



Broadcasting Decision CRTC 2006-639

Ottawa, 24 November 2006

Jim Pattison Broadcast Group Ltd. (the general partner) and Jim Pattison Industries Ltd. (the limited partner), carrying on business as Jim Pattison Broadcast Group Limited Partnership
Victoria, British Columbia

Application 2006-0645-2
Public Hearing at Québec, Quebec
11 September 2006

CKKQ-FM Victoria, CKKQ-FM-1 Sooke and CKKR-DR-1 Victoria; CJZN-FM Victoria, CKXM-FM-1 Sooke and CJZN-DR-1 Victoria – Acquisition of assets

*The Commission **approves** the application by Jim Pattison Broadcast Group Ltd. (the general partner) and Jim Pattison Industries Ltd. (the limited partner), carrying on business as Jim Pattison Broadcast Group Limited Partnership, to acquire the assets of the radio programming undertaking CKKQ-FM Victoria, its transmitter CKKQ-FM-1 Sooke and its transitional digital radio undertaking CKKR-DR-1 Victoria, and of the radio programming undertaking CJZN-FM Victoria, its transmitter CKXM-FM-1 Sooke and its transitional digital radio undertaking CJZN-DR-1 Victoria, from O.K. Radio Group Ltd.*

The application

1. The Commission received an application by Jim Pattison Broadcast Group Ltd. (the general partner) and Jim Pattison Industries Ltd. (the limited partner), carrying on business as Jim Pattison Broadcast Group Limited Partnership (the “Pattison Group” or “the applicant”), for authority to acquire the assets of the radio programming undertaking CKKQ-FM Victoria, its transmitter CKKQ-FM-1 Sooke and its unlaunched transitional digital radio undertaking CKKR-DR-1 Victoria, and of the radio programming undertaking CJZN-FM Victoria, its transmitter CKXM-FM-1 Sooke and its unlaunched transitional digital radio undertaking CJZN-DR-1 Victoria, from O.K. Radio Group Ltd. (O.K. Radio), and for broadcasting licences to continue the operation of these undertakings under the same terms and conditions as those set out in the current licences.
2. The vendor, O.K. Radio, is a corporation controlled by Mr. Roger Charest. The purchaser, the Pattison Group, is ultimately controlled by Mr. James A. Pattison.

3. The applicant stated that the value of the proposed transaction would be \$15.75 million. It proposed a tangible benefits package totalling \$945,000, which represents 6% of the value of the transaction, in accordance with *Commercial Radio Policy 1998*, Public Notice CRTC 1998-41, 30 April 1998. The benefits funding would be distributed over seven years and allocated as follows: \$472,500 to be directed to the Canadian Association of Broadcasters' (CAB's) Radio Starmaker Fund, \$315,000 to be directed to the Foundation Assisting Canadian Talent on Recordings (FACTOR) and \$157,500 to support the Jim Pattison Broadcast Group Ltd.'s "Save the Music Foundation," a non-profit foundation devoted to funding Canadian talent development (CTD) projects in British Columbia and Alberta. The applicant stated that the "Save the Music Foundation" funding related to this benefits package would be used to support CTD projects in the central region of southern Vancouver Island. The applicant made a commitment to ensure that the two stations remain local, i.e., supported by local personnel who know the market and work with the community, and also committed to ensure "that the quality of programming and independent news voices for the two stations will continue as is under the current practice in the Victoria marketplace."

Interventions

4. The Commission received an intervention in support of this application, as well as one intervention in opposition by the Canadian Independent Record Production Association (CIRPA). Specifically, CIRPA opposed the applicant's plan to contribute to the CTD initiative "Save the Music Foundation," stating that it did not see the necessity in duplicating already successful programs. CIRPA indicated that this contribution could be better used if it were directed to an already established outlet such as the Canadian Academy of Recording Arts and Sciences' (CARAS) MusiCan program.

Applicant's reply

5. The applicant replied that it disagreed with CIRPA's comment concerning the duplication of successful CTD programs. It argued that the "Save the Music Foundation" would contribute to the development of young musicians by enhancing music education programs at the elementary, middle and secondary schools in the communities where it holds licences. The applicant further argued that this contribution would support CIRPA's objective of supporting music education in Canada. In addition, the applicant stated that the current acquisition would result in a significant contribution to FACTOR.

Commission's analysis and determinations

6. When parties are granted licences to operate broadcasting undertakings and sell the undertakings after a short period of time, the Commission examines such acquisitions carefully to ensure that they do not compromise the integrity of the licensing process.

7. In the present case, the Commission notes that the proposed transaction involves the transfer of ownership of two transitional digital radio undertakings, that of CKKR-DR-1, which was approved in *Transitional digital radio undertaking in Victoria*, Broadcasting Decision CRTC 2004-121, 19 March 2004 (Decision 2004-121), and of CJZN-DR-1, which was approved in *Transitional digital radio undertaking in Victoria*, Broadcasting Decision CRTC 2004-122, 19 March 2004 (Decision 2004-122).
8. The Commission has considered the circumstances surrounding the current application, including the fact that the not-yet-launched transitional digital radio undertakings CKKR-DR-1 and CJZN-DR-1 are part of a transaction involving a group of stations as a whole. The Commission is of the view that the transaction involving the above-mentioned transitional digital radio undertakings, as part of a transaction involving other FM radio undertakings, does not compromise the integrity of the licensing process.
9. The Commission has examined the various elements supporting the value of the transaction and finds it acceptable and reasonable. Furthermore, the Commission has considered the arguments presented by the applicant and the interveners. The Commission is satisfied that the applicant's response and its commitment to CTD initiatives adequately address the concerns raised by CIRPA in that the proposed contributions by the applicant reflect eligible CTD expenditures that will serve to promote and develop Canadian musical artists.
10. In light of the above, the Commission **approves** the application by Jim Pattison Broadcast Group Ltd. (the general partner) and Jim Pattison Industries Ltd. (the limited partner), carrying on business as Jim Pattison Broadcast Group Limited Partnership, to acquire the assets of the radio programming undertaking CKKQ-FM Victoria, its transmitter CKKQ-FM-1 Sooke and its transitional digital radio undertaking CKKR-DR-1 Victoria, and of the radio programming undertaking CJZN-FM Victoria, its transmitter CKXM-FM-1 Sooke and its transitional digital radio undertaking CJZN-DR-1 Victoria, from O.K. Radio Group Ltd., and for broadcasting licences to continue the operation of these undertakings under the same terms and conditions as those set out in the current licences.
11. With respect to the benefits offered as part of this transaction, the Commission notes the applicant's commitment to expend a total of \$945,000 in tangible benefits initiatives, which is 6% of the value of this transaction, over a seven-year period. The expenditures will be made in accordance with the applicant's proposed allocations, as set out in the appendix to this decision.

Issuance of the licences

12. The Commission will only issue the licences to Jim Pattison Broadcast Group Ltd. (the general partner) and Jim Pattison Industries Ltd. (the limited partner), carrying on business as Jim Pattison Broadcast Group Limited Partnership, for the radio programming undertaking CKKQ-FM Victoria and its transmitter CKKQ-FM-1 Sooke, and for the radio programming undertaking CJZN-FM Victoria and its transmitter CKXM-FM-1 Sooke, once the current licences issued to O.K. Radio Group Ltd. have been surrendered to the Commission.
13. The new licences for the undertakings listed above will expire on the current expiry date for each undertaking, 31 August 2013, and will be subject to the same terms and **conditions** as those in effect under the current licences.
14. The Commission notes that the transitional digital radio undertakings CKKR-DR-1 and CJZN-DR-1 are not yet in operation. The Commission will issue broadcasting licences to Jim Pattison Broadcast Group Ltd. (the general partner) and Jim Pattison Industries Ltd. (the limited partner), carrying on business as Jim Pattison Broadcast Group Limited Partnership, for CKKR-DR-1 and CJZN-DR-1 Victoria, expiring 31 August 2007, the current expiry date specified in *Administrative renewals*, Broadcasting Decision CRTC 2006-262, 23 June 2006,¹ once the requirements for the issuance of the licences set out in Decisions 2004-121 and 2004-122 have been met.

Employment equity

15. Because this applicant 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

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

¹ In that decision, the Commission extended the terms of these and other licences until 31 August 2007, in order to consider the renewals of various undertakings in light of possible amendments to *A policy to govern the introduction of digital radio*, Public Notice CRTC 1995-184, 29 October 1995 (the Transitional Digital Policy).

Appendix to Broadcasting Decision CRTC 2006-639

The total of \$945,000 in required benefits shall be distributed by the stations over seven consecutive years, at the individual levels indicated below.

Station	Location	Percentage of total benefits	Total seven-year contributions
CJZN-FM	Victoria	25%	\$236,250
CKKQ-FM	Victoria	75%	\$708,750