



**CBC**  **Radio-Canada**

# Reaching Canadians in Many Ways

Corporate Plan Summary  
2009-2010 to 2013-2014

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July 2009



# Corporate Plan Summary

2009-2010 to 2013-2014



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# Message from the President and CEO

My first year and a half at CBC|Radio-Canada has been both extremely gratifying and extremely challenging.

It has been gratifying to meet and talk with so many CBC|Radio-Canada employees and to hear their ideas about how we can better serve Canadians in an increasingly challenging broadcasting environment.

The ongoing success of our programming across all of our services has also been deeply gratifying. From radio and television to the Internet, podcasting, streaming video, and satellite radio, more Canadians are choosing CBC|Radio-Canada despite having an ever-wider range of media choices.

An additional source of satisfaction has been the progress we are making towards becoming a truly integrated organisation.

We no longer see ourselves as a broadcaster with separate and discrete media lines; we see ourselves, and we increasingly behave, as an organisation in which everyone collaborates and shares resources to generate deeper, richer content that we make available to audiences on whatever platform they prefer. That is why we refer to ourselves as a content company.

These are considerable accomplishments and everyone at CBC|Radio-Canada can be proud of them. Over the past several months, our successes have been increasingly overshadowed by the severe financial challenges we face, however.



## THE CORPORATION'S FINANCIAL CRISIS

As the economic downturn began affecting North American companies in August 2008, their spending on advertising, particularly television advertising, decreased dramatically. CBC|Radio-Canada was not spared; our advertising revenue shortfall against target was approximately \$58 million for CBC Television and close to \$7 million for Télévision de Radio-Canada in fiscal 2008-2009. In response, we significantly scaled back our spending while minimising damage to our services and protecting our employees. These and other efforts allowed us to balance our budget for 2008-2009.

For 2009-2010, however, we faced a budget shortfall of \$171 million — about 10 per cent of our total budget for 2008-2009, and 16 per cent of our current Government appropriation for operations. To balance our budget, we must sell assets, eliminate up to 800 positions, cancel many television and radio programs and scale back others, and reduce levels of service in some areas. These actions will trigger severance costs of approximately \$50 million, which will be funded by our sale of assets. When these severance costs are included, the total impact on CBC|Radio-Canada's budget as we entered 2009-2010 was \$221 million, or 21 per cent of our current Government

appropriation for operations.

## STRATEGIC REVIEW OF CBC|RADIO-CANADA

On April 17, 2009, CBC|Radio-Canada was informed by the Government that the Corporation was identified to participate in a Government-wide Strategic Review. The Government's Strategic Review program requires departments and Crown Corporations to review their spending once every four years.

The objective of the Strategic Review is to evaluate all of our program and spending activities to identify the 5% of our appropriations which represents the lowest priorities in terms of carrying out our mandate. We are also asked to identify new investment priorities representing 5% of our appropriations. The terms of our mandate, set out in both the *Broadcasting Act* and our conditions of license, will drive this review.

Through the process of addressing its \$171 million shortfall for 2009-2010, CBC|Radio-Canada has already identified and eliminated its lowest priority areas. A reallocation of a further 5% of CBC|Radio-Canada's current budget could lead to the elimination or erosion of services essential to both our role in the Canadian broadcasting system and to our fulfilling our legal obligations to Canadians, as set out in the 1991 *Broadcasting Act*.

The Corporation supports the Government's efforts to improve efficiency and accountability, and is participating in the current Strategic Review within the constraints of the arm's-length requirement specified in the 1991 *Broadcasting Act* and upheld by provisions in the *Financial Administration Act*. In the context of the arm's-length relationship, the Government does not provide specific programming directions to the Corporation; therefore, proposals for reallocation of funds within CBC|Radio-Canada will need to be aligned with the mandate and strategic direction of the national public broadcaster.

### **A STRATEGY FOR CONTINUED SUCCESS**

While other conventional broadcasters grapple with stagnant or shrinking audiences, CBC|Radio-Canada's audiences are growing across all of our services.

In 2008-2009, CBC Television became Canada's second-most-watched network with an 8.3 per cent share in prime time, an increase of one point share in just two years. This is a tremendous endorsement of the exciting new programs we have added to our largely Canadian schedule. Télévision de Radio-Canada continues to capture almost one-fifth of all prime-time viewing by francophones,

with a 19.1 per cent share, despite ever-increasing audience fragmentation as specialty channels proliferate.

Although Canadians are listening to less radio, our radio services have never had better ratings. CBC Radio's share of 14.1 per cent in Fall 2008 was an historic high in recent surveys, and CBC Radio One stations are among the three most popular stations in nine of Canada's 10 largest markets. Radio de Radio-Canada's audience share of almost 20 per cent is nearly double its share from six years ago. These historically high shares were confirmed by the results of the BBM's latest survey in Spring 2009 (CBC Radio 15.4 per cent, Radio de Radio Canada 20.0 per cent).

On the new media front, every month our websites attract almost six million unique visitors and audiences download close to two million of our podcasts.

To have the means to build on these successes, we recently developed a new strategic framework for the next three years. The details of the framework are presented in detail in Section 4 of this document — *Our Corporate Priorities and Strategic Initiatives*. Here I want to briefly discuss how the corporate priorities we have identified — people, programs and pushing forward — will allow us to effectively address the challenges of a rapidly changing broadcasting environment.

We fully recognise that circumstances may require us to modify or defer parts of our framework to address financial realities. We believe that the new framework points the way for CBC|Radio-Canada to become even better at using its limited resources to reach more Canadians in more ways with unique Canadian programming.

### **NEW CORPORATE PRIORITIES: PEOPLE, PROGRAMS AND PUSHING FORWARD**

Our new strategic framework was arrived at not only through extensive consultation with CBC|Radio-Canada employees and the Senior Executive Team, but also through taking into

account the results of an in-depth review of the broadcasting environment in which we operate.

All this input has made it clear to us that we must focus on our people because they are our key asset; on programs because they are our core competency; and on pushing forward so that we can adapt to challenges and exploit opportunities.

### KEY ISSUES AND PRIORITIES

**People:** Over the next five years, 23 per cent of our workforce will be in a position to retire. To ensure that we can attract and retain the best people in all areas of our business, we will strengthen our succession and retention efforts. We will also work to increase and leverage diversity within our workforce.

With 87 per cent of the Corporation's employees belonging to a union, the nurturing of a more cooperative and collaborative relationship with our unions is of paramount importance. In early 2008, we launched a concerted initiative to redefine the Corporation's labour relations. We have now successfully negotiated long-term contracts with five of our six main unions, and the sixth collective agreement is currently under negotiation.

Implementing the new strategic framework will require, in some cases, reallocating resources and readjusting our organisational structure to align with our corporate priorities. We are committed to communicating regularly and clearly with employees and leaders about these changes. Of course, we will also continue to solicit input and ideas from employees on how we can more efficiently serve Canadians.

**Programs:** CBC|Radio-Canada plays a unique role in Canadian society: no other broadcaster has a mandate to generate the range, depth and quality of Canadian content as does Canada's national public broadcaster. We remain fully committed to the continuous renewal of our content to ensure that it entertains, enlightens and reflects the Canadian experience and is

available to audiences on whatever platforms they prefer. We believe that it is essential to offer our Canadian content on multiple platforms, and we intend to increase our investment in this area. A strong regional presence is also fundamental for a public broadcaster, and we intend to increase or, at a minimum, maintain our level of investment in the regions so that we can better reflect local needs and concerns.

**Pushing Forward:** In the face of declining television advertising revenues, the future success of CBC|Radio-Canada depends — as does the future of the conventional broadcasting industry in general — on developing a new economic model that will allow us to maintain our existing services, while investing in new platforms and replacing our aging infrastructure. Some potential elements of that new model are now being studied by the Government and the CRTC. These include: conventional television broadcasters receiving payment for the signal they provide to distributors (cable and satellite companies); a strong Canadian Media Fund that supports a major presence for original Canadian television programming in prime time; and a funding mechanism, such as a modified Local Program Improvement Fund, that would make local and regional television broadcasting economically sustainable.

We ourselves are introducing important changes, including finding innovative and cost-effective ways to extend our reach to more Canadians on more platforms with more services, and enhancing transparency through real-time reporting of our key performance indicators.

All of these changes would help us continue to achieve our essential purpose — creating relevant programming by, for and about Canadians. As the broadcasting sector struggles through difficult economic times, with private broadcasters reducing their commitments to Canadian programming and local broadcasting, this role for the national public broadcaster has never been more critical.

## OUR COMMITMENT TO CANADIANS

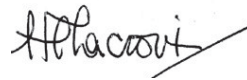
Our ability to execute our new strategy is dependent on the dedication and expertise of our people and on our ability to give them the respect, training and the authority they need to achieve their goals. To continue to succeed, we must all share the same vision about where we are headed and how we will get there. Working as one team without barriers, and sharing common goals, we can build on our highly regarded brand and the trust we have earned from audiences for over 70 years.

We have earned that trust by consistently offering audiences Canadian content they will not find anywhere else. Only with CBC|Radio-Canada do they have the opportunity to learn from, comprehend and connect with one another, and to watch and listen to stories made by, for and about Canadians. Only here will they find diverse Canadian viewpoints and a wide range of informed opinion every day.

In other words, our content helps audiences understand and participate in what it means to be Canadian. In a time of virtually unlimited media choice and increasing social change, our content is a unifying force that helps counter the risk of regional and cultural differences fragmenting and isolating the citizens of Canada.

Our new strategic framework will give us the focus and the tools we need to pursue excellence in all that we do, so that we can remain relevant and vital amidst the constant and unprecedented changes in the broadcasting industry. The reality, however, is that in order to preserve our level of service to Canadians while continuing to strategically invest in new platforms and services, we must have adequate funding.

In these challenging and uncertain times, CBC|Radio-Canada needs the Government to commit to negotiating with us a long-term contract with Canadians. By clearly defining the Corporation's role and determining our funding on a multi-year basis, such a contract would protect the investment Canadians have made in their national public broadcaster and ensure that we continue to adapt to and even lead the evolution of Canadian broadcasting.



Hubert T. Lacroix  
President and CEO

# Reaching Canadians in Many Ways

CBC|Radio-Canada delivers a comprehensive range of news, information, entertainment, and sports programs via 29 different services. 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 high-quality, distinctive content by, for and about Canadians, however and wherever they want it.

## TELEVISION



CBCtelevision

Canada's leading 24-hour English-language network of ground-breaking news, information, sports, and entertainment programming produced by, for and about Canadians, for more than 55 years.



CBCnewsWORLD

The country's first and most-respected 24-hour all-news and information English-language television service. Live news updates throughout the day keep Canadians informed about the world, while award-winning documentaries delve even deeper into it. By subscription.



bold

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



documentary

Provocative and compelling, *documentary* is the premiere English-language digital television service delivering the best in Canadian and international documentaries, films and series – 24 hours a day. The Corporation holds an 82 per cent partnership interest in the channel. By subscription.



RADIO-CANADA  
TÉLÉVISION

The pre-eminent cross-country French-language television network connecting Canadians with popular and high-quality original programming, including news, current affairs and arts and culture, and programs for children and youth.



RDI

The leader in French-language 24-hour news and information for Canadians, Réseau de l'information de Radio-Canada (RDI) links Francophones across the country with in-depth reporting and top-notch current affairs programming, including documentaries and interviews. By subscription.



CBC North  
Radio-Canada Nord

Bringing together, via the airwaves, the diverse communities that make up Canada's vast North, and broadcasting award-winning television services in English, French and eight Aboriginal languages.



artv

A rich blend of arts and culture, showcasing the best in film, theatre, music, dance, visual arts, and more, all brought together on one vibrant French-language television channel. CBC|Radio-Canada, in partnership with Télé-Québec and ARTE France, owns 60.66 per cent of the channel. By subscription.



TV5MONDE

The premiere worldwide French-language television network, TV5MONDE encompasses 10 broadcast partners across the globe and creates a space dedicated to public expression. It airs programming that increases awareness of the diversity of cultures and points of view.

## RADIO



Canada's English-language radio service, where the country turns for its local, national and international news, current affairs, documentaries, arts and culture. Commercial-free and reflecting the true lives of Canadians, no matter where they live.



From one end of the country to the other, Première Chaîne is Canada's commercial-free French-language radio network, offering listeners a truly diverse mix of information and cultural programming. Engaged in its environment while being open to the world, it is enlightening and entertaining.



French-language musical radio that accompanies you night and day with a multitude of diverse styles and rhythms – classical, jazz, vocal, world music, and emerging artists. Commercial-free and always engaging.



Music music music. Commercial-free and ready to transport listeners with the beauty of classical, the smooth sounds of jazz, and the diversity of world beats. An English-language network, with music that speaks to all.



Bringing together, via the airwaves, the diverse communities that make up Canada's vast North, and broadcasting award-winning radio services in English, French and eight Aboriginal languages.

## SATELLITE RADIO



Canada's English-language radio service, where the country turns for its local, national and international news, current affairs, documentaries, arts and culture, on **Sirius Satellite Radio Channel 137**. Commercial-free and reflecting the true lives of Canadians, no matter where they live. By subscription.



If it's new, you'll find it here. Catch the next big thing on this showcase of emerging, commercial-free Canadian music on **Sirius Satellite Radio Channel 86**. By subscription.



Rock, pop, hip hop, alternative, punk, electronica – the explosion of French-language music is at the heart of this commercial-free, 24-hour network, where Canadian artists are always front and centre. Find it on **Sirius Satellite Radio Channel 87**. By subscription.



Listen in on original French-language programming and the best of Première Chaîne's news, current affairs and cultural broadcasts – with the luxury of no commercials. In partnership with Radio Canada International and Radio France International, across North America on **Sirius Satellite Radio Channel 94**. By subscription.



The only French-language sports service on satellite radio. Get the real scoop from expert hosts and analysts from the Radio-Canada sports team. Amateur and pro – everything is fair game on **Sirius Satellite Radio Channel 96**. By subscription.



Reflecting Canada and its vibrant multicultural population in eight languages on **Sirius Satellite Radio Channel 95**. Try out a new language thanks to programming from Radio Canada International, as well as from national and international partners. By subscription.



Canadian voices have been extending across the planet since 1945 with this commercial-free international radio service, now broadcasting information and cultural programs in nine languages via digital and analogue shortwave, **satellite**, and hundreds of partner stations worldwide.



## INTERNET



cbc.ca

One of Canada's most popular and comprehensive English-language media websites, with up-to-the-minute news and information, streaming audio and video, sports highlights, Web-only interactive features, multimedia archives, and much much more.



Radio-Canada.ca

Don't miss a minute of Canada's favourite French-language radio and television content from Radio-Canada – all online. Constantly updated news and information, and unique New Media and Web features ensure that each visit is dynamic and different.

radio3  
BREAKING NEW SOUND

If it's new, you'll find it here. Catch the next big thing on this showcase of emerging, commercial-free Canadian music via the Internet at [radio3.cbc.ca](http://radio3.cbc.ca).



BANDE À PART

Rock, pop, hip hop, alternative, punk, electronica – the explosion of French-language music is at the heart of this commercial-free, 24-hour network, where Canadian artists are always front and centre. Find it on the Internet at [bandeapart.fm](http://bandeapart.fm).



RCI viva

Radio Canada International

Giving the world a window on Canada, Radio Canada International's commercial-free Web radio service broadcasts in eight languages at [rciviva.ca](http://rciviva.ca). It's a true gateway to this country for new and aspiring immigrants, with information to help them discover Canada.

ESPACE  
classique

The sweet sounds of continuous classical music, commercial-free, and customised just for you. This French-language Web radio service at [radio-canada.ca/espaceclassique](http://radio-canada.ca/espaceclassique) introduces you to fresh new talent, even as it shines the spotlight on timeless favourites.

## REACHING NEW AUDIENCES

Galaxie 

Tune in on your television to 45 channels of continuous music, talk-free and commercial-free. No musical stone is left unturned for the pop star, jazz hound or classical buff in your household. More than six million subscribers are already part of the Galaxie family.



This in-house recording label partners with Canada's pre-eminent musicians, releasing about 15 new homegrown CDs annually. With 29 Junos and one Grammy Award to its credit, CBC Records is one of the most recognised independent labels in the country.

## WIRELESS



Radio-Canada

For those who prefer the small screen... the *really* small screen. CBC|Radio-Canada offers WAP and SMS messaging services, delivering some of our most popular interactive content to personal digital assistants and cell phones.

# Key Business Units

CBC|Radio-Canada also engages in a range of non-broadcasting activities for the purpose of supporting its corporate priorities and programming activities. Besides efficiently supporting the creation and airing of high-quality Canadian programming, the activities of these Business and Operating Units generate significant revenue on an annual basis that is reinvested in programming.

## 1- THE REAL ESTATE DIVISION

The Real Estate Division manages CBC|Radio-Canada's real estate portfolio of more than four million square feet of real estate across Canada. It optimises revenues by selling or renting surplus assets and generates savings by managing CBC|Radio-Canada real estate more efficiently. The Division frees up funds that can be invested in programming while ensuring that all CBC|Radio-Canada business units have the facilities they need.

## 2-CBC|RADIO-CANADA TECHNOLOGY

CBC|Radio-Canada Technology provides the technical leadership, expertise, tools, planning, infrastructure and support enabling the reliable and cost-effective production, distribution and delivery of CBC|Radio-Canada programming. This includes managing 662 transmitters sites and towers including eight digital high definition (HD) transmitters. The Division contributes to the Corporation's annual cost savings and brings in revenues for investment in programming.

## 3- THE MOBILE DIVISION

The Mobile Division ensures that programs, such as *Hockey Night in Canada*, have access to mobile production equipment. It also generates revenues for investing in programming by renting excess capacity.

## 4- THE MERCHANDISING DIVISION

The Merchandising Division generates revenues by licensing, selling and distributing CBC|Radio-Canada CDs, DVDs, digital downloads, books, clothing, and licensed merchandise of one of the most widely recognised brands in the country. More than half a million CBC|Radio-Canada products found their way into Canadian households in 2007-2008.

## 5- SHARED SERVICES

Shared Services was created to optimise the delivery of transactional and administrative services, according to industry best practices in the areas of Human Resources, Information Technology and Finance and Administration.

# Meeting the Needs of Canadians in a Challenging, Changing Environment

Relentless technological change, shifting consumer trends, industry restructuring, rapidly falling advertising revenues, financial constraints — this is the environment in which CBC|Radio-Canada operates. At the same time, statutory policy objectives and regulatory obligations guide and at times constrain us. This section is an overview of how all these factors present the Corporation with a range of challenges.

## WHAT DOES THE PUBLIC THINK OF US?

A major strength of CBC|Radio-Canada is the very positive public perception of our radio and television services, with 9 in 10 Canadians agreeing with each of the following statements:

**Essential:** “It is essential that CBC|Radio-Canada Television/Radio is available to Canadians.”

**Satisfaction:** “I am satisfied with the programming on CBC|Radio-Canada Television/Radio.”

**Distinctiveness:** “CBC|Radio-Canada Television/Radio has programs that aren’t on any other television/radio station.”

**Comprehensive:** “You can count on CBC|Radio-Canada Television/Radio to give you complete news coverage.”

**News Credibility:** “You can trust news and information on CBC|Radio-Canada Television/Radio.”

## CORPORATE PERFORMANCE INDICATORS CBC|RADIO-CANADA SERVICES

	Percentage Agreeing* (Canadians 18+)			
	2001	2004	2007	2008
Essential	95	96	97	98
Satisfaction	86	86	89	89
Distinctiveness	80	87	89	89
Comprehensive	92	93	94	95
News Credibility	93	94	96	96

\* Proportion of the total population who either “strongly” or “somewhat” agrees with the performance measures.

Source: MTM 2008

## HOW DO CANADIANS USE THE MEDIA AND OUR SERVICES?

### TELEVISION

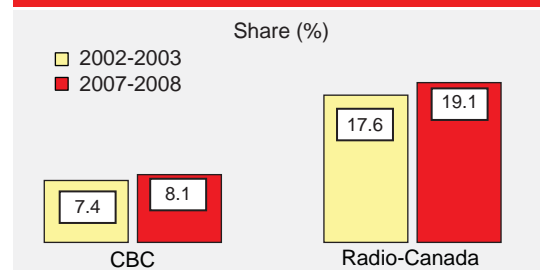
Canadians continue to spend almost 27 hours a week watching television, despite an ever-wider range of media choices.

Television’s continued popularity is directly related to the growth in the number of channels available and an enhanced viewing experience (larger screen televisions with higher picture resolution). Ninety per cent of Canadians get their television via cable or satellite, with over half subscribing to a digital television service.

With the increasing popularity of subscription television, viewers are increasingly turning to pay/specialty channels. These now account for 54 per cent of all viewing on English Television and 44 per cent of all viewing by Francophones.

Despite more channel choices for viewers, CBC|Radio-Canada’s television services are performing exceptionally well. In the 2007-2008 broadcast year, CBC Television’s prime time share of 8.1 per cent was its highest in five years. And Télévision de Radio-Canada’s prime time share of 19.1 per cent of all viewing by Francophones in the 2007-2008 broadcast year is larger than its prime time share five years earlier.

## PERFORMANCE OF OUR ENGLISH AND FRENCH TELEVISION NETWORKS



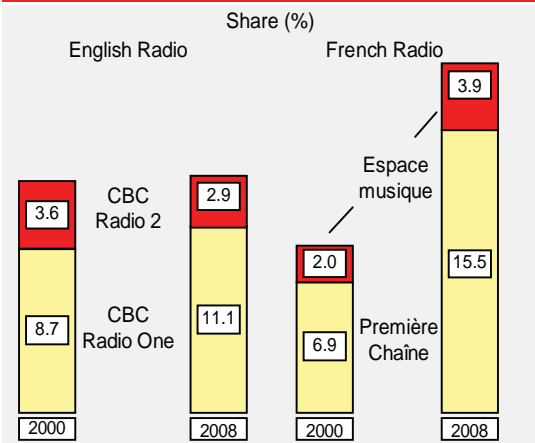
Source: BBM Canada

## RADIO

Fewer Canadians are listening to traditional radio — in the last ten years, usage has declined by two hours a week. Why the decline? Most people listen to the radio for music; increasingly, they are getting their music on the Internet, iPods, MP3 devices, satellite radio and mobile phones, all of which let them choose what they want, and when and where they listen.

Despite the decline in radio listening, audiences for CBC|Radio-Canada’s English- and French-language radio services are increasing. The share of CBC Radio One, English Radio’s main news and information service in Fall 2008 at 11.1 per cent, was its highest ever; while the newly revamped Radio 2 service obtained an audience share of 2.9 per cent. Shares for CBC|Radio-Canada’s two French-language radio services, Première Chaîne and Espace musique, have doubled since 2000. Première Chaîne captured 15.5 per cent of all listening by Francophones in Fall 2008, while Espace musique’s share stood at 3.9 per cent.

### PERFORMANCE OF OUR ENGLISH AND FRENCH RADIO NETWORKS



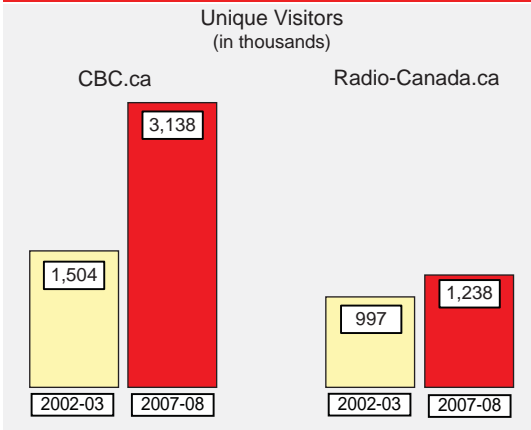
Source: BBM Canada

## INTERNET

Internet use by Canadians has increased by almost 60 per cent since 2001. Throughout 2008, 72 per cent of Canadians accessed the Internet each month. CBC|Radio-Canada’s websites are among Canada’s most popular news and

information websites. Throughout the 2007-2008 broadcast year, more than 3.1 million Canadians visited *CBC.ca* from home, while more than 1.2 million Canadians visited *Radio-Canada.ca*.

### PERFORMANCE OF CBC.CA AND RADIO-CANADA.CA



Source: ComScore Media Metrix

## THE BROADCASTING ENVIRONMENT

CBC|Radio-Canada operates within a complex broadcasting environment driven by at least five major factors: the changing face of Canadian society; changes in industry structure; relentless technological pressures and the explosion of platforms; the regulatory environment; and the challenges of program financing.

### THE CHANGING FACE OF CANADIAN SOCIETY

Canada’s social fabric is changing in fundamental ways.

Canada’s population is aging — half is now over the age of 40. It is also becoming more ethnically diverse; 75 per cent of immigrants arriving in Canada between 2001 and 2006 were members of a visible minority. By 2016, visible minorities — who already make up almost 50 per cent of the populations of Vancouver and Toronto — are expected to comprise 20 per cent of Canada’s population. Indeed, new Canadians — three-quarters of whom settle in either Toronto or Vancouver — are the engine

of Canada's population growth. More and more Canadians live in urban areas, yet over half of the population still lives outside the top ten largest urban markets. Clearly, the national public broadcaster must reflect in its programming and its workforce the changing face of Canada.

### INDUSTRY STRUCTURE

Television broadcasting in Canada is highly concentrated. In the private English Television market, \$4 billion of recent mergers and acquisitions has resulted in two dominant players, CTVgm and Canwest. Quebecor dominates virtually all facets of the francophone Quebec market. These highly integrated conglomerates have significant advantages over CBC|Radio-Canada in bidding for programming rights of high-profile properties and promoting and distributing new programs and services within their family of affiliated companies. With 15 English stations and 11 French stations, CBC|Radio-Canada remains strong in the conventional broadcasting market; in the specialty television market it is weak, with only 3 wholly-owned services and 2 services in partnership. Enhancing our position in this area is a key element of our strategy.

In the wake of deregulation, Canada's radio industry has also become highly concentrated, populated with only a handful of large players — Astral, Rogers and Corus. Still, CBC|Radio-Canada remains Canada's only national radio service, with four networks (two in English and two in French) delivered via 82 stations.

Television distribution is now the largest segment of the broadcasting industry. Ninety per cent of Canadians receive their television signals from either a cable or satellite provider, and ninety per cent of all television subscribers are accounted for by five companies (Rogers, Bell, Shaw, Videotron and Cogeco). All broadcasters, including CBC|Radio-Canada, are highly dependent on distributors for carriage of their conventional services and for payment of a fair subscriber rate for the right to carry their specialty services.

### RELENTLESS TECHNOLOGICAL PRESSURES AND THE EXPLOSION OF PLATFORMS

Technological innovation impacts all areas of CBC|Radio-Canada's business, from how content is created to how it is promoted, scheduled, distributed and consumed. New technologies such as video-on-demand (VOD), the PVR (personal video recorder) and podcasting, and new platforms such as satellite radio, the Internet, mobile phones, MP3 devices and iPods, all allow Canadians to choose when, where and how they access the content they want. The extent to which Canadians are adopting these emerging platforms and new technologies is shown in the table below. While some of these new platforms such as mobile television are in their early stages of evolution, others such as digital television or high speed Internet are used by the majority of Canadians.

#### PENETRATION OF MEDIA TECHNOLOGY

Penetration Among Canadians 18+, 2008	
DVD Player	88%
Home Internet Connection	79%
VCR	76%
Broadband	71%
Digital Television	58%
Internet Video	40%
iPod/MP3 Player	36%
HDTV Set	35%
Analog Cable	27%
DVD Recorder	19%
HD Receiver	19%
Podcasting	16%
Download Music	15%
Streaming Radio Stations	15%
Video iPod/MP3 Player	13%
PVR	12%
Television Antenna (Off-air)	10%
VOD	10%
Satellite Radio	8%
Television on Portable Device	<1%

Source: MTM 2008

Emerging technologies give CBC|Radio-Canada the opportunity to reach out to Canadians in new ways, yet we must be highly strategic in allocating our scarce resources. Despite an ever-increasing range of choices, the traditional media remains dominant in terms of usage.

#### TV AND RADIO WEEKLY PER CAPITA USAGE (2008)

Television	Radio
27 hours a week are spent watching traditional linear broadcast TV channels	18 hours a week are spent listening to conventional radio stations, which have all largely morphed into niche formats
37 minutes a week are spent playing back recorded TV (e.g. PVRs)	Over 39 minutes a week are spent listening to streaming radio
15 minutes a week are being spent watching TV from the Internet	39 minutes a week are spent listening to satellite radio
	20 minutes a week are spent listening to podcasts

Source: BBM Canada and MTM 2008

#### THE REGULATORY ENVIRONMENT

The CRTC has recently concluded a number of major reviews of the broadcasting industry. These have resulted in the loosening of regulation for distributors of TV services, i.e. cable and satellite distributors, and a greater reliance on choice and market forces for consumers of these services. The Commission also issued a Report on the Canadian Television Fund.

At the same time, the CRTC became aware of the steady decline in the economic base and profitability of conventional television broadcasters, including that of CBC|Radio-Canada, due to the rise of specialty services and the growth of Internet advertising. Since conventional TV broadcasters are the foundation of the Canadian broadcasting system – providing all of the system’s local television programming and nearly all of the original Canadian entertainment programming – this decline represents a serious threat to the health of the overall Canadian broadcasting system.

To address this issue, last year the CRTC created the Local Programming Improvement Fund, the LPIF, to help support the production of local

television, particularly during the current economic crisis. This Fund permits local TV broadcasters to supplement their existing expenditures on local programming. The Commission has also recognized that the economic threat to conventional TV broadcasting is broader than simply local broadcasting and originates from their limited overall business model that relies very heavily on advertising.

In order to correct this flawed model, the Commission will be establishing a new business model for these broadcasters, including CBC|Radio-Canada, that will permit them to negotiate with cable and satellite companies for access to some of the value that consumers attach to these services. Historically, cable and satellite companies have been selling conventional broadcasters’ TV signals to consumers but have not passed back any of the associated revenues to these broadcasters. The CRTC intends to replace this model, permitting a sharing of these revenues, at the end of the coming year.

The CRTC also completed its review of the CTF, initiated at the request of Government. The CRTC has recommended that the Fund be split into a private and public component, with CBC|Radio-Canada having access only to the public component. On March 9, 2009, Canadian Heritage Minister James Moore announced the consolidation of the Canadian Television Fund and the Canada New Media Fund to finance original Canadian productions on a variety of platforms. The government has pledged \$134.7 million annually over two years for the Canada Media Fund (CMF), which will begin April 1, 2010. The government’s decision was guided by four key principles:

- Get governance and accountability right;
- Reward success and require innovation;
- Focus the investment on what Canadians want, and;
- Level the playing field.

CBC|Radio-Canada believes that if the Fund focuses on new programs shown when most Canadians are watching it will be a success.

## FINANCING CANADIAN TELEVISION

The costs of producing high quality, prime time television cannot be recovered by Canadian advertising revenues alone. This was confirmed by a 2007 Nordicity study, entitled “Canadian Television: Why the Subsidy?”.

### ECONOMIC SURPLUS/SHORTFALL IN THE PRODUCTION OF ENGLISH AND FRENCH TV

	English Market (\$ millions)	French Market (\$ millions)
Cost of Production	2,160.4	761.8
Total revenues	1,470.5	357.9
Economic surplus/(shortfall)	(689.9)	(403.9)

Source: Canadian Television: Why the Subsidy?, Nordicity Group Ltd., 2007

In recognition of this financial constraint, the Federal Government offers support to independent producers of Canadian television programs, chiefly through the CTF and tax credits. As well as making it possible for audiences to watch more Canadian programs, the CTF created and now sustains an independent Canadian production sector that employs thousands of Canadians and helps support the economies of communities across the country.

### SOURCES OF CBC|RADIO-CANADA FUNDING

The Corporation relies on four basic sources of funding:

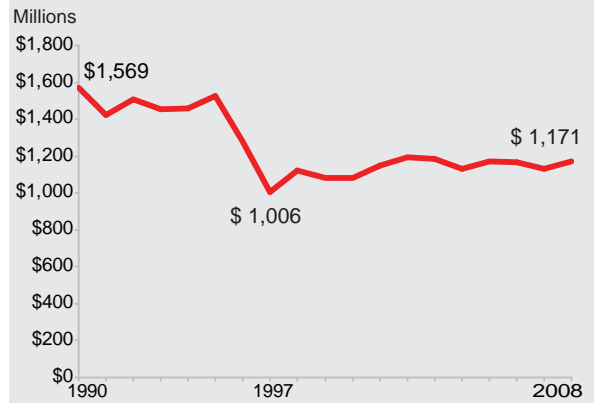
- The annual appropriation of funds from Parliament
- Advertising revenues
- Subscription revenues
- Revenues from ancillary activities

### PARLIAMENTARY APPROPRIATION – THE NEED FOR MULTI-YEAR FUNDING

CBC|Radio-Canada’s total Parliamentary appropriation for 2008–2009 was \$1.106 billion — an amount which, in constant dollars, is \$398 million less than the Corporation received in 1990. The Corporation’s basic Parliamentary

appropriation has been stable for the last ten years following a substantial reduction in 1996-1997.

### CBC|RADIO-CANADA’S PARLIAMENTARY APPROPRIATION IN CONSTANT \$: 1990-2008

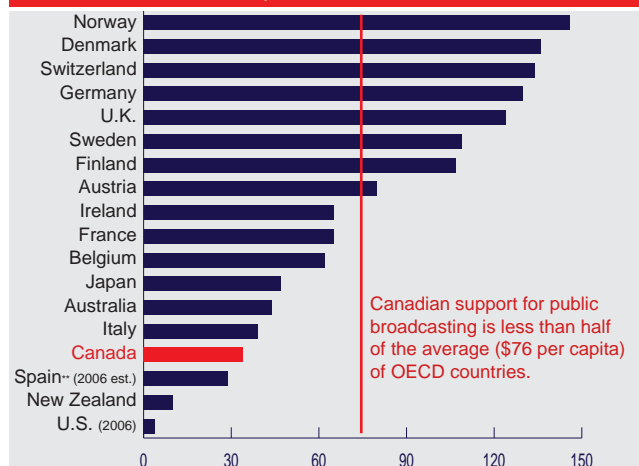


Source: CBC|Radio-Canada Finance Department

In 2009–2010, CBC|Radio-Canada received \$60 million in one-time additional funding for programming, as it had in each of the eight previous years. However, the Government has not committed to this additional funding beyond March 31, 2010.

Compared to public broadcasters in other OECD countries, CBC|Radio-Canada receives a lower level of public funding per capita. According to a 2009 Nordicity study, Canada ranks fourth from the bottom in its support for public broadcasting, above only Spain, New Zealand and the United States.

### PER CAPITA FUNDING FOR PUBLIC BROADCASTERS IN OECD COUNTRIES, 2007



\*\* Figures for Spain include an estimate for the public broadcasters of the autonomous regions.

Source: Analysis of Government Support for Public Broadcasting and Other Culture in Canada, Nordicity Group Ltd., January 2009

To plan its programming and operations with a reasonable degree of confidence, CBC|Radio-Canada requires stable multi-year funding. This is even more important in these uncertain economic times. Many broadcasting projects extend across several years from initial concept to broadcast, and yet the Corporation has no certainty that it will have the necessary funding to see projects through to completion. Other public broadcasters around the world such as BBC, France Télévisions and ABC (Australia), receive long term funding for periods up to ten years.

#### **ADVERTISING: A THREATENED SOURCE OF REVENUE**

As a result of the economic downturn, we are projecting a television revenue shortfall of almost \$65 million in 2008-2009. Moreover, given that the current economic climate is expected to continue, conventional television advertising in Canada is expected to decline by 3.4 per cent in 2009-2010 (Conference Board of Canada).

Our latest projection indicates that CBC|Radio-Canada's television services will experience a shortfall of \$71 million in advertising revenue in 2009-2010.

Canada's main private television networks have already announced major layoffs and potential station closures as a result of their failures to meet advertising targets. As competition from specialty channels and other platforms increases, advertising revenues for conventional television will likely continue to decline. These facts make it very clear that CBC|Radio-Canada's traditional dependence on conventional television advertising revenues is no longer sustainable. The prospect of declining revenues from a key funding source makes planning very difficult, which is why one of our key corporate priorities is to build a new and sustainable economic model for the Corporation.

#### **SPECIALTY SERVICE REVENUES**

CBC|Radio-Canada generates subscription and advertising revenues from its specialty services, CBC Newsworld, **bold** and Réseau de l'information de Radio-Canada (RDI). In 2008–2009, these revenues totaled \$131 million. These are relatively steady revenues because large-scale movements in subscribership, either up or down, are uncommon. However, new CRTC rules about the carriage of and rates paid to specialty services may negatively impact our subscriber bases and revenues.

#### **SELF-GENERATED REVENUES: FUNDAMENTAL TO OUR PROGRAMMING STRATEGY**

A key aspect of CBC|Radio-Canada's strategy is to find ways to leverage our assets to generate revenue that can then be reinvested in programming. Self-generated revenue comes from across the Corporation. For example, the media generate revenue through program sales, facilities rentals, CBC News/RDI Express, and advertising on *CBC.ca* and *Radio-Canada.ca*. Other revenues are generated from the sale of real estate assets, merchandising, Galaxie (the Corporation's pay audio service), building and parking fees, leasing space on our transmitters, and rent charged to external clients who use our studios and mobile facilities.

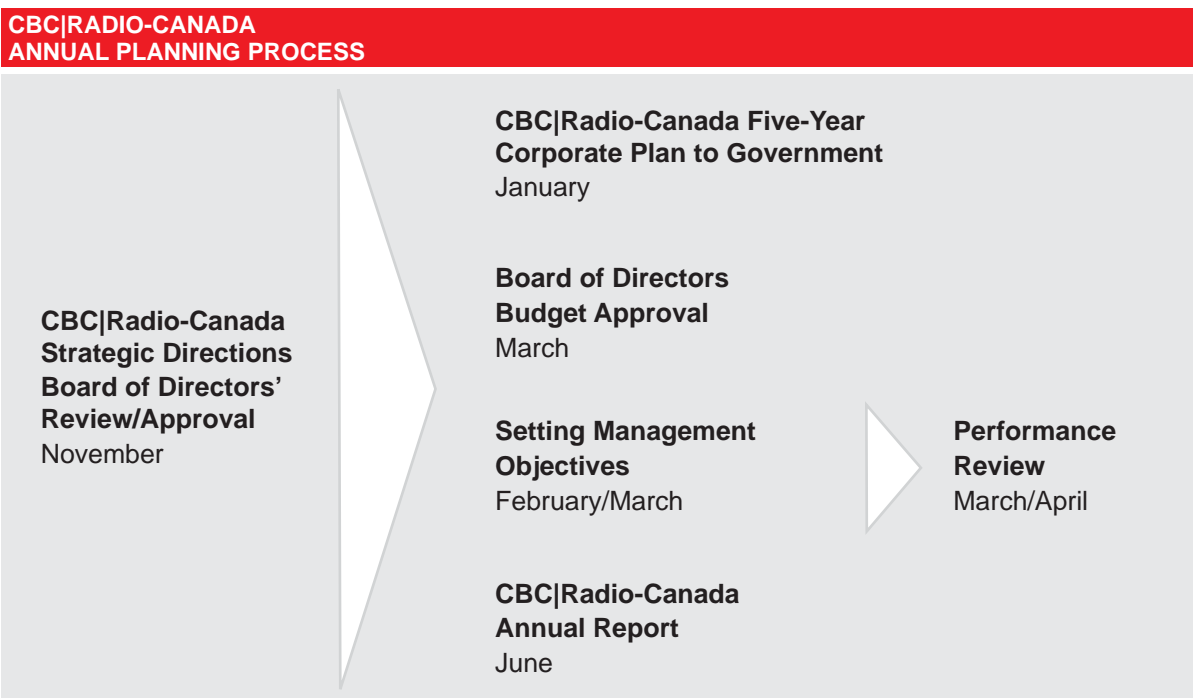
In 2008–2009, CBC|Radio-Canada's self-generated revenues totaled \$147 million. By their nature, these revenues can vary significantly from year to year, making it challenging to include them in our long-term planning. Yet self-generated revenues play a critical role in allowing us to renew and extend our programming to reach more Canadians in more ways with the content they want.



# Our Corporate Priorities and Strategic Initiatives

## THE PLANNING PROCESS

The various stages of CBC|Radio-Canada's planning process are shown in the diagram below.



The November Board meeting normally represents the high point in CBC|Radio-Canada's planning process. The strategic directions approved by the Board form the basis of the Corporate Plan as well as providing the key assumptions necessary to develop each media's operating and capital budget. The Corporate Plan is approved by the Board in January and then filed with Government. Finally, prior to the start of the fiscal year, the Board approves each media's operating, capital and working capital budgets which have been drawn up to reflect the strategic directions approved by the Board.

**NEW CORPORATE PRIORITIES: PEOPLE, PROGRAMS AND PUSHING FORWARD**

CBC|Radio-Canada introduced a new strategic framework in 2008-2009. This strategic framework was arrived at not only through extensive consultation with CBC|Radio-Canada employees and the Senior Executive Team, but by taking into account the findings of an in-depth review of the environment in which we operate. This review was not undertaken in a vacuum, but rather began from a set of first principles — “who we are”.

- |  |
|--|
| <ol style="list-style-type: none"> <li>1. The National Public Broadcaster</li> <li>2. Committed to High-Quality Canadian Content</li> <li>3. A Leader in Reaching Canadians on New Platforms</li> <li>4. Deeply Rooted in the Regions</li> </ol> |
|--|

All this input made it clear to us that we must focus on three key issues: people because they are our key asset; on programs because they are our core competency; and on pushing forward so we can adapt to challenges and exploit opportunities.

The priorities associated with each of these three key issues are outlined in the table following.

<p><b>PEOPLE</b></p> <ul style="list-style-type: none"> <li>• <b>Recruit, train, retain and empower a skilled workforce</b> <ul style="list-style-type: none"> <li>• <b>Reflect Canada’s diversity within</b></li> </ul> </li> <li>• <b>Build an improved relationship with the unions</b> <ul style="list-style-type: none"> <li>• <b>Communicate and engage our people</b></li> </ul> </li> </ul>
<p><b>PROGRAMS</b></p> <ul style="list-style-type: none"> <li>• <b>Continue to provide high-quality, distinctive Canadian content that informs, entertains, enlightens and reflects the Canadian experience on whatever platforms Canadians consume them</b></li> <li>• <b>Strengthen position in the regions, using blend of platforms to deliver appropriate services</b> <ul style="list-style-type: none"> <li>• <b>Increase representation of the diversity of Canada’s population and its regions in the content of our programs</b></li> </ul> </li> </ul>
<p><b>PUSHING FORWARD</b></p> <ul style="list-style-type: none"> <li>• <b>Build a sustainable economic model</b> <ul style="list-style-type: none"> <li>• <b>Enhance transparency through real time reporting</b></li> </ul> </li> <li>• <b>Invest in the appropriate technologies and infrastructure to optimise reach</b></li> </ul>

## PEOPLE

### RETENTION AND SUCCESSION PLANNING

Like many other corporations, the current demographic profile of CBC|Radio-Canada requires it to put effort and resources on retention and succession planning. The seriousness of the situation should not be underestimated and will require a clear and structured approach in two particular areas — training and succession.

Managers need to be further empowered to make decisions in order to better engage them in pursuing the goals of the Corporation.

### DIVERSITY WITHIN

CBC|Radio-Canada has made changes to its programming to better reflect Canada's diversity. But we must also increase and leverage "diversity within". As in many other organisations, diversity will likely play a significant role in addressing the upcoming talent shortage and we need each component to think of how they will integrate it in their plans.

### RELATIONSHIPS WITH THE UNIONS

CBC|Radio-Canada has made some progress with the unions over the past year, but the relationships are still fragile. We need to continue to focus on dialogue and communication in order to maintain a good relationship despite the challenges that we will face in the upcoming years.

## PROGRAMS

### DELIVERING HIGH-QUALITY CANADIAN CONTENT

CBC|Radio-Canada wants to continue to provide high quality, distinctive programs that inform, entertain, enlighten and reflect the Canadian experience on whatever platform Canadians prefer. That is why we refer to ourselves as a content company.

This also implies that the company has to question what type of transmission and distribution infrastructure it should have, given that it can no longer afford the scale of its current infrastructure system in a digital world.

### EMERGING AND NEW PLATFORMS

CBC|Radio-Canada recognises the importance of providing Canadian content on multiple platforms,

including the Internet and other platforms. Management believes that CBC|Radio-Canada has developed good capabilities in this field and is moving in the right direction. Consequently, over time, it wants to accelerate and increase the level of investment in this area.

### REGIONAL PRESENCE

A strong regional presence is considered fundamental for the public broadcaster and therefore over time, our objective is to maintain or increase the overall level of investment in the regions and to reflect the diversity and the profile of the regions. While resources may be redeployed or redistributed between regional locations, overall spending in the regions will be protected as much as possible even in these difficult times.

## PUSHING FORWARD

### NEW ECONOMIC MODEL

Many people, including ourselves, believe the traditional conventional television and radio model is broken. We need to develop a new economic model that enables us to not only attempt to sustain our existing services, but also to invest in new platforms and replace our aging infrastructure. There is a need to explore avenues to increase revenues and we need to propose a new model to Government in order to expand our access to capital.

### REPORTING TO THE PUBLIC

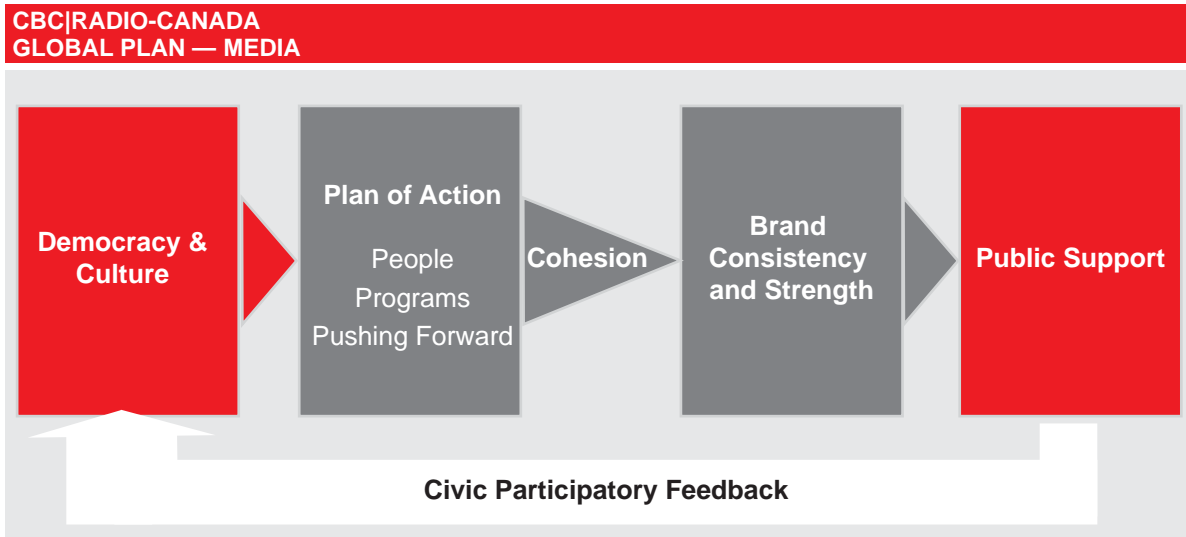
For too long the Corporation has not allowed the public much visibility into its financial affairs. We would like to be more transparent by increasing the volume of relevant financial information and frequency by which we report results publicly. We believe this is essential in order to promote understanding of the way CBC|Radio-Canada is managed.

### INVESTMENTS IN TECHNOLOGY, REAL ESTATE AND BROADCAST INFRASTRUCTURE

We need to develop a strategic plan for IT and broadcast infrastructure taking into consideration future demand, needs and resources. To the extent possible, we should continue to optimise our real estate portfolio. We need to scale down proposed investments in Montreal and Toronto and address the maintenance deficit that exists in some of our key properties.

## GLOBAL PLAN — MEDIA

The strategic initiatives associated with our corporate priorities provide the means by which media fulfill their role as Canada’s national public broadcaster. While CBC’s English services are seeking to become, by 2013, the most important creator and distributor of English-language Canadian content in Canada, Radio-Canada aims to become the leading multimedia creator and broadcaster in French Canada by 2013. The media’s global plan is shown in schematic form below.



## MEDIA PRIORITIES FOR 2009-2013

The following table demonstrates how CBC|Radio-Canada’s English Services and French Services are implementing the new corporate priorities.

	<b>French Services</b>	<b>English Services</b>
<b>People</b>	<ul style="list-style-type: none"> <li>Place employees, creativity and efficiency at the core of what we do, the decisions we take and the way we manage our business (partners, clients, employees, citizens)</li> </ul>	<ul style="list-style-type: none"> <li>Place employees, creativity and efficiency at the core of what we do, the decisions we take and the way we manage our business (partners, clients, employees, citizens)</li> </ul>
<b>Programs</b>	<ul style="list-style-type: none"> <li>Deliver multiplatform programming grounded in 21st-century realities and help redefine the brand</li> </ul>	<ul style="list-style-type: none"> <li>Provide a relevant and engaging multiplatform offering to Canadians</li> </ul>
<b>Pushing Forward</b>	<ul style="list-style-type: none"> <li>Develop a sustainable operating model that is profitable, durable and efficient</li> </ul>	<ul style="list-style-type: none"> <li>Develop a sustainable operating model that is profitable, durable and efficient</li> </ul>

The strategic initiatives associated with each of the priorities — people, programs and pushing forward — are outlined in the following tables.

**PEOPLE**

PRIORITIES	STRATEGIC INITIATIVES	
	French Services	English Services
<b>Recruit, train, retain and empower a skilled workforce</b> <b>Work towards a more positive Union-Management relationship</b> <b>Increase diversity in On Air staff and our workforce</b> <b>Enhance creativity and empowerment of staff</b>	<ul style="list-style-type: none"> <li>▪ HR strategy: recruit, train and develop</li> <li>▪ Begin a new era in labour relations</li> <li>▪ Implement a diversity action plan</li> <li>▪ Build versatile, multiplatform production teams</li> <li>▪ Revise succession plans for Radio, News and regional centres</li> <li>▪ Succession: focus on Western Canada</li> </ul>	<ul style="list-style-type: none"> <li>▪ Engage and empower employees</li> <li>▪ Begin a new era in labour relations</li> <li>▪ Manage to the spirit of the new CMG and APS collective agreements</li> <li>▪ Maximise each employees' contribution</li> <li>▪ Implement an action plan for diversity On Air and in the workforce</li> </ul>

**PROGRAMS**

PRIORITIES	STRATEGIC INITIATIVES	
	French Services	English Services
<p><b>Create content for multi-platform distribution</b></p> <p><b>Preserve the distinctiveness of our programming and our brand</b></p> <p><b>Increase audiences</b></p> <p><b>Increase public participation and dialogue</b></p> <p><b>Enhance regional representation in programming</b></p> <p><b>Increase diversity in our programs</b></p>	<ul style="list-style-type: none"> <li>▪ Develop three specialty services</li> <li>▪ Develop three-year TV plan (returning programs, new evening drama)</li> <li>▪ Carry out Radio-Canada Musique, phase II (e.g., more music content online and on demand, new Web radio service)</li> <li>▪ Expand mobile offering (music, sports, comedy, etc.)</li> <li>▪ Lead the way in promotion/communications on new platforms</li> <li>▪ Develop multiplatform strategies for sports, children's and youth, and business news</li> <li>▪ Introduce Radio-Canada.tv (audio and video on demand)</li> <li>▪ Review news formats</li> <li>▪ Reposition RCI</li> <li>▪ Regional centres:               <ul style="list-style-type: none"> <li>▪ News 7-7</li> <li>▪ New TV licences in Toronto and Rimouski (within three years)</li> <li>▪ <i>Ma région</i> Web initiative in Sherbrooke</li> <li>▪ Satellite distribution</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Protect CBC Television's share by targeting 8.5% in 2009-2010</li> <li>▪ Launch new Specialty Services (e.g. Current TV)</li> <li>▪ Continue renewal of News programming (network and local)</li> <li>▪ Develop Newsworld into a 'hot' news service with live programming ('24 x 7' news)</li> <li>▪ Maintain Radio One's high ratings and quality programming</li> <li>▪ Continue Radio 2 relaunch with distinctive and diverse Canadian musical genres</li> <li>▪ Enhance the reliability and functionality of <i>CBC.ca</i></li> <li>▪ Offer content on new platforms (mobile devices, streaming, podcasts, etc.)</li> <li>▪ Increase regional News programming time as well as regional online presence</li> <li>▪ Build upon diversity initiatives to increase representation of all cultural communities in all CBC programming</li> </ul>

**PUSHING FORWARD**

PRIORITIES	STRATEGIC INITIATIVES	
	French Services	English Services
<p><b>Manage the financial pressures by cutting costs less related to core strategies</b></p> <p><b>Implement a long-term financial plan with measurable performance indicators</b></p> <p><b>Take advantage of opportunities with respect to our competitors</b></p> <p><b>Invest in appropriate technology to most effectively and efficiently deliver service to Canadians</b></p> <p><b>Continue standardisation of financial reporting format/timetables</b></p>	<ul style="list-style-type: none"> <li>▪ Centralise and diversify revenue</li> <li>▪ Develop advertising offer and media creativity innovation strategy</li> <li>▪ Review production models for all networks (to increase efficiency and effectiveness)</li> <li>▪ Expand and tailor delivery platforms</li> <li>▪ Capitalise on new advertising markets (Sherbrooke, Trois-Rivières, Saguenay, Toronto, Eastern Quebec)</li> <li>▪ Strengthen revenue potential on the Web (new sections, new content, etc.)</li> <li>▪ Explore revenue models for emerging platforms (mobile offering, illico, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Manage within a financial plan which protects core strategies</li> <li>▪ Increase margin on key revenue-generating programming (Television and Digital)</li> <li>▪ Centralise Radio presentation functions</li> <li>▪ Demonstrate prudent management of resources</li> <li>▪ Continue to promote a culture of accountability and achievement based on measurable success</li> <li>▪ Take market share from vulnerable competitors, particularly in local Television News</li> <li>▪ Invest in the most appropriate technology to deliver service to the greatest number of Canadians given the financial resources available</li> <li>▪ Create more transparent financial results delivered publicly in a timely manner</li> <li>▪ Capitalise on current online competitive advantage</li> </ul>

## KEY ELEMENTS OF THE STRATEGY

ENGLISH SERVICES	
STRATEGIC PRIORITIES	DESCRIPTION
<b>Television to continue to grow share</b>	<ul style="list-style-type: none"> <li>▪ CBC Television's Prime Time (2+) share has grown more than 2 share points over the last several years – and has a larger share than Global TV's predominantly American schedule</li> <li>▪ The 25-54 share has also grown but not to the same extent</li> <li>▪ Growth in the 25-54 demographic, the key to increasing self-generated revenues, to fund Canadian Television and Radio programming</li> </ul>
<b>Radio One to maintain and Radio 2 to grow 12+ share</b>	<ul style="list-style-type: none"> <li>▪ We expect Radio One's share to fall slightly in the face of financial pressures and stiff competition</li> <li>▪ Radio 2, with its recent change in programming, will grow its audience share by one-half of a share point by beginning to attract new audiences</li> </ul>
<b>Continue news renewal, especially in the 25-54 demo</b>	<ul style="list-style-type: none"> <li>▪ Continue the renewal into an integrated multi-platform and continuous service offering news and analysis to Canadians when and where they want it</li> <li>▪ Continue to build on recent audience success with Supper Hour local news</li> <li>▪ Renewal for "national" and "local" news as well as News world</li> </ul>
<b>Strengthen position in the regions</b>	<ul style="list-style-type: none"> <li>▪ Organise CBC's resources to serve the greatest number of Canadians locally as possible, given the financial circumstances</li> <li>▪ Enhance local news service on all three media</li> </ul>
<b>Invest in new platforms</b>	<ul style="list-style-type: none"> <li>▪ Launch more specialty channels (Current TV)</li> <li>▪ Invest in web infrastructure</li> </ul>

FRENCH SERVICES	
STRATEGIC PRIORITIES	DESCRIPTION
<b>Television: maintain distinctive programming and general program offering</b>	<ul style="list-style-type: none"> <li>▪ Télévision de Radio-Canada has maintained its share for several years despite stronger competition than ever, especially from TVA</li> <li>▪ Its daytime schedule grew 1 share point last fall while its Prime Time schedule maintained its 19.9% share. Télévision de Radio-Canada is the only general-interest network that has not lost ground to the specialty services</li> </ul>
<b>Radio: a highly distinctive offering</b>	<ul style="list-style-type: none"> <li>▪ To maintain its record share, Première Chaîne will continue to offer highly distinctive programming</li> <li>▪ Espace musique will continue to promote musical diversity</li> </ul>
<b>Begin news renewal</b>	<ul style="list-style-type: none"> <li>▪ Begin the renewal of our news services into an integrated multi-platform and continuous service offering news and analysis to Francophones when and where they want it</li> <li>▪ Build on the success of our three new newscasters and refreshed format of the Montreal Supper Hour Téléjournal as well as the National Edition of the Téléjournal (weekdays and week-end)</li> </ul>
<b>Strengthen position in the regions</b>	<ul style="list-style-type: none"> <li>▪ Organise our resources to serve the greatest number of local Francophones as possible, given the financial circumstances</li> <li>▪ Continue to offer local news service on all three media 7 days a week</li> </ul>
<b>Invest in new platforms</b>	<ul style="list-style-type: none"> <li>▪ Launch more specialty channels</li> <li>▪ Invest in web infrastructure</li> </ul>



## MEASURES OF SUCCESS

### CORPORATE PERFORMANCE INDICATORS PEOPLE

Indicators	2008-2009			2009-2010
	Targets	Results	Variation	Targets
<b>CBC Radio-Canada Usage by Visible Minority (18+)<sup>1</sup></b>	87%	83%	-4	87%
<b>Visible Minority Staff<sup>2</sup></b>	560	556	-4	556
<b>Commitment to Training and Development</b>	\$1,005 per employee	\$1,015 per employee	+10	\$1,015 per employee
<b>Employee Satisfaction (periodic)<sup>3</sup></b>	78%	80%	+2	80%

1 As of 2007-2008, the Corporation has adopted the definition used by Statistics Canada.

2 Excludes short-term employees.

3 The last employee survey was conducted by HayGroup in 2004. This figure is drawn from Hubert T. Lacroix's 2008 Challenge Us! initiative. Employees rated CBC|Radio-Canada as a national public broadcaster, not as an employer.

### CORPORATE PERFORMANCE INDICATORS PROGRAMS

Indicators	2008-2009			2009-2010
	Targets	Results	Variation	Targets
<b>Canadian Content<sup>1</sup></b>				
<b>CBC Television</b>				
Broadcast Day	75%	80%	+5	75% <sup>2</sup>
Prime Time (M-S, 7pm-11pm)	80%	85%	+5	80% <sup>2</sup>
<b>Télévision de Radio-Canada</b>				
Broadcast Day	79%	80%	+1	75% <sup>2</sup>
Prime Time (M-S, 7pm-11pm)	89%	90%	+1	80% <sup>2</sup>
<b>CBC Radio</b>				
Broadcast Day	99%	99%	No change	99%
Prime Time (M-F, 6am-9am)	100%	100%	No change	100%
<b>Radio de Radio-Canada</b>				
Broadcast Day	100%	100%	No change	99%
Prime Time (M-F, 6am-9am)	100%	100%	No change	100%
<b>Distinctiveness</b>				
Main Television and Radio Networks	90%	89%	-1	90%
<b>Programs Produced in Regions for Regions</b>	83,700 hours	87,200 hours	+3,500	80,700 hours
<b>Programs Produced in Regions for Network</b>	12,600 hours	10,100 hours	-2,500	11,900 hours
<b>Expenditures on Canadian Programming</b>	95% of programming budget	93% of programming budget	-2	93% of programming budget
<b>Programming Expenditures</b>	82% of total budget	79% of total budget	+3	79% of total budget
<b>Expenditures on Cross-media Programming</b>	\$10 Million	\$10.1 Million	+0.1	\$7.4 Million
<b>Canadians' Satisfaction Levels with Main Television and Radio Networks</b>	89%	89%	No change	89%

1 Based on previous broadcast year.

2 CRTC expectations.

**CORPORATE PERFORMANCE INDICATORS  
PUSHING FORWARD**

Indicators	2008-2009			2009-2010
	Targets	Results	Variation	Targets
<b>Self-generated Revenues<sup>1</sup></b>	\$123 Million	\$147 Million	+24 Million	\$108 Million
<b>Revenue Generated from New Platforms<sup>2</sup></b>	<i>New Measure</i>			Increase of 15%
<b>Investment in New Platforms</b>	<i>New Measure</i>			Increase of 3%

1 Includes primarily Galaxie, bold, Internet, and program sales, but not advertising revenues.

2 New platforms include all content available to watch and/or to listen on the Internet or mobile devices, such as cell phone, video iPod/MP3 Player or PlayStation portable (PSP).

**MEDIA PERFORMANCE INDICATORS  
ENGLISH SERVICES**

Performance Indicators		2008-2009			2009-2010
		Targets	Results	Variation	Targets
<b>Radio Share</b> (12+, Fall Survey "S4")	<b>Combined</b>	12.2%	14.1%	+1.9	13.5%
<b>Television Share</b> (2+, Regular Season)	<b>CBC Television</b> (Prime Time)	8.0%	8.6%	+0.6	8.5%
	<b>Newsworld</b> (All Day)	<i>New Measure</i>			1.4%
<b>New Platforms</b> (2+, Comscore Uniques)	<b>News and Media Site</b> (English)	<i>New Measure</i>			#1
	<b>Sports Destination</b>	<i>New Measure</i>			#2
<b>Revenues</b> (Conventional and Online)	<b>Total Revenues</b>	\$257 m	\$207 <sup>1</sup> m	-50 m	\$204 m
<b>Subscriber Count</b>	<b>Newsworld</b>	<i>New Measure</i>			10.52 m
	<b>bold</b>	<i>New Measure</i>			1.06 m
	<b>Documentary</b>	<i>New Measure</i>			1.24 m
<b>Costs<sup>2</sup></b>	<b>Total Costs</b>	<i>New Measure</i>			\$766.3 m

1 As a result of a downturn in the economy generally and a precipitous decline in the media advertising market specifically, CBC Television's revenues (comprising advertising and other revenues) fell short of targeted goals by \$50 million, or 19.5%.

2 English Services including Documentary Channel at 100%.

**MEDIA PERFORMANCE INDICATORS  
FRENCH SERVICES**

Performance Indicators		2008-2009			2009-2010
		Targets	Results	Variation	Targets
<b>Radio Share</b> (12+, Fall Survey "S4")	<b>Combined</b>	Between 14% and 16%	19.4%	At least +3.4	19.4%
<b>Television Share</b> (2+, Regular Season)	<b>Main Network Prime Time</b>	<i>New Measure</i>			18.9%
	<b>RDI Broadcast Day</b>	<i>New Measure</i>			3%
<b>Radio-Canada.ca</b> (12+, Comscore Unique/Reach)	<b>Reach<sup>1</sup></b>	<i>New Measure</i>			21%
	<b>Unique Francophone Visitors<sup>2</sup></b>	<i>New Measure</i>			1 million
<b>Revenues</b> (Conventional, Specialty and Online)	<b>Total Revenues</b>	\$180.7 m	\$177 m	-3.7 m	\$173.7 m
<b>Subscriber Count</b>	<b>RDI</b>	<i>New Measure</i>			10.4 m
<b>Costs</b>	<b>Total costs</b>	550.4 m	530 m	-20.4 m	\$549 m

1 Reach among francophones who used Internet at home.

2 Monthly total unique francophone visitors who used the site from home.

## MITIGATING RISKS

### CBC|RADIO-CANADA RISK MANAGEMENT PROGRAM

CBC|Radio-Canada has developed an enterprise-wide approach to the management of risks that has been integrated into its business processes.

The Corporation's risk management framework commences with an annual discussion of key risks and opportunities with the Board of Directors. The Corporation's media and support areas identify and assess risks through the annual business plan process and develop detailed action plans for key risks. The risks identified through the business planning process are compiled and discussed with the Audit Committee of the Board in some detail and then in a more summarised fashion with the Board of Directors as part of the annual budget approval process. The Audit Committee monitors the key risks identified during the year by discussing the status of two of these key risks with Management at each meeting.

Although CEO/CFO financial statement certification is currently not a requirement,

CBC|Radio-Canada is proactively identifying, assessing and improving key systems and processes to ensure that internal controls covering financial reporting meet the requirements for certification. The work that CBC|Radio-Canada has done so far and is continuing to do on internal controls more than satisfies the requirements of the proposed Treasury Board Secretariat Certification Regime.

## RISKS AND OPPORTUNITIES

As Canada's national public broadcaster, CBC|Radio-Canada occupies a special place in the Canadian broadcasting system and faces a unique set of risks to its plans and operations. Like all broadcasters, the Corporation must recognise and adapt to technological changes, shifts in demographics, evolving consumer demands, as well as structural changes in the industry. However, as a public broadcaster with a statutory mandate to serve all Canadians, CBC|Radio-Canada also faces a unique set of political and financial risks. The following sections identify and discuss the key risks and opportunities facing the Corporation in the near future.

### PEOPLE

Risks	Opportunities	Strategies Identified
<ul style="list-style-type: none"> <li>• <b>Failure to achieve successful settlements with all unions</b> in the face of multiple collective agreements expiring</li> <li>• Current economic conditions result in a <b>pension solvency deficit</b> as of December 31, 2009, requiring CBC Radio-Canada to make <b>extra contributions</b></li> <li>• <b>23%</b> of workforce is <b>eligible for retirement</b> in next 5 years</li> <li>• <b>Staff not sufficiently engaged</b> in <b>Mission</b> of the Corporation</li> <li>• <b>Staff not representative of demographic</b> make-up of Canada</li> </ul>	<ul style="list-style-type: none"> <li>• New industrial relations climate reflecting better relationships with unions</li> <li>• Changes to pension legislation that would be in the best interest of the sponsor and the plan members</li> <li>• Renewal of workforce/Accelerate succession</li> </ul>	<ul style="list-style-type: none"> <li>• Formal relationship improvement process between union and management leaders and interest-based bargaining</li> <li>• Respond to the consultation paper proposing changes to pension legislation and examine the possibility of filing an actuarial valuation as at December 31, 2008</li> <li>• Talent management strategy focusing on succession planning, retention and training. Strategy is supported by Talent Management system</li> <li>• Diversity strategy focusing on targeted recruitment, outreach, training, succession planning and communication</li> </ul>

**PROGRAMS**

Risks	Opportunities	Strategies Identified
<ul style="list-style-type: none"> <li>The CTF has been replaced with the Canadian Media Fund (CMF). CBC Radio-Canada will <b>lose its guaranteed envelope</b> of 37%</li> <li><b>Limited access to program rights:</b> key to new platforms</li> <li><b>Limited access to capital</b> to develop platforms</li> <li><b>New cable/satellite regulations for distribution</b></li> </ul>	<ul style="list-style-type: none"> <li>For the first time, CBC Radio-Canada will be able to access the funds directly</li> <li>Audience success of our Radio and TV services</li> <li>Multi-platform strategy expands our reach (i.e. Mobile TV, VOD)</li> <li>Depth of our regional roots</li> <li>Online lead vs. competitors</li> <li>Possible strategic partnerships</li> <li>CRTC public inquiry into services for Minorities may provide a venue</li> <li>Potential revenue from distant signal carriage by satellite</li> <li>New local programming fund announced by CRTC</li> </ul>	<ul style="list-style-type: none"> <li>Proactively participate in the development of the audience success criteria to advance CBC Radio-Canada's interests</li> <li>Multi-platform strategy including multi-platform rights management</li> <li>Continue push to be a content first company</li> <li>Partner with others where possible to leverage investments, such as the launch of Current Canada</li> </ul>

**PUSHING FORWARD**

Risks	Opportunities	Strategies Identified
<ul style="list-style-type: none"> <li>Economy worsens causing <b>advertising revenues to continue their decline</b></li> <li>Pressure on <b>Government</b> to significantly <b>reduce spending</b> results in loss to CBC Radio-Canada             <ul style="list-style-type: none"> <li><b>\$60 million</b> renewal at risk 2010-2011 and beyond</li> <li><b>Strategic spending review</b></li> </ul> </li> <li><b>Lack of capital</b> expenditure funding to roll-out <b>HDTV</b> and to replace aging radio <b>transmitters</b></li> <li>Lack of capital and life-cycle repair funding to deal with <b>maintenance deficit</b> of key <b>real estate assets</b></li> <li><b>Decline of TV advertising and shift</b> to specialty services and other platforms</li> <li><b>Lack of financial flexibility</b> in an environment characterised by falling advertising revenues</li> </ul>	<ul style="list-style-type: none"> <li>New President and CEO</li> <li>New Strategy</li> <li>New Minister</li> <li>CRTC Licence renewal: major venue to communicate our vision and discuss funding in the absence of a MOU</li> <li>More aggressive pursuit of revenue</li> <li>Large transmitter and real estate assets base creating opportunity for monetising assets for reinvestment</li> </ul>	<ul style="list-style-type: none"> <li>Cost containment strategy, including reductions of approximately 800 positions, reductions to the schedule and cancellation of some programs</li> <li>Plan to sell assets for \$125M. Should this amount not be raised, further reductions will be required</li> <li>More transparency to stakeholders by increasing the volume and frequency of financial information made public</li> <li>Communicate our vision and discuss funding in the absence of a MOU at CRTC Licence renewal hearings</li> <li>Contingency planning for further revenue /appropriation shortfall</li> <li>Continue to review options for monetising assets for reinvestment</li> </ul>

# Financial Plan

## FINANCIAL OVERVIEW

The Financial Overview in Appendix A presents the Corporation's financial picture for 2008-2009 through 2013-2014.

The operating appropriation is assumed to remain stable over the forecast period. The decrease in the operating appropriation from 2008-2009 to 2009-2010 is due in part to the fact that the funding cut announced in Budget 2007 increases by \$2.9 million (from \$6.6 million in 2008-2009 to \$9.5 million in 2009-2010). In addition, retroactive salary funding for 2007-2008 was received in 2008-2009. As salary funding increases for the years beyond 2010-2011 are not known, the forecast assumes that increases in salary funding will approximate the actual increases in salary expenditures and, as such, would not result in any funding shortfall.

While CBC|Radio-Canada receives funding for inflation on the salary portion of its expenditures, inflation on goods and services is not funded. This erodes CBC|Radio-Canada's purchasing power by approximately \$12 million per year.

Beginning in 2001-2002, the Government provided CBC|Radio-Canada with a reinvestment in programming of \$60 million. This funding was renewed in each fiscal year up to and including 2008-2009. This much appreciated funding has been used to strengthen and enhance radio and television programming, particularly in the areas of drama, children's programs, documentaries, and arts and culture.

Including the \$60 million reinvestment and salary inflation funding, CBC|Radio-Canada's funding has increased by only \$93 million dollars

between 1990 and 2008. In constant dollars this means that CBC|Radio-Canada's funding has actually declined by approximately \$398 million or 25 per cent over the past 18 years.

Revenues are higher in 2008-2009 than in subsequent years due to the Olympics. Excluding the Olympics, advertising revenues are expected to fall by more than \$50 million in 2008-2009 due to the economic slowdown. Operating expenditures for all services remain relatively stable from year to year to match available funding.

## MATERIAL RISKS TO FINANCIAL PLAN

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

The most important risk is that the economy will not rebound in 2009-2010 and advertising revenues could continue to fall.

Secondly, while the \$60 million for programming initiatives has been announced for 2009-2010, CBC|Radio-Canada's funding will decrease by \$8.1 million (from \$6.6 million in 2008-2009 to \$14.7 million by 2011-2012) representing its share of the government reduction announced in Budget 2007.

Continued fragmentation in the industry and increased competition from other technologies is continuing to exert pressure on television advertising revenue and is expected to continue to do so in the foreseeable future. In addition, on April 17, 2009, CBC|Radio-Canada has been identified to participate in a strategic review of its program activities. This review could result in a further 5 per cent cut to the operating appropriation and would impact greatly on the Corporation's ability to fulfill its mandate.

In the 1970s and early 1980s, the Government provided special funding to CBC|Radio-Canada to embark on an Accelerated Coverage Plan (ACP) designed to ensure that all communities with populations of 500 or more would have access to CBC|Radio-Canada's over-the-air television signals. As a result, CBC|Radio-Canada's over-the-air infrastructure was expanded significantly. These assets are now over 30 years old and are at risk of failure. As CBC|Radio-Canada has stated to Government, the funding to replace these assets is not available within CBC|Radio-Canada's capital appropriation.

### BORROWING PLAN

The *Broadcasting Act* Sections 46.1(1) and 54(3.1) confer on CBC|Radio-Canada the authority to borrow up to \$25 million by any means, subject to the approval of the Minister of Finance. This capacity for borrowing has been limited to short-term investments and activities that promise an attractive rate of return and is not to be used for working capital requirements or to fund temporary operational shortfalls.

The Corporation is hereby seeking the approval of the Minister of Finance in principle, to borrow money, not exceeding in the aggregate \$25 million. CBC|Radio-Canada will submit specific borrowing proposals as required to the Minister of Finance for approval.

# Appendix A

## Financial Operating Overview<sup>1</sup>

	Projected Actual <u>2008-2009</u>	Budget Year <u>2009-2010</u>	Projection <u>2010-2011</u>	Projection <u>2011-2012</u>	Projection <u>2012-2013</u>	Projection <u>2013-2014</u>
<b>SOURCES OF INCOME</b>						
Operating Appropriation	1,010,136 <sup>8</sup>	983,879 <sup>8</sup>	985,328	981,794 <sup>9</sup>	981,794 <sup>9</sup>	981,794 <sup>9</sup>
Additional funding for programming initiatives <sup>2</sup>	60,000	60,000	60,000	60,000	60,000	60,000
<b>Total Operating Appropriation</b>	<b>1,070,136</b>	<b>1,043,879</b>	<b>1,045,328</b>	<b>1,041,794</b>	<b>1,041,794</b>	<b>1,041,794</b>
Advertising	350,338 <sup>10</sup>	297,700	327,765	350,366	352,118	353,879
Real Estate	9,292	5,102	4,780	4,200	4,221	4,242
Transmission and Distribution	8,407	8,185	8,594	9,024	9,069	9,114
Other revenues <sup>3</sup>	248,668	218,494	212,889	217,766	218,855	219,949
Sales of assets <sup>4</sup>	-	125,000	-	-	-	-
<b>TOTAL SOURCES OF INCOME</b>	<b>1,686,841</b>	<b>1,698,360</b>	<b>1,599,356</b>	<b>1,623,150</b>	<b>1,626,057</b>	<b>1,628,978</b>
<b>OPERATING EXPENDITURES:</b>						
Television and Radio services <sup>5-6-7</sup>	1,627,512 <sup>10</sup>	1,638,111	1,538,954	1,562,633	1,565,961	1,568,687
Transmission, distribution and collection	63,987	64,306	64,564	64,822	65,081	65,407
Corporate Management	16,158	16,966	17,051	17,119	17,205	17,273
Amortisation of property and equipment	111,141	112,253	113,263	114,396	114,853	115,887
Deduct: Items not requiring current operating funds	(131,957)	(133,276)	(134,476)	(135,820)	(137,043)	(138,276)
<b>TOTAL OPERATING EXPENDITURES</b>	<b>1,686,841</b>	<b>1,698,360</b>	<b>1,599,356</b>	<b>1,623,150</b>	<b>1,626,057</b>	<b>1,628,978</b>
<b>NET POSITION</b>	-	-	-	-	-	-

- (1) Results presented are in accordance with Canadian generally accepted accounting principles.
- (2) Assumes that the temporary funding for programming initiatives (\$60 million) will continue to be accessible to CBC|Radio-Canada beyond 2009-2010.
- (3) Includes Specialty Services (CBC Newsworld, RDI, Galaxie and **bold**) and other miscellaneous revenues.
- (4) Assumes the Corporation will receive Government's approval to sell assets.
- (5) Includes expenditures related to CBC|Radio-Canada's main services and Specialty Services (CBC Newsworld, RDI, Galaxie and **bold**).
- (6) Includes \$60 million spending on programming initiatives.
- (7) Includes an estimate of \$50 million for severance costs relating to the 2009-2010 workforce reduction.
- (8) Includes the repayments of funds transferred from NATV proceeds (\$9,277,000 in 2008-2009 and 2009-2010).
- (9) Salary funding increases from Treasury Board have not yet been determined for fiscal years 2011-2012 and beyond. It is assumed that salary funding received will be equal to actual increases in salary expenditures.
- (10) Includes 2008 Beijing Olympics revenues and expenditures.



# Appendix B

## Capital Budget

As noted in previous years submissions, the convergence of several funding pressures makes it impossible for the Corporation to respond to all demands within the limits of its existing capital budget.

Notable are the larger unavoidable pressures resulting from disruptive technological changes in the broadcasting industry :

- Transition to HD and DTV;
- Transition to computer and software-based production assets that demand a faster refresh cycle.

This problem is exacerbated by the overlap with the replacement cycle for aging transmission towers and radio transmitters introduced during the Accelerated Coverage Program (ACP) of the late 70's and early 80's.

The Corporation's base capital appropriation has been stable since the 90's and is insufficiently resourced to address the convergence of these pressures. CBC|Radio-Canada has requested Government funding assistance to address these extraordinary pressures. Without additional funding, the measures to balance the capital plan, which were also outlined last year, will continue.

- We will not be able to refresh the ACP transmitter assets, which are in the 30 years-of-age zone and at risk of failure.
- Further delays in the refresh of production and other assets will put some operations at risk of failure. Other assets include some buildings that have fallen below industry standards for maintenance.

The plan which follows highlight the areas where we will focus our investment on the highest priorities and other challenges the Corporation faces.

Over the near future, the total capital spending base is planned to be **\$122.9 million** in 2009-2010, inclusive of all funding sources excluding carryover of funds from 2008-2009 to complete projects started in that year. Beyond 2009-2010, capital spending is projected to average approximately \$107 million per year.

Roughly 56% of the capital budget over the next three years is planned to be spent on production infrastructure, master control and presentation facilities, where major initiatives include replacing failing obsolete equipment, centralised radio master control, modernising radio production facilities, establishing regional French Television stations in Trois-Rivières, Sherbrooke and Saguenay as part of the Cogeco disaffiliation, updating the Toronto broadcast facilities which are approaching 20 years of age, upgrade of the Centre de l'Information (CDI) complex in Montreal, further rollout of Desktop Television production, a major facility improvement and integrated newsroom investment in Vancouver and some High Definition Television (HDTV) production investments to replace existing standard definition assets which have reached their end-of-life. Assets in this area are increasingly unsupported by vendors and the move to computer based production technology is accelerating the refresh cycle.

Approximately 10 per cent of the budget is planned to be spent on corporate-wide systems and technology infrastructure. Specific initiatives include a Corporate Newsroom system project, completion of an HR Talent Management system, phone system upgrades and updates to server infrastructure and software.

The remaining budget will be spent on transmitter and tower maintenance, improving and extending radio services, building improvements, changes to comply with codes and regulations, and investments to refresh part of our vehicle fleet. Also, following an exhaustive review, it was determined that further digital television transmitter investments will be required to protect our English and French Television services from off-air audience erosion and consequently revenue losses. These DTV transmitters will also be strategically situated to take advantage of mobile DTV markets once introduced in Canada. In total, some 30 DTV transmitters, in major markets, will be required by August 2011, representing an incremental investment of some \$30 million. To date only eight DTV transmitters have been implemented at transitional parameters and 7 others are in our plans up to 2011-2012.

The Corporation is also considering two initiatives which meet the criteria for investments based on sound business case fundamentals and financing that is not appropriation dependant. They are on hold pending an improved economic environment.

- Revitalisation of the Canadian Broadcasting Centre in Toronto to significantly reduce CBC|Radio-Canada occupied workspace and improve its functionality. This redevelopment will only proceed if firm leasing commitments and sources of financing are obtained.
- Major site development plan and improvement to the Maison de Radio-Canada in Montreal in concert with a third party developer. Proceeding with this redevelopment requires an improved economic climate or special funding from Government.

# Appendix C

## Mandate and Governance

### CORPORATE MANDATE

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

### THE ROLE OF THE CORPORATION IN THE CANADIAN BROADCASTING SYSTEM

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

- (l) The Canadian Broadcasting Corporation, as the national public broadcaster, should provide radio and television services incorporating a wide range of programming that informs, enlightens and entertains;
- (m) The programming provided by the Corporation should:
  - i. Be predominantly and distinctively Canadian ;
  - ii. Reflect Canada and its regions to national and regional audiences, while serving the special needs of those regions;

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

These provisions establish a very broad mandate for CBC|Radio-Canada, requiring the Corporation to make its programming available across the country in a manner which satisfies both national and regional needs, in both English and French, while also reflecting the multicultural and multiracial nature of Canada.

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

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

## CORPORATE POWERS

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

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

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

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

Pursuant to section 46.1 of the *Act*, CBC|Radio-Canada may borrow money, with the approval of the Minister of Finance, up to a limit of \$25,000,000, or any greater amount authorised by Parliament.

## REGULATORY REQUIREMENTS

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

Given the special role of CBC|Radio-Canada in the Canadian broadcasting system, there are limits set out in the *Broadcasting Act* with respect to the CRTC's regulatory authority over the Corporation.

Section 23(1) of the *Act* requires the CRTC to consult with CBC|Radio-Canada, if CBC|Radio-Canada so requests, regarding any license conditions proposed to be applied to the Corporation. If license conditions are applied which the Corporation believes will unreasonably impede its ability to fulfill its mandate under the *Act*, the Corporation may refer the matter to the Minister of Canadian Heritage (23(2)). The Minister may then issue a directive to the CRTC regarding the disputed license condition.

Pursuant to section 24(2) of the *Act*, none of CBC|Radio-Canada's "core" licenses (i.e., conventional television and radio station licenses) may be revoked or suspended without CBC|Radio-Canada's consent. If the CRTC determines that the Corporation has breached a condition of license, the CRTC must forward a report to the Minister of Canadian Heritage and the Minister must lay the report before Parliament (S25).

The Corporation's other broadcasting activities (e.g., speciality television and pay audio services) are subject to the same regulatory regime as is applicable to other industry participants. However, pursuant to section 26(1)(b) of the *Act*, the Governor in Council may direct the CRTC to reserve channels or frequencies for CBC|Radio-Canada. Such a direction need not relate to one of the Corporation's core licenses.

CBC|Radio-Canada's main broadcasting licenses have been extended to August 31, 2010. The CRTC has announced the timetable for the license renewal process, with public hearings expected to be held in the fall of 2010.

### GOVERNANCE

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

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

Pursuant to section 45 of the *Act*, the Board must establish two standing committees, one in regard to English-language broadcasting and another in regard to French-language broadcasting. Section 148.1 of the *Financial Administration Act* (*FAA*) requires the Board to establish an audit committee of not less than three Directors. The Corporate Plan, which the Corporation is required to file with Government pursuant to section 54 of the *Act*, must include a statement

of the Corporation's objectives for the next five years and its strategy for achieving those objectives, the capital budget and the operating budget for the next financial year and any borrowing plans for that year. The capital budget is subject to the approval of Treasury Board and any borrowing plans are subject to the approval of the Minister of Finance.

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

Section 131 of the *FAA* requires the Corporation to maintain satisfactory books of accounts, while section 132 requires that the Corporation have internal audits conducted in this regard. The Corporation must provide the Minister of Canadian Heritage with such reports of its financial affairs as the Minister may require. The *Act* at section 53(2) states that the Corporation is not required to provide information which could compromise or limit the journalistic, creative or programming independence of the Corporation, to Treasury Board or the Ministers of Canadian Heritage or Finance.

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

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

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

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

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

The *Access to Information Act (ATIA)* gives the public a right of access to all records held by the Federal Government, Crown Corporations and other Government institutions subject to the *Act*; it also sets out exceptions to that right. One of the exceptions is that the *Act* does not apply to certain materials. In the case of CBC|Radio-Canada, there is a specific exclusion

provided, namely, that the *Act* does not apply to information that relates to CBC|Radio-Canada’s journalistic, creative or programming activities.

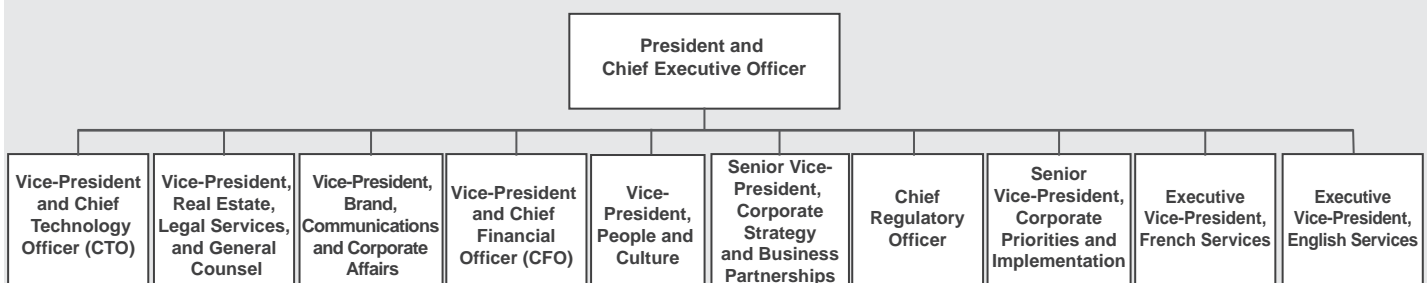
### MANAGERIAL AND ORGANISATIONAL STRUCTURE

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

The Corporation’s organisational structure reflects its broadcasting and related activities, as well as its infrastructure and administrative requirements. There are a total of 10 divisions within the Corporation:

1. French Services (Télévision de Radio-Canada, Radio de Radio-Canada and New Media)
2. English Services (CBC Television, CBC Radio and New Media)
3. Technology
4. Regulatory Affairs
5. Corporate Priorities and Implementation
6. Corporate Strategy and Business Partnerships
7. Finance and Administration
8. People and Culture
9. Brand, Communications and Corporate Affairs
10. Real Estate, Legal Services and General Counsel

#### CBC|RADIO-CANADA SENIOR EXECUTIVE TEAM



These 10 divisions report to the President and CEO through their respective divisional heads. The first two divisions (French Services and English Services) are responsible for the programming activities of the Corporation. The Technology and Real Estate Division support the management of facilities and systems for all broadcasting activities. The remaining divisions assist the main broadcasting activities through management of support functions: human resources, finance, legal, regulatory requirements, strategy, business development, and communications. All divisions continually assess best practices to ensure that the maximum amount of the Corporation's overall funding is available for broadcasting activities.

The Senior Executive Team (SET) of the Corporation includes the President and CEO and the 10 divisional heads.