



## Broadcasting Decision CRTC 2023-152

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Reference: 2022-331

Ottawa, 23 May 2023

**Kenner Media (Edmonton) Limited**  
Fort Saskatchewan, Alberta

*Public record: 2022-0878-5*

*Public hearing in the National Capital Region  
23 February 2023*

### **CKFT-FM Fort Saskatchewan – Acquisition of assets**

#### **Summary**

The Commission **approves** an application by Kenner Media (Edmonton) Limited for authority to acquire from Golden West Broadcasting Ltd. the assets of the English-language commercial radio station CKFT-FM Fort Saskatchewan, Alberta.

#### **Application**

1. Kenner Media (Edmonton) Limited (Kenner Media) filed an application for authorization to acquire from Golden West Broadcasting Ltd. (Golden West) the assets of the English-language commercial radio station CKFT-FM Fort Saskatchewan, Alberta. Kenner Media 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. Kenner Media is owned by Kenner Media Ltd. (94.28% of voting shares) (Kenner Holding) and R.E.B. Investment Holdings Limited (5.72% of the voting shares). Kenner Holding is wholly owned by Stephen Craig Fee, who is a Canadian, as defined in the *Direction to the CRTC (ineligibility of non-Canadians)* (the Direction). As the sole shareholder of the majority shareholder of Kenner Media, Mr. Fee effectively controls Kenner Media.
3. Given that Mr. Fee and all directors and the chief executive officers of both Kenner Media and Kenner Holdings are Canadians, as defined in the Direction, the Commission finds that Kenner Media is eligible to hold a broadcasting licence.
4. Golden West is owned by Elmer Hildebrand Ltd. (60.55% of voting shares) and other Canadians (39.45% of voting shares) and is effectively controlled by Elmer Hildebrand, its majority shareholder.

5. Kenner Media indicated that it would acquire the assets of CKFT-FM for \$664,800 as well as the online site “fortsaskonline” (FSOL website) for \$135,200. The applicant proposed that the value of the FSOL website be excluded from the value of the transaction as the licensed radio station and FSOL website are two separate businesses with separate revenue streams. It also proposed to add lease obligations of \$228,105 for office premises and \$139,560 for the transmitting site to calculate the value of the transaction. Kenner Media proposed a tangible benefits package of \$61,347 to be paid in seven equal annual instalments, based on a value of the transaction it calculated as \$1,022,455.<sup>1</sup>
6. The Commission received an intervention commenting on the application from the Public Interest Advocacy Centre (PIAC).

## Regulatory framework

7. The review of ownership transactions is an essential element of the Commission’s regulatory and supervisory mandate under the *Broadcasting Act* (the Act). Since the Commission does not solicit competitive applications for changes in effective control of broadcasting undertakings, the onus is on the applicant to demonstrate that approval is in the public interest, that the benefits of the transaction are commensurate with the size and nature of the transaction and that the application represents the best possible proposal under the circumstances.
8. The Commission must consider each application on its merits, according to the circumstances specific to the application. In addition, pursuant to subsection 5(1) and paragraph 5(2)(b) of the Act, the Commission must be assured that approval of a proposed ownership transaction furthers the public interest. The public interest is reflected in the many objectives of the Act and of the Canadian broadcasting policy set out in subsection 3(1) of the Act.
9. When dealing with an application for a transfer of ownership or a change in effective control, section 11(4) of the [Radio Regulations, 1986](#) requires that a broadcasting licensee obtain the prior approval of the Commission before entering into any action, agreement or transaction that will result in a direct or indirect change in the effective control of its broadcasting undertaking.

## Issues

10. After examining the record for this application in light of applicable regulations and policies, the Commission considers that the issues it must address are the following:
  - whether the proposed transaction is in the public interest;

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<sup>1</sup> The Commission notes that the amounts provided by the applicant to determine the value of the transaction total \$1,032,465 rather than \$1,022,455.

- the value of the transaction;
- the tangible benefits package; and
- the terms and conditions of licence.

### **Public interest of the proposed transaction**

11. 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 Act, including the nature of programming and service provided 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.
12. Kenner Media submitted that approval of this application would ensure that residents of Fort Saskatchewan, Strathcona County, Sturgeon County and Lamont County will continue to have access to a locally operated radio station that provides a truly independent local voice for news, information and community content together with a distinct and popular music format. Given that Kenner Media is a new player in the radio market, it will add to the diversity of ownership, spoken word and music available to listeners in Fort Saskatchewan. In this respect, Kenner Media indicated that it would add 20 hours of local programming for a total of 90 hours per week, with the goal of increasing local programming up to 100 hours per week in the following years.
13. In addition, Kenner Media stated that it plans to strike a Community Advisory Board to connect with the local Indigenous community of the Treaty 6 Territory and Métis Nation of Alberta, on which the City of Fort Saskatchewan resides.
14. The Commission notes that CKFT-FM is the sole radio station to specifically serve Fort Saskatchewan. Following the transaction, the station would continue to provide a different and more locally oriented point of view on matters of public concern than that provided by the Edmonton stations that are receivable in Fort Saskatchewan. This would contribute to the achievement of the broadcasting policy objective set out in subparagraph 3(1)(i)(i) of the *Act* that provides that programming be “drawn from *local, regional, national and international sources*” (emphasis added).
15. In addition, since CKFT-FM would be the first licenced radio station operated by Kenner Media, the Canadian broadcasting system would benefit from a new editorial voice.
16. In light of the above, the Commission finds that approving this transaction is in the public interest.
17. The Commission commends the licensee on its commitment to establish a Community Advisory Board for the purpose of connecting with the local Indigenous community located in the Treaty 6 Territory and the Métis Nation of Alberta, on which the City of

Fort Saskatchewan resides. The Commission encourages the licensee to continue to develop ties with the local Indigenous communities served by CKFT-FM.

### **Value of the transaction**

18. As set out in Broadcasting Regulatory Policy 2014-459 (the Tangible Benefits Policy), to calculate the value of tangible benefits, the Commission takes into account the value of the transaction as a whole, including the value of gross debt, working capital to be transferred at closing of the transaction, ancillary agreements and any leases assumed by the purchaser for real property (buildings, studios and offices) and transmission facilities. The value of leases is calculated over a period of five years. If applicable, these elements are added to the purchase price.
19. Furthermore, the value of the transaction is intended to represent all the additional revenue-generating activities resulting from the acquisition of the licensed broadcasting service. The inclusion in the value of the transaction of all revenue derived from the transmission of the licensed service on alternate platforms fulfills this objective.
20. Finally, in accordance with the Tangible Benefits Policy, the value of the transaction is allocated according to the proportion of the revenues of the undertakings of each type (e.g. radio, television) relative to the total revenues from all assets that are part of the transaction.

### **Kenner Media's position**

21. Under the assets purchase agreement dated 7 September 2022, the total amount paid for the assets of CKFT-FM and the FSOL website is \$800,000. Kenner Media would acquire the assets of CKFT-FM Fort Saskatchewan for \$664,800 and the FSOL website for \$135,200.
22. Kenner Media proposed that the value of the FSOL website be excluded from the value of the transaction because the licensed radio station and the FSOL website are two separate businesses with separate revenue streams.
23. In support of its position, Kenner Media submitted that the radio station derives no significant revenue or promotional benefit from the website. The information on the website is generated by individuals who are not radio station staff and consists of local and regional news stories, community events, and items such as obituary notices, much of which would not be broadcast on CKFT-FM. In addition, it stated that CKFT-FM interacts with its listeners online through other social media, and other audio streaming platforms, rather than the FSOL website. While CKFT-FM is accessible via the FSOL website, most of the streaming is done through other web applications.
24. Kenner Media added that virtually all revenue derived from the FSOL website is due to page views of the alpha-numeric content and, in some cases, "click on" advertising banners. Kenner Media added that if the radio station ceased to operate, the FSOL website would continue to accrue hundreds of thousands of page views per month and derive advertising revenue from those page views. Conversely, if Golden West had

chosen to retain the FSOL website while selling CKFT-FM, there would be no impact on the radio station in terms of the streaming of its programming.

25. Finally, the applicant added the value of assumed leases over a five- year period of \$228,105 for office premises and \$139,560 for the transmitting site and proposed a total value of the transaction of \$1,022,455.

**Commission’s analysis and determination**

26. Kenner Media proposed a value of the transaction of \$1,022,455, which includes a purchase price of \$664,800 and lease obligations of \$228,105 for offices premises and \$139,560 for the transmitting site. The Commission considers that the purchase price and the value of the assumed leases are in line with the Tangible Benefits Policy. However, these amounts total \$1,032,465 rather than \$1,022,455 as indicated by the applicant.
27. With respect to whether the FSOL website should be included in the value of the transaction, the Commission notes that the FSOL website can be operated independently from CKFT-FM and could generate its own revenues through page views and advertising banners. Further, its content is not created by CKFT-FM on-air staff and includes information that would not normally be broadcast on CKFT-FM such as community events and obituary notices. As well, the FSOL website is not the principal streaming vehicle for CKFT-FM. Accordingly, the Commission considers that the revenues of the FSOL website are not derived from the multi-platform distribution of a licensed service.
28. In light of the above, the Commission finds that the purchase price for the FSOL website should not be included in the value of the transaction.
29. Accordingly, the Commission finds that the value of the transaction is \$1,032,465, itemized as follows:

<b>Value of the transaction</b>	
Purchase price	\$664,800
Debt	\$0
Assumed Leases:	
• Office Premises	\$228,105
• Transmitting Site	\$139,560
Value of the transaction	<hr/> \$1,032,465

## **Tangible benefits package**

30. Pursuant to the Tangible Benefits Policy, the Commission considers it appropriate to require that tangible benefits be paid pursuant to changes in the effective control of all licensed radio and television programming undertakings. Under this policy, tangible benefits resulting from a change in ownership or effective control of commercial radio stations must generally represent at least 6% of the value of the transaction.
31. In Broadcasting Regulatory Policy 2022-332 (Revised Commercial Radio Policy), the Commission stated that the 6% tangible benefits formula would be maintained. The Commission also found that the allocation set out in paragraph 34 below for tangible benefits should be maintained but specified that, of the 3% of benefits that could formerly be allocated to either the Radio Starmaker Fund or Fonds RadioStar, 60% should now be directed to the Radio Starmaker Fund and 40% to Fonds RadioStar; and of the 1.5% of benefits that could formerly be allocated either to FACTOR or Musicaction, 60% should now be directed to FACTOR and 40% to Musicaction.

## **Intervention**

32. The PIAC requested that the Commission exercise its discretion to split 10% of the total tangible benefits equally between the Broadcasting Participation Fund (BPF) and the Broadcast Accessibility Fund (BAF). The PIAC submitted that those funds face depletion. Kenner Media did not reply to the PIAC intervention.

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

33. The PIAC submitted that Kenner Media should redirect a portion of its tangible benefits to the BAP and the BRF. The Commission recognizes the importance of the BAF and BPF, however, as a basic principle, Canadian content development (CCD) funds must be used to support, develop or promote Canadian musical or spoken word talent, including eligible initiatives such as national, provincial and territorial music industry associations, contributions to scholarships and purchase of musical instruments by educational institutions benefiting students in music and journalism, talent contests supporting the production and promotion of local music artists, including emerging artists. If tangible benefits contributions were allocated to the BAF or BPF, it would be to the detriment of the Radio Starmaker Fund, Fonds RadioStar, FACTOR, Musicaction and the Community Radio Fund of Canada (CRFC), all of whom support Canadian artists. The Commission recently reviewed the allocation of tangible benefits in the Revised Commercial Radio Policy and finds that it would not be appropriate to change the funds to which money may be directed in this case.
34. Kenner Media proposed to allocate its tangible benefits as set out in the Tangible Benefits Policy. However, the Commission amended the way funds would be allocated in the Revised Commercial Radio Policy, which was published after the application was received. Given that this revised approach would not negatively affect the applicant, the Commission considers it appropriate for funds to be allocated according to the Revised Commercial Radio Policy. The Commission therefore requires Kenner Media to

implement a tangible benefits package of \$61,948 to be paid in equal installments over seven consecutive broadcast years, allocated as follows:

- 3% (\$30,974) to the Radio Starmaker Fund and Fonds Radiostar, broken down as follows;
  - 60 % (\$18,584) to the Radio Starmaker Fund
  - 40% (\$12,390) to Fonds Radiostar
- 1.5% (\$15,487) to FACTOR and Musicaction, broken down as follows;
  - 60 % (\$9,292) to FACTOR
  - 40% (\$6,195) to Musicaction
- 1% (\$10,325) to any eligible CCD initiative (at the discretion of the purchaser); and
- 0.5% (\$5,162) to the CRFC.

#### **Terms and conditions of licence**

35. Kenner Media asked to continue to operate CKFT-FM under the same terms and conditions that are in effect under the current licence.
36. When a new licence is issued, the Commission reviews the licensee's compliance with its regulatory obligations, in particular those relating to the filing of annual reports and CCD contributions. In the case of an asset acquisition, the compliance audit is conducted at the time of application review rather than at the time of licence renewal.
37. The Commission has completed its audit and finds that CKFT-FM is in compliance with its regulatory requirements.
38. CKFT-FM's current licence expires on 31 August 2025. If the new licence was issued with the same expiry date, Kenner Media would be required file an application for the renewal of its licence by 31 August 2024, just a year after taking control of the station.
39. Given that CKFT-FM is in compliance with its regulatory obligations, the Commission considers that it would be appropriate to grant Kenner Media a full seven-year licence term. This would give Kenner Media the opportunity to acquire and operate the station for a longer time before the licence is due for renewal.

#### **Conclusion**

40. In light of all of the above, the Commission **approves** the application by Kenner Media (Edmonton) Limited for authority to acquire from Golden West Broadcasting Ltd. the assets of the English-language commercial radio programming undertaking CKFT-FM

Fort Saskatchewan, Alberta, and for a new broadcasting licence to continue the operation of the undertaking.

41. Further, the Commission requires Kenner Media to pay tangible benefits in the amount of \$61,698 to be paid in equal installments over seven consecutive broadcast years and to submit acceptable proofs of payment.
42. Kenner Media shall notify the Commission of the close of the transaction, and upon surrender of the licences currently held by Golden West, the Commission will issue new broadcasting licences to Kenner Media, which will expire on **31 August 2029**. The terms and conditions of licence for CKFT-FM are set out in the appendix to this decision.

### **Reminders**

43. Pursuant to section 22 of the 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) lapses.

### **Local news**

44. Radio stations are an important daily source of local news and information for communities. Holding a broadcasting licence comes with conditions, regulatory obligations and responsibilities, 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 the Revised Commercial Radio Policy 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 local news and information is made available to those communities.

Secretary General



## **Related documents**

- *Revised Commercial Radio Policy*, Broadcasting Regulatory Policy CRTC 2022-332, 7 December 2022
- *Notice of hearing*, Broadcasting Notice of Consultation CRTC 2022-331, 5 December 2022
- *Simplified approach to tangible benefits and determining the value of the transaction*, Broadcasting Regulatory Policy CRTC 2014-459, 5 September 2014

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

## **Appendix to Broadcasting Decision CRTC 2023-152**

### **Terms, conditions of licence, expectations and encouragements for the English-language commercial radio programming undertaking CKFT-FM Fort Saskatchewan**

#### **Terms**

The licence will expire 31 August 2029.

#### **Conditions of licence**

1. The licensee shall adhere to the conditions of licence set out in *Revised conditions of licence* for commercial AM and FM radio stations, Broadcasting Regulatory Policy CRTC 2022-334, 7 December 2002, as well as to the conditions set out in the broadcasting licence for the undertaking.
2. As an exception to section 2.2(8) of the *Radio Regulations, 1986*, the licensee shall devote no less than 40% of its musical selections from content category 2 (Popular Music) in each broadcast week and between 6:00 a.m. and 6:00 p.m. Monday to Friday to Canadian selections broadcast in their entirety.
3. The licensee shall not solicit advertising in the city of Edmonton as identified by Statistics Canada.

#### **Expectations**

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

The Commission expects the licensee to maintain its focus on local programming for Fort Saskatchewan.

#### **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.

**Encouragements**

The Commission encourages the licensee to establish a Community Advisory Board for the purpose of connecting with the local Indigenous community served by CKFT-FM located in Treaty 6 Territory and the Métis Nation of Alberta, on which the City of Fort Saskatchewan resides. The Commission further encourages the licensee to continue to develop ties with the local Indigenous communities served by CKFT-FM.