



May 22, 2013

Mr. James Rajotte, M.P.  
Chair, Standing Committee on Finance  
House of Commons  
Rm 614, Sixth Floor  
131 Queen Street  
Ottawa, ON  
K1A 0A6

Dear Chair,

As the Standing Committee on Finance reviews Bill C-60, I must draw to your attention concerns our Corporation has about some unintended consequences of this legislation.

We believe that the proposed amendments to the *Financial Administration Act* (the "FAA"), as currently drafted in Division 17 of the Bill, may conflict with key parts of the *Broadcasting Act*, our Corporation's governing legislation, and as a result, would reduce the independence that is critical to our operation.

The *Broadcasting Act* sets out our Corporation's mandate as well as its structure and reporting relationship with Government. It ensures that the Corporation has both a comprehensive reporting structure to Parliament, and specific safeguards to guarantee arm's-length independence of its activities. For example, it is the *Broadcasting Act* which gives the Board of Directors the explicit authority to determine the salaries of CBC/Radio-Canada employees (Sec 44 (2)). The *Act* also specifies that CBC/Radio-Canada employees are not public servants (Sec 44 (3)).

The Corporation's independence is considered so fundamental to its successful operation that the *Act* protects our Corporation from submitting "*to the Treasury Board or to the Minister or the Minister of Finance any information the provision of which could reasonably be expected to compromise or constrain the journalistic, creative or programming independence of the Corporation*" (52 (2)(a)).

Legislation which could require the Corporation to seek a "*negotiating mandate*" from Treasury Board Ministers, or allow Treasury Board Ministers to "*determine the terms and conditions of employment*" of journalists, anchors or senior executives, or require a Treasury Board employee to attend negotiations, may give rise to conflicts with the *Broadcasting Act* and the Charter and compromise the Corporation's independence. This could potentially embroil the government, our Corporation, and its unions in litigation, a result that could be avoided with an amendment that protects that independence.

To be clear, CBC/Radio-Canada supports the Government's efforts to ensure that Crown corporations are run efficiently and are accountable to taxpayers. Our Corporation agrees that compensation and benefits of Crown corporations should be aligned with the private sector. CBC/Radio-Canada uses an independent Human Resources advisor, Mercer, to benchmark what it pays employees compared to the industry in which it is required to operate. Salary increases at our Corporation have averaged 1.9% over the past seven years. Salaries in the private sector have increased an average of 3% over the same period.

Our Corporation's pension plan is extremely well-managed. Its investment performance is in the top 5% of similar-sized plans in Canada; it has a going concern funding surplus and it has a solvency funded ratio of 91%, compared to 69% for Canadian pension plans in general. It is the responsibility of the Board of Directors to ensure that this responsible use of resources continues.

If the goal of this legislation is accountability, the *Broadcasting Act* already ensures that our Corporation is accountable to taxpayers in its reports to Parliament and Canadians, the CRTC, and the Auditor General of Canada. In February 2013, the Auditor General's special examination gave CBC/Radio-Canada a clean audit opinion; the best result that a federal agency can obtain. This confirms that our Corporation manages its assets efficiently and economically.

When one looks at CBC/Radio-Canada's record on salaries, the health of its pension plan, and its accountability to taxpayers, we believe that we are, in fact, a model for efficient and responsible management at a Crown corporation.

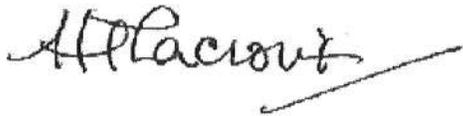
Bill C-60 would strip CBC/Radio-Canada's Board of Directors of its two fundamental responsibilities: to ensure responsible supervision of the Corporation's activities and its independence from the Government of the day. It is the Board, with its knowledge of the Corporation and its strategy, which is best-equipped to assess the appropriateness of collective agreements and employment agreements within the overall management of the Corporation's resources.

There are ways in which the proposed amendments to the FAA could serve the Government's overall objectives without undermining our Corporation's continuing ability to manage public resources and function as an effective independent public broadcaster. We suggest that the Committee consider an amendment which reaffirms our Corporation's independence, perhaps something similar to that which already exists in other legislation.

It is vital that CBC/Radio-Canada is able to function as the independent public broadcaster envisioned by Parliament while continuing its responsible management of public resources.

I would be pleased to provide you with any additional information you may require as your Committee studies this legislation.

Sincerely,

A handwritten signature in cursive script that reads "H. Lacroix". The signature is written in black ink and is followed by a long, horizontal, slightly wavy line that extends to the right.

Hubert T. Lacroix  
President and CEO