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## Accountability Statement

*The 2010/11 – 2012/13 Knowledge Network Corporation Service Plan was prepared under the Board's direction in accordance with the Budget and Transparency and Accountability Act and the BC Reporting Principles. The plan is consistent with Government's strategic priorities and fiscal plan. The Board is accountable for the contents of the plan, including what has been included in the plan and how it has been reported.*

*All significant assumptions, policy decisions, events and identified risks, as of January 2010, 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 targets in this plan have been determined based on an assessment of Knowledge Network Corporation's operating environment, forecast conditions and past performance.*

# The Honourable Moira Stilwell, Minister of Advanced Education and Labour Market Development

On behalf of the Board of Directors of Knowledge Network Corporation, I am pleased to present Knowledge Network Corporation's 2010/11 to 2012/13 Service Plan.



Over the last three years, **Knowledge** and its staff dramatically transformed British Columbia's public educational broadcaster. We built a state-of-the-art digital broadcast facility, increased viewership to record levels, increased the number of donors and donations, and renewed and strengthened our relationship with BC's independent producers.

We're now focused on building upon this strong foundation: engaging our supporters and the public-at-large to help enhance **Knowledge** and create a richer television and web experience.

During the past year, **Knowledge** engaged in a strategic planning process that informed our 2010/11 – 2012/13 Service Plan. We set an ambitious direction that leverages our technological and human resources to sustain and improve **Knowledge**, while continuing to offer content that explores our world from local and global perspectives. As part of our Service Plan we have introduced new goals and revised our measures and targets to support new initiatives.

Revenue generation is a key priority of our Strategic Plan, as the current economic environment remains uncertain. Our plans will sustain gains achieved over the past three years by generating revenue growth through diversified philanthropic and entrepreneurial initiatives. By exploring business relationships with other broadcasters and improving customer relationship management capability to increase fundraising, **Knowledge** will expand revenue generation capacity.

**Knowledge** will continue to build and improve our broadcasting infrastructure by keeping pace with digital technology and the expanding reach of the internet. We will maintain our commitment to original content from independent producers by continuing to direct our resources to original content creation. Our plans also include partnering with post-secondary institutions to foster career development opportunities for emerging talent in the independent media sector. Marketing of our brand, Knowledge: Pass It On, will increase awareness among British Columbians of the vital role we play in a creative, knowledge-based economy.

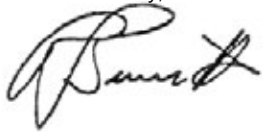
**Knowledge** continues to participate in policy discussions regarding the new Canada Media Fund (CMF), which has replaced the Canadian Television Fund (CTF). A significant portion of BC-originated digital content is supported through

the federal program, which includes funding from Canadian Heritage and broadcast distribution undertakings. **Knowledge** remains a champion of equitable access to the CMF for BC's independent production sector.

**Knowledge** offers a trusted, commercial-free programming service with a distinct BC world view. Over the course of the next three years, we will continue to enhance the public educational broadcasting experience for all British Columbians, by offering digital content anytime, anywhere through television, internet, and mobile platforms.

Through our new initiatives, we will engage our audiences and deliver on our brand promise Knowledge: Pass It On – connecting people to a world of information, innovation, diversity, and intelligent ideas.

Yours truly,

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

Dr. Ron Burnett  
Chair, Knowledge Network Corporation  
Board of Directors

# Organizational Overview

**Knowledge** is British Columbia's public educational broadcaster. Our mission is to provide all British Columbians with a trusted alternative for the commercial-free exploration of life, connecting them to the world through television and the internet.

## Vision

**Knowledge**, as British Columbia's public educational broadcaster, supports lifelong learning by providing quality programming to all British Columbians through television, the web and other emerging technologies.

## Enabling Legislation

**Knowledge** is a Crown corporation, created in 2008 under the Knowledge Network Corporation Act.

## Our Mandate

The Knowledge Network Corporation Act lists the purposes of **Knowledge** as:

- to carry on the business of broadcasting and communications to provide unique, quality educational programming to British Columbians,
- to promote lifelong learning in British Columbia by providing quality educational programming,
- to inform and educate British Columbians about their province and about issues that are relevant to them,
- to provide British Columbians with a unique television experience, and
- to collaborate with the independent television and web media production sectors in British Columbia.

## How Knowledge Serves British Columbians

Public educational broadcasting challenges conventions, invites collaboration, and shares new ideas. Through television and the internet, **Knowledge** offers content that inspires innovation and explores the world around us, presenting relevant issues from local and global perspectives. We do this by:

- distributing commercial-free, educational content to all British Columbians through television and the internet,
- researching, filtering, licensing, and packaging content from British Columbia, Canada, and around the world that supports lifelong learning,
- commissioning, preclicensing, and developing original content for television and the internet, and
- building and managing the charitable arm of **Knowledge**, including donations, legacy gifts, and bequests.

## Core Business Areas

Our core business areas are defined through our management structure (see page 6). Over the past year, **Knowledge** continued to restructure the organization in support of our strategic direction.

## Principal Partners, Clients, and Stakeholders

As a public educational broadcaster, **Knowledge** serves all British Columbians. Our key stakeholders include the Government of British Columbia, our 26,000 Partners In Knowledge, the independent production community, and the Canadian Radio-television and Telecommunications Commission (CRTC).

## Values

**Knowledge** is guided by these values:

### Trust

We serve the public interest and deliver on our brand promise.

### Integrity

We work to the best of our abilities, engaging in principled decision-making and ensuring independence in programming.

### Respect

We demonstrate due regard for everyone and strive to reflect diverse points of view.

### Accountability

We are open, responsible, and transparent in the conduct of our business.

### Quality

We strive for excellence in the selection, presentation, and distribution of our programming and in our interactions with all those we serve.

## Benefit to British Columbians

**Knowledge** provides a range of cultural, economic, and social benefits to British Columbians including:

### Literacy and Early Childhood Development

We provide BC's children with a safe, trusted, healthy environment in which to learn and grow.

### Economic Development

Our commissioning and licensing of original content helps BC's independent production sector attract additional financing from provincial, national, and international sources.

### Creative Economy

Independent production companies supported by **Knowledge** employ writers, directors, editors, performers, technicians, and support personnel. Further, through development funding and formal internships with colleges and universities, we reach out to new and emerging talent, providing unique opportunities for professional development in the television and new media workplace.

### BC Content

We offer programs of direct relevance to British Columbians, cultivating dialogue and encouraging participation in our culturally diverse, vibrant, and dynamic province.

### Accessible and Commercial-free

**Knowledge** has mandatory carriage on cable and direct-to-home satellite. Our programming has no interruptions, no commercial advertising, and no subscriber fees.

## How We Deliver Services

**Knowledge** delivers educational content to British Columbians via television through mandatory carriage on cable and direct-to-home satellite services, and via the internet at [Knowledge.ca](http://Knowledge.ca) and [Knowledgekids.ca](http://Knowledgekids.ca). We also develop, prelicense, and commission filmmaker-driven creative documentaries for broadcast on **Knowledge**.

## Location

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

# Governance

The corporate status of Knowledge is governed by the Knowledge Network Corporation Act of British Columbia.

## Board of Directors

The Board of Directors of **Knowledge** are appointed by the Lieutenant-Governor in Council. The Ministry of Advanced Education and Labour Market Development 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 Best Practices resource document is in development and will be available on our web site in the near future. Further information on Knowledge Board Governance including Board biographies are available at [Knowledge.ca/about/governance](http://Knowledge.ca/about/governance).

As of January 2010, the Board of Directors at **Knowledge** are:

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

| Principles   | How They Will Be Achieved  |
|--|--|
| Ensure broad-based, relevant Board representation.                                   | Recommend individuals from business, education, finance, law, new media, and other relevant disciplines.                               |
| Promote strategic macrogovernance 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 four standing Committees that support the role of the Board in fulfilling its obligations and responsibilities.

### 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: Sinclair Mar, Mitchell Taylor.

### Governance Committee

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



## Strategic Planning Committee

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

## Human Resources Committee

The purpose of the Committee is to ensure **Knowledge**'s compensation and human resource philosophies and strategies are in keeping with our mission, values, and key goals, as well as our legislative and government policy guidelines and requirements. Members: Committee of the whole.

|  |  |  |  |   |  |  |
|--|--|--|--|---|--|--|
| <b>Minister of Advanced Education and Labour Market Development</b><br>Honourable Moira Stilwell         |  |  |  |   |  |  |
| <b>Board of Directors</b><br>Dr. Ron Burnett, Chair  |  |  |  |   |  |  |
| <b>President and Chief Executive Officer</b><br>Rudy Buttignol   |  |  |  |   |  |  |
| <b>Director of Finance</b><br><b>Jeffrey Lee</b><br>Payroll,<br>Facilities,<br>Purchasing,<br>Accounting | <b>Director of Human Resources</b><br><b>Tracey Balogh</b><br>Recruitment<br>and Training,<br>Compensation,<br>Employee<br>Relations | <b>Director of Independent Production and Presentation</b><br><b>Murray Battle</b><br>Programming<br>and<br>Presentation,<br>Independent<br>Production | <b>Director of Business and Partnerships</b><br><b>Sarah MacDonald</b><br>Partnerships,<br>Business<br>Affairs | <b>Director of Government and Public Relations</b><br><b>Glenna Pollon</b><br>Government<br>Affairs,<br>Regulatory,<br>Research,<br>Communica-<br>tions | <b>Director of Broadcast Operations</b><br><b>Oliver Eichel</b><br>Broadcast<br>Operations,<br>Engineering | <b>Manager of Interactive</b><br><b>Ravi Singh</b><br>Interactive<br>Media,<br>Information<br>Technology |

The shareholder is the Province of British Columbia as represented by the Minister of Advanced Education and Labour Market Development. **Knowledge** holds two other designations that inform our organizational and business decisions:

1. **Knowledge** is licensed through the Canadian Radio-television and Telecommunications Commission (CRTC) to broadcast educational programming in British Columbia.
2. **Knowledge** is a registered charity, engaging in fundraising activities through our Partners In Knowledge program. Funds raised support the acquisition and production of educational and cultural content from British Columbia and around the world.



# Strategic Context

As a federally licensed broadcaster and a provincially mandated public service, Knowledge operates in a dynamic environment. Our strategic plans support both our federal and provincial commitments, and identifies the opportunities and risks we face moving forward.

## Our Strengths

**We have a number of strengths that will help us achieve our goals and fulfill our mandate.**

### **Knowledge:**

- has a new interactive website at Knowledge.ca,
- averages a 3.9% audience share for our primetime schedule (BBM Canada Fall 2009),
- is in good standing with the Canadian Radio-television and Telecommunications Commission,
- operates using a state-of-the-art digital platform,
- maintains strong, productive relationships with the independent production community in British Columbia and Canada,
- has access to international documentary markets to help finance and promote BC documentaries,
- has extensive experience in researching, licensing, and packaging educational digital content,
- has dedicated staff with unique skills and expertise that support our strategic direction, and
- generates revenue through donations from 26,000 loyal Partners In Knowledge households, our endowment fund, and media partnerships.

## Strategic Direction

**Knowledge's** mission is to provide a trusted alternative for the commercial-free exploration of life, connecting British Columbians to the world through television and the internet. We have four new strategic goals that direct the organization's work in support of this mission:

Goal #1: Diversify and grow revenue through entrepreneurial and philanthropic partnerships.

Goal #2: Deliver our broadcast service on multiple digital platforms to engage our audience anytime, anywhere.

Goal #3: Create original content for multi-platform delivery through partnerships with independent producers.

Goal #4: Increase awareness by marketing the Knowledge brand.

Each year, the senior management team at **Knowledge** conducts a risk analysis process to determine the main factors that will affect our ability to achieve intended results. The following table outlines the primary risks, opportunities, and mitigation strategies that we have identified.

## Risks, Opportunities, and Mitigating Strategies

| Area of Risk               | Risk Factors and Sensitivities  | Opportunity  | Mitigating Strategies  |
|----------------------------|---|--|--|
| <b>Canada Media Fund</b>   | The Canada Media Fund (CMF - formally the Canadian Television Fund) represents a public/private partnership between broadcasters, including <b>Knowledge</b> , the CMF, and the independent production sector. Policies and guidelines for the CMF are currently under development. A new funding formula may diminish our ability to leverage funding for independent production activity. | <b>Knowledge</b> will continue to strengthen our relationships with BC's independent production sector. We are exploring new funding sources, and will continue to champion equitable access to the CMF for public educational broadcasters. | <ol style="list-style-type: none"> <li>1. Ongoing dialogue with CRTC, Heritage Canada, and the independent production sector.</li> <li>2. Participation in CRTC public hearings.</li> <li>3. Participation in CMF industry consultations.</li> <li>4. As a member of the Association of Tele-Education in Canada (ATEC), collaborate with other educational broadcasters for the development of common positions and regulatory policy.</li> </ol> |
| <b>Revenue Generation</b>  | <ol style="list-style-type: none"> <li>1. Economic uncertainty may negatively impact philanthropic giving in BC.</li> <li>2. Funding for new strategic initiatives is required from new revenue sources.</li> </ol>   | By leveraging our internal technological resources, new sources of revenue growth may come from entrepreneurial partnerships.  | <ol style="list-style-type: none"> <li>1. Diversify revenue streams by utilizing our digital facility to provide broadcast distribution to third-party services (i.e. other broadcasters), operating new digital channels, and expanding new media partnerships.</li> </ol>  |
| <b>Advanced Technology</b> | To remain relevant and competitive, <b>Knowledge</b> must offer a High Definition service to its viewers across the province within the next five years.  | Our digital facility is High Definition ready, but requires specific capital upgrades to become High Definition enabled.   | <ol style="list-style-type: none"> <li>1. Establish a timeframe for securing a High Definition broadcast license.</li> <li>2. Secure funding for capital investment in digital facility upgrades.</li> </ol>   |
| <b>Business Continuity</b> | A broadcast operations failure due to seismic acts or power interruption could impair our ability to distribute our broadcast signal to British Columbians.   | <b>Knowledge</b> recently completed a broadcast continuity plan for corporate information technology, and can now direct resources towards a business continuity plan for broadcast operations.  | <ol style="list-style-type: none"> <li>1. Develop a disaster recovery plan, identifying the process, policies, and procedures for restoring our broadcast service in the event of a power failure.</li> </ol>  |

# Goals, Strategies, Measures, Targets, and Benchmarks

## Benchmarks

**Knowledge's** performance is benchmarked against past performance. We have been researching a range of potential external benchmarks, but are finding it challenging. There are five public educational broadcasters in Canada, and each use distinct measures of success based on their provincial mandates. We will continue to explore opportunities to incorporate external benchmarks.

## Adjustments

The goals and measures from the 2009/10 to 2011/12 Service Plan supported our transformation to a 24/7, all-digital, rebranded programming service on television and the internet. With a strong foundation now in place, **Knowledge** is moving forward with plans to create a richer television and web experience for British Columbians. We have developed new goals for 2010/11 to 2012/13 to support our plans over the next three years. Priorities for **Knowledge** include expanding revenue generating capacity, and offering British Columbians educational digital broadcast content anywhere, anytime through television, internet and mobile platforms.

We have discontinued some past performance measures as they were tied to past strategic goals. New performance measures have been developed, with an emphasis on reflecting our growing presence on the internet. We will continue to report on a few performance measures from previous Service Plans as they remain relevant.

## Goal #1: Diversify and grow revenue through entrepreneurial and philanthropic partnerships.

### Importance of Measures

An unfavourable economic climate coupled with negative trends in charitable giving compel us to find new, innovative, and creative ways to help finance our operation and ensure a sustainable future. We can fuel our growth by leveraging internal technological resources in new ways, by fostering the spirit of entrepreneurship in the organization and by redefining how we engage with our donors.

### Measures

#### 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%.

#### Media Partnerships Revenue

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

#### Revenue Generated by Entrepreneurial Initiatives

This is a new measure that we will track annually by the overall revenue generated from entrepreneurial initiatives.

## Strategies

1. Engage in partnerships to operate new digital channels.
2. Secure one major media partnership sponsor annually by developing and marketing a comprehensive sponsorship package that includes an enhanced set of integrated benefits, and by improving the presentation of our internet offerings by capitalizing on our new website and the increased traffic that will result.
3. Launch peer-to-peer solicitation activities to build a core group of volunteers for ongoing fundraising initiatives. Challenge all our Partners to become volunteer champions and recruit more Partners to our cause.
4. Acquire customer relationship management capability, enabling online account management for our Partners, and providing a new channel to increase our marketing and fundraising.

## Performance Measures

|   | 2008/2009<br>Actual | 2009/2010<br>Forecast | Target<br>2010/2011 | Target<br>2011/2012 | Target<br>2012/2013 |
|---|---------------------|-----------------------|---------------------|---------------------|---------------------|
| <b>Partners In Knowledge Donations</b>                      | \$2.2M              | \$2.175               | \$2.195             | \$2.230             | \$2.275             |
| <b>Endowment Investment Revenue</b>                         | \$0                 | \$25,000              | \$30,000            | \$35,000            | \$40,000            |
| <b>Media Partnerships Revenue</b>                           | \$56,519            | \$92,357              | \$100,000           | \$105,000           | \$110,000           |
| <b>Revenue Generated<br/>by Entrepreneurial Initiatives</b> | Not<br>Available    | \$150,000             | \$250,000           | \$275,000           | \$300,000           |

## Goal #2: Deliver our broadcast service on multiple digital platforms to engage our audience anytime, anywhere.

### Importance of Measures

In the midst of significant technological change within our industry and among consumers, **Knowledge** will leverage its digital broadcast platforms to ensure our content is available to our audiences when they want it and where they want it.

### Measures

#### Number of Hours of Programs Available Online

This is a new measure that we will track annually by capturing all programs with online streaming rights that have been broadcast on Knowledge.ca.

#### Number of Full-Length Videos Played

This is a new measure that we will track using Google Analytics, which tracks the number of full-length videos played on Knowledge.ca annually.

### Strategies

1. Expand streaming video on the internet with content licensed from external sources.
2. Launch a High Definition (HD) Channel.
3. Deliver Knowledge to mobile platforms.

### Performance Measures

|  | 2008/2009<br>Actual | 2009/2010<br>Forecast          | Target<br>2010/2011 | Target<br>2011/2012 | Target<br>2012/2013 |
|--|---------------------|--------------------------------|---------------------|---------------------|---------------------|
| Number of Hours of Programs Available Online | Not Applicable      | Benchmark Year                 | TBD                 | TBD                 | TBD                 |
| Number of Full-Length Videos Played          | Not Applicable      | 780<br>(3 months of data only) | TBD                 | TBD                 | TBD                 |

## Goal #3: Create original content for multi-platform delivery through partnerships with independent producers.

### Importance of Measures

**Knowledge** will play a vital role in supporting the development and production of multi-platform content at a time when the industry is threatened by unprecedented economic pressures. By building and strengthening key relationships, **Knowledge** can provide access to funding from the new Canada Media Fund to independent producers across traditional and interactive media sectors.

### Measures

#### Percentage of all Knowledge Prelicenses that have a Multiplatform Component

This is a new measure that we will track using customized reports generated from our broadcast inventory software. Prelicenses refer to the investment **Knowledge** makes in the development, production and broadcast of original Canadian programming.

#### Budget Commitment to Independent Production

Budget pressures continue to be a challenge; however, **Knowledge** is committed to funding independent production for the creation of original content for both television and the web. This is also a new measure.

### Strategies

1. Continue the enhanced level of financial commitment to multi-platform independent content development and production at **Knowledge** over three years.
2. Expand sources of financing available to producers, thereby leveraging **Knowledge's** investment, by strengthening relationships with Canadian public and private-sector funding bodies and international and domestic broadcasters.
3. Establish **Knowledge** as a player in digital content production, to facilitate creative and business partnerships between traditional producers and new media producers.

### Performance Measures

|   | 2008/2009<br>Actual | 2009/2010<br>Forecast | Target<br>2010/2011 | Target<br>2011/2012 | Target<br>2012/2013 |
|---|---------------------|-----------------------|---------------------|---------------------|---------------------|
| Percentage of all Knowledge Prelicenses that have a Multiplatform Component | Not Applicable      | Benchmark Year        | TBD                 | TBD                 | TBD                 |
| Budget Commitment to Independent Production                                 | \$751,000           | \$800,000             | \$850,000           | \$850,000           | \$850,000           |

## Goal #4: Increase awareness by marketing the Knowledge brand.

### Importance of Measures

**Knowledge** will strengthen its position as British Columbia's valued public educational broadcasting service by building new relationships with communities and opinion leaders all across the province.

### Measures

#### % of British Columbians Aware of Knowledge as a Public Broadcaster

We conduct research each spring using Ipsos Reid's BC Reid Express Omnibus Surveys to measure awareness of **Knowledge** in British Columbia.

#### Average Weekly Reach in BC (TV Audience)

We measure average weekly reach across our entire broadcast schedule for four broadcast seasons using data from BBM Canada, the national provider of TV, radio, and consumer information. Average weekly reach is the unduplicated number of people aged two years or older viewing at least one minute of programming in British Columbia. BBM Canada estimates are based on 95% confidence interval.

In September 2009, BBM Canada launched a new national and regional electronic audience measurement service using Portable People Meter (PPM) technology. The data from the old BBM diary system is not comparable to the PPM, as a new methodology and panel has been introduced. Our forecast number is based on seventeen weeks of PPM data from the fall 2009 season.

#### Web Visits in BC

We measure **Knowledge** web usage in British Columbia annually using Google Analytics. We track visits or sessions to our website, defined as a period of interaction between a visitor's browser and a particular website, ending when the browser is closed or shut down.

**Knowledge** launched a new, interactive website on an open-source platform in November 2009. Data previously collected from the old website is not comparable to the interactive website. New metrics have been introduced in January 2010, which will enable Knowledge to gather more sophisticated data.

#### Page Views in BC

This is a new measure that we will track in British Columbia annually using Google Analytics. A *page view* is defined as a view of a page on a site that is being tracked by the Analytics tracking code. If a visitor hits reload after reaching the page, this will be counted as an additional page view. If a user navigates to a different page and then returns to the original page, a second page view will be recorded as well.

### Strategies

1. Develop and execute an integrated marketing plan that completes the Knowledge: Pass It On branding, and aligns it with the unique marketing needs of each business area.
2. Communicate with BC's various communities and opinion leaders through public speaking opportunities, and participation in panels, forums, town halls, and other local events.



## Performance Measures

|  | 2008/2009<br>Actual  | 2009/2010<br>Forecast              | Target<br>2010/2011 | Target<br>2011/2012 | Target<br>2012/2013 |
|--|--|------------------------------------|---------------------|---------------------|---------------------|
| <b>Percentage of British Columbians Aware of Knowledge as a Public Broadcaster</b> | 34%  | 35%                                | 38%                 | 41%                 | 44%                 |
| <b>Average Weekly Reach Fall</b>   | Not applicable due to changes in BBM Canada's measurement system | 1,480,000                          | 1,509,600<br>2%     | 1,539,200<br>4%     | 1,568,800<br>6%     |
| <b>Average Weekly Reach Winter</b>   |  | TBD                                | TBD                 | TBD                 | TBD                 |
| <b>Average Weekly Reach Spring</b>   |  | TBD                                | TBD                 | TBD                 | TBD                 |
| <b>Average Weekly Reach Summer</b>   |  | TBD                                | TBD                 | TBD                 | TBD                 |
| <b>Web Visits in BC</b>  | Not Applicable   | 105,336<br>(3 months of data only) | TBD                 | TBD                 | TBD                 |
| <b>Page Views in BC</b>  | Not Applicable   | 434,028<br>(3 months of data only) | TBD                 | TBD                 | TBD                 |

# Shareholder's Letter of Expectations

Below are the specific directions outlined in the Shareholder's Letter of Expectations and our plans moving forward.

| Specific Direction To The Corporation  | Knowledge Action Plans  |
|--|---|
| Increase efforts to raise self-generated revenues by increasing the number and diversity of business partnerships with public and private-sector organizations, by sustaining efforts to grow an endowment fund, and by raising individual philanthropic donations through expanding the membership of Partners In Knowledge.        | <p>Leverage our digital broadcast platform to provide services and operate digital channels in partnership with other broadcasters.</p> <p>Develop and market a comprehensive sponsorship package for media partnerships that includes enhanced, integrated benefits, capitalizing on our new, interactive website.</p> <p>Acquire customer relationship management capability, enabling online account management for our Partners, and providing a new channel to increase our marketing and fundraising.</p> |
| Begin efforts to deliver broadcasting services on multiple digital platforms to reach a wider audience.  | <p>Increase the number of program offerings available at Knowledge.ca</p> <p>Deliver <b>Knowledge</b> to mobile platforms.</p> <p>Develop plans for building on our digital foundation to provide High Definition TV service to British Columbians.</p>   |
| Continue to develop original television and internet programming that informs, engages and educates British Columbians about issues relevant to their lives by collaborating with British Columbia's independent media production sector.  | <p>Engage BC independent production and new media sectors through development, commissions, and prelicenses, creating content that is meaningful and relevant to British Columbians.</p> <p>Build on partnership with the Vancouver International Film Festival Trade Forum presenting Storyville Vancouver, connecting local documentary filmmakers with broadcasters from around the world.</p>   |
| Build upon recent achievements in branding <b>Knowledge</b> by marketing the broadcaster as the province's only independent, digital, commercial-free educational media service that reflects British Columbia's diversity and multiculturalism and supports the lifelong pursuit of knowledge.                                      | Develop and execute an integrated marketing plan that completes the <b>Knowledge</b> branding, Knowledge: Pass It On, and aligns it with the unique marketing needs of each business area.  |
| Strengthen the new business model that KNC recently established by continuing staff development activities to maintain a team that is skilled at working in an all-digital broadcasting environment and capable of engaging in independent media collaborations that provide British Columbians with a unique television experience. | Continue to offer <b>Knowledge</b> employees training opportunities to improve their skills and adapt to the changing media environment.  |

| Specific Direction To The Corporation  | Knowledge Action Plans  |
|--|---|
| <p>Work to include public literacy television and internet programming focusing on the challenges facing the province, including:</p> <p>1. Seniors' demographic shifts;</p>   | <p>Through Knowledge Kids, continue to acquire content that supports early learning development.</p> <p>Continue to offer documentaries with local and global perspectives that challenge conventions, invite collaboration, and share new ideas.</p> <p>Continue to offer commercial-free programs for boomers and seniors who are underserved by other broadcasters in the BC market.</p>   |
| <p>2. Asian trade and cultural awareness;</p>  | <p>Strengthen our East Is East branded strand, acquiring and developing content from Asia and the Pacific region. Develop relationships with media sectors in India and China through participation in trade forums and workshops.</p>  |
| <p>3. Health care sustainability;</p>  | <p>Continue to acquire content for television and the internet that educates children and adults on healthy living.</p> <p>Engage in media partnerships with organizations that have public interest campaigns supporting healthy lifestyles.</p>   |
| <p>4. First Nations communities, culture, and issues;</p>  | <p>Support aboriginal filmmakers in BC and Canada through prelicenses, commissions, and acquisitions.</p> <p>Showcase aboriginal programming from local, national, and global perspectives.</p>   |
| <p>5. Challenges facing the environment, including climate change;</p>   | <p>As a commercial-free broadcaster with must-carry status in BC on cable and direct-to-home satellite, <b>Knowledge</b> uses its airwaves to educate British Columbians on challenges facing the environment, including climate change. We will do this in two ways:</p> <ol style="list-style-type: none"> <li>1. through compelling and informative documentaries on environmental issues;</li> <li>2. through media partnerships that broadcast messages in the public interest to encourage British Columbians to make positive changes in their lives.</li> </ol> <p><b>Knowledge</b> is aware of our obligations and has developed a Climate Change Action Plan, focusing on two key activities:</p> <ol style="list-style-type: none"> <li>1. indirect emissions from office paper purchases – we are planning to reduce office paper usage over the next three years, and will be purchasing paper that has a higher percentage of recycled material.</li> <li>2. procurement – we have updated our procurement processes to ensure energy-efficient protocols are in place for purchased goods and services.</li> </ol> |
| <p>6. Economic issues.</p>   | <p>Continue to acquire and broadcast documentaries on economic issues from local, national, and global perspectives.</p>  |
| <p>Where appropriate, work with the public education system to support educational programming and lifelong learning initiatives. Explore ways to expand opportunities for students through collaboration with public post-secondary institutions offering media, digital arts, and other relevant programs.</p> | <p>Meet with representatives of BC's post-secondary system to create "bridging" programs for graduates seeking employment in the media sector.</p>  |

## Key Assumptions and Financial Risks

Knowledge operates on a commercial-free basis, funded through a provincial grant combined with self-generated revenue. The largest portion of our revenue is provided through our grant from the Ministry of Advanced Education and Labour Market Development, with donations from Partners In Knowledge and media partnerships revenue contributing to one-third of our overall budget.

Our Summary Financial Outlook is based on the following assumptions:

1. **Knowledge** continues to receive the annual operating grant from the Ministry of Advanced Education and Labour Market Development.
2. British Columbians continue to support public educational broadcasting through individual donations and planned giving.
3. **Knowledge** generates new revenue from entrepreneurial partnerships.
4. **Knowledge** continues to have equitable access to the Canada Media Fund for original content.

## Future Financial Outlook

**Knowledge** continues to face challenges fully implementing strategic goals due to the availability of funding. Revenue generation has been identified as a risk moving forward, and will be a key priority over the next three years. Our plans for revenue generation include expanding revenue generation capacity, diversifying philanthropic initiatives and engaging in new entrepreneurial partnerships.

**Knowledge** is committed to providing British Columbians with a unique broadcast experience through television and the internet. We do this by supporting the creation of original content through partnerships with independent producers in BC, Canada, and internationally. This activity is a key part of our strategic direction, as it leverages funding from Canadian and international sources. As a result, **Knowledge** has committed \$850,000 each year of the Service Plan to provide development and prelicense funding to support the creation of original content on television and the web.

**Knowledge** will continue to monitor the economic environment in BC, as it has impacted our ability to sell airtime through media partnerships. We are anticipating limited growth in this area over the short term while BC-based businesses with messages in the public interest recover from the recession. Our plans include strategies to maximize media partnership opportunities, as well as plans to further expand our loyal Partners In Knowledge base.

Building on our digital foundation to provide High Definition TV service remains an important goal for **Knowledge**. Our digital foundation is High Definition ready, but requires specific capital upgrades to become High Definition enabled. Several Canadian broadcast services already offer a High Definition channel in the BC broadcast market. To remain relevant and competitive, **Knowledge** must also offer a High Definition service to its viewers across the province. **Knowledge** is currently pursuing funding options for this initiative.

## Subsidiary/Operating Segment Summary Information

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

## Summary Financial Outlook 2010/2011 to 2013/2014

|   | 2008/2009<br>Actual    | 2009/2010<br>(Forecast) | 2010/2011<br>(Budget) | 2011/2012<br>(Budget) | 2012/2013<br>(Budget) | 2013/2014<br>(Budget) |
|---|------------------------|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 1. Provincial Operating and Other Grants                                | 7,796,624              | 7,671,656               | 6,409,506             | 6,409,506             | 6,409,506             | 6,409,506             |
| 2. Capital Grant  | 700,000                | -                       | -                     | -                     | -                     | -                     |
| 3. Self-Generated Revenue   | 3,358,618 <sup>1</sup> | 2,335,000               | 2,460,000             | 2,595,000             | 2,665,000             | 2,690,000             |
| 4. Deferred Revenue or Work in Progress                                 | 502,027                | -                       | -                     | -                     | -                     | -                     |
| 5. Net Deferred Contributions Related to Capital Assets & Depreciation  | 468,279                | 427,048                 | -                     | -                     | -                     | -                     |
| 6. Other Revenue  | 264,525                | 167,039                 | 334,000               | 234,000               | 84,000                | 84,000                |
| <b>Total Revenue</b>  | <b>13,090,074</b>      | <b>10,600,743</b>       | <b>9,203,506</b>      | <b>9,238,506</b>      | <b>9,158,506</b>      | <b>9,183,506</b>      |
| 7. Salaries and Benefits  | 4,046,345              | 3,906,112               | 3,988,666             | 3,988,666             | 3,988,666             | 3,988,666             |
| 8. Acquired Programming   | 2,594,559              | 2,623,550               | 2,615,532             | 2,775,532             | 2,720,532             | 2,745,532             |
| 9. Programming Partnerships   | 1,277,673              | 120,000                 | -                     | -                     | -                     | -                     |
| 10. New BC-Originated Content Commissioned from Independent Sector      | -                      | 731,000                 | -                     | -                     | -                     | -                     |
| 11. Broadcast Signal Distribution                                       | 370,952                | 372,600                 | 372,600               | 372,600               | 372,600               | 372,600               |
| 12. Net Deferred Contributions Related to Capital Assets & Depreciation | 515,292                | 510,188                 | -                     | -                     | -                     | -                     |
| 13. Facilities  | 467,663                | 372,661                 | 266,400               | 266,400               | 266,400               | 266,400               |
| 14. Other Operating   | 2,348,029              | 1,882,532               | 1,910,308             | 1,785,308             | 1,760,308             | 1,760,308             |
| <b>Total Expenditure</b>  | <b>11,620,513</b>      | <b>10,518,643</b>       | <b>9,153,506</b>      | <b>9,188,506</b>      | <b>9,108,506</b>      | <b>9,133,506</b>      |
| <b>Excess (Deficiency) of Revenue over Expenditure for the Year</b>     | <b>1,469,562</b>       | <b>82,100</b>           | <b>50,000</b>         | <b>50,000</b>         | <b>50,000</b>         | <b>50,000</b>         |
| 15. Capital Expenditures  | 1,189,552              | 82,100                  | 50,000                | 50,000                | 50,000                | 50,000                |
| <b>16. Total Debt</b>   | <b>-</b>               | <b>-</b>                | <b>-</b>              | <b>-</b>              | <b>-</b>              | <b>-</b>              |
| <b>17. Retained Earnings (or Fund Balance)</b>                          | <b>1,406,449</b>       | <b>1,406,449</b>        | <b>1,406,449</b>      | <b>1,406,449</b>      | <b>1,406,449</b>      | <b>1,406,449</b>      |

<sup>1</sup> Self-generated revenue in 2008-2009 includes flow-through revenue and management fees related to externally funded projects.

<sup>2</sup> The above financial information, including forecast information, was prepared based on current Canadian Generally Accepted Accounting Principles (GAAP).

## Knowledge:

### Contact Information

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