



## Broadcasting Decision CRTC 2012-462

PDF version

Route reference: Part I applications posted on 11 June 2012

Ottawa, 28 August 2012

### **Christian Channel Inc.**

Fraser Valley, British Columbia and Winnipeg, Manitoba

*Applications 2012-0673-0 and 2012-0674-8*

### **CHNU-DT Fraser Valley and CIIT-DT Winnipeg – Licence amendments**

*The Commission **approves in part** the applications to amend the broadcasting licences for the television stations CHNU-DT Fraser Valley and CIIT-DT Winnipeg in order to extend the deadline by which certain tangible benefits must be fulfilled. Specifically, instead of the three-year extension requested, the Commission has granted an extension of one year to 31 August 2013.*

*Further, the Commission **directs** the licensee to submit, within 60 days of the date of this decision, a report detailing how the benefits will be spent.*

### **Background**

1. In Broadcasting Decision 2010-193, as corrected by Broadcasting Decision 2010-193-1, the Commission approved an application by ZoomerMedia Limited (ZML), on behalf of itself and Christian Channel Inc. (CCI), to change the effective control of the television programming undertakings CHNU-TV Fraser Valley and CIIT-TV Winnipeg from CCI to ZML. The Commission also approved ZML's application to acquire the assets of VisionTV and the change in effective control of ONE: The Body, Mind and Spirit Channel, as well as a corporate reorganization.
2. As part of this multi-step transaction, ZML assumed responsibility for the remaining tangible benefits that were originally proposed by Rogers Broadcasting Limited (Rogers) when it acquired CHNU-TV and CIIT-TV in 2005 and that were subsequently assumed by CCI when it acquired the stations from Rogers in 2008.<sup>1</sup>

### **Applications**

3. ZML, on behalf of CCI, submitted applications to amend the broadcasting licences for the television programming undertakings CHNU-DT Fraser Valley and CIIT-DT Winnipeg in order to extend by three years (i.e. to 31 August 2015) the deadline by

---

<sup>1</sup> See Broadcasting Decisions 2005-207 and 2008-71.

which the outstanding benefit expenditures flowing from CCI's acquisition of the assets of CHNU-TV and CIIT-TV must be fulfilled. The Commission did not receive any interventions concerning these applications.

4. In response to a procedural letter, ZML confirmed that the above-noted outstanding benefits, which currently amount to \$780,220, would be allocated as follows:
  - Aboriginal Faith and Spirituality Documentary Series – \$100,000
  - NOWTV Documentary Fund – \$344,940
  - Pilot Development Grants for Independent Producers – \$335,280
5. In support of its application, ZML noted that CHNU-DT and CIIT-DT have recorded significant losses since their respective launches in 2001 and 2006 and continue to face significant financial difficulties. ZML added that the stations had been denied access to funding from the Local Programming Improvement Fund, were not eligible for the Small Market Local Production Fund, were not distributed by direct-to-home satellite distributors in the markets they serve and had spent \$606,000 for the mandatory digital transition of three over-the-air transmitters in 2011 (CHNU-DT Fraser Valley, CHNU-DT-1 Victoria and CIIT-DT Winnipeg).
6. For all of these reasons, ZML stated that it was not in a financial position to fulfill its benefit expenditure requirements by 31 August 2012 and that to do so would limit its ability to improve the financial viability of these stations.
7. Finally, ZML noted that in addition to the outstanding benefits, it had also committed to spend \$2,232,071 over a period of seven years in new tangible benefits resulting from its acquisition of VisionTV and the change in effective control of ONE: The Body, Mind and Spirit Channel. ZML indicated that it was not requesting an extension to fulfill these transfer benefits.

### **Commission's analysis and decision**

8. As set out in Public Notices 1993-68 and 1999-97, the Commission expects the purchaser of an undertaking to fulfill any of the vendor's outstanding tangible benefit commitments. The Commission notes that ZML's commitment to fulfill the outstanding benefits flowing from CCI's acquisition of the assets of CHNU-TV and CIIT-TV by 31 August 2012 was imposed as a condition of licence for these stations. The Commission further notes that ZML has expended a total of \$303,266 on these benefits since the approval of the acquisition of these stations in 2010.
9. The Commission notes that these benefits were approved by the Commission seven years ago and that ZML committed to fulfill the benefits by 31 August 2012 at the time of its acquisition of the stations. ZML has since had a little over two years to make these expenditures. The Commission considers that the three-year extension proposed by the applicant is not warranted and would serve to further postpone these

expenditures. In the Commission's view, a shorter-term extension would be more appropriate.

10. In light of the above, the Commission **approves in part** the applications by ZoomerMedia Limited, on behalf of Christian Channel Inc., to amend the broadcasting licences for the television programming undertakings CHNU-DT Fraser Valley and CIIT-DT Winnipeg. Specifically, the Commission grants the applicant a one-year extension to fulfill the above-noted benefits. Accordingly, condition of licence 9 for CHNU-DT and CIIT-DT is replaced by the following **condition of licence**:

9. The licensee shall fulfill, by 31 August 2013, all outstanding required tangible benefit expenditures flowing from Christian Channel Inc.'s acquisition of the assets of the television programming undertakings CHNU-DT Fraser Valley and CIIT-DT Winnipeg approved in *Acquisition of assets*, Broadcasting Decision CRTC 2008-71, 31 March 2008.

11. In addition, the Commission **directs** the licensee to submit, within 60 days of the date of this decision, a report detailing how and when it will fulfill the above-noted requirement by 31 August 2013 and providing a list of all the projects that will receive funding through the initiatives totalling \$780,220 set out in paragraph 4 of this decision, including the amount allocated to each project.
12. The Commission notes that it does not intend to consider any further requests for extensions or amendments with respect to these tangible benefits.
13. The Commission further notes that the licences for these stations currently expire on 31 August 2013. As part of the renewal of these licences, the Commission will review the licensee's fulfillment of its tangible benefit commitments, including those benefits at issue in this decision.

Secretary General

#### **Related documents**

- *Vision TV – Acquisition of assets; CHNU-TV Fraser Valley and CIIT-TV Winnipeg – Change in effective control; ONE: The Body, Mind and Spirit Channel – Change in effective control; Classical Digital, CFZM, CFMZ-FM, CFMZ-DR-1 Toronto, and CFMX-FM Cobourg – Corporate reorganization*, Broadcasting Decision CRTC 2010-193, 30 March 2010, as corrected by Broadcasting Decision CRTC 2010-193-1, 30 July 2010
- *Acquisition of assets*, Broadcasting Decision CRTC 2008-71, 31 March 2008
- *CHNU-TV Fraser Valley, CIIT-TV Winnipeg – Acquisition of assets, new transmitter in Victoria, and new licences*, Broadcasting Decision CRTC 2005-207, 20 May 2005

- *Building on Success – A Policy Framework for Canadian Television*, Public Notice CRTC 1999-97, 11 June 1999
- *Application of the Benefits Test at the Time of Transfers of Ownership or Control of Broadcasting Undertakings*, Public Notice CRTC 1993-68, 26 May 1993

*\*This decision is to be attached to each licence.*