



## Broadcasting Decision CRTC 2017-218

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Reference: Part 1 application posted on 1 April 2016

Ottawa, 27 June 2017

**RNC MEDIA Inc.**  
Gatineau, Quebec

*Application 2016-0295-4*

### **CHLX-FM Gatineau – Licence amendment**

*The Commission **approves** an application by RNC MEDIA Inc. to amend the broadcasting licence for the radio station CHLX-FM Gatineau by deleting condition of licence 2 regarding the broadcast of musical selections from subcategory 34 (Jazz and blues).*

*The Commission considers that the licensee demonstrated an economic need and that the amendment will not have an undue impact on radio stations operating in the Gatineau radio market.*

#### **Application**

1. The Commission received an application from RNC MEDIA Inc. (RNC) to amend the broadcasting licence for the French-language commercial radio station CHLX-FM Gatineau, Quebec, by deleting condition of licence 2 regarding the broadcast of musical selections from subcategory 34 (Jazz and blues).
2. Condition of licence 2 for CHLX-FM currently reads as follows:

In each broadcast week, the licensee shall devote a minimum of 20% of its music programming to jazz music selections (subcategory 34) broadcast in their entirety.
3. According to the licensee, listening hours generated by the Jazz and blues format are negligible and are having an impact on the profitability of the station. The station continues to suffer financial losses because the jazz and blues programming elements it must broadcast are not viable, among other reasons. RNC indicated that broadcasting 20% of musical selections in a format that differs from the rest of its programming and that targets an older audience makes advertisers less interested in placing advertisements.

#### **Background**

4. In Broadcasting Decision 2008-221, the Commission renewed the broadcasting licence for CHLX-FM. It also approved RNC's application to amend CHLX-FM's broadcasting licence by deleting the conditions of licence related to operating the specialty format. As was proposed by the applicant, the Commission imposed a condition of licence requiring

CHLX-FM to devote a minimum of 20% of its musical programming to musical selections drawn from subcategory 34.

5. According to RNC, based on its experience of the previous years, the format offered by CHLX-FM pleased only a limited number of listeners and prevented the station from making its operations profitable. RNC indicated that the station's poor performance stemmed from the specialty format and the small size of the French-language market served. The licensee had then proposed to offer a popular music format, which would have enabled it to attract a slightly younger audience and strike a better balance between female and male listeners.
6. In Broadcasting Decision 2015-395, the Commission renewed the broadcasting licence for CHLX-FM for another term. At the same time, it denied RNC's request to delete the condition of licence relating to the broadcast of musical selections drawn from subcategory 34. The Commission reminded the licensee that it is general practice to deny an application for a licence amendment when it is directly linked to an instance of non-compliance. This was the case for CHLX-FM, as was confirmed by an audit of the station's programming.

### **Intervention and reply**

7. The Commission received an intervention in opposition to this application from the Association québécoise de l'industrie du disque, du spectacle et de la vidéo (ADISQ), to which the applicant replied. The public record for this application can be found on the Commission's website at [www.crtc.gc.ca](http://www.crtc.gc.ca) or by using the application number provided above.
8. ADISQ noted that this application was filed seven months after the decision in which the Commission renewed the broadcasting licence for CHLX-FM and denied the first application to delete the condition of licence relating to the broadcast of musical selections drawn from subcategory 34. ADISQ was of the view that it is unacceptable for RNC to file an application so soon after the Commission's initial denial and stated that the application calls into question the Commission's previous decision.
9. ADISQ was of the view that the Commission should refuse to process this application, since it would create a precedent for all licensees in a similar situation. In addition, ADISQ suggested that the Commission review its approach to applications for licence amendments from non-compliant radio stations by specifying the timeframe required between a denial and a similar application, so as to ensure the integrity of the licence renewal and amendment processes in such cases.
10. ADISQ maintained the arguments submitted in its intervention to the Commission on 19 June 2015, as part of RNC's last application for licence amendment and renewal for CHLX-FM. It expressed concern that removing the condition of licence requiring CHLX-FM to devote at least 20% of its programming to jazz and blues musical selections could have an impact on the musical diversity of the market.

11. According to ADISQ, by devoting all of its music programming to popular “Adult Contemporary” selections, if the Commission were to approve the application, CHLX-FM would completely eliminate the window currently devoted to jazz and blues music. The intervener added that this would be a major loss for lovers and creators of this type of music, since there is no other station in the Ottawa-Gatineau market broadcasting music in this subcategory, according to information provided by RNC for the public record of this application.
12. In its reply, RNC stated that sufficient time has elapsed since the last application for a licence amendment. The applicant repeated the arguments it submitted with its application: that programming drawn from subcategory 34 has not carved a place for itself in the market, that broadcasting this type of programming is detrimental to CHLX-FM with regard to maintaining its market position, and that the Jazz and blues format suits an audience that is different from the one targeted by the station and the rest of its programming.

### **Commission’s analysis and decisions**

13. After examining the public record in light of applicable policies and regulations, the Commission considers that the issues to be addressed are the following:
  - the station’s compliance with the condition of licence related to the broadcast of musical selections drawn from subcategory 34;
  - the economic need that would justify the requested amendment; and
  - the financial impact that the deletion of the condition of licence would have on the market.

### **Compliance of CHLX-FM regarding the broadcast of musical selections drawn from subcategory 34**

14. According to Commission analysis, CHLX-FM devoted approximately 22.3% of its programming to musical selections drawn from subcategory 34 in the week of 1 to 7 May 2016. This proportion is 2.3% higher than the minimum threshold of 20% as imposed in condition of licence 2 set out in Broadcasting Decision 2015-395. The licensee is therefore in compliance with its condition of licence related to the broadcast of musical selections drawn from subcategory 34.

### **Economic need that would justify the requested amendment**

15. Since 2012, CHLX-FM has posted modest revenues and has accumulated significant losses. In addition, the licensee argued that the broadcast of musical selections drawn from subcategory 34 would place CHLX-FM at a disadvantage in the Ottawa-Gatineau market. RNC wishes to increase its audience so that it can improve the financial situation of the station.

16. RNC has already taken measures to improve CHLX-FM's financial situation. RNC and Cogeco Diffusion Inc. (Cogeco) filed applications to operate CHLX-FM and CKOF-FM Gatineau in accordance with a local sales agreement. These applications were approved by the Commission in Broadcasting Decision 2015-302. RNC and Cogeco indicated that they wished to combine their local sales forces, to allow them to be more competitive in the Ottawa-Gatineau market. The licensees anticipated an increase in revenue and a decrease in their financial losses, but that the stations would still not be profitable.
17. RNC indicated that despite its efforts and investments since 2002, CHLX-FM is not yet profitable.
18. In light of the above, the Commission considers that RNC has demonstrated an economic need that warrants the approval of its application.

### **Financial impact that the deletion of the condition of licence would have on the market**

19. RNC submitted financial projections in the event that the application is approved and in the event that it is denied. In the first year following an approval, RNC forecasts a reduction in its financial losses and additional revenues of \$70,000. In the third year following an approval, RNC forecasts a further reduction in its financial losses and additional revenues of \$115,000. These additional revenues are considered modest for the Ottawa-Gatineau French-language radio market.
20. In addition, the majority of the programming broadcast by CHLX-FM would remain unchanged, since RNC is proposing to change only 20%.
21. Finally, the Commission did not receive any interventions from radio station licensees in the Ottawa-Gatineau market.
22. Accordingly, and taking into account the lack of interventions in opposition from licensees operating stations in the Ottawa-Gatineau radio market, the Commission is of the view that approving RNC's application would not have an undue financial impact on the other stations operating in this market.

### **Conclusion**

23. In light of all of the above, the Commission **approves** RNC MEDIA Inc.'s application to amend the broadcasting licence for the French-language commercial radio programming undertaking CHLX-FM Gatineau by deleting the current condition of licence related to the broadcast of musical selections drawn from subcategory 34 (Jazz and blues).

Secretary General

### **Related documents**

- *CHLX-FM Gatineau – Licence renewal and amendment*, Broadcasting Decision CRTC 2015-395, 25 August 2015

- *CKOF-FM and CHLX-FM Gatineau – Local sales agreements*, Broadcasting Decision CRTC 2015-302, 8 July 2015
- *CHLX-FM Gatineau – Licence amendment and renewal*, Broadcasting Decision CRTC 2008-221, 26 August 2008

*This decision is to be appended to the licence.*