



Broadcasting Decision CRTC 2024-134

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Reference: 2023-369

Ottawa, 18 June 2024

Harvest Ministries Sudbury

Cochrane, Ontario

Public record: 2023-0480-7

Public hearing in the National Capital Region

8 February 2024

CFCJ-FM Cochrane – Change in ownership and control

Summary

The Commission approves an application by Harvest Ministries Sudbury (Harvest) to change the ownership and control of the English-language low-power commercial specialty (Religious music) FM radio station CFCJ-FM Cochrane, Ontario, through the acquisition of the assets.

Harvest is familiar with the Northern Ontario market and has the necessary resources to provide quality local programming to Cochrane. The Commission considers that CFCJ-FM will continue to serve the market of Cochrane and the needs of local artists.

The Commission also approves Harvest's request for a new broadcasting licence to continue the operation of the station.

Application

1. Harvest Ministries Sudbury (Harvest) seeks to acquire the assets of the English-language low-power commercial specialty (Religious music) FM radio station CFCJ-FM Cochrane, Ontario, from Cochrane Christian Radio (CCR). To operate the station, Harvest filed an application on 31 July 2023 to seek the Commission's authorization to change the ownership and control of the station. Harvest also requested a new broadcasting licence to continue the operation of the station under the same terms and conditions as those in effect under the current licence.
2. Harvest is a not-for-profit organization incorporated in Ontario and controlled by its board of directors.
3. CCR is a not-for-profit organization incorporated in Ontario and controlled by its board of directors.
4. Following the close of the transaction, Harvest would become the licensee of CFCJ-FM.

5. The proposed purchase price of the assets is \$1. Therefore, Harvest would not have to pay tangible benefits.
6. The Commission did not receive any comments in response to this application.

Regulatory framework

7. The review of ownership transactions is an essential element of the Commission's regulatory and supervisory mandate under the *Broadcasting Act*. Getting a licence to operate a broadcasting undertaking (in this case, a radio station) is a regulatory privilege. A licensee does not have the authority to transfer a licence to a new operator as they see fit.
8. For this reason, licensees must get the Commission's approval before entering any action, agreement, or transaction that changes, directly or indirectly, the effective control of the radio station. This requirement is set out in subsection 11(4) of the *Radio Regulations, 1986* (the Regulations).
9. When seeking the Commission's approval, the applicant must show that the application is the best possible proposal in the circumstances and that approval of the transfer in ownership and control is in the public interest. The objectives set out in subsection 3(1) of the *Broadcasting Act* reflect this concept.

Issues

10. After examining the record for this application in light of applicable regulations and policies, the Commission considers that it must address the following issues:
 - whether CFCJ-FM would continue to be owned and controlled by Canadians following the close of the proposed transaction;
 - whether the proposed transaction is in the public interest;
 - the value of the transaction and the allocation of tangible benefits;
 - compliance with regulatory requirements; and
 - the length of the licence term and conditions of service.

Canadian ownership and control

11. The *Direction to the CRTC (Ineligibility of Non-Canadians)* (the Direction), does not allow the Commission to issue, amend, or renew a broadcasting licence to an applicant that is not qualified "Canadian" under the Direction.
12. As noted above, Harvest is a not-for-profit organization incorporated in Ontario and controlled by its board of directors. Its general manager and all the directors are Canadian citizens.

13. In light of the above, the Commission is satisfied that following the proposed transaction, CFCJ-FM will continue to be owned and controlled by Canadians, as required by the Direction.

Public interest of the proposed transaction

14. To determine whether a proposed transaction is in the public interest, the Commission takes into account a wide set of factors set out in the *Broadcasting Act*. These factors include the nature of programming and service to the communities involved as well as regional, social, cultural, economic and financial considerations. The Commission must be persuaded that the proposed transaction benefits Canadians and the broadcasting system.
15. Harvest indicated that CCR's chief executive officer is looking to retire and has asked it to take over the operations of CFCJ-FM. Harvest stated that the acquisition of CFCJ-FM would make sure that the service will continue to be provided in Cochrane. In addition, it would maintain the diversity on the airwaves in the community and serve the needs of local artists.
16. Harvest stated that it would provide a platform for the local music industry. It also stated that it would contribute to local artists across Northern Ontario through direct funding for musical recordings and promotion both on the air and on social media.
17. According to Harvest, the addition of CFCJ-FM to its three other stations¹ and 10 transmitters would tie Cochrane to the rest of the region.
18. Harvest stated that CFCJ-FM would broadcast 126 hours of programming per broadcast week, including 101 hours of local programming. The remaining 25 hours would consist of one Canadian and four American syndicated programs and one locally produced talk show that Harvest broadcasts on all its stations. Further, Harvest stated that it would devote two hours and 12 minutes per broadcast week to newscasts, which would include two hours of local and regional news, six minutes of national news and six minutes of international news.
19. The Commission considers that CFCJ-FM would continue to offer programming aimed at the Cochrane community following the proposed transition. It would also continue to provide locally oriented content, in line with subparagraph 3(1)(i)(ii.1) of the *Broadcasting Act*, which states that the Canadian broadcasting system should include programs produced by Canadians that cover news and current events.
20. Furthermore, the Commission is of the view that Harvest is familiar with the Northern Ontario market and has the necessary resources to provide quality local programming to Cochrane.

¹ Harvest is the licensee of CJTK-FM Sudbury, CJTK-FM-1 North Bay and CJTK-FM-3 Elliot Lake, Ontario.

21. In light of the above, the Commission finds that approving the transaction is in the public interest.

Value of the transaction and tangible benefits

22. One way of making sure that the public interest is served is by proposing financial contributions that are proportionate to the size and nature of the transaction. These contributions are known as “tangible benefits.” The Commission’s policy on tangible benefits is set out in Broadcasting Regulatory Policy 2014-459. Tangible benefits serve the public interest because they increase the quantity and quality of Canadian programming and support the creation, distribution and promotion of such programming. For this reason, the Commission requires that applicants propose tangible benefits when they seek the Commission’s approval to change the effective control of radio and television programming services.
23. The amount of tangible benefits payable depends on the value of the transaction. In the case of radio stations, tangible benefits usually amount to 6% of the value of the transaction. The Commission looks at the value of the transaction, including the value of the gross debt, working capital to be transferred at closing, ancillary agreements, any leases assumed by the purchaser for real property (buildings, studios and offices) and transmission facilities. The value of the leases is calculated over a five-year period. These elements, if relevant, are added to the purchase price.
24. Harvest established the value of the transaction at \$1.00. According to Harvest, no working capital would be transferred at the close of the transaction. Moreover, CCR has no debt and operates CFCJ-FM from a local church who does not charge for the use of the facilities. This rent-free agreement would continue after the close of the transaction.
25. The Commission accepts Harvest’s explanations and determines the value of the transaction to be \$1.00. Given that the value of the transaction is small, the Commission finds that no tangible benefits package is required.

Compliance with regulatory requirements

26. When a new licence is issued, the Commission reviews the licensee’s compliance with its regulatory requirements. In the case of an asset acquisition, this review is normally conducted as part of the application review.
27. The Commission reviewed CFCJ-FM’s compliance with its regulatory requirements and found that it is in compliance for the current licence term.

Length of the licence term and conditions of service

28. Harvest requested to continue the operation of CFCJ-FM under the same terms and conditions in effect under the current licence term.
29. CFCJ-FM’s current licence expires on 31 August 2026. With this licence term, Harvest would have to file an application for the renewal of the station just a year after starting

the operation. The Commission is of the view that it would not give enough time to properly assess Harvest's compliance with its requirements.

30. Given that the station is in compliance with its requirements, the Commission considers that a seven-year licence term would allow Harvest to operate the station for some time before its licence renewal. This is also in line with the Commission's current practice.
31. In light of the above, the Commission finds it appropriate to issue a new licence to Harvest under the same terms and conditions as those currently in effect for a term ending on 31 August 2030.

Conclusion

32. In light of all of the above, the Commission approves the application by Harvest for the authority to make a change in ownership and control of the English-language low-power commercial specialty (Religious music) FM radio programming undertaking CFCJ-FM Cochrane, Ontario, through the acquisition of the assets. The Commission also approves Harvest's request for a new broadcasting licence to continue the operation of the undertaking.
33. Upon surrender of the current licence issued to CCR, the Commission will issue a new broadcasting licence to Harvest, which will expire **31 August 2030**.

Conditions of service

34. Given that the licensee proposed to operate under the same terms and conditions as those in effect under the current licence, the Commission makes the following orders consistent with the existing conditions of service.
35. With respect to the standard conditions of service, the Commission considers it appropriate that the licensee should adhere to the standard conditions of service for commercial radio stations as updated in the appendix to Broadcasting Regulatory Policy 2022-334, with the exception of condition 7. This condition would be replaced with one which requires the station to be operated within the Specialty format.
36. Further, pursuant to subsection 49(2) of the *Online Streaming Act*, any regulation made under paragraphs 10(1)(a) or 10(1)(i) of the old *Broadcasting Act* is deemed to be an order made under section 9.1 of the new *Broadcasting Act*. As a result, the Commission considers it appropriate to require that the licensee adhere to these requirements as conditions of service.
37. Accordingly, pursuant to subsection 9.1(1) of the *Broadcasting Act*, the Commission **orders** Harvest Ministries Sudbury, by **condition of service**, to adhere to the standard conditions of service for commercial stations, with the exception of condition 7, set out in the appendix to Broadcasting Regulatory Policy 2022-334, as well as to all applicable requirements set out in the Regulations, that were made under paragraph 10(1)(a) or under paragraph 10(1)(i) of the old *Broadcasting Act*.

38. The Commission also **orders** Harvest Ministries Sudbury, by **condition of service**, to operate the English-language low-power commercial specialty (Religious music) FM radio programming undertaking CFCJ-FM Cochrane within the Specialty format as defined in Public Notice 1995-60 and Broadcasting Regulatory Policy 2022-333.
39. With respect to the other conditions of service, the Commission **orders** Harvest Ministries Sudbury, by **conditions of service**, to:
- devote at least 95% of all musical selections each broadcast week to selections from subcategory 35 (Non-classic religious) as defined in Broadcasting Regulatory Policy 2022-333; and
 - adhere to the guidelines set out in section III.B.2.a) and IV of Public Notice 1993-78 with respect to the provision of balance and ethics in religious programming.
40. The Commission notes that this application, including the proposed conditions of service, was subject to a public proceeding. Through this proceeding, the applicant and other interested parties were provided notice of the conditions of service the Commission proposed to impose on the applicant, and an opportunity to make representations with respect to those particular conditions of service. The Commission is satisfied that, in this case, the public proceeding was sufficient to achieve the purposes of the publication and consultation requirement set out in subsection 9.1(4) of the *Broadcasting Act*.
41. The terms as well as the specifics of the conditions of service identified above are set out in the appendix to this decision.
42. Finally, the Commission notes that the formal broadcasting licence document issued to a licensee may set out additional requirements for the undertaking, relating to, for example, technical parameters or prohibition on transfer. The licensee shall, therefore, also adhere to any such requirements set out in the broadcasting licence for the undertaking.

Reminders

43. Pursuant to section 22 of the *Broadcasting Act*, the broadcasting licence will cease to have any force or effect if the broadcasting certificate issued by the Department of Industry (also known as Innovation, Science and Economic Development Canada) lapse.

Local news

44. Radio stations are an important daily source of local news and information for communities. Carrying on a broadcasting licence comes with conditions, regulatory obligations and responsibility, which include contributing to the Canadian broadcasting system by ensuring that Canadians have access to local programming that reflects their needs and interests and informs them of important current issues.
45. Although Broadcasting Regulatory Policy 2022-332 does not specify a minimum level of weekly news to be broadcast, it does specify the type of spoken word material that must

be included as part of a station's local programming. In accordance with that regulatory policy, the Commission reminds the licensee that its station, in its local programming, must incorporate spoken word material of direct and particular relevance to the communities served, and that this programming must include local news, weather, sports coverage, and the promotion of local events and activities. In addition, the Commission encourages the licensee to ensure that a reasonable amount of daily news and information is made available to those communities.

Canadian emerging artists

46. Consistent with the Commission's determination set out in Broadcasting Regulatory Policy 2022-332, the Commission expects the licensee to devote, in each broadcast week, at least 5% of the station's musical selections to selections from Canadian emerging artists broadcast in their entirety. The licensee should report annually on how it has met this expectation.

Indigenous musical selections

47. Consistent with the Commission's determination set out in Broadcasting Regulatory Policy 2022-332, the Commission expects the licensee to include Indigenous musical selections on the station's playlist. The licensee should report annually on the amount of Indigenous content aired on the station throughout the broadcast year.

Secretary General

Related documents

- *Notice of hearing*, Broadcasting Notice of Consultation CRTC 2023-369, 16 November 2023
- *Revised conditions of licence for commercial AM and FM radio stations*, Broadcasting Regulatory Policy CRTC 2022-334, 7 December 2022
- *Revised content categories and subcategories for radio*, Broadcasting Regulatory Policy CRTC 2022-333, 7 December 2022
- *Revised Commercial Radio Policy*, Broadcasting Regulatory Policy CRTC 2022-332, 7 December 2022
- *Simplified approach to tangible benefits and determining the value of the transaction*, Broadcasting Regulatory Policy CRTC 2014-459, 5 September 2014
- *A review of certain matters concerning radio*, Public Notice CRTC 1995-60, 21 April 1995
- *Religious Broadcasting Policy*, Public Notice CRTC 1993-78, 3 June 1993

This decision is to be appended to the licence.

Appendix to Broadcasting Decision CRTC 2024-134

Terms, conditions of service, expectations and encouragement for the English-language low-power commercial specialty (Religious music) FM radio programming undertaking CFCJ-FM Cochrane, Ontario

Terms

The licence will expire 31 August 2030.

Conditions of service

1. The licensee shall adhere to the conditions set out in *Revised conditions of licence for commercial AM and FM radio stations*, Broadcasting Regulatory Policy CRTC 2022-334, 7 December 2022, with the exception of condition 7. Further, the licensee shall adhere to the requirements set out in the broadcasting licence for the undertaking.
2. The licensee shall adhere to all applicable requirements set out in the *Radio Regulations, 1986*, that were made under paragraph 10(1)(a) or under paragraph 10(1)(i) of the old *Broadcasting Act*.
3. The station shall be operated within the specialty format as defined in *A Review of certain matters concerning radio*, Public Notice CRTC 1995-60, 21 April 1995, in conjunction with *Revised content categories and subcategories for radio*, Broadcasting Regulatory Policy CRTC 2022-333, 7 December 2022.
4. The licensee shall devote at least 95% of all musical selections broadcast during each broadcast week to selections drawn from subcategory 35 (Non-classic religious), as defined in *Revised content categories and subcategories for radio*, Broadcasting Regulatory Policy CRTC 2022-333, 7 December 2022.
5. Where the licensee broadcasts religious programming as defined in *Religious Broadcasting Policy*, Public Notice CRTC 1993-78, 3 June 1993, the licensee shall adhere to the guidelines set out in sections III.B.2.a) and IV of that public notice with respect to the provision of balance and ethics in religious programming.

Expectations

Cultural diversity

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

Canadian emerging artists

Consistent with the Commission's determination set out in *Revised Commercial Radio Policy*, Broadcasting Regulatory Policy CRTC 2022-332, 7 December 2022 (Broadcasting Regulatory Policy 2022-332), the Commission expects the licensee to

devote, in each broadcast week, at least 5% of the station's musical selections to selections from Canadian emerging artists broadcast in their entirety. The licensee should report annually on how it has met this expectation, including the percentage of selections from Canadian emerging artists out of the total number of musical selections that were aired, and the number of distinct artists whose music has been aired. The licensee should also be able to provide, upon request, information such as a list of all titles, artists, and International Standard Recording Code (ISRC) numbers.

For the purposes of the above paragraph, the definition of "Canadian emerging artist" is the same as that set out in paragraph 346 of Broadcasting Regulatory Policy 2022-332.

Indigenous musical selections

Consistent with the Commission's determination set out in *Revised Commercial Radio Policy*, Broadcasting Regulatory Policy CRTC 2022-332, 7 December 2022 (Broadcasting Regulatory Policy 2022-332), the Commission expects the licensee to include Indigenous musical selections on the station's playlist. The licensee should report annually on the amount of Indigenous content aired on the station throughout the broadcast year (i.e., from 1 September to 31 August), including the percentage of Indigenous musical selections out of the total number of musical selections that were aired, and the number of distinct artists whose music has been aired. The licensee should also be able to provide, upon request, information such as a list of all titles, artists, and International Standard Recording Code (ISRC) numbers.

For the purposes of the above paragraph, the licensee may use the provisional definition of "Indigenous-Canadian musical selection" set out in paragraph 441 of Broadcasting Regulatory Policy 2022-332 to determine whether a musical selection can be considered an Indigenous musical selection.

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 in its hiring practices and in all other aspects of its management of human resources.