

# **Knowledge:** Network

Knowledge Network Corporation Service Plan 2012/13 to 2014/15

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## Accountability Statement

*The Knowledge Network Corporation service plan was prepared under the Board's direction in accordance with the Budget Transparency and Accountability Act and the B.C. 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 2012, 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, risk assessment and past performance.*

# To the Honourable Margaret MacDiarmid, Minister Of Labour, Citizens' Services and Open Government

On behalf of Knowledge Network Corporation's Board of Directors, I am pleased to submit our 2012/13 to 2014/15 Service Plan.

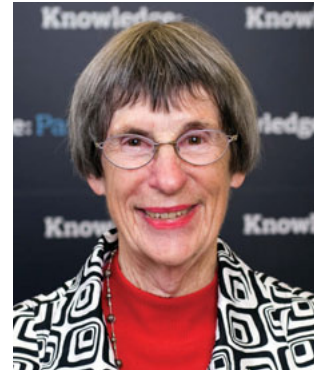
Over the course of the last five years, Knowledge Network has made significant gains with an improved, efficient and effective service. Engaging our supporters and the public at large to help us grow and improve public broadcasting in B.C. will be a priority over the next three years.

As a public educational broadcaster, we take seriously our responsibility to bring diverse points of view to British Columbians: to challenge assumptions, broaden awareness, and spur the acquisition of new knowledge. We hope that our programming encourages independent thinking and contributes to informed decisions that are essential to the well-being of civil society.

We are proud that British Columbia's families look to Knowledge Network for safe, trusted, commercial-free programming for their children. This trust is important to us. We will continue to broadcast responsible programming that supports literacy and early childhood development, and to strengthen our innovative, interactive website at [Knowledgekids.ca](http://Knowledgekids.ca).

We are also proud to support British Columbia's independent production community, which generates employment opportunities for new and experienced filmmakers in our province. We will continue to support this sector through our documentary commissioning, access to international co-financing and co-production opportunities, and Storyville workshops for filmmakers in B.C. communities outside the Lower Mainland.

Our commitment to increasing and diversifying revenue streams remains strong. The number of individual Knowledge Partners continues to grow and the amount we raise has increased steadily every year, with 33,000 Knowledge Partners contributing \$2.7 million in 2010/11. Many of our Knowledge Partners have been faithful donors since the program started in 1988. Our endowment fund, established in 2008, will reach \$1 million in 2012. One of our most significant revenue initiatives over the past year was the successful acquisition and relaunch of BBC Kids, in partnership with BBC Worldwide. Our focus will now move to acquiring new subscribers for the Canadian subscription children's channel.



Nini Baird, Chair

Public engagement on health care sustainability is a priority for government and for British Columbians. To this end, Knowledge Network has commissioned a major documentary to provide insight into emergency health care and, by extension, the significant health care issues impacting our province today. The stories will encourage dialogue and debate, giving citizens an opportunity to participate through an interactive website that will support the television series set to launch in 2013.

With the encouragement and participation of our board, we will continue our integrated marketing plan to broaden community support and awareness across the province. In each community we visit, we meet with donors, the local business community, filmmakers, and arts and culture organizations. By the end of our three-year plan, we expect to have reached every region of the province.

A major challenge moving forward is securing the necessary funding to launch a high definition (HD) service. This is critical for Knowledge Network to continue providing the service British Columbians have come to expect of their public broadcaster in an increasingly competitive environment. We have applied to the Canadian Radio-television Telecommunications Commission (CRTC) for an amendment to our current broadcast license to offer a high definition version of our service within the next two years. The timing of the introduction of the HD service depends on funding and availability of HD programming.

As B.C.'s viewer-supported public broadcaster, Knowledge Network is a place where independent voices can always be found. We are grateful for the ongoing commitment and support we have received from the Ministry of Labour, Citizens' Services and Open Government and the provincial government. We are proud of our CEO and his team, whose creativity and dedication continue to make Knowledge Network a valuable and dynamic service in B.C. Our three-year plan supports our commitment to a sustainable future, with British Columbians discovering diverse points of view and exploring our world from local and global perspectives - anytime, anywhere.

Sincerely,

A handwritten signature in black ink, appearing to read 'Nini Baird', with a stylized, flowing script.

Nini Baird, C.M.

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, internet, and mobile platforms.

## Vision

Knowledge Network, 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 Network 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 Network 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 Network Serves British Columbians

Public educational broadcasting encourages active citizenship and public engagement. Knowledge Network offers content that informs and inspires, presenting relevant issues from local and global perspectives. We do this by:

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

## Core Business Areas

Our core business areas are defined through our management structure (page 5).

## Principal Partners, Clients, and Stakeholders

As a public educational broadcaster, Knowledge Network serves all British Columbians. Our key stakeholders include the Government of British Columbia, our 33,000 Knowledge Partners, the independent production community, and the Canadian Radio-television and Telecommunications Commission (CRTC).

## Values

Knowledge Network is guided by these values:

**Trust** We serve the public interest and deliver on our brand promise, as expressed through our vision and mission.

**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 Network is B.C.'s viewer-supported public broadcaster. We are trusted by British Columbians to provide information that helps them see the world in new ways and from different perspectives. We connect our audiences to the rich history, arts and culture of our province through our global network of storytellers: artists, dramatists, explorers, historians, naturalists, and performers.

Our cultural, economic, and social benefits to British Columbians include:

### Literacy and Early Childhood Development

Knowledge Network provides B.C.'s children with a safe, trusted, healthy environment in which to learn and grow.

### Economic Development

Knowledge Network's commissioning and licensing of original content help B.C.'s independent production sector attract additional financing from provincial, national, and international sources. Independent production companies supported by Knowledge Network 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.

### B.C. Content

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

### Viewer Supported, Viewer Focused

The citizens of British Columbia contribute to the success of Knowledge Network. As a viewer-supported public broadcaster, we deliver significant, high-quality content that is informed by the interests of our audience.

### Accessible and Commercial-free

Knowledge Network has mandatory carriage on cable and direct-to-home satellite. Our programming has no interruptions and no commercial advertising. We close caption 100% of our programming on-air and we are starting to close caption programs online at Knowledge.ca, beginning with our most popular programs.

## How We Deliver Services

Knowledge Network delivers educational content to British Columbians via television through mandatory carriage on cable and direct-to-home satellite services, and at Knowledge.ca, KnowledgeKids.ca, and mobile platforms. We develop, prelicense, and commission filmmaker-driven creative documentaries for broadcast on Knowledge Network. We serve as a resource for independent producers across traditional and interactive media sectors for the creation of multi-platform content.

# Governance

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

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## Minister of Labour, Citizens' Services and Open Government

Honourable Margaret MacDiarmid

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## Board of Directors

Nini Baird, C.M., Chair

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## President and Chief Executive Officer

Rudy Buttignol

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## Senior Management

Jeffrey Lee	<b>Director of Finance</b>
Tracey Balogh	<b>Director of Human Resources</b>
Murray Battle	<b>Director of Independent Production and Presentation</b>
Sarah MacDonald	<b>Director of Business and Partnerships</b>
Glenna Pollon	<b>Director of Government Relations and Communications</b>
Oliver Eichel	<b>Director of Broadcast Operations</b>
Ravi Singh	<b>Associate Director of Interactive</b>
Lisa Purdy	<b>Director of Knowledge Kids and BBC Kids</b>

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

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

## Board of Directors

The Board of Directors of Knowledge Network are appointed by the Lieutenant-Governor in Council. The Ministry of Labour, Citizens' Services and Open 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. Knowledge Network governance practices are in compliance with Board Resourcing and Development Office Governance Guidelines. Knowledge Network's governance and policy information is available at [Knowledge.ca/about/governance](http://Knowledge.ca/about/governance).

Governance Principles	How They Are 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 and act on input from partners, stakeholders, and the provincial government.
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.

## Knowledge Network Corporation Board of Directors (at January 31, 2012)

### Board Members

### Board Committees

Nini Baird (Vancouver)	Chair, KNC Board of Directors Chair, Strategic Planning Committee
Kevin Brown (Prince George)	Member, Fund Development and Marketing Committee
Beth Haddon (Toronto/Vancouver)	Secretary, KNC Board of Directors Member, Strategic Planning Committee
Wendy Heskha (Kamloops)	Member, Audit and Finance Committee Member, Fund Development and Marketing Committee
Debbie MacMillan (Kelowna)	Member, Strategic Planning Committee Member, Fund Development and Marketing Committee
Sinclair Mar (Victoria)	Member, Audit and Finance Committee Member, Governance Committee
Sheila Orr (Victoria)	Member, Fund Development and Marketing Committee
Patti Sollars (Sidney)	Chair, Governance Committee
Mitch Taylor (Vancouver)	Vice-Chair, KNC Board of Directors Chair, Audit and Finance Committee Member, Strategic Planning Committee
Marg Vandenberg (Vancouver)	Chair, Fund Development and Marketing Committee
All members	Human Resources Committee



## Board Committees

There are five standing Committees that support the role of the Board in fulfilling its obligations and responsibilities to further the goals of Knowledge Network.

### **Audit and Finance 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.

### **Fund Development and Marketing Committee**

The purpose of the Committee is to identify new sources of revenue and serve as ambassadors and strategists for fund development activities.

### **Governance Committee**

The purpose of the Committee is to ensure that Knowledge develops and implements governance objectives and policies.

### **Strategic Planning Committee**

The purpose of the Committee is to ensure Knowledge Network's strategic direction meets the public policy objectives identified in the Knowledge Network Corporation Act.

### **Human Resources Committee**

The purpose of the Committee is to ensure Knowledge Network'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.

# Strategic Context

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

Knowledge Network's mission is to provide a trusted alternative for the commercial-free exploration of life, connecting British Columbians to the world through television, internet, and mobile platforms. We have four 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 Network brand.**

Each year, the senior management team at Knowledge Network conducts a risk analysis process to determine the main factors that will affect our ability to achieve intended results.

There are four primary risks that may have an impact on our service over the next three years: Revenue generation, timely transition to high definition, digital storage and network reaching capacity, and non-television media consumption reaching critical mass.

The following table outlines the opportunities and mitigation strategies we have in place to address these risks.

Area of Risk	Risk Factors and Sensitivities	Opportunity	Mitigating Strategies
<b>Revenue Generation – BBC Kids</b>	Increased competition from other subscription-based services may erode subscription revenues for BBC Kids.  More consumer choice and potential consumer uncertainty could move existing packaged channels model to the purchase of individual channels.	Increase brand exposure by providing BBC Kids through subscription video on demand.  Introduce new BBC Kids as a trusted, commercial-free service that is a valuable offering for consumers.	Offer subscribers added value by delivering subscription video on demand via broadcast distribution undertakings (BDU) partners.  Improve channel performance with high quality programming and fresh visual identity.  Develop strong working relationships with BDUs to increase carriage.
<b>Timely Transition to High Definition</b>	To remain relevant and competitive, Knowledge Network must offer a High Definition (HD) channel to its viewers across the province as soon as possible.	Increase viewership and donations by offering a HD channel.	HD implementation plan is currently underway with target launch of 2013.  Secure funding for capital investment in digital facility upgrades.
<b>Digital Storage and Network Reaching Capacity</b>	With more viewers accessing content online, Knowledge Network is reaching capacity with existing infrastructure regarding data/media storage.	Deliver a quality experience to our viewers anytime, anywhere.	Fund the plan for digital storage and distribution to improve performance.
<b>Non-television Media Consumption</b>	With all demographics now consuming media online, Knowledge Network risks loss of viewers, brand awareness and donations in the B.C. market.	Offer Knowledge Network as a unique public service through digital channels to retain current viewers and donors while reaching new audiences.	Implement digital strategy serving viewers with alternative, commercial-free programming anytime, anywhere.  Secure exclusive broadcast rights for digital content.  Increase awareness of online program offerings.

## Our Strengths

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

### Knowledge Network:

- is available on-air, online at Knowledge.ca and KnowledgeKids.ca, and on mobile devices,
- averages a 3.5% audience share for our primetime schedule (BBM Canada Fall 2011, Vancouver Extended Market),<sup>1</sup>
- is in good standing with the Canadian Radio-television and Telecommunications Commission,
- operates using a state-of-the-art digital platform,
- maintains strong relationships with the independent production sector in British Columbia and Canada,
- has access to international documentary markets to help finance and promote B.C. 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,
- generates philanthropic revenue through donations from 33,000 loyal Knowledge Partners and our endowment fund, and
- generates entrepreneurial revenue through media partnerships and operation of a Canadian subscription children's channel.

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1. Share is the percentage of the total viewing audience that are tuned in to a particular station. It is based not only on Knowledge Network's performance, but also the performance of other stations in our market.

# Goals, Strategies, Measures, Targets, and Benchmarks

## Benchmarks

Knowledge Network performance measures are benchmarked against past performance. As of December 2011, there are four public educational broadcasters in Canada, each using distinct measures of success based on their provincial mandates. We continue to explore opportunities to incorporate external benchmarks.

## Adjustments

The performance measure Average Weekly Reach (TV Audience) under Goal #2 has been revised due to changes in BBM Canada's measurement in western Canada. Effective the start of the 2011/12 broadcast year (August 28, 2011), changes were made to the reported geographies (i.e. markets) for audience measurement. As a result, Knowledge Network is reporting out using Western Canada audience data that is fully weighted and balanced. Knowledge Network is licensed to serve only British Columbia; however, our revised measurement may include a small percentage of viewers who pick up the Knowledge Network broadcast signal outside of British Columbia by direct-to-home satellite.

Performance measures for online activity under Goal #2 now reflect both Knowledge.ca and KnowledgeKids.ca websites.

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

An unfavourable economic climate coupled with negative trends in charitable giving compel us to find 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.

## Strategies

### Philanthropic

1. Implement online fundraising program by leveraging new functionality provided by the constituent relationship management database (CRM).
2. Implement major giving program focusing on corporate philanthropy.
3. Improve donor acquisition and stewardship by leveraging marketing activities to connect with donors and prospective donors.

### Entrepreneurial

1. Offer subscribers added value by delivering BBC Kids subscription video on demand via BDU partners.
2. Improve BBC Kids channel performance with high-quality programming and fresh visual identity.
3. Develop strong working relationships with BDUs to increase carriage.

## Measures

### Knowledge Partner Donations

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

### Endowment Investment Revenue

Due to current global economic conditions our measurement for investment revenue is based on an average return of 2%.

### Media Partnerships Revenue

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

### Revenue Generated by Entrepreneurial Initiatives

Overall revenue generated from entrepreneurial initiatives is tracked annually through our financial software system.

Performance Measures	2010/2011 Actuals	2011/2012 Forecast	2012/2013 Target	2013/2014 Target	2014/2015 Target
Knowledge Partner Donations	\$2.7 M	\$2.75 M	\$2.75 M	\$2.80 M	\$2.85 M
Endowment Investment Revenue	\$8,360	\$10,000	\$12,000	\$14,000	\$16,000
Media Partnerships Revenue	\$17,230	\$19,000	\$25,000	\$30,000	\$35,000
Revenue Generated by Entrepreneurial Initiatives (BBC Kids)	\$110,175	\$150,000	\$175,000	\$200,000	\$350,000

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

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

### **Strategies**

1. Implement Knowledge Network Digital Strategy.
2. Expand streaming video on the internet with content licensed from external sources.
3. Launch a High Definition (HD) channel.

### **Measures**

#### **Average Weekly Reach (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.

#### **Web Visits in B.C.**

We measure Knowledge Network web usage in British Columbia annually. 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.

#### **Web Page Views in B.C.**

A *page view* is defined as a view of a page on a site that is being tracked by a 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.

#### **Total Time on Site**

We track this measure using a customized report that measures the total aggregate time spent on Knowledge.ca by all visitors in B.C. in hours.

Performance Measures		2010/2011 Actuals	2011/2012 Forecast	2012/2013 Target	2013/2014 Target	2014/2015 Target
Average Weekly Reach (Television Audience)	Spring (Apr-June)	1,361,000	1,375,000	1,380,000	1,385,000	1,390,000
	Summer (July-Aug)	1,286,000	1,295,000	1,300,000	1,305,000	1,310,000
	Fall (Sept-Dec)	1,429,000	1,445,000	1,450,000	1,455,000	1,460,000
	Winter (Jan-March)	1,419,000	1,430,000	1,440,000	1,445,000	1,450,000
Web Visits	Knowledge.ca	394,127	395,000	400,000	420,000	440,000
	KnowledgeKids.ca	58,896	100,000	105,000	110,000	115,000
	TOTAL	453,023	495,000	505,000	530,000	555,000
Web Page Views	Knowledge.ca	1,433,382	1,475,000	1,482,000	1,489,000	1,496,000
	KnowledgeKids.ca	125,472	250,000 <sup>2</sup>	253,000	256,000	259,000
	TOTAL	1,558,854	1,725,000	1,735,000	1,745,000	1,755,000
Total Time on Site (Hours)	Knowledge.ca	40,828	72,000	74,000	76,000	78,000
	KnowledgeKids.ca	N/A	38,000	39,000	40,000	41,000
	TOTAL	40,828	110,000	113,000	116,000	119,000

2. Significant increase in web page views is due to the launch of the new interactive website at KnowledgeKids.ca in March 2011.

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

Knowledge Network will continue to 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 Network can provide access to funding from the new Canada Media Fund to independent producers across traditional and interactive media sectors.

#### Strategies

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

#### Measures

##### Percentage of all Knowledge Network Prelicenses that have a Multi-platform Component

We will track this measure using customized reports generated from our broadcast inventory software.

Prelicenses refer to the investment Knowledge Network makes in the development, production, and broadcast of original Canadian programming.

##### Commitment to Independent Production

Severe economic challenges continue to face B.C.'s independent production industry; however, Knowledge Network is committed to maintaining increased funding for independent production of original content for television, web and mobile platforms.

Performance Measures	2010/2011 Actuals	2011/2012 Forecast	2012/2013 Target	2013/2014 Target	2014/2015 Target
Percentage of all Knowledge Network Prelicenses that have a Multi-platform Component	N/A	94% <sup>3</sup>	70%	75%	80%
Commitment to Independent Production	\$850,000	\$850,000	\$850,000	\$850,000	\$850,000

3. In fiscal 2011/12, we committed a significant amount of funding from our Canada Media Fund envelope to the development of a new documentary series commissioned by Knowledge Network called The Emergency Room. This series will launch in 2013.



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

Knowledge Network 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.

### Strategies

1. Continue implementation of 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 B.C.'s various communities and opinion leaders through public speaking opportunities and participation in panels, forums, town halls, and other local events.

### Measures

#### Public Awareness of Knowledge Network as a Public Broadcaster in B.C.

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

#### Total Number of Program Guides Circulated in B.C.

Our Program Guide is an important vehicle for extending the Knowledge Network brand across B.C. A benefit to Knowledge Partners, it is distributed to donors six times a year.

Performance Measures	2010/2011 Actuals	2011/2012 Forecast	2012/2013 Target	2013/2014 Target	2014/2015 Target
Public Awareness of Knowledge Network as a Public Broadcaster in B.C.	25%	28%	30%	32%	34%
Program Guide Distribution in B.C.	192,000	170,000	175,000	180,000	180,000

# Government Letter of Expectations

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

Specific Direction To The Corporation	Knowledge Network Action Plans
Increase efforts to raise self-generated revenues.	<p>Acquire new subscribers for BBC Kids, the Canadian subscription children's channel in partnership with BBC Worldwide.</p> <p>Continue to market a comprehensive sponsorship package for media partnerships that includes enhanced, integrated benefits, capitalizing on Knowledge.ca.</p> <p>Continue to capitalize on new constituent relationship management database (CRM) to improve our marketing and fundraising efforts.</p>
Continue efforts to deliver broadcasting services on multiple digital platforms to reach a wider audience.	<p>Begin implementation of Digital Strategy.</p> <p>Continue to increase the number of program offerings available at Knowledge.ca.</p> <p>Launch a High Definition service within the next two years.</p> <p>Grow our audience share and increase the number of Knowledge Partners.</p>
Continue to develop original television and internet programming that informs, engages and educates British Columbians by collaborating with British Columbia's independent media production sector.	<p>Leverage Canadian subscription children's channel to support the creation of unique children's content for Knowledge Network.</p> <p>Continue to develop interactive media for Knowledgekids.ca.</p> <p>Continue to help B.C.-based filmmakers access international co-financing and co-production opportunities through our documentary commissioning and the Canada Media Fund.</p>
Build upon recent achievements in branding Knowledge Network by marketing the broadcaster as the province's only independent, commercial-free educational media service.	<p>Continue implementation of an integrated marketing plan to broaden community support and awareness across the province. Community outreach will include support for independent filmmakers through Storyville Workshops in three B.C. communities outside the Lower Mainland.</p>
<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>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 older who are underserved by other broadcasters in the B.C. market.</p>
2) Early learning initiatives	<p>Through Knowledge Kids, continue to acquire content that supports early learning development.</p> <p>Build on new interactive website at KnowledgeKids.ca by increasing content including games, activities, and video.</p>
3) Asian trade and cultural awareness	<p>Continue to strengthen our East Is East branded strand, acquiring content from the Asia Pacific region.</p>

Specific Direction To The Corporation	Knowledge Network Action Plans
4) Health care sustainability	<p>Launch new Knowledge Network documentary series in 2013 that will give insight into emergency health care and, by extension, the significant health care issues impacting our province today. Citizens will have an opportunity to participate through an interactive website that will support the television series.</p> <p>Continue to acquire content for television and the internet that educates children and adults about healthy living.</p> <p>Engage in media partnerships with organizations that have public interest campaigns supporting healthy lifestyles.</p>
5) First Nations communities, culture and issues	<p>Support aboriginal filmmakers in B.C. and Canada through prelicenses, commissions, and acquisitions.</p> <p>Showcase aboriginal programming from local, national, and global perspectives.</p>
6) Challenges facing the environment, including climate change	<p>As a trusted, commercial-free broadcaster with must-carry status in B.C., Knowledge Network uses its airwaves to educate British Columbians on challenges facing the environment, including climate change.</p> <p>We do this in two ways:</p> <ul style="list-style-type: none"> <li>- through compelling and informative documentaries on environmental issues;</li> <li>- through media partnerships that broadcast messages in the public interest to encourage British Columbians to make positive changes in their lives.</li> </ul> <p>Knowledge Network has also 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 will continue to reduce office paper usage.</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>
7) Economic issues	<p>Continue to acquire and broadcast documentaries on economic issues from local, national, and global perspectives.</p>
Explore ways to expand opportunities for students through collaboration with public post-secondary institutions offering media, digital arts, and other relevant programs.	<p>Continue to liaise with representatives of B.C.'s post-secondary system to support lifelong learning. Expand current internship program.</p>
Build on the foundation of quality documentary programming by collaborating with partners, including the Ministry, to explore options to showcase and encourage public dialogue.	<p>Work with the Ministry of Labour, Citizens' Services and Open Government to identify opportunities to expand public engagement on issues of relevance to British Columbians.</p>

## Key Assumptions and Financial Risks

Knowledge Network 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 Labour, Citizens' Services and Open Government, with donations from Knowledge Partners and media partnerships revenue contributing to one-third of our overall budget.

Our Summary Financial Outlook is based on the following assumptions:

1. Financial information for Knowledge Network Corporation was prepared based on current Canadian Generally Accepted Accounting Principles (GAAP).<sup>4</sup>
2. Knowledge Network continues to receive the annual operating grant from the Government of British Columbia through the Ministry of Labour, Citizens' Services and Open Government.
3. British Columbians continue to support public educational broadcasting through individual donations and planned giving.
4. Knowledge Network generates new revenue through a management fee from the operation of the Canadian subscription children's channel, BBC Kids.
5. Knowledge Network continues to have equitable access to the Canada Media Fund for original content.

## Future Financial Outlook

Knowledge Network is committed to a sustainable public broadcast service for all British Columbians. Our strategic partnership with BBC Worldwide to operate BBC Kids is generating a new stream of revenue to support public educational broadcasting in B.C. The revenues will be nominal over the short term due to expenses related to start-up, but will improve significantly over the next 3-5 years. The partnership will also ensure a long-term supply of core programming and create UK-Canada co-production opportunities for B.C. producers.

Donations from Knowledge Partners support a significant portion of Knowledge Network programming. We have seen a positive trend with our charitable donations over the past number of years; however, continued global economic uncertainty may put our donation revenue at risk. Diversifying philanthropic initiatives through our new constituent relationship management database (CRM) will significantly enhance our marketing and fundraising efforts to expand donors and donations. In the coming year, we will continue to develop our online marketing program to reach new donors across the province.

Building on our digital foundation to provide High Definition TV service is necessary for Knowledge Network to remain competitive. We are continuing to pursue funding options for this initiative, and have received approval from the CRTC for an amendment to our broadcast license to offer a High Definition version of our service within the next two years. We are also developing plans and funding options for increased digital storage and distribution to improve performance.

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4. The corporation's treatment of broadcast rights is consistent with that established in prior year financial statements. For Public Sector entities specifically, GAAP no longer allows for the capitalization of intangible assets such as broadcast rights. To ensure the ongoing usefulness of the financial statements to users, the corporation will continue to capitalize broadcast rights and amortize them into income as matching revenue is earned.

## Subsidiary/Operating Segment Summary Information

Knowledge-West Communications Corporation was incorporated in 1981 and is owned in part by Knowledge Network Corporation. Knowledge-West Communications Corporation owns and operates BBC Kids, a national digital specialty channel. The CRTC approved Knowledge-West Communications Corporation's acquisition of assets for BBC Kids in April 2011. BBC Kids is a commercial-free service reinforcing the values of both Knowledge Network Corporation and the BBC. Knowledge-West Communications Corporation financial results are consolidated under the Knowledge Network Corporation Summary Financial Outlook on page 19. The information is presented under Revenues/Expenses from Subsidiary Operations.

### Knowledge–West Communications Corporation Board of Directors

Nini Baird, C.M.	Chair
Mitch Taylor	Vice-Chair
Rudy Buttignol	President
Jeffrey Lee	Secretary and Financial Officer
Hilary Read	Director

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### Senior Management

Lisa Purdy	Director of Knowledge Kids and BBC Kids
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For more information on BBC Kids, visit [bbckids.ca](http://bbckids.ca)

## Summary Financial Outlook 2012/2013 to 2014/2015

	2010/2011 Actual	2011/2012 (Forecast)	2012/2013 (Budget)	2013/2014 (Budget)	2014/2015 (Budget)
Provincial Operating and Other Grants	6,504,008	6,409,506	6,409,506	6,409,506	6,409,506
Donations and Sponsorships	2,901,587	2,645,527	2,750,000	2,800,000	2,850,000
Other Revenue	346,151	336,000	275,000	275,000	425,000
Net Amortization of Deferred Contributions	213,169	325,000	300,000	300,000	300,000
<b>Total Revenue</b>	<b>9,964,915</b>	<b>9,716,033</b>	<b>9,734,506</b>	<b>9,784,506</b>	<b>9,984,506</b>

Salaries and Benefits	3,935,807	3,998,376	4,000,000	4,050,000	4,100,000
Presentation and Marketing	951,977	791,765	990,000	990,000	990,000
Broadcast Operations	867,590	746,229	850,000	850,000	980,000
Development and Viewer Services	590,416	600,626	660,000	660,000	680,000
Facilities Operating	261,882	297,557	275,000	275,000	275,000
Administration and General	400,020	423,475	459,506	459,506	459,506
<b>Total Expenses</b>	<b>7,007,692</b>	<b>6,858,028</b>	<b>7,234,506</b>	<b>7,284,506</b>	<b>7,484,506</b>

Amortization of Broadcast Rights	2,415,775	2,435,005	2,300,000	2,300,000	2,300,000
Amortization of Other Capital Assets	495,922	423,000	200,000	200,000	200,000
<b>Net Income or (Loss)</b>	<b>45,527</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Broadcast Rights Acquired</b>	<b>2,497,305</b>	<b>2,960,000</b>	<b>2,566,550</b>	<b>2,566,550</b>	<b>2,566,550</b>
<b>Other Capital Assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Revenue from Subsidiary Operations	-	2,557,450	3,021,000	3,127,000	3,236,000
Expenses from Subsidiary Operations (adjusted for minority interest)	156,777	2,119,935	2,671,000	2,800,000	3,011,000
<b>Subsidiary Operations Net Income or (Loss)</b>	<b>(156,777)</b>	<b>437,515</b>	<b>350,000</b>	<b>327,000</b>	<b>225,000</b>

<b>Staffing (Actual and Budgeted FTE)</b>	<b>43.4</b>	<b>44.0</b>	<b>44.0</b>	<b>44.0</b>	<b>44.0</b>
<b>Total Debt</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Retained Earnings</b>	<b>1,405,358</b>	<b>1,842,873</b>	<b>2,192,873</b>	<b>2,519,873</b>	<b>2,744,873</b>

## **Knowledge:** Network

### **Contact Information**

Knowledge Network Corporation  
4355 Mathissi Place  
Burnaby, British Columbia  
V5G 4S8

Phone: 604.431.3222  
Toll Free: 1.877.456.6988

Email: [info@knowledge.ca](mailto:info@knowledge.ca)  
Website: [Knowledge.ca](http://Knowledge.ca)

