



Broadcasting Decision CRTC 2020-323

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Reference: Part 1 application posted on 31 January 2020

Ottawa, 3 September 2020

Dufferin Communications Inc.
Meaford, Ontario

Public record for this application: 2020-0022-2

CJGB-FM Meaford – Technical changes

*The Commission **approves** an application to change the authorized contours of the English-language commercial radio station CJGB-FM Meaford, Ontario.*

Background

1. The Commission has the authority, pursuant to section 9(1) of the *Broadcasting Act* (the Act), to issue licences for such terms not exceeding seven years and subject to such conditions related to the circumstances of the licensee as it deems appropriate for the implementation of the broadcasting policy set out in section 3(1) of the Act, and to amend any conditions on application of the licensee.
2. In Broadcasting Notice of Consultation 2013-335, the Commission published an application (2012-0994-0) by Dufferin Communications Inc. (Dufferin) to operate an English-language commercial FM radio station in Meaford, Ontario.
3. Dufferin's application was opposed by Bayshore Broadcasting Corporation (Bayshore), Larche Communications Inc. and MZ Media Inc. (MZ Media). These interveners submitted that the proposed new station would have an undue negative financial impact on their stations and could also impact stations serving Owen Sound, Collingwood and Wasaga Beach. They added that Dufferin would require a power increase in order to achieve its revenue targets, and that Dufferin's application could constitute a first step towards back-door entry into neighbouring markets.
4. The Commission determined that the proposed station's primary (3 mV/m) and secondary (0.5 mV/m) contours would not reach Owen Sound, Collingwood or Wasaga Beach, and that Dufferin's proposal would constitute a first service for Meaford. Accordingly, in Broadcasting Decision 2014-16, the Commission approved Dufferin's application. Dufferin's station, now known as CJGB-FM Meaford, commenced operations on 1 September 2014.
5. In Broadcasting Decision 2016-145, the Commission denied an application by Dufferin to change the authorized contours for CJGB-FM. In that decision, the Commission determined that Dufferin's proposed technical solution was not

appropriate, that Dufferin had failed to demonstrate a compelling economic need justifying the requested technical changes, that approval of the application could have an undue negative financial impact on incumbent stations, and that approval of the application would undermine the integrity of the Commission's licencing process.

6. At the time this application was submitted, CJGB-FM was in its first licence term, which ended on 31 August 2020. The station was found to have operated in compliance with its regulatory obligations during that licence term, and the Commission renewed the broadcasting licence for CJGB-FM for a second term in Broadcasting Decision 2020-265.

Application

7. Dufferin filed an application to change the authorized contours of its English-language commercial radio station CJGB-FM Meaford, Ontario, by increasing the average and maximum effective radiated power (ERP) from 100 to 850 watts.
8. According to the licensee, the requested technical changes are necessary in order to improve reception of CJGB-FM's signal in Meaford. Dufferin submitted that the station's target audience is dissatisfied with the station's poor signal reception and that this, in turn, has made it difficult for the station to attract advertisers.

Interventions and reply

9. The Commission received an opposing intervention filed by Corus Entertainment Inc. (Corus) as well as an opposing intervention filed jointly by Bayshore and MZ Media. Dufferin replied to the opposing interventions.

Commission's analysis and decisions

10. When a licensee of a radio station files an application for a technical amendment, the Commission generally expects the licensee to present compelling technical or economic evidence to justify the technical changes. Applications are examined on a case-by-case basis and the Commission may give consideration to the particulars of an application and any relevant issues raised in interventions.
11. After examining the public record for this proceeding, the Commission considers that the following issues must be addressed:
 - whether Dufferin has demonstrated a compelling technical or economic need justifying the requested technical changes;
 - whether the changes are an appropriate technical solution;
 - whether approval of the requested technical changes would have an undue negative financial impact on incumbent stations; and

- whether approval of the application would undermine the integrity of the Commission's licensing process.

Demonstration of technical or economic need

Technical need

12. The Commission generally expects the licensee to demonstrate a compelling technical need to justify a technical amendment, such as evidence that the station experiences interference or reception issues that negatively impact the community that the station is licensed to serve or other technical issues that interfere with the operation of the transmission facility.
13. As mentioned above, Dufferin proposed increasing the average and maximum ERP for CJGB-FM from 100 to 850 watts in order to improve the station's signal in Meaford. According to the licensee, CJGB-FM's audience has experienced reception issues since the station first began broadcasting, and the proposed power increase will allow CJGB-FM to improve reception and better serve its licensed market.
14. In support of this application, Dufferin submitted field strength measurement reports. These reports indicate that there are clear signal deficiencies within the station's primary contour, and that these deficiencies negatively impact reception of the station's signal in downtown Meaford due to the surrounding mountainous terrain.
15. The Commission notes that Dufferin's original licensing application included realistic contour maps that predicted limited coverage in Meaford. However, the Commission also acknowledges that the above-mentioned field strength tests demonstrate that CJGB-FM's signal is slightly weaker than was predicted by the maps the licensee originally supplied. In the Commission's view, this adequately demonstrates significant and ongoing signal deficiencies within CJGB-FM's licensed primary contour.
16. In light of the above, the Commission finds that Dufferin has demonstrated a compelling technical need for the requested technical changes.

Economic need

17. Dufferin submitted that the requested technical changes are necessary in order to ensure CJGB-FM's financial viability. According to the licensee, since the station first launched in 2014, CJGB-FM's financial performance has been poor and in decline. In Dufferin's view, this poor financial performance directly correlates with CJGB-FM's signal deficiencies.
18. In support of this application, Dufferin submitted two sets of financial projections for the next three years, one for a scenario in which this application is approved and another for a scenario in which it is denied. The former projects that CJGB-FM would not reach profitability but that the station's profit before interest and taxes (PBIT) would trend positively in the direction of future profitability. The latter projects that

minimal annual increases in the station's revenues would be insufficient to offset increases in its annual expenses, which would result in an ongoing decline in PBIT and increasing financial losses.

19. With respect to Dufferin's projections, the Commission is of the view that Dufferin's projections are reasonable and fall within the range of revenues generated by comparable stations.
20. The Commission acknowledges that it is common for a station to operate at a loss in the first few years after its launch. However, CJGB-FM is now beginning its second licence term, the station has demonstrated an ongoing downward trend in revenues with no signs of growth or improvement, and the licensee's projections indicate that these losses will increase if the status quo is maintained with respect to the station's operating parameters.
21. In light of the above, the Commission finds that Dufferin has demonstrated a compelling economic need for the requested technical changes.

Appropriateness of the proposed technical solution

22. Dufferin submitted that the purpose of its application is to extend its primary contour to more fully cover Meaford and thereby improve reception for the market that CJGB-FM is licensed to serve. Dufferin added that the requested technical changes represent the best technical solution and address the concerns raised in Broadcasting Decision 2016-145, specifically, those related to expansion into adjacent markets.
23. According to the interveners, the requested technical changes, if approved, would result in CJGB-FM's secondary contour extending into Collingwood, Wasaga Beach and Owen Sound. In their view, the station's theoretical secondary contour would include Collingwood, and CJGB-FM would therefore be providing service to a community that is not part of its licensed market.
24. Based on the findings of a broadcasting engineer that they hired to investigate possible alternatives, Bayshore and MZ Media submitted that Dufferin could use a directional antenna to improve coverage in Meaford without expanding CJGB-FM's contours into adjacent markets.
25. Dufferin replied that the requested technical changes, if approved, would not result in meaningful coverage of neighbouring markets, and that the solution proposed by Bayshore and MZ Media would be unduly expensive and would not adequately improve reception of CJGB-FM's signal in Meaford.
26. An FM radio station's market is defined in the *Radio Regulations, 1986* as the station's 3 mV/m contour or the central area as defined by Numeris, whichever is smaller. As specified in Broadcasting Decision 2014-16, CJGB-FM's primary contour is smaller and therefore defines the station's market. In the Commission's view, the theoretical contour maps provided by Dufferin indicate that the requested technical changes would not result in any significant expansion of CJGB-FM's primary contour

beyond the Meaford region. The Commission also acknowledges that the power increase requested by Dufferin in this application is much more modest than the one denied in Broadcasting Decision 2016-145.

27. In response to the concerns raised by the interveners, the Commission agrees that the theoretical contour maps indicate that CJGB-FM's proposed secondary contour would extend southeast into Collingwood. However, the realistic contour maps indicate that this expansion would be minimal, and the Commission considers that CJGB-FM's reception in this area would likely be inconsistent and unreliable due to the surrounding terrain. Furthermore, as noted above, the Commission defines an FM station's market by the station's primary contour rather than by its secondary contour.
28. A power increase is generally an effective method of improving reception. The Commission considers that the requested technical changes, if approved, would improve reception of CJGB-FM's signal in downtown Meaford. However, based on the realistic maps, the Commission also considers it likely that other locations within the station's proposed primary contour would still be subject to poor signal reception due to the challenging terrain.
29. The Commission therefore considers that, if approved, the requested technical changes would improve reception of CJGB-FM's signal within the station's licensed market of Meaford, particularly in downtown Meaford; that these changes would result in only minimal expansion of the station's primary contour outside the Meaford region; and that the expansion of the station's secondary contour would not result in CJGB-FM providing meaningful coverage to adjacent markets.
30. In light of the above, the Commission finds that the applicant has demonstrated that the requested technical changes represent an appropriate technical solution.

Impact on incumbent stations

31. In its intervention, Corus submitted that the Commission should reverse its finding in Broadcasting Decision 2014-10, wherein the Commission concluded that Collingwood and Wasaga Beach are separate markets. Corus indicated that, in its view, Collingwood, Wasaga Beach and Meaford should be considered as a single regional market due to their geographic proximity and close economic and cultural ties. Corus also indicated that, if the Commission were to reverse that finding in Broadcasting Decision 2014-10, it would support Dufferin's application.
32. In its reply, Dufferin indicated that it agreed with Corus that South Georgian Bay should be recognized as a single regional radio market, and that it would welcome a finding by the Commission to that effect.
33. In regard to Broadcasting Decision 2014-10, the Commission remains of the view, as it stated in that decision, that treating these nearby communities as a regional market would undermine the integrity of the Commission's licensing process, as it would be inconsistent with previous Commission determinations that these radio markets are distinct and separate. It could also lead to the replacement of local programming with

regional programming, to the detriment of those communities. Further, some of the stations do not have sufficient coverage to serve the South Georgian Bay region, which would place them at a competitive disadvantage relative to stations with superior coverage.

34. In light of the above, the Commission finds that it is appropriate to continue to consider Meaford to be a separate market.
35. The opposing intervention jointly filed by Bayshore and MZ Media expressed the view that Dufferin is seeking to expand its licensed service area by entering the neighbouring Owen Sound, Collingwood and Wasaga Beach markets. The interveners submitted that the financial information supplied by Dufferin indicates that Meaford has limited local advertising potential, and added that this application constitutes an attempt by Dufferin to draw revenue from markets that it is not licensed to serve.
36. Corus expressed agreement with the above-mentioned intervention and added that, in its view, if Wasaga Beach, Collingwood and Meaford continue to be deemed separate local markets, then Dufferin's proposal, if approved, would negatively impact incumbent stations in adjacent markets.
37. Dufferin, in response, reiterated that its objective in submitting this application is to address signal deficiencies in Meaford so that CJGB-FM can attract local advertisers. The licensee added that stations serving adjacent markets, including those operated by Bayshore and MZ Media, have signals that reach the Meaford market, and have taken advantage of CJGB-FM's signal deficiencies in its licensed market by actively soliciting business from Meaford advertisers. Dufferin also indicated that its financial projections are conservative because they reflect the difficulty of generating national sales revenue in smaller markets.
38. CJGB-FM is the only station currently licensed to serve Meaford, which has a population of 10,991. CJGB-FM's primary and secondary contours currently encompass a population of 9,746 and a population of 14,947, respectively. If the Commission were to approve Dufferin's application, these populations would increase to 11,842 and 47,183, respectively.¹ Most of the increase in population within CJGB-FM's primary contour would be due to that contour expanding to include more of the Meaford population.
39. The Commission considers that the proposed changes to CJGB-FM's contours would not allow the station's primary contour to reach Owen Sound, Wasaga Beach or Collingwood. CJGB-FM's proposed secondary contour would reach parts of Collingwood. However, as mentioned above, the Commission considers that the station would not be in a position to provide reliable service to this location.

¹ The population figures submitted by the applicant and those used by the Commission may vary slightly due to differences in methodology.

40. Although CJGB-FM's proposed primary contour would result in increased overlap with the primary contours for CFMO-FM Collingwood, operated by MZ Media, and CKCB-FM Collingwood, operated by Corus, the Commission considers that the increase would be minimal (the overlap would increase by 1% in both cases). Additionally, this overlap would not result in CJGB-FM extending its primary contour into the markets that CFMO-FM and CKCB-FM are licensed to serve, and both of these stations serve a much larger population within their primary contours than CJGB-FM serves within its own. As for Wasaga Beach, the Commission notes that CJGB-FM's proposed primary contour does not overlap with the primary contour for CHGB-FM Wasaga Beach, which is operated by Bayshore.
41. In light of the above, the Commission finds that approval of the requested technical changes would not have an undue negative financial impact on incumbent stations serving neighbouring markets.

Integrity of the Commission's licensing process

42. In Broadcasting Decision 2014-16, in which CJGB-FM was originally licensed as a first service to Meaford, the Commission stated that the station's primary contour would be limited to Meaford, with limited overlap in population with the primary contours of the Owen Sound, Collingwood and Wasaga Beach stations, and that neither the primary nor the secondary contours of that station (now CJGB-FM) would reach Owen Sound, Collingwood or Wasaga Beach.
43. In their intervention, Bayshore and MZ Media submitted that Dufferin's current application differs only slightly from the application that the Commission denied in Broadcasting Decision 2016-145, and that the Commission found, in that decision, that approval of Dufferin's previous application would undermine the integrity of the Commission's licensing process.
44. The Commission, however, is of the view that there are several key differences between Dufferin's previous application and the application addressed in this decision, specifically, those relating to economic need, to expansion into adjacent markets, to undue negative financial impact on incumbent stations, and to the appropriateness of the proposed technical solution.
45. With respect to economic need, Dufferin did not previously demonstrate a compelling need for technical changes to CJGB-FM's operating parameters. In fact, given that CJGB-FM launched less than a year before Dufferin submitted its previous request for technical changes, the licensee would not have been in a position to do so. The station has now begun its second licence term, and the Commission, as noted above, finds that the licensee has demonstrated a compelling economic need.
46. With respect to expansion into adjacent markets, the Commission notes that the primary and secondary contours proposed in Dufferin's previous application encompassed a larger population and would have extended into the neighbouring communities of Collingwood, Wasaga Beach and Owen Sound. The Commission is

therefore of the view that the contours proposed in the previous application could have resulted in an undue negative financial impact on incumbent stations, whereas the contours proposed in this application do not present any such concern.

47. The Commission was also concerned that the previous application, if approved, could have had an undue negative financial impact on two stations (CJOS-FM Owen Sound, operated by Bell Media Inc., and CFMO-FM) that, at the time, were in their first licence term and had not yet achieved profitability. Both of these stations are now more established and have demonstrated revenue growth over the past licence term. Moreover, as noted above, the proposed contours in Dufferin's current application are smaller than those that Dufferin proposed in its previous application, and the newly proposed contours result in only a minimal overlap with those two stations. In addition, the Commission notes that Bell did not intervene in this proceeding.
48. Finally, as noted in Broadcasting Decision 2016-145, the Commission was of the view that other solutions existed that could improve service to Meaford without expanding CJGB-FM's coverage such that it extended into neighbouring markets. Dufferin has since explored other technical solutions. This application proposes a much smaller increase in power and a different antenna pattern than was previously requested, and thereby avoids entering into adjacent markets. Additionally, although CJGB-FM's proposed secondary contour would reach parts of Collingwood, the Commission, as previously mentioned, is of the view that the station would not be able to provide reliable service in those locations. The Commission considers that this is a significant difference, since the proposed secondary contour in Dufferin's previous application would have fully encompassed the entirety of Collingwood and Owen Sound.
49. The Commission considers that Dufferin's requested technical changes, if approved, would allow CJGB-FM to better serve its licensed market of Meaford without significantly expanding its coverage outside of the Meaford region or having an undue negative financial impact on incumbent stations.
50. In light of the above, the Commission finds that approval of this application will not undermine the integrity of the Commission's licensing process.

Conclusion

51. The Commission must consider each application on its merits, based on the circumstances specific to the application. With respect to this application, Dufferin demonstrated significant and ongoing signal deficiencies within CJGB-FM's current primary contour as well as a compelling economic need for the requested technical changes. In the Commission's view, Dufferin proposed an appropriate technical solution that maintains CJGB-FM as a first service to Meaford. Moreover, the requested technical changes will not have an undue impact on stations in neighbouring markets and will not undermine the integrity of the Commission's licensing process.

52. In light of all of the above, the Commission **approves** the application by Dufferin Communications Inc. to change the authorized contours of the English-language commercial radio programming undertaking CJGB-FM Meaford.²

Secretary General

This decision is to be appended to the licence.

Related documents

- *Various commercial radio stations – Licence renewals*, Broadcasting Decision CRTC 2020-265, 13 August 2020
- *CJGB-FM Meaford – Technical changes*, Broadcasting Decision CRTC 2016-145, 21 April 2016
- *English-language FM radio station in Meaford*, Broadcasting Decision CRTC 2014-16, 22 January 2014
- *CKCB-FM Collingwood and CHGB-FM Wasaga Beach – Technical changes*, Broadcasting Decision CRTC 2014-10, 14 January 2014
- *Notice of hearing*, Broadcasting Notice of Consultation CRTC 2013-335, 12 July 2013

² This decision takes into account a public record for this application that was completed before the onset in Canada of the current COVID-19 pandemic crisis.