



## Broadcasting Decision CRTC 2003-193

Ottawa, 2 July 2003

**Gilles Lajoie and Colette Chabot, on behalf of a corporation to be incorporated**  
Laval, Quebec

*Application 2001-1117-0  
Public Hearing at Montréal, Quebec  
3 February 2003*

### **Commercial French-language AM radio station in Laval**

*In this decision, the Commission **approves** the application by Gilles Lajoie and Colette Chabot, on behalf of a corporation to be incorporated (Lajoie and Chabot), for a new commercial French-language AM radio station in Laval at 1570 kHz. The proposed station will provide a nostalgia format and will target an adult audience aged 50 years and over.*

### **Introduction**

1. The Commission received an application by Gilles Lajoie and Colette Chabot, on behalf of a corporation to be incorporated (Lajoie and Chabot), for a broadcasting licence to operate a commercial French-language AM radio programming undertaking in Laval at 1570 kHz with a transmitter power of 10,000 watts, day and night.
2. The Commission considered this application at a public hearing held in Montréal from 3 to 19 February 2003. At the hearing, the Commission heard eleven other applications in connection with the Montréal market. The Commission today also approves four of these proposals: the operation of a French-language commercial FM radio station (Broadcasting Decision CRTC 2003-192), of an ethnic commercial FM radio station (Broadcasting Decision CRTC 2003-194), of a native FM radio station (Broadcasting Decision CRTC 2003-195), as well as the request for the addition of a transmitter to the broadcasting licence for a Canadian Broadcasting Corporation radio station associated with the Radio One network (Broadcasting Decision CRTC 2003-196).
3. The criteria used by the Commission to evaluate the applications considered at the 3 February 2003 public hearing are set out in *Introductory statement to Broadcasting Decisions CRTC 2003-192 to 2003-203: Applications related to radio stations in the Province of Quebec*, Broadcasting Public Notice CRTC 2003-33, 2 July 2003 (the Introductory Statement). In the Introductory Statement, the Commission also addresses the various proposals that were technically mutually exclusive and the general

interventions to most of the applications, and states its conclusions on the capacity of the markets in Montréal, in Sherbrooke, in Trois-Rivières and in Saguenay to support the addition of one or more new radio stations, taking into account the competitive state of each market.

4. The present decision addresses the particulars of Lajoie and Chabot's application.

### **Ownership structure**

5. The applicant is a company with share capital that is to be incorporated under federal jurisdiction and effectively controlled by Mr. Gilles Lajoie. The Commission expects the applicant to submit documentation establishing that an eligible Canadian corporation has been incorporated in accordance with the *Direction to the CRTC (Ineligibility of Non-Canadians)*, P.C. 1997-486, 8 April 1997, as amended by P.C. 1998-1268, 15 July 1998. The Commission further expects the applicant to file a copy of the shareholder agreement once it is finalized.

### **Programming overview**

6. The new station will broadcast 126 hours a week of locally produced programming. In order to keep the station on the air from 6 p.m. to midnight, the applicant proposed to broadcast, in each broadcast week, 42 hours of programming originated by an automated computer system. The programming will target an adult audience aged 50 years and over. In accordance with its nostalgia format, the station will broadcast musical selections from the 1940s to the 1970s.

### **The interventions**

7. Many interventions were filed in connection with this application: 20 in support, one in opposition and three that commented on the proposal.
8. The opposing intervention submitted by the Association des radiodiffuseurs communautaires du Québec (ARCO) as well as the comments filed by the Société professionnelle des auteurs et des compositeurs du Québec, the Association québécoise de l'industrie du disque, du spectacle et de la vidéo and the Union des artistes are discussed in the Introductory Statement.

### **Evaluating the application**

9. In its assessment of applications for new commercial radio stations, the Commission takes into account four main factors or bases of comparison that it has identified as being relevant. While the relative importance of the factors will vary depending on the specific circumstances of the market, these factors are:
  - the quality of the application;
  - the diversity of news voices in the market;

- the likely impact of a new entrant or entrants; and
- the competitive state of the market.<sup>1</sup>

#### **Quality of the application**

10. The Commission generally assesses the quality of applications competing for licences to operate new commercial radio stations by examining the following:
  - local programming proposals and plans for providing reflection of the local community;
  - Canadian content commitments;
  - quality of the business plan, including the proposed station format; and
  - commitments in support of the development of Canadian talent.

#### *Local programming and local reflection*

11. In *Commercial Radio Policy 1998*, Public Notice CRTC 1998-41, 30 April 1998 (the Commercial Radio Policy), the Commission stated that it would not impose a minimum level of local programming on AM stations. However, stations must include spoken word material in their local programming that is of direct interest to the communities they serve, such as local news, local weather forecasts and local sports, as well as promotion of local activities and events.
12. The applicant stated that all programs will be produced at the station by its own staff. It specified that, in each broadcast week, it will devote 30 hours to spoken-word programming, including three hours of news. The news will be 40% local, 40% regional and 20% national and international. The applicant stated that the local news will cover Laval and the regional news will cover Montréal.
13. The spoken word programming will also include magazine-style shows dealing with issues related to health, food and fitness as well as interviews with prominent figures from a variety of fields.
14. The Commission is satisfied with the information provided at the hearing by Lajoie and Chabot regarding local and spoken word programming and, in particular, with respect to local and regional news.

#### *Canadian content*

15. The *Radio Regulations, 1986* require commercial stations to ensure that at least 35% of the popular music selections (category 2) they play during the broadcast week, and between 6 a.m. and 6 p.m. Monday to Friday, are Canadian. In *Regulations amending the Radio Regulations, 1986 – Commercial Radio Programming*, Public Notice CRTC 1998-132, 17 December 1998, the Commission announced that it would be prepared to approve applications by licensees of stations whose format is based on older

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<sup>1</sup> The relevance of these four factors was highlighted by the Commission in *Introductory Statement – Licensing new radio stations* which appeared in Decisions CRTC 99-480, 99-481 and 99-482, all dated 28 October 1999.

music for conditions of licence permitting them to broadcast a minimum of 30% Canadian popular music during any broadcast week where at least 90% of the music they play consists of selections released before 1 January 1981.

16. Given the nature of the musical programming proposed by the applicant, which consists of musical selections from the 1940s to the 1970s, the Commission considers that it is appropriate to impose 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 would also be responsible for specifying, on the music lists it provides to the Commission, the year of release for all musical selections it broadcasts.

17. A condition of licence to this effect is also set out in the appendix to this decision.

*Business plan and proposed format*

18. Lajoie and Chabot's business plan is based on a nostalgia format with a target audience aged 50 years and over. The applicant projected that it would derive advertising revenues of about \$3 million over five years. It submitted that [TRANSLATION] "Radio Nostalgie will fulfil its mission with only 2% of the market: 1% will come from stations that sometimes include oldies music in their programming mix, stations tuned to, on occasion, by listeners aged 50 years or over. The remaining 1% will come from Laval residents who will identify with the new station." Having reviewed the application and in light of the additional information obtained at the hearing, the Commission finds that the applicant has presented a viable business plan.

*Canadian talent development*

19. Under the terms of the Canadian Association of Broadcasters' (CAB) Canadian Talent Development Fund (CAB Development Fund), licensees who join the plan and serve markets the size of the Montréal market must contribute at least \$27,000 to the CAB Development Fund through eligible third parties.

20. The applicant asked to be exempted from the CAB's *Distribution Guidelines for Canadian Talent Development* (CAB Guidelines). The applicant requested that the proposed station be deemed a suburban station and be required to meet only the commitments related to the promotion of Canadian artists proposed in the application as a condition of licence.
21. In support of its request for an exemption, the applicant raised the following points: the contours of the proposed station are much smaller than those of Montréal stations; the proposed station is intended to be a local station which, through its information, public affairs programming and spoken word programming, will focus on the City of Laval; and the proposed station's projected revenues are a fraction of the revenues of big Montréal stations.
22. The applicant proposed, instead, to contribute \$8,000 a year to the promotion of Canadian artists in the form of four \$2,000 scholarships that it would give to the following organizations:
  - Les Ateliers de musique de Laval, an organization that promotes music among retired musicians who give concerts in support of churches, community centres and senior citizens' homes;
  - Au fil des sons, a choir that recruits singers aged 50 years and over and performs in senior citizens' homes;
  - Les Petits chanteurs de Laval, an organization that promotes choral music and contributes to the musical and cultural development of its members and the public;
  - the Orchestre symphonique des jeunes Laval-Laurentides, an organization that gives young musicians the opportunity to play in an orchestra and brings symphonic music to a wide audience.
23. The Commission reiterates that, in the case of an AM station, the Commission defines the market as any area within the contours of the 15 millivolt per metre signal (daytime) or the central region as defined by the BBM Bureau of Measurement, whichever is smaller. In the case of the proposed AM station, the contours are limited to Laval and a small portion of West Montréal (Pointe-Claire). Because those contours are smaller than the Montréal central market, as defined by the BBM, the Commission finds that the market of the proposed station is Laval and the surrounding area.
24. Moreover, in view of the target market and the fact that the station's projected advertising revenue is low, the Commission considers that it is appropriate to exempt the applicant from the CAB Guidelines. The Commission, however, requires the applicant to abide by the commitment stated above, by **condition of licence**, as set out in the appendix to this decision.

### **Diversity of news voices in the market**

25. Since Lajoie and Chabot represent a new entrant in the market and all of the programming to be aired by the proposed station will be produced locally, the Commission considers that the new station will add to the diversity of news voices in the market.

### **Impact of a new entrant and competitive state of the market**

26. The Commission generally seeks to ensure that the competitive impact of a new entrant to a radio market will not impinge unduly on the ability of existing stations to meet their programming responsibilities under the *Broadcasting Act* (the Act). At the same time, the Commission's predisposition lies clearly in favour of increased competition and diversity, and the improvements in the overall quality of available services that these promote.
27. The applicant projected that it will attract a 2% share of the market, of which 1% will be listeners to existing stations in Greater Montréal and 1% will be new listeners in Laval. In view of the fact that the station's target market is Laval, and given that the station will operate on the AM band, the Commission considers that the new station will have a minimal or negligible impact on the Montréal market. The capacity of the Montréal market to absorb one or more new entrants, the state of competition in that market, and the opposing intervention from the ARCQ in this regard are discussed in the Introductory Statement.

### **Cultural diversity**

28. In Commercial Radio Policy, the Commission encouraged all radio broadcasters to reflect the cultural diversity of Canada in their programming and employment practices, especially with respect to news, music and promotion of Canadian artists.
29. The Commission notes the information provided by the applicant in its application and at the hearing regarding the new station's on-air cultural diversity. The applicant stated at the hearing:

[TRANSLATION] we have to reflect it in our programming and in day-to-day operations; there is a magazine that reflects the main interests of the age group we are trying to serve, not only in information and newscasts, but also in cultural information and the overall programming context. There are large Jewish and Greek communities in Laval. There are large Italian and Haitian communities, too, but there are other cultural minorities in Laval, and we have to include everyone.

30. The Commission encourages the applicant to promote Canada's cultural diversity through its programming and also through the criteria used to hire staff for its new station.

### **The Commission's conclusion**

31. The Commission finds that Lajoie and Chabot have presented a good quality application. In view of the fact that all of the programming will be produced locally, the proposed station will add to the amount of local programming available to the public in Laval. In addition, the Commission is satisfied that the station's impact on stations in the Montréal market will be negligible.
32. Accordingly, the Commission **approves** the application by Gilles Lajoie and Colette Chabot, on behalf of a corporation to be incorporated, to operate a commercial French-language AM radio programming undertaking in Laval. The station will operate at 1570 kHz with a transmitter power of 10,000 watts, day and night.

### **Issuance of the licence**

33. The licence will expire 31 August 2009 and will be subject to the conditions specified therein and in the appendix to this decision.
34. The Commission reminds the applicant that, pursuant to section 22(1) of the *Broadcasting Act*, no licence may be issued until the Department of Industry notifies the Commission that its technical requirements have been met, and that a broadcasting certificate will be issued.
35. A licence will be issued once the applicant has satisfied the Commission, with supporting documentation, that the following requirements have been met:
- an eligible Canadian corporation has been incorporated in accordance with the application; and
  - 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 2 July 2005. 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**

36. In accordance with *Implementation of an employment equity policy*, Public Notice CRTC 1992-59, 1 September 1992, the Commission encourages the applicant 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 at the following Internet site: <http://www.crtc.gc.ca>*



## Appendix to Broadcasting Decision CRTC 2003-193

### Conditions of licence

1. The licence shall be subject to the conditions set out in *New licence form for commercial radio stations*, Public Notice CRTC 1999-137, 24 August 1999, with the exception of condition of licence no. 5.
2. 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 would 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 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*.

3. The licensee shall assist in the promotion of Canadian artists by contributing \$8,000 a year to the Canadian Association of Broadcasters’ Canadian Talent Development Fund through eligible third parties.