



Broadcasting Decision CRTC 2004-516

Ottawa, 26 November 2004

International Harvesters for Christ Evangelistic Association Inc.
Halifax, Nova Scotia

*Application 2003-0786-0
Public Hearing at Halifax, Nova Scotia
1 March 2004*

Christian music FM radio station in Halifax

*The Commission **approves** the application by International Harvesters for Christ Evangelistic Association Inc. for a broadcasting licence to operate a specialty English-language commercial FM radio station in Halifax, Nova Scotia. The station will broadcast Christian music.*

*The Commission's general approach to the radio applications considered at the 1 March 2004 Public Hearing in Halifax is set out in Introduction to Broadcasting Decisions CRTC 2004-513 to 2004-525 – Licensing of new FM radio stations in Halifax, Moncton, Saint John and Fredericton, *Broadcasting Public Notice CRTC 2004-91, also issued today.**

Introduction

1. The Commission received an application by International Harvesters for Christ Evangelistic Association Inc. (IHC) for a broadcasting licence to operate a specialty English-language commercial FM radio programming undertaking that would provide a Christian music service to listeners in Halifax, Nova Scotia. The station would operate at 93.9 MHz (channel 230A) with an effective radiated power of 5,000 watts. IHC is a not-for-profit, charitable organization governed by its board of directors.
2. IHC indicated that the station would broadcast religious programming in Halifax, in order to “further foster, strengthen and develop uniquely Canadian religious broadcasting.” The applicant indicated that, during each broadcast week, all of its musical selections would be drawn from subcategory 35 (non-classic religious), and that no hit material would be broadcast. The applicant further indicated that, during each broadcast week, the station would broadcast 20 hours of religious spoken word programming.
3. The Commission considered the IHC application at a public hearing convened in Halifax on 1 March 2004. At the hearing, the Commission examined a total of 11 applications for new English-language radio services in Halifax: 10 for commercial stations and one for a community station. The Commission's general approach to the radio applications

considered at the 1 March 2004 Public Hearing in Halifax is set out in *Introduction to Broadcasting Decisions CRTC 2004-513 to 2004-525 – Licensing of new FM radio stations in Halifax, Moncton, Saint John and Fredericton*, Broadcasting Public Notice CRTC 2004-91, also issued today. Based on the record of the hearing, the Commission considers that the Halifax market can accommodate four new commercial radio stations.

Interventions

4. The Commission received two interventions expressing support for the approval of this application.

The Commission's analysis and determination

5. In the Introductory Statement to Decisions CRTC 99-480, 99-481 and 99-482, 28 October 1999, the Commission indicated that, pursuant to its *Commercial Radio Policy 1998*, Public Notice CRTC 1998-41, 30 April 1998 (the Commercial Radio Policy), the factors set out below are generally among those relevant to the evaluation of competitive commercial radio applications:
 - the quality of the application;
 - the diversity of news voices in the market;
 - the market impact of any proposed station on existing stations; and
 - the competitive state of the market.
6. The Commission further considered this application in light of its *Religious Broadcasting Policy*, Public Notice CRTC 1993-78, 3 June 1993 (the Religious Broadcasting Policy).

Quality of the application

7. The Commission generally assesses the quality of an application for a new commercial radio station by examining the following:
 - local programming proposals and the benefits the applicant would bring to the community;
 - commitments to Canadian content;
 - the quality of the business plan, including the proposed station format; and
 - commitments in regard to Canadian talent development.

Local programming

8. The applicant stated that nearly all of its programming broadcast during each broadcast week would be local programming. A minimum of five hours per week would be devoted to local and regional news. In addition to news, IHC indicated that its local programming would include music, weather, interviews with religious leaders and artists, religious educational programming, coverage of religious and civic issues, and public service announcements.

Canadian content

9. IHC confirmed at the hearing that it would broadcast a minimum level of 20% Canadian content for musical selections from Category 3 (Special Interest Music) during each broadcast week, a commitment that is in line with its existing commitment for its sister station CITA-FM Moncton. The Commission notes that this level exceeds the minimum level of 10% required under the *Radio Regulations, 1986*. A **condition of licence** to this effect is set out in the appendix to this decision.

The quality of the business plan, including the proposed station format

10. The applicant proposed a business plan that the Commission considers reasonable, given the proposed format and the size of the Halifax market. This radio station would be the first to operate in Halifax with a Christian music format. In this regard, the Commission notes IHC's experience in the establishment and operation of a station with the same format in Moncton. In fact, the applicant plans synergies between CITA-FM and the new Halifax station, which it indicated would lower programming costs for the new undertaking.

Canadian talent development

11. The applicant will participate in the Canadian Talent Development (CTD) Plan (the Plan) created by the Canadian Association of Broadcasters. Under the Plan, accepted by the Commission in *Contributions by radio stations to Canadian talent development – A new approach*, Public Notice CRTC 1995-196, 17 November 1995, licensees serving markets the size of Halifax are required to contribute a minimum yearly amount of \$5,000 to the development of Canadian talent. At the hearing, IHC confirmed that it would adhere to this annual commitment of \$5,000, by condition of licence.

Market impact on existing stations

12. The Halifax market is currently served by 13 radio stations, of which 11 are English-language and 2 are French-language stations. These stations include seven English-language commercial stations, four Canadian Broadcasting Corporation/Société Radio-Canada stations, an English-language Type B community station (CFEP-FM Eastern Passage) and an English-language campus station.
13. In analyzing the potential market for new services, potential advertising revenues, and the market impact of any proposed station on existing stations, the Commission examined the state of the economy in Halifax using data from Statistics Canada and forecasts by the Conference Board of Canada. The Commission's review of economic indicators points to growth in the Halifax economy over the next five years.

14. Over the last five years, the aggregate profit before interest and tax (PBIT) margin¹ for the Halifax radio market has been substantially above the aggregate PBIT margin for all commercial radio stations in Canada. For example, in the year ending 31 August 2003, the PBIT margin for Halifax attained a level of 32.8% while, for all commercial radio stations in Canada, it was 19.3%. These results suggest there is room in the market for additional commercial stations.
15. The applicant proposed a unique format for Halifax, based on non-classic religious music and religious spoken word. New artists would be heard in the community who currently have no avenue for airplay. Overall, the new station would add diversity to the Halifax broadcasting market, while not competing directly for audience or advertising revenue with any other local radio station.

Competitive state of the market

16. The Commission notes that IHC will be a new entrant in the Halifax market.

Religious Broadcasting Policy

17. In the Religious Broadcasting Policy, the Commission stated that stations that broadcast religious programming have an obligation to offer differing views on matters of general public concern, including religious matters. The Commission expects all applicants for such stations to provide details concerning how they propose to ensure balance in their programming, and how they would respond to complaints from the public about balance in programming.
18. IHC stated that it would adhere to a condition of licence requiring that the station broadcast 5.5 hours per week of balance programs. A **condition of licence** to this effect is set out in the appendix to this decision. These programs would consist, in part, of dialogue-style programs with members of other faith communities.
19. In its application, IHC addressed its overall approach to balance, and the specific needs of the Halifax community:

...we recognize that Halifax is of a wider cultural diversity than Moncton, where we presently operate a religious FM station (CITA-FM). The Commission has recommended that we contact people of various faith groups, which we have done. We have started by contacting the Hindu Temple and the Moslem Academy in Halifax. We feel that we need to not only make available time on air, but in addition, offer our production facilities and instruction on how to produce programs. It is not enough for us to say that time is available.

¹ The PBIT margin is defined as profit before interest and tax expressed as a percentage of total revenue.

20. At the hearing, IHC confirmed that it would form an independent advisory board with representatives from various faith groups to oversee matters related to balance programming. In this regard, the Commission expects IHC to ensure that four different religious faith communities will be represented on this advisory board.
21. IHC indicated that it would broadcast 20 hours per week of Bible teaching programs, including 15 hours produced by U.S. Christian ministries. The potential of program contributors to non-Canadian religious programs not being familiar with the Commission's Religious Broadcasting Policy has caused the Commission concern in the past, including the policy regarding solicitation of funds. At the hearing, IHC confirmed that it would rely on reputable ministries that have broadcasting experience in Canada. Furthermore, the applicant stated that it would adhere to a condition of licence on the guidelines on ethics in religious programming, as set out in section IV of the Religious Broadcasting Policy.
22. The Commission reminds the applicant that, under the Religious Broadcasting Policy, licensees are expected to comply with strict provisions regarding the solicitation of funds. In particular, the Commission expects that the wording and tone of any solicitations for funds shall not:
 - place an undue responsibility on the listener to respond to the appeal;
 - be alarmist in suggesting that the program may be discontinued in the absence of such a response;
 - predict divine consequences of not responding, or exaggerate positive results of responding;
 - intimidate the viewer or listener in any way.
23. The same guidelines apply when printed materials soliciting funds are presented to listeners.
24. A **condition of licence** requiring the licensee to adhere to the guidelines on ethics in religious programming, as set out in section IV of the Religious Broadcasting Policy, is set out in the appendix to this decision.

Cultural diversity

25. In its Commercial Radio Policy, the Commission encouraged broadcasters to reflect the cultural diversity of Canada in their programming and employment practices, especially with respect to news, music and promotion of Canadian artists.
26. The Commission expects IHC to reflect the cultural diversity of Canada in its programming and employment practices.

Conclusion

27. For all of the reasons noted above, the Commission concludes that the implementation of the IHC proposal will add programming diversity to the Halifax market, while not having an undue negative impact on existing Halifax commercial radio stations. The Commission notes the applicant's experience in the operation of a similar FM radio station in Moncton. Moreover, it finds that IHC's proposals are consistent with the Commission's regulations and policies for commercial FM radio stations and the Religious Broadcasting Policy.
28. The Commission therefore **approves** the application by International Harvesters for Christ Evangelistic Association Inc. for a broadcasting licence to operate a specialty English-language commercial FM radio programming undertaking in Halifax, Nova Scotia at 93.9 MHz (channel 230A) with an effective radiated power of 5,000 watts.
29. The licence will expire 31 August 2011 and will be subject to the **conditions of licence** set out in the appendix to this decision.

Issuance of the licence

30. The Department of Industry (the Department) has advised the Commission that, while this application is considered technically acceptable, it will only issue a broadcasting certificate when it has determined that the proposed technical parameters will not create any unacceptable interference with aeronautical NAV/COM services.
31. The Commission reminds the licensee that, pursuant to section 22(1) of the *Broadcasting Act*, no licence may be issued until the Department notifies the Commission that its technical requirements have been met, and that a broadcasting certificate will be issued.
32. Furthermore, the licence for this undertaking will only be issued once the applicant has informed the Commission in writing that it is prepared to commence operations. The undertaking must be operational at the earliest possible date and, in any event, no later than 24 months from the date of this decision, unless a request for an extension of time is approved by the Commission before 26 November 2006. In order to ensure that such a request is processed in a timely manner, it should be submitted at least 60 days before that date.

Secretary General

This decision is to be appended to the licence. It is available in alternative format upon request, and may also be examined at the following Internet site: <http://www.crtc.gc.ca>

Appendix to Broadcasting Decision CRTC 2004-516

Conditions of licence

1. The licence will be subject to the conditions set out in *New licence form for commercial radio stations*, Public Notice CRTC 1999-137, 24 August 1999, with the exception of conditions number 8 and 10.
2. The licensee shall operate the station within the Specialty format as defined in *A review of certain matters concerning radio*, Public Notice CRTC 1995-60, 21 April 1995, as amended in *Revised content categories and subcategories for radio*, Public Notice CRTC 2000-14, 28 January 2000, and otherwise amended from time to time.
3. A minimum of 95% of musical selections broadcast each broadcast week shall be drawn from subcategory 35 (non-classic religious).
4. The licensee shall, as an exception to the percentage of Canadian musical selections set out in section 2.2(3) of the *Radio Regulations, 1986*, during each broadcast week, devote 20% or more of its musical selections from content category 3 to Canadian selections.
5. The licensee shall not broadcast any hit material as defined in *Revised Policy on the Use of Hits by English-language FM Radio Stations*, Public Notice CRTC 1997-42, 23 April 1997.
6. During each broadcast week, the licensee shall broadcast, at a minimum, 5 hours 30 minutes of balance programs.
7. The licensee shall adhere to the guidelines on ethics in religious programming as set out in section IV of *Religious Broadcasting Policy*, Public Notice CRTC 1993-78, 3 June 1993, as amended from time to time.