

KNOWLEDGE NETWORK CORPORATION SERVICE PLAN

2008/09–2010/11

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MESSAGE FROM THE BOARD CHAIR TO MINISTER RESPONSIBLE



Since 1981, Knowledge Network has supported local and regional voices in British Columbia. The evolution of public educational broadcasting in BC continued in April 2006, when Government proposed new legislation to establish Knowledge Network as a Crown Corporation. Over the past year, we've been building the foundation to support this significant change from the Open Learning Agency to Knowledge Network Corporation.

In September 2007, the Knowledge Network Board announced Rudy Buttignol as the new President and CEO of the Corporation. During this time Government approved our digital conversion plan, which is now underway and will be completed by September 2008. In October 2007, Government approved the five goals from Knowledge Network Corporation's new Strategic Plan, setting the stage for our transformation into a media service that is an integral part of British Columbia's future. In early 2008, the Knowledge Network Corporation Act is expected to reach Royal Assent.

With many of these key milestones occurring late in the fiscal year, we've only recently been able to move forward on the development of business plans in support of the new strategic direction. Our plans will evolve in the coming year as we move towards implementation of our five strategic goals: Branding, Original Programming on Television and the Internet, Independent Production Partnerships, Self-Generated Revenue, and Team Recruitment and Development.

In the coming year, we will also develop our Climate Change Action Plan, supporting Government's goal of carbon neutrality for the public sector by 2010. With access to audiences across the province, Knowledge Network Corporation is positioned to play a significant role in raising awareness about climate change—educating British Columbians about environmental issues and what we can do as citizens to preserve the planet for future generations.

The people of BC have always valued their public educational broadcaster. With over 25,000 Partners In Knowledge contributing \$1.9M annually, Knowledge Network Corporation has a strong constituency of loyal donors who support lifelong learning. We now have an opportunity to grow our service, engaging a new, diverse generation of citizens eager to participate in a vibrant and dynamic society. They will benefit from Knowledge Network Corporation's unique mix of programming that, with its local, provincial, and global perspectives, challenges British Columbians to explore their world from different points of view. Through our broadcast and Internet offerings, we'll continue to connect the people of BC with information and resources that make a difference in their lives and communities—ultimately resulting in positive impacts that we all will benefit from.

There are indeed challenges before us that must be managed. The advent of digital technology and the impending corporate and regulatory changes to Canada's broadcasting system will profoundly influence the present and future operations of Knowledge Network Corporation. Corporate concentration of media has begun to erode diversity of voices in British Columbia and across the country. To ensure public educational broadcasting continues to be a vital presence in Canada's broadcasting system, we will actively engage in dialogue with Heritage Canada and the Canadian Radio-television and Telecommunications Commission. We will also collaborate with the independent television and new media production community to ensure that issues relevant to British Columbians and reflective of our province's rich multicultural fabric are given expression.

The 2008/09 – 2010/11 Knowledge Network Corporation Service Plan was prepared under the Board's direction in accordance with the Budget Transparency and Accountability Act and the BC Reporting Principles. It reflects an expectation that we will receive funding from various sources in support of our new strategic direction. If our funding is not realized, it will impact our ability to meet our goals and targets. The plan is consistent with Government's strategic priorities. The Board is accountable for the contents of the plan, including the selection of performance measures and targets. All significant assumptions, policy decisions, and identified risks, as of January 2008, have been considered in preparing the plan. The performance measures presented are consistent with Knowledge Network Corporation's mandate and goals, and focus on aspects critical to the organization's performance. The performance targets in this plan have been determined based on an assessment of Knowledge Network Corporation's operating environment, forecast conditions, risk assessment, and past performance.

The focus for 2007/08 was on planning for the future; through 2008/09, our focus shifts to implementing a vision that will continue to inspire our viewers and partners across British Columbia.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ron Burnett', with a stylized flourish at the end.

Ron Burnett
Chair, Knowledge Network Corporation Board of Directors

ORGANIZATIONAL OVERVIEW

Knowledge Network Corporation (KNC) is a newly created Crown agency of the Province of British Columbia. It operates under the Knowledge Network Corporation Act, which is expected to come into effect in early 2008.

The purpose of the Corporation, as outlined in the Knowledge Network Corporation Act and the Shareholder's Letter of Expectations, is to:

1. Carry on the business of broadcasting and communications to provide unique, quality educational programming to British Columbians,
2. Promote lifelong learning in British Columbia by providing quality educational programming,
3. Inform and educate British Columbians about their province and about issues that are relevant to them,
4. Provide British Columbians with a unique television experience, and
5. Collaborate with the independent television and web media production sectors in British Columbia.

Our Accountabilities include television and/or Internet programming that reflect:

- The spirit of ActNow BC;
- BC's role as the gateway between Canada and the Asia Pacific;
- The promotion of literacy, including early learning initiatives and adult literacy;
- Aboriginal communities, culture, and issues;
- The experiences and interests of all age groups including young children, youth, and seniors; and,
- The celebration and commemoration of the 150th anniversary of British Columbia as a Crown colony.

KNC provides programming content through television and the Internet with a unique emphasis on British Columbia and its world view. We operate on a commercial-free basis, funded through a provincial grant combined with self-generated revenue from additional sources. KNC acquires programs locally, nationally, and internationally. We also collaborate with the independent television and new media production sector through partnerships, commissions, prelicenses, and other means.

The chart below highlights KNC's organizational structure. There are currently 61.5 budgeted full-time equivalent positions.

MINISTER OF ADVANCED EDUCATION AND MINISTER RESPONSIBLE FOR RESEARCH AND TECHNOLOGY HONOURABLE MURRAY COELL						
BOARD OF DIRECTORS DR. RON BURNETT, CHAIR						
PRESIDENT AND CHIEF EXECUTIVE OFFICER RUDY BUTTIGNOL						
DIRECTOR OF FINANCE	DIRECTOR OF HUMAN RESOURCES	CREATIVE DIRECTOR	DIRECTOR OF BUSINESS AND CONTENT MANAGEMENT	DIRECTOR OF GOVERNMENT AND PUBLIC RELATIONS	DIRECTOR OF DEVELOPMENT	DIRECTOR OF BROADCAST OPERATIONS AND INFORMATION TECHNOLOGY
JEFFREY LEE	TRACEY BALOGH	MURRAY BATTLE	SARAH MACDONALD	GLENNA POLLON	CLAUDIA STEEVES	OLIVER EICHEL
Payroll Facilities Purchasing Payables Accounting	Recruitment and Training Compensation Benefits Employee Relations	Programming Independent Production Branding, Design, and Promotion	Production Management New Media Media Partnerships Business Affairs	Government Affairs Regulatory (CRTC) Research Communications	Partners In Knowledge Planned Giving Endowment Fund Major Gifts	Broadcast Operations Corporate Technology Engineering

GOVERNANCE

KNC's corporate status is governed by the Knowledge Network Corporation Act of British Columbia. The shareholder is the Province of British Columbia as represented by the Minister of Advanced Education.

KNC holds two other designations that inform our organizational and business decisions:

1. KNC is licensed through the Canadian Radio-television and Telecommunications Commission (CRTC) to broadcast educational programming in British Columbia.
2. KNC is a registered charity, engaging in fund-raising activities through our Partners In Knowledge program. Funds raised support the acquisition and production of unique, high-quality programming for children, youth, and adults.

Board of Directors

Members of KNC's Board of Directors are appointed by Government. Government is responsible for policy direction while the Board is responsible for operational policy and setting the strategic direction of the organization. The Board also monitors performance based on the Province's planning and reporting principles. The Board delegates responsibility for the day-to-day leadership and management to the President and Chief Executive Officer. The Board has systems in place to ensure that their operations and decision-making processes are consistent with the Board Resource Development Office Guidelines. The Board's governance practices are available on our website at www.knowledgenetwork.ca.

As of December 31, 2007, the KNC Board members are:

Dr. Ron Burnett (Chair)
Nini Baird (Vice Chair)
Rick Buchols
Dave Calder
Beth Haddon (Secretary)
Sinclair Mar
Patricia Sollars
Mitchell Taylor

Knowledge Network Corporation Governance Principles

The KNC Board is guided in its governance by principles that are intended to support best practices in innovation and improvement, sound fiscal management, and respect for all the stakeholders.

PRINCIPLES	HOW WILL THEY BE ACHIEVED?
Ensure broad-based, relevant Board representation.	Recommend individuals from business, education, finance, law, new media, and other relevant disciplines.
Promote strategic macro-governance direction.	Work with management to ensure continuous improvement of service delivery.
Maximize value for money.	Operate by demonstrating effectiveness and efficiency in use of resources.
Listen to KNC partners.	Seek input from partners, stakeholders, and the provincial government and act on it.
Leverage best practices including the selection of performance measures and targets.	Support the CEO in the development, implementation, and evaluation of a Service Plan that meets goals and objectives set by the Board.

Committees

There are three standing Committees that support the role of the Board in fulfilling its obligations and responsibilities related to audit and risk management, governance, and strategic planning.

1. Audit Committee

The purpose of the Committee is to ensure that the audit process, financial reporting, budgets, and risk management systems are reliable, efficient, and effective.
Members: Rick Buchols, Sinclair Mar, Mitchell Taylor

2. Governance Committee

The purpose of the Committee is to ensure that KNC develops and implements governance objectives and policies. Members: Sinclair Mar, Patricia Sollars

3. Strategic Planning Committee

The purpose of the Committee is to ensure KNC's strategic direction meets the public policy objectives identified in the Knowledge Network Corporation Act.
Members: Nini Baird, Beth Haddon, Mitchell Taylor

PLANNING CONTEXT AND KEY STRATEGIC ISSUES

KNC's success in meeting our goals, strategies, and measures are influenced by many factors. Below is a summary of internal and external challenges and opportunities that may impact KNC's performance targets.

Risks and Mitigation Strategies

KNC is in the process of developing a new risk management approach with all key operating departments to identify and manage risks. For the purposes of this year's Service Plan, current risks and mitigation strategies are discussed under Challenges.

Challenges Regulatory

KNC operates in a federally regulated broadcast environment that is undergoing significant change. Multi-platform services, increased competition, corporate consolidation, and audience fragmentation are threatening traditional business models and economic foundations of both public and commercial broadcasters. In response to these issues, the CRTC is currently moving through an ambitious regulatory policy agenda that will impact KNC's future direction.

To ensure continued access of public educational broadcasting for all British Columbians, we are pursuing mandatory carriage of KNC on satellite services in BC, which will allow us to remain relevant and effective in promoting diversity of voices. We are also actively engaging in policy discussions and aggressively pursuing specific changes to regulations in support of public educational broadcasting as defined in the Broadcasting Act. Through ongoing dialogue with the CRTC and participation in public hearings, KNC continues to build its case for mandatory satellite carriage with the regulator and key stakeholders in British Columbia and across Canada.

KEY RISK:

Change in regulatory policy impacting carriage in British Columbia on satellite.

RISK MITIGATION STRATEGIES:

Ongoing dialogue with CRTC and Heritage Canada.

Participation in public hearings.

Collaboration with the Association of Tele-Education In Canada (ATEC) partners for development of common position and regulatory policy.

Association for Tele-Education in Canada (ATEC) Membership

British Columbia	Knowledge Network Corporation
Alberta	ACCESS
Saskatchewan	Saskatchewan Communications Network (SCN)
Ontario	TVOntario
Ontario, Quebec, and New Brunswick	TFO (French Service)
Quebec	Télé-Québec (French Service)

Canadian Television Fund

There has been significant debate over the last year regarding the future of the Canadian Television Fund (CTF), created in 1996 to support the production and broadcast of high-quality, distinctively Canadian television programming. As a result, the CRTC is reviewing the CTF as well as the place of new media in broadcasting regulation.

The CTF represents a public-private partnership between broadcasters including KNC, the CTF, and the independent production sector. In recent years, our access to the CTF has continuously eroded due to consolidation within the broadcast industry and changes to the CTF calculation process. This has impacted our ability to leverage funding for independent production activity. The health of the independent production industry is at risk, along with its ability to reflect British Columbia and its world view. One of the issues for discussion at the CRTC Public Hearing in 2008 is the measures the CTF should take to ensure appropriate support for programming licensed by educational broadcasters. KNC has shared its concerns with the CRTC and Canadian Heritage, and will continue to further its position in collaboration with the Association for Tele-Education in Canada (ATEC), representing all educational broadcasters in Canada.

KEY RISK:

Loss or reduction of CTF funding for independent production leveraged by KNC.

RISK MITIGATION STRATEGIES:

Ongoing dialogue with CRTC and Heritage Canada.

Participation in public hearings.

Collaboration with ATEC partners for development of common position and regulatory policy.

Development of alternative economic models to support independent production.

Broadcast Licence Renewal

In spring 2008, KNC will be applying to the CRTC for a renewal of its broadcast licence. This will be our first full term seven-year licence application since 1999. While KNC is currently in very good standing with the CRTC, our licence renewal will be based on our ability to demonstrate our viability for the future while meeting specific conditions of licence. The CRTC is updated regularly on our plans and activities to ensure we are moving forward in compliance with our licence obligations. We are in the process of developing a seven-year business plan that takes into consideration the CRTC's interest in multiculturalism and diversity as well as closed captioning and high-definition capability.

KEY RISK:

Reduced licence period.

RISK MITIGATION STRATEGIES:

Development of long-term business plans in support of new strategic direction.

Ongoing dialogue with key stakeholders.

Implementation of new reporting systems to support conditions of licence.

Development of Multicultural and Diversity Plan.

Opportunities**Digital Conversion**

KNC has begun the process of converting to an all-digital service. This initiative is integral to the success of KNC's strategic goals. The benefits include:

- 24/7 service.
- Introduction of new workflow solutions and increased productivity.
- Video on demand via the Internet.
- Content available on more than one platform.
- Scheduling options.
- Support for interactive web-based educational activities.

KNC's digital transformation will comply with current and future needs, allow for flexibility to accommodate new web, wireless, and high-definition platforms, and ensure we remain competitive in this new environment. With an updated infrastructure, KNC will present content with high standards and efficient delivery, attracting new media and independent television partners. The system will go live to air on September 1, 2008.

Independent Production Partnerships

The rapid concentration of media ownership and recent regulatory decisions have resulted in fewer avenues for independent voices to be heard in BC, as well as decreased availability of regional content. Yet the demand continues to grow for programming that is in the public interest; that represents diverse perspectives and fosters dialogue. As the only public educational broadcaster in the province, KNC is able to meet this need. Working with the independent production sector, KNC will provide opportunities to share distinct viewpoints and experiences, helping to create an engaged and informed citizenry that contributes to the economic, social, and cultural growth of the province. The significant talent and skill within the independent production sector will strengthen KNC as a media voice that is an integral part of British Columbia's future.

Diversity of Voices

KNC is developing new opportunities to create original programming for television and the Internet that will engage British Columbia's varied and distinct population. We are committed to fostering diversity and multiculturalism through the provision of development funding and mentorship opportunities that will encourage new voices to participate in the independent production sector in British Columbia and Canada. KNC will be reporting on these activities through our Multicultural and Diversity Plan, submitted annually to the CRTC beginning in fall 2008.

Development

KNC currently has over 25,000 Partners In Knowledge who voluntarily contribute \$1.9M annually towards the acquisition and preclearing of programs. To build on the loyal support of our donors and to generate future revenue, we have established an endowment fund. The endowment fund will attract and secure contributions through bequests and planned giving. The increased generosity of our donors through our Partners In Knowledge program and the endowment fund will impact both our annual operations as well as the future stability of the network.

Media Partnerships

We recognize the value of KNC's reach throughout the province. With broadcast, production, and Internet expertise, as well as access to audiences, KNC is an ideal media partner. Working with organizations that share common goals in the public interest, we can effectively promote awareness of issues that impact BC residents and communities. We have been actively exploring these new opportunities with regional and national organizations.

GOALS, OBJECTIVES, KEY STRATEGIES, MEASURES, AND TARGETS

KNC's strategic plan and new legislation were completed late in the fiscal year. We have therefore only recently been able to move forward on the development of business plans in support of our new strategic direction. Our measures and targets will evolve as we move towards implementation of our five strategic goals: Branding, Original Programming on Television and the Internet, Independent Production Partnerships, Self-Generated Revenue, and Team Recruitment and Development.

KNC is unique in its market—it is the only designated public educational broadcaster in the province. There are five other publicly mandated educational broadcasters in Canada—each operating under different business models based on their respective relationships with their provincial governments and the conditions of their broadcast licences. Consequently, KNC's performance is benchmarked internally against past performance.

GOAL 1 BRANDING

IMPORTANCE OF MEASURES

The measures in this section focus on our success in connecting British Columbians to content that supports lifelong learning.

Average Weekly Reach

We measure average weekly reach across our entire broadcast schedule for the fiscal year using data from BBM Canada, the national provider of TV, radio, and consumer information. Average weekly reach is the unduplicated number of people 2+ viewing at least one minute of programming in British Columbia.

Brand Awareness

We will conduct research each year to measure awareness of KNC in British Columbia.

KNC Web Usage

We are in the process of developing a measure that will reflect KNC web activity by British Columbians. This measurement will be in place for spring 2008.

STRATEGIES

1. Brand Knowledge Network Corporation as British Columbia's only independent, digital, commercial-free educational media service that reflects the province's diversity and multiculturalism and supports the lifelong pursuit of knowledge.

PERFORMANCE MEASURES	TARGETS				
	2006/07 Actual	2007/08 Forecast	2008/09	2009/10	2010/11
Average Weekly Reach (Projections Based on 2006/07 Actuals)	1,174,000	1,185,000 1%	1,209,000 3%	1,256,000 7%	1,291,000 10%
Percentage of British Columbians Who are Aware of Knowledge Network Corporation as a Public Educational Broadcaster	N/A	25%	30%	40%	50%
Knowledge Network Corporation Web Usage in British Columbia	N/A	Benchmark Year	t.b.d.	t.b.d.	t.b.d.

GOAL 2 ORIGINAL PROGRAMMING ON TELEVISION AND INTERNET

IMPORTANCE OF MEASURES

The measures in this section focus on KNC's commitment to provide British Columbians with a unique television experience. Increasing the number of new programs will nurture diversity of voices and provide content that is relevant and engaging. Increasing BC content will give British Columbians a window to their world—their communities, histories, and cultures—while also providing a world view on current issues that are shaping our future. Working with independent partners, we plan to find new ways of reaching existing audiences and connecting with new audiences through the Internet.

Number of New Program Hours

We will measure the number of new program hours annually using our broadcast inventory software. Long-form programs, fifteen minutes or more, will be measured during the 6 p.m. to midnight viewing period. The systems required to measure this activity will be in place for end of fiscal 2007/08.

Percentage of Broadcast Schedule that Contains BC Content

We will measure BC content annually using our broadcast inventory software, during the 6 p.m. to midnight viewing period. Long-form programs, fifteen minutes or more, will be measured. The systems required to measure this activity will be in place for end of fiscal 2007/08.

New Media Projects Developed or Produced

We will measure this goal annually by tracking the number of development and production projects we engage in. Projects may have significant digital elements such as multimedia micro-sites, mobile technologies and social networks. This new activity will start in fiscal 2008/09.

STRATEGIES

1. Create a hosted children's block that enhances the daily connections KNC makes with young children and their parents, while promoting diversity and early childhood learning.
2. Create a live weeknight arts and culture program that reflects local, regional, and international issues that are relevant to British Columbians.
3. Expand Internet content through experimentation with new media and with user-generated web content aimed at youth and young adults.

PERFORMANCE MEASURES	TARGETS				
	2006/07 Actual	2007/08 Forecast	2008/09	2009/10	2010/11
Number of New Program Hours (Broadcast Annually)	N/A	Benchmark Year	t.b.d.	t.b.d.	t.b.d.
Percentage of Broadcast Schedule that Contains BC Content (Evenings from 6 p.m. to Midnight)	N/A	Benchmark Year	t.b.d.	t.b.d.	t.b.d.
New Media Projects Developed or Produced	N/A	N/A	8	9	10

GOAL 3 INDEPENDENT PRODUCTION PARTNERSHIPS

IMPORTANCE OF MEASURES

The measures in this section focus on KNC's partnerships with the independent production community in BC. This sector is integral to telling the stories that are relevant to British Columbians.

New Economic Independent Production Activity

KNC's commissioning of documentaries contributes to new economic production activity in British Columbia. We measure this by the total economic activity generated by commissioned original productions.

Amount Leveraged from Third Parties for Independent Production Activity

KNC enables producers to complete their production financing by providing first window licence fees. Our licence fee contribution enables the producer to leverage financing from other public and private sources across Canada and internationally to complete their production financing. We measure this activity by adding up the total third party funding secured for all projects.

STRATEGIES

1. Collaborate with public sector agencies to support the development of new documentaries by independent television and web producers.
2. Increase license fees for documentary commissions to assist independent producers in leveraging funding from other Canadian and international sources.

PERFORMANCE MEASURES	TARGETS				
	2006/07 Actual	2007/08 Forecast	2008/09	2009/10	2010/11
New Economic Independent Production Activity (Original Documentaries)	N/A	N/A	\$750,000	\$1.95M	\$2.55M
Amount Leveraged from Third Parties for Independent Production Activity (Original Documentaries)	N/A	N/A	\$563,063	\$1.46M	\$1.91M

GOAL 4 SELF-GENERATED REVENUE

IMPORTANCE OF MEASURES

The measures in this section focus on KNC's loyal and generous donor base as well as our new opportunity for media partnerships. Increasing our Partners In Knowledge donations will support the acquisition of programs from BC, Canada, and around the world. Increased donations will also increase support for preclearing of British Columbian and Canadian programming. KNC's access to large audiences across the province presents partnership opportunities. Organizations who have information that is relevant and in the public interest will be able to access these audiences through media partnerships.

Partners In Knowledge Donations

We measure this activity by tracking Partners In Knowledge gross revenues through our financial software system and donor database.

Endowment Investment Revenue

Our measurement for investment revenue follows an investment strategy based on an average return of 4% going towards growing capital in the endowment and 4% going towards annual programming needs.

Media Partnerships Revenue

We will measure this activity annually by the revenue generated through schedule underwriting and sponsorship initiatives.

STRATEGIES

1. Build on the ever-increasing charitable donations from Partners In Knowledge.
2. Build on an endowment fund to support long-term revenue growth.
3. Establish media partnerships by offering the network's airtime, in exchange for revenue or in-kind consideration, for public service-oriented campaigns such as tourism and public health issues. This is a new activity that will be established in 2008.

PERFORMANCE MEASURES	TARGETS				
	2006/07 Actual	2007/08 Forecast	2008/09	2009/10	2010/11
Partners In Knowledge Donations	\$1.88M	\$1.9M	\$2M	\$2.10M	\$2.20M
Endowment Investment Revenue	N/A	\$6,700	\$13,000	\$18,000	\$23,000
Media Partnerships Revenue	N/A	N/A	\$100,000	\$125,000	\$150,000

GOAL 5 TEAM RECRUITMENT AND DEVELOPMENT

IMPORTANCE OF MEASURE

KNC is committed to the training, professional development, and performance management of staff. We provide an environment that fosters individual contribution and growth in the achievement of the corporation's goals and objectives.

Percentage of Staff Participating in Training and/or Development Opportunities

We will measure this activity by tracking the percentage of staff who participated in training and development opportunities annually in support of our goals.

STRATEGIES

1. Recruit and develop a team with the necessary skills to transform Knowledge Network Corporation from an analogue to a digital service, and the capability to engage the independent production sector to collaborate in providing British Columbians with a unique television experience.

PERFORMANCE MEASURES	TARGETS				
	2006/07 Actual	2007/08 Forecast	2008/09	2009/10	2010/11
Percentage of Staff Participating in Training and/or Development Opportunities in Support of KNC's Goals.	N/A	33%	50%	75%	100%

SUMMARY FINANCIAL OUTLOOK

		2006/07 Actual	2007/08 (Forecast)	2008/09 (Budget)	2009/10 (Forecast)	2010/11 (Forecast)
Operating Grants	Note (1)	6,231,096	6,504,604	6,316,499	6,409,506	6,504,466
Operating Grant increase in 2006/2007, 2007/2008	Note (2)	1,400,000	1,400,000	0	0	0
Capital Grant		262,604	2,195,000	700,000	0	0
Partners In Knowledge Donations		1,886,785	1,900,000	2,000,000	2,000,000	2,000,000
Partners In Production Funding	Note (3)	1,121,895	552,000	0	0	0
Royalties, Sale of Broadcast Rights		120,374	77,000	50,000	50,000	50,000
Deferred Revenue (or Work in Progress)		(97,286)	248,499	0	0	0
Deferred Contribution for Depreciation		523,856	661,840	0	0	0
Miscellaneous Revenue		139,816	185,200	85,000	85,000	85,000
Creative & Editorial Services	Note (4)	0	0	tbd	tbd	tbd
Schedule Underwriting & Airtime	Note (4)	0	0	tbd	tbd	tbd
Increase in Partners In Knowledge Donations	Note (4)	0	0	tbd	tbd	tbd
Total Revenue		11,589,140	13,724,143	9,151,499	8,544,506	8,639,466
Arts & Culture Live	Note (4)	0	0	tbd	tbd	tbd
Hosted Children's Block	Note (4)	0	0	tbd	tbd	tbd
Independent Documentary Program	Note (4)	0	0	tbd	tbd	tbd
Web-Originated Content	Note (4)	0	0	tbd	tbd	tbd
Re-Branding	Note (4)	0	0	tbd	tbd	tbd
Acquired Programming		2,339,752	2,079,223	1,985,000	1,985,000	1,985,000
Original Programming		1,759,158	1,627,087	251,000	251,000	251,000
Business & Content Management		967,229	986,399	1,011,000	1,011,000	1,011,000
Revenue Development		928,160	958,958	962,000	962,000	962,000
General Manager's Office		219,592	36,991	0	0	0
Multi-Platform Branding & Promotions		804,911	835,443	719,000	719,000	719,000
Gov't Relations, Research, & Communications		665,381	537,359	588,000	588,000	588,000
Broadcast Operations & IT		1,733,357	1,832,065	2,215,000	2,215,000	2,215,000
President's Office and Board		218,623	353,205	353,000	353,000	353,000
Finance & Facilities		970,502	976,625	907,000	907,000	907,000
Depreciation		413,202	661,840	0	0	0
Transition & Other	Note (5)	177,214	572,710	(589,501)	(496,494)	(401,534)
Total Expenses		11,197,080	11,457,905	8,401,499	8,494,506	8,589,466
Total Net Income		392,059	2,266,238	750,000	50,000	50,000
Total Debt		0	0	0	0	0
Retained Earnings (or Fund Balance)		1,080,000	1,080,000	1,080,000	1,080,000	1,080,000
Capital Expenditures		373,258	2,266,238	750,000	50,000	50,000
Budgeted Full-Time Equivalent Positions		59.8	61.5	53.1	53.1	53.1

Notes:

- (1) Pending government decisions regarding proposed \$3M increased operating grant in 2008/2009 to support strategic goals.
- (2) Pending government decisions regarding operating grant increase of \$1.4M.
- (3) This activity will be discontinued in 2008/2009.
- (4) Revenues and expenditures relating to strategic goals have been removed, pending government decisions regarding proposed increased operating grant.
- (5) Re-alignment of costs in support of strategic goals.

Key Assumptions and Financial Risks

KNC's 2008/09 – 2010/11 Service Plan was prepared under the assumption that we will secure additional revenues in support of our new strategic direction. Our Strategic Plan focuses on partnerships with the independent production community, and we are currently developing plans in support of this new business model. Financial risks will be identified once our business plans have been fully developed.

Sensitivity Analysis

2008/09 is KNC's base year for its new business model. Sensitivity analysis for future years will be compared against this base year. Past year's financial results may not be relevant for comparative purposes.

Future Financial Outlook

KNC's Strategic Plan is based on new business opportunities and partnerships generating diverse original content to support British Columbians in their lifelong pursuit of knowledge. We are in the process of developing our new budget, and will have more information to support our future financial outlook in the coming months.

SUBSIDIARY/OPERATING SEGMENT SUMMARY INFORMATION

Knowledge-West Communications Corporation (KWCC) was incorporated in 1981 and is wholly owned by the Knowledge Network Corporation. KWCC has been inactive since 1990.

CONTACT INFORMATION

Knowledge Network Corporation is located at:
4355 Mathissi Place
Burnaby, British Columbia
V5G 4S8

Phone: 604.431.3200
Fax: 604.431.3387
Email: knonline@knowledgenetwork.ca

Website: www.knowledgenetwork.ca