



Broadcasting Decision CRTC 2014-116

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Route reference: 2013-536

Ottawa, 14 March 2014

Acadia Broadcasting Limited

Moncton, New Brunswick

Application 2013-0985-7, received 4 July 2013

Public hearing in the National Capital Region

5 December 2013

CKNI-FM Moncton – Acquisition of assets and licence amendments

*The Commission **approves** an application by Acadia Broadcasting Limited for authority to acquire from Rogers Broadcasting Limited the assets of the English-language commercial radio station CKNI-FM Moncton and for a new broadcasting licence to continue the operation of the station.*

*The Commission further **approves** the applicant's request to delete conditions of licence relating to the station's programming. This will allow CKNI-FM to move from a News/Talk to a music format.*

The application

1. Acadia Broadcasting Limited (Acadia) filed an application for authority to acquire from Rogers Broadcasting Limited (Rogers) the assets of the English-language commercial radio station CKNI-FM Moncton and for a new broadcasting licence to continue the operation of the station.
2. The applicant also requested that CKNI-FM no longer be required to operate within the specialty format. Accordingly, it proposed deletion of certain conditions of licence related to programming, which would allow CKNI-FM to move from a News/Talk to a music format.
3. Acadia is owned by Hedera Helix Limited and Black-Tip Investments Limited and jointly controlled by John K.F. Irving and Anne C.I. Oxley.
4. As a result of the transaction, Acadia would become the licensee of CKNI-FM.

5. The Commission received an intervention from Maritime Broadcasting Systems Limited (MBS), which opposed the deletion of conditions of licence relating to the station's format and programming. MBS's intervention is addressed later in this decision. The public record for this application is available on the Commission's website at www.crtc.gc.ca under "Public Proceedings."

Issues

6. After examining the public record for this application in light of applicable regulations and policies, the Commission considers that the issues it must address are the following:
 - the application of the tangible benefits policy; and
 - deletion of conditions of licence relating to CKNI-FM's programming.

Application of the tangible benefits policy

7. In Broadcasting Public Notice 2006-158, the Commission set out its tangible benefits policy in regard to transactions involving radio stations. In that policy, the Commission considered it appropriate to require a financial contribution of 6% of the value of the transaction to the development of Canadian content. However, the Commission does not generally require tangible benefits for commercial radio stations that are unprofitable. Radio stations are considered to be unprofitable if their profit before interest and tax (PBIT) averaged over three years preceding the filing of the application to purchase is negative.
8. Acadia did not propose a tangible benefits package because CKNI-FM had been unprofitable over the entire licence term.
9. Given that CKNI-FM's PBIT averaged over the three years preceding the filing of the application has been negative, the Commission finds that tangible benefits are not necessary for this transaction.

Deletion of conditions of licence relating to CKNI-FM's programming

10. Acadia proposed to delete conditions of licence set out in Broadcasting Decisions 2004-517 and 2010-465 requiring the licensee to:
 - operate the station within the specialty format;
 - ensure that more than 50% of all programming broadcast during each broadcast week consists of material from content Category 1 (Spoken Word);
 - ensure that no more than 25% of all programming broadcast during each broadcast week consists of musical selections; and

- ensure that musical selections are broadcast only during the 6 p.m. to midnight period over the course of the broadcast week.
11. The applicant submitted that these changes are necessary because the station's current News/Talk format is not economically viable. Instead, the applicant proposed to offer a light rock or easy listening music format targeting adults 36-64 years of age, with a strong commitment to community and local news.

Positions of parties

12. MBS opposed the deletion of CKNI-FM's programming conditions of licence. It submitted that Acadia had not established a market demand for a light rock or easy listening format. It was further concerned that approval would cause financial hardship for MBS's three music-based Moncton radio stations since CKNI-FM's current advertisers would not, in the majority of cases, re-allocate their budgets to music-based radio stations. Acadia's revenues would therefore come at the expense of existing radio stations in the market. Finally MBS argued that approval would decrease the diversity of news voices in Moncton.
13. In reply, Acadia submitted that MBS did not provide evidence of the financial impact on its stations. It argued that advertisers on CKNI-FM would re-allocate their budgets to music-based stations because they buy advertising to reach particular demographic groups to achieve specific results. Acadia further submitted that the economic outlook for Moncton and New Brunswick is healthy, and that the Moncton advertising market would experience revenue growth under Acadia's ownership of CKNI-FM.

Commission's analysis and decisions

14. The Commission licensed CKNI-FM in Broadcasting Decision 2004-517 and the station has maintained a News/Talk format since its inception, including for its entire first term of licence. The Commission notes that CKNI-FM has operated in full compliance with its conditions of licence and the *Radio Regulations, 1986* (the Regulations). CKNI-FM continues to be unprofitable, and the Commission notes that this situation did not improve even though it approved an application to increase the maximum amount of music that CKNI-FM may broadcast from 10% to 25% in Broadcasting Decision 2010-465. Accordingly, the Commission considers that the applicant has demonstrated an economic need for the proposed licence amendments.
15. The Commission notes that MBS has expressed concern about the impact of the changes on music-based stations serving Moncton. Although CKNI-FM would likely draw some of its revenues from the Moncton market's natural growth, the Commission considers that there may be some impact on local stations owned by MBS and Newcap Inc. However the Commission considers that the impact would not be unduly negative.

16. The Commission further notes that the number of news voices in the Moncton market would remain the same since Acadia would be a new player in the market that would replace Rogers. The Commission also notes that Acadia proposes to broadcast 9.2 hours of local news per broadcast week.
17. In light of the above, the Commission finds it appropriate to **approve** Acadia's proposal to delete CKNI-FM's programming conditions of licence as noted above.

Conclusion

18. In light of all of the above, the Commission **approves** the application by Acadia Broadcasting Limited for authority to acquire from Rogers Broadcasting Limited the assets of the English-language commercial radio programming undertaking CKNI-FM Moncton and for a new broadcasting licence to continue the operation of the undertaking.
19. The Commission further **approves** Acadia's request to delete conditions of licence requiring the licensee to:
- operate the station within the specialty format;
 - ensure that more than 50% of all programming broadcast during each broadcast week consists of material from content Category 1 (Spoken Word);
 - ensure that no more than 25% of all programming broadcast during each broadcast week consists of musical selections; and
 - ensure that musical selections are broadcast only during the 6 p.m. to midnight period over the course of the broadcast week.
20. Upon surrender of the current licence issued to Rogers, the Commission will issue a new broadcasting licence to Acadia. The licence will expire 31 August 2020. The terms and **conditions of licence** for this station are set out in the appendix to this decision.

Reminder

21. The Commission reminds Acadia that it must adhere to the requirements related to Canadian content development (CCD) set out in section 15 of the Regulations, as amendment from time to time. The Commission notes that Acadia made commitments to exceed the minimum contribution to CCD. Specifically, it committed to devote, by condition of licence, over and above the basic annual contribution to CCD, an annual contribution of \$8,572 for a total of \$60,004 over seven consecutive broadcast years. Of this amount, at least 20% will be devoted to FACTOR or MUSICATION, with the remainder being directed to eligible initiatives. A **condition of licence** to this effect is set out in the appendix to this decision.

Employment equity

22. Because this licensee is subject to the Employment Equity Act and files reports concerning employment equity with the Department of Employment and Social Development, its employment equity practices are not examined by the Commission.

Secretary General

Related documents

- *CKNI-FM Moncton and CHNI-FM Saint John – Licence amendments*, Broadcasting Decision CRTC 2010-465, 9 July 2010
- *Commercial Radio Policy 2006*, Broadcasting Public Notice CRTC 2006-158, 15 December 2006
- *News/Talk commercial FM radio station in Moncton*, Broadcasting Decision CRTC 2004-517, 26 November 2004

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

Appendix to Broadcasting Decision CRTC 2014-116

Terms, conditions of licence and expectation for the English-language commercial radio programming undertaking CKNI-FM Moncton, New Brunswick

Terms

The licence will expire 31 August 2020.

Conditions of licence

1. The licensee shall adhere to the standard conditions of licence set out in *Conditions of licence for commercial AM and FM radio stations*, Broadcasting Regulatory Policy CRTC 2009-62, 11 February 2009, as amended from time to time.
2. In addition to the basic annual contribution to Canadian content development set out in section 15 of the *Radio Regulations, 1986*, the licensee shall, upon commencement of operations, make an annual contribution of \$8,572 (\$60,004 over seven consecutive broadcast years) to the promotion and development of Canadian content. Of this amount, not less than 20% per broadcast year shall be devoted to FACTOR or MUSICACTION. The remainder shall be allocated to parties and initiatives fulfilling the definition of eligible initiatives set out in paragraph 108 of *Commercial Radio Policy 2006*, Broadcasting Public Notice CRTC 2006-158, 15 December 2006.

Expectation

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