Confidence of the Queen's Privy Council

s.69(1)(g)re:a,b,e

Introduction
CBC/Radio-Canada - Strategic and Operating Review (SOR)
Savings Proposals - "for discussion only" – August 1st, 2011

Page 2

is withheld pursuant to section

est retenue en vertu de l'article

69(1)(g) re: a,b,e

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Strategic and Operating Review (SOR)

s.69(1)(g)re:a,b,e

Pages 4 to / à 20

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69(1)(g) re: a,b,e

of the Access to Information Act

de la Loi de l'accès à l'information

CBC Radio-Canada

CANADIAN BROADCASTING CORPORATION

BOARD OF DIRECTORS MEETING

Conference call

August 24, 2011

= Document / M = Motion.

August 24	AGENDA	BY	D	M
12:30	**1. Audit Committee Report**	Peter Charbonneau		
	a) IFRS - & Quarterly Financial Report Update b) Approval Q1 Quarterly Financial Report		X X	X X
	2. Project Phoenix	Hubert T. Lacroix	X	
	Adjournment			

Your dial in number is: 1-866-797-9098
Conference ID is: 5429610#

Next meeting: September 27-28, 2011 – Halifax

CBC Radio-Canada

SOCIÉTÉ RADIO-CANADA

RÉUNION DU CONSEIL D'ADMINISTRATION

Conférence téléphonique

24 août 2011

= Document / M = Motion.

24 août	ORDRE DU JOUR	RESPONSABLE	D	M
12 h 30	**1. Rapport du Comité de vérification**	Peter Charbonneau		
	a) Le point sur les IFRS et le rapport financier trimestriel b) Approbation du rapport financier trimestriel du 1er trimestre		X X	X X
	2. Projet Phoenix	Hubert T. Lacroix	X	
	Levée de la séance			

Le numéro à composer : 1-866-797-9098
Numéro de la conférence : 5429610#

Prochaine réunion : les 27 et 28 septembre 2011 à Halifax

Schedule A

Audit Committee
August 24, 2011

Subject matter

Update on Quarterly Reporting – Q1 2011/12 Process and Procedures

Background

CBC/Radio-Canada will be issuing its first public quarterly financial report with the quarter ending June 30, 2011.

Information on the matter

The attached presentation outlines the following work that was performed for Q1 2011-2012 reporting:

- CBC/Radio-Canada reporting process and controls s.20(1)(b)
-

The Committee will also be asked to recommend to the Board one IFRS disclosure policy change as the International Accounting Standards Board (IASB) reversed its decision requiring the use of a single statement of comprehensive income vs. separate statements of income and other comprehensive income.

For decision ☐ **For information** ■

Prepared by

Name:	Suzanne Morris
Date:	August 16, 2011

Recommendation

That, in relation to the IFRS accounting policy and disclosure, the Committee recommend to the Board the ratification of the decision to use separate statements of income and other comprehensive income as per the IASB amendment.

Last discussed at the Board

Date:	August 19, 2011
Decision made:	N/A

Next steps

Update on Quarterly Reporting : Q1 2011/2012 Process and Procedures

August 24, 2011

Agenda

s.20(1)(b)

1 CBC/Radio-Canada reporting process and controls

2

3 IFRS Decision Item – Statement of Comprehensive Income

4 Appendices

CBC Radio-Canada

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1 CBC/Radio-Canada reporting process and controls

- **Quarterly Reporting - Project Update**
- **Quarterly Reporting - Process Overview**
- **Procedures implemented for Quarterly Reporting**
  - **MD&A**
  - **Financial Statements**

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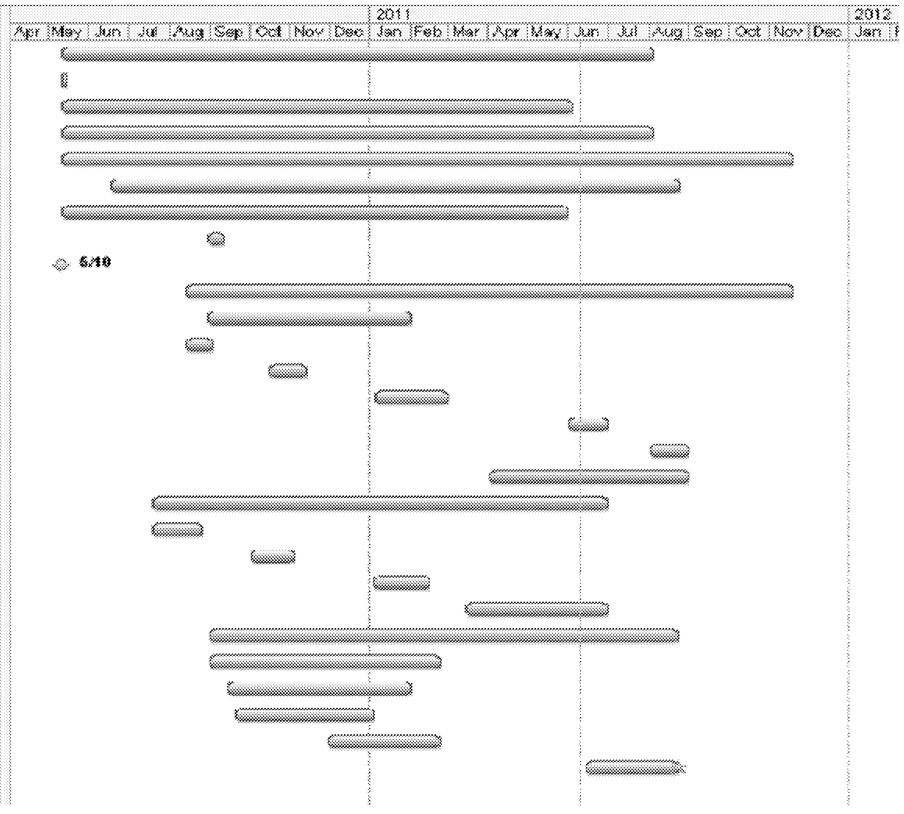
Quarterly Reporting – Project Update

✓ Project has progressed to plan, leading to delivery of first public quarterly financial report for June 30, 2011.

Name	Start	Finish
1. Quarterly Reporting Governance and Requirements	Mon 5/10/10	Thu 8/4/11
Establish Committees and Define Roles	Mon 5/10/10	Fri 5/14/10
Initiate Discussions / Resolve Interpretation of Guidelines Issues with TBS	Mon 5/10/10	Fri 6/3/11
Review by External Audit Firm and Management Sign-off	Mon 5/10/10	Thu 8/4/11
2. Communications and Change Management	Mon 5/10/10	Sat 11/19/11
Project Initiation and Working Group Meetings	Thu 6/17/10	Wed 8/24/11
Develop Communications Plan for Annual Report and Q1, 2011 (IFRS impact)	Mon 5/10/10	Tue 5/31/11
Regularly Scheduled Meetings with Team Leads	Mon 8/30/10	Fri 9/10/10
Set up Monthly Meeting with Steering Committee (to confirm frequency and agenda)	Mon 5/10/10	Mon 5/10/10
Post Mortems and Enhancements - Q1, Q2 and Q3 2010, Annual, Q1 and Q2 2011	Fri 8/13/10	Sat 11/19/11
Define Requirements for SAP System Enhancements and Implement Changes	Mon 8/30/10	Mon 1/31/11
Project Update 1 and Approval from SC & AC Q1 Jun 2010 Reports	Fri 8/13/10	Thu 9/2/10
Project Update 2 and Approval from SC & AC - Q2 Sep 2010 Reports	Fri 10/15/10	Sat 11/13/10
Project Update 3 and Approval from SC & AC - Q3 Dec 2010 Reports	Tue 1/4/11	Mon 2/28/11
Project Update 4 and Approval from SC & AC - Q4/Annual Mar 2011 Reports	Wed 6/1/11	Thu 6/30/11
Project Update 5 and Approval from SC, Disclosure Committee (DC) & AC - Q1 June 2011 Reports (GO LIVE)	Mon 8/1/11	Wed 8/31/11
Prepare and Publish Quarterly Statements on Web site	Fri 4/1/11	Wed 8/31/11
3. Financial Statements and Notes	Mon 7/19/10	Thu 6/30/11
Prepare Q1 Jun 2010 Proforma Quarterly Statements (without Notes)	Mon 7/19/10	Wed 8/25/10
Prepare Q2 Sep 2010 Trial Quarterly Statements, Notes and Ltd MD&A & Plan	Fri 10/1/10	Wed 11/3/10
Prepare Q3 Dec 2010 Trial Quarterly Statements and Notes (with full MD&A)	Mon 1/3/11	Mon 2/14/11
Prepare ANNUAL REPORT	Mon 3/14/11	Thu 6/30/11
4. MD&A and Significant Changes	Tue 8/31/10	Wed 8/24/11
MD&A Training	Tue 8/31/10	Wed 2/23/11
MD&A Current Process, Gap Analysis, Benchmarking, and Design	Tue 9/14/10	Mon 1/31/11
Define approach, sections (with examples) and process for MD&A	Mon 9/20/10	Mon 1/3/11
Prepare Q3 Dec 2010 Full MD&A	Mon 11/29/10	Wed 2/23/11
Prepare Q1 Jun 2011 Full MD&A (GO LIVE)	Mon 6/13/11	Wed 8/24/11



Next steps include:

✓ Completion by Corporate Communications of question & answer material for media for Q1 report.

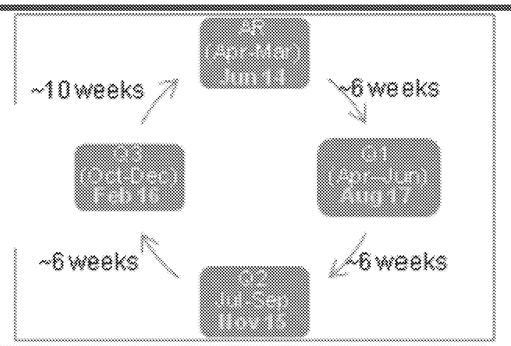
✓ Publication of June 30, 2011 quarterly financial report on CBC/Radio-Canada's website on August 29th, with press release (also sent to Minister of Heritage and Office of Controller General)

✓ Post-mortem on Q1 report process and execution of action items to continuously improve quarterly close process and controls.

CBC Radio-Canada

Quarterly Reporting Process Overview

The Quarterly report schedule works backwards from the Audit Committee mail-out dates.



Ability to influence schedule decreases with time. "Front-load" as much content as possible to reduce project delivery risk

Quarter End
Q1 Jun 30
Q2 Sep 30
Q3 Dec 31
Q4 Mar 31

Week 1 and 2 after QE end | Week 3 | Week 4 | Week 5 and 6

Review 1 | **Review 2** | **Review 3** | **Review 4**

Summary (non-financial parts)
1. Core Business and Strategy
- Core Business
- Strategy & Updates for the Period
- Corp Highlights (Programming & other)

2. Performance
- Key Drivers
- French
- English
- Canadian Content Metrics

3. Capability to Deliver
- Leadership & People

4/5. Risk
Statement of Mgmt Responsibility

Summary (financial parts)
1. Core Business and Strategy
- Financial Highlights

3. Capability to Deliver
- Resource Capacity

5. Results and Outlook
- Results
- Financial Condition, Cash Flow, and Liquidity
- Outlook

5. Financial Reporting Disclosures
6. Financial Statements
- Notes to Financial Statements

2. Performance
- French updates
- English updates
- Canadian Content Metrics

4. Results and Outlook – updates
6. Financial Statements and notes – updates

- Incorporate review comments
- Proof read
- Translation
- Communications material

Reviews

Review 1: (Non-financial content only) Steering Committee (and
Review 2: (With financial statements) Finance members of Steering Committee
Review 3: CFO, Deloitte, SET
Review 4: CFO, Audit Committee Chair

s.19(1)

CBC Radio-Canada

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Procedures implemented for quarterly reporting – MD&A

✓ MD&A prepared using PWC training / recommendations / CICA best practice:

✓ Consistent with Annual Report and dry-run quarterly report previously presented to the Board.

✓ SET Disclosure Committee held on August 8, 2011:

✓ MD&A Sign-Off was completed positively by members of disclosure committee (see Appendix 1).

✓ Disclosure matters discussed and content of press release determined.

✓ Process established to monitor for subsequent events up to August 24th that could require modifications to MD&A or could impact financial statements:

- Email confirmation process with SET members, Corporate Communications, Legal Services and Finance Triangle.

✓ Checklist of Treasury Board Disclosure requirements completed (see Appendix 2) and our attendance has continued at the Crown Corporation Quarterly Financial Reporting Committee meetings.

✓ MD&A development and review process has been clearly established.

✓ Post-mortem discussion planned for August 30th, to refine process and establish detailed calendars for Q2 and Q3 reports.

Procedures implemented for quarterly reporting – financial statements

- ✓ New processes / controls have been implemented throughout the organization to handle new IFRS quarterly requirements:
  - ✓ Finance Questionnaire Sign-Off process has been implemented for key finance personnel (see Appendix 1) and was signed off positively for all components for June 30, 2011
  - ✓ Corporate & Media components have documented close process and developed financial close checklists and have started to implement in Q1, 2011/12
  - ✓ Media Finance have reviewed and signed off on consolidation of English Services and French Services results into the June 30, 2011 segmented financial results
  - ✓ Quarterly Financial statement note disclosure decision template developed and implemented and a similar tool to track upcoming IFRS standards changes is pending
  - ✓ Opening balance sheets – April 1, 2010 and March 31, 2011 have been reconciled from GAAP to IFRS

- ✓ The following have been performed by the Corporate Reporting team and reviewed by the Interim Corporate Controller, Director of Finance and CFO.
  - ✓ Analytical review of Balance Sheet and Income Statement accounts
  - ✓ Reconciliation of IFRS income statement line items to results on a Budgetary basis for June 30, 2010 and June 30, 2011 quarters

Other Procedures for Quarterly Reporting – financial statements

- ✓ April 1, 2010 balance sheet has been audited by OAG, final sign-off pending; OAG performed their audit work on the June 21, 2011 Sirius/XM merger.
- ✓ Certain limited procedures performed on the fiscal 2011 GAAP to IFRS reconciling entries.
- ✓ provided pension accounting analysis and support and reviewed June 30, 2011 financial statement disclosures.
- ✓ Sixteen IFRS financial statement note disclosure checklists have been completed.

s.18(b)
s.20(1)(b)

CBC Radio-Canada

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2

- **Procedures Implemented for Quarterly Reporting – methodology**
- **Procedures Performed for Q1 Quarterly Reporting - Results**

Procedures Implemented for Quarterly Reporting – methodology

✓ High risk areas associated with quarterly reporting and IFRS first-time reporting were identified by management, based on consideration of significance, complexity, level of judgment required and level of process centralization:

- ✓ Risks were assessed by Corporate Reporting and Control Teams working closely with Networks
- ✓ OAG preliminary plan for phase II IFRS audit was considered when evaluating risks
- ✓ High risk areas identified were:
  - ✓ Revenues and reconciliation with OnAir
  - ✓ Commercial revenue reconciliation SAP – OnAir
  - ✓ Componetization of capital assets
  - ✓ Derecognition of capital assets
  - ✓ Allowance for Doubtful Accounts
  - ✓ Impairment of assets
  - ✓ Leases
  - ✓ Accrued liabilities (Litigation & Environmental)
  - ✓ Pensions
  - ✓ Related party transactions

s.18(b)
s.20(1)(b)

✓ OAG input was solicited and received when defining specified procedures.

✓ Plan to incorporate future assurance work into Internal Control and Internal Audit functions.

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Procedures Performed for Q1 Quarterly Reporting - Results

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- Financial Close Process:

CBC Radio-Canada

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Procedures Performed for Q1 Quarterly Reporting - Results

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✓ Observations in other areas:

3 IFRS Decision Item – Statement of Comprehensive Income

- **IFRS – Policy and Disclosure**

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IFRS – Policy and Disclosure

- ✓ IFRS policy and disclosure decisions were ratified by CBC/Radio-Canada Board in June 2011.
- ✓ Subsequently, the International Accounting Standards Board (IASB) amended its position on:
  - ✓ the use of a single statement of comprehensive income vs.
  - ✓ separate statements of income and other comprehensive income
- ✓ The IASB decided to retain the option of separate statements following negative responses to their proposal of requiring the single statement approach.
- ✓ We recommend using the separate statement approach for CBC/Radio-Canada given the size and volatility of pension plan gains and losses in other comprehensive income each quarter.
- ✓ This will allow the reader of our statements to focus first on the results of our operations, with other comprehensive income following in a consecutive statement.
- ✓ June 30, 2011 Financial Report has been drafted on this basis.

4 Appendices 1 and 2

- **Appendix 1 – SET MD&A and Finance Sign-Off Questions**
- **Appendix 2 – Checklist of Treasury Board Reporting Requirements**

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Appendix 1 – SET MD&A and Finance Sign-Off Questions

MD&A Sign-Off by SET

1. I have reviewed the overall MD&A content with specific attention to statements or disclosures that are within my area of control, responsibility or expertise and have discussed my questions and obtained satisfactory answers

2. To the best of my knowledge the MD&A as provided:
    a. Reflects all material events and circumstances that occured during the period from April1st, 2011 to June 30th, 2011 and this date.
    b. Includes forward looking information that is reasonable.
    c. Contains no untrue statement of a material nature.
3. In my opinion, the MD&A provides the appropriate level of disclosure transparency without materially compromising CBC/Radio-Canada's competitive position.

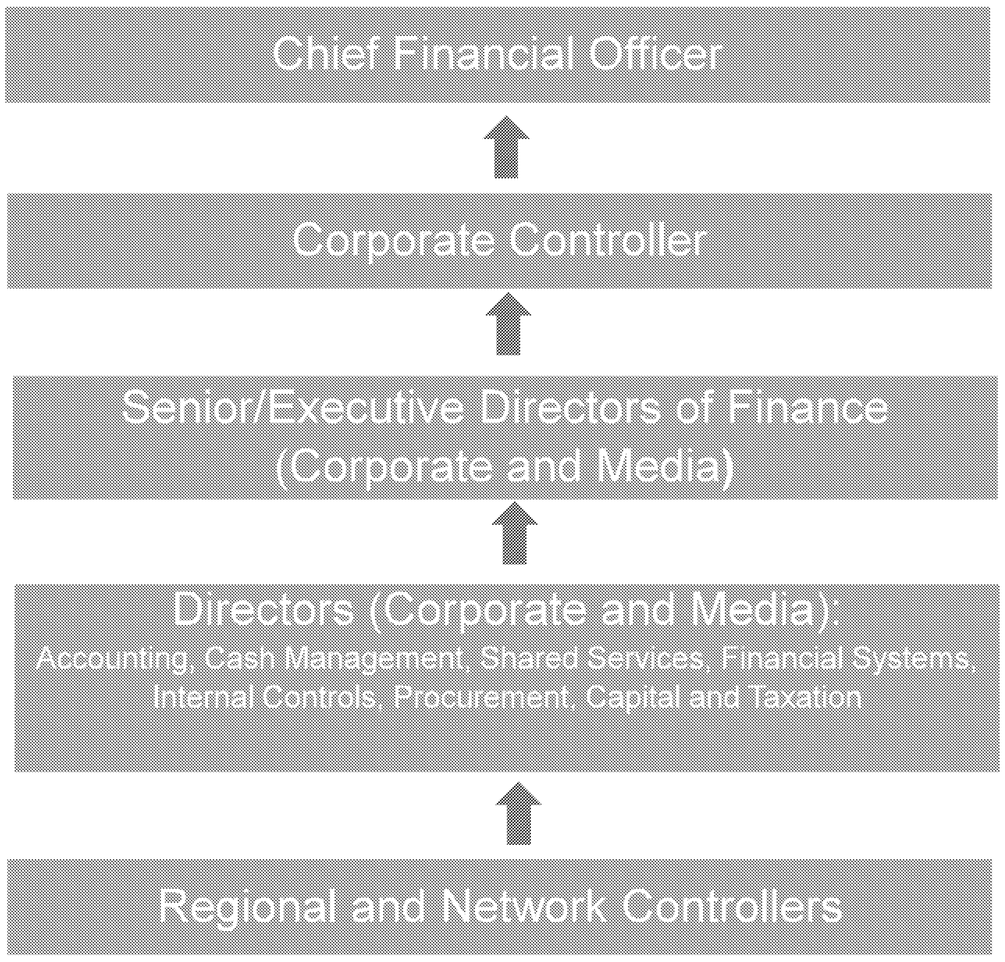
4. By forwarding this email to Suzanne.Morris@cbc.ca, I confirm that I agree with the assertions above.

Appendix 1 – SET MD&A and Finance Sign-Off Questions

Finance Questionnaire Sign-off - Focused on financial statement control objectives

Examples of questions

1. I have reviewed the relevant quarter-end and month-end results within my area(s) of responsibility and all material events, circumstances and transactions to ensure proper reporting in the Corporation's financial statements, financial statement accounts, financial reports and/or financial disclosures.
2. The financial statements and/or financial statement accounts present fairly, in all material respects, the financial position, results of operations and cash flows of the Corporation.
3. The effects of new or amended accounting standards have been taken into account .
4. Any breaches of the Corporation's code of conduct or ethical guidelines and corporate policies and procedures that have come to my attention, that could materially impact the financial statements, have been brought to the attention of someone at the appropriate level of management and/or dealt with in accordance with Corporation's policies.
5. Any material issues that have been identified during the close process have been reviewed, explained and appropriately raised for management consideration.
6. Any significant changes in internal controls, procedures and other factors or major breakdowns in internal controls that have come to my attention, pertaining to my area of responsibility that could have a material effect on the financial statements and/or financial statement accounts have been appropriately raised for management consideration.



CBC Radio-Canada

Appendix 2 – Checklist of Treasury Board Reporting Requirements

- ✓ Narrative Discussion:
  - ✓ Identify and explain significant variances.
  - ✓ Explanations of any significant revised goals, financial results as compared to the Corporate Plan.

- ✓ Analysis of Quarterly and Year-to-Date Results:
  - ✓ Discussion of financial results and cash flow for the period and year-to-date and financial position at the end of the period.
  - ✓ Explanations of significant differences between actual financial results and anticipated results in the Corporate Plan.
  - ✓ If goals, objectives or financial results are revised, a rationale for the changes should be discussed as well as actual performance relative to the revised goals, objectives or targets for the remainder of the year.

- ✓ Risk Analysis:
  - ✓ If goals, objectives or financial results are revised, a rationale for the changes should be discussed as well as actual performance relative to the revised goals, objectives or targets for the remainder of the year.

Appendix 2 – Checklist of Treasury Board Reporting Requirements

- ✓ Significant Change:
  - ✓ Provide information on significant and material changes which occurred during the current quarter related to operations, personnel and programs of CBC/Radio-Canada and its wholly-owned subsidiaries.
  - ✓ Discuss potential financial impact of the significant changes.

- ✓ Reporting on Use of Appropriations:
  - ✓ Provide information on CBC/Radio-Canada's fiscal quarter and year-to-date, including comparatives.
  - ✓ Disclose the amount of appropriation authorized by Parliament as available for use in each of the Government of Canada fiscal years, showing the portion recognized in the corporation's previous year-end and the portion deferred to CBC/Radio-Canada's subsequent quarters to arrive at the portion available for the corporation's current fiscal year-to-date.

- ✓ Statement of Management Responsibility by Senior Officials:
  - ✓ CEO/CFO sign-off.

Schedule A

Board of Directors

August 24, 2011

Subject matter

Q1 2011-2012 Quarterly Financial Report

Background

CBC/Radio-Canada will be publishing its first Quarterly Financial Report with the quarter ending June 30, 2011.

Information on the matter

Attached are the following documents:

1. Highlights
2. CBC/Radio-Canada First Quarter Report 2011-2012

For decision ■ **For information** ☐

Prepared by

Name: Suzanne Morris
Date: August 19, 2011

Management recommendation

IT IS RESOLVED THAT the Board of Directors approves the issuance of CBC/Radio-Canada First Quarterly Financial Report 2011-2012.

Last discussed at the Board

Date: N/A
Decision made: N/A

Next steps

June 30, 2011 Quarterly Results Presentation (Highlights)

August 24, 2011

Contents

1	June 30, 2011 Financial Highlights
2	SIRIUS Canada Merger
3	Overview of IFRS Pension Accounting

CBC Radio-Canada

1 June 30, 2011 Financial Highlights

- Summary – June 30, 2011 Financial Highlights
- Financial Highlights – IFRS Equity Impact
- Consolidated Statement of Financial Position – Highlights
- Consolidated Statement of Income (Loss) – Highlights

Summary - June 30, 2011 Financial Highlights

- First-time reporting under International Financial Reporting Standards (IFRS).
- Increased advertising revenues – strong performance of program schedules and increased audiences.
- Continuing expansion of digital activities (Tou.TV, FIFA and Hockey Night in Canada).
- Higher programming costs due to federal elections, coverage of the royal visit, and digital programming investments.
- Higher severance costs due to normal retirement and VRIP for the first quarter of 2011-2012.
- Dividend income and dilution gain included in the June 2011 results following the Sirius merger transaction.
- Actuarial gain resulting from the actual return on pension plan assets that was higher than expected for the first quarter of 2011-2012.

Financial highlights – IFRS Equity Impact

The following provides a summary reconciliation of equity as of the date of transition from GAAP to IFRS on April 1, 2010 and through to March 31, 2011, along an itemization of the significant differences.

(thousands of dollars)	
Total Equity – Canadian GAAP March 31, 2010	(137,737)
IFRS Date of Transition Adjustments:	
Pension and employee-related liabilities	82,825
Property and equipment – fair value of real estate assets	162,377
Lease for satellite services	(17,385)
Consolidation of trust established to monetize receivables	(5,456)
Equity – IFRS April 1, 2010	**84,624**

(thousands of dollars)	
Total Equity – Canadian GAAP March 31, 2011	(160,375)
Cumulative IFRS adjustments for the year ended March 31, 2011:	
Pension and employee-related liabilities	349,851
Property and equipment – fair value of real estate assets and change in accumulated depreciation	154,820
Lease for satellite services	(17,138)
Consolidation of trust established to monetize receivables	(5,098)
Equity – IFRS March 31, 2011	**322,060**

CBC Radio-Canada

CONSOLIDATED STATEMENT OF FINANCIAL POSITION-HIGHLIGHTS

(thousands of dollars)	June 2011	March 2011	Variance	**Variance explained by:**
ASSETS				
Cash	58,153	63,224	(5,071)	Timing of inflow/outflows
Trade and other receivables	199,899	173,763	26,136	
Programming	194,600	163,658	30,942	Increase is due to seasonality, a higher level of acquisition in preparation for the fall and winter broadcast schedules
Prepaid expenses	64,687	138,689 s.20(1)(b) s.68.1	(74,002)	Decrease is due to the drawdown of programming rights , the drawdown of prepaid maintenance costs and program rights for transferred to inventory as they are available for broadcast
Promissory notes receivable (s-t and l-t)	56,099	53,788	2,311	Notes receivable relate to the consolidation under IFRS of the CBC Monetization Trust and Sirius. Increase is due to Sirius merger transaction in June 2011.
Net investment in finance lease (s-t and l-t)	58,353	58,928	(575)	Net investment in finance lease which relates the consolidation of the CBC Monetization Trust under IFRS.
Assets under finance lease	54,242	56,242	(2,000)	Consist of the lease relating to a mobile production vehicle and an arrangement for satellite transponders capitalized under IFRS
Pension plan	209,411	148,769	60,642	The increase is due to an actuarial gain mainly resulting from a return on plan assets higher than expected for the first quarter.
Investment in associate	19,827	17	19,810	Reflects new investment in CSR Inc. Balance are portfolio investments

CONSOLIDATED STATEMENT OF FINANCIAL POSITION-HIGHLIGHTS

(thousands of dollars)	2011-2012	2010-2011	Variance	
LIABILITIES				
Accounts payable and accrued liabilities	82,226	125,336	(43,110)	Decrease in programming related and capital accruals combined with a timing difference in the purchasing profile
Provisions	27,495	28,676	(1,181)	Consist mainly of provision relating to municipal taxes and copyright file litigation
Pension plans and employee-related liabilities (s-t and l-t)	359,240	354,971	4,269	Increase mainly due to voluntary retirement incentive program (VRIP) accruals offset by lower payroll accrual due to timing of payroll outflows
Bonds payable (s-t and l-t)	308,119	318,879	(10,760)	Relating to the Toronto Broadcast Centre Trust. Payment made in May 2011 partially offset by an accrual for the May and June interest
Obligations under finance lease (s-t and l-t)	71,064	73,479	(2,415)	Consist of obligation relating to arrangements for satellite transponders and mobile production equipment. Obligation is paid based on monthly installments
Notes payable (s-t and l-t)	127,111	129,757	(2,646)	Notes payables held by the CBC Monetizaton Trust. Decrease is due to payment made in May 2011
Deferred operating vote drawdown	18,663	-	18,663	Parliamentary operating appropriation is recognized based on quarterly budgeted expenses and self-generated revenues. The difference between appropriation received and appropriation recognized in net results is deferred. These amounts will be fully recognized by year-end
EQUITY				
Retained earnings	408,152	319,797	88,355	Operating results for the period combined with actuarial gain on defined benefit plans

CONSOLIDATED STATEMENT OF INCOME (LOSS) - HIGHLIGHTS

(in thousands of dollars)	June 2011	June 2010	Variance	**Variance explained by:**
Revenues	180,145	166,056	14,089	Increased advertising revenues due to increased digital advertising, ARTV consolidation and LPIF
Expenses	(471,620)	(445,533)	(26,087)	Higher expenditures due to federal elections, coverage of the Royal visit, higher severance costs (VRIP) and increased investment in digital programming
Government funding	278,935	269,306	9,629	Parliamentary operating appropriation is recognized based on quarterly budgeted expenses and self-generated revenues
Non-operating items	42,864	(135)	42,999	Increase is due to dilution gain and dividend income as a result of the Sirius merger transaction
Net results for the period	**30,324**	(10,306)	40,630	
Other comprehensive income	56,296	(32,676)	88,972	Actuarial gain on defined benefit plans due to a higher than expected return on assets for Q1 2011 (actuarial loss in 2010)
Total comprehensive income (loss) for the year	**86,620**	**(42,982)**	129,602	

2 SIRIUS Canada Merger

- Transaction Accounting highlights
- Merger Transaction – Part 1: Partial Disposal
- Merger Transaction – Part 2: CSR Class A Share Issuance

CBC Radio-Canada

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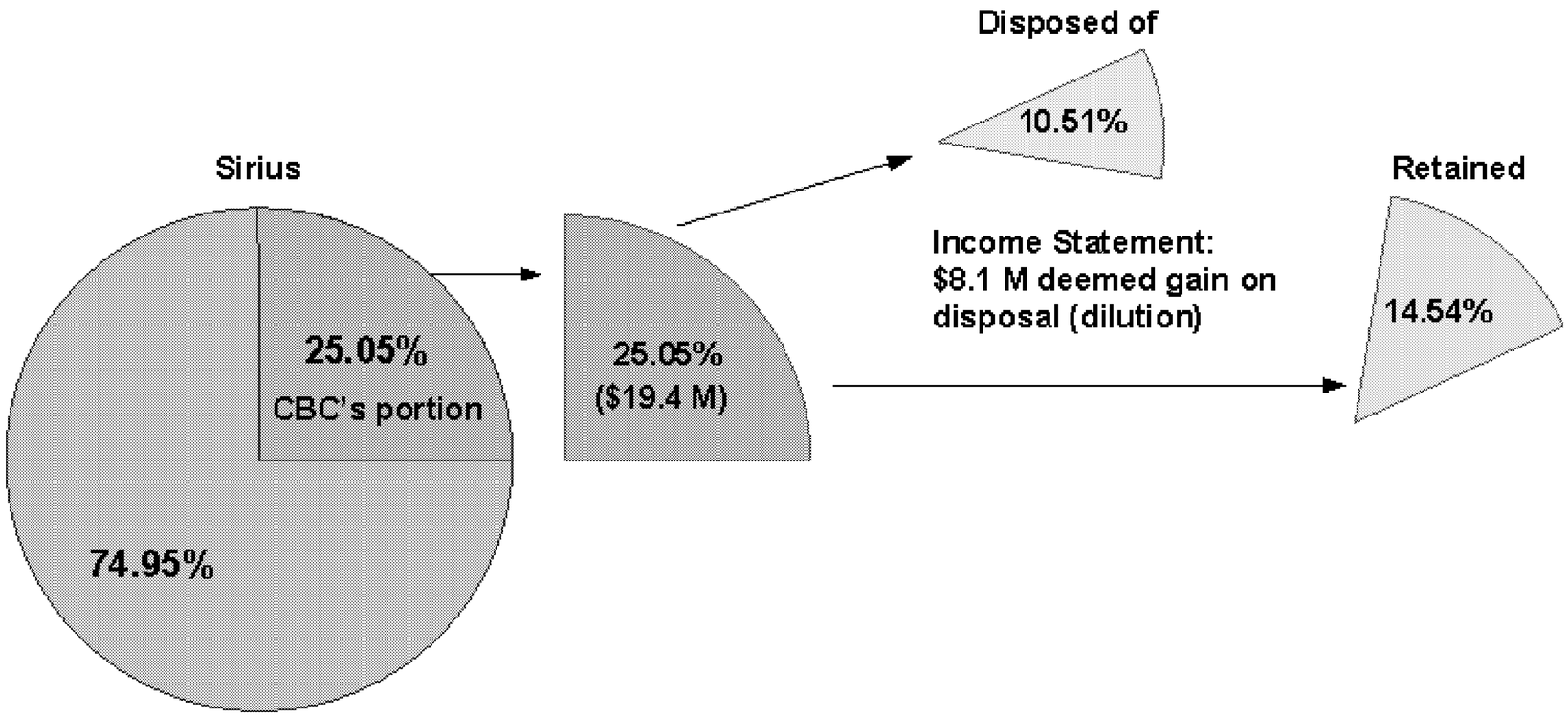
Transaction Accounting Highlights

- The merger transaction between CSR and Sirius Canada resulted in CBC/RC holding a reduced interest in a larger and more valuable entity.
- Equity interest:

  Pre-merger: 25.05%

  Post-merger: 14.54%
- CBC recognized a dilution gain as part of this transaction that is made up of:
  - A gain on the deemed disposed interest of 10.51% (Part 1); and
  - CBC's proportionate share of CSR's Class A share issuance (Part 2).
- Following the merger:
  - Statement of Financial Position: Investment in CSR is $19.9M
  - Statement of Income (Loss): Resulted in a dilution gain of $39.3M, a non-operating item

Merger Transaction - Part 1: Partial Deemed Disposal

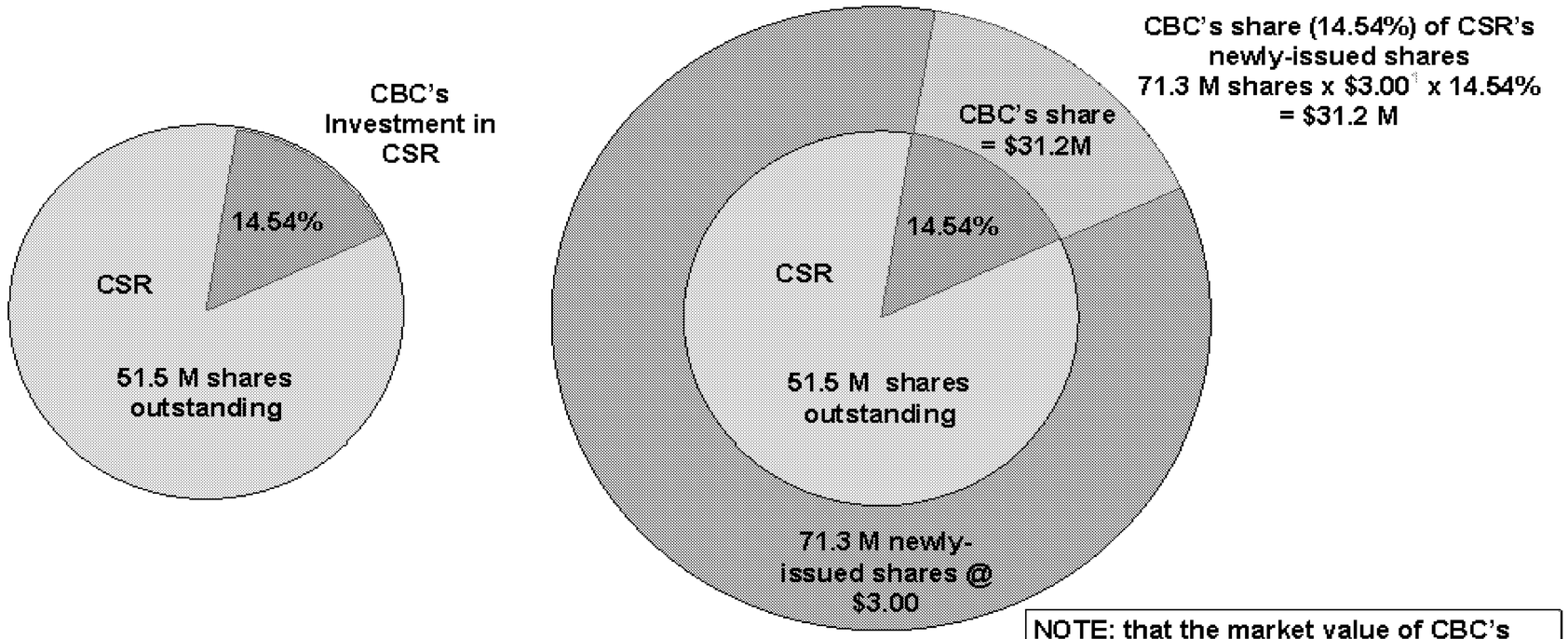


Position in Sirius:

	Equity (%)	Cumulative Loss
Disposed	10.51 %	(8.1) M
Retained	14.54 %	(11.3) M
Total	25.05 %	(19.4) M

CBC Radio-Canada

Merger Transaction - Part 2: CSR Class A Share Issuance



Balance sheet:
(19.4 M)
8.1 M
31.2 M
= $19.9 M

NOTE: that the market value of CBC's interest in CSR is not the same as the accounting value shown here.
Market value is approx. $53.6M as at June 21, 2011, using TSX closing date share price of CSR in relation to CBC's ownership in CSR.

Income Statement:
$8.1 M gain on deemed disposal (dilution)
+ 31.2 M gain on dilution
= $39.3 M dilution gain

[1] $3.00 per share represents the incremental value received by CSR for these shares given that the book value was nil.

CBC Radio-Canada

3 Overview of IFRS Pension Accounting

- Pension Plan IFRS Balance sheet Presentation
- Pension Plan IFRS – Statement of Income and Statement of Comprehensive Income
- Sensitivity Analysis – Pension Accounting

CBC Radio-Canada

Pension Plan IFRS Balance Sheet Presentation

➢ Under IFRS, there is immediate recognition of the pension plan's funded status (OCI approach)

Balance Sheet (Contributory defined benefit pension plan) *	June 30, 2011 ($M)	March 31, 2011($M)
Plan Assets	4,664.2	4,563.2
-Plan Obligation	(4,454.8)	(4,414.4)
Funded Status	$209.4M	$148.8M

- Upon transition, all unrecognized amounts were charged to Net Assets/Equity
- Thereafter, changes in funded status are recognized either in operations or in other comprehensive income (OCI), as explained on the following slide
- There are no more unrecognized actuarial gains and losses

*Non-contributory pension and other post-retirement benefits with a defined benefit obligation of $212.9M are not included in the amounts above. Those amounts are presented as part of Pension Plans and Employee-Related Assets/Liabilities on the statement of financial position.

CBC Radio-Canada

Pension Plan IFRS – Statement of Income and Statement of Comprehensive Income

		June 30, 2011 ($M)		June 30, 2010	
CHANGE IN PLAN OBLIGATION		Operations	OCI	Operations	OCI
Current service cost	Operations	$18.3		$19.0	
Interest on obligation	Operations	$59.7		$58.5	
Past service cost (i.e. plan amendment)	Operations	$15.0		$0.0	
(Gain) loss on obligation	**OCI**		-		-
CHANGE IN PLAN ASSETS					
Expected asset return	Operations	($73.0)		($67.0)	
(Gain) loss resulting from asset return	**OCI**		($61.3)		$32.8
Others					
Curtailment gain (loss)	Operations	-		-	
Settlement gain (loss)	Operations	-		-	
Varioation in effect of asset limit	**OCI**		-		-
Recorded in CBC/Radio-Canada's Net Results		**$20.0**		**$10.5**	
Recorded in CBC/Radio-Canada's Other Comprehensive Income			**($61.3)**		**$32.8**

CBC Radio-Canada

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Sensitivity Analysis – Pension Estimates

The following table illustrates the impact on the pension expense in net operating results and other comprehensive income of potential changes in key assumptions, interest rate movements and actual plan returns:

Impact of changes in assumptions	Quarter ending June 30, 2011	
	Amounts recognized in net operating results	Amounts recognized in Other Comprehensive Income
Discount rate	5.25%	5.25%
Impact of a 1% increase	($2.2M)	($535M)
Impact of a 1% decrease	$1.4M	$606M
Expected return on plan assets	6.50%	N/A
Impact of a 1% increase	($11.2M)	N/A
Impact of a 1% decrease	$11.2M	N/A
Actual return on plan assets		
Impact of a 1% gain (greater return)		($45M)
Impact of a 1% loss (lower return)		$45M

CBC Radio-Canada

First Quarter Report

2011–2012

Draft August 19, 2011

CONFIDENTIAL

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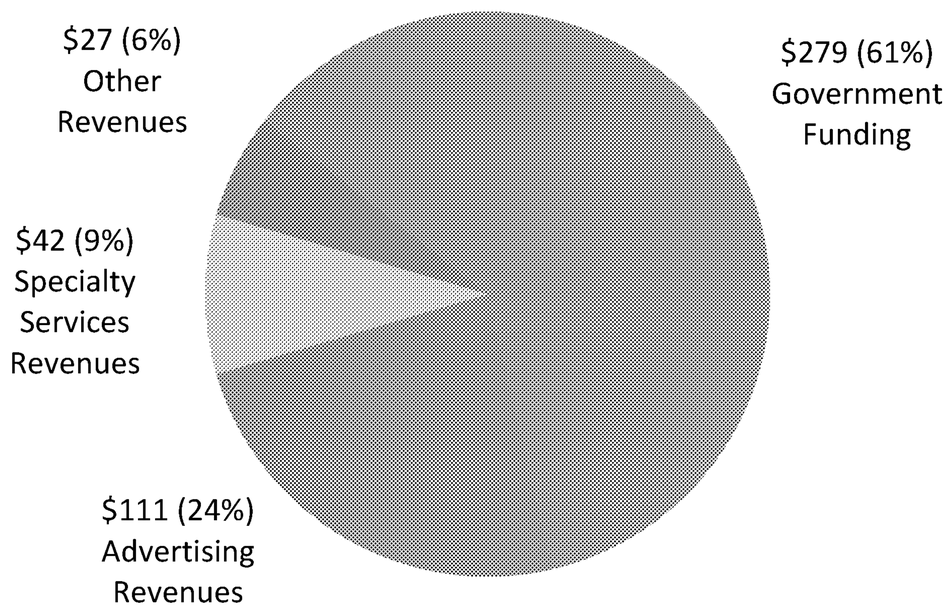
Summary

Revenues and sources of funds for the first quarter of 2011-2012 $459 million



President's Message

I am pleased to introduce CBC/Radio-Canada's quarterly reporting, which will enhance our transparency and accountability to Canadians. This first quarterly report coincides with the implementation of our new strategic plan, *2015: Everyone, Every way*, which gives us the means to truly deepen our relationship with Canadians on national, community and personal levels. This report outlines our initial plans for fulfilling that commitment.

Hubert T. Lacroix
President and Chief Executive Officer

Corporate Highlights

- Strategy 2015 aims to find ways to engage Canadians in debate and dialogue about pressing issues. During the recent federal election, close to two million Canadians used the Vote Compass tool on the CBC/Radio-Canada websites to explore how their views and values align with those of the political parties.
- In line with our strategic priority of increasing investments in digital platforms, we launched the Espace.mu online music website on June 13, generating over a million audio streams since the launch. The website offers listeners the largest repertoire of French music selection on the Internet.
- In May 2011, we announced details of an initiative with an increased local focus as part of our strategic plan to introduce or improve local services to more than six million underserved Canadians over the next five years in Victoria, Kelowna, Rimouski, Toronto, Calgary and Kamloops.

First Quarter Financial Highlights

Net Results

(in thousands of dollars)	Three months ending June 30			
	2011	**2010**	**$ change**	**% change**
Revenues	180,145	166,056	14,089	8.5
Expenses	(471,620)	(445,533)	(26,087)	(5.9)
Government funding	278,935	269,306	9,629	3.6
Net results before non-operating items	**(12,540)**	**(10,171)**	**(2,369)**	**(23.3)**
Non-operating items	42,864	(135)	42,999	-
Net results for the period	**30,324**	**(10,306)**	**40,630**	**394.2**

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Overview of Net Results

- Revenues increased by $14.1 million (8.5 per cent) quarter over quarter, primarily due to strong advertising revenues generated from the NHL hockey playoffs and the presence of a Canadian team in the finals. Revenues from ARTV are now consolidated into the Corporation's results, following an increase in share ownership. As planned, higher digital revenue growth also contributed to the increase and the Local Programming Improvement Fund (LPIF) contributions were higher.
- Operating expenses increased by $26.1 million (5.9 per cent) over the same period last year, as CBC/Radio-Canada provided coverage of the federal election and royal visit during the quarter, increased its investment in ARTV and, consistent with the Strategy 2015 plan, enhanced its investment in digital programming. In anticipation of the August 2011 shutdown of over-the-air transmitters in Canada, the Corporation also accelerated depreciation costs on its analog TV assets.
- Quarter-over-quarter government funding recognized for accounting purposes was $9.6 million (3.6 per cent) higher, reflecting the matching of funding to quarterly budgeted costs. Government funding for the 2011–2012 fiscal year is not expected to increase from the previous year.
- The quarterly net result before non-operating items was a loss of $12.5 million, comparable to a loss of $10.2 million in the same period last year. Consistent with plan, the loss position was a result of non-cash items.
- Non-operating items increased by $43.0 million largely from a non-cash gain reflecting the change in CBC/Radio-Canada's ownership position following the merger of Canada's two satellite radio providers, Sirius Canada and the parent company of XM Canada. The merger will permit CBC/Radio-Canada to extend distribution of its channels and content to XM satellite customers and benefit from improved access in an evolving audio entertainment marketplace. CBC/Radio-Canada has a director on the Board of the merged company, which has a combined subscriber base of more than 1.9 million.

Other Comprehensive Income

(in thousands of dollars)

	Three months ending June 30			
	2011	**2010**	**$ change**	**% change**
Net results for the period	**30,324**	**(10,306)**	**40,630**	**394.2**
Other comprehensive income (loss)	56,296	(32,676)	88,972	272.3
Total comprehensive income (loss) for the period	**86,620**	**(42,982)**	**129,602**	**301.5**

- Other comprehensive income increased by $89.0 million largely as a result of non-cash actuarial gains on CBC/Radio-Canada's defined benefit pension plan.

Other Financial Matters

- CBC/Radio-Canada is among 67 organizations that have been asked under the government-wide Strategic and Operating Review to prepare two proposals, one to meet a five per cent reduction and the other a ten per cent reduction in operating appropriations over three years. The results of this Review are expected in February or March 2012 as part of federal budget 2012.
- In federal budget 2011, the Government reaffirmed $60 million in funding to the Corporation for 2011–2012 for Canadian programming initiatives. The Corporation has received this funding since 2001.

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Management Discussion and Analysis

Quarterly Reporting Requirement

As well as being required to file an annual report, starting April 1, 2011, most federal Crown corporations in Canada are required to file quarterly financial reports for the first three quarters of the fiscal year. This new requirement supports effective oversight of public funds. Consistent with our efforts to be transparent, CBC/Radio-Canada is pleased to present this first quarter report for the period April 1 to June 30, 2011. This report can be accessed on the CBC/Radio-Canada corporate website.

These condensed consolidated financial statements for the quarter ended June 30, 2011, have not been reviewed by our Auditor.

International Financial Reporting Standards

As of April 1, 2011, publicly accountable enterprises in Canada must report financial results according to International Financial Reporting Standards (IFRS). This report uses IFRS and presents complete comparative figures.

Note Regarding Forward-Looking Statements

This report contains forward-looking statements regarding objectives, strategies, and expected financial and operational results. Forward-looking statements are based on the following broad assumptions: CBC/Radio-Canada continues to receive stable government funding, the television advertising market remains healthy, and the broadcasting regulatory environment does not change dramatically. Key risks and uncertainties are described in the Outlook and Risk Update section of this report. However, some risks and uncertainties are difficult to predict and beyond the control of CBC/Radio-Canada. These and other factors may cause actual results to differ substantially from the expectations stated or implied in forward-looking statements.

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1. Core Business and Strategy

We are Canada's national public broadcaster, mandated by the *Broadcasting Act* and guided by our strategic plan, *2015: Everyone, Everyway*.

1.1 Core Business

CBC/Radio-Canada is Canada's national public broadcaster. We deliver a comprehensive range of radio, television, Internet, mobile and satellite-based services. These services are delivered in English, French and eight aboriginal languages, as well as in seven languages on our international radio service. At the end of June 2011, CBC/Radio-Canada employed approximately 7,300 permanent full-time equivalent employees (FTEs), 500 temporary FTEs and 860 contract FTEs. CBC/Radio-Canada's head office is located in Ottawa, while the main network operations are in Toronto and Montreal. We have 82 radio stations and 27 television stations where we originate local programming. The Corporation has the only Canada-wide radio network, operating four networks (two in each official language). Internationally, CBC/Radio-Canada News has 14 foreign bureaus.

CBC/Radio-Canada broadcasts its television and radio programming services via owned and operated stations, and television affiliates. The former are fully controlled by the Corporation, while the affiliates are privately owned stations contracted to carry our programming.

The Corporation's broadcasting reach extends across Canada and around the world, offering high-quality, distinctive content by, for and about Canadians, wherever and however they want it. Based on a recent study by Deloitte and Touche LLP, the Corporation made an estimated $3.7 billion gross value-added contribution to the Canadian economy in 2010.

The Corporation had $2.5 billion (book value) of assets in operation as of June 30, 2011. As one of the world's largest broadcast transmission and distribution systems, assets include 789 transmission sites located throughout Canada and a real estate portfolio of more than four million square feet, including 27 buildings owned across Canada. The Corporation is also highly dependent on technology and technology-based assets in the production and delivery of its services.

CBC/Radio-Canada's mandate is set out in the *Broadcasting Act (1991)*. We report to the Parliament through the Minister of Canadian Heritage and Official Languages. Under the *Broadcasting Act*, the Canadian Radio-television and Telecommunications Commission (CRTC) regulates the Corporation. Under the same act, the Corporation "*enjoys freedom of expression and journalistic, creative and programming independence.*"

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1.2 Strategy

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

The plan includes the following three components:

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

Vision

The vision at the heart of the strategic plan is the following:

- To be the recognized leader in expressing Canadian culture and to enrich the democratic life of all Canadians

Four Guiding Principles

Four guiding principles that support our vision are as follows:

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

Three Strategic Thrusts

Our mandate has not changed, but how we deliver our services to Canadians is changing. To be a cultural leader and an effective public broadcaster now and into the future, we need to be more *national*, more *regional* and more *digital.* As such, the strategy has three main thrusts:

- **National programming** – Offering distinctive Canadian programming
- **Regional programming** – Strengthening our offering in the regions
- **Digital programming** – Increasing our investment in digital platforms

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Strategy 2015 Updates for the Quarter

- Strategy 2015 aims to find ways to engage Canadians in debate and dialogue about pressing issues. During the recent federal election, close to two million Canadians used the Vote Compass tool on the CBC/Radio-Canada websites to explore how their views and values align with those of the political parties.
- The Espace.mu online music website offers listeners seven styles of music, as well as simultaneous streams of Espace musique and Bande à part radio, and has the largest repertoire of French music selections on the Internet. Since its June 13th launch, Espace.mu has generated over a million audio streams.
- In May 2011, we announced details of an initiative as part of our strategic plan to introduce or improve local services to more than six million underserved Canadians over the next five years. Examples of how we will achieve this include:
    - CBC Victoria's existing programming will be enhanced in fall 2011 to better serve the specific needs of Vancouver Island audiences.
    - CBC in Kelowna will expand its current service in fall 2011 to include a new afternoon radio program focused on serving the British Columbia interior.
    - After successful inaugurations of centres in Trois-Rivières and Saguenay in 2010, multiplatform service offerings will be expanded by establishing a centre in Rimouski by fall 2012.
    - New weekend news programs on television and expanded weekend news programming on radio and online will be launched in Toronto in fall 2011 and in Calgary in winter 2012.
    - All-new radio and online services will be established in Kamloops in spring 2012.

Other Strategic Updates for the Quarter

Merger of Sirius Canada and Canadian Satellite Radio Holdings

In April 2011, the CRTC approved the merger of Canada's two satellite radio providers, Sirius Canada Inc. and Canadian Satellite Radio (CSR) Holdings Inc. The merger was completed in June 2011. CSR was the parent company of XM Canada, and the merged entity is known as SiriusXM Canada. The merger follows a similar merger in 2008 of Sirius and XM in the United States.

CBC/Radio-Canada held a 25.05 per cent equity interest in Sirius Canada and was one of three shareholders. In the merged entity, the Corporation owns a 14.5 per cent equity interest and 19.9 per cent voting interest, and it has a seat on the Board of Directors. The transaction resulted in a $39.3 million dilution gain (non-cash), which is recognized as income for the quarter, and dividend income of $5.1 million.

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The combined company will benefit from significant synergies, a greater subscriber base and improved access in an evolving audio entertainment marketplace. CBC/Radio-Canada produces six Canadian channels for Sirius Canada (Radio One, Radio 3, Espace musique, Première plus, Bande à part, Sports Extra), under a supply agreement that was extended by five-years (to 2022) as a result of the merger. Currently, the six channels are distributed to SiriusXM Satellite Radio in the United States on the Sirius satellite platform. The merger will permit CBC/Radio-Canada to extend distribution of its channels and content to XM satellite customers. The merged company has a combined subscriber base of more than 1.9 million Canadians. SiriusXM in the United States has a subscriber base of approximately 21 million.

Expanding the satellite base is in keeping with the Corporation's strategic objective of providing content where, when and how Canadians want it.

Update on Canada Media Fund (CMF)

In June 2011, the Government announced that it is renewing its investment of $100 million per year in the Canada Media Fund. This Fund is vital to the ability of independent producers to continue creating new Canadian programs that CBC/Radio-Canada showcases in prime time – when most Canadians want to watch them.

1.3 Corporate Highlights

Corporate highlights include programming, regulatory and other developments.

Programming and Distribution Highlights

- On June 20, we launched RCI Vision, a website for viewing short films and documentaries. This new site includes content produced by Radio Canada International, as well as Canadian and international producers. Users can rate and upload content.
- In May, TOU.TV was the only French-language service selected for LG's Smart TV, which integrates the web, computers and television.
- CBC Television's *Hockey Night in Canada* achieved its highest-ever audience, an average of 8.76 million, for the seven-game Stanley Cup final series between Vancouver and Boston. The only larger audience for a hockey broadcast was 8.96 million for the 2002 men's Olympic hockey final. Four of the five top audience numbers for CBC sports were recorded for this year's Stanley Cup playoffs.
- Over 1.5 million Francophones watched the season finale of *19-2*, a Télévision de Radio-Canada police drama. The acclaimed series won an average 36 per cent share over the season and received the largest number of nominations, 18, for the 2011 Gémeaux awards.
- Over the first six months of 2011, Canadians in more than 50 communities participated in CBC's *Live Right Now* challenge to join the collective journey towards a healthier country. They have pledged and lost a total of 1.5 million pounds, walked 4,260 kilometres and taken part in over 10,000 hours of healthy activity.

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- Live coverage of the federal election on CBC Television and CBC News Network captured an average viewership of two million Canadians. RDI remained first in its market and Télévision de Radio-Canada increased its share. Record numbers accessed election coverage online at CBCNews.ca and Radio-Canada.ca.
- CBC led national coverage of the royal wedding of Prince William and Catherine Middleton, with a combined audience of 1.26 million Canadians on CBC Television and CBC News Network. Télévision de Radio-Canada was the only French-language conventional network carrying the royal wedding live.
- Reflecting the importance of women and "aunties" in First Nations communities, CBC Edmonton held an *Ask Your Auntie* panel discussion on National Aboriginal Day in June. The *Ask Your Auntie* series was launched in January 2011 and generates radio and online content.
- For the 60th Mental Health Week, from May 1 to 7, Radio-*Canada* offered programming to raise awareness on various platforms, including *RDI, ARTV,* Première Chaîne radio, Espace musique radio and the Radio-Canada website.
- During the quarter, CBC/Radio-Canada programs won 94 awards, demonstrating the quality and impact of our programming. Radio-Canada also received 89 nominations for the Gémeaux television awards. The Gémeaux award ceremony will be televised on Radio-Canada in September. Here are just a few examples of distinctions received by CBC/Radio-Canada this quarter.

Award	Winner
2010 Michener Award	*the fifth estate*, CBC Television *Découverte*, Télévision de Radio-Canada (Citation)
New York Festivals World's Best TV and Films	*Meltdown*, CBC Television (Gold, Social Issues/Current Events) *Découverte*, Télévision de Radio-Canada (Gold, Health/Medical Information) *The Nature of Things*, CBC Television (Gold, Health/Medical Information) *Love, Hate and Propaganda*, CBC Television (Silver, History and Society) *The National*, CBC News (Bronze, Best Newscast) *The National*, CBC News (Finalist Certificate, Human Interest) *Marketplace*, (Finalist Certificate, Investigative Report) *2010 FIFA World Cup South Africa* (Finalist Certificate, Sports Program Opener and Titles) *The Hour*, CBC Television (Finalist Certificate, Talk/Interview) *Découverte*, Télévision de Radio-Canada (Finalist Certificate, Health/Medical Information)
Science in Society Journalism Award	*Quirks & Quarks*, CBC Radio

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Other Corporate Highlights

- Deloitte and Touche LLP (Deloitte) measured CBC/Radio-Canada's impact on the economy. Input included data from CRTC submissions, Statistics Canada, industry reports and CBC/Radio-Canada. Deloitte concluded that we had substantial impact on the Canadian economy in 2010, supporting jobs and businesses across the country – CBC/Radio-Canada's expenditure of $1.7 billion generated an estimated $3.7 billion gross value-added contribution to the Canadian economy.
- We received the 2011 Employer Excellence Award in the Change Champion category from Canadian Women in Communications (CWC). The reward is recognition for exceeding industry averages in eight job categories for gender diversity.
- Three key capital projects were ready for operation or nearing completion in the quarter:
  - replacement of an obsolete newsroom video server system in the Centre de l'information operation in Montreal with the current CBC/Radio-Canada high-definition (HD) standard;
  - upgrading of desktop television production systems in various English services locations to support a more efficient file-based (tapeless) post-production workflow and,
  - increasing the HD production capacity of CBC/Radio-Canada's mobile fleet and extending the life of standard definition (SD) mobile production vehicles.
- Related to the environment and efficiency, the Corporation introduced online pay stubs and initiated a print optimization program. The latter reduces the number of printers and requires leasing of more efficient ones to maximize printing resources while reducing costs and environmental impact.

Regulatory Developments

- The CRTC approved our application to amend the nature of service for one of our specialty channels, now known as **bold**. The channel provides programming from regionally based perspectives, including regional performing arts and drama.
- The CRTC updated its satellite distribution policy to require Bell TV to carry local television stations by August 31, 2012 and Shaw Direct by January 1, 2013. This means that subscribers of these satellite services will have guaranteed access to their local CBC/Radio-Canada programming.
- CRTC hearings on vertical integration commenced in June 2011. Because a small number of distribution companies control most of the media content in Canada (for example, Bell, Rogers, Shaw, and Quebecor control over 84 per cent of cable and satellite distribution) and because they are also Internet service providers, they are able to influence the offering, placement and packaging of many of CBC/Radio-Canada's television services as well as Internet data transfer speed and fees. In June, CBC/Radio-Canada presented its views to the CRTC, encouraging the Commission to ensure that unaffiliated broadcasters are granted access to distribution channels on a non-discriminatory and commercially reasonable basis. A decision is expected from the CRTC in the fall.

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- The Corporation continued to transition from analog to digital television, installing two transmitters in Calgary and Edmonton in the quarter, to raise our total to 10 of 27 transmitters planned. The 10 digital transmitters are in operation in Toronto (2), Montreal (2), Ottawa (2), Vancouver, Québec City, Calgary and Edmonton. CBC/Radio-Canada anticipates that the remaining transmitters will be installed by the August 31 deadline.

  In addition, CBC/Radio-Canada began running public service announcements during the quarter to inform Canadians of the upcoming transition on September 1, 2011.

  The Corporation, like all other broadcasters, is obliged to cease analog transmission in those markets designated as “mandatory” by the CRTC. To avoid loss of service to over-the-air customers in certain mandatory markets where the Corporation will not be converting to digital, subsequent to quarter end, on July 14, the Corporation applied to the CRTC for permission to continue broadcasting in analog. On August 16, the CRTC gave the Corporation permission to continue broadcasting analog over-the-air television signals via 22 transmitters until August 31, 2012.

- In May, the Corporation filed for licence renewals with the CRTC. Subsequent to quarter-end, the CRTC postponed the September 2011 hearings until June 2012. The documents submitted by CBC/Radio-Canada continue to form part of the public record.

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2. Performance

2.1 Key Performance Drivers

A number of performance drivers are critical to success. First, People, our employees, need the tools and knowledge to help them become more agile as we face new challenges. Second, for Programs, we need to ensure that our programming remains relevant and engaging, and that we create richer Canadian content for audiences, in whatever format they prefer. Third, the Corporation needs to continue Pushing Forward and evolving so that it can continue to fulfil its mandate on behalf of Canadians in the coming years. CBC/Radio-Canada must have the capacity to adapt quickly to changing conditions in the broadcasting and media environment.

Metrics

A central feature of *Everyone, Every way* is establishing metrics with which we will track and assess our performance. Metrics have been developed for each of the four guiding principles upon which our vision rests and will be applied to all services in English and French, as well as to selected television genres. These metrics include a mix of output data (for example, hours of Canadian programming, usage of Canadian content) and perception data (for example, service/television genre is of high quality and service/television genres offer distinctive programming).

Twice a year, our Board of Directors will be presented with a report card that will allow it to monitor the Corporation's success in achieving its goals. This will tell them how well each service and genre is delivering against its mission and at what cost, so that we can continuously improve our services for Canadians. A report will also be included in our corporate plan and annual report. We expect the first public version to be available in conjunction with our 2011–2012 annual report, at which time we will be able to compare our performance in year one of *Everyone, Every way*, 2011–2012, with benchmark data for 2010–2011.

Until these metrics are introduced, results are reported as follows.

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2.2 French Services Performance

Because the main measurement period in broadcasting is September to March, data is not always available on a quarterly basis and typically becomes available in the fall. Data will be added to the quarterly reports as it becomes available.

French Services		Annual Results 2010–2011	Annual Target 2011–2012	Results to Date
Radio Networks				
Première Chaîne and Espace musique	Full-day audience share[1]	19.5%	19.5%	Measurement begins fall 2011
Website[2]				
Radio-Canada.ca, TOU.TV, Bandeapart.fm, RCI.net, Espace.mu	Monthly average unique visitors Sep–Mar[3]	2.0 million	2.1 million	Measurement begins fall 2011
Television				
Télévision de Radio-Canada	Prime-time audience share Fall/winter season[4]	19.9%[5]	19.3%	Measurement begins fall 2011
RDI and ARTV	Full-day audience share Fall/winter season[4]	4.5%	4.5%	
Regional				
Première Chaîne	Morning shows audience share Mon–Fri 6–9 a.m.[1]	19%	19%	Measurement begins fall 2011
Téléjournal 18h	Average viewers per minute Weekly average Mon–Fri 6–6:30 p.m. Fall/winter season[4]	317,000	323,000	
Regional web pages	Monthly average unique visitors Sep–Mar[3]	447,000	458,000	
Specialty Television Channels				
RDI	Subscribers	11.0 million	11.0 million	11.3 million[6]
ARTV	Subscribers	2.1 million	2.1 million	2.1 million[7]
Revenue[8]				
Conventional, specialty, online		$224.9 million	$230 million	$51.6 million[7]

1. Source: BBM Canada, fall survey (diary), persons aged 12 years and older.
2. Espace.mu was introduced on June 13, 2011. RCI Vision was introduced on June 20, 2011, and results are included with RCI.net.
3. Source: comScore, persons aged 2 years and older.
4. Source: BBM Canada, Personal People Meter (PPM), persons aged 2 years and older.
5. The 19.9 per cent result exceeded the 2010-2011 target of 18.5 per cent due in part to exceptional performance of programs that are not returning in 2011-2012.
6. Expected to meet or exceed target.
7. Expected to meet target.
8. Includes revenue from LPIF, a fund mandated by the CRTC to support local programming. It is available to conventional television stations operating in non-metropolitan areas.

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2.3 English Services Performance

Because the main measurement period in broadcasting is September to March, data is not always available on a quarterly basis and typically becomes available in the fall. Data will be added to the quarterly reports as it becomes available.

English Services		Annual Results 2010–2011	Annual Target 2011–2012	Results to Date
Radio Networks				
CBC Radio One and CBC Radio 2	Full-day audience share[1]	14.7%	14.9%	Measurement begins fall 2011
Website				
CBC.ca	Monthly average unique visitors Sep–Mar[2]	5.8 million	6.0 million	Measurement begins fall 2011
Television				
CBC Television	Prime-time audience share Fall/winter season[3]	9.3%	9.3%	Measurement begins fall 2011
CBC News Network	Full-day audience share Fall/winter season[3]	1.4%	1.5%	
Regional				
CBC Radio One morning shows	Average weekly hours tuned (Mon-Fri) Fall/winter season[3]	4.8 million	4.8 million	Measurement begins fall 2011
TV supper and late-night news	Average weekly hours tuned (Mon-Fri) Fall/winter season[3]	3.1 million	3.1 million	
Regional web pages	Monthly average unique visitors Sep–Mar [2]	0.90 million	0.93 million	
Specialty Television Channels				
CBC News Network	Subscribers	11.0 million	11.1 million	11.1 million[4]
bold	Subscribers	2.2 million	2.6 million	2.2 million[4]
documentary	Subscribers	2.4 million	2.5 million	2.4 million[4]
Revenue[5]				
Conventional, specialty, online		$384 million[6]	$373 million	$115 million[4]

1. Source: BBM Canada, fall survey (diary), persons aged 12 years and older.
2. Source: comScore, persons aged 2 years and older.
3. Source: BBM Canada, Personal People Meter (PPM), persons aged 2 years and older.
4. Expected to meet target.
5. Revenue for *documentary* is counted at 100 per cent although CBC/Radio-Canada owns 82 per cent. Includes revenue from LPIF, a fund mandated by the CRTC to support local programming. It is available to conventional television stations operating in non-metropolitan areas.
6. Includes one-time FIFA World Cup soccer revenues.

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2.4 Canadian Content Expectations and Results

Regulatory requirements regarding Canadian content on television are specified by the Canadian Radio-television and Telecommunications Commission (CRTC). Furthermore, providing Canadian programming is key to CBC/Radio-Canada's five-year strategic plan, *Everyone, Every way*.

The CRTC sets expectations of service for both Télévision de Radio-Canada and CBC Television. First, for the broadcast day between 6:00 a.m. and midnight, a minimum of 75 per cent Canadian content is expected. Second, for the peak period of 7:00 p.m. to 11:00 p.m., a minimum of 80 per cent Canadian content is expected. Both measures are averages over the entire broadcast year from September 1 to August 31. CBC/Radio-Canada sets targets significantly above the regulatory requirements. Results to date are presented as follows.

Television Network	Yearly Regulatory Expectations	Results Sep 1, 2009 to Aug 31, 2010	Results 10 months Sep 1, 2010 to Jun 30, 2011
Canadian Content – Télévision de Radio-Canada			
Broadcast day (Mon–Sun, 6:00 a.m.–12:00 a.m.)	75%	80%	88%
Prime time (Mon–Sun, 7:00–11:00 p.m.)	80%	91%	94%
Canadian Content – CBC Television			
Broadcast day (Mon–Sun, 6:00 a.m.–12:00 a.m.)	75%	81%	84%
Prime time (Mon–Sun, 7:00–11:00 p.m.)	80%	81%	83%

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3. Capability to Deliver Results

3.1 Leadership and People

Leadership

Changes in Executive Management

In May 2011, Maryse Bertrand (Vice-President of Real Estate, Legal Services and General Counsel) was named Interim Vice-President People and Culture after the departure of Katya Laviolette, Vice-President People and Culture.

In June 2011, Sylvain Lafrance, the Executive Vice-President of French Services, announced his departure after 33 years of service at Radio-Canada. To ensure a smooth transition, he will stay on until October. The search to recruit a successor to Mr. Lafrance and Ms. Laviolette is in progress.

People and Culture

Our people are our number one asset. To ensure that we leverage resources to deliver results, we need to engage and develop employees, implement initiatives to promote a healthy workplace, and continue to build relationships with unions based on trust and respect. Activity in the quarter included the following.

Challenge Us!

Challenge Us! is an event that brings together a variety of employees from different levels and roles to challenge the organization on an important and timely subject. Given the launch of the strategic plan, *Everyone, Every way*, this year's theme was leadership. Our own leaders, including President and Chief Executive Officer (CEO) Hubert T. Lacroix and other members of the Senior Executive Team, were on hand to hear the conclusions and to accept the challenge. Topics included generational differences, empowerment, personal accountability, how people can be leaders from wherever they are in the organization, how to create the leadership that we want to see at CBC/Radio-Canada and how each employee can contribute on a daily basis.

Dialogue Survey

During 2010–2011, CBC/Radio-Canada launched a corporate-wide employee survey, branded "Dialogue." The objective was to measure levels of employee engagement, to determine what drives engagement, and to improve organizational effectiveness and efficiency. A total of 67 per cent of employees took the time to tell CBC/Radio-Canada what they think.

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Results showed that the following elements ranked high: employee engagement, passion, pride and belief in the national public broadcaster's mission.

Two areas identified as needing improvement were non-monetary recognition and professional development.

Following the analysis of the survey, a National Advisory Committee has recommended to the Senior Executive Team that efforts be focused on these areas as the top two national priorities. Specific actions are being developed nationally and locally for roll-out in 2011-2012.

Hosts Appointed to Order of Canada

Two CBC/Radio-Canada hosts were appointed by the Governor General to the Order of Canada. CBC host Bob McDonald was appointed for his contributions to the public understanding of science. Radio-Canada's Espace musique host Alain Lefèvre was appointed for his contributions to the arts as a pianist and champion of Canadian music.

The President's Awards

The President's Awards were launched in the fall of 2009 to recognize and salute employees for their outstanding contributions and accomplishments. The nine awards are based on the President and CEO's three priorities, People, Programs and Pushing Forward, and include the Leadership award, the Multi-Platform Content award and the Smart Solutions award. For 2010, 150 nominations were received. During the quarter, the winners were announced and the awards were presented.

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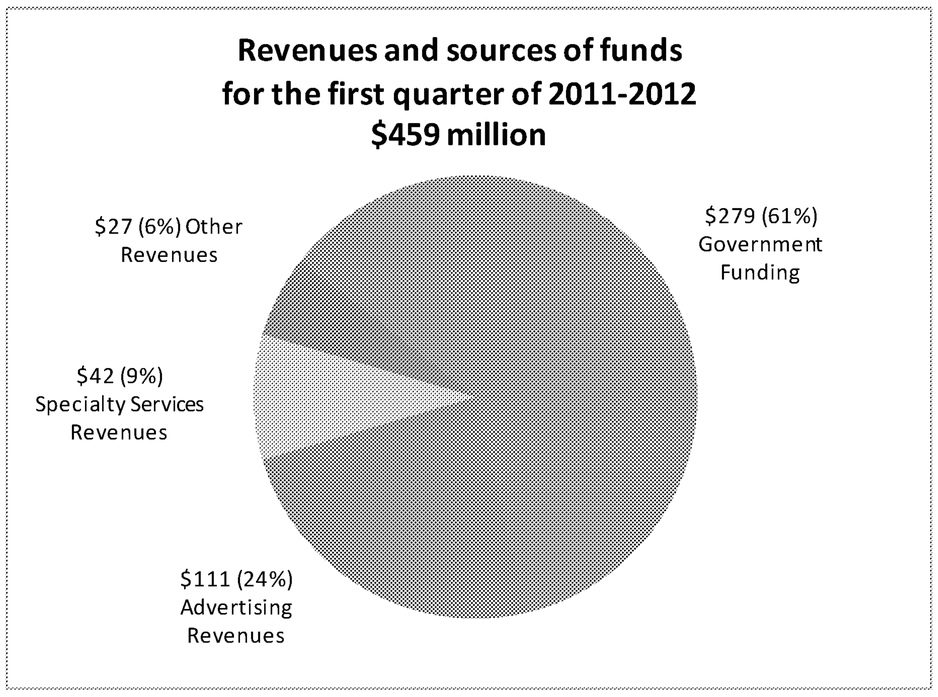
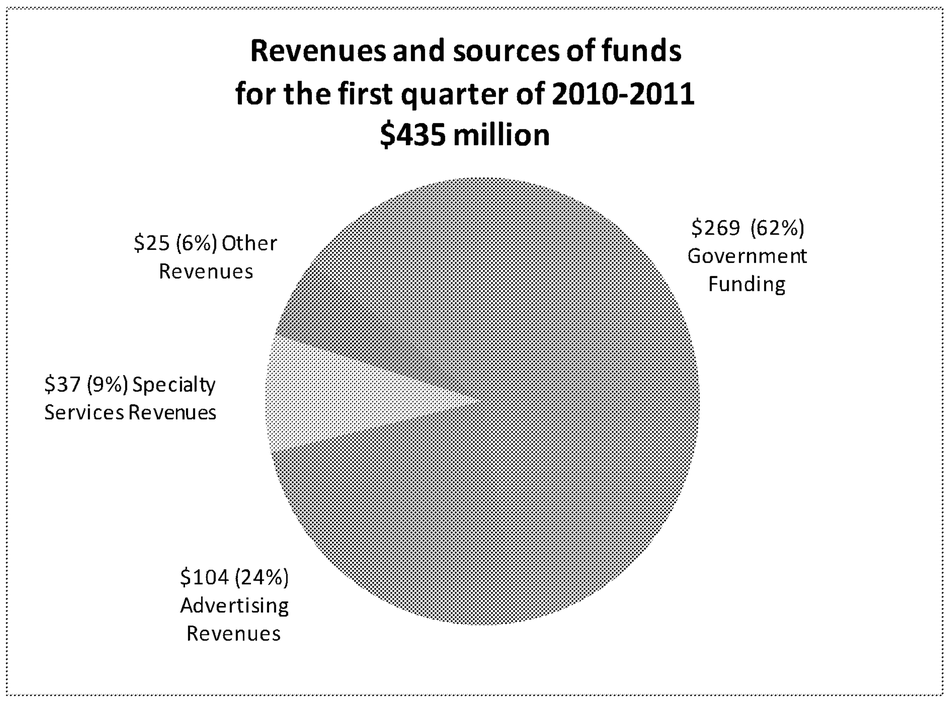
3.2 Resource Capacity

Revenues and Source of Funds

CBC/Radio-Canada has four sources of direct funding: government operational and capital funding, advertising revenues, specialty services revenues and other revenues.





In the first quarter, $278.9 million in government funding was recognized as income (approximately 61 per cent of total sources of funds). On an annual basis, CBC/Radio-Canada's appropriation is equivalent to $34 per Canadian, compared to an average of $87 per capita among 18 major countries.[1]

In the 2011 federal budget, the Government reaffirmed $60 million in funding to the Corporation for 2011–2012 for Canadian programming initiatives. The Corporation has received this funding since 2001. This funding has not been confirmed beyond 2011-2012.

The Corporation is preparing strategic and operating proposals to address a Government-wide Strategic and Operating Review, including possible funding reductions of five or ten per cent over three years. A decision by Government is expected in the next federal budget in February or March 2012.

Advertising accounted for $110.7 million in revenues (approximately 24 per cent of total sources of funds) in the first quarter. Specialty services, which include subscription and advertising revenues from the specialty services CBC News Network, **bold**, *documentary*, ARTV and the Réseau de l'information de Radio-Canada (RDI), generated $41.9 million (nine per cent of total sources of funds). Other revenues, which include revenues from the Local Programming Improvement Fund (LPIF) and from activities such as program sales, the sale and rental of real estate assets and leasing space at our transmission sites, accounted for $27.5 million (six per cent of total).

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[1] *Analysis of Government Support for Public Broadcasting and Other Culture in Canada*, Nordicity, 2011

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Borrowing Authority

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

When the Corporation sold long-term accounts receivable in 2009 as part of its Recovery Plan to address the impact of the global economic slowdown and stagnant advertising revenues, it provided a guarantee to the investors in order to obtain the best possible value for the sale. This guarantee was deemed to be borrowing. The outstanding amounts against the borrowing authority are as follows, and there were no changes during the quarter.

	(in thousands of dollars)
Total borrowing authority available	220,000
Authority used as at March 31, 2011:	
Guarantee on accounts receivable[1]	(193,811)
Authority used in the Quarter	0
Authority available as of June 30, 2011[2]	26,189

Under the *Broadcasting Act*, subsection 47 (1), the Corporation is an agent of the Crown and therefore has the constitutional immunities, privileges and prerogatives that are enjoyed by the Crown. The Crown is also fully liable and financially exposed for all actions and decisions by CBC/Radio-Canada while the corporation is operating within its mandate. In other words, the Corporation's assets and liabilities are the assets and liabilities of the Government.

1. Amount includes guarantees provided for the sale of receivables related to the Toronto Broadcast Centre land and a portion of the Stingray Digital Media Group receivable sale. Stingray purchased CBC/Radio-Canada's Galaxie pay audio service. The amount represents the minimum lease payments receivable including unearned interest.
2. The Corporation may, with the approval of the Minister of Finance, borrow up to the level of authority available.

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4. Results and Outlook

This section outlines financial results for the period April 1 to June 30, 2011 and comparative figures for the same period in 2010–2011.

4.1 Results

Summary – Net Results

(in thousands of dollars)	Three months ending June 30			
	2011	2010	$ change	% change
Revenues	180,145	166,056	14,089	8.5
Expenses	(471,620)	(445,533)	(26,087)	(5.9)
Government funding	278,935	269,306	9,629	3.6
Net results before non-operating items	**(12,540)**	**(10,171)**	**(2,369)**	**(23.3)**
Non-operating items				
Dilution gain from Sirius	39,251	0	39,251	N/A
Dividend income from Sirius	5,094	0	5,094	N/A
Loss on disposal of equipment	(1,481)	(135)	(1,346)	(997.0)
Non-operating items	**42,864**	**(135)**	**42,999**	**N/A**
Net results for the period	**30,324**	**(10,306)**	**40,630**	**394.2**

The quarterly net result before non-operating items was a loss of $12.5 million, comparable to a loss of $10.2 million in the first quarter last year. Consistent with plan, the loss position was a result of non-cash items including accruals for annual leave and pension costs.

Non-operating items increased by $43.0 million largely from a non-cash gain reflecting the change in CBC/Radio-Canada's ownership position following the merger of Canada's two satellite radio providers, Sirius Canada and the parent company of XM Canada.

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Summary – Other Comprehensive Income

(in thousands of dollars)	Three months ending June 30			
	2011	**2010**	**$ change**	**% change**
Net results for the period	**30,324**	**(10,306)**	**40,630**	**394.2**
Actuarial gains (losses) on defined benefit plans	61,296	(32,800)	94,096	286.9
Net unrealized gain on available-for-sale financial assets	94	124	(30)	N/A
Reclassification to income of net unrealized gain on available-for-sale financial assets	(5,094)	-	(5,094)	N/A
Other comprehensive income (loss)	**56,296**	**(32,676)**	**88,972**	**272.3**
Total comprehensive income (loss) for the period	**86,620**	**(42,982)**	**129,602**	**301.5**

Other comprehensive income for the first quarter was $56.3 million, a variance of $89.0 million over the same quarter last year. This variance is largely attributable to non-cash actuarial gains on CBC/Radio-Canada's defined benefit pension plan, a non-operating accounting item.

The following provides further detail and explanation of these results.

Revenues

(in thousands of dollars)	Three months ending June 30			
	2011	**2010**	**$ change**	**% change**
Advertising				
English services	81,440	75,214	6,226	8.3
French services	29,298	28,779	519	1.8
	110,738	103,993	6,745	6.5
Specialty services				
CBC News Network	20,865	20,430	435	2.1
RDI	14,081	14,304	(223)	(1.6)
bold	1,017	1,073	(56)	(5.2)
documentary	1,404	1,414	(10)	(0.7)
ARTV	4,554	-	4,554	N/A
	41,921	37,221	4,700	12.6
Other and financing income				
English services	10,812	7,911	2,901	36.7
French services	7,504	8,402	(898)	(10.7)
Corporate services	9,170	8,529	641	7.5
	27,486	24,842	2,644	10.6
TOTAL	**180,145**	**166,056**	**14,089**	**8.5**

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Revenues increased $14.1 million (8.5 per cent) for the first quarter compared to the same period last year.

Advertising

Advertising revenues increased by $6.7 (6.5 per cent) million compared to the first quarter of 2010–2011, mainly as a result of strong audience performances in sports and news and strong digital revenues. English Services revenues reflect the presence of a Canadian team, the Vancouver Canucks, in the seven-game Stanley Cup final, strong news revenues during the federal election and growth in digital revenues. French Services advertising revenues increased because of growth on the TOU.TV platform.

Specialty Services

Specialty services revenue, which includes advertising and subscriber revenues, increased by $4.7 million (12.6 per cent) compared to the same period in 2010–2011.

Most of the increase is a consequence of results from ARTV being consolidated into CBC/Radio-Canada's financial results as specialty service revenues. There are no quarterly comparable figures because the Corporation began consolidating the results of ARTV in July 2010, upon the acquisition of additional ARTV shares.

Other and Financing Income

Other and financing income for the quarter ending June 30, 2011, increased by $2.6 million (10.6 per cent) over the same period last year. Most of the increase is a result of an increase of $1.7 million in contributions from the Local Programming Improvement Fund (LPIF) compared to first quarter last year. The LPIF contribution was higher mainly because 20 of our stations are eligible for LPIF funding in 2011–2012 compared to 17 stations last year. Other income also reflects an increase in revenues from English Services' labour and facility rentals as well as program and archive sales.

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Operating Expenses

(in thousands of dollars)	Three months ending June 30			
	2011	**2010**	**$ change**	**% change**
Television, radio and new media services				
English Services	249,379	239,067	10,312	4.3
French Services	158,625	150,695	7,930	5.3
	408,004	389,762	18,242	4.7
Specialty services				
CBC News Network	15,064	14,919	145	1.0
RDI	11,740	10,011	1,729	17.3
BOLD	886	790	96	12.2
Doc Channel	775	760	15	2.0
ARTV	2,942	-	2,942	N/A
	31,407	26,480	4,927	18.6
Transmission, distribution and collection	19,537	16,803	2,734	16.3
Corporate management	3,215	2,998	217	7.2
Payments to private stations	771	759	12	1.6
Finance costs	8,321	8,607	(286)	(3.3)
Share of losses of associates	365	124	241	N/A
TOTAL	**471,620**	**445,533**	**26,087**	**5.9**

Operating expenses for the three months ending June 2011 increased by $26.1 million (5.9 per cent) over the first quarter of 2010–2011. Most of the increase (69.9 per cent) was in English and French Services' operating costs. Another 21.8 per cent was the result of ARTV's expenses of $2.9 million being consolidated with CBC/Radio-Canada's results and an increase of $2.7 million primarily related to increased depreciation of transmission, distribution and collection assets.

English Services' operating expenses increased by $10.3 million (4.3 per cent) and French Services' expenses increased by $7.9 million (5.3 per cent). A large portion of the increases, $6.8 million for English Services and $7.4 million for French Services, was a result of higher programming, production and operating costs. Programming and production costs were higher due to the federal election, the royal visit and increased investment in digital programming. As well, a retirement incentive plan offered to employees as part of *Everyone, Every way* increased severance payments compared to first quarter of 2010–2011, and corporate cost allocations, such as real estate related taxes, building maintenance and repair costs, also increased quarter over quarter.

In specialty services, RDI's expenses increased by $1.7 million (17.3 per cent) over first quarter 2010–2011 mainly explained by a largely enhanced schedule (*Téléjournal* at 9 p.m. and *RDI matin*) and the federal election. As previously noted, ARTV results are now consolidated into CBC/Radio-Canada's financial results and its expenses are presented under specialty services operating expenses, accounting for an additional increase of $2.9 million in specialty services expenses for the first quarter.

The expenditure increase for transmission, distribution and collection activities was caused by accelerated depreciation of analog television assets in anticipation of the transition to digital transmission in Canada.

Government Funding

(in thousands of dollars)	Three months ending June 30			
	2011	**2010**	**$ change**	**% change**
Parliamentary appropriations for operating expenditures	244,769	238,037	6,732	2.8
Parliamentary appropriations for working capital	1,000	1,000	-	-
Amortization of deferred capital funding	33,166	30,269	2,897	9.6
TOTAL	**278,935**	**269,306**	**9,629**	**3.6**

While Government funding for the 2011–2012 fiscal year is not expected to increase from the previous year, quarter-over-quarter funding recognized for accounting purposes was $9.6 million higher (3.6 per cent). Parliamentary appropriations for operating expenditures recognized as revenue increased by $6.7 million (2.8 per cent) for the three-month period ending June 30, 2011, compared to the same period last year. Parliamentary appropriations for operating expenditures are recognized in the Condensed Consolidated Statement of Income (Loss) based on quarterly budgeted expenses and self-generated revenues. By 2011–2012 year-end, the operating appropriation recognized as revenue is expected to be $1.028 billion, a decrease of $3.5 million (0.3 per cent) from the $1.032 billion recognized last year. This variance is largely explained by an incremental budget reduction in 2010-2011 that was introduced in the 2007 federal budget.

Capital funding received is recorded as deferred capital funding. It is amortized and recognized as revenue over the same periods as the related property, equipment, equipment under capital lease, and intangible assets are used in CBC/Radio-Canada's operations.

Non-operating Items

(in thousands of dollars)	Three months ending June 30			
	2011	**2010**	**$ change**	**% change**
Dilution gain from Sirius	39,251	-	39,251	N/A
Dividend income from Sirius	5,094	-	5,094	N/A
Loss on disposal of equipment	(1,481)	(135)	(1,346)	(997.0)
Non-operating items	**42,864**	**(135)**	**42,999**	**N/A**

In April 2011, the Canadian Radio-television and Telecommunications Commission (CRTC) approved the merger of Canada’s two satellite radio providers, Sirius Canada Inc. and Canadian Satellite Radio (CSR) Holdings Inc. The merger was completed in June 2011. CSR was the parent company of XM Canada, and the merged entity is known as SiriusXM Canada.

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CBC/Radio-Canada held a 25.05 per cent equity interest in Sirius Canada and was one of three shareholders. In the merged entity, the Corporation owns a 14.5 per cent equity interest and 19.9 per cent voting interest, and it has a seat on the Board of Directors.

A dilution gain and dividend income from the Sirius/XM merger accounted for most of the Corporation's non-operating items of $42.9 million in the first quarter. On June 21, 2011, CBC/Radio-Canada exchanged its interest in Sirius Canada Inc. for shares in CSR pursuant to the reverse take-over of CSR by Sirius ("CSR transaction"). Following the CSR transaction, CBC/Radio-Canada concluded that it continues to have significant influence in the CSR combined entity through a combination of its equity interest, representation on the Board of Directors and its ability to participate in financial and operating policy decisions. Accordingly, the investment in CSR is accounted for using the equity method of accounting. The reverse take-over and retention of a reduced interest in the CSR combined entity caused the Corporation to recognize a non-cash dilution gain of $39.3 million. This amount is made up of a gain on the disposed interest in the amount of $8.1 million as well as CBC/Radio-Canada's proportionate share of CSR's share issuance amounting to $31.2 million. In addition, CBC/Radio-Canada recognized $5.1 million in dividend income from the redemption of the $12 million investment it had in Sirius Class C shares.

Other Comprehensive Income

(in thousands of dollars)	Three months ending June 30			
	2011	**2010**	**$ change**	**% change**
Actuarial gains (losses) on defined benefit plans	61,296	(32,800)	94,096	286.9
Net unrealized gain on available-for-sale financial assets	94	124	(30)	(100.0)
Reclassification to income of net unrealized gain on available-for-sale financial assets	(5,094)	-	(5,094)	100.0
Other comprehensive income (loss)	**56,296**	**(32,676)**	**88,972**	**272.3**

Other comprehensive income increased by $89.0 million quarter over quarter, primarily from non-cash actuarial gains on CBC/Radio-Canada's defined benefit pension plan compared to an actuarial loss in the same period last year. The actuarial gain recognized for the quarter is largely the result of a greater than expected return on pension assets; in the first quarter last year, a lower than expected return on pension assets resulted in an actuarial loss. Under the Corporation's newly adopted IFRS accounting policy, there is immediate recognition of the pension plan's actuarial gains and losses which could lead to significant fluctuations in other comprehensive income on a quarterly basis, particularly in response to interest rate changes.

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4.2 Financial Condition, Cash Flow and Liquidity

The Corporation's main liquidity sources are parliamentary appropriations for operating, capital and working capital requirements and cash from commercial activities. Based on current information, the Corporation does not expect any significant change in the composition of its sources of liquidity, except for the potential impact of the government-wide Strategic and Operating Review to be announced in federal budget 2012, which could result in a reduction in operating appropriations phased in from 2012–2013 to 2014–2015. The Corporation is preparing proposals to manage possible funding reductions of five or ten per cent.

The Corporation's cash flows from operating, investing and financing activities for the quarter are summarized in the following table. The Corporation's cash balance at June 30, 2011, was $58.2 million, compared to $108.2 million on June 30, 2010.

Cash Position

(in thousands of dollars)	Three months ending June 30			
	2011	**2010**	**$ change**	**% change**
Cash – beginning of year	**63,224**	**53,170**	**10,054**	**18.9**
Cash from (used in) operating activities	(3,608)	65,364	(68,972)	(105.5)
Cash from (used in) financing activities	(126)	1,085	(1,211)	(111.6)
Cash used in investing activities	(1,337)	(11,372)	10,035	(88.2)
Net change	(5,071)	55,077	(60,148)	(109.2)
Cash – end of period	**58,153**	**108,247**	**(50,094)**	**(46.3)**

Cash Used in Operating Activities

Net cash flows used in operating activities were $3.6 million in the first quarter, compared to cash generated of $65.4 million in the same period last year. These cash flows were a result of higher working capital requirements ($19.7 million) and a decrease in net results after non-cash adjustments ($49.3 million). This variance in non-cash charges was caused by a lower deferred operating vote drawdown and movements in the pension plan and employee-related liabilities.

Cash Used in Financing Activities

Net cash flows used in financing activities were $0.1 million in the first quarter, compared to cash generated of $1.1 million in the same period last year. Cash outflows of $25.7 million included $10 million for repayment of the Toronto Broadcasting Centre bonds, notes payable arising from the Ontrea and Galaxie monetization transactions, and the Corporation's obligations under finance leases, as well as $15.7 million for related interest on these items. These outflows were offset by $25.6 million in parliamentary appropriations for capital expenditures.

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Cash Used in Investing Activities

Net cash flows used for investing were $1.3 million in the first quarter, compared to $11.4 million in the comparative period last year. Cash outflows of $17.9 million included $16.5 million for acquisition of property and equipment and intangible assets in accordance with the Corporation's capital plan. These outflows were offset by $16.6 million in cash inflows largely accounted for by $14.9 million in capital and dividends received as part of the merger between Sirius Canada Inc. and Canadian Satellite Radio Holdings Inc.

4.3 Outlook and Risk Update

This quarter the Corporation began implementing its five-year strategic plan, launched on February 1, 2011. *Everyone, Every way* responds to a rapidly evolving broadcast and media environment, demographic shifts, new technologies, platforms and content choices, all of which impact revenues, operating costs and capital requirements. The plan does not require additional government funding*;* we will fund the plan's core elements by finding $45 million in cost reductions and $10 million in new revenues. Our goal is to be more financially flexible and agile by 2015. Having developed a comprehensive financial plan, the Corporation is confident that it can achieve its objectives provided that it has stable long-term funding, including parliamentary appropriations, availability of the $60 million for Canadian programming received since 2001–2002, and continued access to the Local Programming Improvement Fund (LPIF) and the Canada Media Fund (CMF). Should there be a substantial reduction in these sources of funds, it would affect both our ability to deliver *Everyone, Every way* and could create working capital deficiencies which would need to be managed.

To continue to grow our self-generated revenues and increase operating efficiencies, *Everyone, Every way* commits us to:

- Balance the overall financial plan and enhance the level of service that we provide to Canadians, without abandoning our existing audiences
- Pursue revenue growth initiatives, cost improvements and resource redirections, and to examine our assets to extract as much value as possible
- Further trim operating costs. We have undertaken a corporate general and administrative cost review, and a review of our overall procurement spending for goods and services.
- Review our network production methods and use of technology to increase our efficiency
- Explore potential partnership opportunities
- Challenge our priorities in a rapidly evolving environment

Examples of our commitments include a continued move to integrated revenue management (exploring all options available to the Corporation to maximize revenues from its content), a more enterprise-wide approach to procurement and merchandising, and further development of online advertising capabilities as digital opportunities grow and are increasingly linked to traditional media transactions.

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Key factors that could impact the Corporation's results are summarized in the table below, which outlines changes in risks since preparation of the last annual report. A full discussion of risks and mitigating strategies is included in the annual report.

▼ Decreasing ► Stable ▲ Increasing

Risk	Trend	Update
Government Funding The federal budget tabled on June 6, 2011 announced a review of direct program spending with an objective of ongoing annual savings by 2014–2015 of five per cent of the government's review base.	▲	The government-wide Strategic and Operating Review of direct program spending is proceeding. CBC/Radio-Canada is among 67 organizations that have been asked to prepare two proposals as part of this review: one to meet a five per cent reduction and the other a ten per cent reduction to operating appropriation. CBC/Radio-Canada is examining all aspects of operations, guided by the mandate set in the *Broadcasting Act* and our strategic plan *2015: Everyone, Every way*. The outcome of the government review will be reported as part of the federal budget 2012, likely sometime in February or March 2012.
Regulatory Issues Renewals for all CBC/Radio-Canada licences, including for specialty services, are scheduled for September 2011. The outcome of this hearing will set the terms and conditions of our CRTC licence over the next five years and determine whether we are able to meet the objectives of *Everyone, Every way*.	►	On July 8, 2011, the CRTC announced that the public hearings on the licence renewals for CBC/Radio-Canada will be delayed from September 2011 to June 2012.
Digital Television Transition The CRTC deadline for transition to digital television (DTV) over-the-air transmission is August 31, 2011. The Corporation is making every effort to install 27 transmitters across the country, one for every one of its originating television stations, by August 31, 2011. For CBC/Radio-Canada, going digital in all of the CRTC's "mandatory markets" would require the replacement of 51 transmitters. The Corporation does not have the capital spending capacity to achieve that. The result is that some markets are facing the prospect of no longer receiving an over-the-air signal from CBC or Radio-Canada.	►	As of June 30, 2011, the number of digital transmitters on air increased to 10 with the addition of Calgary and Edmonton. The Corporation is on track to install the targeted 27 transmitters by August 31, 2011. After quarter end, on July 14, the Corporation applied to the CRTC for permission to continue broadcasting in analog in those mandatory markets facing the prospect of service loss, so that Canadians do not lose CBC/Radio-Canada over-the-air service. On August 16, the CRTC gave the Corporation permission to continue broadcasting analog over-the-air television signals via 22 transmitters until August 31, 2012.

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5. Financial Reporting Disclosure

5.1 Transition to International Financial Reporting Standards

In February 2008, the Canadian Accounting Standards Board of the Canadian Institute of Chartered Accounts (CICA) announced that all publicly accountable Canadian reporting entities must adopt International Financial Reporting Standards (IFRS) as Canadian generally accepted accounting practices (GAAP) for years beginning on or after January 1, 2011. Under the Public Sector Accounting Standards, the Corporation is now classified as “other government organization.” As such, the Corporation was required to assess the most appropriate basis of accounting. After assessing various factors, the Corporation determined that IFRS constitutes the most appropriate basis of accounting.

On April 1, 2011, the Corporation adopted IFRS for financial reporting, using a transition date of April 1, 2010. The consolidated condensed financial statements contained within this quarterly report are therefore prepared in accordance with IFRS 1, First-time Adoption of International Financial Reporting Standards, and with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standard Board. Previously, the Corporation prepared its financial statements in accordance with Canadian GAAP.

The Corporation’s IFRS accounting policies are provided in Note 3 to the consolidated condensed financial statements. In addition, Note 5 presents reconciliations between the Corporation’s previous GAAP results for fiscal 2011 and IFRS results. These reconciliations include: Consolidated Statements of Financial Position as at April 1, 2010, and March 31, 2011, and a Consolidated Statement of Income (Loss) and Statement of Comprehensive Income for the year ended March 31, 2011.

The following provides a summary reconciliation of equity as of the date of transition and through to March 31, 2011, the last period for which financial results were presented under GAAP, along with a brief description of the significant differences. For more detailed explanations, please refer to the notes to the condensed consolidated quarterly financial statements prepared by the Corporation as at June 30, 2011.

	(in thousands of dollars)
Total Equity – Canadian GAAP March 31, 2010	(137,737)
IFRS Transition Adjustments:	
Pension and employee-related liabilities	82,825
Property and equipment – fair value of real estate assets	162,377
Lease for satellite services	(17,385)
Consolidation of trust established to monetize receivables	(5,456)
Equity – IFRS April 1, 2010	**84,624**

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	(in thousands of dollars)
Total Equity – Canadian GAAP March 31, 2011	(160,375)
Cumulative IFRS adjustments for the year ended March 31, 2011:	
Pension and employee-related liabilities	349,851
Property and equipment – fair value of real estate assets and change in accumulated depreciation	154,820
Lease for satellite services	(17,138)
Consolidation of trust established to monetize receivables	(5,098)
Equity – IFRS March 31, 2011	**322,060**

Pension and employee-related liabilities

The cumulative adjustment to pension and employee-related liabilities includes transitional adjustments reflecting the Corporation's election to immediately recognize net unamortized amounts and the change in applicable discount rates as at March 31, 2010, the recognition of actuarial gains and losses for the year ended March 31, 2011, and a reduction in expenses for the year ended March 31, 2011, reflecting the difference in discount rates used.

Property and equipment – fair value of real estate assets

The Corporation has elected to measure certain land and buildings at their fair value at April 1, 2010. This election excluded transmission sites and certain buildings, which will continue to be carried at a value determined in relation to their cost. This election had the impact of increasing the recorded values and the subsequent amortization expense related to these assets.

Lease for satellite services

An agreement to lease satellite capacity was determined to be a finance lease under IFRS. As a result, property and equipment, and short and long-term liabilities, increased. This change has also resulted in new amortization and interest charges related to the asset under finance lease and obligation under finance lease, respectively, and a reduction in transmission, distribution and collection charges.

Consolidation of trust established to monetize receivables

The Corporation established a trust (CBC Monetization Trust) to monetize long-term receivables as part of the Recovery Plan implemented to manage budgetary shortfalls in 2009–2010 resulting from the recession. Under IFRS, the trust must be consolidated in the Corporation's financial statements. The adjustment on the date of transition resulted from the consolidation of the trust's accounts on a line-by-line basis. As of March 31, 2011, this impact was partly offset by the Trust's results from operations for the year then ended.

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5.2 Future Accounting Standards

For a description of future changes in accounting standards, see Note 2.

5.3 Transactions with Related Parties

The Corporation, through the normal course of business, is involved in transactions with related parties. See Note 26.

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6. Statement of Management Responsibility by Senior Officials

Management is responsible for the preparation and fair presentation of these condensed consolidated quarterly financial statements in accordance with IAS 34: Interim Financial Reporting, and for such internal controls as management determines is necessary to enable the preparation of condensed consolidated quarterly financial statements that are free from material misstatement. Management is also responsible for ensuring all other information in this quarterly financial report is consistent, where appropriate, with the condensed consolidated quarterly financial statements.

Based on our knowledge, these unaudited condensed consolidated quarterly financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Corporation, as at the date of and for the periods presented in the condensed consolidated quarterly financial statements.

Hubert T. Lacroix, President and Chief Executive Officer

Suzanne Morris, Vice-President and Chief Financial Officer

Ottawa, Canada
August 24, 2011

A0046583_50-000092

Condensed Consolidated Statement of Financial Position
(unaudited)

(Canadian $)

	June 30, 2011	March 31, 2011	April 1, 2010
	(thousands of dollars)		
ASSETS			
Current			
Cash	58,153	63,224	53,170
Trade and other receivables (NOTE 6)	199,899	173,763	194,575
Programming (NOTE 7)	194,600	163,658	178,243
Merchandising inventory	929	1,089	1,703
Prepaid expenses (NOTE 8)	64,687	138,689	148,564
Promissory notes receivable (NOTE 9)	4,577	2,023	2,047
Net investment in finance lease (NOTE 10)	2,384	2,351	2,182
Asset classified as held for sale	154	154	-
	525,383	**544,951**	**580,484**
Long-term			
Property and equipment (NOTE 11)	1,065,060	1,080,595	1,088,189
Intangible assets (NOTE 12)	36,316	39,687	47,725
Assets under finance lease (NOTE 13)	54,242	56,242	55,591
Pension plan (NOTE 16)	209,411	148,769	-
Long-term receivables	-	-	10,090
Promissory notes receivable (NOTE 9)	51,522	51,765	53,638
Net investment in finance lease (NOTE 10)	55,969	56,577	58,960
Deferred charges	4,475	3,003	16,467
Investment in associate (NOTE 14)	19,827	17	7,260
	1,496,822	**1,436,655**	**1,337,920**
TOTAL ASSETS	**2,022,205**	**1,981,606**	**1,918,404**
LIABILITIES			
Current			
Accounts payable and accrued liabilities (NOTE 15)	82,226	125,336	128,162
Provisions (NOTE 19)	27,495	28,676	50,070
Pension plans and employee-related liabilities (NOTE 16)	146,129	144,703	130,899
Bonds payable	14,135	19,642	19,223
Financial liability related to the monetization of receivables	10,407	10,337	10,174
Obligations under finance lease (NOTE 17)	9,470	9,343	7,300
Notes payable (NOTE 18)	5,434	5,404	4,897
Deferred revenues	4,199	3,825	2,185
Deferred operating vote drawdown	18,663	-	-
Derivative financial instruments	600	715	297
	318,758	**347,981**	**353,207**
Long-term			
Investment in associate (NOTE 14)	-	1,417	1,417
Deferred revenues	2,571	2,726	2,303
Pension plans and employee-related liabilities (NOTE 16)	213,111	210,268	329,907
Bonds payable	293,984	299,237	309,179
Financial liability related to the monetization of receivables	-	-	10,221
Obligations under finance lease (NOTE 17)	61,594	64,136	65,676
Notes payable (NOTE 18)	121,677	124,353	129,649
Deferred capital funding	601,830	609,428	632,221
	1,294,767	**1,311,565**	**1,480,573**
Equity			
Retained earnings	406,248	314,797	92,019
Accumulated other comprehensive income (loss)	-	5,000	(7,675)
Total equity attributable to the Corporation	**406,248**	**319,797**	**84,344**
Non-controlling interests	**2,432**	**2,263**	**280**
TOTAL EQUITY	**408,680**	**322,060**	**84,624**
TOTAL LIABILITIES AND EQUITY	**2,022,205**	**1,981,606**	**1,918,404**

Commitments (NOTE 24)

The accompanying notes form an integral part of the condensed consolidated financial statements.

A0046583_51-000093

Condensed Consolidated Statement of Income (Loss)
(unaudited)

(Canadian $)	Three months ended June 30,	
	2011	**2010**
REVENUES (NOTE 20)	*(thousands*	*of dollars)*
Advertising	110,738	103,993
Specialty services	41,921	37,221
Other income	26,096	23,465
Financing income	1,390	1,377
	180,145	**166,056**
EXPENSES		
Television, radio and new media services costs	408,004	389,762
Specialty services	31,407	26,480
Transmission, distribution and collection	19,537	16,803
Corporate management	3,215	2,998
Payments to private stations	771	759
Finance costs	8,321	8,607
Loss on investment in associate	365	124
	471,620	**445,533**
Operating loss before Government funding and non-operating items	**(291,475)**	**(279,477)**
GOVERNMENT FUNDING (NOTE 21)		
Parliamentary appropriation for operating expenditures	244,769	238,037
Parliamentary appropriation for working capital	1,000	1,000
Amortization of deferred capital funding	33,166	30,269
	278,935	**269,306**
Net results before non-operating items	**(12,540)**	**(10,171)**
NON-OPERATING ITEMS		
Dilution gain from merger transaction (NOTE 14)	39,251	-
Dividend income from merger transaction (NOTE 14)	5,094	-
Loss on disposal of equipment	(1,481)	(135)
	42,864	**(135)**
Net results for the period	**30,324**	**(10,306)**
Net results attributable to:		
The Corporation	30,155	(10,357)
Non-controlling interests	169	51
	30,324	(10,306)

The accompanying notes form an integral part of the condensed consolidated financial statements.

A0046583_52-000094

Condensed Consolidated Statement of Comprehensive Income (Loss) (unaudited)

(Canadian $)	Three months ended June 30,	
	2011	**2010**
COMPREHENSIVE INCOME	*(thousands*	*of dollars)*
Net results for the period	30,324	(10,306)
Other comprehensive income (loss)		
Actuarial gains (losses) on defined benefit plans	61,296	(32,800)
Net unrealized gain on available-for-sale financial assets	94	124
Reclassification to income of net unrealized gain on available-for-sale financial asset arising from merger transaction	(5,094)	-
Total comprehensive income (loss) for the period	**86,620**	**(42,982)**
Total comprehensive income (loss) attributable to:		
The Corporation	86,451	(43,033)
Non-controlling interests	169	51
	86,620	(42,982)

The accompanying notes form an integral part of the condensed consolidated financial statements.

A0046583_53-000095

Condensed Consolidated Statement of Changes in Equity
(unaudited)

(Canadian $)

Three months ended June 30, 2011	Retained earnings (deficit)	Total accumulated other comprehensive income (loss)	Total equity attributable to the corporation	Non-controlling interests	Total
		(thousands of dollars)			
Balance as at March 31, 2011	314,797	5,000	319,797	2,263	322,060
Changes in period					
Net results for the period	30,155	-	30,155	169	30,324
Actuarial gains (losses) on post-retirement benefit plans	61,296	-	61,296		61,296
Net unrealized gain on available-for-sale financial assets	-	94	94	-	94
Reclassification to income of net unrealized gain on available-for-sale financial asset arising from merger transaction		(5,094)	(5,094)	-	(5,094)
Balance at June 30, 2011	**406,248**	**-**	**406,248**	**2,432**	**408,680**

Three months ended June 30, 2010	Retained earnings (deficit)	Total accumulated other comprehensive income (loss)	Total equity attributable to the corporation	Non-controlling interests	Total
		(thousands of dollars)			
Balance as at April 1st, 2010	92,019	(7,675)	84,344	280	84,624
Changes in period					
Net results for the period	(10,357)	-	(10,357)	51	(10,306)
Actuarial gains (losses) on post-retirement benefit plans	(32,800)	-	(32,800)	-	(32,800)
Net unrealized gain on available-for-sale financial assets	-	124	124	-	124
Balance at June 30, 2010	**48,862**	**(7,551)**	**41,311**	**331**	**41,642**

The accompanying notes form an integral part of the condensed consolidated financial statements.

A0046583_54-000096

Condensed Consolidated Statement of Cash Flows
(unaudited)

(Canadian $)	Three months ended June 30,	
	2011	**2010**
	(thousands of dollars)	
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net results for the period	30,324	(10,306)
Adjustments for:		
Loss on disposal of property and equipment	1,481	135
Change in fair value of financial instruments designated as at fair value through profit and loss	(115)	(785)
Depreciation of property and equipment	29,904	28,401
Amortization of intangible assets	4,162	4,472
Depreciation of assets under finance lease	2,000	1,763
Reclassification to income of net unrealized gain on available-for-sale financial asset arising from merger transaction	(5,094)	-
Loss on investment in associate	365	124
Dilution gain from merger transaction	(39,251)	-
Amortization of deferred charges	(28)	11,490
Amortization of deferred capital funding	(33,166)	(30,269)
Change in deferred operating vote drawdown	18,663	90,410
Change in deferred revenues [long-term]	(155)	-
Change in pension plan asset	834	-
Change in pension plans and employee-related liabilities [current]	9,836	(20,616)
Change in pension plans and employee-related liabilities [long-term]	2,663	(6,251)
Movements in working capital (NOTE 23)	(26,031)	(6,594)
	(3,608)	**61,974**
FINANCING ACTIVITIES		
Parliamentary appropriations (NOTE 21):		
Capital funding	25,568	25,391
Repayment of obligation under finance lease	(2,414)	(1,928)
Repayment of bonds	(4,878)	(4,531)
Repayment of notes	(2,670)	(2,288)
Interest paid	(15,732)	(15,559)
	(126)	**1,085**
INVESTING ACTIVITIES		
Acquisition of property and equipment	(15,688)	(8,289)
Acquisition of intangible assets	(791)	(1,265)
Return of capital-investment in associates	9,855	-
Deferred charges relating to programming rights	(1,444)	-
Proceeds from disposal of property and equipment	129	66
Dividend received	5,094	-
Interest received	1,508	1,506
	(1,337)	**(7,982)**
Change in cash	**(5,071)**	**55,077**
Cash, beginning of the year	**63,224**	**53,170**
Cash, end of the period	**58,153**	**108,247**

The accompanying notes form an integral part of the condensed consolidated financial statements.

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Notes to the Condensed Consolidated Financial Statements for the 3-month Period Ended June 30, 2011

(Canadian $)

(unaudited)

1. General Information

CBC | Radio-Canada (the Corporation) is a federal Crown Corporation domiciled in Canada and subject to federal corporate income tax by virtue of the Income Tax Act and the Regulations thereto. The address of the Corporation's registered office is 181 Queen Street, Ottawa ON K1P 1K9. CBC | Radio-Canada is not subject to any provincial corporate income taxes but is subject to sales taxes at both the federal and provincial levels.

These condensed consolidated financial statements have been authorized for issuance by the Board of Directors on August 24, 2011.

2. Changes in Accounting Policies

A. Policies Used in Annual Financial Statements

The Accounting Standards Board (AcSB) confirmed in February 2008 that International Financial Reporting Standards (IFRS) will replace Canadian generally accepted accounting principles (Canadian GAAP) for publicly accountable enterprises for financial periods beginning on and after January 1, 2011. Under the Public Sector Accounting Standards, the Corporation is now classified as "other government organization." As such, the Corporation was required to assess the most appropriate basis of accounting. After assessing various factors, the Corporation determined that IFRS constitutes the most appropriate basis of accounting. Accordingly, the Corporation has adopted IFRS effective April 1, 2011.

These interim condensed consolidated financial statements were prepared using the accounting policies the Corporation expects to adopt in its March 31, 2012 annual consolidated financial statements. In preparing the Corporation's first IFRS annual consolidated financial statements the Corporation is required to use the standards in effect as at March 31, 2012, which may differ from the policies the Corporation currently expects to adopt and has used in these financial statements. Differences may arise as a result of new standards being issued, with an effective date of March 31, 2012 or prior, before the preparation of the Corporation's March 31, 2012 annual consolidated financial statements. A change in the accounting policies used may result in material changes to the Corporation's reported financial position, results of operations and cash flows.

2. Changes in Accounting Policies *(Continued)*

B. Future Accounting Changes

The Corporation has reviewed new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Corporation. The Corporation is currently assessing the potential impact of each pronouncement on its consolidated financial statements.

IFRS 7 *Amendments to IFRS 7, Financial Instruments: Disclosures*

IFRS 7 was amended in October 2010 to provide additional disclosure on the transfer of financial assets including the possible effects of any residual risks that the transferring entity retains. These amendments are effective for annual reporting periods beginning after July 1, 2011.

IFRS 9 *Financial Instruments*

IFRS 9, issued in November 2009 and amended in October 2010, is part of a multi-step project to replace current IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 has adopted an approach based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of its financial assets and liabilities. IFRS 9 is effective for annual periods beginning on or after January 1, 2013.

IFRS 10 *Consolidated Financial Statements*

IFRS 10 replaced IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidation-Special Purpose Entities*. The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This Standard will become effective for annual periods beginning on or after January 1, 2013.

IFRS 11 *Joint Arrangements*

IFRS 11, issued in May 2011, supersedes IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities - Non-monetary Contributions by Venturers*. IFRS 11 focuses on the rights and obligations of a joint arrangement, rather than its legal form as is currently the case under IAS 31. The standard addresses inconsistencies in the reporting of joint arrangements by requiring the equity method to account for interests in jointly controlled entities. IFRS 11 will become effective for annual periods beginning on or after January 1, 2013..

2. Changes in Accounting Policies *(Continued)*

IFRS 12 *Disclosure of Interest in Other Entities*

IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. It aims at enabling users of financial statements to evaluate the nature of, and risk associated with, the Corporation's interest in other entities and the effects of those interests on its financial position, financial performance and cash flows. IFRS 12 will become effective for annual periods beginning on or after January 1, 2013.

IFRS 13 *Fair Value Measurement*

IFRS 13 defines fair value, sets out in a single IFRS framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies to IFRSs that require or permit fair value measurements or disclosures about fair value measurement. This Standard will become effective for annual periods beginning on or after January 1, 2013.

IAS 1 *Amendments to IAS 1, Presentation of financial statements*

IAS 1 was amended in June 2011 to retain the "one or two statement" approach at the option of the entity and only revise the way other comprehensive income is presented: requiring separate subtotals for those elements which may be "recycled" (e.g. cash-flow hedging, foreign currency translation), and those elements that will not (e.g. fair value through other comprehensive income items under IFRS 9). These amendments will become effective for annual periods beginning on or after July 1, 2012.

IAS 12 *Amendments to IAS 12, Income Taxes*

IAS 12 was amended in December 2010 to provide an exception to the general principle in IAS 12 that the measurement of deferred tax assets and liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of the asset. The amendments to IAS 12 are effective for annual reporting periods beginning on or after January 1, 2012.

IAS 19 *Amendments to IAS 19, Employee Benefits*

IAS 19 was amended in June 2011 to eliminate the option to defer the recognition of gains and losses, to amend the presentation of changes in the defined benefit obligation and plan assets on the Statement of Comprehensive Income (Loss), to require the net interest to be calculated by using a high quality corporate bond yield as well as to improve disclosure about the risks arising from defined benefit plans. These amendments are effective for annual periods beginning on or after January 1, 2013.

2. Changes in Accounting Policies *(Continued)*

IAS 28 *Investments in Associates and Joint Ventures*

IAS 28 was amended in 2011 and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 is effective for annual periods beginning on or after January 1, 2013.

3. Significant Accounting Policies

A. Statement of Compliance

The Corporation has prepared these condensed consolidated financial statements in accordance with Section 83 of the *Financial Administration Act*, International Accounting Standard 34 *Interim Financial Reporting* (IAS 34) and IFRS 1 *First-time Adoption of International Financial Reporting Standards* as issued by the International Accounting Standards Board (IASB).

As these interim condensed consolidated financial statements are the Corporation's first financial statements prepared using IFRS, certain disclosures that are required to be included in the annual consolidated financial statements prepared in accordance with IFRS that were not included in the Corporation's most recent annual consolidated financial statements prepared in accordance with Canadian GAAP have been included in these condensed consolidated financial statements for the comparative annual period.

These condensed consolidated financial statements should be read in conjunction with the Corporation's 2011 annual consolidated financial statements and in consideration of the IFRS transition disclosures included in Note 5 to these financial statements and the additional annual disclosures included herein.

B. Basis of Preparation

Section 83 of the Financial Administration Act requires that most parent Crown Corporations prepare and make public quarterly financial reports for periods beginning on or after April 1, 2011 compliant with the Standard on Quarterly Financial Reports for Crown Corporations.

These consolidated interim financial statements are presented on a condensed basis as permitted by IAS 34 and therefore do not include all disclosures that would otherwise be required in a full set of financial statements. The condensed consolidated interim financial statements are unaudited for all periods presented.

i. Subsidiaries and Special Purpose Entities

The interim condensed consolidated financial statements include the accounts of the Corporation, its subsidiaries; ARTV and Documentary Channel (documentary) and two special purpose entities; the Broadcast Centre Trust and the CBC Monetization Trust. These entities are deemed to be controlled by the Corporation. Control is presumed to exist when the Corporation owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. Control can also exist when the Corporation has power over more than half of the voting rights by virtue of an agreement with other investors, the Corporation has the power to govern the financial and operating policies of the entity under an agreement, the Corporation has the power to appoint or remove the majority of the members of the board of directors, the Corporation has the power to obtain benefits from the entity's activities or the Corporation has the power to cast the majority of votes at meetings of the board of directors.

Control is presumed when the Corporation bears the majority of the risk associated with the collection of a special purpose entity's receivables through a guarantee it has provided.

Control is also exercised when the Corporation guarantees the bonds payable held by a special purpose entity through the rent payments made by the Corporation for the premises occupied.

The financial statements of subsidiaries and special purpose entities are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of the subsidiaries and special purposes entities are consistent with those of the Corporation.

Non-controlling interests in the equity of the Corporation's subsidiaries are included in Equity. Non-controlling interests in subsidiaries are identified separately from the Corporation's equity therein. The interest of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets, if appropriate. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intra-company transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Corporation's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Corporation's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owner of the Corporation.

When the Corporation loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognized in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

ii. Associates

An associate is an entity over which the Corporation has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these condensed consolidated financial statements using the equity method of accounting. Interests in investments accounted for using the equity method are initially recognized at cost. The carrying value of the Corporation's interest in an entity is adjusted for the Corporation's share of income, other comprehensive income and distributions of the entity. The accounting policies of associates are consistent with those of the Corporation.

When the Corporation's share of losses exceeds its interest in an associate, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Corporation has an obligation or has made payments on behalf of the associate.

When the Corporation transacts with an associate of the Corporation, profits and losses are eliminated to the extent of the Corporation's interest in the relevant associate.

Investments are assessed for indications of impairment at the end of each reporting period. Any impairment loss is recognized when the net carrying amount is not recoverable and exceeds its fair value.

C. Government Funding

The Corporation receives a substantial portion of its funding from the Government of Canada.

Parliamentary appropriations for operating expenditures are recognized in the Condensed Consolidated Statement of Income (loss) based on the net difference between quarterly budgeted expenses and self-generated revenues.

Quarterly budgets are established from the annual budget approved by the Board of Directors at the beginning of each year and reflect expected appropriation funding for the year and seasonal impacts of expenditures and self-generated revenues.

Parliamentary appropriations for working capital are presented as revenues under the "government funding" caption of the Condensed Consolidated Statement of Income (Loss).

Parliamentary appropriations for property and equipment, intangible assets and assets under finance lease that are subject to depreciation are recorded as deferred capital funding on the Condensed Consolidated Statement of Financial Position, and are amortized on the same basis and over the same periods as the related property and equipment and intangible assets and assets under finance lease.

D. Regulatory Licenses

The Corporation holds licenses, granted by the CRTC, for all its conventional television, radio and specialty services. The Corporation is required to meet specific regulatory obligations in return for the privilege of holding a broadcasting license. The Corporation has elected to record this non-monetary grant at its nominal value of nil.

E. Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable arising from the rendering of services and sale of goods in the ordinary course of the Corporation's activities. Revenue is net of agency commissions and discounts. Revenue includes advertising, specialty services, other income and financing income and is recognized when the amount of revenue can be reliably measured, it is probable that the future economic benefits will flow to the Corporation and specific criteria have been met for each of the Corporations activities described below.

i. Advertising revenues

Revenues from the sale of advertising airtime are recognized when the advertisement has been broadcast, the Corporation has no remaining obligations and collectability is reasonably assured.

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ii. Specialty services

Revenues from specialty services include the sale of advertising airtime by specialty channels, subscriber revenues and the sale of programs by the specialty channels to third-party broadcasters.

Revenues from the sale of advertising airtime are recognized when the advertisement has been broadcast, the specialty service has no remaining obligations and collectability is reasonably assured.

Revenues from program sales and subscriber fees are recognized when the delivery has occurred, or when services have been provided and the Corporation has no remaining obligations and collectability is reasonably assured.

iii. Other income

Other income includes revenues from the leasing of space, facilities and services; commercial production sales; program sponsorship; retransmission rights, host broadcaster's activities; goods sales and contributions from the Local Programming Improvement Fund (LPIF). These are recognized when the delivery has occurred, or when services have been provided and the Corporation has no remaining obligations and collectability is reasonably assured.

Rental income from the leasing of space, facilities and services is recognized in the Condensed Consolidated Statement of Income (Loss) on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognized as other income.

Revenue from the sale of services is recognized when the service has been delivered and the receipt of the income is probable. Where the delivery is over a period of time and an indeterminate number of acts, the revenue is recognized on a straight line basis. Examples of services sold include commercial production sales, program sponsorship and other services revenues.

Retransmission rights and LPIF are recognized on an accruals basis in accordance with the substance of the relevant agreements.

Revenue from the sale of goods is recognized when the risks and rewards of ownership of the goods have been passed to the customer and the Corporation has released all managerial involvement surrounding the goods, such as books and DVDs.

iv. Financing Income

Financing Income includes interest revenues from bank accounts, notes receivable and on the net investment in finance lease. Interest is recognized using the effective interest method.

F. Television, Radio and New Media Services Expenses

Television, radio and new media services expenses include all costs related to the production of programs, including direct out-of-pocket expenditures, departmental and administration expenses, the cost of activities related to technical labour and facilities and depreciation of property and equipment. A portion of the expenses that are directly attributable to the cost of generating programming, such as services provided by Human Resources, Finance and Administration, Building Management and other shared services, are also included in the related expenses. Television, radio and new media services expenses also include programming-related activities, such as Marketing and Sales, Merchandising and Communications.

G. Programming

Programming consists of internally produced television programs, externally produced television programs that require the Corporation's involvement during the production and acquired licence agreements for programming material.

Programming completed and in process of production (excluding acquired licence agreements) is recorded at cost less accumulated amortization and accumulated impairment losses, on an individual basis. Cost includes the cost of materials and services, labour and other direct expenses applicable to programming. Programming costs are recognized in the television, radio and new media services costs of the Condensed Consolidated Statement of Income (Loss), according to the expense recognition schedule, or when deemed unusable or when sold.

The payments made under the terms of each acquired licence agreement are either recorded as prepaid expenses or as programming, depending on whether the programming recognition criteria indicated below have been met. If not initially met, licence agreements are recorded as prepaid expenses. They are transferred to programming when the following criteria are met: cost is determined, material is accepted and the program is available for broadcast. Costs are charged to operations according to the expense recognition schedule, or when deemed unusable or when sold.

Costs of programs that are not considered to be recoverable are written off.

The expense recognition schedule is based on past broadcast experiences, audience results and future telecast plans. For programs with multiple telecasts, management uses the following recognition basis:

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3. Significant Accounting Policies *(Continued)*

Category	Expense recognition schedule by telecast
Movies	50%/30%/20%
Dramatic series, comedy series, animated programs, mini-series (excluding strips[1])	70%/30%
Family drama series telecast as strips	50%/30%/20%
Other drama series telecast as strips	Evenly over telecast up to a maximum of five telecasts
Arts, music and variety (excluding strips)	70%/30%
Arts, music and variety series telecast as strips	50%/30%/20%
Documentaries	CBC Television: 70%/30% Télévision de Radio-Canada: 100%
Documentaries telecast as strips	Evenly over telecast up to a maximum of five telecasts
Factual, information education and game shows (excluding strips)	70%/30%
Factual, information education and game shows telecast as strips	Evenly over telecast up to a maximum of five telecasts
Children – animated and pre-school programs	Evenly over each telecast to a maximum of five telecasts
Youth and children drama programs	70%/30%
Other youth programs	33%/33%/34%

1 Method of broadcasting consecutive episodes.

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3. Significant Accounting Policies *(Continued)*

H. Property and Equipment and Assets Under Finance Lease

The cost of property and equipment and assets under finance lease at April 1, 2010, the date of transition to IFRS, was determined by reference to its cost, except for certain real estate land and buildings, which were measured at fair value. Cost includes expenditures that are directly attributable to the acquisition of the items.

Depreciation of property and equipment is calculated on the straight-line method using rates based on the estimated useful life of the property and equipment. Where major parts of an asset have useful lives different from the asset as a whole, they have been componentized and depreciated according to the major categories to which they pertain. The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Assets under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease unless it is reasonably certain the Corporation will obtain ownership by the end of the lease term. Assets under finance leases are treated in the same manner as owned assets.

Leasehold improvements are capitalized and then depreciated over the shorter of the lease term or the asset’s useful life.

The estimated useful lives, residual values and depreciation method are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis.

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3. Significant Accounting Policies *(Continued)*

The useful lives used in the calculation of depreciation are as follows:

Buildings	15 to 65 years
Technical equipment	
Transmitters and towers	20 years
Electrical equipment	16 years
Other	8 years
Furnishings and office equipment	10 years
Computers (hardware)	
Servers	5 years
Microcomputers	3 years
Automotive	
Specialized vehicles	20 years
Television and radio news trucks, 5-ton and 10-ton heavy trucks	12 years
Snowmobiles, all-terrain vehicles	10 years
Utility vehicles, vans	8 years
Automobiles and minivans	5 years

The Corporation derecognizes an item of property and equipment on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the disposal or retirement of an item of property and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized as a non-operating item in the Condensed Consolidated Statement of Income (Loss).

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3. Significant Accounting Policies *(Continued)*

I. Intangible Assets

The Corporation's intangible assets comprise software acquired separately and internally developed software for internal use.

Software acquired separately is recorded at cost at the acquisition date. Expenditures relating to internally developed computer software applications are capitalized to the extent that the project is technically feasible, the Corporation intends to and has sufficient resources to complete development and to use or sell the asset, development costs can be measured reliably and it is probable that the asset will generate future economic benefits. The amount initially recognized for internally developed software is the sum of the expenditure incurred from the date the intangible asset first meets the recognition criteria listed above. Capitalization ceases when the developed asset is ready for use. The estimated useful life and amortization method are reviewed at the end of each fiscal year, with the effect of any changes in estimate being accounted for on a prospective basis.

Subsequent expenditures on an intangible asset after its purchase or completion are recognized as expenses when incurred, unless it is probable that these expenditures will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and the expenditure can be measured and attributed to the asset reliably. Where no internally developed software can be recognized, development expenditures are recognized in the Condensed Consolidated Statement of Income (Loss) in the period in which they are incurred.

Subsequent to initial recognition, software acquired separately and internally developed software is reported at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over the estimated useful lives (three to five years). The estimated useful life and amortization method are reviewed at the end of each fiscal year, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally generated software that is not yet available for use is tested for impairment at the date of transition and is tested at every following reporting period regardless of whether an impairment indicator exists until the asset is available for use.

The Corporation derecognizes an intangible asset on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the disposal or retirement of an intangible asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized as non-operating items in the Condensed Consolidated Statement of Income (Loss).

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3. Significant Accounting Policies *(Continued)*

J. Asset Impairment

The carrying amounts of the Corporation's property and equipment, intangible assets and programming assets are reviewed at each reporting date at the cash-generating unit ("CGU") level to determine whether there is any indication of impairment. For the purpose of impairment testing, a CGU is the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. Assets are tested at the CGU level when they cannot be tested individually.

Under the Corporation's business model, no assets are considered to generate cash flows that are largely independent of the cash flows of other assets and liabilities. Instead, all assets interact to create the "broadcast network production operations" which includes real estate, equipment and intangible assets. These operations are funded by overall parliamentary appropriations, national and local advertising and other commercial revenues. Overall levels of cash flow reflect public policy requirements and decisions. They reflect budgetary funding provided to the Corporation in its entirety.

The Corporation measures recoverability in terms of the service potential which represents the value in use to the Corporation of the assets held by the Corporation. The level of service provided by CBC/Radio Canada to which the programming rights and internally developed software assets contribute is determined largely by the Corporation's public service mandate.

K. Financial Instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss (FVTPL) are recognized immediately in profit or loss.

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i. Classification of Financial Instruments

The Corporation's financial assets and financial liabilities are classified and measured as follows:

Asset/Liability	Classification	Measurement
Cash	Fair Value Through Profit or Loss	Fair value
Trade and other receivables	Loans and receivables	Amortized cost
Promissory notes receivable	Loans and receivables	Amortized cost
Long-term receivables	Loans and receivables	Amortized cost
Long-term investments[1]	Available-for-sale	Fair value
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Financial liability related to the monetization of receivables	Other liabilities	Amortized cost
Bonds payable	Other liabilities	Amortized cost
Notes payable	Other liabilities	Amortized cost
Derivatives	Held for trading	Fair value

1 Only investments in which the Corporation does not exercise significant influence.

ii. Effective Interest Method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income and expense is recognized on an effective interest basis for debt instruments other than those financial instruments classified as at FVTPL.

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iii. Financial Assets

Financial assets are classified into the following specified categories: financial assets at FVTPL, ”held-to-maturity” investments, ”available-for-sale” (AFS) financial assets and ”loans and receivables”. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

iv. Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or

- on initial recognition it is part of a portfolio of identified financial instruments that the Corporation manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Corporation's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the “Other income” line item in the Condensed Consolidated Statement of Income (Loss).

v. Held-to-Maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Corporation has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment.

If the Corporation sells or reclassifies more than an insignificant amount of held-to-maturity investments before maturity during the current financial year or during the two preceding financial years, it does not classify any financial assets as held to maturity unless the sale or reclassification: i) is so close to maturity or the financial asset's call date that changes in the market rate of interest would not have a significant effect on the financial asset's fair value, ii) occurred after the entity has collected substantially all of the financial asset's original principal through scheduled payments or prepayments; or iii) is attributable to an isolated event that is beyond the entity's control, is non-recurring and could not have been reasonably anticipated by the entity.

vi. Available for Sale Financial Assets (AFS)

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. Where the investment is disposed of the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognized in profit or loss when the Corporation’s right to receive the dividends is established.

vii. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables) are measured at amortized cost using the effective interest method, less any impairment.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

viii. Impairment of Financial Assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets, objective evidence of impairment could include:

- breach of contract, such as a default or delinquency in interest or principal payments
- significant financial difficulty of the issuer or counterparty
- It becomes probable that the counterparty will enter bankruptcy
- There are noted recent changes in the credit rating of the counterparty
- There are known anomalies or negative economic trends in industries in which a significant portion of outstanding debtors operate

In addition, for AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a group of receivables could include the Corporation’s past experience of collecting payments, an increase in the number of delayed payments past the average credit terms as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve.

ix. Derecognition of Financial Assets

The Corporation derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Corporation neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Corporation recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Corporation retains substantially all the risks and rewards of ownership of a transferred financial asset, the Corporation continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

x. Financial Liabilities

Financial liabilities are classified as either financial liabilities ‘at FVTPL' or ‘other financial liabilities'.

Financial Liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the “other gains and losses” line item in the Condensed Consolidated Statement of Income (Loss).

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Other Financial Liabilities

Other financial liabilities (including borrowings) are subsequently measured at amortized cost using the effective interest method.

xi. Derecognition of financial liabilities

The Corporation derecognizes financial liabilities when, and only when, the Corporation's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

xii. Derivative Financial Instruments

The Corporation enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risks. The Corporation does not apply hedge accounting to its derivatives.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period.

The resulting gain or loss is recognized in Condensed Consolidated Statement of Income (Loss) immediately.

The fair values of derivatives financial instruments are presented in the Condensed Consolidated Statement of Financial Position; the positive fair values are reported as derivative financial assets and the negative fair values are reported as derivative financial liabilities.

Embedded Derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

L. Trade and Other Payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost.

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M. Provisions

Provisions are recognized when the Corporation has a present obligation (legal or constructive) as a result of a past event, it is probable that the Corporation will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Corporation from a contract are lower than the unavoidable costs of meeting its obligations under the contract. The provision is measured at the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Corporation recognizes any impairment loss on the assets associated with that contract.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

N. Contingencies

Contingent liabilities are not recognized in the Condensed Consolidated Statement of Financial Position. They may arise from uncertainty as to the existence of a liability, or represent an existing liability in respect of which settlement is not probable or the amount cannot be reliably measured. A liability is recognized when its existence is confirmed by a future event, settlement becomes probable or reliable measurement becomes possible.

O. Post-Employment Benefits

The Corporation provides pension and long-term service retirement benefits based on the length of service and final average earnings of its employees and other defined benefit post-employment benefit plans to its employees such as post-employment life insurance.

The cost of the defined benefit retirement plans are determined on an actuarial basis using the projected unit credit method and management's best assumptions, such as the expected long-term rate of return on plan assets, rate of compensation, inflation, retirement ages of employees, and mortality of members.

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The current period service costs, the interest cost on the accrued benefit obligation and the expected investment return on plan assets are recognized in net results in the period they are incurred. Past service costs, generally resulting from changes in the benefits payable for past services under an existing plan, are recognized immediately to the extent that the benefits are already vested, and otherwise are amortized on a straight-line basis over the average period until the benefits become vested. Actuarial gains and losses are recognized in other comprehensive income as they occur. Actuarial gains (losses) on plan assets arise from the difference between the actual return on plan assets for a period and the expected return on plan assets for that period. Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation.

The present value of the defined benefit obligations are calculated using discount rates determined by reference to market yields at the end of the reporting period on high quality Canadian corporate bonds that have terms to maturity approximating the terms of the related defined benefit obligation.

When the actuarial calculation results in a benefit asset to the Corporation, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan of in the Corporation. An economic benefit is available if it is realizable during the life of the plan, or on settlement of the plan liabilities.

P. Employee Benefits Other than Post-Employment

i. Short-term benefits and short-term compensated absences

The Corporation recognized the expense relating to short-term benefits as follows:

- for salaries, social security contribution, bonuses and vacations in the period the employees render the services;
- for employee health, dental and life insurance plans in the period the expenses are incurred; and
- for short-term non-accumulating compensated absences such as sick leave, parental leave, short-term disability and workmen’s compensation in the period the absence occurs.

The liability associated with these benefits is not discounted due to its short term nature.

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3. Significant Accounting Policies (*Continued*)

ii. Other long-term employee benefits

Other long-term employee benefits liabilities are recognized as follows:

- for long-term disability and workmen's compensation when the event that obligates the entity occurs;

- for continuation of benefit coverage for employees on long-term disability, the provision is determined on an actuarial basis using discount rates and assumptions consistent with those used for post-employment benefits and the related expense is recognized over the period the employees render the services. Actuarial gains (losses) and past service costs are recognized immediately in other comprehensive income in the period they occur.

iii. Termination benefits

The Corporation recognizes a liability and expense for termination benefits when it is demonstrably committed to a plan to terminate the employment of an employee or group of employees before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary departures. Termination benefits for voluntary departures are recognized as an expense if the Corporation has made an offer of voluntary departure, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

Q. Asset Classified as Held for Sale

An asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is met only when the sale is probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. An asset held for sale is measured at the lower of its previous carrying amount and fair value less costs to sell.

R. Leasing

Leases in which the Corporation assumes substantially all the risks and rewards of ownership are classified as finance leases.

Leases in which the Corporation does not assume substantially all the risks and rewards of ownership are classified as operating leases.

i. The Corporation as a lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

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3. Significant Accounting Policies (*Continued*)

ii. The Corporation as a lessee

An asset acquired by way of a finance lease is stated at an amount equal to the lower of its fair value and the present value of minimum lease payments at inception of the lease less accumulated depreciation and accumulated impairment losses.

Payments made under finance leases are apportioned between financing costs and the reduction of the outstanding liability. The financing costs are allocated to each period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Lease incentives received are recognized as an integral part of the total lease expense over the term of the lease.

S. Deferred Revenues

Deferred revenues primarily relate to rent-free periods granted on leases where the Corporation is a lessee. Deferred revenues are recognized in the Condensed Consolidated Statement of Income (Loss) on a straight-line basis over the whole lease period.

T. Deferred Charges

Deferred charges are primarily composed of services paid in advance that will be received in a period that exceeds twelve months from the date of the Statement of Financial Position.

U. Foreign Currencies

The condensed consolidated statements are presented in Canadian dollars ($), which is the Corporation’s functional and presentation currency.

Transactions in a currency other than the Corporation’s functional currency are translated into the functional currency at the foreign exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated at the foreign exchange rate at the Condensed Consolidated Statement of Financial Position date. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates prevailing at the date of the transaction.

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V. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

i. Current tax

The tax currently payable is based on taxable net results for the year. Taxable net results differs from net results as reported in the Condensed Consolidated Statement of Income (Loss) because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Corporation's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

ii. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax is also recognized on unused tax losses and credits carried forward at the end of the reporting period.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred tax assets are generally recognized for all deductible temporary differences and carry forward of tax losses and credits to the extent that it is probable that taxable profits will available against which those deductible temporary differences can be utilized.

W. Merchandising Inventory

Merchandising inventory is stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less selling expenses. Cost is determined on an average cost basis and includes other costs incurred in bringing the inventory to its present location and condition.

3. Significant Accounting Policies *(Continued)*

X. Related Parties

The related parties of the Corporation consist mainly of government departments, agencies, Crown Corporations, subsidiaries, key management personnel of the Corporation or close family members of these related parties, private companies over which the Corporation has significant influence and the Corporation pension plan. The list of public entities in the national sphere of government was provided by the Government of Canada on their website www.canada.gc.ca.

The Corporation enters into transactions with these related parties in the normal course of business, on normal trade terms applicable to all individuals and enterprises and at market prices. These transactions are recorded at fair value by the Corporation.

4. Key Sources of Estimation Uncertainty and Critical Judgements

A. Key Sources of Estimation Uncertainty

The preparation of these condensed consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses recorded during the period.

The critical estimates and assumptions utilized in preparing the Corporation’s condensed consolidated financial statements affect the assessment of pension plans and employee-related liabilities, estimated useful lives of property and equipment, intangibles and programming, provisions associated with legal claims and other contingencies.

In making estimates and using assumptions, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. These estimates and assumptions have been applied in a manner consistent with prior periods and there are no known commitments, events or uncertainties that we believe will materially affect the methodology or assumptions utilized in making these estimates in these condensed consolidated financial statements. Estimates are regularly reviewed by management and changes in those estimates are recognized prospectively by including them in the Condensed Consolidated Statement of Income (Loss) in the period of the change, if the change affects that period only; or the period of the change and future periods, if the change affects both. Actual results could significantly differ from those estimates.

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4. Key Sources of Estimation Uncertainty and Critical Judgements *(Continued)*

As mentioned in the above paragraph, when accounting for defined benefit pension plans, assumptions are made in determining the valuation of benefit obligations and the future performance of plan assets. The primary assumptions and estimates include the discount rate and the expected return on plan assets. Changes to these primary assumptions and estimates would impact amounts recognized in net operating results and amounts recognized in Other Comprehensive Income, as applicable. Differences between the actual and expected return on plan assets would also impact the amounts recognized in Other Comprehensive Income.

The following table illustrates such impacts:

Impact of changes in assumptions	Quarter ending June 30, 2011	
	Amounts recognized in net operating results	Amounts recognized in Other Comprehensive Income
Discount rate	5.25%	5.25%
Impact of a 1% increase	($2.2M)	($535M)
Impact of a 1% decrease	$1.4M	$606M
Expected return on plan assets	6.50%	N/A
Impact of a 1% increase	($11.2M)	N/A
Impact of a 1% decrease	$11.2M	N/A
Actual return on plan assets		
Impact of a 1% gain (greater return)		($45M)
Impact of a 1% loss (lower return)		$45M

B. Critical Judgements

The critical judgements that the Corporation's management has made in the process of applying the Corporation's accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognized in the Corporation's condensed consolidated financial statements are as follows:

- That the Corporation exercises significant influence over Canadian Satellite Radio Holdings Inc. following the merger transaction;

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4. Key Sources of Estimation Uncertainty and Critical Judgements (*Continued*)

- The determination that the Corporation bears the majority of the risk associated with the collection of the CBC Monetization Trust receivables through the guarantee it has provided and as such, should consolidate this entity;

- The determination that an arrangement for satellite transponders constitutes a lease under IFRIC 4 and the determination that both this lease and the one related to a mobile production vehicle meet the criteria of a finance lease; and

- The determination that, as of the reporting date, deferred tax assets should not be recognized as it is not probable that they will be recovered through future taxable profit.

Determinations of critical judgements are reassessed at each reporting date.

5. Transition to IFRS

A. Transition to IFRS

As stated in Note 3, these are the Corporation's first condensed consolidated financial statements prepared in accordance with IAS 34 and IFRS 1.

The Corporation has applied IFRS 1 in preparing these condensed consolidated financial statements. The accounting policies set out in Note 3 have been applied in preparing the condensed consolidated financial statements for the quarter ended June 30, 2011, the comparative information presented in these condensed consolidated financial statements for the quarter ended June 30, 2010, and in the preparation of an opening IFRS consolidated statement of financial position at April 1, 2010 (the date of the Corporation's transition to IFRS).

In preparing its opening IFRS statement of financial position, the Corporation has adjusted amounts reported previously in financial statements prepared in accordance with Canadian GAAP. An explanation of how the transition from Canadian GAAP to IFRS has affected the Corporation's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

In preparing these condensed consolidated financial statements in accordance with IFRS 1, the Corporation has applied the mandatory exceptions and certain of the optional exemptions from full retrospective application of IFRS.

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5. Transition to IFRS *(Continued)*

B. Exemptions from Full Retrospective Application Elected by the Corporation

The Corporation has elected to apply the following optional exemptions from full retrospective application:

i. Business combinations exemption

The Corporation elected not to apply IFRS 3 *Business Combinations*, retrospectively to business combinations prior to the date of transition.

ii. Fair value as deemed cost exemption

Under IFRS, the Corporation has elected to apply the fair value as deemed cost exemption in IFRS 1 to certain land and building assets as at the date of transition.

iii. Employee benefits exemption

The Corporation has elected to use the exemption provided by IFRS 1 to recognize all cumulative actuarial gains and losses at the date of transition and to provide historical disclosure of the defined benefit obligations, plans assets and experience adjustments only from transition date.

iv. Leases

The Corporation has elected to take the option to apply the IFRS 1 exemption in relation to IFRIC 4 *Determining Whether and Arrangement Contains a Lease*, which allowed the Corporation to determine whether an arrangement existing at the date of transition to IFRS contained a lease on the basis of facts and circumstances existing at that date.

v. Borrowing costs

The Corporation has elected to apply IAS 23 from April, 1 2010 to alleviate the need to retrospectively restate for borrowing costs directly attributable to the acquisition of qualifying assets.

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C. Consolidated Statement of Financial Position and Equity Reconciliations

(Canadian $)

	April 1, 2010						
	Canadian GAAP	PE[1]	Lease[2]	SPE[3]	Pension[4]	Long-term Investment[5]	Provisions[6]	IFRS
		(i)	*(ii)*	*(iii)*	*(iv)*	*(v)*	*(vi)*	
				(thousands of dollars)				
ASSETS								
Current								
Cash	50,003	-	-	3,167	-	-	-	**53,170**
Trade and other receivables	194,512	-	-	63	-	-	-	**194,575**
Programming	178,243	-	-	-	-	-	-	**178,243**
Merchandising inventory	1,703	-	-	-	-	-	-	**1,703**
Prepaid expenses	148,215	-	-	349	-	-	-	**148,564**
Promissory notes receivable	-	-	-	2,047	-	-	-	**2,047**
Net investment in finance lease	-	-	-	2,182	-	-	-	**2,182**
	572,676	**-**	**-**	**7,808**	**-**	**-**	**-**	**580,484**
Long-term								
Property and equipment	925,812	162,377	-	-	-	-	-	**1,088,189**
Intangible assets	47,725	-	-	-	-	-	-	**47,725**
Assets under finance lease	-	-	55,591	-	-	-	-	**55,591**
Long-term receivables	10,090	-	-	-	-	-	-	**10,090**
Promissory notes receivable	-	-	-	53,638	-	-	-	**53,638**
Net investment in finance lease	-	-	-	58,960	-	-	-	**58,960**
Deferred charges	16,467	-	-	-	-	-	-	**16,467**
Investment in associate	7,260	-	-	-	-	-	-	**7,260**
	1,007,354	**162,377**	**55,591**	**112,598**	**-**	**-**	**-**	**1,337,920**
TOTAL ASSETS	**1,580,030**	**162,377**	**55,591**	**120,406**	**-**	**-**	**-**	**1,918,404**

1 Property and equipment
2 Transponders under finance lease
3 Consolidation of Special Purpose Entities
4 Pension plans and employee-related liabilities
5 Long-term investments – fair value adjustment
6 Reclassification of provision from accounts payable and accrued liabilities

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5. Transition to IFRS *(Continued)*

	April 1, 2010						
	Canadian GAAP	PE[1]	Lease[2]	SPE[3]	Pension[4]	Long-term Investment[5]	Provisions[6]	IFRS
		(i)	*(ii)*	*(iii)*	*(iv)*	*(v)*	*(vi)*	
	(thousands of dollars)							
LIABILITIES								
Current								
Accounts payable and accrued liabilities	176,497	-	-	1,735	-	-	(50,070)	**128,162**
Provisions	-	-	-	-	-	-	50,070	**50,070**
Pension plans and employee-related liabilities	130,899	-	-	-	-	-	-	**130,899**
Bonds payable	19,223	-	-	-	-	-	-	**19,223**
Financial guarantee	10,419	-	-	(10,419)	-	-	-	**-**
Financial liability related to the monetization of receivables	10,174	-	-	-	-	-	-	**10,174**
Obligations under finance lease	-	-	7,300	-	-	-	-	**7,300**
Notes payable	-	-	-	4,897	-	-	-	**4,897**
Deferred revenues	2,185	-	-	-	-	-	-	**2,185**
Derivative financial instruments	297	-	-	-	-	-	-	**297**
	349,694	**-**	**7,300**	**(3,787)**	**-**	**-**	**-**	**353,207**
Long-term								
Associate	1,417	-	-	-	-	-	-	**1,417**
Deferred revenues	2,303	-	-	-	-	-	-	**2,303**
Pension plans and employee-related liabilities	412,732	-	-	-	(82,825)	-	-	**329,907**
Bonds payable	309,179	-	-	-	-	-	-	**309,179**
Financial liability related to the monetization of receivables	10,221	-	-	-	-	-	-	**10,221**
Obligations under finance lease	-	-	65,676	-	-	-	-	**65,676**
Notes payables	-	-	-	129,649	-	-	-	**129,649**
Deferred capital funding	632,221	-	-	-	-	-	-	**632,221**
	1,368,073	**-**	**65,676**	**129,649**	**(82,825)**	**-**	**-**	**1,480,573**
EQUITY								
Retained earnings	(138,017)	162,377	(17,385)	(5,456)	82,825	7,675	-	**92,019**
Accumulated other comprehensive income (loss)	-	-	-	-	-	(7,675)	-	**(7,675)**
Total equity attributable to the Corporation	(138,017)	162,377	(17,385)	(5,456)	82,825	-	-	**84,344**
Non-controlling interests	280	-	-	-	-	-	-	**280**
TOTAL EQUITY	**(137,737)**	**162,377**	**(17,385)**	**(5,456)**	**82,825**	**-**	**-**	**84,624**
TOTAL LIABILITIES AND EQUITY	**1,580,030**	**162,377**	**55,591**	**120,406**	**-**	**-**	**-**	**1,918,404**

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5. Transition to IFRS *(Continued)*

(Canadian $)

	March 31, 2011						
	Canadian GAAP	**PE[1]**	**Lease[2]**	**SPE[3]**	**Pension[4]**	**Provisions[5]**	**IFRS**
		(i)	*(ii)*	*(iii)*	*(iv)*	*(vi)*	
ASSETS				*(thousands of dollars)*			
Current							
Cash	59,001	-	-	4,223	-	-	**63,224**
Trade and other receivables	173,390	-	-	373	-	-	**173,763**
Programming	163,658	-	-	-	-	-	**163,658**
Merchandising inventory	1,089	-	-	-	-	-	**1,089**
Prepaid expenses	138,361	-	-	328	-	-	**138,689**
Promissory notes receivable	-	-	-	2,023	-	-	**2,023**
Net investment in finance lease	-	-	-	2,351	-	-	**2,351**
Asset classified as held for sale	154	-	-	-	-	-	**154**
	535,653	**-**	**-**	**9,298**	**-**	**-**	**544,951**
Long-term							
Property and equipment	925,775	154,820	-	-	-	-	**1,080,595**
Intangible assets	39,687	-	-	-	-	-	**39,687**
Assets under finance lease	7,704	-	48,538	-	-	-	**56,242**
Pension plans	-	-	-	-	148,769	-	**148,769**
Long-term receivables	-	-	-	-	-	-	**-**
Promissory notes receivable	-	-	-	51,765	-	-	**51,765**
Net investment in finance lease	-	-	-	56,577	-	-	**56,577**
Deferred charges	3,003	-	-	-	-	-	**3,003**
Investment in associate	17	-	-	-	-	-	**17**
	976,186	**154,820**	**48,538**	**108,342**	**148,769**	**-**	**1,436,655**
TOTAL ASSETS	**1,511,839**	**154,820**	**48,538**	**117,640**	**148,769**	**-**	**1,981,606**

1 Property and equipment
2 Transponders under finance lease
3 Consolidation of Special Purpose Entities
4 Pension plans and employee-related liabilities
5 Reclassification of provision from accounts payable and accrued liabilities

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5. Transition to IFRS *(Continued)*

	March 31, 2011						
	Canadian GAAP	**PE[1]**	**Lease[2]**	**SPE[3]**	**Pension[4]**	**Provisions[5]**	**IFRS**
		(i)	*(ii)*	*(iii)*	*(iv)*	*(vi)*	
				(thousands of dollars)			
LIABILITIES							
Current							
Accounts payable and accrued liabilities	151,220	-	-	2,792	-	(28,676)	**125,336**
Provisions	-	-	-	-	-	28,676	**28,676**
Pension plans and employee-related liabilities	144,703	-	-	-	-	-	**144,703**
Bonds payable	19,642	-	-	-	-	-	**19,642**
Financial guarantee	9,811	-	-	(9,811)	-	-	**-**
Financial liability related to the monetization of receivables	10,337	-	-	-	-	-	**10,337**
Obligations under finance lease	1,540	-	7,803	-	-	-	**9,343**
Notes payable	-	-	-	5,404	-	-	**5,404**
Deferred revenues	3,825	-	-	-	-	-	**3,825**
Derivative financial instruments	715	-	-	-	-	-	**715**
	341,793	**-**	**7,803**	**(1,615)**	**-**	**-**	**347,981**
Long-term							
Associate	1,417	-	-	-	-	-	**1,417**
Deferred revenues	2,726	-	-	-	-	-	**2,726**
Pension plans and employee-related liabilities	411,350	-	-	-	(201,082)	-	**210,268**
Bonds payable	299,237	-	-	-	-	-	**299,237**
Obligations under finance lease	6,263	-	57,873	-	-	-	**64,136**
Notes payables	-	-	-	124,353	-	-	**124,353**
Deferred capital funding	609,428	-	-	-	-	-	**609,428**
	1,330,421	**-**	**57,873**	**124,353**	**(201,082)**	**-**	**1,311,565**
EQUITY							
Retained earnings	(167,638)	154,820	(17,138)	(5,098)	349,851	-	**314,797**
Accumulated other comprehensive income	5,000	-	-	-	-	-	**5,000**
Total equity attributable to the Corporation	(162,638)	154,820	(17,138)	(5,098)	349,851	-	**319,797**
Non-controlling interests	2,263	-	-	-	-	-	**2,263**
TOTAL EQUITY	**(160,375)**	**154,820**	**(17,138)**	**(5,098)**	**349,851**	**-**	**322,060**
TOTAL LIABILITIES AND EQUITY	**1,511,839**	**154,820**	**48,538**	**117,640**	**148,769**	**-**	**1,981,606**

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5. Transition to IFRS *(Continued)*

D. Consolidated Statement of Income (Loss) and Reconciliations

(Canadian $)

	March 31, 2011					
	Canadian GAAP	**PE[1]**	**Lease[2]**	**SPE[3]**	**Pension[4]**	**Sub-total IFRS**
		(i)	*(ii)*	*(iii)*	*(iv)*	
			(thousands of dollars)			
REVENUES						
Advertising	367,700	-	-	-	-	367,700
Specialty services	152,971	-	-	-	-	152,971
Other income	127,771	(103)	-	3,228	-	130,896
Financing income	1,506	-	-	3,690	-	5,196
	649,948	**(103)**	**-**	**6,918**	**-**	**656,763**
EXPENSES						
Television, radio and new media services costs	1,476,778	-	-	-	(28,281)	1,448,497
Specialty services	133,273	-	-	-	-	133,273
Depreciation of property and equipment	112,656	7,454	7,053	-	-	127,163
Amortization intangible assets	17,887	-	-	-	-	17,887
Transmission, distribution and collection	54,573	-	(12,030)	-	(932)	41,611
Corporate management	12,804	-	-	247	(250)	12,801
Payments to private stations	3,018	-	-	-	-	3,018
Finance costs	23,557	-	4,730	6,313	-	34,600
Loss on investment in associate	5,000	-	-	-	-	5,000
	1,839,546	**7,454**	**(247)**	**6,560**	**(29,463)**	**1,823,850**
Operating loss before Government funding	**(1,189,598)**	**(7,557)**	**247**	**358**	**29,463**	**(1,167,087)**
GOVERNMENT FUNDING						
Parliamentary appropriation for operating expenditures	1,031,581	-	-	-	-	1,031,581
Parliamentary appropriation for working capital	4,000	-	-	-	-	4,000
Amortization of deferred capital funding	124,357	-	-	-	-	124,357
	1,159,938	**-**	**-**	**-**	**-**	**1,159,938**
Net results for the year	**(29,660)**	**(7,557)**	**247**	**358**	**29,463**	**(7,149)**
Net results attributable to:						
The Corporation	(29,621)	(7,557)	247	358	29,463	(7,110)
Non-controlling interests	(39)	-	-	-	-	(39)
	(29,660)	**(7,557)**	**247**	**358**	**29,463**	**(7,149)**

1 Property and equipment
2 Transponders under finance lease
3 Consolidation of Special Purpose Entities
4 Pension plans and employee-related liabilities

A0046583_89-000131

5. Transition to IFRS *(Continued)*

(Canadian $)

	March 31, 2011			
	Sub-total IFRS	**Long-term Investment[1]** *(v)*	**Function[2]** *(vii)*	**IFRS**
		(thousands of dollars)		
REVENUES				
Advertising	367,700	-	-	367,700
Specialty services	152,971	-	-	152,971
Other income	130,896	-	-	130,896
Financing income	5,196	-	-	5,196
	656,763	**-**	**-**	**656,763**
EXPENSES				
Television, radio and new media services costs	1,448,497	-	105,192	1,553,689
Specialty services	133,273	-	(1,185)	132,088
Depreciation of property and equipment	127,163	-	(127,163)	-
Amortization intangible assets	17,887	-	(17,887)	-
Transmission, distribution and collection	41,611	-	40,520	82,131
Corporate management	12,801	-	523	13,324
Payments to private stations	3,018	-	-	3,018
Finance costs	34,600	-	-	34,600
Loss on investment in associate	5,000	7,675	-	12,675
	1,823,850	**7,675**	**-**	**1,831,525**
Operating loss before Government funding	**(1,167,087)**	**(7,675)**	**-**	**(1,174,762)**
GOVERNMENT FUNDING				
Parliamentary appropriation for operating expenditures	1,031,581	-	-	1,031,581
Parliamentary appropriation for working capital	4,000	-	-	4,000
Amortization of deferred capital funding	124,357	-	-	124,357
	1,159,938	**-**	**-**	**1,159,938**
Net results for the year	**(7,149)**	**(7,675)**	**-**	**(14,824)**
Net results attributable to:				
The Corporation	(7,110)	(7,675)	-	(14,785)
Non-controlling interests	(39)	-	-	(39)
	(7,149)	**(7,675)**	**-**	**(14,824)**

1 Long-term investments – fair value adjustment
2 Change in presentation of the Consolidated Statement of Income (Loss) – function vs. nature

A0046583_90-000132

5. Transition to IFRS *(Continued)*

E. Consolidated Statement of Comprehensive Income (Loss) and Reconciliations

(Canadian $)

	March 31, 2011					
	Canadian GAAP	PE[1]	Lease[2]	SPE[3]	Pension[4]	Sub-total IFRS
		(i)	*(ii)*	*(iii)*	*(iv)*	
		(thousands of dollars)				
COMPREHENSIVE INCOME						
Net results for the year	**(29,660)**	**(7,557)**	**247**	**358**	**29,463**	**(7,149)**
Other comprehensive income						
Actuarial gains on defined benefit plans	-	-	-	-	237,563	237,563
Reclassification to income of net unrealized gain on available-for-sale financial asset arising from a merger transaction	5,000	-	-	-	-	5,000
Total comprehensive income (loss) for the year	**(24,660)**	**(7,557)**	**247**	**358**	**267,026**	**235,414**
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:						
The Corporation	(24,621)	(7,557)	247	358	267,026	235,453
Non-controlling interests	(39)	-	-	-	-	(39)
	(24,660)	**(7,557)**	**247**	**358**	**267,026**	**235,414**

1 Property and equipment
2 Transponders under finance lease
3 Consolidation of Special Purpose Entities
4 Pension plans and employee-related liabilities

A0046583_91-000133

5. Transition to IFRS *(Continued)*

	March 31, 2011			
	Sub-total IFRS	**Long-term Investment[1]** *(v)*	**Function[2]** *(vii)*	**IFRS**
		(thousands of dollars)		
COMPREHENSIVE INCOME				
Net results for the year	**(7,149)**	**(7,675)**	**-**	**(14,824)**
Other comprehensive income				
Actuarial gains on defined benefit plans	237,563	-	-	237,563
Reclassification to income of net unrealized gain on available-for-sale financial asset arising from a merger transaction	5,000	7,675	-	12,675
Total comprehensive income (loss) for the year	**235,414**	**-**	**-**	**235,414**
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
The Corporation	235,453	-	-	235,453
Non-controlling interests	(39)	-	-	(39)
	235,414	**-**	**-**	**235,414**

1 Long-term investments – fair value adjustment
2 Change in presentation of the Consolidated Statement of Income (Loss) – function vs. nature

F. Explanations to the Reconciliation Tables

i. Property and equipment

Under IFRS, the Corporation has elected to apply the fair value deemed cost exemption in IFRS 1 to certain real estate land and buildings. The fair value deemed cost as of the date of transition is $588.9 million. The effect of this election was to increase Property and equipment by $162.4 million at April 1, 2010, and to increase Depreciation expense by $7.5 million for the year ended March 31, 2011.

In addition, as a result of the change in asset values caused by the deemed cost election, the gain on disposal of assets for the year ended March 31, 2011 was decreased by $0.1 million.

ii. Lease

As a result of the application of IFRIC 4 at the transition date, an agreement to lease satellite capacity was determined to be a finance lease under IFRS. As a result, the Corporation recognized Assets under finance lease of $55.6 million, and an Obligation under finance lease (short and long-term) of $7.3 million and $65.7 million, respectively. Net results for the year ended March 31, 2011 were also impacted: Depreciation expense increased by $7.1 million, Finance costs increased by $4.7 million and Transmission, distribution and collection expense decreased by $12.0 million.

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iii. Consolidation of Special Purpose Entities

Unlike GAAP, there is no accounting concept of a Qualified Special Purpose Entity (QSPE) under IFRS. Instead, an entity must apply the guidelines provided by IAS 27 *Consolidated and Separate Financial Statements*, as well as SIC 12 *Consolidation - Special Purpose Entities*. In following these guidelines, the Corporation has concluded that it bears the majority of the risk associated with the collection of the receivables through the guarantee it has provided. In addition, the management structure of the CBC Monetization Trust meets the "autopilot" criteria outlined in SIC 12. As a result, the Corporation has consolidated the CBC Monetization Trust under IFRS.

iv. Pension plans and employee-related liabilities

In addition to the transitional adjustment required by the Corporation's election under IFRS 1 related to employee benefits, other retrospective adjustments to the Corporation's pension plans and employee-related liabilities were required in order to comply with IAS 19 *Employee Benefits*. These adjustments, which were related to the discount rates used in determining the total benefit obligations, decreased the total liability by $134.7 million, which was partly offset by the $51.9 million increase caused by the Corporation's IFRS 1 election, for a net decrease of $82.8 million.

As a result of the adoption of IAS 19, Other comprehensive income for the year ended March 31, 2011 increased by $237.6 million due to the recognition of actuarial gains earned during the period. This adjustment was recorded directly through Retained earnings. Also for the year ended March 31, 2011, pension plans and employee-related expenses were decreased by $29.5 million.

v. Long-term investments – fair value adjustment

The Class C shares that were held by the Corporation as part of its investment in Sirius Canada were treated as available-for-sale financial instruments and measured at cost as there was no quoted market price. IFRS demands that a valuation be made, unless the range in estimates is considered to be too great as to render them unreliable. The impact of this valuation was offset against the Class A shares held by the Corporation, creating no impact on the opening net balance in the Corporation's investment in Sirius Canada Inc. However, the impact of revaluing the Class C shares was recorded though Other comprehensive income (loss), while the impact on the Class A shares was recorded through Net results. The net impact on Total comprehensive income (loss) was nil.

vi. Reclassification of provision from accounts payable and accrued liabilities

IAS 1 *Presentation of financial statements* specifically requires a separate line on the Condensed Consolidated Statement of Financial Position for the provisions that have been recorded by the Corporation. As such, amounts have been reclassified from Accounts payable and accrued liabilities to the newly created line Provisions.

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5. Transition to IFRS *(Continued)*

vii. Change in presentation of the Consolidated Statement of Income (Loss) – function vs. nature

The Corporation has chosen to classify its expenses on its Consolidated Statement of Income (Loss) by function as opposed to nature, with depreciation and amortization expenses reallocated accordingly to the other expense types.

viii. Statement of Cash flows

As a result of accounting policy choices made by the Corporation under IAS 7 *Statement of Cash Flows*, the presentation of certain items on the Condensed Consolidated Statement of Cash Flows has changed, namely the presentation of dividends received as an investing activity (as opposed to an operating activity as required under Canadian GAAP) and the reclassification from operating activities of interest paid to financing activities and interest received to investing activities. In addition, the previously discussed changes affecting the Condensed Consolidated Statement of Financial Position and the Condensed Consolidated Statement of Income (Loss) have also changed certain amounts previously presented in the Consolidated Statement of Cash Flows.

6. Trade and Other Receivables

	June 30, 2011	March 31, 2011	April 1, 2010
		(thousands of dollars)	
Trade receivables	184,809	159,037	182,954
Allowance for doubtful accounts	(1,135)	(1,103)	(2,725)
Other	16,225	15,829	14,346
	199,899	**173,763**	**194,575**

Credit terms average 30 days. The Corporation recognized an allowance for doubtful accounts for receivables where there is objective evidence of impairment. Objective evidence is determined in accordance with Note 3K viii.

Before accepting any new customer, the Corporation reviews the credit application submitted by the customer. An external credit scoring agency may be used to assess the potential customer's credit quality and define credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year.

There are no customers who represent more than 5 per cent of the total balance of trade receivables.

A0046583_94-000136

6. Trade and Other Receivables *(Continued)*

Trade receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period for which the Corporation has not recognized an allowance for doubtful accounts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

Consistent with others in the industry, the Corporation makes most of its conventional advertising sales through agencies. These agencies typically remit their payment over a period exceeding the Corporation's average credit term of 30 days. As such, a significant portion of the Corporation's trade receivables are past due but not impaired.

The Corporation does not hold any collateral or other credit enhancements over these balances.

A. Age of Trade Receivables that are Past Due but not Impaired

	June 30, 2011	March 31, 2011	April 1, 2010
		(thousands of dollars)	
31 – 60 days	51,724	42,647	31,007
61-90 days	32,385	15,737	19,196
91-120 days	21,672	14,490	16,756
Total	**105,781**	**72,874**	**66,959**
Average age (days)	**94.8**	**84.3**	**92.1**

B. Movement in Allowance for Doubtful Accounts

	June 30, 2011	March 31, 2011
	(thousands of dollars)	
Balance at beginning of the period	(1,103)	(1,025)
Impairment losses recognized on receivables	-	-
Amounts written off during the period as uncollectible	-	-
Amounts recovered during the period	20	-
Impairment losses reversed	-	-
Increase in allowance for doubtful accounts	(52)	(78)
Balance at end of the period	**(1,135)**	**(1,103)**

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

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7. Programming

	June 30, 2011	March 31, 2011	April 1, 2010
		(thousands of dollars)	
Programs completed	109,015	91,496	95,905
Programs in process of production	54,554	34,905	49,274
Broadcast rights available for broadcast	31,031	37,257	33,064
	194,600	**163,658**	**178,243**

The programming write-offs as of June 2011 represent $0.7 million (2010 – nil) and are recorded in the Condensed Consolidated Statement of Income (Loss) as television, radio and new media services expenses.

8. Prepaid expenses

	June 30, 2011	March 31, 2011	April 1, 2010
		(thousands of dollars)	
Programming rights	38,792	102,903	110,785
Service agreements	25,895	35,786	37,779
	64,687	**138,689**	**148,564**

9. Promissory Note Receivable

Through the Broadcast Centre Trust, a special purpose entity, the Corporation has two promissory notes receivable relating to the sale of parcels of land. These notes, which mature in May 2027, bear a fixed annual interest rate of 7.15 per cent, with payments made in arrears in equal blended monthly instalments. The notes are pledged as collateral for their total carrying value to the Corporation's borrowings through notes payable.

The Corporation provided an absolute and unconditional guarantee of the full payment and timely payments of receivables by the ultimate debtors until 2027.

The Corporation also holds, as a result of the Sirius Canada Inc. merger transaction (see Note 14), promissory notes receivable that are non-interest bearing and are repayable within one year.

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9. Promissory Note Receivable (*Continued*)

Future minimum payments receivable under the term of the notes are as follows:

	June 30, 2011		March 31, 2011	
	Minimum payments receivable	Present value of minimum payments receivable	Minimum payments receivable	Present value of minimum payments receivable
	(thousands of dollars)			
Less than one year	8,372	4,577	5,567	2,023
Later than one year but not later than five years	22,268	9,688	22,268	9,533
More than five years	60,777	41,834	62,169	42,232
Less: unearned financing income	(35,318)	-	(36,216)	-
Present value of minimum payments receivable	**56,099**	**56,099**	**53,788**	**53,788**

Interest revenue included in current period's revenues and presented as financing income is $0.9 million (2010 – $1.0 million).

Present value of minimum payments receivable:

	June 30, 2011	March 31, 2011	April 1, 2010
		(thousands of dollars)	
Included in the Condensed Consolidated Statement of Financial Position as promissory notes receivable:			
current	4,577	2,023	2,047
long-term	51,522	51,765	53,638
	56,099	**53,788**	**55,685**

10. Net Investment in Finance Lease

The net investment in finance lease, which is held by a subsidiary of the Corporation, relates to the rental of two parcels of land in Toronto that bear a fixed annual interest rate of 7.15 per cent and with terms ending in May 2027. The lease receivables are pledged as collateral for their total carrying value to the Corporation's borrowings through the notes payable.

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10. Net Investment in Finance Lease (*Continued*)

The Corporation provided an absolute and unconditional guarantee of the full payment and timely payments of the finance lease by the ultimate debtors until 2027.

	June 30, 2011		March 31, 2011	
	Minimum lease payments receivable	Present value of minimum lease payments receivable	Minimum lease payments receivable	Present value of minimum lease payments receivable
	(thousands of dollars)			
Less than one year	6,050	2,384	6,050	2,351
Later than one year but not later than five years	24,200	11,136	24,200	10,969
More than five years	68,144	44,833	69,656	45,608
Less: unearned financing income	(40,041)	-	(40,978)	-
Present value of minimum lease payments receivable	**58,353**	**58,353**	**58,928**	**58,928**

Interest revenue included in current period's revenues and presented as other income, is $0.9 million (2010 – $1.0 million).

Present value of minimum lease payments receivable:

	June 30, 2011	March 31, 2011	April 1, 2010
		(thousands of dollars)	
Included in the Condensed Consolidated Statement of Financial Position as net investment in finance lease:			
current	2,384	2,351	2,182
long-term	55,969	56,577	58,960
	58,353	**58,928**	**61,142**

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11. Property and Equipment

A. Cost and Accumulated Depreciation

The gross carrying amount is as follows:

	June 30, 2011	March 31, 2011	April 1, 2010
		(thousands of dollars)	
Cost	2,267,489	2,271,790	2,255,139
Accumulated depreciation	(1,202,429)	(1,191,195)	(1,166,950)
	1,065,060	**1,080,595**	**1,088,189**

	Land	Buildings & leasehold improvements	Technical & office equipment	Other	Uncompleted capital projects	Total
			(thousands of dollars)			
Cost at March 31, 2011	179,982	295,290	1,409,727	304,059	82,732	2,271,790
Additions	-	955	8,810	497	5,884	16,146
Transfers	-	2,558	25,292	4,715	(33,023)	(458)
Disposals	-	-	(18,526)	(1,463)	-	(19,989)
Cost at June 30, 2011	**179,982**	**298,803**	**1,425,303**	**307,808**	**55,593**	**2,267,489**
Accumulated depreciation at March 31, 2011	-	(88,838)	(1,049,212)	(53,145)	-	(1,191,195)
Depreciation for the period	-	(4,454)	(20,621)	(4,829)	-	(29,904)
Reverse depreciation on disposals	-	-	17,923	747	-	18,670
Accumulated depreciation at June 30, 2011	**-**	**(93,292)**	**(1,051,910)**	**(57,227)**	**-**	**(1,202,429)**
Net carrying amount at June 30, 2011	**179,982**	**205,511**	**373,393**	**250,581**	**55,593**	**1,065,060**
Net carrying amount at March 31, 2011	**179,982**	**206,452**	**360,515**	**250,914**	**82,732**	**1,080,595**

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11. Property and Equipment *(Continued)*

	Land	Buildings & leasehold improvements	Technical & office equipment	Other	Uncompleted capital projects	Total
			(thousands of dollars)			
Cost at April 1, 2010	180,065	305,129	1,436,630	291,715	41,600	2,255,139
Additions	-	4,935	46,795	2,760	62,725	117,215
Transfers	-	(13,367)	20,552	14,105	(21,593)	(303)
Disposals	(83)	(1,407)	(94,250)	(4,521)	-	(100,261)
Cost at March 31, 2011	**179,982**	**295,290**	**1,409,727**	**304,059**	**82,732**	**2,271,790**
Accumulated depreciation at April 1, 2010	-	(76,626)	(1,056,342)	(33,982)	-	(1,166,950)
Depreciation for the period	-	(17,967)	(83,246)	(19,276)	-	(120,489)
Reverse depreciation on disposals	-	5,755	90,376	113	-	96,244
Accumulated depreciation at March 31, 2011	**-**	**(88,838)**	**(1,049,212)**	**(53,145)**	**-**	**(1,191,195)**
Net carrying amount at March 31, 2011	**179,982**	**206,452**	**360,515**	**250,914**	**82,732**	**1,080,595**
Net carrying amount at March 31, 2010	**180,065**	**228,503**	**380,288**	**257,733**	**41,600**	**1,088,189**

The contractual commitments for the acquisition of property and equipment are $24.0 millions for the period ended June 30, 2011 (March 31, 2010 – $14.3 millions).

B. Impairment

There were no indicators of impairment during first quarter of 2011-2012; therefore no impairment expense was recorded (2010 – nil).

C. Asset Classified as Held For Sale

The Corporation intends to dispose of a parcel of land it no longer utilizes in Brossard (Quebec) within the next twelve months. The property was previously used for its AM broadcasting transmitter; however, this use ceased with the conversion from AM to FM in the Montreal market.

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11. Property and Equipment (*Continued*)

D. Long-Lived Assets to be Disposed oF Other than by Sale

The switch from analog transmission to digital over-the-air television is scheduled for August 31, 2011 for mandatory sites identified by the Canadian Radio-television and Telecommunications Commission (CRTC), in decision 2010-16. In markets where digital transmitters will be rolled out, the Corporation has the obligation to cease analog transmission.

In 2010-2011, the Corporation revised the depreciation estimates for analog transmitter equipment affected by the August 31, 2011 changeover date to reflect the use of the assets over their shortened useful life. The impact of the revised estimates represents an additional depreciation expense of $1.8 million recorded in the Condensed Consolidated Statement Income (Loss) in the first quarter of 2011-2012 (2010 – nil).

12. Intangible Assets

A. Cost And Accumulated Amortization

The carrying amount is as follows:

	June 30, 2011	**March 31, 2011**	**April 1, 2010**
		(thousands of dollars)	
Cost	145,978	145,187	135,602
Accumulated amortization	(109,662)	(105,500)	(87,877)
	36,316	**39,687**	**47,725**

	Internally developed software	**Acquired software**	**Uncompleted capital projects**	**Total**
		(thousands of dollars)		
Cost at March 31, 2011	136,579	2,209	6,399	145,187
Additions	267	66	-	333
Transfers in / (out)	95	1,562	(1,199)	458
Disposals	-	-	-	-
Cost at June 30, 2011	**136,941**	**3,837**	**5,200**	**145,978**

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12. Intangible Assets *(Continued)*

	Internally developed software	Acquired software	Uncompleted capital projects	Total
		(thousands of dollars)		
Accumulated amortization at March 31, 2011	(105,437)	(63)	-	(105,500)
Amortization for the period	(3,996)	(166)	-	(4,162)
Reverse amortization on disposals	-	-	-	-
Accumulated amortization at June 30, 2011	**(109,433)**	**(229)**	**-**	**(109,662)**
Net carrying amount as at June 30, 2011	**27,508**	**3,608**	**5,200**	**36,316**
Net carrying amount as at April 1, 2011	**31,142**	**2,146**	**6,399**	**39,687**

	Internally developed software	Acquired software	Uncompleted capital projects	Total
		(thousands of dollars)		
Cost at April 1, 2010	133,465	-	2,137	135,602
Additions	2,113	2,095	4,262	8,470
Transfers in / (out)	1,265	114	-	1,379
Disposals	(264)	-	-	(264)
Cost at March 31, 2011	**136,579**	**2,209**	**6,399**	**145,187**
Accumulated amortization at April 1, 2010	(87,877)	-	-	(87,877)
Amortization for the year	(17,824)	(63)	-	(17,887)
Reverse amortization on disposals	264	-	-	264
Accumulated amortization at March 31, 2011	**(105,437)**	**(63)**	**-**	**(105,500)**
Net carrying amount as at March 31, 2011	**31,142**	**2,146**	**6,399**	**39,687**
Net carrying amount as at April 1, 2010	**45,588**	**-**	**2,137**	**47,725**

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12. Intangible Assets *(Continued)*

B. Impairment

There were no indicators of impairment during the first quarter of 2011-2012; therefore no impairment expense was recorded (2010 – nil).

13. Assets Under Finance Lease

Assets under finance lease consist of two leases for mobile equipment and satellite transponders. The terms of these two leases are 5 and 18 years respectively.

	June 30, 2011	March 31, 2011	April 1, 2010
		(thousands of dollars)	
Automotive (cost)	619	619	-
Technical equipment (cost)	7,434	7,434	-
Transmission equipment (cost)	119,897	119,897	119,897
Accumulated depreciation – automotive	(31)	(23)	-
Accumulated depreciation – technical equipment	(555)	(326)	-
Accumulated depreciation – transmission equipment	(73,122)	(71,359)	(64,306)
Net carrying amount	**54,242**	**56,242**	**55,591**

Depreciation for the period ended June 30, 2011 was $2.0 million (2010 – $1.8 million). For more information, refer to Note 17.

14. Subsidiaries, Special Purpose Entities and Associates

A. Subsidiaries and Special Purpose Entities Undertakings

i. The Documentary Channel

The Corporation owns 82 per cent partnership interest in The Documentary Channel (*documentary*), a specialty service broadcasting documentaries. Accordingly, The Documentary Channel (*documentary*) financial results are consolidated in the Corporation's books. The subsidiary's fiscal year end is August 31. Additional financial statements corresponding to the Corporation's reporting period are prepared for consolidation purposes.

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14. Subsidiaries, Special Purpose Entities and Associates (*Continued*)

ii. ARTV

ARTV is a French-language arts and entertainment specialty channel that has been broadcasting since September 2001 via cable and satellite. The Corporation owns 85 per cent of ARTV and, accordingly, consolidates their financial results in the Corporation's consolidated financial statements. The subsidiary's fiscal year end is August 31. Additional financial statements corresponding to the Corporation's reporting period are prepared for consolidation purposes.

iii. The Broadcast Centre Trust

The Broadcast Centre Trust (the TBC Trust) is a charitable trust that is a lessee under a long-term lease with the Corporation for the land on which the Canadian Broadcasting Centre (the building) is located in Toronto. The rent during the term is the sum of one dollar, paid on October 1, 1988. The TBC Trust is also a lessor under a long-term sub-lease with the Corporation for the Canadian Broadcasting Centre. In order to finance the construction of the building, the TBC Trust issued $400 million of bonds on January 30, 1997, which are guaranteed by the rent payments for the premises occupied by the Corporation. The rent payable by the Corporation to the TBC Trust covers all interest and principal on the bonds, all other payments on the bonds and all operating expenses and liabilities of the TBC Trust. The TBC Trust is a special purpose entity and, accordingly, the financial results of the TBC Trust are consolidated in the Corporation's books.

iv. CBC Monetization Trust

In 2003, the Corporation sold two parcels of land to Ontrea Inc., a wholly owned subsidiary of Ontario Teachers' Pension Plan Board. The CBC Monetization Trust was created during 2009 with the purpose of acquiring the Corporation's interest in the lease receivables. The Corporation has determined that it bears the majority of the risk associated with the collection of the Trusts receivables through the guarantee it has provided. As such this entity is consolidated by the Corporation.

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14. Subsidiaries, Special Purpose Entities and Associates (*Continued*)

B. Associates

On November 24, 2010, Sirius Canada Inc., of which the Corporation is part owner, and Canadian Satellite Radio Holdings Inc. (CSR), the parent company of XM Canada, announced a merger of the two companies, subject to regulatory and governmental approvals. This transaction was concluded on June 21, 2011. Pursuant to the arrangement between the Corporation, Sirius XM Radio Inc., Slaight Communications (collectively referred to as the Vendors), Canadian Satellite Radio Holdings Inc. (CSR) and Sirius Canada Inc. (Sirius), the Vendors sold all of the issued and outstanding shares of Sirius, in exchange for the equivalent of 71,284,578 Class A Subordinate Voting Shares of CSR providing the Vendors with control of 58 per cent of the outstanding voting shares of CSR. Prior to this transaction, the Corporation held 25.05 per cent of the issued and outstanding common shares of Sirius, which was accounted for using the equity accounting method. In exchange for the Sirius Class A shares held by the Corporation, the Corporation received 53,570,361 Class B Voting Shares of CSR (equivalent to 17,856,787 Class A Subordinate Shares of CSR), representing a 14.54 per cent equity participation and a 19.9 per cent voting interest.

As part of the transaction, the Corporation also received consideration in cash and non-interest bearing promissory notes in exchange for the redemption of the Sirius Class C Shares held by the Corporation. The consideration received has been treated as a combination of dividend income and return of capital.

The Corporation has maintained sufficient board of directors' representation to exert significant influence. As such, the Corporation holds the power to participate in the financial and operating policy decisions of CSR, through both board representation and through its ongoing business relationship with CSR.

Prior to the transaction, the Corporation had invested $12 million in Class C shares of Sirius (Class C Shares), which were entitled to a preferential cumulative dividend of eight per cent per annum on the redemption price and were redeemable at any time by Sirius. As at the date of the transaction, the fair value of the Class C shares amounted to $17.1 million and the cumulative accrued and unpaid dividends of these shares amounted to $5.1 million. These dividends had not been previously accrued to the value of the shares as the dividends had not been declared by Sirius prior to the CSR Transaction. As part of the CSR Transaction, the Corporation received cash consideration amounting to $14.9 million and non-interest bearing promissory notes with face value of $2.8 million in exchange for the redemption of the Class C shares. Included in the amounts above, the Corporation also received dividends in the amount of $5.1 million, which have been accounted for as dividend income in the Condensed Consolidated Statement of Income (Loss).

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The reverse take-over and retention of significant interest caused the Corporation to recognize a non-cash dilution gain of $39.3 million, representing the gain on the disposed interest of 10.51 per cent and the Corporation's proportionate share of CSR's Class B share issuance.

The following is the summarized financial information for the Corporations investments:

	Ownership interest as at:			Carrying value as at:			Fair value as at:		
	June 30, 2011	March 31, 2011	April 1, 2010	June 30, 2011	March 31, 2011	April 1, 2010	June 30, 2011	March 31, 2011	April 1, 2010
				(thousands of dollars)					
CSR (Class B)	19.92%	-	-	19,810	-	-	49,999	-	-
ARTV[1]	-	-	62%	-	-	7,243	-	-	7,243
Other	-	-	-	17	17	17	17	17	17
Total assets	**-**	**-**	**-**	**19,827**	**17**	**7,260**	**50,016**	**17**	**7,260**
Sirius (Class A)	-	25%[2]	25%	-	(18,417)	(5,742)	-	(18,417)	(5,742)
Sirius (Class C)[3]	-	-	-	-	17,000	4,325	-	17,000	4,325
Total liabilities	**-**	**-**	**-**	**-**	**(1,417)**	**(1,417)**	**-**	**(1,417)**	**(1,417)**

1 Following the transaction that closed July 12, 2010, the Corporation now holds 85 per cent of ARTV and, accordingly, consolidates their financial results in the Corporation's consolidated financial statements.

2 The Corporation recognized in the Condensed Consolidated Statement of Income (Loss) 25 per cent of Sirius net results using the equity method up to June 21, 2011 (date of merger).

3 Investment formally classified as AFS and recorded at fair value. The Class C shares were redeemed upon completion of the merger transaction.

Upon completion of the CSR Transaction, a value of $19.8 million was attributed to the Class B shares obtained, which is calculated as being the difference in the Corporation's reduction in ownership in Sirius and the Corporation's share of the proceeds on the issuance of the new Class B shares. The fair value at June 30, 2011 was determined using the closing market price of CSR Class A shares at June 30, 2011.

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15. Accounts Payable and Accrued Liabilities

	June 30, 2011	March 31, 2011 *(thousands of dollars)*	April 1, 2010
Trade payables	32,287	53,280	57,641
Accruals	49,220	70,732	68,974
Other	719	1,324	1,547
	82,226	**125,336**	**128,162**

16. Pension Plans and Employee-Related Assets/Liabilities

The Corporation provides pension and long-term service retirement benefits based on the length of service and final average earnings of its employees and other defined benefit post-retirement benefit plans to its employees such as post-retirement life insurance.

The cost of the defined benefit retirement plans are determined on an actuarial basis using the projected unit credit method and management's best assumptions, such as the expected long-term rate of return on plan assets, rate of compensation, inflation, retirement ages of employees, and mortality of members.

The current period service costs, the interest cost on the defined benefit obligation and the expected investment return on plan assets are recognized in net results in the period they are incurred. Past service costs, generally resulting from changes in the benefits payable for past services under an existing plan, are recognized immediately to the extent that the benefits are already vested, and otherwise are amortized on a straight-line basis over the average period until the benefits become vested. Actuarial gains and losses are recognized in other comprehensive income as they occur. Actuarial gains (losses) on plan assets arise from the difference between the actual return on plan assets for a period and the expected return on plan assets for that period. Actuarial gains (losses) on the defined benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the defined benefit obligation.

The present value of the defined benefit obligations are calculated using discount rates determined by reference to market yields at the end of the reporting period on high quality Canadian corporate bonds that have terms to maturity approximating the terms of the related defined benefit obligation.

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16. Pension Plans and Employee-Related Assets/Liabilities *(Continued)*

Employee-related assets/liabilities are as follows:

	June 30, 2011	March 31, 2011	April 1, 2010	June 30, 2011	March 31, 2011	April 1, 2010
	Current			Long-term		
	(thousands of dollars)					
Accrued pension benefit asset	-	-	-	209,411	148,769	-
Accrued pension benefit liability	-	-	-	69,311	68,462	188,751
Employee future benefits	-	-	-	143,610	141,616	140,948
Vacation pay	61,551	57,416	58,845	-	-	-
Workforce reduction and other	19,098	12,956	12,308	-	-	-
Salary-related liabilities	65,480	74,331	59,746	190	190	208
	146,129	**144,703**	**130,899**	**213,111**	**210,268**	**329,907**

The Corporation maintains a contributory defined benefit pension plan, the CBC/Radio-Canada Pension Plan, covering substantially all employees of the Corporation. Retirement benefits are based on the length of pensionable service and on the average of the best five consecutive years of pensionable salary in the last 10 years of employment. Employees are required to contribute a percentage of their pensionable salary to the plan, with the Corporation providing the balance of the funding, as required, based on actuarial valuations. The Corporation also maintains unfunded non-contributory defined benefit pension arrangements. All plans are subject to an actuarial valuation, which have been made at least on a triennial basis and will be required on an annual basis going forward under new regulatory requirements. The latest valuation available was made as at December 2008. The next valuation is required no later than as at December 2011.

The Corporation maintains a non-contributory long-term termination benefit plan for certain employees hired before April 1, 2005, July 1, 2005 or October 11, 2005, depending on the category of employees. Under the plan, employees retiring with more than three years of service with the Corporation can choose to receive a cash award upon retirement or improve their pension benefits. The benefits are based on the length of pensionable service and on the average of the best five years of pensionable salary up to March 2005. The Corporation also provides employee future benefits such as long-term disability and workers' compensation, continuation of benefits coverage for employees on long-term disability and post- retirement life insurance. The last actuarial valuations for the long-term termination benefit plan and the continuation of benefits coverage plan were made as at December 2009.

16. Pension Plans and Employee-Related Assets/Liabilities *(Continued)*

The measurement date for the pension plan assets and the defined benefit obligation is June 30, 2011.

The principal assumptions used for the purposes of the actuarial valuations were as follows.

Assumptions – annual rates	**June 30, 2011**	**March 31, 2011**	**April 1, 2011**
Expected long-term rate of return on plan assets	6.50%	6.50%	6.50%
Discount rate used for the calculation of the pension benefit costs	5.25%	5.25%	5.25%
Discount rate used for the calculation of the pension obligation	5.25%	5.25%	5.25%
Discount rate - employee termination benefit	4.75%	5.00%	5.00%
Discount rate – LTD benefits	5.00%	5.00%	4.75%
Discount rate – post-employment benefit	5.25%	5.25%	5.25%
Long-term rate of compensation increase, excluding merit and promotion	2.75%	2.75%	3.25%
Health care cost trend rate	7.00% per annum until 2019, 4.50% thereafter	7.00% per annum until 2019, 4.50% thereafter	7.50% per annum until 2019, 4.50% thereafter
Indexation of pensions in payment	1.65%	1.65%	1.65%

The amount included in the condensed consolidated statement of financial position arising from the Corporation's obligation in respect of its defined benefit plans is as follows:

	June 30, 2011			**March 31, 2011**		
	Pension Plans	**Unfunded pension**	**Other post-retirement plans**	**Pension Plans**	**Unfunded pension**	**Other post-retirement plans**
	(thousands of dollars)					
Benefit obligation	4,454,831	69,311	143,247	4,414,441	68,462	141,234
Fair value of plan assets	4,664,242	-	-	4,563,210	-	-
	(209,411)	**69,311**	**143,247**	**(148,769)**	**68,462**	**141,234**
Unamortized unvested past service costs	-	-	(363)	-	-	(382)
Net liability (asset) arising from defined benefit obligation	**(209,411)**	**69,311**	**143,610**	**(148,769)**	**68,462**	**141,616**

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16. Pension Plans and Employee-Related Assets/Liabilities *(Continued)*

Movements in the present value of the defined benefit obligation were as follows:

	June 30, 2011		March 31, 2011	
	Pension plans	**Other post-employment plans**	**Pension plans**	**Other post-employment plans**
	(thousands of dollars)			
Opening defined benefit obligation	4,482,903	141,234	4,388,497	140,490
Current service cost	16,900	1,462	65,693	6,535
Interest cost	58,000	1,685	226,918	7,056
Contributions from employees	9,517	-	37,630	-
Actuarial (gains) losses	885	1,904	-	(153)
Past service cost[1]	15,000	-	-	
Benefits paid	(59,063)	(3,038)	(235,835)	(12,694)
Closing defined benefit obligation	**4,524,142**[2]	**143,247**	**4,482,903**[3]	**141,234**

1 Estimated cost of changes to certain minimum benefit requirements in the Pension Benefits Standards Act affecting the CBC/Radio-Canada Pension Plan.

2 The accrued benefit obligations for the funded plan and for the unfunded plans are $4,454,831,000 and $69,311,000 respectively

3 The accrued benefit obligations for the funded plan and for the unfunded plans are $4,414,441,000 and $68,462,000 respectively.

Movements in the fair value of the plan assets were as follows:

	June 30, 2011		March 31, 2011	
	Pension plans	**Other post-employment plans**	**Pension plans**	**Other post-employment plans**
	(thousands of dollars)			
Opening fair value of plan assets	4,563,210	-	4,199,746	-
Expected return on plan assets	72,984	-	268,354	-
Actuarial gains (losses)	64,085	-	237,563	-
Contributions from employees	9,517	-	37,630	-
Contributions from the Corporation	13,377	3,038	55,752	12,694
Benefits paid	(59,063)	(3,038)	(235,835)	(12,694)
Closing fair value of plan assets	**4,664,110**	**-**	**4,563,210**	**-**

16. Pension Plans and Employee-Related Assets/Liabilities *(Continued)*

Amounts recognized in comprehensive income in respect to these defined benefit plans are indicated in the table below.

	June 30, 2011	June 30, 2010
	(thousands of dollars)	
Current service cost	18,362	19,014
Interest on obligation	59,685	58,472
Expected return on plan assets	(72,984)	(67,000)
Past service cost	14,981	(19)
Expense recognized in net results	**20,044**	**10,467**
Less:		
Actuarial gains recognized in other comprehensive income	(61,296)	32,800
Total	**(41,252)**	**43,267**

The cumulative actuarial gains or losses recognized in Other Comprehensive Income represent $300.9 million as of June 30, 2011 (2010 – $(32.8) million).

17. Obligations Under Finance Lease

Obligations under finance lease include satellite transponders and mobile equipment.

	Effective interest rate	Ending date
Transponder lease	6.8 per cent per annum	February 18, 2018
Mobile equipment lease	2.95 per cent per annum	January 31, 2016

The Corporation has an option to purchase the mobile equipment for a nominal amount at the end of the lease term.

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17. Obligation Under Finance Lease *(Continued)*

	June 30, 2011		March 31, 2011	
	Minimum lease payments	**Present value of minimum lease payments**	**Minimum lease payments**	**Present value of minimum lease payments**
	(thousands of dollars)			
Less than one year	13,760	9,470	13,760	9,343
Later than one year but not later than five years	66,349	54,734	66,781	48,135
More than five years	7,017	6,860	10,025	16,001
Less: future finance charges	(16,062)	-	(17,087)	-
Present value of minimum lease payments	**71,064**	**71,064**	**73,479**	**73,479**

Present value of minimum lease payments:

	June 30, 2011	March 31, 2011	April 1, 2010
		(thousands of dollars)	
Included in the Condensed Consolidated Statement of Financial Position as obligation under finance lease:			
current	9,470	9,343	7,300
long-term	61,594	64,136	65,676
	71,064	**73,479**	**72,976**

18. Notes Payable

The notes payable, held by the Monetization Trust, a special purpose entity of the Corporation, mature in May 2027 and bear interest at an annual rate of 4.688 per cent. Blended semi-annual payments are made in May and November of each year. The notes are redeemable at the subsidiary's option in whole or in part from time to time before maturity, on not less than 30 days and not more than 60 days prior notice. The redemption price is the greater of the outstanding principal amount of the notes to be redeemed and the net present value of all scheduled semi-annual payments on the notes from the date of redemption to the date of maturity, using the Government of Canada yield plus 0.30% on such date, together, in each case, with accrued but unpaid interest to, but excluding, the redemption date.

A0046583_112-000154

18. Notes Payable (*Continued*)

Principal payments are scheduled as follows:

	June 30, 2011		March 31, 2011	
	Minimum payments	**Present value of minimum payments**	**Minimum payments**	**Present value of minimum payments**
	(thousands of dollars)			
Less than one year	11,473	5,434	11,473	5,404
Later than one year but not later than five years	45,892	24,486	45,892	23,916
More than five years	126,202	97,191	131,939	100,437
Less: future finance charges	(56,456)	-	(59,547)	-
Present value of minimum payments	**127,111**	**127,111**	**129,757**	**129,757**

Interest expense included in current period's expenses and presented as finance costs is $1.5 million (2010 – $1.6 million).

	June 30, 2011	**March 31, 2011**	**April 1, 2010**
		(thousands of dollars)	
Included in the Condensed Consolidated Statement of Financial Position as notes payable:			
current	5,434	5,404	4,897
long-term	121,677	124,353	129,649
	127,111	**129,757**	**134,546**

A0046583_113-000155

19. Provisions

	June 30, 2011		March 31, 2011	
	Claims and legal proceedings	**Environmental**	**Claims and legal proceedings**	**Environmental**
	(thousands of dollars)			
Balance, beginning of year	28,376	300	50,070	-
Additional provisions recognized	1,440	-	6,649	300
Reductions resulting from re-measurement or settlement without cost	(2,621)	-	6,177	-
Reductions resulting from payments/other sacrifices of future economic benefits	-	-	(34,520)	-
Balance, end of period	**27,195**	**300**	**28,376**	**300**

Various claims and legal proceedings have been asserted or instituted against the Corporation. Some of these claims demand large monetary damages or other form of relief and could result in significant expenditures. These claims consist mainly of real estate valuation and related municipal taxes, copyright tariffs, grievances and other legal claims.

Litigation is subject to many uncertainties and the outcome of individual matters is not always predictable. Claims that are uncertain in terms of the outcome or potential outflow or that are not measurable are considered to be a contingency and are not recorded in the Corporation's consolidated financial statements. At June 30, 2011 the Corporation had provisions amounting to $27.2 million (March 2011 – $28.7 million) in respect of legal claims.

Polychlorinated Biphenyls (PCBs) concentrations which exceed the Ministère du Développement durable, de l'Environnement et des Parcs (MDDEP) industrial site criterion were identified in the soil at the former Corporation AM transmission site in Rimouski.

During the year ended March 31, 2011 the Corporation conducted an ecological risk assessment of the different options available to address the clean up of the contaminated soil.

The study which was completed at the Fall of 2010 produced a viable solution for the site with an estimated cost of $0.3 million. As a result, PCBs decontamination costs, which were disclosed as a contingent liability at the date of transition, are now recorded as a provision. The clean up is expected to start in the second quarter of 2011-2012.

20. Revenues

The Corporation recognized revenue from the following sources:

	June 30, 2011	June 30, 2010
	(thousands of dollars)	
Advertising	110,738	103,993
Building, tower, facility and service rentals	8,885	7,154
Production revenues	3,662	2,967
Digital programming	997	1,196
Retransmission rights	1,002	878
Program sponsorship	1,229	1,156
Other services	1,072	1,393
Total Rendering of services	**127,585**	**118,737**
Total Specialty Services	**41,921**	**37,221**
Total Financing income	**1,390**	**1,377**
Contribution from the Local Programming Improvement Fund (LPIF)	9,443	7,789
Contra revenues other than advertising	-	140
Gain (Loss) on foreign exchange rates	(309)	8
Net gain from fair value of financial instruments	115	784
Total Revenues	**180,145**	**166,056**

A0046583_115-000157

21. Government Funding

Parliamentary appropriations approved and the amounts received by the Corporation during the period are as follows:

	June 30, 2011	June 30, 2010
	(thousands of dollars)	
Operating funding	263,432	328,447
Capital funding	25,568	25,391
Working capital funding	1,000	1,000
	290,000	**354,838**

Government funding approved and received by the Corporation during the period is recorded as follows in the condensed Consolidated Financial Statements.

Parliamentary appropriations for operating expenditures are recognized in the Condensed Consolidated Statement of Income (loss) based on the net difference between quarterly budgeted expenses and self-generated revenues.

Quarterly budgets are established from the annual budget approved by the Board of Directors at the beginning of each year and reflect expected appropriation funding for the year and seasonal impacts of expenditures and self-generated revenues.

	June 30, 2011	June 30, 2010
	(thousands of dollars)	
Operating funding received	263,432	328,447
Deferred operating vote drawdown	(18,663)	(90,410)
Parliamentary appropriation for operating expenditures recognized in the Condensed Consolidated Statement of Income (Loss)	**244,769**	**238,037**

A0046583_116-000158

21. Government Funding *(Continued)*

Capital Funding received is recorded as Deferred Capital Funding in the Condensed Consolidated Balance Sheet. Capital Funding is amortized and recognized on the same basis and over the same periods as the related property, equipment, intangible assets and equipment under capital lease.

	June 30, 2011	June 30, 2010
	(thousands of dollars)	
Balance, beginning of year	**609,428**	**632,221**
Government funding for capital expenditures	25,568	25,391
Amortization of deferred capital funding	(33,166)	(30,269)
Balance, end of period	**601,830**	**627,343**

22. Seasonality

Excluding government appropriations, approximately 55 per cent of the Corporation's source of funds come from advertising revenues that tend to follow seasonal patterns, with the second quarter typically being the lowest mainly due to the summer season attracting fewer viewers. Advertising revenues also vary according to market and general economic conditions and the programming schedule. Subscriber-based revenues are more stable on a quarter-by quarter basis and represent approximately 20 per cent of the Corporation's revenues.

Operating expenses tend also to follow a seasonal pattern, as they are influenced by the programming schedule.

A0046583_117-000159

23. Movements in Working Capital

	June 30, 2011	June 30, 2010
	(thousands of dollars)	
Cash flows provided by (used for):		
Trade and other receivables	(26,136)	11,478
Programming	(31,235)	(19,636)
Merchandising inventory	160	19
Prepaid expenses	74,002	32,220
Promissory notes receivable	(450)	(512)
Net investment in finance lease	11	10
Accounts payable and accrued liabilities	(43,110)	(64,331)
Provision	(1,181)	-
Obligation under finance lease	1,026	1,079
Deferred revenues	374	2,639
Pension plans and employee-related liabilities	(8,410)	21,836
Bonds payable	5,758	5,937
Financial liability related to the monetization of receivables	70	140
Notes payable	3,090	2,527
	(26,031)	**(6,594)**

24. Commitments

The Corporation entered into commitments by renewing purchase agreements and entering into new purchase agreements. Management estimates that these new commitments, for the three-month period ended June 30, 2011, will result in future expenditures of approximately $74.6 million. In total, as of June 30, 2011, the Corporation had $914.9 million of commitments to be paid over the next 15 years.

25. Related Parties

The Corporation enters into transactions with these related parties in the normal course of business, on normal trade terms applicable to all individuals and enterprises and at market prices. These transactions are recorded at fair value by the Corporation. The following transactions were carried out with related parties:

A0046583_118-000160

26. Related Parties *(Continued)*

A. Transactions with Related Parties Excluding Government Related Entities

	Associates		Corporation Pension Plan	
	June 30, 2011	**June 30, 2010**	**June 30, 2011**	**June 30, 2010**
	(thousands of dollars)			
Rendering of services	851	763	-	-
Receiving of services	-	-	-	-
Pension contributions	-	-	12,489	12,873
	851	**763**	**12,489**	**12,873**

The following balances were outstanding at the end of the reporting period:

	Amounts owed by related parties		Amounts owed to related parties	
	June 30, 2011	**March 31, 2011**	**June 30, 2011**	**March 31, 2011**
	(thousands of dollars)			
Associates	407	180	-	-
	407	**180**	**-**	**-**

The amounts outstanding are unsecured and will be settled in cash. No expense has been recognized in the current or prior periods for bad or doubtful debts in respect of the amounts owed by related parties.

B. Other Transaction with Associate

On June 21, 2011 the Corporation exchanged its interests in Sirius XM Radio Inc. (“Sirius”) for shares in Canadian Satellite Holdings Inc. (CSR) pursuant to the reverse take-over of CSR by Sirius. The reverse take-over and retention of significant influence in the CSR combined entity, caused the Corporation to recognize a non-cash dilution gain of $39.3 million. This amount is made up of a gain on the disposed interest in the amount of $8.1 million as well as CBC/Radio-Canada’s proportionate share of CSR’s share issuance amounting to $31.2 million. In addition, the Corporation recognized $5.1 million in dividend income related to redemption of the $12.0 million investment the Corporation had in Sirius Class C shares. In addition, the Corporation received a promissory note in connection with dividends declared on the Class A shares of the associate. More information on this transaction is provided in Note 14 to the condensed consolidated financial statements.

26. Related parties *(Continued)*

C. Transactions with Government-Related Entities

CBC | Radio-Canada is a Crown Corporation wholly owned by the federal government. The Corporation operates in an economic environment dominated by entities directly or indirectly controlled by the federal government through its government authorities, agencies, affiliations and other organizations (collectively referred to as “government-related entities”). The Corporation has transactions with other government-related entities including but not limited to sales and purchases of goods, rendering and receiving services, lease of assets and use of public utilities.

These transactions are conducted in the ordinary course of the Corporation’s activities on terms comparable to those with other entities that are not government-related. The Corporation has established procurement policies, pricing strategy and approval process for purchases and sales of products and services which are independent of whether the counterparties are government-related entities or not.

For the period ended June 30, 2011, management estimates that the aggregate amount of the Corporation’s significant transactions with other government-related entities amounted to $0.5 million of its rendering of services (2010 – $0.1 million) and $0.3 million of its purchase of goods and services (2010 – $0.1 million).

A0046583_120-000162

27. Financial Instruments

A. Fair Value

The fair values of cash, trade and other receivables, the short-term portion of the promissory notes receivable, accounts payable and accrued liabilities, provisions, the short-term portion of the bonds payable, financial liability related to the monetization of receivables, the short-term portion of the obligations under finance lease and the short-term portion of the notes payable approximate their carrying value due to the short-term nature of these instruments.

The carrying values and fair values of the Corporation's remaining financial instruments are listed in the following table.

	June 30, 2011		March 31, 2011		April 1, 2010			
	Carrying values	Fair values	Carrying values	Fair values	Carrying values	Fair values	Method[1]	Note
	(millions of dollars)							
Financial instruments measured at fair value:								
Derivative financial liabilities instruments	0.6	0.6	0.7	0.7	0.3	0.3	Level 1	*(a)*
Long-term investments – non-voting Class C shares	-	-	17.0	17.0	4.3	4.3	Level 2	*(b)*
Financial instruments measured at amortized cost:								
Long-term receivables	-	-	-	-	10.1	9.4		
Promissory notes receivable (long-term)	51.5	57.3	51.8	56.8	53.6	57.6		
Net investment in finance lease (long-term)	56.0	63.2	56.6	62.6	59.0	63.4		
Bonds payable (long-term)	294.0	381.2	299.2	382.2	309.2	389.1		
Financial liability related to the monetization of receivables (long-term)	-	-	-	-	10.2	10.2		
Obligations under finance lease (long-term)	61.6	65.5	64.1	68.6	65.7	71.0		
Notes payable (long-term)	121.7	127.8	124.4	128.0	129.6	130.1		

1 Method refers to the hierarchy levels described below. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

- Level 1 - quoted prices in active markets for identical assets or liabilities instruments
- Level 2 - directly observable market inputs other than Level 1 inputs.

(a) The fair value is based on quoted forward market prices at the end of the reporting period.

(b) The estimated fair value is determined using discounted projected future cash flows.

A0046583_121-000163

27. Financial Instruments (*Continued*)

B. Liquidity Risk

Liquidity risk is the risk that the Corporation will encounter difficulties in meeting its financial obligations associated with financial liabilities.

The Corporation's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring losses. The Corporation also manages liquidity risk by continuously monitoring actual and budgeted cash flows. Also, the Board of Directors reviews and approves the Corporation's operating and capital budgets, as well as large transactions.

The Corporation does not have the authority to obtain a line of credit or long-term debt without the prior approval of the Minister of Finance.

The following table presents a maturity analysis of the Corporation's financial liabilities based on the expected cash flows from the date of the Condensed Consolidated Statement of Financial Position to the contractual maturity date. The amounts are the contractual undiscounted cash flows.

	Carrying amount of liability at June 30, 2011	**Contractual cash flows**	**Within 1 Year**	**2 to 5 Years**	**6 to 9 Years**	**Over 9 Years**
			(thousands of dollars)			
Bonds payable	308,119	528,621	33,039	132,155	132,155	231,272
Notes payable	127,111	183,567	11,473	45,892	45,892	80,310
Finance lease – Transponders	63,638	79,197	12,030	48,120	19,047	-
Finance lease – Mobile equipment	7,426	7,929	1,730	6,199	-	-
Financial liability related to the monetization of receivables	10,407	10,500	10,500	-	-	-

A0046583_122-000164

27. Financial Instruments *(Continued)*

	Carrying amount of liability at March 31, 2011	Contractual cash flows	Within 1 Year	2 to 5 Years	6 to 9 Years	Over 9 Years
			(thousands of dollars)			
Bonds payable	318,879	545,140	33,039	132,155	132,155	247,791
Notes payable	129,757	189,304	11,473	45,892	45,892	86,047
Finance lease – Transponders	64,907	82,205	12,030	48,120	22,055	-
Finance lease – Mobile equipment	7,803	8,361	1,730	6,631	-	-
Financial liability related to the monetization of receivables	10,337	10,500	10,500	-	-	-

	Carrying amount of liability at April 1, 2010	Contractual cash flows	Within 1 Year	2 to 5 Years	6 to 9 Years	Over 9 Years
			(thousands of dollars)			
Bonds payable	328,402	578,180	33,039	132,156	132,156	280,829
Notes payable	134,546	199,821	10,517	45,892	45,892	97,520
Finance lease – Transponders	72,233	94,235	12,030	48,120	34,085	-
Financial liability related to the monetization of receivables	20,395	21,000	10,500	10,500	-	-

There are no expected future cash flow requirements for the derivative financial instruments and the financial guarantee.

A0046583_123-000165

Schedule A

Board of Directors
August 24, 2011

Subject matter

Project Phoenix

s.69(1)(g)re:a,b,e

Background

We filed our submission for the Strategic Operating Review

Information on the matter

For decision ☐ **For information** ■

Prepared by

Name:	H.T. Lacroix
Date:	August 19, 2011

Recommendation

Last discussed at the Board

Date:	N/A
Decision made:	N/A

Next steps

Pages 167 to / à 170

are withheld pursuant to section

sont retenues en vertu de l'article

69(1)(g) re: a,b,e

of the Access to Information Act

de la Loi de l'accès à l'information

Introduction
CBC/Radio-Canada - Strategic and Operating Review (SOR)

s.69(1)(g)re:a,b,e

CBC/Radio-Canada - Strategic and Operating Review (SOR)

s.69(1)(g)re:a,b,e

s.69(1)(g)re:a,b,e

CBC/Radio-Canada - Strategic and Operating Review (SOR)

CBC Radio-Canada

MEETING OF THE BOARD OF DIRECTORS
September 27 – 28, 2011
Halifax, Nova Scotia

LOCATION

Prince George Hotel
1725 Market Street
Halifax
(902) 425-1986 (tel.)
(902) 492-7834 (fax)

Meetings: Windsor 1 Room

Secretariat
Hanover Room
Tel: (902) 491-5721

RÉUNION DU CONSEIL D'ADMINISTRATION
Les 27 et 28 septembre 2011
Halifax (Nouvelle-Écosse)

LIEU

Hôtel Prince George
1725, rue Market
Halifax
Tél. (902) 425-1986
Télécopieur (902) 492-7834

Réunions : Salon Windsor 1

Secrétariat
Salon Hanover
Tél. : (902) 491-5721

Tuesday, September 27, 2011

13:15-14:45 **Facilities Tour – Bell Road TV Building and Sackville Street - Radio building**
(transportation will be provided)

15:30-16:30 **Meeting of the Governance and Nominating Committee**

17:45 **Departure from Prince George Hotel to Nova Scotia Community College** (transportation will be provided)

18:00-19:30 **Community Reception**

19:30 **Board Dinner**
Gio's Restaurant,
Prince George Hotel,
Regency 2 Room

Wednesday, September 28, 2011

08:30-13:00 **Meeting of the Board of Directors**

Le mardi 27 septembre 2011

13h15-14h45 **Visite des installations de l'édifice de la rue Bell (Télévision) et de la rue Sackville (Radio)**
(le transport sera fourni)

15h30-16h30 **Réunion du Comité de la gouvernance et des nominations**

17h45 **Départ de l'hôtel Prince George pour le Collège communautaire de la Nouvelle-Écosse**
(le transport sera fourni)

18h-19h30 **Réception avec la communauté**

19 h 30 **Dîner du Conseil**
Restaurant Gio's
Hôtel Prince George
Salon Regency 2

Le mercredi 28 septembre 2011

8h30-13h **Réunion du Conseil d'administration**

CBC Radio-Canada

CANADIAN BROADCASTING CORPORATION

BOARD OF DIRECTORS MEETING

September 27-28, 2011

Halifax

AGENDA

D = Document / M = Motion

Sept. 28	BOARD OF DIRECTORS	BY	D	M
08:30	**1. In Camera Session with the President & CEO**	Tim Casgrain		
09:00	**2. Adoption of Minutes**			
	a) June 22, 2011	Tim Casgrain	X	X
	b) August 9, 2011 conference call	Tim Casgrain	X	X
	3. Business Arising from Previous Minutes	Tim Casgrain		
	4. President & CEO's Report	Hubert T. Lacroix		
	5. Chairperson's Report	Tim Casgrain		
09:15 60 min	**6. Presentation on Special Examination**	OAG	X	
10:15 20 min	**7. Human Resources and Compensation Committee Report**			
	a) AR Mandate	Rémi Racine	X	X
	b) Designation of an Acting President	Rémi Racine	X	X
s.21(1)(a) **s.21(1)(b)**	c)	Rémi Racine	X	X
	d) Revised CEO objectives	Rémi Racine	X	X
	e) Succession Plan	Rémi Racine	X	
10:35 10 min	**8. Governance Committee Report**			
	a) Strategic Planning Committee membership	Edna Turpin	X	X
	b) Director Profile	Edna Turpin	X	X
	9. Updates			
10:45 30 min	a) 2011-2012 Year-end Forecast and Revenue Update	Suzanne Morris	X	
11:15 15 min	b) Halifax Project Update	Marc Lapierre	X	

11:30 45 min	c) Regulatory Affairs Update	Steven Guiton	X	
12:15 45 min	d) Digital Transition Update	Steven Guiton	X	
	10. Information Items			
	a) Implementation of the *Official Languages Act* Report	Maryse Bertrand	X	
	b) Operations of the *Multiculturalism Act* Report	Maryse Bertrand	X	
	c) Sirius/XM Canada Merger: Summary of closing details	Michel Tremblay	X	
	d) Next Generation Converged Network (NGCN) Project Update	Steven Guiton	X	
	e) Hiring policies and criteria for News & Current Affairs personnel	Sylvain Lafrance Kirstine Stewart	X	
	f) Summary of Government Funding	Suzanne Morris	X	
	g) Risk Management Update	Suzanne Morris	X	
	h) Quarterly Budgetary Management Report at June 30, 2011	Suzanne Morris	X	
	i) Industrial Relations Update	Maryse Bertrand	X	
	j) Workforce Distribution	Maryse Bertrand	X	
	k) Minutes – Strategic Planning – July 13, 2011		X	
	l) Minutes – Strategic Planning – August 4, 2011		X	
13:00	**Adjournment**			

CBC Radio-Canada

BOARD OF DIRECTORS of the CANADIAN BROADCASTING CORPORATION

Minutes of the Meeting held on
June 22, 2011
Ottawa, Ontario

Members of the Committee present:

Timothy W. Casgrain, Chairperson of the Board
Hubert T. Lacroix, President and CEO
Linda Black
Edward Boyd
Peter Charbonneau
George Cooper
Pierre Gingras
Patricia McIver
Brian Mitchell
Rémi Racine
Edna Turpin
John Young

Members of the Board absent:

None

In attendance:

Maryse Bertrand, Vice-President, Real Estate, Legal Services and General Counsel and Interim Vice-President, People and Culture
Tranquillo Marrocco, Associate Corporate Secretary

Also present:

The Hon. James Moore, Minister of Canadian Heritage and Official Languages (Item 15)
Sylvain Lafrance, Executive Vice-President, French Services (Items 7 and 8)
Kirstine Stewart, Executive Vice-President, English Services (Items 7 and 8)
Bill Chambers, Vice-President, Branding, Communications and Corporate Affairs (Items 7, 8, and 12)
Steven Guiton, Vice-President and Chief Regulatory Officer (Items 12 and 13(a))
Suzanne Morris, Vice-President and Chief Financial Officer (Items 6 to 8)
Michel Tremblay, Senior Vice-President, Strategy and Business Partnerships (Items 7 and 8)
Denise Donlon, General Manager, CBC Radio, English Services (Item 8)

Stephanie Duquette, Chief of Staff to the President and CEO (Items 7 to 13)
Sylvie Gadoury, Associate General Counsel, Media Law (Item 13(b))
Bev Kirshenblatt, Senior Director, Regulatory Affairs (Item 13(a))
Jennifer McGuire, General Manager and Editor in Chief, CBC News with Responsibility for the Centres, English Services (Item 8)
Alain Saulnier, Executive Director, News and Current Affairs, French Services (Item 8)
Stan Staple, Senior Director, Research and Strategic Analysis (Item 7)
Deloitte (Item 12)
Deloitte (Item 12)
Deloitte (and Internal Auditor)
(Item 12)
s.19(1)

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1. Opening and In Camera Session with the President & CEO

At 8:30 a.m., the Chairperson called the meeting to order.

The Board met in camera with the President & CEO. No matters were reported to the Corporate Secretary for inclusion in the Minutes.

2. Minutes

Tranquillo Marrocco explained that the incorrect version of the Minutes of the March 15-16, 2011, meeting had been submitted to the Board for approval in May 2011.

On a motion duly moved and seconded, **IT WAS RESOLVED**, — That the revised Minutes of the March 15-16, 2011, meeting of the Board of Directors be approved.

On a motion duly moved and seconded, **IT WAS RESOLVED**, — That the Minutes of the May 10-11, 2011, meeting of the Board of Directors be approved as amended.

3. Business Arising from Previous Minutes

There were no matters to report.

4. President and CEO's Report

There were no additional matters to report.

5. Chairperson's Report

There were no matters to report.

6. Audit Committee Report

Peter Charbonneau summarized the financial impact of the Sirius Canada-XM Merger and reviewed the Financial Statements' highlights, the changes in disclosure notes resulting from the adoption of IFRS, management's certification, and the independent auditor's report. He also noted that the Audit Committee felt that the Annual Report's Management Discussion and Analysis section was robust.

Suzanne Morris and Hubert T. Lacroix answered questions on the retained earnings and the level of detail in relation to the programming strategies and initiatives enumerated in the Annual Report.

Peter Charbonneau then provided an overview of the other agenda items discussed by the Audit Committee, including the 4th Quarter Budgetary Management Report, the Report on Litigation and Contingencies, and the Auditor General's Attest Audit. He further reported that the Committee also reviewed, during its in camera session, three minor fraud issues. Suzanne Morris answered questions about the use of corporate cards and the controls in place to monitor their use.

Peter Charbonneau then provided an update on the IFRS and Quarterly Financial Reporting project and reviewed the highlights of the 2011-2012 Internal Audit Plan, results of completed audits, the 2010 Pension Plan Report, and the Small and Medium Broadcast Distribution Undertaking (BDU) Affiliation Agreements which the Committee approved.

Board members discussed the Pension Plan's financial highlights.

a) Financial Statements & Annual Report's Management Discussion and Analysis

On the recommendation of the Audit Committee, **IT WAS RESOLVED**, – That the Consolidated Financial Statements of the Corporation for the year ended March 31, 2011, be approved.

On the recommendation of the Audit Committee, **IT WAS RESOLVED**, – That the Management Discussion and Analysis section of the Annual Report for the year ended March 31, 2011, be approved along with any subsequent modification necessary to reflect the guidance offered by the Audit Committee and the Board.

b) IFRS – Ratification of Decisions made

On the recommendation of the Audit Committee, **IT WAS RESOLVED**, – That, in relation to the IFRS accounting policies and disclosures, all policy and disclosure decisions previously made be ratified.

7. Strategic Planning Committee Report

a) *Everyone, Every way*: Semi-Annual Report Card

Peter Charbonneau reported that the Committee reviewed the first semi-annual Report Card and summarized the Committee's discussion. Michel Tremblay and Stan Staples highlighted the key results for both French Services and English Services and answered questions on variances, methodology, and survey samples. Kirstine Stewart and Sylvain Lafrance then commented on the overall results and the Report Card's usefulness for their respective services. Board members then discussed the release of future Report Card results.

8. Programming Perceptions

Hubert T. Lacroix provided a brief context for the presentations by the media lines.

Sylvain Lafrance and Alain Saulnier explained what diversity of voices means in the context of information programming and journalistic values, how French Services ensures fairness, balance, and diversity of voices in their news and current affairs programming, including during election and referendum periods, the public's perception in that regard the measuring tools, and how CBC\Radio-Canada compares with other French media networks.

Kirstine Stewart and Jennifer McGuire explained key journalistic standards and practices, the various means by which English Services ensures balance in regional reflections, cultural diversity and political perspectives across the range of its program offerings, and the timeline, constraints and approach for the election night coverage – ''Better be right than first''.

Denise Donlon explained the differences between news and current affairs programming and their impact on programming prospects and how balance is assessed.

Board members asked question about the election night blackout provisions and discussed the election coverage on CBC/Radio-Canada's English and French networks, the choice of the subject-matters, tone, views and perspectives presented on both CBC/Radio-Canada's English and French networks, news coverage by other broadcasters, and the measurements of balance and diversity of voices.

Denise Donlon, Jennifer McGuire and Alain Saulnier were then asked to withdraw from the meeting.

Sylvain Lafrance and Kirstine Stewart explained some of the specific challenges they face in their respective services.

9. Calendar of Meetings

Timothy W. Casgrain and Maryse Bertrand explained the three options proposed. Board members supported the general format of having Committee meetings on one day and the Board meeting the next day and indicated that the meetings of Audit Committee and other Committees should alternate between mornings and afternoons when they precede a Board meeting.

On the recommendation of the Audit Committee, **IT WAS RESOLVED**, – That the meeting dates and locations for the Board of Directors and its Committees for 2012 and 2013 set out in Option 1 be approved.

10. Real Estate Committee Report

a) Toronto Broadcast Centre Lease

Rémi Racine presented the highlights of the proposed lease and summarized the Committee's discussions. Maryse Bertrand then reported on the litigations in which the prospective tenant was a party.

On the recommendation of the Real Estate Committee, **IT WAS RESOLVED**, – That the proposal for leasing space in the Toronto Broadcast Centre to Equinix Canada Ltd. on the terms and conditions set out in Exhibit A, as well as the Supplementary Resolution set out in Appendix 1, be approved.

11. Human Resources and Compensation Committee Report

Hubert T. Lacroix apprised the Board that Sylvain Lafrance informed him that he would be leaving the Corporation on November 30, 2011. He explained the terms of Mr. Lafrance's contract and his departure, the search process and the manner in which the file would be handled during the interim period. He then answered questions on how this would impact the senior management team, the reasons for the departure, and the search criteria.

On the recommendation of the Human Resources and Compensation Committee, **IT WAS RESOLVED**, – That a payment to Sylvain Lafrance, as provided for in Exhibit B, be approved.

12. Deloitte Economic Impact Study

Hubert T. Lacroix explained that CBC/Radio-Canada approached Deloitte to conduct an economic impact analysis of the Corporation's 2010 activities modeled on a study done by the firm for the British Broadcasting Corporation (BBC) in 2009.

s.19(1)

reviewed the study's methodology, explained the spill-over economic effects, and summarized the study's findings.

Board members asked questions on updating the study in the future, efforts deployed to complete the study, lessons learned from the BBC, source data used, how the study findings were used in the United Kingdom, and the application of economic multipliers.

Hubert T. Lacroix concluded by providing information on the study's costs.

13. Updates

(a) Regulatory Affairs – Licence Renewal

Steven Guiton provided an update on the membership of the CRTC, the CRTC's plans to enable online discussions/consultations in relation to licence renewal applications, and how CBC/Radio-Canada would participate in the hearings. He then answered questions on the length of the licences, competitors' positions on certain licence conditions, what commitments CBC\Radio-Canada would be prepared to make, the intervention application deadline and process, what private broadcasters were requesting at their hearings, the duration of the hearings for CBC/Radio-Canada's licence renewal, the challenges for CBC/Radio-Canada, and when might a decision from the CRTC be expected.

(b) Access to Information and Privacy

Maryse Bertrand provided an update on what the Corporation has been doing to increase transparency and accountability and, with Sylvie Gadoury, reviewed the new guidelines for applying Section 68.1 of the *Access to Information Act* and conducted a hands-on exercise with Board members on the application of exemptions under that Section. They also answered a question about a specific access to information request relating to the Corporation's 75th Anniversary.

15. Meeting with Minister of Canadian Heritage and Official Languages

Board members met in camera with the Honourable James Moore, Minister of Canadian Heritage and Official Languages, to discuss matters of common interest.

14. Information Items

The following documents were distributed as information items:

a) Summary of Government Funding
b) Industrial Relations
c) Sirius/SM Merger Update
d) 2010-2011 Quarterly Budgetary Management Report – 4th Quarter
e) Risk Management Update
f) Report on the Administration of the *Access to Information Act*
g) Report on the Administration of the *Privacy Act*
h) Health, Safety and Environmental Report
i) Employment Equity Report
j) Minutes – Governance and Nominating Committee – 2011-05-04
k) Minutes – Real Estate Committee – 2011-05-10
l) Minutes – Human Resources and Compensation Committee – 2011-05-10

16. Adjournment

The meeting was adjourned at 4:30 p.m.

Appendices:

1. Supplementary Resolution: Approval of a Proposal to Lease at the Toronto Broadcast Centre

Exhibits:

A. Summary of Proposal Terms (for a lease to Equinix Canada Ltd.)

B.

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DRAFT

CBC Radio-Canada

BOARD OF DIRECTORS of the CANADIAN BROADCASTING CORPORATION

Minutes of the Meeting held on

August 9, 2011

Conference Call

Members of the Board present:

Timothy W. Casgrain, Chairperson of the Board
Hubert T. Lacroix, President and CEO
Linda Black
Peter Charbonneau
George Cooper
Pierre Gingras
Patricia McIver
Brian Mitchell
Rémi Racine
Edna Turpin

Members of the Board absent:

Edward Boyd
John Young

In attendance:

Kirstine Stewart, Executive Vice-President, English Services
Maryse Bertrand, Vice-President, Real Estate, Legal Services and General Counsel, and interim Vice-President, People and Culture
Bill Chambers, Vice-President, Brand, Communications and Corporate Affairs
Suzanne Morris, Vice-President, Chief Financial Officer
Tranquillo Marrocco, Associate Corporate Secretary and Compliance Officer

Marie-Philippe Bouchard, Executive Director, Strategic Planning, French Services
Stéphanie Duquette, Chief of Staff, President and CEO's Office
Peter St-Onge, Executive Director, Finance and Management Services

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1. Opening of the Meeting

At 1:00 p.m., the Chairperson called the meeting to order.

2. Project Phoenix

3. Adjournment

s.69(1)(g)re:a,b,e

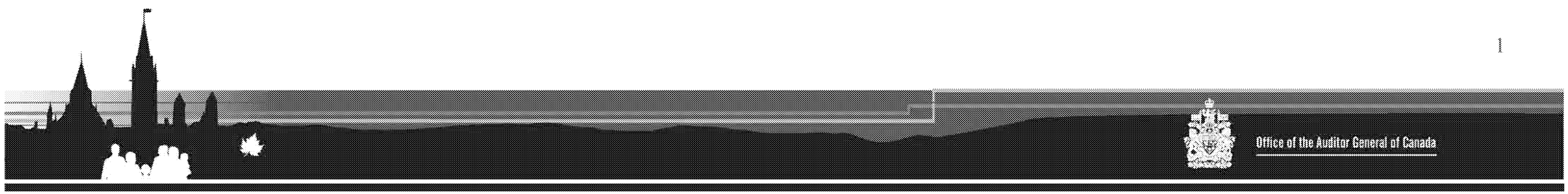
At 2:10 p.m., the meeting was adjourned.

A0046590_2-000184

WHAT TO EXPECT
A CROWN CORPORATION'S GUIDE TO A SPECIAL EXAMINATION

Maurice Laplante

28 September 2011



A0046591_1-000185

Our Objective

This presentation aims to outline and answer questions you may have with respect to:

- Our objectives in conducting a special examination (SE);
- Roles and responsibilities of those involved;
- The phases of a SE;
- The nature of the report and responding to recommendations, and
- How we communicate and handle information.

Legislative mandate

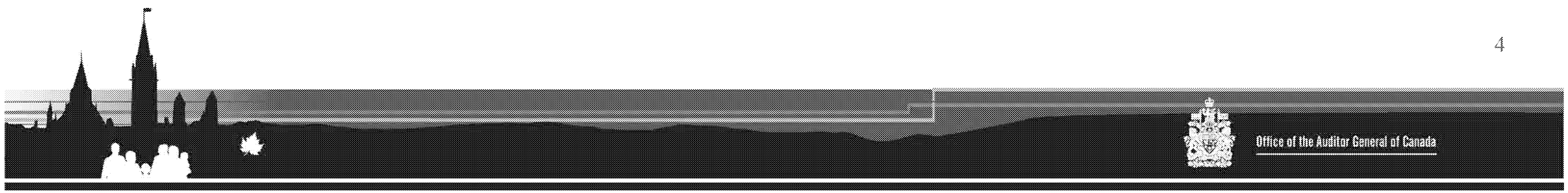
- Required by the *Financial Administration Act* (FAA)
- At least every 10 years – or more often if required by the Governor in Council, the Minister, the Board of Directors, or the Auditor General
- Last CBC examination: November 2005
- Statutory deadline: completed by 30 November 2015

What is the objective of a Special Examination?

To provide an opinion to the Board that the systems and practices of the corporation provide reasonable assurance that:

- The assets are safeguarded and controlled;
- The financial, human and physical resources are managed economically and efficiently; and
- The operations are carried out effectively.

These are known as the statutory control objectives.



Our responsibility

To express an opinion as to whether there is reasonable assurance that during the period covered by our examination, there were no significant deficiencies in the corporation's systems and practices.

What is a significant deficiency?

A major weakness in the key systems and practices that could prevent the corporation from achieving the statutory control objectives.

A0046591_6-000190

Example of key areas that can be selected

- Corporate Governance
- Strategic Planning
- Performance Measurement and Reporting
- Financial Management
- Human Resources Management
- Information Technology
- Project Management

How do we determine the examination criteria?

- Criteria are developed in accordance with professional standards and OAG policies.

- The OAG has developed standard criteria for the systems and practices common to most Crown corporations.

- Criteria specific to the operations of the corporation are developed by the team based on their knowledge and experience of the corporation, its standards and practices, good practices from other organizations, professional literature and in consultation with the corporation.

Examples of criteria

- The Board identifies what it needs to provide stewardship and oversee the corporation's accountability.
- Systems and practices are in place to ensure that the work environment enables a sufficient and sustainable workforce.

Nature of the opinion

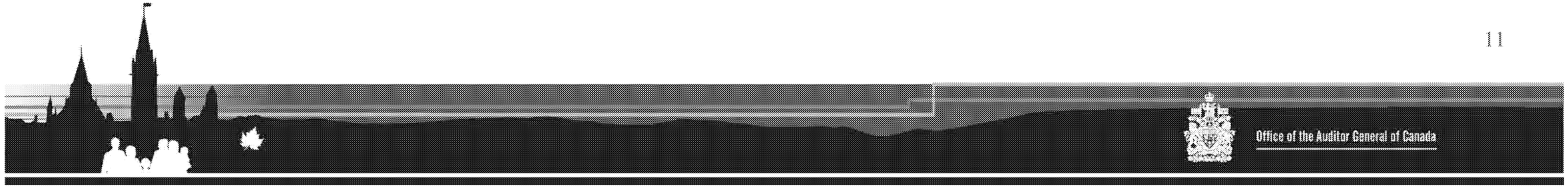
At the end of the special examination the audit team will prepare a report which will include an audit level opinion, which can be one of 3 forms:

- No significant deficiencies;
- One or more significant deficiencies;
- No reasonable assurance the systems and practices achieve the statutory control objectives.

In addition to the SE opinion, our SE report will present our observations and findings in more details for each area examined and usually contains recommendations.

Roles and Responsibilities

- Audit Team
- Audit Committee
- Board of Directors
- Crown corporation management and staff
- Internal specialists and external advisors



Audit Team

- The team, led by the Assistant Auditor General and the Principal, will clearly communicate to the corporation and the board, what to expect throughout the SE.

- The plan will describe what systems and practices will be examined and what criteria will be used to assess them.

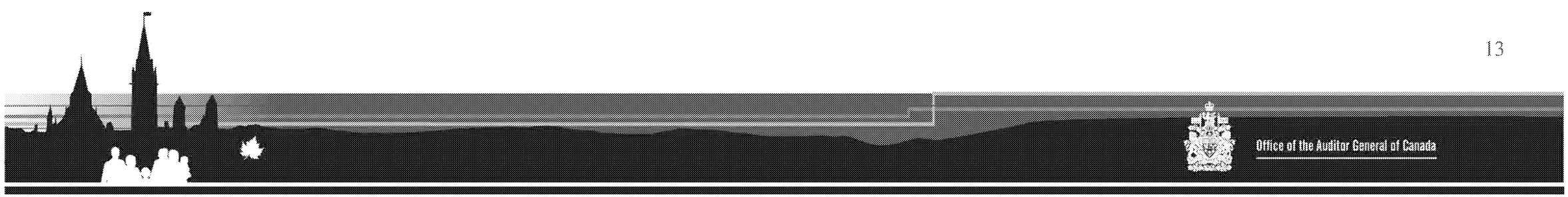
- There will be ongoing communication from the audit team throughout the SE (timing for each phase, expected timing for a draft report, briefings on progress).

- The team will make reasonable effort for minimal disruption to corporate staff and to resolve disagreements quickly, professionally and respectfully.

Audit Committee

The audit committee can expect to be consulted at least twice:

1. At the planning phase to discuss the special examination plan;
2. During the reporting phase when the team will provide the AC with the draft report.



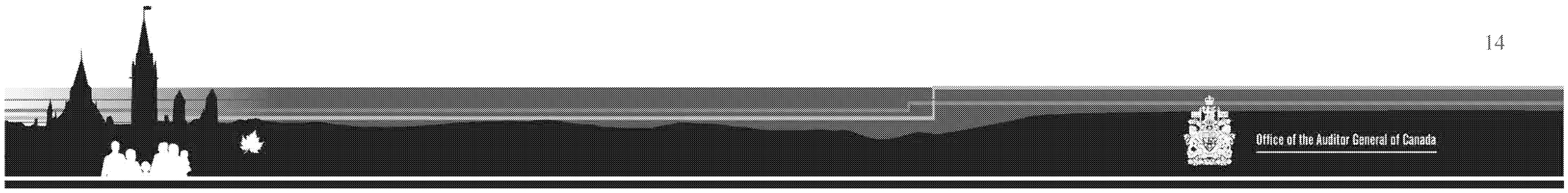
Board of Directors

As the primary recipient of the special examination report, board members will be engaged as follows:

1. At the planning phase, members may be asked to meet with team members to assist in identifying the key systems and practices;

2. During the examination phase, members may be asked to meet with team members especially regarding our examination of governance;

3. At the reporting phase, they will be asked to meet formally with the team to discuss the content of the report, findings and recommendations.



Corporation management and staff

- Staff affected by the SE are briefed on the purpose, nature and timing of the SE.

- Staff interviewed by the audit team will be asked to review and sign-off on meeting minutes.

- Requested documentation is expected to be provided in a timely manner and the appropriate staff are expected to be available for interviews.

- Management will be asked to provide comments at key points in the examination.

OAG Internal Specialists and External Advisors

- Provide advice to the audit team at a minimum during the planning and reporting phases.
- This is not a legislative requirement, but part of the OAG's quality management system to ensure the appropriate skills and experience are brought to each SE.

A0046591_16-000200

Planning phase

- Formal communications to initiate the SE

- Understanding the corporation – the team will be requesting interviews and documentation to help them select what systems and practices they will examine and what criteria are suitable to evaluate the systems and practices selected.

Special Examination Plan

The SE plan will identify:

- the systems and practices that will be examined;
- the criteria against which those systems and practices will be measured;
- Expected timing of key communications and phases of the SE;
- Whether we plan to rely on the work of internal audit.

The team will seek advice on the plan internally with relevant OAG specialists and we also engage an external advisory committee. We will discuss the plan with management prior to submitting it to the audit committee.

Examination Phase

Expect the team will be requesting documents and interviews in order to:

- Carry out procedures and gather evidence;
- Assess evidence against criteria;
- Form judgements & conclusions as to whether there is sufficient evidence to support the SE opinion;
- Validate the findings and conclusions with the Corporation.

Reporting Phase

The draft SE report will formally present the observations, conclusions, and recommendations and will include the SE opinion.

We are required to report directly to the Board of Directors, and may report to the Minister and Parliament by exception.

A0046591_20-000204

Responding to the report

The team will seek management's views on the validity and completeness of the observations, conclusions, recommendations and the opinion.

If there are recommendations, management will be expected to develop a response to those recommendations.

Report Distribution

Under the FAA, the Board is required to submit the SE report to the Minister and President of the Treasury Board **within 30 days of its receipt**, and make the report public **within 60 days of its receipt**.

The team will conduct procedures to ensure the publicly made version and any references to it are accurate.

A0046591_22-000206

Information Access

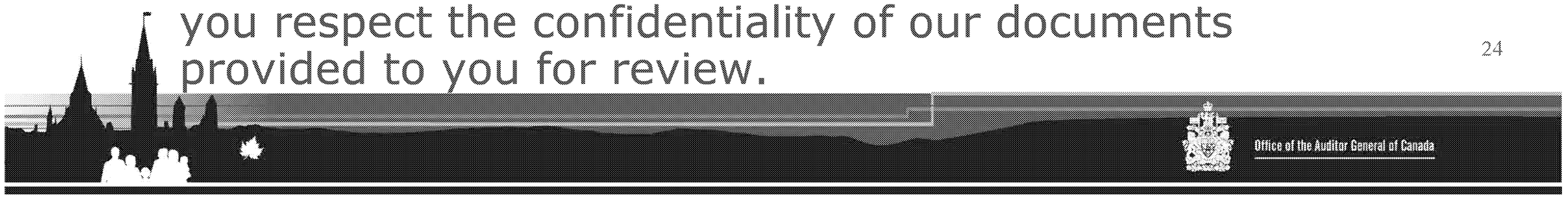
All information we determine is relevant to carry out the SE including:

- **All forms of communication (i.e. written, verbal, auditory etc.);**
- **Documents that may be subject to solicitor/client privileges;**
- **Memoranda to Cabinet or records of Cabinet decisions and Treasury Board submissions or decisions;**
- **Corporate staff are expected to make themselves and information available in a reasonable timeframe (normally within 5 business days, for readily available information);**
- **Other arrangements may be agreed upon with the OAG if retrieving documents requires additional work.**

The provisions of the *Access to Information Act* do not apply to the OAG for audit purposes.

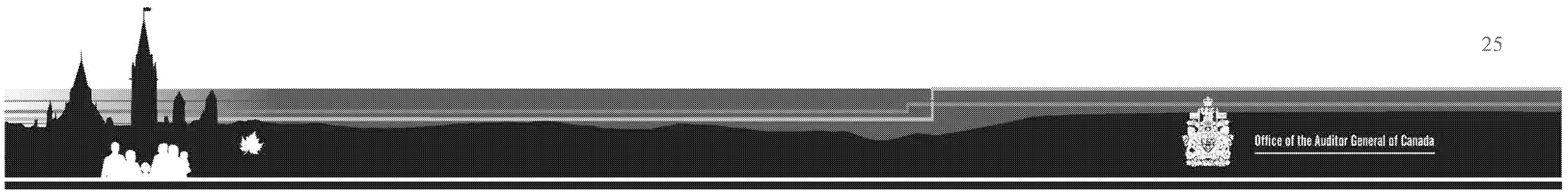
Security

- Information provided is kept in our direct possession.
- At a minimum, we comply with the same security arrangements that apply to your employees.
- The OAG code of values, ethics and professional conduct is used.
- The *Access to Information Act* does not allow us to disclose any record requested that is used or created in the course of the SE.
- Our draft reports provided to the corporation will be numbered and we will request their return – we ask that you respect the confidentiality of our documents provided to you for review.



Redaction of Information

- Removing classified information from the SE
- This would be rare, and would only occur if the information was classified. Information could be classified due to:
  - Information obtained in confidence;
  - International affairs and defence;
  - Security; and
  - Economic interests (i.e. trade secrets)



Special Examination Calendar (tentative)

- Plan to Audit Committee: January 2012
- Examination: February to June 2012
- Presentation of Report to Audit Committee and Board of Directors: February and March 2013

Office of the Auditor General of Canada

QUESTIONS?

Board of Directors

September 27-28, 2011

Subject matter

Bargaining mandate with the Association des réalisateurs (AR).

Background

L'Association des réalisateurs is the exclusive bargaining agent of the CBC/ Radio-Canada comprising all persons occupying the position of Producer and working for the Corporation in the Province of Quebec and in Moncton, New Brunswick.

The current four-year collective agreement between AR and CBC/Radio-Canada expires on December 11th, 2011. Notice of bargaining is expected in September, 2011 resulting in the parties preparing for the next round of bargaining.

Information on the matter

Industrial relations between CBC /Radio-Canada and AR are generally good, and ongoing communication allows most issues and misunderstandings to be resolved. In that regard, the vast majority of grievances get settled and do not proceed to arbitration.

Considering the current strategic review exercise and the anticipated financial constraints associated thereto, as well as the postponement of the license renewals, it is prudent for the Corporation to renew the collective agreement for a one year period. The parties will be in a more stable environment within one year with respect to the above-mentioned issues and will be in a better position to make a longer term commitment regarding both monetary and normative issues. The Corporation will also have more time to evaluate the changes required to collective agreement language to align with its 2015 strategy.

Key Management Issues:

- Flexibility on jurisdiction limits given the integration of platforms and New Media as well as a need for a flexible workforce
- Creation of permanent job descriptions which includes, among others, AR-specific tasks
- Definition of what constitutes a "creative act"

Key Union Issues:

- Respect of jurisdiction boundaries provided for in the Collective Agreement (AR versus other Unions , inter-unions projects, AR versus Management)
- Role of producers on New Media
- Uniform application of the Collective Agreement (Regions and CBC French Network)

For decision:	X	**For information:**	

Prepared by

Name: **Maryse Bertrand**, Interim Vice-President, People and Culture

Date: August 24, 2011

Recommendation

That a mandate be approved to include:

A one (1) year renewal of the collective agreement maintaining all other terms and conditions of the current agreement with the following exception:

- An annual wage increase of 1.5% effective December 14, 2011 (more precisely, 1.4% wage increase and 0.1% for the Health Fund as per the MOA dated May 22, 2009.)

Last discussed at the Board

Date:	September 2007
Decision made:	Negotiation mandate approved (agreement later signed October 17, 2007)

Next steps

Begin the bargaining process once Notice of Bargaining has been received.

Resolution

BE IT RESOLVED THAT the Human Resources and Compensation Committee recommends for approval by the Board of Directors the 1-year renewal of the Association des réalisateurs existing collective agreement and an annual wage increase of 1.5% to be effective December 12, 2011.

Human Resources and Compensation Committee of the

Board of Directors

September 21, 2011

Subject matter

Designation of an Acting President

Background

Senior Management's Succession Plan has been presented to the Human Resources and Compensation Committee and the Board of Directors. The Succession Plan, however, does not cover the position of President and CEO because the *Broadcasting Act* provides that the Board may appoint an Acting President for a period not exceeding 60 days, after which Governor in Council approval is required.

Information on the matter

Section 42 (3) of the *Broadcasting Act* states that: "If the President is absent or incapacitated or if the office of President is vacant, the Board may authorize an officer of the Corporation to act as President, but no person so authorized by the Board has authority to act as President for a period exceeding sixty days without the approval of the Governor in Council."

Section 3(1)(c) of our Bylaws stipulate that: "Pursuant to Section 42(3) of the Act, but subject to Section 41(3) of the Act, the Board authorizes any Officer to act as President during any period when (a) the President is absent - the specific designation to be made by the President; or (b) the office of the President is vacant or the President is incapacitated - the specific designation to be made by the Board; provided that, pending any such designation the Officer in charge of Legal Services, is authorized to act as President in respect of any matter, which in his/her opinion, requires urgent attention. Any acting President shall have all powers of the President unless otherwise restricted by the Act, these by-laws or by the instrument appointing him/her."

For decision: [X] **For information:** [ ]

Prepared by

Name: **Hubert T. Lacroix**, President and CEO

Date: September 7, 2011

Recommendation

That, pursuant to the *Broadcasting Act* and the Corporation's Bylaws, the Board of Directors designates Maryse Bertrand to be the Acting President in the event that the office of the President is vacant or the President is incapacitated.

Last discussed at the Board

Date: N/A

Decision made: N/A

Next steps

Human Resources and Compensation Committee

2011-09-21

s.21(1)(a)

s.21(1)(b)

s.22

Subject matter

Background

Information on the matter

For decision [X] **For information** [ ]

Prepared by

Name:	Maryse Bertrand, Vice-President, Real Estate, Legal Services and General Counsel and Interim Vice-President, People and Culture.
Date:	2011-09-07

Recommendation

s.20(1)(b)

s.21(1)(a)

s.21(1)(b)

s.22

Last discussed at the Board

Date:	N/A
Decision made:	N/A

Next steps

Pages 217 to / à 232

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18(b), 20(1)(b), 21(1)(a), 21(1)(b), 22

of the Access to Information Act

de la Loi de l'accès à l'information

Human Resources and Compensation Committee

2011-09-21

Subject matter

The President and CEO's Objectives for 2011-2012.

Background

Information on the matter

s.19(1)

s.21(1)(a)

s.21(1)(b)

For decision [X]

For information [ ]

Prepared by

Name:	Maryse Bertrand, Vice-President, Real Estate, Legal Services and General Counsel and Interim Vice-President, People and Culture.
Date:	2011-09-07

Recommendation

Last discussed at the Board

Date:	May 11-12, 2011
Decision made:	Objectives approved

Next steps

Page 235

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19(1), 21(1)(a), 21(1)(b)

of the Access to Information Act

de la Loi de l'accès à l'information

Board of Directors

September 21, 2011

Subject matter

Succession Planning – SET Level Progress Update

Background

Update on succession planning activities at SET level over last 12 months

Information on the matter

See attached document.

For decision:	☐	**For information:**	X

Prepared by

Name: **Maryse Bertrand**, Interim Vice-president, People and Culture

Date: September 1st, 2011

Recommendation

N/A

Last discussed at the Board

Date: N/A

Decision made: N/A

Next steps

- Existing candidates continue development plans and are invited into group development exercises
- New candidates are invited into the process, evaluated and development plans completed
- Development plans created for high potential talent
- Succession formalized at the next level in the organization

Succession Update

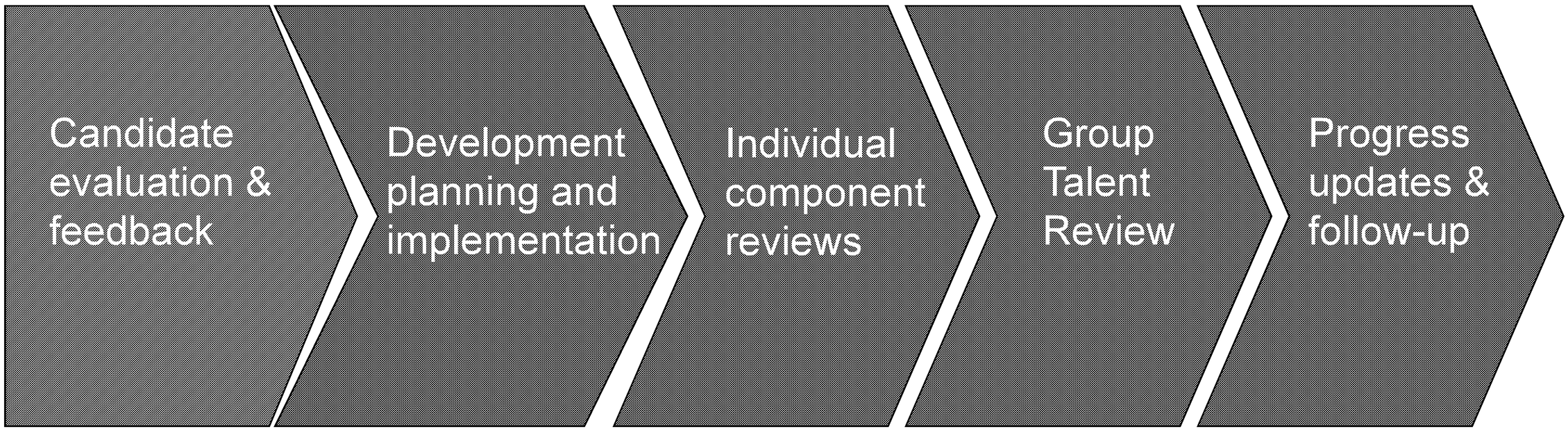
Presented to the

Human Resource and Compensation Committee

by Maryse Bertrand

September 2011

SET SUCCESSION PROCESS



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CANDIDATE PROGRESS UPDATE

Candidates evaluated and in development plan implementation from 2010-2011	17 of 21
Candidates to be evaluated and development plans created in 2011-2012	2
Candidates who have accepted larger scope of leadership (including high potentials)	8
Candidates who have left their roles or the organization	3

A0046596_4-000239

STRENGTHS AND DEVELOPMENT NEEDS

STRENGTHS	NEEDS
Passion for Results	Financial Acumen
Selling the Vision	Establishing Strategic Direction
Audience Focus	Building Organizational Talent
	Coaching and Developing
	Leading Change

- Evaluated candidates to be invited into a group development experience with Ivey School of Business
- New candidates to be invited into the process, evaluated, and development plans created
- Development plans for high potentials
- Development plans for succession candidates to senior management teams

s.18(b)

s.21(1)(a)

s.21(1)(b)

Succession pool 2011-2012

Position	Current Incumbent
EXECUTIVE VICE-PRESIDENT, ENGLISH SERVICES	KIRSTINE STEWART
EXECUTIVE VICE-PRESIDENT, FRENCH SERVICES	SYLVAIN LAFRANCE
VICE-PRESIDENT, PEOPLE AND CULTURE	MARYSE BERTRAND (interim Vice President)
CHIEF FINANCIAL OFFICER AND VICE-PRESIDENT FINANCE	SUZANNE MORRIS
SENIOR VICE-PRESIDENT, STRATEGY AND BUSINESS DEVELOPMENT	MICHEL TREMBLAY
VICE-PRESIDENT, REAL ESTATE, LEGAL SERVICES AND GENERAL COUNSEL	MARYSE BERTRAND
VICE-PRESIDENT, COMMUNICATIONS	WILLIAM CHAMBERS
VICE-PRESIDENT AND CHIEF REGULATORY OFFICER	STEVEN GUITON

Appendix:
Business Drivers and Executive Competency profile

Building Long-term Strategies	Establishing Strategic Direction Audience Focus Selling the Vision
Challenge Business Paradigms	Financial Acumen Business Savvy Driving Execution Leading Change
Building a High Performance Culture	Building Organizational Talent Coaching and Developing Others Empowerment and Delegation

*Enabling competencies: Innovation, Building partnerships and alliances, Operational decision-making

Governance & Nominating Committee
Board of Directors
2011-09-27-28

Subject matter

Committee Memberships

Background

The Chairperson of the Board makes recommendations on the membership of committees. He recommends that Ted Boyd be named to the Strategic Planning Committee.

Information on the matter

The Strategic and Planning Committee is currently comprised of: Peter Charbonneau (Chair), Linda Black, Timothy Casgrain, George Cooper, and Rémi Racine.

Ted Boyd is currently a member of the Audit Committee and the Governance and Nominating Committee.

For decision X **For information**

Prepared by

Name: Maryse Bertrand, Vice-President, Real Estate, Legal Services and General Counsel and Interim Vice-President, People and Culture.
Date: 2011-09-07

Recommendation

That the Governance and Nominating Committee recommend to the Board of Directors that Edward Boyd be added to the membership of the Strategic Planning Committee.

Last discussed at the Board

Date: May 2011
Decision made: Pierre Gingras was added to the Governance & Nominating Committee

Committee Memberships
Composition des comités
2011-09-27/28

Board Members	Audit Vérification	Governance Gouvernance	Human Res. Ress. humaines	Planning Planification	Real Estate Immobilier
Timothy Casgrain, Board Chairperson / président du Conseil			Member Membre	Member Membre	Member Membre
Hubert T. Lacroix, Pres. & CEO / PDG		Invited Invité	Invited Invité	Invited Invité	
Linda Black		Member Membre	Member Membre	Member Membre	
Edward W. Boyd	Member Membre	Member Membre		*Member *Membre	
Peter D. Charbonneau	Chair Président			Chair Président	
George T. H. Cooper			Member Membre	Member Membre	
Pierre Gingras		Member Membre			
Tricia McIver	Member Membre				Member Membre
Brian Mitchell	Member Membre				Member Membre
Rémi Racine			Chair Président	Member Membre	Chair Président
Edna Turpin	Member Membre	Chair Président			
John F. Young		Member Membre			

* Proposed nomination / nomination proposée.

Governance & Nominating Committee
Board of Directors
2011-09-27/28

Subject matter

Director Profile

Background

The Privy Council Office (PCO) has requested that CBC/Radio-Canada's Director Profile, which is published on their appointments website, be updated as per their template.

Information on the matter

The CBC/Radio-Canada's Director Profile is the only profile which does not follow PCO's template. The proposed revised Director Profile is based on the PCO template and is in line with the Director Profiles of other Crown Corporations. For your information:

- Proposed changes to the currently published text are indicated in track change mode.
- New sections on the roles of the Corporation and Directors, drawn from text appearing in other published documents (such as the Corporate Plan and the Annual Report), have been added.
- The list of specific skills, knowledge and experience has been revised.
- The skills matrix has been simplified.

For decision [X] **For information** [ ]

Prepared by

Name: Maryse Bertrand, Vice-President, Real Estate, Legal Services and General Counsel and Interim Vice-President, People and Culture.
Date: 2011-09-07

Recommendation

That the Governance and Nominating Committee recommend to the Board of Directors that the revised Director Profile be approved as presented.

Next steps

Board members will be asked to complete the new skills matrix. Once completed, the skills matrix will be forwarded to the Minister for his consideration when making future appointments.

CANADIAN BROADCASTING CORPORATION

http://www.cbc.radio-canada.ca

Crown Corporation (Exempt from Part X of the *Financial Administration Act*)

Mandate

The mandate of Canadian Broadcasting Corporation (CBC/Radio Canada) is to inform, enlighten and entertain; to contribute to the development of a shared national consciousness and identity; to reflect the regional and cultural diversity of Canada; and to contribute to the development of Canadian talent and culture. To achieve its mandate, the CBC/Radio Canada produces, procures, and distributes Canadian programming in English, French and eight Aboriginal languages and broadcasts a selection of programs around the world.

~~The Canadian Broadcasting Corporation (CBC) brings diverse regional and cultural perspectives into the daily lives of Canadians in English, French and eight aboriginal languages, in nine languages on its international Radio service, Radio Canada International (RCI), and in eight languages on its web-based radio service RCI viva, a service for recent and aspiring immigrants to Canada. The CBC ensures distinctive programming of the highest quality, recognizes the importance of regional reflection and of the changing face of Canada and ensures the sustainability of CBC/Radio-Canada's Canadian schedules. The Crown corporation strives to demonstrate that CBC/Radio Canada is a well managed company, which generates cash flow to re-invest in programming. It also seeks to position CBC/Radio Canada to enhance its ability to fulfil its mandate through selective alliances and partnerships.~~

Head Office

Ottawa, Ontario

Appointment Provisions

~~There shall be a~~The Board of Directors of the Corporation ~~consisting~~ shall consist of twelve directors, including the Chairperson and the President, to be appointed by the Governor in Council (GiC), to hold office during good behaviour for a term not exceeding five years and may be removed at any time by the GiC for cause. By statute, the President is full-time and the Chairperson is part-time. The Chairperson and the President are eligible for re-appointment on the expiration of any term of office~~, but~~, ~~any~~ Any other director who has served two consecutive terms is not eligible for reappointment~~,~~ during the twelve months following the completion of the second term~~, eligible for reappointment~~, except as Chairperson or President.

A person is not eligible to be appointed or to continue as a director if the person is not a Canadian citizen who is ordinarily resident in Canada or if, directly or indirectly, as owner, shareholder, director, officer, partner or otherwise, the person is engaged in the operation of a broadcasting undertaking; has any pecuniary or proprietary interest in a broadcasting undertaking; or is principally engaged in the production or distribution of program material that is primarily intended for use by a broadcasting undertaking. A director in whom any such interest vests by will or succession for the director's own benefit shall, within three months thereafter, absolutely dispose of that interest.

If a director is not appointed to take office on the expiration of the term of an incumbent director, the incumbent director continues in office until a successor is appointed.

The President is the Chief Executive Officer of the Corporation.

If the President is absent or incapacitated or if the office of President is vacant, the Board may authorize an officer of the Corporation to act as President, but no person so authorized by the Board has authority to act as President for a period exceeding sixty days without the approval of the ~~Governor in Council~~GiC.

If the Chairperson is absent or if the office of Chairperson is vacant, the President shall act as Chairperson, and if both are absent or incapacitated or if both those offices are vacant, the Board may authorize a director to act as Chairperson, but no person so authorized by the Board has authority to act as Chairperson for a period exceeding sixty days without the approval of the GiC.

~~**Eligibility/Conflicts**~~

~~A person is not eligible to be appointed or to continue as a director if the person is not a Canadian citizen who is ordinarily resident in Canada or if, directly or indirectly, as owner, shareholder, director, officer, partner or otherwise, the person is engaged in the operation of a broadcasting undertaking; has any pecuniary or proprietary interest in a broadcasting undertaking; or is principally engaged in the production or distribution of program material that is primarily intended for use by a broadcasting undertaking. A director in whom any such interest vests by will or succession for the director's own benefit shall, within three months thereafter, absolutely dispose of that interest.~~

Quorum

A majority of the Directors in office at any time constitutes a quorum of the Board. (By-laws of the Corporation)

Auditor

~~By virtue of the Broadcasting Act the~~ The Auditor General of Canada is the auditor of the Corporation.

Remuneration

CHAIRPERSON

Fixed by GiC:

~~recommended~~ per diem ($565 - $665)

Position, aAnnual ($14,500 - $17,100)

Travel and living expenses are fixed by the Corporation's by-laws.

DIRECTORS

Fixed by the Corporation's by-laws:

- $2000 per meeting for the first six regular Board meetings and $625 per meeting thereafter;
- $1300 per meeting for the first six regular Audit Committee meetings and $625 per meeting thereafter;
- $1000 per meeting for the first four other regular Committee meetings and $625 per meeting thereafter;
- $250 per conference call meeting of the Board or a Committee; and
- Travel and living expenses.

Directors do not receive an annual retainer.

	Appt/Expiry Date	Position Level
President		
Lacroix, Hubert Montréal, Quebec Full-Time Appointment During Good Behaviour	2008-01-01 2012-12-31	CEO-7
Chairperson		
Casgrain, Timothy Wilson Toronto, Ontario During Good Behaviour	2007-04-26 2012-04-25	
Directors		
Black, Linda Calgary, Alberta During Good Behaviour	2008-04-21 2012-04-20	
Boyd, Edward W. Toronto, Ontario During Good Behaviour	2010-06-01 2015-05-31	
Charbonneau, Peter Dominic Ottawa, Ontario During Good Behaviour	2008-12-19 2013-12-18	
Cooper, George Halifax, Nova Scotia During Good Behaviour	2008-05-09 2012-05-08	
Gingras, Pierre Blainville, Quebec During Good Behaviour	2011-02-03 2016-02-02	
McIver, Patricia Anne West Vancouver, British Columbia During Good Behaviour	2008-06-18 2013-06-17	
Mitchell, Brian Westmount, Quebec During Good Behaviour	2008-04-21 2013-04-20	
Racine, Rémi	2007-10-12	

Montréal, Quebec During Good Behaviour	2011-10-11
Turpin, Edna	2006-12-06
St. John's, Newfoundland and Labrador During Good Behaviour	2011-12-05
Young, John Fitzgerald	2009-09-09
Prince George, British Columbia During Good Behaviour	2014-09-08

Total vacancies: 0

~~Auditor (ex-officio)~~

~~Auditor General of Canada~~ ~~Ottawa, Ontario~~ ~~During Pleasure (Interpretation Act)~~	~~1984-09-01~~

~~Auditor (CBC Pension Board of Trustees)~~

~~1 Vacant Position~~

~~Total vacancies: 1~~

[THE NEW SECTION STARTS HERE:]

Board Profile – Canadian Broadcasting Corporation

The Role of the Corporation in the Canadian Broadcasting System

[based on the Corporate Plan Summary]

Section 3 of the *Broadcasting Act* (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) specify:

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

(m) The programming provided by the Corporation should:

(i) be predominantly and distinctively Canadian;

(ii) reflect Canada and its regions to national and regional audiences, while serving the special needs of those regions;

(iii) actively contribute to the flow and exchange of cultural expression;

(iv) be in English and in French, reflecting the different needs and circumstances of each official language community, including the particular needs and circumstances of English and French linguistic minorities;

(v) strive to be of equivalent quality in English and French;

(vi) contribute to shared national consciousness and identity;

(vii) be made available throughout Canada by the most appropriate and efficient means and as resources become available for the purpose; and,

(viii) reflect the multicultural and multiracial nature of Canada.

In addition to this domestic mandate, the Corporation 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 (GiC).

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.

The Role and Responsibilities of the Board of Directors

[based mostly from Terms of Reference of the Board of Directors]

The Directors are stewards of the Corporation. They have the responsibility to oversee the conduct of the business, direct management and endeavour to ensure that all major issues affecting the business and affairs of the Corporation are given proper consideration.

While the Act allocates the responsibility "for the management of the business, activities and other affairs of the Corporation" to the Board, the Board then delegates this responsibility to the President and Chief Executive Officer, who is charged with the day-to-day leadership and management of the Corporation and, pursuant to the Act, the "supervision over, and direction of, the work and staff of the Corporation".

The President and CEO, and his or her management team, in consultation with the Board, formulate the strategies and plans and present them to the Board for approval. The Board approves the strategies of the Corporation, and the policies within which it is managed, and then steps back and monitors and evaluates management performance. Reciprocally, the President and CEO keeps the Board fully informed of the progress of the Corporation towards the achievement of its objectives and of all material deviations from the goals, objectives and policies established by the Board in a timely and candid manner. Once the Board has approved the strategies and policies, it acts in a unified and cohesive manner in supporting and guiding the President and CEO.

The Board meets at least six times a year, generally twice in Ottawa, once in Toronto, once in Montreal and twice in other parts of the country. Committee meetings are ordinarily held in conjunction with Board meetings (i.e., the day preceding the board meeting), but may meet on other specified days prior to Board meetings.

Core Attributes, Competencies and Experience

[based partly on PCO's template]

The core attributes, competencies and experience that must be demonstrated by all Directors include:

- Commitment – Prepares for each Board and committee meeting by reading the reports and background materials provided for the meeting; maintains an excellent Board and committee meeting attendance record; requests information necessary for decision making; and participates fully and frankly in the deliberations and discussions of the Board.
- Financial Literacy – The ability to read and assess financial statements.
- Impact and Influence – The awareness of the impact of organizational issues, policies and decisions on public interest and concern and the capacity to be sensitive to the differing needs and agendas of multiple stakeholders and to act to convince or influence others in order to have a specific impact or effect.
- Independence – The ability to think, speak and act independently with confidence and courage; and have the confidence and will to make tough decisions, including the strength to challenge the majority view when appropriate.
- Informed Judgement – The ability to provide wise, thoughtful counsel, to analyze, ask relevant questions at the strategic level, consider the different stakeholders' perspectives, and understand situations and problems by addressing underlying issues.
- Integrity and Accountability – Demonstrates high ethical standards and integrity, being willing to act on and remain accountable for board decisions, meeting the accountabilities outlined in the legislation and by-laws, and seeing oneself as serving the interests of Canadians.
- Leadership – The capacity to inspire and mobilize energies and talents to work towards a shared vision and the ability to convey ideas to achieve understanding and acceptance and to inspire appropriate action.

Specific Skills, Knowledge and Experience

The types of skills, knowledge and experience that are needed by the Board as a whole, but not necessarily in each Director, are as follows:

- Accounting / Auditing / Finance
- Broadcasting / Journalism / Media / Production
- Communications / Marketing / Public Affairs
- Corporate Governance
- Diversity (Ethnic, gender, linguistic and regional representation)
- Economics / Social Sciences
- Executive, Senior Management, or previous Board experience
- Financial Literacy / Financial Designation
- Human Resources / Labour Relations
- Information Technology / Multimedia
- Legal / Regulatory Affairs
- Public Policy / Government Affairs
- Real Estate Management
- Strategic Planning / Risk Management

CBC/Radio-Canada's Board of Directors
Matrix of Directors' Skills, Knowledge and Experience

2011-08-15 (sample)

	Directors: / Skills, Knowledge & Experience	T. Casgrain	H. T. Lacroix	L. Black	E. W. Boyd	P. D. Charbonneau	G. T. H. Cooper	P. Gingrans	P. McIver	B. Mitchell	R. Racine	E. Turpin	J. F. Young
	Accounting / Auditing / Finance												
	Broadcasting / Journalism / Media / Production												
	Communications / Marketing / Public Affairs												
	Corporate Governance												
	Economics / Social Sciences												
	Executive, Senior Management or previous board experience												
	Financial Literacy / Financial Designation												
	Human Resources / Labour Relations												
	Information Technology / Multimedia												
	Legal / Regulatory Affairs												
	Public Policy / Government Affairs												
	Real Estate Management												
	Strategic Planning / Risk Management												
Diversity	Ethnic Representation												
Diversity	Linguistic Representation (E=Eng / F=Fr)												
Diversity	Gender Representation (F=Female / M=Male)												
Diversity	Regional Representation												

X = Extensive (over 5 years) experience in the field

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Board of Directors
(September 27-28, 2011)

Subject matter

2011-2012 Year-end Forecast and Revenue Update

Background

At the August 24th, 2011 Audit Committee meeting, management was asked to provide a financial update at the September Board meeting, in light of the current economic uncertainty.

Information on the matter

See attached.

For decision **For information** **X**

Prepared by

Name: Suzanne Morris
Date: September 15, 2011

Management recommendation

N/A

Last discussed at the Board

Date: August 24, 2011
Decision made: Reviewed 2011/2012 Quarterly Financial Management Report - June 2011 results.

Next steps

2nd quarter results and year-end forecast will be presented in November 2011

2011-2012 Forecast as at August 31, 2011

		2011-2012 Current Budget ($000's)	2011-2012 Forecast ($000's)
SOURCES OF FUNDS			
Parliamentary Appropriation	s.18(a)		
Local Programming Improvement Fund	s.18(b)		
Advertising Revenues (TV, Internet, Contras)			
Specialty Services Revenues			
Miscellaneous Revenues			
TOTAL SOURCES OF FUNDS			
APPLICATION OF FUNDS			
English Services			
French Services			
Media-Related Activities			
Support Activities			
TOTAL APPLICATION OF FUNDS			

NET POSITION for the Fiscal Year

Prior Year Carryover

NET POSITION - Cumulative

English Services
As at September 12, 2011

($000's)	Full Fiscal Year			Year To Date (August)			Variances		
	2010-2011 ACTUALS	2011-2012 BUDGET	2011-2012 FORECAST	2010-2011 ACTUALS	2011-2012 BUDGET	2011-2012 ACTUALS	Annual Forecast vs Budget	YTD Actuals vs Budget	YTD Actuals vs PY Actuals *
Revenues									
Advertising Revenues									
Internet/Non Linear Revenues									
Subtotal - Advertising Revenues - Main Channel									
FIFA									
Value-added/Contra Revenues									
CBC News Network Revenues									
Bold Revenues									
Miscellaneous Revenues									
LPIF									
Total Revenues									
* *excluding one-time FIFA revenues*									

Year to Date:

s.18(a)
s.18(b)

Pacing - Q3 and Q4:

Economic Outlook:

French Services
As at September 12, 2011

($000's)	Full Fiscal Year			Year To Date (August)			Variances		
	2010-2011 ACTUALS	2011-2012 BUDGET	2011-2012 FORECAST	2010-2011 ACTUALS	2011-2012 BUDGET	2011-2012 ACTUALS	Annual Forecast vs Budget	YTD Actuals vs Budget	YTD Actuals vs PY Actuals *
Revenues									
Advertising Revenues									
Internet / Non-Linear Revenues									
Subtotal - Advertising Revenues - Radio-Canada									
FIFA									
Contras - Advertising									
RDI									
EXPLORA									
Miscellaneous Revenues									
Contras - Miscellaneous									
Subtotal - Revenues excluding LPIF									
LPIF									
TOTAL									
* *excluding one-time FIFA revenues*									

s.18(a)

s.18(b)

Year-to-date:

Pacing Q3 and Q4:

Economic Outlook :

Schedule A

Board of Directors

(September 27-28, 2011)

Subject matter

Update on Halifax Consolidation Project

Background

Almost one year has passed since the approval by the Board of Directors of the proposed consolidation of all operations in Halifax in a single building. Today's presentation provides a project status report and details on accomplishments since last year.

Information on the matter

For decision ☐ **For information** ☒

Prepared by

Name: Marc Y. Lapierre
Date: September 13, 2011

Management recommendation

Last discussed at the Board

Date: September 21-22, 2011
Decision made: Board of Directors approved Real Estate Services recommendation regarding Halifax Consolidation Project.

Next steps

Halifax Consolidation Project: Update

Presented to the
Board of Directors

Real Estate Services
September 2011

1 Situation: Sept. 2010 CBC Board Meeting

Situation

Our operations in Halifax are in two buildings. There is excess space and duplication of operating costs. Both buildings are old, and both need extensive remediation to avert threats to business continuity. Current and future media objectives are being compromised by splitting operations between two buildings. Halifax is one of our principal centres and the only remaining CBC location to have its media operations in more than one building. One of these buildings, on Sackville St., can be sold and value achieved through a MOU partnership with the Halifax YMCA.

Challenge

We need to eliminate excess capacity and duplicative costs by uniting operations into a single building plus attend to the associated real estate and financing issues.

Recommendation

We recommend combining operations by expanding our existing location at Bell Road. This project would be completed within 30 months of the necessary approvals. Project financing would be some form of lease back with on-going costs funded as an operating expense.

A0046600_3-000262

1 Situation in progress

2011

Bell Rd

+

Sackville St.

Jan. 2014

Bell Rd

A0046600_4-000263

2 Accomplishments

Scope

- **<u>Project Management Plan</u>:**
  - Project Governance established and implemented
- **<u>Sackville St. Building</u>:**
  - City of Halifax re-zoning of Sackville site filed (in process)
- **<u>Bell Rd Building</u>:**
  - **Phase I: Conception of renovated and enlarged Bell Rd Building**
    - Project management and architectural teams hired (including professional estimators)
    - Project technical requirements with all stakeholders established
    - Building concept and preliminary design completed
    - Plans and specifications for public tender initiated
  - RFI for financing completed
  - TBS representatives informed of upcoming request for approval

CBC Radio-Canada
A0046600_5-000264

2 Accomplishments

Budget and Schedule

- Overall budget: s.18(a) s.18(b)

- Phase I*
  Budgeted cost of work scheduled: (Total budget for Phase I)
  Budgeted cost of work performed:
  Actual cost of work performed:

  Schedule (Dec. 31, 2011): On target (100%)

* As of July 31, 2011

CBC Radio-Canada A0046600_6-000265

3 Next Steps

<u>Bell Rd</u>:

- Complete plans and specifications — November 2011
- Perform a substantive estimate — November 2011
- Obtain Board (REC) approval to go to public tender — November 2011
- Obtain TBS approval — February 2012
- Award fixed price contract — February 2012
- Initiate construction works — February 2012

<u>Sackville St.</u>:

- Proceed with completion of re-zoning process — October 2011
- Hire brokerage firm (Real estate) — October 2011
  (firm to prepare a RFP for buyers/developers)
- RFP for buyers/developers — March 2012
- Sale — June 2012

  (Contingent to proper approvals and temporary lease for CBC operations)

CBC Radio-Canada
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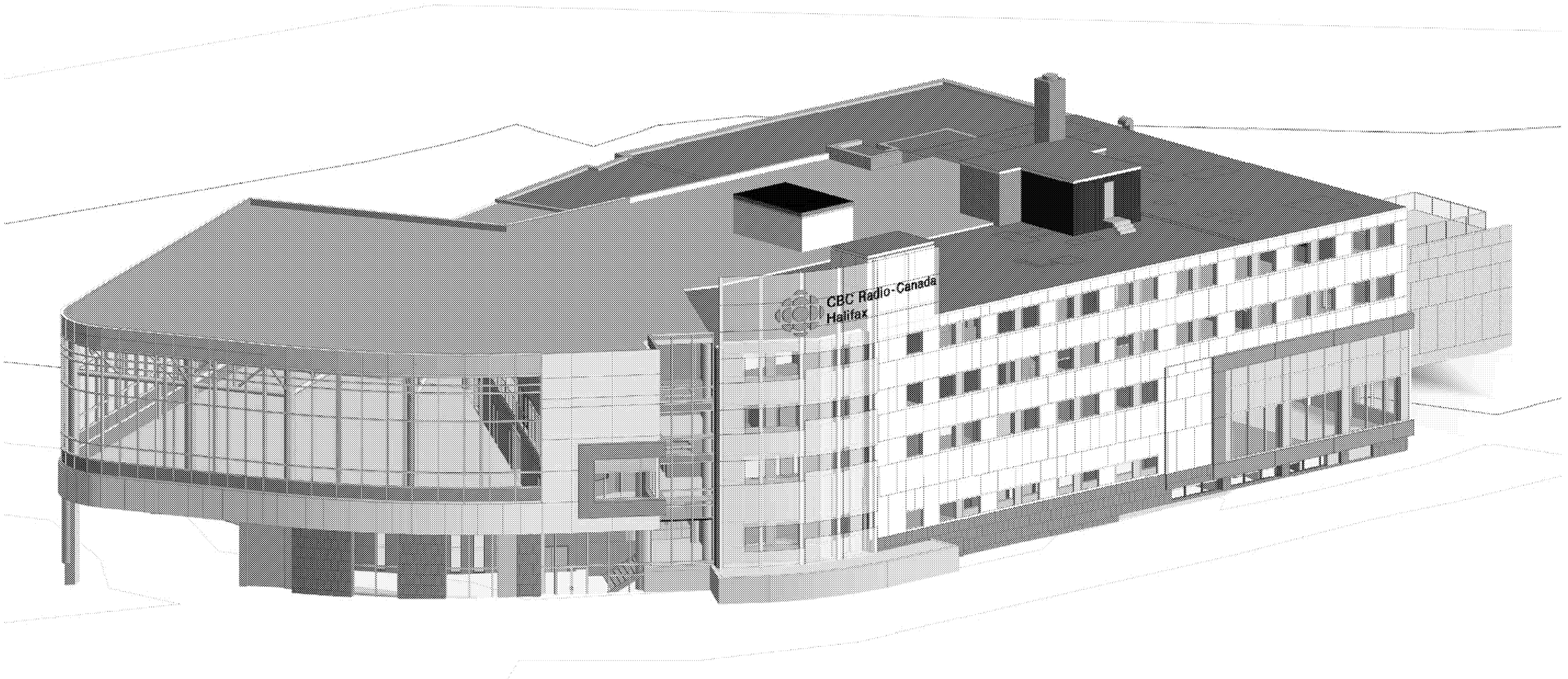
APPENDICES

- Future Bell Rd Building Renderings

CBC Radio-Canada
A0046600_8-000267

Northeast



Credit: WHW Architects Inc., 2011

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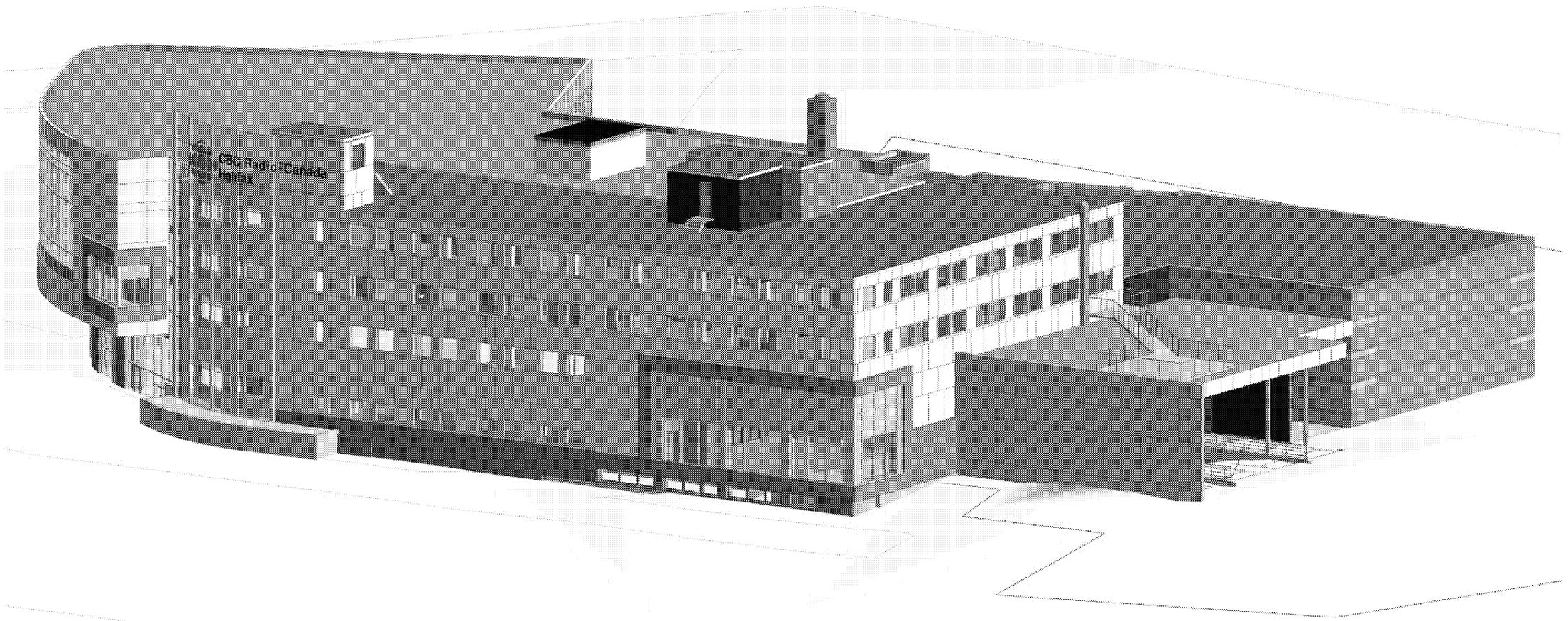
Northeast

Credit: WHW Architects Inc., 2011

CBC Radio-Canada
A0046600_10-000269

Northwest



Credit: WHW Architects Inc., 2011

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Northwest

Credit: WHW Architects Inc., 2011

West Elevation

Credit: WHW Architects Inc., 2011

A0046600_13-000272

Southwest

Credit: WHW Architects Inc., 2011

CBC Radio Canada
A0046600_14-000273

Schedule A

Board of Directors
September 27th-28nd, 2011

Subject matter
Regulatory Update

Background
A review of key regulatory activities and upcoming CRTC decisions.

Information on the matter

For decision ☐ For information ■

Prepared by
Name: Steven Guiton
Date: Sept 8th, 2011

Management recommendation

Last discussed at the Board
Date:
Decision made:

Next steps

Anticipated project completion date: _____

Regulatory Update

Steven Guiton
Vice President and Chief Regulatory Officer
Media Technology Services and Regulatory Affairs

September 28, 2011

Overview

- Several 2012 regulatory initiatives could impact:

  - ✓ A key funding source;

  - ✓ Our regulatory framework; and

  - ✓ Our programming plan over the next 5 years.

Regulatory update

- The LPIF: upcoming CRTC review

- English- and French-language private broadcaster licence renewal

- Anticipated policy reviews
  - Over-The-Top (OTT) services

- CBC/Radio-Canada's licence renewal

A0046601_4-000277

The LPIF

The issue:

- The CRTC will launch a review of the LPIF at which time it will consider possible changes to the Fund.

The regulatory impact:

- The LPIF contributed over $40 million to the Corporation's local programming in 2010-2011 broadcast year. Strategy 2015 is premised on maintaining the status quo of the Fund.

Changes could include:

- Reducing the size of the Fund;
- Funding "News" only;
- Expanding the list of eligible broadcasters;
- Tightening programming eligibility requirements. (i.e. incrementality)

The LPIF

- The LPIF was created by the CRTC in 2008 to support local programming produced by conventional television stations operating in non-metropolitan markets.

- The money for the Fund comes from a percentage of cable and satellite companies' gross broadcasting revenues. This percentage is determined by the CRTC.

- Originally set at 1%, the CRTC increased the contribution from to 1.5% in Yr 1 due to "the poor economic situation". It has remained at 1.5% despite the return of ad dollars to conventional television.

The LPIF

- The LPIF has come under attack by:

  i. vertically integrated companies that contribute more to the Fund than they receive (ex. Shaw, Vidéotron);

  ii. broadcasters that draw substantially less than CBC/Radio-Canada, (ex. V, RNC).

The LPIF

Next Steps:

- The CRTC's decision will take effect in the September 2012 broadcast year, at the earliest.

- The Corporation's objectives are:

1. To maintain current funding levels in order to sustain our local programming in non-metropolitan communities, including Official Language Minority Communities;

2. To delay the implementation of any harmful changes to the Fund, until the September 2013 broadcast year.

English-language privates renewal

The issue:

- In July 2011, CRTC renewed the licences for the major private English-language broadcasters (controlled by Bell Media, Shaw Media, Corus Entertainment and Rogers Media).

The regulatory impact:

- The terms and conditions imposed on these broadcasters will be considered as benchmarks for our own English-language services at our upcoming licence renewal.

English-language privates renewal

The following areas addressed by the CRTC are of particular interest to CBC/Radio-Canada's television services:

- **Programming:**
  - genre exclusivity & nature of service definitions,
  - independent production,
  - regional production,
  - commitments to Canadian exhibition,
  - terms of trade, and
  - local programming & the LPIF.

- **Accessibility:**
  - closed captioning, described video & audio description.

French-language privates renewal

The issue:

- In August 2011, CRTC launched the process to consider the licence renewal of TVA, Astral and Serdy, and to V. The hearing will commence December 5, 2011.

The regulatory impact:

- The terms and conditions imposed on these broadcasters as a result of this proceeding could be considered as benchmarks for our own French-language services at our upcoming licence renewal.

French-language privates renewal

The following issues identified by the CRTC are of particular interest to Radio-Canada's television services:

- Appropriateness of creating requirements relating to Programs of National Interest in the French-language market;
- Access of independent producers to the broadcasting system in the French-language television market;
- Provision of an appropriate on-screen reflection of Official Language Minority Communities;
- Regional reflection and "Montréalisation" of the airwaves;
- Terms of trade agreements.

Over-the-top (OTT) review

The issue:

- The CRTC will soon launch an inquiry into the appropriate regulatory framework for OTT services. These are video services that are offered on a broad-band platform on an unlicenced basis, such as Netflix.
- This will be the third time in recent years that the CRTC looks at this issue.
  - In 2009, the CRTC upheld their decision to exempt new media from regulation under the Broadcasting Act;
  - In 2011, bowing to pressure from BDUs and private broadcasters, the CRTC embarked on a ‘fact finding mission’ to comprehend the evolving role of OTT services in the Canadian broadcasting industry.

Over-the-top (OTT) review

The regulatory impact:

- Changing the rules could impact current regulatory obligations, privileges, supports.

Some Regulatory Options:

- Should the CRTC ensure that the new OTT players contribute to the creation of Canadian content ex. contribute to CMF, the LIPF and carry CBC/Radio-Canada content?
- Should the CRTC lighten the regulatory load on broadcasters and BDUs so they can “compete” with OTT providers ex. is this the end of the CMF, the LPIF and other regulatory supports?

Over-the-top (OTT) review

Next Steps:

- We will participate with a strong written and oral presentation at the CRTC's hearing:
  - We will argue OTT services present an important opportunity for CBC/Radio-Canada to define its role in ensuring the availability and diversity of high-quality Canadian programming to Canadians in a borderless digital world.
  - We will encourage the CRTC to permit broadcasters' contributions that support Canadian content in the unregulated world to "off-set" some of the traditional regulatory obligations. This approach would recognize and support CBC/Radio-Canada's leadership in reaching Canadians on new platforms.

CBC/Radio-Canada's licence renewal

The issue:

- The CRTC has postponed CBC/Radio-Canada's September 2011 licence renewal hearing until next year.
- The CRTC anticipates restarting the proceeding to consider the renewal of the Corporation's licences in March 2012 with a hearing in June 2012.

The regulatory impact:

- The application was filed May 2011, based on Strategy 2015. It is likely the application will need to be revised to take a number of new considerations initiatives into account – which may result in a further postponement.

CBC/Radio-Canada's licence renewal

New considerations:

- The outcome of the strategic and operating review could result in funding reductions for CBC/Radio-Canada. Announcement expected in the March 2012 Federal budget.

- The outcome of CRTC's review of the LPIF could result in funding reductions. Our Programming plans over the next licence term are premised on maintaining the status quo of the Fund.

CBC/Radio-Canada's licence renewal

- The terms and conditions of licence imposed on the English and French-language private broadcasters in their licence renewal decisions. (i.e. local programming obligations, support for programming of national interest, terms of trade agreements.)

  - The English-language privates decision was issued in July 2011.

  - The French-language privates decision is expected in spring 2012.

- The outcome of any OTT proceeding.

CBC/Radio-Canada's licence renewal

Next Steps:

- The application will be revised, as required, to take into account the outcome of any of these initiatives/decisions. Depending on the nature of any funding cuts, the CRTC may postpone the hearing to allow the Corporation to make the necessary amendments to the application.

Schedule A

Board of Directors

September 27th-28nd, 2011

Subject matter

Digital Transition Update

Background

On August 31, 2011, CBC/Radio-Canada, like all other over-the-air (OTA) broadcasters in Canada, officially went digital.

This presentation provides a review of how we got to this historic event, and information on how the Corporation has fared in making the transition.

The transition has been remarkably successful considering the magnitude of change that has occurred.

Information on the matter

For decision ☐ **For information** ■

Prepared by

Name: Steven Guiton
Date: September 28, 2011

Management recommendation

Last discussed at the Board

Date:
Decision made:

Next steps

Anticipated project completion date: _____

Digital Transition Update

Steven Guiton
Vice President and Chief Regulatory Officer
Media Technology Services and Regulatory Affairs

September 28, 2011

Overview

- On August 31, 2011, CBC/Radio-Canada, like all other over-the-air (OTA) broadcasters in Canada, officially went digital

- This presentation provides a review of how we got to this historic event, and information on how the Corporation has fared in making the transition

- The transition has been remarkably successful considering the magnitude of change that has occurred

OTA digital TV transition: Why did it happen?

- World-wide, the video business is moving to digital formats for quality and efficiency reasons
- Governments are using the opportunity to harvest analogue TV spectrum to generate revenues by offering it to private parties with more valuable uses – i.e. wireless telecom
- As required by international agreements, Industry Canada and the US government have worked together to co-ordinate cross-border spectrum usage in the move from analogue to digital to avoid cross-border interference
- The CRTC established August 31, 2011, as the date for the transition to occur, and identified certain mandatory markets where subsequent to this date, only digital broadcasts would be permitted

A0046602_4-000296

OTA digital TV transition: Our approach

- Prior to August 31, 2011, CBC/Radio-Canada was operating 658 analogue TV transmitters across the country

- The combination of Canadians' very low usage of OTA (<5% in some markets) and the high costs of replicating our analogue footprint required a much more modest approach to the roll-out of digital transmitters

- The Corporation's approach consists of 27 digital transmitters across the country
  - 14 English, 13 French

- The rationale for this approach was to install a digital transmitter wherever we operate a television station that creates unique local programming

OTA digital TV transition: Our Approach

- In addition to the decision to install 27 digital transmitters, management needed to establish a date by which the analogue transmitters in non-mandatory markets would be shut-down

- Recognising that an August 31, 2011, shut-off of over 600 analogue transmitters could create hardship for some Canadians, it was decided to maintain these transmitters in operation for as long as technically feasible

- The Corporation therefore publicly committed to maintain its analogue transmitters in operation everywhere it was permitted to do so by the CRTC, and obtained approval from the CRTC to operate 22 analogue transmitters in mandatory markets

OTA digital TV transition: How have we done?

- 24 digital transmitters are now in operation (see attached list), with the corresponding analogue transmitters shut-off;

- Digital service in Winnipeg (English and French) will be available before the end of September 2011, and in Yellowknife (English) before the end of December 2011;

- 627 analogue TV re-transmitters in operation (22 of which are in mandatory markets)

- 4 minor analogue re-transmitters shut-down due to overlap with digital coverage or high costs of changing channel allocation

OTA digital TV transition: How have we done?

- We are offering nearly the same footprint now as we did prior to August 31, 2011

- For some of our digital transmitters, the footprint is smaller than the previous analogue footprint

- For some of the analogue transmitters currently in operation in the channel 52-69 UHF spectrum, we have had to reduce power and therefore coverage, in order to comply with Industry Canada non-interference requirements

OTA digital TV transition: What's been the reaction?

- Government is comfortable with our 27 transmitter plan, and its financing
  - Our modest plan is consistent with their efforts to roll-out broadband and get more Canadians connected to the digital economy;
  - Our plan is financed from within our own resources, and does not call for any new money from government

- Private broadcasters are unhappy that the CRTC permitted us to continue some analogue transmissions in mandatory markets;

- The CRTC would have preferred that we roll-out digital transmitters in all mandatory markets, but recognises the merits of our plan

OTA digital TV transition: What's been the reaction?

- The vast majority of OTA viewers have made the transition to digital relatively smoothly;

- Not unexpectedly, some viewers have had issues due to:
  - Frustration that obtaining a signal is not automatic, but requires experimentation with new antenna placements and possibly new positioning of the TV itself;
  - Unfamiliarity with the use of de-coder boxes for those with older TVs;

- A few signal issues have arisen on our part, due to spectrum allocation: (i.e. Quebec City (French), Ottawa (French))

- There is likely a very small number of Canadians who are no longer able to receive one or both of our TV services via OTA

OTA digital TV transition: Next Steps?

- We will be proceeding with a number of initiatives to improve signal quality in several markets:
  - Quebec City (French) moving to UHF shortly
  - Looking for UHF frequency availability in Ottawa (French)
  - Montreal antennae to be moved higher on the tower for better coverage
  - Alternate Fredericton (English) site to be investigated

- Winnipeg (English and French) digital transmitters to be operational prior to end of September 2011;

- Yellowknife (English) digital transmitter to be operational prior to end of December 2011

24 digital transmitters in operation

- CBC
  - Toronto
  - Montreal
  - Vancouver
  - Ottawa
  - Edmonton
  - Regina
  - Calgary
  - Windsor
  - Charlottetown
  - St Johns NF
  - Halifax
  - Fredericton
- Radio-Canada
  - Toronto
  - Montreal
  - Vancouver
  - Ottawa
  - Edmonton
  - Regina
  - Quebec
  - Rimouski
  - Sherbrooke
  - Trois-Rivières
  - Saguenay/Chicoutimi
  - Moncton

Board of Directors

September 27 and 28, 2011

Subject matter

Executive Summary of Annual Report 2010-2011 on Results, Implementation of CBC/Radio-Canada's Official Languages responsibilities.

Background

This Executive Summary of Annual Report 2010-2011 on Results, Implementation of CBC/Radio-Canada's Official Languages responsibilities is presented as an information item.

Section 41 of the *Official Languages Act* (OLA) commits federal institutions to take positive measures to:

- enhance the vitality of the English and French linguistic minority communities in Canada and support and assist their development; and
- foster the full recognition and use of both English and French in Canadian society.

Federal *institutions* subject to the Accountability Framework for the Implementation of Sections 41 and 42 of the OLA (commonly called "designated institutions") are required to submit an annual or multi-year action plan as well as an annual report on results to the Department of Canadian Heritage.

The institution's report on results:

- demonstrates its commitment and in a structured way documents the various actions it undertook to fulfill its role and responsibilities under section 41 of the OLA;
- demonstrates that it took into consideration the priorities of official-language minority communities (OLMCs) on the basis of its mandate; and
- reports on the activities it carried out and the progress it made to contribute to the development of OLMCs and the promotion of official languages.

CBC/Radio-Canada does not recognize the application of Part VII of the Official Languages Act as it pertains to its programming (this issue is now before the Federal Court), and restricts its application to non-programming elements. The Corporation does, however, file an annual report on programming provided to OLMCs in order to provide a complete picture to the federal government.

Moreover, the *reports* on results of designated federal institutions are used to produce the *Annual Report on Official Languages* that the Minister of Canadian Heritage is required to submit every year to Parliament under section 44 of the OLA.

Interested parties

In addition to the Department of Canadian Heritage, various stakeholders have an interest, particularly the Senate and House of Commons Standing Committees on Official Languages, the Office of the Commissioner of Official Languages, and OLMC organizations.

Information on the matter

See attached document.

For decision:	☐	**For information:**	X

Prepared by

Name: **Maryse Bertrand**, Interim Vice-President, People and Culture

Date: August 31, 2011

Recommendation

N/A

Last discussed at the Board

Date: N/A

Decision made:

Next steps

Annual Report 2010-2011 on Result, Implementation of CBC/Radio-Canada's Official Languages Responsibilities

Summary of the main progress made by the Institution in 2010- 2011

This year, CBC/Radio-Canada strongly re-asserted its determination to serve official language minority communities (OLMCs) and the regions, as well as promote Canadian culture.

On February 1, 2011, CBC/Radio-Canada unveiled its new five-year strategic plan, *Everyone, Every Way.* The plan, comprising three priorities - distinctive programming, increased regional presence and digital services - aims to deepen the relationship between the public broadcaster and Canadians, at all levels and by all means.

In 2010–11, CBC/Radio-Canada French Services took steps to considerably enhance its regional presence. The Local Programming Improvement Fund (LPIF) facilitated a broadening of regional news coverage in French to seven days a week. We produced, or commissioned the independent French-language productions of several specials aimed at the various communities. Our regional websites now offer expanded content, and the regions' presence on the network has been increased. The regional anchoring of Espace musique strengthened and enhanced the reach and reputation of the hundreds of cultural partnerships that we maintain in French-language communities outside Quebec. Radio-Canada conducted a year-long consultation in preparation for the Plan Ontario, and dialogue was established between Radio-Canada and the Société Nationale de l'Acadie (SNA).

English Services continued to promote its services to Anglophones in Quebec and reached new audiences in 2010–11. Various meetings and working sessions helped to raise employee awareness of the community's needs. CBC increased its interaction with members of the public through such means as social media and activities in various locales (recordings of programs, events with stars, Montrealer of the Week on *CBC News: Montreal*). During the year, CBC also consulted with focus groups as part of its editorial committees, and continues to solicit audience feedback daily. Quebec's English-speaking communities benefited from the CBC/Radio-Canada cross-cultural fund—amounts are earmarked for projects produced jointly by English Services and French Services—in the form of initiatives such as Canada Writes / Le dernier mot, CBC Literary Awards / Prix littéraire Radio-Canada and October Crisis / Crise d'octobre.

On November 2, 2010, CBC/Radio-Canada began a one-year countdown to its 75th anniversary. It was on November 2, 1936, that the *Canadian Broadcasting Act* replaced the Canadian Radio Broadcasting Commission. The Act created a new crown Corporation: the Canadian Broadcasting Corporation.

The 75th-anniversary celebrations from August 20 to November 2, 2011, will reflect the unique role that CBC/Radio-Canada plays in the lives of all Canadians. Throughout the course of its history, Canada's public broadcaster has helped shaped the country's identity by telling the stories of the people who live there, in both official languages. Now more than ever, we seek to reflect the realities of OLMCs and the regions by forging solid links with them thanks to *Everyone, Every Way.*

Board of Directors

September 27 and 28, 2011

Subject matter

Executive Summary CBC/Radio-Canada Multiculturalism Report for 2010-2011

Background

This is an annual report, as required under the Federal Multiculturalism Act, submitted to Citizenship and Immigration Canada.

Information on the matter

See attached document.

For decision:	☐	**For information:**	X

Prepared by

Name: **Maryse Bertrand**, Interim Vice-President, People and Culture

Date: August 31, 2011

Recommendation

N/A

Last discussed at the Board

Date: N/A

Decision made:

Next steps

CBC/RADIO-CANADA MULTICULTURALISM REPORT 2010-2011

EXECUTIVE SUMMARY

1. INTRODUCTION

The Multiculturalism Act requires all federal departments, agencies, and Crown Corporations to implement the multiculturalism policy and to report annually on related activities. The objective is to demonstrate how employers are supporting the operation of the Act and meeting the needs of Canada's changing population. Employer reports are submitted to Citizenship and Immigration Canada whereupon initiatives and results are summarized in an annual report which is tabled in Parliament, usually in the fall.

Implementation of Canada's Multiculturalism Act is intended, in part, to:

- help to protect the rights of all Canadians, foster full participation of all members of society, celebrate Canada's diverse heritage, and recognize vast contribution of all Canadians regardless of their ethnic, cultural, racial, religious, and linguistic background;

- encourage federal institutions to uphold longstanding values of respect, fairness, and equality, with respect to members of diverse groups;

- encourage employers to incorporate cultural sensitivities and respond to the needs of Canadians of all backgrounds in their programs, policies, and services.

As Canada's national public broadcaster and one of its largest cultural institutions, CBC/Radio-Canada furthers the principles of the Canadian Multiculturalism Act through implementation of our mandate, mission statement and guiding principles. Moreover, our support for the operation of the Act is demonstrated through:

- our vast range of relevant and diverse programming offerings on our different platforms;
- our editorial treatment and portrayal of issues important to Canadians including those from multicultural communities;
- the consultative initiatives and collaborative partnerships we engage in with local multicultural communities,
- the policies we implement in our work place and the efforts we make to ensure the makeup of our workforce is more diverse and reflective of all Canadians.

II. PROGRAMS, POLICIES AND SERVICE DELIVERY

Programs and Initiatives

One of the identified priorities of the People and Culture function is to implement a sustainable long-term diversity strategy. In support of this, the Corporation's Talent Acquisition and Diversity team is in place to oversee significant steps taken towards hiring, recruiting, retaining, and developing candidates from diverse backgrounds. Apart from this core team, there are two diversity specialists who work for the English and French Networks respectively, and whose focus is on ensuring there is diversity in program content broadcast on all platforms. Diversity considerations are also incorporated in both the English and French Networks' strategic plans.

We have identified three main focus areas: the workforce, on-air representation, and branding. Our goal is to be recognized as an open and inclusive employer and public broadcaster, reflecting the Canadian population.

On the English side, the past year evidenced a deepening focus and expansion of the English Network's CBC Inclusion and Diversity Steering Committee including senior representatives from across business

lines. Meanwhile, in the French Networks, an action plan was developed to foster diversity in French Services media lines, a micro-site on diversity was developed and a study on cultural diversity was done among French speaking Canadians.

Hiring goals were set this past year by the English Network's key television and radio managers to improve the representation of diverse employees in the Corporation's workforce. Finance managers in the French Network participated in a pilot for setting hiring goals. A full launch is planned for French Services and Corporate Groups in 2011.

In 2010-2011, the HELP (Help Energize Local Projects) Fund provided financial assistance to managers in the English and French Networks to support twenty-three (23) internships in a variety of on-air and production roles for candidates, most of whom are members of visible minorities or are Aboriginal Peoples. Since 2005, the HELP Fund boasts a fifty-five (55) per cent retention rate with one in three persons in a full-time position.

CBC/Radio-Canada includes modules on diversity in the work place in its training courses covering fundamentals of effective leadership and management. Anywhere from 12 to 16 groups of 16 managers and supervisors take this program in a year. Other national programs aimed to promote the importance of diversity include: an environment of inclusiveness through employee communications, database of languages spoken by employees available to all staff called "Languages We Speak", mentoring and training around internships for students or specific skills for high-potential employees, the Employee Assistance Program (EAP) that offers support in 25 languages and, consultation with union and management representatives on diversity through a joint committee.

Cultural Census and Employee Survey

Over the past year, considerable effort went into the preparation of a new cultural census form including questions pertaining to culture and ethnicity in addition to designated group status i.e. members of visible minorities, persons with disabilities and Aboriginal Peoples. It will be tested with new hires before it is used in a corporation-wide census.

In 2010, an employee survey was conducted across the Corporation to measure employee engagement levels across CBC/Radio-Canada. Consisting of 55 questions, the survey covered a number of areas related to engagement, and among these was the idea of diversity, inclusion and current perceptions among staff regarding these topics. Sixty-seven percent (67%) of all CBC/Radio-Canada employees answered the 'Dialogue: Engagement Survey', conducted from September 15 to October 22, 2010. Of the respondents, seventy-four percent (74%) agreed or tended to agree with the statement "CBC/Radio-Canada supports diversity in the workplace, recognizing and respecting the value of human differences".

Policies

Included among the Corporation's policies pertaining to multiculturalism or cultural diversity are the following: Program Policy on Multicultural Programming, Program Policy on Stereotypes in CBC Programming, People and Culture Policy on Prevention of Work Place Violence, People and Culture Policy on Non-Discrimination and the Duty to Accommodate (final approval pending), and People and Culture Policy on Anti-Discrimination and Harassment.

Service Delivery

In addition to our vast range of relevant and diverse programming offerings on our different platforms, CBC/Radio-Canada is the only Canadian broadcaster with a local Chinese news site – cbc.ca/bc/chinesenews and an Aboriginal news site. Located at cbc.ca/aboriginal, the website showcases CBC's coverage of Aboriginal issues on television, Newsworld, radio and CBCNEWS.ca. Both websites have enhanced CBC's connection to Aboriginal and Chinese communities.

III. CELEBRATING CANADA'S CULTURAL HERITAGE

CBC/Radio-Canada employee communications integrates stories celebrating diversity into the employee portal through 1) programming news presented on the employee portal at times touching upon topics involving diversity, and 2) through employee news including notices about panel discussions and information sessions for employees, also at times highlighting messages or events geared to generating further awareness regarding diversity including Black History Month, National Asian Heritage Month, Aboriginal Awareness Week, and Canadian Multiculturalism Day, to name a few.

Many local CBC centers including those from coast to coast host citizenship ceremonies each year – often around periods of celebration in Canada (i.e. Canada Day and Citizenship Week). These are often in partnership with Citizenship and Immigration Canada. Much like the mandate of CBC/Radio-Canada, these ceremonies are a reminder to everyone of the rich diversity of culture, ethnicity and languages that define Canada.

IV. CONSULTATION AND COLLABORATION WITH COMMUNITIES

In many ways, and across many of our program areas, CBC consults various communities that make up our audience and that make up our programming. The approach we take for our CBC Town Halls is an excellent example of this whereby we reach out and identify key stakeholders in a community, hold a round table discussion to inform and shape the programming and build relationships and bridges in the community which may lead to deeper individual conversations, interviews and story ideas for our programs.

Radio-Canada is currently working to develop a directory of Canadian experts with First Nations and ethnocultural community backgrounds to serve as a tool to help executives in charge of media content increase on-air representation of these communities. Over the past year, Radio-Canada has held several diversity panels to find out how people from French-speaking communities across the country perceive social issues, to understand their realities, and to find out their expectations for the public broadcaster.

V. DATA COLLECTION AND RESEARCH FOR POLICY AND PROGRAM DEVELOPMENT

In 2010-2011, CBC Research and Strategic Analysis embarked upon a comprehensive research project to develop metrics to measure the Corporation's performance in implementing its new 5-year strategic plan "Towards 2015: CBC/Radio-Canada's Long Term Strategic Plan". Two audience perception metrics regarding diversity, the degree to which each CBC/Radio-Canada services used by the respondent "reflects the multicultural diversity of Canada" and "reflects my cultural background", and visible minority status will be measured bi-annually over the next 5 years.

VI. FUTURE INITIATIVES TO FURTHER ADVANCE THE CANADIAN MULTICULTURALISM ACT

CBC/Radio-Canada will continue to implement strategies that enable us to recruit, develop and retain a diverse and skilled workforce from entry-level to the most senior positions in the Corporation. We will implement our recently developed cultural census so that we can better target programs to overcome potential barriers to a fully inclusive work place. We will also continuously review our employment systems, policies and practices to ensure there are no systemic barriers to employment and advancement within our organization.

Schedule A

Board of Directors

September 27-28, 2011

Subject matter

Merger of Sirius Canada Inc. and Canadian Satellite Radio Holdings Inc.
Financial Details at Closing

Background

- At the November 17, 2010 meeting, the CBC Board approved the merger transaction between Sirius Canada Inc. and Canadian Satellite Radio Holdings Inc. (XM Canada).
- The merger took place on June 21, 2011
- This presentation provides the Board with the financial details at closing.

Information on the matter

- CBC has an equity ownership of 14.54% in the merged company.
- CBC's voting interest is 19.9% in the merged company.
- CBC received $53,570,361 Class B shares.
- CBC received $18,583,068.09 in cash and promissory notes.

For decision ☐ **For information** [X]

Prepared by

Name: Michel Tremblay
Date: September 8, 2011

Management recommendation

Last discussed at the Board

Date: June 2, 2011 (Discussed at Audit Committee on August 24, 2011)
Decision made: Information Item

Next steps

Michel Tremblay sits on the new Board of Canadian Satellite Radio Holdings Inc. and will report to the CBC Board from time to time on the status of CBC investment.

Anticipated project completion date: _____
(If contract, indicate date of expiry): _____

CONFIDENTIAL

MERGER of SIRIUS CANADA INC. and CANADIAN SATELLITE RADIO HOLDINGS INC. (XM CANADA)

Prepared by Michel Tremblay

Presented to the CBC/Radio-Canada Board of Directors

September 27-28, 2011

Business Development

CBC Radio-Canada

FINANCIAL DETAILS AT CLOSING

- At the November 17, 2010 meeting, the CBC/Radio Canada Board approved the merger transaction between Sirius Canada Inc. and Canadian Satellite Radio Holdings Inc. (XM Canada).

- This document is to provide the Board of Directors with a summary of the financial details of the merger, which took place on June 21, 2011.
  - These details were reviewed at the Audit Committee on August 24, 2011.

- CBC's equity ownership in the merged company is **14.54%** and the CBC's voting interest is **19.9%.**

- The CBC received **53,570,361 Class B shares** of Canadian Satellite Radio Holdings Inc. shares which is the **equivalent to 17,856,787 Class A shares** that trade on the Toronto Stock Exchange (Class B shares are converted 3 to 1 to Class A shares).
  - Market value was $3.00 / share on closing – **$53,570,361**
  - The shares were trading at $3.90 on September 7, 2011 - **$69,641,469**

FINANCIAL DETAILS AT CLOSING

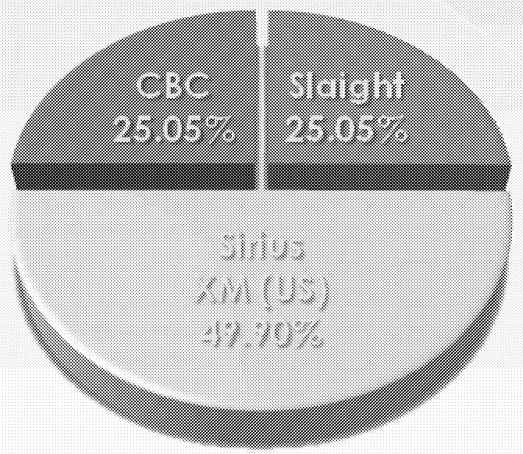
- In addition, CBC/Radio-Canada received cash and promissory notes totaling **$18,583,068.09** ($14,948,095.89 in cash and $3,634,972.20 in promissory notes). This exceeds the $10,000,000 that was projected at the November 17, 2010 Board meeting.
  - The increase was due to an improved cash position of Sirius Canada on the merger date. This was partly the result of a delay in closing the merger due to the time required to obtain the necessary government and regulatory approvals.
- The following two slides provide:
  - an overview of the ownership of Sirius Canada Inc., **prior to the merger**, and
  - an overview of Canadian Satellite Radio Holdings Inc., **post merger**.

SIRIUS CANADA INC.

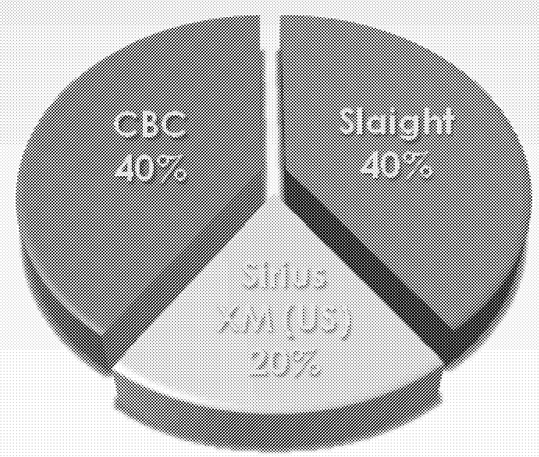
Equity Ownership and Voting Interest (Prior to merger)

SIRIUS SATELLITE RADIO

Equity Ownership



Voting Interest



Ownership Structure	Class A Voting (1)	Class B non-Voting (2)	Voting Interest	Equity Interest	Class C Non-Voting (3)
CBC/Radio-Canada	**2,505**		**40%**	**25.05%**	**1,200,000**
Slaight Communications	2,505		40%	25.05%	1,200,000
Sirius XM (US)	1,252	3,738	20%	49.90%	1,200,000

Note (1) Class A Shares were issued at one cent per share.

Note (2) Class B Shares were issued to Sirius XM in recognition of its satellite and programming infrastructure necessary to launch the service.

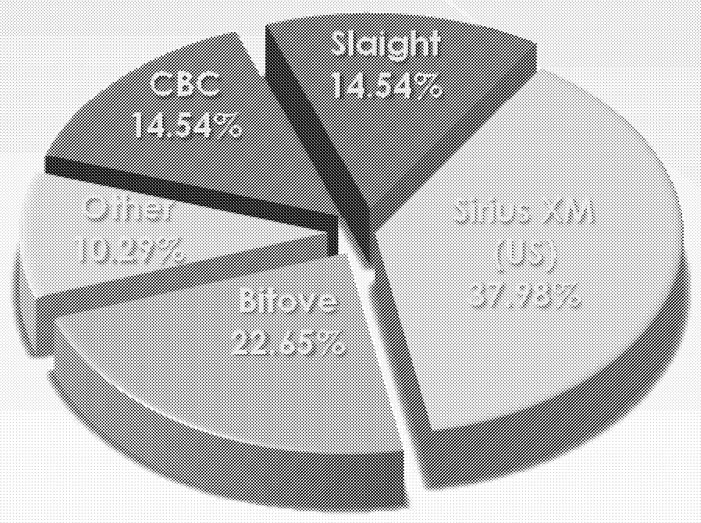
Note (3) CBC and the other shareholders, each invested $12 M in Sirius Canada. This investment was in the form of Class "C" non-voting shares at $10 per share that provided for cumulative dividends at 8% per annum, if and when declared by the Sirius Canada Board.

CANADIAN SATELLITE RADIO HOLDINGS INC.

Equity Ownership and Voting Interest (Post merger)

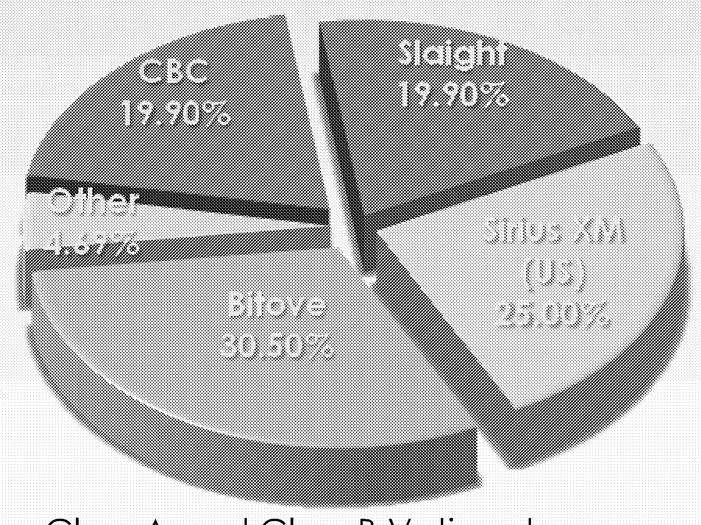
SIRIUS SATELLITE RADIO | XM

Equity Ownership



Equivalent Class A shares

Voting Interest



Class A and Class B Voting shares

Ownership Structure	Class A	Class B	Voting Interest	Voting %	Equity Ownership (1)	Equity %
Bitove	674,481	81,428,133	82,102,614	30.50%	27,817,192	22.65%
Sirius XM	36,325,944	30,967,680	67,293,624	25%	46,648,504	37,98%
CBC	-	**53,570,361**	**53,570,361**	**19.90%**	**17,856,787**	**14.54%**
Slaight	-	53,570,361	53,570,361	19.90%	17,856,787	14.54%
Other	12,637,536	-	12,637,536	4.69%	12,637,536	10.29%
Total	**49,637,961**	**219,536,535**	**269,174,496**	**100.00%**	**122,816,806**	**100.00%**

Note (1) Class A Shares are traded on the TSX. Class B Shares are converted 3 to 1 to Class A Shares.

Schedule A

Board of Directors

September 27th-28nd, 2011

Subject matter

Status Report - Next Generation Converged Network (NGCN)

Background

The NGCN Project was initially approved by the BOD in March of 2010. The purpose of the NGCN is to provide a high quality fibre backbone network for a large number of the Corporation's telecommunications and broadcast needs. Once fully operational, the NGCN Project will generate annual operating savings of $4.4M.

This document provides an overview and status report on the NGCN Project.

The implementation and operationalization of the NGCN is well underway. A total of 55 CBC and airport sites have been installed across Canada, as well as in two international sites (London, UK and Washington). The phased cancellation of the both the Broadcast and Corporate data contracts in also underway.

Information on the matter

Attached is the presentation highlighting the current status of the project.

For decision ☐ **For information** ■

Prepared by

Name: Steven Guiton
Date: September 28, 2011

Management recommendation

Continue with the implementation and completion of the NGCN project.

Last discussed at the Board

Date: March 16, 2010
Decision made: Decision to proceed with the NGCN project.

Next steps

Finalize implementation of NGCN project.

Anticipated project completion date: March 2012

Status Report
Next Generation Converged Network (NGCN)

Steven Guiton
Vice-President and Chief Regulatory Officer
Media Technology Services and Regulatory Affairs

September 28, 2011

Executive Summary

- The NGCN Project was initially approved by the BOD in March of 2010. The purpose of the NGCN is to provide a high quality fibre telecommunications backbone network for a large number of the Corporation's data and broadcast needs. A key advantage of the NGCN over previous designs is that, although the underlying fibre network is leased from Rogers, key on-site network equipment is operated and controlled by the Corporation, permitting us greater flexibility and the ability to grow the traffic volumes easily.

- The NGCN is a national network that will cost-effectively support core business requirements for content exchange.

- The implementation and operationalization of the NGCN is well underway. A total of 55 CBC and airport sites have been installed across Canada, as well as in international sites (London, UK and Washington). The migration of TV and Radio traffic is well advanced, and the migration of data traffic has begun. The Media clients use the NGCN to move feeds "live-to-air" to meet their day-today requirements and for special events (e.g. Prince William & Kate's visit to Yellowknife, Rogers Cup Tennis in August, etc.) The phased cancellation of both the Broadcast and Corporate data contracts in also underway.

- The NGCN supports the requirement for sharing of evolving HD television and radio content between sites. The single network NGCN aligns with the Medias' integrated TV/Radio/Digital Programming (web) production model in that network capacity and operations are shared. The NGCN's flexibility supports the ongoing growth of Media and Corporate traffic.

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Media Business Environment

- The future of media companies is in the creation of content.
- Content companies succeed when they enable their employees to access, manipulate and share content in a ubiquitous and seamless fashion.
- This is best exemplified when employees can find, browse, access, create, manipulate, and publish content simply and effectively without barriers, from anywhere across our company.
- The NGCN is a core enabler of this essential functionality and from the employee's viewpoint is like a "cloud of connectivity" into which they can reach and find content that meets the needs of Canadians.

NGCN Value-Added

- Projects dependent on the NGCN include:
  - DeskTop Television (DTV) “Drag & Drop” Project:
    - Greater network capacity allows movement of Television’s larger video files between sites.
    - NGCN network will allow both Desktop TV, Desktop Radio and Digital Programming to exchange content between sites.
  - Migration of transmitters from SD to HD
    - Repurpose satellite channels to distribute HD video traffic to transmitter sites and cable/BDUs.
    - Transporting selected HD presentation feeds to DTV transmitters terrestrially over NGCN, when cost effective.
  - Centralized Radio Presentation
    - Implementation of centralized Radio Master Control and presentation operations for English and French Services.
      - Supports the regionalization of Espace Musique
    - Collect feeds from regional sites to Toronto and Montreal over new NGCN network.

Board Approval Of NGCN on March 10, 2011

Mandate:

- Modernize CBC/Radio-Canada's network infrastructure through the implementation of a scalable, national network that cost-effectively supports core business requirements for content exchange of:
  - "Live" or "Real-Time" Media content traffic.
  - File-based and streaming "Non-Real-Time" content.
  - Data traffic for corporate applications.

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NGCN – Network Diagram

s.18(b)

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Network Testing Status

- Within the Critical Technology Field Trial (CTFT), broadcast and data services between all sites on the NGCN were tested with daily Media traffic, including the following English and French Services TV and Radio traffic:

  - Radio Centralization backhaul feeds from Regional sites to Toronto and Montreal
  - TV supper hour shows from Regional sites to Toronto and Montreal
  - HD distribution from Toronto and Montreal to Regional sites (replacing the satellite collection systems on two satellite transponders, allowing their repurposing for DTV satellite distribution)
  - General TV and Radio collection traffic between all sites,
  - Avid WAN browse traffic (between 14 Core sites)

Network Testing Status (Con't)

s.18(b)

-

- A detailed review of these issues has been initiated and is being closely tracked by the CBC/Rogers Steering Committee.

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Projects Status & Migration of Traffic

- Radio Centralization
  - All Radio centralization backhauls are being transported on the NGCN.
  - Cancellation of Bell terrestrial distribution networks is complete.
  - Terrestrial collection network cancellations will take place in September/October, 2011.

- Digital Televison (DTV)
  - Migration of all real-time video collection traffic from satellite to the NGCN is complete.
  - Freed-up satellite capacity has been repurposed for DTV satellite distribution and to cable, as planned. All systems operational.
  - Distribution of DTV feeds to all production centres over the NGCN is complete.

- Avid WAN Browse
  - All Broadcast data traffic is being transported on the NGCN.

Milestones & Next Steps

September 2011

s.18(b)

- NGCN North (Telesat/iDirect) Implementation
  - Underway, target for overall completion – September 15, 2011

A0046606_11-000328

Milestones & Next Steps

<u>September 2011</u> (Continued)

- Detailed Network Design Review and Recommendations:
  - September 30, 2011
- Formal NGCN Network Acceptance (Site-by-Site):
  - Begins: September 26, 2011
  - Ends: TBD (Target 1 – 2 Months)
- Migration of WAN Data Traffic onto NGCN :
  - Begins: September 1, 2011
  - Ends: By January 28, 2012 (180 days)

<u>October 2011:</u>

- Evertz Reroute Capability Delivered:
  - Begin Testing: October 21, 2011

A0046606_12-000329

Milestones & Next Steps

November 2011:

- Rogers Master Equipment & Services Agreement (MESA) Execution:
  - December 1, 2011
- Begin network installation for Rimouski site (delayed due to studio move):
  - Begin: November 2011
  - Complete by: March 2012

December 2011:

- Rogers Payments Begin:
  - Approximately December 1, 2011 (Contingent on NGCN Network Acceptance)

A0046606_13-000330

NGCN Project Completion

- NGCN project completion based on the completion of three steps:
  - Proof-of-Concept (POC) – **Completed**
  - Critical Technology Field Trial (CTFT) – **Completed**
  - Transfer of final leased Television, Radio and Data networks – **Well underway**
  - Implementing improvements to the identified Rogers network issues and operational processes – **In detailed development and implementation**
  - Confirmation of the delivery of the Evertz re-route capability – **October 2011**.

  - **Target for migration of all remaining traffic to NGCN – January 2012**
  - **New NGCN implementations - March 2012 (Rimouski site move)**

Board of Directors

September 27-28, 2011

Subject matter

Information on the policies & criteria for hiring news and current affairs personnel.

Background

The members of the Board requested information on CBC/SRC's policies & criteria for hiring news and current affairs personnel.

Information on the matter

In response, English & French Services have provided brief overviews on the guidelines, policies and procedures that govern our hiring practices for both staff (full time employees paid hourly or on salary) and casual/freelance/commentators (occasional contributors)

For decision ☐ **For information** x

Prepared by

Name: Jennifer McGuire & Alain Saulnier
Date: September 27, 2011

Management recommendation

No recommendation – information submission.

Last discussed at the Board

Date: N/A
Decision made:

Next steps

No next steps.

Hiring Policies & Criteria for News & Current Affairs Personnel

French Services

RADIO | TÉLÉVISION | INTERNET

In 2007, News and Current Affairs created the Resource Management and Development unit, whose team drafted the procedures described in this presentation and also ensure adherence to them, all in close cooperation with Human Resources and Industrial Relations.

The tools and procedures developed and used by News and Current Affairs – including the *Journalistic Standards and Practices* – are aligned with CBC/Radio-Canada policies governing programs outside News and Current Affairs' purview (Code of Conduct, Program Policy, Political Activities, Conflict of Interest and Ethics).

Tools and Procedures

A competency profile to guide our training and recruitment activities

A recruitment committee, chaired by the Director, News and Current Affairs Resources, and including News and Current Affairs managers (TV, radio, Web), the department's HR consultant, and the manager of People and Culture's Recruitment Centre. The committee steers all recruitment activities.

A permanent posting on the CBC/Radio-Canada corporate website to recruit temporary reporters

Selection of most promising resumés by recruitment committee members. High-level qualifications (university degree, bilingualism, relevant experience).

Testing (general knowledge, French language, journalistic writing) administered to candidates selected. Candidates must score at least 60% to move on to the next stage. Those with the highest scores are contacted for an interview.

One-week **orientation training** for new recruits. They learn the computer applications in use, become familiar with the *Journalistic Standards and Practices*, and attend journalistic writing workshops.

New hires **shadow** those they will be asked to replace, so that they become familiar with the work to be completed. Shadowing lasts for two to three weeks.

Evaluation halfway through the trial period before new employees have worked more than 195 days (which gives them higher priority on the callback list)

Evaluation before the trial period (260 days worked) ends, and dismissal if quality of work is below par

Specific **postings** for permanent positions

Hiring interviews for temporary staff with one of three News and Current Affairs managers (TV, radio, Web). Questions about current events, journalistic reflexes, equality, balance, devotion to public service. Series of interviews in the spring and before the holiday season. Best candidates hired.

Selection committees for permanent positions, steered by Human Resources, and including two to three News and Current Affairs managers. Standardized interview plan, selection criteria, and scoring grid.

Six-month **probation period** for new permanent employees

Annual performance evaluation meetings between employees and News and Current Affairs managers, recorded on a form signed by both parties

Summer intern reporter program. A dozen candidates selected with the same tools (testing, interviews) as those used for temporary journalists, plus screen and micro tests. Intensive three-week training program, and assignment to regional newsrooms for the summer. Interns can continue on as temps and apply for permanent positions.

Internships for university students. Three spots per year. A Current Affairs committee selects candidates based on resumé, university transcripts and letters of recommendation from professors. Internship is a few weeks long. They receive credit for their course and work with current affairs program teams. Written evaluation sent to professor. Helps us scout for promising journalists before they complete their studies.

The Resource Development Manager (in charge of training) maintains **regular contact** with the department heads at several universities.

Comprehensive ongoing training program for our journalistic staff

These tools are fully outlined in documents available upon request.

RADIO | TÉLÉVISION | INTERNET

English Services

CBC as a whole is governed by broad policies that direct all of our journalistic practices including the hiring of News and Current Affairs personnel.

These policies include the JSP (Journalistic Standards and Practices) and Corporate Policies relating to Code of Conflict of Interest and Ethnics, Code of Conduct, and Political Activity.

While the over-arching policies are the same for staff as well as casual, freelance, and commentators. There are some differences that are highlighted in the following slides.

Staff : Hiring decisions for hosts in news and current affairs are reviewed and approved by the Editor in Chief.

DESCRIPTION	PROCESS
➢ Full time employee ➢ Assigned to specific function ➢ Governed by collective agreement ➢ Hourly or weekly salary All CMG employees are covered by our collective agreement, Article 12, where on-air personnel must discuss any outside activities with their supervisor before engaging in outside activities. There are other additional restrictions on outside activities covered in that article which apply to all employees, including producers, eg, that such outside activities should not adversely affect his/her work for the Corporation.	➢ Interviews are measured against a rating system and criteria: journalistic rigour, understanding of mandate of both the CBC and the relevant shows, judgment, fit and experience are reviewed and assessed. Some tests may be administered. ➢ Requires HR approval to post against an identified need, identified funding and a specific/evaluated job description. ➢ Recruitment can involve pre-interviews, references, outside head hunters, audience testing for key roles. ➢ Selection Boards would generally include a panel of Managers from various areas: Human Resources, Senior Editorial Leaders. ➢ All applicants are reference checked. ➢ Existing employees: immediate supervisor is made aware of any conflict or potential conflict. A protocol is established to spell out the boundaries of the job.

Regular Commentators:

Any potentially controversial decisions in News and Current Affairs flagged to Editor in Chief for approval

DESCRIPTION	PROCESS
➢ Occasional contributor, casual, or freelance ➢ Paid by item or contracted for a series of items. Generally involves short commentaries, appearing on a panel or a one-off interview ➢ Contracted for expertise, experience, contacts and/or ability to communicate effectively in broadcast or platform. ➢ Governed by different aspects of the CMG agreement	➢ According to program need and mandate (identified by program producers) ➢ Subject to Journalistic Standards and Policies ➢ Process dependant on situation but can involve auditions, interviews, and/or a trial period. ➢ Approvals escalate depending on potential for controversy; junior employees never assigned to controversial files. ➢ We achieve balance by featuring multiple perspectives and points of view over time to reflect a diversity of opinion. ➢ It is important to disclose any association, affiliation or special interest a guest or commentator may have so that the public can fully understand that person's perspective. ➢ Recent political affiliation can provide relevant context and analysis, provided it is balanced and identified. We log and monitor this kind of use. ➢ All scripts vetted by program producers.

APPENDIX

APPLICABLE POLICIES

Applicable Policies

JSP – Journalistic Standards & Practices

Our credibility is the foundation of our reputation. The credibility of CBC News and current affairs rests on the reputation of its journalists who are, and are seen to be, independent and impartial. The integrity of the organization is ultimately shaped by the individual integrity and conduct of our employees, in their work, and in their outside activities.

To preserve that independence, all employees involved in the creation of news and current affairs content must carefully consider what organizations they are publicly associated with. They should be mindful that public statements, whether face-to-face or through social media, may create the impression of partisanship or of advocacy for a cause. If an employee believes there could be a conflict of interest, he or she must inform his or her supervisor.

In particular, if an employee is asked to participate as a speaker, panelist or moderator for an outside group or professional association, approval is needed from editorial management. This includes unpaid as well as paid participation. Before agreeing to write or contribute to a book, editorial management must be consulted and adherence to Guidelines for Employees Writing Books is required.

Conflict of Interest guidelines for all employees are spelled out in Corporate Policy 2.2.03 (Conflict of Interest and Ethics). As journalists, there may be other situations that create a potential conflict of interest. It is always wise to consult a supervisor if there is any doubt. The links to all Corporate policies that cover conflict of interest are provided in the section called "Links to Corporate Policies."

The areas that most often create conflict are business, finance and politics; we may have a personal connection or a close relative that does. Here are some specific examples:

- News and Current affairs staff should not be assigned to cover a political party or political campaign if a close relative (spouse, child, parent or sibling) works for that campaign or political party, or is an elected Member of Parliament or Legislative Assembly or is a municipal politician.

- News and current affairs staff should not be assigned to cover a government department if a close relative (spouse, parent, child or sibling) is either the Minister or a senior bureaucrat.

- News and current affairs staff should not be assigned to cover a public institution or any enterprise if a close family member is in a responsible position of leadership.

We are allowed to serve on the Boards of Directors of voluntary and professional associations and organizations but will inform our supervisor if that is the case. There are some cautions though– we don't use our position or connections at CBC to get the position on the Board. There's always a risk you undermine credibility and independence with a highly public role. It's important to know what causes the association or organization publicly advocate for, and assess the degree of controversy.

Applicable Policies

Corporate Policies

Code of Conflict of Interest and Ethics 2.2.3
http://www.cbc.radio-canada.ca/docs/policies/hr/conflict.shtml

Code of Conduct 2.2.21
http://www.cbc.radio-canada.ca/docs/policies/hr/conduct.shtml

Political Activity 2.2.17
http://www.cbc.radio-canada.ca/docs/policies/hr/political.shtml

Hiring of Political Figures on CBC Programs 1.1.08 (excerpt below)
http://www.cbc.radio-canada.ca/docs/policies/program/hiring.shtml

CBC information programming must project an impartial, non-partisan image. This is especially important in the use of on-air program people, who are often seen by the audience as personifying the Canadian Broadcasting Corporation. Consequently, special problems may be created by the hiring of people who, because of their involvement in politics, have become identified in the public mind with a particular political party or position.

In a situation where a person's past political associations would not jeopardize the Corporation's impartiality there is no problem. Where their past experience is too closely related to program content, and consistent with a long-standing CBC practice, such people should not be engaged for at least two years after they have discontinued public association with political issues.

The hiring of anyone who, because of their involvement in politics, have become identified in the public mind with a particular political party or position, first requires the approval of the Vice-President of the appropriate media International.

To ensure consistency of application throughout the Corporation, any such hiring should be communicated, and, where component or the Executive Director of Radio Canada necessary, discussed beforehand, among the designated representatives of the networks and RCI.

This policy does not preclude the use of people to deliver opinionated commentaries provided such commentaries are clearly the views of the speaker and not the Corporation.

Applicable Policies

Social Media Policy

Guiding principles for social media participation

Social Media are a means for instantaneous communication and interaction. To avoid getting into trouble or bringing the Corporation into disrepute, employees of CBC/Radio-Canada should consider the implications of each and every posting they make on Social Media sites/services, and to act in a way that reflects CBC/Radio-Canada's values. They should not say in a social media context something they would not be comfortable saying live on the radio or the television.

- On a corporate level, these values include public service, excellence, creativity and teamwork.
- Integrity, fairness, respect, compliance with laws and Corporate Policies, and avoiding/managing conflicts of interest are expected of employees. For example, avoid attacking or abusing colleagues, or infringing on their privacy.

The principles outlined in the following policies also apply to Social Media activity:

1. CBC/Radio-Canada Journalistic Standards and Practices
2. CBC/Radio-Canada Policy 2.2.03: Conflict of Interest and Ethics
3. CBC/Radio-Canada Policy 2.2.21: Code of Conduct
4. CBC/Radio-Canada Policy 2.5.01: Corporate IT Security and Employee Use of IT Assets.
5. CBC/Radio-Canada Policy 2.9.02: Personal Information and Privacy Protection

Most importantly, if in doubt about the scope or implications of the CBC/Radio-Canada Social Media Guidelines, seek clarification from a supervisor or, if applicable, from a Social Media Manager. Failing that, consult the Social Media Committee for CBC or the Comité de coordination interne des réseaux sociaux de Radio-Canada. They can be contacted through the respective communications depts.

Approval to proceed, confidentiality and conflict of interest

All employees who have an existing personal presence on a Social Media site/service and who want to talk about their employment and other CBC/Radio-Canada-related subject matter must have prior approval from their supervisor to ensure, among other things, that no conflict of interest exists. The same applies to employees wishing to open a start-up presence on a Social Media site/service.

Conflicts of interest can arise from a number of different scenarios. These include:

- Social Media sites/services where work-related matters are discussed;
- Income-generating Social Media sites/services maintained by employees;
- Social Media sites/services maintained by employees that attract the attention of newspapers or other media outlets

Board of Directors

Sept 27, 2011

Subject matter

Summary of Government Funding (10 years – operating and capital).

Background

The attached provides a 10-year historical overview of the Corporation's parliamentary appropriations as at Sept 6, 2011. The approved reference levels for 2011-2012 and beyond are also provided.

Information on the matter

See attached.

For information [X]

Prepared by

Name:	Suzanne Morris
Date:	Sept 6, 2011

Management recommendation

Not required.

Last discussed at the Board

Date:	June 21, 2011
Decision made:	N/A

Next steps

Not required.

Anticipated project completion date: _____

(If contract, indicate date of expiry): _____

CBC'S PARLIAMENTARY APPROPRIATIONS
($ Thousands)

As at Sept 2011

										Current	Forecast		
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Operating Appropriation (Note 1)	861,744	862,460	914,197	955,410	955,722	955,731	1,009,121	1,002,668	1,002,668	1,002,668	1,002,668	1,002,668	1,002,668
One-time funding adjustments:													
Transfer from Capital appropriation		3,636	1,112	9,277	9,277	9,277	9,276	9,276					
Transfer to Capital appropriation	(7,459)	(40,921)	(10,538)	(8,456)	(42,676)	(27,344)	(13,622)	(34,874)	(9,233)	(9,941)	(10,704)	(11,525)	(12,409)
Funding to strengthen & revitalize programs	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000			
Transfers from Cdn. Heritage (CCOL)	2,120	2,000	2,000		2,000	1,900	2,000						
Reprofiling	20,000	40,000	(20,000)				20,000						
Cost increases for 2002 Canada Day	1,027												
Funding for RCI (Note 2)		15,520											
Expenditure Review Reduction (Budget 2003)		(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
Expenditure Review Reduction (Budget 2007)							(6,638)	(9,483)	(11,854)	(14,680)	(14,680)	(14,680)	(14,680)
Total Operating Appropriation	937,432	932,695	936,771	1,006,231	974,323	989,564	1,070,137	1,017,587	1,031,581	1,028,047	967,284	966,463	965,579
Capital Appropriation	97,631	92,331	92,331	92,331	92,331	92,331	92,331	92,331	92,331	92,331	92,331	92,331	92,331
One-time funding adjustments:													
Transfer to Operating appropriation		(3,636)	(1,112)	(9,277)	(9,277)	(9,277)	(9,276)	(9,276)					
Transfer from Operating appropriation	7,459	40,921	10,538	8,456	42,676	27,344	13,622	34,874	9,233	9,941	10,704	11,525	12,409
Reprofiling of vote from 00/01 to 01/02													
Reprofiling of vote from 04/05 to 05/06			(6,000)	6,000									
Reprofiling of vote from 05/06 to 06/07				(10,000)	10,000								
Total Capital Appropriation	105,090	129,616	95,757	87,510	135,730	110,398	96,677	117,929	101,564	102,272	103,035	103,856	104,740
Working Capital Appropriation	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
TOTAL APPROPRIATION	1,046,522	1,066,311	1,036,528	1,097,741	1,114,053	1,103,962	1,170,814	1,139,516	1,137,145	1,134,319	1,074,319	1,074,319	1,074,319
Less Reprofiling Decision (Capital)			**6,000**	**4,000**	**(10,000)**								
Less Reprofiling Decision (Operating)	**(20,000)**	**(40,000)**	**20,000**				**(20,000)**						
TOTAL APPROPRIATION AVAILABLE FOR REGULAR OPERATIONS	1,026,522	1,026,311	1,062,528	1,101,741	1,104,053	1,103,962	1,150,814	1,139,516	1,137,145	1,134,319	1,074,319	1,074,319	1,074,319

Note 1 The operating appropriation includes retroactive and in-year salary funding adjustments up to and including 2009/10. The effect of Cost Containment Measures in Budget 2010 is that organizations will not be funded for increases in wages and salaries arising from future collective agreements for 2010/11 through 2012/13.

Note 2 Funding for RCI was previously provided through a contribution agreement with Canadian Heritage. Starting in 2003-04, funding forms part of CBC's appropriation and is shown in the base appropriation in 2004-05 and future years.

Schedule A

Board of Directors

September 27 & 28, 2011

Subject matter

Risk Management Report

Background

The Annual Risk Management report was presented and approved at the Audit Committee meeting on February 23, 2011.

The Audit Committee requested regular updates on the management of CBC/Radio-Canada's key risks and these updates are now presented on a quarterly basis. Modifications made to the first three columns of the report since the The Annual Risk Management Report are in blue font.

The Risk Management Report was last presented to the Audit Committee on August 24, 2011. The attached report incorporates one change that was made following the August 24th Audit Committee meeting.

This report is provided to the full Board of Directors as an information item.

Information on the matter

This report is an update to the June 8, 2011 report as at August 2, 2011,

Some highlights of the report include:

-CBC/Radio-Canada has been asked to submit two proposals under the government-wide Strategic and Operating Review, one to meet at least a 5% reduction and another to meet at least a 10% reduction to its operating appropriation. Results will be made public as part of the government's Budget 2012.

s.18(b)

s.21(1)(b)

s.21(1)(b)

-The CRTC announced that it is postponing the licence renewal process for the Corporation until June 2012.

For decision ☐ **For information** ■

Prepared by

Name:	Suzanne Morris/Michael Mooney
date:	August 24, 2011

Management recommendation

N/A

Last discussed at the Board

Date:	February 23, 2011
Decision made:	N/A

Next steps

Present next quarterly update on CBC/Radio-Canada's key risks at the November 2011 Audit Committee meeting.

CBC Radio-Canada

Risk Management Report

Presentation to the
CBC/Radio-Canada
Audit Committee

Suzanne Morris/Michael Mooney
August 24, 2011

CONFIDENTIAL

2011-2012 Key Risks

Risks	Strategies Identified	Components Responsible to Manage Risk	Status Update as at August 2, 2011	Risk Trend

LEGEND

Risk Trend: ▼ Decreasing ▶ Stable ▲ Increasing • No change to status

2011-2012 Key Risks

Risks	Strategies Identified	Components Responsible to Manage Risk	Status Update as at August 2, 2011	Risk Trend

s.21(1)(b)

s.18(a)

s.18(b)

2011-2012 Key Risks

Risks	Strategies Identified	Components Responsible to Manage Risk	Status Update as at August 2, 2011	Risk Trend

s.18(b) s.21(1)(b)

2011-2012 Key Risks

Risks	Strategies Identified	Components Responsible to Manage Risk	Status Update as at August 2, 2011	Risk Trend

2011-2012 Key Risks

Risks	Strategies Identified	Components Responsible to Manage Risk	Status Update as at August 2, 2011	Risk Trend

2011-2012 Key Risks

Risks	Strategies Identified	Components Responsible to Manage Risk	Status Update as at August 2, 2011	Risk Trend

2011-2012 Key Risks

Risks	Strategies Identified	Components Responsible to Manage Risk	Status Update as at August 2, 2011	Risk Trend

2011-2012 Key Risks

Risks	Strategies Identified	Components Responsible to Manage Risk	Status Update as at August 2, 2011	Risk Trend

2011-2012 Key Risks

Risks	Strategies Identified	Components Responsible to Manage Risk	Status Update as at August 2, 2011	Risk Trend

s.18(b)

s.21(1)(b)

s.68.1

2011-2012 Key Risks

Risks	Strategies Identified	Components Responsible to Manage Risk	Status Update as at August 2, 2011	Risk Trend

2011-2012 Key Risks

Risks	Strategies Identified	Components Responsible to Manage Risk	Status Update as at August 2, 2011	Risk Trend

2011-2012 Key Risks

Risks	Strategies Identified	Components Responsible to Manage Risk	Status Update as at August 2, 2011	Risk Trend

s.18(b) s.21(1)(b)

2011-2012 Key Risks

Risks	Strategies Identified	Components Responsible to Manage Risk	Status Update as at August 2, 2011	Risk Trend

s.18(b) s.21(1)(b)

2011-2012 Key Risks

Risks	Strategies Identified	Components Responsible to Manage Risk	Status Update as at August 2, 2011	Risk Trend

s.18(b) s.21(1)(b)

2011-2012 Key Risks

Risks	Strategies Identified	Components Responsible to Manage Risk	Status Update as at August 2, 2011	Risk Trend

2011-2012 Key Risks

Risks	Strategies Identified	Components Responsible to Manage Risk	Status Update as at August 2, 2011	Risk Trend

2011-2012 Key Risks

Risks	Strategies Identified	Components Responsible to Manage Risk	Status Update as at August 2, 2011	Risk Trend

s.18(b)

s.21(1)(b)

2011-2012 Key Risks

Risks	Strategies Identified	Components Responsible to Manage Risk	Status Update as at August 2, 2011	Risk Trend

2011-2012 Key Risks

Risks	Strategies Identified	Components Responsible to Manage Risk	Status Update as at August 2, 2011	Risk Trend

Board of Directors
(August 24, 2011)

Subject matter

2011/2012 Quarterly Budgetary Financial Report – First quarter results.

Background

N/A

Information on the matter

See attached.

For decision **For information** **X**

Prepared by

Name: Suzanne Morris
Date: August 2, 2011

Management recommendation

N/A

Last discussed at the Board

Date: June 21, 2011
Decision made: Reviewed 2010/2011 Quarterly Financial Management Report - March 2011 results.

Next steps

2nd quarter results will be presented in November 2011

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CBC Radio-Canada

QUARTERLY BUDGETARY MANAGEMENT REPORT
For the first quarter ending June 30, 2011

August 24th, 2011

Confidential for Internal Purposes

A0046610_3-000372

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QUARTERLY FINANCIAL MANAGEMENT REPORT

For the first quarter ended June 30, 2011 and 2010

Financial Reporting Basis

The Broadcasting Act requires CBC/Radio-Canada to publish quarterly financial reports and submit Annual Reports to the Minister of Canadian Heritage containing consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS").

In addition, for management purposes, CBC/Radio-Canada reports its financial results on a budget basis, which differs from IFRS. Certain non-cash items such as accrued pension plan expenses and other employee future benefits and amortisation are not recognised on a budget basis.

Financial Review and Analysis Content

This report presents and analyses segmented results of operations for the three months ended June 30, 2011, compared to the year-to-date budget, and to the year-to-date results for the same period in 2010/2011 on budget basis. Segmented results are presented for English and French media services, Media-Related and Support Activities. Year-end forecasts are also included in this quarterly report.

The Financial statements, prepared in accordance with IFRS for the period ended June 30, 2011 and compared with the results for the same period in 2010/2011, are presented separately in the First Quarter Financial Report. A reconciliation of the budget basis of reporting to IFRS results is included in this management report.

In addition, an overview of the capital budget and a forecast cash position are presented.

A0046610_5-000374

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FINANCIAL STATEMENTS- BUDGET BASIS

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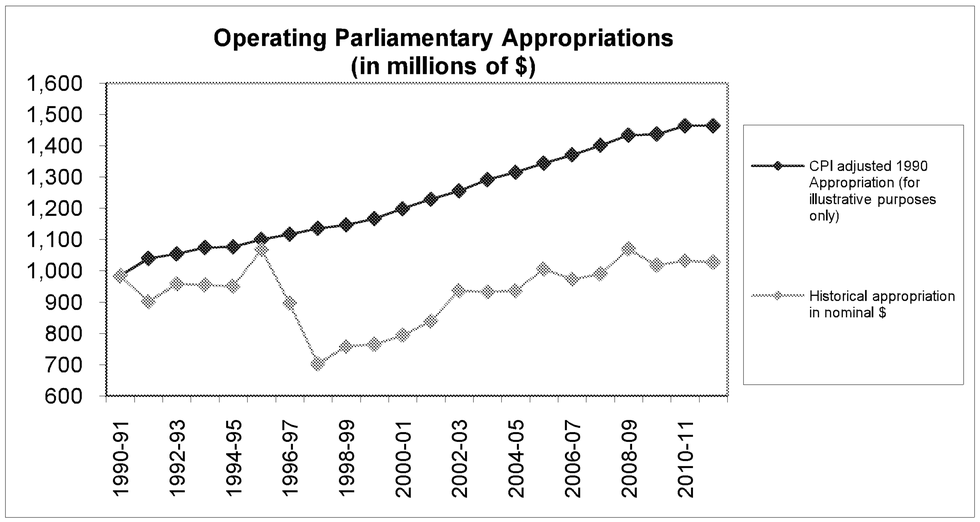
s.18(a)
s.18(b)

Financial Highlights
For the first three months ending June 30

A0046610_9-000378

Sources of Funds
For the first three months ending June 30



A0046610_10-000379

s.18(a)
s.18(b)

Expenditures
For the first three months ending June 30

A0048610_11-000380

s.18(a)
s.18(b)

Overview of the first three months ended June 30
(in $000's)

	Comparison to Budget						Comparison to Prior Year		
	Year-to-date (April to June)			Annual Basis (April to March)			Year-to-date (April to June)		
	2011/2012 Actuals	2011/2012 Budget	Variance	2011/2012 Forecast	2011/2012 Budget	Variance	2011/2012 Actuals	2010/2011 Actuals	Variance
SOURCE OF FUNDS									
Parliamentary Appropriation									
Drawdown									
(Used for) generated by working capital									
Planned									
Prior Year Carryover									
Government Funding and Carryover									
Revenues									
Local Programming Improvement Fund									
English Television									
French Television									
Local Programming Improvement Fund									
Advertising Revenues									
English Services									
French Services									
Advertising Revenues									
Miscellaneous Revenues-Regular Operations									
English Services									
French Services									
Others									
Miscellaneous Revenues-Regular Operations									
Revenues-Specialty Services:									
CBC News Network									
bold									
Réseau de l'information									
Explora									
Revenues-Specialty Services									
TOTAL SOURCE OF FUNDS									
APPLICATION OF FUNDS									
Expenditures (*)									
English Services									
French Services									
Media-Related Activities									
Support Activities									
TOTAL APPLICATION OF FUNDS									
NET POSITION									

A0046610_12-000381

Overview of the first three months ending June 30
Budgetary results including ARTV and Documentary Channel
(in $000's)

	Comparison to Prior Year		
	2011/2012 Actuals	2010/2011 Actuals	Variance
CBC/Radio-Canada Budgetary NET POSITION (excluding investments)	**4,319**	**1,425**	**2,894**
Investments in ARTV			
Revenues	4,554	0	4,554
Expenses	2,942	0	(2,942)
NET POSITION - ARTV	**1,612**	**0**	**1,612**
Less : Non-CBC portion (15%)	242	0	242
CBC/Radio-Canada's share (85%) - ARTV	**1,370**	**0**	**1,370**
Investments in Documentary Channel			
Revenues	1,404	1,414	(10)
Expenses	774	759	(15)
NET POSITION - Documentary Channel	**630**	**655**	**(25)**
Less : Non-CBC portion (18%)	113	118	(5)
CBC/Radio-Canada's share (82%) - Documentary Channel	**517**	**537**	**(21)**
NET POSITION INVESTMENTS	**1,887**	**537**	**1,350**
NET POSITION (including investments)	**6,206**	**1,962**	**4,244**

This overview is intended to identify the impact of CBC/Radio-Canada's share in ARTV and Documentary Channel, which is included in the consolidated Financial Statements in accordance with GAAP (IFRS) but not included in the financial reports on a budgetary basis.

A0046610_13-000382

Overview Comments

s.18(a)

s.18(b)

A0046610_14-000383

Consolidated English Services
For the first three months ending June 30
($000's)

s.18(a) s.68.1
s.18(b)

	Comparison to Budget						Comparison to Prior Year		
	Year-to-Date (April to June)			Annual Basis (April to March)			Year-to-Date (April to June)		
	2011/2012 Actuals	2011/2012 Budget	Variance	2011/2012 Forecast	2011/2012 Budget	Variance	2011/2012 Actuals	2010/2011 Actuals	Variance
SOURCE OF FUNDS									
Parliamentary Appropriation									
Prior Year Carryover									
Government Funding and Carryover									
Local Programming Improvement Fund									
Revenues									
English Television - Advertising - Television									
English Television - Advertising - Digital Services									
English Television - Advertising - Contras/Value-added									
English Television - Miscellaneous									
CBC News Network - Advertising									
CBC News Network - Subscriber and other revenue									
bold - Advertising									
bold - Subscriber and other revenue									
Merchandising - Miscellaneous									
English Radio - Miscellaneous									
Total Revenues									
TOTAL SOURCE OF FUNDS									
APPLICATION OF FUNDS									
English Television - Programming and Production									
English Television - Technical									
English Television - Regional Operations									
CBC News Network									
bold									
English Radio - Programming and Production									
English Radio - Technical									
English Radio - Regional Operations									
Sales and Marketing									
Merchandising									
Programming and Other Commitments									
Media Management									
TOTAL APPLICATION OF FUNDS									
NET POSITION									

A0046610_15-000384

s.18(a)
s.18(b)
s.68.1

Consolidated English Services Results Comments

A0046610_16-000385

s.18(a)

s.18(b)

s.68.1

s.18(a)
s.18(b)

Consolidated French Services
For the first three months ending June 30
($000's)

	Comparison to Budget						Comparison to Prior Year		
	Year-to-Date (April to June)			Annual Basis (April to March)			Year-to-Date (April to June)		
	2011/2012 Actuals	2011/2012 Budget	Variance to Budget	2011/2012 Forecast	2011/2012 Budget	Variance	2011/2012 Actuals	2010/2011 Actuals	Variance
SOURCE OF FUNDS									
Parliamentary Appropriation									
Prior Year Carryover									
Total Government Funding and Carryover									
s.68.1									
Local Programming Improvement Fund									
Revenues									
French Television - Advertising - Television									
French Television - Advertising - Digital Services									
French Television - Advertising - Contras/Value-added									
French Television - Miscellaneous									
Réseau de l'information - Advertising									
Réseau de l'information - Subscriber and Other Revenue									
Explora - Advertising									
Explora - Miscellaneous									
Merchandising - Miscellaneous									
French Radio and Radio Canada International - Miscellaneous									
Total Revenues									
TOTAL SOURCE OF FUNDS									
APPLICATION OF FUNDS									
French Television - Programming and Productiion									
French Television - Technical									
French Television - Regional Operations									
Réseau de l'information									
Explora									
French Radio - Programming and Production									
French Radio - Technical									
French Radio - Regional Operations									
Radio Canada International									
Revenue Group (excluding RDI)									
Merchandising									
Programming and Other Commitments									
Media Management									
TOTAL APPLICATION OF FUNDS									
NET POSITION									

A0046610_18-000387

Consolidated French Services Results Comments

s.18(a)

s.18(b)

Media-Related Activities
For the first three months ended June 30
($000's)

s.18(a)
s.18(b)

	Comparison to Budget						Comparison to Prior Year		
	Year-to-date (April to June)			Annual Basis (April to March)			Year-to-date (April to June)		
	2011/2012 Actuals	2011/2012 Budget	Variance to Budget	2011/2012 Forecast	2011/2012 Budget	Variance to Budget	2011/2012 Actuals	2010/2011 Actuals	Variance in Actuals
SOURCE OF FUNDS									
Parliamentary Appropriation									
Prior Year Carryover									
Government Funding and Carryover									
Revenues									
CBC Transmission and Distribution									
Real Estate Division									
Mobile Productions-External Rentals									
Sirius									
Total Revenues									
TOTALSOURCE OF FUNDS									
APPLICATION OF FUNDS									
Technology Strategy Board									
Broadcast and Telecommunication									
CBC Transmission and Distribution									
Real Estate Division									
Mobile Productions									
Mobile Productions-Recoveries from medias									
Merchandising Division									
Ottawa Production Centre									
Content Management									
Corporate Reserve									
TOTAL APPLICATION OF FUNDS									
NET POSITION									

s.18(a)
s.18(b)

Media-Related Activities Results Comments

Support Activities
For the first three months ending June 30
($000's)

s.18(a)
s.18(b)

	Comparison to Budget						Comparison to Prior Year		
	Year-to-Date (April to June)			Annual Basis (April to March)			Year-to-Date (April to June)		
	2011/2012 Actuals	2011/2012 Budget	Variance to Budget	2011/2012 Forecast	2011/2012 Budget	Variance	2011/2012 Actuals	2010/2011 Actuals	Variance in Actuals
SOURCES OF FUNDS									
Net Parliamentary Subsidy	25,398						25,398	25,993	(595)
Miscellaneous Revenues									
Strategy and Business Partnerships	157						157	127	30
CRRA	1,001						1,001	873	128
Interest and other administration revenues	516						516	211	305
Capital Recoveries	1,610						1,610	1,583	27
Total Miscellaneous Revenues	**3,284**						**3,284**	**2,794**	**490**
TOTAL SOURCE OF FUNDS	**28,682**						**28,682**	**28,787**	**(105)**
APPLICATION OF FUNDS									
Office of the President and CEO	483						483	385	(98)
Office of the Chairperson and Board of Directors	162						162	162	0
Branding, Communications and Corporate Affairs	1,520						1,520	1,180	(340)
Internal Audit	239						239	413	174
Training and Development	827						827	1,298	471
People and Culture	3,770						3,770	3,559	(211)
Severance Pay and Other Personnel Costs	5,396						5,396	3,541	(1,855)
Dental Plan, EAP and Crisis Management	947						947	853	(94)
Information Technology	6,916						6,916	6,678	(238)
Regulatory Affairs	412						412	351	(61)
Strategy and Business Partnerships	1,805						1,805	1,908	103
General Counsel and Corporate Secretariat	2,530						2,530	2,108	(422)
Corporate Finance and Administration	2,947						2,947	2,442	(505)
Insurance, Forms, Taxes, Foreign Exchange, etc.	1,019						1,019	691	(328)
Shared Services	2,751						2,751	2,572	(179)
International Relations	106						106	0	(106)
Ombudsman - Toronto	115						115	79	(36)
Ombudsman - Montreal	110						110	86	(24)
Corporate New Media	56						56	40	(16)
TOTAL APPLICATION OF FUNDS	**32,111**						**32,111**	**28,346**	**(3,765)**
NET POSITION	(3,429)						(3,429)	441	(3,870)

A0046610_22-000391

s.18(a)
s.18(b)

Support Activities Results Comments

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SUPPORTING SCHEDULES

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s.18(a)
s.18(b)

s.20(1)(b)

Accounts Receivable
(in millions of $)

	June 2011 %	June 2011 *(millions of $)*	March 2011 %	March 2011 *(millions of $)*	Variance Versus March 2011 *(millions of $)*
Advertising					
Current (accruals)	25.4%	34.2	37.7%	40.5	(6.3)
1-30 days	36.5%	49.2	31.8%	34.1	15.1
31-60 days	23.4%	31.5	18.6%	20.0	11.5
61-90 days	9.1%	12.2	6.5%	7.0	5.2
91+ days	5.6%	7.6	5.4%	5.8	1.8
Total	**100.0%**	**134.7**	**100.0%**	**107.4**	**27.3**
Non-advertising		**65.2**		**66.4**	**(1.2)**
TOTAL - ACCOUNTS RECEIVABLE		**199.9**		**173.8**	**26.1**

Programming Assets
(in $000's)

			June 2011	March 2011	Variance
COMPONENTS		**s.18(a)**			
English Television	**s.18(b)**				
French Television					
Indirect Costs Allocation*					
ARTV		**s.68.1**			
Documentary Channel					
TOTAL			194,600	163,658	30,942
English Television					
Arts & Entertainment					
Arts & Entertainment in-house					
Independent dramatic					
Independent music and variety					
Independent movies and mini-series					
Independent children, youth and daytime					
Independent development					
Total - Arts & Entertainment					
Network programming					
Documentary production unit					
Factual entertainment					
News & Current affairs, Sports and Other					
TOTAL - ENGLISH TELEVISION					
French Television					
Procured programs and film rights					
Current affairs and documentaries					
Drama					
Arts & Entertainment					
Sports and Youth					
TOTAL - FRENCH TELEVISION					

* Overhead expenses applicable to programs in inventory

Note 1:

Note 2:

Reconciliation of Net Results of Operations IFRS to Budget Basis

The Corporation receives a significant portion of its funding through Parliamentary appropriations, based primarily on cash flow requirements. Expenses recognized in the Condensed Consolidated Statement of Income (Loss) in one period may be funded through Parliamentary appropriations in other periods/years. Accordingly, the Corporation's net results of operations for the period on a budget basis differ from those on an International Financial Reporting Standards basis. The differences are outlined below:

For the three months ended June 30	**2011**	**2010**
	(thousands of dollars)	
Net results for the period on an IFRS basis	**30,324**	**(10,306)**
Items not generating operating funds		
Amortization of deferred capital funding	(33,166)	(30,269)
Loss on disposal of property and equipment	1,481	135
Parliamentary appropriation for working capital	(1,000)	(1,000)
Specialty services consolidated results	(4,863)	(1,063)
Dilution gain Sirius	(39,251)	-
Dividend income presented as revenue on a budget basis	929	-
Other	(17)	(1,089)
	(75,887)	**(33,286)**
Items not requiring operating funds		
Amortization of property and equipment and intangible assets	36,066	38,026
Indirect costs allocated to programming assets	(5,658)	(8,673)
Pension plans and other employee future benefits	3,497	(6,251)
Annual leave	12,131	20,616
Specialty services consolidated results	3,699	760
Loss from Investments in Sirius	365	124
Other	(218)	415
	49,882	**45,017**
Net results of operations on a budget basis	**4,319**	**1,425**

A00466T0_29-000398

s.18(a)
s.18(b)

Cash Flows
as at June 30, 2011

	2011/2012 Forecast	2010/2011 Actual				
	Apr - Jun	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Total
Opening balance (1)	56,454	47,790	105,860	120,400	103,307	47,790
Inflows						
Appropriations received (2)	290,000	381,137	270,000	271,239	241,068	1,163,444
Revenues (3)	179,270	175,882	181,891	167,571	230,337	755,681
Capital lease	-	-	-	-	8,052	8,052
Dividend/return of share capital - Sirius	14,948	-	-	-	-	-
Sale of transmitter site	-	-	-	-	-	-
Outflows						
Expenditures (4)	(486,367)	(498,949)	(437,351)	(455,903)	(526,310)	(1,918,513)
Ending balance (1)	54 305 (5)	105 860	120 400	103 307	56 454	56 454

CAPITAL

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s.18(a)
s.18(b)

CAPITAL

s.18(a)
s.18(b)

2011/2012 Capital Budget Overview as at June 30, 2011
Forecasted expenditures to Year-end
($000's)

Investment Class	Capital Plan	Forecasted Expenditures	Surplus/ (Deficit)	Actual Expenditures to Date	As % of Forecast
Legal and Regulatory					
Mission Critical					
Payback Initiatives					
Growing the Business					
Transmission Strategy					
Efficiency Projects					
Minor Capital					
Corporate Contingency					
Impact of approved plan being higher than available capital (1)					
Total Surplus/(Deficit) Forecast (2)	—				

Component	Capital Plan	Forecasted Expenditures	Surplus/ (Deficit)	Actual Expenditures to Date	As % of Forecast
English Television (ETN)					
French Television (FTN)					
English Radio (ERN)					
French Radio (FRN)					
English New Media (ENM)					
French New Media (FNM)					
Information Technology (IT)					
Real Estate (RE)					
Capital Leases (TBC and HD3 Leases)					
Telecommunication					
Transmission Division (T&D)					
Human Resources (HR)					
Corporate Components					
Fleet Management					
Minor Capital					
Enterprise Wide (EW):					
Halifax					
Vancouver Redevelopment					
Vision post go live project					
Media Asset Management					
Newsroom System Project - iNews					
Integrated Search - Autonomy					
Desktop Radio - Permanent Solution					
Other					
Corporate Contingency					
Impact of approved plan being higher than available capital					
TOTAL SURPLUS/(DEFICIT) FORECAST					
% of Available Capital					

* Includes repayment of bonds payable for TBC lease

A0046610_34-000403

s.18(a)
s.18(b)
s.68.1

2011/2012 Capital Budget Overview as at June 30, 2011 - Notes

Note 1

Note 2

Note 3

Note 4

Note 5

Note 6

Note 7

Note 8

Note 9

Note 10

A0046610_35-000404

s.18(a)

s.18(b)

CAPITAL INVESTMENT PLAN
Board of Directors Projects > $5 million (in 000's)
Forecasted Expenditures to Project Completion (including related operating expenditures)

PROJECTS APPROVED								
Projects	Component	Original Budget Approved by Board Resolution	Latest Approval Date	Project Closing Forecast/ Actual Date	Total Budget Approved by BOD Resolution	Budget Released	Total Forecasted Expenditures	Total Forecasted Surplus/ (Deficit)

*

**

CAPITAL INVESTMENT PLAN
Board of Directors Approved Projects > $5 million - Notes
Forecasted Expenditures to Project Completion (including relayed operating expenditures)

Note 1

Note 2

Note 3

s.18(a)
s.18(b)

A0046610_37-000406

Board approved projects with forecasted deficits as at June 30, 2011

('000$)

Projects	Component	Original Budget Approved by Board Resolution	Total Budget Approved by BOD Resolution	Other sources of funds	Budget Released	Total Forecasted Expenditures as at June 30, 2011	Total Forecasted Surplus/ (Deficit) Including other sources of funds	Supplemental Funds Required
							-	
							-	
							-	
Total ≤ $2.0M		0	0	**0**	0	**-**	-	-

At its meeting in September 2009, the Board of Directors approved a new practice for governance and monitoring of variances on Board approved projects. The new practice permits Management to continue activity on Board approved projects with small projected deficits, where the individual project deficits are ≤ 10% and ≤ $1.5 million, and the total of all small projected deficits does not exceed $2 million on all active projects.

As of June 30, 2011, there are no projects with deficits that exceed the total budget approved by resolution of the Board of Directors.

A0046610_38-000407

Board of Directors

September 27 & 28, 2011

Subject matter

Industrial Relations Update

Background

This is a standing item on the Board of Directors' agenda providing the status of CBC / Radio-Canada's collective agreements.

Information on the matter

Not applicable

For decision: ☐ **For information:** ☒ X

Prepared by

Name: **Maryse Bertrand**, Interim Vice-president, People and Culture

Date: September 1st, 2011

Recommendation

Not applicable

Last discussed at the Board

Date: June 21 & 22, 2011

Decision made:

Next steps

Industrial Relations Update for the Board of Directors' Meeting
September 27 & 28, 2011

AGREEMENTS PRESENTLY BEING NEGOTIATED

UNION	Effective Date	# of Members	Central Issues
FRENCH FILE			
AR **(Association des réalisateurs)**	**Oct. 1, 2007 – Dec. 11, 2011**	**355**	**Key issues: The notice to bargain should be received sometime in September 2011. The Corporation is proposing that the collective agreement be renewed for a one-year period starting December 12, 2011. Terms and conditions would remain unchanged, except the salary scale, which would be subject to a 1.5% increase (1.4% plus 0.1% toward the Health Fund). A proposal for renewing the agreement will be tabled with the Board of Directors in September 2011.** **Discussions have begun with AR regarding renewal of the agreement.**
UDA **(Union des artistes)**	**Nov. 14, 2005 – Nov. 13, 2009**	**N/A**	Notice to bargain was received on February 15, 2010. The key issues are original production, residuals and commercial use of material on emerging platforms. **Bargaining sessions, which are likely to be difficult, will continue in fall 2011.**
SARTEC (Société des auteurs de la radio, de la télévision et du cinéma)	**July 10, 2006 – July 9, 2010**	**N/A**	The notice to bargain was received on March 15, 2010. The key issues will be residual rights and original production on the Web; the posting of programs for catch-up online; and advance payments in commercial markets. **SARTEC would like to obtain conditions similar to or better than those negotiated with the UDA, where appropriate.** **Bargaining will continue in fall 2011.**
SPACQ (Société professionnelle des auteurs et des compositeurs du Québec)	**January 8, 2007 – January 7, 2011**	**N/A**	**The parties must renew the collective agreement, which expired on January 7, 2011.** **SPACQ submitted its requests to CBC/Radio-Canada on March 23, 2011. Bargaining began in spring 2011, and will continue in September.** **Key issues are the minimum rate for producing masters, the rate for reusing theme music in a series, commercial use on new platforms, usage by third parties, and music publishing rights.**

UNION	Effective Date	# of Members	Central Issues
ENGLISH FILE			
WGC (Writers Guild of Canada) **<u>Television and Radio Agreement</u>**	**Sept. 1, 1998 – Aug. 31, 2000**	**N/A**	Agreements were to expire August 31, 2000. Parties agreed to extend until further notice. Notice to bargain has not been given by either side. An agreement was reached with the WGC for internet and digital rights for use of material that was originally produced by CBC under the WGC Radio and Television Agreements. Terms reached were within agreed mandate of 15% step-up. In addition, rights for use of material created under the WGC Radio Agreement for distribution on Sirius Satellite Radio has been agreed to within mandate. However, the WGC has advised that it is not in a position to agree to terms for original production for the internet, but will negotiate terms on a case by case basis – which is what the WGC currently does with independent producers.
IATSE (International Alliance of Theatrical, Stage Employees and Moving Picture Machine Operators of the United States and Canada) (Stagehands)	**No agreement since 1994**	**N/A**	IATSE has requested that the CBC meet with them to renegotiate the collective agreement which has not been updated for at least 15 years. Internal discussions need to occur with appropriate individuals and affected departments at the CBC to determine if we renegotiate or just accept house agreements. **Discussions are continuing with management and with IATSE.**
AFM (The American Federation of Musicians of the United States and Canada)	**April 1, 2006 – March 31, 2010**	**N/A**	The AFM and CBC/SRC agreed to extend the Agreement(s) for 6 months to September 30, 2010, with an increase of 1%. **Discussions continue covering: the re-design of the agreements; terms and conditions for the production of content, rather than platform; an updated licensing regime for new technologies and the distribution of content.** **Negotiations ongoing.**
ACTRA **(Alliance of Canadian Cinema, Television and Radio Artists) (Performers)**	**July 1, 2010 – June 30, 2011**	**N/A**	An updated mandate to negotiate was approved at the May 2011 Board of Directors' Meeting. **Negotiations ongoing.**

NEGOTIATED COLLECTIVE AGREEMENTS

UNION		Effective Dates of Collective Agreement	Number of Members **
NATIONAL FILE			
APS	Association of Professionals and Supervisors	July 1, 2008 – June 30, 2013	798
AFM	The American Federation of Musicians of the United States and Canada (AFM)	April 1, 2006 – March 31, 2010	N/A
ENGLISH FILE			
CMG	Canadian Media Guild	April 1, 2009 – March 31, 2014	4,781
ACTRA	Alliance of Canadian Cinema, Television and Radio Artists (Performers)	July 1, 2010 – June 30, 2011	N/A
FRENCH FILE			
SCRC (Unit 1)	Syndicat des communications de Radio-Canada	March 30, 2009 – September 30, 2012	1,566
STARF (Unit 2)	Syndicat des technicien(ne)s et artisan(e)s du réseau français de Radio-Canada	April 1, 2009 – March 31, 2012	1,267
UDA	Union des artistes	November 14, 2005 – November 13, 2009	N/A
SARTEC	Société des auteurs de la radio, de la télévision et du cinéma	July 10, 2006 – July 9, 2010	N/A
SPACQ	Société professionnelle des auteurs et des compositeurs du Québec	January 8, 2007 – January 7, 2011	N/A
AR	Association des réalisateurs	October 1, 2007 – December 11, 2011	355
SCFP	Syndicat canadien de la fonction publique	December 17, 2010 – September 20, 2015	621

*** Number of members revised as of August 31, 2011*

Board of Directors

September 27-28, 2011

Subject matter

Workforce Information Quarterly Report

Background

The attached documents present the workforce in terms of full time equivalent (FTE) broken down by:

- media component with a comparison to December 2009 recovery plan;
- geographic location (map of Canada)

Information on the matter

See attachments.

For decision:	☐	**For information:**	X

Prepared by

Name: **Maryse Bertrand**, Interim Vice-President, People and Culture

Date: September 7, 2011

Recommendation

Not applicable

Last discussed at the Board

Date:

Decision made:

Next steps

Resolution

Conseil d'administration

Les 27 et 28 septembre 2011

Sujet

Rapport trimestriel d'information sur la main-d'œuvre

Contexte

Les documents en annexe présentent la main-d'œuvre exprimée en équivalent à temps plein (ETP) et ventilée par:

- composante média (avec une comparaison par rapport au décembre 2009 plan de redressement);
- lieu géographique (carte du Canada).

Renseignements connexes

Voir documents joints.

Pour décision:	☐	**Pour information:**	**X**

Préparé par

Nom: **Maryse Bertrand**, vice-présidente par intérim, Personnes et Culture

Date: Le 7 septembre 2011

Recommandation

Sans objet.

Dernière discussion au Conseil

Date:

Décision prise:

Prochaines étapes

Résolution

WORKFORCE: Full Time Equivalent / EFFECTIF: Équivalent temps plein

		June / juin 2011				TOTAL *		Variance / Écart Mars à juin TOTAL *
					Variance / Écart			
		July 3, 2011 / Le 3 juillet 2011			↑ 1-24		↑ 1-24	
					↑ 25 +		↑ 25 +	
		Permanent	**Temporary / Temporaire** +13 weeks / semaines	**Contract / Contractuel** +13 weeks / semaines		**TOTAL ***		**TOTAL ***
English Services/ Services anglais	July 3, 2011 / Le 3 juillet 2011	**3 320**	**147**	**329**		**3 797**		
	End Dec-09 Recovery Plan/ Fin déc-09 plan de redressement	3 290	89	343		3 722		
	Variance / Écart	30	58	-14		74		**-16**
French Services/ Services français	July 3, 2011 / Le 3 juillet 2011	**3 065**	**317**	**426**		**3 808**		
	End Dec-09 Recovery Plan/ Fin déc-09 plan de redressement	2 806	267	389		3 462		
	Variance / Écart	259	50	37		346		**-38**
Corporate/ National	July 3, 2011 / Le 3 juillet 2011	**918**	**42**	**107**		**1 068**		
	End Dec-09 Recovery Plan/ Fin déc-09 plan de redressement	914	40	143		1 096		
	Variance / Écart	4	3	-36		-29		**6**
TOTAL *	July 3, 2011 / Le 3 juillet 2011	**7 303**	**506**	**863**		**8 672**		
	End Dec-09 Recovery Plan/ Fin déc-09 plan de redressement	7 009	396	875		8 281		
	Variance / Écart	294	110	-13		392		**-49**

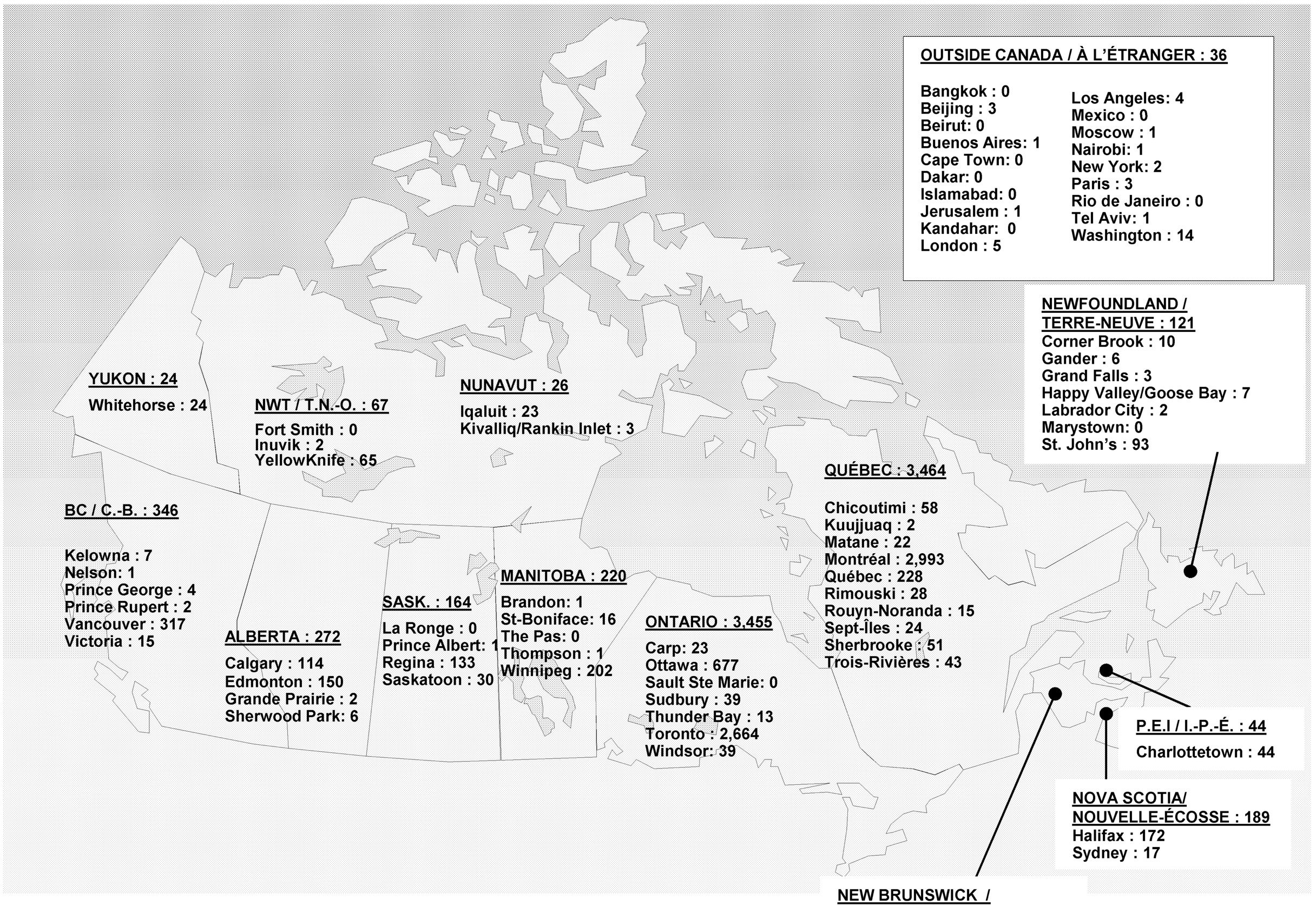
* The sum of the details may not balance with the totals due to rounding / La somme du détail peut différer des totaux en raison de l'arrondissement

	Comments on the Variation in the FTE / Commentaires pour les variations d'ÉTP
English Services/ Services anglais	
s.18(b)	
French Services/ Services français	
Corporate/ National	

CBC/Radio-Canada Map / Carte

Full Time Equivalent / Équivalent temps plein

July 3, 2011 / Le 3 juillet 2011



OUTSIDE CANADA / À L'ÉTRANGER : 36

Bangkok : 0
Beijing : 3
Beirut: 0
Buenos Aires: 1
Cape Town: 0
Dakar: 0
Islamabad: 0
Jerusalem : 1
Kandahar: 0
London : 5
Los Angeles: 4
Mexico : 0
Moscow : 1
Nairobi: 1
New York: 2
Paris : 3
Rio de Janeiro : 0
Tel Aviv: 1
Washington : 14

NEWFOUNDLAND / TERRE-NEUVE : 121

Corner Brook : 10
Gander : 6
Grand Falls : 3
Happy Valley/Goose Bay : 7
Labrador City : 2
Marystown: 0
St. John's : 93

YUKON : 24

Whitehorse : 24

NWT / T.N.-O. : 67

Fort Smith : 0
Inuvik : 2
YellowKnife : 65

NUNAVUT : 26

Iqaluit : 23
Kivalliq/Rankin Inlet : 3

QUÉBEC : 3,464

Chicoutimi : 58
Kuujjuaq : 2
Matane : 22
Montréal : 2,993
Québec : 228
Rimouski : 28
Rouyn-Noranda : 15
Sept-Îles : 24
Sherbrooke : 51
Trois-Rivières : 43

BC / C.-B. : 346

Kelowna : 7
Nelson: 1
Prince George : 4
Prince Rupert : 2
Vancouver : 317
Victoria : 15

ALBERTA : 272

Calgary : 114
Edmonton : 150
Grande Prairie : 2
Sherwood Park: 6

SASK. : 164

La Ronge : 0
Prince Albert: 1
Regina : 133
Saskatoon : 30

MANITOBA : 220

Brandon: 1
St-Boniface: 16
The Pas: 0
Thompson : 1
Winnipeg : 202

ONTARIO : 3,455

Carp: 23
Ottawa : 677
Sault Ste Marie: 0
Sudbury : 39
Thunder Bay : 13
Toronto : 2,664
Windsor: 39

P.E.I / I.-P.-É. : 44

Charlottetown : 44

NOVA SCOTIA/ NOUVELLE-ÉCOSSE : 189

Halifax : 172
Sydney : 17

NEW BRUNSWICK / NOUVEAU-BRUNSWICK : 245

Bathurst : 3
Campbellton : 1
Caraquet : 2
Edmunston : 2
Fredericton : 41
Moncton : 168
Sackville : 11
Saint John : 17

* The sum of the details may not balance with the totals due to rounding / La somme du détail peut différer des totaux en raison de l'arrondissement.

A0046612_4-000415

CBC Radio-Canada

BOARD OF DIRECTORS of the CANADIAN BROADCASTING CORPORATION

STRATEGIC PLANNING COMMITTEE

Minutes of the Meeting held on

July 13, 2011

By Conference Call

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* = left the conference call prior to the adjournment

Members of the Committee present:

Peter Charbonneau, Chairperson of the Committee
Timothy W. Casgrain, Chairperson of the Board *
Linda Black
George Cooper
Rémi Racine *

Members of the Committee absent:

None

In attendance:

Hubert T. Lacroix, President and Chief Executive Officer
Edward Boyd, Member of the Board of Directors
Sylvain Lafrance, Executive Vice-President, French Services
Kirstine Stewart, Executive Vice-President, English Services
Maryse Bertrand, Vice-President, Real Estate, Legal Services and General Counsel, and interim Vice-President, People and Culture
Bill Chambers, Vice-President, Brand, Communications and Corporate Affairs
Steven Guiton, Vice-President and Chief Regulatory Officer
Suzanne Morris, Vice-President and Chief Financial Officer
Marie-Philippe Bouchard, Executive Director, Strategic Planning, French Services
Tranquillo Marrocco, Associate Corporate Secretary
Neil McEneaney, Executive Director, Finance and Strategy, English Services
Peter St.-Onge, Executive Director, Finance and Management Services, French Services
Stéphanie Duquette, Chief of Staff to the President and CEO
Richard Juneau, Administration Manager, Office of the Vice-President, Real Estate, Legal Services and General Counsel

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1. Opening of the Meeting

At 9:00 a.m., the Chairperson called the meeting to order.

At the Committee members' request, Hubert T. Lacroix provided an update on the CRTC hearings in relation to the CBC's licence renewal. **s.69(1)(g)re:a,b,e**

2. Project Phoenix

3. Adjournment

Hubert T. Lacroix acknowledged the efforts deployed to develop the proposal and thanked all the meeting participants for their time.

At 10:22 a.m., the meeting was adjourned.

DRAFT

CBC Radio-Canada

BOARD OF DIRECTORS of the CANADIAN BROADCASTING CORPORATION

STRATEGIC PLANNING COMMITTEE

Minutes of the Meeting held on

August 4, 2011

Conference Call

Members of the Committee present:

Peter Charbonneau, Chairperson of the Committee
Timothy W. Casgrain, Chairperson of the Board
Linda Black
George Cooper – joined late
Rémi Racine

Members of the Committee absent:

None

In attendance:

Hubert T. Lacroix, President and Chief Executive Officer
Edward Boyd, Member of the Board of Directors
Kirstine Stewart, Executive Vice-President, English Services
Maryse Bertrand, Vice-President, Real Estate, Legal Services and General Counsel, and interim Vice-President, People and Culture
Bill Chambers, Vice-President, Brand, Communications and Corporate Affairs
Steven Guiton, Vice-President and Chief Regulatory Officer
Suzanne Morris, Vice-President, Chief Financial Officer
Michel Tremblay, Senior Vice-President, Strategy and Business Partnerships
Marie-Philippe Bouchard, Executive Director, Strategic Planning, French Services
Neil McEneaney, Executive Director, Finance and Strategy, English Services
Stephanie Duquette, Chief of Staff, President and CEO's Office
Tranquillo Marrocco, Associate Corporate Secretary and Compliance Officer
Peter St-Onge, Executive Director, Finance and Management Services

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1. Opening of the Meeting

At 3:30 p.m., the Chairperson called the meeting to order.

2. Project Phoenix

3 Adjournment

At 4:55 p.m., the meeting was adjourned.

Schedule A

Board of Directors

September 28, 2011

Subject matter

Agreement FIFA World Cup soccer broadcast & digital rights for 2015-2022.

Background

CBC/Radio-Canada has been the incumbent broadcast and digital rights holder since 2007. The agreement expires in 2014.

At this time, we have an opportunity to renew the agreement for another 8 years, through 2022, by offering a bid to FIFA.

Information on the matter

We are requesting CBC/Radio-Canada Board approval for terms upon which to submit the bid.

For decision [x] **For information** [ ]

Prepared by

Name: Neil McEneaney
Date: September 23, 2011

Management recommendation

Approval of the agreement terms for the bid.

Last discussed at the Board

Date: n/a
Decision made:

Next steps

Submit the bid to FIFA.

RESOLUTION:

THAT the Board of Directors authorize the Corporation to negotiate and enter into a license agreement between the Corporation and the Fédération Internationale de Football Association ("FIFA") for the broadcast and digital rights in Canada for the World Cup soccer package for the period from January, 2015 to December 2022 pursuant to the terms and conditions set out in the Supplementary Resolution (See Appendix 1).

SUPPLEMENTARY RESOLUTION

WHEREAS:

A. Under an agreement with the Fédération Internationale de Football Association ("FIFA"), the Canadian Broadcasting Corporation (the "Corporation") is the holder of the Canadian multi-platform broadcast and digital rights for FIFA World Cup soccer for the period from 2007 to 2014;

B. The Corporation desires to extend its Canadian multi-platform broadcast and digital rights for FIFA World Cup soccer for the period from 2015 to 2022;

C. The Corporation is negotiating and is prepared to enter into and execute an agreement (the "Agreement") between FIFA and the Corporation for the multi-platform and broadcast access rights in Canada to various international World Cup soccer events between 2015 and 2022 World Cup (the "FIFA package"); and

D. The Agreement requires approval of the Board of Directors of the Corporation.

IT IS RESOLVED THAT: s.68.1

1. ***(Approving the Bid Offer)*** The Corporation is hereby authorized to offer up to to FIFA to acquire the multi-platform and broadcast access rights in Canada to the FIFA package, and to agree such other terms and conditions as provided for in the Agreement as the hereafter appointed Officers may see fit with such alterations, additions, and amendments or variations in their absolute discretion determined necessary;

2. ***(Approving the Signing of the Agreement)*** Subject to the forgoing approval, that any one of the President and CEO or the Executive Vice President of English Services, together with the Vice President and Chief Financial Officer, or their respective delegates, be and are hereby authorized to negotiate and execute the Agreement for and on behalf of the Corporation, with such alterations, additions, and amendments or variations thereto deemed acceptable to such Officers;

3. ***(Approving the signing of ancillary agreements)*** The President and CEO, the Vice President, English Services, together with the Vice President and Chief Financial Officer, or their respective delegates are hereby authorized for and on behalf of the Corporation to enter into such ancillary and related agreements, including sublicensing agreements, and to do all such acts and things as such Officers may in their absolute discretion determine to be necessary or desirable, in connection with or in implementation of the transactions contemplated in or by the Agreement; and

4. *(**Further authority**)* The President and CEO, the Vice President, English Services, together with the Vice President and Chief Financial Officer, or their respective delegates are hereby authorized for and on behalf of the Corporation to take any and all action, to do all things, to execute under the corporate seal of the Corporation or otherwise such instruments and documents and to deliver all instruments, documents and materials as are necessary or desirable or convenient and proper to give effect to the foregoing resolutions.

FIFA Soccer:
Approval of the Contract Extension
2015-2022

Introduction

- CBC/Radio-Canada is the current rights holder for FIFA World Cup soccer in Canada under an agreement covering 2007 to 2014
-

s.68.1

A0046615_4-000423

Introduction

- FIFA requires that the proposed submission be fully authorized prior to consideration by their Board

s.68.1

A0046615_5-000424

Detailed Contract Terms

s.68.1

Terms	Proposed Contract
Contract term	
Rights	
Financial Terms	
Payment Terms	
Other Obligations	

A0046615_6-000425

Deal Terms: FIFA World Cup Events

s.68.1

A0046615_7-000426

Sub-Licensing Strategy

Current Contract: World Cup Financial Performance to Date

s.18(a)
s.18(b)

FIFA Financial Performance and Projections under the Current Contract

A0046615_9-000428

Financial Projections: Contract Extension

s.18(a)
s.18(b)

A0046615_10-000429

Next Steps

- Upon Board approval, sign and submit the proposed agreement on behalf of CBC/Radio-Canada
- FIFA will review our submission
- FIFA's decision is anticipated to follow their Executive Committee meeting on October 20, 2011

A0046615_11-000430