

Knowledge Network Corporation

2018/19 – 2020/21 SERVICE PLAN

February 2018



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**BRITISH
COLUMBIA'S** | **Knowledge
Network:**

Board Chair Accountability Statement



The 2018/19 - 2020/21 Knowledge Network Corporation Service Plan was prepared under the Board's direction in accordance with the *Budget Transparency and Accountability Act*. 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. The Board is responsible for the validity and reliability of the information included in the plan.

All significant assumptions, policy decisions, events and identified risks, as of February 2018 have been considered in preparing the plan. The performance measures presented are consistent with the *Budget Transparency and Accountability Act*, 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.

A handwritten signature in black ink, which appears to read "Nini Baird".

Nini Baird, C.M.
Chair, Knowledge Network Corporation Board of Directors

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Strategic Direction and Alignment with Government Priorities

The purposes of British Columbia’s public educational broadcaster, as identified in the *Knowledge Network Corporation Act*, are to:

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

Knowledge Network will be starting a new three-year Strategic Plan in April 2018. Performance measures have been updated to reflect the new goals and strategies in the 2018/19-2020/21 Strategic Plan.

Our 2018/19 [Mandate Letter](#) will inform our actions for the coming year with four priorities:

- Provide quality, freely available and commercial-free television, web and mobile platform services to British Columbians.
- Collaborate with B.C.’s independent production sector to create original B.C. stories.
- Support literacy and early childhood development by working in partnership with B.C.’s independent production sector.
- Collaborate with independent, Indigenous filmmakers to create original B.C. Indigenous stories.

Knowledge Network’s work is also aligned with the Government’s key priorities:

Government Priorities	Knowledge Network Aligns with These Priorities By:
Making life more affordable	<ul style="list-style-type: none"> • Offering a high quality public service (free and commercial free) through any platform British Columbians choose to use (Objective 2.1).
Delivering the services people count on	<ul style="list-style-type: none"> • Enhancing the accessibility and quality of Knowledge Network’s regularly scheduled broadcast service to maintain its relevance and importance to British Columbians (Goal #1). • Strengthening programming to meet the diverse needs of viewers, specifically positive, educational content that fosters learning for young children and their families, and programs that inform and inspire audiences 50+ (Objective 1.1).
A strong, sustainable economy	<ul style="list-style-type: none"> • Championing more B.C. stories and support more storytellers (Goal #3). • Creating more B.C. and Canadian stories and strengthen the independent production community through commissioning efforts (Objective 3.1).

Indigenous cultural diversity is reflected in Knowledge Network’s programming strategies, in support of the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP).

Operating Environment

Knowledge Network is federally licensed by the Canadian Radio-television and Telecommunications Commission (CRTC) and provincially mandated by the Government of British Columbia. Knowledge Network is also a registered charity with the Canada Revenue Agency, engaging in fundraising activities through Knowledge Partners and the Knowledge Endowment Fund. Our Service Plan supports both our federal and provincial commitments, and identifies the opportunities and risks we face moving forward.

There are three primary risks that may have an impact on our public service in 2018/19:

Area of Risk	Risk Factors and Sensitivities	Mitigation Strategies
Multi-platform broadcast rights (medium risk)	The increase in online streaming and video on demand (VOD) services is creating increased competition for programs and their multi-platform rights, increasing costs and availability of content.	Expand the number of curated collections and individual programs for video on demand, with an emphasis on arts and culture documentaries. Increase Knowledge Network original programming, as this content has extended streaming rights.
Audience behaviour Knowledge Primetime: (medium risk) Knowledge Kids (high risk)	Audiences are accessing content from a widening range of options including live streaming on websites and mobile apps, and video on demand.	Invest in multi-platform delivery of programs for adults and kids, as they are adopted by viewers.
Revenue generation (low risk)	Charitable giving in Canada continues to decline amidst a growing number of charities seeking support.	Focus on stewardship of current donor base to increase levels of giving. Optimize personalization capabilities of new Knowledge.ca website to convert viewers to donors. Increase the number of new donors through a fundraising campaign that celebrates Knowledge Network’s 40 th anniversary, in 2021. Continue to build the legacy giving program by focussing on securing bequests to the Knowledge Endowment Fund.

The strategies identified in our Service Plan and 2018/19 -2020/21 Strategic Plan will help mitigate these risks within our operating environment.

Performance Plan

Knowledge Network values the relationship that we have with the Ministry of Tourism, Arts and Culture. We regularly engage with and update our Ministry on strategic priorities and new opportunities as required by the Minister to deliver on our mandate.

In April 2018 Knowledge Network is embarking on a new three-year Strategic Plan. New goals and strategies have been established in support of this plan. New measures have also been developed to track performance in key strategic areas. These changes are reflected in this Service Plan.

New Performance Measures:

- Total Subscribers (to Knowledge.ca and the Knowledge App);
- Total App Downloads (for the Knowledge App and Knowledge Kids Go App);
- Videos Played (for Knowledge.ca, the Knowledge App, KnowledgeKids.ca, and the Knowledge Kids Go App); and
- Legacy Circle Donors (individuals who have notified us that they have left a gift in their will for the Knowledge Endowment).

Revised Performance Measures:

Total Reach: This measure now includes B.C. markets outside of the lower mainland and Vancouver Island. In past years, this data was not included in the Western Prairie Balance Market numbers, as it was not balanced and fully weighted by Numeris¹. Numeris recently made changes to their panels; this is now enabling us to include these markets in our reports. By adding this data, we can better reflect viewership across B.C.

Indirect Investment in Multi-Platform Content: We are now including all certified Canadian production funds (e.g. Shaw Rocket Fund, Bell Fund and Telus) and tax credits leveraged in this performance measure to better reflect the range of private and federal dollars leveraged: whereas the previous measure only included the Canadian Media Fund.

Retired Performance Measures:

The following performance measures have been retired as they do not support the goals and strategies of our 2018/19 - 2020/21 Strategic Plan. The new performance measures noted above combined with the measures we continue to use align with our strategic direction over the next three years.

- Average Weekly Hours Viewed;
- Web Sessions;
- Page Views;
- App Session;
- BC Community Events;

¹ Numeris is a Canadian audience measurement organization

- British Columbians Attending Community Events; and
- Entrepreneurial and Other Revenues.

Goal 1: Enhance the accessibility and quality of Knowledge Network’s television service to maintain its relevance and importance to British Columbians

The rapid proliferation of new devices and web channels is changing the way television is watched. Regularly scheduled TV programming, however, continues to garner the majority of viewing, especially for older audiences. Knowledge Network’s scheduled television service – delivered on cable, satellite, web and mobile apps – is the popular and vital foundation on which our growth is built.

Objective 1.1: Strengthen programming to meet the diverse needs of viewers, specifically positive, educational content that fosters learning for young children and their families, and programs that inform and inspire audiences 50+

Key Strategies:

- Distribute the 24/7 regularly scheduled television service to all British Columbians by every common platform, including: cable; satellite; Internet Protocol TV (e.g. Telus Optik, Bell Fibe); and live streaming through Knowledge websites and apps.
- Continue to strengthen the primetime schedule with high quality arts, culture, social issue, history and natural history documentaries, performing arts and drama from B.C., Canada and the world.
- Invest in programming that promotes literacy and numeracy for young children.
- Implement Knowledge Network’s new Conditions of Licence, granted by the Canadian Radio-television and Telecommunications Commission (CRTC) which allow for more programming flexibility.
- Increase online playback options for our scheduled television service by developing a live stream recording capability.

Performance Measure		2016/17 Actual	2017/18 Forecast	2018/19 Target	2019/20 Target	2020/21 Target
1.1a Total Reach (People)	Knowledge Primetime	3,067,000	3,000,000	3,000,000	3,000,000	3,000,000
	Knowledge Kids	2,319,000	2,200,000	2,000,000	2,000,000	2,000,000

^{1.1a}Data Source: Numeris Canada. Unduplicated number (number of people exposed) of those viewing at least one minute of programming on television in the Vancouver Extended Market and Western Prairie Balance Market for Knowledge Primetime (viewers 2+, 6pm to 12am) and Knowledge Kids (viewers 2+, 6am to 6pm, M-F; 6am to 12pm, Sat-Sun).

Linking Performance Measures to Objectives:

1.1a Total Reach is an indicator of the relevance, quality and accessibility of Knowledge Network’s regularly scheduled broadcast service for adults and kids through a demonstration of steady viewership.

Discussion:

Total Reach measures the estimated total number of different people who watch Knowledge Network on television during a fiscal year. This measure now includes B.C. markets outside of the lower mainland and Vancouver Island, which is more representative of the province due to the addition of the Western Prairie Balance Market. In past years, this data was not included because it was a market not balanced and fully weighted by Numeris. Numeris recently made changes to their panels, which now enables us to include these markets in our reports. If we were continuing to report out on the Vancouver Extended Market only, we would be on track to meet targets identified in our 2017/18 Service Plan.

Knowledge Network has a significant reach and is very successful with viewers in our market. Knowledge Primetime primarily targets audiences 50+. While many viewers in this demographic continue to watch programs on television, the opportunity for audience growth is on web and app channels. Maintaining our current audience on television, at our current levels, is an ongoing challenge in a competitive broadcast environment.

Knowledge Kids primarily targets children 2-8 and their parents and caregivers. Children are consuming more content on other platforms (desktop computers, mobile and tablets). While we do not anticipate growth in the reach of Knowledge Kids on television in the coming years, we project significant growth on Knowledge Kids digital platforms.

Goal 2: Improve the audience experience for video on demand by increasing the number of available programs and through the development of next generation apps and platforms

As new devices and operating systems proliferate, Knowledge Network is working to ensure that our programming service is available on any platforms adopted by our audiences. We are also committed to a high-quality experience on all platforms.

Objective 2.1: Our public service is available on any platforms our audiences use and the experience is high quality

Key Strategies:

- Expand the number of curated collections and individual programs for video on demand, with an emphasis on arts and culture documentaries.
- Build a new generation Knowledge app for Apple and Android devices, based on the new Knowledge website technology.
- Build the next generation Knowledge Kids Go app for Apple and Android devices.
- Develop Knowledge and Knowledge Kids apps in partnership with Samsung Canada for its Smart TV app store.

Performance Measures			2016/17 Baseline	2017/18 Forecast	2018/19 Target	2019/20 Target	2020/21 Target
2.1a	Total Subscribers	Knowledge.ca and Knowledge App	24,593	35,700	51,700	65,800	70,800
2.1b	Total App Downloads	Knowledge Apps	9,967	13,500	17,100	20,700	24,300
		Knowledge Kids Go Apps	56,005	74,200	92,100	110,100	128,100
2.1c	Videos Played	Knowledge.ca and Knowledge Apps	1,133,912	1,150,000	1,160,000	1,180,000	1,190,000
		KnowledgeKids.ca and Knowledge Kids Go Apps	10,211,432	10,300,000	10,310,000	10,320,000	10,325,000

^{2.1a} Data Source: Knowledge.ca website database. Tracks total users who complete registration for a Knowledge account (cumulative).

^{2.1b} Data Source: Google Play Console (Android) and iTunes Connect (Apple). Tracks lifetime downloads (cumulative) for each fiscal year.

^{2.1c} Data Source: Google Analytics. Tracks total videos played across web and mobile platforms in a fiscal year.

Linking Performance Measures to Objectives:

- 2.1a The Total Subscribers captures the number of new users of video on demand collections and programs.
- 2.1b Total App Downloads represents the installed base of users for the Knowledge and Knowledge Kids Go apps. This measure reflects that our services are available on common platforms adopted by our audiences. It also demonstrates that audiences are successfully discovering the apps.
- 2.1c Videos Played tracks the number of videos played on web and mobile platforms for children and adults. This measure demonstrates that audiences are watching programs outside of the regularly scheduled television service.

Discussion:

Expanding digital platforms has allowed Knowledge Network to better serve the growing number of viewers, including kids and families, who increasingly access content through websites and apps. As we have seen in recent years, these platforms provide a significant opportunity for audience growth. Meeting this goal requires ongoing development and upgrading of our apps and websites. Improving Knowledge Network's video on demand services provides British Columbians with a free alternative to paid subscription and ad-supported streaming media services. Performance measures reflect our progress in serving audiences on web and mobile platforms, where new relationships can be further cultivated.

Goal 3: Champion more B.C. stories and support more storytellers

Knowledge Network's investment in documentaries and children's programs produced by independent filmmakers leverages funding from federal and provincial, public and private sources. Increased investment in independent productions will support the creation of more B.C. stories and help develop skills within the community.

Objective 3.1: Create more B.C. and Canadian stories and strengthen the independent production community through commissioning efforts

Key Strategies:

- Support early learning for B.C.'s youngest viewers through the development and production of an original series featuring Knowledge Kids' proprietary characters, Luna, Chip and Inkie.
- Invest in one-off documentaries, shorts and series in partnership with B.C.'s independent production sector.
- Develop and commission more B.C. Indigenous stories told by Indigenous storytellers.
- Encourage skills development and mentorship of emerging B.C. filmmakers in partnership with Creative B.C. and other federal and provincial organizations.

- Commemorate British Columbia’s entry into Confederation in 2021 with the B.C. 150 History Project which will include a four-part history series and 150 short films commissioned from independent B.C. filmmakers.
- Increase the number of original Canadian content programs in partnership with filmmakers and other broadcasters across Canada.
- Increase the profile of commissioned documentary series in select markets outside B.C. in order to qualify for production financing from national funding bodies.

Performance Measures	2016/17 Actual	2017/18 Forecast	2018/19 Target	2019/20 Target	2020/21 Target
3.1a Direct Investment In Multi-Platform Content	\$1,626,688	\$2,095,521	\$1,800,000	\$2,200,000	\$2,100,000
3.1b Indirect Investment In Multi-Platform Content (CMF envelope, other CMF funding, Independent production funds, tax credits)	\$16,582,835	\$9,823,058	\$11,000,000	\$14,000,000	\$12,000,000
3.1c B.C. Independent Production Budgets Supported by Knowledge Network	\$4,332,862	\$5,412,866	\$5,000,000	\$7,000,000	\$6,000,000

^{3.1a} Data Source: Letters of Intent entered into with independent producers in a fiscal year. Knowledge Network directs funds from its budget for original content rights. This measure includes Knowledge Network investment in television and online original content for both children and adults. Targets may be adjusted due to the non-cyclical nature of content production in future reports.

^{3.1b} Data Source: Financing plans for projects where Knowledge Network has issued a Letter of Intent in a fiscal year. As a licensed broadcaster, Knowledge Network can help B.C. independent producers trigger funding for B.C. independent productions from third-party funding sources. Includes certified Canadian independent production funds, the Canada Media Fund, and federal and provincial tax credits. Based on Knowledge Network’s investment, funding is generated from independent production funds towards B.C. and Canadian projects.

^{3.1c} Data Source: Project budgets submitted by independent producers where Knowledge Network has issued Letters of Intent. It represents all contributions to independent production budgets, including those committed by Knowledge Network in a fiscal year (includes certified Canadian independent production funds, the Canada Media Fund, and federal and provincial tax credits).

Linking Performance Measures to Objectives:

- 3.1a Direct Investment in Multi-Platform Content reflects Knowledge Network’s financial support for B.C. and Canadian stories.
- 3.1b Indirect Investment In Multi-Platform Content demonstrates how Knowledge Network’s investment in B.C. and Canadian projects leverages funding for independent producers from certified Canadian independent production funds, the Canada Media Fund, and federal and provincial tax credits.

- 3.1c B.C. Independent Production Budgets Supported by Knowledge Network represents all contributions to independent production budgets, including those committed by Knowledge Network in a fiscal year. It demonstrates the economic activity generated by independent production projects supported by Knowledge Network. Independent production budgets are comprised of funding from many sources, including domestic and international broadcasters, the Canada Media Fund, independent production funds and B.C. and Canada tax credits.

Discussion:

The number of projects Knowledge Network commissions or pre-licenses varies significantly from year to year. It is dependent on when projects have completed development and when they are ready to move forward into production. Each documentary production is a unique creation, with many variables influence timing: from developing the story to securing the financing. Typically, about half of projects in development move forward to production financing. As a result, targets are revised annually based on the most recent information we have on the status of independent production projects.

Knowledge Network receives an allocation from the Canada Media Fund each year for the creation of Canadian programming. The amount of this allocation varies depending on a number of factors, which are not within our control. Independent production financing is often dependent on Knowledge Network's annual Canada Media Fund allocation; they also require funding from other public and private independent production funds, as well as federal and provincial tax credits.

B.C. independent production budgets reflects the total budgets of B.C. productions where Knowledge Network has made an investment. The budgets generate economic activity by supporting B.C. talent including directors, producers, editors, production crews, animators, graphic artists, writers, and musicians. Indigenous cultural diversity is reflected in Knowledge Network's programming strategies, in support of the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP).

Goal 4: Connect with more viewers to enlarge the donor base and grow the Endowment Fund

Knowledge Network's current donor base is both loyal and generous. It is, however, vital to our long term sustainability that we continue to attract new donors, as well as increase donations and long term support through legacy giving in the Knowledge Endowment Fund.

Objective 4.1: Attract new donors to offset attrition and to increase donations and long term support for B.C.’s public broadcaster

Key Strategies:

- Promote 150 community events throughout British Columbia, as part of the B.C. 150 History Project commemorations.
- Increase the number of new donors through a fundraising campaign across B.C. that celebrates Knowledge’s 40th anniversary, in 2021.
- Utilize the capabilities of the newly launched Knowledge.ca website to cultivate viewers and convert them to donors.
- Host an estate planning seminar series for Knowledge Partners.

Performance Measures	2016/17 Actual	2017/18 Forecast	2018/19 Target	2019/20 Target	2020/21 Target
4.1a Knowledge Partner Donations	\$4,292,887	\$4,250,000	\$4,300,000	\$4,350,000	\$4,400,000
4.1b Legacy Circle Donors	585	640	700	750	800

^{4.1a} Data Source: Blackbaud donor database. Tracks total Knowledge Partners donations received each fiscal year.

^{4.1b} Data Source: Blackbaud donor database. Tracks total number of individuals who have notified us that they have left a gift to Knowledge Network in their will (Legacy Circle Donors) each fiscal year (cumulative).

Linking Performance Measures to Objectives:

- 4.1a Knowledge Partner Donations performance measure reflects donations to the Annual Fund received from new, renewing and recovered donors in a fiscal year.
- 4.1b Legacy Circle Donors performance measure reflects a commitment from donors to support the long term sustainability of Knowledge Network through legacy giving.

Discussion:

Knowledge Network has seen moderate but consistent growth in annual donations. Our strategies are designed to attract new donors to continue this positive trend as reflected in our targets. Gifts to the Knowledge Endowment Fund are an investment in the future of public broadcasting in British Columbia. Due to the nature of endowment revenue, it is difficult to predict the annual pace of growth. However, growth of donors who have made a commitment to leave a gift is the best indicator for measuring growth in legacy giving. Legacy Circle Partners are donors who have left a legacy gift to the Knowledge Endowment Fund.

Financial Plan

Summary Financial Outlook

(Consolidated, Reported in \$000)	2017/18 Forecast	2018/19 Budget	2019/20 Budget	2020/21 Budget
REVENUE				
Province of BC Operating Grant ²	6,708	6,851	7,088	6,818
Donations and Sponsorships	4,535	4,325	4,375	4,425
Revenue from Subsidiary Operations	903	517	300	100
Amortization of Deferred Contributions	300	320	320	320
Endowment Investment Income	200	200	220	220
Other Revenue ³	379	230	-	220
Total Revenue	13,026	12,443	12,303	12,103
EXPENSES				
Programming and Presentation	2,237	2,127	2,130	2,130
Marketing and Development	2,294	2,222	2,225	2,225
Broadcast Platforms and Web Channels	2,029	2,056	2,060	2,060
Amortization of Broadcast Rights	3,137	3,511	3,525	3,525
Expenses from Subsidiary Operations	937	613	300	100
General ⁴	1,010	417	600	600
Administration:				
President's Office	327	350	350	350
Board of Directors	33	33	33	33
Finance	474	467	470	470
Facilities	264	264	265	265
Human Resources	174	207	150	150
Other	33	122	145	195
Total Expenses	12,949	12,389	12,253	12,103
Annual Surplus from Operations	77	54	50	-
Endowment Contributions Received (held in trust) ⁵	1,700	800	800	800
Annual Surplus (Invested in Broadcast Rights & Capital Assets, Endowment Fund)	1,777	854	850	800
Total Liabilities	2,671	2,851	3,431	2,411
Accumulated Surplus	19,064	19,668	20,068	21,718

² Includes grant for BC History Project, allocated over 4 years: 2017/18:\$150,000; 2018/19:\$250,000; 2019/20:\$450,000; 2020/21:\$150,000.

³ Includes realized investment income.

⁴ Includes amortization of equipment.

⁵ Endowment contributions are held in trust and not treated as operating revenue.

Key Forecast Assumptions, Risks and Sensitivities

Knowledge Network has experienced an upward trend in charitable donations, even as charitable giving in Canada continues to decline amidst a growing number of charities seeking support. Combined with changing demographics and viewing habits, we expect donations to Knowledge Network's annual fund to eventually plateau. However, legacy giving in Canada is experiencing an opposite trend, with growth expected to continue for the next decade or more.

As pressure on revenue for independent Canadian specialty services increases, we will continue to closely monitor industry and regulatory changes impacting our BBC Kids service (please see appendix B for additional information on BBC Kids).

Management's Perspective on the Financial Outlook

Knowledge Network's success is built on a foundation of support from our 39,000 donors and the Government of British Columbia.

Contributions to the Knowledge Endowment have been steadily increasing with the fund currently valued at \$7.4 million. Gifts to the fund are an investment in the future of public broadcasting in British Columbia. It was established with a long-term view to support new programming, including the creation of B.C. stories. Due to the nature of endowment revenue, it is difficult to predict the annual pace of growth.

We are required to capitalize our investment in original programming, with amortization of broadcast rights typically spread out over four to six years. Amortization expenses will increase significantly over the next three years as we invest more in original programming.

Our operating environment continues to change as on demand streaming services become more popular with audiences. Our regularly scheduled broadcast service on television, however, is still overwhelmingly favoured by our viewers. In 2018, we will launch an expanded website to deliver an improved audience experience including additional content and viewing incentives. This will include expanding online fundraising efforts.

Due to significant changes in the operating environment for BBC Kids, revenues from the operation of our national specialty service have been declining. Recent regulatory changes have placed independent specialty services at a disadvantage resulting in lower pricing for BBC Kids. Expenses for BBC Kids have been adjusted accordingly.

Appendix A: Hyperlinks to Additional Information

[Corporate Governance](#)

[Organizational Overview](#)

Appendix B: Subsidiaries and Operating Segments

Active Subsidiaries

Knowledge-West Communications Corporation (KWCC) was incorporated in 1981. KWCC owns and operates BBC Kids, a Canadian children’s subscription channel. The CRTC approved KWCC’s acquisition of assets for BBC Kids in April 2011. KWCC financial results are proportionately consolidated under Knowledge Network Corporation’s audited financial statements.

BBC Kids is a commercial-free service reinforcing the values of both Knowledge Network Corporation and the British Broadcasting Corporation (BBC). KWCC’s activities are in alignment with KNC’s mandate, strategic priorities and fiscal plan.

Revenues from the operation of our national specialty service have begun to decline, due to significant changes in the channel’s operation environment including new CRTC broadcast policies. Expenses for BBC Kids have been adjusted accordingly. We will continue to closely monitor industry and regulatory changes.

Summary Financial Outlook

Reported in \$000	2017/18 Forecast	2018/19 Budget	2019/20 Budget	2020/21 Budget
Total Revenue	903	517	300	100
Total Expenses	937	613	300	100
Net Income	(34)	(96)	-	-