

# WHAT'S NEXT? HOW WE'RE MEETING THE CHANGING NEEDS OF CANADIANS →→



# NEW TECHNOLOGIES. NEW EXPECTATIONS. NEW OPPORTUNITIES.

HERE THEY COME →→

IN AN ERA OF CONSTANTLY ACCELERATING CHANGE, WHAT IS THE ROLE OF THE NATIONAL PUBLIC BROADCASTER? WE BELIEVE WE MUST NOT ONLY ADAPT TO CHANGE, BUT LEAD IT. WE'RE ACHIEVING THIS BY CONTINUALLY RENEWING OUR PROGRAMMING TO BETTER REFLECT AN INCREASINGLY DIVERSE SOCIETY. AND WE'RE MAKING THIS PROGRAMMING AVAILABLE TO MORE CANADIANS IN MORE WAYS THAN EVER BEFORE THROUGH TRADITIONAL TELEVISION AND RADIO, INTERNET, SATELLITE RADIO, PODCASTS, STREAMING VIDEO FOR CELL PHONES AND PDAS, AND MUCH MORE.





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# MAINTAINING OUR CENTRAL ROLE IN CANADIAN CULTURAL LIFE →→

CBC|Radio-Canada is Canada's most significant cultural institution. It is indispensable in bringing citizens together and in communicating this country's values and stories to Canadians within Canada and around the world. We unite Canadians by offering high-quality Canadian programming that reflects this country and its regions on all available platforms, wherever and whenever Canadians want it.



deserve in the rapidly evolving broadcasting environment, the Corporation needs a new and effective long-term contract with Canadians.

Change is coming in many forms in Canadian broadcasting – new technologies, new services, new financial models, new audience groupings, and new industry structures. Each of these types of change must be faced squarely by the Corporation if it is to continue to play its central role as Canada's national public broadcaster – enriching the democratic and cultural life of Canadians, and providing a forum for debate on Canada, today and in the future.

Indeed, no matter how quickly and dramatically Canadian broadcasting changes, CBC|Radio-Canada must continue to provide a public space where programming that is fundamental to Canadians' civic, cultural and social well-being can find a home. No other broadcaster in the Canadian broadcasting system fulfils this role.

Some of these broadcasting changes are fundamental. For example, the transition from analogue to digital production and transmission, as well as the proliferation of new broadcasting platforms and devices, mean that the Corporation must reassess the

timely that the Standing Committee on Canadian Heritage is investigating the role for a national public broadcaster in the 21st century. We believe that it would be appropriate that CBC|Radio-Canada's mandate and funding be reviewed and established on a regular ten-year cycle. CBC|Radio-Canada is heartened that the Government has confirmed additional funding of \$60 million for Canadian programming for the public broadcaster for each of the next two fiscal years. While this provides a measure of stability, in order for CBC|Radio-Canada to move forward in a meaningful way, and to provide Canadians with the programming they

Whether it is Television (*CBC News: The National*, *Le téléjournal*, *The Rick Mercer Report*, *Tout le monde en parle*), Radio (*The Current*, *Sounds Like Canada*, *Christiane Charette*, *Désautels*), Specialty Services (*The Passionate Eye* on CBC Newsworld, *Les grands reportages* on RDI), the Internet (*CBC Radio 3*, *bandeapart.fm*) or satellite radio, CBC|Radio-Canada broadcasts programming with a unique Canadian perspective.

At the same time, the swift and dramatic changes in the broadcasting world suggest that a review of CBC|Radio-Canada's mandate is appropriate, and for this reason, it is particularly



ways in which it reaches out to and serves Canadians. Less efficient methods of content creation and delivery – such as analogue over-the-air television transmission – must gradually give way to more cost-effective technologies. At the same time, CBC|Radio-Canada must make its content available on

**It is time for CBC|Radio-Canada to develop a new contract with Canadians to ensure that it continues to provide high-quality, public-value content, and that it has adequate, stable, long-term funding to fulfil its mandate.**

new platforms, as they arise, so that Canadians can gain access to the Corporation's programming content when, where and how they want it. With public service as its central objective, CBC|Radio-Canada must be proactive and responsive.

The fundamental changes in the broadcasting industry, combined with continuing audience

fragmentation, mean that the financial models relied on in the past are being severely challenged. In particular, the traditional advertising model for over-the-air television is under pressure and is not sustainable in the mid- to long-term. Conventional broadcasters still deliver over 80 per cent of all viewing to original Canadian drama and comedy programs on English-language television, and in the case of the French-language market, the share of conventional broadcasters is over 90 per cent. New ways of funding must be found, if this contribution by conventional broadcasters is to be maintained.

As well, new funding must be found for all of CBC|Radio-Canada's services if we are to be able to serve Canadians and provide them with the high-quality, engaging content they expect and deserve. For example, currently, some eight million French- and English-speaking Canadians do not receive a local CBC|Radio-Canada Radio service. We have developed a Radio Strategy that would create 15 new French- and English-language stations and production centres providing local coverage for 37 fast-growing communities ranging in size from 100,000 to 1.5 million people. This strategy

would also further our new multi-platform strategy, called *myCBC*, which will provide Canadians with tailored CBC News coverage – on Television, Radio, the Internet, and digital platforms – in those cities where local stations are currently located. The enactment of this strategy will require additional permanent funding.

All of these factors lead to one conclusion. It is time for CBC|Radio-Canada to develop a new contract with Canadians – a contract that will ensure that the Corporation is on the right track, providing high-quality, public-value content over both traditional and new platforms, in the way that best serves Canada and Canadians. And, that contract will also ensure that CBC|Radio-Canada has adequate, stable, long-term funding so that it will be able to fulfil its mandate in the most effective and efficient manner.



ROBERT RABINOVITCH  
PRESIDENT AND CEO



# EXECUTIVE SUMMARY →→

Established by an *Act of Parliament* as Canada's national public broadcaster, CBC | Radio-Canada has a unique place in the Canadian broadcasting system.

Our mandate is to inform, enlighten and entertain Canadians using the full range of broadcasting platforms available to us. We must provide Canadians with comprehensive programming that encompasses News, information, entertainment, and sports in order to meet all of their interests and needs. And, these programs must reflect Canada in all of its diversity in order to show Canadians who they are and what it means to be a citizen of this country.

CBC | Radio-Canada delivers its programming and services via at least 20 different media platforms, from conventional Radio and Television, to video delivered over cell phones, and audio via satellite radio. It is the only Canadian broadcaster delivering Radio, Television, Internet, and satellite-based services, in both English and French plus eight Aboriginal languages, to all Canadians. The Corporation's broadcasting reach extends across Canada and around the world.

Key action plans have been developed by each of our Television, Radio and New Media lines to bring Canadians high-quality distinctive Canadian programs in 2007–2008. All CBC | Radio-Canada's services contribute in a major way to enriching the democratic and cultural life of Canadians.

## KEY ACTION PLANS FOR 2007–2008 ENGLISH-LANGUAGE SERVICES

- RADIO, TELEVISION AND NEW MEDIA
  - continued integration of News, including enhanced local News coverage.
- TELEVISION
 

CBC Television's strategic plan is comprised of the following key elements:

  - enhance Drama and Entertainment programming by producing more series with full-season runs and airing more "factual" entertainment series;
  - deliver more multi-platform content supported by increased resources and infrastructure; develop business models for multi-platform content and distribution;
  - deliver more value to Canadians using an integrated approach to the delivery of regional programming through Television, Radio and *CBC.ca*.
- RADIO
 

CBC Radio has identified these key strategic objectives:

  - expand program development across the CBC Radio 2 schedule and to other platforms;
  - increase direct engagement with Canadians so that CBC Radio continues to be the authentic voice of the community;
  - develop new platforms, such as podcasting which the Corporation launched in 2005–2006, to deliver content when, where and how our audiences want it;
  - strengthen the presence of CBC Radio One by expanding local service to the five million Canadians who lack it.

## KEY ACTION PLANS FOR 2007–2008 FRENCH-LANGUAGE SERVICES

CBC | Radio-Canada's French-language media lines – Television, Radio and New Media – have been given a common set of objectives to:

- complete the integration of French Services;
- assert Radio-Canada's positioning as a public service;
- maintain an optimal audience to our Television, Radio and New Media services;
- expand Radio de Radio-Canada's offering for Francophones in minority communities and in the regions – currently more than two million Canadians do not have access to a local service of Première Chaîne;
- enhance the development of culture and expand its reach on all platforms;
- strengthen Radio-Canada's international presence;
- expand the reach of the public service onto new platforms; and,
- create an environment conducive to employee engagement.

Delivering on these action plans will be a demanding task for CBC | Radio-Canada in view of its financial situation and the significant broadcast environment changes underway.

Specifically, CBC | Radio-Canada faces an aging, more diverse and urbanised population that has access to more media options than ever before.

Recently announced mega-mergers in the communications industry will create major challenges for the Corporation in terms of its ability to obtain program rights and advertising revenue.

Technologically, CBC | Radio-Canada owns an aging transmission infrastructure which needs to be replaced. Government provided one-time capital and ongoing operating funding between 1974 and 1984 under the Accelerated

Coverage Plan (ACP) to extend the over-the-air transmission of CBC Radio, Radio de Radio-Canada, CBC Television, and Télévision de Radio-Canada to all communities in Canada with a population of 500 or more. These assets are reaching the end of their useful life and must be replaced. At the same time, CBC | Radio-Canada must complete the transition to high definition (HD) television and provide services over a host of New Media platforms.

CBC | Radio-Canada requires significant direct Government support in order to meet the challenges of this changing environment. Parliamentary appropriations to CBC | Radio-Canada were cut dramatically in the 1990s and are currently \$394 million less, in constant dollars, than in 1990. This is not a sustainable situation.

The Corporation continues to seek out other sources of funding in order to supplement its Parliamentary appropriations. However, in the absence of a radically revised mandate, CBC | Radio-Canada cannot properly fulfil its role in the Canadian broadcasting system on the basis of its current resources.

It is our hope that the current investigation by the Standing Committee on Canadian Heritage into the role for a national public broadcaster in the 21<sup>st</sup> century will provide a rationale that allows the Corporation to work out an effective long-term contract with Canadians – a contract that will clarify what Canadians expect from CBC | Radio-Canada and that will also ensure that the Corporation has adequate long-term, stable funding to meet those demands.





# BROADCASTING SERVICES →→

CBC | Radio-Canada delivers a comprehensive range of News, information, entertainment, and sports programs via 28 different services. It is the only Canadian broadcaster delivering Radio, Television, Internet, and satellite-based services, in both English and French plus eight Aboriginal languages, to all Canadians. The Corporation's broadcasting reach extends across Canada and around the world, offering high-quality, distinctive content by, for and about Canadians, however and wherever they want it.

## RADIO AND SATELLITE RADIO



**CBC RADIO ONE:** commercial-free English-language network, offering local, national and international News, Current Affairs, documentaries, arts and cultural programming, and drama, on Radio and on Sirius Satellite Radio Channel 137.



**CBC RADIO 2:** commercial-free English-language network, showcasing the musical diversity of Canada, including classical music and jazz and other genres targeting adult music audiences.



**CBC RADIO 3:** commercial-free English-language network, showcasing the best in new and emerging Canadian music via the Internet ([radio3.cbc.ca](http://radio3.cbc.ca)), podcasting and Sirius Satellite Radio Channel 94.



**PREMIÈRE CHAÎNE:** commercial-free French-language network, offering regional, national and international information along with regional and national News, arts, culture, and human-interest programming.



**ESPACE MUSIQUE:** commercial-free French-language music network, showcasing the musical diversity of Canada, including classical, jazz, chanson, world music, and emerging talent.



**BANDE À PART:** commercial-free French-language network, showcasing the best in emerging French-language Canadian music and favouring the discovery of Canada's new Francophone artists.



**PREMIÈRE PLUS:** commercial-free French-language network, offering News, Current Affairs, magazines, and cultural programming, including the best of Première Chaîne, on Sirius Satellite Radio Channel 138.



**INFO PLUS:** commercial-free French-language, 24-hour all-News, information and Public Affairs network, offering the best of Radio-Canada programming, on Sirius Satellite Radio Channel 187.



**RADIO CANADA INTERNATIONAL (RCI):** commercial-free international Radio service broadcasting in nine languages.



**RCI PLUS:** Radio Canada International programming in eight languages, as well as broadcasts from Canadian and international network partners, on Sirius Satellite Radio Channel 188.



**CBC NORTH | RADIO-CANADA NORD:** Radio and Television services in English, French and eight Aboriginal languages to Canada's northern communities.

## TELEVISION



**CBC TELEVISION:** English-language network, providing a wide range of News, information and entertainment programming by, for and about Canadians.



**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, offering international drama, sporting events and the arts.



**THE DOCUMENTARY CHANNEL:** 24-hour English-language digital Television service, by subscription, offering Canadian and international documentaries and extending our reach to Canadians.



**TÉLÉVISION DE RADIO-CANADA:** French-language network, delivering high-quality, public-oriented, *rassembleur* general programming, including News and Public Affairs.



**RÉSEAU DE L'INFORMATION DE RADIO-CANADA (RDI):** French-language 24-hour all-News and information service, financed entirely by subscriptions and advertising revenue.



**CBC NORTH | RADIO-CANADA NORD:** Radio and Television services in English, French and eight Aboriginal languages to Canada's northern communities.



**ARTV:** French-language arts and culture Television service, by subscription, offered through a public-private partnership.



**TV5MONDE:** An international consortium, offering a mix of News and general-interest, French-language Television programming.

## INTERNET



**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 and unique New Media and Web content.



**CBC RADIO 3:** commercial-free English-language network, showcasing the best in new and emerging Canadian music via the Internet (*radio3.cbc.ca*), podcasting and Sirius Satellite Radio Channel 94.



**BANDE À PART:** commercial-free French-language network, showcasing the best in emerging French-language Canadian music and favouring the discovery of Canada's new Francophone artists.



**RCI VIVA:** commercial-free Web Radio service broadcasting in eight languages, providing information about Canada and posting discussion boards for recent and aspiring immigrants to Canada.

## REACHING NEW AUDIENCES



**GALAXIE:** commercial-free digital pay audio service offering 45 channels of continuous music, without talk, to nearly six million subscribers.



**CBC RECORDS | LES DISQUES SRC:** recording label, releasing about 15 new Canadian CDs annually.



**WIRELESS:** WAP and SMS messaging services delivering interactive content to PDAs and cell phones.

# NON-BROADCASTING ACTIVITIES →→

In addition to operating its broadcasting services, CBC | Radio-Canada engages in a range of non-broadcasting activities for the purpose of supporting its Corporate priorities and programming activities.

## NON-BROADCASTING ACTIVITIES

The **REAL ESTATE DIVISION** optimises revenues by selling or renting surplus assets and generates savings by managing CBC | Radio-Canada real estate more efficiently. The Division frees up funds that can be invested in programming while ensuring that all CBC | Radio-Canada business units have the facilities they need.

The **MERCHANDISING DIVISION** generates revenues by licensing, selling and distributing CBC | Radio-Canada CDs, DVDs, digital downloads, books, clothing, and licensed merchandise of one of the most widely recognised brands in the country.

**CBC TECHNOLOGY** invests in state-of-the-art technology to increase efficiency and quality in the Corporation's production and business processes. The Division contributes to the Corporation's annual savings and brings in revenues for investment in programming.

The **MOBILE DIVISION** ensures that programs have access to mobile production equipment and also generates revenues for investing in programming by selling excess capacity.

**SHARED SERVICES** updates delivery of transactional and administrative services in Human Resources, Information Technology and Finance and Administration. Shared Services works to standardise processes.





# 1. OPERATING ENVIRONMENT →→

CBC | Radio-Canada faces a complex operating environment which is influenced by statutory policy objectives, regulatory obligations, ongoing technological changes, shifting consumer trends, and industry restructuring, as well as significant financial constraints.

## 1.1 POLICY OBJECTIVES AND REGULATORY REQUIREMENTS

Section 3(1) of the 1991 *Broadcasting Act* sets out the broadcasting policy for Canada and comprises an extensive list of general policy objectives for the Canadian broadcasting system, as well as specific policy objectives for CBC | Radio-Canada. The Corporation must keep all of these policy objectives in mind when assessing its current activities and planning for the future. In addition, CBC | Radio-Canada must take into account the ways in which the Canadian Radio-television and Telecommunications Commission (CRTC) has interpreted and sought to implement these policy objectives in its licensing decisions and regulations.

The CRTC is specifically required by section 5(1) of the *Act* to exercise its duties under the *Act* with a view to implementing the section 3 policy objectives, subject to any directions from the Governor in Council while, at the same time, having regard for the regulatory policy set out in section 5(2). Among other things, the

section 5(2) regulatory objectives include: being adaptable to the different characteristics of English- and French-language broadcasting; taking into account regional needs; and, being readily adaptable to scientific and technological change.

This statutory and regulatory context has a significant influence on the planning process as CBC | Radio-Canada attempts to determine the best way to implement its Corporate mandate. In particular, the Corporation must take into account the fact that implementation of its plans may involve licensing or other regulatory approvals by the CRTC under the *Act* or, in the case of the use of radiocommunication spectrum, authorisation or licensing by Industry Canada under the *Radiocommunication Act*.

The licenses of CBC | Radio-Canada's main broadcasting services are set to expire on August 31, 2007. The CRTC has granted an administrative renewal of these licenses, however, and will re-initiate the license renewal process when it has completed its review of its conventional television policy, specialty services and the distribution sector. This will likely occur in 2008.

## 1.2 THE EXPANDING WORLD OF BROADCASTING

Technological innovation and the emergence of new broadcasting platforms are radically changing the way in which Canadian consumers can enjoy video or audio content, whether it be news, sports or entertainment. As a result of developments in digital, wireless and Internet Protocol (IP) technologies, Canadian consumers face an expanding world of broadcasting, which offers greater diversity in every dimension: content, technical quality, method of delivery, mode of reception, and time and place of viewing or listening. These changes affect Canadian consumers in two fundamental ways.

First are the technological innovations that enhance the viewing and listening experience of Canadian consumers. These technological innovations constitute improvements to older technologies and while they may replace those technologies, in general, they will not disrupt the associated broadcasting activity. For example, the transition from analogue to digital cable provides Canadian consumers with not only more choice, but an enhanced viewing environment, as well. Similarly, the move to high definition (HD)

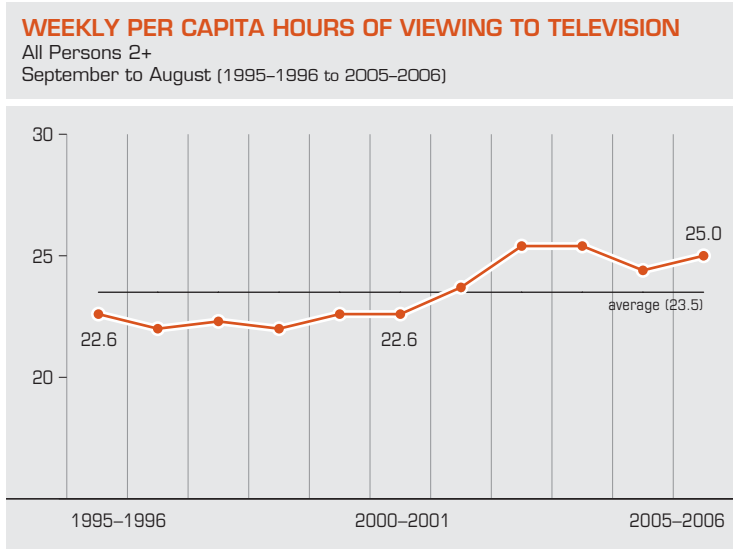
television from NTSC provides Canadian consumers with a measurable improvement in the quality of video they are watching, but it does not replace video with some other form of communication.

On the other hand, a second type of technological innovation permits the consumer to gain access to audio or video on totally new broadcasting platforms such as satellite radio, mobile wireless video, as well as Internet downloading and streaming. These types of innovations expand the consumers' broadcasting universe by providing them with the opportunity to have access to audio or video content in ways or at times that were previously not possible. These innovations have the potential to be extremely disruptive in their long-term effects on pre-existing platforms and technologies.

### 1.2.1 TRENDS IN THE VIDEO WORLD

The key word for the video world is "more". There is more video programming available over more distribution platforms, providing more types of content to more people than ever before.

This huge expansion in video represents a significant opportunity and an important challenge to Canadian broadcasters. In order to get a better understanding of the nature of this opportunity – and not be carried away by the hype generated by the proponents of one technology or another – it is necessary to look closely at what is actually happening in the video world.



SOURCE: Nielsen Media Research

### The Continuing Demand for TV

There can be no doubt that television is both an important and a resilient medium. Despite numerous social and technological changes, television viewing has remained remarkably stable for decades. In fact, over the last 10 years, television viewing has actually increased from about 22 hours per week in the mid-1990s, to around 24 to 25 hours per week.

### The Evolution of the Way in Which TV is Distributed

There are three primary distribution technologies for

television: conventional over-the-air transmission, cable distribution, and DTH satellite distribution. Of these three, cable has long been the dominant technology, whereas over-the-air reception has become increasingly marginalised, especially in English Canada.

As indicated in the table below, DTH is more common in rural areas and smaller centres than in cities, while the penetration of cable tends to increase in larger towns and cities. Reliance on over-the-air reception<sup>1</sup> tends to be relatively uniform in rural and

### SATELLITE, CABLE AND OFF-AIR PENETRATION RATE %

	Canada Excluding Québec			Francophone Québec		
	Satellite	Cable	Off-air	Satellite	Cable	Off-air
<b>Area Population</b>						
1,000,000+	14%	77%	8%	18%	59%	23%
100,000–1,000,000	22%	67%	10%	19%	69%	12%
50,000–100,000	39%	52%	9%	31%	60%	9%
< 50,000	50%	37%	13%	40%	50%	10%

Source: BBM Fall 2005/Spring 2006, NMR 2005–2006

1 In the above table and elsewhere throughout this Corporate Plan Summary, off-air reception means the reliance on over-the-air only to receive television services; i.e., the viewer has not subscribed to either satellite or cable services. Note that over-the-air reception may still be used by those who have subscribed to a cable or satellite service.



urban areas, although certain cities where there are numerous over-the-air signals available (e.g., Montréal) stand out as exceptions to this general rule.

### **The Unique Challenge Facing English-language Broadcasters**

The remarkable contrast between French-language television and English-language television in the digital environment highlights very clearly the unique situation facing English-language broadcasters in Canada.

Given the size of the television market in English Canada, the cost of producing high-quality television programming and the intense competition from US programming, it is clear that ongoing and enhanced Government support – both regulatory and direct – is critical...

In every other country in the world, viewing of domestic programming far exceeds viewing of foreign programming.<sup>2</sup> In this regard, French-language television in Canada is aligned with the overall global pattern of domestic television consumption.

In English Canada, however, the proximity of the United States –

by far the world's largest producer of English-language television programming – and the overwhelming availability of US programming over-the-air and on the services of Canadian Broadcasting Distribution Undertakings (BDUs) means that English-language broadcasters face a challenge that is unique in the broadcasting world.

Given the size of the television market in English Canada, the cost of producing high-quality television programming and the intense competition from US programming, it is clear that

ongoing and enhanced Government support – both regulatory and direct – is critical if there is to be a robust Canadian presence in the evolving digital environment.

### **New Ways of Accessing Video Content**

Technological advancements over the past 10 years have given rise to a variety of new platforms for consumers to receive and view video programming, including mobile wireless, video-on-demand (VOD), personal video recorders

#### ILLUSTRATION OF MULTI-PLATFORM GROWTH – VIDEO

##### **1995**

##### **TV Distribution**

Over-the-air TV  
Analogue cable

##### **Personalisation**

VCR  
Specialty TV  
Pay TV

##### **2005**

##### **TV Distribution**

Over-the-air TV  
Analogue cable  
Digital cable  
DTH satellite  
Wireless cable (MDS)  
IPTV  
Internet

##### **Personalisation**

VCR  
Specialty TV  
Pay TV  
DVD player  
PPV  
PVR  
VOD  
Video downloads  
Video streaming

##### **Portable**

DVD player  
Digital video player  
Mobile phone  
Laptop computer

<sup>2</sup> See “One Television Year in the World: 2005 Issue” (Eurodata Worldwide). In this analysis of 73 territories covering five continents, the English-language Canadian market was the only one in which indigenous programs did not comprise a majority of the ten most popular programs aired in 2004.

(PVRs), Internet streaming, and Internet downloading.

These new platforms and technologies affect the video opportunities available to Canadians in three key ways.

First, they significantly expand where consumers can receive and watch video programming. For example, mobile wireless services let viewers watch video clips wherever there is cell phone coverage.

Similarly, wireless Internet service permits users to stream or download videos wherever there is Wi-Fi or a similar service. Canadians are no longer limited to their living rooms when it comes to watching video.

Second, all of these new platforms, with the exception of some forms of Internet streaming, can be characterised as on-demand services which free viewers from the rigidity of program schedules. These services permit consumers to select the programming that interests them and to decide when to view it. In many cases, the viewing opportunities include video programming that is simply not available via traditional television.

Third, some new platforms, such as mobile wireless, provide video in a significantly different format from traditional television. These new platforms are emerging to meet the demand of the dynamic segment of the Canadian audience. Video content can now be viewed on dramatically different screen sizes, ranging from 2.5 cm cell phones and 5 cm video iPods to 127+ cm displays for HD. This represents a new type of viewing experience which offers unexplored opportunities for creativity and content.

Given the diversity of these new platforms, their relationships to traditional television vary significantly and, in some cases, can be quite complex. Consequently, it is simplistic to suggest that they are replacing traditional, scheduled television. Nonetheless, it is clear that they will have an impact on television viewing and, hence, on the broadcasters and BDUs who provide television programming to the public.

### 1.2.2 TRENDS IN THE AUDIO WORLD

The key word in the audio world is “choice”. Listeners expect to be able to choose what they hear, how they hear it and when they hear it. They want specialised programming that suits their tastes. And, they want to be able to listen to that programming when and where it suits them. These listener expectations have been shaped and reinforced by both technological developments and by the willingness of some broadcasters, including CBC | Radio-Canada, to embrace new opportunities in the audio world.

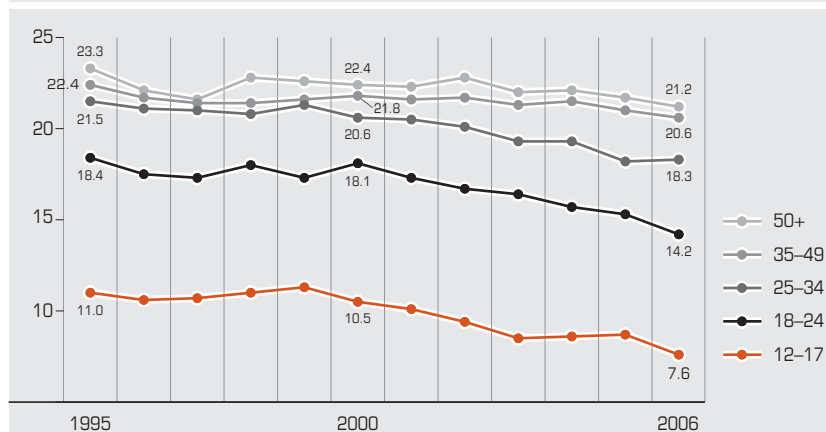
Overall, new audio platforms represent a significant challenge to traditional over-the-air radio. The wide array of new platforms has increased audience fragmentation and decreased the visibility of any single audio service. As a result, audio broadcasters are being forced to be both more thoughtful and more innovative when developing audio content and when deciding the best means to deliver it to Canadian listeners. It is no longer a case of one size fits all. Rather, audio programs must be carefully designed and targeted if they are to be successful with increasingly sophisticated audiences.

#### Conventional Radio

Radio was the first technology used by broadcasters in Canada to reach a mass audience, and it has remained an important medium since its inception. **Over the past 10 years, however, listening to conventional over-the-air radio has decreased across all age groups, with the decline being greatest among younger Canadians.**

#### WEEKLY PER CAPITA HOURS OF LISTENING TO CONVENTIONAL RADIO FOR SELECTED DEMOGRAPHIC GROUPS

Fall Sweeps  
(1995 to 2006)



SOURCE: BBM (Fall Sweeps)

These downward trends in radio listening are significant – it is clear that both teens and adults under the age of 25 are consuming relatively less “traditional” radio as they embrace many of the new technologies to gain access to audio content, particularly music. Yet, it is still too early to predict the future state of over-the-air radio, given its central role as a provider of local news and information to listeners in cities and towns across the country.

#### **New Ways of Accessing Audio Content**

Over the past decade, numerous new ways of accessing audio content have become available in Canada, including digital radio, pay audio, satellite radio, mobile wireless, Internet streaming, podcasting, and Internet downloading of music.

As with new video platforms, these new audio platforms provide consumers with increased choice in terms of where and how audio services can be received; increased diversity in the type of content that

is available; and greater flexibility and control over when audiences access and listen to that content.

The new audio platforms have met with varying degrees of acceptance by the public and the final verdict is still out on most of them. Among other things, the public’s willingness to accept the business models underlying some of the new platforms – such as subscription fees – has yet to be fully tested. Consequently, it is likely to be several years before any conclusions can be drawn regarding the viability and the role of the new platforms, as well as the full extent of their impact on conventional radio.

#### **1.2.3 FINANCING CANADIAN TELEVISION**

The basic economics of English- and French-language television production in Canada, and the availability of relatively inexpensive US programming, mean that market forces alone cannot be relied upon to produce a predominance of Canadian programming or to ensure that Canadian programming

is given a prominent place in broadcasters’ schedules. All parties in the broadcasting sector – specialty, conventional, public, and private – have economic and public supports at their disposal. These types of support are necessary if Canadians are to have access to Canadian programming.

**The public’s willingness to accept the business models underlying some of the new platforms – such as subscription fees – has yet to be fully tested.**

Government provides direct economic support for Canadian television programming by way of programming grants and contributions, and other direct expenditures related to Canada’s culture, including funding and tax-based support provided to CBC | Radio-Canada, Telefilm Canada, the Canadian Television Fund, and other programs and agencies with mandates to preserve, promote and develop Canadian culture.

In the case of Canada’s private conventional broadcasters, these benefits operate through Government and CRTC regulations, and include program substitution and protections under the *Income Tax Act* which discourage Canadian advertisers from placing advertisements in foreign programming. **For the broadcast year 2003–2004, the value of these two benefits alone has been estimated at between \$270 million and \$330 million**

#### **ILLUSTRATION OF MULTI-PLATFORM GROWTH – AUDIO**

##### **1995**

##### **Distribution**

Radio

##### **On-demand**

Tapes

CDs

##### **Portable**

Walkman

##### **2005**

##### **Distribution**

Radio

Internet

Satellite radio

##### **On-demand**

CDs

Music downloads

Streaming audio

Podcasting

##### **Portable**

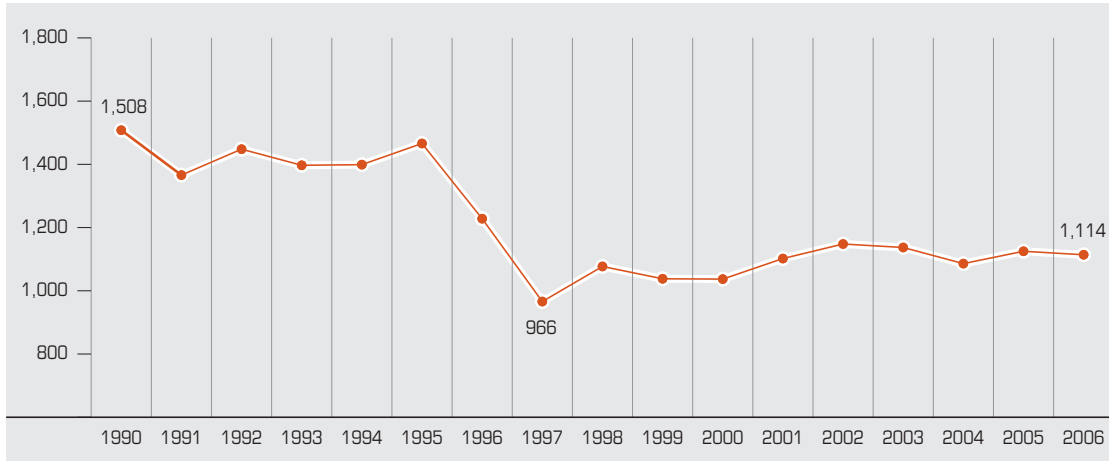
Walkman

Digital audio player

Mobile phone

**CBC | RADIO-CANADA'S PARLIAMENTARY APPROPRIATIONS (1990-2006)**

(Dollars in millions in 2006 constant dollars)



for Canada’s English-language private conventional broadcasters.<sup>3</sup> Recently, the CRTC has also created an additional public support mechanism for Canada’s private conventional broadcasters and certain specialty services in the form of supplemental revenues for drama programming. **These public benefits are worth \$34 million and two million dollars annually for Canada’s English-language and French-language private conventional broadcasters, respectively.**<sup>4</sup>

Canadian specialty services are also provided with more fundamental public support in the form of entry protections from foreign and domestic competitors. **Without these market protections, a vast number of American services would enter the Canadian**

marketplace and destroy most specialty services’ businesses. **For Canadian English-language specialty services alone, the value of these protections has been estimated at approximately \$735 million annually.**<sup>5</sup>

As a point of comparison, CBC Television has access to economic and public supports valued at \$261 million annually through its operating appropriations from Government.<sup>6</sup>

**1.3 SOURCES OF FUNDING**

There are four basic sources of funding for the Corporation:

- the annual appropriation of funds by Parliament;
- advertising revenues;
- subscription revenues; and,

→ revenues from ancillary activities.

**1.3.1 PARLIAMENTARY APPROPRIATION**

CBC |Radio-Canada’s total Parliamentary appropriation for 2006–2007 is \$1,114 billion – an amount which, in constant dollars, is \$394 million less than the Corporation received in 1990. This basic Parliamentary appropriation has been frozen for many years and is not fully indexed for inflation. Several cost elements within the Corporation’s operations, including all non-salary items, are subject to ongoing inflationary cost increases that are not offset through increases in our annual appropriation.

In 2006–2007, CBC |Radio-Canada received \$60 million in one-time funding in support of programming costs, as it had in each of the five

3 Nordicity Group Ltd., *Analysis of Government Support for Public Broadcasting and Other Culture in Canada*, 2006.

4 CBC |Radio-Canada Research and Strategic Analysis estimate.

5 Nordicity Group Ltd., *Analysis of Government Support for Public Broadcasting and Other Culture in Canada*, 2006. Nordicity estimates the value of total Canadian specialty services benefits from these entry protections at \$900 million of which \$735 million accrues to English-language specialty services.

6 CBC Television’s Government-funded Operating Expenditures for 2003–2004; excludes capital and Corporate overhead allocations.

previous years. And the Government has just confirmed additional funding of \$60 million for Canadian programming for CBC|Radio-Canada for each of the next two fiscal years.

The level of public funding of CBC|Radio-Canada does not compare well with that provided to public broadcasters in other OECD countries. According to a recent Nordicity study, Canada ranks third from the bottom in its support for public broadcasting, above only New Zealand and the United States.

CBC|Radio-Canada requires stable multi-year funding if it is to be able to plan its programming and operations with any reasonable degree of confidence. Many broadcasting projects extend across several years and yet there is no certainty that, once begun, such projects will continue to have the necessary funding to see them through to completion. This is a highly unsatisfactory situation which impairs the ability of CBC|Radio-Canada to properly implement its Corporate mandate. We believe a longer term funding cycle would best ensure support for the development of programs during the several years it takes to move from an initial concept to broadcast.

### 1.3.2 ADVERTISING

In 2005–2006, an Olympic year, CBC|Radio-Canada generated \$315 million in advertising and program sales.

The conventional television advertising market continues to experience relatively flat growth, while costs are increasing at a much higher rate. These two facts indicate very clearly that the traditional dependence of CBC|Radio-Canada's conventional

television operations on advertising revenues is not sustainable in the long run. This is a significant concern from a planning perspective, and it implies that new sources of revenue must be found.

While the CRTC recently announced the elimination of restrictions on advertising, this will not improve the downward trend in the advertising revenues generated by the conventional broadcasting sector. Indeed, the increased availability of advertising opportunities in American programming may well siphon advertising dollars away from Canadian programming.

### 1.3.3 SPECIALTY SERVICE REVENUES

CBC|Radio-Canada receives subscription and advertising revenues from its Specialty Services, CBC Newsworld, CBC Country Canada and Réseau de l'information de Radio-Canada (RDI). In 2005–2006, these revenues totalled \$124 million. These are relatively steady revenues as large-scale movements in subscribership, either up or down, are uncommon. The associated expenses are also relatively steady and of approximately the same magnitude as the Specialty Services' revenues, however. Consequently, these revenues have a neutral effect on overall planning and do not represent a significant source of additional funding.

### 1.3.4 SELF-GENERATED REVENUES

CBC|Radio-Canada's strategic direction calls for it to leverage its assets to generate revenue that can then be re-invested in programming. Self-generated revenue accrues from across the Corporation. For example, the media generate revenue through

program sales, facilities rentals, *CBC News/RDI Express*, and advertising on *CBC.ca* and *Radio-Canada.ca*. Other revenues are generated via merchandising, Galaxie (the Corporation's pay audio service), building and parking revenues, revenues from the leasing of space on our transmitters, and rent charged to external clients who use our mobile facilities. In 2006–2007, CBC|Radio-Canada generated \$110 million in self-generated revenues.

By their very nature, these self-generated revenues can vary significantly from year to year. While it is therefore difficult to rely on these revenues from a long-term planning perspective, any revenue generated in this way is extremely valuable to the Corporation for re-investment in programming or in support of programming.

While the CRTC recently announced the elimination of restrictions on advertising, this will not improve the downward trend in the advertising revenues generated by the conventional broadcasting sector.

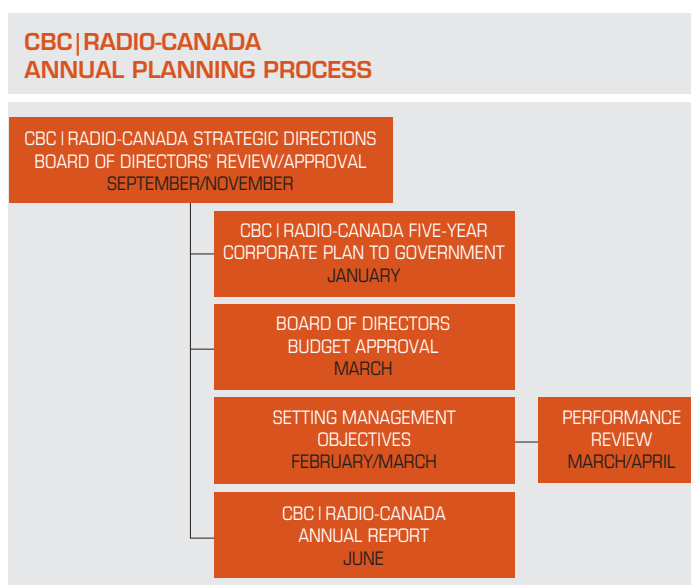


## 2. CORPORATE PLANNING AND STRATEGY →→

### 2.1 THE PLANNING PROCESS

The diagram opposite depicts the various components and timing of CBC|Radio-Canada's annual planning process.

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



### 2.2 CORPORATE PRIORITIES

CBC|Radio-Canada's mission is:

To create audacious, distinctive programming, programs designed to inform, enlighten and entertain, programs that reflect Canadians and Canada's regions, programs that help tie the country together and explain great national and international events, programming in all genres with emphasis on News and Current Affairs, drama and culture; and not forgetting our special responsibility to children.

In order to achieve this mission, we must have a culture driven to achievement, to excellence and to quality, recognising creativity, risk-taking, courage, and adaptability. Creative organisations must be in a continuous state of renewal. We must always be conscious of the audience we serve and we must strive both from external sources and by internal management to optimise our finances in order to put the finest programming on the air.

In order to achieve this mission on a day-to-day basis, we pursue the following eight strategic thrusts.

HIGH-QUALITY DISTINCTIVE CANADIAN PROGRAMMING →→	1. Ensure distinctive programming of the highest quality on all delivery platforms. 2. Recognise the importance of regional reflection and of the changing face of Canada. 3. Ensure the sustainability of CBC   Radio-Canada's Canadian schedules.
EFFICIENCY →→	4. CBC   Radio-Canada must be a well-managed company and generate cash flow to re-invest in programming.
CREATIVE AND HUMAN RESOURCES →→	5. Strengthen CBC   Radio-Canada's commitment to all its employees – to those who create and those who support them.
STRATEGIC PARTNERSHIPS →→	6. Position CBC   Radio-Canada to enhance its ability to fulfil its mandate through selective alliances and partnerships.
COLLABORATION →→	7. Reinforce the capacity of CBC   Radio-Canada to work as one integrated company.
STRONG STAKEHOLDER RELATIONS →→	8. Enhance/strengthen CBC   Radio-Canada's stakeholder relationships.

The focus of these priorities is the delivery of high-quality distinctive Canadian programming to Canadians, and they have been central to the Corporation's planning process for each of the past five years. They were most recently approved by CBC | Radio-Canada's Board of Directors in January 2006.

In order to further enhance the planning process and in response to the recommendations of the Auditor General's 2005 Special Examination of CBC | Radio-Canada, the Corporation developed a series of performance measures that will allow it to better assess its progress in meeting its Corporate priorities.

appropriate. The incorporation of these performance indicators into the Corporation's planning process began in 2006 and they will be fully integrated into that process within two years.

While data collection and measurement commenced April 2006, data for two measures, content and stakeholder relationships, is already available and is reported in Appendix D. By April 2007, data for all measures will be available and will be reported in next year's Corporate Plan. By April 2008, the performance indicator system will be fully operational and it will then be possible to examine annual performance results, performance against targets, as well as performance trends.

These changes have already enhanced the planning process and, in the longer term, should significantly increase the effectiveness of the Corporation's overall operations.

**CBC | Radio-Canada has enhanced the strategic planning process by developing performance indicators for each of our Corporate priorities and linked them to the Corporation, as a whole, or to individual media operations, as appropriate.**

### 2.3 MEASURING PERFORMANCE

The Auditor General of Canada's report on the Special Examination of CBC | Radio-Canada, released in 2005, suggested improvements in the ability of the Corporation's Board of Directors, the Government and the public to assess CBC | Radio-Canada's performance on a year-to-year basis. As a result, we have enhanced the strategic planning process by developing performance indicators for each of our Corporate priorities and linked them to the Corporation's main Television and Radio services, or to individual media operations, as



An overview of CBC|Radio-Canada's Corporate performance indicators is set out below.

HIGH-QUALITY DISTINCTIVE PROGRAMMING	
<p><b>CONTENT</b></p> <p>is measured by</p> <ul style="list-style-type: none"> <li>• Canadian content;</li> <li>• Number of awards;</li> <li>• Distinctiveness.</li> </ul>	<p><b>CREATIVE HUMAN RESOURCES</b></p> <p>is measured by</p> <ul style="list-style-type: none"> <li>• Commitment to training and development;</li> <li>• Employee satisfaction.</li> </ul>
<p><b>REGIONAL REFLECTION AND CHANGING FACE OF CANADA</b></p> <p>is measured by</p> <ul style="list-style-type: none"> <li>• Programs produced in regions for regions;</li> <li>• Programs produced in regions for network;</li> <li>• Visible minority staff;</li> <li>• Overall usage by visible minorities (18+).</li> </ul>	<p><b>STRATEGIC PARTNERSHIPS</b></p> <p>is measured by</p> <ul style="list-style-type: none"> <li>• Joint ventures/partnerships.</li> </ul>
<p><b>SUSTAINABILITY OF CANADIAN SCHEDULES</b></p> <p>is measured by</p> <ul style="list-style-type: none"> <li>• Television advertising revenue;</li> <li>• Expenditures on Canadian programming.</li> </ul>	<p><b>COLLABORATION</b></p> <p>is measured by</p> <ul style="list-style-type: none"> <li>• Expenditures on cross-media programming;</li> <li>• Extension of News integration and consolidation.</li> </ul>
<p><b>EFFICIENCY</b></p> <p>is measured by</p> <ul style="list-style-type: none"> <li>• Self-generated revenues;</li> <li>• Programming expenditures.</li> </ul>	<p><b>STRONG STAKEHOLDER RELATIONSHIPS</b></p> <p>is measured by</p> <ul style="list-style-type: none"> <li>• Canadians' satisfaction levels;</li> <li>• Opinion leaders' overall impression of CBC Radio-Canada;</li> <li>• Opinion leaders' general impression of CBC Radio-Canada as being an essential service;</li> <li>• Relevance to stakeholders.</li> </ul>

CBC|Radio-Canada's main Television and Radio networks use further programming indicators to assess performance against targets, all of which are reported in Appendix E.

## 2.4 BROADCASTING SERVICES

CBC|Radio-Canada's strategic objectives for the Corporation as a whole, as well as for its individual

divisions and broadcasting services, are shaped by its Corporate mandate and Corporate priorities, as well as the external factors discussed in Section 1 – The Operating Environment. Our conventional Radio and Television services continue to form the core of CBC|Radio-Canada's broadcasting activities, and planning for these activities is

done by our English services and French Services.

While CBC|Radio-Canada serves many different audiences, all of CBC|Radio-Canada's services have one common objective, which is to enrich the democratic and cultural life of Canadians.

#### 2.4.1 CBC TELEVISION

CBC Television encompasses CBC Television, with 16 conventional, over-the-air stations across the country, as well as the wholly owned Specialty Services, CBC Newsworld and CBC Country Canada.

##### **Main Network**

Over 16.5 million Canadians spent some time watching CBC Television each week of the 2005–2006 broadcast year. This is consistent with previous years where CBC Television's reach has repeatedly demonstrated the broad range and appeal of its programming. Providing programming that is of interest to all sectors of the Canadian public is a key element of CBC|Radio-Canada's mandate and the breadth of CBC Television's reach is clear proof that it is succeeding in this area.

While CBC Television has had remarkable success at meeting the overall needs of Canadians, it faces a much greater challenge when it comes to consistently drawing mass audiences to its programming during prime time. Unlike its private sector counterparts which rely primarily on US programming during prime time, CBC Television's prime-time schedule is overwhelmingly Canadian. In 2005–2006, 80 per cent of CBC Television's prime-time schedule was comprised of Canadian programs, as compared to only 29 per cent for CTV and 28 per cent for Global.

While CBC Television may not often win the prime-time ratings game against US programming, it does succeed at delivering audiences to Canadian

programming. In 2005–2006, seven of the 10 most popular Canadian drama/comedy series were aired on CBC Television, including such household names as *The Rick Mercer Report*, *Royal Canadian Air Farce*, *This Hour Has 22 Minutes*, and *Just for Laughs*. In addition, CBC Television has continued its record of critical acclaim with over 200 award-winning shows in 2005–2006 including, from the 53<sup>rd</sup> Columbus International Film and Video Festival, *The Passionate Eye – Who Shot My Brother* (Best of Festival); *the fifth estate – Tsunami: Untold Stories* (The Silver Chris); and *On The Road Again – Dog Lovers* (Bronze Plaque). As well, CBC Television received 42 Gemini Awards in 2006.

##### **CBC Television's Strategic Objectives**

CBC Television operates in a unique broadcasting environment in that the Canadian English-language television market is the only market in the world where the viewing of foreign programming far exceeds the viewing of domestic programming. This is due to the overwhelming abundance of US programming and the dependence by Canada's private English-language television networks on the advertising revenue generated through simultaneous substitution. This leaves CBC Television as the only broadcaster able to deliver an overwhelmingly Canadian schedule reflecting Canada's culture, values, lives, history, and humour each week throughout the year. This is especially true in today's rapidly evolving and highly competitive environment in which Canadians can increasingly gain access to video content when, where and how they want to.

This situation, in which indigenous content is overwhelmed by foreign, primarily US content, is not unique to television. The feature film industry finds itself in a similar situation. This overwhelming predominance of foreign video content is a crucial cultural issue facing English-speaking Canada. Given this environment, CBC Television will focus on two important areas during 2007–2008: programming and platforms.

CBC Television's vision is to be:  
**The source of the best, most informative, enlightening and entertaining programming by, for and about Canadians, and to provide it to them when, where and how they want it.**

And CBC Television's strategy to accomplish these goals involves the following:

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<b>PROGRAMMING – OVERALL OBJECTIVES</b>	<ul style="list-style-type: none"> <li>→ Offer its audiences programming that is not only intelligent and engaging, but also entertaining and enjoyable.</li> <li>→ Maintenance of the traditional breadth of program offering: performing arts, in-depth journalism, professional and amateur sports, dramas, and comedies.</li> </ul>
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<b>CBC TELEVISION MAIN NETWORK</b>	<p>Grow audiences to CBC Television by:</p> <ul style="list-style-type: none"> <li>→ Designing a new promotion and presentation strategy to maintain viewers across the program end breaks and through day parts.</li> <li>→ Expanding the program development process to the remainder of the schedule for drama, documentary and factual entertainment programming, News, and sports.</li> <li>→ Managing program pilot production, program testing and program evaluation centrally from the Network Programming Office.</li> </ul> <p>Enhance the entertainment offer by:</p> <ul style="list-style-type: none"> <li>→ Maintaining for 2007–2008 the 243 hours of entertainment programming achieved in 2006–2007, in the categories of drama/comedy, arts/music/variety and factual entertainment.</li> <li>→ Making the schedule more predictable for viewers.</li> <li>→ Producing more series with full season runs.</li> <li>→ Airing more factual entertainment series and daily lifestyle programs in 2007–2008, and creating a dedicated “Doc Zone” in prime time to showcase a move to more accessible and popular documentary programming.</li> </ul> <p>Regional commitments</p> <ul style="list-style-type: none"> <li>→ Continue to evolve regional strategy begun late in 2006–2007 (half-hour lifestyle show, interstitials throughout the day, one hour local evening newscast) so that CBC Television better connects with Canadians from all regions.</li> <li>→ Utilise regional programs as testing ground for potential network programs.</li> <li>→ Vancouver incubator project: Television, Radio, Web integration.</li> <li>→ Model for future News gathering nationally and locally in the future.</li> </ul> <p>News and Current Affairs</p> <ul style="list-style-type: none"> <li>→ Implement recommendations arising from the CBC News Study, diversification of content segments (e.g., health, “working life”, family matters, etc.) to provide a wider forum in which to debate the key issues facing Canadians.</li> </ul> <p>Sports</p> <ul style="list-style-type: none"> <li>→ Find replacement for Canadian Football League (CFL) games (hours of programming and revenue) when those rights expire after 2007.</li> </ul> <p>Children</p> <ul style="list-style-type: none"> <li>→ Increase Canadian content of children's programming in 2007–2008 to 90 per cent.</li> <li>→ Continue “We're partnering with parents” segments.</li> <li>→ Strengthen brand through initiatives such as “Kids' CBC Days” in local communities and promotional displays at airports and malls.</li> </ul>
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**OTHER PRIORITIES***CBC.ca* (News and information)

- Increase traffic by concentrating on core programming strengths: important and popular.

*CBC.ca* (children and youth)

- Create a “youth zone” in which entertainment content can be created and shared.
- Build brand loyalty through the partnership with Invest in Kids ([www.investinkids.ca](http://www.investinkids.ca)).

## CBC Newsworld

- Pursue mandatory carriage regulation to protect distribution.
- Renew relationships and partnerships with BDUs to protect wholesale fee.

## CBC Country Canada

- Develop new programming focus and re-brand accordingly.

## The Documentary Channel

- Regulatory approval received for change in effective control. Proceed with transfer of operations to the Canadian Broadcasting Centre in Toronto from Corus Entertainment.

## New online entertainment service

- Focus on drama/comedy, factual entertainment, documentary, sports, and children's content, as a complement to News and information focus of *CBC.ca*.

**2.4.2 CBC RADIO**

CBC Radio operates three English-language audio platforms: CBC Radio One, CBC Radio 2 and CBC Radio 3. CBC Radio also cooperates with Radio de Radio-Canada to produce CBC North/Radio-Canada Nord programming for broadcast to Northern Canada in English, French and eight Aboriginal languages.

CBC Radio One is CBC Radio's flagship News, information and entertainment network with 37 stations across the country, 18 of which are offered via the FM band. CBC Radio One service is rooted in the regions, offering a mix of local, regional and national programs that explore different perspectives, opinions and events. All of CBC Radio One's stations are available to listeners over the Internet. CBC Radio One is also available over Sirius Satellite Radio.

CBC Radio 2 is CBC Radio's culture and music network with 14 stations across the country, all of which operate on the FM band. While CBC Radio 2 has long been recognised as the home of classical music in Canada, its low awareness and audience, which has skewed 60+ years old, has led to discussions on how the service might be redeveloped.

CBC Radio 3 has been developed by CBC Radio to meet the needs of younger listeners, while taking advantage of new delivery platforms. CBC Radio 3's blend of cutting-edge contemporary music is streamed over the Internet, is a podcasting service, and is one of the services offered by Sirius Canada.

Nearly 3.8 million Canadians, aged 12-plus, listened to either CBC Radio One or CBC Radio 2 each week during BBM's latest Fall survey. In the Fall 2006 survey, CBC Radio captured a combined share of 13.0 per cent, which matched the previous record from

Spring 2002. CBC Radio One's share of 9.3 per cent in Fall 2006 is its highest Fall share on record. CBC Radio 2's share of 3.7 per cent is its highest since Spring 2001.

Audience fragmentation continues to represent the single greatest challenge to CBC Radio. The increasing number of audio choices available to Canadians makes it extremely difficult to maintain, let alone enhance, the profile and listener base of CBC Radio's services. CBC Radio is responding to these challenges by developing a presence on as many new platforms as possible and by coordinating and cross-promoting its programming on all of these delivery channels.

The other major challenge is the growing diversity of the Canadian population. It has become increasingly difficult to appeal to all types of listeners, given the growing disparity in the interests and values of Canadians as the population both ages and changes in ethnic mix.

**CBC Radio's Strategic Objectives**

CBC Radio has a unique vision for each of its three major platforms.

- CBC Radio One should be recognised and valued as the definitive source for Canadian News, information and entertainment.
- CBC Radio 2 should be Canada's leading cultural platform in all genres, the place where creativity finds a home.
- CBC Radio 3 should be a driving force in contemporary music, identifying and promoting leading-edge Canadian talent.

Building on these three platforms, CBC Radio intends to meet listeners on their own terms – in respect of both time and place – broadcasting over-the-air, via the Internet, podcasting, and adapting to new distribution channels, such as satellite radio and mobile devices, as opportunities become available.

CBC Radio has identified four key strategic objectives:

- Expand program development across the CBC Radio 2 schedule and to other platforms;
- Increase direct engagement with Canadians so that CBC Radio continues to be the authentic voice of the community;
- Develop new platforms such as podcasting to deliver content when, where and how our audiences want it; and
- Strengthen the presence of CBC Radio One by expanding local service to the five million Canadians who lack it.

With respect to regionalism, CBC Radio has developed and begun to implement a plan to extend service to a significant number of Canadians who do not have access to a local CBC Radio One service.

Markets covered by this plan include:

Kitchener	Red Deer	Hamilton
Barrie	Kingston	Nanaimo
Kelowna	Chilliwack	Saskatoon
Peterborough	Cranbrook	Kamloops

It is important to note that while we believe that extending our local Radio service to more Canadians is critical in order to properly fulfil the Corporation's mandate, CBC Radio requires additional funding if this plan is to be fully implemented.

**CBC Radio 2 Development**

The CBC Radio 2 redevelopment process that was announced in 2006 and is to be implemented, beginning in 2007–2008, involves:

- Broadening of the range of music broadcast to be more representative of the musical community in Canada and more relevant to Canadian listeners:
  - Strong commitment to core classical and jazz audience remains;
  - Addition of adult-oriented singer-songwriters, complementary adult vocal performers and adventurous contemporary non-pop compositions of relevance to adults aged 35–49;
  - Strong orientation to new Canadian talent not exposed elsewhere;
- Inclusive and accessible content and presentation style;
- Day-to-day consistency to address listener needs at time of day.

These are the three measures of success for this redevelopment process. It is expected that a redeveloped CBC Radio 2 will appeal to a broader age cohort of the population, more reflective of the distribution of Canada's adult population. A service with a broader appeal should reach more Canadians and translate into an increase in the network's share of all radio listening.

Nearly 3.8 million Canadians, aged 12-plus, listened to either CBC Radio One or CBC Radio 2 each week during BBM's latest Fall survey. In the Fall 2006 survey, CBC Radio captured a combined share of 13.0 per cent, which matched the previous record from Spring 2002.

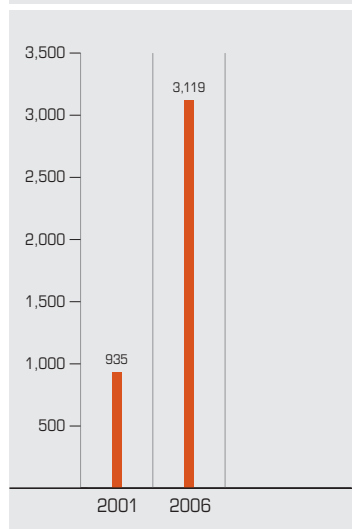
### 2.4.3 CBC.CA

The Internet has become an integral part of the lives of most Canadians and, as such, represents an increasingly important platform for CBC|Radio-Canada. On the English side, *CBC.ca* operates in an extremely fragmented and competitive environment, with competitors ranging from traditional Canadian broadcasters with an online presence (e.g., *CTV.ca*, *Canada.com*), to new social networking sites (e.g., *myspace.com* and *Youtube.com*), to high-profile search engines and portals (e.g., Google, Yahoo!).

More than three million Canadians visit *CBC.ca* each month from home, making *CBC.ca* the third most popular News and information website in Canada. In the five-year period of 2001 to 2006, usage of *CBC.ca* has more than tripled.

#### USAGE OF CBC.CA AT TWO POINTS IN TIME

Canadians 2+, at home  
(in thousands)



SOURCE: comScore Media Metrix  
Note: These averages are based on the months of September, October and November.

Within this environment, *CBC.ca*'s vision is to be: **Canada's most important and popular media website.**

#### **CBC.ca Strategic Objectives**

In pursuit of this vision, *CBC.ca*'s plans for 2007–2008 are to:

- Increase *CBC.ca* traffic by continuing to focus on core strengths: important and popular programming.
- Implement Web 2.0 and the Media Player.
- Increase revenues.
- Support the development and implementation of a multi-platform strategy.
- Increase site stability and reliability.

### 2.4.4 FRENCH SERVICES

All of CBC|Radio-Canada's French-language media lines (Television, Radio and New Media) report to the Executive Vice-President for French Services. This integrated approach facilitates the development of a global vision for French Services that recognises the individual strengths and distinctive character of each media line while promoting the overarching goal of improving the quality of the democratic and cultural life of the citizens of Canada.

CBC|Radio-Canada's French Services' key strength is its content, which is widely recognised as being:

- credible, reliable and accessible at any time;
- civically oriented and inclusive;
- varied and of high quality;
- distinctive and innovative.

This section begins with a review of the performance of each service in the past year and is followed by the overall plan for French Services.

#### **Télévision de Radio-Canada**

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

#### **Main Network**

Ninety-six per cent of Francophones tuned to Télévision de Radio-Canada each week throughout the 2005–2006 broadcasting year. Télévision de Radio-Canada has managed to retain this very high level of usage, even as the French-language television marketplace has become more fragmented with an increasing number of broadcast services and an increased level of video content available on alternative platforms, especially the Internet.

In 2005–2006, Télévision de Radio-Canada continued its initiative to refocus its activities on public service values and to strengthen its regional presence.

These programming initiatives have been very well received by audiences, with Télévision de Radio-Canada continuing to receive about one-fifth of all viewing by Francophones in prime time.

Canadian programming dominates the prime-time schedule of Télévision de Radio-Canada, and has done so for the past five years. In 2005–2006, 88 per cent of Télévision de Radio-Canada's prime-time programming – 24.8 of 28 hours – was Canadian.

Not only was Télévision de Radio-Canada's prime-time schedule overwhelmingly

Canadian, but its programs were among the most popular aired on French-language television in Canada. The network will continue to build an expanded presence as the venue for entertaining, socially relevant Canadian programming of the highest quality and greatest appeal.

Looking to the future, Télévision de Radio-Canada intends to continue its leadership in HDTV production. Since Fall 2005, high definition programs produced principally in prime time increased from 25 hours to 600 for the 2006–2007 season. Five sectors were prioritised: drama, entertainment, Current Affairs and documentaries, sports, and News. In 2006–2007, Télévision de Radio-Canada aired 14 regular programs and three specials in HD.

While Télévision de Radio-Canada's place in programming for adult audiences is extremely strong, it is recognised that work needs to be done to revitalise its programming for children. Two new daily shows were successfully introduced this year – *Kif-Kif* and *Les pieds dans la marge*. In 2006–2007, Télévision de Radio-Canada also introduced new youth programs in order to regain its leadership role in this important area of broadcasting.

Finally, with respect to News, Télévision de Radio-Canada, in 2006–2007, revamped *Le téléjournal* at 10:00 p.m., launched a new *Téléjournal* at 8:00 a.m. and returned to the 6:00 p.m. time slot with a full regional newscast.

#### Radio de Radio-Canada

Radio de Radio-Canada includes three main audio platforms: Première Chaîne, Espace musique and *bandeapart.fm*. Radio de Radio-Canada is also responsible for the operation of

Radio Canada International (RCI), CBC | Radio-Canada's international service and the new multilingual Web Radio service, RCI viva. This new Web Radio service will play a pivotal role for immigrant communities in Canada and will provide a gateway for all new and prospective arrivals to the country. In addition, Radio de Radio-Canada cooperates with CBC Radio in the production of CBC North /Radio-Canada Nord, which broadcasts to Northern Canada in French, English and eight Aboriginal languages.

Première Chaîne, with 20 production centres and 14 regional News bureaux across the country, is the most comprehensive French-language News network on radio in Canada. Première Chaîne is available to 98 per cent of Canada's Francophone population.

Première Chaîne's key achievements in 2006–2007 included the return of *Christiane Charette*, a new format for *Désautels*, a revamped *Dimanche magazine*, a new anchor for the afternoon *Radio journal* newscasts, and an enhanced regional programming line-up.

Espace musique, launched in Fall 2004, provides a distinctive music service reflecting the breadth of Canadian diversity and musical genres. It is available to Francophones from coast-to-coast with a local presence in each provincial capital. Its mandate is to develop and promote French-language Canadian talent and music of all genres (classical, jazz, world music, and emerging music) for Francophone Canadians.

In Fall 2006, Radio de Radio-Canada captured 15.2 per cent of French-language radio listening among Francophones in markets served by the Corporation. Première Chaîne attracted an

audience share of 13.3 per cent in Spring 2006 and 12.3 per cent in Fall 2006. Taken together, Première Chaîne and Espace musique reached 1,216,000 listeners each week in Fall 2006.

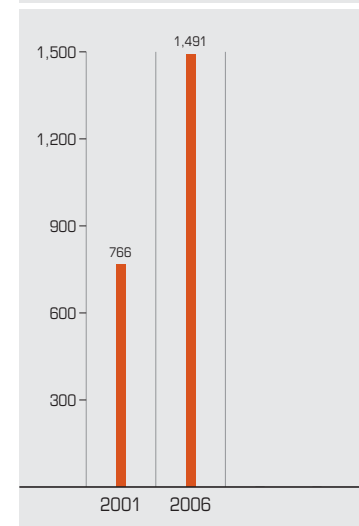
#### Radio-Canada.ca

*Radio-Canada.ca* provides Francophones with high-quality content complementing the programming offered by Télévision de Radio-Canada and Radio de Radio-Canada. Radio-Canada reporters now post their blogs on the *Radio-Canada.ca* website.

According to comScore Media Metrix, almost 1.5 million Francophones visited *Radio-Canada.ca* in Fall 2006. Usage of *Radio-Canada.ca* has almost doubled since 2001.

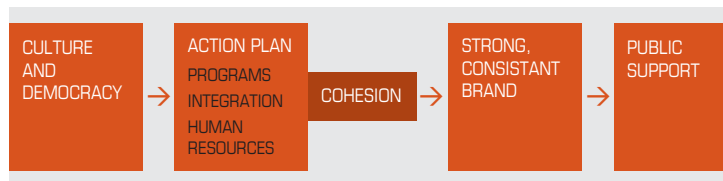
#### USAGE OF RADIO-CANADA.CA AT TWO POINTS IN TIME

Francophones 2+, at home (in thousands)



SOURCE: comScore Media Metrix  
Note: These averages are based on the months of September, October and November.

# FRENCH SERVICES' OVERALL PLAN →→



## CULTURE AND DEMOCRACY

In the 21<sup>st</sup> century, enriching the democratic and cultural life of Canadians requires a different paradigm.

## ACTION PLAN – 2007–2008 DIRECTIONS

<b>INTEGRATION</b>	→ Complete the integration of French Services.
	→ Conduct a comprehensive study of the Radio-Canada brand image.
	→ Consolidate workspace to reflect the new reality.
	→ Launch an image campaign in February 2007.
	→ Effectively manage team cohesion.
<b>PROGRAMS</b>	
<i>The French Services' Group</i>	→ Overall strategy to boost ratings.
	→ Plan to expand regional roots and network contributions.
	→ International strategy.
	→ Strong News brand.
	→ Consolidation and strengthening of sports.
<i>Television</i>	→ Boost continuous hours tuned to in evenings.
	→ Increase number of big-draw programs in prime time.
	→ Produce more episodes for key series.
	→ Enhance national productions shot in the regions.
	→ Enrich children's programming (for children aged 2–11) aired during the day time and develop new programs targeted to teens (aged 12–17).
<i>Radio</i>	→ Strengthen Première Chaîne's leadership position.
	→ Increase Espace musique's impact.
	→ Produce more investigative reports.
	→ Entrench RCI viva in cultural communities.
<i>New Media</i>	→ Clarify <i>Radio-Canada.ca</i> 's offering and positioning.
	→ Make content more interactive and accessible to a general audience.
	→ Develop a meeting place for youth and young adults on <i>Radio-Canada.ca</i> and News platforms.
	→ Be a leading catalyst for New Media development.
	→ Help define the new economy in audiovisual rights.
<i>Regional Strategy</i>	→ Strengthen regional roots.
	→ Make better use of regional expertise on all network programming.
	→ Improve our signal distribution.
<b>HUMAN RESOURCES</b>	→ Workforce training and mobility.
	→ Succession planning.
	→ Cultural diversity.
	→ Internal communications strategy.
	→ Integrated HR approach in the regions.
	→ Union involvement in our efforts to promote the public broadcaster.



## STRONG, CONSISTENT BRAND

The Radio-Canada brand is more than a company name and logo. It is an entity that creates programming and ensures our future success by securing public support. The sum total of what people see and feel regarding Radio-Canada is its programs, services and employees.

The Radio-Canada brand is our most valuable asset:

- It clarifies our offering.
- It influences our audience's loyalty.
- It distinguishes us from our competitors.
- It drives our ratings performance.
- It guides the future development of our programs.
- It allows us to confidently tackle new markets.
- Our future growth depends on the value and strength of our brand.

## PUBLIC SUPPORT

Public support is to Radio-Canada what profits are to private enterprise:

- There can be no public service without the public.
- Audiences are an essential indicator of our level of support.
- Public support is gauged by:
  - Ratings.
  - In-house surveys.
  - Focus groups.
  - Public endorsements by opinion leaders.
  - Favourable media coverage.

## 2.5 CBC | RADIO-CANADA: LEADING NEW PLATFORM DEVELOPMENT

New technologies are providing consumers with the ability to choose when, where and how they receive audio and video content – via the Internet, video-on-demand (VOD), podcasts, cell phone networks, satellite radio, and other new technologies. And, consumers are demanding that broadcasters adapt to these new technologies or face being left behind.

CBC | Radio-Canada is an acknowledged leader in the use of emerging technologies and broadcasting platforms.

CBC | Radio-Canada makes its audio content available over every platform available to consumers in Canada. Canadians can listen to over-the-air Radio or tune into CBC Radio One, CBC Radio 2, CBC Radio 3, Première Chaîne, Espace musique, and *bandeapart.fm* over the Internet. They can download podcasts to MP3 players and iPods or get audio clips over their cell phone. They can listen to Galaxie on DTH and digital cable systems or they can tune into any one of six CBC | Radio-Canada channels on Sirius Canada's satellite radio service. On the audio front, CBC | Radio-Canada has been and remains a leader on almost every platform.

CBC | Radio-Canada's English- and French-language Television services are also distributing their programming over multiple new platforms. For example, CBC Newsworld and RDI are part of the package of services distributed by cell phone companies in

Canada, and CBC Television's programs are also available across Canada via BDUs that offer video-on-demand (VOD) services. Select Television programming is also available over the Internet via *CBC.ca* or *Radio-Canada.ca*.

## CBC Radio 3 launched its podcasting service in June 2005 and is the number one listened-to music podcast in Canada with approximately 200,000 downloads per week as of December 2006.

In terms of the Internet, CBC|Radio-Canada has been a Canadian pioneer of this new medium and continues to be an industry leader. *CBC.ca* and *Radio-Canada.ca* are among the most popular News and information websites in Canada. In addition, the Corporation has created specialised niche services, such as CBC Radio 3 and *bandeapart.fm*, which are in the vanguard of the use of such new technologies as podcasting. CBC Radio 3 launched its podcasting service in June 2005 and is the number one listened-to music podcast in Canada with approximately 200,000 downloads per week as of December 2006. While CBC Radio 3 offers 100 per cent Canadian content, half of its downloads originate from outside of Canada – a fact that demonstrates the importance of the Internet for extending CBC|Radio-Canada's global reach. The most popular podcasts are *Quirks and Quarks*, *Ideas* and *As It Happens*.

## 2.6 OPERATIONAL EFFICIENCIES

CBC|Radio-Canada is continually reviewing its business approaches and production technologies to identify savings and leverage assets for reinvestment in programming.

The Real Estate Division, created in 2000, manages CBC|Radio-Canada's Real Estate portfolio of more than four million square metres and generated \$23 million in increased revenues, cost savings and cost avoidances in 2005–2006 while also winning recognition for its environmentally friendly practices (i.e., Building Owners and Managers Association (BOMA) Go Green certification in Montréal and Vancouver, BOMA Environment Award (Québec and Canada categories) for Maison de Radio-Canada in Montréal, and BOMA Certificate of Building Excellence for the Canadian Broadcasting Centre in Toronto). Other achievements include obtaining approval for the redevelopment of CBC|Radio-Canada's Vancouver operations and the consolidation of the St. John's locations.

On the technology side, CBC|Radio-Canada implemented new telecom and broadcast technologies for an initial annual savings of \$1.4 million. It also increased revenues through space rentals on towers, sites and buildings. New remote production methods generated significant savings for the broadcast of such activities as the 2006 Torino Winter Olympics.

CBC Television hopes to generate higher programming revenues by means of the newly created Video Syndication Unit and create savings by outsourcing the Promotion and Design department. French

Services achieved efficiencies by consolidating News and regional operations under a single general manager, consolidating Television, Radio, technical support services, the research and strategic planning group, and creating a media committee to examine projects involving multiple media lines. It also completed the implementation of the Vision Project.

CBC|Radio-Canada's Merchandising Division has taken advantage of the fact that CBC|Radio-Canada is one of the most recognised brands in the country by providing Canadians with the opportunity of buying their favourite CBC|Radio-Canada products either online or in a CBC|Radio-Canada shop. During 2005–2006, the Merchandising Division generated \$6.5 million in revenue – an increase of one million dollars over 2004–2005. The Division also opened a boutique in Montréal and a kiosk in Ottawa and released a record number of home videos for sale to the public.

CBC|Radio-Canada is a founder and a partner in Sirius Canada which provides satellite radio service across Canada. CBC|Radio-Canada supplies six channels of content to Sirius Canada, thereby extending the Corporate brand to a new platform, as well as throughout the United States where four of those channels are also delivered by the US partner, Sirius Satellite Radio. As of the end of 2006, Sirius Canada had exceeded its subscriber projections and achieved subscription levels well ahead of its competitor, XM Canada.

Overall, efficiency initiatives are now generating \$75 million annually in cost savings and increased revenue.

### **Strategic Objectives**

CBC|Radio-Canada continues to try to improve the efficiency of its operations and leverage its assets and expertise in order to generate new revenues.

On the Real Estate side, the Corporation expects to close the sale of excess density in its Vancouver property, thereby generating revenues of around \$37 million in the 2007–2009 timeframe. Studies of possible opportunities in Montréal and Toronto should be completed in 2007 and action initiated if a reasonable business case exists. Similarly, a study of the possible consolidation of the Halifax operations should be completed in 2007 and action taken, if appropriate. Review of certain international operations will also be undertaken, as well as a large number of capital, non-cyclical maintenance and renovation projects.

The Corporation intends to add two HD studios plus HD post-production facilities in Montréal and to complete one HD studio in Toronto in 2007–2008. The Desktop Radio technology will be rolled out to all locations and new technologies will be implemented to deliver audio and video via CBC|Radio-Canada's websites. A permanent post-production facility will be established in Toronto in order to facilitate HD production of remote sporting events such as the Beijing Summer Olympics and the FIFA World Cup.

The operations of CBC Music and CBC Records/Les disques SRC will be regrouped to improve efficiencies, and Galaxie anticipates developing new commercial services to enhance its revenues. The Merchandising Division intends to expand its retail operations in low-risk locations such as Montréal, Toronto, Ottawa, and Edmonton.

Corporate administration will continue the implementation of strategic sourcing contracts to achieve better terms for the procurement of products and services. The economies of scale available to CBC Shared Services in transaction-intensive areas of administrative services will produce measurable and ongoing cost reductions.

## **2.7 HUMAN RESOURCES**

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

In 2005–2006, CBC|Radio-Canada appointed its first Director of Organisational Health and Wellness and hired an ergonomist as part of its health and wellness initiative. The Corporation also conducted a survey of employees' psychological well-being. The results of this survey are being assessed jointly by Management, the Unions and employees in order to determine ways to address issues which may arise.

A major initiative in 2005–2006 was the restructuring of French Services into a single division. This required significant human resources support in order to ensure its successful completion.

The Corporation concluded agreements with six of its unions in 2005–2006: STARF, SCRC, SCFP, UDA, CMG, and APS.

### **Strategic Objectives**

The Corporation will continue to foster an environment that promotes leadership and accountability across all levels of the organisation while ensuring an environment that is conducive to employee well-being and fulfilment. Further initiatives resulting from the 2004–2005 Wellness Study include the creation of special quiet rooms, the organisation of stress management seminars and the development of respect and recognition workshops, in consultation with Union representatives.

The Corporation hopes to conclude agreements with a number of Unions and guilds, including AR, SPACQ, SARTEC, WGC, AF of M, and ACTRA.

## **2.8 STRATEGIC PARTNERSHIPS**

Strategic partnerships have assumed greater importance over the years as CBC|Radio-Canada has sought to increase the reach of its programming on new platforms and to mitigate the risk associated with undertaking new ventures. Examples of partnerships include Sirius Canada's satellite radio service, new mobile wireless services delivered by Canada's cellular service providers and CBC News/RDI Express. CBC|Radio-Canada recently renewed its in-flight service with Air Canada and continues to work with its private sector partners in the specialty television services, ARTV and The Documentary Channel.

CBC|Radio-Canada, along with its partners, Sirius Inc. and Standard Broadcasting, introduced the Sirius Canada satellite radio service to Canadians in late 2005. Public interest and acceptance has been very high, as evidenced by the fact that subscriptions to Sirius Canada have exceeded original forecasts. CBC|Radio-Canada supplies six channels to Sirius Canada.

## CBC|Radio-Canada is Canada's largest broadcaster and offers services from coast-to-coast-to-coast in English and French and eight Aboriginal languages.

CBC|Radio-Canada is also working with each of Canada's three main cellular service providers to offer content over their mobile wireless services. The initial focus has been on News, weather and sports clips, but is expected to expand into other forms of "mobisodes".

### **Strategic Objectives**

CBC|Radio-Canada is reviewing all of its partnership agreements in order to determine if there are opportunities to improve those agreements in ways that enhance the Corporation's position.

CBC|Radio-Canada has extended a three-year contract with Clear Channel at Toronto Pearson International Airport for CBC News/RDI Express and is attempting to negotiate other agreements so that these services can be extended to airports across the country.

CBC Television expects to conclude a distribution agreement

with MobiTV for the broadcast of CBC Newsworld over the Internet to wireless devices. It is also negotiating arrangements with AOL, Google, Yahoo!, iTunes, Rogers, Telus, and Bell Mobility. On the sports side, CBC Television is exploring a partnership with Insight Sports to create an Internet sports portal and is also investigating potential partnerships to distribute FIFA coverage via video-on-demand and mobile wireless devices.

CBC|Radio-Canada expects to continue to work on documentary co-productions with international partners such as *The New York Times*, S4C, and ZDF. Such co-productions extend the CBC|Radio-Canada brand and offer additional high-quality distinctive programming to Canadians.

Finally, the Corporation continues to assess whether it would be appropriate to continue its affiliation arrangements with independent television stations that are currently CBC|Radio-Canada Television Affiliates.

## 2.9 WORKING TOGETHER

CBC|Radio-Canada is Canada's largest broadcaster and offers services from coast-to-coast-to-coast in English and French and eight Aboriginal languages. While specialisation is necessary to take advantage of each media's special characteristics, working together creates efficiencies, as well as synergies.

In 2005–2006, French Services underwent a major reorganisation, integrating all services under one office. This reorganisation builds on the successful re-positioning of Télévision de Radio-Canada while addressing the challenges of a multi-platform environment and

has led to development of such cross-media projects as *Le 11 septembre, cinq ans après...* (9/11 Five Years Later), Foreign correspondents' week, the Kent Nagano event, *La semaine verte* and *L'heure de gloire*.

The CBC News Integration Project continued to roll out throughout 2005–2006. This initiative has resulted in the substantial sharing of information, ideas and resources across CBC Radio, CBC Television and *CBC.ca*.

The consolidation of the Corporation's operations in single locations in Ottawa, Québec City and Edmonton has also encouraged employees within CBC|Radio-Canada's English and French Radio, Television and New Media services to work more closely together, as has the creation of CBC Shared Services, which consolidated all of the Corporation's internal services in Information Technology, Human Resources, and Financial Administration into a single entity.

In all of these areas, CBC|Radio-Canada is seeking to build on its strengths across all media to capitalise on the associated synergies and economies of scale.

### **Strategic Objectives**

Specific initiatives to promote increased collaboration within CBC|Radio-Canada for 2007–2008 include:

- further consolidation of staff and facilities within a single building in various CBC|Radio-Canada locations across the country (e.g., Vancouver, Halifax and St. John's) to increase the opportunity for employees to work more closely together.

## 2.10 STAKEHOLDER RELATIONSHIPS

CBC|Radio-Canada has developed important relationships with its stakeholders, including Government, Parliament, the CRTC, and the Canadian public. The maintenance of strong relationships with all of these stakeholders enhances the Corporation's ability to achieve its objectives.

CBC|Radio-Canada has developed strategies to work effectively with each of these groups that involve promoting ongoing dialogue. One such initiative was "Listening to Canada's Leaders" which involved one-on-one meetings with

520 leading Canadians across the country. The Corporation also conducted a survey of key stakeholders and public opinion leaders to assess overall perceptions of CBC|Radio-Canada.

### **Strategic Objectives**

Specific initiatives to promote strong stakeholder relationships in 2007–2008 include:

- annual follow-up survey of key stakeholders and public opinion leaders;
- target information sharing with key stakeholders and opinion leaders regarding core issues and initiatives;
- providing important mandate and industry information to Members of Parliament to support CBC|Radio-Canada as Canada's national public broadcaster; and,
- generating confidence in CBC|Radio-Canada's long-term vision with outreach activities promoting, for example, the Corporation's license renewal strategy.





# 3. FINANCIAL PLAN →→

## 3.1 FINANCIAL OVERVIEW

The Financial Overview in Appendix A presents the Corporation's financial picture for 2006–2007 through 2011–2012.

The operating appropriation is assumed to remain stable over the forecast period. The apparent increase from 2006–2007 to 2007–2008 is due to transfers from the operating to capital vote. The 2008–2009 operating appropriation is \$20 million higher as funds were transferred from 2004–2005 in order to help fund the Beijing Olympics that will be held in that year. Salary funding increases for the years beyond 2006–2007 are not known, so the forecast assumes that salary funding increases will approximate the actual increases in salary expenditures.

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

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

Including the \$60 million re-investment and salary inflation funding, CBC|Radio-Canada's funding has increased by only three per cent between 1990 and 2006. In constant dollars this means that CBC|Radio-Canada's funding has actually declined by approximately \$394 million or 26 per cent over the past 16 years.

With the exception of the expected increased revenues in 2008–2009 due to the Beijing Olympics, it is assumed that revenues will increase each year by an amount that is less than inflation.

Operating expenditures for all services are relatively stable from year to year to match available funding, with the exception of increased expenditures for Television services for the Olympics.

## 3.2 MATERIAL RISKS TO FINANCIAL PLAN

Continued fragmentation in the industry and increased competition from other technologies is continuing to exert pressure on television advertising revenue and is expected to continue to do so in the foreseeable future. Therefore, revenues for the Corporation are expected to decline in real terms.

Increasing concentration in the broadcasting – particularly television – marketplace is expected to put additional stress on CBC|Radio-Canada's advertising revenues and program acquisition opportunities. The effect would be particularly felt in CBC Television, as over 50 per cent of its funding comes from commercial revenues. In addition, the substantial buying

power of large media conglomerates would allow them to outbid CBC|Radio-Canada for the most popular programming, including sports programming and the Olympics.

In the early 1970s, the Government provided special funding to CBC|Radio-Canada to embark on an accelerated coverage plan (ACP) designed to ensure that all communities with populations of 500 or more would have access to CBC|Radio-Canada's over-the-air Radio and Television signals. As a result, CBC|Radio-Canada's over-the-air infrastructure was expanded significantly. In its recent CRTC submission on television technologies, the Corporation proposed a hybrid solution for continued ACP coverage. The estimated cost to replace the aging transmitters for Radio alone is \$46 million. A proposal explaining this plan was submitted to the Minister of Canadian Heritage in January 2006.

Finally, there has been dissatisfaction among some cable distributors with respect to the operation and governance of the Canadian Television Fund (CTF), and more specifically with the funding envelope of 37 per cent allocated for productions destined for broadcast on CBC|Radio-Canada. The latter represents \$92.5 million of the \$250 million total fund. The CRTC has set up a task force to review these longstanding concerns. The task force has issued recommendations and the CRTC's final decision is expected in Fall 2007. Any reduction in CBC|Radio-Canada's envelope

would result in higher costs to acquire independent programming or to develop in-house programming.

### 3.3 BORROWING PLAN

Pursuant to the provisions of Section 46.1(1) and 54(3.1) of the *Broadcasting Act*, CBC|Radio-Canada seeks the approval in principle of the Minister of Finance to borrow money, not exceeding in the aggregate \$25 million, subject to the following general conditions:

Proposals that are to be financed through borrowing will be consistent with and enhance the Corporation's ability to meet its mandate.

Borrowing will be for investments or activities related to ongoing operations that demonstrate viability by generating funds sufficient to achieve a positive rate of return.

The Corporation will not borrow money to finance base working capital activities or operating shortfalls.

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





# FINANCIAL OVERVIEW →→

	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
<b>SOURCES OF INCOME</b>						
Operating appropriation	914,323 <sup>1</sup>	948,321 <sup>1-2</sup>	967,034 <sup>1-2</sup>	946,423 <sup>1-2</sup>	946,423 <sup>2</sup>	946,423
Additional funding for programming initiatives	60,000	60,000	60,000	60,000 <sup>3</sup>	60,000 <sup>3</sup>	60,000 <sup>3</sup>
<b>Total Operating Appropriation</b>	<b>974,323</b>	<b>1,008,321</b>	<b>1,027,034</b>	<b>1,006,423</b>	<b>1,006,423</b>	<b>1,006,423</b>
Advertising and program sales	330,735	335,227	395,341 <sup>4</sup>	343,349	345,066	346,791
Real Estate	7,332	7,994	8,216	8,298	8,381	8,465
Transmission and distribution	7,339	7,307	7,642	7,718	7,796	7,874
Galaxie	21,449	22,307	19,281	20,052	20,854	21,689
Other revenues <sup>5</sup>	192,155	177,807	178,261	180,044	181,844	183,662
<b>TOTAL SOURCES OF INCOME</b>	<b>1,533,333</b>	<b>1,558,963</b>	<b>1,635,775</b>	<b>1,565,884</b>	<b>1,570,364</b>	<b>1,574,904</b>
<b>OPERATING EXPENDITURES</b>						
Television and Radio services <sup>6-7</sup>	1,439,564	1,464,753	1,541,121 <sup>4</sup>	1,470,784	1,475,432	1,479,527
Transmission, distribution and collection	60,898	61,203	61,509	61,816	62,125	62,436
Corporate Management	15,984	16,064	16,145	16,225	16,306	16,387
Additional pension contribution	11,200	11,200	11,200	11,200	11,200	11,200
Amortisation of capital assets	119,666	120,862	122,070	123,292	123,908	125,147
Deduct: items not requiring current operating funds	(113,979)	(115,119)	(116,270)	(117,433)	(118,607)	(119,793)
<b>TOTAL OPERATING EXPENDITURES</b>	<b>1,533,333</b>	<b>1,558,963</b>	<b>1,635,775</b>	<b>1,565,884</b>	<b>1,570,364</b>	<b>1,574,904</b>
<b>NET POSITION</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net position after reduction of funding for programming and other expenditures				(60,000)	(60,000)	(60,000)

1 Includes the repayments of funds transferred from NATV proceeds (\$9,277,000 in 2006-2007, 2007-2008, 2008-2009, and 2009-2010).

2 Salary funding increases from Treasury Board have not yet been determined for fiscal years beyond 2006-2007. It is assumed that salary funding received will be equal to actual increases in salary expenditures.

3 While the \$60 million in temporary funding has been approved for 2007-2008 and 2008-2009, it has not been approved for the three following years.

4 Includes 2008 Beijing Olympics revenues and expenditures.

5 Includes Specialty Services (CBC Newsworld, RDI and CBC Country Canada) and other miscellaneous revenues.

6 Includes expenditures related to CBC |Radio-Canada's Main Services and Specialty Services (CBC Newsworld, RDI and CBC Country Canada).

7 Includes \$60 million spending on programming initiatives.

## CAPITAL BUDGET →→

The Corporation's total capital spending base in 2007–2008 is planned to be \$91.6 million, which excludes any funds carryover from 2006–2007 to complete projects started in that year. Beyond 2007–2008, the capital spending base will remain at approximately \$91 million.

Roughly 60 per cent of the capital budget over the next three years is planned to be spent on production infrastructure, where major initiatives include replacing failing obsolete analogue equipment with digital standards, modernising Radio production facilities, further rollout of Desktop Television production and some high definition television (HDTV) production investments to replace existing assets which have reached their end of life.

Approximately 15 per cent of the budget is planned to be spent on Corporate-wide systems and technology infrastructure. Specific initiatives include the rollout of our Desktop Radio production system which has been pushed to the limits of its useful life, and initial investments in an electronic document and records management system. Further investments include updating our server infrastructure and software upgrades. A major facility improvement and integrated newsroom operation investment in Vancouver is also underway which is primarily funded by the sale of unused density on our property.

The majority of the remaining budget will be spent on transmitter and tower maintenance, and to improve and extend Radio services in line with CRTC commitments. Other investments include building improvements and changes to comply with codes and regulations, and investments to refresh part of our vehicle fleet.

The Corporation will also be grappling with the pressures of replacing its aging towers and transmitters that were introduced during the Accelerated Coverage Program (ACP) of the late 1970s and early 1980s to provide service to small communities. Generally, these assets have a useful life of 20 to 30 years. The concentration of towers and transmitters introduced over the ACP period presents an anomaly in the replacement cycle of these assets, with a resultant spike in the demand on the capital funds.

The transition to digital radio, digital television (DTV) and high definition television (HDTV) will be market driven and will be very costly but necessary. The CRTC issued its Licensing Policy framework to oversee the transition from analogue to digital

over-the-air television broadcasting (PN 2002-31) and its Regulatory Framework for the distribution of digital television services (PN 2003-61). Private broadcasters, as well as CBC|Radio-Canada, have commenced to roll out DTV and will continue to do so over the next few years.

Following an in-depth hearing in late 2006, the Canadian Radio-television and Telecommunications Commission (CRTC) released its review of policies with respect to over-the-air (OTA) television. The Commission confirmed its carriage rules for OTA television and its authority to implement subscriber fees for OTA television broadcasters. However, the CRTC concluded that those fees are not yet needed. The Commission also heard from parties on the transition to digital television. CBC|Radio-Canada presented its proposed hybrid model involving both OTA and cable/satellite for the digital environment.

In order that CBC|Radio-Canada not fall behind in the transition to digital, large capital investments are required in its transmission and distribution infrastructure, as well

as production studios and other equipment, which can only be partially addressed within current funding levels.

The CRTC has also recently issued its new policy on digital radio, in Broadcasting Public Notice CRTC 2006-160. This new policy opens the door for alternative usages of the RF spectrum currently allocated to digital radio broadcasting (DRB), including the broadcasting of new digital audio programming services, multimedia and IP packaged content, which may make DRB another element of the CBC|Radio-Canada multiplatform strategy.

Developments in the US marketplace around In-Band on-Channel (IBOC) digital radio services and its planned, and still to be tested, development of related HD radio receivers on the market in 2006-2007 may have some implications in the Canadian marketplace, prompting a possible utilisation of a similar technology in Canada. We are currently monitoring US developments in this area, as well as digital radio broadcasting (DRB) developments in Canada and around the world. These may increase capital pressures on the Corporation.



# MANDATE AND GOVERNANCE →→

## CORPORATE MANDATE

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

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

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

- (l) the Canadian Broadcasting Corporation, as the national public broadcaster, should provide Radio and Television services incorporating a wide range of programming that informs, enlightens and entertains;
- (m) the programming provided by the Corporation should:
  - i. be predominantly and distinctively Canadian;
  - ii. reflect Canada and its regions to national and regional audiences, while serving the special needs of those regions;
  - iii. actively contribute to the flow and exchange of cultural expression;
  - iv. be in English and in French, reflecting the different needs and circumstances of each official language community, including the particular needs and circumstances of English and French linguistic minorities;
  - v. strive to be of equivalent quality in English and French;

- vi. contribute to shared national consciousness and identity;
- vii. be made available throughout Canada by the most appropriate and efficient means and as resources become available for the purpose; and,
- viii. reflect the multicultural and multiracial nature of Canada.

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

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

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

## CORPORATE POWERS

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

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

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

The Corporation is an agent of Her Majesty, except in respect of the Corporation's international service and the Corporation's employees: section 47(1) of the *Act*. As such, the Corporation may enter into contracts (47(2)) and acquire property (47(3)) in the name of Her Majesty (48(2)(a)), subject to a \$4,000,000 limit with regard to the

acquisition of real property or the disposition of real or personal property (other than program material or rights), as well as a \$15,000,000 (modified by Governor in Council approval) (48(2)(b)) limit for the lease of real property. Transactions involving greater amounts require the approval of the Governor in Council.

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

## REGULATORY REQUIREMENTS

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

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

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

to the CRTC regarding the disputed license condition.

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

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

CBC|Radio-Canada's main broadcasting licenses are scheduled to expire on August 31, 2007. The CRTC has granted an administrative renewal of these licenses and will re-initiate the license renewal process when it has completed its review of its conventional television policy, speciality services and the distribution sector. This will likely occur in 2008.

## GOVERNANCE

As indicated above, Part III of the *Act* establishes the governance mechanisms for the Corporation.

Pursuant to section 36 of the *Act*, CBC|Radio-Canada has a Board of Directors comprising 12 Directors, including the Chair and the President, all of whom are

appointed by the Governor in Council. Directors are appointed for a term of up to five years. The Chair and the President may be re-appointed any number of times, but all other Directors are limited to two consecutive terms, unless the third term is as Chair or President.

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

Pursuant to section 45 of the *Act*, the Board must establish two standing committees, one in regard to English-language broadcasting, and another in regard to French-language broadcasting. Section 148.1 of the *Financial Administration Act (FAA)* requires the Board to establish an audit committee of no fewer than three Directors.

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

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

Parliament. The Minister must lay this summary of the Corporate Plan before Parliament.

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

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

Pursuant to section 71 of the *Act*, the Corporation must, within three months after the end of its financial year, provide an Annual Report to the Minister of Canadian Heritage

and to the President of the Treasury Board. The Minister must lay the Annual Report before Parliament within a further 15 sitting days.

Finally, in addition to these governance mechanisms set out in the *Act*, in April 2005, the Board of Directors appointed an outsider to act as Independent Officer under CBC|Radio-Canada's Corporate Policy on Disclosure of Wrongdoings (the Whistleblower Policy). CBC|Radio-Canada's Whistleblower Policy is also in accordance with the Government's Whistleblower Legislation, which was subsequently passed in November 2005. The Corporation also has an extensive code of Journalistic Standards and Practices. Complaints from the public, which are not resolved at the program level, are referred to one of the Corporation's two independent Ombudsmen.

With the passage of Bill C-2, the *Federal Government's Accountability Act*, in December 2006, CBC|Radio-Canada becomes subject to the provisions of the *Access to Information Act (ATI)*, as of September 1st, 2007.

The *Access to Information Act* gives the public a right of access to all records held by the Federal Government, Crown Corporations and other federal institutions subject to the *Act*; it also sets out exceptions to that right. The important exception for CBC|Radio-Canada concerns information related to journalistic, creative and programming activities. Therefore, the *Act* will not apply to information that relates to CBC|Radio-Canada's programming content (Television, Radio, online).



In preparation for September 1, 2007, the Corporation is:

- DEVELOPING AN ATI FRAMEWORK FOR THE CORPORATION.
- BRIEFING MANAGERS ACROSS THE CORPORATION ON ATI, AS IT WILL RELATE TO CBC|RADIO-CANADA.
- ESTABLISHING AN ATI OFFICE IN OTTAWA, FROM WHICH CBC|RADIO-CANADA'S ATI PROGRAM WILL BE MANAGED.

### MANAGERIAL AND ORGANISATIONAL STRUCTURE

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

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

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

These 10 divisions report to the President through their respective divisional heads. The first three divisions (French Services, CBC Television, and CBC Radio) are responsible for the programming activities of the Corporation. CBC Technology and the Real Estate Division, as well as the Corporation's Shared Services, a transaction and call centre that provides Human Resources, Financial and IT support services, support the management of facilities and systems for all broadcasting activities. The remaining divisions assist the main broadcasting activities through management of support functions: Human Resources, Finance, Legal, Regulatory Requirements, Strategy, Business Development, and Communications. All divisions continually assess best practices to ensure that the maximum amount of the Corporation's overall funding is available for broadcasting activities.

The Senior Management Committee of the Corporation includes the President and the ten divisional heads.

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

## PERFORMANCE MEASURE

	2002–2003	2003–2004	2004–2005	2005–2006
<b>QUALITATIVE</b>				
Essential	95%	97%	96%	97%
Satisfaction	84%	86%	86%	89%
Distinctiveness	81%	84%	87%	90%
Completeness (Comprehensiveness)	91%	93%	93%	95%
News credibility (Trusted)	93%	95%	94%	96%
<b>QUANTITATIVE</b>				
<b>WEEKLY REACH</b>				
CBC Television	16,637,000	16,965,000	16,197,000	16,530,000
CBC Newsworld	6,216,000	5,815,000	6,127,000	6,222,000
Télévision de Radio-Canada (Francophones)	5,100,000	5,162,000	6,134,000	6,230,000
RDI	2,930,000	2,725,000	2,683,000	2,485,000
CBC Radio One	3,072,000	3,022,000	3,136,000	2,729,000
CBC Radio 2	1,249,000	1,163,000	1,181,000	1,156,000
Première Chaîne	833,000	924,000	976,000	997,000
Espace musique	303,000	313,000	429,000	429,000
<b>SHARE</b>				
CBC Television (Prime time)	7.4%	8.9%	6.7%	7.9%
CBC Newsworld	1.1%	1.1%	1.1%	1.0%
Télévision de Radio-Canada (Prime time)	17.6%	16%	21.1%	19.7%
RDI	2.6%	2.3%	2.9%	2.5%
CBC Radio One	9.1%	8.5%	9.1%	7.3%
CBC Radio 2	3.5%	3.3%	3.2%	3.4%
Première Chaîne	10.7%	12.9%	13.1%	13.1%
Espace musique	2.3%	2.3%	3.0%	2.8%
<b>CANADIAN CONTENT</b>				
CBC Television (Prime time)	84%	86%	67%	80%
CBC Newsworld	90%	90%	90%	89%
Télévision de Radio-Canada (Prime time)	86%	88%	85%	88%
RDI	97%	95%	90%	90%
CBC Radio	100%	100%	100%	100%
Radio de Radio-Canada	100%	100%	100%	100%
<b>NUMBER OF AWARDS</b>				
CBC Television	-	-	200	279
Télévision de Radio-Canada	-	-	55	28
CBC Radio	-	-	85	78
Radio de Radio-Canada	-	-	18	7
New Media	-	-	-	16

### Notes

Prime time = 7:00 p.m.–11:00 p.m. when the largest television audience is available.

TV ratings data based on September to August period.

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

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

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

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

BBM's Personal People Meters as of 2004–2005.





# TARGETS AND RESULTS OF MAIN TELEVISION AND RADIO NETWORKS →→

## CBC TELEVISION'S PERFORMANCE MEASURES

PERFORMANCE INDICATORS	PERFORMANCE MEASURES	BASE/TARGET 2006–2007	RESULTS 2006–2007	BASE/TARGET 2007–2008
PUBLIC VALUE	Differentiation	Maintain ratio	Achieved <sup>1</sup>	Maintain ratio
	Public perception	Increase top box score from 36% to 42% <sup>2</sup>	Achieved <sup>2</sup>	All programs > 60% in top 3 box score
	Acclaim	B+ or better	Discontinued in 2006–2007	Measure dropped
AUDIENCE	CBC Television prime-time share, regular season	8.5%	7.4% <sup>3</sup>	8.0%
REVENUE	Main networks' commercial advertising revenues, April–March	\$210 million	\$205 million	\$212 million
COST	Total budget with allocations, April–March	\$517.5 million	Achieved <sup>4</sup>	\$512.8 million

1 Based on percentage of titles.

2 Results reflect a change of methodology used to gather this indicator. Almost 2/3 of titles given top marks.

3 Target of 8.5% was premised on larger draw from the Canadian Television Fund (CTF), which did not occur.

4 The original target was increased subsequently with further budget releases to \$522.4 million. Actual final costs are \$522.3 million.

## CBC RADIO'S PERFORMANCE MEASURES

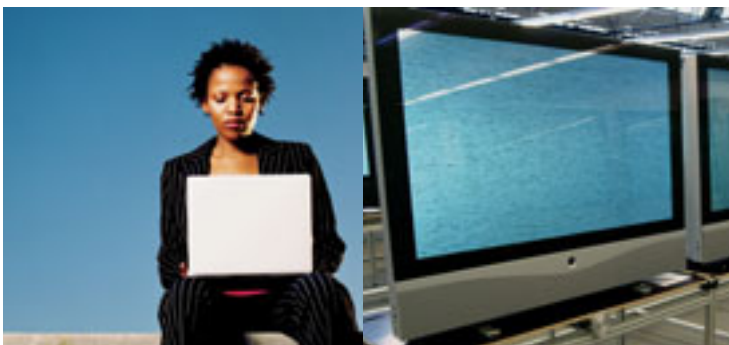
PERFORMANCE INDICATORS	PERFORMANCE MEASURES	BASE/TARGET 2006-2007	RESULTS 2006-2007	BASE/TARGET 2007-2008
HIGH LEVELS OF LISTENER SATISFACTION	<i>FIATS</i> results for CBC Radio One <sup>1</sup> :			
	Satisfaction	67%	59%	67%
	Essential	85%	83%	85%
	Distinctive	77%	Discontinued in 2006-2007	N/A
	Relevant	58%	60%	58%
	Regionally reflective	76%	64%	76%
	Ethnically/culturally diverse	65%	64%	65%
NATIONAL REACH AND SHARE <sup>2</sup>	Reach	3.8 million	3.8 million	3.8 million
	Share	12.2%	13%	12.2%
RECOGNITION FOR PROGRAM EXCELLENCE	Number of national or international awards	100	121	100
LOCAL SERVICE EXTENDED INTO UNSERVED MAJOR RADIO MARKETS	Number of service extensions into markets with >100,000 population	N/A	See note <sup>3</sup>	Same
<p>1 Core listeners top three boxes, fully integrated attitudinal tracking survey (FIATS) Fall 2006.</p> <p>2 BBM Fall 2006 Survey.</p> <p>3 Service extensions into underserved markets is a significant long-term goal for CBC Radio. While resources did not permit any such extensions during 2006-2007, this goal remains an important strategic objective for the Radio service.</p>				

## TÉLÉVISION DE RADIO-CANADA'S PERFORMANCE MEASURES

PERFORMANCE INDICATORS	BASE/TARGET 2006–2007	RESULTS 2006–2007	BASE/TARGET 2007–2008
<b>AUDIENCE INDICATORS</b>			
OVERALL APPRECIATION OF PROGRAMMING BY VIEWERS <i>"On a scale of 0 to 10, what score would you give to the programming of Radio-Canada?"</i>	6.7 Base 2004–2005	6.6	6.7
COMBINED AUDIENCE SHARE FOR TÉLÉVISION DE RADIO-CANADA AND RDI	Between 15% and 20% At least 14% for Télévision de Radio-Canada	15.9% 13.50%	Between 15% and 20% At least 13% for Télévision de Radio-Canada
<b>FINANCIAL INDICATORS</b>			
PERCENTAGE OF FINANCIAL RESOURCES INVESTED IN PROGRAMMING	82% Base 2004–2005	80%	80%
MEET ADVERTISING REVENUE TARGET, MAIN NETWORK ONLY	\$110 million	\$107.2 million	\$108 million
MAINTAIN THE CTF ENVELOPE RESERVED FOR RADIO-CANADA AT THE LEVEL OF PREVIOUS YEARS	About \$23 million	\$25.2 million	\$25.2 million (base 2005–2006)
<b>REGIONAL REFLECTION AND DIVERSITY INDICATORS</b>			
WEEKLY HOURS AVERAGED ANNUALLY – REGIONAL PROGRAMS FOR THE NETWORK	7 hours	7.8	7 hours
INCREASE THE NUMBER AND RETENTION RATE OF EMPLOYEES FROM VISIBLE MINORITIES, NETWORK AND REGIONS	1.4% Base 2004	1.6%	1.4%
<b>HUMAN RESOURCES INDICATORS</b>			
PERFORMANCE EVALUATIONS FOR ALL EMPLOYEES, TIEING PERFORMANCE TO OBJECTIVES	100% of employees	Close to 100%	Between 90 and 100%

RADIO DE RADIO-CANADA'S PERFORMANCE MEASURES

PERFORMANCE INDICATORS	BASE/TARGET 2006-2007	RESULTS 2006-2007	BASE/TARGET 2007-2008
<b>MAINTAIN AN OPTIMAL LEVEL OF LISTENING</b> <i>Combined audience share of                      Première Chaîne and Espace musique</i>	Between 14% and 16%	15.2% <sup>1</sup> 16.7% <sup>2</sup>	Between 14% and 16%
<b>PURSUE OUR COMMITMENT TO CANADIAN MUSICIANS</b> <i>Recording of concerts and shows</i>	350 Base 2004-2005	310	300
<b>REGIONAL INVESTMENT</b> <i>Maintain our level of investment in regional production</i>	45% Base 2004-2005	50%	45%
<b>EVALUATION OF THE PERFORMANCE OF ALL EMPLOYEES,                      TIEING PERFORMANCE TO OBJECTIVES</b>	100% of employees	Close to 100%	Between 90 and 100%
1 BBM Fall 2006 Survey. 2 BBM Spring 2007 Survey.			



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