



Broadcasting Decision CRTC 2006-129

Ottawa, 5 April 2006

Radio CJFP (1986) Itée
Rimouski, Quebec

Application 2005-0685-0
Public Hearing in the National Capital Region
19 December 2005

French-language FM radio station in Rimouski

*The Commission **approves** an application to operate a French-language FM commercial radio station in Rimouski, Quebec.*

The application

1. The Commission received an application from Radio CJFP (1986) Itée (Radio CJFP) for a broadcasting licence to operate a French-language commercial FM radio programming undertaking in Rimouski, Quebec.
2. The proposed station would operate at 93.3 MHz (channel 227C1) with an average effective radiated power of 18,197 watts.
3. Radio CJFP proposed to offer an opinion and classic rock format. Twenty percent of the programming would be spoken word, which would include local news, information and sports. The new station would offer a magazine-type program with interviews focusing on regional news, sports and socio-cultural information.
4. The station would offer a total of 126 hours of programming per week, including 42 hours of locally produced programming during each broadcast week for the first two years of the licence term. That number would increase to 60 hours during the third year of the licence term, and to 70 hours during the fourth and subsequent years of the licence term. The remaining programming would originate from the Corus-Québec network.
5. Radio CJFP indicated that it would be prepared to agree to a condition of licence prohibiting it from soliciting advertising revenue in neighbouring markets.
6. Radio CJFP would promote emerging Canadian artists via interviews, concerts and airplay.

7. The applicant would participate in the Canadian talent development plan developed by the Canadian Association of Broadcasters. According to this plan, which was approved by the Commission in *Contributions by radio stations to Canadian talent development – A new approach*, Public Notice CRTC 1995-196, 17 November 1995 (Public Notice 1995-196), a radio licensee serving a market the size of Rimouski is expected to contribute a minimum of \$400 in each broadcast year to eligible third parties for Canadian talent development. Radio CJFP proposed to exceed the minimum contribution set out in Public Notice 1995-196 and committed to contribute an additional \$100 in each broadcast year to Canadian talent development.

Interventions

8. La radio communautaire du comté, licensee of CKMN-FM Rimouski and Mont-Joli, opposed the application because of the proposed station's potential negative impact on CKMN-FM's advertising revenue. The intervener stated that increased competition in radio markets has driven up the cost of advertising sales for community radio stations. The intervener noted that any decrease in the advertising revenues of community radio stations would reduce their ability to fulfil their mandate.
9. 9022-6242 Québec inc., licensee of CHLC-FM Baie-Comeau and CFRP-FM Forestville, pointed out that the applicant's proposed technical parameters would enable the station to reach the Baie-Comeau and Forestville markets. The intervener was therefore of the view that the addition of the proposed radio station in Rimouski would fragment the audience and advertising revenues of other stations operating in the Baie-Comeau and Forestville markets. The intervener submitted that the applicant's proposed commitment not to solicit or accept advertising revenues from outside its central market would not prevent audience fragmentation.
10. Les Communications Matane inc., licensee of CHRM-FM Matane and its transmitter CHRM-FM-1 Les Méchins, and of CHOE-FM Matane, expressed concern about the station's regional coverage. According to the intervener, the addition of the proposed station would further fragment radio advertising revenues in Matane. In the event the application were approved, the intervener asked that the Commission impose a condition of licence prohibiting the licensee from soliciting advertising in Matane.
11. Astral Media Radio inc. (Astral), licensee of CIKI-FM and CJOI-FM Rimouski, argued that the proposed station would not make any significant contribution to the diversity of musical formats because the proposed adult contemporary format is identical to that of CJOI-FM. Astral further submitted that the proposed station's impact analysis is inconsistent because the applicant stated, on one hand, that the proposed station would have a very minimal impact on existing stations, but stated, on the other hand, that its station would obtain a 25.1% share of listeners aged 12 and over, and a 26% share of listeners aged 25-54 in 2007. According to Astral, either the applicant's market share projections are overly aggressive, or the analysis of the proposed station's impact on the market shares and advertising revenues of existing stations grossly under-estimates this negative impact, which would be significant.

12. Louise Thibault, Member of Parliament for Rimouski-Neigette–Témiscouata–Les Basques, submitted that retaining existing news coverage and entertainment programming in the region is essential. She noted that the proposed station's programming would be similar to the programming offered by certain local stations. However, Ms Thibault also stated that the addition of another forum would be an asset to the region and would create jobs.
13. The Association québécoise de l'industrie du disque, du spectacle et de la vidéo (ADISQ) submitted that the proposed music format would seem to add a new source of diversity to the market, but that the proposed Canadian talent development contribution of \$3,500 over seven years is insufficient, even though it exceeds the annual minimum requirement, because it represents only 0.07% of the applicant's forecast revenues over seven years (\$5,148,000). ADISQ further noted that the applicant did not indicate how it intends to distribute these amounts.
14. The Fédération professionnelle des journalistes du Québec supported the application because it was of the view that the two proposed reporter positions and the news service would ensure on-site coverage of breaking news, consistent with the journalistic code of ethics.

The applicant's replies

15. In its replies, Radio CJFP submitted that the proposed opinion and classic rock format would contribute to the diversity of programming offered in Rimouski. It argued that the new station's programming would enhance existing programming by adding a complementary voice that would strengthen and enhance the community.
16. Radio CJFP noted that the Rimouski market, with a population of 60,000, is currently served by four broadcast undertakings, including a local television station, two private radio stations and one community radio station. In comparison, the Rivière-du-Loup market, which has a population of 18,000, is served by five broadcast undertakings, including three local television stations and two radio stations. The applicant therefore was of the view that the Rimouski-Neigette market could support a new station.
17. In reply to the intervention filed by La radio communautaire du comté, Radio CJFP stated that, according to the Association des Radios Communautaires du Québec (ARCQ), 35% of community radio revenues come from government, 34% from fund-raising (bingo, fundraising campaigns, membership sales) and 31% from advertising. Radio CJFP submitted that CKMN-FM is better off than the average community radio station because, according to the figures provided by La radio communautaire du comté, CKMN-FM's advertising revenues account for 67% of the station's total revenues, compared with 53% of total revenues on average for community radio stations.

18. In response to the intervention by Les Communications Matane inc., Radio CJFP noted that it is targetting the Rimouski-Neigette market, not the Matane market, which is a one hour drive from Rimouski. The applicant further noted that the proposed station would focus on local advertising sales in Rimouski, not national advertising revenue.
19. In its response to Astral, Radio CJFP noted that the station would not use an adult contemporary music format, but rather an opinion and classic rock format. The applicant also stated that its projections are based on financial data taken from the Cossette Média study completed in early 2005, and not on annual CRTC data, which are not made public until April of each year.

The Commission's analysis and determination

20. The Commission notes that, according to the 2001 Census, the regional municipality of Rimouski-Neigette has a population of 52,289. The Rimouski market is currently served by two commercial radio stations owned by Astral, one community radio station (CKMN-FM) and two local Canadian Broadcasting Corporation (CBC) radio stations. In 2005, Astral's stations together accounted for a 66% listening share and 100% of the market's commercial radio advertising revenues. In comparison, CKMN-FM had a 17% listening share and the CBC stations together had a 4% listening share.
21. According to the Commission's analyses, Rimouski's radio advertising market recorded annual average growth of 2% over the past five years. The Commission considers that the market should experience average annual growth that is at least equivalent between 2005 and 2012. The Commission expects that the new station will affect the advertising revenues of the existing stations. The Commission is not, however, convinced that the new station will have an undue effect on community station CKMN-FM, since the advertising revenues of community stations and commercial stations generally come from different sources. The Commission notes that community radio stations also have access to different sources of revenue including bingos, contributions by members and other sources that are not accessible by commercial radio stations. As well, given Astral's dominant position in the market, the Commission is of the view that the proposed station would establish a competitive balance in this market and add musical diversity, to the benefit of the population of Rimouski-Neigette and the surrounding communities. The Commission notes that Radio CJFP has indicated it would be prepared to accept a condition of licence prohibiting it from soliciting advertising revenues in neighbouring markets.
22. Finally, the Commission notes that the proposed station's 3 mV/m contour does not encroach on the neighbouring markets, specifically the Baie-Comeau, Forestville and Matane markets.
23. In light of the foregoing, the Commission **approves** the application by Radio CJFP (1986) ltée for a broadcasting licence to operate a French-language commercial FM radio programming undertaking in Rimouski, Quebec. The station will operate at 93.3 MHz (channel 227C1) with an average effective radiated power of 18,197 watts.

24. This licence will expire 31 August 2012 and will be subject to the **conditions** set out in *New licence form for commercial radio stations*, Public Notice CRTC 1999-137, 24 August 1999. The licence will also be subject to the following **conditions**:

The licensee shall not solicit local advertising in the Baie-Comeau, Forestville and Matane markets.

In addition to the expenditures required under condition of licence number 5 set out in *New licence form for commercial radio stations*, Public Notice CRTC 1999-137, 24 August 1999, the licensee shall, upon commencement of operation, make direct expenditures of at least \$100 annually on Canadian talent development.

Issuance of the licence

25. The Department of Industry (the Department) has advised the Commission that, while this application is conditionally technically acceptable, it will only issue a broadcasting certificate when it has determined that the proposed technical parameters will not create any unacceptable interference with aeronautical NAV/COM services.
26. The Commission reminds the applicant that, pursuant to section 22(1) of the *Broadcasting Act*, no licence may be issued until the Department notifies the Commission that its technical requirements have been met, and that a broadcasting certificate will be issued.
27. The licence for this undertaking will be issued once the applicant has informed the Commission in writing that it is prepared to commence operations. The undertaking must be operational at the earliest possible date and in any event no later than 24 months from the date of this decision, unless a request for an extension of time is approved by the Commission before 5 April 2008. In order to ensure that such a request is processed in a timely manner, it should be submitted at least 60 days before that date.

Employment equity

28. 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 in PDF format or in HTML at the following Internet site: <http://www.crtc.gc.ca>