



Broadcasting Decision CRTC 2018-223

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Reference: 2018-106

Ottawa, 3 July 2018

Northern Radio Corp.
Englehart, Ontario

Public record for this application: 2017-1077-3
Public hearing in the National Capital Region
31 May 2018

CJBB-FM Englehart – Acquisition of assets

*The Commission **approves** an application by Northern Radio Corp. for authority to acquire from 1353151 Ontario Inc. the assets of the English-language commercial radio station CJBB-FM Englehart and for a broadcasting licence to continue the operation of the station, which will expire 31 August 2024.*

Application

1. Northern Radio Corp. (Northern) filed an application for authority to acquire from 1353151 Ontario Inc. (1353151) the assets of the English-language commercial radio station CJBB-FM Englehart, Ontario. Northern also requested a broadcasting licence to continue the operation of the undertaking under the same terms and conditions as those in effect under the current licence. The Commission did not receive any interventions regarding this application.
2. Northern is held and controlled indirectly by Raymond Stanton through his majority voting rights in his management company, Northern Newspaper Corp. Mr. Stanton is a Canadian pursuant to the *Direction to the CRTC (Ineligibility of Non-Canadians)*, and as such eligible to hold a broadcasting licence. He is the sole administrator of these two corporations, both incorporated in Ontario.
3. Pursuant to the sales agreement, Northern would purchase the assets of the station for \$100,000.
4. Following the closing of the transaction, Northern would become the licensee of CJBB-FM.

Regulatory framework

5. The review of ownership transactions is an essential element of the Commission's regulatory and supervisory mandate under the *Broadcasting Act* (the Act). Since the Commission does not solicit competitive applications for changes in effective control of

broadcasting undertakings, the onus is on the applicant to demonstrate that approval is in the public interest, that the benefits of the transaction are commensurate with the size and nature of the transaction and that the application represents the best possible proposal under the circumstances.

6. The Commission must consider each application on its merits, based on the circumstances specific to the application. In addition, the Commission must be assured that approval of a proposed ownership transaction furthers the public interest as expressed in the objectives set out in section 3(1) of the Act.

Commission's analysis and decision

7. After examining the public record for this application in light of applicable regulations and policies, the Commission considers that the issues it must address are the following:
 - the impact on the broadcasting system; and
 - the value of the transaction and tangible benefits.

Impact on the broadcasting system

8. Northern is a new player in broadcasting. Its controlling shareholder, Mr. Raymond Stanton, has owned weekly newspapers in small and medium markets in Ontario for five years, some of which are the only source of local information. The applicant submitted that his desire to keep local programming at the centre of his mission will help ensure the public interest in this transaction.
9. The proposed transaction will maintain a local service for the population of Englehart. Accordingly, the Commission finds that the transaction provides benefits for the broadcasting system and would serve the public interest.

Value of the transaction and tangible benefits policy

10. Pursuant to Broadcasting Regulatory Policy 2014-459 (the tangible benefits policy), for commercial radio stations, tangible benefits must generally represent at least 6% of the value of the transaction, to be allocated to the Radio Starmaker Fund or Fonds Radiostar (3%), FACTOR or MUSICACTION (1.5%), any eligible Canadian content development (CCD) initiative at the discretion of the purchaser (1%), and the Community Radio Fund of Canada (CRFC) (0.5%). The value of a transaction includes the purchase price, assumed long-term debts and assumed leases for real property (buildings, studios, offices and transmission facilities) calculated over a period of five years.
11. Northern determined the value of the transaction to be \$100,000, the purchase price. However, the contract provides for the signing of an 18-month lease with a person related to the vendor for the premises at a monthly rent of \$300. As noted above, the value of a transaction must include assumed leases. Although the lease is for 18 months, the station will continue to occupy the premises, and there is no plan for the ensuing period. Consistent with its practice, the Commission includes the 60-month rent value of \$18,000 when calculating the value of the transaction. Accordingly, the value of the transaction amounts to \$118,000.

12. Northern proposed a tangible benefits package of \$6,000, 6% of the proposed value of \$100,000. However, based on the revised value of the transaction, the tangible benefits increase to \$7,080.
13. Consistent with the tangible benefits policy, the Commission **directs** Northern to pay tangible benefits amounting to \$7,080, to be allocated as follows in equal payments over seven consecutive broadcast years:
 - 3% (\$3,540) to the Radio Starmaker Fund or Fonds Radiostar;
 - 1.5% (\$1,770) to FACTOR or MUSICACTION;
 - 1% (\$1,180) to any eligible Canadian content development (CCD) initiative at the discretion of the purchaser; and
 - 0.5% (\$590) to the Community Radio Fund of Canada.

Proposed CCD initiative

14. Northern proposed to provide its discretionary 1% contribution to students enrolled in the “lightning and sound design” course of the Broadcasting – Television and Video Production program at the Canadore College.
15. In Broadcasting Public Notice 2006-158, the Commission stated that it considers that schools and educational institutions that are accredited by provincial authorities are eligible. The contributions must specifically benefit students of music and journalism, including scholarships and the purchase of musical instruments.
16. Given that Northern’s proposed CCD initiative does not meet the criteria set out in Broadcasting Public Notice 2006-158, the Commission **directs** Northern to select an initiative that meets the requirements in paragraph 108 of that notice.

Conclusion

17. In light of all of the above, the Commission **approves** the application by Northern Radio Corp. for authority to acquire from 1353151 Ontario Inc. the assets of the English-language commercial radio programming undertaking CJBB-FM Englehart, Ontario.
18. Upon surrender of the current licence issued to 1353151, the Commission will issue a new broadcasting licence to Northern, which will expire 31 August 2024. The terms and **conditions of licence** for this station are set out in the appendix to this decision.

Secretary General

Related documents

- *Simplified approach to tangible benefits and determining the value of the transaction*, Broadcasting Regulatory Policy CRTC 2014-459, 5 September 2014

- *Commercial Radio Policy 2006*, Broadcasting Public Notice CRTC 2006-158, 15 December 2006

This decision is to be appended the licence.

Appendix to Broadcasting Decision CRTC 2018-223

Terms, conditions of licence and encouragement for the English-language commercial radio programming undertaking CJBB-FM Englehart, Ontario

Terms

The licence will expire 31 August 2024.

Conditions of 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.

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.