



Broadcasting Decision CRTC 2006-685

Ottawa, 20 December 2006

MX Média inc.

Salaberry-de-Valleyfield, Quebec

Application 2006-0298-9

Public Hearing at Québec, Quebec

11 September 2006

French-language FM radio station in Salaberry-de-Valleyfield

*The Commission **denies** an application for a broadcasting licence to operate a French-language FM radio programming undertaking in Salaberry-de-Valleyfield, Quebec.*

The application

1. The Commission received an application from MX Média inc. (MX Média) for a broadcasting licence to operate a French-language FM commercial radio programming undertaking in Salaberry-de-Valleyfield, Quebec. The station would operate at 106.5 MHz (channel 293A), with an effective radiated power of 840 watts.
2. The new station would offer a pop-rock music format with some country music, aimed at an adult audience. Music programming would be comprised of hits from 1975 to the present. The applicant committed to devote, in the course of each broadcast week, not less than 42% of musical selections drawn from category 2 (Popular music) to Canadian selections broadcast in their entirety.
3. The station would devote not less than 16 hours per week to spoken word programming, including a full schedule of local news, comprised of 98 newscasts and representing not less than two hours and 30 minutes per week. The station would devote 66% of its news programming to local and regional news.
4. MX Média expects to exceed the Canadian talent development (CTD) contribution required by the Canadian Association of Broadcasters (CAB). Licensees of stations serving a market the size of Valleyfield are required to contribute a minimum of \$400 in each broadcast year to eligible third parties. Instead, MX Média committed, by condition of licence, to contribute \$1,400 annually to CTD (\$400 to MusicAction and \$1,000 to scholarships under its competition known as *A la recherche de nouveaux talents*, which is open to local and regional artists). The new station further proposed to broadcast at least five brief segments per day, seven days a week, to promote emerging artists.

Interventions

5. The Commission received numerous interventions in support of the application. It also received several interventions in opposition to the application as well as a comment.
6. Radio Express inc. (Radio Express), licensee of CKOD-FM Salaberry-de-Valleyfield, was opposed to the addition of a second commercial radio station in the market. The intervenor stated that, according to BBM survey data, the local advertising market in this region cannot adequately support two radio stations. Radio Express further noted that the market study filed by the applicant is based on the presence of one radio station only.
7. According to Radio Express, the sharing of local and national advertising revenue between two local radio stations in the market would result in job losses. Radio Express was also of the view that the proposed station's coverage of activities and groups would be identical to the coverage that CKOD-FM currently offers, and that listeners in this market would therefore receive no added value from the approval of this application.
8. Jacques Blais, who identified himself as a media expert, was of the opinion, as was Radio Express, that the proposed station's target market cannot accommodate a second commercial radio station, and that adding a new station would have disastrous consequences for CKOD-FM. According to Mr. Blais, the new station could also experience serious financial problems from the outset.
9. The intervention by Yves Sauvé, on behalf of Sauvé et Associés Communications Marketing (Mr. Sauvé), mainly concerned the identification of the Valleyfield market, its ability to accommodate a second radio station, and the choice and use of the proposed frequency.
10. Mr. Sauvé contended that Valleyfield's radio advertising market cannot support a second radio station and that the entry of a second station in this market could threaten the survival of CKOD-FM. Mr. Sauvé noted that the local councils of Valleyfield and of Vaudreuil-Dorion did not support MX Média's application.
11. Finally, Mr. Sauvé informed the Commission that he has filed an application for a broadcasting licence to operate a new FM station in Vaudreuil-Dorion on 106.3 MHz, and noted that it is in the public interest for the Valleyfield and Vaudreuil-Dorion markets to each have their own local radio station. Furthermore, since this application and his own are incompatible in regard to the frequencies to be used, Mr. Sauvé asked the Commission to postpone the study and analysis of this application to a later date so that the two applications may be reviewed at the same public hearing.
12. Communications Michel Mathieu (CMM) filed comments in its capacity as Mr. Sauvé's broadcasting consultant. CCM noted that the frequency proposed by MX Média and the frequency proposed by Mr. Sauvé in his application for a licence to operate a new FM

station in Vaudreuil-Dorion are technically mutually exclusive. CMM believed that Mr. Sauvé should be assigned 106.3 MHz so that the Vaudreuil-Dorion station's future listeners would be able to receive the signal when travelling by car in the proposed service area, which includes the highway between Vaudreuil and Pointe-Claire.

Applicant's replies

13. MX Média noted that it is very proud of all the support it received for its application, and pointed out that the reasons given by the interveners only confirm its decision to propose a new radio station to people in the regional county municipalities of Beauharnois-Salaberry and of Vaudreuil-Soulanges.
14. MX Média was of the view that the BBM survey data do not allow for an assessment of the sales potential of this market. In addition, MX Média noted that Radio Express failed to substantiate current economic hardship in the market, the existence of which could stall the eventual entry of a new player. Moreover, MX Média added that Radio Express did not take into consideration the "economic boom" stemming from the arrival of new businesses into the region and the development of residential construction that the region has experienced over the last few years.
15. MX Média believed that Mr. Sauvé's reasons for filing his intervention may be the result of this application's incompatibility with his own application (i.e., the use of the same frequency by Mr. Sauvé for his proposed station in Vaudreuil-Dorion). In response to this intervention, MX Média noted that 106.3 MHz (channel 292) is a hotly contested frequency in Montréal. According to the applicant, the use of frequency 106.5 MHz (channel 293) in Valleyfield will not interfere with the use of frequency 106.3 MHz (channel 292) in Montréal. MX Média believed, however, that the operation of Mr. Sauvé's proposed station in Vaudreuil-Dorion on 106.3 MHz will make it impossible to operate a station in Montréal or Valleyfield on 106.5 MHz. Finally, MX Média noted that, according to the map submitted with Mr. Sauvé's application, the municipalities of Valleyfield, Beauharnois, Huntingdon and Vaudreuil-Dorion are all located approximately 20 kilometres from Salaberry-de-Valleyfield.

Commission's analysis and determination

16. The Commission is of the view that the Salaberry-de-Valleyfield market is small. Moreover, although MX Média contended that this market is growing, the Commission is not convinced, given the evidence filed, that the Salaberry-de-Valleyfield market can support the entry of a new station at this time. In addition, the Commission shares the concerns of certain interveners that the applicant may have underestimated the share of revenues from local advertising sales that the proposed service could take away from the Salaberry-de-Valleyfield market.
17. The Commission notes the reservations expressed at the public hearing by MX Média regarding the market's capacity to absorb a new station should CKOD-FM reach its full potential in the future.

18. The Commission is of the view that additional competition in the Salaberry-de-Valleyfield advertising market could have a negative impact on CKOD-FM and could affect its survival, and even prevent it from meeting its programming commitments.
19. In light of the above, the Commission **denies** the application by MX Média inc. for a broadcasting licence to operate a French-language FM commercial radio programming undertaking in Salaberry-de-Valleyfield, Quebec.

Secretary General

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