CORPORATE PLAN SUMMARY

2015 Everyone. Every way.

2012–2013 to 2016–2017

AUGUST 2012

CBC Radio-Canada

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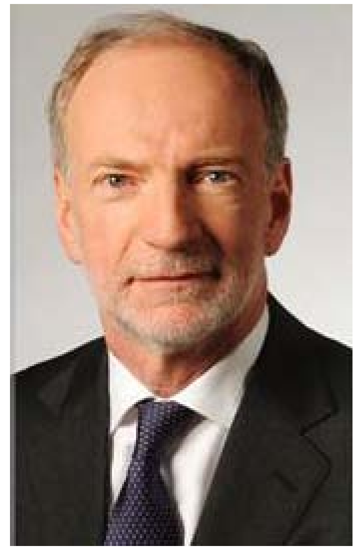
1. Message from the President & CEO

This past year, Canada's national public broadcaster began implementing its new five-year strategic plan, *2015: Everyone, Every way*. Launched in February 2011, the plan has three strategic thrusts: giving Canadians more national programming that reflects the Canadian experience, more regional programming that knits communities together, and more digital spaces where they can engage in public conversations and debates in their own personalized way.



Hubert T. Lacroix
President and CEO

A Year of Strong Performance

We implemented virtually all of the key initiatives for year one of the plan. Among other things, this includes two new digital music sites, a new specialty television channel, Explora, which offers science, environment, nature, and health programming, local service extensions like CBC Hamilton and the two new micro-sites for Montreal's North and South Shore, and the work we've done on programs like the multi-platform, cross-cultural *8th Fire/8e feu*.

We also had another strong year with audiences. In January 2012, CBC Television had the best launch in its history, with five shows drawing audiences of more than a million viewers. Télévision de Radio-Canada also achieved strong ratings, with many shows drawing more than a million viewers.

CBC Radio achieved its second-best ever Fall share, after its best-ever Fall performance in 2011. And Radio de Radio-Canada remains one of the most important French-language radio services in Canada, reaching 1.4 million Francophones each week.

CBC.ca and *Radio-Canada.ca* are among Canada's most popular news and information sites, attracting 6.2 million and 2.1 million visitors a month respectively. Radio-Canada continued to develop Tou.tv, its French language Web television service which attracted 536,000 visitors a month throughout the fall of 2011 and the winter of 2012.

A Commitment to Accountability and Transparency

Strategy 2015 commits CBC/Radio-Canada to report regularly across a range of metrics on how we are implementing the plan so that every Canadian can hold us to account. This information is available, along with a wide range of financial and operational information, on our corporate web site. *Strategy 2015* reporting strengthens our already strong commitment to accountability and transparency, attributes central to our philosophy and our credibility – and credibility is essential for a public broadcaster.

Solutions for Our Financial Challenges: Same Strategy, Different Path

Despite the year's many successes, we once again face serious financial pressures. In the 2012 Federal Budget, the government announced that CBC/Radio-Canada's appropriation had been reduced by $115 million over three years. This reduction, combined with the unavoidable costs and investments required for CBC/Radio-Canada to continue to keep pace as a modern public broadcaster, means the Corporation actually faces financial pressures of $200 million over the next three years.

To minimize the need for reductions, we will look to increase our revenues, reduce costs and do things differently. We intend to do this through increased advertising, leasing and selling real estate and by seeking CRTC approval to add advertising to CBC Radio 2 and Espace musique, all while applying strict standards to protect CBC/Radio-Canada's brand. We will also implement more streamlined work and production methods, reduce costs of production, consolidate activities where possible, and reduce our overall real estate footprint. And we will continue to eliminate things that do not move us closer to achieving the goals we set out in *Strategy 2015*. The more we can do in these areas over the next three years, the more we will be able to protect activities tied to *Strategy 2015*, and our programming and the services we provide Canadians.

We will also discontinue services that are nearing the end of their life cycle. This means shutting down analogue transmitters and moving the broadcasting of RCI from shortwave to the web. Unfortunately, we have also had to cut back on the number of languages RCI broadcasts in, from seven to five.

Even after these revenue-generating and cost-reduction initiatives, we will still need to reduce by $30 million our expenditures on *Strategy 2015*. We won't be able to move as far or as fast on certain elements as we had planned, but we remain fully committed to becoming more Canadian, more regional and more digital.

For more information on how CBC/Radio-Canada will navigate this challenge, please visit our *Same Strategy, Different Path* website.

Local Programming Improvement to End August 31, 2014

The Government's funding reduction, rising costs and necessary investments are not the only funding pressures we face. On July 18, 2012, the CRTC announced that it plans to phase out the Local Programming Improvement Fund (LPIF) by the end of August 2014. The LPIF contributed close to $47 million to CBC/Radio-Canada's local programming. The loss of LPIF will result in local television programming expenditure reductions in smaller markets across Canada.

A Clear Vision for Our Future

For 75 years, CBC/Radio-Canada has built a relationship of trust with Canadians. Our audiences value the voice we give to the stories and issues that matter to them. Despite the significant economic challenges we face, *Strategy 2015* will continue to be our guide for deepening our relationship with our audiences, and for remaining a leader in Canada's media environment.

Media innovation never stops – and neither does CBC/Radio-Canada. While there is a lot of work to be done to get us to 2015 – and many challenges along the way – we are already planning beyond this signpost.

The media landscape is evolving in ways that will make the future less about passively consuming content and more about sharing, interacting and engaging with content. Co-creating, re-recreating – audiences will expect to have participatory and collaborative experiences with content.

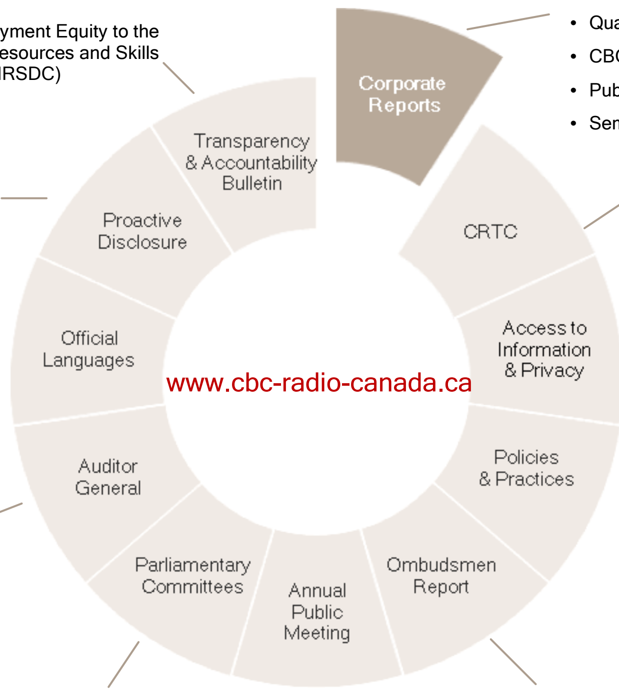
CBC/Radio-Canada creates distinctive, high quality news, sports, children's and entertainment content and we will distribute it in the ways Canadians expect from their modern public broadcaster. We will find ways to collaborate with and complement other media companies to ensure that we continue to be the first place Canadians think of when it comes to the Canadian experience, Canadian culture, and Canadian democratic life. Our strategy, as it always has been, is to focus on the desires and the needs of the audiences we serve, changing and growing as those audiences change and grow.

Above all, we remain committed to creating public spaces where Canadians can better understand their world, their country, their province, their city, their community and their neighbours while securely and confidently expressing their opinions and sharing their experiences. We will settle for nothing less.

Hubert T. Lacroix
President and Chief Executive Officer

2. CBC/Radio-Canada's Commitment to Transparency and Accountability

As the national public broadcaster, CBC/Radio-Canada takes very seriously its obligation to be transparent and accountable to Canadians. To meet its responsibilities, the Corporation provides wide access on its corporate website to information about its activities and the way it manages public resources.



- Corporate Plan and Summary
- Annual Report
- Quarterly Financial Reports
- CBC Pension Annual Report
- Public Accounts of Canada
- Semi-Annual Report Card

- Periodic license renewals
- Annual reporting to the CRTC covering:
  - Each of the Corporation's licensed radio, television and specialty services
  - Audit reports for all the Corporation's television stations eligible for LPIF
  - Independent production reports covering CBC Television and Télévision de Radio-Canada
  - New media reporting requirements

- Journalistic policies and practices
- Code of conduct

- Appearances before Parliamentary Committees (Canadian Heritage, Official Languages)

- Annual OAG Attest Audit
- Special Examination, which began in the fall of 2011

- Proactive disclosure web pages (including posting of travel and hospitality expenses of the Chair and Executives)

- Implementation of Section 41 of the *Official Languages Act* report
- Annual Report on Employment Equity to the Department of Human Resources and Skills Development Canada (HRSDC)

3. CBC/Radio-Canada Services

We are a leader in reaching Canadians on new platforms, delivering a comprehensive range of radio, television, Internet, mobile and satellite-based services. Deeply rooted in the regions, CBC/Radio-Canada is the only domestic broadcaster to offer diverse regional and cultural perspectives in English, French and eight Aboriginal languages, as well as five languages for international audiences. The Corporation's broadcasting reach extends across Canada and around the world, offering high-quality, distinctive content by, for and about Canadians, wherever and however they want it. We have more than 30 services as follows:

Radio

CBC Radio One

News, current affairs, arts and culture via radio and Sirius Satellite Radio Channel 159.

CBC Radio 2

Classical, jazz and popular music via radio and four online channels: Classical, Jazz, Canadian Songwriters, Canadian Composers.

CBC Radio 3

Emerging Canadian music via the Internet, podcast and Sirius Satellite Radio Channel 152.

Première Chaîne

News, current affairs, arts and culture

Espace musique

Classical, jazz, vocal, world, and emerging music via radio and Sirius Satellite Radio Channel 153.

Bande à part

Popular and alternative French-language music via Espace musique, the Internet, podcast and Sirius Satellite Radio Channel 161.

Première plus

News, current affairs and culture, in partnership with Radio Canada International and Radio France International, via Sirius Satellite Radio Channel 160.

Sports extra

Sports information and analysis via Sirius Satellite Radio Channel 156.

Television

CBC Television

News, information, sports, entertainment, documentaries and kids programming.

CBC News Network

Continuous news and information via television.

bold

Canada's 24-hour English-language digital television service pushes the boundaries with innovative drama and comedy, the world's best performing arts and exclusive coverage of sporting events.

documentary

Canadian and international documentaries, films and series.

Télévision de Radio-Canada

News, current affairs, drama, culture, variety, sports, and programming for children and youth.

Réseau de l'information de Radio-Canada

Continuous news, information and current affairs via television.

TV5MONDE

Programming featuring diverse cultures and perspectives, from 10 broadcast partners, including Radio-Canada.

ARTV

Arts and entertainment: film, theatre, music, dance, visual arts, and more.

Explora

Health, science, nature, and the environment.

CBC News Express / RDI Express

Bilingual news and information service in five large Canadian airports, serving over 62 million travelers annually.

CBC North

Linking Canada's northern communities via radio and television, in English, French and eight Aboriginal languages.

Digital

CBC.ca

News, information, streaming video and audio, sports highlights, Web features and multimedia archives.

CBCnews.ca

Local, national and international breaking news and in-depth reporting, streaming audio and video, web-only interactive features.

CBCsports.ca

Canadian and International breaking news and special reports from the world of sports, access to live streaming of major events including CBC's *Hockey Night in Canada*.

CBC Music

Free digital music service with 40 web radio stations, 12 genre-based music communities plus CBC Radio 2 and CBC Radio 3, music news by Canada's top music journalists, hundreds of concerts, playlists and more.

CBC Books

All of CBC's rich literary content across all platforms - audio, video and digital.

CBC Hamilton

CBC.ca/Hamilton, an exciting new digital station, provides a robust, up-to-date experience with content tailored to the residents of Hamilton and the neighbourhoods in which they live. It is one of five new local services being rolled out as part of CBC/Radio-Canada's *Strategy 2015: Everyone, Every way.*

Radio-Canada.ca

News, information, streaming video and audio, and Web features.

Tou.tv

On-demand Web television, created by Radio-Canada, featuring programming from almost 50 national and international producers and broadcasters.

Espace.mu

Customized and mostly French-language music via the Internet in seven genres: pop, jazz, classical, hip-hop, rock, country-folk and world music.

Rive Sud/Rive Nord

Provides Montreal's off-island residents with dedicated spaces to get their news, plan their commutes and daily activities, as well as discuss the issues that matter to them.

Radio Canada International

Canadian information and culture in five languages via the Internet, and partner stations worldwide.

Other

CBC Records / Les disques SRC

Label recording Canadian musicians and releasing about eight CDs annually.

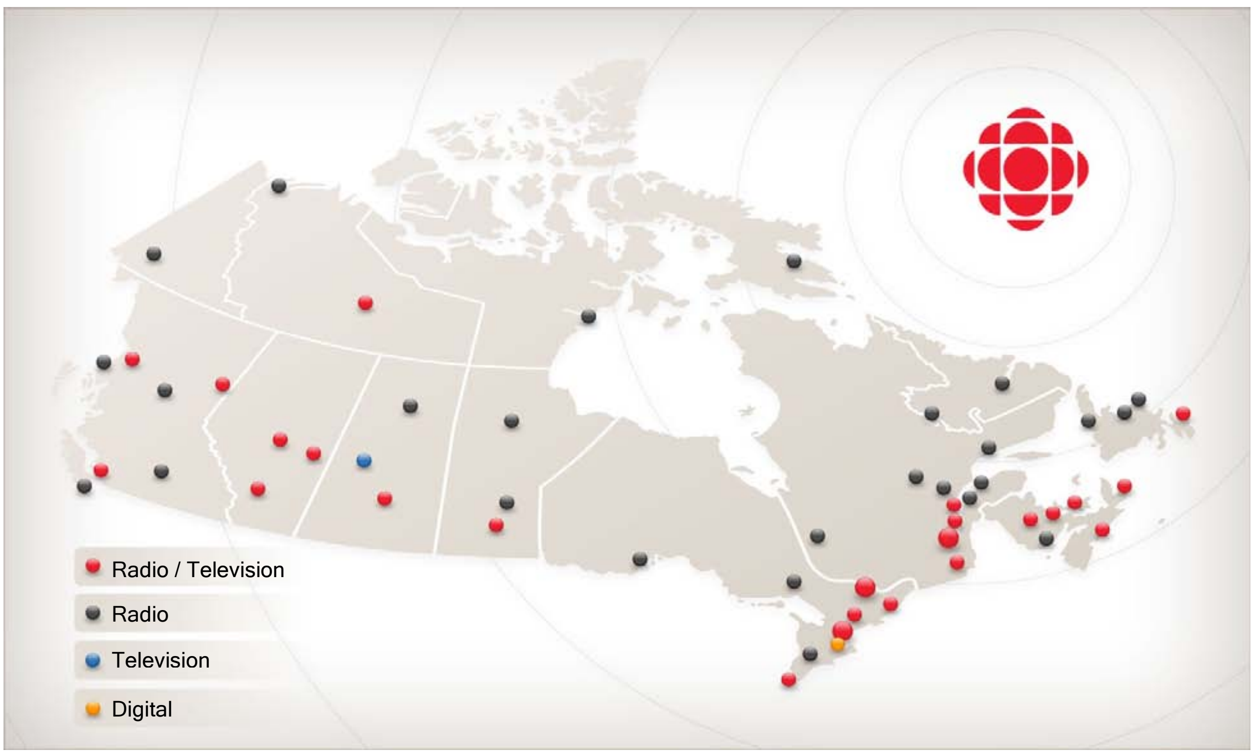
CBC Mobile Productions / Productions mobiles de Radio-Canada

Services for in-house production, and generating programming revenue by selling to the third party market.

CBC Shop / Boutique Radio-Canada

On-site and online shop selling CBC/Radio-Canada audio and audio/visual recordings of programs, as well as related merchandize.

CBC/Radio-Canada's Stations



4. Our Strategic Context: The Environment in Which We Operate

CBC/Radio-Canada operates in an industry undergoing significant change in technology, consumer expectations and industry structure. Partly as a result of these changes, the role of CBC/Radio-Canada has come into question, and some competitors even argue that the need for public broadcasting has passed. However, even a brief examination of the facts demonstrates that public broadcasting is as relevant in its 75th anniversary year as it has ever been.

Support for Canadian Content Remains the Central Question

Underlying the Canadian broadcasting system is a rarely reported fact: there is no economically sustainable free-market model that will support a significant home-grown Canadian broadcasting industry. If the broadcasting system was left to commercial interests alone, it might serve shareholders well, but it would not serve the interests of Canadians. This has been the case since the beginning of broadcasting.

A rational, profit-seeking commercial broadcaster will typically seek to generate the largest possible audience at the lowest possible cost. In English Canada, this means acquiring popular content from the U.S. rather than taking the risk of financing original content in Canada. Even when the broadcaster does produce Canadian content, local programming suffers because making one program to broadcast nationally is more financially attractive than making ten local programs. Similarly, the broadcaster will typically invest in lower-cost unscripted genres of programming (e.g., game and reality shows) rather than more expensive scripted ones (e.g., drama, comedy). With the advent of digital production and distribution, one might be tempted to conclude that this is a temporary problem that will be solved by technology; however, digital distribution actually *increases* the need to support the Canadian broadcasting system because it makes content made elsewhere far more accessible. Without public support, Canadian programming would be drastically diminished.

Faced with this economic reality, public policy makers have two options. The first is for Canadians to empower and fund a public broadcaster to create high quality, original programming. The second is to regulate and subsidize the commercial sector so that they also have the resources to contribute to the creation of original content. In Canada, our mixed public/private broadcasting system values and combines both approaches: the public broadcaster's dedication to quality, original content to ensure a public space for Canadian stories and perspectives; and the commercial sector's intense focus on the most popular and low-cost programs to maximize audience size. This kind of balance has been recognized for decades as the best way to serve the interests of Canadians.

The bottom line is that all Canadian television programming, not just the programming aired by the national public broadcaster, needs support if it is to be created and offered to Canadians. And, as a recent analysis showed, private television broadcasters in Canada benefit from almost $900 million in public support and subsidies each year.

Consolidation: The New Norm

A wave of broadcasting consolidation in recent years has left Canada with a heavily concentrated ownership structure both horizontally and vertically. As in any other sector of the economy, increased concentration reduces competition, which in turn raises concerns of excessive prices, reduced service levels and unfair market advantage play.

The private English television market has two dominant broadcasters, Bell Media, which controls the CTV Network, and Shaw Media, which controls the Global Television Network. Both companies also control a large number of specialty television services. Québecor dominates virtually all facets of the francophone Quebec media market.

This domination extends to the distribution of television signals which is the largest segment of the broadcasting industry. Some 93 per cent of Canadians receive their television signals from either a cable or satellite provider. Ninety per cent of all television subscribers are accounted for by five companies (Rogers, Bell, Shaw, Vidéotron and Cogeco). All broadcasters, including CBC/Radio-Canada, are highly dependent on these distributors for carriage of their conventional services and for payment of a fair subscriber rate for the right to carry their specialty services. CBC/Radio-Canada retains a strong presence in the conventional television broadcasting market. However, it is under-developed in the specialty television market, with only three widely distributed services (CBC News Network, RDI and ARTV) and three digital services with limited distribution (**bold**, *documentary* and Explora). CBC/Radio-Canada is the only national broadcaster not integrated with a television distribution company.

Consolidation also extends to Canada's private radio industry, with only a handful of large players – Bell Media, Rogers, Cogeco and Corus. CBC/Radio-Canada operates Canada's only national radio services, with four networks (two in English and two in French) and 82 local stations.

In addition to dominating traditional broadcasting and distribution, Canada's conglomerates also have an upper hand in shaping the future of media. All of our main English and French competitors are owned by companies also heavily involved in telecommunications – both wireline and wireless.

With so much consolidation, the need for a strong public broadcaster to balance out the conglomerates' market power has never been so evident.

Our Key Environmental Challenge Is Stable Funding

In *Strategy 2015*: *Everyone, Every way*, we committed to being more Canadian, more regional and more digital. We said we could do this if we received stable and predictable public funding, increased our commercial revenues and generated additional efficiencies across the Corporation. Unfortunately, as announced in the 2012 Federal Budget, CBC/Radio-Canada's appropriation was reduced by $115 million over three years. This targeted reduction, combined with the unavoidable costs and investments required for CBC/Radio-Canada to continue to keep pace as a modern public broadcaster, means the Corporation actually faces financial pressures amounting to $200 million over the next three years.

Having certainty of our funding over a longer term and maximizing our efficiency allows us to plan our programming and operations with a reasonable degree of confidence. In many other countries, the role of public broadcasting is evaluated regularly, with the government setting out objectives and providing multi-year funding to achieve these. By comparison, the BBC has a funding commitment of ten years, the Australian Broadcasting Corporation has a three-year commitment and France Télévisions has up to a five-year commitment.

Local Programming Fund to End August 31, 2014

With the creation by the CRTC of the Local Programming Improvement Fund (LPIF), CBC/Radio-Canada, along with Canada's private conventional television broadcasters, gained an additional source of funds. Twenty CBC/Radio-Canada stations are eligible for LPIF support and contribute to the overall objectives of the LPIF: ensuring that viewers in smaller Canadian markets continue to receive a diversity of local programming – particularly local news; improving the quality and diversity of local programming; and ensuring that viewers in French-language markets are not disadvantaged by the smaller size of those markets.

CBC/Radio-Canada received approximately $47 million annually from the LPIF. This represents an important source of funds for the third thrust of our strategic plan – to be more local. On July 18, 2012, the CRTC announced that it plans to phase out the Local Programming Improvement Fund by the end of August 2014. The loss of the LPIF will result in local television programming expenditure reductions in smaller markets across Canada.

Advertising Revenue is a Vital Source of Funding for Strategy 2015

Advertising accounts for 20 per cent of CBC/Radio-Canada's annual revenues. As we were developing our strategic plan in 2010, the economy and advertising revenues were returning to pre-recession levels and we anticipated rising advertising revenue from our television and online services. But global economic recovery has been fragile, with the result that advertising revenue was no longer increasing by the Fall of 2011.

Some have argued that CBC/Radio-Canada should be free of advertising, surmising that advertising compromises public broadcasting. But a Nordicity study, published in November 2011, concluded that prohibiting CBC/Radio-Canada from selling advertising would be poor public policy. Most western countries (13 out of 18), and the majority of public broadcasters in these 18 countries (20 out of 32), count on advertising in part to fund their activities. Nordicity found that the elimination of advertising revenues would have a devastating effect on our ability to fulfill our mandate. The loss of revenue and the cost of replacement programming were estimated at $533 million. It would also have a negative impact on Canadian programming, independent producers and on the Canadian economy as a whole. Independent production would decline by some $150 million and there would be leakage out of the Canadian economy resulting in a net loss in GDP of $165 million.

On-Going Canadian Media Fund (CMF) Funding: A Key to Canadian Programming

CBC/Radio-Canada is the home of Canadian programming. In fact, CBC/Radio-Canada invests as much in Canadian programming as do all the conventional television private broadcasters combined (over $700 million in broadcast year 2011).

We were very pleased when the Government announced, in June 2011, that it was renewing its investment of $100 million per year in the Canada Media Fund (CMF). Without the CMF, which supports independent producers creating original Canadian programs, the Corporation could not maintain its exceptionally high level of investment in Canadian programming – which CBC/Radio-Canada showcases in prime time, when most Canadians are watching.

Canadians Embrace Digital Platforms

As Canadians adopt emerging platforms and technologies, staying at the cutting edge of change is a strategic priority for CBC/Radio-Canada.

Television broadcasting will remain the most important way Canadians consume media for years to come. Canadians still spend approximately 27 hours a week watching broadcast TV and have a plethora of channel choices. In the English market, nearly 60 per cent of television viewing is now spread thinly over dozens of Canadian and foreign specialty/pay television services. In the French market, the specialty/pay television sector represents nearly half of all television viewing. However, consumers want more than choice. They want control over when they watch. As such, video viewing is shifting to technologies like the personal video recorder (PVR), cable video-on-demand and Internet services like Tou.tv and Netflix that permit viewers to watch content on their own terms. Today, an estimated seven per cent of total television viewing is on-demand.

Watching video on the Internet has been around for years but, in the last year, it made a big jump to the television set. Nearly one in ten Canadians have connected their television to the Internet using a number of devices: game consoles (X-Box, Wii, PS3), Blu-ray players, dedicated devices like Apple TV and Boxee and apps integrated directly into new television sets. CBC/Radio-Canada is at the leading edge of Internet television developments. CBC/Radio-Canada's is now making its highly successful Tou.tv platform more accessible on television screens, with deals like integrating the Tou.tv app into LG TV sets. CBC/Radio-Canada has taken a platform agnostic approach in the English market, cutting content deals with companies as diverse as Rogers, Bell, Apple and Netflix that offer Over-the-top (OTT) television services.

Given the slow decline in the level of tuning to radio, we also expect that Canadians will spend more time listening to music from the Internet, iPods, MP3 devices, satellite radio and mobile phones, all of which let them choose what they want, and when and where they listen. Consistent with *Strategy 2015*, CBC/Radio-Canada's French-language services launched *Espace.mu* in 2011. *Espace.mu* offers customized, mostly French-language music via the Internet in the following seven genres: pop, jazz, classical, hip-hop, rock, country-folk and world music.

English Services launched its CBC Music portal at the end of January 2012, offering Canadians music streams in 40 genres and more than 10 communities in which to participate - online or on mobilized devices.

Smartphone adoption also surged in the last year; four in ten Canadians now own them. Nearly half (46 per cent) of mobile phone owners read news on their devices and CBC/Radio-Canada is the #1 mobile news provider. Far fewer smartphone owners stream video or audio: only 16 per cent for video (mostly YouTube) and 5 per cent for audio.

One development that clearly demonstrates the rapid pace of change is the tablet computer (e.g., iPad). Launched as we were developing our five-year strategic plan in 2010, tablet computers have now been adopted by nearly one-fifth of Canadians. Apple's iPad was the first and remains the dominant tablet computer, designed for consuming content (rather than inputting information), and CBC/Radio-Canada was quick to create very successful iPad apps for CBC News, *Hockey Night in Canada*, CBC Television, CBC Radio and Tou.tv. And that is just for starters.

Everyone, Every way: Our Road Map for Success

As the discussion above illustrates, CBC/Radio-Canada's operating environment is characterized by constant change and ongoing uncertainty. By increasing the Corporation's focus, flexibility and agility, our new five-year strategic plan allows us to address our many challenges and seize opportunities.

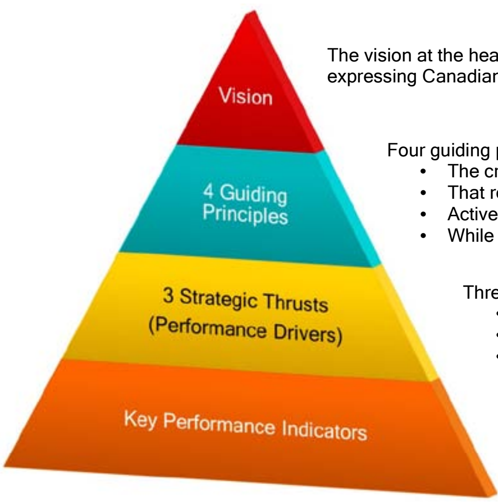
5. Corporate Strategy: *2015: Everyone, Every way*

The Corporation's strategic plan, *Strategy 2015: Everyone, Every way*, was launched in February 2011. Implementation officially began during the first quarter of 2011−2012.

The plan includes three components:

- A CBC/Radio-Canada vision
- Four guiding principles supporting the vision
- Three strategic thrusts for achieving our objectives

Its success will be measured against key strategic and operational indicators.



The vision at the heart of the strategic plan is to be the recognized leader in expressing Canadian culture and to enrich the democratic life of all Canadians.

Four guiding principles support our vision:

- The creation and delivery of original, innovative, high-quality Canadian content.
- That reflects and draws together all Canadians.
- Actively engaging audiences.
- While being cost-effective and accountable.

Three strategic thrusts drive our performance:

- More Distinctly Canadian: Network programming and national public spaces
- More Regional: Regional presence and community spaces
- More Digital: New platforms and digital spaces

Year One of *Strategy 2015*: We Accomplished What We Set Out to Do

Over the last year, we made tremendous headway toward achieving our 2015 objectives of providing all Canadians with more distinctly Canadian programming, with regional programming that knits communities together and content on new platforms that allows Canadians to enjoy our content whenever and wherever they might happen to be.

Overall, we successfully implemented virtually all of the initiatives we set for the first year of the plan. French and English Services 2011-2012 outcomes for each of the three thrusts are shown in the following tables.

French Services

Programming Strategy	2011-2012 Initiatives	Outcomes
National & International News	Develop a 24/7 multiplatform offering	Regional news extended to 7 days a week in 10 markets across Canada (see regional initiatives)
	Build on major areas of expertize	Modules are operational
	Produce topics of International scope	Topics included in Summer 2011 and Fall 2011 schedules
Drama	Strategically invest & support more high-end dramas	Seventeen different series aired throughout 2011-2012 TV season

Programming Strategy	2011-2012 Initiatives	Outcomes
Culture & Variety	Ensure Première Chaîne's renewal, while maintaining its success and distinctive character	14 new programs tested in the Summer found a place in Première Chaine's Fall/Winter schedule
Signature Events	Design and carry out multiplatform Events to support the brand	16 Signature Events aired
Music	Consolidate Espace musique's listenership and positioning	New programs aired in 2011-2012

Regional Strategy	2011-2012 Initiatives	Outcomes
Develop Multimedia Production Centers	Continue the conversion of existing centers *(review work methods, implement new technologies and production processes and restructure workflow)*	Completed in Q2 of 2011-2012
Programming Enhancements	Continue to expand local TV news to the weekend	Local TV news on the weekend available in Regina and Edmonton
	Continue the regionalization of Espace musique	Regional presence improved by consolidating regional arts and entertainment news segment and on-air program flow
	Provide Windows for regional programs in the network schedule	*Les chefs* and *Tout le monde en parlait* aired on network
Underserved Audiences	Develop hyperlocal webspace for Montreal off-island residents	Two new microsites launched in Rive-Sud and Rive-Nord of Montreal

Digital Strategy	2011-2012 Initiatives	Outcomes
Strategic Investment in Digital Platforms	Increase budget commitment towards digital content to 5% by 2015	On track
	Launch *Espace.mu* web platform	Launched in Q1 of 2011-2012
	Develop mobile apps for key content properties	Launched Radio-Canada iPhone and Android apps as well as other content-related apps: Sports, *Les Parent*
	Experiment with emerging platforms	Ongoing
Specialty TV Channels	Launch new specialty channel in 2011-2012	Launched Explora in Q4 of 2011-2012
	Explore possibility of applying for additional specialty TV licenses	A license application for Trésor was filed in 2011
Genres Online	Expand and diversify Tou.tv content offering with webdocs	Ongoing
	Create expertize in data journalism as part of the hyperlocal webspace	Completed in Q3 of 2011-2012
	Develop drama series available on Tou.tv	*Dessine-moi un conte, Zleuter, Misfits II, En audition avec Simon*
	Migrate Youth TV programs for viewers aged 8-12 to the web	On hold
	Redefine the personality of Radio-Canada's multiplatform Sports Strategy	Completed

English Services

Programming Strategy	2011-2012 Initiatives	Outcomes
National & International News	Develop plan to extend news brand on mobile and local/regional extensions	Introduced a new CBC News App for Windows 7.5
	Maintain existing leadership position of radio information programs	Strong national share in the Fall 2011 BBM Survey indicates continued leadership of Radio's information programming.
	Ensure diversity of voice is reflected throughout CBC News and current affairs programs	Diversity of voice is reviewed regularly, as part of all program reviews in news.
Entertainment & Documentary	Begin development process for new Canadian programs for early prime (7pm - 8pm)	Plans for early prime were finalized, and development commenced on the Canadian programming in this time slot.

Programming Strategy	2011-2012 Initiatives	Outcomes
Entertainment & Documentary	Entertainment - build on cultural leadership in Entertainment programming	CBC Television experienced its best Winter Season launch ever, led by Canadian Entertainment programming such as *Mr. D* and *Arctic Air*.
	Documentary- maintain CBC's performance in terms of output, audience and perception	Documentary output was maintained compared to the prior year, audiences generally followed the trend for CBC Television's Regular Season prime time performance and the perception of quality and differentiation increased compared to the prior year.
Sports	Develop Strategic Framework for CBC Sports	A new "Ice & Snow" Sports strategy was developed and adopted.
Current Affairs/Radio SmartTalk	Maintain performance of Smart Talk programs on CBC Radio One	Strong national share in the Fall 2011 BBM Survey indicates continued leadership for Radio's information programming.
	Continue to develop Network Talk programs across platforms, piloting minimum of two new multi platform iterations	Network Talk (formerly Current Affairs and Arts & Entertainment) offers programming in a wide variety of formats, for example through On Demand Audio, Podcasting, mobile devices and on social media. Three network digital programming pilots were undertaken during the year.
Music	Develop a Strategic Framework for CBC Music	Launched the new CBC Music strategy, including its centre-piece *CBCMusic.ca* portal in February 2012.
	Launch CBC Music portal	
	Continuously develop the functionality of the portal to meet and exceed audience expectations	Continuous development of the service is undertaken to meet user needs and expectations.
Signature Events	Annual commitments to Signature Event programming - create at least 10 events per year	15 Signature Events were presented during the year.

Regional Strategy	2011-2012 Initiatives	Outcomes
Reinvest in Current Locations	Strategically invest under resourced locations to ensure appropriate in regional infrastructure across the country	As a first step in the regional expansion plan, a solid infrastructure base was secured in regions where it was required.
Expansion in Current Locations	Kelowna/Victoria to be launched	Enhanced local CBC Radio services were introduced in Kelowna and Victoria in the Fall of 2011.
	New weekend and/or Late Night news programming	New CBC Television and enhanced radio & digital weekend local news services were introduced in Toronto, Calgary and St. John's and new Late Night CBC Television service in the North.
Expansion in New Locations	Expanding into new locations by opening new stations, therefore serving more Canadians	New local CBC Radio and digital services were announced for Kamloops, London, the Waterloo region and Saskatoon.

Digital Strategy	2011-2012 Initiatives	Outcomes
Agility around emergent technology and behavior	Develop a Digital Media Strategic Framework	A Digital Media Strategic Framework was completed
Regional Online	Prepare for launch of a new local digital service	Digital CBC service for Hamilton was announced in November 2011, for implementation in 2012.
	Redesign *CBC.ca* regional websites	Fourteen regional sites were redesigned and launched during the year.
Genres Online	Develop Strategic Framework for Digital Sports	A Strategic Framework for Digital Sports is underway.
	Refresh *CBCsports.ca*	A refresh (relaunch) of *CBCsports.ca* completed.
	Conduct an analysis of the current state of video windowing at the CBC	An analysis of the current state of video windowing was completed
	Develop Video Windowing Strategy	A Video Windowing Strategy was completed
	Develop framework for radio & audio windowing	Audio Windowing Strategy was completed

CBC/Radio-Canada's Response to the Fiscal Challenges it Faces

Budget 2012 decreases the Corporation's public funding by $115 million. In addition to this major reduction in government funding, the Corporation faces further financial challenges over the coming years, including: the loss of access of funding provided through the Local Program Improvement Fund, $55 million required to pursue *Strategy 2015* and unavoidable new costs such as taxes, rent and rights increases estimated at $30 million. In total, CBC/Radio-Canada expects its financial challenge over the next three years to amount to close to $200 million[1]. CBC/Radio-Canada has planned its finances over the next three years to allow it to meet two key objectives: (i) maintain the Corporation's capacity to fulfill its mandate under the *Broadcasting Act*, and (ii) continue to drive *Strategy 2015* by delivering high quality Canadian programming, enhancing CBC/Radio-Canada's regional presence and local impact, and investing more in digital platforms. Cost reduction measures to manage the financial impact of $115 million government funding reductions are fully implemented by the broadcast year ending 2013-2014.

The specific initiatives that we have put in place to meet these financial challenges are outlined in section eight – Financial Plan (page 30-32).

Same Strategy, Different Path

Despite what is a sizeable reduction to our budget over the next three years, CBC/Radio-Canada still occupies a unique, prominent and valued place not only at the heart of Canadian culture and democratic life, but also as a cornerstone of an industry in upheaval.

Our commitment is to continue to create public spaces where Canadians can better understand and relate to the world and their country, whether at the provincial, city, or community level, while allowing them to express their opinions and share their experiences.

2012-2013 Strategic Initiatives

We will continue to focus on achieving the objectives and serving the priorities of *Strategy 2015:* Canadian programming, the regions and digital platforms, as shown in the following tables.

The Programming Strategies

English Services

CBC/Radio-Canada’s English Services will increase the Canadian content available to its audiences − where and when they want it. It will build on past audience successes on radio, television and online and will specifically increase the Canadian programming offered on CBC Television in prime time.

Programming Strategy	2012-2013 Initiatives	Expected Outcomes
News	Deliver ‘Breaking News’ by deepening integration across all news platforms	Quality journalistic coverage that is credible and balanced
	Continue commitment to quality independent journalism and programming, and a balance in the ‘Diversity of Voices’	More Canadian content where and when our audiences want it
	Continue commitment to enterprise and original journalism as a point of differentiation.	

[1] On July 18, 2012, the CRTC announced its plan to phase out the Local Programming Improvement Fund (LPIF) by the end of August 2014. The LPIF contributed close to $47 million to CBC/Radio-Canada’s local programming and the loss of this funding has not been included in the $200 million identified above and referred to in the rest of this document. The elimination of the LPIF is being analysed at this time. Adjustments will ultimately need to be made in terms of regional services and how regional services are delivered.

Scripted (Drama, Comedy, Documentary) & Unscripted (Factual Entertainment)	Increase the availability of Canadian programming to our Audiences where and when they want it	Canadian entertainment & documentary programming that reflects our national identity through the telling of Canadian stories
	Build on cultural leadership in Entertainment programming	
	Pursue opportunities to partner on international co-productions	
	Re-evaluate the Kids programming strategy without the launch of a specialty channel	Programming and coverage that reflects and represents the cultural & regional diversity of modern Canadian society
Sports	Renew or acquire rights for sports properties consistent with the Sports Strategy	
	Continue to seek appropriate partnerships for sports content	Network programming that is delivered in a more economically sustainable way (e.g., lower management costs, increased revenue, increased reliance on partnerships)
Current Affairs/Radio Smart Talk	Focus on extending content and growing audiences across platforms	
	Optimize the organizational structure for new network talk structure	
Music	Build online and mobile audiences to the digital music service	
	Identify appropriate strategic partners to grow services, working with Radio-Canada	
	Implement new live music strategy with focus on unique events and video content	
Signature Events	Continue the commitment to providing audiences with a minimum of 10 'Signature Event' multi-platform programming experiences	
Diversity & Inclusion	Implement and continually develop the Inclusion and Diversity strategy	

French Services

Providing French-speaking Canadians with original content in their own language that tells their stories and reflects their realities, and informs them about events in their region, across the country and around the world, is central to Radio-Canada's programming strategy.

Programming Strategy	2012-2013 Initiatives	Expected Outcomes
National & International News	Set up an in-house news agency as a hub for delivering continuous news across all platforms	The delivery of high-quality, innovative and distinctive Canadian programming and content that is relevant to our audiences A simplified, nimble and efficient management and operational structure that takes into account the methods of production, technological evolution and the impacts on revenue generation The development of a business model that takes into account reduced fixed costs and the need to optimize self-generated revenue
	Optimize production methods	
	Review news formats and time slots	
Drama and entertainment	Maintain balanced, high-quality daytime and evening schedules	
Music	Streamline music radio production methods	
	Develop musical production better tailored to audience tastes	
	Work with CBC to forge partnerships with record companies, and continue the development of the digital music offer	
Talk radio	Streamline management and production methods	
	Revamp existing and develop new radio content	
Signature Events	Maintain our commitment to broadcasting 10 multiplatform Signature events	
Children's and Youth	Focus on developing, producing and acquiring children's and youth programs for the 2-8 age group	
Sports	Re-engineer management approach to keep pace with changing production methods and delivery of content across platforms	
	Assess sports properties to ensure consistent strategic and business alignment	

The Regional Strategies

English Services

CBC will build upon the initiatives implemented and announced in 2011-2012 to better meet the regional needs of Canadians, particularly those who are unserved or under-served by the English-language programming of CBC/Radio-Canada.

<table>
<tr><th>Regional Strategy</th><th>2012-2013 Initiatives</th><th>Expected Outcomes</th></tr>
<tr><td>Strengthening our connections</td><td>Continue to strengthen our commitment to offer the best mix of local, regionally representative and cross-regional expression on both our local and network programming</td><td rowspan="6">Strengthened regional connection in communities currently served
New regional service to be launched in Kamloops (planned for 2012-13), London and Waterloo region (intended for 2012-13, but subject to a variety of factors - may be in a later fiscal year)
More Canadian Content where and when our audiences want it
The delivery of high-quality, innovative and distinctive Canadian programming and content that is relevant to our audiences
Regional programming that is delivered in a more economically sustainable way (e.g., lower management costs, increased revenue, increased reliance on partnerships)</td></tr>
<tr><td>Reinvest in Current Locations</td><td>Reinvestment completed in 2011-12; continue investment on an on-going basis.</td></tr>
<tr><td rowspan="2">Expansion in Current Locations</td><td>Expand Weekend programming on all platforms in Edmonton, Ottawa, Montreal and the Maritimes.</td></tr>
<tr><td>Expand Weekday Late Night news programs (to 30 minutes) in most markets.</td></tr>
<tr><td rowspan="2">Expansion in New Locations</td><td>Launch as many of the stations previously announced (Kamloops, London, Waterloo region, Saskatoon), subject to funding constraints</td></tr>
<tr><td>Extend CBC service to Hamilton as the first-ever digital station</td></tr>
</table>

French Services

Radio-Canada will continue forging local ties with the French-speaking communities it serves across the country, while also further expanding its web and mobile offerings.

<table>
<tr><th>Regional Strategy</th><th>2012-2013 Initiatives</th><th>Expected Outcomes</th></tr>
<tr><td rowspan="2">Regional Radio</td><td>Streamline production methods</td><td rowspan="6">A presence at the heart of communities across the country and the establishment of links among francophones that reflect their diversity, interests and culture.

The development of a business model that takes into account reduced fixed costs and the need to optimize self-generated revenue</td></tr>
<tr><td>Optimize the role of news and local programming 7 days a week, as well as various regional slots throughout the day and week</td></tr>
<tr><td rowspan="2">Newscast Seven Days/Week</td><td>Restructure work to enable the introduction of a daily regional presence across all platforms</td></tr>
<tr><td>Give regional news a greater online and mobile presence</td></tr>
<tr><td rowspan="2">New Territories</td><td>Open the Eastern Quebec Multimedia Centre</td></tr>
<tr><td>Continue to develop the content of the Rive Nord/Rive Sud sites to ensure that they meet the needs of their audiences</td></tr>
</table>

The Digital Strategies

English Services

We will continue to invest in emerging technologies and new platforms to ensure that our high-quality content is available whenever and wherever Canadians want it.

Digital Strategy	2012-2013 Initiatives	Expected Outcomes
Agility around emergent technology and behaviour	Continue the ongoing program development focus on multi-platform projects and digital extensions of new programs	Deliver more Canadian content to our audiences, where and when they want it The delivery of high-quality, innovative and distinctive Canadian programming and content that is relevant to our audiences Digital content that is delivered in a more economically sustainable way (e.g., lower management costs, increased revenue, increased reliance on partnerships)
	Continue to increase the amount of content delivered to mobile platforms	
	Continue to increase the amount of syndication enabled content that is ready to be deployed to alternative and partner platforms	
Regional Online	Improve and expand local digital services (online, on mobilized devices, etc)	
Specialty Channels	Sell the **bold** channel, as it is inconsistent with our strategic direction	
	Develop strategy and criteria to enable partnership discussions to secure partnerships where viable	
Genres Online	Continue to support growth across digital (mobile and social media) news platforms.	
	Execute online entertainment video plan in conjunction with the overall digital strategy	
	Continue to support the relaunch of *CBCsports.ca*	
	Continue to develop and enhance the CBC Music digital offer, in conjunction with Radio-Canada	

French Services

Radio-Canada will continue to leverage its leading role in the digital environment to ensure that its content is available across all platforms that French-speaking Canadians are embracing.

Digital Strategy	2012-2013 Initiatives	Expected Outcomes
Web	Put the user at the heart of the development of content for *Radio-Canada.ca*	Digital content that meets the needs of Canadians allows them to exchange ideas and is personalized, enriching, entertaining and innovative. The development of a business model that takes into account reduced fixed costs and the need to optimize self-generated revenue
	Encourage the development of new forms of digital drama and documentary production	
Social Networks	Develop a content roll-out strategy for social networks	
Mobility	Roll outs new mobile apps and tablet offerings	
	Enhance customization features on our mobiles sites, apps and tablet offerings	
Specialty Channels	Secure subscriber revenue	
	Develop and launch one new digital channel (Trésor)	
	Optimize the management of Radio-Canada's specialty channels	

6. Measuring Our Performance

Measuring our success against Strategy 2015: Everyone, Every way

A central feature of *Strategy 2015* is the establishment of metrics to track and assess our performance. We have developed a report card that allows us to monitor how well, according to surveyed Canadians, our services fulfill the Corporation's mandate under the *Broadcasting Act*, and the degree to which our programming adheres to the guiding principles of our new plan. Below is the report card for 2011−2012, the first year of implementing the new strategy. It shows our progress compared to the benchmark year 2010–2011.

Report on English Services

How does English Services fulfill its mandate under the *Act*?

CBC English-language radio and television Programming is...	Benchmark Year 2010-2011 Average Scores (/10)	Year 2011-2012 Average Scores (/10)
informative	7.8	7.9
enlightening	7.4	7.5
entertaining	7.2	7.4
available on new platforms	8.2	8.2

Metric definition: Average score is the average of the scores given by all respondants on a 10 point scales.

Source: TNS Canadian Facts (1,200 Anglophones per survey for a total of 2,400 Anglophones per year resulting in a very small margin of error).

The telephone surveys are conducted in November and March of each year.

During the first year of *Strategy 2015*, English Services' radio and television programming maintained its 2010−2011 benchmark results.

Anglophones continue to perceive that CBC/Radio-Canada's English Services is meeting its mandate under the 1991 *Broadcasting Act*. Its highest scores were for providing content that is "available on new platforms" (8.2) and "informative" (7.9).

How does English Services' programming fare against the guiding principles of *Strategy 2015*?

CBC English-language's Programming is[1]...	Benchmark Year 2010-2011 Average Scores (/10)	Year 2011-2012 Average Scores (/10)
high quality	8.0	8.1
different from that offered on other channels	7.2	7.5
reflects regions of Canada	7.9	8.0
reflects my region	6.1	6.3
reflects diversity	7.4	7.7
reflects my culture	6.5	6.8

Metric definition: Average score is the average of the scores given by all respondants on a 10 point scales.

1. Programming and content offered on any of our services i.e. CBC Television, CBC News Network, **bold**, *documentary*, CBC Radio One, CBC Radio 2 and *CBC.ca*.

Source: TNS Canadian Facts (1,200 Anglophones per survey for a total of 2,400 Anglophones per year resulting in a very small margin of error).

The telephone surveys are conducted in November and March of each year.

Anglophones are responding positively to the initiatives that have been announced or introduced in year one of *Strategy 2015*. Scores for each *Strategy 2015* metric, which measure whether English Services' programming offers original, innovative, quality Canadian content and reflects and draws Canadians together, increased compared to the benchmark year 2010–2011.

The biggest movements compared to the benchmark year were with respect to differentiation, reflection of "my region", diversity and culture which were all favorable. Better meeting the regional needs of Canadians is a key priority of the new strategy and we will continue to monitor perceptions on these metrics.

Report on French Services

How does French Services fulfill its mandate under the *Act*?

Radio-Canada's French-language radio and television Programming is…	Benchmark Year **2010-2011** Average Scores (/10)	Year **2011-2012** Average Scores (/10)
informative	8.1	8.2
enlightening	7.8	8.0
entertaining	7.7	7.8
available on new platforms	8.0	8.2

Metric definition: Average score is the average of the scores given by all respondants on a 10 point scales.

Source: TNS Canadian Facts (1,200 Anglophones per survey for a total of 2,400 Anglophones per year resulting in a very small margin of error).

The telephone surveys are conducted in November and March of each year.

In the first year of *Strategy 2015*, Radio de Radio-Canada and Télévision de Radio-Canada programming maintained results obtained in 2010–2011, with Francophones continuing to feel that CBC/Radio-Canada's French Services is fulfilling its mandate under the 1991 *Broadcasting Act*.

French Services received high scores for each aspect of its mandate that was measured, ranging from 7.8 (entertaining) to 8.2 (informative and available on new platforms).

How does French Services' programming fare against the guiding principles of *Strategy 2015*?

Radio-Canada's French-language's programming is[1]…	Benchmark Year **2010-2011** Average Scores (/10)	Year **2011-2012** Average Scores (/10)
high quality	8.2	8.4
different from that offered on other channels	7.6	7.9
reflects regions of Canada	7.5	7.7
reflects my region	6.8	7.1
reflects diversity	7.3	7.6
reflects my culture	7.4	7.6

Metric definition: Average score is the average of the scores given by all respondants on a 10 point scales.

1. Programming and content offered on any of our services i.e. Télévision de Radio-Canada, RDI, ARTV, Première Chaîne, Espace musique, *Radio-Canada.ca* and Tou.tv.

Source: TNS Canadian Facts (1,200 Anglophones per survey for a total of 2,400 Anglophones per year resulting in a very small margin of error).

The telephone surveys are conducted in November and March of each year.

Francophones are responding positively to initiatives French Services has announced or introduced since the launch of *Strategy 2015*. Scores for each of the *Strategy 2015* metrics, which measure whether French Services' programming offers original, innovative, quality Canadian content and that reflects Canadians and draws them together increased compared to the benchmark year 2010–2011.

French Services' programming and content received its highest scores for being of "high quality" (8.4), while its lowest score was recorded for the measure "reflects my region" (7.1). As part of *Strategy 2015*, French Services will continue to work towards better meeting the regional needs of Canadians.

English and French Services Performance

In addition to monitoring the overall performance of our new plan, ***Everyone, Every way***, key performance indicators have been developed for CBC/Radio-Canada's English and French Services. These indicators, taken from the Media's business plans, include results against targets for the current year and targets for the upcoming year.

English Services		Past Performance			Future
		Annual Results 2010-2011	Annual Targets 2011-2012	Annual Results 2011-2012	Annual Targets 2012-2013
Radio Networks					
CBC Radio One and CBC Radio 2	All-day audience share[1]	14.7%	14.9%	14.5%	14.3%
Television					
CBC Television	Prime-time audience share Regular season[3]	9.3%	9.3%	8.6%	8.1%
CBC News Network	All-day audience share Regular season[3]	1.4%	1.5%	1.4%	1.4% (April - March) 6
Regional					
CBC Radio One morning shows	Average weekly hours tuned (Mon-Fri) Regular season[3]	4.8 million	4.8 million	6.0 million	6.0 million
TV supper and late-night news	Average weekly hours tuned (Mon-Fri) Regular season[3]	3.1 million	3.1 million	3.3 million	3.5 million
Regional web pages	Monthly average unique visitors Sep-Mar[2]	0.90 million	0.93 million	0.94 million	0.975 million (April - March) 6
New Platforms					
CBC.ca	Monthly average unique visitors Sep-Mar[2]	5.8 million	6.0 million	6.2 million	6.5 million (April - March) 6
Specialty Television Channels					
CBC News Network	Subscribers	11.0 million	11.1 million	11.3 million	11.4 million
bold	Subscribers	2.2 million	2.6 million	2.6 million	2.7 million
documentary	Subscribers	2.4 million	2.5 million	2.6 million	2.6 million
Revenue[4] Conventional, specialty, online		$384.0 million[5]	$373.1 million	$399.2 million	$399 million

1. Source: BBM Canada, fall survey (diary), persons aged 12 years and older.
2. Source: comScore, persons aged 2 years and older.
3. Source: BBM Canada, Personal People Meter (PPM), persons aged 2 years and older.
4. Revenue for *documentary* is counted at 100% although CBC/Radio-Canada owns 82% per cent. Includes revenue from LPIF, a fund created by the CRTC to support local programming. It is available to conventional television stations operating in non-metropolitan areas. In 2010–2011 and 2011–2012, measurement excluded merchandising/licensing revenues which are included in 2012–2013.
5. Includes one-time FIFA World Cup soccer revenues.
6. In 2010–2011 and 2011–2012, measurement was based on the televison season (i.e. September - March). In 2012–2013, measurement will be on the fiscal year (April - March).

In 2011–2012, English Services celebrated many successes and accomplishments and continued to attract and engage more audiences to Canadian programming and content. Despite achieving record breaking performance for its Canadian content, CBC also experienced softer results in others areas that resulted from increasing competition, shifting media consumption habits and strategic decisions that have longer term objectives.

CBC Radio achieved a combined national share performance of 14.5 per cent in the Fall Survey (for CBC Radio One and CBC Radio 2). This is the second-best ever fall share for CBC Radio, after the 2010–2011 best-ever Fall

Survey performance of 14.7 per cent. While below our target, CBC Radio continues to perform at record heights in terms of its national share of listening audiences.

In the Monday to Friday morning period, the timeslot with the greatest number of regional radio programs, CBC Radio One exceeded its target of average weekly hours tuned during the regular season by 25 per cent. This was exceptional performance for a key pillar of the CBC Radio One service.

Despite experiencing its best winter season launch in history, capturing record audiences for Canadian programs, and averaging over a million viewers on five shows, CBC Television was not able to meet its overall regular season share target, ending the season with an overall regular season primetime share of 8.6 per cent. Several factors affected this performance, including that the "Big Three" English-language conventional television broadcasters have all experienced declining shares, while the share of viewing for U.S. conventional and U.S. specialty channels has increased. CBC also experienced a softer than anticipated fall season with its early prime-time programming such as *Jeopardy* underperforming. In addition, some returning shows did not perform as well as last year and some new programs performed below expectations.

In regional service, CBC Television's supper hour and late night local news exceeded their targets by 200,000 average weekly hours tuned during the regular season. CBC News Network achieved a 1.4 per cent share for all-day viewing, matching its performance in 2010–2011 and just slightly below target.

For new platforms, targets for average monthly unique visitors were higher than last year's results, and CBC met or exceeded the targets in three of four categories: *CBC.ca* overall, *CBCnews.ca* and *CBCsports.ca*. The decline in CBC Entertainment Online performance was similar to the decline for CBC Television.

Long-term agreements with our specialty channel broadcast distribution partners (cable and satellite) have allowed us to achieve and exceed subscriber targets for the year on **bold** and *documentary* respectively. CBC News Network continued its leadership as the most widely distributed English-language news and information specialty service in Canada, exceeding its subscriber target.

On the revenue front, CBC outperformed our target by 7 per cent, driven by incremental advertising revenue, largely from hockey playoffs, and a variety of other revenue items, such as program sales and facility rentals. Self-generated revenues continue to be an important source of funding for CBC.

French Services		Past Performance: Annual Results 2010-2011	Past Performance: Annual Targets 2011-2012	Past Performance: Annual Results 2011-2012	Future: Annual Targets 2012-2013
Radio Networks					
Première Chaîne and Espace musique	Full-day audience share[1]	19.5%	19.5%	17.8%	16%[2]
Television					
Radio-Canada	Prime-time audience share Fall/ winter season[6]	19.9%	19.3%	18.7%	18.2%
Specialty Channels RDI, ARTV, Explora[7]	Full-day audience share Fall/ winter season[8]	4.5%	4.5%	4.6%	4.7% (April - March) 5
Regional					
Première Chaîne	Morning shows audience share Mon-Fri 6-9 a.m.[1]	19%	19%	17%	16%[2]
Téléjournal 18h	Average viewer per minute Weekly average Mon-Fri 6-6:30 p.m. Fall/ winter season[6]	317,000	323,000	291,000	290,000
Regional web pages	Monthly average unique visitors Sep-Mar[4]	447,000	458,000	476,000	497,000 (April - March) 5
Live update periods on regional websites	Hours per week[12]	819	832	837	Discontinued
Regional reflections	Perception of regional reflections[11]	65%	65%	67%	Discontinued
Website[3]					
Radio-Canada.ca, TOU.TV, Bandeapart.fm, RCI.net, Espace.mu	Monthly average unique visitors Sep-Mar[4]	2.0 million	2.1 million	2.1 million	2.1 million (April - March) 5
Specialty Television Channels					
RDI	Subscribers	11.0 million	11.0 million	11.7 million	11.8 million
ARTV	Subscribers	2.1 million	2.1 million	2.1 million	2.1 million
Revenue[9]					
Conventional, specialty, online		$224.9 million	$230.0 million	$228.6 million	$253.5 million[10]

1. Source: BBM Canada, fall survey (diary), persons aged 12 years and older.
2. Source: BBM Canada, spring and fall 2012 surveys (diary), persons aged 12 years and older.
3. Espace.mu was introduced on June 13, 2011. RCI Vision was introduced on June 20, 2011, and results are included with RCI.net.
4. Source: comScore, persons aged 2 years and older.
5. In 2010–2011 and 2011–2012, measurement was based on the television season (i.e. September - March). In 2012–2013, measurement will be on the fiscal year (April - March).
6. Source: BBM Canada, Personal People Meter (PPM), Quebec francophones aged 2 years and older.
7. Explora was launched at the end of March 2012, not included in Results 2011–2012 thereof.
8. Source: BBM Canada, Personal People Meter (PPM), Quebec francophones subscribing to a television distribution service, aged 2 years and older.
9. Includes revenue from LPIF, a fund created by the CRTC to support local programming. It is available to conventional television stations operating in non-metropolitan areas. In 2010–2011 and 2011–2012, measurement excluded merchandising/licensing revenues which are included in targets for 2012–2013.
10. ARTV also included in 2012-2013 targets.
11. Telephone tracking surveys conducted in November and March each year with samples of 1,200 Francophones per survey (TNS Canadian Facts). Percentage of respondents who strongly agree (score of 8, 9 or 10 on a 10 point scale) that content delivered on Télévision de Radio-Canada, Première Chaîne and *Radio-Canada.ca* provides regional reflection.
12. Number of regional sites and number of hours per week of live activity (including Montreal regional site). Average based on fiscal year (April to March).

In 2011–2012, Radio-Canada experienced some strong successes, coupled with more modest results that must be considered in light of a shifting competitive environment and strategic decisions made with long-term results in mind.

Having captured a combined market share of 17.8 per cent, the Première Chaîne and Espace musique radio networks fell short of their established target, 19.5 per cent. Morning shows in regional markets performed in a similar manner, attracting a 17 per cent share – 2 points less than the target. Our *Strategy 2015* framework includes plans to make our radio services even more innovative. Scheduling changes in the early fall upset listening habits, while at the same time, competition intensified in the extended Montreal market and the regions.

Radio-Canada has retained its competitive positioning on its digital platforms. With a combined monthly average of 2,137,000 unique visitors, Radio-Canada sites (*Radio-Canada.ca*, Tou.tv, *RCInet.ca*, *bandeapart.fm*, and the recently launched *Espace.mu*) posted a combined 6 per cent increase in reach over the same period (September to March) last year. The regional section redesign on Radio-Canada.ca has also paid off – with 476,000 unique visitors, we exceeded our target of 458,000 and we also extended our regional sites' reach by 2 per cent compared to last year.

Thanks to a creative, diverse programming line-up and solid results in the fall and holiday seasons, Télévision de Radio-Canada achieved a prime-time share of 18.7 per cent for the regular season. This was below its 19.3 target due to the impact of fierce competition through the winter.

Despite our strong commitment to news, with an average audience of 291,000 viewers from 6:00 to 6:30 p.m. during the regular season, regional newscasts did not achieve their targets. Overall, there were fewer television newscast viewing hours by francophone viewers this year. Newscasts also experienced more competition from entertainment programming at supper hour.

Radio-Canada's specialty channels had a good year. ARTV and RDI recorded a combined share of 4.6 per cent, edging out their 4.5 per cent target. As a result of the transition to digital transmission, and the subsequent increase of cable and digital subscriptions, RDI boasted11.7 million subscribers, up 5 per cent from last year. ARTV maintained its subscriber base of 2.1 million.

With subscription and digital-content revenue performing well, total self-generated revenue for Radio-Canada achieved 99 per cent of its target, with a year-end total of $228.6 million.

Canadian Content Expectations and Results

Providing Canadian programming is key to *Strategy 2015*. Regulatory requirements regarding Canadian content on television are also specified by the CRTC.

The CRTC sets expectations of service for both Télévision de Radio-Canada and CBC Television.

First, for the broadcast day between 6:00 a.m. and midnight, a minimum of 75 per cent Canadian content is expected. Second, for the peak period of 7:00 p.m. to 11:00 p.m., a minimum of 80 per cent Canadian content is expected. Both measures are averages over the entire broadcast year from September 1 to August 31.

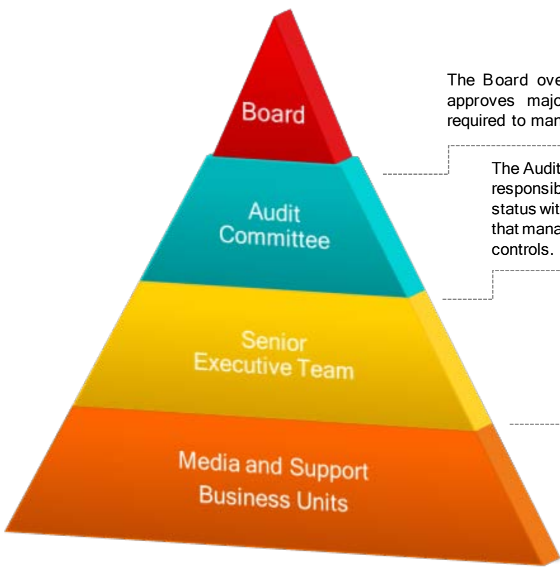
Results for the most recently completed two broadcast years are shown in the table below. In each of these years, both Télévision de Radio-Canada and CBC Television exceeded the CRTC's Canadian content expectations over the broadcast day and in prime time.

Canadian Content		Results Sep. 1, 2010 to Aug. 31, 2011	Yearly Regulatory Expectations	Results Sep. 1, 2009 to Aug. 31, 2010
Télévision de Radio-Canada				
Broadcast day	(Mon-Sun, 6:00 a.m.-12:00 a.m.)	86%	75%	82%
Prime time	(Mon-Sun, 7:00 p.m.-11:00 p.m.)	93%	80%	88%
CBC Television				
Broadcast day	(Mon-Sun, 6:00 a.m.-12:00 a.m.)	84%	75%	85%
Prime time	(Mon-Sun, 7:00 p.m.-11:00 p.m.)	82%	80%	82%

7. Risk Management and Key Risks Table

As Canada's national public broadcaster, CBC/Radio-Canada occupies an important place in the Canadian broadcasting system and faces a unique set of risks to its plans and operations. Like all broadcasters, the Corporation must adapt to technological changes, shifts in demographics and evolving consumer demands, as well as structural changes in the industry. As a public broadcaster with a statutory mandate to serve all Canadians, CBC/Radio-Canada also faces unique public expectations, financial challenges and risks.

CBC/Radio-Canada's Risk Management Program is part of an enterprise-wide approach integrated into business processes. Responsibility for risk management is shared among CBC/Radio-Canada's Board of Directors, the Board's Audit Committee, the Senior Executive Team and operational units.



The Board oversees CBC/Radio-Canada's key risks at a governing level, approves major policies and ensures that the processes and systems required to manage risks are in place.

The Audit Committee of the Board discharges its stewardship and oversight responsibilities over risk management by monitoring key risks, discussing their status with management at quarterly Audit Committee meetings, and ensuring that management has programs for evaluating the effectiveness of internal controls.

The Senior Executive Team identifies and manages risks, reports on CBC/Radio-Canada's key risks to the Audit Committee and the Board, recommends policies, and oversees financial reporting and internal control systems.

Media and support business units initially identify and assess risks through the annual business plan process, and develop and execute detailed plans to manage risks. Risks are prioritized based on their potential impacts and their likelihood of occurring.

Internal Audit plans its audits in accordance with the results of the risk assessment process and provides assurance that major risks are covered on a rotational basis by the annual audit plan.

The following table discusses the key risks faced by CBC/Radio-Canada during fiscal 2011−2012 and their ongoing impact into 2012−2013.

KEY RISKS	RISK MITIGATION	FUTURE IMPACT
1. Budget Concerns A number of pressures are individually and collectively contributing to ongoing budget concerns: a. Federal Budget 2012 The Federal Budget tabled on March 29, 2012, detailed a reduction of CBC/Radio-Canada's parliamentary appropriations by $115 million over three years as part of the Federal Budget 2012. The $60 million received as one-time funding since 2001–2002 is included in the appropriation level base subject to the reduction. There is a risk that the initiatives identified to reduce costs and increase revenues will not achieve expected results.	Implement initiatives to reduce costs and increase revenues. Ongoing management and review of the initiative implementations to ensure expected outcomes are achieved.	The parliamentary appropriation over the next three years has been announced, allowing for a multi-year planning horizon. However, Federal Budget 2012 will significantly affect programming and operational choices. Focus will be on delivering strategic priorities, implementing necessary changes and managing both the internal and external impacts on the Corporation and stakeholders.

KEY RISKS	RISK MITIGATION	FUTURE IMPACT
b. Vertical Integration – Rights, Programs and Channel Carriage		
CBC/Radio-Canada is the only major television broadcaster in Canada without distribution affiliations following recent acquisitions of Canwest Global by Shaw Communications in 2010 and CTVglobemedia by BCE in 2011. There is a concern that carriage terms offered by Broadcast Distribution Undertakings (BDUs) will favour their own associated specialty services at the expense of the Corporation's specialty services. Risks to the Corporation include BDUs dropping the Corporation's existing television services that are not mandatory carriage or delaying the launch of new specialty services and decreased revenue from BDUs to carry the Corporation's specialty television services.	Strategic discussions with BDUs focused on overall value of the programming services offered, the relationships and negotiation of long-term agreements with terms that protect or enhance current carriage and revenues.	Long-term distribution agreements have been signed with large BDUs, including a five year agreement in principle with Vidéotron, which was announced on March 5, 2012.
A more competitive professional sports landscape with a few large, well-capitalized players vying for the same properties.	CBC plans on renewing its professional sports rights, including NHL rights which expire in June 2014, and has started preparing for renewal negotiations.	
As part of the approval process for broadcaster acquisitions, the CRTC imposes Canadian programming requirements that will likely increase the demand and cost for Canadian independent productions.	Negotiate comprehensive program rights agreements to benefit the interests of both CBC/Radio-Canada and independent producers.	Continue with identified strategies.
c. Local Programming Improvement Fund (LPIF)		
The LPIF is a critical source of funding for CBC/Radio-Canada. LPIF funding for the broadcast year ending August 31, 2012, is estimated to be $47 million and has been incorporated into CBC/Radio-Canada plans. Any reduction would have a negative impact on our programming.	Maximize LPIF eligibility while maintaining budget flexibility.	On July 18, 2012, the CRTC released its policy decision on the future of the LPIF. The Commission will phase out the fund over the next two broadcast years. Specifically, the Commission will: * for the 2012-2013 broadcast year, reduce the contribution rate from 1.5% to 1%; * for the 2013-2014 broadcast year, reduce the contribution rate to 0.5%; and * as of 1 September 2014, discontinue the LPIF. We are reviewing the implications of this decision on our local programming television initiatives and on the associated regulatory commitments for the upcoming license term.
d. Strategy, Budget and Planning There is a risk in our ability to allocate scarce resources and generate expected revenue to meet the objectives of *Strategy 2015* given Federal Budget 2012 and other financial pressures.	Reduce the pace and scope of *Strategy 2015* roll-out to manage budget pressures. Identify further efficiencies and implement best practices and new ways of organizing and operating that position us to succeed with *Strategy 2015* (*Making it Happen* initiatives). Finish implementation of corporate efficiency measures including the next generation procurement initiative. Re-evaluate targets and key performance indicators (KPIs) for both financial (relating to necessary revenue generation and implementation of cost savings) and non-financial pressures. These metrics appear in the Corporate Plan/Quarterly and Annual Reports and the Semi-Annual Report Card. Evaluate results against plans on a regular basis and adjust plans accordingly.	The pace and scope of *Strategy 2015*'s planned initiatives were reduced by $30 million annually as a result of financial pressures. Underachievement of revenue increases and cost reduction targets may require further changes to *Strategy 2015*. Furthermore, results against non-financial KPIs may decline as a result of the reduction in resources available for the Corporation to spend on programming.

KEY RISKS	RISK MITIGATION	FUTURE IMPACT
e. Impact on Advertising Revenue		
Advertising revenue is influenced by a number of factors, including economic uncertainty, migration of ad revenue from conventional to specialty and digital services, program audience share and rating performance, and competing advertising opportunities in the marketplace. Uncertain economic conditions compound the risks associated with the Corporation's plans to increase advertising revenue to offset some of the government funding reductions announced in the 2012 Federal Budget.	The Corporation is closely monitoring advertising revenue performance and has developed contingency plans.	Underachievement of advertising revenue targets may require further reduction of expenditures and changes to *Strategy 2015* implementation plans.
2. Union Relations		
Failure to develop a long-term strategy for more operational flexibility from our unions may have a negative impact on the working relationship between management and employees and could derail the achievement of *Strategy 2015*. The failure to negotiate successful settlements with unions would have economic impacts and would have a negative impact on brand management. A number of agreements must be re-negotiated between 2012 and 2014.	Continue to reinforce business needs in terms of flexibility and ensure that collective bargaining reflects these needs. Involve unions in discussions relating to economic challenges and encourage input into managing risks. Ensure communications activities are identified and implemented with union leaders before launching business strategies and initiatives (e.g., changes in methods of production to achieve savings). Successful negotiation of agreements.	Mitigation strategies continue into 2012–2013.
3. Workforce Challenges – Recruiting, Training, Retaining and Empowering a Skilled Workforce		
The degree to which staff engages with the Corporation's mission may have an impact on retention and our ability to achieve objectives.	Action plans responding to the employee engagement survey have been developed and are being implemented at the national, component and departmental levels. Two national priorities have been identified: recognition and development.	Ensure appropriate workforce planning and training are in place to plan for redirection of operations in line with *Strategy 2015* and ensure employees are appropriately skilled.
The proper staff skill set is necessary to meet the transformation needs of *Strategy 2015*. The plan's three strategic thrusts (programming, regional and digital) will require a significant transformation in production methods, to ensure a smooth transition to a model that's more efficient, digital and multiplatform.	Ensure appropriate workforce planning and training are in place to plan for redirection of operations in line with *Strategy 2015* and ensure employees are appropriately skilled.	Identified strategies will continue into 2012–2013.
Staff reductions create a climate of uncertainty and stress that may lead to reduced morale, lower productivity and decreased retention.	To minimize this risk, the organization is engaging four approaches: transparent communication to employees and unions; involvement of employees and union leadership in change; continued investment in learning and development; and increased effort to recognize employee contributions.	Identified strategies will continue into 2012–2013.
4. Regulatory Issues a. License Renewal		
License renewal hearings will commence on November 19, 2012. The outcome of these hearings will set the terms and conditions of our CRTC license over the next five years and determine whether we are able to meet the objectives of *Strategy 2015*.	Work with CRTC to reach mutually acceptable conditions of license.	CBC/Radio-Canada's license renewal application will seek a streamlined regulatory framework to enable the Corporation to operate efficiently and effectively in an evolving multiplatform environment.

KEY RISKS	RISK MITIGATION	FUTURE IMPACT
b. Terms of Trade with Independent Television Producers		
Negotiations on terms of trade (rights, contribution, other business terms) for CBC with Canadian Media Production Association (CMPA) and Radio-Canada with Association des Producteurs de Films et de Télévision du Québec (APFTQ) regarding independently produced programming continue into 2012–2013. The most significant potential risk is the imposition of terms on CBC/Radio-Canada that is not compatible with CBC/Radio-Canada's role as Canada's public broadcaster.	Continue negotiating the terms of trade contracts to benefit the interests of both CBC/Radio-Canada and independent producers.	Continue with identified strategies into 2012–2013.
c. Over-the-Top Programming Services		
On May 25, 2011, the CRTC began a fact-finding exercise on the "over-the-top" (OTT) programming accessed over the Internet independent of a facility or network dedicated to its delivery. On October 5, 2011, the CRTC determined that the findings of the fact-finding exercise were inconclusive. The Commission will continue to monitor the situation as the market evolves and will conduct a second fact-finding exercise.	Monitor and adjust as required.	On April 16, 2012, the CRTC announced that it will not conduct a second fact-finding exercise but will continue to monitor the situation.
d. DTV Transition		
Following the trend in other countries, the CRTC decided to replace over-the-air analogue television transmission with digital (DTV) beginning August 31, 2011. The Corporation will have digital television transmitters in all 27 originating CBC/Radio-Canada stations. In 2011–2012, the Corporation shut down 30 analogue television transmitters in mandatory markets. CBC/Radio-Canada has applied to the CRTC to modify its licenses to reflect the shutdown of the remaining 620 analogue television transmitters by July 31, 2012, to help address the government funding reductions under the Federal Budget 2012. The result is that some markets will no longer receive an over-the-air television signal from CBC/Radio-Canada. There is a risk that the public broadcaster may be perceived as reducing services to some communities.	Communications activities will inform and educate Canadians at large about CBC/Radio-Canada's plans. The communications plan will include government relations activities as well as region-specific activities and initiatives to address local issues and concerns and minimize negative reactions.	The Corporation will communicate to Canadians that only 1.7 per cent of the population still receives CBC/Radio-Canada's television signals via an analogue transmitter and, given financial pressures, the Corporation will accelerate its exit from this technology.
5. Infrastructure Replacements and Optimization		
There are limited resources to meet capital asset needs for:		
• Building repairs and renovations.	Scheduled and prioritized maintenance, with emphasis on health and safety and business continuation.	A multi-disciplinary Critical Space Committee is currently proceeding with the selection and hiring of outside experts to assist in establishing standards for critical space management.
• Replacement of aging broadcasting equipment and transition to high-definition (HD) production.	Replacement will continue with available resources on a prioritized basis.	Transition of aging production equipment in regional locations to HD is planned for future years, at a pace that budgets allow.
• Radio transmitters across the country which are nearing the end of their useful life.	A transmitter asset strategy has been developed to reduce the size and investment requirements of the current system while maintaining coverage.	Continue with identified strategies
• Real estate assets must be exploited to reduce excess space and costs.	CBC/Radio-Canada is accelerating its plan to reduce its overall real estate footprint. Comprising a little more than 4.3 million square feet, we plan to reduce it by more than 800,000 square feet by 2017. In the shorter term, we will pursue the sale of CBC/Radio-Canada-owned buildings, shift from owner to tenant in a number of locations, and look to lease our vacant space in the remaining buildings.	Portfolio strategic plans will be implemented by CBC/Radio-Canada's Real Estate Services during the coming years.

KEY RISKS	RISK MITIGATION	FUTURE IMPACT
• Under-investing in technology infrastructure replacement or upgrades increases risk of system failure. Risk of cost increases to maintain and support older and/or distributed versus centralized systems.	Assess replacement options for obsolete or unsupported systems and recommend solutions.	Implement identified recommendations.
6. CMF Challenges New Canada Media Fund (CMF) funding allocation rules could result in reduced support for CBC/Radio-Canada.	Proactively advance the Corporation's position with the CMF, including participation in the CMF National Focus Group.	CBC/Radio-Canada's 2012–2013 CMF allocation is virtually the same as last year's allocation. However, there still continues to be a risk as allocation factors have changed or may change next year.
7. Access to Information Managing public perception of a lack of accountability and of transparency. A legislative modification could curtail or impede the Corporation's editorial independence.	Continue to produce and distribute the *Transparency and Accountability Bulletin,* which provides updates on progress we are making in managing ATI requests. Continue to manage the information published on the corporate website's Proactive Disclosure section. Facilitate access to existing information on the corporate website. Continue to invest in improving the management and processing of ATI requests.	Continue with identified strategies into 2012–2013.

8. Financial Plan

Financial Overview

The Financial Overview in Appendix A presents the Corporation's financial picture for 2012-2013 through 2016-2017.

The balanced position presented for 2012-2013 to 2016-2017 in Appendix A is achieved by matching expenditures to expected resources.

The forecast takes into account government funding reductions of $115 million over three years, as announced in the 2012 Federal Budget. Not only must the Corporation manage through government funding reductions of $115 million over three years, it also expects to face additional financial pressures of $85 million per year by 2014−2015 from unavoidable cost increases and required investments to achieve strategic objectives. In total, this means that CBC/Radio-Canada expects to introduce measures to manage financial pressures of $200 million per year by 2014−2015 and one-time severance costs up to $25 million.

On April 4, 2012, a new financial plan, approved by CBC/Radio-Canada's Board of Directors, was announced that will allow the Corporation to meet two key objectives: (i) maintain our capacity to fulfill our mandate under the *Broadcasting Act*, and (ii) continue to drive *Strategy 2015* by delivering high-quality Canadian programming, enhancing our regional presence and local impact, and investing more in digital platforms.

The measures that we will be implementing to manage the $200 million in financial pressures can be grouped into five categories (1) increasing our revenues; (2) transforming Radio-Canada International (RCI); (3) accelerating the shutdown of our analogue transmitters; (4) reducing costs and delivering our services differently; and (5) slowing the pace of the *Strategy 2015* roll-out.

Increasing self-generated revenues

CBC/Radio-Canada plans to increase self-generated revenues up to $50 million on an ongoing basis by leveraging ads on television, increasing digital revenue and, as an alternative to more drastic solutions, adding advertising/sponsorships to both CBC Radio 2 and Espace musique.

CBC/Radio-Canada will also look to our real estate portfolio to generate more revenues as we seek to exit some buildings that we own to become tenants in more efficient and less-costly premises.

Transforming RCI

Shortwave transmission of RCI programs will be shut down and RCI will provide national and international audiences with content on the web in five languages (French, English, Spanish, Arabic and Mandarin) instead of seven (no longer in Russian and Portuguese). This decision is expected to achieve on-going savings of up to $10 million.

Accelerated shutdown of analogue television transmitters

CBC/Radio-Canada also plans to shut down analogue television signals on July 31, 2012. This decision is expected to achieve ongoing savings of up to $10 million.

Reducing costs and delivering services differently

Another group of measures is dedicated to reducing costs and delivering our services differently. To do this, we are looking at eliminating the things that do not get us closer to achieving the goals set out in *Strategy 2015*. This series of measures is expected to identify ongoing savings of up to $100 million.

Over the last number of years and particularly as part of the $171 million Recovery Plan initiatives in 2009−2010, there has been a non-stop focus on operating and production efficiencies as we systematically squeezed out on-going savings from our activities; this work will continue.

We'll also continue our priority of reducing the footprint of our real estate portfolio. We had an objective of reducing it by a minimum of 400,000 square feet by 2015 but are accelerating that pace, increasing the target to over 800,000 square feet by 2017. In the shorter term, we will pursue the sale of CBC/Radio-Canada-owned buildings, shift from owner to tenant in a number of locations, and look to lease vacant space in our remaining buildings.

Pacing the Strategy 2015 roll-out

Finally, because these initiatives are still not enough to solve the $200 million problem, *Strategy 2015* will have to be scaled back. This decision is expected to provide ongoing savings of $30 million.

We are still committed to the goals of becoming more distinctly Canadian, more regional, and more digital, which remain vital to the fulfillment of our role as Canada's public broadcaster in a rapidly changing environment. However, in light of our financial situation, moving as far or as fast on certain elements of our *Strategy 2015* plan won't be possible.

As a result, we will taking actions including: program reductions in the network schedule, reductions in the number and/or budget of signature events produced, reductions in the number of live music recordings on radio and in cross-cultural programming projects.

While we are well on our way to introducing or improving local services to 3.5 million Canadians out of the 6 million we said we would target by the end of fiscal 2015, reaching the remaining 2.5 million will take longer and be more difficult. And, in light of these pressures, CBC's initiatives to complete its Local Service Extension Plan are expected to be digital-only services instead of a combination of radio/digital services, with fewer new opportunities.

Our strategy on specialty channels will also be affected. CBC no longer plans to launch a kids digital channel, and after having obtained the necessary licenses, neither CBC nor Radio-Canada will pursue the launching of a sports channel. Finally, we also intend to sell **bold**, one of our CBC specialty channels, the license conditions of which no longer fit our strategy nor complements our other programming streams.

These measures are far reaching and the changes that come with them are significant. There will be very evident changes to the services we offer and it will take some time to appreciate their full impact on our programs, services and operations and how these changes will be received by our stakeholders, employees, partners, communities, audiences and Canadians across the country.

Up to 650 full-time positions (FTEs) are expected to be eliminated over the next three years (representing 7 per cent of our FTEs). This breaks out as follows: approximately 450 positions in 2012−2013, approximately 150 positions in 2013−2014, and the rest in the following year. Unfortunately, in a corporation where about 60 per cent of our overall budget goes to salaries, it is not possible to make reductions of this magnitude without a major impact on our people. The elimination of these positions will result in an estimated one-time cost of up to $25 million, on top of the $200 million recurring financial pressures.

Local Programming Improvement Fund (LPIF)

The forecast takes into account the LPIF contributions. During the broadcast year ending August 31, 2012, CBC/Radio-Canada is expected to receive approximately $47 million from this fund. On July 18, 2012, the CRTC released its policy decision on the future of the LPIF. The Commission will phase out the fund over the next two broadcast years. Specifically, the Commission will:

- for the 2012-2013 broadcast year, reduce the contribution rate from 1.5% to 1%;
- for the 2013-2014 broadcast year, reduce the contribution rate to 0.5%; and
- as of 1 September 2014, discontinue the LPIF.

We are reviewing the implications of this decision on our local programming television initiatives and on the associated regulatory commitments for the upcoming license term. The elimination of this source of funds will mean adjustments in terms of levels of service and how the services are delivered. The reduction and eventual elimination of the fund has been incorporated into the forecast.

Material Risks to Financial Plan and Outlook

The plan to meet CBC/Radio-Canada's financial challenges will be closely monitored and adjusted, as required, as it is being implemented over a three-year period. Its success will heavily depend on the strength of the advertising market and on our overall revenue performance.

The plan assumes that salary inflation funding from government will resume in 2013–2014 following the three-year funding freeze. A 1.5 per cent salary inflation increase represents a cost of $13 million per year. The three-year funding freeze resulted in ongoing unfunded salary inflation of over $40 million per year.

Borrowing Plan

The *Broadcasting Act*, Section 46.1, confers on CBC/Radio-Canada the authority to borrow up to $220 million by any means, or such greater amount as may be authorized by Parliament, subject to the approval of the Minister of Finance; Section 54(3.1) of the *Act* requires that the Corporation's borrowing plan be included in its corporate plan for the approval of the Minister of Finance.

When the Corporation sold the Stingray and ONTREA receivables as reported in the 2010–2011 Corporate Plan, it provided a guarantee to the investors in order to obtain the best possible value for the sale. This guarantee was deemed to be borrowing.

In accordance with the terms of the approval from the Minister of Finance for this borrowing authority, CBC/Radio-Canada hereby provides a status report showing the outstanding amounts against the borrowing authority:

Total borrowing authority	**$220,000,000**
Authority used as at March 31, 2011	
Guarantee on Stingray Accounts Receivable	$0
Guarantee on Ontrea Accounts Receivable	$(176,194,113)
Remaining authority	**$43,805,887**

Pursuant to the provisions of section 46.1(1) and 54(3.1) of the *Broadcasting Act*, the Corporation seeks the approval in principle of the Minister of Finance to borrow money not exceeding the remaining borrowing authority of $43 million in 2012–2013. CBC/Radio-Canada will submit specific borrowing proposals as required by the Minister of Finance for approval.

APPENDIX A - Financial Overview[1]

	2011-2012	Projection 2012-2013	Projection 2013-2014	Projection 2014-2015	Projection 2015-2016	Projection 2016-2017
SOURCES OF INCOME						
Operating appropriation	968,047 [9]	967,284 [9]	966,463 [10]	965,579 [10]	910,579 [10]	910,579 [10]
Additional funding for programming initiatives [2]	60,000	60,000	60,000	60,000		
Total Appropriation	**1,028,047**	**1,027,284**	**1,026,463**	**1,025,579**	**910,579**	**910,579**
Government funding reduction as per 2012 Federal Budget		(27,800)	(69,550)	(115,000)		
Net Appropriation	**1,028,047**	**999,484**	**956,913**	**910,579**	**910,579**	**910,579**
Amortization of deferred capital funding and working capital funding [3]	134,270	124,000	124,000	124,000	124,000	124,000
Advertising	375,725	394,971	427,676	462,734	469,675	476,720
Other revenues [4]	267,484	269,183	272,634	277,285	281,308	285,391
Local Programming Improvement Fund (LPIF) [5]	45,755	38,005	22,197	6,471	-	-
TOTAL SOURCES OF INCOME	**1,851,281**	**1,825,643**	**1,803,420**	**1,781,069**	**1,785,562**	**1,796,690**
EXPENDITURES:						
Television, radio and new media services [6]	1,720,357	1,718,000	1,701,550	1,679,876	1,684,599	1,695,882
Transmission, distribution and collection	75,534	64,487	60,365	61,270	62,189	63,122
Corporate Management	11,423	11,206	10,993	10,784	10,946	11,110
Finance costs	33,455	31,950	30,512	29,139	27,828	26,576
TOTAL EXPENDITURES	**1,840,769**	**1,825,643**	**1,803,420**	**1,781,069**	**1,785,562**	**1,796,690**
NON-OPERATING ITEMS:						
Dilution gain from merger transaction[7]	25,775					
Dividend income from merger transaction[7]	5,094					
Net loss on disposal of property and equipment	(517)					
TOTAL NON-OPERATING ITEMS	**30,352**	-	-	-	-	-
NET POSITION [8]	**40,864**	-	-	-	-	-

(1) Results are based on International Financial Reporting Standard (IFRS).

(2) "One-time" funding for programming initiatives ($60 million), received from government since 2001, has been included in the funding reduction announced in the 2012 Federal Budget.

(3) Parliamentary appropriations received for capital expenditures are recognised on the same basis and over the same period as the amortization of the capital assets purchased with the funds. The capital budget is discussed in more detail in Appendix B. The Corporation expects to have accelerated amortization and write-offs of assets affected by RCI and analogue transmitter shut-down, as part of the cost reduction measures. These amounts have not been included in revenues and expenses above as amounts have not yet been determined.

(4) Includes revenues from Specialty Services (CBC News Network, RDI, **bold**, *documentary* , ARTV and as of 2012-2013, Explora) and other revenues.

(5) The CRTC released its LPIF decision on July 18, 2012. The LPIF funding will be phased out by September 1, 2014. LPIF contribution rates for the broadcast years ending August 31, 2012, 2013, and 2014 are 1.5%, 1.0% and 0.5% respectively.

(6) Expenditures (including amortization of property, equipment and intangibles) related to CBC/Radio-Canada's main services and Specialty Services.

(7) Reflects the impact of the merger between Sirius Canada Inc. and Canadian Satellite Radio (CSR) Holdings Inc. completed in June 2011. Prior to this transaction, CBC/Radio-Canada held 25.05 per cent equity interest in Sirius Canada Inc. Non-operating items reflect a non-cash dilution gain and dividend income resulting from this transaction.

(8) Reflects the net results before Other Comprehensive Income or Loss. A balanced net position is assumed for future years (before the non-cash dilution gain and net loss on disposal of property and equipment in 2011-2012).

(9) Reflects the salary inflation funding freeze announced by the Federal government in the 2010 Budget.

(10) Salary inflation funding increases from Treasury Board have not yet been announced for fiscal years 2013-2014 to 2016-2017. It is assumed that salary inflation funding received will match the actual increase in salary expenditures.

APPENDIX B – Capital Budget

CBC/Radio-Canada is highly dependent on technology and technology based assets in the production and delivery of its various services. In addition, the Corporation owns and operates one of the world's largest broadcast transmission and distribution systems with 789 transmission sites located throughout Canada. The Corporation also manages a real estate portfolio of more than 4.3 million square feet, including 27 owned buildings and 53 leased properties in locations across Canada. In total, the Corporation employs $2.2 billion (cost/book value) of assets for its operations.

Accordingly, the majority of capital spending in any given year is used by CBC/Radio-Canada to maintain its assets, address obsolescence and undertake strategic projects. In all instances, the Corporation's capital spending plan supports the attainment of CBC/Radio-Canada priorities and strategic initiatives as outlined in its Corporate Plan submission.

Capital assets are essential to the production and delivery of CBC/Radio-Canada services. The Corporation is committed to ensuring that these assets are acquired, managed, and eventually disposed of in the most strategic and cost-effective manner possible. Achieving this goal in today's world of rapid technological change, shifting demographics and fast-evolving economic realities, calls for new ideas and approaches. CBC/Radio-Canada challenges itself to continually apply fresh solutions to its capital asset challenges.

Capital Governance and Process

To ensure that capital investments are implemented strategically and within available resource constraints, the Corporation maintains detailed project planning over a 5-year planning horizon. Consequently, from one year to the next, most changes in the capital plan typically represent refinements to project estimates or shifts in the timing for project implementation between fiscal periods.

The management framework around capital investments is tightly integrated amongst three management committees:

- Capital Executive Team – Responsible for strategic planning and governance of the overall capital process.
- Technology Strategy Board – Responsible for the development and implementation of technology-based strategies.
- Capital Round Table – Responsible for the development, execution and management of an integrated corporation-wide project plan that responds to priorities within available resources.

In addition, the Real Estate Committee, Audit Committee and full Board of Directors exercise their governance on Capital matters.

CBC/Radio-Canada's capital process is based on industry best practices for project management and project portfolio management. As part of this process, all projects are rationalized and approved based on submission of a business case which includes an in-depth financial analysis and detailed cost estimate. Tools and templates employed in the Capital process follow industry best practices.

The volume and size of individual projects can vary from year-to-year. On average, there are some 300 projects in any single year with nearly half of the projects running over two or more years. For projects where return on investment, net present value or payback analysis is required, these calculations are part of the justification and included in the business case. For other types of projects, the justification for investment is based on legal and regulatory requirements or mission critical investments to maintain operations where assets have reached end-of-life and are at risk of failure.

The Corporation continually strives to improve its practices in the management of capital. In this respect, the Audit Committee of the Board requested that the Corporation conduct a review of our capital processes relative to industry best practices. The review, carried in collaboration with Internal Audit, concluded that overall, the Corporation's processes were well aligned with best practices. Areas for further improvement were identified and recommendations were provided which Management has and continues to act upon.

Context for the Capital Investment Plan

The Corporation is in a period of convergence of pressures resulting from technological change, refresh of core business assets and an aging infrastructure. Several of the corporation's larger capital challenges are highlighted below:

Transition from Analogue to Digital TV Broadcasting

CBC/Radio-Canada has 620 analogue television transmitters (CBC/Radio-Canada holds the license for 607 of the analogue television transmitters, with the other 13 analogue transmitters simply operated for affiliates) and 27 Digital television transmitters across the country. Less than 7 per cent of Canadians continue to receive their television signal by this over-the-air method. Government and the CRTC established August 31, 2011, as the date to shut down over-the-air (OTA) analogue television transmission in major markets across Canada. Under current CRTC policy, since August 31, 2011, conventional broadcasters must provide their OTA television signals to Canadians by digital means in the mandatory markets identified by the CRTC.

To help ease the pressure of the digital transition for Canadian over-the-air television viewers, the Corporation committed to maintaining analogue transmission past August 31, 2011 in all markets where it is permitted to do so by the CRTC – namely, outside the Commission's mandatory markets. Further to that, CBC/Radio-Canada filed a formal request with the CRTC for permission and was granted permission to continue broadcasting until August 31, 2012 in analogue in the mandatory markets where the Corporation will not be installing digital transmitters Subsequently, on April 4, 2012, CBC/Radio-Canada issued a letter to the CRTC seeking permission to relinquish the licenses for the 607 analogue transmitters and shutoff the actual transmission on July 31, 2012. The CRTC approved the Corporation's request on July 17, 2012.

The implementation of 27 DTV transmitters to address the mandatory analogue signal shut down in the CRTC designated 51 major markets was a $60 million investment. Due to funding constraints, this investment resulted in the delay of a number of maintenance and asset refresh projects for other asset categories, which will need to be addressed over the next few years.

Methods of Production and Delivery of Service

The broadcast industry assets employed in the production chain for radio and television are increasingly moving towards integrated solutions and computer and software based tools. These tools demand much faster refresh rates than traditional assets of less than a decade ago. At the same time, high definition television production technology will be implemented as related assets come up for normal refresh in the production chain. In addition, new media such as internet streaming and mobile device viewing and listening will require further investments as this distribution means continues to grow.

Real Estate Strategy

Representing 32 per cent of the existing $2.2 billion asset base, the Corporation has developed a strategy to optimize management of its real estate facilities. The real estate asset base is aging and has a growing maintenance deficit. The key goals of the strategy are to reduce operational costs, transfer real estate risk, and maximize proceeds from the portfolio. This will be achieved by reducing the real estate footprint, reducing occupied space by 10 per cent and monetizing spare capacity.

The Corporation will also vacate and sell owned facilities and move into leased facilities where appropriate.

Two large projects are in development: On June 8th, 2012, the Corporation received approval by the Governor in Council for a lease with Allied Properties REIT for approximately 168,000 square feet in the Canadian Broadcasting Centre. The second is the Maison Radio-Canada project (site redevelopment in Montréal) which is currently is the planning stages.

Capital Plan Overview

With a base capital budget that has remained unchanged since the 90s, innovative solutions have necessarily needed to be employed to address funding challenges for priority capital investments. The means by which the Corporation has managed its capital pressures is outlined in the Capital Overview section on page 37.

Most projects over the next 5 years fall below $500 thousand in value (55 per cent). Larger projects that are greater than $1 million represent 30 per cent of the portfolio, with the remaining 15 per cent falling between $0.5 million and $1 million.

The Corporation's capital investment plan is an integral part of the long-term strategy. While the majority of planned projects already support the strategy by ensuring that our production, distribution and other facilities are able to meet our operational requirements, annual updates will be necessary to accommodate new investments and unforeseen priorities that will be defined as the strategy is implemented over the next 5 years.

Transition to International Financial Reporting Standards (IFRS)

The transition to IFRS reporting standards in 2011-2012 has prompted the recognition of some expenditures previously reported as operating expenditures to now be captured as capital expenditures. Specifically, some real estate maintenance projects previously reported as operating are now captured as capital expenditures, and part of a long-term lease for satellite transponders with Telesat has also now capitalized.

On average these accounting treatment changes resulting from IFRS represent some $17 million per year. While providing the illusion that capital expenditures have increased, operating expenditures and budgets have only been realigned to now be captured as capital expenditures.

Five-year Capital Investment Plan and 2012-2013 Capital Budget

Subsection 54(4) of the *Broadcasting Act* requires that CBC/Radio-Canada submit its capital budget to the Minister of Canadian Heritage in its Corporate Plan and that the Capital Budget for the upcoming year be submitted to the Treasury Board for approval. As such, the Corporation's 2012-2013 Capital Budget was approved on April 4th, 2012, as presented. A summary of the Capital Budget follows.

Sources & Use of Funds ($000s)

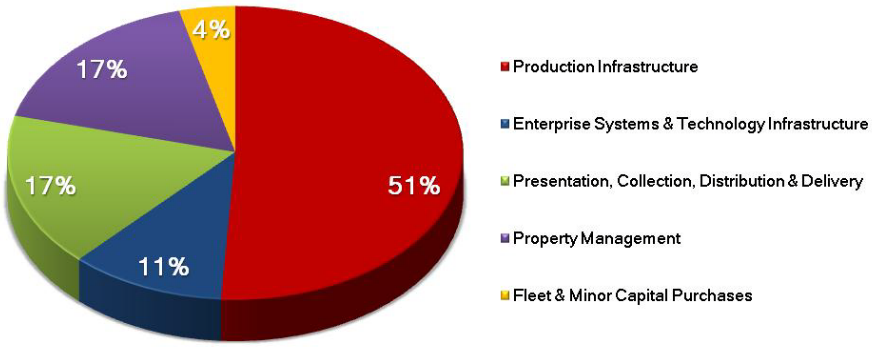
AVAILABLE CAPITAL FUNDING	Prior Year	Budget	Forecast			
	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Base Capital Appropriation	92,331	92,331	92,331	92,331	92,331	92,331
Carry forward from previous fiscal year	(1,109)	0	0	0	0	0
Capital Leases	19,286	21,200	22,898	24,372	25,752	25,958
Funding from self-generated revenue	14,344	22,787	14,840	16,275	13,040	8,727
Funding from sales of fixed assets	10,321	17,855	0	3,000	0	0
TOTAL AVAILABLE CAPITAL FUNDING	135,173	154,173	130,069	135,978	131,123	127,016

CAPITAL INVESTMENT PLAN	Prior Year	Budget	Forecast			
	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Production Infrastructure						
Television Services	31,353	59,694	46,635	58,279	56,288	47,566
Radio Services	4,191	9,845	6,636	9,765	10,365	12,280
Common Media Initiatives	3,337	3,425	1,950	1,125	975	25
English News Network	810	2,600	2,800	3,100	2,600	2,000
French News Network	196	0	2,000	2,000	2,000	2,000
Enterprise Systems & Technology Infrastructure	12,860	20,941	20,275	12,255	10,415	11,840
Presentation, Collection, Distribution & Delivery	31,710	21,075	22,988	20,003	19,578	23,251
Presentation, Collection, Distribution & Delivery - DTV	16,184	7,041	250			
Property Management	28,014	24,117	21,100	24,016	23,467	22,619
Fleet and Minor Capital Purchases	6,518	5,435	5,435	5,435	5,435	5,435
TOTAL CAPITAL INVESTMENT PLAN	135,173	154,173	130,069	135,978	131,123	127,016

2012-2013 Budget

In 2012-2013, the total capital spending base is planned to be $154.2 million, inclusive of all funding sources but excluding the carry forward of funds from 2011-2012 which cannot be estimated at this time.

5-Year Capital Investment Plan



Capital Overview

The capital budget in Appendix B presents the Corporation's capital investment plan for 2012-2013 through 2016-2017.

The Corporation has a base capital budget of approximately $100 million annually (including self-funded investments: such as specialty services) which is required to respond to $2.2 billion (cost/book value) of assets in operations. At this level of funding, the average cycle to replace assets would necessarily have to be 22 years ($2.2 billion/$100 million) for the funding to keep pace with annual asset investment requirements.

This is not our reality. Going forward, the sustainable funding level is closer to $125 million, if nothing changes.

The vast majority of assets in our business environment are replaced on cycles that are less than 15 years. A big part of this represents technology-based assets in our production chain for radio and TV. More and more, these tools have migrated into the world of computer-based hardware and software where vendor-declared obsolescence is below 8 years.

To manage this reality, the Corporation has employed several tactics:

- Assets in all areas of our operations have been pushed beyond industry standard replacement cycles. Contingency planning and regular maintenance ensures that risk to critical operations is mitigated.
- Decommissioned assets are aggressively recycled for parts to ensure that other assets in operations can be maintained. Parts warehouses and inventories are maintained for this purpose.
- With less critical assets in some operations, we accept that there may be failure before we respond.
- Collaboration across all media lines to ensure integrated solutions, common technology and lowest Total Cost of Operations (TCO).
- Capital or operating leases for investments that have the ability to generate a revenue stream or demonstrate a business case for this means of financing, and sale of surplus assets to generate capital funds.
- In-depth review of the Corporation's Real Estate Portfolio with the intent to reduce cost and extract value.
- As a last resort, the Corporation has also supplemented its capital budget to address extraordinary pressures on capital investment priorities. These funds typically come from self-generated revenues.

The result of these measures can be witnessed in our annual financial statements by the steadily declining net book value of our assets over the past decade indicating that on average, our assets remain in operations longer.

At the same time, we continually monitor changes in various safety codes and regulations to which our capital plans must respond. This is a priority without compromise.

APPENDIX C – CBC/Radio-Canada's Mandate Requirements of the 1991 *Broadcasting Act*

Corporate Mandate

The Canadian Broadcasting Corporation/Société Radio-Canada ("CBC/Radio-Canada" or the "Corporation") was established by an *Act* of Parliament in 1936. The Corporation's current legislative mandate, corporate powers and governance mechanisms are set out in the 1991 *Broadcasting Act* (the *Act*). Each year, pursuant to section 54 of the *Act*, the Corporation must submit to the Minister of Canadian Heritage a Corporate Plan regarding the businesses and activities, including investments, of the Corporation and its subsidiaries, if any.

The Role of the Corporation in the Canadian Broadcasting System

Section 3 of the *Act* sets out the broadcasting policy for Canada and includes provisions specifically addressing the role of the Corporation in the Canadian broadcasting system. In particular, paragraphs 3(1)(l) and (m) state that:

(l) The Canadian Broadcasting Corporation, as the national public broadcaster, should provide radio and television services incorporating a wide range of programming that informs, enlightens and entertains;

(m) The programming provided by the Corporation should:

   i. Be predominantly and distinctively Canadian;
   ii. Reflect Canada and its regions to national and regional audiences, while serving the special needs of those regions;
   iii. Actively contribute to the flow and exchange of cultural expression;
   iv. Be in English and in French, reflecting the different needs and circumstances of each official language community, including the particular needs and circumstances of English and French linguistic minorities;
   v. Strive to be of equivalent quality in English and French;
   vi. Contribute to shared national consciousness and identity;
   vii. Be made available throughout Canada by the most appropriate and efficient means and as resources become available for the purpose; and,
   viii. Reflect the multicultural and multiracial nature of Canada.

In addition to this domestic mandate, CBC/Radio-Canada is also required by section 46(2) of the *Act* to provide an international service that must comply with license conditions and regulations issued by the Canadian Radio-television and Telecommunications Commission (CRTC), as well as any directions issued by the Governor in Council.

No other Canadian broadcaster – commercial or public – has the same breadth of mandate or the same scale or scope of operations as CBC/Radio-Canada.

Corporate Powers

Part III of the *Act* sets out the basic powers of the Corporation.

A central feature of the regime established by Part III is the arms-length relationship between CBC/Radio-Canada and the Government with respect to the Corporation's broadcasting activities. Section 35(2) specifically states that Part III "shall be interpreted and applied so as to protect and enhance the freedom of expression and the journalistic, creative and programming independence enjoyed by the Corporation in the pursuit of its objects and in the exercise of its powers." This requirement is repeated in section 46(5) (in the context of the Corporation's objects and powers) and again in section 52(1) (in the context of certain financial reporting provisions).

The head office of the Corporation is required by section 50(1) of the *Act* to be located in the National Capital Region. The powers of the Corporation are spelled out in section 46(1). Section 46(1) reiterates that CBC/Radio-Canada's mandate is to provide the programming contemplated by paragraphs 3(1)(l) and (m) and then identifies a list of powers, such as the ability to originate or purchase programs, enter into associated contracts, and acquire copyright and trademarks that have been granted to the Corporation so that it may achieve this purpose.

The Corporation is an agent of Her Majesty except in respect of the Corporation's international service and the Corporation's employees (section 47(1) of the *Act)*. As such, the Corporation may enter into contracts (47(2)) and acquire property (47(3)) in the name of Her Majesty (48(2)(a)), subject to a $4,000,000 limit with regard to the acquisition of real property or the disposition of real or personal property (other than program material or rights), as well as a $15,000,000 (modified by Governor in Council approval) (48(2)(b)) limit for the lease of real property. Transactions involving greater amounts require the approval of the Governor in Council.

Pursuant to section 46.1 of the *Act*, CBC/Radio-Canada may borrow money, with the approval of the Minister of Finance, up to a limit of $220,000,000, or any greater amount authorized by Parliament.

Regulatory Requirements

In the establishment and operation of its broadcasting activities, CBC/Radio-Canada must comply with the licensing and other regulatory requirements established by the CRTC under the *Act*, as well as any requirements under the *Radiocommunication Act* that apply to the Corporation's use of radiocommunication spectrum.

Given the special role of CBC/Radio-Canada in the Canadian broadcasting system, the *Broadcasting Act* limits the CRTC's regulatory authority over the Corporation.

Section 23(1) of the *Act* requires the CRTC to consult with CBC/Radio-Canada, if CBC/Radio-Canada requests this, about proposed license conditions for the Corporation. If the Corporation believes these license conditions will unreasonably impede its ability to fulfill its mandate under the *Act*, it can refer the matter to the Minister of Canadian Heritage (23(2)). The Minister may then issue a directive to the CRTC regarding the disputed license condition.

Pursuant to section 24(2) of the *Act*, none of CBC/Radio-Canada's "core" licenses (i.e., conventional television and radio station licenses) may be revoked or suspended without CBC/Radio-Canada's consent. If the CRTC determines that the Corporation has breached a condition of license, the CRTC must forward a report to the Minister of Canadian Heritage and the Minister must present the report to Parliament (25).

The Corporation's other broadcasting activities (e.g., specialty television and pay audio services) are subject to the same regulatory regime as for other industry participants. However, pursuant to section 26(1)(b) of the *Act*, the Governor in Council may direct the CRTC to reserve channels or frequencies for CBC/Radio-Canada.

CBC/Radio-Canada's main broadcasting licenses have been administratively renewed by the CRTC to August 31, 2012. The CRTC has announced that the CBC/Radio-Canada's license renewal hearings will commence on November 19, 2012.

Governance

As indicated above, Part III of the *Act* establishes the governance mechanisms for the Corporation. Pursuant to section 36 of the *Act*, CBC/Radio-Canada has a Board of Directors comprising 12 Directors, including the Chairperson and the President and CEO, all of whom are appointed by the Governor in Council. Directors are appointed for a term of up to five years. The Chairperson and the President and CEO may be re-appointed any number of times, but all other Directors are limited to two consecutive terms, unless the third term is as Chair or President and CEO.

The Board of Directors is responsible for the management of the businesses, activities and other affairs of the Corporation and, pursuant to section 40 of the *Act*, is accountable to Parliament through the Minister of Canadian Heritage.

Pursuant to section 45 of the *Act*, the Board is required by statute to establish two standing committees, one in regard to English-language broadcasting and another in regard to French-language broadcasting. Section 148.1 of the *Financial Administration Act* (*FAA*) requires the Board to establish an audit committee of not less than three Directors.

The Corporate Plan, which the Corporation is required to file with the Minister pursuant to section 54 of the *Act*, must include a statement of the Corporation's objectives for the next five years and its strategy for achieving those objectives, the Capital Budget and the operating budget for the next financial year and any borrowing plans for that year. The Capital Budget is subject to the approval of the Treasury Board and borrowing plans are subject to the approval of the Minister of Finance.

Pursuant to section 55 of the *Act*, the Corporation must also submit to the Minister of Canadian Heritage a summary of the Corporate Plan modified to reflect the financial resources proposed to be allocated to CBC/Radio-Canada by Parliament. The Minister must table this summary before Parliament.

Section 131 of the *FAA* requires the Corporation to maintain satisfactory books of accounts, while section 132 requires that the Corporation have internal audits conducted. The Corporation must provide the Minister of Canadian Heritage with such reports of its financial affairs as the Minister may require. The *Act* at section 52(2) states that the Corporation is not required to provide information which could compromise or limit the journalistic, creative or programming independence of the Corporation, to the Treasury Board or the Ministers of Canadian Heritage or Finance.

The Auditor General of Canada is the auditor of the Corporation (section 61 of the *Act*). Pursuant to section 132 of the *FAA*, the Corporation must have an annual auditor's report prepared, addressed to the Minister of Canadian Heritage. Sections 138 to 142 of the *FAA* require the Corporation to have a special examination of its systems and practices at least once every 10 years. The auditor's report of this special examination must be submitted to the Board of Directors. If considered necessary by the auditor, after consultation with the Board, the auditor shall bring any relevant information to the attention of the Minister of Canadian Heritage.

Pursuant to section 71 of the *Act*, the Corporation must, within three months after the end of its financial year, provide an Annual Report to the Minister of Canadian Heritage and to the President of the Treasury Board. The Minister must present the Annual Report to Parliament within 15 sitting days.

Finally, in addition to those governance mechanisms set out in the *Act*, CBC/Radio-Canada established a Corporate Policy on Disclosure of Wrongdoings (the "Whistleblower Policy") in 2004, and amended it in 2007 to comply with the requirements of the *Public Servants Disclosure Protection Act* (proclaimed in force April 15, 2007).

The Corporation also has an extensive Code of Journalistic Standards and Practices. Complaints from the public that are not resolved at the program level are referred to one of the Corporation's two independent Ombudsmen.

With the passage of the *Federal Accountability Act*, CBC/Radio-Canada became subject (on September 1, 2007) to the provisions of the *Access to Information Act* and the *Privacy Act*.

The *Access to Information Act* (*ATIA*) gives the public a right of access to all records held by the Federal Government, Crown Corporations and other Government institutions subject to the *Act*; it also sets out exceptions to that right. In the case of CBC/Radio-Canada, the *ATIA* provides specifically that it does not apply to information that relates to CBC/Radio-Canada's journalistic, creative or programming activities.

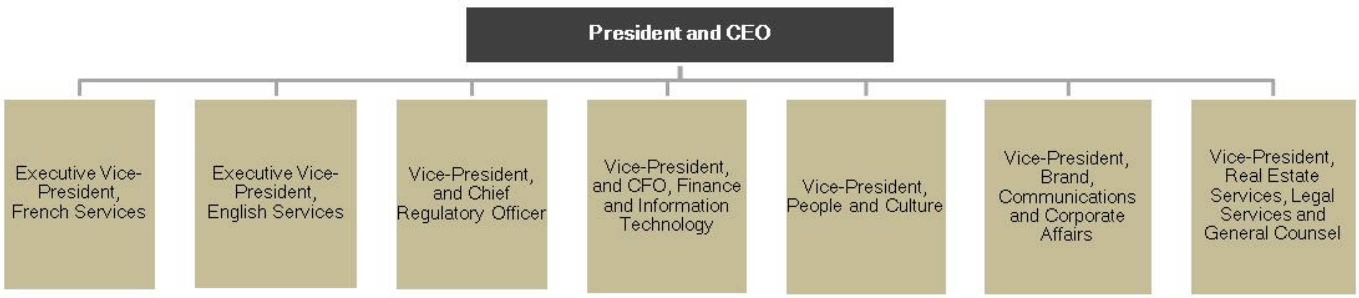
Managerial and Organizational Structure

CBC/Radio-Canada's head office is located in Ottawa, with two main network offices in Toronto and Montréal and 27 regional offices across the country in such major cities as Halifax, Québec City, Calgary, and Vancouver.

The Corporation's organizational structure reflects its broadcasting and related activities, as well as its infrastructure and administrative requirements. There are seven divisions within the Corporation:

1. French Services (Télévision de Radio-Canada, Radio de Radio-Canada and New Media)
2. English Services (CBC Television, CBC Radio and New Media)
3. Media Technology Services and Regulatory Affairs
4. Finance and Information Technology
5. People and Culture
6. Brand, Communications and Corporate Affairs
7. Real Estate, Legal Services and General Counsel

Senior Executive Team



These seven divisions report to the President and CEO through their respective divisional heads. The first two divisions (French Services and English Services) are responsible for the programming activities of the Corporation. The remaining divisions assist the main broadcasting activities through management of support functions. All divisions continually assess best practices to ensure that the maximum amount of the Corporation's overall funding is available for broadcasting activities.

The Senior Executive Team (SET) of the Corporation includes the President and CEO and the seven divisional heads.