



Broadcasting Decision CRTC 2012-630

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Route reference: 2012-475

Ottawa, 16 November 2012

**Blue Ant Media Inc., on behalf of Blue Ant Multimedia Inc. and 8182493
Canada Inc., partners in a general partnership carrying on business as Blue
Ant Media Partnership**
Across Canada

*Application 2012-0802-5, received 3 July 2012
Public hearing in the National Capital Region
7 November 2012*

bold – Acquisition of assets

*The Commission **approves** the application by Blue Ant Media Inc., on behalf of Blue Ant Multimedia Inc. and 8182493 Canada Inc., partners in a general partnership carrying on business as Blue Ant Media Partnership, for authority to acquire from the Canadian Broadcasting Corporation the assets of the national, English-language specialty Category A service known as **bold** and for a new broadcasting licence to continue the operation of the undertaking under the same terms and conditions as those in effect under the current licence.*

Introduction

1. The Commission received an application by Blue Ant Media Inc., on behalf of Blue Ant Multimedia Inc. and 8182493 Canada Inc., partners in a general partnership carrying on business as Blue Ant Media Partnership (the Partnership), for authority to acquire from the Canadian Broadcasting Corporation (CBC) the assets of the national, English-language Category 1 specialty programming undertaking known as **bold** and for a new broadcasting licence to continue the operation of the undertaking under the same terms and conditions as those in effect under the current licence.
2. The ultimate control of the Partnership is exercised by Mr. Michael MacMillan by way of the special shares he holds and the powers attached to these shares in accordance with Blue Ant Media Inc.'s unanimous shareholders' agreement.
3. The Commission received an intervention by the Canadian Media Production Association (CMPA) in support of this application on the condition that the Commission require the applicant to allocate a minimum of 75% of the tangible benefits to independently produced programming. The complete record for this proceeding is available on the Commission's website at www.crtc.gc.ca under "Public Proceedings."

Commission's analysis and decisions

4. After examining the public record for this application in light of applicable regulations and policies, the Commission considers that it must address the following issues:
 - the assessment of the value of the transaction; and
 - the assessment of the proposed tangible benefits package.

Assessment of the value of the transaction

5. Because the Commission does not solicit competing applications for authority to transfer the ownership or control of radio, television and other programming undertakings, the onus is on the applicant to demonstrate that the benefits proposed in the application are commensurate with the size and nature of the transaction (see Public Notice 1999-97).
6. Pursuant to the terms of the Asset Purchase Agreement, the purchase price for the transaction is \$8 million. Upon closing of the transaction, the applicant will acquire the undertaking's programming inventory for \$2 million.
7. The Commission has reviewed the proposed value of the transaction and is satisfied that \$10 million is the correct valuation for this transaction.

Assessment of the proposed tangible benefits package

8. As set out in Public Notice 1999-97, for transfers of ownership or control involving television programming undertakings, 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. Further, in order to be accepted as a benefit, the proposed expenditure must be incremental to expenditures that would generally be considered ongoing normal responsibilities of the existing licensee.
9. The applicant proposed a tangible benefits package representing a financial contribution of 10% of the value of the transaction (\$10 million) to be allocated over a seven-year period.
10. The applicant also proposed that \$950,000 in benefits (95% of total benefits) be allocated to the self-administered Blue Ant Multiscreen Fund (BAMF), none of which will be used to fund administrative costs. Moreover, the applicant indicated that, in light of this significant new funding within the BAMF, this funding will now finance content that reflects Canada's rural and non-urban regions.

11. The applicant proposed that 50% of the benefits contributed to the BAMF be directed to independent productions, with the remainder spent on in-house productions. The applicant also indicated that this is consistent with the Commission's determination set out in Broadcasting Decision 2012-381. Notwithstanding the CMPA's request that at least 75% of the benefits directed to the BAMF be made available to independent producers, the Commission is satisfied that the proposed 50% level is appropriate in the context of this application. Further, the Commission is of the view that it is consistent with both the Commission's policy that tangible benefits generally flow to independent production and with its determination set out in the above-noted decision.
12. The applicant further proposed that the remaining benefits (\$50,000, representing 5% of total benefits) be allocated to social benefits and, in this case, directed to the National Screen Institute (NSI).¹ The applicant will direct this portion of its benefits package to the NSI to support the creation of training or mentorship programs related to transmedia content creation.
13. Finally, the Partnership proposed that the benefits allocated to both the BAMF and NSI be paid over seven consecutive years in equal payments. It also confirmed that no more than 10% of the benefits would be spent on stand-alone digital media content.
14. The Commission is satisfied with the applicant's proposals described above and notes that they are consistent with the Commission's policies and general practices.

Other matters

15. The applicant confirmed that it would accept the standard conditions of licence for specialty Category A services set out in Broadcasting Regulatory Policy 2011-443. Accordingly, the service known as **bold** is hereby designated a Category A service.

Conclusion

16. In light of all of the above, the Commission **approves** the application by Blue Ant Media Inc., on behalf of Blue Ant Multimedia Inc. and 8182493 Canada Inc., partners in a general partnership carrying on business as Blue Ant Media Partnership, for authority to acquire from the Canadian Broadcasting Corporation the assets of the national, English-language specialty Category A service known as **bold** and for a new broadcasting licence to continue the operation of the undertaking under the same terms and conditions as those in effect under the current licence.

¹ The NSI is a Winnipeg-based, non-profit training centre for media writers, directors and producers.

17. The Commission notes that **bold**'s licence will expire 31 August 2013.² The Commission also notes that the Partnership indicated that it intended to file a renewal application for **bold**'s licence in the event that the Commission approved the application. The Commission considers that it is now incumbent on the Partnership to file a renewal application for **bold**'s licence. As a result, the Commission will not deal with the CBC's application (2011-0282-1) to renew the licence of **bold**.
18. The Commission reminds the licensee that all benefits expenditures must be incremental to its other expenditure requirements and that it must submit an annual report by no later than 30 November of each year, beginning in 2013 and ending in 2019, setting out the details of all expenditures related to its tangible benefits.
19. The Commission also reminds the Partnership and the CBC that further approval of the Governor in Council, as set out in paragraph 48(2)(a) of the *Broadcasting Act*, is required prior to closing the proposed transaction.

Secretary General

Related documents

- *Change in effective control*, Broadcasting Decision CRTC 2012-381, 16 July 2012
- *Standard conditions of licence, expectations and encouragements for specialty and pay television Category A services*, Broadcasting Regulatory Policy CRTC 2011-443, 27 July 2011
- *Building on success – A policy framework for Canadian television*, Public Notice CRTC 1999-97, 11 June 1999

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

² This broadcasting licence was administratively renewed in *Various television services – Administrative renewals*, Broadcasting Decision CRTC 2012-439, 9 August 2012.

Appendix to Broadcasting Decision CRTC 2012-630

Term and conditions of licence for the national, English-language specialty Category A service bold

Term

The licence will expire 31 August 2013.

Conditions of licence

1. The licensee shall adhere to the conditions set out in Appendix 1 to *Standard conditions of licence, expectations and encouragements for specialty and pay television Category A services*, Broadcasting Regulatory Policy CRTC 2011-443, 27 July 2011.
2. In regard to the nature of service:
 - (a) The licensee shall provide a national, English-language specialty Category A service with a focus on adults aged 25 to 54. The service will provide information, interaction and entertainment programming dedicated to reflecting Canada's various regions, including Canada's rural and non-urban regions, to national and regional audiences. The mandate of the service will be to reflect in its programming the unique tapestry of Canada's regions, including programming that reflects the living realities of rural Canadians.
 - (b) The licensee may draw its programming from all the categories set out in item 6 of Schedule I to the *Specialty Services Regulations, 1990*, as amended from time to time.
 - (c) The licensee shall devote no more than 10% of all programming broadcast during the broadcast week to programming drawn from category 7(d).
 - (d) The licensee shall devote no more than 10% of all programming broadcast during the broadcast year to programming drawn from each of categories 6(a) and 6(b).

For the purpose of this condition of licence:

"Rural Canadians" shall mean individuals from the three distinct segments of the rural populations as defined by Statistics Canada, namely, individuals from rural non-metro adjacent areas, rural metro adjacent areas and rural northern areas.

"Programming dedicated to reflecting Canada's various regions" shall mean English-language programs at least 30 minutes long (less a reasonable amount of time for commercials, if any) in which the principal photography occurred in Canada at a distance of more than 150 kilometers from Montréal, Toronto or Vancouver. Programs in which the principal photography occurred on Vancouver Island will also be considered regionally produced programs.

3. In accordance with the Commission's position on Canadian programming expenditures as set out in *New flexibility with regard to Canadian program expenditures by Canadian television stations*, Public Notice CRTC 1992-28, 8 April 1992, *The reporting of Canadian programming expenditures*, Public Notice CRTC 1993-93, 22 June 1993, and *Additional clarification regarding the reporting of Canadian programming expenditures*, Public Notice CRTC 1993-174, 10 December 1993, except as amended below:
- (a) In each broadcast year following the first year of operation, the licensee shall expend on Canadian programs not less than 51% of the previous broadcast year's gross advertising, infomercial and subscription revenues;
 - (b) In each broadcast year following the first year of operation, excluding the final year, the licensee may expend an amount on Canadian programs that is up to ten percent (10%) less than the minimum required expenditure for that year set out in or calculated in accordance with this condition; in such case, the licensee shall expend in the next year of the licence term, in addition to the minimum required expenditure for that year, the full amount of the previous year's underexpenditure;
 - (c) In each broadcast year following the first year of operation, where the licensee expends an amount on Canadian programs that is greater than the minimum required expenditure for that year set out in or calculated in accordance with this condition, the licensee may deduct:
 - (i) from the minimum required expenditure for the next year of the licence term, an amount not exceeding the amount of the previous year's overexpenditure; and
 - (ii) from the minimum required expenditure for any subsequent year of the licence term, an amount not exceeding the difference between the overexpenditure and any amount deducted under paragraph (i) above.
 - (d) Notwithstanding paragraphs (b) and (c) above, during the licence term, the licensee shall expend on Canadian programs, at a minimum, the total of the minimum required expenditures set out in or calculated in accordance with the licensee's condition of licence.
4. In each broadcast year or portion thereof, the licensee shall devote to the distribution of Canadian programs a minimum of 80% of the broadcast day and of the evening broadcast period.

Definitions

The terms "broadcast day" and "evening broadcast period" shall have the same meanings as those set out in the *Television Broadcasting Regulations, 1987*.