



MAKING A PLACE FOR ALL CANADIANS

PUBLIC BROADCASTING IN THE DIGITAL ERA
SUMMARY OF CBC | RADIO-CANADA'S CORPORATE PLAN
FOR 2006-2007 TO 2010-2011

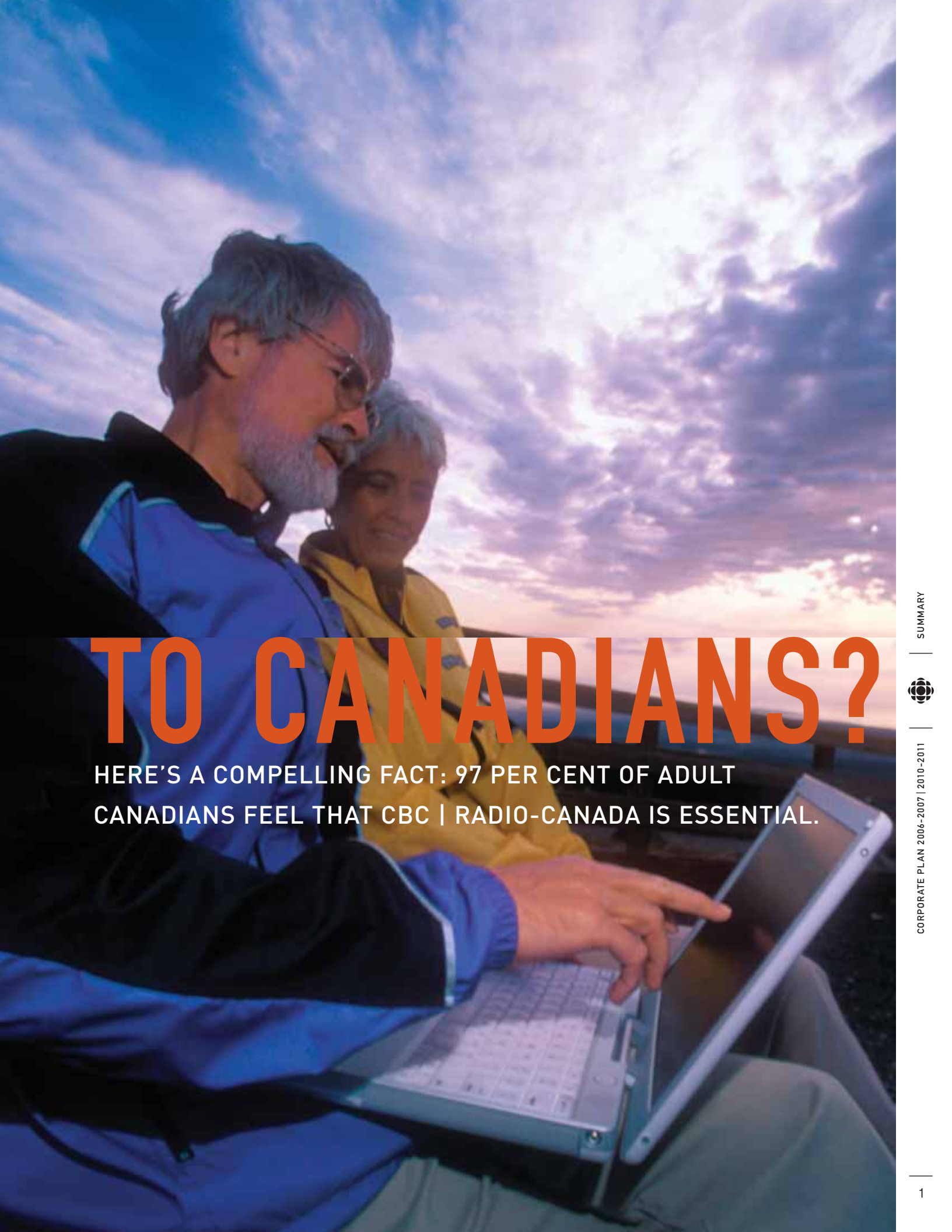
WHY ARE CANADIANS SO COMMITTED TO CANADA'S NATIONAL PUBLIC BROADCASTER? BECAUSE FOR 70 YEARS WE HAVE BEEN COMMITTED TO CANADIANS. COMMITTED TO REFLECTING THE RICHNESS AND DIVERSITY OF THE COUNTRY AND ITS PEOPLE. COMMITTED

WHAT MATTERS

TO TELLING THE STORIES THAT MATTER TO CANADIANS. COMMITTED TO REFLECTING THE REGIONS AND THE MULTICULTURAL NATURE OF CANADA.

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TO CANADIANS?

HERE'S A COMPELLING FACT: 97 PER CENT OF ADULT CANADIANS FEEL THAT CBC | RADIO-CANADA IS ESSENTIAL.

BUT TODAY, THOSE COMMITMENTS
ARE THREATENED. HERE'S WHY.

SINCE 2000–2001, CBC | RADIO-CANADA
HAS GENERATED MORE THAN \$74 MILLION
IN RECURRING OPERATIONAL SAVINGS,
MONEY THAT HAS FUNDED INNOVATIVE,
AUDACIOUS NEW PROGRAMMING THAT
IS MEETING THE NEEDS OF MORE

CBC | RADIO-CANADA TODAY DELIVERS FAR

CANADIANS IN MORE WAYS THAN
EVER BEFORE.

HOWEVER, THIS ACHIEVEMENT MASKS A STARK FINANCIAL REALITY: TODAY'S
CBC | RADIO-CANADA HAS A BUDGET THAT IS ALMOST \$375 MILLION LESS IN CONSTANT
DOLLARS THAN WAS OUR BUDGET IN 1990 – A REDUCTION OF 33 PER CENT – YET WE OFFER
FAR MORE SERVICES ON A MUCH WIDER RANGE OF DELIVERY PLATFORMS THAN WE DID IN
1990. INDEED, CBC | RADIO-CANADA IS THE ONLY CANADIAN BROADCASTER DELIVERING
RADIO, TELEVISION, INTERNET, AND SATELLITE-BASED SERVICES, IN BOTH ENGLISH AND
FRENCH PLUS EIGHT ABORIGINAL LANGUAGES, TO ALL CANADIANS.

At the same time, production costs have risen substantially since 1990. And we must soon make substantial capital investments to replace aging broadcasting infrastructure. For these reasons, CBC | Radio-Canada is facing a financial crisis that threatens to undermine our ability to continue to fulfil our unique – indeed essential – mandate. Without additional Government funding, CBC | Radio-Canada will in near future have to make difficult choices as to the number and type of services it can offer.

CBC | Radio-Canada has developed comprehensive action plans for continuing to deliver the quality and range of programming that Canadians have come to expect from their national public broadcaster. We can partly fund the execution of these plans by further reducing our operational costs and by finding ways to generate more revenues, but that simply won't be enough. To continue to fulfil our unique role in the lives of individual Canadians and in the collective life of the nation, we require additional long-term, stable funding.

MORE SERVICES ON A MUCH SMALLER BUDGET

Our response to this looming crisis has been to become as efficient and as focused as possible. Since 2000-2001, in addition to one-time productivity savings and revenue increases of \$115 million, initiatives have been generating \$74 million a year in savings and revenues. We've applied equal discipline to clearly defining exactly what we need to do to respond effectively to the changing needs of Canadians and to the demands of emerging technologies.

Why should the Federal Government make that commitment to CBC | Radio-Canada? It's a question, we believe, of what matters to Canadians.

CBC | RADIO-CANADA ACTION PLANS

CBC | RADIO-CANADA'S MANDATE IS TO CREATE AND DELIVER AUDACIOUS AND DISTINCTIVE PROGRAMMING THROUGH A COMPREHENSIVE RANGE OF NEWS, INFORMATION, ENTERTAINMENT, AND SPORTS PROGRAMMING. TO ENSURE WE CAN FULFIL THIS MANDATE, OUR TELEVISION, RADIO AND NEW MEDIA LINES HAVE DEVELOPED ACTION PLANS THAT WILL BRING CANADIANS HIGH-QUALITY, DISTINCTIVE CANADIAN PROGRAMS IN 2006-2007 AND IN THE SUBSEQUENT FOUR YEARS. ALTHOUGH THE PLANS ARE PRESENTED BY MEDIA LINES, THEY ARE IN FACT INTEGRATED AND COMPLEMENTARY, WITH RESOURCES AND PROGRAM CONTENT SHARED TO THE GREATEST EXTENT.

HERE ARE THE HIGHLIGHTS OF THE PLANS.

CBC TELEVISION

CBC TELEVISION'S STRATEGIC PLAN HAS THREE KEY ELEMENTS:

- SIGNIFICANTLY INCREASE THE AMOUNT OF CANADIAN DRAMA;
- MAINTAIN CURRENT LEVELS OF SPORTS AND INFORMATION PROGRAMMING;
- RENEW CBC | RADIO-CANADA'S COMMITMENT TO BROADCASTING IN CANADA'S REGIONS.

CBC RADIO

CBC RADIO WILL FOCUS ON THESE OBJECTIVES:

- **REGIONALISM** - PRESENT THE AUTHENTIC VOICE OF THE REGIONS ON SOCIAL, POLITICAL AND CULTURAL MATTERS AND EXPAND OUR PRESENCE TO ALL AREAS OF THE COUNTRY;
- **RELEVANCE** - CONTINUOUSLY IMPROVE PROGRAM QUALITY AND BUILD AUDIENCE SHARE;
- **RENEWAL** - RESPOND TO AN EVOLVING BROADCASTING ENVIRONMENT THROUGH CONSTANT RENEWAL AND RE-INVENTION;
- **FINANCIAL SUSTAINABILITY** - PRESERVE CURRENT LEVELS OF SERVICE THROUGH MAINTAINED OR INCREASED FUNDING.

FRENCH SERVICES (TÉLÉVISION DE RADIO-CANADA, RADIO DE RADIO-CANADA, RÉSEAU DE L'INFORMATION DE RADIO-CANADA, *RADIO-CANADA.CA*)

THE KEY OBJECTIVES OF FRENCH SERVICES ARE TO:

- MAINTAIN HIGH LEVELS OF AUDIENCE SHARE;
- IMPROVE PROGRAM QUALITY AND FIND NEW PARTNERS FOR RADIO-CANADA'S SERVICE FOR FRANCOPHONES IN MINORITY COMMUNITIES AND IN THE REGIONS;
- FEATURE MORE AND IMPROVED CULTURAL PROGRAMMING ACROSS ALL MEDIA LINES;
- STRENGTHEN RADIO-CANADA'S INTERNATIONAL PRESENCE BY INCREASING THE HOURS OF OUR PROGRAMMING CARRIED BY PARTNERS AND BY EXPANDING THE TRAINING IN PUBLIC BROADCASTING THAT CBC | RADIO-CANADA OFFERS TO FOREIGN BROADCASTERS;
- EXPAND OUR REACH ON NEW PLATFORMS, SUCH AS PODCASTING AND CELL PHONE NETWORKS.

To support these action plans, we will continue or will launch Corporate initiatives in 2006–2007 to improve operational efficiency, develop new strategic partnerships, manage and develop human resources more effectively, and build closer relationships with all our stakeholders.

A CHALLENGING BROADCASTING ENVIRONMENT

CBC | Radio-Canada's action plans address a complex, constantly changing Canadian broadcasting environment that presents major challenges.

First, our audiences are changing as Canada's population ages, becomes more ethnically diverse and urbanised, and has access to – and is familiar with – more media options than ever before. Competition for audience share has never been so intense.

Second, consolidation in the communications industry means that Canada's market is dominated by a handful of well-funded private sector companies offering a wide range of services. This makes it difficult for CBC | Radio-Canada to maintain the visibility of its existing and new services, while audience fragmentation decreases our advertising revenues, a key component of our funding. The substantial financial resources of the large private broadcasters also mean that they can pay much more than CBC | Radio-Canada can for broadcasting rights for major audience draws such as the Winter and Summer Olympics or National Hockey League games.

These first two challenges are exacerbated by the most fundamental challenge in Canadian broadcasting: producing and broadcasting Canadian entertainment programming is not an economically sustainable business. The revenue this programming generates cannot cover the costs of producing it, and so all Canadian broadcasters require some form of Government subsidisation, either direct or indirect. The problem is especially acute for CBC | Radio-Canada because our mandate is to produce and broadcast as much Canadian programming as possible.

To do this, we require significant direct support from the Federal Government: Parliamentary appropriations accounted for more than two-thirds of CBC | Radio-Canada's funding in 2005–2006. Although we have steadily increased the portion of our funding contributed by non-government sources – including advertising and operational efficiencies – CBC | Radio-Canada faces a seriously constrained financial situation that adversely impacts our ability to meet immediate operational requirements and to plan for the future. At a minimum, the \$60 million in special funding that Parliament has provided to CBC | Radio-Canada for the last five years must be made permanent. In addition, to execute our programming action plans and properly fulfil our mandate, we will require additional funding of at least \$40 million annually.



\$74 million

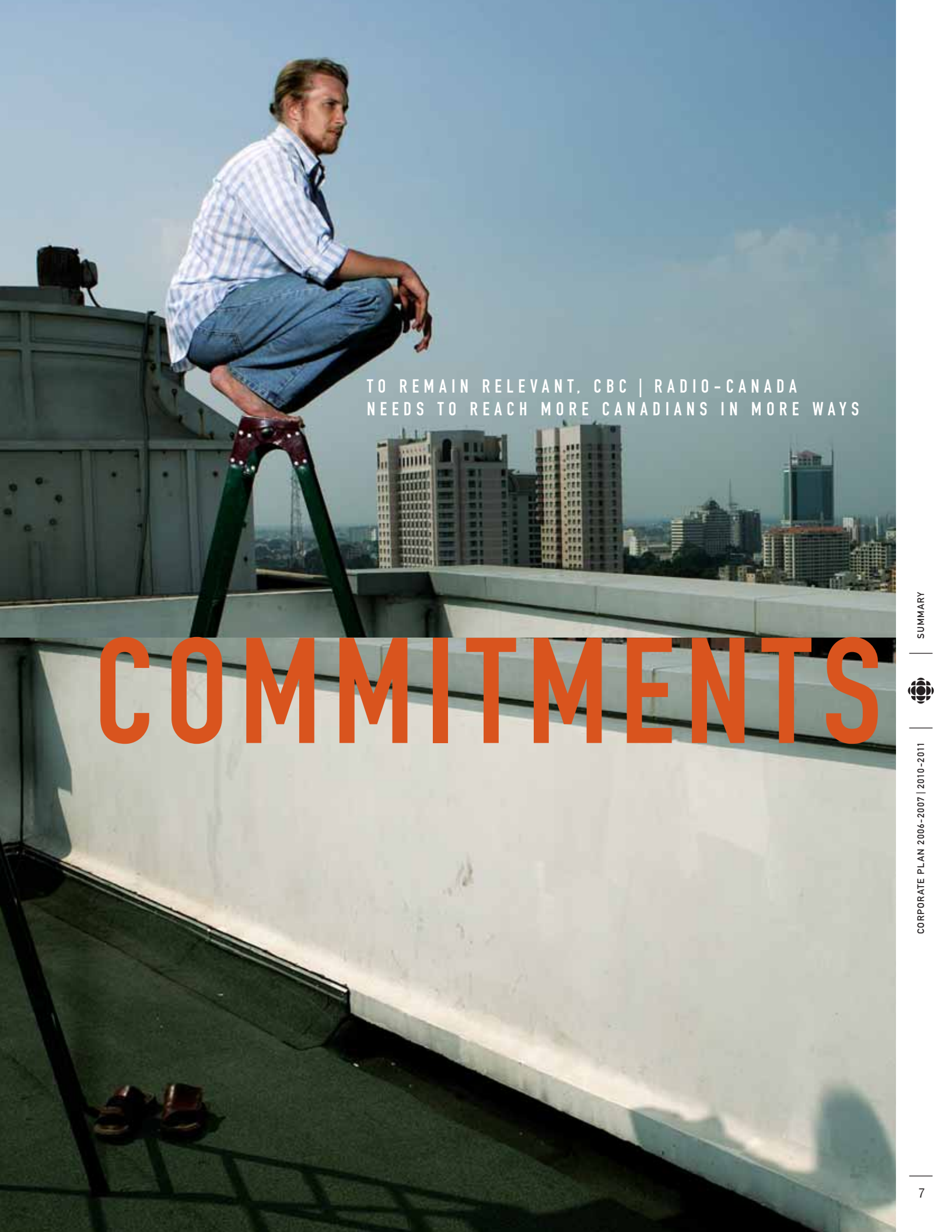
IN ANNUAL ONGOING SAVINGS AND
REVENUES GENERATED SINCE 2001

THIS IS A CRITICAL TIME FOR CANADA'S NATIONAL PUBLIC BROADCASTER.

DESPITE OUR CONSIDERABLE SUCCESSES IN IMPROVING PRODUCTIVITY AND GENERATING NEW REVENUE IN RECENT YEARS, PAST REDUCTIONS TO CBC | RADIO-CANADA'S BUDGET AND THE INCREASING COSTS OF PROVIDING OUR SERVICES HAVE CREATED A PRECARIOUS FINANCIAL POSITION FOR THE CORPORATION.

KEEPING OUR

THIS SITUATION THREATENS TO UNDERMINE CBC | RADIO-CANADA'S ABILITY TO MEET THE MANY TECHNOLOGICAL AND ECONOMIC CHALLENGES BEFORE US.



TO REMAIN RELEVANT, CBC | RADIO-CANADA
NEEDS TO REACH MORE CANADIANS IN MORE WAYS

COMMITMENTS



ULTIMATELY, WITHOUT A SIGNIFICANT INJECTION OF PERMANENT NEW FUNDING, CBC | RADIO-CANADA WILL BE UNABLE TO PROVIDE THE QUALITY AND RANGE OF BROADCASTING SERVICES THAT CANADIANS NOW RECEIVE AND EXPECT FROM THEIR NATIONAL PUBLIC BROADCASTER.

In such circumstances, CBC | Radio-Canada will in the near future have to make difficult choices as to the number and type of services it can offer.

Several years ago CBC | Radio-Canada recognised the looming severity of its financial situation, and set out to achieve two key and complementary objectives.

First, internal efficiency: to deliver the greatest possible productivity gains and revenue generating initiatives for re-investment in programming. Second, clarity in Corporate direction: to provide all stakeholders with a clear understanding of our Corporate priorities and mission and establish a common goal for Canada's national public broadcaster.

In terms of internal efficiencies, we have met our goal. In the last five years we have identified and implemented unprecedented cost savings and revenue-generating initiatives that have resulted in the creation of tens of millions of new dollars to be used for our core programming requirements on an ongoing annual basis.

Indeed, our internal efficiency initiatives have been so successful that CBC | Radio-Canada is now regarded as a model of operational innovation and efficiency for federal Crown Corporations in Canada.

In terms of clarity in Corporate direction, we began by setting out a number of key Corporate priorities that drew together a commitment to employees, partners and efficiency, all under the umbrella of our commitment to distinctive Canadian programming.

These priorities were successfully put into effect several years ago, and continue to guide our activities, enabling us to formalise the Corporation's mission:

TO CREATE AUDACIOUS, DISTINCTIVE PROGRAMMING, PROGRAMS DESIGNED TO INFORM, ENLIGHTEN AND ENTERTAIN, PROGRAMS THAT REFLECT CANADIANS AND CANADA'S REGIONS, PROGRAMS THAT HELP TIE THE COUNTRY TOGETHER AND EXPLAIN GREAT NATIONAL AND INTERNATIONAL EVENTS, PROGRAMMING IN ALL GENRES WITH EMPHASIS ON NEWS AND CURRENT AFFAIRS, DRAMA AND CULTURE; AND NOT FORGETTING OUR SPECIAL RESPONSIBILITY TO CHILDREN.

IN ORDER TO ACHIEVE THIS MISSION, WE MUST HAVE A CULTURE DRIVEN TO ACHIEVEMENT, TO EXCELLENCE AND TO QUALITY, RECOGNISING CREATIVITY, RISK-TAKING, COURAGE AND ADAPTABILITY. CREATIVE ORGANISATIONS MUST BE IN A CONTINUOUS STATE OF RENEWAL. WE MUST ALWAYS BE CONSCIOUS OF THE AUDIENCE WE SERVE AND WE MUST STRIVE BOTH FROM EXTERNAL SOURCES AND BY INTERNAL MANAGEMENT TO OPTIMISE OUR FINANCES IN ORDER TO PUT THE FINEST PROGRAMMING ON THE AIR.

All of these efforts and initiatives have successfully demonstrated to Canadians the value and resourcefulness of our workforce and all of our assets.

However, it is now clear that these internal efforts, on their own, cannot fully address the Corporation's worsening financial situation, ensuring the future fulfillment of our mandate and the continued provision of our many and varied services to Canadians.

Caught between our significantly reduced appropriations from budget cuts in the 1990s and the rising costs of our existing and new service offerings to Canadians, the Corporation cannot simply rely on its own efficiencies and self-generated revenues to renew its distinctive and audacious programming, and advance the benefits of public broadcasting in Canada in the face of increased foreign program offerings.

CBC | Radio-Canada needs increased funding if it is to fully address such essential mandate initiatives as meeting the challenge of English-language Television drama, extending Radio services to key locations that are currently unserved, and renewing both our Television services' News and public affairs offerings.

While the cost of producing Canadian programs has continued to rise each year, CBC | Radio-Canada's appropriations in constant dollars are currently some \$400 million less than they were in 1990 – a reduction of 33 per cent over the last 15 years.

Moreover, our current reduced level of appropriations is not fully indexed for inflation. Several cost elements within the Corporation's operations, including all non-salary items, are subject to ongoing inflationary cost increases that are not offset through increases in our annual appropriations. Consequently, CBC | Radio-Canada must generate approximately \$12 million annually in new efficiencies or internal revenues to counter-balance these inflationary pressures. Otherwise, our current level of appropriations suffers declines in real value each year from ongoing inflation.

In addition, Canadians now expect more from their public broadcaster. Whether it be via computers, cell phones, or iPods, Canadians continue to count on the availability of CBC | Radio-Canada programming.

While CBC | Radio-Canada ranks as one of the most poorly funded public broadcasters in the world – at \$30 per Canadian per year – it is unsurpassed in terms

of the breadth of services and platforms it offers, the number of languages in which these services air, and the geographic area over which these services are provided.

Like any other company, we also face a number of financial challenges from our ongoing operations. For example, if CBC | Radio-Canada is to continue to provide Television and Radio services to all Canadians, significant new capital spending will be required over the next 10 years to refurbish assets associated with the Accelerated Coverage Plan implemented in the late 1970s and early 1980s. The transition to High Definition Television (HDTV) from current analogue technology is another example of the very costly but necessary initiatives facing the Corporation. Should Government choose not to fund its proposed acceleration of the CBC | Radio-Canada's transition to HDTV, market forces will nevertheless require us to pursue this transition as quickly as resources permit. In addition, CBC | Radio-Canada faces a pension plan solvency deficit, which will require a cash contribution into the fund.

All of these financial pressures are contributing to the Corporation's current financial dilemma. While we have done an excellent job of optimising our internal efficiencies and revenue opportunities and focusing on our core mission, this alone is not sufficient to give the Corporation the financial strength and flexibility needed for its current and future challenges.

CBC | Radio-Canada must obtain increased permanent funding if it is to meet its mandate going forward: providing a wide array of audacious and distinctive programming on multiple platforms, as one of Canada's most significant cultural institutions.



ROBERT RABINOVITCH
PRESIDENT AND CEO



THIS SECTION DESCRIBES HOW CBC | RADIO-CANADA OPERATES AND IS MANAGED, OUTLINES OUR BROADCASTING SERVICES, ANALYSES THE CHALLENGES OF CANADA'S RAPIDLY CHANGING BROADCASTING ENVIRONMENT, AND PRESENTS BACKGROUND ON OUR ENGLISH AND FRENCH MEDIA LINES.

A UNIQUE ROLE

No other Canadian commercial or public broadcaster has as broad a mandate or as large a scope and scale of operations as CBC|Radio-Canada. It delivers programming in English, French and eight Aboriginal languages. Its wide range of services are delivered over seven Television and six Radio networks, and over new delivery platforms such as the Internet, satellite radio, and podcasting. CBC|Radio-Canada employs 9,800 Canadians. The Corporation's head office is located in Ottawa; there are 27 regional offices across the country.

CBC|Radio-Canada was established by an Act of Parliament in 1936. The Corporation's current mandate, Corporate powers and governance mechanisms are set out in the 1991 *Broadcasting Act*. The *Act* defines Canada's broadcasting policy and the role of CBC|Radio-Canada in the Canadian broadcasting system.

The *Act* also looks beyond Canada's borders: it requires CBC|Radio-Canada to provide an international service, Radio Canada International (RCI), which broadcasts worldwide in nine languages.



IN CANADIAN LIFE

REFLECTING CANADA TO CANADIANS, AND TO THE WORLD



INFORM, ENLIGHTEN, ENTERTAIN

CBC | RADIO-CANADA'S MANDATE DEFINED

The 1991 *Broadcasting Act* specifies that:

“ ...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; ...the programming provided by the Corporation should:

- Be predominantly and distinctively Canadian;
- Reflect Canada and its regions to national and regional audiences, while serving the special needs of those regions;
- Actively contribute to the flow and exchange of cultural expression;
- 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;
- Strive to be of equivalent quality in English and French;
- Contribute to shared national consciousness and identity;
- Be made available throughout Canada by the most appropriate and efficient means and as resources become available for the purpose; and,
- Reflect the multicultural and multiracial nature of Canada. ”

1. HOW CBC | RADIO-CANADA OPERATES

CBC | Radio-Canada's Board of Directors comprises 12 directors, including the Chair and the President and CEO, all appointed by the Governor in Council. Directors are appointed for a term of up to five years. The Chair and the President 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.

The Board of Directors is responsible for managing the businesses, activities and other affairs of CBC | Radio-Canada, which in turn is accountable to Parliament through the Minister of Canadian Heritage. The Board must establish two standing committees, one for English broadcasting and one for French broadcasting, and an audit committee of not less than three directors.

CBC | Radio-Canada is required to file a Corporate Plan which includes a statement of objectives for the next five years and the Corporation's 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 Treasury Board; borrowing plans are subject to the approval of the Minister of Finance. CBC | Radio-Canada must also submit to the Minister of Canadian Heritage a summary of the Corporate Plan modified to reflect the financial resources allocated to CBC | Radio-Canada by Parliament. The Minister must lay this summary of the Corporate Plan before Parliament.

MANAGEMENT AND ORGANISATIONAL 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.

ARM'S-LENGTH FROM GOVERNMENT

A CENTRAL FEATURE OF THE 1991 *BROADCASTING ACT* IS THAT IT REQUIRES AN ARM'S-LENGTH RELATIONSHIP BETWEEN CBC | RADIO-CANADA AND THE GOVERNMENT "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."

CBC | Radio-Canada's organisational structure reflects its broadcasting and related activities, as well as its infrastructure and administrative requirements. There are 10 divisions:

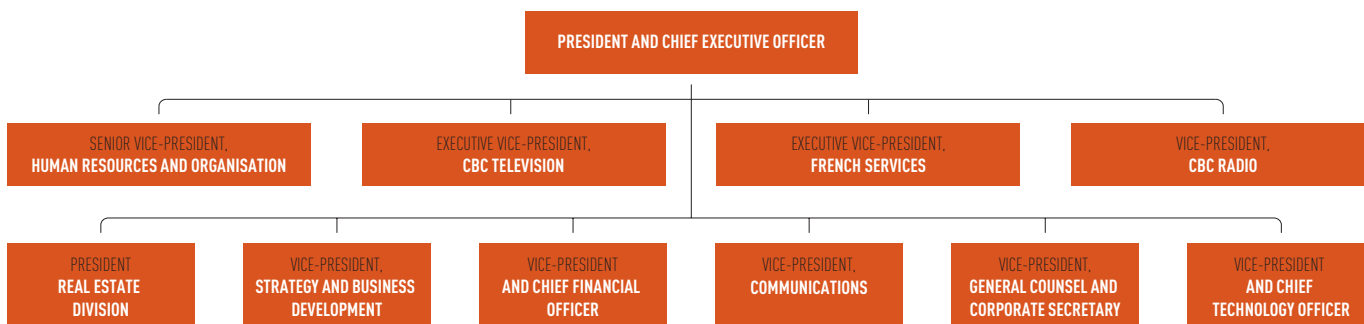
- FRENCH SERVICES (TÉLÉVISION DE RADIO-CANADA, RADIO DE RADIO-CANADA AND NEW MEDIA)
- CBC TELEVISION*
- CBC RADIO*
- TECHNOLOGY
- REAL ESTATE
- STRATEGY AND BUSINESS DEVELOPMENT
- FINANCE AND ADMINISTRATION
- HUMAN RESOURCES
- COMMUNICATIONS
- GENERAL COUNSEL AND CORPORATE SECRETARY

These 10 divisions report to the President and CEO through their respective divisional heads. The first three divisions (French Services, CBC Television and CBC Radio) are responsible for CBC | Radio-Canada's programming. The Technology and Real Estate divisions manage facilities and systems that support broadcasting, while the remaining divisions manage support functions: human resources, finance, legal, regulatory requirements, strategy, and communications. All divisions continually look for opportunities to apply best practices to improve efficiency so that the maximum amount of CBC | Radio-Canada's funding is available for programming. The Senior Management Committee of the Corporation includes the President and CEO and the 10 divisional heads.

* Includes New Media



CBC | RADIO-CANADA
SENIOR MANAGEMENT COMMITTEE



AUDITOR GENERAL REPORTS SIGNIFICANT PROGRESS FOR CBC | RADIO-CANADA

THE AUDITOR GENERAL'S MOST RECENT SPECIAL EXAMINATION OF CBC | RADIO-CANADA WAS CONDUCTED IN 2005. OVERALL, THE AUDITOR GENERAL FOUND THAT THE CORPORATION HAS MADE SIGNIFICANT PROGRESS IN A NUMBER OF KEY AREAS, INCLUDING TRANSPARENCY AND ACCOUNTABILITY. CBC | RADIO-CANADA IS ADDRESSING THE OBSERVATIONS AND RECOMMENDATIONS CONTAINED IN THE REPORT THROUGH CONCRETE ACTION PLANS. IN 2005, FOR EXAMPLE, THE CORPORATION DEVELOPED PERFORMANCE MEASURES THAT WILL ALLOW IT TO BETTER ASSESS ITS PROGRESS IN MEETING ITS CORPORATE PRIORITIES. PROGRESS WILL BE MONITORED THROUGH ANNUAL UPDATES TO THE AUDIT COMMITTEE OF CBC | RADIO-CANADA'S BOARD OF DIRECTORS.

FINANCIAL REPORTING AND AUDITS

CBC | Radio-Canada must provide the Minister of Canadian Heritage with financial reports. However, the 1991 *Broadcasting Act* states that CBC | Radio-Canada is not required to provide information to Treasury Board or the ministers of Canadian Heritage and of Finance that could compromise or limit the journalistic, creative or programming independence of the Corporation. CBC | Radio-Canada must also, within three months after the end of its financial year, give the Minister of Canadian Heritage and the President of the Treasury Board an Annual Report. In turn, the Minister must present the Annual Report to Parliament within a further 15 sitting days.

The Auditor General of Canada is the auditor of CBC | Radio-Canada. The Corporation must have an annual auditor's report prepared and presented to the Minister of Canadian Heritage. The *Financial Administration Act* requires CBC | Radio-Canada to have a special examination of its systems and practices at least once every five years. The auditor's report on this special examination must be submitted to the Board of Directors and, if the auditor considers it necessary, brought to the attention of the Minister of Canadian Heritage.

CHECKS AND BALANCES: REGULATORY REQUIREMENTS

CBC | Radio-Canada must comply with licensing and other regulatory requirements established by the Canadian Radio-television and Telecommunications Commission (CRTC), as well as requirements of the *Radiocommunication Act* that affect how CBC | Radio-Canada uses the radiocommunication spectrum.

Because CBC | Radio-Canada plays a unique role in Canada's broadcasting system, the CRTC's regulatory authority over it has limits. The most significant of these is that none of CBC | Radio-Canada's "core" licenses (i.e., conventional Television and Radio station licenses) can be revoked or suspended without CBC | Radio-Canada's consent. However, if the CRTC determines that CBC | Radio-Canada has breached a condition of license, it will report on its concerns to the Minister of Canadian Heritage, who will then present this report to Parliament.

There are other important limitations on the CRTC's authority. For example, CBC | Radio-Canada can request the CRTC to consult with it about proposed license conditions that could affect its operations. And if the CRTC imposes license conditions that CBC | Radio-Canada believes will unreasonably impede its ability to fulfil its mandate, the Corporation can refer the matter to the Minister of Canadian Heritage, who is empowered to issue a directive to the CRTC, if the Minister deems this necessary.

The Corporation's other broadcasting activities, such as speciality Television and pay audio services, are subject to the same regulations that apply to all other broadcasters. However, the Federal Government can direct the CRTC to reserve channels or frequencies for CBC | Radio-Canada.

HELPING TO ENSURE ACCOUNTABILITY

IN APRIL 2005, THE CBC | RADIO-CANADA BOARD OF DIRECTORS APPOINTED AN OUTSIDER TO ACT AS INDEPENDENT OFFICER UNDER THE NEW CORPORATE POLICY ON DISCLOSURE OF WRONGDOINGS (THE WHISTLEBLOWER POLICY). THIS POLICY ALIGNS WITH THE FEDERAL GOVERNMENT'S WHISTLEBLOWER LEGISLATION, PASSED IN NOVEMBER 2005.

COMPLAINTS FROM THE PUBLIC RELATING TO CBC | RADIO-CANADA'S JOURNALISM THAT CANNOT BE RESOLVED AT THE PROGRAM LEVEL ARE REFERRED TO ONE OF CBC | RADIO-CANADA'S TWO INDEPENDENT OMBUDSMEN.

CBC | Radio-Canada's main broadcasting licenses expire on August 31, 2007. However, these licenses have been extended for an additional year to allow the CRTC to conduct a recently announced review of its television policy.



2. WHAT WE BROADCAST

CBC | Radio-Canada delivers a comprehensive range of News, information, entertainment, and sports programs and services through 19 media platforms. It is the only Canadian broadcaster delivering Radio, Television, Internet, and satellite-based services, in both English and French plus eight Aboriginal languages, to all Canadians. In fact, CBC | Radio-Canada’s broadcasting reach extends across Canada and around the world.

TELEVISION

CBC | Radio-Canada operates seven Television platforms:

- Two national Television networks with 23 regional stations and 17 affiliated stations delivering general and special-interest programming in English and in French across the country, as well as services to Northern Canada in English, French and eight Aboriginal languages.
- Two wholly owned 24-hour News and information services, CBC Newsworld and the Réseau de l’information de Radio-Canada (RDI).
- Three specialty Television services – ARTV, The Documentary Channel and CBC Country Canada. All three were initially launched in partnership with the private sector but CBC Country Canada is now wholly owned by CBC | Radio-Canada.

More than 200 hours of CBC Television’s programming is also available across Canada via broadcast distribution undertakings for VoD (Video-on-Demand) services.

RADIO

CBC | Radio-Canada operates six Radio platforms:

- Four national networks: Two in English (CBC Radio One and CBC Radio Two) and two in French (Première Chaîne and Espace musique) with 82 regional stations, broadcasting coast-to-coast.

TV TO GO

CBC NEWSWORLD AND THE RÉSEAU DE L’INFORMATION DE RADIO-CANADA (RDI) ARE DISTRIBUTED BY CELLULAR PHONE CARRIERS THROUGHOUT CANADA, MAKING LIVE TELEVISION AVAILABLE TO CANADIANS

- CBC North/Radio-Canada Nord providing Radio services to Northern Canada in English, French and eight Aboriginal languages.
- Radio Canada International (RCI) broadcasting internationally on shortwave in nine languages (English, French, Spanish, Mandarin, Cantonese, Arabic, Russian, Ukrainian, and Portuguese).

CBC | Radio-Canada is a major partner in Sirius Canada, one of two subscription satellite radio services licensed by the CRTC and launched in Canada in December 2005. Sirius Canada is available across all of Canada and offers subscribers 110 channels of music, news, sports, and talk programming. CBC | Radio-Canada supplies six channels of audio programming to Sirius Canada (best of CBC Radio One, CBC Radio 3, best of Radio de Radio-Canada on Première plus, Info plus – an all-News service, Bande à part, and RCI plus, a new multilingual station offering the best of Radio Canada International). CBC Radio 3 and Bande à part are totally dedicated to new Canadian music and artists. Four of these channels are available in the US through the Sirius Satellite Radio service, a partner in Sirius Canada.

INTERNET

CBC | Radio-Canada operates four Internet-based platforms:

- *CBC.ca* and *Radio-Canada.ca* are two of the leading Internet sites in Canada, offering News, program content and schedules, and CBC | Radio-Canada Corporate information.

5 million

SUBSCRIBERS RECEIVE GALAXIE VIA CABLE AND DTH DISTRIBUTION

- CBC Radio 3 (*radio3.cbc.ca*) and *bandeapart.fm* offer music and interactive Internet programming for youth, and podcast programming for download to iPods and other personal audio devices.

Galaxie is CBC | Radio-Canada's digital pay audio service, offering 45 continuous music channels, 24-hours a day without talk or commercials. Approximately five million subscribers receive Galaxie via cable and DTH distribution.

SUPPORTING BROADCASTING: OTHER WAYS WE GENERATE REVENUES

CBC | Radio-Canada's many non-broadcasting activities build on its assets and expertise to generate revenues that help support broadcasting.

The Real Estate Division has generated \$60 million in savings and new revenues since its inception in 2000. In 2004–2005, the Division consolidated CBC | Radio-Canada's operations under one roof in Edmonton, Québec City and Ottawa. It also sold excess space at CBC | Radio-Canada's Vancouver site, a deal that will help fund redevelopment of CBC | Radio-Canada's Vancouver operations.

CBC | Radio-Canada is one of the most recognised brands in the country. During 2004–2005, CBC | Radio-Canada's Merchandising Division – which sells a wide range of CBC | Radio-Canada-branded products, from clothing to DVDs, recordings, transcripts and books – generated \$5.5 million in revenues. In 2005–2006 the Division will open a store in Montréal and a kiosk in Ottawa to complement its store in Toronto. Online stores (*cbcshop.ca* and *boutiqueradio-canada.ca*) allow audiences to purchase their favourite CBC | Radio-Canada products anytime, anywhere.

CBC | Radio-Canada leverages its assets in many other ways. We rent space on our transmission towers, sites and buildings to private and public broadcasters, cell phone operators and governments. And we sell services, such as shortwave transmission and technical maintenance, to other broadcasters. These initiatives generated almost \$1 million in revenue in 2004–2005.

CBC | Radio-Canada has found audiences around the world through programming we licence to broadcasters in other countries. CBC | Radio-Canada's record label, CBC Records/Les disques SRC, records Canadian artists and composers and distributes their work throughout Canada and the world. CBC Records/Les disques SRC has more than 400 albums in its catalogue and releases approximately 25 new recordings each year.

THE NEWS TRAVELS

IN PARTNERSHIP WITH CLEAR CHANNEL OUTDOOR, CBC | RADIO-CANADA DELIVERS CBC NEWS EXPRESS/RDI EXPRESS TO TRAVELLERS AT THE OTTAWA, TORONTO AND MONTRÉAL AIRPORTS. THE SERVICE DELIVERS CANADIAN AND INTERNATIONAL NEWS STORIES, BUSINESS UPDATES, SPORTS, ARTS, WEATHER, AND CURRENT AFFAIRS INFORMATION. DISCUSSIONS ARE UNDERWAY TO EXPAND THIS SERVICE TO OTHER AIRPORTS ACROSS CANADA.

HELPING RAISE PUBLIC BROADCASTING STANDARDS WORLDWIDE

THE CANADIAN INSTITUTE FOR TRAINING IN PUBLIC BROADCASTING/INSTITUT CANADIEN DE FORMATION EN RADIODIFFUSION PUBLIQUE, CREATED IN 2004, ALLOWS DEVELOPING COUNTRIES TO DRAW ON CBC | RADIO-CANADA'S UNIQUE EXPERTISE AND EXPERIENCE. BY OFFERING TRAINING PROGRAMS THAT COVER BROADCASTING MANAGEMENT, JOURNALISM, TECHNICAL SKILLS, AND THE INTERNET AND NEW MEDIA, THE INSTITUTE PROMOTES PRINCIPLES OF GOOD GOVERNANCE AND HELPS REDUCE THE DIGITAL DIVIDE BETWEEN DEVELOPING AND DEVELOPED COUNTRIES. TRAINING PROGRAMS HAVE RECENTLY BEEN CONDUCTED FOR THE OFFICE DE RADIO-TÉLÉDIFFUSION DU NIGER (NIGER), THE COMMONWEALTH BROADCASTING ASSOCIATION (BARBADOS), AND RÉSEAU LIBERTÉ (HAITI).



3. CANADA'S CHALLENGING BROADCASTING ENVIRONMENT

CBC | Radio-Canada operates within a complex and dynamic broadcasting environment driven by four major factors: demographics, technology, industry structure, and program financing.

CHANGING DEMOGRAPHICS

The demographics of the Canadian population are changing significantly and will continue to do so for the next decade or more. Three kinds of change will have the greatest impact on CBC | Radio-Canada.

First, Canada's population is getting older. Canadians aged 50 or older accounted for 29 per cent of Canada's population in 2001; they will account for 35 per cent in 2011, and 40 per cent in 2021.

Second, changes in the source countries of immigrants are making Canada more ethnically diverse. Between 1991 and 2001, two-thirds of Canada's 1.8 million immigrants were from Asia or Africa. Statistics Canada estimates that by 2016, visible minorities will make up 20 per cent of the Canadian population and will be the majority in Vancouver and Toronto. Many of these new Canadians will have a first language other than English or French and will have limited familiarity with Canadian society.

Third, Canada has one of the highest urbanisation rates in the world, and that rate continues to increase. In 2001, close to 80 per cent of Canadians lived in urban areas (places with populations of 10,000 or more).

These three demographic forces are altering the views, values, interests, and media preferences of CBC | Radio-Canada audiences. Of course, that the young do not have the same interests as the old is nothing new, and neither are multiculturalism and the shift to urban from rural life. However, the cumulative effect of Canada's demographic change has created unprecedented diversity that CBC | Radio-Canada programming must accommodate, while at the same time taking full advantage of the opportunities that emerging broadcasting technologies present. And it must do this despite serious financial constraints.

LEADING WITH NEW TECHNOLOGIES

CBC | RADIO-CANADA IS AN ACKNOWLEDGED LEADER IN USING EMERGING TECHNOLOGIES TO REACH CANADIANS WHEN, WHERE AND HOW THEY WANT TO BE REACHED. FOR EXAMPLE, OUR RADIO AUDIENCES CAN TUNE TO GALAXIE, CBC | RADIO-CANADA'S PAY AUDIO SERVICE DISTRIBUTED ON DTH AND DIGITAL CABLE SYSTEMS; OVER THE INTERNET TO CBC RADIO ONE, CBC RADIO TWO, CBC RADIO 3, THE PREMIÈRE CHAÎNE, ESPACE MUSIQUE, AND BANDEAPART.FM; TO PODCASTS DOWNLOADED TO MP3 PLAYERS AND IPODS; AND TO SIX CBC | RADIO-CANADA CHANNELS ON SIRIUS SATELLITE RADIO. CBC RADIO 3 LAUNCHED ITS 100 PER CENT CANADIAN CONTENT MUSIC PODCASTING SERVICE IN JUNE 2005 (AS DID BANDEAPART.FM IN SEPTEMBER 2005) AND CELEBRATED ITS MILLIONTH DOWNLOAD A MERE SIX MONTHS LATER, MAKING IT THE NUMBER ONE LISTENED-TO MUSIC PODCAST IN CANADA. CBC | RADIO-CANADA TELEVISION IS ALSO REACHING OUT IN NEW WAYS. FOR EXAMPLE, CBC NEWSWORLD AND RDI ARE DISTRIBUTED BY CELLULAR TELEPHONE PROVIDERS, AND SOME 200 HOURS OF CBC TELEVISION'S PROGRAMS ARE ALSO AVAILABLE ACROSS CANADA THROUGH CABLE COMPANIES THAT OFFER VIDEO-ON-DEMAND SERVICES.

TECHNOLOGICAL INNOVATION

Technology never stands still, perhaps especially in broadcasting. Technological developments not only improve existing broadcasting services, but also permit entirely new services and distribution methods. In the last decade-and-a-half alone, Canadians have experienced the shift to digital technologies, the advent of the Internet and Direct-to-Home (DTH) satellite broadcasting, the introduction of Video-on-Demand (VOD), personal video recorders (PVRs), podcasting, satellite radio, High Definition Television (HDTV), and much more. (Appendix D lists many of these new devices and services.)

In the wake of so much change, Canadians now have unprecedented broadcasting choices. To fulfil its mandate, CBC | Radio-Canada must reach out to Canadians in as many ways as possible.

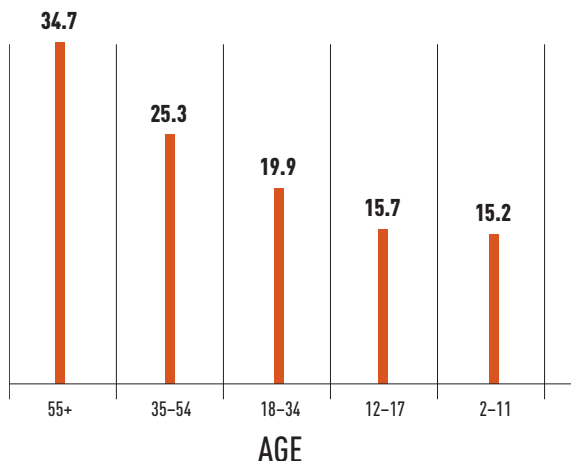
TELEVISION

However, in the midst of change there is also continuity: television continues to be Canadians' most popular leisure pastime.

Canadians are watching more television, averaging almost 25 hours a week – an increase of almost four hours since the early 1990s. This increase is directly related to the growth of the digital universe, which offers not only more television channels but also an enhanced viewing experience. However, it has been limited to middle-aged and older adults (i.e., 35 years and older), who already watch the most television. Children, teens and young adults watch significantly less television, at 15.2, 15.7 and 19.9 hours per week respectively.

WEEKLY PER CAPITA HOURS OF VIEWING BY AGE GROUP, 2004-2005

THE YOUNGER GENERATION CONTINUES TO WATCH LESS TELEVISION WHILE THEY SURF THE WEB, DOWNLOAD MUSIC AND PLAY GAMES

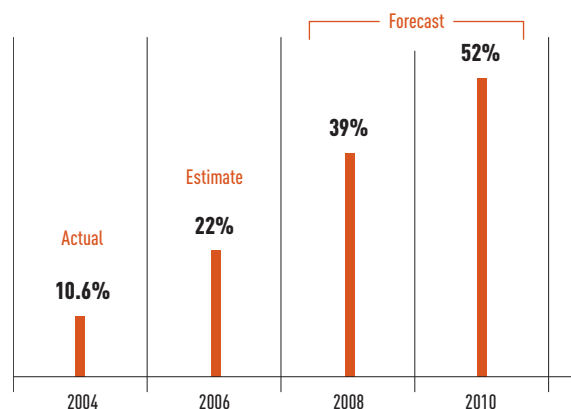


SOURCE: NIELSEN MEDIA RESEARCH

Because increasing numbers of Canadians are purchasing HDTV sets, transitioning to HDTV broadcasting has been on the Corporation's agenda for many years. Today, over 10 per cent of Canadian households own an HDTV set; by 2008, an estimated 39 per cent will. Already the main US networks and many specialty services are available in HDTV to Canadians who subscribe to digital cable and Direct-to-Home (DTH) satellite. Yet there has been no significant investment in Canadian HDTV programming. Without a Canadian HDTV option, Canadians will increasingly turn to foreign programming.

HDTV SET ADOPTION IN CANADA

HDTV SET ADOPTION IN CANADA IS EXPECTED TO GROW RAPIDLY



SOURCE: QRS / CBC | RADIO-CANADA RESEARCH AND STRATEGIC ANALYSIS

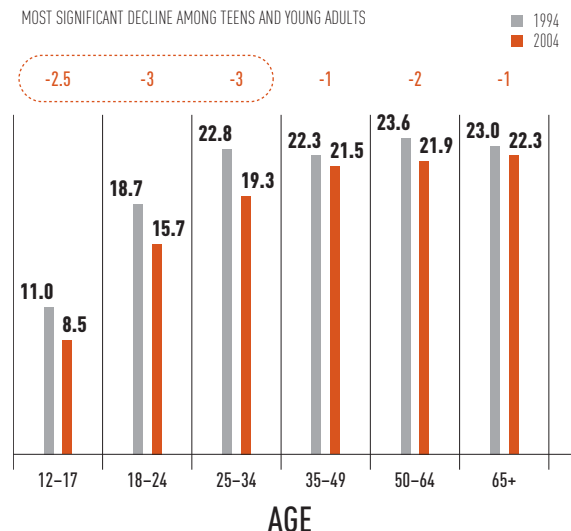
In response to a request from the Federal Government, in September 2005 CBC | Radio-Canada submitted a fully costed plan for accelerating its HDTV transition so that it would rapidly be capable of broadcasting 100 per cent of its prime-time Television schedule in HDTV format.

RADIO

As television viewing has increased over the past decade, radio listening has declined. This has occurred across every age group, with the most significant declines occurring among teens and young adults. Canadian teens now spend fewer than 10 hours a week listening to the radio; increasingly they are listening to other options such as the Internet, mobile phones, MP3s, and iPods.

WEEKLY PER CAPITA HOURS OF LISTENING TO RADIO BY AGE GROUP CANADA, FALL 1994, 2004 MONDAY-SUNDAY, 5:00 a.m. - 1:00 a.m.

MOST SIGNIFICANT DECLINE AMONG TEENS AND YOUNG ADULTS



SOURCE: BBM



all of which allow listeners to choose when, where and how they gain access to music, video and other content.

Adopting new technologies to meet the needs and demands of listeners is a growing challenge, especially given the financial constraints facing CBC | Radio-Canada. Each new technology requires capital investments and has ongoing operational costs, including the costs of acquiring program rights. And because technology evolves so quickly, it is very difficult to predict which emerging technologies and services will eventually achieve widespread market acceptance and which will never move beyond niche status.

At the same time, CBC | Radio-Canada cannot afford to neglect Canadians aged 35+, who continue to listen to an average of almost 22 hours of radio each week and who are a strong and loyal audience for CBC | Radio-Canada's English- and French-language services.

Clearly, CBC | Radio-Canada must balance the need to find new listening audiences with the need to keep traditional audiences. One way that we are meeting this challenge is by finding new ways to share resources and content across both traditional and new Radio services.

THE STRUCTURE OF CANADA'S BROADCASTING INDUSTRY

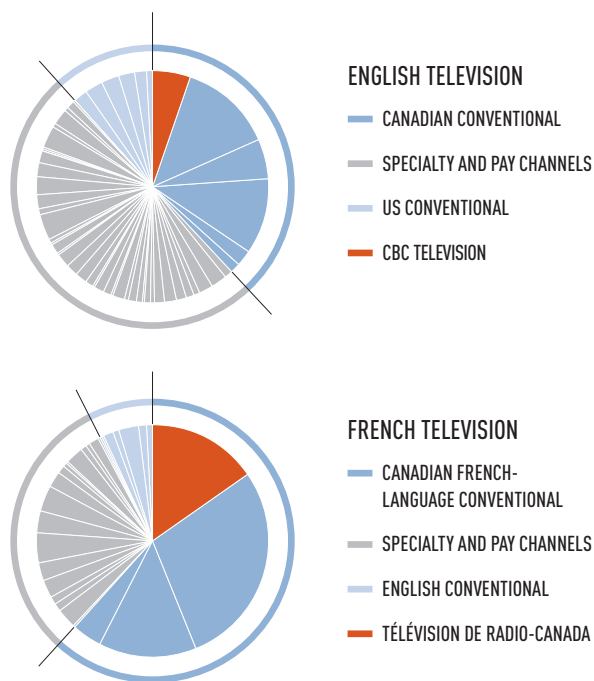
Consolidation has created a Canadian communications industry dominated by a handful of well-funded private sector companies offering a wide range of services. This has four significant implications for CBC | Radio-Canada.

First, Canadians have more television channels to choose from than ever before – more, in fact, than in any other country. Two in five Canadian households are now gaining access to the so-called 200-channel universe by subscribing to digital channels either by cable or DTH. This is undoubtedly a positive thing for Canadian consumers; however, it creates a significant challenge for maintaining the visibility of CBC | Radio-Canada's services.

Second, the fragmentation of audiences as Canadians have more and more choices dilutes the advertising value of broadcasting time. With declining advertising revenues, CBC | Radio-Canada will have less money to fund programming.

Third, the increased financial strength of consolidated private sector communications companies enables them to pay significantly more for programming and for broadcasting rights (e.g., National Hockey League games, the Olympics) than is possible for

AUDIENCE FRAGMENTATION IN A 200-CHANNEL MARKET



WITH INCREASING NUMBERS OF CANADIAN HOUSEHOLDS NOW HAVING HUNDREDS OF CHANNELS TO CHOOSE FROM, GAINING OR MAINTAINING AUDIENCE SHARE IS A MAJOR CHALLENGE FOR BROADCASTERS.

OVER 85 PER CENT OF CANADIANS LIVE IN MULTI-CHANNEL HOUSEHOLDS AND OVER 40 PER CENT OF CANADIANS LIVE IN DIGITAL HOUSEHOLDS WITH ACCESS TO 200+ CHANNELS.

SOURCE: NIELSEN MEDIA RESEARCH/BBM

CBC | Radio-Canada. This was demonstrated by the size of BGM/Rogers Media's winning bid for Canadian broadcast rights to the 2010 Winter and 2012 Summer Olympic Games – a deal that included distribution via cell phones. As a non-integrated company, CBC | Radio-Canada simply could not afford to pay as much as BGM/Rogers Media.

Finally, large integrated communications companies are developing and distributing new products and services within their family of affiliated companies, giving their broadcasting arms a headstart over non-affiliated companies such as CBC | Radio-Canada.

FINANCING CANADIAN ENGLISH-LANGUAGE TELEVISION

Here is the central problem facing Canadian broadcasters: how to make Canadian **English-language** television programming economically feasible when popular foreign programs can be licensed at a fraction of the cost of producing Canadian programs. The poor

economics for producing Canadian **English-language** programming means that all Canadian broadcasters are dependent on funding from various Federal Government programs.

The financing of Canadian television faces three key issues.

The first issue is the continuing crisis in English-language drama. In prime time, when most Canadians are available to watch television, 90 per cent of all the drama that Canadians watch on English-language television is foreign, mostly American. In the past five years, Canada's private broadcasters have been airing fewer Canadian drama series. The good news is that even in this highly fragmented environment, CBC Television accounted for 28 per cent of all viewing to Canadian programming in prime time.

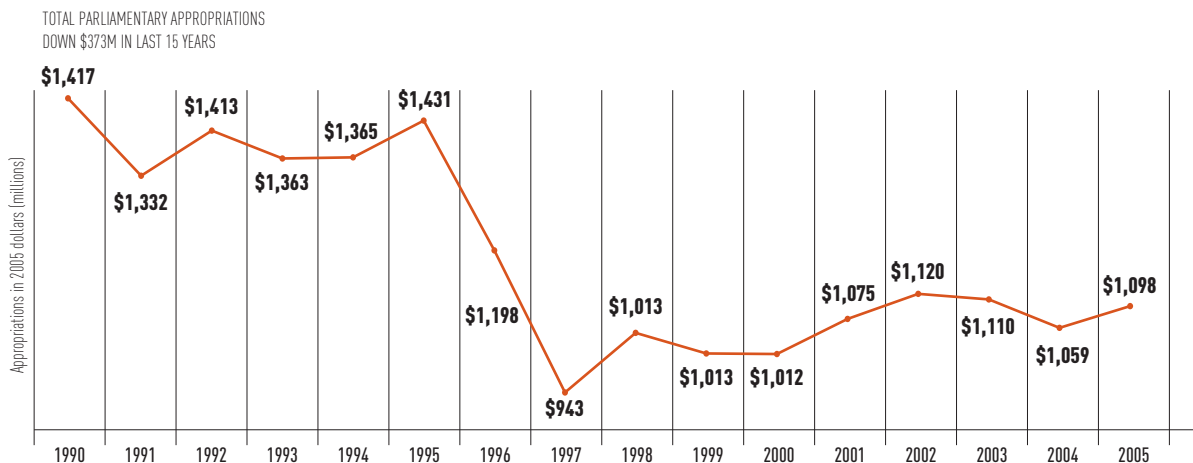
The Canadian Television Fund (CTF) is the most important source of program funding for all Canadian broadcasters. In 2005, the CTF was restructured: it now has, as well as general funding, funding specifically for

CBC | Radio-Canada. This will help CBC | Radio-Canada finance high-quality, distinctive Canadian programming, especially Canadian drama. However, it would be of even greater benefit if the Government committed to multi-year funding for the CTF.

The second issue is the decline in funding for public broadcasting. CBC | Radio-Canada's Parliamentary appropriation has declined \$373 million in constant dollars since 1990. Reductions of this magnitude compromise our ability to compete for key entertainment and sports properties, particularly given the increased financial strength of private sector competitors.

ACCORDING TO A RECENTLY CONDUCTED NORDICITY STUDY, CANADA'S PUBLIC BROADCASTER IS NOT WELL-FUNDED RELATIVE TO PUBLIC BROADCASTERS IN OTHER PARTS OF THE WORLD.

CBC | RADIO-CANADA FUNDING: 1990-2005
(DOLLARS IN MILLIONS AND IN 2005 CONSTANT DOLLARS)



SOURCE: CBC | RADIO-CANADA FINANCE DEPARTMENT

28%
 OF ALL VIEWING TO CANADIAN PROGRAMMING IN
 PRIME TIME CAPTURED BY CBC TELEVISION



The third issue is the difficulty of enforcing copyright. Digital technology gives consumers more and often better choices, but it also makes piracy relatively easy, especially over peer-to-peer networks. If ways are not found to protect copyrighted works from piracy, content producers will find it increasingly difficult to attract investment.

CBC | RADIO-CANADA'S FUNDING SOURCES

CBC | Radio-Canada has four main sources of funding:

- An annual appropriation from Parliament
- Advertising revenues
- Subscription revenues from Specialty Services
- Revenues from ancillary activities

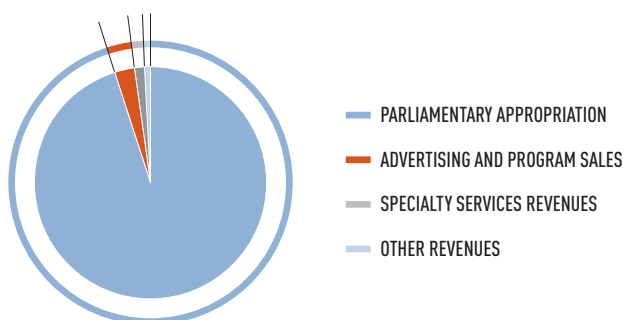
PARLIAMENTARY APPROPRIATION

CBC | Radio-Canada's total Parliamentary appropriation for 2005–2006 is \$1.1 billion – an amount that, in constant dollars, is \$373 million less than what CBC | Radio-Canada received in 1990. This basic Parliamentary appropriation has been frozen for many years. It is not fully indexed for inflation, although many of the Corporation's operational costs, including all non-salary items, increase at or above annual inflation rates. To cover these rising costs, CBC | Radio-Canada must generate approximately \$12 million annually in new efficiencies or internal revenues. Otherwise, our current appropriation would decline in real value every year.

In 2005–2006, CBC | Radio-Canada received \$60 million from the Federal Government in one-time funding for programming, as it had in each of the four previous years. However, this supplementary \$60 million has not been approved beyond 2006–2007.

CBC | Radio-Canada requires stable, multi-year public funding if it is to be able to plan with any reasonable degree of confidence. Many broadcasting projects necessarily extend over several years; yet CBC | Radio-Canada cannot be certain that, after it has

CBC | RADIO-CANADA'S FUNDING SOURCES FOR 2005–2006



made major investments in new projects, it will receive the funding required to complete them. This highly unsatisfactory situation impairs CBC | Radio-Canada's ability to implement its mandate. We believe that a five-year funding cycle would best support development of programs throughout the several years it takes to move from an initial program concept to broadcast.

ADVERTISING

In 2004–2005, which was an Olympic year, CBC | Radio-Canada generated \$322 million in advertising and program sales, an important revenue source. In 2005–2006, the total declined as a result of the National Hockey League lockout. We expect that these revenues will return to historic levels in 2006–2007. The impact of this event demonstrates the vulnerability of CBC | Radio-Canada's advertising base and the challenges it faces in planning for the future.

SUBSCRIPTION REVENUES FROM SPECIALTY SERVICES

CBC | Radio-Canada receives subscription and advertising revenues from its Specialty Services (including Galaxie, its pay audio service). In 2004–2005, these revenues totalled \$138 million. They are relatively steady revenues because large-scale movements in subscribership, either up or down, are uncommon. However, the associated expenses are also relatively steady and are approximately

16 million

CANADIANS SPENT SOME TIME WATCHING
CBC TELEVISION EACH WEEK IN 2004–2005

the same magnitude as the revenues. Consequently, Specialty Services are unlikely to become a significant source of additional funding.

REVENUES FROM ANCILLARY ACTIVITIES

In 2004–2005, CBC | Radio-Canada achieved \$87 million in gross revenues from self-generated activities. These came from selling program rights, CBC | Radio-Canada-branded merchandise, and a CBC | Radio-Canada warehouse in Burnaby, British Columbia, as well as from leasing space, facilities and services. The total also included revenues from Host Broadcasting during the Athens Olympic Games.

The net proceeds from these activities are re-invested in programming, but by their nature they can vary significantly from year to year. As a result, CBC | Radio-Canada cannot rely on them for funding long-term projects.

4. CBC | RADIO-CANADA ENGLISH AND FRENCH MEDIA LINES: A CLOSER LOOK

CBC TELEVISION

Conventional Radio and Television continue to be the core of CBC | Radio-Canada's broadcasting. CBC Television encompasses CBC Television, with 16 conventional, over-the-air, Television stations across the country, and our wholly owned Specialty Services, CBC Newsworld and CBC Country Canada.

Over 16 million Canadians spent some time watching CBC Television each week in 2004–2005. However, with increased choice available to more Canadians, CBC Television's audience share has shrunk over the past four years, from 10.0 per cent in 2001–2002 (an Olympic year) to 6.7 per cent in 2004–2005 (a year in which CBC Television was forced to air alternate programming in place of *Hockey Night in Canada*). Other Canadian conventional broadcasters also lost audience share over this period as increasing numbers of Canadians subscribed to digital cable or DTH. Private sector companies have to some extent managed to offset the negative impact of audience fragmentation by increasing the number of services they offer, putting CBC Television at a comparative disadvantage.

Despite these changing market dynamics, however, CBC Television remains the home of Canadian content. Even without *Hockey Night in Canada*, two-thirds of CBC Television's prime-time schedule for 2004–2005 comprised Canadian programs.

Now that *Hockey Night in Canada* is back in the schedule, that proportion has rebounded to 86 per cent.

CBC Television faces strong competition from Canada's private broadcasters, yet it aired six out of the 10 most popular Canadian drama/comedy series in the 2004–2005 season. Five of these programs were comedy: *The Rick Mercer Report*, *Royal Canadian Air Farce*, *This Hour Has 22 Minutes*, *CBC Winnipeg Comedy Festival* and *Just for Laughs*. In drama, *A Bear Named Winnie* and *H₂O* both attracted audiences of about one million viewers. High-quality programs like these earned CBC Television 48 Gemini Awards in 2005 for its arts and entertainment programs.

CBC RADIO

CBC Radio operates three English-language services: CBC Radio One, CBC Radio Two and CBC Radio 3. CBC Radio also cooperates with Radio de Radio-Canada to produce CBC North/Radio-Canada Nord, which broadcasts to Northern Canada in English, French and eight Aboriginal languages.

CBC Radio One is CBC Radio's flagship News, information and entertainment network with 37 stations across the country, 18 of which are offered via the FM band. CBC Radio One is rooted in the regions, offering a mix of local, regional and national programs that explore a wide range of perspectives and events. In 2005–2006, CBC Radio One introduced new shows in Victoria, Toronto and Vancouver, dedicated more time to local/regional broadcasts, and became available on Sirius Satellite Radio. CBC Radio One stations are also available to listeners over the Internet.

CBC Radio Two is CBC Radio's cultural and music network with 14 stations across the country, all of which operate on the FM band. In 2004–2005, CBC Radio Two extended and improved its service in Saskatchewan, Newfoundland and the Yukon. CBC Radio Two's schedule will continue to evolve as audience feedback gleaned from CBC | Radio-Canada's Arts and Culture Study is translated into programming that more closely meets the needs of Canadians.

CBC Radio 3 is a new service developed by CBC Radio to meet the needs of younger listeners and to take advantage of new delivery methods. CBC Radio 3's blend of cutting-edge contemporary music is streamed over the Internet, broadcast overnight on the weekends on CBC Radio Two, available via a podcasting service launched in June 2005, and as one of the services offered by Sirius Canada.



More than 3.8 million Canadians aged 12-plus listened to either CBC Radio One or CBC Radio Two each week during the Spring of 2005. CBC Radio captured a combined audience share of 12.6 per cent, within a half-point of its highest share ever. CBC Radio One's share was 9.1 per cent; CBC Radio Two's share was 3.4 per cent.

Planning for the future poses a number of major challenges for CBC Radio. First, audience fragmentation continues to increase as more conventional radio stations appear and more Canadians own devices such as iPods and MP3-enabled cell phones and other mobile devices. Second, the recent success of CBC Radio One has clearly been driven by more and improved local content, but within existing budgets CBC Radio cannot afford to increase local content across all of its services. Third, the Arts and Culture Study undertaken by the Corporation in 2004 found that the general public feels that CBC Radio needs to be more relevant – more responsive to Canadians' changing needs and preferences. However, accommodating the needs and interests of all types of listeners is becoming increasingly difficult as Canadian society becomes more culturally diverse.

CBC.CA

The Internet has become ubiquitous among Canadians: close to four in five have a personal computer at home, and two in three use the Internet from home at least once a week. More than two million Canadians visit *CBC.ca* each month, making *CBC.ca* the third most popular News and information website in Canada. Since 2001, use of *CBC.ca* has more than doubled. However, *CBC.ca* operates in an extremely fragmented market,

with competitors ranging from traditional Canadian broadcasters with an online presence (e.g., *CTV.ca*, *Canada.com*) to technology companies (e.g., Google, Yahoo).

TÉLÉVISION DE RADIO-CANADA

Télévision de Radio-Canada includes Télévision de Radio-Canada with eight conventional, over-the-air Television stations, and the specialty News and information service, Réseau de l'information de Radio-Canada (RDI).

Four in five Francophones tuned to Télévision de Radio-Canada every week throughout 2004–2005. Télévision de Radio-Canada has managed to retain this very high level of viewership despite increasing fragmentation in the French-language television market.

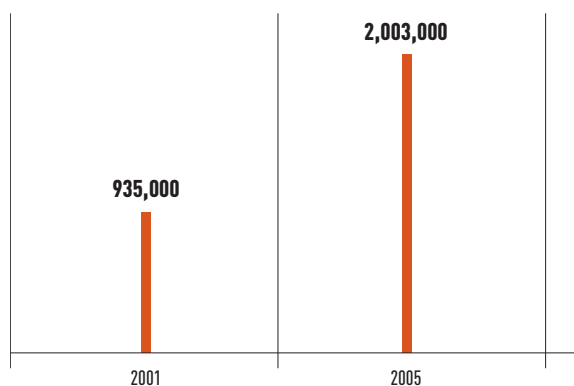
In 2004–2005, Télévision de Radio-Canada continued to reposition itself by launching 10 new dramatic series, four new variety shows, and a restructured daytime schedule focusing on information/lifestyle programs. Ten other new shows were introduced, including a new Current Affairs series, a daily phone-in show, a Franco-Ontarian téléroman in prime time, and a new magazine-format show covering the artistic and cultural scene from coast-to-coast. These programs have been very well-received by audiences.

Télévision de Radio-Canada is driven by Canadian content. Canadian programs accounted for almost nine out of 10 prime-time hours aired throughout 2004–2005, a level that Télévision de Radio-Canada has maintained over the past four years.

Two Télévision de Radio-Canada programs, *Les Bougon – c'est aussi ça la vie!* and *Tout le monde en parle*, were the second and third most popular programs aired on French-language television in 2004–2005, with each attracting a weekly audience of 1.8 million viewers. Many other programs in a wide range of genres attracted weekly audiences of more than one million viewers.

USAGE OF CBC.CA HAS DOUBLED SINCE 2001

CANADIANS 2+, AT HOME



SOURCE: COMSCORE MEDIA METRIX

RADIO DE RADIO-CANADA

Radio de Radio-Canada includes the Première Chaîne, Espace musique and *bandeapart.fm*. The network also operates Radio Canada International (RCI), CBC | Radio-Canada's international service, and cooperates with CBC Radio to produce CBC North/Radio-Canada Nord, which broadcasts to Northern Canada in French, English and eight Aboriginal languages.

The Première Chaîne, with 20 production centres and 14 regional News bureaux across the country, is the most comprehensive French-language information Radio network in Canada. In addition to News, the Première Chaîne offers 20 hours of Current Affairs programming every week, and in 2004–2005, it increased its weekly arts and culture programming by 12 hours. The Première Chaîne is available to 98 per cent of Canada's Francophone population.

Espace musique, launched in September 2004, provides a distinctive music service reflecting Canada's diverse musical genres to audiences from coast-to-coast, with stations in each provincial capital. Its mandate is to develop and promote French-language Canadian talent and music of all genres (classical, jazz, world music, and emerging music).

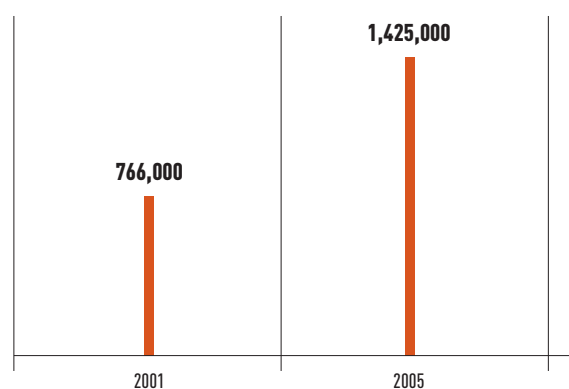
Together, the Première Chaîne and Espace musique reached 1,243,000 listeners each week in the Spring of 2005, an increase of nearly 400,000 or 47 per cent compared to the Spring of 2001.

RADIO-CANADA.CA

Radio-Canada.ca offers high-quality French-language content that complements Télévision de Radio-Canada and Radio de Radio-Canada programming. Almost 1.5 million Francophone Canadians visited *Radio-Canada.ca* in the Fall of 2005. Since 2001, usage of *Radio-Canada.ca* has almost doubled.

USAGE OF RADIO-CANADA.CA HAS DOUBLED SINCE 2001

FRANCOPHONES 2+, AT HOME



SOURCE: COMSCORE MEDIA METRIX



1.2 million

FRANCOPHONES LISTEN TO EITHER THE PREMIÈRE CHAÎNE
OR ESPACE MUSIQUE EACH WEEK

THIS SECTION PRESENTS ACTION PLANS FOR CBC | RADIO-CANADA'S ENGLISH AND FRENCH TELEVISION, RADIO AND INTERNET SERVICES, AND FOR KEY CORPORATE OBJECTIVES THAT AFFECT OUR MEDIA LINES AS WELL AS ALL OTHER AREAS OF OUR BUSINESS.

MEETING OUR OBJECTIVES

OUR PLANNING PROCESS

The 1991 *Broadcasting Act* sets out broadcasting policy for Canada and general objectives for the Canadian broadcasting system, as well as specific policy objectives for CBC | Radio-Canada. The Corporation must keep all of these policy objectives in mind when planning for the future. It must also take into account the ways in which the CRTC has interpreted policy objectives in its licensing decisions and regulations.

The statutory and regulatory context has a significant influence on the planning process as CBC | Radio-Canada attempts to determine the best way to implement its Corporate mandate. In particular, the Corporation must

take into account the fact that its plans may require licensing or other regulatory approvals by the CRTC, or by Industry Canada for use of the radiocommunication spectrum.

Planning is complex for CBC | Radio-Canada because we must balance not only policy and regulatory requirements, but also ongoing technological changes, shifting consumer trends, and industry restructuring – all in the context of significant financial constraints and uncertainty. This is especially challenging in a business such as broadcasting that requires both major capital investments and the ability to respond quickly to technological and industry changes.



BALANCING OUR PAST, EMBRACING THE FUTURE

FULFILLING OUR PLAN



MEASURING PERFORMANCE

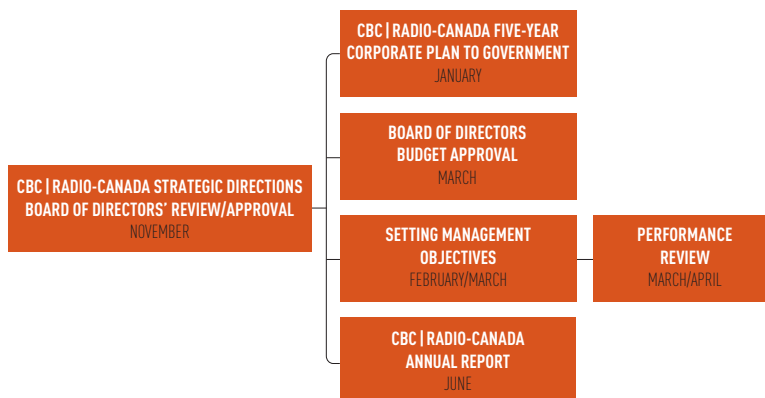
IN RESPONSE TO THE RECOMMENDATIONS OF THE AUDITOR GENERAL'S SPECIAL EXAMINATION, IN 2005 CBC | RADIO-CANADA DEVELOPED PERFORMANCE INDICATORS THAT WILL ALLOW IT TO BETTER MEASURE PROGRESS IN ACHIEVING ITS CORPORATE PRIORITIES. THESE INDICATORS COVER BOTH PROGRAMMING AND OVERALL CORPORATE PRIORITIES. OVER THE NEXT THREE YEARS, THEY WILL BE FULLY INCORPORATED INTO THE CORPORATION'S PLANNING PROCESS. DATA COLLECTION AND MEASUREMENT WILL BEGIN IN APRIL 2006. BY APRIL 2007, AN INITIAL ASSESSMENT OF THE CORPORATION'S PERFORMANCE WILL BE POSSIBLE FOR INDICATORS FOR WHICH THERE IS A HISTORICAL RECORD. FOR THE OTHER INDICATORS, THE FIRST YEAR'S PERFORMANCE WILL SERVE AS THE BENCHMARK. BY APRIL 2008, IT WILL BE POSSIBLE TO ASSESS COMPLETE ANNUAL PERFORMANCE RESULTS, MEASURING PERFORMANCE AGAINST TARGETS AND PERFORMANCE TRENDS. THIS SHOULD SIGNIFICANTLY IMPROVE THE PLANNING PROCESS AND INCREASE CBC | RADIO-CANADA'S OVERALL EFFECTIVENESS.

CBC | RADIO-CANADA'S EIGHT STRATEGIC PRIORITIES

CBC | Radio-Canada's mission is to create audacious, distinctive programs — programs designed to inform, enlighten and entertain, programs that reflect Canadians and Canada's regions, programs that help tie the country together and explain great national and international events, programming in all genres, with emphasis on News and Current Affairs, drama and culture, and children's programming.

To achieve our mission, we have developed eight strategic priorities. The first three are focused on our programming mandate; the other five affect operations that support programming. All have been central to CBC | Radio-Canada's planning process since 2002, and were most recently approved by the Board of Directors in January 2006.

CBC | RADIO-CANADA'S ANNUAL PLANNING PROCESS



A CULTURE OF RENEWAL

CREATIVE ORGANISATIONS MUST BE IN A CONTINUOUS STATE OF RENEWAL. TO ACHIEVE OUR MISSION, CBC | RADIO-CANADA MUST HAVE A CULTURE THAT RECOGNISES AND SUPPORTS CREATIVITY, RISK-TAKING, COURAGE, AND ADAPTABILITY. WE MUST ALWAYS BE CONSCIOUS OF THE AUDIENCE WE SERVE AND WE MUST STRIVE TO PUT THE HIGHEST QUALITY, MOST ENGAGING PROGRAMMING ON THE AIR.

CBC | RADIO-CANADA'S 8 STRATEGIC PRIORITIES

HIGH-QUALITY, DISTINCTIVE CANADIAN PROGRAMMING

1. QUALITY CANADIAN PROGRAMMING

ENSURE DISTINCTIVE PROGRAMMING OF THE HIGHEST QUALITY.

SUCCESS IS MEASURED BY

- Canadian content;
- Number and prestige of awards;
- Distinctiveness.

2. REFLECTING REGIONAL AND DEMOGRAPHIC DIVERSITY

RECOGNISE THE IMPORTANCE OF REGIONAL REFLECTION AND OF THE CHANGING FACE OF CANADA.

SUCCESS IS MEASURED BY

- Programs produced in regions for regions;
- Programs produced in regions for network;
- Visible minority staff;
- Stories about visible minorities.

3. SUSTAINABILITY

ENSURE THE SUSTAINABILITY OF CBC | RADIO-CANADA'S CANADIAN SCHEDULES.

SUCCESS IS MEASURED BY

- Stability of Parliamentary appropriation;
- Television advertising revenue;
- Expenditures on Canadian programming.

OPERATIONAL OBJECTIVES

4. EFFICIENCY

CBC | RADIO-CANADA MUST BE A WELL-MANAGED COMPANY AND GENERATE CASH FLOW TO RE-INVEST IN PROGRAMMING.

SUCCESS IS MEASURED BY

- Self-generated revenues;
- Programming expenditures.

5. CREATIVE HUMAN RESOURCES

STRENGTHEN CBC | RADIO-CANADA'S COMMITMENT TO ALL ITS EMPLOYEES — TO THOSE WHO CREATE AND TO THOSE WHO SUPPORT THEM.

SUCCESS IS MEASURED BY

- Commitment to training and development;
- Employee satisfaction;
- Working conditions.

6. STRATEGIC PARTNERSHIPS

POSITION CBC | RADIO-CANADA TO ENHANCE ITS ABILITY TO FULFIL ITS MANDATE THROUGH SELECTIVE ALLIANCES AND PARTNERSHIPS.

SUCCESS IS MEASURED BY

- The quality/efficiency of joint ventures/partnerships.

7. COLLABORATION

REINFORCE THE CAPACITY OF CBC | RADIO-CANADA TO WORK AS ONE INTEGRATED COMPANY.

SUCCESS IS MEASURED BY

- Expenditures on cross-media programming;
- Extension of News integration and consolidation.

8. STRONG STAKEHOLDER RELATIONS

ENHANCE/STRENGTHEN CBC | RADIO-CANADA'S STAKEHOLDER RELATIONSHIPS.

SUCCESS IS MEASURED BY

- Canadians' satisfaction levels;
- Service levels to stakeholders;
- Relevance to stakeholders.

HIGH-QUALITY, DISTINCTIVE CANADIAN PROGRAMMING

STRATEGIC PRIORITY 1: QUALITY CANADIAN PROGRAMMING

ENSURE DISTINCTIVE PROGRAMMING OF THE HIGHEST QUALITY.

SUCCESS IS MEASURED BY

- Canadian content;
- Number and prestige of awards;
- Distinctiveness.

STRATEGIC PRIORITY 2: REFLECTING REGIONAL AND DEMOGRAPHIC DIVERSITY

RECOGNISE THE IMPORTANCE OF REGIONAL REFLECTION AND OF THE CHANGING FACE OF CANADA.

SUCCESS IS MEASURED BY

- Programs produced in regions for regions;
- Programs produced in regions for network;
- Visible minority staff;
- Stories about visible minorities.

STRATEGIC PRIORITY 3: SUSTAINABILITY

ENSURE THE SUSTAINABILITY OF CBC/RADIO-CANADA'S CANADIAN SCHEDULES.

SUCCESS IS MEASURED BY

- Stability of Parliamentary appropriation;
- Television advertising revenue;
- Expenditures on Canadian programming.

ENGLISH SERVICES

CBC TELEVISION

STRATEGIC OBJECTIVES

The overall vision for CBC Television is to be the most important and popular platform for Canadian News, Current Affairs and entertainment programming. To achieve this vision, CBC Television has developed a strategic plan with three key elements:

- Significantly increase the amount of Canadian drama;

- Continue to offer a balanced service that includes information programming and sports;
- Renew our commitment to broadcasting in the regions.

Our specific goals are to be:

1. Number one in Canadian drama and entertainment programming;
2. Number one in Canadian News, Current Affairs, documentaries, and sports;
3. Number one in Canadian programming for preschool children;
4. More deeply connected with Canada's regions and communities than any other Canadian broadcaster;
5. More reflective of Canada's increasing diversity.

Here is our action plan for achieving these specific goals.

1. NUMBER ONE IN CANADIAN DRAMA AND ENTERTAINMENT PROGRAMMING: CBC TELEVISION'S PLAN FOR DRAMA

Drama is the most popular type of television programming in Canada, but most drama programs that Canadians watch are foreign. Original Canadian drama accounts today for only a small portion – 150 hours – of CBC Television's programming schedule. Chiefly this is because drama is extremely expensive to produce (e.g., up to \$2 million per hour) and Canadian advertising revenues cannot cover these costs, making Canadian drama a money-losing business.

LEADERSHIP IN COMEDY AND PERFORMING ARTS

INCREASING CANADIAN DRAMA IS NOT THE ONLY PRIORITY FOR CBC TELEVISION: WE ALSO PLAN TO EXTEND OUR LEADERSHIP IN COMEDY AND PERFORMING ARTS PROGRAMMING. WE WILL COMMISSION THREE NEW HALF-HOUR COMEDY SERIES THAT WILL EXPLORE NEW TOPICS, TALENT AND FORMATS, SUCH AS SINGLE-CAMERA NARRATIVE, ADULT ANIMATION AND MOCK-UMENTARIES. AND WE WILL CONTINUE TO BE CANADA'S MAIN VENUE FOR PERFORMING ARTS PROGRAMMING.

But given the importance of drama to Canadians, and the obvious cultural imperative of having Canadian drama available to Canadians, CBC Television plans to significantly increase the amount of Canadian drama it produces and broadcasts. Our target is 150 hours of original Canadian drama in 2005–2006, rising to 250 hours in 2008–2009 — an increase of 67 per cent from the current level.

How will these new programs attract the large audiences required to sustain them?

First, we will commission programs targeted to the needs and preferences of specific audience segments. This audience-centric approach will increase the diversity and relevance of our drama programming — and it will more accurately reflect the increasing diversity of Canadian society.

Second, we will move away from “one-off” movies and miniseries to focus on establishing successful long-run series. Hit series are critical because they attract viewers to new shows scheduled before and after them, and because the “buzz” from a few hot series can shift perceptions about CBC Television and Canadian drama in general.

Third, we will increasingly emphasise drama with contemporary themes rather than drama with historical and political themes. Our research tells us that audiences want entertaining, engaging programs, featuring plots that are resolved within each episode, gripping, fast-paced openings, and high production values. To achieve this goal, CBC Television will participate in more international co-productions, which tend to offer larger budgets and access to a deeper pool of talent.

Ultimately, however, the most important factor for producing more high-quality Canadian drama is additional funding — to achieve its goals, CBC Television will require additional funds of \$22 million in 2006–2007, \$66 million in 2007–2008, and \$88 million in 2008–2009.

2. NUMBER ONE IN CANADIAN NEWS, CURRENT AFFAIRS, DOCUMENTARIES, AND SPORTS: MAINTAINING BALANCED PROGRAMMING

CBC Television’s plan for renewing and revitalising programming will maintain its leadership in News, Current Affairs and documentaries, and sports.

The News department will continue to make changes based on the results of a recent study of audience needs. These changes include refining *CBC News: The National* based on audience reaction to recently introduced approaches and features; offering more longer-form, topical Current Affairs programs and expanding *the fifth estate*; developing compelling documentaries with broad audience appeal; revitalising *CBC News: Canada Now*, our national-regional supper hour News program, by increasing coordination and cooperation between the regional programs; and strengthening our international News-gathering capabilities.

The Sports department will focus on maintaining CBC Television’s leadership in amateur sports while retaining or acquiring rights to professional sports programming, such as *Hockey Night in Canada*, that generates substantial advertising revenues.

3. NUMBER ONE IN CANADIAN PROGRAMMING FOR PRESCHOOL CHILDREN

CBC Television achieved leadership in preschool children’s programming by focusing on quality, Canadian content, and programs that foster children’s development. Now, to regain our number one position in the face of increased competition from specialty services aimed at children, we are raising awareness of our children’s programming through the “Partnering with Parents” campaign, which includes outreach (*CBC Kids’ Days* in local communities), advertising (permanent displays in malls and airports), and strengthened partnerships (the Invest in Kids program).

67%

INCREASE FROM CURRENT LEVEL IN ORIGINAL CANADIAN DRAMA PROGRAMMING TARGETED FOR 2008–2009 CBC TELEVISION



To attract parents who may not be aware of our shows, we will offer prime-time holiday specials and will collaborate with CBC Radio to produce and promote children’s programming.

4. MORE DEEPLY CONNECTED WITH CANADA’S REGIONS AND COMMUNITIES THAN ANY OTHER CANADIAN BROADCASTER

To bring focus and momentum to CBC Television’s efforts to enhance regional services through increases in local News and other programming, in 2005–2006 we established the position of Executive Director of Regional Programming. The Executive Director is now working with Regional Directors across the country on a strategy for regional program development that will begin to bear fruit as early as the Fall of 2006. Local circumstances and opportunities will shape what form the strategy takes in each region, but the common goal is to deliver more programs to more viewers throughout the day on CBC Television.

5. MORE REFLECTIVE OF CANADA’S INCREASING DIVERSITY

Over the next two fiscal years, CBC Television will set targets and measure diversity across three dimensions:

- STAFFING: ENSURING THAT OUR STAFF IS REPRESENTATIVE OF CANADA’S DIVERSE POPULATION;
- CONTENT: ENSURING THAT THE FACES, VOICES AND PERSPECTIVES OF CBC TELEVISION ARE REPRESENTATIVE OF THE COUNTRY;
- AUDIENCE: ENSURING THAT OUR PROGRAMMING APPEALS TO ALL CANADIANS.

CBC RADIO

CBC Radio is increasingly tailoring its services to changing audience needs and emerging technologies. We broadcast over-the-air, via the Internet and podcasting, and are using new distribution channels such as satellite radio and mobile devices.

STRATEGIC OBJECTIVES

To achieve our vision, CBC Radio has identified four key strategic objectives:

Regionalism – Present the authentic voice of the regions on social, political and cultural matters and expand our presence to all areas of the country;

Relevance – Continuously improve program quality and build audience share;

Renewal – Respond to an evolving broadcasting environment through constant renewal and re-invention;

Financial sustainability – Preserve current levels of service through maintained or increased funding.

To achieve our regionalism objective, CBC Radio has developed the 20/20 Radio Growth Plan. This plan would bring local CBC Radio One service, including fully staffed local morning and afternoon shows, to 5.6 million Canadians (27 per cent of the English-speaking population) aged 12-plus living in the following urban areas:

KITCHENER	RED DEER	HAMILTON
BARRIE	KINGSTON	NANAIMO
KELOWNA	CHILLIWACK	SASKATOON
PETERBOROUGH	CRANBROOK	KAMLOOPS

The 20/20 plan would introduce new and authentic regional voices to both local markets and to the national network, helping CBC Radio to more fully represent Canadian diversity and shared perspectives. It would also help CBC Radio develop partnerships with local community organisations. Ultimately, it would improve the quality and relevance of our programming, attracting larger and more satisfied listening audiences. However, the execution of the 20/20 plan hinges on CBC Radio

LEADERSHIP IN CBC RADIO

CBC RADIO HAS DEVELOPED A UNIQUE VISION FOR EACH OF ITS THREE MAJOR SERVICES.

CBC RADIO ONE: TO BE RECOGNISED AND VALUED AS THE DEFINITIVE SOURCE FOR CANADIAN NEWS, INFORMATION AND ENTERTAINMENT.

CBC RADIO TWO: TO BE CANADA’S LEADING CULTURAL PLATFORM IN ALL GENRES — THE PLACE WHERE CREATIVITY FINDS A HOME.

CBC RADIO 3: TO BE A DRIVING FORCE IN CONTEMPORARY MUSIC, IDENTIFYING AND PROMOTING LEADING-EDGE CANADIAN TALENT.

having access to additional funding or finding new money internally.

CBC.CA

CBC.ca is the English-language Internet service carrying CBC Radio and Television content, unique New Media content and Corporate information.

STRATEGIC OBJECTIVES

CBC.ca's vision is to be Canada's most important and popular media website. To achieve this, we will:

- Enhance content to attract and keep more visitors;
- Increase revenue and margins through a new advertising plan, and distribution arrangements or content partnerships;
- Cross-promote with other CBC media lines;
- Strengthen core operations by improving *CBC.ca*'s visibility on search engines;
- Introduce measurable performance targets to increase business analytical rigour.

FRENCH SERVICES

All CBC | Radio-Canada's French-language media lines – Television, Radio and New Media – now report to the newly created position of Executive Vice-President for French Services.

Integration of all French-language services will help Radio-Canada evolve with even greater cohesion and provide Francophones with an even more comprehensive and effective public service. The integration builds on the highly successful repositioning of *Télévision de Radio-Canada* that began three years ago, and it will enable our French Services to continue to fulfil and strengthen their public service role while addressing the challenges of a multi-platform future. New strategic priorities will lead to a global vision of French Services that recognises the individual strengths and distinctive character of each media line while aiming at a common goal: to give Canadians unmatched coverage and analysis of key issues and to enrich their cultural life through diverse, compelling Canadian programming.

FRENCH SERVICES

STRATEGIC OBJECTIVES

- Strengthen Radio-Canada's position as a producer and public broadcaster by:
 - Maintaining a critical mass of expertise and in-house production capability;

- Repurposing Radio and Television content for other platforms as much as possible;
- Increase the amount and range of culture covered on all platforms;
- Reach audience share targets;
- Enhance Radio-Canada's offering for Francophones in minority communities and strengthen our regional presence by improving program quality and seeking new partners;
- Strengthen Radio-Canada's international presence by:
 - Increasing the hours of our programming carried by our partners;
 - Ensuring the continued expansion of training programs for developing countries offered by the Canadian Institute for Training in Public Broadcasting;
- Create a work environment that motivates and stimulates creativity by facilitating an open dialogue with our Unions so that all sides are partners in achieving our goals.

TÉLÉVISION DE RADIO-CANADA

Télévision de Radio-Canada has been a remarkable success story in recent years. From 2003–2004 to 2004–2005, its prime-time audience share climbed from 16.5 per cent to 22 per cent – a 32 per cent increase in a single year. This was achieved by investing in new shows that are daring and provocative, yet with broad appeal. The challenge in coming years is to build on and extend *Télévision de Radio-Canada*'s successes.

STRATEGIC OBJECTIVES

Strengthen our cultural mandate by:

- Scheduling in the Fall of 2006 a high-profile magazine show covering all aspects of culture;
- Casting hosts who meet the high standards required of a public broadcaster;
- Promoting and strengthening the unique, general-interest nature of our programming;
- Assessing whether we should cover more cultural and artistic events, based on the needs of Francophone Canadians;
- Making *Télévision de Radio-Canada*'s News even more distinctive by strengthening analysis in the daily News magazine;



THE PLAN

- Ensuring a better integration of regional programs in the network by improving program quality, doing a better job of prioritising program development based on schedule needs, and having our network of journalists make regional contributions to RDI throughout the day;
- Developing programs for High Definition Television (HDTV).

RADIO DE RADIO-CANADA

Like Télévision de Radio-Canada, Radio de Radio-Canada has had considerable success in recent years. In the Spring of 2005, Radio de Radio-Canada captured a 16.5 per cent of audience share among Francophones in the markets that it serves – its best-ever performance since Radio de Radio-Canada began tracking audience share in 1984. Impressive share increases are being driven by the Première Chaîne, which has increased its audience share since Spring 2001 by almost 75 per cent. Espace musique has maintained the share it obtained soon after its launch in Fall 2004.

STRATEGIC OBJECTIVES

- Become a true marketplace for the ideas and issues that drive our society by increasing the number of public debates held in the regions;
 - Continue to develop Radio Canada International's new multilingual service for a domestic audience;
 - Become the standard for regional News and Current Affairs by increasing the range of our coverage outside Canada through alliances with partners, and by redefining our approach to covering regional News;
 - Clarify the role of Espace musique in helping to develop Canadian music by working with Télévision de Radio-Canada and *Radio-Canada.ca* to better define the role of French Services in cultural life;
- Expand our Radio services while continuing to offer more services on new platforms, such as satellite radio and podcasting.

RADIO-CANADA.CA

Radio-Canada.ca is the French-language Internet service carrying Radio-Canada Radio and Television content, unique New Media content and Corporate information.

STRATEGIC OBJECTIVES

- Extend Radio-Canada's reach via the Internet and New Media, and increase content sharing with Radio de Radio-Canada and Télévision de Radio-Canada;
- Ensure that the quality and relevance of our Web and New Media content stands out from competitors, particularly in News and information, by continuing to offer value-added content;
- Continue to explore new forms of content tailored to emerging broadcast technologies by developing business models and strategies, particularly for podcasting;
- Generate additional revenues through an innovative sales strategy while upholding our public service mission and values.

32%

INCREASE IN PRIME-TIME AUDIENCE SHARE IN A SINGLE YEAR FOR TÉLÉVISION DE RADIO-CANADA

OPERATIONAL OBJECTIVES

STRATEGIC PRIORITY 4: EFFICIENCY

CBC | RADIO-CANADA MUST BE A WELL-MANAGED COMPANY AND GENERATE CASH FLOW TO RE-INVEST IN PROGRAMMING.

SUCCESS IS MEASURED BY

- Self-generated revenues;
- Programming expenditures.

CBC | Radio-Canada is continually reviewing its business approaches and production technologies to identify savings and leverage assets for re-investment in programming. In 2004–2005, efficiency initiatives generated \$74 million in cost savings and increased revenue. CBC | Radio-Canada will continue its drive to improve the efficiency of its operations and leverage its assets and expertise to generate new revenues.

The Real Estate Division has generated \$60 million in savings and new revenues since its inception in 2000. In 2004–2005, the Division consolidated CBC | Radio-Canada's operations under one roof in Edmonton, Québec City and Ottawa. It also sold excess space at CBC | Radio-Canada's Vancouver site, a deal that will help fund redevelopment of CBC | Radio-Canada's Vancouver operations.

CBC | Radio-Canada replaced in 2004–2005 the terrestrial networks it used for intra-Corporate program and information distribution with more cost-effective satellite transmission. It also implemented such efficiency-enhancing technologies and systems as iNews, ParkerVision and Desktop Television. The introduction of these new systems made it possible to cover events such as the Olympics and the World Figure Skating Championships with fewer on-site staff and equipment, for considerable savings.

CBC | Radio-Canada's Merchandising Division has taken advantage of the fact that CBC | Radio-Canada is one of the most recognised brands in the country by providing Canadians with the opportunity to buy CBC | Radio-Canada-branded products either online or in our boutiques. During 2004–2005, the Merchandising Group generated \$5.5 million in revenue.

To cost-effectively reach larger radio audiences, CBC | Radio-Canada has partnered with Sirius Satellite Radio and Standard Broadcasting to distribute six channels of CBC | Radio-Canada programming via satellite throughout Canada. Four of these channels are also available in the United States.

EFFICIENCY PRIORITIES

Real Estate: We will continue to consolidate facilities throughout the country, with Vancouver and St. John's being the next major centres to be developed. Other potential locations are Halifax, Winnipeg, Calgary, St. Boniface, Yellowknife, Moncton, Fredericton, and Charlottetown. We will also assess the potential of generating additional revenues through leases, rentals and efficiency initiatives.

Administrative and Production Operations: Our French-language media services are assessing the feasibility of consolidating technical production and maintenance services. Previous efficiency reviews identified ways to cover the 2006 Winter Olympics in Torino, Italy, with fewer on-site staff and less equipment. Industry best practices are being extended throughout the Corporation, and we will continue to leverage strategic sourcing contracts to get better terms for products and services.

STRATEGIC PRIORITY 5: CREATIVE HUMAN RESOURCES

STRENGTHEN CBC | RADIO-CANADA'S COMMITMENT TO ALL ITS EMPLOYEES - TO THOSE WHO CREATE AND TO THOSE WHO SUPPORT THEM.

SUCCESS IS MEASURED BY

- Commitment to training and development;
- Employee satisfaction;
- Working conditions.

CBC | Radio-Canada has a highly creative workforce of 9,800 employees spread across the country. Ninety per cent of the Corporation's employees belong to one of seven Unions.

The Corporation has increased investment in professional development and training to ensure employees have the right tools to do their jobs. We also have a number of strategies for improving internal communications so that employees better understand the Corporation's values and vision. For example, employees now get timely reports on the results of Board of Directors' meetings and have Intranet access to information on CBC | Radio-Canada's strategic



direction, our competitive and programming environment, and our financial challenges.

CBC | Radio-Canada has conducted two recent employee surveys – the first in 2001 and the second in 2004. The 2004 results were a marked improvement over 2001, especially in areas such as recognition of contribution, feelings of involvement, quality of supervision, and perception of company image. Areas that need improvement include job stress, communications, and performance management. Action plans have been developed to address these issues.

CREATIVE HUMAN RESOURCES PRIORITIES

Working Conditions: In response to the results of the 2004 employee survey, CBC | Radio-Canada is reviewing its performance management process and its leadership development and succession plan. We will also further develop employee wellness and employee orientation programs. Other workforce initiatives will include organisational changes within Télévision de Radio-Canada and Radio de Radio-Canada.

Agreements: CBC | Radio-Canada hopes to sign several Union agreements that are currently in negotiation or up for renewal in 2006.

STRATEGIC PRIORITY 6: STRATEGIC PARTNERSHIPS

POSITION CBC | RADIO-CANADA TO ENHANCE ITS ABILITY TO FULFIL ITS MANDATE THROUGH SELECTIVE ALLIANCES AND PARTNERSHIPS.

SUCCESS IS MEASURED BY

- The quality/efficiency of joint ventures/partnerships.

Strategic partnerships have assumed greater importance over the years because they allow CBC | Radio-Canada to increase its reach through new technologies while limiting the financial risks of new ventures. Examples of recent partnerships include Sirius Satellite Radio, CBC News Express/RDI Express, and the Specialty Television Services ARTV, The Documentary Channel and CBC Country Canada (now wholly owned by CBC | Radio-Canada). CBC | Radio-Canada has also partnered on joint marketing projects with Astral Media and Corus Entertainment.

STRATEGIC PARTNERSHIPS PRIORITIES

We will assess our partnership agreements with ARTV and The Documentary Channel to determine if they can be improved. We will continue to discuss with airport authorities the possibility of expanding the CBC News Express/RDI Express service – which offers travellers in the Ottawa, Toronto and Montréal airports Canadian and international News stories, business updates, sports, arts, weather, and Current Affairs information – to other airports across Canada.

We are working with Astral Media, The Score, Standard Broadcasting, and other partners to develop multi-cultural radio services for Sirius Satellite Radio. And we are co-producing documentaries with international partners such as *The New York Times*, S4C, and ZDF to extend the CBC | Radio-Canada brand and to offer Canadians another source of high-quality, distinctive programming. Finally, we are assessing whether we should maintain our agreements with private television stations that are currently CBC | Radio-Canada affiliates.

STRATEGIC PRIORITY 7: COLLABORATION

REINFORCE THE CAPACITY OF CBC | RADIO-CANADA TO WORK AS ONE INTEGRATED COMPANY.

SUCCESS IS MEASURED BY

- Expenditures on cross-media programming;
- Extension of News integration and consolidation.

Each of CBC | Radio-Canada's services has unique characteristics, yet all benefit from working together closely. For example, by pooling resources, CBC Television and Télévision de Radio-Canada were able to produce the miniseries *Trudeau* for both French and English audiences. In a similar way, our English and French Radio services jointly produce concerts that are broadcast on their respective networks.

The CBC News Integration Project is fostering sharing of information, ideas and resources across CBC Radio, CBC Television and *CBC.ca*. Consolidating operations in a single location in Ottawa, Québec City and Edmonton has also encouraged all of our media lines to work more closely together, as has the creation of the CBC | Radio-Canada Shared Services, which consolidated all of the Corporation's information technology, human resources, and financial administration services.

COLLABORATION PRIORITIES

- A docudrama on the Oka crisis jointly produced by CBC Television and Télévision de Radio-Canada;
- *Crash Landing*, an independent production acquired for broadcast on CBC Television, Télévision de Radio-Canada, CBC Newsworld, and RDI;
- Consolidation of staff within a single building in various CBC | Radio-Canada locations across the country.

STRATEGIC PRIORITY 8: STRONG STAKEHOLDER RELATIONSHIPS

ENHANCE/STRENGTHEN CBC | RADIO-CANADA'S STAKEHOLDER RELATIONSHIPS.

SUCCESS IS MEASURED BY

- Canadians' satisfaction levels;
- Service levels to stakeholders;
- Relevance to stakeholders.

CBC | Radio-Canada has developed important relationships with stakeholders including Government, Parliament, the CRTC, and the Canadian public. Maintaining these strong relationships is critical to achieving our objectives.

STRONG STAKEHOLDER RELATIONSHIPS PRIORITIES

- Research stakeholder perceptions of CBC | Radio-Canada's strategic direction;
- Generate stakeholder confidence in CBC | Radio-Canada's long-term vision by promoting initiatives such as our HDTV Acceleration Plan and license renewal strategy;
- Inform Members of Parliament about our mandate and broadcasting industry challenges;
- Explore the viability of establishing a foundation to which Canadians could offer direct financial support to key CBC | Radio-Canada programming initiatives.



CBC | RADIO-CANADA NEEDS PREDICTABLE, STABLE FUNDING TO CONTINUE TO FULFIL ITS MANDATE TO PROVIDE CANADIANS WITH A WIDE RANGE OF DISTINCTIVE CANADIAN, HIGH-QUALITY PROGRAMMING THAT INFORMS, ENLIGHTENS AND ENTERTAINS. AND THAT FUNDING MUST BE AT A LEVEL SUFFICIENT TO ALLOW THE CORPORATION TO SUSTAIN ITS CURRENT LEVEL OF PROGRAMMING.

FINANCIAL PLAN



SUSTAINING OUR LEVEL OF PROGRAMMING

FOR THE FUTURE



Beginning in 2001–2002, the Government has given CBC | Radio-Canada an additional \$60 million in “one-time” annual funding, renewed each fiscal year until 2006–2007. This money has been used to strengthen and enhance Radio and Television programming, particularly drama, children’s programs, documentaries, and arts and culture. Losing this funding would have a significant negative impact on CBC | Radio-Canada’s ability to develop distinctive, original programming for Canadians.

The salary portion of CBC | Radio-Canada’s expenditures is indexed for inflation, but goods and services are not. This erodes CBC | Radio-Canada’s purchasing power by approximately \$12 million per year. Between 1990 and 2005, CBC | Radio-Canada’s funding – including the \$60 million in additional annual funding and increases indexed to salary inflation – increased by only 2.3 per cent in current dollars. In constant dollars, CBC | Radio-Canada’s funding has actually declined by almost \$375 million, or 33 per cent, since 1990.

The Financial Overview in Appendix A presents the Corporation’s financial picture for 2005–2006 through 2010–2011. To maintain current production levels, CBC | Radio-Canada needs the \$60 million annual funding to become permanent, and we are seeking a commitment for this from the Government.

MATERIAL RISKS TO FINANCIAL PLAN

The Corporation faces a number of significant financial risks, most of which are directly attributable to funding issues.

First, there is no guarantee that the \$60 million in supplementary funding, which has been provided to CBC | Radio-Canada over the last five years, will continue. If this funding is not made permanent, cuts will have to be made to existing services.

In the absence of additional new funding, several initiatives will not be able to proceed as planned. In particular, CBC Television’s drama strategy, the proposed HDTV transition, and the regional expansion plan all require additional funding.

The CBC Pension Plan is healthy and, in fact, as of December 31, 2005, was in a significant surplus position on a going-concern basis. However, under federal regulations, if a federal corporation (including a Crown Corporation) has a pension plan in a deficit position on a “solvency” basis or on a “going-concern” basis, that corporation is required to make up that deficit through additional contributions to the plan. This deficit was caused largely by historically low long-term interest rates at that moment of valuation. The deficit was evaluated at \$89.1 million. Under federal regulations, corporations in a deficit position are required to repay that deficit with interest over five years.

However, the Federal Budget released in May 2006 proposed measures that will provide temporary relief to corporations like CBC | Radio-Canada by extending, under certain conditions, the timeframe during which solvency payments must be made. When adopted, these measures could reduce the amount (currently estimated at \$20.1 million) for the 2006 calendar year by half.

BORROWING PLAN

The *Broadcasting Act* specifies that CBC | Radio-Canada must have the approval in principle of the Minister of Finance to borrow money. The Corporation cannot borrow more than \$25 million, and all borrowing is subject to these conditions:

- Proposals financed through borrowing must enhance the Corporation’s ability to meet its mandate;
- Borrowing will be for venture investments or for activities related to ongoing operations and must generate enough revenue to achieve a positive rate of return;
- The Corporation cannot borrow money to finance base working capital activities or operating shortfalls.

The Corporation will submit specific borrowing proposals consistent with the above principles to the Minister of Finance.

FINANCIAL OVERVIEW

FINANCIAL OPERATING OVERVIEW

	2005–2006	2006–2007	2007–2008	2008–2009	2009–2010	2010–2011
SOURCES OF INCOME						
Operating appropriation	946,231 ⁶	946,039 ⁶	946,407 ⁵⁻⁶	967,020 ⁵⁻⁶	946,020 ⁵⁻⁶	946,020 ⁵
Additional funding for programming initiatives ¹	60,000	60,000 ⁷	60,000	60,000	60,000	60,000
Total Operating Appropriation	1,006,231	1,006,039	1,006,407	1,027,020	1,006,020	1,006,020
Advertising and program sales	314,708 ⁸	335,324	358,193	435,359 ⁸	383,567	385,485
Real Estate	7,573	7,332	7,806	7,421	7,496	7,570
Transmission and distribution	7,389	6,789	7,097	7,967	8,047	8,127
Galaxie	20,235	21,405	22,288	20,869	21,704	22,572
Other revenues ²	186,403	170,896	170,951	171,853	173,572	175,307
TOTAL SOURCES OF INCOME	1,542,539	1,547,785	1,572,742	1,670,489	1,600,406	1,605,081
OPERATING EXPENDITURES						
Television and Radio services ³	1,452,627 ⁸⁻⁹	1,442,340 ⁹	1,467,000 ⁹	1,564,410 ⁸⁻⁹	1,494,504 ⁹	1,503,748 ⁹
Transmission, distribution and collection	63,068	63,383	63,700	64,018	64,338	64,660
Corporate Management	15,662	15,740	15,819	15,898	15,978	16,057
Additional pension contribution	5,025	20,100	20,100	20,100	20,100	15,075
Provision for tax/large corporation tax	272	278	119	-	-	-
Amortisation of capital assets	123,841	125,079	126,330	127,593	128,231	129,514
Deduct: items not requiring current operating funds	(117,956)	(119,135)	(120,327)	(121,530)	(122,745)	(123,973)
TOTAL OPERATING EXPENDITURES	1,542,539	1,547,785	1,572,742	1,670,489	1,600,406	1,605,081
NET POSITION	-	-	-	-	-	-
Net position after reduction of funding for programming and other expenditures ⁴			(60,000)	(60,000)	(60,000)	(60,000)

- (1) Assumes that the temporary funding for programming initiatives (\$60 million) will become permanent as of 2007–2008.
- (2) Includes Specialty Services (CBC Newsworld, Réseau de l'information de Radio-Canada and CBC Country Canada) and other miscellaneous revenues.
- (3) Includes expenditures related to CBC | Radio-Canada's Main Services and Specialty Services (CBC Newsworld, Réseau de l'information de Radio-Canada and CBC Country Canada).
- (4) If the \$60 million in temporary funding is not made permanent as of 2007–2008, programming and other expenditures will be affected.
- (5) Salary funding increases from Treasury Board have not yet been determined for fiscal years beyond 2006–2007. It is assumed that salary funding received will be equal to actual increases in salary expenditures.
- (6) Includes the repayments of funds transferred from NATV proceeds (\$9,277,000 in 2005–2006, 2006–2007, 2007–2008, 2008–2009, and 2009–2010).
- (7) In May 2006, the Government of Canada included in the Main Estimates tabled for 2006–2007, a one-time funding of \$60 million for the Corporation. However, final Government approval will be required before the Corporation can gain access to these funds.
- (8) Includes Olympics revenues and expenditures: Torino in Winter 2006 and Beijing in 2008.
- (9) Includes \$60 million spending on programming initiatives.



CAPITAL BUDGET

CBC | RADIO-CANADA'S INTERNAL CAPITAL PROCESS HAS BEEN SIGNIFICANTLY OVERHAULED TO ENSURE THAT ALL CAPITAL INVESTMENTS SUPPORT BUSINESS STRATEGIES ALIGNED WITH OUR CORPORATE PRIORITIES.

This revised capital process more effectively ensures that efficient and effective capital investment solutions and, where appropriate, common technology, are used across the Corporation.

The Corporation's total capital spending base in 2006–2007 is planned to be \$102 million, which includes \$10 million reprofiled from 2005–2006 but excludes funds carried over from 2005–2006 to complete projects started the previous year. Beyond 2006–2007, the capital spending base will remain at approximately \$92 million.

We plan to spend roughly half of the capital budget over the next three years on production infrastructure. Major initiatives include replacing failing, obsolete analogue equipment with digital equipment, modernising Radio production facilities, converting the Maison de Radio-Canada in Montréal to digital standards, further rolling out Desktop Television production, and investing in an HD mobile and High Definition Television (HDTV) production and presentation facilities.

Approximately one-third of the budget will be spent on Corporate-wide systems and technology infrastructure. We will invest in an integrated television system to manage program inventory, telecast schedules, commercial and promotional inventory and sales, eliminating the need for the 46 separate systems that currently support these activities. Other system investments include updating our Desktop Radio production system, which has been pushed to the limits of its useful life, and upgrading our SAP software to the most recent version. We will also update our integrated support services systems and server infrastructure and upgrade software as required. We will consolidate all CBC | Radio-Canada facilities in St. John's and improve and integrate newsroom operations in Vancouver. The latter project will be funded largely by the sale of excess space at CBC | Radio-Canada's Vancouver site.

Most of the remaining budget will be spent on transmitter and tower maintenance, on improving and extending Radio services in line with CRTC commitments and our priorities, and on investing in new digital television transmitters capable of delivering HDTV signals. Other investments include improvements to buildings and changes to comply with codes and regulations, and replacing part of our vehicle fleet.

The Corporation will also be grappling with the pressures of replacing its aging towers and transmitters introduced during the Accelerated Coverage Program (ACP) of the late 1970s and early 1980s. Generally, these assets have a useful life of 20 to 30 years. Because an unusual number of towers and transmitters were installed during the ACP period, replacing them will make unusual demands on our capital funds. We estimate that the cost of replacing these aging assets to be \$102 million.

The transition to Digital Radio, Digital Television (DTV) and High Definition Television (HDTV) will be market driven; although very costly, it is necessary. At the request of the Government, a plan to accelerate CBC | Radio-Canada's transition to HD/DTV was submitted to the Department of Canadian Heritage on September 23, 2005. By the end of 2006, CBC | Radio-Canada will have completed its initial rollout of digital terrestrial broadcasting facilities, comprising eight DTV transmitters in five major markets. Off-air DTV signals are already available in Toronto (English and French), Montréal (English and French), Québec City (French), and Vancouver (English). By the Fall of 2006, we will be broadcasting DTV signals in Ottawa (English and French).

To prevent CBC | Radio-Canada from falling behind in the transition to digital, large capital investments are required for transmission and distribution infrastructure as well as for production studios and other equipment. These investments can only be partially addressed with our current level of funding.

In the United States, the development of In-Band on-Channel (IBOC) digital radio services and related HD Radio receivers in 2006–2007 may have important implications for the Canadian marketplace, possibly prompting a transition of Canadian FM radio services to a similar technology. We are currently monitoring these US developments, as well as other digital radio broadcasting developments in Canada and around the world. As well, CBC | Radio-Canada will test IBOC on its Toronto FM frequencies.



KEY MEASURES OF CBC | RADIO-CANADA'S PAST PERFORMANCE

PERFORMANCE MEASURE

	2001–2002	2002–2003	2003–2004	2004–2005
QUALITATIVE				
Essential	95%	95%	97%	96%
Satisfaction	86%	84%	86%	86%
Distinctiveness	80%	81%	84%	87%
Completeness (Comprehensiveness)	92%	91%	93%	93%
News Credibility (Trusted)	93%	93%	95%	94%
QUANTITATIVE				
Weekly Reach				
CBC Television	17,430,000	16,637,000	16,965,000	16,197,000
CBC Newsworld	6,248,000	6,216,000	5,815,000	6,127,000
Télévision de Radio-Canada (Francophones)	5,268,000	5,100,000	5,162,000	6,134,000
RDI	2,790,000	2,930,000	2,725,000	2,683,000
CBC Radio One	3,201,000	3,072,000	3,022,000	3,136,000
CBC Radio Two	1,237,000	1,249,000	1,163,000	1,181,000
Première Chaîne	749,000	833,000	924,000	976,000
Espace musique	279,000	303,000	313,000	429,000
Share				
CBC Television (Prime time)	10%	7.4%	8.9%	6.7%
CBC Newsworld	1.1%	1.1%	1.1%	1.1%
Télévision de Radio-Canada (Prime time)	20.7%	17.6%	16%	21.1%
RDI	2.7%	2.6%	2.3%	2.9%
CBC Radio One	9.3%	9.1%	8.5%	9.1%
CBC Radio Two	3.6%	3.5%	3.3%	3.2%
Première Chaîne	8.6%	10.7%	12.9%	13.1%
Espace musique	2.3%	2.3%	2.3%	3.0%
Canadian Content				
CBC Television (Prime time)	87%	84%	86%	67%
CBC Newsworld	90%	90%	90%	90%
Télévision de Radio-Canada (Prime time)	86%	86%	88%	85%
RDI	97%	97%	95%	90%
CBC Radio	100%	100%	100%	100%
Radio de Radio-Canada	100%	100%	100%	100%
Number of Awards				
CBC Television	*	*	*	200
Télévision de Radio-Canada	*	*	*	55
CBC Radio	*	*	*	85
Radio de Radio-Canada	*	*	*	18
New Media	*	*	*	13

Sources: Quality Rating Survey, Nielsen Media Research, BBM

Notes

Television ratings data based on September to August period.

Cancon and Shares for CBC Television and Télévision de Radio-Canada are for prime time.

Radio ratings data based on an average of Fall and Spring sweeps.

Télévision de Radio-Canada ratings data based on different methodologies:

BBM's Picture Matching Technology for 2001–2002 to 2003–2004

BBM's Personal People Meters as of 2004–2005

* Awards tracked only as of 2004–2005.

MEDIA PENETRATION IN CANADA

PENETRATION AND USE OF DEVICES AND SERVICES, 2005

	Penetration	Trend
VIDEO		
TVs	99%	Universal
HDTVs ⁽¹⁾	14–15% e	Growing
Cable TV		
Analogue	46%	Declining
Digital	17%	Growing
Total	64%	Stable
DTH	23%	Stable
Over-the-air	13%	Stable
IPTV ⁽²⁾	<1%	Emerging
VCR ⁽³⁾	90%	Declining
DVD player		
At home	82%	Growing
In the car	5%	Growing
Stereo/surround sound ⁽⁴⁾	25%	Growing
DVD/Video rental	61% <i>in last 6 months</i>	Declining
DVD purchase	49% <i>in last 6 months</i>	Growing
VOD users	~19%	Emerging
PVR	~3%	Emerging
AUDIO		
Radio	99%	Universal
Satellite radio	<1%	Emerging
iPod/MP3 player	19%	Growing
Purchased CD	65% <i>in last 6 months</i>	Declining
COMPUTER/INTERNET		
PC at home	78%	Growing
Two PCs at home	30%	Growing
Laptop computer	17%	Growing
Internet access at home		
Dial-up	21%	Declining
Broadband	40%	Growing
Total	62%	Growing
Internet at home	63% <i>in the last week</i>	Growing
Audio downloading	25% <i>in the last month</i>	Growing
Audio streaming	28% <i>in the last month</i>	Growing
Downloaded a TV program	5% <i>in the last month</i>	Growing
CD burning	27% <i>in last 6 months</i>	Growing
DVD burning	9% <i>in last 6 months</i>	Growing

Sources: Nielsen Media Research, Solutions Research Group, Convergence Group, Statistics Canada, Cyber trends

(1) Forecast

(2) Television service provided by telephone companies

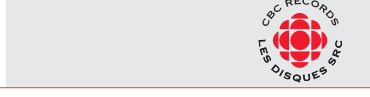
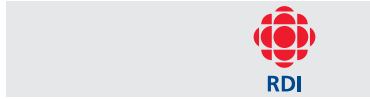
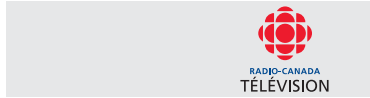
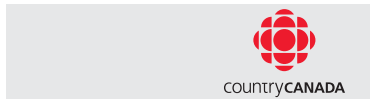
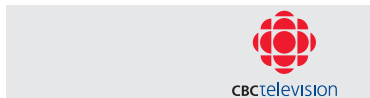
(3) 2004

(4) Hooked up to a television



CBC | RADIO-CANADA SERVICES

CBC | RADIO-CANADA delivers a comprehensive range of News, information, entertainment, and sports programs. It is the only Canadian broadcaster delivering Radio, Television, Internet, and satellite-based services, in both English and French plus eight Aboriginal languages, to all Canadians. The Corporation's broadcasting reach extends across Canada and around the world, offering Canadian content, when, where and how our audiences want it.



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