



Broadcasting Decision CRTC 2006-684

Ottawa, 20 December 2006

Standard Radio Inc.

Kelowna, Magna Bay and Big White Mountain, British Columbia

Application 2006-0791-3

Public Hearing at Regina, Saskatchewan

30 October 2006

CILK-FM Kelowna and its transmitters CILC-FM Magna Bay and VF2329 Big White Mountain - Acquisition of assets

*The Commission **approves** the application by Standard Radio Inc. for authority to acquire the assets of the English-language, commercial radio programming undertaking CILK-FM Kelowna and its transmitters CILC-FM Magna Bay and VF2329 Big White Mountain, from Silk FM Broadcasting Ltd.*

The application

1. The Commission received an application by Standard Radio Inc. (Standard) for authority to acquire the assets of the English-language, commercial radio programming undertaking CILK-FM Kelowna and its transmitters CILC-FM Magna Bay and VF2329 Big White Mountain, from Silk FM Broadcasting Ltd. (Silk FM Broadcasting).
2. The applicant also requested a broadcasting licence to continue the operation of the undertaking under the same terms and conditions as those in effect under the current licence, upon surrender of the licence issued to Silk FM Broadcasting.
3. Standard is a wholly-owned subsidiary of Standard Broadcasting Corporation Limited, which, in turn, is a wholly-owned subsidiary of Slaight Communications Inc., a private corporation that is wholly owned and controlled by Mr. Allan Slaight, a Canadian citizen.
4. Standard is the licensee of 51 radio programming undertakings and related transmitters and seven transitional digital radio undertakings throughout Quebec, Ontario, Manitoba, Alberta and British Columbia, including CHSU-FM and CKFR Kelowna, as well as two conventional television stations in British Columbia. Standard holds minority interests in 3937844 Canada Inc., Milestone Radio Inc. and The Haliburton Broadcasting Group Inc. It also holds a 40% interest in Sirius Canada Inc.

5. The proposed value of the transaction is \$9,250,000 pursuant to the Assets Purchase Agreement between Standard and Silk FM Broadcasting.
6. The applicant proposed a tangible benefits package of \$555,000 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 would be allocated as follows:
 - 3% to a new Canadian music marketing and promotion fund (Radio Starmaker Fund);
 - 2% to the Foundation Assisting Canadian Talent on Recordings (FACTOR); and
 - 1% to the local talent showcase initiative with the City of Kelowna to be paid entirely to participating artists.
7. Standard submitted that it would ensure a certain level of programming and editorial diversity in the market should its application be approved. In this regard, Standard indicated that it would likely alter the current classic rock format of CILK-FM to more of a contemporary hits format targeting the over 35 demographic, thereby avoiding competition with the classic rock format of CKLZ-FM Kelowna and the Top 40, Hot AC format of CHSU-FM.
8. Standard also noted that it would maintain CILK-FM's existing news staff and coverage with news-oriented synergies between CILK-FM and Standard's other national, provincial and regional holdings. Standard stated that CILK-FM would enjoy synergies with Standard's other holdings with respect to management, administration and programming.

Non-compliance

9. In *CILK-FM Kelowna and its transmitters – Licence renewal*, Broadcasting Decision CRTC 2004-336, 11 August 2004, the Commission found that the licensee of CILK-FM had failed to comply with section 2.2(9) of the *Radio Regulations, 1986* (the Regulations), which pertains to the broadcast of Canadian musical selections during the period between 6 a.m. and 6 p.m., Monday to Friday. In its application, Standard indicated that it would ensure strict compliance to the Regulations through frequent and regular monitoring by program directors and the use of scheduling systems that are designed to exceed Canadian content requirements.

Interventions

10. The Commission did not receive any interventions in connection with this application.

Commission's analysis and determinations

11. The Commission acknowledges Standard's proposed approach to ensure programming and editorial diversity in the Kelowna radio market.
12. The Commission has also examined the various elements supporting the proposed value of the transaction and finds it to be acceptable.
13. 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 in accordance with the applicant's proposed allocations, as set out above.
14. The Commission is satisfied with Standard's commitments with regard to compliance with the Regulations and, in particular, with section 2.2(9) of the Regulations. The Commission recognizes Standard's position as an established licensee and notes the resources it has in place to ensure compliance at all times.
15. In light of all of the above, the Commission is satisfied that this transaction is in the public interest. The Commission **approves** the application by Standard Radio Inc. for authority to acquire the assets of the English-language, commercial radio programming undertaking CILK-FM Kelowna and its transmitters CILC-FM Magna Bay and VF2329 Big White Mountain, from Silk FM Broadcasting Ltd.
16. The Commission will issue a broadcasting licence to Standard, upon surrender to the Commission of the licence currently issued to Silk FM Broadcasting.
17. The new licence will expire 31 August 2008, the current expiry date. The licence will be subject to the same terms and **conditions** as those in effect under the current licence.
18. In addition, the Commission notes that CILK-FM currently broadcasts religious programming. The Commission reminds the applicant that the new licence will be subject to the following **condition of licence** regarding balance and ethics in religious programming:

Where the licensee broadcasts religious programming as defined in *Religious Broadcasting Policy*, Public Notice CRTC 1993-78, 3 June 1993, the licensee shall adhere to the guidelines set out in sections III B.2.a) and IV of that public notice with respect to the provision of balance and ethics in religious programming, as amended from time to time.

Employment equity

19. In accordance with *Implementation of an employment equity policy*, Public Notice CRTC 1992-59, 1 September 1992, the Commission encourages the applicant to consider employment equity issues in its hiring practices and in all other aspects of its management of human resources.

Secretary General

This decision is to be appended to the 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>