



Broadcasting Decision CRTC 2017-83

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Reference: Part 1 application posted 3 October 2016

Ottawa, 23 March 2017

Radio Rimouski inc.
Rimouski, Quebec

Application 2016-0795-4, received 2 August 2016

CFYX-FM Rimouski – Licence amendment

*The Commission **denies** the application by Radio Rimouski inc. to amend the condition of licence of the radio station CFYX-FM Rimouski, which prohibits the solicitation of local advertising in the Baie-Comeau, Forestville and Matane markets. The licensee requested that the town of Matane be removed from the list of markets in which it is prohibited from soliciting advertising.*

Application

1. The Commission received an application from Radio Rimouski inc. (Radio Rimouski) to amend condition of licence 2 of the radio station CFYX-FM Rimouski regarding the solicitation of local advertising. Radio Rimouski requested that the city of Matane be removed from the list of markets in which it is prohibited from soliciting advertising. The condition of licence reads as follows:
 2. The licensee shall not solicit local advertising in the Baie-Comeau, Forestville and Matane radio markets.
2. Radio Rimouski submitted that the recent change in ownership of the stations CHRM-FM and CHOE-FM Matane to Attraction Radio inc. (Attraction) altered the dynamics of the markets in question as Attraction belongs to a conglomerate of several undertakings in the radio and television sectors that generates over \$80 million in annual revenues.
3. In support of its application, Radio Rimouski explained that CFYX-FM cannot solicit advertising in Matane, whereas Matane stations are free to solicit local advertising in Rimouski.

Background

4. In 2006, when a broadcasting licence was issued to CFYX-FM,¹ the licensee of the stations CHRM-FM and CHOE-FM Matane expressed concern over the proposed station's regional coverage. The Commission therefore imposed a condition of licence prohibiting the licensee of CFYX-FM from soliciting local advertising in surrounding markets.
5. In 2011, Radio Rimouski filed an application to amend the condition of licence prohibiting CFYX-FM from soliciting local advertising in the Baie-Comeau market. The applicant stated that this amendment would ensure the viability of its station. In Broadcasting Decision 2011-772, the Commission denied this application, noting that it is common for a new station to run a deficit in the first years of operation and that the Baie-Comeau market was distinct from that of Rimouski.

Intervention and applicant's reply

6. The Commission received an intervention opposing the application from Attraction, to which the applicant replied. The public record for this application can be found on the Commission's website at www.crtc.gc.ca or by using the application number provided above.
7. Attraction submitted that the application was incomplete and that Radio Rimouski failed in its duty to provide relevant information justifying its application. Attraction argued that its arrival in the market did not alter the competitive dynamics of the markets.
8. In reply, Radio Rimouski disputed some of Attraction's claims and provided a breakdown of its projected revenues to address Attraction's concerns.

Commission's analysis and decision

9. After examining the public record for this application in light of applicable regulations and policies, the Commission considers that the issues it must address in its determinations are as follows:
 - Does Matane fall within CFYX-FM's radio market?
 - Has the licensee demonstrated that the proposed amendment is justified on economic grounds?

Does Matane fall within CFYX-FM's radio market?

10. The *Radio Regulations, 1986* define a station's market as the area within the station's 3 mV/m contour or the central Numeris market in which the station is operated,

¹ Broadcasting Decision 2006-129

whichever is smaller. In this case, the area within the station's 3 mV/m contour is the market. The contour maps filed by Radio Rimouski demonstrate that Matane is located outside the station's 3 mV/m contour. The Commission therefore finds that Matane does not fall within CFYX-FM's radio market.

Has the licensee demonstrated that the proposed amendment is justified on economic grounds?

11. Radio Rimouski stated that the station has been in a precarious financial position since its launch in 2007. The station temporarily ceased broadcasting in 2012 because of serious financial losses and resumed broadcasting more than one year later.
12. Radio Rimouski added that approval of the application would improve the station's financial position, while having no impact on existing licensees in the Matane market.
13. The Commission notes certain inconsistencies in the applicant's projections. The applicant does not anticipate any advertising revenues should its application be denied. However, it stated that if its application were approved, only 10% of its revenues would come from the Matane market. The Commission is perplexed by the fact that the applicant does not anticipate any advertising revenues should its application be denied when, in any event, most of its revenues would be drawn from outside of Matane.
14. Further, if the application were approved, the applicant's projected revenues would only represent a fraction of what it garnered in 2011, the last full year of operations before it decided to temporarily halt its activities. The Commission questions the station's ability to become profitable with revenues significantly lower than what it garnered prior to halting its broadcasting activities due to financial difficulties.
15. For the above reasons, the Commission finds that the applicant has not demonstrated how the requested amendment would improve the station's financial position. The Commission also finds that the existing conditions of licence are not at the root of the station's financial problems and that the proposed amendment would not have a significant impact on the recovery of the undertaking.

Conclusion

16. In light of all of the above, the Commission **denies** the application by Radio Rimouski inc. to amend condition of licence 2 of the radio programming undertaking CFYX-FM Rimouski regarding the solicitation of local advertising.

Secretary General

Related Documents

- *CFYX-FM Rimouski – licence amendment*, Broadcasting Decision CRTC 2011-772, 14 December 2011
- *French-language FM radio station in Rimouski*, Broadcasting Decision CRTC 2006-129, 5 April 2006