



Broadcasting Decision CRTC 2005-15

Ottawa, 21 January 2005

Astral Media Radio inc. and 591991 B.C. Ltd., a wholly owned subsidiary of Corus Entertainment Inc.,

Amqui, Drummondville, Rimouski, Saint-Jean-Iberville, Montréal, Québec, Gatineau, Saguenay, Trois-Rivières, Sherbrooke, Lévis, Quebec

Applications 2004-0279-3, 2004-0302-2, 2004-0280-1

Public Hearing in the National Capital Region

7 September 2004

Exchange of radio assets in Quebec between Astral Media Radio inc. and Corus Entertainment Inc.

*The Commission **approves** the applications by Astral Media Radio inc. (Astral) and 591991 B.C. Ltd., a wholly owned subsidiary of Corus Entertainment Inc. (hereinafter referred to as Corus), for authority to acquire several radio undertakings in Quebec as part of an exchange of assets, subject to the terms and conditions set out in this decision.*

The Commission is of the view that the concerns identified in this decision will be offset by the benefits of an approval subject to the terms and conditions set out herein. Astral and Corus have 30 days to confirm they will complete the transaction according to the terms and conditions herein.

A list of the stations included in the exchange, as well as the conditions of licence to which each station will be subject, is appended to this decision.

Background

1. In *Transfer of control of 3903206 Canada Inc., of Telemedia Radio Atlantic Inc. and of 50% of Radiomedia Inc. to Astral Radio Inc.*, Broadcasting Decision CRTC 2002-90, 19 April 2002 (Decision 2002-90), the Commission approved applications by Astral Media inc. (Astral Media) for authority to acquire the effective control of 3903206 Canada Inc., of Telemedia Radio Atlantic Inc. and of 50% of Radiomedia Inc. (Radiomedia) by acquiring all of the shares held directly or indirectly by Telemedia Radio Inc. (Telemedia) in these companies.

2. Decision 2002-90 was subject to two conditions precedent, one of which concerned the transfer of station CFOM-FM Lévis to a third party unaffiliated with Astral Media. Astral Media committed to divest itself of CFOM-FM in accordance with the Commission's policy on common ownership of radio stations within a single market, as set out in *Commercial Radio Policy 1998*, Public Notice CRTC 1998-41, 30 April 1998 (Commercial Radio Policy). Consistent with Decision 2002-90, Entreprises Radio Etchemin inc. (Radio Etchemin), licensee of station CFOM-FM, is currently controlled by a trustee, Mr. Paul-Émile Beaulne, pursuant to a voting trust agreement approved by the Commission on 25 October 2002.
3. In Decision 2002-90, the Commission noted that on 21 December 2001, pursuant to section 92 of the *Competition Act*, the Commissioner of Competition had filed an application with the Competition Tribunal opposing the proposed acquisition of the eight Telemedia French-language radio stations located in Quebec and of Telemedia's 50% ownership interest in Radiomedia. Following Decision 2002-90, the Commissioner of Competition expressed concerns regarding the potential impact of this transaction on competition in the French-language radio industry in Quebec. Subsequently, Astral Media, Telemedia and the Commissioner of Competition entered into a consent agreement dated 7 August 2002 (the consent agreement) requiring Astral Media to sell certain of its French-language AM radio stations in Quebec. The consent agreement was registered with the Competition Tribunal on 3 September 2002, and terminated the application filed by the Commissioner of Competition with the Competition Tribunal.
4. In *Acquisition of radio assets in Quebec*, Broadcasting Decision CRTC 2003-205, 2 July 2003, the Commission denied the application by TVA Group Inc. and Radio Nord Communications Inc. (the TVA/Radio Nord transaction) for authority to acquire radio undertakings, including CFOM-FM and the AM stations that were the subject of the consent agreement.
5. Following the denial of the TVA/Radio Nord transaction, applications were filed by Astral Radio inc. and by Paul-Émile Beaulne, on behalf of 2964-2097 Québec Inc. and various companies to be incorporated (the Morin-Chamberland group), for authority to acquire the assets of certain AM radio undertakings and radio networks held by Astral Radio inc., which included, among others things, the assets of CFOM-FM and the AM radio stations that were the subject of the consent agreement. At the applicant's request, given the withdrawal of the Morin-Chamberland group, the Commission withdrew these applications from the agenda of the public hearing of 16 February 2004.
6. Astral Media Radio inc. (Astral) is now proposing a transaction that involves an exchange of assets with 591991 B.C. Ltd., a wholly owned subsidiary of Corus Entertainment Inc. (hereinafter referred to as Corus). These applications constitute a third attempt to satisfy the terms of the consent agreement and the condition precedent regarding the sale of radio station CFOM-FM.

7. Astral is currently the licensee of 30 AM and FM radio stations in Quebec, including six digital stations. Each of these stations airs network programming from one of the following networks: Énergie, which is directed to listeners in the 18-34 age group and offers a music mix based on contemporary hits; RockDétente, which is aimed at listeners in the 25-54 age group and offers light music for adults; Radiomédia, which targets listeners in the 50-plus age group with a talk format focussed on news and current events intended for Astral's AM and FM stations; and the new network, Réseau Boom FM, which is directed at baby-boomers in the 40-54 age group and focuses on hits from the 60s and 70s. Astral also operates several radio stations in Atlantic Canada, and is a major presence in the French-language specialty and pay TV sector and in the outdoor advertising sector.
8. Corus is one of the largest broadcasting groups in Canada, with a significant presence in all provinces except the Atlantic provinces. Corus owns 58 radio stations in Canada, including seven digital stations. Two AM and ten FM stations are located in Quebec, six of which are located in the greater Montréal area and six elsewhere in Quebec. Corus also operates numerous specialty services.

The Astral and Corus applications

The transaction

9. In this transaction, Corus and Astral each agreed to exchange radio assets with the other, each group of radio assets having a value that they deemed to be equivalent to \$11 million. The French-language stations Corus proposed to acquire are:
 - CKAC Montréal
 - CHRC Québec
 - CJRC Gatineau
 - CKRS Saguenay
 - CHLN Trois-Rivières
 - CHLT Sherbrooke
 - CFOM-FM Lévis
10. Corus also sought authority to acquire the assets of English-language radio station CKTS Sherbrooke; digital radio stations CKAC-DR-2 Montréal and CJRC-DR-2 Gatineau; the Radiomedia French-language information network; the CHLN Trois-Rivières network, in order to broadcast its programming on CKSM Shawinigan; the Montréal Canadians hockey network; and the Montréal Alouettes network.

11. Corus proposed no new tangible benefits for the stations involved in this transaction, which have been unprofitable on a consolidated basis for the past three years. Corus proposed, however, to retain responsibility for the remaining tangible benefits related to the stations acquired from Power Broadcasting Inc.¹ and that are the subject of the current transaction.
12. At the 7 September 2004 public hearing, the Commission also examined an application by Diffusion Métromédia CMR Inc., a wholly owned subsidiary of Placements Belcand Mont-Royal inc., itself a wholly owned subsidiary of Corus, to amend the broadcasting licence for its radio programming undertaking CHMP-FM (formerly CKOO-FM) Longueuil by adding a condition of licence authorizing it to broadcast predominantly spoken-word programming and deleting the condition of licence pertaining to the broadcast of English-language vocal music selections. This application is the subject of *CHMP-FM – Licence Amendment*, Broadcasting Decision CRTC 2005-16 (Decision 2005-16) released today.
13. The stations Astral proposed to acquire are:
 - CFVM-FM Amqui
 - CJDM-FM Drummondville
 - CJOI-FM Rimouski
 - CIKI-FM Rimouski and its transmitter CIKI-FM-2 Sainte-Marguerite-Marie
 - CFZZ-FM Saint-Jean-Iberville
14. Consistent with the Commercial Radio Policy, Astral proposed tangible benefits of \$660,000, representing 6% of the value of the proposed transaction. These benefits would be distributed as follows:
 - \$335,000 to Fonds RadioStar over seven years in equal annual payments;
 - \$220,000 to MusicAction over seven years in equal annual payments; and
 - \$105,000 to The Harold Greenberg – Astral Media Fund to promote excellence in French-language Canadian song.
15. Astral proposed that the amounts allocated to the Harold Greenberg – Astral Media Fund be used to finance three annual awards of \$5,000 each, over seven years, to the author-composer of the song of the year in each of the musical formats offered by Astral's three FM networks.
16. Astral also proposed to retain responsibility for all remaining tangible benefits relating to previous transactions involving the stations that Corus proposes to acquire.

¹ In *Acquisition of assets*, Decision CRTC 2000-87, 24 March 2000, the Commission approved the acquisition of assets of stations CFVM-FM Amqui, CFZZ-FM Saint-Jean-Iberville, CFQL-FM and CIKI-FM Rimouski and CJDM-FM Drummondville.

17. Astral also requested a condition of licence for stations CFVM-FM Amqui and CFZZ-FM Saint-Jean-Iberville authorizing these stations, which broadcast in the “oldies” format, to reduce the minimum percentage of Canadian musical selections to 30%, as provided for in *Regulations Amending the Radio Regulations, 1986 – Commercial Radio Programming*, Public Notice CRTC 1998-132, 17 December 1998 (Public Notice 1998-132).
18. Astral also applied for a licence to operate a French-language radio network for the purposes of broadcasting the football games of the Montréal Alouettes during the 2004, 2005 and 2006 seasons. The proposed radio network would originate from CKAC Montréal. The assets of this network would subsequently be transferred to Corus as part of the transaction described herein.
19. Finally, Astral filed an application for authority to effect a corporate reorganization related to the assets of the radio programming undertaking CFOM-FM Lévis. This application is the subject of *Asset Acquisition – intra-company reorganization*, Broadcasting Decision CRTC 2005-17 issued today.

The Corus proposal

20. Corus stated that the acquisition of eight of Astral’s stations, and specifically CKAC Montréal and CFOM-FM Lévis, is part of a development strategy aimed at allowing the AM stations in question to remain in operation and to continue offering relevant local service. Corus stated that its presence in markets such as Saguenay, Trois-Rivières, Sherbrooke and Gatineau, even if on the AM band, was by far preferable to owning FM stations that are profitable, but are some distance from the major markets, such as those in Amqui or Rimouski.
21. Corus took the position that general interest AM radio is a thing of the past, at least in major markets, and that it is important that each AM station today develop a niche for itself. The applicant expressed the view that an all-news format would give the regional stations a much greater local presence than they now have.
22. With respect to CKAC Montréal, Corus proposed to transform the station into a spoken-word station primarily oriented to sports and health. The applicant proposed to phase in this change in stages over a period of some three years. According to Corus, CKAC’s predominantly sports-based programming would enable the station to develop a niche that is not covered on a systematic basis by the stations currently broadcasting in Montréal. Corus took the view that this orientation would position CKAC’s programming as complementary to existing radio programming in Montréal, including that offered by its spoken word or all-news stations CHMP-FM and CINF (Info690). As a result, according to the applicant, CKAC would no longer air open-line programming dealing with controversial political topics.

23. With respect to CHRC Québec, Corus indicated that this station has had some difficult years owing to the growth of predominantly spoken-word programming on local FM stations. Corus noted that because of the station's current orientation, CHRC has for some time been Québec's sports radio station and that it intended to build on this positioning. According to Corus, programming that is strongly focussed on sports and current affairs will fill a gap that no other station seems interested in filling.
24. With respect to CJRC Gatineau, CHLT Sherbrooke and CHLN Trois-Rivières, Corus stated its intention to transform these stations into information stations, in the broad sense of the term, and to offer network programming with which the public is already familiar. Corus added that local information would remain an important service for local communities, and would be provided from local newsrooms with a minimum of three journalists per station.
25. For each regional station, Corus explained that, in addition to its own programs, it could also draw from three sources of programming to develop a service adapted to each market: news from CINF (Info690); programming from CKAC focusing on sports, health and fitness; and public affairs and other discussion aired by CHMP-FM. Each market would thus have access to a mix of programs that would be determined based on the needs of each community. As the Trois-Rivières, Sherbrooke and Gatineau stations have not been profitable for a long time, a new programming focus, cost-cutting measures and the three proposed sources of material could, according to Corus, minimize future losses. In the case of CKRS Saguenay, given its current success, Corus did not see a need to change its general interest orientation.
26. With respect to CKTS, an English-language AM station in Sherbrooke, almost all the programs it airs currently come from CJAD Montréal, owned by Standard Radio Inc.. Corus proposed that its programming orientation remain the same, although Corus could provide CKTS with programming from CINF and CINW in Montréal and reports from the Corus Deep Sky network.
27. As far as CFOM-FM Lévis is concerned, Corus did not propose significant changes to its programming in the near future, but wanted to explore potential synergies arising from the joint ownership of CFOM-FM and CHRC Québec, where applicable.
28. In its applications, Corus proposed to amend the number of hours of local programming on each French-language AM station it proposed to acquire. Specifically, the applicant proposed to amend CKAC Montréal's existing condition of licence, which requires at least 31 hours of local programming and 16 hours and 36 minutes of news each broadcast week. The applicant proposed to replace it with a condition of licence that would require a minimum of 40 hours of local programming per week, including news.

29. For stations CHRC, CKRS, CHLN, CHLT and CJRC, Corus proposed a condition of licence requiring a minimum of 20 hours per week of local programming, including news. This condition of licence would replace the existing conditions of licence for the three stations, which currently require:
 - CHRC – 51 hours of local programming and 13 hours and two minutes of news;
 - CHLN – 36 hours and 30 minutes of local programming and 12 hours and 34 minutes of news; and
 - CHLT – 35 hours of local programming and 14 hours and 12 minutes of news.
30. Corus stated that CKRS and CJRC do not have conditions of licence related to local programming, but that these two stations currently broadcast the following:
 - CKRS – 45 hours of local programming including 3 hours and 41 minutes of local news; and
 - CJRC – 36 hours and 30 minutes of local programming, including 4 hours and 45 minutes of local news.
31. In response to concerns raised by interveners, prior to the public hearing, Corus submitted program schedules outlining the applicant's proposals with respect to local programming and the distribution of news programming. Corus provided additional information on these program schedules at the 7 September 2004 hearing.
32. These program schedules indicated the following proposed hours of local programming on the various stations:
 - CKAC – 98.5 hours per week;
 - CKRS – 43.5 hours per week;
 - CJRC and CHLT – 27 hours per week; and
 - CHRC and CHLN – 37 hours per week.
33. In the case of CKAC, the program schedule indicated that a large part of its local programming would be devoted to sports, including play-by-play broadcasts, interviews, features and commentary. The CKRS schedule indicated that local programming would include news broadcasts, public affairs and sports.
34. According to the schedules submitted for CJRC, CHLT, CHRC and CHLN, their local programming would include 25 hours of continuous news during the week and 2 hours of news on the weekend. For CHRC and CHLN, local programming would also include 10 hours of locally produced programming which would then be aired over the network: the program *Bien vivre* with Dr. Gilles Lapointe would be broadcast by CHRC, and the program *Un psy à l'écoute* with Dr. Mailloux would be broadcast by CHLN.
35. Corus explained that the news broadcast continuously during peak periods would be produced locally, and that, generally, 60% of news would be local and regional and 40% would be national and international.

36. The newscasts originating outside of the programming wheels of the stations would be network newscasts from CKAC Montréal, and would be prepared by the three journalists assigned to CKAC. As a result, according to Corus, the three journalists would not be [translation] “specifically and solely assigned to CKAC, but would also provide news for the regional stations when that news is not local news.”
37. Corus provided a description of the news staff that would be in place in its various stations after the transaction. Corus proposed to implement a new information entity in Montréal and pool all resources rather than have three separate newsrooms for CKAC, CHMP-FM and CINF (Info960). This new entity, under the heading “Corus – Nouvelles,” would include 17 journalists, that is, 11 for CINF, three for CKAC, two for CHMP-FM and one for CKOI-FM. In Québec, there would be four journalists for the two stations, CHRC and CFOM-FM. CJRC, CKRS and CHLT would each have three journalists, and CHLN would have four journalists.
38. According to Corus, there would always be at least one journalist at each station, seven days a week. The journalists at each station would be responsible for interrupting regular programming in the event of emergencies or to issue weather alerts.

Astral’s proposal

39. According to Astral, affiliating the stations acquired with the Énergie, RockDétente and Boom FM networks would strengthen these radio networks and extend their coverage in Quebec, thus making French-language FM radio more able to compete with other media and, in particular, to succeed in the national advertising market, a market largely dominated by television.
40. Astral expressed its intention to affiliate the five FM radio stations acquired from Corus with the three existing radio networks, as follows: CFVM-FM Amqui and CFZZ-FM Saint-Jean-Iberville with Boom FM, CJDM-FM Drummondville and CIKI-FM Rimouski with Énergie, and CJOI-FM Rimouski with RockDétente. Astral considers that each of these stations could then benefit from belonging to an established network, ensuring their development and growth, [Translation] “while maintaining and even strengthening their local roots.”
41. With respect to the diversity of musical programming in the markets affected by the transaction, Astral maintained that musical diversity would not be affected because three of the five radio stations, that is, CJDM-FM, CIKI-FM and CJOI-FM, would retain their existing musical format.
42. The other two stations, CFVM-FM and CFZZ-FM Saint-Jean-Iberville, would be affiliated with Boom FM and would replace their current adult contemporary format with a nostalgia music format. To accommodate the transfer of CFVM-FM and CFZZ-FM to the Boom FM network, Astral requested that a condition of licence be added that would authorize these nostalgia format music stations to reduce the minimum percentage of Canadian music selections to 30%, as permitted by Public Notice 1998-132.

43. Since the sale of the AM stations would put an end to the Astral stations' source of information programming, Astral made a commitment to create its own news service, which, according to the applicant, would have a positive impact on the diversity of information voices in Quebec.
44. Astral's proposals for information programming would include subscribing to press services. It would establish an Intranet network that could be accessed by all stations affiliated with the three networks, so that information could be archived and shared in real time. Reports prepared by a given station's news staff could thus be made available across Quebec and broadcast by any station that deems the information to be relevant to its audience. Astral would also establish an information policy with common principles that would apply to all of its networks and stations.
45. Astral specified that it expects that the five stations would, on average, have almost the same number of hours of weekly news programming as is currently provided, that is,
 - 2 hours and 49 minutes for CJOI-FM Rimouski (RockDétente), including 2 hours and 25 minutes during the week and 24 minutes on the weekend;
 - 2 hours and 49 minutes for CIKI-FM Rimouski and CJDM-FM Drummondville (Énergie), including 2 hours and 42 minutes during the week and 7 minutes on the weekend; and
 - 2 hours and 38 minutes for CFVM-FM Amqui and CFZZ-FM Saint-Jean-Iberville (Boom FM), including 2 hours and 20 minutes during the week and 18 minutes on the weekend.
46. Generally, approximately 60% of news programming would be local and regional news, with the remaining 40% devoted to provincial and national news shared among all of the network's stations.
47. Astral stated that the transaction would result in an overall increase in news staff. According to the tables submitted by Astral, there are currently 65 journalists assigned to news coverage for all of the Astral and Corus stations in Quebec. Astral currently employs a total of 42 journalists, 29 of whom work at Radiomédia. Corus currently has 23 journalists in Quebec. Following the transaction, Astral would employ 34 journalists and Corus 36, for a total of 70 journalists.

Interventions

48. There was a great deal of interest in the Astral-Corus transaction. Over 6,500 interventions were received from various organizations, associations and individuals from the regions concerned. The majority of these opposed the proposals by Corus. The interveners included municipalities, unions, federal, provincial and municipal elected officials, chambers of commerce and other organizations.

49. The Commission has taken into account all interventions received. In particular, interveners commented on the decrease in local programming, the need to reflect local communities, the change in CKAC's orientation, the "Montréalization" of radio in Quebec, the value of the transaction, the tangible benefits and musical diversity.
50. The Fédération nationale des communications (the Fédération) argued that the exchange of assets between Astral and Corus would accentuate the "Montréalization of the airwaves". More specifically, the Corus proposal relating to predominantly spoken-word stations could prove harmful for local communities were the Commission to allow a reduction in the number of hours of programming produced in the regions and its replacement with network programming. The change in CKAC's programming orientation from that of a general interest station to that of a station primarily focused on sports and health should not, according to the Federation, relieve the broadcaster of its obligation to provide adequate service to local communities, including information. The intervener also argued that, although Astral's commitment to operate its own newsrooms could improve the situation, the Commission should require Astral to adhere to its commitment to hire the news staff necessary to ensure that each station has a quality information service.
51. The Syndicat des employé(e)s de CHRC Quebec opposed the Corus application, maintaining that an approval would dilute not only the service offering but also the quality of private sector radio information in Quebec, particularly in the regions. According to the union, the reduction in local programming and the change in programming orientation proposed by Corus will confine CHRC to a niche that is too narrow for the Québec market.
52. The Coopérative de travail en télévision TéléCentre Drummond also expressed its concern about the "Montréalization" of information programming and the lack of a local development plan.
53. Several Members of Parliament and Members of the Quebec National Assembly intervened in the public process to express their concerns as to the ability of the stations in their regions to continue reflecting their communities. For example, Serge Cardin, the MP for Sherbrooke, appeared at the hearing to oppose the Corus application, stating that regional information is essential for a community because it creates a true sense of belonging. According to Mr. Cardin, a significant decrease in the number of hours of regional broadcasts and in the number of jobs, particularly among announcers and journalists at CHLT Sherbrooke, could accelerate the station's decline.

54. The Syndicat des employé(e)s de CJAB-FM et CKRS-AM also opposed the Corus application, primarily because of the significant decrease in local production at CKRS. According to the union, the Corus plan is a move toward a standardization of information voices, sources and content in the province because it reduces the number of local programs and employees working in information. The intervener also expressed concern that regional-specific issues would be absent from these “homogenized”, newscasts province-wide. The union proposed that the Commission approve a very short licence term to allow Corus to appear before the Commission at an early date, to discuss any improvements or problems that may arise.
55. The Conseil provincial du secteur des communications (CPSC) of the Canadian Union of Public Employees (CUPE) and the Syndicat des employés de CKAC intervened to oppose the applications by Astral and Corus. The interveners reminded the Commission that CKAC Montréal, created in 1922, is the world’s oldest private sector Francophone radio station. The unions submitted that the station has established an enviable reputation as being among the best providers of information and that it forms part of the cultural heritage of Quebec and Canada. The interveners expressed their concern that the elimination of the newsroom and the change in CKAC’s program orientation would lead to the elimination of a competitor, to the benefit of other Corus-owned stations in the Montréal market.
56. The Fédération professionnelle de journalistes du Québec (FPJQ) also opposed the purchase of CKAC and the Radiomédia network by Corus. According to the FPJQ, if the proposal by Corus were approved, the CKAC newsroom would be eliminated and nothing would replace it. Regional stations would be forced to reduce by half their production of local programming and would have to move into an all-news format, with staff reduced to the point that their mission would be impossible. The information produced by Corus using its own staff would replace the Quebec, Canadian and international news for which Corus would instead rely on agencies such as the Canadian Press.
57. The Association québécoise de l’industrie du disque, du spectacle et de la vidéo (ADISQ) and the Union des artistes (UDA) did not oppose the Astral and Corus applications, subject to their comments on, among other issues, the value of the transaction, the tangible benefits proposed by the applicants, the place given to culture in programming, and musical diversity. ADISQ questioned the value attributed to the transaction, and submitted that some elements of the exchange of assets agreement between Astral and Corus were not accounted for in the asset exchange valuation, despite the fact that they would constitute benefits derived from the exchange for both parties. The ADISQ also recommended that the tangible benefits amounting to 1% of the value of the transaction proposed in Astral’s application be paid to MusicAction rather than to the Harold Greenberg – Astral Media Fund. According to the intervener, the Harold Greenberg – Astral Media Fund has much less presence in Canada’s Francophone music industry than other organizations, such as MusicAction. It considered MusicAction to be far better able to manage the type of project proposed by Astral than the Harold Greenberg - Astral Media Fund.

58. ADISQ pointed out that the Corus application did not include any concrete plan to include cultural information in the AM stations' programming. According to ADISQ, AM radio has an important role to play in showcasing artists' careers by informing the public of the growth in artistic activity, particularly through magazine programs focusing on the cultural scene. Given that the exchange of assets would provide Astral with an opportunity to consolidate its dominant position in the Quebec radio industry by extending its networks into new markets, ADISQ asked the Commission to impose the necessary measures on Astral to ensure that the problem of musical diversity in radio is not further aggravated.
59. Mr. Richard Desmarais also opposed the proposed transaction, submitting that there are other ways to produce AM radio in Montréal and the regions than that proposed by Corus. He added that it would be better to have regional owners affiliated with a network originating with CKAC to prevent the "Montréalization" of the airwaves.

Applicants' replies

60. In response to the interventions concerning the transaction, Corus reminded the interveners of the financial status of the Radiomédia stations and CFOM-FM which, according to Corus, have reported, as a group, major losses amounting to \$500,000 per month and whose situation continues to worsen. Corus added that, because of this financial situation, a return to the past is impossible as is any thought of maintaining the status quo.
61. Corus stated that the programming of all regional stations would be completely local during peak periods, that is, in the morning, noon and late afternoon, which represents 85% of total listenership. This local programming would be oriented toward news and other information required by the communities served. According to its proposal, Corus would make available three sources of programming: CKAC, CINF (Info690) and CINW Montréal, which would, in Corus' words, [Translation] "enrich regional radio programming." According to Corus, information sharing and programming would be multi-directional: elements of programming from Montréal would be offered in the regions and the regional stations could supply programming to the Corus stations in Montréal.
62. In response, Corus maintained its proposal for the number of hours of local programming to be established by condition of licence for CKAC, that is, 40 hours, and for the other stations, 20 hours. However, in response to the concerns regarding the hours of local programming, Corus committed to broadcast a minimum of 27 hours per week of local programming on stations other than CKAC during the first two years of operation. Corus also specified that the number of hours in the program schedules was indicative of an intention on its part:

[Translation] It is a plan that we have submitted. As I said, we are going to do everything possible to put it into effect, obviously, it is part of our plan. There are, however, three levels: there is this intention of ours, there is the formal commitment, and then there is the condition of licence.

63. In its response to the interveners, Astral recalled the lengthy process involved in selling Radiomedia's assets that was triggered by the opposition of the Commissioner of Competition to the Astral-Télémedia transaction authorized by the Commission in Decision 2002-90. Astral also reiterated that the value of the assets exchanged in this transaction has been established at \$11 million, net of liabilities and debt. If Astral had informed Corus that it was obliged to assume any liabilities in terms of tangible benefits related to prior transactions, Astral considered that the value of the transaction would have been reduced by an equivalent amount.
64. With respect to local programming, Astral reminded the interveners that private sector commercial FM stations serving markets other than single-station markets are required to devote at least one-third of the broadcast week, or 42 hours, to local programming if they want to solicit and air local advertising. Nevertheless, Astral committed to broadcasting at least 63 hours of local programming per week in the case of CJOI-FM and at least 42 hours of local programming per week for each of the other four stations acquired from Corus, even if two of them are operated in a single-station market.
65. With respect to musical diversity, Astral pointed out that, in Decision 2002-90, it was required by condition of licence to file a report with the Commission on the diversity of musical formats aired by Énergie and RockDétente. In the event of an approval, Astral made a commitment to include data on Boom FM in future versions of this report.

The Commission's analysis and determinations

AM radio in Quebec

66. The Commission notes that the evolution of French-language private radio in Quebec over the last decade has been characterized by an increasing difficulty for AM radio to maintain its position, given the ever-increasing attraction of FM radio. The Commission notes in this respect that, overall, AM stations in Quebec have not been profitable in the past five years, incurring steady annual losses in their profit before interest and tax (PBIT) in the range of \$4.8 million to \$6.4 million.
67. The seven AM stations included in the proposed transaction had PBIT losses amounting to 1.9 million in 2003, i.e. a PBIT margin of -10%. A preliminary analysis of the most recent financial data for these stations shows that the losses have increased to \$3.9 million in 2004, i.e. a PBIT margin of -24%. Moreover, if the results of CKAC are excluded, it becomes clear that the financial position of the remaining six stations has further deteriorated over the last four years. On a consolidated basis, these six stations reported a PBIT margin of -33% in 2004, compared with a margin of -16% in 2001. By way of comparison, the PBIT margin for the commercial AM French-language radio industry was -8% in 2001 and -11% in 2003.

68. In addition to the increasing financial difficulties, the AM stations that are involved in this transaction have gone through nearly three years of uncertainty with respect to their ownership and programming orientation, following the transaction that was the subject of Decision 2002-90 and the consent agreement.

The trustee's concerns

69. The Commission notes that the present transaction is Astral's third attempt to put an end to the uncertainty that followed Decision 2002-90 and the consent agreement. In this respect, the Commission notes the concerns raised by the trustee during the public hearing as to the situation that currently exists in the stations that are the subject of the transaction. The trustee stated that he had seen the situation at the stations in question deteriorate in the past decade and that this deterioration had gained momentum since the start of uncertainty regarding the ownership and direction of these stations. The trustee explained that, when he agreed to act as trustee for CFOM-FM and the AM stations, he had expected the job to last only a few months or a year at most. This was not the case, however, and the matter has remained unresolved since the transaction that was the subject of Decision 2002-90 and of the consent agreement.
70. The trustee pointed out that the duration of the period of uncertainty and the negative human and financial repercussions were unprecedented. He added that it was his duty as trustee to point out the existence of an incontrovertibly urgent need for action and to note that the consequences of a new period of uncertainty, in human and financial terms, could be devastating.

The Commission's conclusions

71. The Commission is of the view that the difficult and deteriorating circumstances of these stations are adversely affecting their operations, the communities they are licensed to serve, their employees and the development of the AM radio industry in Quebec. The Commission considers that this unfavorable situation must be resolved as quickly as possible.
72. The Commission agrees, however, with the majority of the interveners that the proposals by Corus and Astral cannot be approved as submitted. The Commission is particularly concerned by how little local programming was proposed for the AM stations in question, and by the lack of reflection of the communities they serve.
73. Accordingly, while the Commission considers it appropriate that the transaction be approved, in order to put an end to the uncertainty in which the AM stations find themselves, it has imposed certain safeguards designed to mitigate the weaknesses of the proposal and the further concerns to which the transaction gives rise. Moreover, in order to allow it to assess, in a timely manner, the effectiveness of the measures that have been put in place, as well as to review progress with the licensee, the Commission has decided to issue the new licences for the AM stations on a short term basis.

74. In summary, the Commission finds that approval of the proposed transaction will, on balance, serve the public interest when taken together with the following measures:
- specific conditions of licence and expectations;
 - further conditions of licence specifying incremental requirements that will be phased in over a transition period; and
 - the issuance of short-term licences.
75. Consequently, and subject to the terms and conditions set out in the following paragraphs, the Commission **approves** the applications for authorization to acquire the assets of the broadcasting undertakings listed in Appendix 1 to this decision.

The Corus proposal

a) Hours of local programming

76. Corus proposed to significantly reduce the hours of local programming for the French-language AM stations acquired, particularly in the regions. In spite of the questions from the Commission and the concerns raised by the interveners, Corus continued to maintain its original proposal to broadcast, by condition of licence, a minimum of 20 hours of local programming per week, including news, on CHRC Québec, CKRS Saguenay, CHLN Trois-Rivières, CHLT Sherbrooke and CJRC Gatineau, and a minimum of 40 hours per week on CKAC Montréal.
77. Despite the fact that the program schedules proposed by Corus seemed to show a significant increase in local programming compared with the original proposal for each of the French-language AM stations in question, the Commission notes that, at the hearing, the applicant stated that the number of hours of local programming shown on the program schedules merely reflected its intention or a project that it would seek to implement by all means necessary.
78. In response to the concerns raised by the interveners and to the Commission's questions at the hearing aimed at seeking firmer commitments, Corus committed to broadcasting on the regional stations a minimum of 27 hours per week of entirely local programming, including two hours of local programming on the weekend, over the first two years of operation. Corus explained, however, that it was unable to accept this commitment as a condition of licence. According to Corus, [Translation] "There is this intention of ours, there is a formal commitment, and then there is the condition of licence."
79. The Commission considers that the additional commitments made by Corus do not respond in a satisfactory manner to the concerns related to community reflection raised by the interveners and by the Commission.

80. The Commission notes that paragraph 188 of the Commercial Radio Policy emphasizes the importance of local programming to local communities:

Section 3(1)(i)(ii) of the Act states that the programming provided by the Canadian broadcasting system should be “drawn from local, regional, national and international sources.” The radio industry has historically been the sector of the broadcasting system that has provided the lion’s share of programming addressing local issues and concerns. In many smaller communities, local radio stations are the only daily source of local news, information and emergency messages.

81. Given the importance of local programming, the Commercial Radio Policy summarizes in paragraph 198, the Commission’s approach:

The Commission will therefore maintain its one-third local programming guideline with respect to FM stations in competitive markets. It will also generally maintain its case-by-case approach for AM stations. In the future, all AM stations will be asked to make commitments in their licence renewal applications to a minimum level of local programming, and to describe how they will provide sufficient service to their local communities. Conditions of licence will be imposed in cases where the Commission deems them to be appropriate.

82. In light of its Commercial Radio Policy, the Commission finds that the commitments by Corus to local programming to be broadcast on its French-language AM stations are insufficient and represent a very significant and unacceptable reduction in existing local programming levels.

83. The Commission believes it is in the public interest to require local programming levels higher than those proposed by Corus. Further, given the fragility of the AM stations, the Commission also considers it appropriate that these programming levels be applied on an incremental basis over the licence term. The required levels of local programming reflect in part the program schedules filed by Corus and also take into account the needs expressed by the interveners.

84. Accordingly, by **condition of licence**, CKAC Montréal shall broadcast:

- (i) during the period ending 2 September 2006, at least **60 hours** of local programming in each broadcast week;
- (ii) during the period commencing 3 September 2006 and ending 1 September 2007, at least **70 hours** of local programming in each broadcast week; and
- (iii) during the period commencing 2 September 2007 and ending 31 August 2009, at least **80 hours** of local programming in each broadcast week

85. By **condition of licence**, each of the stations CJRC Gatineau, CHRC Québec, CHLT Sherbrooke, CHLN Trois-Rivières and CKRS Saguenay shall broadcast:
- (i) during the period ending 2 September 2006, at least **27 hours** of local programming in each broadcast week;
 - (ii) during the period commencing 3 September 2006 and ending 1 September 2007, at least **32 hours** of local programming in each broadcast week; and
 - (iii) during the period commencing 2 September 2007 and ending 31 August 2009, at least **37 hours** of local programming in each broadcast week.
86. For the purposes of these conditions of licence, “broadcast week” has the same meaning as that set out in section 2 of the *Radio Regulations, 1986*, and “local programming” has the same meaning as the definition of local programming set out in *Policies for Local Programming on Commercial Radio Stations and Advertising on Campus Stations*, Public Notice CRTC 1993-38, 19 April 1993, and reiterated in the Commercial Radio Policy, as amended from time to time.
- b) Community reflection
87. The Commission also has concerns regarding the type of local programming proposed by Corus. The Commission notes that, with the exception of CKAC and CKRS, the local programming proposed by Corus consists largely of an all-news component and programs produced locally for certain stations for network transmission, such as *Un psy à l'écoute* hosted by Dr. Mailloux, a program produced in Trois-Rivières, and *Bien vivre*, hosted by Dr. Gilles Lapointe from Québec.
88. The all-news component would include news produced locally and aired during peak periods. These all-news segments would specifically include local information, arts and culture news, business segments, community bulletins and sports information. While the Commission recognizes the value of this proposal in terms of its contribution to local reflection, it is of the view that the role of a regional broadcaster should not be limited to broadcasting news, but should also contribute to the production of local non-news programming. Moreover, Corus acknowledged that non-news programming, particularly in the case of station CKRS Saguenay, has contributed to its high ratings. It is of note that Corus does not plan to change that particular station’s programming orientation.
89. The Commission recognizes that the two local programs produced regionally for network broadcast qualify as local programming for the originating station, even though they are network broadcasts. However, the Commission is of the view that this type of general interest programming is not necessarily consistent with one of the objectives of the definition of local programming, that is, to reflect the community served by the station. This definition specifies, among other things, that in their local programming,

licensees must include spoken-word material of direct interest to local communities, such as local news, weather and sports, as well as the promotion of local events and activities. As pointed out by numerous interveners, this type of programming produced for the network would not allow radio stations to play a central role in reflecting the interests and concerns of the communities they serve.

90. The Corus proposals regarding news and information programming broadcast in off-peak periods during the week and on weekends also raised concerns on the part of interveners. The Commission shares these concerns. AM stations are often the only daily source of local news and information, hence the importance of programming specifically designed for the community served by the station in question. In this respect, the Commission notes that, with the exception of CKAC, according to the program schedules submitted, locally-produced news bulletins would be limited to peak listening hours during the week and to one hour per day on weekends. All other news bulletins would originate from the network.
91. Furthermore, the Commission shares the concerns raised by certain interveners as to whether the news staff planned for the regional stations is sufficient to provide local information of quality. The interveners emphasized that quality local information requires a sufficient number of local journalists to gather, process and broadcast the news. Otherwise, the role of the on-air journalist could be limited to reading information from various external sources, thereby accentuating the homogenization of newscasts as well as of news voices in the regions.
92. In light of the above, the Commission reminds the applicant of the definition of local programming, as set out in the Commercial Radio Policy:

Local programming includes programming that originates with the station or is produced separately and exclusively for the station. It does not include programming received from another station and rebroadcast simultaneously or at a later time; nor does it include network or syndicated programming that is five minutes or longer unless it is produced either by the station or in the local community by arrangement with the station.

In their local programming, licensees must include spoken-word material of direct and particular relevance to the community served, such as local news, weather and sports, and the promotion of local events and activities.

93. To ensure that local programming meets community needs, the Commission expects that the majority of local programming, that is, over 50%, will be devoted to “spoken-word material of direct and particular relevance to the community served, such as local news, weather and sports, and the promotion of local events and activities.” For the purposes of this expectation, the definition of spoken-word material is appended to *Revised content categories and subcategories for radio*, Public Notice CRTC 2000-14, 28 January 2000.

c) Programming orientation of CKAC

94. The Commission also notes the concerns of interveners regarding the change of programming orientation for CKAC Montréal, and its impact on news staff. As pointed out by certain interveners, the Commission recognizes the importance of maintaining an independent and original source of information for private sector radio in Quebec. Since its creation, CKAC has had its own newsroom and has produced its own national and local news, counting on its own news staff, including parliamentary correspondents. However, the newsroom at CKAC, which has served as the network source for information broadcast to all Astral stations, would be eliminated upon completion of the transaction. CKAC would therefore not longer play the same role in gathering and processing information.
95. The Commission notes that, as a result of the proposed change in CKAC's programming orientation, i.e. from that of a general interest station to one primarily oriented towards sports and health, CKAC's predominantly spoken-word programming should complement the programming of CHMP-FM. As approved today in Decision 2005-16, the broadening of the programming orientation of CHMP-FM to include current affairs, public affairs and arts news should be effective in ensuring a further degree of diversity in the programming offered in the Montréal area. The Commission notes that, even were the news staff at CKAC reduced, Montréalers would continue to receive news produced for the Montréal market by a total of 17 journalists working at Corus Montréal stations CINF (Info690), CHMP-FM, CKAC and CKOI-FM.

d) Other matters

96. In accordance with the commitment made by Corus at the hearing with respect to all AM stations involved in this transaction, the Commission expects Corus to comply fully with the spoken-word guidelines that Radiomedia submitted to the Commission on 21 December 1994.
97. As proposed, Corus will assume responsibility for all of the unfulfilled tangible benefits related to its acquisition of various broadcasting undertakings from Power Broadcasting Inc. approved in *Acquisition of assets*, Decision CRTC 2000-87, 24 March 2000.

The Astral proposal

a) Musical diversity and access to the airwaves

98. The radio industry in Quebec today includes several ownership groups. Astral accounted for 59% of the total French-language radio revenues reported to the Commission in 2003, which far outweighs its competitors' share. Astral is followed by Corus, with 14% of total revenues. Astral is also the dominant ownership group in terms of radio listenership, attracting 43% of French-language radio listeners, according to the BBM Fall 2003 survey.

99. Following the exchange of assets proposed by Astral and Corus, Astral would become the sole owner of commercial radio stations in Drummondville, St-Jean-Iberville, Rimouski and Amqui. Further, based on revenues reported for 2003, Astral would continue to earn over 50% of total radio revenues of the markets affected by this transaction, with the exception of Montréal. Of course, competition is greater than this portrait of radio revenues suggests because it does not take into account competition from non-commercial stations, such as the CBC. Furthermore, the Commission recently issued licences in the Québec, Sherbrooke and Trois-Rivières regions, which will increase competition in those markets. As far as the Québec and Gatineau markets are concerned, the Commission has received several new licence applications on which it will rule in the future. The fact remains, however, that Astral is far outpacing its competitors in Quebec radio.
100. The Commission is concerned about the potential effects of Astral's position on opportunities for Canadian artists and on independent music production, and the potential undue influence that could result from an approval of Astral's application as submitted to the Commission. Astral, with the possibility of extending the coverage of its three networks, offering three formats covering each audience segment, and playing various styles of music, could exercise an undue influence that various producers and artists would have to face in order to access the airwaves. Ultimately, Astral could possess the ability to influence the success or failure of an individual musical selection or an artist.
101. To prevent such a situation, in Decision 2002-90, the Commission required, as a condition of licence, that Astral file an annual report that can be used to assess changes in the diversity of musical selections and of Canadian Francophone artists aired during the previous year on each of its predominantly music-based network services, Énergie and Rock D tente.
102. In 2004, Astral filed an initial version of this report for 2003. The Commission has asked ADISQ and the UDA to comment on the report so as to determine if the report responds to their needs and concerns as well as those of representatives from the arts community. The Commission will review this issue in greater depth in light of the comments it receives.
103. The Commission believes that the procedure of reporting annually on the diversity of musical selections and Canadian Francophone artists continues to be the best solution for now to prevent any undue influence and any resulting impact on musical diversity. Accordingly, the Commission requires, by **condition of licence** that, for the FM stations acquired, the licensee file each broadcast year, in a format approved by the Commission, a report on the diversity of musical selections aired on each of its three predominantly music-based FM network services, that is,  nergie, Rock D tente and Boom FM.

b) Local programming

104. With respect to interveners' concerns regarding local programming, the Commission notes the two commitments by Astral that go above and beyond the requirements imposed on all private broadcasters, that is, to broadcast at least 63 hours of local programming per week on CJOI-FM Rimouski, which will be affiliated with RockDétente, and to broadcast at least 42 hours of local programming per week on each of the four other stations acquired from Corus. The Commission expects Astral to abide by these commitments.

c) News service

105. With respect to the diversity of voices, the Commission notes Astral's commitment to create its own news service that would supply news to its FM networks on a daily basis. This represents the entry of a new voice in Quebec's information sector. The addition of this new service would also result in an increase in news staff across Quebec.
106. The Commission also notes Astral's statement that the stations acquired will air about the same number of hours of news per week as that currently broadcast, on average, on all of the stations belonging to Astral.

d) Value of the transaction and tangible benefits

107. As part of their exchange of radio stations, Astral and Corus each estimated the value of the assets it proposed to exchange at \$11 million. In its application, Astral proposed tangible benefits of \$660,000, or 6% of the value of the assets that would be acquired by Astral. According to Astral, the value of the transaction was mutually established by the parties involved and validated by the firm, Étude Économique Conseil. After conducting its own review of the value of the assets exchanged, the Commission agrees that \$11 million represents the value of the shares that Astral proposes to acquire.
108. The Commission notes that, of the \$660,000 proposed by Astral, \$105,000 would be paid to the Harold Greenberg – Astral Media Fund to promote excellence in Canadian French-language song. Astral confirmed at the hearing that, to date, the Harold Greenberg – Astral Media Fund has not contributed to the financing of musical recordings.
109. According to the Commercial Radio Policy, the Commission expects financial contributions to be distributed as follows:
- 3% to be allocated to a new Canadian music marketing and promotion fund;
 - 2% to be allocated, at the discretion of the purchaser, to FACTOR or MusicAction; and

- 1% to be allocated, at the discretion of the purchaser, to either of the above initiatives, to other Canadian talent development initiatives, or to other eligible third parties directly involved in the development of Canadian musical and other artistic talent, in accordance with *Contributions by Radio Stations to Canadian Talent Development – A New Approach*, Public Notice CRTC 1995-196, 17 November 1995 (Public Notice 1995-196).

110. Created in 1986, the Harold Greenberg – Astral Media Fund is an independent production fund certified by the Commission to receive and administer contributions from broadcasting distribution undertakings. This fund financially supports the production of English- and French-language films, as well as documentaries, musical television programs, special events and French-language videos. The Commission is of the view that the Fund does not satisfy the third-party eligibility criteria as defined in Public Notice 1995-196. It notes that Astral agreed to redirect \$105,000 to the Radio Star Fund if the Commission were to determine that the proposed fund was unacceptable. The Commission requires that the contribution that Astral proposed to make to the Harold Greenberg – Astral Media Fund be made, instead, to the Radio Star Fund.

111. The Commission notes that Astral will continue to be responsible for all remaining tangible benefits relating to previous transactions involving Télémédia, Radio Etchemin and Radiomutuel.

e) Other matters

112. For stations CFVM-FM Amqui and CFZZ-FM Saint-Jean-Iberville, the Commission approves Astral's application to add a condition of licence authorizing these "oldies" format stations to reduce the minimum percentage of Canadian musical selections to 30%, as envisaged in Public Notice 1998-132. The licences will be subject to the following **condition of licence**:

The licensee shall, as an exception to the percentage of Canadian musical selections set out in sections 2.2(8) and 2.2(9) of the *Radio Regulations, 1986*, in any broadcast week where at least 90% of musical selections from content category 2 that it broadcasts are selections released before 1 January 1981:

- in that broadcast week, devote 30% or more of its musical selections from content category 2 to Canadian selections broadcast in their entirety; and
- between 6 a.m. and 6 p.m., in the period beginning on Monday of that week and ending on Friday of the same broadcast week, devote 30% or more of its musical selections from content category 2 to Canadian selections broadcast in their entirety.

The licensee will also be responsible for specifying, on the music lists it provides to the Commission, the year of release for all musical selections it broadcasts.

For the purposes of this condition, the terms “ broadcast week,” ”content category” and ”musical selection” shall have the meaning set out in section 2 of the *Radio Regulations, 1986*.

113. The Commission also approves Astral’s application for a licence to operate a French-language radio network for the purposes of broadcasting the football games of the Montréal Alouettes during the 2004, 2005 and 2006 seasons. Programming for the proposed network will originate from CKAC Montréal. The assets of this network will subsequently be transferred to Corus as part of this transaction.

Issuance of licences

Corus

114. The new licences issued to Corus expire 31 August 2009. This term will allow the Commission to review the performance of the licensee in the context of a public process within a reasonable timeframe.
115. New licences for the stations acquired by Corus pursuant to this decision shall be issued upon surrender of the current licences issued to Astral and Radio Etchemin.
116. A list of the conditions of licence for each of the stations to be acquired by Corus is set out in Appendix 2 to this decision.
117. The licences for the digital radio stations CKAC-DR-2 and CJRC-DR-2 will be subject to the terms and conditions set out in *Operation of new transitional digital radio undertakings in Montréal*, Decision CRTC 98-498, 19 November 1998 and in *Transitional digital radio undertakings in Gatineau*, Broadcasting Decision CRTC 2002-363, 13 November 2002.

Astral

118. The Commission has decided to maintain the current expiry date for all licences for the stations acquired, that is, 31 August 2006, with the exception of the licence for CFVM-FM Amqui, which will expire 31 August 2009. The licence term ending in 2006 coincides with the renewal date of several other stations belonging to Astral, thus enabling the Commission to assess the impact of this decision in a more comprehensive manner at the time of those licence renewals.
119. New licences for the stations acquired by Astral pursuant to this decision shall be issued upon surrender of the current licences issued to Corus.
120. A list of conditions of licence for each of the stations to be acquired by Astral is set out in Appendix 3 to this decision.

Confirmation required

121. Corus and Astral shall each provide written confirmation, within 30 days of this decision, that they will complete the transaction in accordance with the terms and conditions set out herein. Failure to provide such confirmation within the required timeframe shall render this decision null and void.

Secretary General

This decision is to be appended to each licence. It is available in alternative format upon request, and may also be examined at the following Internet site: <http://www.crtc.gc.ca>.

Appendix 1 to Broadcasting Decision CRTC 2005-15

List of the Quebec radio undertakings involved in the transaction

Undertakings that Astral proposes to acquire:

- CFVM-FM Amqui
- CJDM-FM Drummondville
- CJOI-FM Rimouski
- CIKI-FM Rimouski and its transmitter CIKI-FM-2 Sainte-Marguerite-Marie
- CFZZ-FM Saint-Jean-Iberville

Undertakings that Corus proposes to acquire:

- CKAC Montréal
- CHRC Québec
- CJRC Gatineau
- CKRS Saguenay
- CHLN Trois-Rivières
- CHLT Sherbrooke
- CKTS Sherbrooke
- CFOM-FM Lévis

- Digital radio stations CKAC-DR-2 Montréal and CJRC-DR-2 Gatineau
- The CHLN network to broadcast its programming on CKSM
- The Montréal Canadiens hockey network
- The Montréal Alouettes football network

Appendix 2 to Broadcasting Decision CRTC 2005-15

Conditions of licence for the stations acquired by Corus

With the exception of the digital radio stations, the licence for each station will be subject to the conditions set out in *New licence form for commercial radio stations*, Public Notice CRTC 1999-137, 24 August 1999.

CKAC Montréal

The licensee shall broadcast:

1. during the period ending 2 September 2006, at least **60 hours** of local programming in each broadcast week;
2. during the period commencing 3 September 2006 and ending 1 September 2007, at least **70 hours** of local programming in each broadcast week; and
3. during the period commencing 2 September 2007 and ending 31 August 2009, at least **80 hours** of local programming in each broadcast week.

For the purposes of these conditions of licence, “broadcast week” has the same meaning as that set out in section 2 of the *Radio Regulations, 1986*, and “local programming” has the same meaning as the definition of local programming set out in *Policies for Local Programming on Commercial Radio Stations and Advertising on Campus Stations*, Public Notice CRTC 1993-38, 19 April 1993, and reiterated in the Commercial Radio Policy, as amended from time to time.

CJRC Gatineau, CHRC Québec, CHLT Sherbrooke, CHLN Trois-Rivières and CKRS Saguenay

Each of these stations shall broadcast:

1. During the period ending 2 September 2006, at least **27 hours** of local programming in each broadcast week;
2. during the period commencing 3 September 2006 and ending 1 September 2007, at least **32 hours** of local programming in each broadcast week; and
3. during the period commencing 2 September 2007 and ending 31 August 2009, at least **37 hours** of local programming in each broadcast week.

For the purposes of these conditions of licence, “broadcast week” has the same meaning as that set out in section 2 of the *Radio Regulations, 1986*, and “local programming” has the same meaning as the definition of local programming set out in *Policies for Local Programming on Commercial Radio Stations and Advertising on Campus Stations*, Public Notice CRTC 1993-38, 19 April 1993, and reiterated in the Commercial Radio Policy, as amended from time to time.

CKAC Montréal and CJRC Gatineau – transitional digital radio

The licensee shall adhere to the conditions of licence in effect under the current licence issued to its associated station.

The licensee shall adhere to Parts 1 and 1.1 of the *Radio Regulations, 1986*.

The licensee is relieved of the requirement set out in section 10.1 of the *Radio Regulations, 1986* to own and operate its transmitter.

The licensee shall not use the ancillary capacity of the digital radio signal to provide services that constitute programming under the *Broadcasting Act*, unless otherwise authorized by the Commission.

The licensee shall use no more than 20% of the digital capacity of the 1.5 MHz channel specified for use by the geographic grouping of broadcasters to which the undertaking belongs.

The digital radio signal broadcast by the transitional digital radio undertaking associated with the existing FM or AM undertaking shall be broadcast from a single primary digital radio transmitter that is located so as to ensure that the resulting digital radio coverage area does not exceed the lesser of:

- (a) the licensee's corresponding FM or daytime AM coverage areas; that is, the 0.5 millivolt per metre coverage area, or
- (b) the digital service area allotted to the licensee under the Department of Industry's spectrum allocation plan.

The licensee shall have full control over the transmission of its programming, regardless of the ownership of the transmission facilities that it uses.

CFOM-FM Lévis

The licensee shall, as an exception to the percentage of Canadian musical selections set out in sections 2.2(8) and 2.2(9) of the *Radio Regulations, 1986*, in any broadcast week where at least 90% of musical selections from content category 2 that it broadcasts are selections released before 1 January 1981:

- in that broadcast week, devote 30% or more of its musical selections from content category 2 to Canadian selections broadcast in their entirety; and
- between 6 a.m. and 6 p.m., in the period beginning on Monday of that week and ending on Friday of the same broadcast week, devote 30% or more of its musical selections from content category 2 to Canadian selections broadcast in their entirety.

The licensee will also be responsible for specifying, on the music lists it provides to the Commission, the year of release for all musical selections it broadcasts.

For the purposes of this condition, the terms “broadcast week,” “content category” and “musical selection” shall have the meaning set out in section 2 of the *Radio Regulations, 1986*.

Appendix 3 to Broadcasting Decision CRTC 2005-15

List of conditions of licence for the stations acquired by Astral

The licence for each station will be subject to the conditions set out in *New licence form for commercial radio stations*, Public Notice CRTC 1999-137, 24 August 1999.

CFVM-FM Amqui and CFZZ-FM Saint-Jean-Iberville

The licensee shall, as an exception to the percentage of Canadian musical selections set out in sections 2.2(8) and 2.2(9) of the *Radio Regulations, 1986*, in any broadcast week where at least 90% of musical selections from content category 2 that it broadcasts are selections released before 1 January 1981:

- in that broadcast week, devote 30% or more of its musical selections from content category 2 to Canadian selections broadcast in their entirety; and
- between 6 a.m. and 6 p.m., in the period beginning on Monday of that week and ending on Friday of the same broadcast week, devote 30% or more of its musical selections from content category 2 to Canadian selections broadcast in their entirety.

The licensee will also be responsible for specifying, on the music lists it provides to the Commission, the year of release for all musical selections it broadcasts.

For the purposes of this condition, the terms “broadcast week,” “content category” and “musical selection” shall have the meaning set out in section 2 of the *Radio Regulations, 1986*.

CIKI-FM Rimouski and its transmitter CIKI-FM-2 Sainte-Marguerite-Marie

The licensee shall not solicit local advertising in the Baie-Comeau market and the surrounding areas served by local stations.

CJOI-FM Rimouski

The licensee :

- shall refrain from soliciting advertising in markets that fall outside its primary coverage area;
- shall contribute \$1,400 per year in direct costs to the development of Canadian talent, with \$1,000 going to MusicAction. The Commission notes that the MusicAction contribution is in addition to the licensee’s annual \$500 commitment for a student of Rimouski’s Conservatoire de musique.

CFVM-FM Amqui, CJDM-FM Drummondville, CJOI-FM Rimouki, CIKI-FM Rimouski and its transmitter CIKI-FM-2 Sainte-Marguerite-Marie and CFZZ-FM Saint-Jean-Iberville

The licensee shall file, no later than 30 November of each broadcast year, in a format approved by the Commission, a report on the diversity of musical selections aired on each of its three predominantly music-based FM network services, that is, Énergie, Rock Détente and Boom FM.