

**Appendix 1**  
**Supplementary Brief for a Second**  
**FM Radio Licence for Miramichi, New Brunswick**

**Executive Summary**

Maritime Broadcasting System Limited (MBS) is filing an application to establish an English-language FM radio station at Miramichi, New Brunswick in response to Broadcasting Public Notice CRTC 2011-374 issued 14 June 2011. Pursuant to the out-of-market tuning and the local survey conducted with radio listeners of the Miramichi area, MBS is proposing to launch a Country music radio station with 126 hours of local programming. MBS operates 24 radio stations in large and small communities throughout the Maritime Provinces, five of which are operating in the Country music format. MBS is proposing a programming service that will repatriate out-of-market listeners with its musical format, its made-in-Miramichi in-depth news, and its coverage of local affairs as well as cultural activities of the region. The target audience is 25-54 with a focus on the 35-54 demographic. The proposed station will provide a minimum of nearly 10 hours of Spoken Word on a weekly basis. MBS proposes to provide 42% Canadian content of category 2 music selections of which 30% will be from local and regional artists. MBS is proposing a CCD contribution of \$10,000 annually, over and above the basic CCD regulatory requirement. MBS is planning to showcase music from new emerging Canadian artists and intends to broadcast a minimum of 4% of new emerging Canadian artists. MBS's business plan is taking into account the state of the local economy and the demand for the local radio service it is proposing.

The Miramichi area has seen a number of downturns in the past 10 years with the loss of thousands of jobs especially in the forestry sector. Reduced radio revenues experienced by MBS are symptomatic of the problem. Continuous efforts are being made by provincial and local authorities to stabilize the market conditions of the area. MBS is the operator of the sole English-language radio station in Miramichi – CFAN-FM. Although the important economic indicators for this area have not been positive recently and the future appears uncertain due to population declines, hope remains that economic stability will return. Given the state of the local economy, MBS is in the best position to introduce diversity of programming service without creating undue negative financial impact on the existing radio service. MBS is in a position to offer synergies that cannot be offered by other applicants. The Commission has supported local incumbents to provide additional diversity of programming in the past in a number of similar size communities. Given that the proposed application by MBS is of high quality and meets or exceeds the established requirements, we believe that the Commission should approve our application.

## **Introduction**

Maritime Broadcasting System Limited (MBS) is seeking to obtain a licence to operate an FM radio station to serve Miramichi, New Brunswick. This application is filed in response to Broadcasting Public Notice CRTC 2011-374 issued 14 June 2011 in which the Commission called for radio applications.

Approval of our application will ensure choice and diversity in the Miramichi radio market and provide listeners with a new and distinctive format which is currently unavailable. MBS is uniquely qualified to bring a new radio voice to Miramichi in that we have been operating CFAN, the only English language radio station in the area, for many years; first as an AM station and then as an FM station after its conversion in 2003. CFAN-FM offers an adult contemporary music format and has been providing outstanding community service for many decades by bringing unparalleled news, sports and community programming to the city and surrounding area.

## **The Applicant**

MBS is the licensee of 24 radio stations operating in large and small communities throughout the Maritime Provinces. Our roots are in small and medium sized markets and our success is thanks to our people who live in these local markets and who are able to understand and reflect local needs and interests.

Since its beginning in Campbellton, NB, MBS has evolved into a truly regional broadcaster, serving communities as large as Halifax with a population of 370,000, to Digby, Nova Scotia, with a total population of just over 2,000 people. In addition to high quality radio services which reflect the communities we serve, we are providing human and financial resources, access to programming expertise, state of the art equipment and modern facilities as well as a longstanding commitment to community causes. We have accomplished all of this while at the same time satisfying and surpassing all of our commitments to the CRTC. We have also maintained an excellent relationship with the Canadian music industry and local recording artists.

## **The Market**

The City of Miramichi is the result of the amalgamation of the towns of Chatham and Newcastle in 1995. The focal point of the community is the world famous salmon river, The Miramichi River, which is surrounded by natural resources that have historically fuelled the local economy.

Following the closure of the Chatham Air Base, the area relied heavily on the forestry sector. Then in 2007, the local pulp mills that employed over 1000 workers closed and by 2009 the only two remaining saw mills in the area closed permanently. The workforce at these mills represented 14% of the local workforce in 1996 but the loss of these primary industry jobs had an impact on the entire regional workforce. The mill closures brought

the Miramichi region lost jobs to a reported 3,100 or 30.4%<sup>1</sup> of the local workforce. Miramichi endured an almost total collapse of its forest industry.

Statistics Canada reported that New Brunswick lost 8,000 full-time jobs from July 2010 to July 2011 and the July 2011 unemployment rate was 10.2%<sup>2</sup>. As of July 2011 the unemployment rate in Canada stood at 7.6% with a 1.5% increase in jobs over the July 2010 to July 2011 period. In the Miramichi the unemployment rate has increased from 13.9% in 2006 to 15.5% in July 2011<sup>3</sup>. As well, the value of building permits issued by the City of Miramichi, (see Table 1), confirms the challenging economic environment.

<b>Table 1</b>			
<b>Value of Building Permits Issued - City of Miramichi<sup>4</sup></b>			
	<b>2009</b>	<b>2010</b>	<b>Jan-Aug 2011</b>
Residential	\$8,381,087	\$8,914,980	\$2,275,790
Commercial	\$6,473,379	\$2,804,657	\$1,916,500
Institutional	\$573,600	\$1,239,000	\$134,700
Industrial	\$4,966,785	\$60,000	\$280,000
Signs	\$76,573	\$102,733	\$51,350
<b>TOTAL</b>	<b>\$20,471,424</b>	<b>\$13,121,370</b>	<b>\$4,658,340</b>

The Miramichi region will be affected yet again when the zinc mine located between Bathurst and Miramichi is expected to close its operation between one and three years from now. It is not known exactly when the mineral will run out but this business employs approximately 800 people (550 at the mine and 250 at the smelter) and brings \$100 million into the provincial economy each year. The expected closure will affect the entire region.

Increasing job losses and heightened unemployment are problematic in themselves and will also fuel outward migration of the population to larger centres such as Fredericton and Moncton, which continue to experience steady economic growth.

Statistics Canada reported that the population of Miramichi City in Census 2001 was 18,508<sup>5</sup>. In Census 2006, it had decreased by 2.0% to 18,129<sup>6</sup>. Miramichi had already experienced a decrease of population of 3.8% between 1996 and 2001. The reported population located in the *census agglomeration* of Miramichi in Census 2001 was 25,274. In Census 2006, the population decreased by 2.1% to 24,737 of which 88% is Anglophone. During the same time period the population of Canada increased by 5.4%.

<sup>1</sup> Canadian Labour Congress dated 19 September 2010 entitled “Miramichi included in Communities in Crisis Study”

<sup>2</sup> Statistics Canada Labour Force Characteristics, Unadjusted, By Province (Monthly) July 2011

<sup>3</sup> Statistics Canada Labour Force Characteristics, Unadjusted, By Economic Region (3 Month Moving Average)

<sup>4</sup> Miramichi Planning District Commission

<sup>5</sup> Statistics Canada 2006 Community Profiles

<sup>6</sup> Ibid, Footnote 5

The results of the 2011 Census are expected in February 2012 and there are no anticipated indicators that would lead us to believe that the population of the area has increased.

These population and economic indicators (see Table 2) confirm that the Miramichi economy is fragile at present and continues to be challenged by the high Canadian dollar and other international factors outside its control due to its reliance on natural resources.

Table 2				
Economic Data				
		Miramichi & Area	New Brunswick	Canada
Employment				
	2006 Census	52.2%	57.3%	62.4%
	July 2011 Labour Force	50.2%	58.4%	63.0%
Unemployment				
	2006 Census	13.9%	10.0%	6.6%
	July 2011 Labour Force	15.5%	10.2%	7.6%
Population				
	2001 Census	25,274	729,498	30,007,094
	2006 Census	24,737	729,997	31,612,897
	Change	-2.1%	0.1%	5.4%

The Fall 2010 BBM 12+ provides the following information (see Table 3), on radio listenership for Miramichi and area: City Population 18,500 – Northumberland County Population 49,000.

Table 3	
Fall 2010 Miramichi BBM Results	
CFAN-FM Miramichi – AC (and others)	61.3%
CJSE-FM Shediac (French community) - Country	13.4%
CBAM-FM Moncton (CBC)	8.9%
CJXL-FM Moncton (Newcap) - Country	4.7%
CIBX-FM Fredericton (Astral) – CHR	4.5%
CJMO-FM Moncton (Newcap) - Rock	3.0%
CBZF-FM Fredericton (CBC)	2.2%
CKCW-FM Moncton (MBS) - CHR	1.5%
CFXY-FM Fredericton (Astral) - Rock	0.5%

Two radio stations do not show in the Fall 2010 Miramichi BBM Results. CKMA-FM was authorized in 2006 as a French-language community radio station to broadcast a variety of music, and there is also a Christian adult contemporary low-power radio station licenced at nearby Blackville, NB with a low-power transmitter at Miramichi. There are also regional transmitters for the CBC English- and French-language radio services.

## **The New FM**

We are proud and excited to introduce a new radio station to Miramichi. We are proud of our extensive community presence that we have established and are excited to offer a vibrant alternative that, through increased staffing and operating synergies, will significantly expand our commitment to the residents and organizations in the area.

Our new FM radio station will repatriate a large percentage of out-of-market tuning. Country listeners will be able to listen to country music, with a strong local and regional flavour, in their hometown. This music will just be one component of our made-in-Miramichi radio station. More in-depth news, increased coverage of municipal and rural councils, and Spoken Word focused on the Miramichi target audience of 25-54 will be a true reflection of their local tastes and interests.

We have a proven track record in Miramichi. Let us build on this legacy. The Miramichi community supports our efforts in launching a new station in a country format as demonstrated by the Letters of Support contained in Appendix 1A.

As a true reflection of the diversity and culture of the Miramichi, the station will offer a contemporary mix of country hits along with specialty programs featuring older country classics and Maritime favourites.

Immigrants from Ireland, Scotland, England, and Wales to the Maritimes, dating back almost 300 years, brought musical instruments with them to their new homeland. These included the Irish fiddle, the Italian mandolin, and the Spanish guitar. Instrumental pieces from Anglo-British and Irish immigrants were the basis of folk songs and ballads that form what is now referred to as old time music, from which country music descended.

The history and development of country music in the Maritimes is monumental. Don Messer's Jubilee, originating in the Maritimes, was broadcast nationally from 1957 to 1969 and was more often than not the Number One rated TV show in Canada, outdrawing American programs such as the Ed Sullivan Show. Other Maritime Country Superstars include Wilf Carter, Hank Snow, Stompin' Tom Connors, Catherine MacKinnon, and Anne Murray. Today, Maritime Country continues to thrive with Meaghan Blanchard, RyLee Madison, Gordie Sampson, J P Cormier, Tara Oram, Lennie Gallant, and George Canyon.

Our programming philosophy is based entirely on what is right for an additional radio station in Miramichi. Today's best country and the showcasing of the area's culture and history with yesterday's classics is what we are proud to offer - a unique programming schedule blended specifically for Miramichi.

Our target audience will be 25-54, with a focus on the older end of this demographic (35-54). The Miramichi's Best Country will feature the top hits of today and yesterday: a blend of today's most popular music by artists including Johnny Reid, Brad Paisley, Dean Brody, Terri Clark, Lady Antebellum, Keith Urban, Alan Jackson, and New Brunswick natives Chris Cummings and Julian Austin. The best of yesterday's country by artists such as Shania Twain, Johnny Cash, Garth Brooks, Alabama, Vince Gill, Emerson Drive, and The Wilkinsons will also be included in the mix.

Two music features will resonate with local input:

The Saturday Night Kitchen Party (6-9 PM): A 3 hour request show, featuring a blend of local and regional artists and classic country songs. This show will be modeled after our own almost 50 year program, The Saturday Night Hoedown, on CFCY Charlottetown . Traditional, fiddle, and local recordings would best describe the essence of the program.

East Coast Top Ten (Sundays 6-7 PM): The top ten songs of new and emerging country artists from the Maritimes, in a count down format. Locally produced Spoken Word during the countdown will feature interviews and background information on the featured artists and songs.

**Spoken Word (News)**

Local news will be our priority and will be reflected in each of the more than 60 newscasts that will air weekly. On weekdays there will be newscasts every 30 minutes between 6 and 8:30 am inclusive, noon, and afternoon drive at 3, 4, 5, and 6pm (see Table 4). Weekend newscasts will air hourly between 7am and noon inclusively (see Table 5). A minimum of 70% of news content will be local (Greater Miramichi area) along with 20% provincial and 10% national/international. Our local news coverage will highlight hometown sports, with high school hockey and football, local baseball/softball, and, of course, the Miramichi Timberwolves of the Maritime Junior Hockey League.

Table 4			
Proposed Weekday News Schedule (min)			
TIME	NEWS	SPORTS	WEATHER
6:00AM	4:00	:30	:30
6:30AM	4:00	:30	:30
7:00AM	4:00	:30	:30
7:30AM	4:00	:30	:30
8:00AM	4:00	:30	:30
8:30AM	4:00	:30	:30
NOON	4:00	:30	:30
3:00PM	4:00	-	:30
4:00PM	4:00	:30	:30
5:00PM	4:00	:30	:30
6:00PM	4:00	:30	:30
Weekday total: 44 minutes of news			

5 minutes of sports
<u>5.5 minutes of weather</u>
54.5 minutes daily x 5 = 272.5 minutes weekly or 4.54 hours

Table 5			
Proposed Weekend News Schedule (min)			
TIME	NEWS	SPORTS	WEATHER
7:00AM	4:00	:30	:30
8:00AM	4:00	:30	:30
9:00AM	4:00	:30	:30
10:00AM	4:00	:30	:30
11:00AM	4:00	:30	:30
NOON	4:00	:30	:30
Weekend total: 24 minutes of news 3 minutes of sports <u>3 minutes of weather</u> 30 minutes daily x 2 = 60 minutes weekly or 1 hour			

With the additional staffing commitment, there will be the resources to cover and report in more detail on events and causes important to residents of Miramichi and in particular our core audience. Health care is a prime example where stories could include: drug coverage differences between New Brunswick and the rest of the country; preventative health measures from local health professionals; palliative care; diabetes control and diet; and general news updates on the health care facilities within our coverage area.

**Spoken Word**

We are committed to the extensive promotion of events, activities, and causes important to the Miramichi area through a daily Community Calendar. This 90 second feature will air 4 times daily, seven days a week. Miramichi is home to hundreds of local events, some with national and international recognition. Miramichi is home to Canada's longest standing folk festival, the Folksong Festival, and next year marks its 55th anniversary. Next summer will see the 29th annual Canadian Irish Festival in Miramichi and, a newer event, the Annual Country Music Festival, which has seen 5 years of continued growth. Other events that will be featured on Community Calendar: the Miramichi Kitchen Party, the Scottish Festival, the Dragon Boat Festival, Fetes des Acadiens, the Rotary Pond Hockey Tournament, and the Miramichi Fiddle Festival.

It will be mandatory that every hour of programming has local content (see Table 6). Local content would include: community activities, fundraisers, service club information, road construction and travel conditions, sports, weather, school bus delays, storm closures, birthdays and anniversaries, and more. Our programming mission is to be a

leading radio station in Canada by truly reflecting the people, character, and culture of the Greater Miramichi region.

Table 6		
Minimum Additional Spoken Word (min) Monday to Sunday		
TIME	SURVEILLANCE/WEATHER	PSA/COMMUNITY EVENTS
6:00AM	1:00	1:00
7:00AM	1:00	1:00
8:00AM	1:00	1:00
9:00AM	1:00	1:00
10:00AM	1:00	1:00
11:00AM	1:00	1:00
NOON	1:00	1:00
1:00PM	1:00	1:00
2:00PM	1:00	1:00
3:00PM	1:00	1:00
4:00PM	1:00	1:00
5:00PM	1:00	1:00
6:00PM	1:00	1:00
7:00PM	1:00	1:00
8:00PM	1:00	1:00
9:00PM	1:00	1:00
10:00PM	1:00	1:00
11:00PM	1:00	1:00
Total = 2 minutes per hour x 18 hours = 36 minutes x 7 days = 252 minutes or 4.2 hours		

CFAN-FM is the voice of the greater Miramichi and has served the community for more than 60 years. As part of its regular programming, offers, in addition to public service announcements:

- Support for the local hospitals, by providing radio services such as a 12 hour radiothon for the Hospital Foundation, which when last held, raised approximately \$60,000.
- Participation in annual fundraising events including: Tim Horton's Camp Day, McHappy Day, Camp Rotary, and the Salvation Army coat and toy drives.
- Annual charity BBQ's on-site for local chapters of the Parkinson's Society, the Make-A-Wish Foundation, the Relay for Life, and the CNIB.
- Rotary Club live monthly travel draws.
- A locally produced show; The Gospel Truth.
- Weekly live Sunday church broadcasts, rotating amongst 5 local houses of worship.
- Announcements of births and deaths, closed highways, power outages, and lost pets

- Post game interviews with the Miramichi Timberwolves.
- A summer cruiser covering all major festivals and events during late June, July and August.
- Open doors for school tours and job shadowing

We are excited to build upon this wonderful past and, with the greater resources of additional staff with a second radio station in Miramichi, our community reflection will be enhanced significantly.

### **Canadian Content**

With the abundance of Canadian Country talent, and more specifically regional talent, we will exceed the required Canadian content level of 35% by promising to achieve 42% between 6 am and 6 pm weekdays and between 6 am and midnight weekly. Of this 42%, we estimate that, at minimum, 30% of Canadian content selections will be local and regional. Previous ECMA winners such as Meaghan Blanchard, George Canyon, Rylee Madison, Lennie Gallant, Gordie Sampson, Bruce Guthro, and J P Cormier will be the foundation to this initiative. We are fully prepared to accept these initiatives as a condition of the licence.

### **CCD Contribution**

MBS is committing to a level of basic annual CCD contribution as outlined at paragraph 116 of Public Notice 2006-158 and the Radio Regulations.

In addition, MBS is committing to an annual amount of \$10,000 over and above the basic annual CCD requirement, for a total of \$70,000 over a seven year period. This can be made a condition of licence. The details of the initiatives are provided in Appendix 8A.

### **Emerging Artists Initiatives**

As outlined in the application form, MBS is committed to supporting new emerging Canadian artists and intends to broadcast a minimum of 4% of new and emerging artists based on the adopted definition included in Broadcasting Regulatory Policy CRTC 2011-316.

The new FM will regularly provide live artist interviews to touring musicians who may be in the Miramichi area to promote their music and live shows.

The new FM will also participate in the “MBS Radio Emerging Artist Advertising Program” (EAAP). MBS feels that these measures will encourage local talent to develop new content knowing that they would receive support outside of airplay in their local area. The EAAP allows an artist to apply for free commercial time on MBS radio stations under the following criteria:

- The artist must qualify as an “Emerging Artist” under the MBS definition.
- Must reside in the CMA that is served by the licensee.
- Have recorded new material in the last 12 months that falls into the licensee’s musical format.
- Must use the air time to promote the new release or the artist’s live performance taking place in the CMA that is served by the licensee.
- In addition to commercial air time, MBS will launch an online initiative showcasing Emerging Artists participating in the EAAP.
- Free time would not exceed the following value based on the published rate card on the grid 1. The total value of the commercial airtime would be based on CMA population under the following table.

Table 7	
Market Size*	Value of free commercial campaign
Under 100,000	\$5,000/year
Between 100,000 and 300,000	\$10,000/year
Over 300,000	\$20,000/year

### Web Based Research Findings

Listeners to CFAN were invited to go to its website to give their opinion of their preferred musical format should another radio station be licenced for Miramichi.

Respondents were required to enter their name, e-mail address, gender and demographic, and their choice of musical format preference. Choices available were Rock, Oldies, Country and Other.

The Miramichi listener survey was completed by 322 residents during the period of late August and early September.

The overwhelming choice was Country.

As you can see in Appendix 1B, almost 62% of all respondents chose Country. A distant second preference for a music format was Rock at 22%, followed by Oldies just under 14%, and Others registering just over 2%.

### Sample Daytime Hour Playlist

JUST LIKE YOU	GEORGE CANYON (CANCON- REGIONAL)
MR. MOM	LONESTAR
PEOPLE ARE CRAZY	BILLY CURRINGTON
LITTLE YELLOW BLANKET	DEAN BRODY (CANCON)

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\* Based on recent Statistics Canada Data

SPARKS FLY	TAYLOR SWIFT
LONG HOT SUMMER	KEITH URBAN
CONVOY	PAUL BRANDT (CANCON)
JUST A KISS	LADY ANTEBELLUM
LITTLE OL' KISSES	JULIAN AUSTIN (CANCON – REGIONAL )
I WON'T LET GO	RASCAL FLATTS
HURRICANE JANE	GORDIE SAMPSON (CANCON - REGIONAL)
CHATTAHOOCHEE	ALAN JACKSON
BREATHE	FAITH HILL
HERE FOR A GOOD TIME	TERRI CLARK (CANCON)

### **Business Plan and Financial Statements**

To address the out-of-market tuning as per Table 3, our new FM station in Miramichi with a Country music format is expected to garner an estimated 18 share. This would leave approximately a 20 share of the market going to out-of-market radio stations (CBC/SRC and others), which is close to what is currently occurring in other similar radio markets. In addition, it is not expected that CFAN-FM will continue to retain its estimated 55 share of the Miramichi radio listenership with a new FM station in the market. We estimate that CFAN-FM's listenership of the radio market will be reduced to approximately a 40 share, thereby giving the new FM radio station an estimated 33 share of the Miramichi radio market.

We estimate that this loss of audience share of CFAN-FM will result in a reduction of this station's annual revenues between \$225,000 and \$275,000. This represents more than the PBIT of CFAN-FM for the 2011 fiscal year, even with total expenses already at a level well below the average total expenses of all FM radio stations operating in small markets in New Brunswick. This indicates that should a new operator be licenced in Miramichi, CFAN-FM may not be able to continue providing the same level of service.

We estimate that the new FM station's share of advertising revenue will equal 80% of its share of the listening hours in Year 1 and that this will gradually increase to 100% in Year 3. The new FM will not be able to convert in to full revenue the total share of listenership in the early years, as it will need to establish audience history to justify advertising rates. Also, the station will be penalized by national advertisers who typically select only the top stations in a given market. Based on these assumptions the new FM would have estimated revenues of \$390,000 in year 1 and \$475,000 in year 7.

The policy of the Commission has never been to licence a new service at the risk of having an existing service disappear. On the contrary, the Commission’s efforts have always been to improve broadcasting services without causing undue negative impact on existing services. Introducing viable local radio programming diversity to residents of this area may only be possible if the incumbent in the market, MBS, has revenue streams from both radio stations in the market and can realize efficiencies and maximize synergies by sharing the studio building, the transmitting facilities, technical staff, and management. The two stations would, however, have separate news reporters and on-air announcers.

### **CFAN – Sole Operator**

The 2010 financial returns provided by MBS for radio station CFAN-FM might lead the Commission to conclude that the Miramichi radio market is strong. We would caution that MBS has always attempted to provide efficient operations in its stations, especially in smaller market like Miramichi, while providing quality local service. The 2010 radio financial results published by the Commission for all FM radio stations for small radio markets in New Brunswick demonstrate average total expenses at a rate of 76% of revenues. CFAN-FM’s total expenses for the same period are 64% of its revenues. This variance is the same for previous reporting periods. Concluding that the profitability or PBIT margin of CFAN-FM is significant enough to allow another radio operator entrant into this small market would only serve to disadvantage a business for operating efficiently in a declining population and economic environment.

Like many, if not all, radio stations in the country, CFAN-FM’s revenues dropped significantly in 2009, and the revenues reported for 2010 were less than those reported in 2007.

In comparison to radio revenues of all FM stations in small markets in New Brunswick for the past three years, revenues of CFAN-FM are as follows:

Table 8			
Variance in Radio Revenues			
	2007/2008	2008/2009	2009/2010
All FM in NB – small markets <sup>7</sup> .	2.78%	-3.1%	8.57%
CFAN-FM	11.99%	-13.3%	1.2%

In addition, we can report that CFAN-FM revenues to date for 2011 have decreased by 12% from the 2010 revenues.

Out-of-market tuning by Miramichi area residents 12+ accounts for approximately 38% of their radio tuning in favour of radio stations from larger centres like Moncton and Fredericton (see Table 3). This could indicate demand for additional radio service to this

<sup>7</sup> CRTC Annual Report

area, however, the demand must be considered in terms of the local area economy and its ability to generate revenue to fund increased radio service.

This market may appear to have a population base and economic activities that could support an additional radio service to provide voice diversity to the residents of this area. However, should the Commission conclude that the Miramichi market is able to support an additional radio service, we would strongly submit that this market would not be capable of supporting a new competitive radio entrant at this time. This is based on the relatively modest size of this market, the limited anticipated economic growth and the continuing decline in the base population. It is possible for MBS to provide a second viable radio service in this market by realizing efficiencies and maximizing synergies with its existing station. MBS can offer synergies that no other applicant would be in a position to offer and at the same time fulfill the demand for additional radio diversity of news voices. As we will demonstrate further on, the Commission has preferred to authorize local incumbents to fulfill the needs of underserved listeners in radio markets of comparable size to Miramichi, while minimizing market impact on the existing local radio service.

The Commission has always promoted the highest possible level of diversity of radio programming for residents of various communities by licensing new services that do not negatively impact existing services. The Commission's licensing actions through the years have resulted in many small markets throughout the country either being served by only one local radio station or by one operator of two and sometimes three radio stations.

Two points we would like to raise in this area:

1. In its policy to issue calls for radio applications in Public Notices CRTC 1999-111 and CRTC 2006-159, the Commission stated that radio applications filed by the sole commercial radio operator to improve the existing service with a new station would not trigger a call. Applications would be evaluated on their own merit with the established criteria for evaluating radio applications.

We submit that this policy, by inference, signals that the Commission is ready to support sole licensees of radio stations operating in small markets as they are in the best position to improve radio service. As indicated above, the Miramichi radio market is a small radio market with economic indicators that are fragile. If there is a market where the sole operator should be supported in a competitive process, given that the application under review meets the established licensing criteria, it must be the Miramichi market which has witnessed so many economic downturns in the past 10 years. We, like most people in the Miramichi area, are hoping for renewed economic activities in coming years and want to continue serving this community well with radio services.

2. We have reviewed small radio markets in Canada with one or more operators and the results can be found in Appendices 1C and 1D.

It is understood at the outset that each market's particularities may be different for a number of reasons including being isolated or being located in proximity to larger markets, but it remains that economic indicators are the driving force to any commercial business. These Appendices reinforce that in numerous situations, the Commission has frequently supported single local radio operators to provide a diversity of radio programming service to small markets.

As the Commission knows, a community can only expect the local commercial radio programming services that its economic activities can support. The Commission has often indicated in considering applications for new radio services that its predisposition generally lies in favour of increased competition and diversity, along with the improvements in the overall quality of available services that these promote. However, this is usually qualified by the statement that the Commission must ensure that markets are able to support the entry of new stations, and that the introduction of competition in a radio market will not have an undue negative financial impact on incumbent station(s).

### **Technical**

MBS has filed its application based on the use of frequency 102.5MHz as our preferred or 1<sup>st</sup> choice. We have also identified frequency 95.9 MHz as an alternative choice. The technical parameters for the alternative frequency (2<sup>nd</sup> choice) offer a reduced coverage such that a reduction of population of 27% would occur in the 3mV/m contour and a reduction of 20% in the 0.5mV/m contour. We estimate that if the Commission were to approve our application with the 2<sup>nd</sup> choice frequency it would have a noticeable impact on the business plan filed with this application. Our estimate is that our revenues would be reduced in the order of 20% to 30% of those proposed in the application.

### **Quality of the Application**

The 126 hours of local programming, including newscasts, entertainment programs and local events coverage are all local programming structured for informing, entertaining and providing a reflection of the local community. MBS has a track record in providing excellent local programming to the communities it serves.

The Canadian content commitment to broadcast 42% of Canadian category 2 music is one of the highest undertaken by radio stations in this country. We undertake as well, that 30% of the Canadian music will be from regional and local artists.

The business plan put forward by MBS can be summarized as a proposal to provide a second programming service in a market that is not experiencing economic growth and has survived a number of economic downturns in the past 10 years. However, only the incumbent is in a position to offer such an additional radio service without having an undue negative impact to the existing radio service. The Country music format proposed is the one sought by residents of the area, as demonstrated by the highest number of hours tuned to out-of-market radio stations operating on this format (see Table 3), and as supported by a local survey, (see Appendix 1B).

The commitment of MBS toward the development of Canadian talent of \$70,000 over 7 years, in addition to the regulatory annual requirement in this area, is in line with what other applicants have proposed and has been accepted by the Commission in such smaller radio markets.

## **Conclusion**

Maritime Broadcasting System Limited is pleased to submit this application for a new FM Radio Licence for Miramichi.

Our new FM will repatriate out-of-market tuning and deliver a popular format with the core 35-54 demographic. This format reflects the area's older demographic and aging population.

Our commitment to 42% Canadian content is enhanced significantly with a commitment to 30% of this Canadian content being from local and regional artists. Further, of this 30% commitment, MBS will air 25% of these selections within the definition of Emerging Artists. This results in an unprecedented commitment to local, regional and emerging artists.

The extensive local programming will serve to enhance local reflection and benefit the local communities of the greater Miramichi area. It will provide an additional window that will speak to the issues, concerns, and on-going activities that affect residents of the area on a daily basis. Our Spoken Word commitment is 9 hours 44 minutes weekly, at a minimum.

We know Miramichi. We will program the radio station with a singular theme - everything we do will be focused on the local community. We offer the synergies and efficiencies with our existing radio station to provide high quality local radio service in an area with economic challenges. Further diversity will be achieved with increased resources to significantly expand Spoken Word commitments, including news and community events.

We believe our proposal fully meets and exceeds the objectives of the Broadcasting Act. By approving our application the Commission has the opportunity to increase diversity in Miramichi, a community with an economy that is fragile and a population that is declining. Also, the Commission will be following the precedent of supporting incumbents in small markets.