

**Should you be concerned about  
the situation facing  
CBC/Radio-Canada?**



**Speaking Notes for**

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President and Chief Executive Officer  
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**to the  
Board of Trade  
of Metropolitan Montreal**

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(Please check against delivery)

Members of the head table,  
Ladies and gentlemen,

Hello,

I would like to thank Michel Leblanc for his introduction and the Board of Trade for inviting me to speak to you today.

Last December, when I accepted this invitation, I never thought I would be coming here in the wake of announcements like those that we made just yesterday.

I would have preferred to speak to you about our CBCers — those creative, passionate and incredibly skilled people who work at our 26 television stations and 83 radio stations across Canada. It is they who produce the programs, products and services that are now connecting with larger audiences than ever before.

I would have liked to tell you about:

- the combined market share of 19.4 per cent achieved by Première Chaîne and Espace musique — a new record;
- that of Télévision de Radio-Canada which, despite our competitors' many reality shows and the plethora of specialty channels, has successfully maintained its prime-time market share of 19.9 per cent, thanks to distinctive programs like *Les Invincibles*, *Tout sur moi*, *Les Parent*, *Une heure sur Terre* and *Découverte*, or
- the 9.3 million visitors we get every month on the *Radio-Canada.ca* website.

I would have preferred to tell you about how well CBC is also doing with increased market shares on every platform, with the greatest improvement coming from CBC Radio One, which last fall attracted 3.5 million Canadians for a record market share of 11.1 per cent (I would like to point out that 16 of our morning shows are number one or two in their respective markets across the country).

CBC Television has achieved an 8.9 percent share, up from 6.7 three years ago. This marks the first time in our history that a Canadian-only prime-time schedule has beaten a predominantly American prime-time schedule. CBC Television is the second-most-watched network in Canada.

I would have liked to tell you about our transformation from being a television and radio broadcaster with an Internet presence into an integrated content provider that leverages television, radio and the Web to deliver content on the platform of your choice, whenever and however you want it.

But as I am sure you will agree, it is difficult to talk about subjects like these at a time when we have just announced the elimination of roughly 800 jobs in response to a budget shortfall of some \$171 million.

It is for this reason that I have changed the subject of my speech to you today, and would like to use this opportunity, instead, to explain what is going on at CBC/Radio-Canada.

### **Our financial situation**

For several weeks now, our financial situation has drawn considerable media attention. It was quite clear that CBC/Radio-Canada was not going to be spared, given its funding structure and the current economic context.

Please bear with me for a moment as I provide a brief overview of our funding structure. I am always surprised to learn how little Canadians know about how their national public broadcaster is funded.

In January 2009, Nordicity Group Ltd. published a study on per-capita funding levels for public broadcasters in 18 major Western countries. The average is \$76 per person, per year. Before President Sarkozy's recent decision to do away with advertising on public television during prime time, France provided funding of \$65 per citizen; that amount will now be increased to \$77. The BBC? \$124 per person. And Canada? Well, we ranked 15<sup>th</sup>, with a grand total of \$34 per person, or \$42 less than the average, despite providing services in two official languages and six time zones.

Thirty-four dollars. Take your monthly cable bill and multiply it by 12. Think how much you pay every year to have your newspaper delivered to your door. Compare those amounts to the \$34 you pay for the entire range of services provided by CBC/Radio-Canada in both official languages on a wide array of platforms.

So it's this \$34 per person — a little less than 10 cents a day — that Canadian governments have been constantly referring to for the last 20 years whenever they talk about the billion dollars of parliamentary appropriations we receive. I should add that the amount was the same when we provided only nine services and the Internet didn't exist yet.

To that billion-dollar sum, you can add another \$600 million in revenue that we raise ourselves for a total budget of some \$1.7 billion, including \$300 to \$350 million in advertising revenue.

With the entire industry experiencing severe economic instability, it is that advertising revenue that is most strongly affected, falling off drastically as viewers shift to speciality channels. It's proof positive that the conventional television business model is broken and has to be rethought.

### **Our current challenges**

Yesterday, we announced the steps we had taken to balance our budget for the 2009-2010 fiscal year, which begins on April 1.

For the coming fiscal year, we are facing a budget shortfall of roughly \$171 million.

To help us manage budget pressures, we had asked the Government to grant us a degree of financial flexibility similar to the flexibility that private broadcasters enjoy when managing their budgets. In a nutshell, since CBC/Radio-Canada is not allowed to borrow a single dollar to manage its liquidity, we simply wanted to be able to have access to lines of credit and to pay them down in the course of normal operations.

We never asked for additional subsidies. We did not "beg for more," to quote recent headlines in the *Toronto Sun* and *Ottawa Sun*.

As you already know, that request was refused. No lines of credit, no temporary funding and no advances on future parliamentary appropriations to allow us to better manage CBC/Radio-Canada's operations and personnel, and to protect the investments that various governments have made since our creation nearly 75 years ago.

Given the Government's refusal, I raised the possibility of selling various assets to secure the temporary funding that we require. Clearly, that is not an ideal solution. For instance, if we decide to accelerate certain cash inflows scheduled for the next few years in order to collect the entire amount right away, we will deprive ourselves of those future inflows and be forced to cut our budgets in coming years by the corresponding amounts. Similarly, if we decide to sell some of our buildings and rent instead, we will incur additional fixed payments necessitating matching cuts to future budgets.

### **What we protected**

In keeping with our strategy, we have preserved certain priorities that are closely associated with our mandate and identity:

- our English and French radio services will remain commercial-free;
- we will continue to develop services on new platforms;
- we will preserve CBC Television's exclusively Canadian line-up between 8:00 p.m. and 11:00 p.m.;
- we will preserve our regional presence, even if the service level has to be reduced, and will not close regional stations;
- we will meet our conditions of license.

But let's be clear: the plan I am outlining for you today depends on our successfully selling at least \$125 million worth of assets and the Government allowing us to:

- carry out these transactions, and;
- keep the proceeds in order to balance our budget.

If those conditions are not met, we will have to go back to the drawing board. We will be unable to balance our budget without making new, even deeper cuts. And if that happens, we will have to consider taking drastic action that would compromise the very services we deliver to Canadians. That is the scenario that I articulated to The Empire Club in February of this year.

In drawing up this budget, we had to make some very difficult choices, which we explained yesterday to our employees.

### **Our people**

In regard to staff, we will have to cut about 800 full-time positions (400 at CBC, 335 at Radio-Canada and the remainder in various support services). The scope of these cuts becomes clear when you consider that wages represent about 60 per cent of our costs.

We will do our utmost to keep the number of jobs affected to a minimum by offering our employees a voluntary retirement incentive program, among other options. We are also working closely with our six unions to find other solutions.

We are fully aware that scaling back our activities will have an impact on the independent production companies with whom we work. During the last three years, our French Services invested an average of \$77 million annually to obtain 920 hours of original television programming, creating work for hundreds of technicians, script writers, actors and producers who are not part of Radio-Canada but who will also feel the effects of these budget cuts.

We do not operate in a vacuum: every blow dealt to public broadcasting inevitably affects independent production as well.

### **How will yesterday's decisions affect audiences?**

At Radio-Canada, no service will be untouched.

Here are a few examples:

#### **Regional centres**

In Québec City, Ottawa, Moncton, and Sherbrooke, our 6:00 p.m. television newscasts will be shortened from 60 minutes to 30 minutes during the summer.

In the same markets, lunch-time newscasts will be eliminated.

#### **Television**

We will shorten the block of children's programs by delaying the sign-on from 6:00 a.m. to 6:30 a.m. and ending one hour earlier in the fall/winter season.

#### **Radio: Première Chaîne**

We will cancel the programs, *Vous êtes ici* and *Macadam tribus*.

## **News**

The Dakar office will be closed, and there will be job cuts at the Paris office.

Radio Canada International services in Ukrainian and Cantonese will be eliminated.

The impact on CBC will also be substantial.

- There will be more repeat broadcasts on radio and television.
- We already announced the cancellation of *Fashion File* and *Steven and Chris*.
- CBC Radio will be reducing programming and staffing levels across the network.
- Resources allocated to rebuilding news services will be reduced, as will those of targeted stations serving regions with small populations.
- The number of episodes of very popular programs like *The Border*, *Little Mosque on the Prairie* and *This Hour Has 22 Minutes* will be reduced.
- Sports will also be affected, as evidenced by the cancellation of our license agreement with the Toronto Blue Jays.

As I said at the very beginning, these were very difficult decisions. The last few weeks have been very trying for our staff.

## **The impact on our strategy**

In recent weeks, I have met with James Moore, Minister of Canadian Heritage and Official Languages, on several occasions. He is a man that I get along with and respect, and with whom I could build a business relationship. We seem to share a number of convictions regarding what Canada's public broadcaster should be, including, if I am to believe reports of recent statements, the need to review the public broadcasting model to eliminate the reliance on advertising revenue to fund some of its activities.

So don't give any credence to all this stuff you've been reading about issues we have with each another. We are not fighting.

Does that mean that I like it when I read that his Government is rumoured to be contemplating helping CTV, Canwest and Quebecor after closing the door to our request for bridge funding? Does that mean that I like it when, with five days left in our fiscal year, I still don't have written confirmation of the approval of that the special \$60 million envelope for programming that we have received since 2001, but — at the same time — I hear that Government says that it has given us record funding in absolute dollars which must include this amount? Does that mean that I like it when, with five days left in our fiscal year, our capital budget is stuck in Government processes somewhere in Ottawa? Surely not.

Maybe now you can better understand the first public request that I made when I took this job, which was for stable, multi-year funding for CBC/Radio-Canada. How can you plan your business, a \$1.7-billion business, in this kind of environment? This is not about more money. This is about good governance. This is about good management.

### **What do we expect from CBC/Radio-Canada?**

Neither the current financial crisis nor the deep-seated changes that are shaking the Canadian broadcasting industry should lead us to abandon our long-term strategy. On the contrary, these factors have provided additional fodder for our strategic thinking and have forced us to ask the big questions about the role and nature of public broadcasting in Canada.

We are no longer simply a broadcaster operating in French and English.

New technologies and new platforms like the Web are not an end unto themselves. For CBC/Radio-Canada, they are ways to make our content more democratic, diversify it and encourage the participation of viewers and listeners. They are also means to try out new concepts that could become big hits with audiences (like *Chroniques d'une mère indigne*).

The mission of a national public broadcaster is to build identity and social cohesion. We are the mirror in which all Canadians must be able to recognise themselves. No other broadcaster has the combination of services and expertise that we have to forge ties between Canadians.

Finally, we must continue to be firmly rooted in every region across the country. In a country that spans 7,000 kilometres, protecting regional identities is central to the mandate bestowed upon us by Parliament. Our presence in each region helps reduce the feeling of isolation that small communities can sometimes feel.

Canadians now have access to hundreds of channels from the four corners of the earth. But along with such a wide choice of offerings comes the risk that Canadians will no longer relate to what they see and hear. In terms of demographics, Canada is becoming more and more diverse, bringing about deep-seated changes in the political and social fabric.

How can we best unite an immense country like Canada, where visible minorities already represent nearly half the population?

The content we provide helps to define and understand what it means to be Canadian. That is what differentiates us from the competition. And that is the true role of a national public broadcaster like CBC/Radio-Canada.

That is what every Canadian gets for only \$34 a year. So tell me: do you think you're getting your money's worth?

Thank you for your attention.