



Broadcasting Decision CRTC 2003-604

Ottawa, 17 December 2003

Genex Communications Inc.
Donnacona, Quebec

*Application 2002-0837-3
Broadcasting Public Notice CRTC 2003-16
4 April 2003*

CKNU-FM – Licence amendment

*The Commission **denies** the application by Genex Communications Inc. to amend the broadcasting licence for CKNU-FM Donnacona by deleting the condition of licence that restricts the solicitation of advertising to the Portneuf area.*

The application

1. The Commission received an application by Genex Communications Inc. (Genex) to amend the broadcasting licence for CKNU-FM Donnacona by deleting the condition of licence that restricts the solicitation of advertising to the Portneuf area. Genex maintained that deleting the condition of licence would serve the public interest in Portneuf and at the same time allow the station to access a larger advertising pool that exists in Québec. The licensee also stated that its application:
 - responds to the need to improve the station's financial position;
 - would allow the station to meet the needs of a segment of the Portneuf audience that shops for goods and services in Québec; and
 - takes into account the economic situation of the Québec market, a market bordering the Portneuf area that constitutes the service area of CKNU-FM.

Interventions

2. The Commission received interventions opposing the application from Astral Media Inc. (Astral), Cogeco Radio-Télévision Inc. (Cogeco) and the Association québécoise de l'industrie du disque, du spectacle et de la vidéo (ADISQ).
3. Astral stated that no market study was submitted in support of the application demonstrating that the solicitation of advertising in Québec by CKNU-FM would not affect the advertising market. Astral submitted that the Québec advertising market would be significantly affected by the recent entry of CJEC-FM, the new radio station operated

in Québec by Cogeco.¹ For its part, Cogeco stated that Genex acquired CKNU-FM in 1998 with full knowledge of its financial situation, its status as a local station and the condition of licence restricting the solicitation of advertising to the Portneuf market. ADISQ added that CKNU-FM would benefit from the Québec advertising market without increasing its programming service to Québec.

4. The three interveners also recalled that the Commission had already twice denied similar applications.² They were of the view that the licensee has not yet done everything possible to make the station profitable and that it was too soon to conclude that all opportunities for developing and making the station profitable had been explored. Astral and Cogeco also asked the Commission to consider the Genex application at a public hearing.

Genex's response to the interventions

5. Genex submitted that Astral's intervention had no merit because Astral had not taken into account the fact that CKNU-FM's existing contour does not include the Québec market. The licensee added that, given Cogeco's extensive resources, its new Québec station would have a major impact compared to any impact that CKNU-FM could have in the same market. Moreover, according to Genex, deleting the condition of licence in question would allow CKNU-FM to compete on an equal footing with Québec radio stations in its own market of Portneuf. Genex also submitted that it had responded to the issues raised by the interveners, and that consideration of its application at a public hearing was neither necessary nor warranted.

The Commission analysis and determination

6. With respect to the request by Astral and Cogeco that the application be considered at a public hearing, the Commission notes that the interveners had the opportunity to express their concerns regarding the application in writing, and that Genex was given the opportunity to address those concerns. The Commission is therefore of the view that it has all the information that it needs to make its decision, and that a public hearing would add nothing of importance.
7. The Commission notes that in this application, and in the two other applications to amend the licence of CKNU-FM that the Commission denied in 2000 and in 2002, Genex pursued essentially the same objective – access by CKNU-FM to Québec's advertising market. In reviewing the current status of the radio market in the Québec area, the Commission notes that:

¹ See *New FM radio station in Québec*, Broadcasting Decision CRTC 2002-191, 16 July 2002.

² See *Licence amendment for CKNU-FM*, Decision CRTC 2000-415, 26 October 2000 and *Amendment of the licence for CKNU-FM*, Broadcasting Decision CRTC 2002-190, 16 July 2002.

- Cogeco's new station, CJEC-FM, commenced operation on 23 August 2003;
 - the Commission will have to examine new applications to transfer ownership of stations CHRC Québec and CFOM-FM Lévis following its denial of applications in *Acquisition of radio assets in Quebec*, Broadcasting Decision CRTC 2003-205, 2 July 2003;
 - a new AM country station was approved in *New AM radio station at Saint-Nicolas*, Decision CRTC 2000-417, 27 October 2000. The deadline to commence operations of the radio station in the Québec region was extended to 29 October 2004 in *Deadline to commence operations*, Broadcasting Decision CRTC 2003-515, 21 October 2003.
8. With specific respect to the potential impact of the Genex application on the Québec advertising market, the Commission notes that the licensee did not file a market study in support of its application. The Commission notes, however, that in its application, Genex anticipated generating approximately \$829,000 in advertising revenue in the first year, a sum which is approximately \$630,000 greater than the \$199,000 in advertising revenue generated in 2002. Genex is, thus, counting on increasing CKNU-FM advertising revenue by 316% within the first year of its entry into the Québec market.
 9. The Commission also notes that, in its application, Cogeco estimated that 85% of the advertising revenue of its new Québec station would come from existing stations. The Commission is generally of the view that, when a new station enters a market, no new applications for the same market should be considered for a minimum of one year so that the impact of the new station on existing competing stations can be assessed.
 10. In view of the recent changes in the Québec radio market and the anticipated change in the short term, the Commission finds that it would be premature to allow CKNU-FM to solicit advertising, given the continuing uncertainty. The Commission notes, in this respect, that the CKNU-FM's licence expires 31 August 2005. The Commission considers that it would be in a better position to assess more accurately the potential impact of the licensee's application for the Québec market on the programming of CKNU-FM when the broadcasting licence for CKNU-FM is renewed.
 11. The Commission therefore **denies** the application by Genex to amend the broadcasting licence of CKNU-FM Donnacona by deleting the condition of licence that restricts the solicitation of advertising to the Portneuf area.

Secretary General

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