considered at the 3 February 2003 Montreal Public Hearing*, Broadcasting Decision CRTC 2003-204, 2 July 2003, the Commission denied two licence applications for the Saguenay region because of the situation in the market. The Syndicat believes that the situation has continued to deteriorate since that time and expressed concern that the applicant intended to solicit advertising from merchants in the Chicoutimi borough's two major shopping centres.
14. The Syndicat reminded the Commission that radio station CKRS Saguenay, which has just received the Commission's approval to move to the FM band, it still operating at a deficit. The intervener also noted that the applicant's proposed programming would add nothing new to the programming already offered in the community in question and that the affiliation with NTR would add nothing new because CKRS already broadcasts information originating from NTR. With respect to the activities of Saguenay athletes and sports teams, the Syndicat reiterated that CKRS already provides extensive coverage of regional sports.
15. Antenne 6 opposed the application and noted that the applicant's proposed station would not be good for the radio industry's development in the Saguenay – Lac Saint-Jean region. Antenne 6 submitted that the station's coverage would be at a significant competitive disadvantage from the outset because it would exclude the entire population of Jonquière. The intervener added that the pool of potential clients in La Baie is not large enough to ensure the viability of an independent radio station, and that the proposed pricing schedule did not reflect market realities. Antenne 6 also noted that the

applicant's estimated revenues are twice what it would actually generate. Furthermore, according to Antenne 6, there has been a significant population decline in the Saguenay – Lac Saint-Jean region, the regional economy is no better than it was four years ago and there is nothing that would point to a rapid and significant reversal in this situation.

16. Antenne 6 noted that CKAJ-FM has just received approval to install a transmitter at La Baie and that CKRS will be moving to the FM band in 2007. Antenne 6 would like to move its station, CFGT Alma, to the FM band so that it can compete more effectively with Astral Media Radio inc. (Astral) stations.

#### **Applicant's reply**

17. In its reply to the interventions, the applicant noted that those opposing the application raised several similar themes, i.e., technical issues, the market's ability to accommodate a new station, the proposed station's viability, the history of the now defunct radio station CKPB La Baie, the need for a new radio station in La Baie, and the duplication of the musical format.
18. With respect to the choice of frequency, the applicant accepted the Commission's decision to approve the community radio application in Decision 2006-612 and as a result, opted for its third choice, 103.3 MHz. The applicant noted that technical amendments would therefore be required if the Commission approved the application.
19. The applicant submitted that the opposing interventions were fairly pessimistic about the economic situation in the Saguenay region, but noted that according to Développement économique, innovation et exportation Québec, a Quebec government agency, in 2005 the Saguenay–Lac Saint-Jean region recorded a slight increase in its development index for the second straight year. The applicant added that the 2007 FP Markets report cited by Antenne 6 predicts that total personal income in the region will climb 7.3%, from \$3.71 billion in 2007 to \$3.98 billion in 2009. FP Markets also anticipates that this figure will climb to \$4.38 billion in 2012, an increase of 18.3% over 2007, and that by 2009, retail sales will increase by 5.8%.
20. The applicant also noted that the March 2006 Fokus-Marketing study maintains that the market can support a new station.
21. In response to the interveners' claims regarding the Commission's July 2003 decision to deny applications for new FM stations in Saguenay for economic reasons, the applicant noted that the Commission's decision was based on data from the 2002 broadcasting year because it did not have access to 2003 data before issuing its decision. However, the applicant noted that data from Saguenay station annual reports submitted to the CRTC indicated that, between 2002 and 2005, revenues recorded by the five Saguenay stations rose 9%, from \$8.4 million to \$9.2 million. From 2000 to 2005, the revenues of the five stations showed annual average growth of 4.4% and between 2002 and 2005, their

operating revenues climbed 22.4%, their profit before interest and tax (PBIT) rose 17.4% and pre-tax profits were up 114.4%. Moreover, the operating margin was up 9.8%, the PBIT margin rose from 7% to 7.6% and the pre-tax profit margin increased from 6.2% to 12.2%.

22. Although the margins are lower than those for Quebec's radio industry, the applicant noted that the fact that there has been a healthy increase should be taken into account.
23. The applicant pointed out that although the Syndicat expressed concern about the impact of the proposed station on Astral and Corus Entertainment Inc. (Corus), these employers did not oppose the proposed new station.
24. With respect to programming, the applicant noted that it would be very different from Astral and Corus programming. The new station's programming would be 100% local, unlike Astral and Corus, which offer several programs originating from Montréal. The applicant pointed out that several interveners rightly noted in their letters of support that people in the Saguenay have had enough "Montrealization" of the airwaves and want the CRTC to give back to the people in the regions radio stations that reflect their realities and are managed by people in the region.
25. The applicant addressed the doubts raised about the validity of the revenue forecasts, noting that its forecasts are quite conservative. The market study conducted by Fokus-Marketing in March 2006 clearly shows that there is a large advertising market and that a new, completely local radio station could compete effectively if managed efficiently.
26. According to the applicant, it is very important to remember that if people in La Baie cannot find what they want in their own community, they do not hesitate to go further afield, sometimes travelling 70 km to Alma to find what they are looking for. The applicant believes that, with a dynamic sales team and aggressive marketing by the new station, it will be able to sell advertising to at least 250 businesses across the Saguenay, but specifically in La Baie and the surrounding area.
27. The applicant noted that the new station in Saguenay would constitute added value for the radio market, and that under an agreement with the NTR network, the radio station of La Presse Canadienne in Montréal, it would provide full national and international information. With NTR's various newscasts, people tuning in to the new station would be able to stay up to date on happenings around the world, on the hour. The applicant added that Saguenay listeners would also be able to stay abreast of the political scene through reports by Rémi Nadeau in Québec and Lina Dib in Ottawa.
28. With respect to the music format, the applicant noted that it would contribute to the diversity of programming in the region by focusing on hits from the 1960s to today, with no repeats. The applicant further noted that music programming broadcast between 6 a.m. and 6 p.m. would be chosen for an older audience, while evening programming would target youth while focussing on local and emerging artists and groups. Throughout the day, community organizations in La Baie and the surrounding area would be given

air time, and the new station would present regional historical vignettes. The applicant noted that the new station would reflect the dynamic community of La Baie and thus would encourage local advertisers to use radio more extensively to reach the public effectively at a reasonable cost.

29. In its reply, the applicant referred to ADISQ's statement that the Saguenay market can support a new Francophone music radio station and that the entry of a new player is not only desirable, but also necessary to restore an appropriate competitive balance in this radio market.
30. The applicant further noted that in its comments, ADISQ raised the issue of the proposed CTD contributions and the importance of MUSICACTION to the development of Quebec's music industry and, more importantly, to the development of French-language artists. Following the publication of *Commercial Radio Policy 2006*, Broadcasting Public Notice CRTC 2006-158, 15 December 2006 (Public Notice 2006-158), the applicant proposed to amend its application to comply with the Commission's new policy and noted that, according to the Policy, its basic contribution would be \$500, with a minimum of \$300 paid to MUSICACTION.
31. The applicant proposed to contribute \$1,000 annually to MUSICACTION, thereby reducing the scholarships for students at Collège de Jonquière and École de musique de La Baie from \$500 to \$250. The applicant would still contribute \$1,500 to new artists.

### **Commission's analysis and determinations**

32. The Commission carefully examined the application and considered the comments made by the applicant and the interveners.
33. The Commission notes that several interveners supported the applicant's proposal and pointed out that the introduction of a new radio station offering local programming would have a positive impact on the community and on La Baie's economy. They also noted that the new radio station would be completely local and involved in the community.
34. The Commission agrees that the proposed station would have an impact on the existing stations but is of the view that the addition of local, cultural and sports information, a public affairs magazine and the program *Place à la Relève*, promoting emerging artists and groups, are benefits to the community and outweigh the station's potential impact on existing stations.
35. The Commission also notes that the economic outlook appears to be improving in the Saguenay market and that retail sales in the market are expected to increase, according to FP Markets forecasts. The Commission also noted the recent announcement of significant investment in the La Baie borough, which should result in the creation and retention of a large number of jobs in the region over the coming years.

36. In Public Notice 2006-158, the Commission set out a new approach to the development and promotion of Canadian artists, which is expected to be implemented on 1 September 2007. In order to reflect a new emphasis on development initiatives that lead to the creation of audio content for broadcast using Canadian resources, the Commission will replace the expression “Canadian talent development” (CTD) with “Canadian content development” (CCD). Each radio station holding a commercial radio licence will be required to make a basic annual CCD contribution based on its revenues in the previous broadcast year.
37. The Commission notes that the applicant has made commitments for CTD that will be imposed as a **condition of licence**. Amounts required under this condition of licence may be deducted from the amounts that will be required under the new basic CCD contribution.
38. The Commission reminds the applicant that any development initiatives that have not been allocated to specific parties by condition of licence should be allocated to the support, promotion, training and development of Canadian musical and spoken word talent, including journalists. Parties and initiatives eligible for CCD funding are identified in paragraph 108 of Public Notice 2006-158.

#### **Use of frequency 99.9 MHz**

39. The Commission notes that the applicant’s proposed use of frequency 99.9 MHz would be technically competitive with the use of frequency 99.7 MHz approved in Decision 2006-612. The Commission also notes the applicant’s statement that it would be prepared to use another frequency.
40. In light of the above, the Commission **approves in part** the application by Carl Gilbert, on behalf of a corporation to be incorporated, for a broadcasting licence to operate a French-language, commercial FM radio programming undertaking in Saguenay (zone La Baie). The Commission **denies** the applicant’s request to use frequency 99.9 MHz.
41. The licence will expire 31 August 2013. It will be subject to the **conditions** set out in *New licence form for commercial radio stations*, Public Notice CRTC 1999-137, 24 August 1999. The licence will also be subject to the following **condition**:

Upon commencement of operations, the licensee shall make direct annual expenditures of at least \$3,000 before the end of each broadcast year. In each broadcast year, this amount shall be distributed as follows:

- \$1,000 to MUSICACTION;
- \$1,500 to new artists (competition winner); and
- \$250 journalism scholarship to a student at Collège de Jonquière and \$250 scholarship to a student at École de musique de La Baie.

## **Issuance of the licence**

42. The Commission will only issue the licence and the licence will only be effective at such time as:
- the applicant has satisfied the Commission, with supporting documentation, that an eligible Canadian corporation has been incorporated in accordance with the application in all material respects;
  - the applicant submits, within three months of the date of this decision, an amendment to its application proposing the use of an FM frequency and technical parameters that are acceptable to both the Commission and the Department of Industry (the Department); and
  - pursuant to section 22(1) of the *Broadcasting Act*, the Department notifies the Commission that its technical requirements have been met and that a broadcasting certificate will be issued.
43. Furthermore, the licence for this undertaking will be issued once the applicant has informed the Commission in writing that it is prepared to commence operations. The undertaking must be operational at the earliest possible date and in any event no later than 24 months from the date of this decision, unless a request for an extension of time is approved by the Commission before 21 March 2009. In order to ensure that such a request is processed in a timely manner, it should be submitted at least 60 days before this date.

## **Employment equity**

44. In accordance with *Implementation of an employment equity policy*, Public Notice CRTC 1992-59, 1 September 1992, the Commission encourages the licensee to consider employment equity issues in its hiring practices and in all other aspects of its management of human resources.

Secretary General

*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>*