



REDUCTION PLAN PROGRESS REPORT

TO:	Board of Directors
MEETING:	August 22, 2013
FROM:	Suzanne Morris, Vice-President and CFO Roula Zaarour, Vice-President, People and Culture Neil McEneaney, Acting Executive Vice-President, English Services Louis Lalande, Executive Vice-President, French Services
PURPOSE:	This is a progress report against the three-year \$200 million reduction plan approved by the Board in March 2012.
DATE:	August 14, 2013

SIGNIFICANT POINTS:

- The report indicates that as of June 30, 2013, initiatives are expected to meet reduction targets, with a few adjustments noted herein.

Reduction Plan Progress Report

2012-2013 to 2014-2015

Update at Q1 of 2013-2014 (June 30, 2013)

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Highlights of 2013-2014 Budget Measures Update

- 1) English Services' expected expense reductions are in line with 2013-2014 plans, however the CRTC decision on commercialization of R2 has resulted in lower revenue projections. A revised R2 contingency plan is being finalized and implemented.
- 2) French Services' expected expense reductions are in line with plans with a slight delay of one year mainly related to the implementation of reductions to offset the loss of LPIF. The reductions planned for 2013-2014 and 2014-2015
- 3) Non-Media Services' expected expenditure reductions are in line with 2012-2013 and 2013-2014 plans. As indicated to the Board of Directors at the March meeting,
- 4) 2012-2013 and 2013-2014 net FTE reductions are estimated at 551 as of June 2013 and are still in progress.
- 5) As detailed in the June 30, 2013 Quarterly Budgetary Management Report, we are currently forecasting a net budgetary position

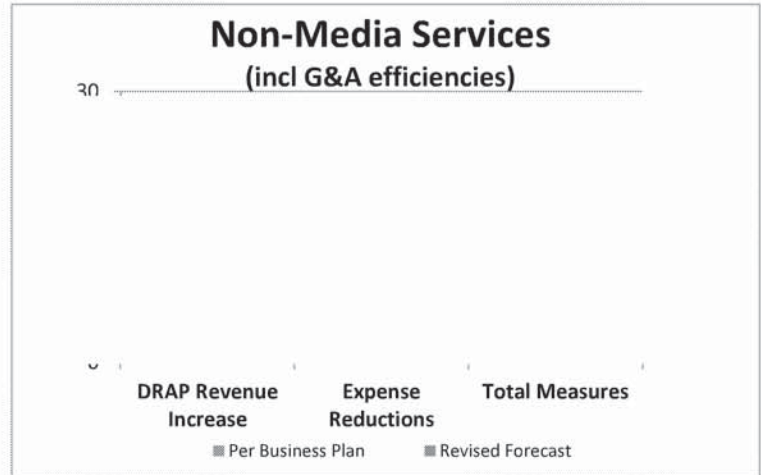
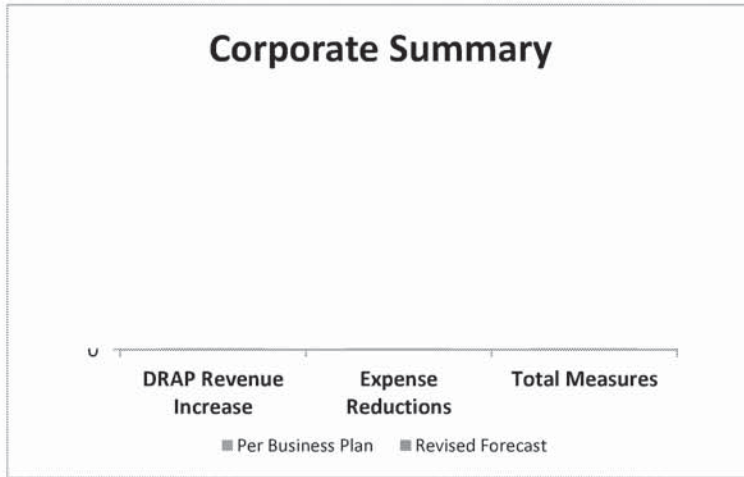
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2012-2013 and 2013-2014 Budget Measures Update

Comparison of 2012-2013 and 2013-2014 Forecast to Plan

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(in millions of \$)



English Services Reduction Plan – Q1 of 2013-2014 Update

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2012-2013 and 2013-14 Reduction Plans (see table on following page for details)

- English Services is on track to achieve planned reductions; however the plan is being revised to manage the shortfall resulting from the CRTC R2 decision on commercialization.
- 2013-2014 planned schedule reductions and the elimination of the cross cultural fund have been implemented.
- Of the :¹⁾ identified in the 2012-2013 business plan, expense reductions and revenue initiatives of have been initiated and the associated savings confirmed in planned savings. It was originally expected that net revenue of was to be achieved in 2013-2014 by the commercialization of R2. As a result of the CRTC's decision to limit the ads on R2 to 4 min. /hr. (vs. 9 min. /hr.), it is now expected that this target will not be achieved as discussed at the last Board meeting. A revised R2 contingency plan is being implemented to address the shortfall of which has been identified and the remaining is in the planning phase. English Services expects to fully achieve the budget cut this fiscal year.

2014-2015 Reduction Plan (see Appendix A for details)

- No change to our revenue growth assumptions as it pertains to increased advertising minutes. However, as noted above, the shortfall in projected R2 revenue will need to be addressed.
- There are no changes to the 2014-2015 planned schedule reductions.

Contingency Plan (see Appendix A for details)

- The contingency plan (per the 2012-2013 approved Business plan) has been triggered for the loss of LPIF totaling The remaining planned reductions of are no longer required and this was reflected in the 2013-2014 Board-approved budget.

(1)

French Services Reduction Plan – Q1 of 2013-2014 Update

2013–2014 Reduction Plan (see table on following page for details)

- Most of the reduction measures are already in place. Other initiatives, such as the
- Advertising revenue on Espace musique is expected to be
- In addition, the implementation of automated control rooms will continue in 2013-2014.
- It is now expected that, for the period of 2012-2013 to 2015-2016,

2014–2015 and 2015–2016 Reduction Plans (see Appendix A for details)

- Several initiatives are already under way:
 - MIH: The committee reviewing rights management for French Services will present a report on Phase 2 of the project to management.
 - News:
 - Production methods:

Contingency Plan (see Appendix A for details)

- Please note the contingency plan (per the 2012-2013 approved Business plan) was triggered last year for the loss of the LPIF.

SOLUTIONS- French Services

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	2012-2013 and 2013-2014									
	Per 2012/2013 Business Plan		Savings Triggered to Date *		Savings to Come		Total Savings Expected		Variance from Budget	
	\$000's	FTE (Estimate)	\$000's	FTE	\$000's	FTE (Estimate)	\$000's	FTE (Estimate)	\$000's	FTE (Estimate)
PROGRAMMING CUTS										
Network Programming										
News										
French Radio										
RCI Operating Cost Reduction										
Regional Services										
Web Production Cost Reductions										
Cross-cultural										
Signature events										
METHODS OF PRODUCTION										
Efficiencies										
EFFICIENCIES - SUPPORT SERVICES										
Efficiencies										
REVENUE INITIATIVES										
Increased ad minutes										
Commercialize Espace musique - net (3)										
Total Solutions - French Services										

* Savings that have been initiated in 2012-2013 and up to the end of Q1 of 2013-2014.

** RCI transmission staff are presented under Non-media services

Comments:

⁽¹⁾ This variance is due to the timing of the implementation of reduction measures. During the 2012-2013 planning process, a contingency fund of 2014 and 2014-2015. Most of these reductions were redirected last year to offset the loss of LPIF and are now planned over three years (2013-2014 to 2015-2016). The related savings will be fully realized by 2015-2016.

⁽²⁾ It should also be noted that FTE reductions

when compared to the reductions in the

⁽³⁾ Impact of CRTC decision on net revenue projections; original net advertising target of

for 2013-2014 was revised to

2012-2013 to 2014-2015 Reduction Plan – Q1 of 2013-2014 Update –Non-Media Services / G&A Efficiencies

2012–2013 and 2013-2014 Reduction Plan (see table on following page for details)

- Budget reductions have been made for all Non-media Services. Most staff reductions were done by the end of July 2012.

2014–2015 and 2015–2016 Reduction Plans (see Appendix A for details)

- Plans for 2014-2015 and 2015-2016 have not changed from those presented to the Board in March 2013.

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SOLUTIONS- Non-media Services

Office of the President
Office of the Chairperson
Ombudsmen
Regulatory Affairs
Board of Directors
General Counsel, Corp. Sec. and Compliance
Branding, Communications and Corporate Affairs
Strategy and Business Partnerships
People and Culture
Shared Services
Finance and Administration
Information Technology
International Relations
Real Estate Services
Media Technology Services
Ottawa Production Centre
Content Management
Mobiles Production
Technology Strategy Board
MIH - Horizontal initiatives
Real Estate footprint/Revenue initiatives
Total Solutions - Non-Media Services

2012-2013 and 2013-2014									
Per 2012/2013 Business Plan		Savings Triggered to Date *		Savings to Come		Total Savings Expected		Variance from Budget	
\$000's	FTE (Estimate)	\$000's	FTE	\$000's	FTE (Estimate)	\$000's	FTE (Estimate)	\$000's	FTE (Estimate)

* Savings that have been initiated in 2012-2013 and up to the end of Q1 of 2013-2014.
 ** Reductions done in 2011-2012

Comments:
 Non-Media Components' budgets have been reduced as confirmed in each component's budget confirmation letter.
 Includes RCI transmission staff

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GENERAL AND ADMINISTRATION EFFICIENCIES

General and Administration Efficiencies	Per 2012/13 Business Plans			Updated Forecast at Q1 of 2013/14			
	2012/13	2013/14	2014/15	2012/13	2013/14	2014/15	2015/16
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Print Optimization							
Next Generation Procurement							
Halifax Consolidation							
Telecom Project							
Migration to Rogers Mobility ***							
Other Savings							
Total G&A Efficiencies * / **							

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Making It Happen (MIH) – Q1 Update (2013-2014)

In 2012-2013, Making It Happen target reductions were identified to deliver and fund Strategy 2015

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The second stage of Making It Happen, which was started in 2012-2013 and is on-going, is to undertake a complete **Organizational Review** of the Corporation through a series of phases:

Phase 1 of the Organizational Review included an analysis of CBC/Radio-Canada's **spans of control, layers of management, and cost per Full Time Equivalent (FTE)**. The review indicated that the Corporation compared favourably overall to external benchmarks.

Phase 2 was the review of **Corporate and Cross-Component Functions, the Regions and the Shared Services Centre**.

- **The Corporate and Cross-Component Analysis** was completed on December 23, 2012.
- **The review of the Regional and Network FTEs** and the Organization in the regions was completed at March 31, 2013

Phase 3, currently underway,

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An update on the MIH project is expected to be presented to the Board of Directors at the September 2013 meeting.

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Capital Plan Update – Q1 of 2013-2014

- Capital plan is being delivered as per the plan approved by the BOD in March 2013.

No material risks to the plan have arisen so far in fiscal 2013-2014 and deferred spending continues to be closely monitored.

- Planning is underway to incorporate large Real Estate projects ie: MRC, into the 5-year plan.

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Workforce Adjustment

Tracking to Plan - Actual 2012-2013 and Expected 2013-2014

As of June 30, 2013

ACTION	English Services	French Services (incl. RCI)	Corporate Services	TOTAL
Redundancy Notices				
Layoffs (in progress)				
Contract non-renewal				
Reassignments and Redeployments				
Vacancies abolished				
Substitutions				
Other (End of temporary or probationary employment, etc.)				
To be determined				
Sub-Total				
Reductions due to reorganizations - redirected per strategy				
TOTAL				

*NOTE: Ottawa Production Centre is included in Corporate Services in 2012-2013; included in French Services going forward
RCI included in French Services with exception of transmission staff who are included in Corporate Services.*

APPENDIX A

SUMMARY - BUDGET REDUCTIONS

ENGLISH SERVICES	Per 2012/13 Business Plans			Updated Forecast at Q1 of 2013/14			
	2012/13	2013/14	2014/15	2012/13	2013/14	2014/15	2015/16
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
DRAP							
OPERATING PRESSURES							
MIH - VERTICAL REVIEW							
MIH - HORIZONTAL REVIEW							
CONTINGENCY PLANNING (now used to offset loss of LPIF)							
TOTAL - ENGLISH SERVICES							

FRENCH SERVICES	Per 2012/13 Business Plans			Updated Forecast at Q1 of 2013/14			
	2012/13	2013/14	2014/15	2012/13	2013/14	2014/15	2015/16
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
DRAP							
STRATEGY 2015							
MIH - VERTICAL REVIEW							
MIH - HORIZONTAL REVIEW							
CONTINGENCY PLANNING (now used to offset loss of LPIF)							
TOTAL - FRENCH SERVICES							

NON-MEDIA SERVICES	Per 2012/13 Business Plans			Updated Forecast at Q1 of 2013/14			
	2012/13	2013/14	2014/15	2012/13	2013/14	2014/15	2015/16
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
DRAP							
STRATEGY 2015							
MIH - VERTICAL REVIEW							
MIH - HORIZONTAL REVIEW							
REAL ESTATE FOOTPRINT/REVENUE INITIATIVES							
G&A EFFICIENCIES							
TOTAL - NON-MEDIA SERVICES							

ALL SERVICES	Per 2012/13 Business Plans			Updated Forecast at Q1 of 2013/14			
	2012/13	2013/14	2014/15	2012/13	2013/14	2014/15	2015/16
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
DRAP							
OPERATING PRESSURES							
STRATEGY 2015							
MIH - VERTICAL REVIEW							
MIH - HORIZONTAL REVIEW							
CONTINGENCY PLANNING (now partly used to offset loss of LPIF)							
REAL ESTATE FOOTPRINT/REVENUE INITIATIVES							
G&A EFFICIENCIES							
Total Reductions - All Services							

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ENGLISH SERVICES

	Per 2012/13 Business Plans			Updated Forecast at Q1 of 2013/14		
	2012/13	2013/14	2014/15	2012/13	2013/14	2014/15
DRAP	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
• R2 Contingency Plan - to find						
• Cross Cultural						
• Efficiencies (Media related efficiencies)						

Dollar amounts are shown on a cumulative basis.

ENGLISH SERVICES

	Per 2012/13 Business Plans			Updated Forecast at Q1 of 2013/14		
	2012/13	2013/14	2014/15	2012/13	2013/14	2014/15
Operating Pressures	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's

• **Reduce** Project commitments
Redirect reductions in 2012-13 - to fund DRAP in 2014/15 (See DRAP Section)

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ENGLISH SERVICES

	Per 2012/13 Business Plans			Updated Forecast at Q1 of 2013/14		
	2012/13	2013/14	2014/15	2012/13	2013/14	2014/15
MIH - Vertical Review						
Administrative & Services Review - ES review of all non-programming areas administrative resources						
Other Efficiency Projects - ES review of all workflow and process for all legacy areas which were not part of the administrative review; in addition to reviewing all non-capital spending and digital spending						
	Per 2012/13 Business Plans			Updated Forecast at Q1 of 2013/14		
	2012/13	2013/14	2014/15	2012/13	2013/14	2014/15
MIH - Horizontal Review						
Total - MIH						

Dollar amounts are shown on a cumulative basis.

ENGLISH SERVICES

	Per 2012/13 Business Plans			Updated Forecast at Q1 of 2013/14		
	2012/13	2013/14	2014/15	2012/13	2013/14	2014/15
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's

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• **Efficiency** (reduce discretionary spend)

Total Reductions -English Services

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Dollar amounts are shown on a cumulative basis.

FRENCH SERVICES

DRAP	Per 2012/13 Business Plans			Updated Forecast at Q1 of 2013/14			
	2012/13	2013/14	2014/15	2012/13	2013/14	2014/15	2015/16
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Generating new ad revenue							
Introducing commercial advertising and sponsorships on Espace musique (net)							
Transforming RCI							
Changing production methods							
Postponing production of a new drama series							
Reducing the Sports production and rights acquisition budget							
Reducing the Signature events budget							
Reducing the Cross-Cultural budget							
Reducing the Espace musique musical production budget							

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Dollar amounts are shown on a cumulative basis.

FRENCH SERVICES

MIH - Vertical Review	Per 2012/13 Business Plans			Updated Forecast at Q1 of 2013/14			
	2012/13	2013/14	2014/15	2012/13	2013/14	2014/15	2015/16
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Rights administration							
Program scheduling							
Reviewing and standardizing production resources							
Reviewing production methods							
Financial and administrative processes							
	-	-		-	-		
MIH - Horizontal Review	Per 2012/13 Business Plans			Updated Forecast at Q1 of 2013/14			
	2012/13	2013/14	2014/15	2012/13	2013/14	2014/15	2015/16
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Advertising standards	-	-		-	-		
Centralizing web sales (revenue)	-	-		-	-		
Merchandising (net revenue)	-	-		-	-		
Foreign bureaus	-	-		-	-		
Acquiring fewer documentaries	-	-		-	-		
	-	-		-	-		
Total - MIH	-	-		-	-		

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Dollar amounts are shown on a cumulative basis.

FRENCH SERVICES

Strategy 2015	Per 2012/13 Business Plans			Updated Forecast at Q1 of 2013/14			
	2012/13	2013/14	2014/15	2012/13	2013/14	2014/15	2015/16
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Programming and Production							
Production Method Review							
Efficiency Gains - Support Services							

Contingency Planning (now being used to offset loss of LPIF)	Per 2012/13 Business Plans			Updated Forecast at Q1 of 2013/14			
	2012/13	2013/14	2014/15	2012/13	2013/14	2014/15	2015/16
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Reducing General TV production costs							
Cutting the Cross-Cultural budget							
Production methods							
Network Programming							
Regional News							
Regional Non-news							
Reducing News and Radio production costs							

Total Reductions - French Services

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NON-MEDIA SERVICES

DRAP	Per 2012/13 Business Plans			Updated Forecast at Q3		
	2012/13	2013/14	2014/15	2012/13	2013/14	2014/15
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Accelerate Shutdown of Analog Transmitters						
Strategy 2015	Per 2012/13 Business Plans			Updated Forecast at Q3		
	2012/13	2013/14	2014/15	2012/13	2013/14	2014/15
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Office of the President						
Office of the Chairperson						
Ombudsmen						
Regulatory Affairs						
Board of Directors						
General Counsel, Corp. Sec. and Compliance						
Branding, Communications and Corporate Affairs						
Strategy and Business Partnerships						
People and Culture						
Shared Services						
Finance and Administration						
Information Technology						
International Relations						
Real Estate Services						
Media Technology Services						
Ottawa Production Centre						
Content Management						
Technology Strategy Board						

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NON-MEDIA SERVICES

MIH - Vertical Review (reduction of 2% in 2012-2013, 4% in 2013-2014 growing to 6% in 2014-2015)	Per 2012/13 Business Plans			Updated Forecast at Q3		
	2012/13	2013/14	2014/15	2012/13	2013/14	2014/15
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Office of the President						
Office of the Chairperson						
Ombudsmen						
Regulatory Affairs						
Board of Directors						
General Counsel, Corp. Sec. and Compliance						
Branding, Communications and Corporate Affairs						
Strategy and Business Partnerships						
People and Culture						
Shared Services						
Finance and Administration						
Information Technology						
International Relations						
Real Estate Services						
Media Technology Services						
Ottawa Production Centre						
Content Management						
Technology Strategy Board						

MIH - Horizontal Review	Per 2012/13 Business Plans			Updated Forecast at Q3		
	2012/13	2013/14	2014/15	2012/13	2013/14	2014/15
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's

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NON-MEDIA SERVICES

Real Estate Footprint and Real Estate Initiatives	Per 2012/13 Business Plans			Updated Forecast at Q3		
	2012/13	2013/14	2014/15	2012/13	2013/14	2014/15
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Target						
Total Reductions - Non-Media Services						

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