



## Broadcasting Decision CRTC 2011-277

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Route reference: 2011-55

Ottawa, 29 April 2011

### **Knowledge-West Communications Corporation** Across Canada

*Application 2010-1896-1, received 24 December 2010*  
*Public Hearing in the National Capital Region*  
*5 April 2011*

### **Knowledge-West Communications Corporation – Acquisition of assets**

*The Commission **approves** the application by Knowledge-West Communications Corporation for authority to acquire, from Jasper Junior Broadcasting Inc., the assets of the Category 2 specialty programming undertaking known as BBC Kids. A new broadcasting licence will be issued and will be subject to the terms and **conditions of licence** set out in the appendix to this decision.*

#### **Introduction**

1. The Commission received an application by Knowledge-West Communications Corporation (KWCC) for authority to acquire, from Jasper Junior Broadcasting Inc. (Jasper), the assets of the Category 2 specialty programming undertaking known as BBC Kids, and for a new broadcasting licence to continue the operation of the undertaking. The Commission received interventions in support of the application.
2. KWCC is a wholly-owned subsidiary of Knowledge Network Corporation (KNC), which is a corporation created by an act of the Legislature of the province of British Columbia for the purposes of:
  - carrying on the business of broadcasting and communications to provide unique, quality educational programming to British Columbians;
  - promoting life-long learning in British Columbia by providing quality educational programming;
  - informing and educating British Columbians about their province and about issues that are relevant to them;
  - providing British Columbians with a unique television experience; and
  - collaborating with the independent television and web media production sectors in British Columbia.

3. KNC is controlled by its board of directors.
4. As part of its application, KWCC proposed to offer the undertaking as a commercial-free service to reinforce both the values of KNC and of the British Broadcasting Corporation (BBC). Furthermore, KWCC requested a seven-year licence renewal, but indicated that it would accept a renewal until 31 August 2015 to coincide with the expiry date of KNC's broadcasting licence.

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

5. After examining the application in light of applicable regulations and policies, the Commission has determined that the following issues should be considered:
  - the benefits test; and
  - the length of the licence term.

#### **The benefits test**

6. According to the Asset Purchase Agreement, the price paid for BBC Kids is \$500,000. As set out in Public Notice 1999-97, the Commission generally expects applicants to make clear and unequivocal commitments to provide tangible benefits representing 10% of the value of a transaction, as accepted by the Commission. Such benefits should be directed to the communities served and to the broadcasting system as a whole.
7. In Public Notice 1993-68, the Commission determined that intangible benefits, such as the experience and resources of the purchaser, local ownership, the entry of new players and the promise to maintain or improve a struggling service, may be as significant as tangible benefits. The Commission stated that it would maintain its case-by-case approach, assessing each application on its merits and taking into account both the tangible and intangible benefits proposed. The Commission added that it might accept a package consisting solely of intangible benefits where the survival of the service is at stake and in cases that meet other criteria set out in Public Notice 1993-68.
8. In the case of the present application, the Commission notes that this undertaking has never achieved profitability and the applicant had stated that the survival of the service was at stake, as evidenced by the fact that the contracts of the service with broadcasting distribution undertakings had either expired or were on the verge of expiration.
9. Furthermore, the Commission notes that the purchaser is a subsidiary of KNC which operates Knowledge<sup>1</sup> (formerly branded as Knowledge Network), a non-commercial satellite-to-cable programming undertaking offering educational programming to British Columbia.

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<sup>1</sup> Knowledge is commercial-free, funded by an annual operating grant from the provincial government and through donations from the public.

10. The Commission also recognizes that KWCC needs significant cash resources to rebuild the program inventory for the channel.
11. The Commission considers that this transaction will benefit the broadcasting system and is consistent with Public Notice 1993-68. The survival of a struggling service targeting young people, its promotion of learning and the provision of the service on a commercial-free basis support that conclusion. In light of the foregoing, the Commission does not require the applicant to offer a tangible benefits package for this transaction but considers it appropriate to impose a condition of licence requiring the service to be provided on a commercial-free basis, as accepted by the applicant. A condition of licence to this effect is set out in the appendix to this decision.
12. In light of all of the above, the Commission **approves** the application by Knowledge-West Communications Corporation for authority to acquire, from Jasper Junior Broadcasting Inc., the assets of the Category 2 specialty programming undertaking known as BBC Kids, and for a new broadcasting licence to continue the operation of the undertaking. A new broadcasting licence will be issued and will be subject to the **conditions of licence** set out in the appendix to this decision.

#### **The length of the licence term**

13. KWCC requested a seven-year licence renewal, but accepted a renewal until 31 August 2015 to coincide with the expiry date of KNC's broadcasting licence.
14. Given the pace of change in the broadcasting environment, the Commission announced its intention in Broadcasting Regulatory Policy 2010-167 to impose five- rather than seven-year licence terms for licences controlled by designated groups.
15. It is the Commission's view that this approach is equally relevant to this service. Accordingly, the licence will expire 31 August 2015, to coincide with the end of KNC's broadcasting licence.

Secretary General

#### **Related documents**

- *A group-based approach to the licensing of private television services*, Broadcasting Regulatory Policy CRTC 2010-167, 22 March 2010
- *Building on success - A policy framework for Canadian television*, Public Notice CRTC 1999-97, 11 June 1999
- *Application of the Benefits Test at the Time of Transfers of Ownership or Control of Broadcasting Undertakings*, Public Notice CRTC 1993-68, 26 May 1993

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

## Appendix to Broadcasting Decision CRTC 2011-277

### Terms and conditions of licence for the Category 2 programming undertaking BBC Kids

#### Terms

The licence will expire 31 August 2015.

#### Condition of licence

1. The licence will be subject to the conditions set out in *Introductory statement – Licensing of new digital pay and specialty services – Corrected Appendix 2*, Public Notice CRTC 2000-171-1, 6 March 2001.
2. The licensee shall provide a national English-language Category 2 specialty television service devoted to top-quality educational and entertaining programming for children and youth (ages 2-17). It will feature programming primarily from the UK and around the world. 65% of the programming will target children ages 2 to 11, the majority of which will target 6 to 11 years old and 35% will target youth ages 12 to 17.
3. The programming must be drawn exclusively from the following categories, as set out in Item 6 of Schedule I to the *Specialty Services Regulations, 1990*, as amended from time to time:
  - 2 (a) Analysis and interpretation
  - (b) Long-form documentary
  - 3 Reporting and actualities
  - 5 (a) Formal education and pre-school
  - (b) Informal education/Recreation and leisure
  - 7 (a) Ongoing dramatic series
  - (b) Ongoing comedy series (sitcoms)
  - (c) Specials, mini-series or made-for-TV feature films
  - (d) Theatrical feature films aired on TV
  - (e) Animated television programs and films
  - 8 (a) Music and dance other than music video programs or clips
  - (b) Music video clips
  - (c) Music video programs
  - 9 Variety
  - 10 Game shows
  - 11 General entertainment and human interest
  - 12 Interstitials
  - 13 Public service announcements
4. No more than 15% of all programming broadcast during the broadcast week shall be from the U.S.

5. No more than 25% of all programming broadcast during the broadcast week shall be drawn from category 7(e).
6. This undertaking shall be made available to viewers on a commercial-free basis.

*Broadcast day* shall have the same meaning as that set out in section 2 of the *Television Broadcasting Regulations, 1987*.