



Broadcasting Decision CRTC 2022-259

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References: 2021-376, 2021-376-1 and 2021-376-2

Ottawa, 22 September 2022

Public record: 1011-NOC2021-0376

Findings regarding market capacity in the Rouyn-Noranda radio market

Summary

The Commission finds that the market of Rouyn-Noranda, Quebec, cannot support an additional commercial radio station at this time. Consequently, the Commission will return the application filed by Josyane Cossette on behalf of a corporation to be incorporated for a broadcasting licence to operate a French-language commercial FM radio station in Rouyn-Noranda.

However, the Commission considers that community radio stations generally do not raise concerns pertaining to commercial impact. Given that no other parties expressed an interest in operating a community radio station in this market, the Commission will publish the application filed by Radio Boréale for a broadcasting transmitter to broadcast the programming of CHOW-FM Amos, Quebec, in Rouyn-Noranda as part of the non-appearing phase of an upcoming public hearing.

Background

1. In Broadcasting Notice of Consultation 2021-376, the Commission announced that it had received applications by Josyane Cossette on behalf of a corporation to be incorporated (OBCI) for a broadcasting licence to operate a French-language commercial FM radio station in Rouyn-Noranda, Quebec, and by Radio Boréale for a broadcasting transmitter to broadcast the programming of CHOW-FM Amos, Quebec, a French-language community FM radio station located in Amos, to serve Rouyn-Noranda.
2. The Rouyn-Noranda market is currently served by two commercial radio stations, CHOA-FM, operated by Arsenal Media Inc. (Arsenal) and CJMM-FM, operated by Bell Media Inc. (Bell). The Rouyn-Noranda market is also served by two community radio stations and three Canadian Broadcasting Corporation stations.
3. In accordance with Broadcasting Regulatory Policy 2014-554 (the Policy), the Commission called for comments on the capacity of the Rouyn-Noranda market to support a new station. The Policy states that, following receipt of comments, the Commission conducts an assessment of the market's capacity to support an additional

station, taking into account economic and financial data as well as the comments received in the public consultation. Based on this assessment, the Commission weighs factors such as market capacity, spectrum availability or scarcity, and interest in serving the market when deciding whether to:

- publish the application for consideration as part of the non-appearing phase of a public hearing;
 - issue a call for applications; or
 - make a determination that the market cannot support additional stations, return the application and issue a decision setting out this determination.
4. As an exception to the current process set out in the Policy, the Commission simultaneously called for radio applications to serve Rouyn-Noranda, as described in Broadcasting Notice of Consultation 2021-376, to avoid further delays related to the COVID-19 pandemic. As part of this process, the Commission decided whether to make a determination that the market:
- can sustain an additional station and publish the initial application for consideration as part of an appearing or of a non-appearing phase of a public hearing, either on its own or alongside any additional applications that were filed in response to this call for applications; or
 - cannot sustain additional stations, return the application(s) and issue a decision setting out this determination.

Interventions and replies

5. The Commission received three interventions in opposition from Arsenal, Cogeco Media Inc. (Cogeco) and Bell. The Commission also received three replies from the triggering applicant, Josyane Cossette, Bell and Arsenal. No additional applications were received as part of the call for applications.

Opposing interventions

6. Arsenal indicated that, along with Cogeco and Bell, it hired Communic@tions Management inc. (CMI) to prepare a report on the capacity of the Rouyn-Noranda market to support an additional radio station. This report was submitted by Arsenal, Cogeco and Bell as part of their individual interventions.
7. In its intervention, Arsenal noted that the population of Rouyn-Noranda has remained virtually unchanged between 2016 and 2021, while the populations of Quebec and Canada rose by 4.1% and 5.2% respectively.
8. Furthermore, Arsenal noted that, in terms of radio advertising revenues, the Rouyn-Noranda market had a decline of -19.3% between 2015 and 2019. It stated that CHO-FM has posted modest profit before interest and tax (PBIT) margins in each year between 2015 and 2021, with the exception of 2019, where it was unprofitable.

9. Arsenal indicated that the profitability of CHOA-FM in 2022 and 2021 was largely due to the Quebec government's advertising campaign related to COVID-19. According to the report, these revenues represented 36% in 2020 and 45% in 2021 of all national advertising revenues for CHOA-FM in these years.
10. In its intervention, Cogeco noted that as a former owner of CHOA-FM, it endorsed the conclusions of the CMI report that the Rouyn-Noranda market cannot support an additional service at this time.
11. In its intervention, Bell indicated that, in its view, the Rouyn-Noranda market cannot support an additional radio station and that no applications for new radio stations should be considered for this market until after the Commercial Radio Policy is reviewed. The review of the commercial radio policy framework was initiated in Broadcasting Notice of Proceeding 2020-25.
12. Bell stated that if the Commission finds that Rouyn-Noranda can support a new station, only community radio stations should be considered.
13. In addition, Bell noted that in Broadcasting Decisions 2016-163, 2016-408, 2018-251 and 2020-215, the Commission generally found that the markets cannot support another radio station when the decline in revenues outpaced that of the province as a whole.

Josyane Cossette's reply

14. Josyane Cossette's late reply was admitted on the record of the proceeding, as stated in the procedural letter dated 20 June 2022.
15. In her reply, Josyane Cossette noted that underperformance of the Rouyn-Noranda radio market is not necessarily a reflection of the market itself, but rather that the incumbents have little understanding of the interests and issues of the Abitibi region from their head offices in Montréal, Quebec. Josyane Cossette also noted that her target audience is 12-34 years old, which is underserved and would reinvigorate the local radio audience, something that benefits all incumbents.
16. Moreover, the applicant submitted a report by Guillaume Bédard-Tremblay which noted growth in revenues since 2019 by CHIC-FM Rouyn-Noranda, a French-language Christian specialty FM radio station operated by Communications CHIC, and CHUN-FM Rouyn-Noranda, a French-language community radio station for the Algonquin Nation Anishinabe du Lac Simon.
17. The report also challenged the figures mentioned in the CMI report. According to the report, while it is true that revenues fell in the time period indicated, national advertising rose and local advertising fell only slightly. The report concludes that the drop can largely be attributed to the decrease in the sale of program rights.

Arsenal's and Bell's final reply

18. Parties who filed interventions (namely Cogeco, Bell and Arsenal) were allowed to submit final replies limited to matters raised in Josyane Cossette's reply.
19. In its final reply, Arsenal indicated that it retained CMI's services because it is an independent party with credibility and expertise in the media sector.
20. Arsenal also submitted a 26 May 2022 report for the "Fédération des travailleuses et travailleurs du Québec" indicating that Abitibi-Témiscamingue experienced a decrease in employment from February 2020 to March 2022, economic development is below provincial levels and there is a high probability of recession in 2023.
21. In its final reply, Bell argued that Josyane Cossette's reply did not adequately defend the position that the market has capacity, discussing the region's economic potential using projections when actual data exists that does not corroborate that position, and should thus be dismissed.
22. Bell also stated that the assertion that recent increases in non-commercial radio revenues should be considered is flawed, given that it was driven by the Quebec government's COVID-19 advertising spending.

Commission's analysis

23. In regard to Bell's intervention asking to delay the consideration of the application until after the Commercial Radio Policy is reviewed, the Commission notes that the application was received under the existing Commercial Radio Policy and therefore, is of the view that it should be considered accordingly.
24. While the economic outlook of Rouyn-Noranda is comparable to the provincial outlook, it is hindered by stagnant population growth as well as below average growth for individual income.
25. The Rouyn-Noranda commercial radio market's advertising revenues were in decline prior to the pandemic, with further declines in 2019-2020. These revenue declines were worse than the provincial and national averages during the years prior to the pandemic.
26. Furthermore, the Rouyn-Noranda market does not have notable out-of-market tuning for a new station to draw listenership/repatriate tuning.
27. The Commission notes that the three interventions by Arsenal, Cogeco and Bell as well as the associated CMI report all align with the Commission's assessment of the Rouyn-Noranda radio market and general economic and demographic situation.
28. While the report submitted by Josyane Cossette in her reply showed positive projections and comparisons of Abitibi-Témiscamingue to provincial averages, they did not submit any market research to validate the assertions that the incumbents have little understanding of the interests and issues of the Abitibi region, or that its

proposed target audience is underserved and its proposal would reinvigorate the local radio audience.

29. Therefore, based on the Rouyn-Noranda commercial radio market revenue declines and lack of population growth, the Commission is of the view that a new commercial radio station would likely have an undue economic impact on the incumbent stations in the market.
30. However, the Commission is of the view that community radio stations have access to other funding sources when compared to a commercial radio station and would not typically be as reliant on advertising revenues, thus having minimal impact on the commercial radio market.

Conclusion

31. In light of the above, the Commission finds that the Rouyn-Noranda radio market cannot support an additional commercial radio station at this time. Consequently, the Commission will return the application filed by Josyane Cossette OBCI for a broadcasting licence to operate a French-language commercial FM radio station to serve Rouyn-Noranda.
32. Further, consistent with its approach set out in the Policy, the Commission will not generally be disposed to accept applications for new commercial radio stations to serve the Rouyn-Noranda radio market for a period of two years from the date of this decision.
33. Given that no other parties expressed an interest in operating a community radio station in this market, the Commission will publish the application filed by Radio Boréale for a broadcasting transmitter to broadcast the programming of CHOW-FM Amos, Quebec, a French-language community FM radio station to serve Rouyn-Noranda as part of the non-appearing phase of an upcoming public hearing.

Secretary General

Related documents

- *Call for comments on market capacity to serve Rouyn-Noranda, Quebec, and call for applications to serve Rouyn-Noranda, Quebec*, Broadcasting Notice of Consultation CRTC 2021-376, 12 November 2021, as amended by Broadcasting Notice of Consultation CRTC 2021-376-1, 22 December 2021 and 2021-376-2, 24 March 2022
- *Findings regarding market capacity and the appropriateness of issuing a call for radio applications to serve the Grand Prairie radio market*, Broadcasting Decision CRTC 2020-215, 6 July 2020
- *Commercial radio policy framework review*, Broadcasting Notice of Proceeding CRTC 2020-25, 28 January 2020

- *Findings regarding market capacity and the appropriateness of issuing a call for radio applications to serve the Lloydminster, Alberta/Saskatchewan radio market, Broadcasting Decision CRTC 2018-251, 25 July 2018*
- *Findings regarding market capacity and the appropriateness of issuing a call for radio applications to serve the Sudbury, Ontario, radio market, Broadcasting Decision CRTC 2016-408, 14 October 2016*
- *Findings regarding market capacity and the appropriateness of issuing a call for radio applications to serve the Kentville, Nova Scotia, radio market, Broadcasting Decision CRTC 2016-163, 29 April 2016*
- *A targeted policy review of the commercial radio sector, Broadcasting Regulatory Policy CRTC 2014-554, 28 October 2014*