

SENATE



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STANDING SENATE COMMITTEE ON
TRANSPORT AND COMMUNICATIONS

COMITÉ SÉNATORIAL PERMANENT
DES TRANSPORTS ET DES
COMMUNICATIONS

OTTAWA

November 27, 2014

Hubert Lacroix
President and CEO
Canadian Broadcasting Corporation
1400 René-Lévesque Blvd. E.
Montreal, Quebec
H2L 2M2

Dear Mr. Lacroix,

I thank you for your letter dated September 19, 2014. I have taken the liberty of sharing its content with all members of the Standing Senate Committee on Transport and Communications. The membership has closely reviewed your letter and I have been mandated to provide you with the Committee's response.

Firstly, we look forward to your appearance and that of Mr. Rémi Racine before the Committee. It is my understanding that the Clerk of the Committee has been in contact with your staff and that discussions are underway to find mutually convenient dates.

In order to receive all the information needed to conclude this study, the Committee has decided to break from usual practice regarding witnesses and provide you and Mr. Racine with a list of questions in advance of your appearances, to permit you and your staff to prepare comprehensive responses. Attached herewith are questions for both you and Mr. Racine that will be raised during your appearances. If you feel that some of the questions can be best answered in writing before the meeting, we would welcome this initiative. All written responses will be tabled with the Committee and will be part of the public record. Obviously, committee members may wish to ask supplementary questions at our meeting based on your written responses.

Secondly, let me address our request for a meeting with journalists. Upon further reflection, the Committee accepted your suggestions to invite the heads of news and current affairs instead of Mr. Peter Mansbridge and Ms. Céline Galipeau. Ms. Jennifer McGuire and Mr. Michel Cormier appeared on October 28, 2014.

Finally, the Committee would like to thank you for the new information that you have provided regarding the salaries of senior executives and on-air talent. It has closely reviewed the document attached to your letter and it has determined that this information is not quite complete for our purposes. While this information does address many of our queries, we are asking for the maximum compensation paid to the on-air group in the \$300,000 and above category. With this

information, the Committee would feel satisfied with the responses and is prepared to conclude this inquiry. Please note that this Committee reserves its Parliamentary privilege to request any information it feels is relevant to this study.

On behalf of the members of the Committee, I look forward to our upcoming meeting.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Dennis Dawson', with a stylized flourish at the end.

The Honourable Dennis Dawson, Senator
Chair

c.c.: Members of the Standing Senate Committee on Transport and Communications

1. Compensation

- a. How many on-air personalities/journalists/senior-hosts receive total cash compensation (net of benefits) of over \$485,667, the average of the amount you provided on your website?
- b. In the previous fiscal year, how many employees were eligible to receive a bonus? Of that number, how many did not receive a bonus?
- c. What is the value of the regular benefits (non-bonuses) as a percentage of annual cash salary for your full-time and part-time (non-contract) employees?
- d. What is the value of the regular benefits (non-bonuses) as a percentage of annual cash salary for full-time and part-time employees working for private broadcasters?

2. Pay Incentive Schemes

- a. The CBC/Radio-Canada website contains the 2013 document *Director Training: Compensation, Benefits, and Pension*, which provides a table showing the "short-term incentive plan framework," which includes eight evaluation metrics (Revenue Generation; ... ; People, Programs, Pushing Forward (PMSD)).
 - Would you please explain how each metric is assessed?
 - What proportion of each metric contains subjective elements?
- b. A letter sent from the CBC to this Committee on 9 April 2014 contained a table of the maximum possible incentive pay as a percentage of the base salary; a footnote to the table explains that the maximum bonus is given, "Providing all performance targets are met."
 - Are these performance targets the same as the metrics mentioned in the above question? Who determines the extent to which the performance targets are met? What criteria are used in determining how much, if not all, of a performance target is met?
- c. The CBC/R-C website contains a *Compensation Summary* that notes: "Two senior executives also currently participate in a long-term incentive plan."
 - What are the differences between the short-term and long-term incentive plans?
 - What metrics (or performance targets) are included the long-term incentive plan?
 - Who determines the extent to which the performance targets are met? What criteria are used in determining how much, if not all, of a performance target is met?
- d. How do the pay-incentive schemes at the CBC/R-C compare with incentive schemes at your private-sector competitors?

3. Advertising Revenue and Costs

- a. In the previous fiscal year, what was the amount of total advertising revenue earned?
- b. What was the cost to raise that revenue (expenses related to advertising)?
- c. Can you provide this information in a ratio of answer a)/answer b)
- d. Can you estimate how much this ratio will change as a result of losing NHL hockey?

4. Pension Plan

The CBC/R-C provides a defined benefit pension plan to eligible employees, including "FlexPlan," which allows employees to make additional tax-deductible contributions (which do not affect their RRSP contribution limits) to increase their pension income at retirement.

- a. How does this pension scheme compare to those provided by private broadcasters?
- b. How much did the CBC/R-C spend to accommodate FlexPlan top-ups in the previous two fiscal years?
- c. How many former CBC/R-C employees who are currently collecting pensions from the CBC/R-C are now working on contract at the CBC/R-C?

5. Total expenditure on legal fees for outside counsel

In correspondence with the Committee, you have provided information relating to in-house legal activity (including costs).

- a. Please provide the Committee with your annual expenditure (previous fiscal year) on legal fees paid to outside counsel (i.e., non-CBC/Radio-Canada legal staff).

6. Total Expenses for News Division

For the previous fiscal year, please provide the Committee with the following cost information for your news services (English and French):

- a. Salaries and Benefits
- b. News production costs
- c. Travel
- d. Total expenditures for news services as a percentage of total CBC/R-C expenditures