



Broadcasting Decision CRTC 2021-214

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Reference: 2021-114

Ottawa, 30 June 2021

Lakeside Radio Broadcasting Corp.
Kincardine, Goderich and Port Elgin, Ontario

Public record for this application: 2021-0001-0
Public hearing in the National Capital Region
27 May 2021

CIYN-FM Kincardine and its transmitters CIYN-FM-1 Goderich and CIYN-FM-2 Port Elgin – Acquisition of assets

The Commission **approves** an application by Lakeside Radio Broadcasting Corp. for authority to acquire the assets of the English-language commercial radio station CIYN-FM Kincardine and its rebroadcasting transmitters CIYN-FM-1 Goderich and CIYN-FM-2 Port Elgin, and to obtain a new broadcasting licence to continue the operation of the station.

Application

1. Lakeside Radio Broadcasting Corp. (Lakeside) filed an application for authority to acquire from My Broadcasting Corporation (MBC) the assets of the English-language commercial radio station CIYN-FM Kincardine, Ontario, and its rebroadcasting transmitters CIYN-FM-1 Goderich and CIYN-FM-2 Port Elgin. Lakeside also requested 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. Lakeside is a corporation owned and controlled by London Publishing Corp. (50%) and Greg Hetherington (50%). London Publishing Corp. is a corporation wholly owned and controlled by Ray Stanton. The effective control of Lakeside is therefore exercised jointly by two Canadians, Greg Hetherington and Ray Stanton. Accordingly, Lakeside is eligible to hold a broadcasting licence pursuant to the *Direction to the CRTC (Ineligibility of Non-Canadians)*.
3. All of the issued and outstanding shares of MBC are currently held by 2695872 Ontario Inc. (35.05%), 2695873 Ontario Inc. (35.05%) and Blackburn Radio Inc. (29.9%). Andrew Dickson and Jon Pole jointly exercise effective control of MBC.
4. Pursuant to the asset purchase agreement, Lakeside would acquire the assets of the undertaking for \$400,000. Lakeside proposed a value of the transaction of \$663,774, which includes the cost of assumed leases. It also proposed a tangible benefits package of \$39,826, representing 6% of the value of the transaction.

5. Following the closing of the transaction, Lakeside would become the licensee of CIYN-FM and its transmitters CIYN-FM-1 and CIYN-FM-2.
6. The Commission did not receive any interventions in regard to the application.

Regulatory framework

7. Pursuant to subsection 5(1) and paragraph 5(2)(b) of the *Broadcasting Act* (the Act), the Commission's mandate is to regulate and supervise all aspects of the Canadian broadcasting system in the public interest, in a flexible manner that takes into account regional needs and concerns.
8. When the Commission assesses whether a transaction is in the public interest, it considers the extent to which the transaction enhances the Canadian broadcasting system and contributes to the achievement of the objectives of the broadcasting policy for Canada, as set out in subsection 3(1) of the Act. The review of ownership transactions in the public interest forms part of the Commission's regulatory and supervisory mandate under the Act.
9. 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. 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 subsection 3(1) of the Act.

Issues

10. 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:
 - whether the transaction is in the public interest;
 - the value of the transaction; and
 - tangible benefits.

Public interest

11. In the application, MBC indicated that as a result of its strategy to focus on its portfolio of rural undertakings, it has decided to sell the assets of CIYN-FM. MBC added that the proposed transaction would allow it to focus its efforts on its other stations while CIYN-FM will benefit from a competent local operator.
12. CIYN-FM and its transmitters serve three towns in close proximity in Bruce County, Ontario. The station is the only commercial station licensed to serve Kincardine specifically but Goderich and Port Elgin are served by additional local stations.

13. Greg Hetherington and London Publishing Corp., who control Lakeside, are also the shareholders of Five Amigos Broadcasting Inc. (Five Amigos) and Northern Radio Corp. (Northern). Five Amigos is the licensee of the English-language commercial radio stations CKXS-FM Wallaceburg and CHLP-FM Listowel. Northern is the licensee of the English-language commercial radio station CJBB-FM Englehart.
14. In addition, Lakeside indicated that it is committed to local news and information. Specifically, it stated that it does not intend to change the programming currently broadcast by the station, including local programming.
15. The Commission considers that Lakeside is in a good position to benefit from synergies from Five Amigos and Northern, as Lakeside confirmed that it will provide administrative, programming and sales expertise to CIYN-FM. Further, Lakeside has the financial capacity to support CIYN-FM's programming and operations. The Commission is of the view that, by maintaining the programming currently broadcast by the station, the proposed transaction would maintain the diversity of voices and the level of local programming in the market.
16. In light of the above, the Commission considers that the approval of the transaction would be in the public interest and would meet the objectives set out in subsection 3(1) of the Act.

Value of the transaction

17. As set out in *Simplified approach to tangible benefits and determining the value of the transaction*, Broadcasting Regulatory Policy CRTC 2014-459, 5 September 2014 (the Tangible Benefits Policy), the Commission considers it appropriate to require that tangible benefits generally be provided as part of a change in the effective control of all radio and television stations. To calculate the value of tangible benefits, the Commission takes into account the value of the transaction as a whole, including the value of gross debt assumed, working capital to be transferred at closing, ancillary agreements and any leases assumed by the purchaser for real property (buildings, studios and offices) and transmission facilities. The Commission's practice is to calculate the value of leases over 60 months. These elements are then added to the purchase price, where applicable.
18. Pursuant to the terms of the Share Purchase Agreement, the purchase price for MBC's assets is \$400,000. Lakeside's proposed value of the transaction includes real property leases assumed by the purchaser (for the transmission towers in Kincardine, Goderich and Port Elgin). Lakeside indicated that no working capital will be transferred at closing and no long-term debt will be assumed by the purchaser.
19. Accordingly, the proposed value of the transaction is as follows:

Value of the transaction proposed by Lakeside

Component of the calculation	Value
Purchase price	\$400,000
Assumed real property leases (over 60 months)	\$263,774
Value of the transaction	\$663,774

20. The Commission finds that the value of the transaction proposed by Lakeside is consistent with the Commission's regulatory framework and practices. Accordingly, the Commission determines that the value of the transaction amounts to \$663,774.

Tangible benefits

21. Pursuant to the Tangible Benefits Policy, for commercial radio stations, tangible benefits must represent at least 6% of the value of the transaction as determined by the Commission, and must be allocated to Radio Starmaker Fund or Fonds Radiostar (3%), FACTOR or Musicaction (1.5%), any eligible Canadian content development (CCD) eligible initiative at the discretion of the purchaser (1%), and the Community Radio Fund of Canada (CRFC) (0.5%). The Commission's general practice is to allocate payments equally over seven consecutive broadcast years.

22. Lakeside proposed a tangible benefits package equal to 6% of the value of the transaction. The Commission finds that Lakeside's proposed tangible benefits package is consistent with the Tangible Benefits Policy and **directs** Lakeside to pay tangible benefits amounting to of \$39,826, to be allocated as follows in equal payments over seven consecutive broadcast years:

- 3% (\$19,913) to Radio Starmaker Fund;
- 1.5% (\$9,956) to FACTOR;
- 1% (\$6,638) to any eligible CCD initiative at the discretion of the purchaser; and
- 0.5% (\$3,319) to the CRFC.

Conclusion

23. In light of all the above, the Commission **approves** the application by Lakeside Radio Broadcasting Corp. for authority to acquire from My Broadcasting Corporation the assets of the English-language commercial radio programming undertaking CIYN-FM Kincardine, Ontario, and its rebroadcasting transmitters CIYN-FM-1 Goderich and CIYN-FM-2 Port Elgin, and for a new broadcasting licence to continue the operation of the undertaking.

24. Further, the Commission **directs** Lakeside to pay tangible benefits amounting to \$39,826 over seven consecutive broadcast years and to submit acceptable proofs of payment.

25. Lakeside shall notify the Commission of the close of the transaction, and upon surrender of the current licence, the Commission will issue a new broadcasting licence to Lakeside. The new licence will expire 31 August 2024, the same expiry date as the current licence. The terms and **conditions of licence** applicable to the new licensee are set out in the appendix to this decision.

Secretary General

This decision is to be appended to the licence.

Appendix to Broadcasting Decision 2021-214

Term, conditions of licence, expectation and encouragement for the English-language commercial radio programming undertaking CIYN-FM Kincardine, Ontario, and its transmitters CIYN-FM-1 Goderich and CIYN-FM-2 Port Elgin

Term

The licence will expire 31 August 2024.

Conditions of licence

1. The licensee shall adhere to the conditions set out in *Conditions of licence for commercial AM and FM radio stations*, Broadcasting Regulatory Policy CRTC 2009-62, 11 February 2009, as well as to the conditions set out in the licence for the undertaking.

Expectation

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

Encouragement

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