



Broadcasting Decision CRTC 2017-251

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Reference: 2017-90

Ottawa, 13 July 2017

Rogers Media Inc., on behalf of Tillsonburg Broadcasting Company Limited
Tillsonburg, Ontario

Application 2016-1175-7, received 16 November 2016

CJDL-FM and CKOT-FM Tillsonburg – Change in ownership and effective control

*The Commission **approves** an application by Rogers Media Inc., on behalf of Tillsonburg Broadcasting Company Limited (TBCL), for authority to effect a change in the ownership and effective control of TBCL, licensee of the English-language commercial radio stations CJDL-FM and CKOT-FM Tillsonburg.*

Application

1. Rogers Media Inc. (Rogers), on behalf of Tillsonburg Broadcasting Company Limited (TBCL), filed an application for authority to effect a change in the ownership and effective control of TBCL.
2. TBCL is the licensee of the English-language commercial radio stations CJDL-FM and CKOT-FM Tillsonburg.
3. TBCL is owned by Lamers Holdings Inc. (LHI), which in turn is owned by Mr. John D. Lamers (78%), Ms. Carolyn Watts (11%) and Ms. Christine Lamers (11%) and effectively controlled by Mr. Lamers.
4. Rogers is wholly owned and controlled by Rogers Communications Inc. (RCI).
5. The transaction would be effected through the acquisition by Rogers of all of the shares in the share capital of LHI. Following the transaction, TBCL would continue to be owned by LHI, which would be owned by Rogers and effectively controlled by RCI.
6. Pursuant to the share purchase agreement, the purchase price to acquire all the issued and outstanding shares in the share capital of LHI is \$3,950,000. Rogers stated that the value of the transaction amounted to \$4,162,000 and proposed a tangible benefits package representing 6% of this value, to be paid in equal payments over seven years.

7. Rogers stated that the transaction would have a positive impact as it would ensure the ongoing viability of the stations. Rogers added that it would leverage its expertise in local programming and news and extensive resources to enrich the content provided on the Tillsonburg stations, as well as grow the stations' audience through increased awareness and marketing utilizing multiple advertising channels, including greater digital marketing opportunities through the use of station-specific apps and Radioplayer Canada.
8. Rogers confirmed that the stations would continue to be operated under the same terms and conditions as those in effect under the current licences.

Interventions and reply

9. The Commission received a joint intervention supporting the application from Tillsonburg community members, including its Mayor, local businesses, advertisers and not-for-profit organizations, as well as a comment by Byrnes Communications Inc. (Byrnes), licensee of CIHR-FM Woodstock, to which Rogers replied. The public record for this application can be found on the Commission's website at www.crtc.gc.ca or by using the application number provided above.
10. Byrnes noted that Rogers would control five radio stations (CHST-FM London, CHYM-FM Kitchener, CIKZ-FM Kitchener-Waterloo, CJDL-FM Tillsonburg and CKOT-FM Tillsonburg) broadcasting within Oxford County following the transaction and that parts of Oxford County and the town of Ingersoll would be covered by the primary contours of three of these stations (CHYM-FM, CJDL-FM and CKOT-FM). It submitted that approving the transaction without restrictions could compromise the programming quality of CIHR-FM. Specifically, Byrnes requested that the Commission impose conditions of licence preventing the Rogers station CHYM-FM from soliciting or accepting advertising from Woodstock/Ingersoll in particular or Oxford County in general, as well as requiring either CHYM-FM or CJDL-FM to modify its primary contour so as not to cover Ingersoll and parts of Oxford County.
11. In reply, Rogers submitted that the transaction was in compliance with the Commission's Common Ownership Policy and would not affect the balance of competition in the Woodstock radio market given that CHYM-FM is a Kitchener station that does not broadcast news or public affairs coverage of particular interest in Woodstock and has not earned any advertising revenues from Woodstock in the last two years. Regarding coverage of Ingersoll by three primary station contours, Rogers noted that Ingersoll does not constitute a specific radio market as no radio station is licensed to serve Ingersoll and it is not tracked by Numeris as an individual radio market. It further noted that CJDL-FM and CKOT-FM only earn a small amount of their advertising revenue (approximately 7%) from local businesses in Ingersoll and submitted that reducing coverage of CJDL-FM would not be in the public interest as it would not constitute an efficient use of the frequency and would deprive listeners in that community of a service.

12. Notwithstanding the above, Rogers indicated that if deemed necessary, it would accept a condition of licence prohibiting CHYM-FM from soliciting local advertising or offering news and information programming in the Woodstock market, including Ingersoll. Similarly, if necessary, it would accept to change the technical parameters of CJDL-FM to ensure that its primary contour does not cover Ingersoll.

Regulatory framework

13. 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.
14. The Commission must consider each application on its merits, based on the circumstances specific to the application. In addition, the Commission must be assured that approval of a proposed ownership transaction furthers the public interest as expressed in the objectives set out in section 3(1) of the Act.

Commission's analysis and decisions

15. After examining the public record for this application in light of applicable regulations and policies, the Commission considers that the issues it must address relate to the following:
- whether the application is consistent with the Common Ownership Policy set out in Broadcasting Public Notice 2008-4;
 - whether conditions of licence should be imposed on Rogers to mitigate the impact of the transaction on CIHR-FM; and
 - whether the value of transaction and proposed tangible benefits are consistent with the approach to tangible benefits set out in Broadcasting Regulatory Policy 2014-459.

Common ownership

16. In Broadcasting Public Notice 2008-4, the Commission stated that a person may be permitted to own or control a maximum of two FM stations in a given language in a market. For FM stations, the *Radio Regulations, 1986* (the Regulations) define a market as either the primary 3 mV/m contour or the central area as defined by Numeris, whichever is smaller.
17. Based on the definition set out in the Regulations, Rogers would not own or control more than two English-language FM stations in any of the markets in question. The Commission is therefore satisfied that Rogers would be in compliance with the Common Ownership Policy following the transaction.

Impact of the transaction on CIHR-FM

18. The Commission notes that CHYM-FM's market is the Kitchener-Waterloo central area and that Rogers would have little incentive to reorient the programming and marketing activities of the station to target Woodstock as the population of the Kitchener-Waterloo central area is more than six times that of the Woodstock central area, which includes Ingersoll.
19. Based on the above, the Commission is of the view that Byrnes has overstated the potential impact of the transaction on CIHR-FM and that its request for a condition of licence preventing CHYM-FM from soliciting or accepting advertising from Woodstock/Ingersoll is not warranted. Further, regarding the intervener's request for a change in the primary contours of CHYM-FM or CJDL-FM, the Commission is of the view that a loss of service for the listeners on the edges of the existing service areas is not warranted and would not be in the public interest.

Value of the transaction and tangible benefits

20. The purchase price for the shares is \$3,950,000. To this amount, the Commission added \$212,000 to include the value of a lease and an ancillary agreement. Accordingly, the Commission established the value of the transaction at \$4,162,000, which corresponds to the value proposed by Rogers in its application.
21. Consistent with Broadcasting Regulatory Policy 2014-459, Rogers proposed to make tangible benefit payments amounting to \$249,720 (6% of \$4,162,000), to be allocated as follows in equal instalments over seven consecutive broadcast years:
 - 3% (\$124,860) to Radio Starmaker Fund or Fonds Radiostar;
 - 1.5% (\$62,430) to FACTOR or MUSICACTION;
 - 1% (\$20,810) at the discretion of the purchaser to any eligible Canadian content development initiative as provided in Broadcasting Public Notice 2006-158;
 - 0.5 % (\$41,620) to the Community Radio Fund of Canada.
22. The Commission **directs** Rogers to make its tangible benefits payments as outlined above.

Conclusion

23. As one of the largest radio operators in Canada, Rogers has the resources and experience to implement its business plan. Its acquisition of CJDL-FM and CKOT-FM should therefore ensure the ongoing viability of the stations.
24. In light of all of the above, the Commission is satisfied that the transaction is in the public interest and will have a positive impact on the communities served by CJDL-FM and CKOT-FM.

25. Accordingly, the Commission **approves** the application by Rogers, on behalf of TBCL, for authority to effect a change in the ownership and effective control of TBCL. Rogers shall adhere to the terms and **conditions of licence** in effect under the current licences for both stations.

Secretary General

Related documents

- *Simplified approach to tangible benefits and determining the value of the transaction*, Broadcasting Regulatory Policy CRTC 2014-459, 5 September 2014
- *Diversity of voices – Regulatory Policy*, Broadcasting Public Notice CRTC 2008-4, 15 January 2008
- *Commercial Radio Policy 2006*, Broadcasting Public Notice CRTC 2006-158, 15 December 2006

This decision is to be appended to each licence.