



## Broadcasting Decision CRTC 2018-454

PDF version

References: 2018-261 and 2018-261-1

Ottawa, 6 December 2018

*Public record: 1011-NOC2018-0261*

### **Findings regarding market capacity and the appropriateness of issuing a call for radio applications to serve the Sainte-Marie radio market**

*The Commission finds that the Sainte-Marie radio market can sustain an additional radio station at this time. However, given that no other party besides Groupe Attraction Radio inc. (Attraction) expressed an interest in serving the market, the Commission considers that it is not necessary to issue a call for applications.*

*Consequently, the Commission will publish the application by Attraction for a broadcasting licence to operate a new commercial FM radio station to serve this market as part of the non-appearing phase of a future public hearing.*

### **Introduction**

1. In Broadcasting Notice of Consultation 2018-261, the Commission announced that it had received an application by Groupe Attraction Radio inc. (Attraction) for a broadcasting licence to operate a commercial FM radio station in Sainte-Marie, Quebec.
2. The city of Sainte-Marie is part of the Regional County Municipality (RMC) of Nouvelle-Beauce in the Chaudière-Appalaches region of Quebec. It is located 59 kilometers southeast of the city of Québec and 50 kilometers northwest of Saint-Georges. The Sainte-Marie market is currently served by two commercial radio operators. Attraction operates CHEQ-FM Sainte-Marie, and Groupe Radio Simard operates CKRB-FM and CHJM-FM Saint-Georges.
3. In accordance with Broadcasting Regulatory Policy 2014-554 (the Policy), the Commission called for comments on the capacity of the Sainte-Marie market to support a new station and the appropriateness of issuing a call for applications for new stations in this market. 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 this market cannot sustain additional stations, return the application and issue a decision setting out this determination.

### **Interventions and reply**

4. The Commission received an opposing intervention, an intervention offering general comments and a supporting intervention.

### **Interventions**

5. Groupe Radio Simard opposed the addition of a new radio station in Saint-Marie. The intervener cited the declining financial health of the radio industry, the impact that solicitation of advertising would have on competition if Attraction's application were approved and CHEQ-FM's history. It also expressed concern that Attraction would be in a position to influence local advertising solicitation given its network of 15 stations.
6. Bell Media Inc. (Bell), Cogeco Media Inc. (Cogeco), Leclerc Communication inc. (Leclerc), Media ClassiQ Inc. (Media ClassiQ) and RNC MEDIA Inc. (RNC) did not comment on the capacity of Sainte-Marie's market to accommodate a new radio station. However, they submitted that any call for applications should be limited to Sainte-Marie. They also submitted that a call for applications in Sainte-Marie could open the door to applications to serve the market of the city of Québec without a competitive process. Finally, they stated that a new station could repatriate tuning from outside the market but might not be in a position to attract a large enough audience to remain financially viable.
7. According to Serge Bellerose, on behalf of Attraction, CHEQ-FM's financial situation has been rectified and the station is currently profitable. The operational synergy resulting from combined operation with this station would allow a new station to achieve profitability after a few years of operation. He added that only the synergy between the two stations could ensure their financial viability. Mr. Bellerose also noted the repatriation of tuning from out-of-market stations.

### **Reply**

8. In its reply, Groupe Radio Simard stated that the Commission should not proceed with the application. It argued that the licensing of a new station in Sainte-Marie would amount to introducing a new service in the Saint-Georges market, where Groupe Radio Simard operates.
9. Bell, Cogeco, Leclerc, Media ClassiQ and RNC submitted that the applicant had not demonstrated the market's capacity to support a new station. They argued that a new station would, to be profitable, seek advertising revenue outside the Sainte-Marie market, and that nothing guaranteed that Attraction would not try to enter the market of Québec through a "backdoor" approach.

10. Mr. Bellerose, on behalf of Attraction, replied that the very purpose of the application was to better serve Sainte-Marie and stem the loss of listeners to out-of-market stations. He explained that CHEQ-FM had experienced financial difficulties in the past, but that since its acquisition by Attraction in 2012, those difficulties had been resolved. Thus the applicant is now in a position to operate a second station in Sainte-Marie. According to the applicant, there is no spectrum scarcity in Sainte-Marie and it is prepared to accept an alternative frequency if the Commission deems it necessary.

### **Commission's analysis**

11. According to the information on the public file, the economic indicators and the region's demographics are largely positive and even superior to those for the province of Quebec. According to Statistics Canada's 2016 Census, Sainte-Marie's population increased by 5.2 % between 2011 and 2016, exceeding the increase for the province of Quebec, which amounted to 3.3%.
12. The Sainte-Marie radio market became gradually more profitable between 2013 and 2017 as its profits before interest and taxes (PBIT) more than doubled over that period. Over the past three years, the PBIT margin in that market was greater than the average for the province.
13. Out-of-market stations receive most of the tuning share, and a new station could serve to repatriate listening to the local market.
14. Further, given Attraction's experience and the fact that it already operates a radio station in the market, a new station could benefit from the synergy stemming from multiple ownership and achieve profitability more quickly.
15. Finally, although the applicant proposes to use the best and one of the last known frequencies in the market, no other party besides Attraction expressed interest in serving the market.

### **Conclusion**

16. In light of all of the above, the Commission finds that the Sainte-Marie market can sustain an additional radio station at this time.
17. Consequently, given that no other party expressed an interest in serving the market, the Commission will publish the application by Attraction for a broadcasting licence to operate a new commercial FM radio station to serve this market as part of the non-appearing phase of a future public hearing.

Secretary General

## Related documents

- *Call for comments on market capacity and the appropriateness of issuing a call for radio applications to serve Sainte-Marie, Quebec*, Broadcasting Notice of Consultation CRTC 2018-261, 1 August 2018
- *A targeted policy review of the commercial radio sector*, Broadcasting Regulatory Policy CRTC 2014-554, 28 October 2014