	REDUCTION PLAN PROGRESS REPORT
TO:	Board of Directors
MEETING:	February 25-26, 2014
FROM:	Heather Conway, Executive Vice-President, English Services Louis Lalande, Executive Vice-President, French Services Suzanne Morris, Vice-President and CFO Roula Zaarour, Vice-President, People and Culture
PURPOSE:	This is a progress report against the three-year $200 million reduction plan approved by the Board in March 2012.
DATE:	February 14, 2014

SIGNIFICANT POINTS:

- Updates as of December 31, 2013 are noted in the highlights on page 3.

Reduction Plan Progress Report

2012-2013 to 2014-2015

Update at Q3 of 2013-2014

(December 31, 2013)

TABLE OF CONTENTS

2012-2013 and 2013-2014 Budget Measures Update – Highlights Page 3

2012-2013 and 2013-2014 Budget Measures Update – Charts Page 4

English Services

- Three-year Budget Measures Update Page 5
- 2012-2013 and 2013-2014 Budget Measures Table Page 6

French Services

- Three-year Budget Measures Update Page 7
- 2012-2013 and 2013-2014 Budget Measures Table Page 8

Non-Media Services / General & Administration Efficiency

- Three-year Budget Measures Update Page 9
- 2012-2013 and 2013-2014 Budget Measures Table – Non-Media Page 10
- G&A Efficiency Table Page 11

Making It Happen - Update Page 12

Capital Budget - Update Page 14

Workforce Adjustment Table Page 15

Appendix A

- Three-year Summary of Budget Measures Page 17
- Detailed tables comparing three-year $200 million budget measures in the March 2012 Budget to current forecasts Page 18-27

Highlights of 2013-2014 Budget Measures Update

Changes from the previous report in Q2 are identified below.

1) English Services expect to achieve the 2013-2014 planned expense reductions, with the exception of the R2 net revenue target of Contingency plans have been implemented to address

2) French Services expect that reductions of will be achieved by the end of 2013-2014

s.18(a)
s.18(b)
s.21(1)(b)

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 570 as of December 2013 and are still in progress.

5) As detailed in the December 31, 2013 Quarterly Budgetary Management Report, a net budgetary position of forecast by the end of 2013-2014.

s.18(a)

s.18(b)

s.21(1)(b)

2012-2013 and 2013-2014 Budget Measures Update

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

(in millions of $)

Corporate Summary

DRAP Revenue Increase | Expense Reductions | Total Measures

Per Business Plan | Revised Forecast

English Services

DRAP Revenue Increase | Expense Reductions | Total Measures

Per Business Plan | Revised Forecast

French Services

DRAP Revenue Increase | Expense Reductions | Total Measures

Per Business Plan | Revised Forecast

Non-Media Services

(incl G&A efficiencies)

DRAP Revenue Increase | Expense Reductions | Total Measures

Per Business Plan | Revised Forecast

s.18(a)
s.18(b)
s.21(1)(b)

English Services Reduction Plan – Q3 of 2013-2014 Update

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

- English Services expect to achieve the 2013-2014 planned expense reductions, with the exception of the R2 net revenue target of Contingency plans have been implemented to address

- 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 previously with the Board. A revised R2 contingency plan is being implemented to address the shortfall of which has been identified and achieved.

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

- In addition, as noted above, the shortfall in projected R2 revenue will need to be addressed as well as the impact of a

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 as explained on the next page.

(1) Original budgeted reductions of were updated in the 2013-2014 business plans to reflect a decrease of as noted under Contingency Plan and on the following page.

s.18(a)
s.18(b)
s.21(1)(b)

SOLUTIONS- English 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)*
PROGRAMMING CUTS										
News (1)										
Sports										
Network Schedule										
Cross Cultural										
Radio										
Local Service Extension										
NON-PROGRAMMING CUTS										
Efficiencies										
Communications										
Other Cost Reductions										
REVENUE INITIATIVES										
Commercialize R2 - net (2)										
R2 Contingency Plan (3)										
Total Solutions - English Services										

* Savings that have been initiated in 2012-2013 and up to the end of Q3 of 2013-2014.

Comments:

(1) The News reduction of contingency was needed to offset the loss of LPIF funding.

(2) Impact of CRTC decision on net revenue projections; original net advertising target of for 2013-2014 was revised to a nil position

(3) R2 contingency plan is being implemented as follows:

s.18(a)
s.18(b)
s.21(1)(b)

s.68.1

French Services Reduction Plan – Q3 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

- 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 has presented 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.

s.18(a)
s.18(b)
s.21(1)(b)
s.68.1

SOLUTIONS- French 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)
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 (2)										
Total Solutions - French Services										

(1)

* Savings that have been initiated in 2012-2013 and up to the end of Q3 of 2013-2014.

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

Comments:

(1) It should also be noted that FTE reductions when compared to the reductions in the original contingency plan.

(2) Impact of CRTC decision on net revenue projections: original net advertising target of for 2013-2014.

2012-2013 to 2014-2015 Reduction Plan – Q3 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.

-

s.18(a)
s.18(b)
s.21(1)(b)

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)
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										

* Savings that have been initiated in 2012-2013 and up to the end of Q3 of 2013-2014.
** The 6 FTE reductions were done previously, in 2011-2012
*** Includes $10 million from analog shutdown as part of DRAP.

s.18(a)
s.18(b)
s.21(1)(b)

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

GENERAL AND ADMINISTRATION EFFICIENCIES

General and Administration Efficiencies	Per 2012/13 Business Plans			Updated Forecast at Q3 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 * / **							

s.18(a)
s.18(b)
s.21(1)(b)

s.18(a)
s.18(b)
s.21(1)(b)

Making It Happen (MIH) – Q3 Update (2013-2014)

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

-
-
-

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 and the Regions.**

- **The Corporate and Cross–Component Analysis** was completed on December 23, 2012.

- **The review of the Regional and Network** FTEs and the Organization structures in the regions was completed at March 31,

Phase 3, was the review of the organizational structures

-

Phase 4

-
-
-

s.18(a)
s.18(b)
s.21(1)(b)

Capital Plan Update – Q3 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.

s.18(a)
s.18(b)
s.21(1)(b)

Workforce Adjustment
Actuals 2012-2013 and Expected 2013-2014
As of December 31, 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.

s.18(a)
s.18(b)
s.21(1)(b)

APPENDIX A

SUMMARY - BUDGET REDUCTIONS

ENGLISH SERVICES	Per 2012/13 Business Plans			Updated Forecast at Q3 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 Q3 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							

s.18(a)
s.18(b)
s.21(1)(b)

NON-MEDIA SERVICES	Per 2012/13 Business Plans			Updated Forecast at Q3 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 INIITIATIVES							
G&A EFFICIENCIES							
TOTAL - NON-MEDIA SERVICES							

ALL SERVICES	Per 2012/13 Business Plans			Updated Forecast at Q3 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 INIITIATIVES							
G&A EFFICIENCIES							
Total Reductions - All Services							

ENGLISH SERVICES

DRAP	Per 2012/13 Business Plans			Updated Forecast at Q3 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
s.18(a) s.18(b) s.21(1)(b) s.68.1 • Commercialize Radio Two (Net after system implementation and other one time start up costs)						
• **Cross Cultural** • **Efficiencies** (Media related efficiencies)						

ENGLISH SERVICES

Operating Pressures	Per 2012/13 Business Plans			Updated Forecast at Q3 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
• **Reduce** Project commitments *Redirect reductions in 2012-13 - to fund DRAP in 2014/15 (See DRAP Section)*						

s.18(a)
s.18(a)
s.18(b)
s.21(1)(b)
s.68.1

ENGLISH SERVICES

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

s.18(a)
s.18(b)
s.21(1)(b)
s.68.1

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

ENGLISH SERVICES

Contingency Planning	Per 2012/13 Business Plans			Updated Forecast at Q3 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
s.18(a) s.18(b) s.21(1)(b) s.68.1						
• **Efficiency** (reduce discretionary spend)						
Total Reductions -English Services						

FRENCH SERVICES

DRAP	Per 2012/13 Business Plans			Updated Forecast at Q3 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							

s.18(a)
s.18(b)
s.21(1)(b)
s.68.1

FRENCH SERVICES

MIH - Vertical Review	Per 2012/13 Business Plans			Updated Forecast at Q3 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 Q3 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	-	-		-	-		

s.18(a)
s.18(b)
s.21(1)(b)

FRENCH SERVICES

Strategy 2015	Per 2012/13 Business Plans			Updated Forecast at Q3 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 Q3 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

s.18(a)
s.18(b)
s.21(1)(b)

NON-MEDIA SERVICES

DRAP	Per 2012/13 Business Plans			Updated Forecast at Q3 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
Accelerate Shutdown of Analog Transmitters						

Strategy 2015	Per 2012/13 Business Plans			Updated Forecast at Q3 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
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						

s.18(a)
s.18(b)
s.21(1)(b)

NON-MEDIA SERVICES

MIH - Vertical Review	Per 2012/13 Business Plans			Updated Forecast at Q3 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
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 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

s.18(a)
s.18(b)
s.21(1)(b)

NON-MEDIA SERVICES

Real Estate Footprint and Real Estate Initiatives	Per 2012/13 Business Plans			Updated Forecast at Q3 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
Target						*
Total Reductions - Non-Media Services						

s.18(a)
s.18(b)
s.21(1)(b)

s.20(1)(b)