



## Broadcasting Decision CRTC 2006-651

Ottawa, 29 November 2006

### **Rogers Broadcasting Limited**

Edmonton, Fort McMurray and Grande Prairie, Alberta

*Application 2006-0616-3*

*Public Hearing in Québec, Quebec*

*11 September 2006*

### **CHDI-FM and CKER-FM Edmonton, CJOK-FM and CKYX-FM Fort McMurray and its transmitter CJOK-FM-1 Tar Island, CFGP-FM Grande Prairie and its transmitters CFGP-FM-1 Peace River and CFGP-FM-2 Tumbler Ridge – Acquisition of assets**

*The Commission **approves** an application by Rogers Broadcasting Limited for authority to acquire the assets of the radio programming undertakings CHDI-FM and CKER-FM Edmonton, CJOK-FM and CKYX-FM Fort McMurray and its transmitter CJOK-FM-1 Tar Island, and CFGP-FM Grande Prairie and its transmitters CFGP-FM-1 Peace River and CFGP-FM-2 Tumbler Ridge, Alberta, from O.K. Radio Group Ltd., a corporation controlled by Mr. Roger Charest.*

### **The application**

1. The Commission received an application by Rogers Broadcasting Limited (Rogers) for authority to acquire the assets of the radio programming undertakings CHDI-FM and CKER-FM Edmonton, CJOK-FM and CKYX-FM Fort McMurray and its transmitter CJOK-FM-1 Tar Island, and CFGP-FM Grande Prairie and its transmitters CFGP-FM-1 Peace River and CFGP-FM-2 Tumbler Ridge, Alberta, from O.K. Radio Group Ltd. (O.K. Radio), a corporation controlled by Mr. Roger Charest.
2. The applicant also requested new broadcasting licences to continue the operation of the undertakings under the same terms and conditions as those in effect under the current licences.
3. Rogers is a wholly-owned subsidiary of Rogers Media Inc., which, in turn, is a wholly-owned subsidiary of Rogers Communications Inc., a corporation ultimately controlled by Edward S. Rogers.
4. Rogers owns radio and television broadcasting undertakings in Ontario, British Columbia, Manitoba and Alberta. These include 43 radio stations (33 FM and 10 AM) and two multicultural television stations in Ontario known as OMNI.1 and OMNI.2. Rogers also holds an 80% interest in Rogers Sportsnet, a sports specialty service licensed to provide regional sports programming across Canada, and The Shopping Channel,

Canada's only national television shopping service. As well, Rogers holds minority interests in several Canadian specialty television services including Outdoor Life Network (OLN), TechTV Canada, The Biography Channel Canada, MSNBC Canada, the pay-per-view service known as Viewers Choice Canada, as well as certain other minority interest investments.

5. The proposed value of the transaction is \$39.6 million pursuant to the Assets Purchase Agreement between Rogers and O.K. Radio.
6. Rogers proposed a tangible benefits package totalling \$2.4 million to be distributed over seven years, which represents 6% of the value of the transaction, as stipulated in *Commercial Radio Policy 1998*, Public Notice CRTC 1998-41, 30 April 1998. The benefits funding would be allocated as follows: \$1,200,000 to the Radio Starmaker Fund, \$800,000 to the Foundation Assisting Canadian Talent on Recordings (FACTOR), and \$400,000 to the Northern Alberta Institute of Technology (NAIT) to provide annual scholarships in perpetuity for students enrolled in the Radio and Television Arts Program (the RTA program). This initiative would be known as the "Roger Charest Endowment Fund." The applicant indicated that these scholarships would provide incentives and opportunities for students interested in a practicum in non-metro markets in Alberta.
7. With regard to intangible benefits, Rogers made a commitment to maintain CKER-FM, also known as World FM, as a specialty ethnic FM radio service and confirmed that it would continue its involvement and investment in the undertaking in order to serve the local ethnic communities. Rogers noted that it had provided a voice for ethnic communities by focusing on the news and issues that are of direct concern to them. Rogers submitted that its involvement and investment in CKER-FM would provide an opportunity for the company's participation in ethnic broadcasting to grow and evolve.
8. In addition to Rogers' commitment to operate the five radio stations it proposed to acquire under the same terms and conditions of licence that currently apply, Rogers submitted that diversity in the markets served by the undertakings would be maintained under its proposal, given that it currently holds no broadcasting assets in Edmonton, Grande Prairie or Fort McMurray. Further, Rogers noted the formats of the radio stations that it proposed to acquire have been very well received and that it has no plans to change the formats or the target audience of those stations since they add to the diversity of music and radio programming available to local audiences.

## **Interventions**

9. The Commission received comments in connection with this application by the Canadian Independent Record Production Association (CIRPA), Mr. Stephen Rausch and Mr. Daorcey Le Bray.

10. CIRPA filed an intervention with the Commission opposing the applicant's plan to establish the "Roger Charest Endowment Fund" as a Canadian talent development (CTD) initiative. CIRPA submitted that the initiative does not qualify as an eligible CTD contribution according to the guidelines set out in *Contributions by radio stations to Canadian talent development – A new approach*, Public Notice CRTC 1995-196, 17 November 1995 (Public Notice 1995-196), which states that scholarships or "grants to those organizations offering courses in broadcasting or devoted to the continuing education of radio station staff will not qualify."
11. Mr. Le Bray expressed concern over the possible loss of the local focus of CHDI-FM Edmonton (Sonic 102.9) under Roger's ownership. Mr. Rausch submitted that the strength of CHDI-FM lay in its non-corporate operation and indicated that he may stop listening to the station.

#### **Applicant's replies**

12. In reply to CIRPA, the applicant submitted that the goal of the "Roger Charest Endowment Fund" was to provide annual scholarships to support NAIT students pursuing an interest in journalism, both academically and in their practicum, as part of the RTA program. Rogers argued that journalism studies form an essential component of the RTA program and therefore, in its interpretation, the proposed benefit complies with the guidelines set out in Public Notice 1995-196. The applicant stated, however, that it would be prepared to re-direct this proposed benefit to another CTD initiative should the Commission determine that it was ineligible.
13. In reply to Mr. Le Bray and Mr. Rausch, Rogers reiterated that it does not plan to change the programming of CHDI-FM, that the station will continue to focus on the youth and younger adult audiences in Edmonton, and that it will remain Edmonton's best choice for modern rock.

#### **Commission's analysis and determinations**

14. The Commission has considered the arguments presented by the interveners and the applicant with respect to the concerns of possible programming changes to CHDI-FM. The Commission is satisfied that the applicant's response and its commitment to maintain the station's local focus and youth-oriented modern rock format adequately address the concerns raised by the interveners.
15. The Commission has considered the arguments presented by CIRPA and the applicant related to the eligibility of the applicant's proposal to establish the "Roger Charest Endowment Fund," which would provide scholarships to NAIT students enrolled in the RTA program to pursue their interest in journalism. While the Commission acknowledges that a limited journalism component is offered as part of the RTA program's overall two-year curriculum, it is of the view that, on balance, the RTA program is first and foremost a broadcasting course. Under the guidelines set out in

Public Notice 1995-196, scholarships or grants to organizations offering courses in broadcasting do not qualify as eligible CTD initiatives. The Commission therefore directs the applicant to re-allocate the \$400,000 in proposed benefits to another eligible CTD initiative. Further, the applicant is directed to file, within six months of this decision, a letter indicating how it will allocate these benefits.

16. The Commission has examined the various elements supporting the proposed value of the transaction and finds it to be acceptable and reasonable.
17. With respect to the benefits offered as part of this transaction, the Commission notes the applicant's commitment to distribute the benefits over a seven-year period. The expenditures will be made, on a per-station basis, in accordance with the applicant's proposed allocations, as set out in the appendix to this decision.

### **Conclusion**

18. In light of the foregoing, the Commission **approves** the application by Rogers Broadcasting Limited for authority to acquire the assets of the radio programming undertakings CHDI-FM and CKER-FM Edmonton, CJOK-FM and CKYX-FM Fort McMurray and its transmitter CJOK-FM-1 Tar Island, and CFGP-FM Grande Prairie and its transmitters CFGP-FM-1 Peace River and CFGP-FM-2 Tumbler Ridge, Alberta, from O.K. Radio Group Ltd.
19. The Commission will issue new broadcasting licences to Rogers Broadcasting Limited upon surrender of the current licences.
20. The new licences for the undertakings listed below will expire on the current expiry dates for each undertaking, which are set out in the table below. The licences will be subject to the same terms and **conditions** as those in effect under the current licences.

CHDI-FM Edmonton	31 August 2010
CKER-FM Edmonton	31 August 2010
CJOK-FM Fort McMurray	31 August 2010
CKYX-FM Fort McMurray and its transmitter	
CJOK-FM-1 Tar Island	31 August 2010
CFGP-FM Grande Prairie and its transmitters	
CFGP-FM-1 Peace River and CFGP-FM-2 Tumbler Ridge	31 August 2013

21. The Commission reminds the applicant of the following **condition of licence** governing the licence for CKER-FM, as stated in *CKER-FM Edmonton – Licence renewal*, Broadcasting Decision CRTC 2003-386, 11 August 2003:

The licensee shall broadcast during each broadcast week of the licence term, ethnic programming directed towards not less than 19 distinct ethnic groups, in not less than 19 different languages.

22. The Commission notes the applicant's commitment to file an executed version of the Asset Purchase Agreement and a copy of schedules 3.2 and 3.5 of the Agreement with the Commission upon execution. Therefore, the Commission requests that such documents be filed with the Commission within 30 days of this decision.

**Employment equity**

23. 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

*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>*

## Appendix to Broadcasting Decision CRTC 2006-651

The total of \$2.4 million in required benefits shall be distributed by the stations over seven consecutive years, at the individual levels indicated below.

<b>Station</b>	<b>Location</b>	<b>Percentage of total benefits</b>	<b>Total seven-year contribution</b>
CHDI-FM	Edmonton	29.88%	\$717,120
CKER-FM	Edmonton	7.52%	\$180,480
CFGP-FM	Grande Prairie	24.65%	\$591,600
CKYX-FM	Fort McMurray	19.59%	\$470,160
CJOK-FM	Fort McMurray	18.36%	\$440,640