



Broadcasting Decision CRTC 2020-280

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Reference: 2020-75, 2020-75-1, 2020-75-2 and 2020-54-2

Ottawa, 20 August 2020

Radio Bas-St-Laurent inc.
Rimouski, Quebec

*Public record for these applications: 2019-0994-6 and 2019-0602-5
Electronic public hearing in the National Capital Region
8 June 2020*

CFYX-FM Rimouski and its transmitter CFYX-FM-3 Rivière-du-Loup – Acquisition of assets and licence renewal

*The Commission **approves** an application by Radio Bas-St-Laurent inc. for authority to acquire the assets of the French-language commercial radio station CFYX-FM Rimouski, Quebec, and its transmitter CFYX-FM-3 Rivière-du-Loup.*

*In addition, the Commission **renews** the broadcasting licence for CFYX-FM Rimouski and its transmitter CFYX-FM-3 Rivière-du-Loup from 1 September 2020 to 31 August 2027.*

Applications

1. Radio Bas-St-Laurent inc. (RBS) filed an application (2019-0994-6) for authority to acquire from Radio Rimouski inc. (Rimouski) the assets of the French-language commercial radio station CFYX-FM Rimouski, Quebec, and its transmitter CFYX-FM-3 Rivière-du-Loup. RBS also requested a new broadcasting licence to continue to operate the undertaking under the same terms and conditions as those in effect under the current licence.
2. In addition, Rimouski filed an application (2019-0602-5) to renew the broadcasting licence for CFYX-FM and its transmitter, which expires 31 August 2020.
3. The purpose of the transaction is to allow Radio CJFP (1986) ltée (CJFP), which holds two broadcasting licences and is controlled by Guy Simard, to use Rimouski's tax losses. By using Rimouski's tax losses, CJFP will have more liquidity. The transaction will be carried out in stages, to take place on the same day, 30 minutes apart. The first stage requires the Commission's approval.
4. To begin with, RBS will purchase Rimouski's long-term assets, which include the transmitter. Subsequently, CJFP will buy all the shares of Rimouski that it does not already own. Finally, Rimouski will transfer its working capital and debt to its new parent company, CJFP.

5. As a result of the transaction, RBS will own CFYX-FM's capital assets and will be the licensee. CJFP will hold Rimouski's working capital and debt, and will make a cash advance to RBS to allow RBS to continue operating the station.
6. Guy Simard is currently the controlling shareholder and President and Chief Executive Officer of Rimouski and, as such, exercises effective control of the station.
7. Following the transaction, Guy Simard will assume the same functions for RBS and will continue to exercise effective control of the station as majority shareholder. Guy Simard is a Canadian residing in Canada; therefore, RBS is eligible to hold a broadcasting licence pursuant to the *Direction to the CRTC (Ineligibility of Non-Canadians)*.
8. The Commission did not receive any interventions regarding these applications.

Commission's analysis and decisions

Change in ownership

9. Pursuant to section 5(1) of the *Broadcasting Act* (the Act), the Commission's mandate is to regulate and supervise all aspects of the Canadian broadcasting system in the public interest. The review of ownership transactions is an essential element of that mandate.
10. Among other things, pursuant to section 10.1 of the *Radio Regulations, 1986* (the Regulations), except as otherwise provided pursuant to a condition of its licence, a licensee shall own and operate its transmitter.
11. As part of this transaction, RBS is purchasing Rimouski's capital assets, including the transmitter. In order to continue operating the station, RBS will obtain financing from its sister company, CJFP.
12. Since RBS will own the transmitter and will have all the required assets to operate the station, the Commission considers that RBS will be able to meet its obligations relating to ownership and control of its transmitter as well as its operation.
13. Furthermore, since the transaction will not change the effective control of the station, it will have no impact on the broadcasting system.
14. In accordance with the *Simplified approach to tangible benefits and determining the value of the transaction*, Broadcasting Regulatory Policy CRTC 2014-459, 5 September 2014, applicants must pay tangible benefits when there is a change in ownership or effective control of a commercial radio undertaking.
15. Given that the current transaction will not change the effective control of the station, the Commission does not impose tangible benefits.

Licence renewal

16. On 30 July 2019, Rimouski filed an application to renew the broadcasting licence for CFYX-FM Rimouski and its transmitter CFYX-FM-3 Rivière-du-Loup. RBS wishes to continue operating the undertaking under the same terms and conditions as those in effect under the current licence.
17. Given that the station is in compliance with the regulatory requirements, the Commission considers it appropriate to renew the licence for a complete seven-year term.

Conclusion

18. In light of all of the above, the Commission **approves** the application by Radio Bas-St-Laurent inc. for authority to acquire the assets of the French-language commercial radio programming undertaking CFYX-FM Rimouski, Quebec, and its transmitter CFYX-FM-3 Rivière-du-Loup.
19. In addition, the Commission **renews** the broadcasting licence for the French-language commercial radio programming undertaking CFYX-FM Rimouski, Quebec, and its transmitter CFYX-FM-3 Rivière-du-Loup.
20. RBS shall notify the Commission of the close of the transaction, and upon surrender of the current licence issued to Rimouski, the Commission will issue a new broadcasting licence to RBS. The new licence will expire 31 August 2027. The terms and **conditions of licence** are set out in the appendix to this decision.

Reminder

21. Pursuant to section 22 of the Act, the broadcasting licence will cease to have any force or effect should the broadcasting certificate issued by the Department of Industry lapse.

Secretary General

This decision is to be appended to the licence.

Appendix to Broadcasting Decision CRTC 2020-280

Terms, conditions of licence, expectation and encouragement for the French-language commercial radio programming undertaking CFYX-FM Rimouski, Quebec, and its transmitter CFYX-FM-3 Rivière-du-Loup

Terms

The licence will expire 31 August 2027.

Conditions de licence

1. The licensee shall adhere to the conditions set out in *Conditions of licence for commercial AM and FM radio stations*, Broadcasting Regulatory Policy CRTC 2009-62, 11 February 2009, as well as to the conditions set out in the broadcasting licence for the undertaking.
2. The licensee shall not solicit local advertising in the Baie-Comeau, Forestville and Matane radio markets.

Expectation

The Commission expects the licensee to reflect the cultural diversity of Canada in its programming and employment practices.

Encouragement

In accordance with *Implementation of an employment equity policy*, Public Notice CRTC 1992-59, 1 September 1992, the Commission encourages the licensee to consider employment equity issues in its hiring practices and in all other aspects of its management of human resources.