



WHAT IS A
PUBLIC SPACE?

CBC | RADIO-CANADA ANNUAL REPORT 2004-2005





SETTING THE STANDARD FOR CANADIAN BROADCASTING EXCELLENCE, ON AND OFF THE AIR

CBC RADIO ONE: COMMERCIAL-FREE ENGLISH-LANGUAGE NETWORK, BROADCASTING LOCAL, NATIONAL AND INTERNATIONAL NEWS, CURRENT AFFAIRS AND GENERAL-INTEREST PROGRAMMING.

CBC RADIO TWO: COMMERCIAL-FREE ENGLISH-LANGUAGE NETWORK, FEATURING MUSIC, CONCERTS, NATIONAL AND WORLD NEWS.

CBC RADIO 3: ENGLISH-LANGUAGE INTERACTIVE PROGRAMMING FOR YOUTH ON THE INTERNET.

PREMIÈRE CHÂÎNE: COMMERCIAL-FREE FRENCH-LANGUAGE NETWORK, OFFERING NEWS, PUBLIC AFFAIRS AND CULTURAL PROGRAMMING.

ESPACE MUSIQUE: COMMERCIAL-FREE FRENCH-LANGUAGE MUSIC NETWORK, OFFERING JAZZ, CLASSICAL, CHANSON, DIVERSE WORLD MUSIC, AND EMERGING TALENT.

BANDEAPART.FM: FRENCH-LANGUAGE INTERACTIVE PROGRAMMING FOR YOUTH ON THE INTERNET.

CBC TELEVISION: ENGLISH-LANGUAGE NETWORK, DELIVERING A WIDE RANGE OF GENERAL, SPECIAL-INTEREST AND HIGH-IMPACT PROGRAMMING, NEWS AND INFORMATION.

CBC NEWSWORLD: ENGLISH-LANGUAGE 24-HOUR ALL-NEWS AND INFORMATION SERVICE, FINANCED ENTIRELY BY SUBSCRIPTIONS AND ADVERTISING REVENUE.

CBC COUNTRY CANADA: 24-HOUR ENGLISH-LANGUAGE DIGITAL TELEVISION SERVICE, BY SUBSCRIPTION, DEDICATED TO REGIONAL AND RURAL PROGRAMMING.

THE DOCUMENTARY CHANNEL: 24-HOUR ENGLISH-LANGUAGE DIGITAL TELEVISION SERVICE, BY SUBSCRIPTION, OFFERING CANADIAN AND INTERNATIONAL DOCUMENTARIES, IN PARTNERSHIP WITH OTHER MEDIA ORGANISATIONS, AND EXTENDING OUR REACH TO CANADIANS.

TÉLÉVISION DE RADIO-CANADA: FRENCH-LANGUAGE NETWORK DELIVERING A BROAD RANGE OF GENERAL, SPECIAL-INTEREST AND INNOVATIVE AUDACIOUS PROGRAMMING, NEWS AND INFORMATION.

RÉSEAU DE L'INFORMATION DE RADIO-CANADA (RDI): FRENCH-LANGUAGE 24-HOUR ALL-NEWS AND INFORMATION SERVICE, FINANCED ENTIRELY BY SUBSCRIPTIONS AND ADVERTISING REVENUE.

ARTV: FRENCH-LANGUAGE ARTS AND CULTURE TELEVISION SERVICE, BY SUBSCRIPTION, OFFERED THROUGH A PUBLIC-PRIVATE PARTNERSHIP.

TV5: AN INTERNATIONAL CONSORTIUM, OFFERING A MIX OF NEWS AND GENERAL-INTEREST FRENCH-LANGUAGE TELEVISION PROGRAMMING.

CBC NORTH | RADIO-CANADA NORD: RADIO AND TELEVISION SERVICES IN ENGLISH, FRENCH AND EIGHT ABORIGINAL LANGUAGES TO CANADA'S NORTHERN COMMUNITIES.

CBC.CA: ENGLISH-LANGUAGE INTERNET SERVICE CARRYING OUR RADIO AND TELEVISION CONTENT, UNIQUE NEW MEDIA AND CORPORATE INFORMATION.

RADIO-CANADA.CA: FRENCH-LANGUAGE INTERNET SERVICE CARRYING OUR RADIO AND TELEVISION CONTENT, UNIQUE NEW MEDIA AND CORPORATE INFORMATION.

WIRELESS: WAP AND SMS MESSAGING SERVICES DELIVERING INTERACTIVE CONTENT TO PDAS AND CELL PHONES.

GALAXIE: DIGITAL PAY COMMERCIAL-FREE AUDIO SERVICE OFFERING 45 CHANNELS OF CONTINUOUS MUSIC, WITHOUT TALK, TO OVER FOUR MILLION SUBSCRIBERS.

RADIO CANADA INTERNATIONAL (RCI): INTERNATIONAL SHORTWAVE RADIO SERVICE BROADCASTING IN NINE LANGUAGES.

CBC RECORDS | LES DISQUES SRC: RECORDING LABEL, RELEASING ABOUT 25 NEW CANADIAN CDS ANNUALLY.



CBC | RADIO - CANADA

DISTINCTIVE CANADIAN PROGRAMMING EVERYDAY

HIGHLIGHTS 2004 - 2005

- Hundreds of national and international awards for our English and French Radio, Television and New Media Services this year, including **53 GÉMEAUX**, **52 GEMINI**, two **PRIX BOOMERANG**, two **ONLINE NEWS ASSOCIATION PRIZES**, a **PRIX ITALIA**, four **GABRIELS**, and eight **NEW YORK FESTIVALS AWARDS**.
- **CBC RADIO ONE** – morning shows number one or two in 14 markets.
- **RADIO DE RADIO-CANADA**'s morning show, *C'est bien meilleur le matin*, on the **PREMIÈRE CHAÎNE** – number one in Montreal, seven days a week. **ESPACE MUSIQUE**'s audience increased by **37 per cent**, compared to Spring 2004 (*Fall 2004 BBM*).
- **CBC TELEVISION** – Canada's most-watched morning preschool programming.
- *Le téléjournal/Le point* – watched at 10:00 p.m. by **18.7 per cent** on average of Francophones.
- **CBC TELEVISION** audiences for *Rick Mercer's Monday Report* – **852,000** on average each week; *H₂O* on CBC Television watched by **NEARLY ONE MILLION**.
- *Tout le monde en parle* and *Les Bougon – c'est aussi ça la vie!* – on **TÉLÉVISION DE RADIO-CANADA** – each watched by **1.8 MILLION VIEWERS** on average every week.
- **CBC RADIO ONE**'s Anna Maria Tremonti (*The Current*) and Shelagh Rogers (*Sounds Like Canada*) – **MOST-LISTENED-TO RADIO PERSONALITIES** in Canada; *World Report* – Canada's **MOST-LISTENED-TO NEWSCAST**.
- **WORLD CUP OF HOCKEY FINALS** – nearly **FOUR MILLION VIEWERS FOR CBC TELEVISION** and 908,000 (**30 PER CENT** of the Francophone viewing audience) for the finals' retransmission on **TÉLÉVISION DE RADIO-CANADA**.
- **CBC RADIO ONE**'s *Canada Reads* – featured books entered the **TOP 10 ON NATIONAL SALES CHARTS** as a result of this program; *50 Tracks* – record levels of Web traffic and some featured tracks entered the **TOP 10 DOWNLOADS** on iTunes after play on the show.
- Anniversaries: **RCI** – 60 years of telling the world about Canada; **RDI** – 10 years of delivering News, 24 hours every day; **RADIO DE RADIO-CANADA** – 50 years of providing public radio to the Atlantic Provinces.

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THERE ARE SEVERAL SHOWS THAT WE FIND
EXCELLENT, MORE IN-DEPTH THAN THE NEWS
AND WE HOPE YOU CONTINUE TO SHOW THEM. ARE
THEY EVER REPEATED AND HOW DO PEOPLE BUY
COPIES? • How about a multi-cultural extravaganza to help

us respect our diverse culture? • IF
YOU WANT TO SEE SEX,
WATCH TV ANY TIME.
WHAT ARE OUR CHILDREN
LEARNING? • Where will our
collective conscience find a voice that can be
heard throughout the world if not through the
CBC? • I CANNOT BEGIN TO EXPRESS MY
GRATITUDE FOR YOUR BEING—TO
MY KNOWLEDGE—THE FIRST
NATIONAL NEWS NETWORK ON
THIS CONTINENT TO SERIOUSLY
RAISE QUESTIONS ABOUT THE
EVENTS SURROUNDING 9-11. •
WHY DON'T YOU PLAY
ANY ELVIS PRESLEY?





A PUBLIC SPACE—IS IT A PLACE FOR
ASKING QUESTIONS?



A PLACE FOR DEBATING IDEAS?

THANK YOU FOR THOUGHT-
PROVOKING JOURNALISM.
CNN COULD TAKE LESSONS
FROM YOU. • INSTEAD OF A BALANCED,
FAIR AND UNBIASED DISCUSSION, I HEARD
A ONE-SIDED 'INFOMERCIAL.' • Thanks for
your input and passionate interest in
meaningful broadcasting. • I LISTEN TO THE
SHOW EVERY DAY AND LOVE IT. SHELAGH
ACTUALLY SOUNDS LIKE CANADA TO ME—
FRIENDLY AND GRACIOUS.

DISGUSTED AT THE CONTENT
ON THIS SHOW. • FINDING OUT
ABOUT WHAT IS REALLY HAPPENING
GLOBALLY IS A HUGE PART OF WHAT CBC
CAN DO. • WE WOULD LOVE FOR YOU TO
COME TO IGLOOLIK, NUNAVUT. • A very
accurate portrayal and definitely made it
personal and more real for me. • YOUR
CONVERSATION WITH BARNEY
DANSON MOVED ME TO TEARS.

OR A PLACE FOR SHARING STORIES?





**IS IT A PLACE FOR PARTICIPATING
IN DEMOCRACY?**



I am a teacher for the public board of education in the Ottawa area and am developing a grade 11 law course for my students to access online. I am asking permission ... to use two of your articles in my course. • I HAVE FOUND THAT MORNING RADIO HAS BECOME NOTHING BUT A FESTIVAL OF WHINING AND COMPLAINTS FROM EVERY KNOWN INTEREST GROUP.

• CBC NEWS PERFORMED AN OUTSTANDING PUBLIC SERVICE IN BRINGING THIS INFORMATION TO THE PUBLIC. • I want a transcript. • WHAT CAN I DO TO HELP THIS TERRIBLE SITUATION? • Your piece on Terri Schiavo was abominable. How could you do this in such an insensitive manner? • THANK YOU FOR A BLUNT COMMENTARY ON GAMBLING.



OR IS IT SIMPLY A PLACE
TO BE ENTERTAINED?

THE EXTENSIVE RESEARCH,
OUTSTANDING SCRIPTS, TALENT IN
ROLE DEVELOPMENT AND CASTING,
FLAWLESS DIRECTION, AND SHEER
HEART IN EACH PIECE WERE A JOY TO
WITNESS. TRULY ADMIRABLE! • LET'S
HAVE MORE MUSIC AND LESS
COMMENTARY. • Awesome, interesting
commentary! • PLEASE OFFER MORE
PROGRAMS FOR PODCASTING! • THE
WRITING IS CONSTANTLY
BRILLIANT: EXCITING,
POWERFUL, CHARMING,
MOVING, AND HILARIOUS IN
TURNS. • I THINK YOU NEED TO
LIGHTEN UP A LITTLE. • This is the
dumbest thing I've ever heard. • I JUST
WANTED TO LET YOU KNOW THAT I THINK
THIS IS THE BEST SHOW ON TELEVISION. •
The variety of features is vast and good
enough to keep anybody entertained.







YOUR PUBLIC SPACE



WE BELIEVE IT'S
ALL OF THESE.
IT'S CBC | RADIO-CANADA.

AS CANADA'S NATIONAL PUBLIC BROADCASTER, CBC | RADIO-CANADA ADDRESSES CANADIANS AS CITIZENS WHO WANT TO BE INFORMED AND CHALLENGED AS WELL AS ENTERTAINED. THEY WANT TO BE EXPOSED TO A BROAD RANGE OF SUBJECTS, OPINIONS AND IDEAS THAT REFLECT THE DIVERSITY AND COMPLEXITY OF CANADIAN SOCIETY. THEY WANT A PUBLIC SPACE IN WHICH CONTINUAL QUESTIONING, DEBATE AND DISCUSSION ADD DEPTH TO THE PROCESSES OF A DEMOCRATIC SOCIETY. THIS IS THE UNIQUE AND ESSENTIAL ROLE OF CBC | RADIO-CANADA.

PRESIDENT AND CEO AND ACTING CHAIR'S MESSAGE

Robert Rabinovitch



WHENEVER I'M ASKED WHAT DEFINES CBC | RADIO-CANADA AND ITS PROGRAMMING, THREE QUALITIES IMMEDIATELY JUMP TO MIND: INTELLIGENT. INNOVATIVE. AUDACIOUS.

I BELIEVE THESE ATTRIBUTES BEST REFLECT WHO AND WHAT WE ARE AND WHAT WE STRIVE TO BE AS CANADA'S NATIONAL PUBLIC BROADCASTER. THEY ARE REFLECTED IN THE PROGRAMMING WE PRODUCE AND BROADCAST. THEY ALSO ENABLE US TO MANAGE THE TREMENDOUS CHANGE AND CHALLENGES THAT CHARACTERISE TODAY'S BROADCASTING INDUSTRY. I AM VERY PROUD THAT DESPITE SIGNIFICANT CHALLENGES IN 2004-2005 - THE CANCELLED NATIONAL HOCKEY LEAGUE SEASON, TO NAME ONLY THE MOST OBVIOUS ONE - WE CONTINUED TO DELIVER MORE HIGH-QUALITY PROGRAMMING, IN MORE WAYS, TO MORE CANADIANS. AND, CBC | RADIO-CANADA DEMONSTRATED REMARKABLE RESILIENCE, PROVING THAT IT REMAINS A HIGHLY CREATIVE, FLEXIBLE ORGANISATION.



TAKING RISKS, CHALLENGING AUDIENCES

This year, CBC | Radio-Canada produced dozens of examples of exceptional programming, proving once again that when it's done well, Canadians will seek out Canadian programming, often in large numbers.

Our websites, *CBC.ca* and *Radio-Canada.ca*, were the number one news sites in Canada • CBC Radio's *World Report* is Canada's number one newscast • Télévision de Radio-Canada's repositioning strategy continued to show results with programs like *Les Bougon - c'est aussi ça la vie!* and *Tout le monde en parle* drawing tremendous audiences and, in keeping with the role of a public broadcaster, inspiring public discussion and debate • CBC Television launched the third phase of its Transformation initiative to increase the viewership and value of the service through more high-impact Canadian drama and entertainment programming, improved information programming responding to viewers' needs, and stronger regional presence and programs • Radio de Radio-Canada launched Espace musique, a new distinctive music service reflecting the breadth of Canadian diversity and musical genres. The Fall 2004 BBM numbers show that Canadians are embracing this exciting new network • CBC Radio, along with CBC Television and *CBC.ca*, launched an ambitious arts and culture study - the largest of its kind in the Corporation's history - to provide us with the most up-to-date perspective on the state of Canadian arts and culture, and to help inform our cultural programming • CBC Radio continued to diversify its airwaves, ensuring that Canada's cultural makeup is reflected in its programming and on-air personalities • CBC created the Prairie Aboriginal Content Unit to provide content to both Radio and Television as part of a wider approach to developing First Nation's storytelling on the Prairies.

PRESIDENT AND CEO AND ACTING CHAIR'S MESSAGE

Robert Rabinovitch



These successes stem from our willingness to take risks, to challenge our audiences and to think about new ways of reaching them with the News, information and stories they want. These examples also demonstrate CBC | Radio-Canada's ability to evolve to meet the changing needs and interests of Canadians.

But producing quality programming is expensive and stable funding remained a key challenge for CBC | Radio-Canada in 2004–2005. In recent years, we have made tremendous strides in our efforts to operate more efficiently and to find savings and revenues that we can put back into programming. This past year was no different. For example, for the 2004 Summer Olympic Games in Athens, we employed groundbreaking technology – including high bandwidth fibre optic feeds and video server technology – to cover the Games more efficiently, in terms of resources, while enhancing the viewing experience for Canadians. Also in 2004–2005, we moved all of our Ottawa media operations under one roof in the heart of the city, as we did last year in Edmonton and Quebec City. These consolidations not only allow for more efficient use of real estate assets, but they also create opportunities for us to better connect with the community and for employees to collaborate in new, more productive and creative ways. We have already begun exploring options for a similar project for our Vancouver operations.

We continue to look for new ways of doing business more efficiently, but we know that our efforts, alone, will not be sufficient to cover increasing costs. CBC | Radio-Canada's 2004–2005 Parliamentary appropriation was worth over \$400 million less, in constant dollars, than it was in 1990. And every year, CBC | Radio-Canada must find another \$12 million in savings and revenues simply to deal with rising costs of program production, inflation, and runaway health care costs. We will continue to make the case to the federal Government for stable multi-year funding while working very hard to use our resources as efficiently as possible.

REACHING CANADIANS WHEN, WHERE AND HOW THEY WANT TO BE REACHED

Audience fragmentation continued to be a challenge for all broadcasters in 2004–2005. Despite the ongoing funding pressures facing CBC | Radio-Canada, we are staying relevant by reaching audiences through emerging technologies and broadcasting platforms.

In November 2004, we appeared before the Canadian Radio-television and Telecommunications Commission (CRTC) with our partners Standard Radio, Inc. and SIRIUS Satellite Radio, as part of our application to bring satellite radio to Canada. And in early March 2005, we began broadcasting High Definition Television (HDTV) in Toronto and Montreal, with plans to expand to other regions. We also began to experiment with podcasting – a technology that allows audiences to download audio files to their computers or personal media players to listen to when and where they choose.

Reflecting Canada's diversity and regions remains a priority for CBC | Radio-Canada. We offer this content on a national stage so that Canadians have a place where they can hear from, and learn about, one another. But we believe that Canadians would like even more local and regional programming from their national public broadcaster. To that end, we fulfilled our commitment to the House of Commons Standing Committee on Canadian Heritage to develop a fully costed plan to enhance local and regional programming. We have submitted our plan and look forward to further discussions with the federal Government about how to move the plan ahead. Given the financial pressures under which the Corporation is operating, CBC | Radio-Canada will be able to proceed with its local and regional strategy only if it receives adequate additional Government funding for it.

PRESIDENT AND CEO AND ACTING CHAIR'S MESSAGE

Robert Rabinovitch



ACCOUNTABLE TO CANADIANS

This past year, Canada's Crown Corporations entered a new era of stringent accountability and transparency. Understandably, Canadians want to know that the money they invest in their public institutions is well spent. In keeping with its commitment to enhancing transparency, accountability, financial responsibility, and ethical conduct, CBC | Radio-Canada has been proactive in implementing a Corporate policy on disclosure of wrongdoing.

The year 2004-2005 saw another media mis-step - this time at a major US network - following last year's crisis at the BBC and other major media outlets in France and the United States. Incidents like these only serve to erode the public's confidence in their news sources. As the national public broadcaster, CBC | Radio-Canada occupies a unique position of trust with regard to its role as a News organisation. With a view to further strengthening its own journalistic practices, which already are spelled out very clearly in a Corporate manual, CBC | Radio-Canada tabled with its Board of Directors, *Lessons from a Crisis* - a new report from the Corporation's Committee on Journalistic Standards and Practices. In addition to updating our Journalistic Standards and Practices policy we have conducted workshops on the findings of the report in our newsrooms across the country.

MY THANKS

Looking ahead, we are fortunate to have several new directors bringing exciting new perspectives and ideas to our Board of Directors. As we welcome them, we also extend thanks to our departing Board members for their hard work and commitment. We extend a special thanks to Carole Taylor, O.C., Board Chair from 2001 to March 2004, for her deep commitment to public broadcasting and her strong leadership. During her tenure, Carole Taylor championed inclusiveness and diversity, was always open to new opportunities for the Corporation, and believed in the importance of a public broadcaster taking risks with its programming.

Finally, it is my great pleasure to offer a heartfelt thanks to the people behind the successes of CBC | Radio-Canada - our employees. With their outstanding creativity, flexibility and innovation, CBC | Radio-Canada is well positioned to continue serving all of Canada and Canadians in the year ahead.

A handwritten signature in black ink, appearing to read 'Robert Rabinovitch', is positioned above the typed name.

ROBERT RABINOVITCH
PRESIDENT AND CEO AND ACTING CHAIR,
BOARD OF DIRECTORS

CORPORATE PRIORITIES

Our strategic course



CORPORATE PRIORITIES

HIGH-QUALITY, DISTINCTIVE CANADIAN PROGRAMMING

- Ensure distinctive programming of the highest quality.
- Recognise the importance of regional reflection and of the changing face of Canada.
- Ensure the sustainability of CBC | Radio-Canada's Canadian schedules.

EFFICIENCY

- Demonstrate that CBC | Radio-Canada is a well-managed company and generate cash flow to re-invest in programming.

CREATIVE & HUMAN RESOURCES

- Strengthen CBC | Radio-Canada's commitment to all its employees – to those who create and those who support them.

STRATEGIC PARTNERSHIPS

- Position CBC | Radio-Canada to enhance its ability to fulfil its mandate through selective alliances and partnerships.

COLLABORATION

- Reinforce the capacity of CBC | Radio-Canada to work as one integrated company.

STRONG STAKEHOLDER RELATIONS

- Enhance/strengthen CBC | Radio-Canada's stakeholder relationships.



PROGRAMMING PERFORMANCE INDICATORS

The programming year



CBC | RADIO-CANADA HAS IN PLACE AND USES PROGRAMMING PERFORMANCE INDICATORS TO ENSURE THAT IT IS CONTINUING TO PROVIDE CANADIANS VALUE FOR THE MONEY THEY HAVE INVESTED IN THEIR NATIONAL PUBLIC BROADCASTER.

Specifically, CBC | Radio-Canada monitors and evaluates the views and viewing, listening and surfing habits of Canadians to ensure that it is providing them with programming to their satisfaction and that meets their needs. Following are some examples of the objectives of each of CBC | Radio-Canada's media lines, as well as the indicators used by the Corporation to measure its performance against those objectives.

SERVICE AND OBJECTIVE	PERFORMANCE INDICATOR	RESULTS		
		2004-2005	2003-2004	2002-2003
CBC TELEVISION Provide audiences with distinctive Canadian English-language Television programming of the highest quality.	Prime time share <i>(Source: Nielsen Research, September-March)</i>	6.9%	7.1%	6.7%
	Percentage of Anglophone viewers (18+) satisfied with CBC Television <i>(Source: QRS)</i>	82%	82%	81%
TÉLÉVISION DE RADIO-CANADA Provide audiences with distinctive Canadian French-language Television programming of the highest quality.	Prime time share <i>(Source: BBM September-March, PPM (2004-2005, 2003-2004) PMT (2002-2003))*</i>	22.5%	16.0%	19.3%
	Percentage of Francophone viewers (18+) satisfied with Télévision de Radio-Canada <i>(Source: QRS)</i>	87%	84%	86%
CBC RADIO Provide audiences with distinctive Canadian English-language Radio programming of the highest quality.	Audience share <i>(Source: BBM Fall Sweeps)</i>	RADIO ONE 9.1%	RADIO ONE 8.3%	RADIO ONE 8.9%
		RADIO TWO 3.0%	RADIO TWO 3.2%	RADIO TWO 3.4%
	Percentage of Anglophone listeners (18+) satisfied with CBC Radio <i>(Source: QRS)</i>	86%	88%	87%

*BBM's PMT data was the French-language audience measurement currency up to, and including, 2003-2004. PPM data published here for that year therefore differs from data published in 2003-2004.

PROGRAMMING PERFORMANCE INDICATORS

The programming year



SERVICE AND OBJECTIVE

PERFORMANCE INDICATOR

RESULTS 2004-2005

2003-2004

2002-2003

RADIO DE RADIO-CANADA

Provide audiences with distinctive Canadian French-language Radio programming of the highest quality.

Audience share

(Source: BBM Fall Sweeps)

PREMIÈRE CHÂÎNE
12.6%

PREMIÈRE CHÂÎNE
13.3%

PREMIÈRE CHÂÎNE
10.0%

ESPACE MUSIQUE
3.0%

CHÂÎNE CULTURELLE
2.3%
(Last season)

CHÂÎNE CULTURELLE
2.4%

Percentage of Francophone viewers (18+) satisfied with Radio de Radio-Canada

(Source: QRS)

89%

88%

89%

CBC.CA

Provide users with timely, trustworthy and comprehensive online Canadian content in English.

Usage = Canadian unique visitors from home

(Source: comScore Media Metrix)

CBC.ca was among the top three news and media sites in Canada. 2,343,000 unique visitors from home.

CBC.ca was among the top three news and media sites in Canada. 2,149,000 unique visitors from home.

1,181,000 unique visitors from home.

Percentage of site visitors (18+) satisfied with CBC.ca

(Source: GIS)

94%

93%

90%

RADIO-CANADA.CA

Provide users with timely, trustworthy and comprehensive online Canadian content in French.

Usage = Francophone unique visitors from home

(Source: comScore Media Metrix)

Radio-Canada.ca was among the top three Francophone news and media sites in Canada. 1,352,000 Francophone unique visitors from home.

Radio-Canada.ca was among the top three Francophone news and media sites in Canada. 1,126,000 Francophone unique visitors from home.

885,000 Francophone unique visitors from home.

Percentage of site visitors (18+) satisfied with Radio-Canada.ca

(Source: GIS)

97%

97%

96%

Photos top to bottom:

1. Paul Gross, *H₂O*, CBC Television
2. Louison Danis, Hélène Bourgeois Leclerc, *Les Bougon - c'est aussi ça la vie!*, Télévision de Radio-Canada
3. Marcia Williams, *Canada at Five*, CBC Radio One and CBC Radio Two
4. Marie-France Bazzo, *Indicatif présent*, Première Chaîne, Radio de Radio-Canada
5. Ziya Tong, *ZeD*, CBC Television and *CBC.ca*
6. Claude Rajotte, *Espace musique*, Radio de Radio-Canada, and *Bandeapart.fm*

NEWS AND CURRENT AFFAIRS

The programming year



JOURNALISTIC EXCELLENCE 24 HOURS A DAY.

CANADIAN STORIES AND PERSPECTIVE.

SERVICE – WHERE, WHEN AND HOW CANADIANS WANT IT.



CBC | RADIO-CANADA OFFERS CANADIANS RELIABLE, UP-TO-THE-MINUTE NEWS COVERAGE OF DOMESTIC AND INTERNATIONAL EVENTS VIA RADIO, TELEVISION, INTERNET, AND WIRELESS DEVICES. WITH THEIR CHOICE OF WHERE, WHEN AND HOW TO RECEIVE THE NEWS, AUDIENCES TRUST OUR JOURNALISTS IN NEARLY 70 CANADIAN COMMUNITIES AND 13 INTERNATIONAL BUREAUX TO KEEP THEM INFORMED AND TO DELIVER THE RIGHT INFORMATION, FAST. OUR NEWS SERVICES SET A HIGH STANDARD FOR CANADIAN JOURNALISM BY BREAKING THE NEWS, PROVIDING CONTEXT AND ANALYSIS, AND STAYING WITH UNFOLDING STORIES. NO OTHER BROADCASTER FULLY COVERS THE COUNTRY IN ENGLISH AND FRENCH AND EIGHT ABORIGINAL LANGUAGES, BRINGING CANADIANS THE STORIES THAT BIND THEM FROM COAST-TO-COAST-TO-COAST.

The CBC News integration project, begun two years ago, has as its goal to enhance the quality and quantity of national, regional and international News coverage through the sharing of information, ideas and resources across CBC Radio, CBC Television, CBC Newsworld, and *CBC.ca*, while preserving the editorial integrity and identity of each one. Successes this year included extensive coverage of the 2004 federal election, conflict in Iraq, US election, and the tsunami in South Asia. In 2005-2006, the networks will continue to build on the successes of CBC News integration.

CURRENT AFFAIRS RENEWAL AND THE CBC NEWS STUDY

Current Affairs renewal and program development on CBC Television and CBC Newsworld brought high-impact topical specials and series this year, and miniseries' development for next year. Exciting programs were launched, including the challenging and engaging *CBC News: The Hour* with George Stroumboulopoulos; and the lively, provocative *Au Courant*, with Mitsou Gélinas.

Last year's CBC News Study is shaping strategy for 2005-2006 and beyond for CBC News, Current Affairs and CBC Newsworld, CBC Radio, and CBC News Online. The study was undertaken to learn what Canadians want from the media's News services. In future, to serve Canadians better and reinforce the Corporation's reputation as industry leader, CBC News will broaden its content, views and voices, update its style, and increase international coverage. CBC Television will translate the study's findings into programs, by building on *CBC News: The National's* strengths; piloting regional *CBC News: Canada Now* shows in three locations; and enhancing all of the networks' News programming. CBC Newsworld will provide more live News throughout the day, with documentaries and Current Affairs in the evenings.

Photo top left:
The Great Terry Fox 1958-1981.
Photo credit: Gail Harvey

Photo right:
Photos of missing people posted outside a hospital after the December 26, 2004 tsunami in South Asia. CBC | Radio-Canada's English and French Radio, Television and New Media services brought Canadians the most up-to-date coverage of this event. Photo credit: Dermot Tatlow

NEWS AND CURRENT AFFAIRS
The programming year



NEWS AND CURRENT AFFAIRS

The programming year



TÉLÉVISION DE RADIO-CANADA'S SUCCESSFUL REPOSITIONING

Two years ago, Télévision de Radio-Canada began its very successful repositioning in the competitive French-language market by refocusing its mission on public service and presenting programming open to the world and to different perspectives; credible, bold, and audacious.

In News and information, this repositioning led to the consolidation of all newscasts, including the 13 regional supper-hour programs, under a single banner: *Le téléjournal*. There were over 40 hours of weekly informational programming, a level unequalled in its history, which included 12 Public Affairs programs. A notable addition was *simondurivage.com*, which uses technology to connect live with participants by telephone and Internet.

In October 2004, Télévision de Radio-Canada's credibility was illustrated when *Le téléjournal* aired an exclusive report on the findings of an investigation into infections in Quebec hospitals, led by the science program *Découverte*. The investigation resulted in the Quebec health department implementing a series of preventive measures in the province's health care facilities.

By Spring 2005, Télévision de Radio-Canada had consolidated viewership for its News and information programs and regional newscasts, produced in five national and 29 regional bureaux. Between



Winter 2004 and Winter 2005, audience shares for *Le téléjournal/Le point* rose from 14.6 to 18.7 per cent for its 10:00 p.m. edition, and from 12.6 to 15.8 per cent for its 10:30 p.m. edition (BBM).

In 2005-2006, Télévision de Radio-Canada will continue to deliver highly credible News and information programming through a wide range of platforms, programs and approaches reflecting a variety of paces and myriad colours.

Réseau de l'information de Radio-Canada (RDI), the Corporation's French-language 24-hour all-News network, celebrated its tenth anniversary this year. RDI is now completely

integrated into Télévision de Radio-Canada's operations, creating efficiencies through the sharing of resources, programming and expertise, and allowing for more, high-quality coverage.

OUR RADIO NETWORKS DELIVER TRUSTED, INNOVATIVE PROGRAMMING

For almost 70 years, our public service Radio networks have provided Canadians with trusted, comprehensive and balanced News and Current Affairs programming and a unique forum for a wide range of viewpoints. As Canada has evolved, within our budgetary limits our networks have responded to accurately reflect regions, diversity and demographics of contemporary audiences by introducing new voices, ideas, innovation, and a flexible schedule for breaking News.

Canadians have responded: Radio de Radio-Canada's Première Chaîne achieved an audience of one million for the first time, remaining in first place in Montreal on weekday and weekend mornings (Spring 2005 BBM). CBC Radio One continued its trend of improvement over the last two years, growing 10 per cent between Fall 2003 and Fall 2004 (BBM), led in part by the strength of regional morning shows (14 are number one or two in their markets, including Toronto - the largest and most competitive market in

NEWS AND CURRENT AFFAIRS

The programming year



Canada), and fueled by the network's commitment to the strategy of reflection and diversity of each community in which it broadcasts.

CBC Radio is present in over 50 Canadian communities, creating local, regional and national programs that explore different perspectives, opinions and events. CBC Radio is furthering News integration across the country and continuing to develop its News programming – expanding the range of *World Report* and *The World At Six*; adding a national arts reporter and new business reporters – as informed by the results of the CBC News Study. CBC Radio's objectives for 2005-2006 are network growth; regional roots; reflection and diversity in voice and perspective; and realising and redirecting all possible efficiencies to programming.

Radio de Radio-Canada is firmly rooted in Canada's communities as well. With 20 production centres and 14 regional News bureaux across the country, it is the most comprehensive French-language News network on radio in Canada. In addition to News, it offers eight hours of Public Affairs, 12 hours of Current Affairs and numerous prime-time interviews each week. The network reaches 98 per cent of Canada's Francophone population, and it is the only public radio service in the world to broadcast in French across an entire continent.

Radio de Radio-Canada announced a repositioning plan in May 2004 that included strengthening regional reflection and arts and culture programming on the Première Chaîne – the network's dedicated News and information service, delivering regional, national and international News and information and Current Affairs.

In 2005-2006, Radio de Radio-Canada will reinforce the positioning of the Première Chaîne, further strengthening regional reflection and maintaining audience levels.

NEW MEDIA HELPS US REACH MORE CANADIANS

New Media augments the Corporation's services and helps us reach more Canadians – allowing them to receive News, whenever they want it, whether inside or outside of Canada. Again this year, *CBC.ca* and *Radio-Canada.ca* were among the top three news and media sites most used by Canadians.

Photo left:
Peter Mansbridge with school children in Cape Dorset, Nunavut, *CBC News: The National*, CBC Television and CBC Newsworld

Photos above top to bottom:

1. Carole MacNeil and Evan Solomon, *CBC News: Sunday* and *CBC News: Sunday Night*, CBC Television and CBC Newsworld
2. George Stroumboulopoulos, *CBC News: The Hour*, CBC Newsworld
3. Barbara Smith and Bernie MacNamee, *The World at Six*, CBC Radio One and CBC Radio Two
4. Céline Galipeau, *Le téléjournal/Le point*, Télévision de Radio-Canada and RDI
5. Bernard Derome, *Le téléjournal/Le point*, Télévision de Radio-Canada and RDI
6. René Homier-Roy, *C'est bien meilleur le matin*, Première Chaîne, Radio de Radio-Canada

This year, our English and French News services for Television, Radio and New Media again worked together to produce regular and special News, information and documentary programming of interest to all Canadians. Following the Corporation's most fully integrated cross-media and cross-cultural journalistic coverage for the 2004 federal election, plans are underway for an exchange between the News departments of CBC and Radio-Canada during the next federal election, to strengthen collaborative efforts and the sharing of information for better coverage for Canadians.

The Corporation released its fully costed strategy for improving Canadians' access to local and regional public broadcasting services, with increased coverage of local and regional News, culture and current events. The plan, presented to the Minister of Canadian Heritage in December 2004, was developed in response to a request last year by the House of Commons Standing Committee on Canadian Heritage. We await the Government's decision on funding this plan, which would be implemented over three years.

ARTS AND ENTERTAINMENT

The programming year



UNIQUE, INNOVATIVE CANADIAN PROGRAMMING. CONTEMPORARY STORIES FOR A DIVERSE POPULATION. TAKING RISKS. SHOWCASING NEW CANADIAN TALENT.



EVERYDAY, OUR ARTS AND ENTERTAINMENT PROGRAMMING TELLS STORIES BY AND ABOUT CANADIANS FROM DIFFERENT REGIONS OF THE COUNTRY. WE PRESENT HIGH-QUALITY CONTEMPORARY DRAMA AND ENTERTAINMENT, FOUND NOWHERE ELSE — CANADIAN PROGRAMMING THAT TRULY ENTERTAINS AND ATTRACTS LARGE AUDIENCES. OUR PRODUCTIONS CAPTURE DOMESTIC EVENTS AND EXPLORE CONTEMPORARY IDEAS — INITIATING DEBATE, HELPING TO PRESERVE NATIONAL MEMORY, AND FEEDING CURIOUS MINDS. WITH THE PUBLIC AS ITS

SHAREHOLDER, CBC | RADIO-CANADA CAN TAKE RISKS AND DEVOTE RESOURCES TO CREATING INNOVATIVE PROGRAMMING AND MAINTAINING A PRIMARILY CANADIAN SCHEDULE.

New and experienced Canadian talent finds a stage and crucial exposure on our airwaves. In a highly competitive environment dominated by foreign programming, CBC | Radio-Canada makes a vital contribution to sustaining Canadian culture by continuing to invest over \$120 million annually in productions and artistic competitions.

STRONG SUCCESSES AND CHALLENGES IN 2004-2005

In 2004-2005, despite audience fragmentation affecting broadcasters worldwide, CBC | Radio-Canada had strong successes and faced its challenges head-on. Importantly, it again demonstrated that significant Canadian audiences will turn to excellent homegrown programming, such as this year's *L'Héritière de Grande Ourse*, *Minuit le soir*, *La vie rêvée de Mario Jean*, and *Cover Girl* on Télévision de Radio-Canada; *Rick Mercer's Monday Report*, *This is Wonderland* and *Da Vinci's Inquest* on CBC Television; *Canada Reads* and *50 Tracks* on CBC Radio; and contemporary Canada's diverse music on Espace musique.

Radio de Radio-Canada had a banner year. In May 2004, the network announced a bold repositioning, based on the need in Canadian French-language radio for excellent, dedicated News and information, and diverse music and airplay for Canadian artists. To meet these needs, Radio de Radio-Canada increased arts and culture programming by 12 hours on the Première Chaîne and launched the exciting Espace musique network in September 2004.

AN EXCITING BEGINNING FOR ESPACE MUSIQUE

Espace musique's Fall 2004 BBM results showed a 37 per cent audience increase (431,000 listeners) compared to Spring 2004 and the best audience share numbers for Radio de Radio-Canada's music services since 1997-1998.

Photo top left:
Pierre Berton and Rick Mercer,
Rick Mercer's Monday Report,
CBC Television

Photo right:
Solstrom, from Canada's
renowned Cirque du Soleil, was
shown on CBC Television and
Télévision de Radio-Canada this year.

ARTS AND ENTERTAINMENT

The programming year



ARTS AND ENTERTAINMENT

The programming year



With *Radio-Canada.ca*'s support, even more Canadian music will be heard next year. The Première Chaîne's audience share rose to 12.6 per cent among Francophones in the markets served by Radio-Canada (Fall 2004 BBM), for a record combined audience share of 15.7 per cent. *Radio-Canada.ca*'s *Culture* zone, incorporated into the *Nouvelles* zone, saw its audience grow by 554 per cent over the past year.



CBC Radio's delivery of exceptional arts, music, literature, and drama is highly valued by Canadians. The most recent ratings show

CBC Radio with an excellent combined audience share of 12.6 per cent (Spring 2005 BBM). Of note, the 35-49-year-old demographic showed a 30 per cent increase for Radio One over last year.

CBC Radio's vision is to embrace all sectors of Canadian society, and to strongly promote Canadian culture. Its objectives are to make it more relevant, more valued and used by more people, by focusing on audience growth, regional roots, reflection and diversity in voice and perspective, and redirecting all possible efficiencies to programming.

CBC Radio is incorporating new and emerging talent, new voices and ideas into its schedule and ensuring that evolving expectations are part of programming decisions. CBC Radio successfully launched 19 new shows in Summer 2004 (13 of them regionally produced), introducing hosts and exploring different programming terrain. Radio Two expanded and improved its service in Saskatchewan, Newfoundland and the Yukon.

CBC Radio and Radio de Radio-Canada are extending their brand internationally and expanding their distribution through Internet downloading, podcasting and international sales. We are waiting to learn the Canadian Radio-television and Telecommunications Commission's (CRTC) decision on our application for a satellite radio license, in partnership with SIRIUS and Standard Broadcasting Inc. The license would allow us to significantly increase our cultural programming for domestic audiences, air Canadian talent internationally, and attract a new, younger demographic through programs such as those on *CBC Radio 3* and *bandeapart.fm*.

Last year, we undertook our largest-ever study of arts and culture content and delivery on CBC Radio, CBC Television and *CBC.ca* in order to help us create programming that better serves evolving audience interests. Changes have begun. For instance, *CBC.ca* redeveloped its arts section, increasing traffic considerably, compared to last year.

TÉLÉVISION DE RADIO-CANADA: "VOUS ALLEZ VOIR"

Télévision de Radio-Canada's outstanding audiences in 2004-2005 resulted from its significant repositioning. Under the banner, *Vous allez voir*, the network this year presented bold, audacious drama reflecting contemporary society, and worked with young authors, new actors and talented directors.

ARTS AND ENTERTAINMENT

The programming year



The public has embraced the network's new programming: *Tout le monde en parle* and *Les Bougon – c'est aussi ça la vie!* each attract an average weekly audience of 1.8 million viewers – out of a potential audience of only seven million.

In the wake of this year's success, Télévision de Radio-Canada will consolidate its distinctive character in 2005–2006, to better fulfil its public service role.

CBC Television, *Canada's Own*, continued its own transformation to a more clearly defined public broadcaster. During 2004–2005, the network maintained its prime-time audience share of seven per cent. High-impact dramas with high production values attracted significant public, press, industry, and audience attention again this year, such as: *H₂O* (almost one million viewers); *Sex Traffic* (multi-award-winning); *A Bear Named Winnie* (1.2 million viewers); *Rick Mercer's Monday Report* (852,000 viewers on average each week); *This Hour Has 22 Minutes*; *The Tournament*; and three comedy pilots. Large, loyal audiences for these programs demonstrate Canadians' thirst for great domestic fare.

CBC Television's next transformation phase will focus on News renewal, regional reflection, Canadian drama, and a renewed commitment to children's programming, sports and arts. Producing more, excellent drama requires stable, multi-year funding. Should it become available, the network's strategy is to increase by 50 per cent the hours of Canadian drama, by 2008, confirming the network's premier position as *the* English-language network for Canadian drama and entertainment; and by 10 per cent, the hours of Canadian comedy.

Young adults are offered dedicated music and culture services on-air and online. *CBC Radio 3* has announced exciting changes: in future, its content will be heard across CBC Radio; its unique websites will be merged under *cbcradio3.com*; and its Web magazine will be relaunched next year. *Music Works* and *ZeD* continue to showcase young Canadian bands and filmmakers on CBC Television. *ZeD*, which invites audiences to upload their audio-visual creations to the program, will be relaunched next year.

The interactive website *bandeapart.fm* and Espace musique's program, *Bandeapart.fm et ses musiques émergentes*, offer a unique and highly progressive showcase for homegrown and international talent. This year, *Bandeapart.fm* recorded over 50 concerts from the French-language music scene in Canada and Europe. Its website features eight Web Radio stations, 60 online concerts, over 300 artist profiles, new releases, and an interactive hit parade.

Photo top left:
Vincent Bolduc, René Richard Cyr,
Frédéric Pierre, *Cover Girl*,
Télévision de Radio-Canada

Photos above top to bottom:

1. Michael Fassbender and Winnie, *A Bear Named Winnie*, CBC Television
2. Gérard D. Laflaque, *Et Dieu créa... Laflaque*, Télévision de Radio-Canada
3. Sophie Durocher, Espace musique, Radio de Radio-Canada
4. Guy A. Lepage, *Tout le monde en parle*, Télévision de Radio-Canada
5. Anamaria Marinca, *Sex Traffic*, CBC Television
6. Jian Ghomeshi, CBC Newsworld, and *50 Tracks, Sounds Like Canada*, CBC Radio One and *CBC.ca*

In partnership, CBC | Radio-Canada also operates ARTV, the French-language arts and culture television channel available to 1.65 million subscribers across Canada. With more than half of its programs Canadian, ARTV helps to fulfil our mandate and extends our reach to more Canadians.

Galaxie is CBC | Radio-Canada's 24-hour-a-day digital pay audio service, available through satellite, cable and microwave digital distribution systems. With over four million subscribers, Galaxie increased its contribution to the Corporation's net income in 2004–2005. Galaxie also helped to fulfil CBC | Radio-Canada's cultural mandate by promoting Canadian artists, and playing more of their music than all Canadian radio stations combined. As required by the CRTC, Galaxie contributed over half a million dollars to indigenous musical talent development.

CHILDREN AND YOUTH

The programming year



SAFE, COMMERCIAL-FREE PROGRAMMING. INSPIRATION, LEARNING AND FUN. COMPLEX ISSUES EXPLORED COMPREHENSIBLY.



CBC | RADIO-CANADA IS A LEADER AMONG PUBLIC BROADCASTERS IN HELPING TO PREPARE THE NEXT GENERATION FOR THE CHALLENGES AHEAD. IN A COMPLEX WORLD, CBC | RADIO-CANADA DELIVERS STIMULATING, NON-VIOLENT, COMMERCIAL-FREE PROGRAMMING THAT REFLECTS THE TIMES, PRESENTS DIFFERENT POINTS OF VIEW, AND TREATS CHILDREN AS CITIZENS RATHER THAN CONSUMERS.

After launching the rebranded *Kids' CBC* last year, offering trusted, fun, innovative, and smart programming, CBC Television regained its ranking as Canada's number one preschool programming block. New Canadian programs and initiatives focusing on interaction between audiences and CBC were added on-air and online, such as *The Doodlebops*, *Dragon Booster*, and *Surprise! It's Edible Incredible!* Better connecting with our audiences onscreen, online and in person was a major priority this year: sold-out live shows with *Kids' CBC* hosts Patty and Dot were attended by 15,000 in 11 cities; and 3,900 Canadian teens and "tweens" appeared on *The X*. *CBC.ca's Kids' sites' traffic* has more than doubled since 2002-2003, to reach 203,583 unique visitors per month in 2003-2004 (*comScore Media Metrix*, Canadians 2 years and older at home).

ADOLESCENTS' FAVOURITES AND SOME "NERVE"

New, audacious youth Television and Web programming was seen in *nerve*, covering social and personal issue stories that matter to young people, while *Chilly Beach*, *Street Cents* and *Edgemont* returned.

For 2005-2006, CBC Television has renewed its commitment to providing more high-quality Canadian programming for children and youth, to satisfy appetites for entertainment with intellectual and social content.

Télévision de Radio-Canada continued to offer young audiences high-quality programming every day, including favourites like *Watatatow* and *Têtes @ Kat*. The network strengthened its weekday afternoon programming for adolescents, with bold animation and new Canadian drama such as *Match!* The need for innovative, challenging fare also brought new programming on weekend mornings. For children up to nine years old, Stéphanie Vecchio and *Les chatouilles* hosted animation. For those up to 12 years old, animation exploring adventure, action and emotions was woven together with an original concept, *La grosse minute* - "capsules" delivered by young, dynamic reporters.

In 2005-2006, Télévision de Radio-Canada will continue to reach out to and connect with its audiences. The network will put special emphasis on developing new programming targeted at different age groups.

Radio-Canada.ca's Jeunesse site offered a book club, educational games, and a contest in collaboration with the Orchestre Métropolitain de Montréal this year. The site's monthly traffic stood at 301,000 unique visitors this year. Radio de Radio-Canada presented interactive programs such as *275-allô/ados-radio* on the Première Chaîne to help children understand themselves.

Photo top left:
Nanalan, CBC Television

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CHILDREN AND YOUTH

The programming year



SPORTS

The programming year



**CELEBRATING CANADA'S OUTSTANDING ATHLETES.
DELIVERING SPORTS THAT KEEP CANADIANS WATCHING.
BUILDING PRIDE IN HOMEGROWN TALENT.
INSPIRING THE DESIRE TO REACH ONE'S GOALS.**



THE PINNACLE OF OUR SPORTS COVERAGE THIS YEAR WAS THAT OF THE 2004 SUMMER OLYMPICS AND PARALYMPICS IN ATHENS. OUR ENGLISH, FRENCH, TELEVISION, RADIO, AND NEW MEDIA SERVICES WORKED TOGETHER AND POOLED THEIR RESOURCES TO BRING CANADIANS THE FINEST PROGRAMMING. WITH PUBLIC SERVICE THE GOAL, WE OFFERED OUR COVERAGE ON NUMEROUS DIFFERENT PLATFORMS THIS YEAR, MAKING IT EASY FOR CANADIANS TO LISTEN, WATCH AND LOG-ON, WHENEVER AND WHEREVER THEY WANTED TO DO SO. NEW

TECHNOLOGY WAS EMPLOYED BY TÉLÉVISION DE RADIO-CANADA FOR THE FIRST TIME DURING THESE GAMES, WHICH ALLOWED A SMALL TECHNICAL STAFF SENT TO ATHENS TO RELAY ITS USUAL COVERAGE AND AUDIO-VISUALS TO CANADA FOR DISTRIBUTION ON OUR AIRWAVES AT A LESSER COST. THE SAME TECHNOLOGY WILL BE USED BY BOTH OUR FRENCH- AND ENGLISH-LANGUAGE TELEVISION NETWORKS FOR THE NEXT TWO OLYMPIC GAMES ON CBC | RADIO-CANADA, FOR FURTHER SAVINGS, WHILE UPHOLDING OUR TRADITIONAL BROADCASTING STANDARDS.

THE SPORTS YEAR AND A LOOK AHEAD

In other ways, this was not a typical sports year for CBC | Radio-Canada: the National Hockey League (NHL) lockout deprived millions of Canadians their traditional winter entertainment, as well as significant revenue for CBC | Radio-Canada that is normally used to fund other programming for Canadians. This meant that the Corporation had to juggle its 2004-2005 commitments to employees and programming. Like the fans, we look forward to the return of a regular NHL season next year. And, we lost the bid for the 2010 and 2012 Olympic Games. We offered our proven quality, experience and reliability, and a fiscally responsible bid, appropriate for a Crown Corporation. We look forward to covering the Games in Turin (2006) and Beijing (2008) for which Canadians can expect award-winning coverage from their national public broadcaster.

Photo top left:
2004 Summer Olympics and
Paralympics in Athens.
Photo credit: Cindy Mousseau

SPORTS

The programming year



SPORTS

The programming year



REGULAR SPORTS PROGRAMMING

Year in, year out, CBC | Radio-Canada covers the country's amateur athletes as they compete in national and international competitions on their way to the Olympics.

In 2004-2005, Télévision de Radio-Canada again carried its very popular, award-winning program, *Adrénaline*, and its new program, *Le revers de la médaille*. These programs focus on amateur sports, and especially on Canadians preparing for Olympic Games, as does *CBC Sports Saturday* on CBC Television, and *The Inside Track* on CBC Radio One. During 2004-2005, CBC Television and Télévision de Radio-Canada built on their high-performance sports strategies that include an emphasis on amateur sports, redesigned weekend afternoon sports programming blocks, and coordinated coverage across all media lines. Our networks cover more sports, and a broader range of them, than any other network - including sports specialty channels.

New Media continued its important role in providing Canadians up-to-the-minute sports information, any time, anywhere, and extending and improving our service to Canadians.

CURLING

CBC Television has been covering curling for more than 40 years. CBC Sports has exclusive rights to the "Curling Season of Champions" in a four-year partnership with the Canadian Curling Association. Broadcasts of draws this year were planned for different timeslots in the schedules of CBC Television and CBC Country Canada. While we offered good coverage of curling in Winter 2005, our audiences asked for additional broadcasts. We listened and made arrangements with The Score Television Network to augment our games' presentations.



SPORTS

The programming year

HOCKEY

CBC Television and Télévision de Radio-Canada drew large audiences for their coverage of the 2004 World Cup of Hockey. For the retransmission of the final game, Télévision de Radio-Canada brought in an audience of 908,000, which is 30 per cent of the Francophone viewing market. CBC Television attracted an average of 1.5 million viewers in prime time for the games, and a peak audience of nearly four million for the finals. CBC Radio also covered the semi-final and final games.

While nothing can take the place of NHL games in Canadians' hearts, during the hockey lock-out, CBC Television offered its fans *Movie Night in Canada* – three consecutive films, suitable for different ages, and presented each week by their favourite *HNIC* host, Ron MacLean. Audiences have been strong.

Also for bereft hockey fans, CBC Television presented *Making the Cut*, an original 13-week prime-time reality drama about hockey players hoping to win actual tryouts for NHL teams. More than 4,000 unsigned players jumped at the opportunity to be judged by well-known NHL coaches, with just six being chosen from the 68 finalists.

Photos far left clockwise:

1. Steve Ovett, Don Wittman, Michael Smith, Olympics hosts, CBC Television. *Photo credit: Cindy Mousseau*
2. François Faucher, Marie-José Turcotte, Guy D'Aoust, Olympics hosts, Télévision de Radio-Canada
3. Mark Lee, Darren Flutie, Chris Walby, Greg Frers, Brian Williams, Sean Millington, *CFL on CBC*, CBC Television

SPORTS PROGRAMMING HIGHLIGHTS

SPRING 2004 STANLEY CUP

- Canadians love hockey: **4.862 MILLION VIEWERS** for **GAME 7** on CBC Television (the second-highest *Hockey Night in Canada* audience since 1994).

92ND GREY CUP, 2004:

The Great Tradition Continues

- Covered by Television, Radio and New Media.
- CBC | Radio-Canada public outreach events in Ottawa.
- CBC Television: average of over 4 million viewers, peaking at **4.5 MILLION** (4 per cent audience increase over the previous year).
- The **SECOND-MOST-WATCHED GREY CUP** game in the last **10 YEARS**, and the third highest ever.
- Impressive audiences for the 22 regular season CFL/LCF games in 2004.

OLYMPICS

- **17 CONSECUTIVE DAYS**.
- CBC Television: **289 HOURS** (84 in prime time).
- CBC Newsworld: more than **115 HOURS**.
- Télévision de Radio-Canada: more than **220 HOURS**.
- CBC Country Canada: **EXCLUSIVE BROADCAST** of equestrian events.
- CBC Radio and Radio de Radio-Canada: frequent daily updates.
- It is estimated that **26 MILLION** Canadians watched at least some of the Olympics on either CBC Television or Télévision de Radio-Canada.
- *CBC.ca* and *Radio-Canada.ca*: **1.8 MILLION UNIQUE VISITORS** during August 2004 (*comScore Media Metrix* Canadians at home only).
- CBC Television received its **THIRD IOC GOLDEN RINGS AWARD** for broadcasting excellence.

CBC | RADIO-CANADA ON THE INTERNATIONAL SCENE

The programming year



CBC | RADIO-CANADA'S INTERNATIONAL MISSION. INCREASING UNDERSTANDING OF CANADIAN VALUES, CULTURE, SOCIAL AND ECONOMIC LIFE.



FOR 60 YEARS, CBC | RADIO-CANADA HAS DELIVERED PROGRAMS TO INTERNATIONAL AUDIENCES, BRINGING A CANADIAN VOICE AND PERSPECTIVE TO THE AIRWAVES AND EARNING A REPUTATION AS ONE OF THE WORLD'S MOST ACCOMPLISHED INTERNATIONAL BROADCASTERS. OUR PROGRAMMING IS AVAILABLE AROUND THE WORLD VIA RADIO CANADA INTERNATIONAL, TV5 MONDE, NEWSWORLD INTERNATIONAL (UNTIL 2005-2006), AND THROUGH AGREEMENTS WITH OTHER PUBLIC BROADCASTERS.

WE ALSO OFFER TRAINING IN SUPPORT OF MEDIA GROWTH IN DEVELOPING COUNTRIES AND EMERGING DEMOCRACIES, AND THIS YEAR OPENED OUR NEW TRAINING INSTITUTION.

Through the Government of Canada, Canadians have entrusted CBC | Radio-Canada with an international mission to increase understanding of Canadian values, culture, and social and economic life as a means of boosting Canada's influence and contributions on the world stage. To address this challenge, our international strategy framework focuses on cultural diversity, journalistic excellence, technological expertise, and the Francophonie, and includes various strategic objectives, such as providing knowledge about Canada, and showcasing Canadian productions and creators abroad and acquiring the best international productions for Canadians.

RADIO CANADA INTERNATIONAL

Radio Canada International (RCI), CBC | Radio-Canada's international radio service, broadcasts in nine languages via the Internet, digital and analog shortwave, satellite, and 350 partner stations worldwide.

This year was RCI's 60th anniversary, and it was celebrated with special programs, concerts and events, and the addition of a new online segment about RCI's history, assembled by *Radio-Canada.ca*'s archives team.

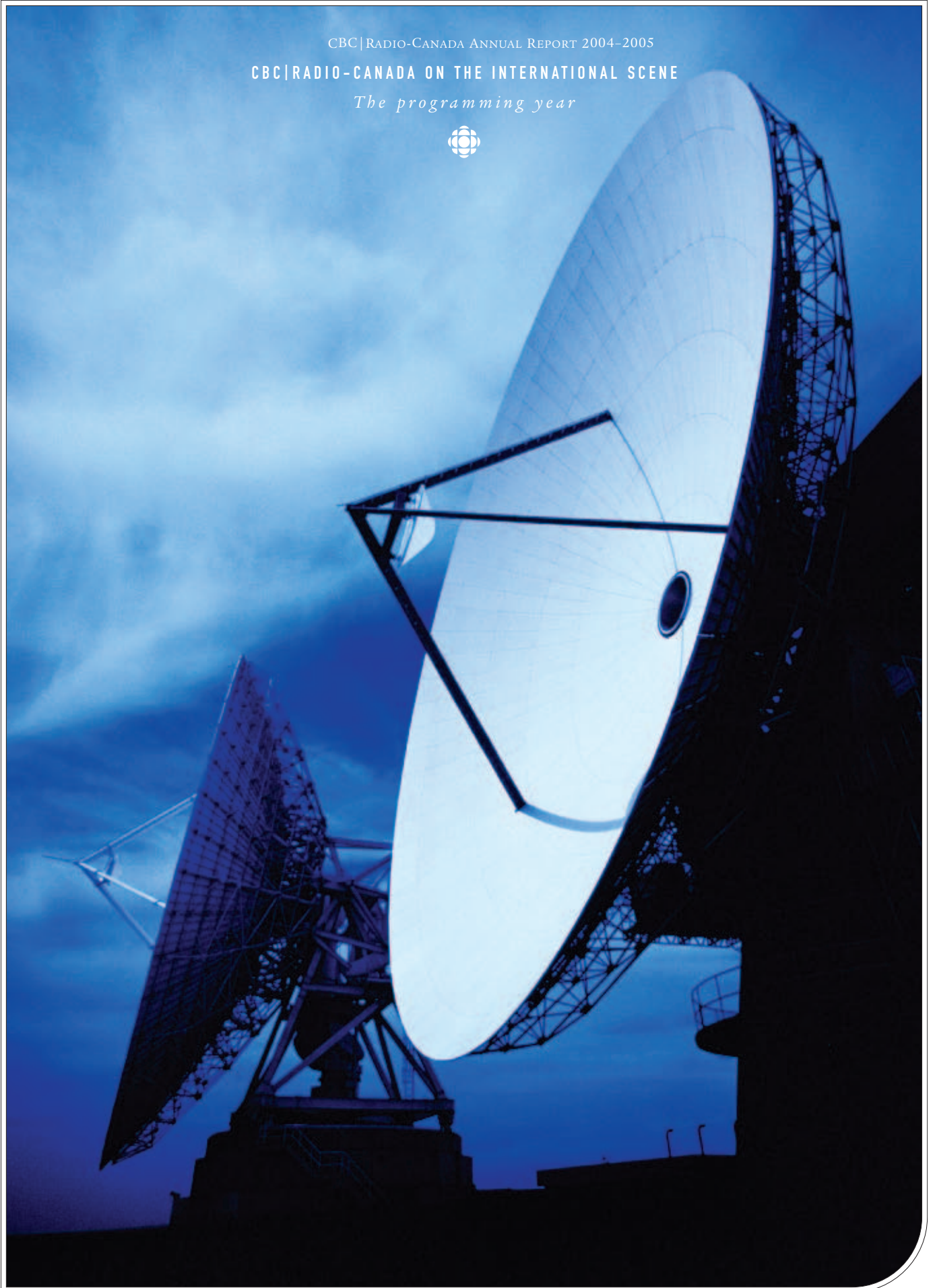
This was also the year for implementing RCI's repositioning plan, which was created last year in response to the Government of Canada having redefined the service's mandate - to produce and broadcast programs specifically designed to better acquaint foreign audiences with Canada. Under the repositioning plan, RCI is clearly targeting its international audiences to reach Europe and Sub-Saharan Africa (English, French), India (English), North Africa (French), Latin America (Spanish, Portuguese), the Middle East (Arabic, French), China (Cantonese, Mandarin), Russia (Russian), and the Ukraine (Ukrainian).

Photo top left:
Jim Hoffman, cameraman, and
Adrienne Arseneault, CBC News
Middle East bureau chief

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CBC | RADIO-CANADA PROGRAMMING ABROAD

- **CBC RADIO**'s *As It Happens* is heard on 104 stations in the US, while 10 other network programs, including *Sunday Edition*, *Quirks & Quarks* and *DiscDrive* are also heard there. *Ideas* and the *Massey Lectures* are heard in Australia and New Zealand. CBC Radio continues to expand its reach internationally and to seek opportunities for collaboration and co-production.
- **CBC TELEVISION**'s programming strategy includes international co-production, such as *Hemispheres* with the Australian Broadcasting Corporation, and award-winning co-productions between *the fifth estate* and *Frontline*. Important agreements developed this year will lead to exciting programming for the 2005-2006 season, including a new weekly public affairs program with *The New York Times*.
- **CBC NEWS** produces, purchases and exchanges international News coverage.
- For more than 10 years, **NEWSWORLD INTERNATIONAL** has brought CBC News and Current Affairs programming to the US and Latin America, reaching 19 million households in 2004-2005 and producing significant revenue for CBC | Radio-Canada. The network's recent ownership change will end this agreement in 2005.
- **CBC INTERNATIONAL SALES** distributes high-quality programming to broadcasters in over 100 countries. Already providing substantial revenue to the Corporation, it is now strategically positioned to exploit new worldwide opportunities in the digital television landscape.
- **TÉLÉVISION DE RADIO-CANADA** is a shareholder in TV5 Monde, available to 167 million viewers in 203 countries and territories worldwide. TV5 Monde annually broadcasts 400 hours of Télévision de Radio-Canada programming in the areas of Current Affairs and cultural magazines, special informational programs, Canadian films, documentaries, and drama. Among these are *Découverte*, *La semaine verte*, *Christiane Charrette en direct*, *Catherine*, *Bunker*, *le cirque*, *L'Ombre de l'épervier*, feature films *La femme qui boit* and *Québec-Montréal*, as well as a compilation of reports from Télévision de Radio-Canada's Public Affairs programs, assembled especially for TV5 Monde. Also, in prime time, TV5 Monde broadcasts an international edition of *5 sur 5* called *5 sur 5 Monde*. During the year, TV5 Monde carried several special Radio-Canada informational programs, such as the 2004 Leaders' Debate and results of the federal election, national and provincial celebrations, and cultural events such as the Gala de l'ADISQ.
- **RADIO DE RADIO-CANADA** provides a daily News bulletin for France Info, and broadcasts Radio France Internationale programming everyday on the Première Chaîne as well as the best European French-language public radio programming, weekly. Radio de Radio-Canada also exchanges cultural programming promoting emerging talent with public radio networks in France, Belgium and Switzerland, which have lead to Canadian artists receiving important attention this year.
- Based on their expertise, the **RADIO-CANADA.CA** teams were asked to develop a Web game for children, which is accessible on the Communauté des Télévisions Francophones websites.

CBC|RADIO-CANADA ON THE INTERNATIONAL SCENE

The programming year



RCI's new plan also includes communicating Canadian values and perspectives by offering a wider array of programming, including analysis, culture and entertainment. RCI will also continue to increase international understanding and appreciation of Canada's social, economic and cultural life: considerable strides were made this year, as evidenced by a 30 per cent increase in visits to *RCInet.ca*, which brought greater visibility to the network and to Canada. RCI will develop its partnerships in the coming years. For instance, this year, RCI made agreements with Radio Netherlands to distribute its programs to a potential 650 stations broadcasting in Spanish and 300 stations broadcasting in Portuguese in Latin America; and with Deutsche Welle for program distribution to a potential one hundred French-language and another hundred English-language stations in Africa.

OUR NEW INSTITUTE FOR TRAINING IN PUBLIC BROADCASTING

After years of sharing our expertise with others, in November 2004, we formalised our offerings by opening the self-funding Canadian Institute for Training in Public Broadcasting/Institut canadien de formation en radiodiffusion publique. This initiative supports the creation of healthy media institutions in developing countries and emerging democracies by providing broadcasters and broadcasting-industry organisations with international training in broadcast management (including journalistic ethics and editorial policy), journalism (credible, comprehensive, honest reporting), technical skills, and Internet and New Media. English and French courses in Radio, Television and New Media are conducted by the Corporation's best available resources.

CANADIAN PROGRAMS, IDEAS AND ARTISTS – HEARD AND SEEN WORLDWIDE.



Photos above top to bottom:

1. Patrick Brown
2. Azeb Wolde-Giorghis
3. Ginette Lamarche
4. Don Murray
5. Paul Workman
6. Michel Cormier

Photo right:
Ottawa Broadcast Centre Newsroom

BEHIND THE SCENES

Our year in review



BETTER PROGRAMMING THROUGH NEW TECHNOLOGY AND EFFICIENCIES

IN THE CHALLENGING CONTEXT OF A LIMITED BUDGET, DRAMATICALLY INCREASING PRODUCTION COSTS, AND FRAGMENTED AUDIENCES AND MEDIA COMPETITION, CBC | RADIO-CANADA IS OPTIMISING ASSETS AND STRATEGICALLY DEPLOYING AVAILABLE FUNDS TO DELIVER ON ITS PROGRAMMING MANDATE. WE CONTINUALLY REVIEW OUR BUSINESS APPROACHES AND PRODUCTION TECHNOLOGY, TO IDENTIFY SAVINGS AND POTENTIAL REVENUES FOR INVESTMENT IN PROGRAMMING.



During 2004-2005, the Corporation undertook some 185 internal projects to achieve greater efficiency, boost flexibility or generate additional revenue. In addition to one-time savings of \$102 million, initiatives are generating \$65 million a year in savings and revenues, allowing us to increase the value of our services and to further our strategic priority – **DEMONSTRATE THAT CBC | RADIO-CANADA IS A WELL-MANAGED COMPANY AND GENERATE CASH FLOW TO RE-INVEST IN PROGRAMMING.**

REAL ESTATE One main objective of the Real Estate Division is to maximise the Corporation's use of buildings and assets in order to free-up or generate monies for investment in programming.

This year, the Division helped complete an important project in Ottawa, integrating our French and English Radio, Television and New Media networks and newsrooms, for collaboration and better use of assets; making more efficient use of real estate; and bringing us into the heart of the community – all to support the production of excellent programming. Similar projects are being considered for other locations.

To operate more efficiently, the Division utilises best-industry practices across the Corporation. This year, it completed an energy management program providing approximately \$2 million in recurring annual savings. Since 2000, initiatives have freed up more than \$53 million, of which approximately \$13 million is annually recurring.

MERCHANDISING CBC | Radio-Canada is one of the most recognised brands in the country. To leverage our programming assets and achieve all possible revenues for investment in programming, the Corporation created its Merchandising Division in 2002, to license, sell and distribute our content in North America.

During 2004-2005, the Division brought in \$5.5 million in revenue. In 2005-2006, the Division will build on successes; bolster its product offering; open a store in Montreal, while maintaining its very successful Toronto venue and online stores (cbcshop.ca and boutiqueradio-canada.ca); and pursue innovative retail partnerships.

TECHNOLOGY CBC | Radio-Canada continues to invest in state-of-the-art technology to increase efficiency and quality in the Corporation's production and business processes and to allow the introduction of new means of production and distribution.



BEHIND THE SCENES*Our year in review*

In 2004-2005, CBC Technology began to implement new telecom and broadcast technologies, resulting in approximate annual savings of \$1 million initially, and \$3.7 million in annual savings upon full implementation in 2005-2006. The Distribution Relay Optimization Project (DROP), which replaced terrestrial networks with satellite, generated annual savings of \$5.2 million for our Television networks, with an additional \$1.1 million in annual savings beginning in 2005-2006, overachieving its savings target.



CBC | Radio-Canada Transmission increased revenue by more than \$930,000 by renting space on our towers, sites and buildings to private broadcasters, cellphone companies and government services; and selling shortwave transmission services and providing technical maintenance services to other broadcasters.

Various technologies allow us to achieve savings, and create and deliver a larger number and range of high-quality News stories. These include iNEWS, for greater sharing of production material between our French, English, Radio and Television services; ParkerVision, for reducing the number of studio employees required to produce newscasts; and Desktop Television, for improving the workflow in newsrooms. We will introduce the second generation of Desktop Radio next year, as well as more elements of our Vision Project which will ultimately replace 45 aging and obsolete computer systems with three new, fully integrated systems to manage contracts, program inventory, broadcast schedule, marketing and sales activities, promos, media management, and CRTC reporting.



Sophisticated technology allowed the Corporation to employ remote production methods to cover the 2004 Summer Olympic Games in Athens and the 2005 ISU World Figure Skating Championships in Moscow. Efficient compression technologies, low-cost, high-speed and high-capacity optical fibre, and servers with extensive online storage capacity permitted much of the editing and production to occur in our network production centres in Montreal and Toronto. Fewer staff and less equipment on location resulted in significant savings. The Corporation will cover the 2005 IAAF Games in Helsinki and the 2006 Winter Olympic Games in Turin using this remote production model.

DIGITAL AND HIGH DEFINITION TELEVISION After experiments in 2003-2004, we began the transition to digital high definition transmission. Our first HD studio was launched in Montreal, and four transmitters now offer digital and high definition (HD) services there and in Toronto. Next year, similar services will be offered in Vancouver and Quebec.

CBC Television's Video on Demand (VoD) service was expanded this year; where available, digital cable subscribers have access to over 200 hours of programming on their own schedule. Distribution and programming will be expanded in 2005-2006.

Photo top left:
New Ottawa Broadcast Centre

Photos top right to bottom right:

1. Thales Transmitters
2. Monitors for remote Olympics broadcast

MOBILE DIVISION Our Mobile Division was created last year to make more efficient use of our mobile production equipment; to ensure that programs have access to the material and expertise they need; and to generate revenue, for investment in programming, by aggressively marketing excess capacity.

BEHIND THE SCENES

Our year in review



In January 2005, the Division assumed full responsibility for maintenance and deployment of all of our Television mobile fleet. Our first High Definition Mobile Truck will help us make spectacular Television programming next year.

For increased local and regional reflection, multi-track Radio mobiles are now on the road in Toronto and Vancouver, as well as a cruiser allowing remote Radio broadcasts from anywhere in Ontario.

SHARED SERVICES Last year we created our Shared Services Organization (SSO), to update delivery of transactional and administrative services in Human Resources, Information Technology and Finance and Administration. The SSO has worked to standardise processes, leverage investments in leading-edge technology, and achieve economies of scale in transaction-intensive services. In its first full year, the SSO relocated most of its employees into one integrated facility, and streamlined services related to information technology support, vendor payments, collection, payroll, leave reporting, records management, and many other areas.



CONTENT MANAGEMENT Again in 2004-2005, the Corporation successfully expanded use of programming and revenue from our archives, and made advances in rights management to obtain and exploit rights for program content.

REGIONAL REFLECTION, DIVERSITY, AND SERVING THE COMMUNITY

AS CANADA'S NATIONAL PUBLIC BROADCASTER, CBC | RADIO-CANADA CREATES AND BROADCASTS HIGH-QUALITY PROGRAMMING THAT REFLECTS THE COUNTRY'S DIFFERENT REGIONS, BROADENING DIVERSITY AND EVOLVING CULTURE; AND MAINTAINS A STRONG PRESENCE IN COMMUNITIES. THESE ACTIVITIES ARE SUPPORTED BY THE CORPORATION'S STRATEGIC PRIORITIES.

CBC | Radio-Canada invests in the regions by posting journalists in nearly 70 Canadian communities and covering, in-depth, the local and regional stories that matter to audiences; featuring local speakers and perspective; and sharing stories with national audiences, to connect citizens across the country. We are the only Canadian broadcaster to air programs in English and French across the country, in eight Aboriginal languages in the North, and in nine languages around the world on Radio Canada International. We evaluate our programming to ensure that it meets Canadians' expectations, innovating and improving, wherever funding allows. For instance, next year, CBC Television's *CBC News: Canada Now* will pilot regional shows in Montreal, St. John's and Edmonton to speak directly to regional needs. We look forward to meeting with the federal Government to discuss our strategy for improving Canadians' access to local and regional public broadcasting, developed following a request from the House of Commons Standing Committee on Canadian Heritage.



To ensure that we reflect contemporary Canada on-screen and behind-the-scenes, we have a number of initiatives, including: CBC Television's Express Diversity (whose recent results comprise a nationwide competition for a new Canadian serial drama; changes in hiring practices and story selection within News and Current Affairs; and the requirement for approved internal diversity plans); CBC Radio's New Voices

BEHIND THE SCENES

Our year in review



strategy (which has introduced thousands of new voices and perspectives in programs such as *Outfront*, *Global Village*, and *Legends*); Télévision de Radio-Canada's strengthened regional content in News and information; and Radio de Radio-Canada's newly launched Espace musique (which is dedicated to encouraging musical diversity, artistic creation and homegrown talent).

Our networks have a number of joint diversity-related initiatives with Human Resources, as well, including diversity/cultural awareness training for senior managers, which began in February 2005.

For nearly 70 years, CBC | Radio-Canada has been a vital member of the communities we serve. Everyday, we are part of Canada's experience, and not just on our airwaves. We seek out programming opportunities by playing an active role in hundreds of community events, festivals, literary and artistic competitions, and fundraising events all over the country.

In the last two years, we have worked to strengthen our integration into the community even more fully, and to boost professional collaboration, resource-sharing and efficiency, by bringing together all of our media lines under one roof in the heart of three communities: Edmonton, Quebec City and Ottawa. Similar downtown moves for our media lines in other communities are being considered.

We will continue to build strategic partnerships to extend our reach and enhance the range of our services to Canadians. We will also continue to listen to citizens across the country in order to strengthen relationships with our audiences and to provide programming that remains relevant to them.




BUILDING AND STRENGTHENING OUR TEAM

ONE OF THE CORPORATION'S EIGHT STRATEGIC PRIORITIES, **STRENGTHEN CBC | RADIO-CANADA'S COMMITMENT TO ALL ITS EMPLOYEES – TO THOSE WHO CREATE AND THOSE WHO SUPPORT THEM**, ARTICULATES THE IMPORTANT PLACE OF EMPLOYEES IN THE COMPANY AND THE NEED TO SHAPE A WORKING ENVIRONMENT THAT CONTINUES TO ENCOURAGE AND FACILITATE THE PRODUCTION OF EXCELLENT PROGRAMMING FOR OUR AUDIENCES.

To create such a supportive environment, the Corporation has put forward strategies that focus on improving internal communications to enable employees to understand the Corporate direction and equip them to meet current and future challenges. Professional development and training continues to be one of our top priorities. In today's competitive media environment, we need to provide employees with the right tools to fulfill their job requirements to the highest standards.



Canada's Top 100 Employers 
 Palmarès des 100 meilleurs employeurs au Canada

Photos top left to bottom left:

1. Ottawa Broadcast Centre Studio
2. Jessica Heafey, Louis Philippe Dandenault, Carl Alacchi, Claudia Ferri, Ellen David, Tony Calabratte, *Ciao Bella*, CBC Television and Télévision de Radio-Canada

Photo top right:

The Great Plains Dance Troupe, National Aboriginal Achievement Awards, CBC Television

Also in support of fostering conditions that promote creative programming is the Corporation's annual tradition of holding a Leaders Forum. In April 2004, CBC | Radio-Canada held its fourth such forum to celebrate our successes, to discuss positioning the Corporation for the challenging future, to look for new ways of doing business, and to help make the company a cohesive whole. Management and Union leaders also met for the third Union-Management Leaders Forum.

BEHIND THE SCENES

Our year in review



Another initiative supporting the evolving Corporation is the employee survey. Since 2001, we have undertaken two employee surveys to measure attitudes and opinions, the latest being in January 2004. We were encouraged to see that the overall results had improved significantly since 2001, a reflection of the hard work that has been done to bring about changes to the work environment. Especially encouraging is a 20 per cent growth, since 2001, in the number of employees who believe CBC | Radio-Canada's current direction and goals are the right ones. The results also highlight other strengths and improvements, since 2001, in such areas as employee recognition and involvement, supervision, and working conditions. Based on the results, Senior Management also identified priority areas for continuous improvement. These include employee communication, performance management and leadership training and development. Action plans have been developed and are currently being implemented to address these priorities.

AWARDS

We are very pleased that our efforts to improve the work environment in recent years have been recognised again this year. CBC | Radio-Canada was selected for the 2005 edition of Canada's Top 100 Employers for a second consecutive year. We believe that retaining this accolade for 2005 underscores our concerted efforts to better the workplace and relations with our employees.

The Corporation was also included in the second annual ranking on Corporate Social Responsibility, by *The Globe and Mail's Report on Business* magazine, as the top-ranked media company, capturing first place in a number of areas: diversity, health and safety management, and the environment.

HR @ my fingertips, our new online service enabling employees to have easier access to view and change their Human Resources information and transactions, also received an award, for Excellence in Online Communications - Web Site, at the Dalton Pen Communications Awards in March 2005. Since its launch in November 2004, nearly 70 per cent of the Corporation's employees have logged on to *HR @ my fingertips*.

A STRATEGIC APPROACH TO INDUSTRIAL RELATIONS

To facilitate the creation and broadcast of high-quality programming, for the last six years the Corporation has taken a strategic approach to industrial relations with the intention of rationalising our complex labour environment. Following a 2003-2004 Canadian Industrial Relations Board (CIRB) decision, three bargaining units were amalgamated into one to allow CBC English Services to more effectively and efficiently manage its business, with more flexibility, which is a crucial requirement in a highly competitive and evolving media environment. In 2004-2005, the Corporation began negotiations with the Canadian Media Guild (CMG). This is the first time that the Corporation is negotiating one collective agreement for three formerly separate bargaining units, for the purpose of crafting an agreement that meets the needs of employees and the CMG, while supporting the Corporation's goals as the national public broadcaster and a well-managed company.

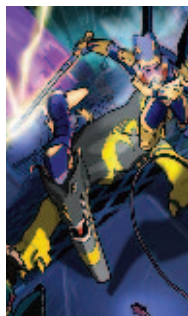
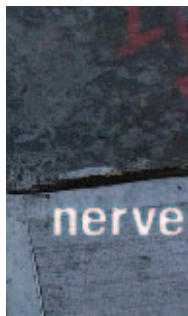
Using an interest-based negotiations model for the second time, the Corporation and STARF successfully reached an agreement in 2004.

Employment equity, official languages, health and safety, workforce diversity, and contingency planning were also among our Corporate priorities this year.

Overall, CBC | Radio-Canada's strategy is designed to help us shape a workplace where creativity, programming and service to Canadians will flourish in fiscally responsible ways.

PUBLIC ACCOUNTABILITY

Our year in review



CBC | RADIO-CANADA HAS AN OBLIGATION TO REPORT TO CANADIANS ON THE FULFILLMENT OF ITS COMMITMENTS. THIS IS ACCOMPLISHED USING A VARIETY OF COMMUNICATION CHANNELS AND VEHICLES. FOR EXAMPLE, CBC | RADIO-CANADA ACCOUNTS FOR ITS ACTIVITIES THROUGH THE MINISTER OF CANADIAN HERITAGE TO PARLIAMENT, THROUGH ITS ANNUAL REPORT AND CORPORATE PLAN SUMMARY; TO THE CANADIAN RADIO-TELEVISION AND TELECOMMUNICATIONS COMMISSION (CRTC) THROUGH YEAR-END REPORTS AND ANNUAL FINANCIAL RETURNS; AND TO STAKEHOLDERS THROUGH TOWNHALL MEETINGS AND CBC | RADIO-CANADA WEBSITES.

JOURNALISTIC STANDARDS AND PRACTICES

CBC | Radio-Canada has an extensive code of Journalistic Standards and Practices. Complaints from the public that are not resolved at the program level to the satisfaction of the complainants are examined and dealt with by the Corporation's two independent Ombudsmen. The role of each Ombudsman is pivotal in strengthening the national public broadcaster's accountability and transparency to Canadians. The Ombudsmen can be reached at: The Ombudsman, English Networks, CBC | Radio-Canada, PO Box 500, Station A, Toronto ON M5W 1E6 (ombudsman@cbc.ca); and Bureau de l'ombudsman, Services français, CBC | Radio-Canada, CP 6000, Montréal QC H3C 3A8 (ombudsman@radio-canada.ca).

Other international news organisations such as the BBC, France 2 Télévision and *The New York Times*, have faced controversies in the last few years. For this reason, during 2003–2004 the President and CEO directed the Corporation's Journalistic Standards and Practices Committee to review CBC | Radio-Canada's policies and to ensure the consistent use of CBC | Radio-Canada's code across all of its media lines.

This year, following a year-long examination of the issues, the Committee tabled its report, *Lessons from a Crisis*, with the Board. The report's focus is on measures to strengthen CBC | Radio-Canada's own journalistic standards. CBC | Radio-Canada is proud to set a new benchmark for Canadian journalism that will, in effect, raise the bar for all Canadian media.

CORPORATE POLICY ON DISCLOSURE OF WRONGDOINGS

In 2004–2005, the Corporation adopted and began implementation of its Corporate Policy on Disclosure of Wrongdoings (the Whistleblower Policy). The Policy, created in parallel to the federal Government's proposed whistleblower legislation concerning the disclosure of wrongdoing in the public sector, was approved by the Board of Directors in Autumn 2004. The Corporation's policy is intended to ensure increased transparency, accountability, financial responsibility, and ethical conduct, and to ensure that employees who would disclose wrongdoing are afforded effective protection from reprisal. To further enhance the integrity and credibility of the policy and its processes, the Corporation has appointed an Independent Officer who will receive, record and review any disclosures of wrongdoing.

Photos top to bottom:

1. *nerve*, CBC Television and CBC.ca
2. *Dragon Booster*, CBC Television
3. *Surprise! It's Edible Incredible!*, CBC Television
4. Valérie Letarte, *275-allô/ados-radio*, Première Chaîne, Radio de Radio-Canada
5. Dominique Demers, *Dominique raconte...*, Télévision de Radio-Canada
6. *Watatatow*, Télévision de Radio-Canada

BOARD OF DIRECTORS And Corporate Governance



MEMBERS OF THE BOARD OF DIRECTORS

Carole Taylor, O.C.
Chair
Vancouver,
British Columbia
(until March 14,
2005)



Robert Rabinovitch⁴
President and CEO and Acting
Chair, Board of Directors
Ottawa, Ontario

John Kim Bell, O.C.¹⁰
Canadian Youth Business
Foundation
Toronto, Ontario

Bernd Christmas⁹
Chief Executive Officer
Membertou Band
Membertou, Nova Scotia
(since February 14, 2005)

Hélène F. Fortin, C.A.⁵
HLA Chartered Accountants
Longueuil/Brossard, Québec

Guy Fournier, C.M.²
Author, Script Writer, Director,
Consultant
Saint-Paul-d'Abbotsford,
Québec
(since February 17, 2005)

Marie Giguère⁸
Molson Inc.
Montréal, Québec

Roy L. Heenan, O.C.
Heenan Blaikie
Montréal, Québec
(until February 17, 2005)

Jane Heffelfinger, O.B.C., L.L.D.
Actress/Broadcaster
Victoria, British Columbia
(until February 14, 2005)

Peter Herrndorf³
President and CEO
National Arts Centre
Ottawa, Ontario
(since February 14, 2005)

Nezhat Khosrowshahi¹
Inwest Investments Inc.
Vancouver, British Columbia
(since February 14, 2005)

Clarence LeBreton
Assistant Deputy Minister,
Training and Employment
Development
Government of New Brunswick
(until February 14, 2005)

Howard McNutt⁶
Goluch + Company
Halifax, Nova Scotia

Trina McQueen⁷
President
Hutton-Belleville Inc.
Toronto, Ontario
(since February 14, 2005)

L. Richard O'Hagan
Richard O'Hagan Associates
Toronto, Ontario
(until February 14, 2005)

James S. Palmer, C.M., Q.C.
Burnet, Duckworth & Palmer
Calgary, Alberta
(until January 26, 2005)

BEST PRACTICES CORPORATE GOVERNANCE

Corporate governance continues to be a key focus for corporations everywhere. New requirements and standards are being established in response to increased public scrutiny of governance practices and a corresponding demand for more transparency and accountability, along with heightened oversight.

CBC | Radio-Canada remains committed to meeting high standards of corporate governance in every aspect of its operations. In 2004–2005, this commitment was demonstrated through a number of initiatives, including:

- Enhanced recruitment process for new Board members
- Enhanced Director orientation and training programs, including a new in-house program on governance
- Enhanced criteria for membership in the Audit Committee
- Assessment of Board effectiveness
- Introduction of a whistleblower policy, the Corporate Policy on Disclosure of Wrongdoings
- Review and enhancement of the Corporation's Internal Control framework
- Revision of the Code of Conduct and Conflict of Interest Guidelines for Directors to ensure consistency with new Federal Conflict of Interest provisions

FINANCIAL HIGHLIGHTS

Achieving Corporate Priorities



THE FINANCIALS

HIGH-QUALITY, DISTINCTIVE CANADIAN PROGRAMMING

- \$60 million one-time funding for four consecutive years, used to renew programming vitality across all media lines.
- Millions of Canadians tuned in to CBC | Radio-Canada to share in the excitement, the heartache and the glory of the 2004 Summer Olympic Games in Athens.

EFFICIENCY

- Implementation of the documentation and evaluation of internal controls over the financial statements project.

- Establishment of a working group to provide solutions to the rising cost of health care coverage.

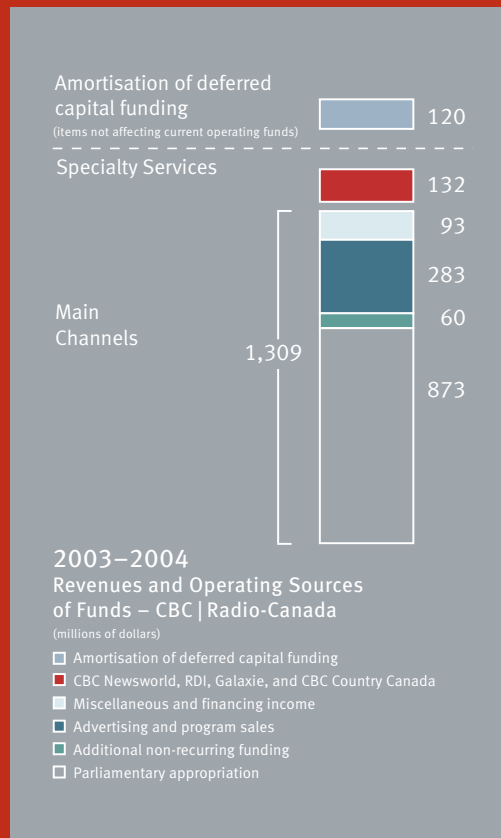
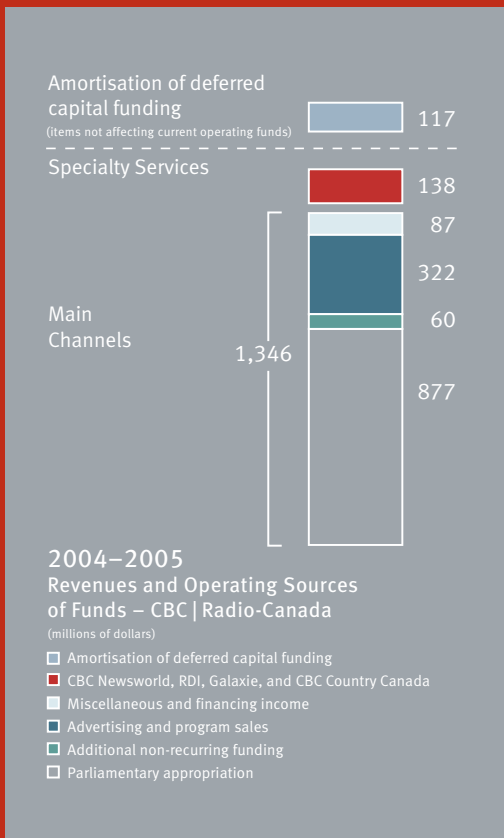
STRATEGIC PARTNERSHIPS

- Strategic partnership with SIRIUS and Standard Broadcasting Inc. to offer satellite radio to Canadians.
- Consolidation of media services under one roof in Ottawa for better synergies and sharing of technology, resources and content.



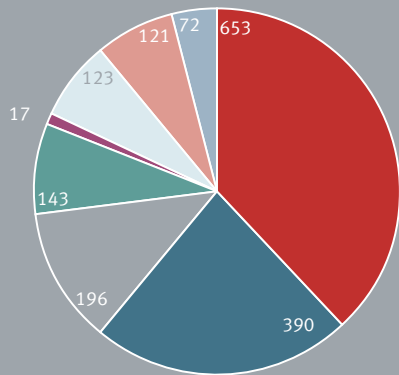
FINANCIAL HIGHLIGHTS

Achieving Corporate Priorities



FINANCIAL HIGHLIGHTS

Achieving Corporate Priorities

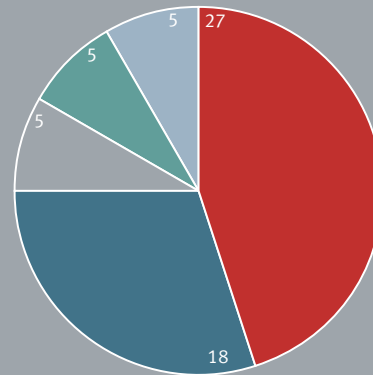


2004-2005 Operating Expenditures*
1,715 millions of \$

(millions of dollars)

■ CBC Television	653 (38%)
■ Télévision de Radio-Canada	390 (23%)
■ CBC Radio	196 (12%)
■ Radio de Radio-Canada	143 (8%)
■ Corporate management	17 (1%)
■ Amortisation of property and equipment	123 (7%)
■ Specialty Services	121 (7%)
■ Distribution and affiliates	72 (4%)

*Excluding recovery of income and large corporations taxes



2004-2005 Distribution of the non-recurring funding of \$60 million

(millions of dollars)

■ CBC Television	27 (45%)
■ Télévision de Radio-Canada	18 (30%)
■ CBC Radio	5 (8%)
■ Radio de Radio-Canada	5 (8%)
■ Other programming initiatives	5 (8%)

MANAGEMENT DISCUSSION AND ANALYSIS

2004-2005 Highlights



- In April 2003, the **Government of Canada renewed its re-investment of \$60 million** for two additional fiscal years ending in 2004-2005. This funding was used to strengthen and enhance Radio and Television programming, particularly in the areas of drama, children's programs, documentaries, cultural and arts programming.
- In December 2004, the **Corporation completed the move of its Ottawa operations into a new and modern broadcasting centre**. This project not only brought the public broadcaster closer to the community but also allowed efficiencies in different aspects of its operations: content management, digital production methods and real estate management.
- **A new digital newsroom environment has been installed in the new broadcast centre in Ottawa** and will soon be operational in Edmonton and Quebec City. This new tape-less system, where all video and audio media is ingested into a digital server-based system, allows journalists and technicians to search, view and/or edit media at their own desktop computers. The new digital workflows facilitate content sharing between Radio and Television platforms, and provide a migration path to high definition (HD). They will also allow CBC | Radio-Canada to significantly increase productivity across its entire newsroom production environment.
- The cancellation of the hockey season as a result of the **National Hockey League (NHL) lockout had an impact on CBC Television's financial results**.
- During August 2004, **millions of Canadians tuned in to CBC | Radio-Canada** to share in the excitement, the heartache and the glory of the **2004 Summer Olympic Games in Athens**.
- In 2004, the **Mobile Division was created to maximise the efficient use of CBC | Radio-Canada's mobile facilities**, and to ensure that programs have access to the equipment and expertise they need. The Corporation's priority is to meet internal needs at the lowest possible cost and generate revenue by marketing any excess capacity we might have.
- In 2004, **Newsworld International announced the end of its content providing agreement with CBC | Radio-Canada**, due to a change in its programming focus. The agreement was to provide News and information to Newsworld International, a 24-hour global News and information channel that is available in the United States and Latin America. Unfortunately, the Corporation had to announce the departure of employees, which will follow the termination of the current agreement, in August 2005.
- Since January 1, 2004, the **Corporation has resumed its contribution to the employee Pension Fund**. Over the past four years, the Corporation has benefited from a contribution holiday due to the good performance of the plan.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results



FINANCIAL RESULTS

REVENUES | 2004-2005 ADVERTISING REVENUES INCREASED MAINLY DUE TO REVENUES GENERATED DURING THE 2004 SUMMER OLYMPIC GAMES IN ATHENS.

The revenues generated from the Athens Olympic Games mainly explain the increase in advertising revenues. CBC Television's advertising revenues generated from regular operations, however, significantly decreased in 2005, due to the NHL lockout. This decrease was partially offset by the over-achievement of revenues during the 2004 playoffs and advertising revenues generated from replacement programming, namely *Movie Night in Canada*. Télévision de Radio-Canada's advertising revenues generated from regular operations increased due to the good performance of its programming during the Fall season.

The increase for Specialty Services is mostly attributable to an increase in the number of subscribers for CBC Newsworld and Galaxie, as well as an increase in advertising revenues generated from political parties during the federal election campaign for CBC Newsworld and Réseau de l'information de Radio-Canada (RDI).

Miscellaneous revenues for 2004-2005 include revenues generated from the Host Broadcasting activities during the Athens Olympic Games. The 2003-2004 Host Broadcasting activities were on a much larger scale, however, with the Pan American Games in the Dominican Republic and the World Road Cycling Championships in Hamilton, resulting in a decrease in miscellaneous revenues in 2004-2005. The 2004-2005 miscellaneous revenues also include the sale of a CBC | Radio-Canada warehouse in Burnaby, British Columbia.

EXPENSES | THE TELEVISION AND RADIO EXPENSES INCLUDE COSTS INCURRED DURING THE 2004 SUMMER OLYMPIC GAMES IN ATHENS.

This increase in expenses is explained by the broadcasting of the Athens Olympic Games. This increase is partially offset by lower activities relating to the regular sports programming schedule, however, resulting from the cancellation of the hockey season.

The Television and Radio services results also include expenses incurred as a result of the Host Broadcasting activities, which were not as significant in 2004-2005, as compared to 2003-2004.

Télévision de Radio-Canada's new Fall programming schedule resulted in an increase in Arts and Entertainment programming expenses which is reflected in the 2004-2005 Television and Radio Services results.

The Corporation resumed its contribution to the employee pension plan, as of January 1, 2004. This resulted in an increase in pension contributions over last year. This increased contribution is considered in the calculation of the actuarial accounting of expenses for employee future benefits (see note 8). The net impact of the increased contribution and the actuarial accounting calculation resulted in a increase in expense of approximately \$16 million over last year.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results



BALANCE SHEET ITEMS |

The level of cash, cash equivalent and short-term investments decreased due to a timing difference in the cash flow requirements (one additional payroll period in 2004-2005 and prepayments of rights). The Corporation also changed the profile of its investment portfolio, investing a portion in longer-term marketable securities. This resulted in a decrease in short-term investments.

The decrease in the item "Prepaid expenses" is mainly due to the advanced payment for broadcast rights for the Athens Olympic Games, which was included in the 2003-2004 results.

The long-term receivables include receivables resulting from the sale of parcels of land in Toronto. The outstanding sales proceeds will be received over 22.1 years and an annual interest rate of 7.15 per cent is applicable. Long-term receivables also include payroll advances resulting from a change in the payroll schedule of the Corporation. The salary advance will be recovered upon termination of employment.

The net investments in sales-type leases relate to rental of parcels of land in Toronto.

Long-term investments include investments in companies over which CBC | Radio-Canada has significant influence - ARTV and The Documentary Channel. This Balance Sheet item also includes marketable securities and bonds with a maturity date of more than 12 months from the Balance Sheet date.

The increase in the item "Employee-related liability (current)" is explained mainly by increased departure costs following the termination of the content provider agreement with Newsworld International.

The item "Employee-related liability (long-term)" reflects the application of rules respecting employee future benefits. Under these rules, actuarial accounting must be used to determine liabilities relative to the Pension Fund and to other employee future benefits.

MANAGEMENT DISCUSSION AND ANALYSIS*Financial Results***FISCAL YEAR 2005-2006 AND SUBSEQUENT YEARS**

On December 10, 2003, CBC | Radio-Canada, SIRIUS and Standard Broadcasting Inc. announced the creation of a joint venture to offer satellite radio service to Canadians. An application was filed with the Canadian Radio-television and Telecommunications Commission (CRTC) in the Summer of 2004 for authorisation to distribute satellite radio service in Canada. The partnership, which also requires Treasury Board approval, could result in a major, profitable investment for CBC | Radio-Canada in 2005-2006.

In fiscal year 2005-2006, the Corporation will implement new programming technologies that were developed under the "Vision Project". This project will integrate the management of: contracts and content, program inventory and schedules, broadcast and media, revenue, marketing and sales, promotions, and airtime analysis.

Following the implementation of a new digital newsroom environment in Ottawa, Edmonton and Québec City, the National News Department in Toronto will also be converted from a tape-based production system. This new initiative will allow CBC | Radio-Canada to significantly increase productivity across its entire newsroom production environment.

CBC | Radio-Canada is seeking the Government's support to remove the uncertainty surrounding its Government funding, specifically by making the \$60 million investment it has made in CBC | Radio-Canada permanent, and to provide the financial stability that will allow it to effectively plan for the future.

FINANCIAL RESULTS HIGHLIGHTS FROM THE PAST FIVE YEARS

<i>For the year ended March 31</i>	2005	2004	2003	2002	2001
	<i>(millions of dollars)</i>				
Government funding					
Parliamentary appropriations	877	873	877	780	794
Non-recurring funding for programming initiatives	60	60	60	60	-
Revenue					
Advertising and program sales	322	283	284	319	349
Miscellaneous and financing income	87	93	73	82	65
Specialty Services	138	132	123	118	108
Allocation of funds					
Television and Radio services costs	1,383	1,330	1,198	1,151	1,043
Specialty Services expenses	121	116	117	104	100

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The financial statements and all other information presented in the Annual Report are the responsibility of management and have been reviewed and approved by the Board of Directors of the Corporation. These financial statements, which include amounts based on management's best estimates as determined through experience and judgement, have been properly prepared within reasonable limits of materiality and are in accordance with Canadian generally accepted accounting principles.

Management of the Corporation maintains books of account, records, financial and management controls, and information systems, which are designed to provide reliable and accurate financial information on a timely basis. These controls provide reasonable assurance that assets are safeguarded, that resources are managed economically and efficiently in the attainment of corporate objectives, that the operations of the Corporation are carried out effectively and that transactions are in accordance with the *Broadcasting Act* and the by-laws of the Corporation.

The Corporation's Internal Auditor has the responsibility for assessing the Corporation's systems, procedures and practices. The Auditor General of Canada conducts an independent audit of the annual financial statements and reports on her audit to the Board of Directors of the Canadian Broadcasting Corporation and the Minister of Canadian Heritage.

The Board of Directors' Audit Committee, which consists of five members, none of whom is an officer of the Corporation, reviews and advises the Board on the financial statements and the Auditor General's report thereto. The Audit Committee oversees the activities of Internal Audit and meets with management, the Internal Auditor and the Auditor General on a regular basis to discuss the financial reporting process as well as auditing, accounting and reporting issues.

Ottawa, Canada
June 6, 2005



President and CEO



Vice-President and Chief Financial Officer

AUDITOR'S REPORT

To the Board of Directors of the Canadian Broadcasting Corporation
and the Minister of Canadian Heritage

I have audited the balance sheet of the Canadian Broadcasting Corporation as at March 31, 2005 and the statements of operations and equity, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Broadcasting Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part III of the *Broadcasting Act* and the by-laws of the Corporation.



Sheila Fraser, FCA
Auditor General of Canada

Ottawa, Canada
June 6, 2005

BALANCE SHEET*As at March 31*

	2005	2004
	<i>(thousands of dollars)</i>	
ASSETS		
Current		
Cash and cash equivalents	20,487	132,690
Short-term investments (NOTE 3)	82,794	56,324
Accounts receivable	128,318	134,025
Program inventory	133,212	116,333
Prepaid expenses	48,039	58,658
Net investment in sales-type leases (NOTE 4)	1,685	1,605
	414,535	499,635
Property and equipment (NOTE 5)	983,036	994,332
Long-term receivables (NOTE 6)	73,963	71,848
Net investment in sales-type leases (NOTE 4)	66,929	68,214
Deferred charges	13,464	13,936
Long-term investments (NOTE 7)	38,393	3,896
	1,590,320	1,651,861
LIABILITIES		
Current		
Accounts payable and accrued liabilities	124,016	134,150
Employee-related liabilities (NOTE 8)	174,943	165,391
Obligation under capital lease (NOTE 9)	6,380	5,926
	305,339	305,467
Long-term		
Employee-related liabilities (NOTE 8)	230,606	155,014
Obligation under capital lease (NOTE 9)	349,216	355,597
Deferred capital funding (NOTE 10)	629,987	650,959
	1,209,809	1,161,570
EQUITY		
Equity	75,172	184,824
	1,590,320	1,651,861

Commitments and contingencies (NOTES 11 AND 12)

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

Approved on behalf of the Board of Directors:

Director

Director

STATEMENT OF OPERATIONS AND EQUITY*For the year ended March 31*

	2005	2004
	<i>(thousands of dollars)</i>	
Revenues		
Advertising and program sales	321,670	283,059
Specialty Services (NOTE 13)	138,288	132,107
Miscellaneous	73,049	79,332
Financing income	13,699	14,120
	546,706	508,618
Expenses		
Television and Radio services costs	1,383,164	1,330,029
Specialty Services (NOTE 13)	120,662	116,446
Transmission, distribution and collection	63,748	61,770
Payments to private stations	8,058	9,002
Corporate management	16,525	16,855
Amortisation of property and equipment	122,675	123,855
	1,714,832	1,657,957
Operating loss before non-operating revenues, government funding and taxes	(1,168,126)	(1,149,339)
Government funding		
Parliamentary appropriation for operating expenditures (NOTE 14)	936,771	932,695
Amortisation of deferred capital funding (NOTE 10)	116,729	120,174
	1,053,500	1,052,869
Net results before non-operating revenues and taxes	(114,626)	(96,470)
Non-operating revenues		
Gain from sales-type leases	-	65,935
Gain on disposal of property	-	58,940
	-	124,875
Net results before taxes	(114,626)	28,405
Recovery of income and large corporations taxes (NOTE 15)	974	4,268
Net results for the year	(113,652)	32,673
Equity, beginning of year	184,824	148,151
Working capital funding (NOTE 14)	4,000	4,000
Equity, end of year	75,172	184,824

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

STATEMENT OF CASH FLOW*For the year ended March 31*

	2005	2004
	<i>(thousands of dollars)</i>	
CASH FLOWS FROM (USED IN)		
Operating activities		
Net results for the year	(113,652)	32,673
Items not involving cash:		
Gain on disposal of property and equipment	(7,293)	(58,072)
Gain from sales-type leases	-	(65,935)
Amortisation of property and equipment	122,675	123,855
Equity in income of companies subject to significant influence	(137)	(285)
Change in long-term receivables	(4,224)	-
Amortisation of deferred charges	472	17,714
Amortisation of deferred capital funding	(116,729)	(120,174)
Change in employee-related liabilities [current]	(1,628)	(1,188)
Change in employee-related liabilities [long-term]	75,592	49,451
Change in pension plans asset	-	49,005
Net change in non-cash working capital balances (NOTE 16)	(27,704)	(23,487)
	(72,628)	3,557
Financing activities		
Parliamentary appropriations (NOTE 14)		
Capital funding	95,757	129,616
Working capital funding	4,000	4,000
Repayment of capital lease obligation	(5,927)	(5,503)
	93,830	128,113
Investing activities		
Acquisition of property and equipment	(118,404)	(125,556)
Long-term investments (NOTE 7)	(34,360)	-
Recovery from salary advances	534	444
Capital recovery from notes receivable	5,329	6,320
Capital recovery from sales-type lease investments	1,198	1,799
Proceeds from disposal of property and equipment	12,298	2,433
	(133,405)	(114,560)
Increase (decrease) in cash and cash equivalents	(112,203)	17,110
Cash and cash equivalents, beginning of year	132,690	115,580
Cash and cash equivalents, end of year	20,487	132,690
Consist of:		
Cash	158	6,195
Cash equivalents	20,329	126,495
Supplementary Information		
Interest paid	27,113	27,535
Income tax recovered	(809)	(4,224)

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

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended March 31, 2005



1. AUTHORITY AND OBJECTIVE

CBC | Radio-Canada was first established by the 1936 *Canadian Broadcasting Act* and continued by the 1958, 1968 and 1991 Broadcasting Acts. The Corporation is an agent of Her Majesty and all property acquired by the Corporation is the property of Her Majesty.

As the national public broadcaster, CBC | Radio-Canada provides Radio and Television services in both official languages incorporating predominantly and distinctively Canadian programs to reflect Canada and its regions to national and regional audiences.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Corporation have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies.

A. PARLIAMENTARY APPROPRIATIONS AND DEFERRED CAPITAL FUNDING

The Corporation receives most of its funding from the Government of Canada. Parliamentary appropriations for operating expenditures are recorded in the Statement of Operations and Equity. Parliamentary appropriations for property and equipment subject to amortisation are recorded as deferred capital funding on the Balance Sheet, and are amortised on the same basis and over the same periods as the related property and equipment. Parliamentary appropriations for working capital and purchase of lands are recorded in Equity.

B. CASH EQUIVALENTS

Cash equivalents, which are carried at cost as they are intended to be held to maturity, are comprised of marketable securities with original maturity dates of less than 90 days.

C. SHORT-TERM INVESTMENTS

Short-term investments, which are carried at cost as they are intended to be held to maturity, consist of marketable securities with original maturity dates in excess of three months and current maturities of less than 12 months from the balance sheet date.

D. FOREIGN CURRENCY TRANSLATION

Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the exchange rates in effect at the balance sheet date and non-monetary items are translated at rates in effect when the assets were acquired or obligations incurred. Revenues and expenses are translated at average exchange rates during the year. All exchange gains or losses are included in determining net income for the current year.

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended March 31, 2005



2. Significant Accounting Policies (continued)

E. DERIVATIVE FINANCIAL INSTRUMENTS

The Corporation uses derivative financial instruments such as forward contracts to manage the risk of loss due to adverse movements in foreign exchange. Foreign exchange forwards are contractual obligations in which two counterparties agree to exchange one currency for another at a specified price for settlement at a predetermined future date. The Corporation's policy is not to utilise derivative financial instruments for trading or speculative purposes.

A derivative must be designated and effective to be accounted for as a hedge. Effectiveness is achieved if the cash flow or fair value of the derivative substantially offsets changes in cash flow or fair value of the hedged position and the timing is similar.

The Corporation formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives to specific firm commitments. The Corporation also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Foreign exchange gains or losses related to derivatives that are hedges are recognised at the same time as the related hedged financial instruments are settled. The forward contracts are accounted for as off-balance sheet items and are only recognised when one of the following events occurs: the anticipated transaction is realised; the hedged item is settled; the hedging relationship ceases to be effective; or, the hedging relationship designation is terminated. Any derivative financial instrument held by the Corporation that is not or no longer designated, as an eligible hedge is carried at fair value on the balance sheet, and any change in the fair value is charged or credited to the statement of operations and equity.

F. PROGRAM INVENTORY

Programs completed, in process of production or available for sale are stated at cost. Cost includes the cost of materials and services, and labour and overhead expenses applicable to programs. Program costs are charged to operations as the programs are broadcast, deemed unusable, or sold.

The Corporation enters into contracts for independent productions, film and script rights. The payments made under the terms of each contract are recorded as prepaid expenses and recorded as program inventory when the following criteria are met: cost is determined, material is accepted and program is available for broadcast. Cost is charged to operations in accordance with the approved program schedule, when deemed unusable or sold.

NOTES TO THE FINANCIAL STATEMENTS*for the Year Ended March 31, 2005**2. Significant Accounting Policies (continued)***G. PROPERTY AND EQUIPMENT**

Property and equipment are recorded at cost. The cost of assets constructed by the Corporation includes material, direct labour and related overhead. Amounts included in uncompleted capital projects are transferred to the appropriate property and equipment classification upon completion, and are then amortised. Property and equipment acquired under capital leases are initially recorded at the present value of the minimum lease payments at the inception of the lease. Amortisation is calculated on the straight-line method using rates based on the estimated useful life of the property and equipment as follows:

• BUILDINGS	33 YEARS
• TECHNICAL EQUIPMENT	
TRANSMITTERS AND TOWERS	20 YEARS
OTHER	5 YEARS
• FURNISHINGS AND OFFICE EQUIPMENT	10 YEARS
• COMPUTERS	
MAINFRAME COMPUTERS (HARDWARE AND SOFTWARE)	5 YEARS
MICROCOMPUTERS (HARDWARE AND SOFTWARE)	3 YEARS
• AUTOMOTIVE	
AUTOMOBILES, CARS AND MINIVANS	5 YEARS
UTILITY VEHICLES, VANS	8 YEARS
SNOWMOBILES, ALL-TERRAIN VEHICLES	10 YEARS
TELEVISION AND RADIO NEWS TRUCKS, 5-TON AND 10-TON HEAVY TRUCKS	12 YEARS
SPECIALISED VEHICLES	20 YEARS

Leasehold improvements are capitalised and amortised over the terms of the respective leases.

H. SALES-TYPE LEASES

Assets leased under terms that transfer substantially all of the benefits and risks of ownership to the lessee are accounted for as sales-type leases.

Finance income from sales-type leases is recognised in a manner that produces a constant rate of return on the investment in the leases. The investment in the leases for purposes of income recognition is composed of net minimum lease payments and unearned finance income.

I. DEFERRED CHARGES

Initial costs incurred as a result of an operating lease are amortised over the period of the lease. Other deferred charges are amortised over the period of the respective agreements.

J. LONG-TERM INVESTMENTS

Investments in entities over which the Corporation does not exercise significant influence are recorded using the cost method. Investments in entities over which the Corporation exercises significant influence are accounted for using the equity method. Under this method, the Corporation's investment is initially recorded at cost and adjusted thereafter to include the Corporation's pro rata share of earnings of the investee. The amount of the adjustment is included in income.

Long-term investments also include marketable securities and bonds with original maturity dates in excess of 12 months from the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS*for the Year Ended March 31, 2005**2. Significant Accounting Policies (continued)***K. PENSION COST AND OBLIGATION**

The Corporation provides pensions based on length of service and final average earnings as classified under defined benefit retirement pension arrangements.

The cost of pension benefits earned by employees is determined on an actuarial basis using the projected benefit method pro-rated on service 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 pension costs are determined using the cost of employee pension benefits for the current year's service, the interest cost on the accrued benefit obligation, the expected investment return on the actuarial value of plan assets, the amortisation of the transitional asset, the amortisation of net actuarial gains and losses, and the amortisation of past service costs. The market-related value of plan assets is used for the purpose of calculating the expected return on plan assets. The method used to determine the market-related value consists of spreading a given year's realised and unrealised capital gains and losses uniformly over that year and the three subsequent years.

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 net accumulated actuarial gains (losses) are amortised over the average remaining service period of active employees. The average remaining service period of the active employees covered by the pension plans is between 9 and 13.5 years (2004 - between 9 and 13.5 years).

On April 1, 2000, the Corporation adopted the new accounting standard on employee future benefits using the prospective application method. The Corporation is amortising the transitional pension asset on a straight-line basis over 13.5 years, which was the average remaining service period of the active employees expected to receive benefits under the pension benefit plan as of April 1, 2000.

Past service costs arising from plan amendments are deferred and amortised on a straight-line basis over the average remaining service period of employees active at the date of amendment.

L. EMPLOYEE FUTURE BENEFITS OTHER THAN PENSIONS

The Corporation provides employee future benefits such as severance pay and other benefits such as continuation of benefits coverage for employees on long-term disability, post-retirement life insurance and workers' compensation.

The cost of these benefits is determined on an actuarial basis using the projected benefit method pro-rated on service and management's best assumptions such as salary increases, inflation, retirement ages of employees, mortality of members, and expected health care costs.

For severance pay and post-retirement life insurance, the transitional obligation and the net actuarial gains or losses are amortised over the average remaining service period of the employee group. The transitional obligation and the net actuarial gains or losses for continuation of benefits for employees on long-term disability and workers' compensation are amortised over the expected average remaining duration of payments. The amortisation periods used for these plans are between 4 and 13 years (2004 - between 4 and 13 years).

NOTES TO THE FINANCIAL STATEMENTS*for the Year Ended March 31, 2005**2. Significant Accounting Policies (continued)*

Since a major portion of the liabilities for these items represents costs, which will be funded mainly from appropriations received from the Government of Canada in the future, these items do not have an impact on the Corporation's current net results of operations on a government funding basis.

M. INCOME TAXES

The Corporation follows the asset and liability method of accounting for income taxes. Future income tax assets and liabilities are recognised for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The rates used to calculate the future income tax assets and liabilities are the enacted or substantively enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. If realisation of future income tax assets is considered more unlikely than likely, a valuation allowance is provided.

N. REVENUE RECOGNITION**(i) Advertising and Program Sales**

Revenues from the sale of advertising airtime are recognised when the advertisement has been broadcast. Revenues from the sale of programs by the Main Channels to third-party broadcasters are recognised when the sale of goods or the rendering of services is completed.

(ii) Specialty Services

Revenues from Specialty Services include the sale of advertising airtime, subscriber revenues, and the sale of programs by the Specialty channels to third-party broadcasters. Revenues from the sale of advertising airtime are recognised when the advertisement has been broadcast. Revenues from program sales and subscriber fees are recognised when the sale of goods or the rendering of services is completed.

(iii) Miscellaneous Revenues

Miscellaneous revenues include revenues from the leasing of space, facilities and services; activities such as host broadcaster; commercial productions sales; gains from disposal of property and equipment; and other income. They are recognised when the sale of goods or the rendering of services is completed.

O. MEASUREMENT UNCERTAINTY

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the year. Employee-related liabilities, estimated useful lives of property and equipment and contingent liabilities are the most significant items where estimates are used. Actual results could significantly differ from those estimated.

NOTES TO THE FINANCIAL STATEMENTS*for the Year Ended March 31, 2005**2. Significant Accounting Policies (continued)***P. FUTURE ACCOUNTING CHANGES**

In June 2003, the Canadian Institute of Chartered Accountants (CICA) issued Accounting Guideline 15, Consolidation of Variable Interest Entities (AcG 15), which will become effective in fiscal year 2005-2006. This guideline will require the application of consolidation principles to certain entities that are subject to control on a basis other than ownership of voting interests. The Corporation is currently reviewing this guideline to assess its potential impact on the Corporation's financial statements.

In January 2005, CICA issued the following three accounting standards that will affect the Corporation:

SECTION 3855: FINANCIAL INSTRUMENTS – RECOGNITION AND MEASUREMENT – This standard sets out criteria for the recognition, derecognition, measurement and classification of financial instruments. The Corporation will be required to categorise its financial assets as held for trading, held to maturity, available for sale, or as loans and receivables. The related accounting treatment will be dependent on the classification. Financial assets categorised as held for trading or available for sale are to be measured at fair value while financial assets held to maturity, loans and receivables are measured at amortised cost.

SECTION 3865: HEDGES – Derivatives will be classified as held for trading unless designated as hedging instruments. All derivatives, including embedded derivatives that are not closely related to the host contract, will be measured at fair value. For derivatives that hedge the changes in fair value of an asset or liability, changes in the derivatives' fair value will be reported in the net results and offset by changes in the fair value of the hedged asset or liability. For derivatives that hedge variability in cash flows, the effective portion of changes in the derivatives' fair value will be initially recognised in the new category, other comprehensive income, and will subsequently be reclassified to net results in the periods affected by the variability in the cash flows of the hedged item.

SECTION 1530: COMPREHENSIVE INCOME – This standard requires certain gains and losses, that would otherwise be recorded as part of net results, to be presented in other comprehensive income until it is considered appropriate to be recognised in net results. The Corporation may be required to present a new financial statement titled *Comprehensive Income* to record such amounts until they are realised.

These new standards will come into effect for the Corporation's 2007-2008 fiscal year; however, early adoption provisions exist. The Corporation is in the process of determining the impact these standards will have on its financial reporting.

3. SHORT-TERM INVESTMENTS

The average yield of the portfolio held as of March 31, 2005, is 2.56 per cent (2004 - 2.18 per cent). The average term to maturity is 227 days (2004 - 114 days).

The Corporation invests in the short-term money market and securities. These are limited to those that are 100 per cent guaranteed by the Government of Canada.

NOTES TO THE FINANCIAL STATEMENTS*for the Year Ended March 31, 2005***4. NET INVESTMENT IN SALES-TYPE LEASES**

The Corporation's net investment in sales-type leases includes the following:

	<i>(thousands of dollars)</i>
Total minimum lease payments receivable	136,204
Unearned income	(67,590)
	68,614
Current portion	(1,685)
Long-term portion	66,929

Future minimum lease payments receivable under the sales-type leases are as follows:

	<i>(thousands of dollars)</i>
2006	6,050
2007	6,050
2008	6,050
2009	6,050
2010	6,050
2011 to 2027	105,954
Total future minimum lease payments receivable	136,204

These sales-type leases bear a fixed interest rate of 7.15 per cent annually. The interest revenues generated from these sales-type leases represent \$4.8 million in 2005 (2004 - \$6.2 million). The credit risk for the sales-type leases is normal.

5. PROPERTY AND EQUIPMENT

			2005	2004
	Cost	Accumulated amortisation	Net book value	
	<i>(thousands of dollars)</i>			
Land	21,006	-	21,006	22,177
Buildings	373,656	(219,471)	154,185	153,827
Technical equipment	1,246,921	(918,116)	328,805	322,058
Furnishings, office equipment and computers	121,631	(80,311)	41,320	32,861
Automotive	49,540	(35,819)	13,721	13,975
Leasehold improvements	44,603	(9,605)	34,998	22,141
Property under capital lease ¹	511,635	(183,979)	327,656	343,021
Uncompleted capital projects	61,345	-	61,345	84,272
	2,430,337	(1,447,301)	983,036	994,332²

1 Current year amortisation expense of \$15.4 million (2004 - \$15.4 million) relating to the property under capital lease is included in the amortisation of property and equipment on the Statement of Operations and Equity.

2 Cost and accumulated amortisation of property and equipment as at March 31, 2004, amounted to \$2,418.9 million and \$1,424.6 million respectively.

NOTES TO THE FINANCIAL STATEMENTS*for the Year Ended March 31, 2005***6. LONG-TERM RECEIVABLES****A. NOTES RECEIVABLE**

The Corporation has three long-term notes receivable following the sales of lands. These notes bear a fixed interest rate of 7.15 per cent annually. The credit risk is normal.

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

	<i>(thousands of dollars)</i>
2006	5,567
2007	5,567
2008	5,567
2009	5,567
2010	5,567
2011 to 2027	95,573
Total future minimum payments – notes receivable	123,408
Deduct: imputed interest	(60,675)
Notes receivable	62,733
Less: current portion (included in accounts receivable)	(1,578)
Notes receivable long-term	61,155

B. SALARY ADVANCES – CHANGE IN PAYROLL

The implementation of a new payroll system in fiscal year 1998-1999 required a change in the payroll schedule of the Corporation. To adjust to this schedule without compromising the bi-weekly payments to employees, the Corporation issued a salary advance to be recovered upon termination of employment. This salary advance represents \$12.8 million in 2005 (2004 - \$13.4 million). In previous years, this advance was reported against employee-related liabilities.

7. LONG-TERM INVESTMENTS

	2005	2004
	<i>(thousands of dollars)</i>	
Entities subject to significant influence		
ARTV – participation at 37%	4,016	3,879
<i>The Documentary Channel</i> – participation at 29% ¹	-	-
	4,016	3,879
Other investments		
Marketable securities and bonds ²	34,360	-
Portfolio investments	17	17
	38,393	3,896

¹ The Corporation has not recorded a portion of The Documentary Channel's losses since the Corporation will not assume any financial risk relating to The Documentary Channel.

² The average yield is 2.88 per cent and the average term is 552 days. The Corporation invests in the long-term money market and securities. These are limited to those that are 100 per cent guaranteed by the Government of Canada.

NOTES TO THE FINANCIAL STATEMENTS*for the Year Ended March 31, 2005***8. PENSION PLANS AND EMPLOYEE-RELATED LIABILITIES**

Employee-related liabilities are as follows:

	2005	2004	2005	2004
	Current		Long-term	
	<i>(thousands of dollars)</i>			
Accrued pension benefit liability	-	-	97,321	35,367
Employee future benefits other than pensions	-	-	133,007	118,423
Vacation pay	51,708	52,074	-	-
Workforce reduction	16,232	2,130	-	946
Salary-related liabilities	107,003	111,187	278	278
	174,943	165,391	230,606	155,014

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 ten 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, which are made at least on a triennial basis (latest evaluation made in December 2002) and the next required valuation will be as of December 2005. The Corporation also maintains unfunded non-contributory defined benefit pension arrangements. The measurement date for the pension plan assets and the accrued benefit obligation is March 31.

	2005	2004
Assumptions – annual rates		
Expected long-term rate of return on plan assets	6.75%	6.75%
Discount rate – beginning of year	4.75%	5.75%
Discount rate – end of year	5.00%	4.75%
Long-term rate of compensation increase, excluding merit and promotion	4.00%	4.00%
Health care cost trend rate	8.5% for 5 years; 4.5% thereafter	8.5% for 5 years; 4.5% thereafter
Indexation of pensions in payment	2.7%	2.7%
	2005	2004
	<i>(thousands of dollars)</i>	
Annual amount		
Employee contributions	37,517	28,001
Benefit payments for the year – pension plans	175,718	173,384
Benefit payments for the year – other employee future benefits	9,172	8,489

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended March 31, 2005



8. Pension Plans and Employee-related Liabilities (continued)

	2005		2004	
	CBC Radio-Canada pension plans	Other employee future benefits	CBC Radio-Canada pension plans	Other employee future benefits
	<i>(thousands of dollars)</i>			
Fair-market value of plan assets, end of year	3,753,550	-	3,607,713	-
Accrued benefit obligation, end of year	(4,250,824)	(174,141)	(4,251,100)	(175,795)
Deficit, end of year	(497,274)	(174,141)	(643,387)	(175,795)
Unamortised past service costs	81,575	(4,606)	91,173	-
Unamortised net actuarial losses	1,109,639	20,377	1,401,105	28,308
Unamortised transitional (asset) obligation	(791,261)	25,363	(884,258)	29,064
Accrued benefit liability, end of year	(97,321)	(133,007)	(35,367)	(118,423)
Accrued benefit asset (liability), beginning of year	(35,367)	(118,423)	49,005	(105,284)
Employee future benefits revenues (costs)				
Current service cost	(93,680)	(8,969)	(66,981)	(7,650)
Interest on accrued benefit obligation	(200,870)	(8,558)	(202,248)	(9,018)
Expected return on actuarial value of assets	236,538	-	207,281	-
Amortisation of past service costs	(9,597)	-	(9,597)	-
Amortisation of transitional asset (obligation)	92,996	(3,618)	92,996	(3,618)
Amortisation of actuarial losses	(135,293)	(2,611)	(115,290)	(1,342)
Employee future benefits costs for the year	(109,906)	(23,756)	(93,839)	(21,628)
Corporation pension plan contributions	47,060	-	8,598	-
Benefit payments from unfunded plans	892	9,172	869	8,489
Total cash payments	47,952	9,172	9,467	8,489
Accrued benefit liability, end of year	(97,321)	(133,007)	(35,367)	(118,423)

As at March 31, 2005, the accrued benefit obligation for the CBC | Radio-Canada Pension Plan and for the unfunded benefit pension arrangements represented respectively \$4,204.6 million (2004 - \$4,204.6 million) and \$46.2 million (2004 - \$46.5 million).

NOTES TO THE FINANCIAL STATEMENTS*for the Year Ended March 31, 2005**8. Pension Plans and Employee-related Liabilities (continued)*

Asset category	2005	2004
	Percentage of plan assets (based on market values)	
Fixed income	34%	34%
Canadian equities	29%	30%
Global equities	26%	26%
Strategic	11%	10%
	<u>100%</u>	<u>100%</u>

9. OBLIGATION UNDER CAPITAL LEASE

The capital lease is for premises occupied by the Corporation in Toronto. This obligation bears a fixed interest rate of 7.53 per cent annually. At the end of the lease, the Corporation will own the building. Future minimum capital lease payments as of March 31, 2005, are:

	(thousands of dollars)
2006	33,039
2007	33,039
2008	33,039
2009	33,039
2010	33,039
2011 to 2027	578,178
Total future minimum capital lease payments	743,373
Deduct: imputed interest and executory costs	(387,777)
Present value of minimum capital lease payment	355,596
Current portion of obligation under capital lease	(6,380)
Long-term portion	349,216

The Corporation owns the land on which the Canadian Broadcasting Centre in Toronto is located. Interest expense relating to the Canadian Broadcasting Centre lease, which is included in current year expense, is \$27 million (2004 - \$27.4 million).

10. DEFERRED CAPITAL FUNDING

	2005	2004
	(thousands of dollars)	
Balance, beginning of year	650,959	641,517
Government funding for capital expenditures (NOTE 14C)	95,757	129,616
Amortisation of deferred capital funding	(116,729)	(120,174)
Balance, end of year	629,987	650,959

NOTES TO THE FINANCIAL STATEMENTS*for the Year Ended March 31, 2005***11. COMMITMENTS****A. PROGRAM-RELATED AND OTHER**

As at March 31, 2005, commitments for sports rights amounted to \$267.9 million (2004 - \$354.0 million); procured programs, film rights and co-productions amounted to \$71.0 million (2004 - \$44.2 million) and property and equipment amounted to \$14.1 million (2004 - \$7.0 million) for total commitments of \$353.0 million (2004 - \$405.2 million). Payments under these contracts are expected to be made over the next four years.

B. OPERATING LEASES

The operating leases consist mainly of property leases, network distribution leases and equipment leases. Future annual payments related to operating leases as of March 31, 2005, are as follows:

	<i>(thousands of dollars)</i>
2006	101,346
2007	73,203
2008	64,811
2009	37,589
2010	34,981
2011 to 2027	226,129
Total future payments	538,059

12. CONTINGENCIES

Various claims and legal proceedings have been asserted or instituted against the Corporation. Some demand large monetary damages or other relief and they could result in significant expenditures. Litigation is subject to many uncertainties and the outcome of individual matters is not predictable. A provision for these expenditures has been recorded based on management's best estimate. It is reasonably possible that the Corporation may have to settle some of these claims for amounts in excess of established provisions in the near term. Any such costs will be expensed when known.

13. SPECIALTY SERVICES

The Corporation operates CBC Newsworld, Réseau de l'information de Radio-Canada (RDI), Galaxie, and CBC Country Canada under license conditions that require the reporting of incremental costs and revenues. CBC Newsworld and RDI use previous years' accumulated excess revenues over expenses to fund current year activities. As at March 31, 2005, the accumulated excess revenues over expenses carried forward to future years' activities for CBC Newsworld totaled \$9.7 million (2004 - \$4.3 million) and \$0.8 million for RDI (2004 - \$2.2 million).

NOTES TO THE FINANCIAL STATEMENTS*for the Year Ended March 31, 2005**13. Specialty Services (continued)*

	2005				2004			
	Revenues	Expenses	Repayments to CBC Main Service ¹	Net	Revenues	Expenses	Repayments to CBC Main Service ¹	Net
	<i>(thousands of dollars)</i>							
CBC Newsworld	74,281	(67,261)	(1,665)	5,355	70,559	(66,942)	(1,533)	2,084
RDI	44,271	(43,550)	(2,143)	(1,422)	43,608	(39,892)	(1,842)	1,874
Galaxie	17,217	(6,644)	-	10,573	16,254	(6,694)	-	9,560
CBC Country Canada ²	2,519	(3,207)	-	(688)	1,686	(2,918)	-	(1,232)
	138,288	(120,662)	(3,808)	13,818	132,107	(116,446)	(3,375)	12,286

1 Capital expenditures for the acquisition of equipment to introduce, maintain and expand the Specialty Services are made by the Corporation from its capital appropriation with an approved corporate repayment plan for recovery from the Specialty Services' revenues. Those repayments are funded from the accumulated excess revenues over expenses.

2 CBC Country Canada's cumulative loss of \$1.9 million was funded by proceeds from the sale of joint ventures.

14. PARLIAMENTARY APPROPRIATIONS**A. PARLIAMENTARY APPROPRIATIONS APPROVED AND RECEIVED**

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

	2005	2004
	<i>(thousands of dollars)</i>	
Operating funding		
Approved annual funding	895,659	829,059
Additional non-recurring funding for programming initiatives (NOTE 14D)	60,000	60,000
Transfer from capital funding - Supplementary Estimates B ¹	1,112	3,636
Frozen allotment used (reprofiled)	(20,000)	40,000
Operating funding received	936,771	932,695
Capital funding		
Approved annual funding	102,869	133,252
Transfer to operating funding - Supplementary Estimates B ¹	(1,112)	(3,636)
Frozen allotment reprofiled	(6,000)	-
Capital funding received	95,757	129,616
Working capital funding	4,000	4,000

1 In the event that significant changes in current year requirements occur, appropriations are transferred from one vote to another or reprofiled from one fiscal year to another through Appropriation Acts approved by Parliament.

NOTES TO THE FINANCIAL STATEMENTS*for the Year Ended March 31, 2005**14. Parliamentary Appropriations (continued)***B. RECONCILIATION OF NET RESULTS OF OPERATIONS TO GOVERNMENT FUNDING BASIS**

The Corporation receives a significant portion of its funding through Parliamentary appropriations, based primarily on cash flow requirements. Expenses recognised in the Statement of Operations and Equity in one year may be funded through Parliamentary appropriations in other years. Accordingly, the Corporation's net results of operations for the year on a government funding basis differ from those on a Canadian generally accepted accounting principles basis. The differences are outlined below:

	2005	2004
	<i>(thousands of dollars)</i>	
Net results for the year	(113,652)	32,673
Items not generating operating funds		
Amortisation of deferred capital funding	(116,729)	(120,174)
Gain generated from sales-type leases	-	(65,935)
Gain on disposal of property and equipment	(7,293)	(58,072)
Other	(3,631)	(1,843)
	(127,653)	(246,024)
Items not requiring operating funds		
Amortisation of property and equipment	122,675	123,855
CBC Radio-Canada pension plans and other employee future benefits	75,592	98,456
Vacation pay	(1,760)	(1,188)
Program inventory costs	(5,852)	729
Other	531	(2,565)
	191,186	219,287
Results of operations on a government funding basis	(50,119)	5,936
Less: Interest generated from the disposal of joint business ventures	(1,012)	(2,473)
Add / Less: Use of proceeds, generated in a previous fiscal year, from the sale of lands	5,194	(5,194)
Add: Use of proceeds, generated in a previous fiscal year, from the sale of joint business venture	42,718	5,093
Net results of operations on a government funding basis	(3,219)	3,362
Government funding surplus, beginning of year	35,252	31,890
Government funding surplus, end of year	32,033	35,252

NOTES TO THE FINANCIAL STATEMENTS*for the Year Ended March 31, 2005**14. Parliamentary Appropriations (continued)***C. NET RESULTS FOR CAPITAL FUNDING**

The purchase of property and equipment is financed by Parliamentary appropriations and considerations from the sale of disposal of property and equipment. Additions and considerations, relating to property and equipment, recorded in the current year under Canadian generally accepted accounting principles may be funded/recognised on a government funding basis in different years. The differences are outlined below:

	2005	2004
	<i>(thousands of dollars)</i>	
Capital funding received (NOTE 14A)	95,757	129,616
Total considerations from the disposal of property and equipment	12,298	142,449
Total capital funding for the year	108,055	272,065
Acquisition of property and equipment	(118,404)	(125,556)
Capital portion of lease payments	(5,927)	(5,503)
Capital (deficit) surplus before adjustments for considerations from disposal of lands and building	(16,276)	141,006
Add (deduct): Considerations from the disposal of lands and building	4,820	(131,916)
Add: Use of considerations generated from the sale of a building	-	7,500
Capital funding (deficit) surplus for the year	(11,456)	16,590
Capital funding surplus, beginning of year, government funding basis	21,643	5,053
Capital funding surplus, end of year, government funding basis	10,187	21,643

D. ADDITIONAL NON-RECURRING FUNDING FOR PROGRAMMING INITIATIVES

On April 3, 2003, the Government of Canada approved additional non-recurring funding of \$60 million for the Corporation for the 2004-2005 fiscal year (2003-2004 - \$60 million). These funds are being used across all media for the enhancement of programming initiatives in particular.

15. INCOME AND LARGE CORPORATIONS TAXES

The Corporation is a prescribed Federal Crown Corporation under Part LXXI of the Income Tax Regulations and is subject to the provisions of the *Income Tax Act* (Canada). The Corporation's activities are not subject to provincial taxes. The recovery of income and large corporations taxes is comprised of:

	2005	2004
	<i>(thousands of dollars)</i>	
Current income tax recovery	(974)	(4,268)
Future income tax	-	-
	(974)	(4,268)

NOTES TO THE FINANCIAL STATEMENTS*for the Year Ended March 31, 2005**15. Income and Large Corporations Taxes (continued)*

Recovery of income and large corporations taxes differs from the amount that would be computed by applying the Federal statutory income tax rate of 32.5 per cent (2004 – 34.0 per cent) to net results before taxes. The reasons for the differences are as follows:

	2005	2004
	<i>(thousands of dollars)</i>	
Income tax expense at Federal statutory rate	(37,276)	9,663
Increase (decrease) resulting from:		
Adjustment to future tax assets and liabilities for enacted changes in tax laws and rates	-	694
Non-taxable portion of capital gains on sales of capital assets	(1,422)	(15,511)
Other net amounts	385	(4,031)
Change in valuation allowance	38,313	9,185
Large corporations tax recovery	(974)	(4,268)
	(974)	(4,268)

The tax effects of temporary differences that gave rise to significant portions of the future tax assets and future liabilities as at March 31, 2005 and 2004 are presented below:

	2005	2004
	<i>(thousands of dollars)</i>	
Future tax assets		
Accrued liabilities	9,312	7,258
Pension plan asset	31,649	11,501
Employee-related liabilities	43,344	38,602
Loss carry-forward	16,421	10,599
Other	8	31
	100,734	67,991
Less: valuation allowance	(53,372)	(15,059)
	47,362	52,932
Future tax liabilities		
Accounts receivable	-	942
Program inventory	1,066	482
Net investment in sales-type leases	18,868	19,200
Property and equipment	21,896	24,807
Notes receivable	5,532	7,376
Other	-	125
	47,362	52,932
Net future tax assets (liabilities)	-	-

As at March 31, 2005, the Corporation had a loss carry-forward for tax purposes of \$50.5 million (2004 – \$30.3 million), which expires as follows: 2007 – \$5.7 million, 2009 – \$15.4 million, 2010 – \$3.3 million, 2014 – \$5.9 million, 2015 – \$20.2 million.

NOTES TO THE FINANCIAL STATEMENTS*for the Year Ended March 31, 2005***16. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES**

	2005	2004
	<i>(thousands of dollars)</i>	
Cash flows provided by (used for)		
Short-term investments	(26,470)	20,276
Accounts receivable ¹	1,953	7,700
Program inventory ²	(14,859)	(25,138)
Prepaid expenses	10,619	(18,209)
Net investment in sales-type leases ³	7	-
Accounts payable and accrued liabilities	(10,134)	(24,194)
Employee-related liabilities ⁴	11,180	16,078
	(27,704)	(23,487)

1 Excluding \$3.8 million (2004 – \$3.6 million) of notes receivable from the sale of lands.

2 Excluding \$2.0 million (2004 – \$1.0 million) of amortisation of property and equipment in 2005.

3 Excluding capital recovery of \$0.8 million.

4 Excluding items not involving cash of \$1.6 million.

17. RELATED PARTY TRANSACTIONS

The Corporation is related in terms of common ownership to other government departments, agencies and Crown corporations and to private companies in which the Corporation has long-term investments. 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. Funding received from the Government of Canada is described in Note 14.

18. FINANCIAL INSTRUMENTS

The carrying amounts for cash equivalents, short-term investments, accounts receivable, current portion in sales-type leases, accounts payable and accrued liabilities, and current portion of the obligation under capital lease, approximate fair value due to the short-term nature of these instruments. The fair values of the long-term portion of notes receivable and long-term portion of net investment in sales-leases, which have been estimated using a valuation technique, represent respectively \$70.1 million and \$63.9 million. The fair value of long-term investments, which has been established using a published quoted price, is \$34.6 million at March 31, 2005. The fair value of the obligation under capital lease is \$476.9 million at March 31, 2005.

The Corporation uses derivative financial instruments such as forward contracts to manage the risk of loss due to adverse movements in foreign exchange. Foreign exchange forward contracts with a notional principal amount of \$81.8 million (2004 – \$68.5 million) were outstanding at the end of the year. The fair value represents \$87.4 million at March 31, 2005. The remaining term to maturity of these contracts is under three years.

19. COMPARATIVE FIGURES

Certain of the 2004 figures have been reclassified to conform to the current year's presentation.

CBC | RADIO-CANADA

Distinctive Canadian Programming Everyday



CBCtelevision



CBCnewsWORLD



RADIO-CANADA
TÉLÉVISION



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