



Broadcasting Decision CRTC 2008-52

Ottawa, 3 March 2008

Radio du Golfe inc.

Gaspé and Rivière-au-Renard, Quebec

Applications 2007-0898-5 and 2007-0905-8, received 15 June 2007

Public Hearing in the National Capital Region

5 December 2007

FM radio station in Gaspé and transmitter in Rivière-au-Renard, Quebec

*The Commission **denies** the applications by Radio du Golfe inc. for a broadcasting licence to operate a French-language FM radio station in Gaspé, Quebec and to add a low-power FM transmitter in Rivière-au-Renard to broadcast the proposed station's programming.*

Introduction

1. The Commission received applications by Radio du Golfe inc. (Radio du Golfe) for a broadcasting licence to operate a French-language FM commercial radio programming undertaking in Gaspé, Quebec and to add a low-power FM transmitter in Rivière-au-Renard to broadcast the proposed station's programming. The proposed station would operate at 92.7 MHz (channel 224A) with an effective radiated power of 337 watts, and the transmitter would operate at 92.7 MHz (channel 224LP) with an average effective radiated power of 17.8 watts.
2. Radio du Golfe is the licensee of the commercial radio stations CFMV-FM Chandler and CJMC-FM Sainte-Anne-des-Monts, Quebec.
3. The proposed station would offer a musical hits format targeted to an audience 18 to 34 years of age. The applicant would broadcast 126 hours of local programming during each broadcast week, and the programming would include local, regional, provincial and international news, weather, sports and promotions for local events. The station would also air public affairs programs, documentaries, audio dramas and public debates, including talk shows and call-in shows. Spoken word programming would account for 16 hours and 36 minutes of programming each broadcast week, 4 hours and 27 minutes of which would be devoted to news.

4. With respect to Canadian talent development, Radio du Golfe indicated that it would contribute a total of \$500 per year to Canadian content development (CCD) and committed to allocate \$300 annually to MUSICACTION and the remaining \$200 to community organizations.
5. The Commission received and considered several interventions opposing these applications. The complete record of this proceeding can be found on the Commission's Web site at www.crtc.gc.ca under "Public Proceedings."
6. After examining the applications and interventions, the Commission is of the view that there are three main issues to be considered:
 - the impact of the proposed station on existing stations;
 - the quality of the application; and
 - the licensee's non-compliance with respect to its stations in Chandler and Sainte-Anne-des-Monts.

Impact of the proposed station on existing stations

7. When considering an application for a broadcasting licence, the Commission reviews several factors, including the proposed station's impact on existing stations. In this case, some interveners expressed concern about the addition of a new station to the Gaspé advertising market. They were of the view that this market is already saturated, even fragile, and some were concerned that the station proposed by Radio du Golfe would take away some of the clients of the market's two existing stations and have a substantial impact on the advertising market as it currently exists.
8. Radio Gaspésie inc. (Radio Gaspésie), licensee of the community station CJRG-FM Gaspé, submitted that the Gaspé market is not growing from an economic perspective and does not have the commercial base to accommodate a new radio station. Citing data from the Institut de la statistique du Québec from recent years, Radio Gaspésie maintained that the population is declining in the Gaspé region and the employment situation is gloomier than in other regions of Quebec. Raynald Blais, the federal MP for Gaspésie-Îles-de-la-Madeleine, who worked in radio for over two decades as a program host, a journalist and then as the head of the news service, stated that he was not convinced that three radio stations offering quality service to the public could survive in this market.
9. Radio Gaspésie also submitted that the revenues of a new station could only come from the revenues of existing stations, specifically CJRG-FM. The intervener noted that there are only about 4,000 people in the 18-34 age group in the Gaspé region and that this age group is not targeted by stations outside the market. According to Radio Gaspésie, given its size, the Gaspé region is well served by the existing radio services.

10. Radio CHNC Itée, licensee of the commercial station CHNC New Carlisle and its transmitter CHGM Gaspé, reiterated that Gaspé and the surrounding area have been served by CJRG-FM Gaspé since 1978 and by CHNC New Carlisle via its rebroadcaster CHGM Gaspé since 1982. Radio CHNC Itée was concerned that the entry of a new FM radio service in Gaspé could not only compromise the viability of the proposed conversion of CHNC from the AM to the FM band but could also jeopardize the survival of CHNC and CHGM.¹ Radio CHNC Itée noted that the economic situation in the Gaspé region is uncertain and that in its opinion the Gaspé market cannot support a third player.
11. Radio du Golfe replied that it is the only private radio station on the Gaspé Peninsula and that it is entitled to develop its business, like any other private Canadian company. The applicant added that it has offered quality radio service for 30 years and is currently developing new techniques in order to offer a better product so that listeners will be the primary beneficiaries.
12. In response to the argument by Radio CHNC Itée concerning the ability of the Gaspé market to support a third player, Radio du Golfe replied that it would be the only station to cover the Regional County Municipality (RCM) of Côte-de-Gaspé with its antenna located directly in Gaspé, combined with a repeater in Rivière-au-Renard. The applicant also stated that according to a study conducted by Touché!phd. the Gaspé advertising market is far from saturated and that it was satisfied that its proposed station would fill a niche in the existing radio offering.
13. With respect to CJRG-FM, the Commission notes that the station has a solid position in the market, with a 68% audience share in the fall of 2007 and generally stable advertising revenues. Although the proposed station could have an impact on CJRG-FM's audience share and advertising revenues, the Commission is not satisfied that this impact would be so great that CJRG-FM could no longer fulfill its mandate. As a community radio station, CJRG-FM has access to revenue sources other than advertising, including subsidies, bingos and member contributions, and its purpose is not to generate profits.
14. The Commission notes that according to the 2006 Census, the RCM of Côte-de-Gaspé has a population of 17,888, approximately 83% of whom live in Gaspé. Comparative data from the last two censuses shows that the population of the RCM decreased by 3.5% between 2001 and 2006. The Gaspé market is currently served by community radio station CJRG-FM Gaspé and by CHGM Gaspé, the transmitter for commercial station CHNC New Carlisle. These stations share the Gaspé radio advertising market, which accounts for most of CJRG-FM's advertising revenues and approximately 5% of CHGM's. Advertising revenues in the Gaspé market, including all commercial and non-commercial stations, grew only 4.2% a year over the last five years, compared with 6.6% for the province of Quebec and 7.2% for Canada as a whole.

¹ In *CHNC New Carlisle and its transmitter CHGM Gaspé – Conversion to the FM band and addition of FM transmitters at Carleton, Chandler and Percé*, Broadcasting Decision CRTC 2008-51, also issued today, the Commission approved the application by Radio CHNC Itée to convert CHNC and its transmitter to the FM band.

15. The Commission further notes the precarious nature of the audience share and financial position of CHNC, which is currently undergoing a major restructuring after several years of fiscal deficits. According to BBM Canada data, CHNC's audience share in the Gaspé region has decreased by 80% over the last 23 years, from 30% in the fall of 1984 to 6% in the fall of 2007. The Commission considers that, adding competition for audience share and radio advertising revenues at Gaspé at this time could exacerbate the situation and jeopardize this undertaking's restructuring plan² at a critical point in its existence.

Quality of application

16. The Commission also assessed the quality of the application. In this case, the Commission is not satisfied that the applicant presented a quality business plan. The applicant proposed a musical hits format without providing evidence in its application that there is demand for this type of music in the market and did not provide quantitative evidence that the radio advertising market can support a new station. Moreover, the applicant has not convinced the Commission that the impact on the audience share of CJRG-FM would be negligible.
17. Furthermore, according to BBM Canada's fall 2007 survey, there are 3,091 people in the 18-34 age group in the Gaspé market. The Commission considers that the size of this potential market is not large enough to support a commercial radio station successfully. As well, the Commission notes that the proposed station would compete with CJRG-FM and CHGM for listeners between 25 and 64 years of age, which is the audience targeted by radio advertisers.

Licensee's non-compliance with respect to its stations in Chandler and Sainte-Anne-des-Monts

18. At the hearing, the applicant admitted that it failed to comply with its conditions of licence concerning Canadian talent development for its stations CFMV-FM Chandler and CJMC-FM Sainte-Anne-des-Monts. The applicant indicated at the hearing that it had been late in paying CCD contributions in the amount of \$1,200. The applicant also admitted that it had not filed annual returns for both stations as of 30 November 2007, as required by the *Radio Regulations, 1986*. The Commission notes that the applicant also was significantly late in filing its annual returns in 2005 and 2006.
19. The Commission reminds the applicant that radio stations must be operated in compliance with the regulatory obligations of licensees and the conditions of licence that apply to the station.

² See Broadcasting Decision CRTC 2008-51.

Conclusion

20. Although the Commission finds the applicant's proposals interesting, given all of the above, it is not prepared to approve such applications at this time. Accordingly, the Commission **denies** the applications by Radio du Golfe inc. for a broadcasting licence to operate a French-language commercial FM radio station in Gaspé, Quebec and to add a low-power FM transmitter in Rivière-au-Renard.

Secretary General

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