



Broadcasting Decision CRTC 2013-593

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Route reference: 2013-360

Ottawa, 7 November 2013

Harvard Broadcasting Inc.
Fort McMurray, Alberta

Application 2013-1023-4, received 12 July 2013
Public hearing in the National Capital Region
3 October 2013

CHFT-FM Fort McMurray – Acquisition of assets

*The Commission **approves** the application by Harvard Broadcasting Inc. for authority to acquire from Newcap Inc. the assets of the English-language commercial radio station CHFT-FM Fort McMurray and for a broadcasting licence to continue the operation of the station.*

The application

1. Harvard Broadcasting Inc. (Harvard) filed an application for authority to acquire from Newcap Inc. (Newcap) the assets of the English-language commercial radio station CHFT-FM Fort McMurray, Alberta, and for 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. Harvard is owned and controlled by Mr. Paul James Hill through numerous holding companies.
3. As a result of the transaction, Harvard would become the licensee of CHFT-FM.

Commission's analysis and decisions

4. After examining the public record for this application in light of applicable regulations and policies, the Commission considers that the issues it must address relate to the following:
 - assessment of the value of the transaction;
 - assessment of the proposed tangible benefits package; and
 - outstanding Canadian content development contributions.

Value of the transaction

5. Because the Commission does not solicit competing applications for authority to transfer the ownership or control of radio, television and other programming undertakings, the onus is on the applicant to demonstrate that the benefits proposed in the application are commensurate with the size and nature of the transaction (see Public Notice 1999-97).
6. Pursuant to the terms of the Asset Purchase Agreement, the purchase price for the transaction is \$5,000,000. However, as the agreement provides for the purchase price to be adjusted according to the value of the working capital, which is being paid to Newcap at closing, Harvard added an estimated amount of \$120,000. As such, the adjusted purchase price amounts to \$5,120,000.
7. The applicant will not be assuming long-term debt. However, it will be assuming leases in the amount of \$117,714. Consequently, the Commission determines that the value of the transaction amounts to \$5,237,714.

Value of the transaction

Purchase price	\$5,000,000
Working capital (as per agreement)	\$120,000
Adjusted purchase price	\$5,120,000
Additions:	
Assumed leases	\$117,714
Value of the transaction	\$5,237,714

Proposed tangible benefits package

8. Consistent with the Commission's tangible benefits policy set out in Broadcasting Public Notice 2006-158, Harvard proposed a tangible benefits package equal to 6% of the proposed value of the transaction (i.e., \$307,200).
9. Consistent with the revised value of transaction, the required value of the proposed tangible benefits package will increase from the proposed \$307,200 to \$314,200 (i.e., 6% of the revised amount of \$5,237,714).
10. In accordance with Broadcasting Regulatory Policy 2010-499, the Commission therefore directs Harvard to allocate its benefits contribution as follows over seven consecutive broadcast years, in equal payments:
 - 3% to the Radio Starmaker Fund and Fonds RadioStar;
 - 1.5% to FACTOR or MUSICACTION;

- 1%, at the discretion of the purchaser, to any eligible Canadian content development (CCD) initiative; and
- 0,5% to the Community Radio Fund of Canada.

Outstanding Canadian content development contributions

11. In Broadcasting Decision 2006-628, the Commission imposed the following condition of licence on CHFT-FM:

Upon commencement of operations, the licensee shall contribute, in each broadcast year, a minimum of \$75,000 to the development and promotion of Canadian talent, allocated as follows:

- \$37,500 to the Radio Starmaker Fund, and
- \$37,500 to be split equally between the public and private Fort McMurray school boards, for the purpose of purchasing instruments, supporting festivals, providing scholarships and purchasing curriculum-related items such as sheet music, instruction books and music stands.

12. By the end of the 2011-2012 broadcast year, the licensee had contributed a total of \$375,000 in CCD contributions. The Commission notes that the remaining contributions relating to this condition of licence, which were imposed for 7 years, must be paid by no later than the end of the 2013-2014 broadcast year.

13. Harvard indicated that Newcap will pay the outstanding CCD contributions, with the exception of the amounts outstanding upon the closing of the transaction, which will be assumed by Harvard. The Commission determines that Harvard will be responsible for any outstanding CCD shortfalls incurred by Newcap during each of the 2012-2013 and 2013-2014 broadcast years. Harvard is required to have settled any CCD contributions that remain outstanding by the end of the 2013-2014 broadcast year. A **condition of licence** to this effect is set out in the appendix to this decision.

Conclusion

14. In light of all of the above, the Commission **approves** the application by Harvard Broadcasting Inc. for authority to acquire from Newcap Inc. the assets of the English-language commercial radio programming undertaking CHFT-FM Fort McMurray.

15. Upon surrender of the current licence issued to Newcap, the Commission will issue a new broadcasting licence to Harvard, which will expire 31 August 2020. The terms and **conditions of licence** for this station are set out in the appendix to this decision.

16. The Commission notes that in Broadcasting Public Notice 2013-322, it published an application by Newcap to renew the licence of CHFT-FM. Given that the

Commission has approved Harvard's application to acquire from Newcap the assets of CHFT-FM, it will not be pronouncing itself on the renewal application submitted by Newcap.

Employment equity

17. Because this licensee is subject to the *Employment Equity Act* and files reports concerning employment equity with the Department of Human Resources and Skills Development, its employment equity practices are not examined by the Commission.

Secretary General

Related documents

- *Notice of applications received*, Broadcasting Notice of Consultation CRTC 2013-322, 4 July 2013
- *Campus and community radio policy*, Broadcasting Regulatory Policy CRTC 2010-499, 22 July 2010
- *Commercial Radio Policy 2006*, Broadcasting Public Notice CRTC 2006-158, 15 December 2006
- *Classic Hits FM radio station in Fort McMurray*, Broadcasting Decision CRTC 2006-628, 15 November 2006
- *Building on success – A policy framework for Canadian television*, Public Notice CRTC 1999-97, 11 June 1999

* *This decision is to be appended to the licence.*

Appendix to Broadcasting Decision CRTC 2013-593

Terms, conditions of licence and expectation for the English-language commercial radio programming undertaking CHFT-FM Fort McMurray, Alberta

Terms

The licence will expire on 31 August 2020.

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.
2. The licensee shall, by not later than **31 August 2014**, fulfill any Canadian content development (CCD) obligations imposed in *Classic Hits FM radio station in Fort McMurray*, Broadcasting Decision CRTC 2006-628, 15 November 2006, not satisfied by the previous licensee, and file appropriate proof of payment validating that all CCD contributions have been paid in full.

Expectation

Cultural diversity

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