# 2014-2015 BUSINESS PLANS, OPERATING AND CAPITAL BUDGETS

| TO: | Board of Directors |
|---|---|
| **MEETING:** | March 26-27, 2014 |
| **FROM:** | Suzanne Morris VP & CFO<br>Louis Lalande, EVP French Services<br>Heather Conway, EVP, English Services |
| **DECISION SOUGHT:** | Approval of 2014-2015 Business Plans, Operating and Capital Budgets |
| **NEXT STEPS:** | Ongoing monitoring of financial developments by Management and presentation of budgetary reports to Board on a quarterly basis. Development of Beyond 2015 Plan and updated operating plans. |
| **DATE:** | **March 19, 2014** |

The budget material is organized in two documents:

- The main document (**red deck**) contains the information that will be presented at the Board meeting for approval
- The other document (**blue deck**) is a book of appendices that provides additional detail

# 2014-2015 BUSINESS PLANS, OPERATING AND CAPITAL BUDGETS

**Part 1** describes the approach taken to develop the business plans and budgets. Parameters used for budget decisions are consistent with our Strategy 2015 guiding principles:

- High-quality Canadian programming/protecting our prime time schedule;
- Maintain enhanced regional presence and local impact, and
- Maintain at least our targeted level of investment in digital platforms

**Part 2** summarizes financial challenges, parameters used to address them and the proposed solutions amounting to $130M that have been developed. Along with the proposed 2014-2015 budget, this section also presents the three year financial outlook.

**Part 3** of the deck recaps the Strategy 2015 mission and guiding principles that continue to guide business plans and budgets and references accomplishments achieved to date under the strategy. The approach to dealing with current pressures is based on maintaining these principles and accomplishments.

**Parts 4 and 5** provide summaries and details of the English Services and French Services proposed budgets, proposed reductions and their impacts. Updates on Strategies and Business plans for 2014-2015 are included. In this year's deck, these are linked more closely to the priorities and action plans that are provided by programming genre, and for regional and digital activities.

**Part 6** provides proposed budgets, reductions, activities and priorities for the Non-media Services

**Part 7** presents the proposed Capital plan and budget developed under the guidance of the Capital Executive Team. The Capital budget for 2014-2015 includes proposed project deferrals that seek to both help address the financial pressures facing the Corporation and the need to pause to realign future capital spending with the upcoming Beyond 2015 plan and resulting infrastructure needs.

**Part 8** addresses the implementation plan including key timelines, the workforce adjustment process, IR strategies and communications approach.

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# 1. OBJECTIVE AND PLANNING CONTEXT

# OBJECTIVES

- The purpose of this presentation is to:
- Provide Directors with an overview of:
  - Business plan priorities for 2014-2015 in the context of the Corporation's strategic priorities
  - The financial outlook of the Corporation over the next three years and Management's approach for addressing the significant financial pressures facing the Corporation arising from recent developments
- Seek approval of proposed 2014-2015 operating and capital budgets
- Outline how the implementation of financial, people and communication plans will unfold and be managed over the coming months

# PLANNING CONTEXT: THE FOLLOWING APPROACH GUIDES THE DEVELOPMENT OF OUR BUSINESS PLANS AND BUDGETS

- Beyond 2015 strategy will ultimately shape the three-year financial plan, however the strategy is not sufficiently developed to implement immediately. Therefore the current budget plan focuses on balancing the 2014-2015 budget. Results from the Beyond 2015 strategy will lead to a sustainable financial business model . The three-year financial outlook is presented on slides 17 and 18
- Budget reductions and reallocations introduced since 2009 amount to $390M. This limits the flexibility to make further reductions without seriously affecting programming
- As a result, the following approach has been taken for the 2014-2015 budget:
  - Apply strategic parameters on page 12 for budget decisions, consistent with our Strategy 2015 guiding principles:
    - High-quality Canadian programming/protecting our prime time schedule;
    - Maintain enhanced regional presence and local impact, and
    - Maintain at least our targeted level of investment in digital platforms
  - The 2014-2015 budget is balanced through a combination of measures that will not limit future strategic choices
- This allows Beyond 2015 process to redefine services and strategic objectives and shape the fundamental changes required. Implementation plan timelines for Beyond 2015 are presented in section 8

# 2. FINANCIAL OVERVIEW

# OUR CURRENT ASSESSMENT OF EXPECTED PRESSURES FOR 2014-2015 IS AS FOLLOWS

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

| 2014-2015 Pressures: | |
|---|---|
| English TV revenue shortfall (market outlook, schedule and hockey effects) | |
| French TV revenue shortfall (market outlook) | |
| Net Radio revenue shortfall to original DRAP targets:<br>• Espace Musique<br>• CBC Radio 2 ( reduction implemented in 2013-2014) | |
| DRAP plan Real Estate rental revenue timing difference | |
| NHL/Rogers Contribution (Preliminary as negotiations not finalized) | |
| Year one of 2-year Salary Inflation Funding Freeze<br>Various Cost Pressures: - English Services<br>- French Services<br>- Non-Media | |
| **Total Pressures** | **$132.7M** |

In addition, one-time severance costs estimated at $30.1M are expected to result from implementation of solutions in 2014-2015, growing to $33.5M by 2016-2017. These costs will be funded from one-time measures.

# FINANCIAL DEVELOPMENTS: RECENT DEVELOPMENTS HAVE A SIGNIFICANT IMPACT ON OUR BUDGETS

s.18(a)
s.18(b)
s.21(1)(b)
s.20(1)(b)

- Conventional TV advertising market
  - Weak conventional advertising market across the industry. Compared to 2013-2014 Plan, we are currently forecasting a shortfall of approximately
  - The television conventional advertising market is in a transition. Marketing dollars have begun to shift to other forms of advertising (digital, social media, etc). The decrease in revenues experienced in 2013-2014 is an indicator of this fundamental shift. Understanding the impact/magnitude of these factors will take some time
- Schedule performance
  - While 2+ year-old audience share is performing well, :o target in the key 25-54 year-old demographic on CBC Television occurred in Fall 2013. This is a demographic which drives advertising revenue
- Non-renewal of NHL hockey rights
  - Loss of the NHL contract (and its anticipated ripple effect on our ability to sell the rest of our television schedule next year and beyond) have combined to create a revenue shortfall for the whole of CBC/Radio-Canada, starting with the next fiscal year
- Rogers partnership: To date, CBC has negotiated two deals with Rogers
  - Hockey sub-license agreement: Under 4-year term for HNIC, CBC provides Rogers with of services in kind
  - Production/office space letter of intent:
- 
- Loss of salary funding
  - In November 2013, the Government confirmed that it is reintroducing a salary inflation funding freeze for the next 2 years. Salary inflation funding was received in 2013-2014. However we received no salary funding for 2010-2011, 2011-2012, 2012-2013

# FINANCIAL DEVELOPMENTS

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

- These pressures are in addition to completing our plans for:
- Deficit Reduction Action Plan (DRAP): 2014-2015 is the last year of the $115M reduction from the DRAP. The following net revenue shortfalls against target remain to be addressed (see Appendix A):
  - Radio 2 ′Espace Musique
    - The CRTC granted 4 minutes of advertising in May 2013 (vs. the 9 minutes per the original business plan). Following this decision, contingency plans were initiated. However, with fewer minutes and the realities of building a new national radio advertising market, our sales projections have since changed significantly
  - Real Estate rental revenue target
    -
  - TV advertising additional revenue growth target of under DRAP is no longer achievable in current market
- The following 2014-2015 budget items have been addressed in 2013-2014:
  - Local Programming Improvement Fund (LPIF): LPIF ends August 31, 2014; solutions are expected to be achieved by the end of 2013-2014
  - The last year of our NHL contract: playoffs ending in June 2014 will be funded by a
- CBC/Radio-Canada expects to finish 2013-2014 with
-

# SOLUTIONS IN SUMMARY: 2014-2015 FINANCIAL PRESSURES ARE ADDRESSED THROUGH THE FOLLOWING APPROACH

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s.18(b)
s.21(1)(b)
s.20(1)(b)

## Operating Budgets

- Spending was frozen in 2013-2014
- Proposed reductions $129.4M and 657 FTE's follow the strategic parameters described on the next slide
- Sales structure integration is being developed
-

## Capital Budgets

- Under Beyond 2015, the Capital Plan will need to be revisited as operational and infrastructure strategies are firmed up in the third quarter of 2014-2015. The Capital Executive Team worked closely with operational management in Q3 to review alignment of projects to current strategy
- Consistent with this approach, part of the solution to address current one-time pressures comes from
- As a result, the majority of ongoing capital projects are tied to maintaining/refreshing core business assets

## Reserves and Contingencies (see Appendix C for detail)

- Adequate levels of reserves are maintained in the 2014-2015 budget
  - 
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# SOLUTIONS IN SUMMARY: PARAMETERS FOR BALANCING STRATEGIC DECISIONS VERSUS SHORT-TERM BUDGET REALITIES

- While we assess services for possible reductions under Beyond 2015, the following decision parameters are being applied in the short-term to avoid inhibiting future strategic choices:
  - National:
  - Regional:  Focus on regions must be protected;
  - Digital:  5% of media budgets allocated,
- 
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# SOLUTIONS IN SUMMARY: THIS APPROACH RESULTS IN THE FOLLOWING SOLUTIONS

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s.21(1)(b)

[redacted]

| | 2014-2015 | | | | | | 2015-2016 | | | | | | 2016-2017 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | NETWORK / CORP | | REGIONS | | TOTAL | | NETWORK / CORP | | REGIONS | | TOTAL | | NETWORK / CORP | | REGIONS | | TOTAL | |
| | FTE's | $000's | FTE's | $000's | FTE's | $000's | FTE's | $000's | FTE's | $000's | FTE's | $000's | FTE's | $000's | FTE's | $000's | FTE's | $000's |
| English Services (1) | | | | | 334 | | | | | | 334 | | | | | | 334 | 82,363 |
| French Services (2) | | | | | 230 | | | | | | 312 | | | | | | 312 | 42,281 |
| Non-Media Services (3) | | | | | 9 | | | | | | 11 | | | | | | 11 | 4,725 |
| **Total *** | | | | | **573** | | | | | | **657** | | | | | | **657** | **129,369** |

$129.4 million in cuts are initiated in 2014-2015. Time required to implement these cuts (because of notice periods, contractual obligations and transformation initiatives) and to start realizing savings mean that [redacted] of the savings are achieved in 2014-2015, with the balance realized by 2015-2016. A total of 657 FTE's are reduced.

| By 2016-2017 | NETWORK / CORP | | REGIONS | |
|---|---|---|---|---|
| | FTE's | $000's | FTE's | $000's |
| FTE Reductions as a % of Total Reductions | | | | |
| $ Reductions as a % of Total Reductions | | | | |

**Distribution of FTE reductions**

| | Mgmt/Conf | APS | Union | TBD | Total |
|---|---|---|---|---|---|
| English Services | | | | | **334** |
| French Services | | | | | **312** |
| Non-Media Services | | | | | **11** |
| **Total** | | | | | **657** |
| *% of Total(excluding TBD's)* | | | | | |

* Excludes DRAP reductions already planned
(1) See slide 27 for more detail
(2) See slide 55 for more detail
(3) See slides 89-90 for more detail

- These solutions are detailed in sections 4 to 7 of this presentation and in Appendix D

# BUDGET MEASURES SINCE 2009

The 2014-2015 reductions of $129.4M and 657 FTE's are in addition to the reductions and reallocations implemented since 2009.

| Budget Reduction by Service | Budget Measures (2009-2010 to 2014-2015) *(in millions of $)* Programming | Total Non-Programming | Total Measures | FTE reductions/ reallocations | *(as a % of total)* Budget reduction | FTE reductions/ reallocations |
|---|---|---|---|---|---|---|
| English Services | | | 207.1 | 578 | *53%* | *43%* |
| French Services | | | 125.8 | 562 | *32%* | *42%* |
| Non-Media Services | | | 46.6 | 195 | *12%* | *15%* |
| Procurement Efficiencies | | | 10.0 | | *3%* | |
| **Total** | | | **389.5** | **1,335** | | |
| *% of Total Reductions* | | | | | | |

This schedule represents budget reduction / reallocation exercises since 2009-2010. The $389.5M is comprised of:

$128.6M - Recovery Plan (2009-2010 to 2010-2011)
$98.9M - Strategy 2015 / Operating Pressures (2011-2012 to 2014-2015)
$115.0M - DRAP (2012-2013 to 2014-2015)
$47.0M - Elimination of LPIF (2012-2013 to 2014-2015)

$389.5M Total

# 2014-2015 OPERATING BUDGET: KEY ASSUMPTIONS

s.18(a)
s.18(b)
s.21(1)(b)
s.20(1)(b)

- Against this backdrop, the business plans and budgets for 2014-2015 have been prepared based on the following, with Strategy 2015 providing the framework for priority setting:
- Government Funding:
  - In 2014-2015, the remaining $45.5M of DRAP reduction will be applied to our government appropriation, bringing the total reduction over the last three years to $115M
  -
  - No further funding reductions are assumed
- Advertising (TV, Radio, Digital), Specialty Services and Miscellaneous Revenues:
  - Overall revenue assumptions and market outlooks are detailed in Appendix E. Specific advertising, specialty services and miscellaneous revenue assumptions are identified in each of the media plans (sections 4 and 5)
  - In 2014-2015, the English Services television revenue shortfall is and the French Services revenue shortfall is
  - English Services has adjusted its revenue projections for the ripple effect (loss of leverage with agencies and direct accounts) from the loss of hockey revenues. In addition, non-hockey revenue projections are consistent with market projections
  -
  -
- Other Sources of Funds:
  - Contributions from the Local Program Improvement Fund for the first five months of 2014-2015 represent The fund will be completely eliminated by September 1, 2014
  -

This will be updated as required

# 2014-2015 OPERATING BUDGET KEY ASSUMPTIONS (*CONTINUED*)

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

- Expenditures:
  - Expenditures reflect all budget reductions and cost increases presented in this document
- Olympics/FIFA, PanAm:
  - Expected revenues and expenditures for the Sochi 2014 Winter Olympics are included in the 2013-2014 forecast. Forecasted results for FIFA (2014-2015) and PanAm Games (2015-2016) are also included in the financial overview. The Rio 2016 Summer Games expected revenues and expenditures are included in the 2016-2017 forecast (see Appendix B)
- Cashflows
  - A cash flow forecast for 2013-2014 and 2014-2015 is provided in Appendix F

The following slide presents a high level overview of the three-year financial outlook. Key points are:

- 2014-2015 is balanced through a combination of permanent and one time measures as previously described
-

# THREE YEAR FINANCIAL OUTLOOK

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

| | 2013-2014 Current Budget ($000's) | 2013-2014 Forecast ($000's) | 2014-2015 Proposed Budget ($000's) | 2015-2016 Forecast ($000's) | 2016-2017 Forecast ($000's) |
|---|---|---|---|---|---|
| **SOURCES OF FUNDS** | | | | | |
| Parliamentary Appropriation | | | | | |
| DRAP Reduction | | | | | |
| *Total Parliamentary Appropriation* | | | | | |
| Local Programming Improvement Fund | | | | | |
| Advertising Revenue excl. hockey (TV, Radio, Internet, Contras and Specialty) | | | | | |
| Advertising Revenue - Hockey | | | | | |
| Olympics (2013-14 and 2016-17), FIFA (2014-15), PanAm (2015-16) | | | | | |
| Subscriber Revenue | | | | | |
| Miscellaneous Revenue | | | | | |
| **TOTAL SOURCES OF FUNDS** | | | | | |
| **APPLICATION OF FUNDS** | | | | | |
| English Services | | | | | |
| French Services | | | | | |
| Olympics (2013-14 and 2016-17), FIFA (2014-15), PanAm (2015-16) | | | | | |
| Self-generated revenues not transferred to capital | | | | | |
| Infrastructure and Technology Services | | | | | |
| General and Administrative Services | | | | | |
| Corporate Expenses | | | | | |
| Committed Reserves | | | | | |
| **TOTAL APPLICATION OF FUNDS** | | | | | |
| **NET POSITION for the Fiscal Year** | | | | | |
| Estimated Severance Costs | | | | | |
| Prior Year Carryover | | | | | |
| **NET POSITION** | | | | | |
| *Net Position - Per March 2013-2014 business plans* | | | | | |
| *Variance from 2013-2014 business plan submissions* | | | | | |

# REMAINING SHORTFALL TO BE MANAGED TO BALANCE TO CURRENT REVENUE FORECAST

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

| | 2014-2015 Proposed Budget ($000's) | 2015-2016 Forecast ($000's) | 2016-2017 Forecast ($000's) |
|---|---|---|---|
| **NET POSITION for the Fiscal Year before further measures** | | | |
| Budget Measures to be implemented | | | |
| **Revised Net Position for the Fiscal Year** | | | |
| Estimated Severance Costs - 2014-2015 Budget Measures | | | |
| Revised Prior Year Carryover | | | |
| **EXPECTED NET POSITION after further measures** | | | |

# REMAINING SHORTFALL TO BE MANAGED TO BALANCE TO CURRENT REVENUE FORECAST

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

## Key points:

The previous slide illustrates the order of magnitude of additional reductions required to resize expenses to the currently forecasted level of revenues over the next three years. As outlined earlier in the assumptions summary, as best as we can assess them at this point, Government funding stays flat during the freeze over the next two years and it is assumed that salary inflation funding is provided in the third year.

An overview of the expected Beyond 2015 project timeline and deliverables is included in section 8.

# 3. STRATEGIC PRIORITIES

# THE MISSION AND GUIDING PRINCIPLES CONTINUE TO DRIVE OUR STRATEGIES, BUSINESS PLANS AND BUDGETS

**Mission**

**CBC/Radio-Canada will be the recognized leader in expressing Canadian culture and will enrich the democratic life of all Canadians through…**

| … original, innovative, quality "Canadian content" | … that reflects and draws together Canadians … | … actively engaging with audiences … | … while being cost-effective and accountable |
|---|---|---|---|

Significant accomplishments have been achieved in these areas as outlined in Appendix G. Our approach to dealing with current pressures is based on maintaining these principles and preserving the gains of Strategy 2015.

# 4. ENGLISH SERVICES

# 2014-2015 OPERATING BUDGET ENGLISH SERVICES

## (REGIONAL BUDGETS IN APPENDIX I)

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

| | 2013-2014 Current Budget ($000's) | 2013-2014 Forecast ($000's) | 2014-2015 Proposed Budget ($000's) | 2015-2016 Forecast ($000's) | 2016-2017 Forecast ($000's) |
|---|---|---|---|---|---|
| **SOURCES OF FUNDS** | | | | | |
| Share of Parliamentary Appropriation | | | | | |
| Parliamentary Appropriation reduction - DRAP | | | | | |
| Funding for delay in implementing reductions | | | | | |
| Net Transfer of Parliamentary Appropriation Between Components | | | | | |
| Expected salary funding | | | | | |
| *Total Share of Parliamentary Appropriation* | | | | | |
| Local Programming Improvement Fund | | | | | |
| Advertising Revenue - TV Main Channel excl. hockey | | | | | |
| Advertising Revenue - Hockey | | | | | |
| Advertising Revenue - Radio | | | | | |
| FIFA (2014-2015) / PanAm (2015-2016) | | | | | |
| Digital Platforms (excl. hockey) | | | | | |
| Digital Platforms - Hockey | | | | | |
| Value-added / Contra Revenue | | | | | |
| Advertising Revenue - CBC News Network | | | | | |
| Subscriber Revenue - CBC News Network | | | | | |
| Miscellaneous Revenue (incl. Merchandising and Mobiles) | | | | | |
| **TOTAL SOURCES OF FUNDS** | | | | | |
| **APPLICATION OF FUNDS** | | | | | |
| Sports (excluding hockey) | | | | | |
| Hockey (Rights and Production) / Rogers Deal | | | | | |
| FIFA (2014-2015) / PanAm (2015-2016) | | | | | |
| Arts and Entertainment | | | | | |
| News and Current Affairs | | | | | |
| CBC News Network | | | | | |
| Talk Radio | | | | | |
| Music | | | | | |
| Media Library and Archives | | | | | |
| Technical Services | | | | | |
| Mobiles | | | | | |
| Communications and Research | | | | | |
| Revenue Group | | | | | |
| General Administration | | | | | |
| Training | | | | | |
| Other Programming Commitments | | | | | |
| **TOTAL APPLICATION OF FUNDS** | | | | | |
| **NET POSITION for the Fiscal Year** | | | | | |
| Prior Year Carryover | | | | | |
| **NET POSITION - Before Olympics** | | | | | |
| Olympics - Revenue | | | | | |
| Olympics - Expenses | | | | | |
| **NET POSITION - Cumulative** | | | | | |
| *Net Position - Per March 2013-2014 business plans* | | | | | |
| *Variance from 2013-2014 business plan submissions* | | | | | |

# REVENUES - ENGLISH SERVICES

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

| ($000's) | 2013-2014 Forecast | 2014-2015 Proposed Budget | 2015-2016 Forecast | 2016-2017 Forecast |
|---|---|---|---|---|
| **Revenues** | | | | |
| Advertising Revenue - TV (exc. Hockey) | | | | |
| Advertising Revenue - DRAP (TV) | | | | |
| Advertising Revenue - Radio 2 | | | | |
| Subtotal - Advertising Revenue - Main Channel and Radio 2 | | | | |
| Advertising Revenue - FIFA/PanAm | | | | |
| Advertising Revenue - Hockey | | | | |
| Advertising Revenue - Digital Services | | | | |
| Advertising Revenue - Digital Services - Hockey | | | | |
| Subtotal - Advertising Revenue - Digital Services | | | | |
| Advertising Revenue - Value-added/Contra Revenues | | | | |
| Total - Advertising Revenue excluding Specialty Services | | | | |
| Subscriber Revenue - CBC News Network | | | | |
| Advertising Revenue - CBC News Network | | | | |
| Total - CBC News Network | | | | |
| Miscellaneous Revenue - Mobiles | | | | |
| Miscellaneous Revenue - Merchandising | | | | |
| Miscellaneous Revenue - Facility Rentals | | | | |
| Miscellaneous Revenue - Program Subsidies | | | | |
| Miscellaneous Revenue - CMF | | | | |
| Miscellaneous Revenue - Commercial Production | | | | |
| Miscellaneous Revenue - Others | | | | |
| Total - Miscellaneous Revenue | | | | |
| LPIF | | | | |
| **Total Revenues excluding Olympics** | | | | |
| Parliamentary Appropriation | | | | |
| **Total Funding before Olympics** | | | | |
| Olympics - Sochi/Rio | | | | |
| **Total Funding** | | | | |

# REVENUES - ENGLISH SERVICES (*CONTINUED*)

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

## Advertising Revenues

**Non-hockey**

Reduction in 2014-2015 -

- The reduction due to loss of hockey leverage lower audience performance and weakening conventional advertising market

Increase in 2015-2016 -

-

Increase in 2016-2017 -

- The increase reflects a

**Hockey**

Decrease in 2014-2015 -

- Loss of the hockey regular season

Decrease in 2015-2016

- Complete loss of hockey revenues

## DRAP: Impact on Advertising Revenues

-

**Radio 2**

- Impact of the CRTC decision to reduce advertising minutes as well as the challenge of selling national advertising has greatly reduced the revenue

# REVENUES - ENGLISH SERVICES (*CONTINUED*)

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

- Digital Revenues

**Non-hockey**

- Assumes a

**Hockey**

- The reduction is due to the loss of hockey (digital playoff revenues in 2014-2015 and no revenues afterwards)

- Contra Revenues
  - 
  - We have assumed similar levels of activity in 2015-2016 and beyond
- CBC News Network Services
  - Assumes an annual Subscriber revenue in 2014-2015 is relatively stable
- Miscellaneous Revenues
  - 
  - 2013-2014 includes CMF revenue for digital projects The plan for 2014-2015 has not been confirmed
  - 
  - Reductions in hockey sublicensing revenue have been offset by
- Merchandising
  - As per Merchandising 2014-2015 Business Plan
- LPIF
  - Reflects the planned elimination of LPIF

# SUMMARY OF REDUCTIONS IN ENGLISH SERVICES

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

| | 2014-2015 | | | | | | 2015-2016 | | | | | | 2016-2017 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | NETWORK | | REGIONS | | TOTAL | | NETWORK | | REGIONS | | TOTAL | | NETWORK | | REGIONS | | TOTAL | |
| | FTE's | $000's | FTE's | $000's | FTE's | $000's | FTE's | $000's | FTE's | $000's | FTE's | $000's | FTE's | $000's | FTE's | $000's | FTE's | $000's |
| Sports | | | | | | | | | | | | | | | | | | |
| Entertainment | | | | | | | | | | | | | | | | | | |
| News & Centres (includes CBCNN) | | | | | | | | | | | | | | | | | | |
| Music | | | | | | | | | | | | | | | | | | |
| Talk Radio | | | | | | | | | | | | | | | | | | |
| Other non programming | | | | | | | | | | | | | | | | | | |
| **Total - English Services** | | | | | 334 | | | | | | 334 | | | | | | 334 | 82,363 |

| | 2014-2015 | | | | | | 2015-2016 | | | | | | 2016-2017 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | NETWORK | | REGIONS | | TOTAL | | NETWORK | | REGIONS | | TOTAL | | NETWORK | | REGIONS | | TOTAL | |
| | FTE's | $000's | FTE's | $000's | FTE's | $000's | FTE's | $000's | FTE's | $000's | FTE's | $000's | FTE's | $000's | FTE's | $000's | FTE's | $000's |
| Television | | | | | | | | | | | | | | | | | | |
| Radio | | | | | | | | | | | | | | | | | | |
| Digital | | | | | | | | | | | | | | | | | | |
| **Total - English Services** | | | | | 334 | | | | | | 334 | | | | | | 334 | 82,363 |

| | 2014-2015 | 2015-2016 | 2016-2017 |
|---|---|---|---|
| Management / Confidential | | | |
| APS | | | |
| Unions | | | |
| Total | 334 | 334 | 334 |

# ENGLISH SERVICES: SUMMARY OF BUDGET CUTS

- English Services will be managing $82M in budget cuts and reducing 334 FTE's as part of the financial bridge
- Budget cuts consist of:
  - Programming
    - 
    - 
  - Non-programming
    - 
    - 

# ENGLISH SERVICES: IMPACT OF BUDGET CUTS

## Programming

SPORTS - 38 FTE's

- New sports strategy will result in significant reduction in:
  - We will have a flexible workforce to manage live sporting events such as the Olympics, FIFA and Pan Am Games
  - and fewer hours of original programming on the schedule from 160 hours in 2013-2014 to 110 in 2014-2015.
  - Diminished capacity to compete for, and win, host broadcasting service contracts resulting in less revenue

ENTERTAINMENT -

- One less comedy on the schedule replaced with cheaper alternative
- Replace 7pm to 8pm with

Cuts to the schedule represent however,

NEWS & CENTRES - 115 FTE's

- 115 FTE's being cut. The last 2 budget cuts (2009 & DRAP) consisted of 157 FTE reductions for cumulative cuts of 272 FTE's

# ENGLISH SERVICES: IMPACT OF BUDGET CUTS *(CONTINUED)*

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

**Programming**

MUSIC -

- Two years ago as part of DRAP, regional music resources were cut with performance studios closed and mobiles decommissioned in six locations
- The current cut reduces the remaining regional music production by another 50% with the elimination of 12 FTE's
- This will result in the cancellation of many regional performance shows as well as much of the remaining regional live music production
- In the past five years we've reduced our total spend on music programming by nearly while increasingly service to Canadians through the launch of CBCMusic.ca, CBC Music programming on television, a new music channel on SiriusXM and the CBC Music Festival

TALK -

- Since 2010 we have implemented over $15M of cuts to Radio One and our talk programming.
- No further programming cuts are planned as this will have an impact on Radio One audiences
-

# ENGLISH SERVICES: IMPACT OF BUDGET CUTS *(CONTINUED)*

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

**Non-programming**

REVENUE GROUP -

- 
- Integration of the English Services Revenue Group with French Services

MEDIA OPERATIONS & TECHNOLOGY -

- Eliminate resources supporting hockey
- Cut services no longer fitting strategic priorities
- 

COMMUNICATIONS -

- Eliminate resources supporting hockey
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# ENGLISH SERVICES UPDATE ON STRATEGY 2015

- English Services continues the implementation of Strategy 2015 and has built upon last year's achievements:
  - More Regional - CBC launched one hour weekly local television programs in 6 cities across the country (Our Vancouver, Our Calgary, Our Edmonton, Our Toronto, Our Ottawa and Our Montreal); launched radio and digital stations in Kitchener/Waterloo and Saskatoon
  - More Digital - Launched a revamped CBCMusic.ca app for iOS. CBCMusic.ca also launched the first CBC Music Tablet magazine
- In order for English Services to maintain its strategy of growth there were four key factors that needed to be fulfilled in 2013-2014:
  -
  -
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- English Services audience performance for 2+ was on target,
- Although Hockey Night in Canada will continue to air on CBC, there will be no advertising income
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# ENGLISH SERVICES STRATEGY 2015

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

s.68.1

## 2014-2015 Will Be a Bridge Year

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

s.68.1

# 2014-2015 Will Be a Bridge Year – cont'd

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# ENGLISH SERVICES PROGRAM GENRE STRATEGY

## Redefine English Services in a World Without Hockey

- ❑
- ❑
- ❑

# ENGLISH SERVICES PROGRAM GENRE STRATEGY *(CONTINUED)*

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

s.68.1

| **Fiscal Year (or part thereof)**<br>***April 1 – March 31*** | | **2013-2014** | | **2012-2013** | **2011-2012** |
|---|---|---|---|---|---|
| **AUDIENCE SHARE** | ***Demo.*** | ***To Date / Actual (as applicable)*** | **Target** | **Actual** | **Actual** |
| **CBC Television**<br>*Share (Prime, Regular Season)* | *2+* | | 8.1% | 6.8% | 8.6% |
| | *25-54* | | n/a | 5.5% | 7.4% |
| **CBC News Network**<br>*Share (All Day, Fiscal Year)* | *2+* | | 1.4% | 1.3% | 1.5% |
| | *25-54* | | n/a | 0.8% | 0.9% |
| **CBC Radio One & Radio 2**<br>*Share (Fall Diary Survey)* | *12+* | | 14.6% | 15.3% | 14.5% |
| **UNIQUE VISITORS** | | | **Target** | **Actual** | **Actual** |
| **CBC.ca**<br>*2+ Monthly Average U.V.* | *2+* | | 6.5 M | 6.3 M | 6.2 M |



000036

# ENGLISH SERVICES REVIEW OF KEY PERFORMANCE INDICATORS

| | KPI | | | Annual Target 2013-14 | Results to Date 2013-14 | Year End Forecast 2013-14 | Estimated Trend into 2014-15 |
|---|---|---|---|---|---|---|---|
| Network Programming | Conventional TV | CBC TV Prime / Reg. Season Share | 2+ note 1 | 8.1% | | | |
| | | | 25-54 note 1 | *n/a* | | | |
| | Specialty TV | CBC-NN All Day / Fiscal Year Share | 2+ note 2 | 1.4% | | | |
| | | | 25-54 note 2 | *n/a* | | | |
| | | CBC News Network Subscribers note 3 | | 11.2 M | | | |
| | | *documentary* Subscribers note 3 | | 2.7 M | | | |
| | Radio One | Radio Share All Day / Fall Survey 12+ note 4 | | 12.2% | | | |
| | Radio 2 | | | 2.4% | | | |
| | CBC Radio | | | 14.6% | | | |
| Regional | Radio One – Morning Shows | Average Weekly Hours Tuned 2+ note 5 | | 5,500 K | | | |
| | CBC TV – Supper & Late Night | Average Weekly Hours Tuned 2+ note 6 | | 3,950 K | | | |
| | Regional Landing Pages | Monthly Average Unique Visitors 2+ note 7, 8 | | 995 K | | | |
| Online | CBC.ca | Monthly Average Unique Visitors 2+ note 7 | | 6,500 K | | | |
| Fin | Revenue | Revenue per KPI definition note 9 | | $400 M | | | |

**Legend:**
- Tracking to exceed target
- Tracking to meet target
- Might meet target
- Tracking not to meet target

Notes:
(1) BBM Canada, Personal People Meter (PPM), Prime-time audience share Fall/Winter season. Results to date 2013-2014: As at Feb. 9, 2014 (Weeks 6- 24).
(2) BBM Canada, Personal People Meter (PPM), All-day audience share April-March. Results to date 2013-2014: As at Feb. 23, 2014 (Weeks 32- 26).
(3) As at Feb 28, 2014.
(4) BBM Canada, spring and fall survey (diary), 12+, Full-day audience share.
(5) BBM Canada, Personal People Meter (PPM), 2+, Hours Tuned, Average Weekly Hours Tuned, Morning shows audience, Mon-Fri 6-9 a.m. Regular Season. Results to date 2013-2014: As at January 19, 2014 (Week 1-21).
(6) BBM Canada, Personal People Meter (PPM), 2+, Average viewer per minute, Weekly average, Mon-Fri 6-6:30 p.m. and Mon-Fri 11-11:30pm (11-11:10pm in certain markets), Fall/Winter season. Results to date 2013-2014: As at Feb. 23, 2014 (Week 1-26).
(7) Source: comScore, 2+, Monthly average unique visitors April-March. Results to date 2013-2014: April-January average. Desktop pages only (excludes mobile). Regional metric is Landing Pages only.
(8) For 2014-15, Regional Online measurement will be for all regional content (ie. more than only the Landing Pages).
(9) Consistent with Business Plan forecast for FY 2013-14..
(10)

# ENGLISH SERVICES PROGRAM GENRE STRATEGY *(CONTINUED)*

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

s.68.1

## Audience and Market Shares:

### ❑ Television

- Above target performance on the 2+ demographic is driven by good audience numbers on Murdoch Mysteries, Heartland, Rick Mercer, This Hour Has 22 Minutes and Hockey Night in Canada.

### ❑ Radio

- Radio One experienced its highest ever Fall Share and is performing well
- The introduction of advertising on Radio 2 has not yet adversely affected audience share

### ❑ Digital

- While the number of unique visitors has increased year over year and over target,

### ❑ Specialty TV

- CBC-NN's share 2+ and 25-54 share has increased this year, and advertising revenue is on plan
-

# ENGLISH SERVICES: NEWS AND CENTRES

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

## Priorities and Key Action Plans:

- Broaden and grow audiences through original journalism and stronger breaking news coverage on all platforms
- Focus on improving On-air presentation of programming
- Develop breakthrough strategies that focus on relevance and differentiation
- Lead investigative journalism
- 
- Consistently win on breaking news
- Emphasis on digital, mobile & social
- 

**Performance:**

- 
- 

| Total Budget | 2013-2014 | 2014-2015 | Variance |
|---|---|---|---|
| FTE | | | |

# ENGLISH SERVICES: NEWS AND CENTRES *(CONTINUED)*

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

s.68.1

| | |
|---|---|
| **Budget Reductions by 2016-2017** | All reductions in News and Centres were made with the criteria of preserving the existing geographical footprint<br>• INTEGRATION AND WORKFLOW : The News and Centres plan is heavily weighted to finding workflow changes.<br>• CONTENT IMPACT: Cancellation of Late Night news in The North. Regionalization of Alberta weekend news and<br>• MANAGEMENT AND ADMIN: These reductions are mostly the result of<br>**TOTAL** |
| **Capital Investments** | • |

# ENGLISH SERVICES: ENTERTAINMENT

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

s.68.1

## Priorities and Key Action Plans:

- Continue to evolve drama, comedy and factual entertainment programming to be distinctly and uniquely Canadian
- Continue to make and commission compelling documentaries of the highest quality for use across all CBC Services and supported through promotion & repeat telecasts
-
-

**Performance:**

-

| Total Budget | 2013-2014 | 2014-2015 | Variance |
|---|---|---|---|
| FTEs | | | |



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# ENGLISH SERVICES: ENTERTAINMENT *(CONTINUED)*



| Budget Reductions by 2016-2017 | |
|---|---|
| | • |
| | • Introduce a nightly Monday to Friday Programs of National Interest (PNI) programming strip in order to contribute to COL and eliminate costly programming in 7-8pm time slot |
| | • |
| | • Replace one Comedy with a less expensive alternative |
| | • Delay telecast of shows |
| | • Explore co-productions with other broadcasters |
| | • |
| | **TOTAL** |

# ENGLISH SERVICES: SPORTS

## Priorities and Key Action Plans:

- Substantially reducing the sports department to focus on 3 areas under the new sports strategy:
  1. Great storytelling with an emphasis on Stars & Stories:
  2.
  3. Signature events: continue to provide live events of National Relevance to the country, such as the Olympics, Pan American Games, FIFA using a scalable production model

**Performance:**

-
-

| Total Budget | 2013-2014 | 2014-2015 | Variance |
|---|---|---|---|
| FTEs | | | |

# ENGLISH SERVICES: SPORTS *(CONTINUED)*

| | | |
|---|---|---|
| **Budget Reductions by 2016-2017** | Reductions in Sports based on the new Sports strategy | |
| | • Eliminate Hockey costs | |
| | • Cost reduction consistent with the new sports strategy | |
| | **TOTAL** | |

# ENGLISH SERVICES: MUSIC

## Priorities and Key Action Plans:

- Ongoing development of Radio 2 programming and schedule to increase audience share and integrate advertising effectively
- Continue integration work with French Services on Digital Music
- 
- Build and expand CBC Music Festival with the addition of an event in a another Canadian city
- 

**Performance:**

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| Total Budget | 2013-2014 | 2014-2015 | Variance |
|---|---|---|---|
| FTEs | | | |
| Budget Reductions | Continue to implement the 3 year plan to reduce investment in music by  The regional and network music cuts are consistent with the second year of this three year plan. | | |

# ENGLISH SERVICES: TALK RADIO

s.68.1

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

## Priorities and Key Action Plans:

- Since 2010 we have implemented over 15M of cuts to Radio One and our talk programming. No further programming cuts are planned for Radio 1
- Maintain record audiences on terrestrial radio while aggressively developing new audiences on digital platforms
- Targeted development of select programs –
- Renewal of Network Talk programming, specifically continue renewal work on The Current with additional focus on the renewal of Ideas
- Continued development of a new network program out of Alberta & BC

**Performance:**

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-
-
-

| | | | |
|---|---|---|---|
| **Total Budget** | 2013-2014 | 2014-2015 | Variance |
| **FTEs** | | | |
| **Budget Reductions** | Reductions in vacant positions | | $0.5 M |

# ENGLISH SERVICES: REGIONAL EXPANSION (LOCAL SERVICE EXTENSION)

| Priorities and Key Action Plans: | |
|---|---|
| Digital Station | • No new initiatives in 2014-2015 |
| Regional & Digital Station | • Cancel the launch of local London, Ontario, radio and digital services (resources permitting) |
| Radio & Digital Station with news gathering | • No new initiatives in 2014-2015 |

**Performance:** N/A

| Total Budget | 2013-2014<br>Funding included in News | 2014-2015<br>Funding included in News | Variance<br>N/A |
|---|---|---|---|

| Budget Reductions | |
|---|---|
| | • Funding for London location is cancelled |

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

# ENGLISH SERVICES: DIGITAL

## Priorities and Key Action Plans:


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# ENGLISH SERVICES: DIGITAL *(CONTINUED)*

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

**Performance:**

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| | | | |
|---|---|---|---|
| **Budget Reductions by 2016-2017** | • Part of each individual genre plan<br>• | | |
| **Total Budget** | 2013-2014 | 2014-2015 | Variance |
| **FTEs** | Part of Individual genre plan | Part of Individual genre plan | |

# 5. FRENCH SERVICES

# 2014-2015 OPERATING BUDGET

# FRENCH SERVICES (REGIONAL BUDGETS IN APPENDIX I)

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

s.68.1

| | 2013-2014 Current Budget ($000's) | 2013-2014 Forecast ($000's) | 2014-2015 Proposed Budget ($000's) | 2015-2016 Forecast ($000's) | 2016-2017 Forecast ($000's) |
|---|---|---|---|---|---|
| **SOURCES OF FUNDS** | | | | | |
| Share of Parliamentary Appropriation | | | | | |
| Parliamentary Appropriation reduction - DRAP | | | | | |
| Funding for delay in implementing reductions | | | | | |
| Net Transfer of Parliamentary Appropriation Between Components | | | | | |
| Expected salary funding | | | | | |
| *Total Share of Parliamentary Appropriation* | | | | | |
| Local Programming Improvement Fund | | | | | |
| Advertising Revenue - TV Main Channel | | | | | |
| Advertising Revenue - Espace musique | | | | | |
| FIFA | | | | | |
| Digital Platform Revenues | | | | | |
| Value-added / Contra Revenues | | | | | |
| Advertising Revenue - Réseau de l'information | | | | | |
| Advertising Revenue - Explora | | | | | |
| Subscriber Revenue - Réseau de l'information | | | | | |
| Subscriber Revenue - Explora | | | | | |
| Subscriber Revenue - TOU.tv (Privilege) | | | | | |
| Subscriber Revenue - Curio | | | | | |
| Miscellaneous Revenues | | | | | |
| **TOTAL SOURCES OF FUNDS** | | | | | |
| **APPLICATION OF FUNDS** | | | | | |
| Sports | | | | | |
| FIFA | | | | | |
| Arts and Entertainment | | | | | |
| News and Current Affairs | | | | | |
| Réseau de l'information | | | | | |
| Talk Radio | | | | | |
| Music | | | | | |
| Explora | | | | | |
| Media Library and Archives | | | | | |
| Technical Services | | | | | |
| Communication and Research | | | | | |
| Revenue Group | | | | | |
| General Administration | | | | | |
| Training | | | | | |
| Other Programming Commitments | | | | | |
| **TOTAL APPLICATION OF FUNDS** | | | | | |
| **NET POSITION for the Fiscal Year** | | | | | |
| Prior Year Carryover | | | | | |
| **NET POSITION - Cumulative** | | | | | |

*Net Position - Per March 2013-2014 business plans*
*Variance from 2013-2014 business plan submissions*

# REVENUES - FRENCH SERVICES

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

| ($ 000's) | 2013-2014 Forecast | 2014-2015 Proposed target | 2015-2016 Forecast | 2016-2017 Forecast |
|---|---|---|---|---|
| Advertising revenue - television | | | | |
| Advertising revenue - FIFA | | | | |
| Advertising revenue - tv schedule loss due to FIFA | | | | |
| **Total ICI Radio-Canada Télé** | | | | |
| **Advertising revenue - Espace musique** | | | | |
| **Advertising revenue - FIFA** | | | | |
| Radio-Canada.ca | | | | |
| Tou.Tv | | | | |
| ICI Tou.tv (Extra) | | | | |
| Mobilité | | | | |
| Illico | | | | |
| **Advertising revenue - Internet & digital platforms** | | | | |
| **Advertising revenue Internet - FIFA** | | | | |
| **Total internet & digital platforms** | | | | |
| **Advertising revenue - Value-added / Contra revenues** | | | | |
| **Advertising revenue - ICI RDI** | | | | |
| **Advertising revenue - ICI Explora** | | | | |
| **Total Advertising revenue** | | | | |
| Subscriber revenue - ICI RDI | | | | |
| Subscriber revenue - ICI Explora | | | | |
| Subscriber revenue - ICI Tou.tv (Extra) | | | | |
| Subscriber revenue - Curio | | | | |
| **Total Subscriber revenue** | | | | |
| Business to business (B2B) | | | | |
| Business to consumers (B2C) | | | | |
| Business development | | | | |
| **Miscellaneous revenue - Distribution revenues** | | | | |
| **Miscellaneous revenue - Commercial Productions** | | | | |
| **Miscellaneous revenue - Services to independent producers** | | | | |
| **Miscellaneous revenue - Canada Media Fund** | | | | |
| **Miscellaneous revenue - FIFA** | | | | |
| **Miscellaneous revenue - Others** | | | | |
| **Miscellaneous revenue - Value-added / Contra revenues** | | | | |
| **Total Miscellaneous revenue** | | | | |
| **Total Revenue excluding Parliamentary Appropriation & LPIF** | | | | |
| Parliamentary Appropriation | | | | |
| LPIF | | | | |
| **Total Revenues** | | | | |


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# REVENUES - FRENCH SERVICES (*CONTINUED*)

## Advertising revenue - ICI Radio-Canada Télé

In 2014-2015, we expect an increase in advertising revenue of
This growth is based on the following elements:

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## Advertising revenue - Espace musique

- It is expected that revenues will reach in 2014-2015 and in the following years

## Advertising Revenue - Internet & Digital platforms

Excluding the impact of the Olympic and FIFA we can see:

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## Advertising revenue - ICI RDI

- 

## Advertising revenue - ICI Explora

- 

# REVENUES - FRENCH SERVICES (*CONTINUED*)

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

## Subscriber revenue - ICI RDI

- The subscription revenues for ICI RDI

## Subscriber revenue - ICI Explora

-

## ICI Tou.TV (Extra)

- In line with the business plan

## Miscellaneous revenue

-
-

# FRENCH SERVICES PROPOSED REDUCTIONS

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

s.68.1

| | 2014-2015 | | | | | | 2015-2016 | | | | | | 2016-2017 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | NETWORK | | REGIONS | | TOTAL | | NETWORK | | REGIONS | | TOTAL | | NETWORK | | REGIONS | | TOTAL | |
| | FTE's | $000's | FTE's | $000's | FTE's | $000's | FTE's | $000's | FTE's | $000's | FTE's | $000's | FTE's | $000's | FTE's | $000's | FTE's | $000's |
| Sports | | | | | | | | | | | | | | | | | | |
| Arts and Entertainment | | | | | | | | | | | | | | | | | | |
| News (includes RDI & RCI) | | | | | | | | | | | | | | | | | | |
| Explora | | | | | | | | | | | | | | | | | | |
| Music | | | | | | | | | | | | | | | | | | |
| Talk Radio | | | | | | | | | | | | | | | | | | |
| Other non-programming | | | | | | | | | | | | | | | | | | |
| **Total - French Services** | | | | | **230** | | | | | | **312** | | | | | | **312** | **42,281** |

| | 2014-2015 | | | | | | 2015-2016 | | | | | | 2016-2017 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | NETWORK | | REGIONS | | TOTAL | | NETWORK | | REGIONS | | TOTAL | | NETWORK | | REGIONS | | TOTAL | |
| | FTE's | $000's | FTE's | $000's | FTE's | $000's | FTE's | $000's | FTE's | $000's | FTE's | $000's | FTE's | $000's | FTE's | $000's | FTE's | $000's |
| Television | | | | | | | | | | | | | | | | | | |
| Radio | | | | | | | | | | | | | | | | | | |
| Digital | | | | | | | | | | | | | | | | | | |
| **Total - French Services** | | | | | **230** | | | | | | **312** | | | | | | **312** | **42,281** |

| | 14-15 | 15-16 | 16-17 |
|---|---|---|---|
| Management | | | |
| APS | | | |
| Confidential | | | |
| Unions | | | |
| Total | | | |
| To be determined | | | |
| Total | 230 | 312 | 312 |

# FRENCH SERVICES FINANCIAL CHALLENGES & PROPOSED SOLUTIONS

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

s.68.1

- Early on, the French Services 2014-2015 Business Plan embedded solutions to address financial pressures, including last phases of DRAP and LPIF's phasing out. This Plan was also designed to protect the level of investment in new platforms as well as Radio-Canada's regional presence.

- In 2014-2015, total financial solutions amount to almost in addition to DRAP and LPIF



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# FRENCH SERVICES FINANCIAL CHALLENGES & PROPOSED SOLUTIONS *(CONTINUED)*

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

s.68.1

- Highlights of additional solutions put forth include:
  - Overall programming: carefully re-assessing all available content
  - 
  - Music: cancelling daily morning regional programming; this will result in reducing a total weekly volume of 227.5 hours of regional programming to be replaced by a network-produced, 3.5-hour daily show
  - Non-programming activities:

- While mitigated at this point, the following are impacts that will be kept in check:
  - 
  - 
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  - 
  - 

# FRENCH SERVICES MAJOR IMPACTS OF IMPLEMENTING PROPOSED SOLUTIONS

- Programming cuts (Arts & Entertainment, News, Sports, Music) could :
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s.18(b)
s.21(1)(b)
s.18(a)

# FRENCH SERVICES: IMPACT OF BUDGET CUTS

s.68.1

| Programming | |
|---|---|
| | **NEWS & CURRRENT AFFAIRS**<br>• <br>• <br>• <br>• <br>• |
| | **ARTS & ENTERTAINMENT**<br>• Cancellation of one daily morning network program.<br>• Reduction of number of episodes of one daily afternoon regional program<br>• <br>• <br>• <br>• |



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# FRENCH SERVICES: IMPACT OF BUDGET CUTS *(CONTINUED)*

| | |
|---|---|
| Programming | **SPORTS**<br>• maintaining a prime-time presence on TV and radio, evolving the digital offering |
| | **MUSIC**<br>• |
| | **TALK RADIO**<br>• |
| | **REGIONAL**<br>• Elimination of regional morning programming on Espace Musique (ref. Music)<br>• Reduction of number of episodes of an afternoon daily show (ref. Arts & Entertainment) |

# FRENCH SERVICES: IMPACT OF BUDGET CUTS *(CONTINUED)*

**Non-programming**

**REVENUE GROUP**

- Integration of both CBC and RC Revenue Groups
-

**PRODUCTIONS AND DIGITAL INFRASTRUCTURE**

- Organizational structure reviews resulting in management reduction
-
-

**COMMUNICATIONS**

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-
-
-

**REDIRECT FUNDING**

-
-
-

**ARCHIVES**

- Staffing cutbacks

# FRENCH SERVICES STRATEGY 2015



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# FRENCH SERVICES STRATEGY 2015 *(CONTINUED)*

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- 
- Digital: Launch the new ICI TOU.TV:
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# FRENCH SERVICES MAIN 2014-2015 CHALLENGES

# FRENCH SERVICES PROGRAM GENRE STRATEGY

# FRENCH SERVICES BUSINESS PLAN – 2014-2015
# AUDIENCE & MARKET SHARE BY PLATFORM

| KPIs | Annual Target 2013-14 | Results to Date 2013-14 | Year End Forecast 2013-14 | Estimated Trend into 2014-15 |
|---|---|---|---|---|
| ICI Radio-Canada Première and Espace musique (1) | 19.3% | | | |
| ICI Radio-Canada Télé, 2+ (2)<br>ICI Radio-Canada Télé, 25-54 years of age (2) | 19.5% | | | |
| ICI RDI, ICI ARTV, ICI Explora, 2+ (3)<br>ICI RDI, ICI ARTV, ICI Explora, 25-54 years of age (3) | 5.2% | | | |
| Regional: ICI Radio-Canada Première (4) | 18.5% | | | |
| Regional TV Newscasts (6 p.m.) (5) | 0.350 million | | | |
| Regional web pages (6) | 0.710 million | | | |
| ICI Radio-Canada.ca, Tou.Tv, RCInet.ca, Espace.mu (6) | 2.3 million | | | |
| Subscribers : ICI RDI (7) | 11.2 million | | | |
| Subscribers : ICI ARTV (7) | 2.0 million | | | |
| Subscribers : ICI Explora (7) | 0.4 million | | | |
| Revenue : conventional, specialty, online (8) | 243.8 million | | | |

**Legend:**

- Tracking to exceed target
- Tracking to meet target
- Might meet target
- Tracking not to meet target

**Notes:**

(1) BBM Canada, spring and fall survey (diary), 12+, Full-day audience share.

(2) BBM Canada, Personal People Meter (PPM), Prime-time audience share Fall/Winter season. Results to date 2013-2014: As at December 29th.

(3) BBM Canada, Personal People Meter (PPM), All-day audience share April-March. Results to date 2013-2014: As at December 29th.

(4) BBM Canada, spring and fall survey (diary), 12+, Morning shows audience share Mon-Fri 6-9 a.m.

(5) BBM Canada, Personal People Meter (PPM), 2+, Average viewer per minute, Weekly average, Mon-Fri 6-6:30 p.m. Fall/Winter season. Results to date 2013-2014: As at December 29th.

(6) Source: comScore, 2+, Monthly average unique visitors April-March. Results to date 2013-2014: April-November average.

(7) At at October 31st.

(8) As at November 30th.

(9) Exceptional results in 2013-2014, not likely to be sustainable.

(10) Pressures on programming: high impact shows undergoing changes; increased number of acquisitions; decreased number of new offering; renewed vigor in direct competition.

(11) Key priorities and measures to face financial pressures are aligned to sustain performance in 2014-2015.

(12) Based on most recent projections and revenue assumptions.

# FRENCH SERVICES: NEWS AND CURRENT AFFAIRS



## Priorities and Key Action Plans:

**Flagship news and current affairs shows**

**ICI Radio-Canada.ca:**

**Centre de l'information:**

**Regions:**

**RDI:**

**RCInet:**

**Aboriginal policy:**

**Diversity** of stories, people and perspectives:

# FRENCH SERVICES: NEWS AND CURRENT AFFAIRS *(CONTINUED)*

## Performance

| Total Budget | 2013-2014 | 2014-2015 | Variance |
|---|---|---|---|
| Total Budget Reductions by 2016-2017 | | | |
| **Total** | | | |

# FRENCH SERVICES NEWS AND CURRENT AFFAIRS *(CONTINUED)*

## Impacts

| FTEs | 2013-2014 | 2014-2015 | Variance |
|---|---|---|---|

# FRENCH SERVICES: ARTS & ENTERTAINMENT



## Priorities and Key Action Plans:

### ICI Radio-Canada Télé

- Prime-time schedule:
- Daytime schedule:
- Youth:
- Regional non-news programming:

### ICI Tou.tv

- Renovate ICI TOU.TV platform and launch Extra tier in partnership with Telus and Rogers
-

# FRENCH SERVICES: ARTS & ENTERTAINMENT *(CONTINUED)*

## Performance:

| Total Budget | 2013-2014 | 2014-2015 | Variance |
|---|---|---|---|

# FRENCH SERVICES: ARTS AND ENTERTAINMENT *(CONTINUED)*

| Total Budget Reductions by 2016-2017 | |
|---|---|
| | • Cancellation of one daily network program *Alors on jase!* |
| | • Reduction of number of episodes of one daily regional program *Quelle histoire!* ( |
| | • |
| | • |
| | • |

## Impacts

| FTEs | 2013-2014 | 2014-2015 | Variance |
|---|---|---|---|

# FRENCH SERVICES: SPORTS

## Priorities and Key Action Plans:

- 
- Significant workforce reduction
- Termination of daily sports show at 10:45PM
- Maintain expertise to provide sports news presence on all dedicated platforms at primetime (radio, TV and WEB)
- Keep flexibility to cover amateur or professional sports on a very selective basis depending on expected profitability

| Total Budget | 2013-2014 | 2014-2015 | Variance |
|---|---|---|---|
| Total Budget Reductions by 2016-2017 | • maintaining a prime-time presence on TV and radio, evolving the digital offering | | |
| | • | | |
| | • | | |
| | **Total** | | |

# FRENCH SERVICES: SPORTS *(CONTINUED)*

| Impacts |
| --- |
| 1. |
| 2. |

| FTEs | 2013-2014 | 2014-2015 | Variance |
| --- | --- | --- | --- |

# FRENCH SERVICES: MUSIC

## Priorities and Key Action Plans:

# FRENCH SERVICES: MUSIC *(CONTINUED)*

## Performance

| Total Budget | 2013-2014 | 2014-2015 | Variance |
|---|---|---|---|
| Total Budget Reductions by 2016-2017 | • | | |
| | • Elimination of regionalized weekday morning slots (from total weekly volume of regional programming of 227.5 hours to daily 3.5-hour network show) | | |
| | • | | |
| | • | | |
| | **Total** | | |

## Impacts

| FTEs | 2013-2014 | 2014-2015 | Variance |
|---|---|---|---|

# FRENCH SERVICES: TALK RADIO

## Priorities and Key Action Plans:

# FRENCH SERVICES: TALK RADIO *(CONTINUED)*

| Total Budget | 2013-2014 | 2014-2015 | Variance |
|---|---|---|---|
| Total Budget Reductions by 2016-2017 | • | | |
| | • | | |
| | **Total** | | |
| Impacts | | | |

| FTEs | 2013-2014 | 2014-2015 | Variance |
|---|---|---|---|

# FRENCH SERVICES: EXPLORA (NATURE, HEALTH)



## Priorities and Key Action Plans:

## Performance

# FRENCH SERVICES: EXPLORA (NATURE, HEALTH) *(CONTINUED)*

| Total Budget | 2013-2014 | 2014-2015 | Variance |
|---|---|---|---|
| Total Budget Reductions by 2016-2017 | • | | |
| | • | | |
| | **Total** | | |
| Impacts | | | |

| FTEs | 2013-2014 | 2014-2015 | Variance |
|---|---|---|---|

# FRENCH SERVICES: ARTV (NOT INCLUDED IN BUDGETS)

## Priorities and Key Action Plans:

### Programming

- 
- 
- 
- Support the commitment to reflecting the country's regions and diversity

### Performance:

| | | |
|---|---|---|
| Total Budget 2013-2014 | | |
| FTEs 2013-2014 | | |

# FRENCH SERVICES: REGIONAL STRATEGY



## Priorities and Key Action Plans:

**"Good Morning to Good Evening":** Prioritize regionally rooted programming.

Radio:

Television:

Digital news:

**"Telling the Country's Stories":**

**Increase our community exposure**

Partnerships:

**Broadcast centre redevelopment projects**

Moncton: New centre due to open in March 2015

# FRENCH SERVICES: REGIONAL STRATEGY (*CONTINUED*)

## Priorities and Key Action Plans:

### Performance

| Total Budget | 2013-2014 | 2014-2015 | Variance |
|---|---|---|---|

# FRENCH SERVICES: REGIONAL STRATEGY (*CONTINUED*)

| | |
|---|---|
| **Total Budget Reductions by 2016-2017** | • Elimination of regional morning programming on Espace Musique (ref. Music)<br>• Reduction of number of episodes of a daily show (ref. Arts & Entertainment)<br>•<br>•<br>**Total** |
| **Impacts** | |

# FRENCH SERVICES: DIGITAL STRATEGY



## Priorities and Key Action Plans:

**ICI TOU.TV:** Establish partnerships with Telus and Rogers and launch the Extra service

**ICI.mu (Espace.mu 2.0):**

**Social networks:**

**Investments in emerging platforms:**

**Curio:** Continue expanding our educational offering in tandem with CBC

**ICI Radio-Canada.ca:**

| Total Budget * | 2013-2014 | 2014-2015 | Variance |
|---|---|---|---|

# 6. NON-MEDIA SERVICES

# 2014-2015 OPERATING BUDGET
# NON-MEDIA SERVICES

| | 2013-2014 Current Budget ($000's) | 2013-2014 Forecast ($000's) | 2014-2015 Proposed Budget ($000's) | 2015-2016 Forecast ($000's) | 2016-2017 Forecast ($000's) |
|---|---|---|---|---|---|
| **SOURCES OF FUNDS** | | | | | |
| Share of Parliamentary Appropriation | | | | | |
| DRAP reduction | | | | | |
| *Total Share of Parliamentary Appropriation* | | | | | |
| Miscellaneous Revenues: | | | | | |
| Real Estate Services | | | | | |
| Transmission and Distribution | | | | | |
| Interest Revenue | | | | | |
| Capital Recoveries | | | | | |
| Canadian Retransmission Rights Association (CRRA) | | | | | |
| Corporate Research | | | | | |
| Canadian Claimants Group Rights (CCG) | | | | | |
| Sirius - Program Sales | | | | | |
| Other Revenues (Sirius dividends and sale of Stingray warrants) | | | | | |
| **TOTAL SOURCES OF FUNDS** | | | | | |
| **APPLICATION OF FUNDS** | | | | | |
| Self-generated revenues not transferred to capital | | | | | |
| Infrastructure and Technology Services (see details on next page) | | | | | |
| General and Administrative Services (see details on next page) | | | | | |
| Corporate Expenses (see details on next page) | | | | | |
| Committed Reserves | | | | | |
| **TOTAL APPLICATION OF FUNDS** | | | | | |
| **NET POSITION for the Fiscal Year** | | | | | |
| Prior Year Carryover - to components and committed reserves | | | | | |
| Prior Year Carryover - to fund priorities and financial pressures | | | | | |
| **NET POSITION - Cumulative** | | | | | |
| *Net Position - Per March 2013-2014 business plans* | | | | | |
| *Variance from 2013-2014 business plan submissions* | | | | | |

# 2014-2015 OPERATING BUDGET
# NON-MEDIA (APPLICATION OF FUNDS)

| | *2014-2015 FTE* | 2013-2014 Current Budget ($000's) | 2013-2014 Forecast ($000's) | 2014-2015 Proposed Budget ($000's) | 2015-2016 Forecast ($000's) | 2016-2017 Forecast ($000's) |
|---|---|---|---|---|---|---|
| **APPLICATION OF FUNDS** | | | | | | |
| **Infrastructure and Technology Services:** | | | | | | |
| Real Estate Services | | | | | | |
| Media Technology Services | | | | | | |
| Information Technology | | | | | | |
| **Total - Infrastructure and Technology Services** | | | | | | |
| **General and Administrative Services:** | | | | | | |
| Office of the President and CEO | | | | | | |
| Office of the Chairperson and Board of Directors | | | | | | |
| Ombudsmen - English and French Services | | | | | | |
| Branding, Communications and Corporate Affairs | | | | | | |
| Corporate Research | | | | | | |
| Regulatory Affairs | | | | | | |
| General Counsel, Corporate Secretariat and Compliance | | | | | | |
| People and Culture | | | | | | |
| Shared Services | | | | | | |
| Corporate Finance and Administration | | | | | | |
| Internal Audit | | | | | | |
| **Total - General and Administrative Services** | | | | | | |
| **Corporate Expenses:** | | | | | | |
| Severance Pay and Other Personnel Costs | | | | | | |
| Dental Plan and EAP | | | | | | |
| Training and Development * | | | | | | |
| Insurance and Taxes, etc. | | | | | | |
| **Total - Corporate Expenses** | | | | | | |
| **TOTAL APPLICATION OF FUNDS** | | | | | | |

# NON-MEDIA SERVICES

- Non-Media Services 2014-2015 budget is comprised of the following:

  Infrastructure and Technology Services

  General and Administrative Services

  Corporate Expenses

  Total Non-Media Services

- Of the total budget, represents costs that are contractual in nature (real estate, transmission, bond interest, etc.)
- Non-Media Services will contribute to balancing the 2014-2015 budget through:

- Appendix J provides information on Non-Media Services activities and priorities for 2014-2015, while more detail of the budget reductions are provided on the next page and in Appendix D

# SUMMARY OF REDUCTIONS IN NON-MEDIA SERVICES

| | 2014-2015 | | 2015-2016 | | 2016-2017 | |
|---|---|---|---|---|---|---|
| | FTE's | $000's | FTE's | $000's | FTE's | $000's |
| Real Estate Services | | | | | | |
| Media Technology Services | | | | | | |
| Information Technology | | | | | | |
| Office of President and CEO | | | | | | |
| Branding, Communications and Corporate Affairs | | | | | | |
| Corporate Research | | | | | | |
| Regulatory Affairs | | | | | | |
| People and Culture | | | | | | |
| Shared Services | | | | | | |
| Finance and Administration | | | | | | |
| **Total - Non-Media Services** | **9** | | **11** | | **11** | **4,725** |

| | 2014-2015 | 2015-2016 | 2016-2017 |
|---|---|---|---|
| Management | | | |
| APS | | | |
| Unions | | | |
| **Total** | **9** | **11** | **11** |

# 7. CAPITAL BUDGET

# CAPITAL BUDGET 2014-2015 OVERVIEW

- Capital plan focus is on next 3 years with majority of projects tied to maintaining / refreshing core business assets / addressing codes & regulations and health & safety issues

# CAPITAL BUDGET 2014-2015 OVERVIEW *(CONTINUED)*

- 
- 
- We will continue to monitor our capital needs and our capital risk levels and will address any urgent requirements should they arise
- The following pages provide summary information on the 3-year capital plan and the investment program for 2014-2015
- 

# CAPITAL BUDGET RECOMMENDED CAPITAL BUDGET

## 2014-15 TO 2016-17 CAPITAL INVESTMENT PLAN (in $000's)

| | Current Year 2013-2014 | Budget 2014-2015 | Forecast 2015-2016 | Forecast 2016-2017 | Total 3 Years | % of 3-Year |
|---|---|---|---|---|---|---|
| CAPITAL INVESTMENT PLAN | | | | | | |
| Production Infrastructure | | | | | | |
| Enterprise Systems & Technology Infrastructure | | | | | | |
| Presentation, Collection, Distribution & Delivery | | | | | | |
| Property Management | | | | | | |
| Fleet and Minor Capital Purchases | | | | | | |
| Corporate Contingency | | | | | | |
| **TOTAL CAPITAL INVESTMENT PLAN[1]** | | | | | | |
| Capital Appropriation | | | | | | |
| Carry forward from 2012/13 | | | | | | |
| Capital Leases | | | | | | |
| Proceeds of Sale | | | | | | |
| Other Self-Generated Revenues | | | | | | |
| **TOTAL AVAILABLE CAPITAL FUNDING** | | | | | | |
| **Planned (Increase) / Decrease in Projects to Exceed Available Resources** | | | | | | |
| **Cumulative Delay Factor [3]** | | | | | | |
| **Target Delay Factor** | | | | | | |
| **Net Surplus / (Deficit)** | | | | | | |

# 3-YEAR CAPITAL INVESTMENT PLAN

# CAPITAL BUDGET INVESTMENT PROGRAM FOR 2014-2015 (IN $000'S)

| Component | Description | 2014/15 |
|---|---|---|
| **TOTAL CAPITAL INVESTMENT PLAN 2014/15 (in $000's)** | | |
| **Production Infrastructure** | | |
| Ent. Wide | | |
| ERN/FRN/ETN/FTN | | |
| FRN/FTN | | |
| FRN/FTN | | |
| FTN/ETN | | |
| FTN/ETN | | |
| ETN/ERN | | |
| ENM/FNM | | |
| Capital Lease | | |
| ERN/FRN | | |
| FTN | | |
| ETN | | |
| FTN | | |
| ETN | | |
| ETN/FTN | | |
| **Enterprise Systems & Technology Infrastructure** | | |
| Ent. Wide | | |
| IT/MTS | | |
| MTS | | |
| IT | | |
| IT/Ent. Wide | | |
| Ent. Wide/IT | | |
| Corp Components | | |
| MTS | | |
| IT | | |
| Capital Lease | | |
| IT | | |

# CAPITAL BUDGET INVESTMENT PROGRAM CONTINUED (IN $000'S)

| Component | Description | 2014/15 |
|---|---|---|
| **Presentation, Collection, Distribution & Delivery** | | |
| Capital Lease | | |
| T&D/DTN | | |
| FRN/ERN | | |
| ETN | | |
| ERN | | |
| ETN/FTN | | |
| T&D | | |
| Ent. Wide | | |
| MTS | | |
| **Property Management** | | |
| Capital Lease | | |
| Ent. Wide | | |
| Ent. Wide | | |
| Real Estate | | |
| Real Estate | | |
| Ent. Wide | | |
| Real Estate | | |
| Ent. Wide | | |
| Real Estate | | |
| **Fleet & Minor Capital** | | |
| Fleet Mgmt | | |
| Minor Capital | | |

# CAPITAL BUDGET REDUCTION

**1. Reduced Transfer from Self-Generated Revenues**

**Total Reductions from Self-Generated Revenues**

**2. Reduced Capital Surplus Carryover from 2013-14**

**Total Capital Reduction 2014-15**

*Note: was factored into prior year capital plans as an overall reduction to funding, therefore no current planned projects are affected.*

# CAPITAL BUDGET BACKGROUND INFORMATION

**Additional background on the Capital Plan is provided in Appendices:**

Appendix K: Key initiatives by Investments Category
Appendix L: Priorities, Challenges and Risks by Major Component
Appendix M: Capital Budget Projects greater than $5M

# 8. IMPLEMENTATION PLAN

- Beyond 2015 deliverables and timeline
- Workforce Adjustment Plan and IR Strategies
- Communication Plan

# BEYOND 2015 BOARD DELIVERABLES

# BEYOND 2015 PLANNING PROCESS TIMEFRAME

2013 2014

# PEOPLE & CULTURE - WORK-FORCE ADJUSTMENT (WFA) PLAN – 2014-2015

- Work closely with the business through their various plans. A roadmap of the HR/IR initiatives to enable the changes:
  - Review business needs, redefine structures, review roles and identify potential areas of reduction
  - Arrange career transition services for affected employees
  - Ensure wellness initiatives
  - Equip managers with change management tools
  - Work with the unions through the process (on-going transparent communication, re-introduce the joint committees)

# STEPS IN THE WORKFORCE ADJUSTMENT PROCESS

| |
|---|
| Planning |
| Approval of Budget and Estimated FTEs by Board of Directors |
| Finalize Impact on FTEs |
| Notice to the Minister of Labour (minimum of 16 weeks prior to the Departure of Employees in locations with 50 positions of more) |
| Communication with Management and Unions re: Redundancies |
| Communication with Teams that are significantly impacted |
| Town Halls with Employees |
| Component Communication with Employees |
| Training of Managers who will be giving notices |
| Joint Union-Management Committees convened |
| Redundancy Notices to employees in affected positions |
| Redeployment and Bumping |
| Layoff Letters to Employees |
| Departure of Affected Employees |

** Timelines for the above will be determined in the coming weeks.*

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

# IR STRATEGIES

- Industrial Relations
  - The basis of the our IR strategy is to maintain effective relationships with the unions while addressing strategic issues
  - The impact of these additional cuts will inevitably affect our relationship with the unions, but we will continue to maintain open communication and transparency throughout the process and continue negotiations to advance business priorities
  - The announcement of workforce reductions will have an impact
- CMG
  - New agreement negotiated for April 2014 to March 2019
  - Wages: 1.5% increase at April 1, 2014 and April 1, 2015. Wage reopeners in each of the last 3 years of the Collective Agreement
  - Next Port Credit session with CMG in the fall of 2014
- APS
  - New agreement negotiated for July 1, 2013 to June 30, 2016
  -

# IR STRATEGIES (*CONTINUED*)

- STARF
  - Current agreement expires March 31, 2014
  -
  -
- SCRC
  -
  -
  -
- AR
  - The parties recently agreed to renew the current collective agreement from December 16, 2013 to December 15, 2014
  - Wages:  1.5% increase on December 16, 2013

# IR STRATEGIES (*CONTINUED*)

- SCFP
  - Current agreement expires on September 20, 2015
  - Parties must renew the monetary clauses in September of each contractual year
  - Wages:
  -

- All French Unions
  - Our closing arguments for Phase I of the legal process have been submitted to the CIRB in late February.  Unions to submit theirs by March 28, 2014
  -
  -

# COMMUNICATIONS PLAN

Will be presented under separate cover

# 9. BOARD RESOLUTION

# BOARD RESOLUTION

**IT IS RESOLVED THAT:**

That the 2014-2015 Operating and Capital Budgets be approved and that the Senior Executive Team be authorized to give effect to the measures contained therein.

## MOTION CARRIED