



**Remarks for**

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**President and CEO**

**CBC/Radio-Canada**

**Board of Trade of Metropolitan Montreal**

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**CHECK AGAINST DELIVERY.**

## CBC/Radio-Canada : An idea worth fighting for

Thank you for being here today in such great numbers, and for taking an interest in your public broadcaster.

I'd like to thank Michel Leblanc and the Chamber of Commerce for inviting me. In addition, I'd like to welcome the CBCers and Radio-Canadiens on hand.

And what can I say, Bell even chose to be a sponsor . . . Times are changing . . .

Needless to say, the last few months have been eventful at CBC/Radio-Canada. Like me, you saw the media coverage after the launch of our new strategy this past June.

I could take each headline and provide explanations to put them in a correct context, but instead I'd prefer to tell you about what we're in the process of building.

The three rounds of major cutbacks we've been forced to undertake since I became CEO in 2008 have been very trying, for me and for all of us internally. It's important that I point that out, so you can appreciate the contribution, resilience, and professionalism our craftspeople bring day after day, despite those challenges.

Our strategy can't be boiled down to what size the Corporation will be in five years from now, and we don't intend to diminish the role we play in cultural expression or enriching democratic life in Canada.

Our new five-year strategy *A space for us all* promises to deliver a public broadcaster that's more relevant, more agile, and obviously viable from a financial perspective.

And that's precisely what I wish to talk about today.

But first, a bit of background.

We were created to ensure that Canadians have a home on their own airwaves, and to connect communities to one another.

Since then, platforms have steadily been emerging . . .

- 2005-2006 — Canada's first 3G networks
- 2007 — iPhone
- 2008 — Android
- 2010 — iPad
- 2013 — Google Glass
- 2014 — Apple Watch

With an Apple Watch on our wrist and Google Glass over our eyes, the world is within our reach.

In fact, four-screen Canadians (computer, tablet, smartphone and an internet connected TV) have grown by nearly 500% in just the last three years, and most Canadians (over 60%) already multitask online while watching television.

As a public broadcaster, we have a responsibility to stay relevant — whatever the platform or your screen size.

In 1991, we had only eight services. Today, we have 33, but we're still governed by the *Broadcasting Act*, which hasn't been updated since 1991.

But the environment is truly no longer the same.

Public and private broadcasters worldwide are confronting multiple challenges. Here is an overview of what happened just this summer in the media industry.

First at home:

- Bell Media lays off 91 staff and ends eight in-house productions, including its only public affairs program.
- Rogers cuts executives by 15%. As it moves forward with the NHL, it discontinues student-athlete coverage.
- Shaw lays off 55 at Global News.
- Star Media shuts down print editions of *Metro* in three cities and *The Grid* in Toronto, and eliminates 50 jobs.
- Transcontinental ends publication of 20 weekly newspapers in Quebec and lays off 80 staff.
- Postmedia closes printing plants, lays off employees, and sets up paywalls for its websites.

Around the globe:

- Time Warner cuts 600 senior Turner Broadcasting staff and says that it will do less with less.
- *The New York Times* cuts 100 employees.
- Microsoft cuts 14% of its workforce – that's 18,000 people.
- The BBC reduces its workforce by 220.
- Down under, the Australian Broadcasting Corporation, announces major job cuts on top of the 80 job losses already announced for ABC International, sees its budget

(in June) cut by \$120M over the next 4 years and braces for more cuts to be announced in November.

New players are also joining our environment.

- **Netflix** has 50M+ subscribers in 40 countries.
- **Google** has a 1B+ user base and is reportedly investing \$1 billion to launch 180 satellites and provide Internet access for the entire planet.
- **Spotify**, the Swedish music streaming service, has more than 10 million subscribers in 58 countries, including Canada as of this past August.
- **Al Jazeera** has launched a new global platform, AJ+, shaped around bite-size content for mobile and aimed at 18-to-34-year-olds. Audience engagement and sharing drive editorial decisions.
- **VICE Media** has grown from its humble beginnings as Voice of Montreal to a \$2.5 billion empire in New York. VICE News isn't even a year old, and already has 34 bureaus worldwide.

But we have to wonder: is that news? Is it entertainment? Is it another form of reality TV?

We're definitely following these trends closely and with great interest, but we mustn't forget that our traditional platforms, i.e. TV and radio, still deliver our biggest audiences. Even if it's true that more and more Canadians are looking to the web and mobile phones to be informed, enlightened, and entertained – 11 million Canadians followed the Sochi Winter Games on the web and mobile – 89% of Canadians still watch TV live sitting in

their living room, based on the schedule we put together for them, and they spend 27 hours a week doing it!

Same thing goes for radio. It's stronger than ever, with a combined audience share of 21.5% among Francophones, and with our CBC Radio One morning shows number one, two or three in 20 out of 23 of our markets.

So, here's our challenge.

On the one hand, we can't leave TV and radio behind. On the other, neither can we afford to ignore our industry's realities. New ways to consume content are emerging alongside traditional methods. We're in a transition between past and future models, at a time when we need to also accompany our audience, at their own pace, toward digital media.

For instance, when it comes to news, 18-to-24-year-olds don't want the news read to them. They want to experience it. They want to join in the discussion. Being a public broadcaster no longer guarantees credibility with them.

The next generations are growing up in the chaotic environment I've just described. They also have their very own relationship with the media:

- Virtually all of them have a smartphone. (87%)
- 15% of them don't have access to television.
- Almost all of them watch video on the web. (97%)
- They are on social networks. (89%)

- They've all listened to music on the web. (95%)
- And all of them demand that it be free, because they've never known anything else.

Consumption habits are shifting, but so is the business model.

In 2013, for the first time ever, digital surpassed print, TV and radio, obtaining the biggest share of the advertising market in Canada.

Snack food giant Mondelez (formerly Kraft), which had previously signalled it plans to spend 50% of its estimated \$200 million advertising budget on digital by 2016, has just signed what it calls its "biggest media deal ever" with Google. It's part of its commitment to shift ad dollars to digital platforms. In addition, it's partnering with YouTube to pilot a new model for high-quality, low-cost video content involving "influential digital stars" to captivate the attention of an audience already engaged with this media platform. (Sour Patch Kids)

And yet, our current financial model relies on television. In fact, CBC/Radio-Canada's TV ad revenues account for about 93% of our business revenue.

To me, this shifting environment is proof that we must accelerate our transformation.

It's also the same challenge other broadcasters the world over are facing.

*“Yes, funding has been cut and we expect, will be cut more. Yes, audiences in the digital age are always on the move. And yes, there will be a period of transition ahead for us. [...]” – Mark Scott (August 15, 2014)*

Transformation is now part of our daily lives. We no longer speak of a tipping point. To quote the President and CEO of Liz Claiborne, instead we say, “Transformation is an era, not an event.”

So, how is CBC/Radio-Canada reacting to this environment?

We believe our country deserves a space it can call its own. A space that belongs to all Canadians. “*A space for us all.*” That’s actually the name we chose for our strategy covering the next five years. That’s what we’re looking to build.

We want to be the public space at the heart of your conversations and experiences as Canadians.

The starting point is straightforward: forge a deeper connection with our audience. And foster the building of bridges between our audience members.

By 2020:

- We’ll work even harder at the local and community levels. These roots in the community, which have defined us for so many years, are central to our strategy. For us, it’s out of the question that we reduce our presence in the various communities in which we currently operate. That’s our conduit to your daily life.



- We want to turn dollars invested in infrastructure into dollars invested in our programming. This strategy will reduce our fixed costs and let us adopt a more flexible financial model. It will therefore permit us to invest in prime-time television and radio programming of the highest quality.
- We'll strive to accelerate the development of our mobile offering wherever the repercussions are strongest. The offering will also be specially tailored to each community. One size will not fit all.

This transformation won't happen overnight. CBC/Radio-Canada will be different in 2020. And the next few years will be complex as we make the transition and reinvent our business models, and as the reflex of several observers will be to judge us based on what we used to do rather than what we plan to build in the future.

But exactly how will we have transformed in 5 years, 10 years? No one can accurately predict that. But one thing I'm sure of is that there will still be a national public broadcaster. Our vision is to have it connect even further with each of you. This business model will secure our future.

The content won't be the same. It will be produced based on that mobility and intimacy that we are seeking. It will not be a simple extension of, or add-on to, our traditional broadcasting services. Concepts of immediacy, interaction, and impact have to be reinvented.

More importantly, we will offer what the private giants can't due to their business model which largely depends on U.S.

content in prime-time or live sports – the chance to get to know your city, your community, and your neighbours.

That’s why we plan to forge ties between people. We’ll be part of something more intimate, more authentic, and closer to home for you.

Our future will also be about openness, not only of mind, but also in terms of more partnerships and collaboration with the communities, including the business community.

We’re opening our doors, and we’re opening our windows. We welcome that conversation. We want more of it.

There you have the essence of our transformation. But why buy into it?

Rather than simply conveying to you the public broadcaster’s value, I’d like you to have you feel it for yourself.

I ask you now to think of an event, a program, an individual you associate with CBC/Radio-Canada. Or a feeling you’ve experienced watching or listening to one of our programs.

Everyone here comes in every day to build content for you that helps shape our identity and our values, enriches our democratic life, and is an expression of our Canadian culture.

And they’re not alone. Thousands of employees and hundreds of partners from sea to sea to sea have a hand in our success.

It’s so that we can continue to experience moments like these and feel such sensations that we developed the *A space for us all* strategy. For you, of course, but also for your children, your grandchildren, and generations to come.

CBC/Radio-Canada is more than what you'll find on your screens; it's in our hearts.

For a young student from Fredericton I met the other day, it was the memory of listening to Stuart McLean and *The Vinyl Cafe* while his mother made dinner.

For one father, it was watching *30 vies* with his teenage daughter and telling me it's the only time of day he can really have a conversation with her.

For others, it's the reassuring presence that's welcomed them to their newly adopted country.

Each and every time, I'm comforted by the intense connection people have with their public broadcaster.

And that's why our new strategy aims to make those connections multiply and intensify.

By 2020, I'd like to see three out of four Canadians saying they are very attached to their public broadcaster. That's what we're aiming for.

Also by 2020, 18 million Canadians – that's one in two – will be using CBC/Radio-Canada's digital services each month.

We want to play as big a role in our country's future as we've played in its past. We determine our success by measuring a "return to society" not a "return for shareholders". We want to serve Canadians as citizens not as consumers. And we want to

create a space where we all can interact, exchange ideas and shine.

The airwaves on which we broadcast are public property. They belong to us all. So they deserve to serve the public interest.

This public interest coincides neither with private interests nor with the interests of the powers that be. It is strong and independent.

If I were to use an image to describe what we will become, it would be the country's busiest central square, with its cafés, shops, great restaurants, performance venues, musicians and, most importantly, its warm and cheerful crowd of people who love meeting there, without fear, as much to be informed and entertained as to share or discuss their tastes and preferences, or simply to experience all those good times together.

As inhabitants of one of the largest national territories in the world, we all have the right to a central square like that which unifies us in our values, our beliefs, and our identity.

And we have a duty to ensure that our children and grandchildren have the same right and the same cultural and social wealth our public broadcaster has thus far guaranteed us.

In a few words, reaffirming the absolute necessity for vibrant and viable public broadcasting is also about opting for responsible and sustainable investment that pays off for our great nation as a whole.

I'm counting on you to express your support loud and clear for that choice and that ambition.

Thank you – and enjoy your dessert.