ANNUAL REPORT 2012-2013

CHALLENGING
THE STATUS QUO

CBC Radio-Canada

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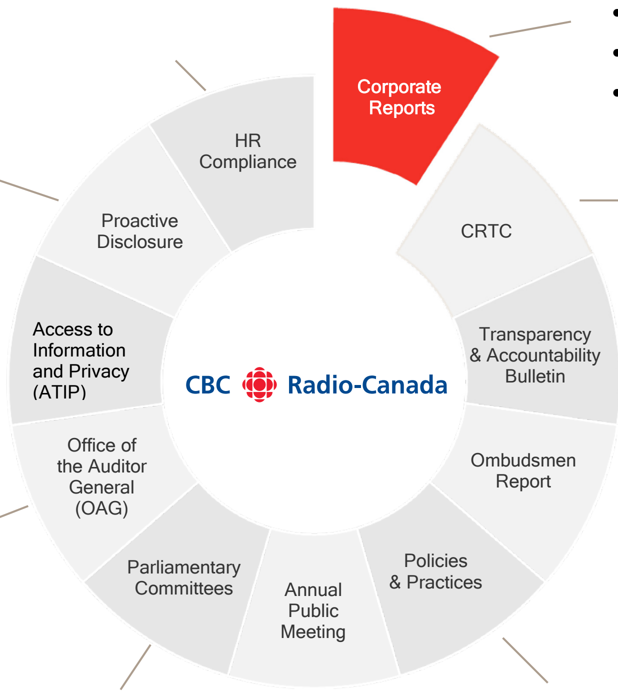
CBC/Radio-Canada's Commitment to Transparency and Accountability

As the national public broadcaster we take very seriously our obligation to be transparent and accountable to Canadians. To meet our responsibilities, we provide wide access on our corporate website to information about our activities and the way we manage our public resources.

- Review on Implementation of Section 41 of the Official Languages Act
- Annual Report on Employment Equity to the Department of Human Resources and Skills Development Canada (HRSDC)

- **Annual Report, tabled in Parliament**
- Corporate Plan and Summary
- Quarterly Financial Reports
- CBC Pension Annual Report
- Public Accounts of Canada
- Semi-Annual Report Card

- Proactive Disclosure web pages (including posting of travel and hospitality expenses of the Chair and Executives)



- Periodic license renewals
- Annual reporting to the CRTC covering:
  - Each of the Corporation's licensed radio, television and specialty services
  - Audit reports for all the Corporation's television stations eligible for Local Programming Improvement Fund (LPIF)
  - Independent Production Reports covering CBC Television and la Télévision de Radio-Canada
  - New media reporting requirements

- ATIP requests

- Annual OAG Attest Audit
- Special Examination

- Journalistic standards and practices
- Code of conduct

- Appearances before Parliamentary Committees (Canadian Heritage, Official Languages)

Message from the Chair

This is my first message to you in the Corporation's Annual Report as Chair of CBC/Radio-Canada's Board of Directors. I was appointed for a five-year term on June 21, 2012, after serving as a Board member for nearly five years.

When I'm asked what I think the Board's priorities should be over the next few years, the main theme that comes to mind is the Corporation's responsibility to represent and make heard a broad spectrum of voices and opinions. It is, after all, our promise to create public spaces where you can better understand and relate to the world, your country, your province, your city, your community and your neighbours.

DIVERSITY OF VOICES

Reflecting a variety of opinions

It is one of the Board's objectives to ensure that your public broadcaster reflects this country's various perspectives on a wide range of issues. Via its television, radio and digital platforms, CBC/Radio-Canada provides Canadians with forums where they can gather to obtain information and form their own opinions, along with a safe place for them to share their ideas. This is an essential aspect of our offer and we're always looking for ways to improve on it.

Reflecting the regions

The Board of Directors supports management's view that an enhanced regional presence is essential if we want to reach Canadians where they live and bring them programming tailored to their needs. In choosing to hold the Annual Public Meeting in St. John's rather than Ottawa on September 25, 2012, at the same time as its regional Board meeting, the Board demonstrated its interest in the regional centres, their employees and the role they play in reflecting local realities across the network. During their stay in St. John's, Board members also seized the opportunity to meet with community leaders, as well as tour the set of the hit series *Republic of Doyle* and speak with the broadcast artists behind it. In short, holding the Annual Public Meeting in St. John's was another way to connect with regional audiences.

GOOD GOVERNANCE

It goes without saying that good governance and transparency are at the core of the Board's mandate and will remain our focus in the future.

Progress in governance

For the Board, effective management of the Corporation requires ongoing investment in innovative content production and delivery methods. The media environment is rapidly changing and the public broadcaster must continue to lead the way in emerging platforms and technologies. Staying focused on innovation will allow us to further our commitment to Canadians, while continuing to meet their needs and expectations.

In this context, sound, efficient management of our assets becomes all the more necessary to help us maximize our investments in solutions for the future. The clean audit opinion that the Auditor General gave CBC/Radio-Canada in its Special Examination Report has strengthened our resolve to continue on this path.

Progress in transparency

Under its commitment to access to information and proactive disclosure, the Corporation has released approximately 18,000 pages of information this year alone, including more than 3,900 pages pertaining to our Board.

And we're being rewarded for this pro-active transparency. In her recent special report to Parliament, the Information Commissioner awarded the Corporation with a grade of "A", a significant improvement from the "F" we received in 2011. This is an excellent result and is something of which we should be proud.

Partnerships for effective business

Partnerships have played a key role in the implementation of Strategy 2015, and in times of financial constraint it's an essential part of helping us to deliver more content where, when and how audiences want it. It was a partnership between CBC/Radio-Canada, VIA Rail, Community Foundations of Canada and other key organizations that led to the nationwide CANADA 150 – 2017 STARTS NOW conference series devoted to Canada's Sesquicentennial celebrations. The conferences were designed to spark concrete ideas for the upcoming festivities by connecting Canadians and engaging them in a conversation about the country's cultural and democratic life. The CANADA 150 – 2017 STARTS NOW website will give details on further developments as the initiative unfolds.

In other respects, a ground breaking partnership recently signed with VIA Rail lets passengers watch a variety of Canadian programming on demand using a new digital onboard entertainment service. They'll be getting a closer look at issues they might not otherwise hear about. Lastly, partnerships with other broadcasters provide a platform for CBC/Radio-Canada to present major sporting events, like the upcoming Sochi 2014 Winter Olympics, while also ensuring sound management of our financial resources.

BOARD APPOINTMENTS

In 2012–2013, the Board welcomed four new directors, each for a five-year term. Terrence Anthony Leier (Regina) was appointed on May 31, 2012; Marni Larkin (Winnipeg) on June 21, 2012; Maureen McCaw (Edmonton) on December 13, 2012; and Vivian Bercovici (Toronto) on March 7, 2013. We also said goodbye to Timothy W. Casgrain, former Chair of the Board, as well as directors Linda Black, Edna Turpin and John Fitzgerald Young. I'd like to thank them all for their important contribution to the public broadcaster during their time spent on our Board. You can find a complete list of Board members and their biographies on our corporate website.

On October 4, 2012, Hubert T. Lacroix was appointed to a second five-year term as President and CEO. This renewal is a guarantee of stability for the Corporation, and it will allow us to begin reflecting on what comes next after the *2015: Everyone, Every way* five-year plan.

In closing, I'd like to extend my thanks to all Board members for their ongoing commitment to public broadcasting.

Rémi Racine
Chair, Board of Directors

Message from the President and CEO

Challenging the status quo

2012–2013 found the Canadian public broadcaster in the midst of delivering on its five-year Strategy 2015. The year also presented us with significant challenges, from programming to financial to regulatory. By capitalizing on the ingenuity and creativity of our people, and by careful business planning, we were able to make smart – although often difficult – decisions when the chips were down. Not just so that we could maintain the status quo, but so that Canada's public broadcaster could continue to grow, develop and push boundaries.

Strategy 2015: staying on track

Télévision de Radio-Canada is a prime example of what we're trying to achieve. Through shows like *Unité 9*, we're helping to redefine the television drama genre, while at the same time pulling in record audience numbers. What's more, the use of innovative production methods are helping to reduce costs, a significant benefit in a period of budget constraints.

We're also making real progress in terms of bolstering our digital offering, providing new and original ways for Canadians to connect and interact with our content, as well as delivering special, exclusive material for those who tune-in online. For example, CBC Television's *Cracked* offers a unique digital companion piece – *Cracked: The Psych Crimes Unit Case Files* inspired by the real life experiences of a Toronto police officer. Each episode includes a new online case file for audiences to explore, providing them not only with a closer look at what they saw on the program, but also extending each story with new information giving viewers the chance to play detective right along with the cast.

More and more of our programs are being developed as multi-platform experiences. Télévision de Radio-Canada's *19-2* launched its season by tackling the timely, but nonetheless difficult, subject of school shootings. While the episode could have been seen as just really good television, the digital experience provided our viewers with an online forum, in addition to a wealth of information, opinions and tools – a deep discussion expertly facilitated by the public broadcaster.

We've also made good progress on our local service extension plan this year, as part of our commitment to better connect Canadians in areas that have been identified as underserviced. CBC launched its first digital station in Hamilton, as well as a broadcast centre in Kitchener-Waterloo and a new service in Kamloops that includes a radio morning show and local digital content. Radio-Canada opened the *Maison Radio-Canada Est du Québec* to provide people from the Lower St. Lawrence, the North Shore and Gaspé-Magdalen Islands with continuous regional news, on radio, television and the web.

Protecting our future

Over the course of this last year especially, we have worked to protect the services we provide to Canadians and to secure the implementation of Strategy 2015.

First and foremost, we took decisive action when faced with a $115 million budget reduction as part of the federal government's Budget 2012 announcement and with other financial pressures. We transformed Radio Canada International (RCI) into a web service – reducing the number of languages we broadcast in from seven to five – accelerated the decommissioning of our analogue transmitters and sold **bold**, one of our specialty channels. We're accelerating our real estate strategy designed to reduce our square footage and provide our employees with more modern, flexible workspaces that will enhance collaboration and creativity while lowering our overhead.

We've also managed to protect most of our local programming initiatives implemented under the Local Programming Improvement Fund – such as expanded regional newscasts in minority French-speaking communities – despite the CRTC's announcement that the fund would be phased out entirely over the course of the next three years. But that means that other priorities will be affected by this drop in funding: things like the cross-cultural programming fund, responsible for such English-French programming as *8th Fire/8e feu*, as well as reductions to regional contributions to non-news programming and reductions to network schedules.

On May 28, 2013, the CRTC announced that it supported the ongoing implementation of Strategy 2015. Now that we've just passed the half-way point of our five-year strategic plan, the modern regulatory framework the CRTC has given us will help us keep our momentum as we become more regional, more Canadian and more digital. The ability to generate new revenue by introducing advertising to our radio networks is also a key element of our plan and will ensure that these services can continue to be a point of discovery for Canadian music fans.

Careful management

Over the last few years our focus has been on increasing Canadians' trust in the public broadcaster by demonstrating careful management of the funds with which we operate. During its recent special examination, the Office of the Auditor General gave CBC/Radio-Canada a clean audit opinion, signalling the Corporation's improvement since its last special examination in 2005. This, along with the grade of "A" that we received from the Information Commissioner, provides Canadians with another level of assurance that we value transparency and manage our assets both responsibly and effectively.

Leading through innovation

Saving money and generating new revenue is essential to our operations, but we're also leveraging technology to increase our creativity and our capacity to collaborate, and to reduce our impact on the environment. For example, geography is no longer a barrier with the Google ecosystem that we implemented across the Corporation this year, providing our employees with a set of easy-to-use tools to interact more effectively. We've also reduced our printer fleet by more than 70 per cent, as well as our consumption of paper, at all main sites, using high-performance machines.

Beyond 2015

Nowadays, content is no longer in the hands of a few industry leaders. And, audiences are more fragmented than ever. At their fingertips are 500-plus satellite TV channels, YouTube, iTunes, social media, Netflix and more. These are massive changes to the environment in which we operate. It is our present and our future.

For that reason we've started to think "Beyond 2015". Before the year 2015 arrives, the fast moving media environment will have placed new challenges and opportunities in our path. So, with that in mind we're reflecting on what the national public broadcaster will be in 2020, 2025 and even further down the road.

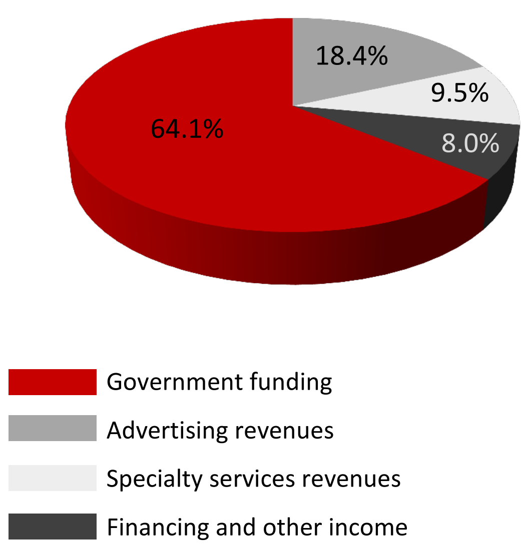
Whether it's through your phone, your tablet or your Facebook page, it's clear that the content, and the public broadcaster, has to be there. And, to make that happen we need to keep pushing boundaries, taking risks and listening to what Canadians want and need.

Hubert T. Lacroix
President and CEO

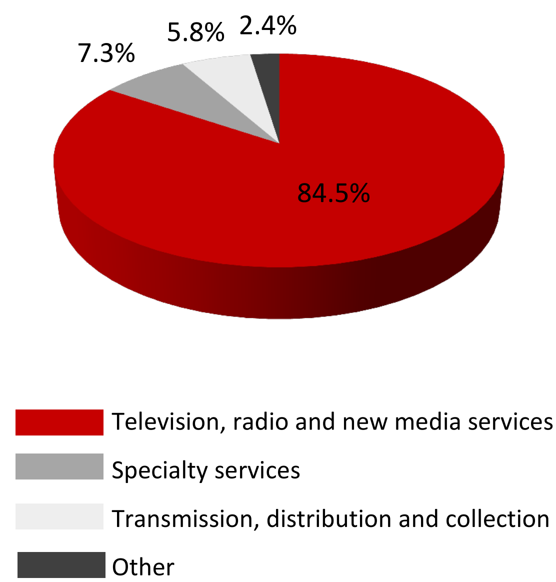
Year in Review

Financial Highlights

Revenue and Sources of Funds for fiscal year 2012–2013



Expense Breakdown for fiscal year 2012–2013



	For the year ended March 31		
(in thousands of dollars)	**2013**	**2012**	**% change**
Revenue	646,065	688,964	(6.2)
Expenses	(1,778,522)	(1,840,769)	3.4
Government funding	1,154,850	1,162,317	(0.6)
Net results before non-operating items	**22,393**	**10,512**	**113.0**
Non-operating items	19,499	30,352	(35.8)
Net results for the year	**41,892**	**40,864**	**2.5**

Net results before non-operating items for the year amounted to $22.4 million, an increase of $11.9 million relative to last year. This reflects the following changes in revenue, funding and expenses:

- Revenue decreased by $42.9 million (6.2 per cent) compared to 2011–2012. This primarily reflected the impact on advertising of the absence of live professional hockey on *Hockey Night in Canada (HNIC)* because of the NHL lockout. Advertising revenue was also comparatively higher in 2011−2012 because a Canadian NHL team (the Vancouver Canucks) played in the seven-game Stanley Cup final.
- Expenses were $62.2 million (3.4 per cent) lower than in the previous year. The decrease was partly due to the NHL lock-out which lowered our production costs and spending on sports rights this year. Additionally, lower expenses were also attributable to reducing programming and operating costs as part of our financial plan following Federal Budget 2012 and the other financial pressures we are facing. The decreases were partially offset by one-time restructuring costs required this year as we implemented these cost reductions.
- Government funding recognized in net results decreased by $7.5 million (0.6 per cent). This was mostly attributable to the decrease in our parliamentary appropriations by $27.8 million, partly offset by recognizing more capital funding received in earlier periods following the shutdown of our analogue TV and shortwave transmitters.

Strategy 2015: Year in Review

Achieving our plan's objectives

In 2012–2013, CBC/Radio-Canada's English Services and French Services continued to implement a wide range of projects relating to our five-year strategic plan, Strategy 2015. The plan has three key thrusts:

- More distinctly Canadian: Network programming and national public spaces
- More regional: Regional presence and community spaces
- More digital: New platforms and digital spaces

Overall, we successfully reached the objectives set for this year.

More distinctly Canadian: Network programming and national public spaces

This year, we continued to focus on becoming the home of high-quality content that expresses and enriches the Canadian experience across the country. CBC and Radio-Canada produced 19 Signature Events – projects of national and cultural relevance or national public interest that bring Canadians together in large numbers, are delivered on multiple platforms and have a meaningful impact on participants. Highlights this year included *Canadian Screen Awards*, the *100th Calgary Stampede, Canada Reads, March to the Top, Gémeaux,* the *Show du Refuge* and the opening of the *Maison Radio-Canada Est* in Rimouski.

CBC Television continued the "Canadianization" of its primetime schedule by adding Canadian programming in place of foreign programming (*Jeopardy!*). We also replaced *Wheel of Fortune* with Canadian programming in the afternoon.

More regional: Regional presence and community spaces

Despite lower contributions from the Local Programming Improvement Fund (LPIF) 2012–2013, our regional stations continued to benefit from LPIF. To deal with the total elimination of the LPIF at the end of 2014–2015, we reviewed our projects, programming successes and what we've achieved to enhance our regional presence. We've also carefully analyzed regional station operations and considered our regional audiences' concerns and expectations.

After completing this exercise, French Services chose to prioritize retaining our regional news presence at the same level developed over the past two years. For its part, English Services will protect most elements of the Local Service Extension (including announced new locations) but has been forced to cancel plans for four local radio stations that had been planned, but not yet announced.

Despite these changes, we were able to make significant headway toward our goal to expand existing local service and add new local service for under-served English and French-speaking Canadians. To that end, we:

- Opened Rimouski's Eastern Quebec Broadcast Centre in August 2012
- Implemented new CBC Television services and increased radio and digital weekend local news services in Edmonton, Ottawa, Montreal and the Maritimes.
- Expanded CBC Television Monday to Friday late night news in Vancouver, Calgary, Edmonton, Toronto, Ottawa, Montreal and the Maritimes from 10 minutes to 30 minutes.
- Implemented new local CBC Radio and digital services in Kamloops, Saskatoon and Kitchener-Waterloo.
- Launched CBC's first digital station in Hamilton, Ontario.

Future CBC radio and digital services, already announced;

- Saskatoon
- London

More digital: New platforms and digital spaces

We also extended our leadership in creating and nurturing Canadian digital spaces and strengthened the competitive position of our existing multiplatform offering. To enhance the reach of our content, we've entered into a number of partnerships and renewed existing agreements, including with Netflix, Air Transat, Telus, Rogers On Demand, Rogers Wireless, Via Rail, Vidéotron, France Télévisions, Bell, Samsung and Xbox.

In addition, Explora – Radio-Canada's specialty digital channel that offers programming about health, science, nature and the environment – celebrated its first anniversary, and we've obtained a licence from the CRTC for Trésor, an upcoming new French-language specialty channel.

This year the *CBCMusic.ca* portal expanded from 40 to 50 channels, and we introduced CBC Music mobile apps for Android and Blackberry 10. We also launched an Olympic website and re-launched the kidsCBC.ca website.

Programming Year in Review

During 2012–2013, CBC/Radio-Canada continued to deliver quality, innovative Canadian content across all of its platforms. Our new and returning shows helped to connect Canadians and provide a platform for the stories and issues that are most important to them.

English Services

Delivering on Canadian programming

In 2012–2013, CBC continued to offer Canadians a mixture of entertainment, sports and news on its principal platforms. From captivating dramas and engaging live series, to biting comedies and award-winning news and investigative programs, CBC offered Canadians a diverse range of entertaining and informative programming.

This year, CBC-TV introduced three new prime time Canadian entertainment series: *Murdoch Mysteries*, *Cracked* and *Over the Rainbow*. In addition we aired just under 40 original hours of documentaries in prime time on *Doc Zone* and *The Nature of Things*.

George Stroumboulopoulos Tonight was introduced in prime time, helping to make Canadian content even more prominent on CBC Television's schedule.

We had five of the top 10 Canadian entertainment programs (excluding News, Sports and Specials): *Dragons' Den*, *Murdoch Mysteries* Season 6, *The Rick Mercer Report*, *Marketplace* and *Republic of Doyle*. Dragon's Den continues to be the number one Canadian factual entertainment show with an average-minute-audience of over 1 million, while the comedy pair of *The Rick Mercer Report* and *This Hour Has 22 Minutes* made audiences laugh and earned strong numbers. Our first original season of *Murdoch Mysteries* also averaged over 1 million viewers, more than doubling the audience from the summer of 2012 when the show was broadcast on Citytv.

In sports, *Hockey Night in Canada* returned in spectacular fashion for its 60th anniversary year, after a long NHL labour disruption, with the premiere games either meeting or exceeding previous audience numbers. In particular, the first early evening game of the season had an average-minute-audience of 3.35 million (a 17 per cent increase over the previous record). Our Ice and Snow strategy (focusing our attention on winter sports) and marquee summer events increased audiences: for example, the audience for the ISU World Figure Skating Championships was up 20 per cent over last year.

CBC News covered major stories such as the Queen's 60th Jubilee celebrations, the 100th anniversary of the Titanic sinking, provincial elections in Quebec and Alberta, the U.S. election, Hurricane Sandy and the election of a new Roman Catholic Pope. Investigative journalism included *Inside Syria*, *Cops & Dollars*, *Who Gets Into Canada* and *Finding Franklin*. Finally, important cross-platform projects such as CBCNews.ca/Kidnapped were launched in conjunction with *the fifth estate*.

Radio One and Radio 2 had strong audience shares (see Section 2.2, Operational Indicators). Among the diverse programming offered on our radio services, *The Current* celebrated its 10th anniversary and *Canada Reads 2013,* won by Lisa Moore for her novel *February*, reached 2.1 million listeners and saw high listener participation throughout the voting process.

Growing our regional presence

CBC strengthened its promotion of regional diversity by providing a mix of local, regionally representative and cross-regional programming.

Our regional presence was demonstrated by 20 of our 23 Radio One local morning programs placing in the Top 3 rankings, with 12 taking the number one spot. Audiences grew on CBC Television's supper hour newscasts compared to last year.

We continued our successful strategy of producing network programming from locations across Canada. Some CBC Television examples include *Republic of Doyle* (Newfoundland), *Heartland* (Alberta), *Arctic Air* (British Columbia and Northwest Territories), and Mr. D (Halifax). *The Rick Mercer Report* also regularly includes segments from across the country. A more western perspective was introduced on CBC-News Network with Ian Hanomansing's *CBC News Now* and on CBC Radio One*,* with the launch of *The 180* with Jim Brown.

Extending our digital reach

Digital programming allows our audiences to access our content where and when they want it. Highlights from this year include continued audience growth for CBC.ca (see Section 2.2, Operational Indicators).

As mentioned above, CBC Music continued to offer more service to audiences during its first full year of operation, expanding to 50 streams (in addition to CBC Radio 2 and Radio 3 streams) and adding more on-demand content as well.

We also introduced new apps for *Hockey Night in Canada* (for Xbox, Windows 8 and Blackberry 10) and CBC News (Windows 8 and Blackberry 10), and we launched a new CBC Kids TV FOR ME app (iOS) on which preschoolers can enjoy their favourite CBC Kids' content. For CBC Radio, we launched a mobile website and an app for Android and Blackberry 10.

Increasing our second screen offering was a priority this year. We produced a number of digital extensions to popular programming, including for *Hockey Night in Canada*, *Over the Rainbow,* a show in which audiences across the country voted for their favorite "Dorothy," the *Republic of Doyle* ride-along app, a Web episode of *Murdoch Mysteries* in which audiences play the role of a visiting detective assisting Murdoch in a murder investigation, *Arctic Air* mini-documentaries and *Cracked* Case Files that allow audiences to draw their own conclusions from the evidence.

French Services

Delivering quality, innovative programming

Radio-Canada performed exceptionally well this year by offering programming in step with audience expectations – news and current affairs of impeccable quality, distinctive drama series, and engaging arts and variety programming.

Télévision de Radio-Canada's main network served up a distinctive schedule that included audience favourites like *Les enfants de la télé*, *Les Parent*, *Tout le monde en parle*, *19-2* and *Trauma*. With a combined average-minute-audience of 4,929,000 viewers on the two nights it aired and an 89 per cent market share on New Year's Eve, the comedic year-end retrospective *Bye Bye 2012* broke its own historic 2011[1] market share record.

Building on this solid base, we added new shows in line with the public broadcaster's mandate. On television, *Un air de famille* celebrates music originating in a family setting across Canada's French-speaking regions. The show is based on an original concept developed for Radio-Canada that's already caught the eye of international producers. *Unité 9* became a phenomenon that could well make Télévision de Radio-Canada history, given its season average of 1.8 million viewers per episode in its first year. What's more, the series is the result of innovative, efficient production methods, demonstrating excellence in a period of budgetary restraint. All in all, with its distinctive, innovative lineup that continues to bring Canadians together, Télévision de Radio-Canada managed to boost its audience share by over one-and-a-half points in prime time[2].

On Première Chaîne, *Pas de midi sans info* took over the noon-hour slot from *Maisonneuve en direct* in September 2012, ending the flagship program's nine-year run. Offering interactivity to listeners, the new show has maintained noon hour audience numbers at levels similar to previous years[3].

A constant influx of stories helped Radio-Canada consolidate its leadership in news and current affairs. To get their news and understand it, audiences tuned in across all our platforms, boosting audience results for the regional *Téléjournal* newscasts, Radio-Canada.ca and its regional sections and our specialty service RDI. For more detail, see Section 2.2, Operational Indicators.

Maintaining our presence in the regions

In addition to news services, our regional programming is helping strengthen our regional presence on national prime time television. These programs include *Dans l'œil du dragon*, *Prix des lecteurs de Radio-Canada* and *100 ans mon cowboy* (part of the Calgary Stampede centennial celebrations). Based on a format originally developed by CBC, *Dans l'œil du dragon* shot to second place among Radio-Canada's most-watched regular programs in its first summer on the network. It drew an average-minute-audience of over 800,000 viewers[4], right behind the flagship program *Tout le monde en parle.* The show is back for a second season in summer 2013, riding high on the success of its debut year. *Zone doc* aired the Ontario-produced documentary *Trois boxeuses canadiennes pour les Olympiques*. In 2012, we also celebrated the Year of the Fransaskois (francophones living in Saskatchewan) across all our platforms.

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[1] Radio-Canada Research, analysis based on BBM data (PPM, people aged 2+)

[2] Radio-Canada Research

[3] Radio-Canada Research

[4] Radio-Canada Research, based on BBM data. "Regular" programs are those with five (5) or more episodes.

We continued to consolidate the regional news offering to capitalize on as many platforms and time slots as possible. No opportunity for regional presence was overlooked: TV news updates were added in Ontario; on-the-hour radio newscasts were introduced in all regions, including Montreal; 30-minute mid-day slots were introduced in Moncton, Quebec City, Ottawa-Gatineau, Ontario, Manitoba, Saskatchewan, Alberta and British Columbia; a daily half-hour local segment was added to the Windsor morning show; ongoing enhancements are being made to regional sites; and the Yukon section was added to the Colombie-Britannique/Yukon page. Multiplatform deployment will help us ensure better journalistic coverage of regional affairs, as was the case in our coverage of the 2012 provincial elections in Alberta in April and in Quebec in September.

Reaching our audiences on multiple platforms

Ongoing development of digital services is a priority that helps Radio-Canada reach out to its various audiences. From original digital initiatives to traditional media programming, we've got our eye on the same goal – maximizing opportunities for interaction and experiences with all our audiences.

We're making use of digital capabilities such as mobility (audience participation in the Montreal area flagship morning show, *C'est bien meilleur le matin*, and the new network noon-hour show, *Pas de midi sans info*); gamification (*Supermaire*, *Judas.tv*); personalization (Première Chaîne audio feed); and social media (*Radio-Canada et moi* personalized TV schedule on Facebook).

In March 2013, Espace.mu achieved the highest reach since its launch in June 2011. Radio-Canada's digital music streaming service offers nearly 60 web radio stations spanning eight musical genres – pop/chanson, rock, classical, world, jazz, folk/country, hip-hop and new/emerging – and since September 2012, has been the new web address for the Espace musique radio network. For its part, Radio Canada International (RCI) has its shifted operations entirely online with an eye to forging ties between Canadians and people around the world, in five languages. The site's overhaul was completed in April 2013.

Our creative and innovative teams generated original multiplatform content and webdocs *(Le chum de ma mère est un extra-terrestre, Alphée des étoiles, Émilie*) that attracted audiences and drew media attention. This programming also permitted Radio-Canada to expand the horizons of its journalistic expertise to a wide range of topics (for example, *Brossard Chinatown* and *Miss inc.*).

Corporate Year in Review

2015: Same strategy, different path

On April 4, 2012, we announced that the Corporation would be facing $200 million ongoing in financial pressures over the next three years. This comprises a $115 million cut to our annual appropriation as part of Federal Budget 2012 and $85 million of unavoidable costs and investments to achieve our strategic objectives, including those required to keep pace as a modern public broadcaster. In addition, one-time workforce and other restructuring costs to deal with these additional pressures are expected to total $25 million, with $18 million in workforce restructuring incurred during 2012–2013.

To face this challenge head-on, we implemented a number of cost-saving initiatives. We successfully transformed Radio Canada International (RCI) into a web-only service that provides Canadians and an international audience with content in five languages: English, French, Spanish, Arabic and Mandarin. We shut down approximately 600 of our analogue transmitters and we also reviewed our existing transmission and real estate portfolios to increase self-generated revenues. We have been successful in leasing excess space in our properties, with close to 390,000 square feet leased at the end of this fiscal year. This is consistent with our plan to reduce our footprint by 800,000 square feet by 2017.

Our plan was designed specifically to protect the priorities of Strategy 2015. However, due to the extent of the challenges facing us, we've had to scale back some aspects of Strategy 2015, including local service extensions, digital TV services, the number and/or budget of Signature Events and cross-cultural programming projects.

Local Programming Improvement Fund

On July 18, 2012, the CRTC announced that the Local Programming Improvement Fund (LPIF) will be phased out over three years, reducing CBC/Radio-Canada's annual funding by $47.1 million by August 31, 2014.

We've decided to protect as much as possible the programming initiatives that the LPIF allowed us to implement. Regional programming is essential to our role as the national public broadcaster and improving our presence in communities across Canada is one of the top priorities of our five-year plan, Strategy 2015. However, the Commission's decision means that we have to further reduce our budget to reflect the eventual elimination of the fund. To do so, the measures we will put in place include:

- Cancellation of plans for four new local radio stations beyond those new services already announced.
- Elimination of the cross-cultural fund (this internal fund had already been reduced in the 2012 budget process) that supported major French-English joint projects such as *8e feu/8th Fire*, CBC Radio 2 and Espace musique's *Rendez-Vous*, and joint coverage of events like the Arab Spring.
- Reduction of regional contributions to non-news programming.
- Reductions to network schedules.
- Reductions to communications and promotional budgets.
- Looking for further efficiencies.

Licence Renewal

CBC/Radio-Canada's licence renewal hearings with the CRTC began on November 19, 2012. It's been 13 years since our licences were renewed, making this a critical milestone for the Corporation. While Strategy 2015 sets out our vision for the future of Canada's national public broadcaster, we also need a flexible regulatory framework that will enable us to respond to the evolving broadcasting environment and to the preferences of Canadians. The Corporation also applied to introduce national advertising on CBC Radio 2 and Espace musique to help offset reduced government funding and avoid further program reductions.

Over the course of the hearings, organizations and individual Canadians alike appeared before the Commission to present the issues that matter to them. About 8,000 comments were also filed with the CRTC in the lead-up to the hearings.

On May 28, 2013, the CRTC announced a new streamlined regulatory framework for the public broadcaster. The CRTC's decision also permits the Corporation to introduce advertising to CBC Radio 2 and Espace musique. We were pleased that the Commission supports the main tenets of Strategy 2015 and endorsed our proposal for a streamlined regulatory framework. Advertising will not change the programming mandate of CBC Radio 2 and Espace musique. Our music services will remain committed to supporting and showcasing the best in Canadian music.

We thank Canadians for their participation in our licence renewals.

Office of the Auditor General (OAG) special examination

In February, the OAG presented our Board of Directors with a clean audit opinion. Covering the October 2011 to June 2012 period, the report confirms that the public broadcaster manages its assets efficiently and economically, carries out its operations effectively and safeguards and controls its assets.

While most areas were assessed positively, the OAG did identify areas for improvement and made seven key recommendations, which we have agreed with. The recommendations are:

- Provide the Board of Directors with strategic plans in a timely manner for the Board's approval. This recommendation related specifically to the Real Estate Committee and Human Resources and Compensation Committee.
- Incorporate people management measures into the corporate performance measurement framework.
- Develop succession plans and consistent competency profiles across the Corporation for supervisory and management staff and key talent positions.
- Ensure that all of our managers are evaluated on specific people management objectives.
- Develop and implement a strategy, in the People and Culture component, to retain our management team so that it can provide continuity and give us the capacity to implement long-term strategic human resource objectives.
- Update our security policy and develope information security standards and procedures for classifying and handling sensitive information.
- Develop and implement an action plan to address gaps identified in our environmental management system.

We have developed an action plan to address all the OAG's recommendations and will implement it over the next few years.

Management Discussion and Analysis

Seasonality

The majority of our self-generated revenue comes from advertising, which follows seasonal patterns. Advertising revenue varies according to market and general economic conditions and the programming schedule. Subscriber-based revenue is relatively more stable on a quarter-by-quarter basis. Operating expenses also tend to follow a seasonal pattern because they are influenced by the programming schedule.

Government appropriations are recognized in income based on the annual budget, which reflects seasonal impacts on expenditures and self-generated revenue.

Note Regarding Forward-Looking Statements

This report contains forward-looking statements regarding objectives, strategies and expected financial and operational results. Forward-looking statements are based on the following broad assumptions: CBC/Radio-Canada's government funding remains consistent with amounts announced in Federal Budget 2012; the funding received from the Local Programming Improvement Fund (LPIF) will be phased out by August 31, 2014; the television advertising market will remain healthy; and the broadcasting regulatory environment will not change significantly. Key risks and uncertainties are described in Section 4.4 Outlook and Section 4.5 Risk management and key risk table of this report. However, some risks and uncertainties are by definition difficult to predict and beyond our control. They include, but are not limited to economic, financial, technical and regulatory conditions. These, along with other factors may cause actual results to differ substantially from the expectations stated or implied in forward-looking statements.

1. Core Business and Strategy

1.1 Mandate

We are Canada's national public broadcaster and we are guided by the *Broadcasting Act*.

The *Broadcasting Act* states that "…the Canadian Broadcasting Corporation, as the national public broadcaster, should provide radio and television services incorporating a wide range of programming that informs, enlightens and entertains. The programming provided by the Corporation should:

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

In addition to this domestic mandate, CBC/Radio-Canada is also required by section 46(2) of the *Act* to provide an international service, RCI. On June 24, 2012, RCI transitioned from a short-wave and web radio service to a web-only international service, RCInet.ca, available in five languages: French, English, Spanish, Arabic and Mandarin.

Our vision is to be the recognized leader in expressing Canadian culture and to enrich the democratic life of all Canadians.

In establishing and operating our broadcasting activities, CBC/Radio-Canada is expected to comply with licencing and other regulatory requirements established by the CRTC, as well as any requirements under the *Radio Communication Act* that may apply to the Corporation's use of the radiocommunication spectrum.

1.2 CBC/Radio-Canada Services

CBC/Radio-Canada delivers a comprehensive range of radio, television, internet, mobile and satellite-based services, and is focused on developing and growing new platforms to give Canadians' better access to our content. Deeply rooted in the regions, we are the only domestic broadcaster to offer diverse regional and cultural perspectives in English, French and eight Aboriginal languages, as well as five languages for international audiences. The Corporation's broadcasting reach extends across Canada and around the world, offering high-quality, distinctive content by, for and about Canadians, wherever and however they want it. We have more than 30 services, as follows:

Radio

CBC Radio One

News, current affairs, arts and culture via radio and SiriusXM Channel 169.

CBC Radio 2

Classical, jazz and popular music via radio and four online channels: Classical, Jazz, Canadian Songwriters and Canadian Composers.

CBC Radio 3

Home of Canadian indie music via the Internet, podcast and SiriusXM Channel 162.

CBC Music-Sonica

CBC Music Sonica features non-stop adult alternative bands from Canada and beyond, combining new rock sounds of today with a sprinkling of Canadian heritage artists via SiriusXM Channel 171.

Première Chaîne

News, current affairs, arts and culture

Espace Musique

Classical, jazz, vocal, world and emerging music via radio and Sirius Satellite Channel 153

Première

News, current affairs and culture, in partnership with RCI and Radio France International, via SiriusXM Channel 160.

Chansons

100 per cent Francophone "chansons" music channel, playing the biggest Quebec and French artists from around the world via SiriusXM Channel 163.

FrancoCountry

100 per cent francophone and Canadian country-folk music. Listen to the biggest country hits, plus emerging artists from the new country folk scene via SiriusXM channel 166.

Television

CBC Television

News, information, sports, entertainment, documentaries and kids programming.

CBC News Network

Continuous news and information via television.

documentary

Canadian and international documentaries, films and series.

Télévision de Radio-Canada

News, current affairs, drama, culture, variety, sports and programming for children and youth.

Réseau de l'information de Radio-Canada

Continuous news, information and current affairs via television.

TV5MONDE

Programming featuring diverse cultures and perspectives from 10 broadcast partners, including Radio-Canada.

ARTV

Arts and entertainment: film, theatre, music, dance, visual arts, and more. By subscription.

Explora

Health, science, nature and the environment.

CBC News Express / RDI Express

Bilingual news and information service in five large Canadian airports, serving over 62 million travelers annually.

Digital

CBC.ca

News, information, streaming video and audio, sports highlights, web features and multimedia archives.

cbcnews.ca

Local, national and international breaking news and in-depth reporting, streaming audio and video, and web-only interactive features.

cbcsports.ca

Canadian and international breaking news and special reports from the world of sports, as well as access to live streaming of major events, including CBC's Hockey Night in Canada.

cbcmusic.ca

Free digital music service giving Canadians access to 50 web radio stations, 12 distinct genre-based music communities, CBC Radio 2 and CBC Radio 3, plus content from the most knowledgeable music personalities and programmers from across the country, hundreds of concerts, exclusive videos, playlists and more.

CBC Books

All of CBC's rich literary content across all platforms – audio, video and digital.

Radio-Canada.ca

News, information, streaming video and audio, and web features.

Tou.tv

On-demand web television, created by Radio-Canada, featuring programming from almost 50 national and international producers and broadcasters.

Espace.mu

Customized and mostly French-language music via the Internet in seven genres: pop, jazz, classical, hip-hop, rock, country-folk, world music and emerging music.

Radio Canada International (RCI)

Interactive platform for Canadian information and culture delivered in five languages via the Internet.

Others

CBC Records / Les disques SRC

A label recording Canadian musicians and releasing about eight CDs annually.

CBC Mobile Productions / Productions mobiles de Radio-Canada

Services for production and generating programming revenue by selling to the third-party market.

CBC Shop / Boutique Radio-Canada

On-site and online shop selling CBC/Radio-Canada audio and audio-visual recordings of programs, as well as related merchandise.

CBC/Radio-Canada Olympics

CBC/Radio-Canada is proud to have been awarded the rights as official broadcaster of the Olympic Games. In addition to upholding the tradition of top-tier Olympic broadcasting, there will be added emphasis on entertainment and programming across all platforms and genres, including television, radio, digital, news, unscripted programming, factual entertainment, kids programming and sports leading up to Sochi 2014 and Rio 2016.

Kids' CBC

100 per cent commercial-free, safe and entertaining content for children and youth.

CBC North

Linking Canada's northern communities via radio and television, in English, French and eight Aboriginal languages.

1.3 Board and Management Structure

CBC/Radio-Canada's Board of Directors is responsible for the oversight of the Corporation. The Board is composed of 12 members, including the Chair and the President and CEO, who are appointed by the Governor in Council.

As of March 31, 2013, the Board had five committees as shown below.

Standing Committees on English and French Language Broadcasting	Audit Committee	Human Resources and Governance Committee	Strategic Planning Committee	Infrastructure Committee
Monitors the fulfillment by the Corporation of its English and French language broadcasting responsibilities and its overall mandate.	Monitors the integrity of the Corporation's financial information and reporting, the system of internal controls and risk management, and the audit process.	Oversees matters relating to human resources, strategies, compensation, corporate governance, and the conduct of the Board's affairs.	Oversees the Corporation's overall strategic direction with respect to the fulfillment of the Corporation's statutory mandate.	Oversees the Corporation's infrastructure assets, including real estate, fleet and transmission holdings, and broadcasting, telecommunications and technology solutions.

Board activities and highlights

Over the course of the year, the Board of Directors and its committees have held numerous meetings to address major issues.

During the year, the Board was responsible for its committees and overall governance activities focusing on strategic planning and monitoring, reporting oversight, real estate planning, regional meeting initiatives and a number of approvals of major transactions. To that effect, the Board approved a Binding Letter of Agreement with the International Olympic Committee for the Canadian media rights to the 2014 and 2016 Olympic Games. The agreement strengthens our commitment to amateur sports and will connect audiences to Canadian athletes by telling their stories and showcasing their performances.

Illustrating the type of work accomplished by the Board's committees, the Strategic Planning Committee reviewed the impact of the financial pressures faced by the Corporation, including the Federal Budget 2012 reductions, LPIF elimination and lost revenues due to the NHL lockout, and recommended contingency measures to the Board for its approval.

In addition, the Infrastructure Committee (formerly the Real Estate Committee) approved or reviewed and provided direction with respect to several major projects: the Halifax Consolidation Project, the Maison de Radio-Canada Project and a major new lease project at the Toronto Broadcasting Centre, and reviewed Real Estate project updates, action plans and reports.

We have been able to achieve significant footprint reductions over the past two years amounting to nearly 400,000 square feet, or 10 per cent of the Corporation's total real estate portfolio. To that effect, we entered into a leasing arrangement with Allied Properties REIT for unused space of approximately 168,000 square feet within the Broadcasting Centre in Toronto in June 2012. Furthermore, space occupied by our regional and smaller centers has been reduced by about 9 per cent. In addition, our strategy to divest obsolete or surplus real estate assets allows us to significantly reduce our related occupancy costs.

On September 25th, the Board of Directors attended the Corporation's Annual Public Meeting in St. John's, Newfoundland.

Management structure

The Corporation's organizational structure reflects its broadcasting, infrastructure and administrative responsibilities and related activities. The Senior Executive Team included the President and CEO and seven component heads with responsibilities as defined below.

President and CEO	Responsible for overseeing the management of CBC/Radio-Canada to ensure that Canada's national public broadcaster can deliver on the various aspects of its mandate and continue to offer Canadians a broad spectrum of high quality programming that informs, enlightens and entertains, and that is created by, for and about Canadians.
Executive Vice-President, French Services	Oversees all aspects of CBC/Radio-Canada's French-language programming services, which include, among other things, Télévision de Radio-Canada, Réseau de l'information de Radio-Canada (RDI), ARTV, Radio de Radio-Canada, RCI , Radio-Canada.ca, Espace.mu and Tou.tv.
Executive Vice-President, English Services	Oversees all aspects of CBC/Radio-Canada's English-language programming services, which include, among other things, Radio One, Radio 2, CBC Television, CBC News Network, *documentary* and digital operations.
Vice-President and Chief Financial Officer	In addition to being responsible for all aspects of financial management for Canada's national public broadcaster, oversees corporate business partnerships and plays an instrumental role in helping to achieve a sustainable economic model for the future of the Corporation.

Vice-President Technology and Chief Regulatory Officer	Responsible for CBC/Radio-Canada's technology direction, for developing and implementing television and radio regulatory strategies across the Corporation, pursuant to the CRTC regulation and the *Broadcasting Act*, and for corporate research and analysis.
Vice-President, Brand, Communications and Corporate Affairs	Responsible for developing and implementing a single coherent corporate communication strategy for CBC/Radio-Canada; leading internal and external communications across the Corporation; and formulating the overall strategic direction for the promotion and marketing of programs. Also oversees the Government Relations group.
Vice-President, People and Culture	Responsible for delivering the Corporation's human resources services and ensuring a positive relationship between management and employees. Helps lead the "people" component of the Corporation's five-year strategic plan, Strategy 2015, ensuring that CBC/Radio-Canada is a rewarding, progressive and diverse workplace that builds professional teams of innovative and highly skilled people dedicated to accomplishing the plan.
Vice-President, Real Estate, Legal Services and General Counsel	Responsible for CBC/Radio-Canada's real estate portfolio across Canada and abroad and for the General Counsel's offices in Montreal, Toronto and Ottawa, the Corporate Secretariat and for compliance with Access to Information, privacy, health, safety and environmental laws.

1.4 Corporate Strategy

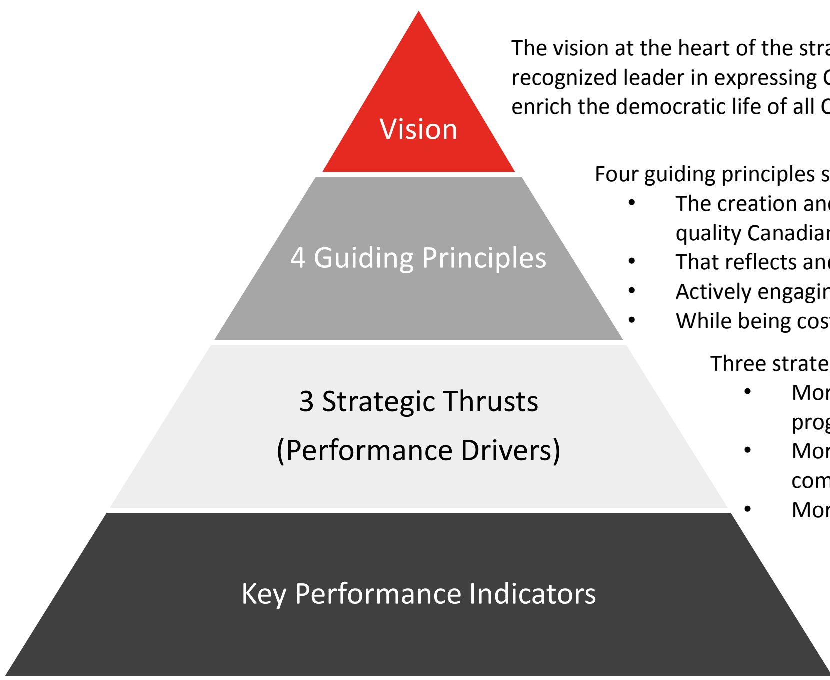
The Corporation's strategic plan, Strategy 2015*: Everyone, Every way*, was launched in February 2011. Implementation officially began during the first quarter of 2011–2012.

Everyone.
Every way.
Partout.
Pour tous.

The plan includes three components:

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

Its success is measured against key strategic and operational indicators.



The vision at the heart of the strategic plan is to be the recognized leader in expressing Canadian culture and to enrich the democratic life of all Canadians.

Four guiding principles support our vision:

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

Three strategic thrusts drive our performance:

- More Distinctly Canadian: Network programming and national public spaces
- More Regional: Regional presence and community spaces
- More Digital: New platforms and digital spaces

As presented in Section 2 Performance, our key performance indicators (KPI) fall into two categories:

1) ***Strategic Indicators*** include survey results regarding fulfillment of our mandate and the degree to which our programming adheres to our guiding principles. They also include measures of our Canadian content on television.

2) ***Operational Indicators*** include measures of audience share, website visitors, subscriber counts and revenue generation for English and French Services.

1.5 Business Model

We operate using several sources of funds, including government appropriations and self-generated revenues. CBC/Radio-Canada is a Crown corporation with 64.1 per cent of its budget funded by government appropriations approved by Parliament on an annual basis.

These appropriations have remained relatively constant over the past 10 years in a broadcasting environment where costs have increased significantly. However, in Budget 2012, the federal government reduced CBC/Radio-Canada's appropriation by $115 million over three years.

The remaining 35.9 per cent of the budget originates from advertising, specialty service and other revenues. CBC/Radio-Canada is not profit oriented and all sources of funds are used to fulfill its public broadcasting mandate.

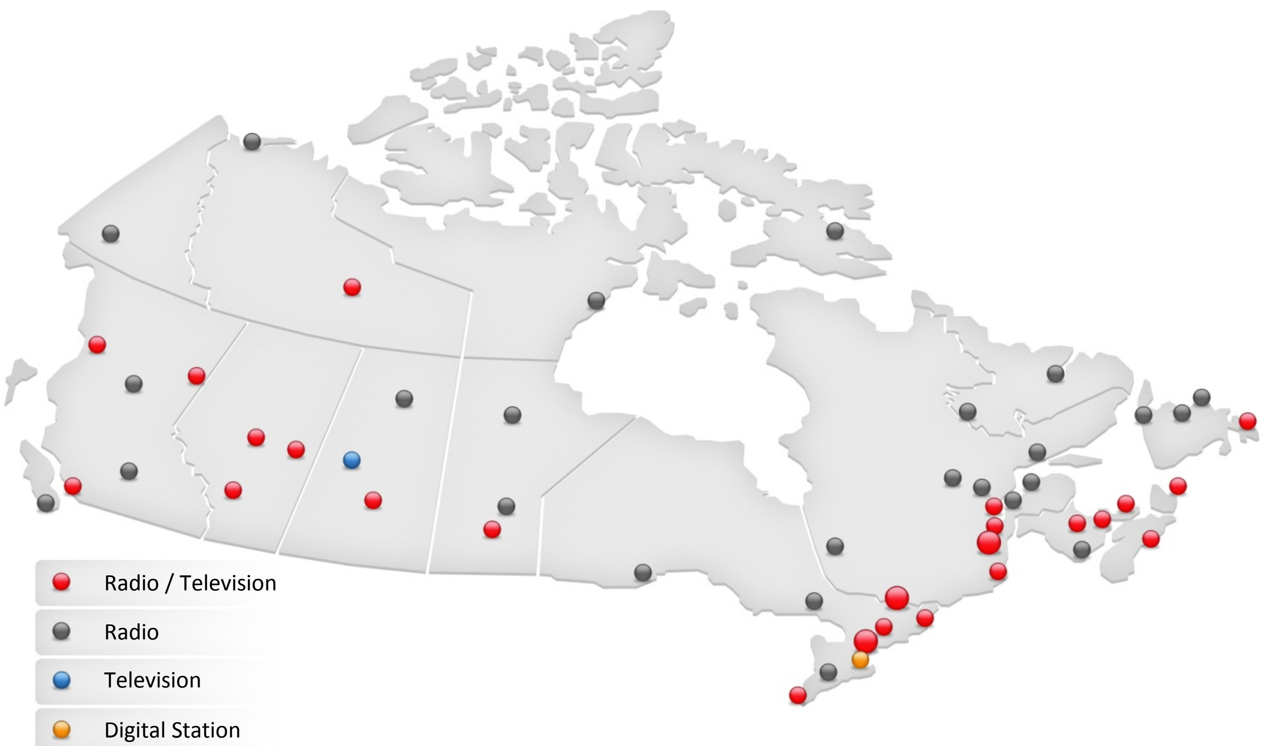
Advertising revenue	18.4%
Specialty services revenue	9.5%
Other revenue	8.0%
Total:	35.9%

1.6 Operations

As of March 2013, we employed 7,116 permanent full-time equivalent employees (FTEs), 365 temporary FTEs and 878 contract FTEs.

Our head office is located in Ottawa, with main network operations in Toronto and Montreal, and 27 television stations, 84 radio stations, and 1 digital station where we originate local programming. We have two main television networks, one in English and one in French, five speciality television channels and four Canada-wide radio networks, two in each official language. Internationally, CBC/Radio-Canada News has nine foreign bureaus. We integrate these operations with multiple websites.

CBC/Radio-Canada's Stations



2. Performance

2.1 Strategic Indicators

Measuring our success against Strategy 2015: *Everyone, Every way*

A central feature of Strategy 2015 is the establishment of metrics to track and assess our performance. We have developed a report card that allows us to monitor how well, according to surveyed Canadians, our services fulfill the Corporation's mandate under the *Broadcasting Act*, and the degree to which our programming adheres to the guiding principles of our strategic plan. Below is the report card covering the 2012–2013 fiscal year, year two of our new strategy. It shows our progress compared to the first year of the strategy (2011–2012) and the benchmark year (2010–2011).

As we now have three years of data, we have commented on the results in the sections below where the data indicated a trend[5].

Report on English Services

How does English Services fulfill its mandate under the *Act*?

CBC's English-language radio and television programming is…	Benchmark Year 2010–2011	Year 1 Year 2011–2012	Year 2 Year 2012–2013
	Average Scores (/10)	Average Scores (/10)	Average Scores (/10)
informative	7.8	7.9	7.9
enlightening	7.4	7.5	7.5
entertaining	7.2	7.4	7.3
available on new platforms	8.2	8.2	8.2

Metric definition: Average score is the average of the scores given by all respondents on a 10 point scale.

1	2	3	4	5	6	7	8	9	10
Strongly Disagree		Disagree				Agree		Strongly Agree	

Source: TNS Canadian Facts (1,200 Anglophones per survey for a total of 2,400 Anglophones per year). The surveys are conducted in November and March of each year.

During the second year of Strategy 2015, English Services' Radio and Television programming maintained the results it obtained in year one (2011–2012) and the benchmark year (2010–2011).

[5] A trend is a consistent movement of data results over time.

Anglophones continue to perceive that CBC/Radio-Canada's English Services is meeting its mandate under the 1991 *Broadcasting Act*, receiving its highest scores for providing content that is ''available on new platforms'' (8.2) and ''informative'' (7.9).

How does English Services' programming fare against the guiding principles of Strategy 2015?

CBC English-language's programming[1]...	Benchmark Year 2010–2011 Average Scores (/10)	Year 1 Year 2011–2012 Average Scores (/10)	Year 2 Year 2012–2013 Average Scores (/10)
is high quality	8.0	8.1	8.2
is different from that offered on other channels	7.2	7.5	7.4
reflects regions of Canada	7.9	8.0	8.0
reflects my region	6.1	6.3	6.5
reflects diversity	7.4	7.7	7.6
reflects my culture	6.5	6.8	6.7

Metric definition: Average score is the average of the scores given by all respondents on a 10 point scale.

1	2	3	4	5	6	7	8	9	10

Strongly Disagree *Disagree* *Agree* *Strongly Agree*

1. Programming and content offered on any of our services, i.e., CBC Television, CBC News Network, **bold**, *documentary* , CBC Radio One, CBC Radio 2 and *cbc.ca* .

Source: TNS Canadian Facts (1,200 Anglophones per survey for a total of 2,400 Anglophones per year).
The surveys are conducted in November and March of each year.

The implementation of Strategy 2015 continues to be perceived positively by Anglophones, with the gains attained by each Strategy 2015 metric in year one (2011–2012) being maintained in 2012–2013. Scores for each Strategy 2015 metric, measuring alignment to the 'Guiding Principles', were higher in 2012–2013 compared to the benchmark year. The largest increase (7 per cent) was for the 'reflects my region' metric. This metric has improved each year since Strategy 2015 was launched, indicating that the initiatives introduced to-date are resonating with Canadians.

Report on French Services

How does French Services fulfill its mandate under the *Act*?

Radio-Canada's French-language radio and television programming is…	Benchmark Year 2010–2011 Average Scores (/10)	Year 1 Year 2011–2012 Average Scores (/10)	Year 2 Year 2012–2013 Average Scores (/10)
informative	8.1	8.2	8.2
enlightening	7.8	8.0	7.8
entertaining	7.7	7.8	7.8
available on new platforms	8.0	8.2	8.1

Metric definition: Average score is the average of the scores given by all respondents on a 10 point scale.

1	2	3	4	5	6	7	8	9	10

Strongly Disagree *Disagree* *Agree* *Strongly Agree*

Source: TNS Canadian Facts (1,200 Francophones per survey for a total of 2,400 Francophones per year). The surveys are conducted in November and March of each year.

In the second year of Strategy 2015, Radio de Radio-Canada and Télévision de Radio-Canada programming maintained results obtained in year one (2011–2012) and the benchmark year (2010–2011). This demonstrates that Francophones continue to feel that CBC/Radio-Canada French Services is fulfilling its mandate under the 1991 *Broadcasting Act*.

French Services received high scores for each aspect of its mandate that was measured, ranging from 7.8 for "entertaining and enlightening" to 8.2 for "informative".

How does French Services' programming fare against the guiding principles of Strategy 2015?

Radio-Canada's French-language programming[1]...	Benchmark Year 2010–2011	Year 1 Year 2011–2012	Year 2 Year 2012–2013
	Average Scores (/10)	Average Scores (/10)	Average Scores (/10)
is high quality	8.2	8.4	8.1
is different from that offered on other channels	7.6	7.9	7.6
reflects regions of Canada	7.5	7.7	7.3
reflects my region	6.8	7.1	6.7
reflects diversity	7.3	7.6	7.2
reflects my culture	7.4	7.6	7.3

Metric definition: Average score is the average of the scores given by all respondents on a 10 point scale.

1	2	3	4	5	6	7	8	9	10
Strongly Disagree		*Disagree*			*Agree*		*Strongly Agree*		

1. Programming and content offered on any of our services, i.e., Télévision de Radio-Canada, RDI, ARTV, Première Chaîne, Espace musique, Radio-canada.ca and Tou.Tv.
Source: TNS Canadian Facts (1,200 Francophones per survey for a total of 2,400 Francophones per year).
The surveys are conducted in November and March of each year.

While Francophones continue to respond positively to Strategy 2015 initiatives announced or introduced by French Services, scores for each of the Strategy 2015 metrics, measuring alignment to the 'Guiding Principles', declined in 2012–2013 compared to the previous year. Results for 2012–2013 were also slightly below with those obtained in the benchmark year (2010–2011). Results in 2013–2014 will be closely monitored to determine whether 2012–2013 marks the start of a trend.

Measuring our Canadian Content

Regulatory requirements for Canadian content on television are specified by the CRTC, which sets expectations of service for Télévision de Radio-Canada and CBC Television. For the broadcast day, a minimum of 75 per cent Canadian content is expected. For the peak period, a minimum of 80 per cent Canadian content is expected. Both measures are averages over the entire broadcast year from September 1 to August 31. As shown in the table below, in the past two broadcast years, Télévision de Radio-Canada and CBC Television have exceeded the CRTC's Canadian content expectations, both over the whole day and in prime time. Increasing Canadian programming is key to our five-year strategic plan, Strategy 2015.

Canadian Content		**Yearly Regulatory Expectations**	**Results Sep. 1, 2011 to Aug 31, 2012**	**Results Sep. 1, 2010 to Aug. 31, 2011**
Télévision de Radio-Canada				
Broadcast day	(Mon-Sun, 6:00 a.m.-12:00 a.m.)	75%	86%	86%
Prime time	(Mon-Sun, 7:00 p.m.-11:00 p.m.)	80%	93%	93%
CBC Television				
Broadcast day	(Mon-Sun, 6:00 a.m.-12:00 a.m.)	75%	85%	84%
Prime time	(Mon-Sun, 7:00 p.m.-11:00 p.m.)	80%	81%	82%

2.2 Operational Indicators

In addition to monitoring the overall performance of Strategy 2015 (see section 2.1 above), we have developed key performance indicators (KPIs) for English and French services.

These indicators are critical to measuring our progress towards our strategic business objectives and fulfilment of operational plans, and as such, we formulate them every year as part of the media's business plans.

Operational indicators include measures of audience share, web-site visits, subscriber counts and revenue generation.

2012–2013 Results — English Services

2012–2013 proved to be a difficult year for English Services. From a reduction in resources available to provide programming (e.g., Federal Budget 2012 cuts and LPIF) to the revenue effects of the lack of live NHL games and a soft advertising market, there were many challenges to overcome. However, in spite of these challenges, we were able to manage the situation and achieve some success relative to our targets.

For CBC Television's primetime regular season share, three significant changes affected our performance this regular season. These changes were programming reductions as a result of the funding decreases, the removal of highly viewed foreign programming from the early primetime schedule, and the loss of the highly popular *Hockey Night in Canada* from the Saturday primetime schedule for the entire fall period and partly into the winter due to the NHL labour disruption, with significant programming, promotional and revenue implications on our conventional and digital platforms.

As a result, CBC Television's primetime regular season share fell below both the 2011–2012 performance and the 2012–2013 targets.

A further consequence of the lack of *Hockey Night in Canada* was a sharp decline in revenue from television and digital advertising. This drop was somewhat offset by an increase in other types of revenues for English Services and from facilities rentals. Nevertheless, overall revenue was well below targeted levels.

CBC Radio had exceptionally strong audience performance, with a combined 15.3 per cent share of the radio market. Radio One enjoyed its highest ever Fall share, and Radio 2 had its highest Fall share since the programming changes in 2008.

Subscription levels for CBC News Network, **bold** and *documentary* ended the year on or near target and according to plan.

CBC News Network's audience share ended the year almost at target, within a tenth of a share point.

The monthly average of unique visitors to CBC.ca ended the year above 2011–2012 levels, although below target. This was in large measure because of lower performance in the first quarter compared to the same period in 2011, when the federal election and the Vancouver Canucks' Stanley Cup playoff run were strong draws. By contrast, in the third and fourth quarters of 2012–2013, the monthly average number of unique visitors was up 8 per cent year over year.

The monthly average number of unique visitors to CBC's regional sites was up 5 per cent year over year, practically meeting our target (within a half of one per cent of meeting target). Similar to CBC.ca results, in the third and fourth quarters, the monthly average number of unique visitors was up 12 per cent year over year.

Performance of regional television and radio programming was mixed. For Monday to Friday Supper Hour and Late Night local programming on CBC Television, the number of weekly hours viewed increased by 13 per cent, and exceeded the targets which had already anticipated an increase in viewership because of the expanded duration of the Late Night program in many markets.

Radio morning show listening declined year over year, and therefore finished the year below our target of maintaining the 27 per cent increase experienced from 2010–2011 to 2011–2012. The 2012–2013 results were 15 per cent higher than the results from two years ago.

Performance Table – English Services

English Services		Past Performance			Future
		Annual Targets 2012–2013	Annual Results 2012–2013	Annual Results 2011–2012	Annual Targets 2013–2014
Radio Networks					
CBC Radio One and CBC Radio 2	All day audience share[1]	14.3%	15.3%	14.5%	14.6%
Television					
CBC Television	Prime-time audience share Regular season[2]	8.1%	6.8%	8.6%	8.1%
CBC News Network	All day audience share April-March[2]	1.4%	1.3%	1.4% [3]	1.4%
Regional					
CBC Radio One morning shows	Average weekly hours tuned (Mon -Fri) Regular season[2]	6.0 million	5.5 million	6.0 million	5.5 million
TV supper and late-night news	Average weekly hours tuned (Mon -Fri) Regular season[2]	3.5 million	3.7 million	3.3 million	3.95 million
Regional web pages	Monthly average unique visitors April-March[4]	0.975 million	0.971 million	0.94 million[3]	0.995 million
New Platforms					
CBC.ca	Monthly average unique visitors April-March[4]	6.5 million	6.3 million	6.2 million[3]	6.5 million
Specialty Television Channels					
CBC News Network	Subscribers	11.4 million	11.3 million	11.3 million	11.2 million
bold	Subscribers	2.7 million	2.6 million	2.6 million	n/a[6]
documentary	Subscribers	2.6 million	2.7 million	2.6 million	2.7 million
Revenue[5] Conventional, specialty, online		$399 million	$362 million	$399 million [7]	$400 million

1. Source: BBM Canada, fall survey (diary), persons aged 12 years and older.

2. Source: BBM Canada, Personal People Meter (PPM), persons aged 2 years and older.

3. In 2011–2012, measurement was based on the regular season (i.e. September - March). In 2012–2013 and 2013–2014, measurement is based on the fiscal year (April - March).

4. Source: comScore, persons aged 2 years and older.

5. Revenue for documentary is reported at 100 per cent although CBC/Radio-Canada owns 82 per cent. Includes revenue from LPIF, a fund created by the CRTC to support local programming. Amounts reflect the phase out of the fund over three years ending August 31, 2014.

6. **bold** channel was sold on March 25, 2013.

7. In 2011–2012, measurement excluded merchandising/ licensing revenue which are included in 2012–2013 and 2013–2014.

Strategy 2015 Future directions – English Services

English Services enters 2013–2014 confident in our ability to connect with and serve our audiences. We will provide those audiences with strong schedules that include new and returning shows. Our digital offers will add to the availability of our content and continue to build on our successes on new platforms. We will engage Canadians and reflect the country in our role as a modern public broadcaster.

Our activities and internal resources are aligned to deliver on the strategic objectives of Strategy 2015. We are constantly refining and re-focusing our content strategies to engage and grow audiences, to increase revenues, to enter partnerships which further our strategic goals – all while remaining focused on our priorities.

More Canadian

English Services will continue to increase the availability of Canadian content to its audiences—where and when they want it. We will leverage our content on all platforms and we will engage audiences.

We will continue to be the home for Canadian entertainment programming, breaking news and enterprise journalism, the celebration of Canadian athletes (especially with the Sochi Olympic Games) and stellar audio content in talk and music formats.

Our KPI targets reflect an increase in CBC Television's primetime, regular season market share while also setting higher performance expectations for CBC News Network over actual results. The combined Radio share targets reflect goals set in the context of having achieved, in 2012, the highest ever Fall share for Radio One and the highest Radio 2 Fall share in the past five years, as well as the introduction of advertising on Radio 2.

More regional

CBC will build upon the initiatives implemented and announced to better meet the regional needs of Canadians. This includes ensuring regional reflection on the network, strengthening regional connection in communities we currently serve and increasing service to audiences who are under-served by the local CBC content.

Regional performance expectations are to grow the usage to our weekday local television programming, grow unique visitors to our regional landing pages and to maintain the usage of local programming on Radio One compared to the prior year.

More digital

To reach our goal of ensuring that our content is available whenever and wherever Canadians want it, we will invest in new technologies and to ensure an appropriate level of support for the programming offered on all platforms. We will increase digital audience use, reach and growth.

Our performance expectations reflect this focus on digital media by targeting continued growth in the number of monthly average unique visitors to CBC.ca.

Transformation to invest in strategy and manage finances

We will continue to organize ourselves to maximize how we deliver content across all platforms and encourage creativity throughout the Corporation. We will increase digital distribution and monetization of CBC content through strategic alliances and partnerships. We will collaborate with Radio-Canada to produce content of national interest.

From an accountability perspective, we will make decisions to minimize costs and drive revenue.

Finally, to assist in the funding of our operations and strategic priorities, we are targeting a substantial increase in self-generated revenues this year.

2012–2013 Results French Services

Radio-Canada had an outstanding year in 2012–2013. While pursuing the transformation of its production processes in order to reduce costs, Radio-Canada continued producing and broadcasting relevant and timely content. The programming offer was aligned with audience expectations, resulting in a number of indicators exceeding their established targets.

Many platforms benefited from a highly active news scene. This year, specialty channels captured a combined share of 5.4 per cent, mostly boosted by RDI, which attracted audiences thanks to its live content. With a 10 per cent share increase over the same period last year[6], RDI recorded its best results in 10 years[7].

Other results exceeded annual targets owing to a high volume of compelling news stories in 2012–2013, including regional television newscasts (with an average viewership of 347,000 listeners against a target of 290,000) and the regional section of *Radio-Canada.ca* (with a monthly average of 646,000 unique visitors against a target of 497,000). The success of our Première Chaîne regional morning and drive-home shows, as well as the new network noon hour program *Pas de Midi Sans Info,* also explained the strong combined results for radio of 18.5 per cent, compared with a target of 16.0 per cent.

Télévision de Radio-Canada enjoyed substantial success as well, finishing the year with a 20.3 per cent market share – almost 10 per cent higher than last year. The new prime time soap *Unité 9,* which depicts the lives of inmates in a women's prison, accounted for nearly half of this increase[8]. A strong television programming lineup also contributed to higher traffic on *Radio-Canada.ca*, with a combined monthly average of 2.2 million unique visitors. Many of these visitors also viewed content on Tou.tv, including top drama series such as *Unité 9 and 19-2*, allowing the platform to set new records. Website traffic in January, February and March 2013 was well above the previous years' results[9].

RDI achieved its objective, with 11.2 million subscribers, while ARTV finished the year slightly below target.

In 2012–2013, Radio-Canada saw its advertising revenues rise by 5 per cent over last year (up $6.6 million), in addition to increasing miscellaneous income from services for independent producers, commercial production, and merchandising. Radio-Canada also benefited from funding available through the Canada Media Fund (CMF) for programming procured through independent productions. Together, these positive results enabled Radio-Canada to generate $252.8 million in revenue, just under the established target of $253.5 million.

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[6] Fiscal year, April-March

[7] Source: Radio-Canada Research

[8] Cumulative average market share of 42 per cent from September to March, Tuesday 8–9 p.m. time slot. Source: Radio-Canada research

[9] 716,000 unique visitors in March 2013 compared to 500,000 in March 2012, a record for Tou.Tv (January 2013: 644,000 unique visitors) and February 2013 (685,000 unique visitors). Source: Radio-Canada Research

Performance Table – French Services

French Services		Past Performance			Future
		Annual Targets 2012–2013	Annual Results 2012–2013	Annual Results 2011–2012	Annual Targets 2013–2014
Radio Networks					
Première Chaîne and Espace musique	Full-day audience share[1]	16.0%	18.5%	17.8%	19.3%
Television					
Télévision de Radio-Canada	Prime-time audience share Fall/Winter season[2]	18.2%	20.3%	18.7%	19.5%
RDI, ARTV, Explora	Full-day audience share April-March[2]	4.7%	5.4%	4.6%[3]	5.2%
Regional					
Première Chaîne	Morning shows audience share Mon-Fri 6-9 a.m.[1]	16.0%	17.7%	17.0%	18.5%
TV Newscasts (6 p.m.)	Average viewer per minute Weekly average Mon-Fri 6-6:30 p.m. Fall/Winter season[2]	0.290 million	0.347 million	0.291 million	0.350 million
Regional web pages	Monthly average unique visitors April-March[4]	0.497 million	0.646 million	0.476 million[3]	0.710 million
Website[3]					
Radio-Canada.ca, Tou.Tv, Bandeapart.fm, RCI.net, Espace.mu	Monthly average unique visitors April-March[4]	2.1 million	2.2 million	2.1 million[3]	2.3 million
Specialty Television Channels					
RDI	Subscribers	11.2 million[6]	11.2 million	11.1 million[6]	11.1 million
ARTV	Subscribers	2.1 million	2.0 million	2.1 million	2.0 million
Explora	Subscribers	n/a[7]	0.3 million	n/a[7]	0.4 million
Revenue[5] Conventional, specialty, online		$253.5 million	$252.8 million	$228.6 million[8]	$243.8 million

1. Source: BBM Canada, spring and fall survey (diary), persons aged 12 years and older (2011–2012, fall survey only).

2. Source: BBM Canada, Personal People Meter (PPM), persons aged 2 years and older.

3. In 2011–2012, Radio-Canada websites' and specialty channels' targets and performance were measured from September to March. In 2012–2013 and 2013–2014, measurement is based on the fiscal year (April - March).

4. Source: comScore, persons aged 2 years and older.

5. Revenue for ARTV is reported at 100 per cent although CBC/Radio-Canada owns 85 per cent. Includes revenue from LPIF, a fund reported by the CRTC to support local programming. Amounts reflect the phase out of the fund over three years ending August 31, 2014.

6. In 2012–2013, we discovered an RDI subscriber calculation error impacting annual targets, results to date and annual results. We have revised the figures in the table above to reflect the corrected calculation for all related figures and periods presented.

7. Explora was launched on March 28, 2012.

8. In 2011–2012, measurement excluded ARTV and merchandising/licensing revenue which are included in targets for 2012–2013 and 2013–2014.

Strategy 2015 Future Directions – French Services

Transformation

In 2013–2014, Radio-Canada will be actively pursuing its transformation in close alignment with audience needs and expectations. To stay on course toward a balanced budget and longer term sustainability, we will continue to adapt production methods, business models and processes, and current/future resource planning and allocation methods, while maximizing all revenue sources. To successfully complete this transformation, Radio-Canada will be relying heavily on innovation, as well as the engagement and cooperation of all employees.

Programming strategy

Once again, this year Radio-Canada is renewing its commitment to deliver original, predominantly Canadian programs and content that stand out for their quality, distinctiveness and relevance to our target audiences. Programming will reflect the country's regional and cultural diversity like never before, while presenting a variety of voices across all platforms. Numerous collaboration opportunities between Radio-Canada and CBC will help enrich content with national resonance. Some prime examples include the two networks jointly producing the 2014 Winter Olympics and pre-Olympic-year programming, as well as developing a concerted music strategy.

Despite the exceptional nature of 2012–2013 results, the targets for the main Television network and radio services, Première Chaîne and Espace musique combined, have been established on the confident assumption that audiences will continue to enjoy the Radio-Canada program offering in 2013–2014.

Regional strategy

Radio-Canada's new positioning will be felt in the local communities through an increase in regionally rooted programming. News and current affairs will be given pride of place in a lineup designed to increase the overall audience impact of regional content across all platforms. In line with 2012–2013 results, the 2013–2014 targets for radio morning shows, supper-hour newscasts and the Radio-Canada.ca regions section reflect this focus.

Platform strategy

Radio-Canada's digital platforms provide Canadians with a wide range of interactive, personalized content experiences that are enriching, innovative and entertaining. They reflect the public broadcaster's intention to adapt, in an agile, timely manner, to the needs and realities of a world where users can view, listen to, consult and consume content in so many different ways. Specialty services are an integral part of Radio-Canada's multiplatform strategy for engaging audiences.

Note that the target for specialty channels will now include Explora's share as we now have historical results for one year. For its part, the *Radio-Canada.ca* group's target now includes *Radio-Canada.ca*, Tou.tv, *rcinet.ca* and Espace.mu. It no longer includes bandeapart.fm, given that the site was shutdown in June 2013.

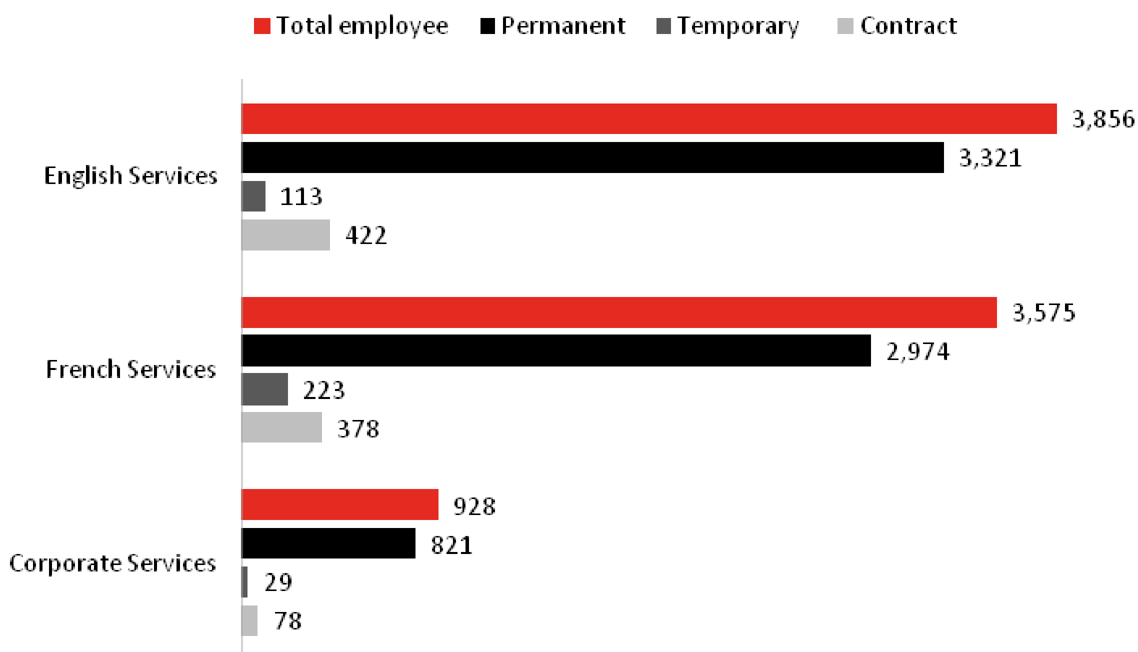
3. Capability to Deliver Results

3.1 People and Leadership

Our people are a key priority, and in 2012–2013, People and Culture introduced a new strategic three-year plan focused on enabling and accompanying our people to lead and support the ongoing transformation of CBC/Radio-Canada. We'll achieve this through focused and aligned initiatives and further collaboration within teams and across services.

Workforce Profile

As of March 2013, CBC/Radio-Canada employed a total of 8,359 full-time equivalent employees (FTEs) of whom 7,116 are permanent, 365 are temporary and 878 are contract:



Under the *Employment Equity Act*, CBC/Radio-Canada is committed to providing equal employment opportunities to the four designated groups: women, Aboriginal peoples, persons with disabilities and members of visible minority groups.

As of March 31, 2013, women made up 46.7 per cent of the total population of permanent employees, while Aboriginal peoples represented 1.2 per cent, persons with disabilities represented 1.4 per cent and visible minorities represented 6.9 per cent.

Workforce Adjustment

The financial pressures faced by the Corporation in 2012–2013 have had a significant impact on our workforce. In April 2012, as a result of the Government of Canada's Budget 2012, we announced that up to 650 full-time equivalent positions would be eliminated over three years.

In 2012–2013, 479 positions were eliminated. The remaining workforce reductions will occur over the next two years, with the elimination of approximately 100 positions in 2013–2014 and 55 in 2014–2015. The reduction of these positions requires additional one-time spending to cover severance packages.

Employee Support

Throughout the workforce adjustment process, employees were provided with the tools and support to help them navigate this time of transition and uncertainty. All employees who were laid off because of the elimination of their positions were offered the opportunity to participate in a career transition program.

As always, our Employee Assistance Program (EAP) continued to offer employees and their families counselling and career and financial advice, as well as other confidential support, 24 hours a day, 7 days a week. Services remain available to those who leave the organization for six months following their departure. A one-hour workshop and webinar on the fundamentals of change and transition was also made available to all employees. CBC/Radio-Canada's 2012–2013 year-end EAP utilization rate is 16.8 per cent (1,510 cases, including employees, retirees and family members), demonstrating confidence in the program.

Update on the Joint Committee Process as of March 31, 2013

The joint committee process involves unions and management from CBC/Radio-Canada working together to minimize the impact on people affected by workforce adjustments. The focus is to place qualified individuals into suitable positions according to the rights afforded by their respective collective agreements and to keep the number of involuntary layoffs as low as possible. The joint committee's work is mostly complete as it relates to the reductions of 2012–2013; however, the process will be ongoing for the next two years for the respective reductions related to the 2012 Federal Budget.

Dialogue Survey

In the fall of 2012, CBC/Radio-Canada conducted a corporate-wide employee pulse survey – Dialogue 2012. The purpose of the survey was to evaluate our progress against actions taken since Dialogue 2010 (with a focus on our top two priorities: employee recognition and development), to ensure that we maintain our high levels of employee engagement and to gather feedback on key areas pertinent to our current context, such as change, innovation and well-being.

Overall results indicate that employee engagement remains very high and, since our last survey, we've made important progress in areas that will support the Corporation's ongoing transformation as a modern public broadcaster, such as challenging the status quo, inviting employees' opinions and finding innovative solutions. This was achieved thanks to everyone's commitment and efforts, which we will maintain and build upon.

The survey also highlighted areas where we need to continue to improve. These areas include recognition and development as well as improving the way we help employees navigate change.

Employee Development

CBC/Radio continues to see employee development as key to our successful evolution and fundamentally important to our employees' satisfaction with us as an employer. It's essential to ensure our workforce has the skills required to thrive amid constant change. We will continue to expand learning solutions and ensure that we deliver highly pertinent and accessible learning opportunities to enable our employees to absorb the changes we are experiencing, while maintaining a healthy environment.

Inclusion and Diversity

Accountability

Following the 2011–2012 employment equity audit conducted by the Canadian Human Rights Commission (CHRC), an employment systems review was conducted. This formed the basis of our new *Inclusion and Diversity Corporate Plan 2012–2015*, which we began implementing in June 2012. This plan focuses our efforts to remove employment barriers and expand our pools of candidates for the four designated employment equity groups.

CBC/Radio-Canada's President and CEO communicated his 2012–2013 organizational priorities to all employees through our employee portal. One of these priorities is inclusion and diversity and the importance of having a workforce more representative of the Canadian population.

HELP Fund

Every year, we invite managers to apply for the HELP (Help Energize Local Projects) Fund. This $200,000 fund helps managers reach their hiring targets through recruitment from the four designated groups (women, Aboriginal peoples, persons with disabilities, and members of visible minority groups) for internships, development opportunities and workplace accommodations. In 2012, we received close to 40 proposals, 31 of which were approved for funding.

Labour Relations and Talent Agreements

In 2012–2013, CBC/Radio-Canada renewed its collective agreements with the *Syndicat des technicien(e)s et artisan(e)s du réseau français de Radio-Canada* (STARF), from April 1, 2013 to April 1, 2014, the *Syndicat Canadien de la fonction publique* (SCFP), until September 20, 2015 and *l'Association des réalisateurs* (AR), December 13, 2012 to December 15, 2013.

In May 2012, Radio-Canada filed an application with the Canada Industrial Relations Board (CIRB) to review the bargaining structure for employees working in the province of Quebec and in Moncton, New Brunswick. A simplified structure will help the Corporation attain the flexibility and versatility needed to address business changes. It will also help create an environment that offers employees stimulating development and career opportunities.

Leaders' Forum 2012

The 2012 Leaders' Forum was held in Ottawa on May 23 and 24. Bringing together VPs and their direct reports along with other employees involved in the strategic planning process, the Forum gave participants the opportunity to discuss issues and suggest innovative solutions. The Forum attendees identified the following as major drivers of success at CBC/Radio-Canada: the importance of taking risks, forging ties with our colleagues and with Canadians and driving efficiencies throughout the organization.

Employee Awards

Award ceremonies were held in Montreal, Toronto and Regina in 2012 in recognition of the outstanding contributions and accomplishments of the winners of the 2011 President's Awards. The 2012 edition of the President's Awards received 190 nominations; more than 700 nominations have been submitted over the last four years. The 12 awards are based on the President and CEO's three priorities − people, programs and pushing forward.

Changes to the Board of Directors

In 2012–2013, Rémi Racine was appointed as Chair of the CBC/Radio-Canada Board of Directors for a term of five years. Terrence Anthony Leier, Vivian Bercovici, Marni Larkin and Maureen McCaw were appointed as members of the CBC/Radio-Canada Board of Directors for terms of five years. Brian Mitchell and George T.H. Cooper were reappointed to the Board for another five-year term and a two-year term, respectively. Members whose terms expired in 2012–2013 are Timothy W. Casgrain, former Chair of the Board, as well as directors Linda Black, Edna Turpin and John Fitzgerald Young.

Changes in Executive Management

In October 2012, the Honourable James Moore, Minister of Canadian Heritage and Official Languages announced Hubert T. Lacroix's reappointment for a second five-year term as President and CEO of CBC/Radio-Canada.

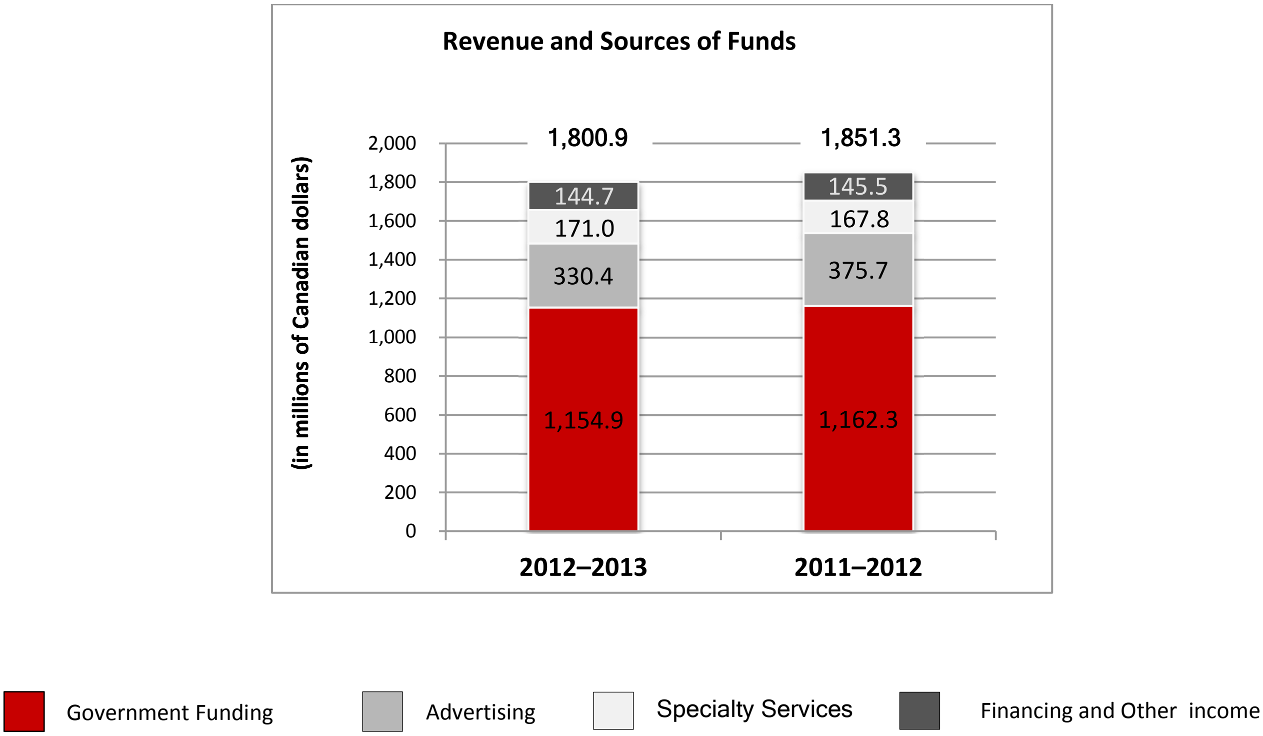
Esther Enkin, previously the Executive Editor of CBC News, was appointed as the Corporation's new Ombudsman for English Services, effective January 1, 2013.

Michel Tremblay, Senior Vice-President, Corporate Strategy and Business Partnerships, left the Corporation at the end of June, 2012. Mr. Tremblay made a significant contribution during his almost 14 years with us, including the development of a number of corporate partnerships and assisting in the development of Strategy 2015, *Everyone, Every Way*.

Kirstine Stewart, Executive Vice President English Services, left the Corporation at the end of April, 2013. Ms. Stewart was instrumental in establishing CBC as a modern public broadcaster. A recruitment process has been launched. In the meantime, Ms. Stewart's responsibilities have been taken up on an interim basis by Neil McEneaney, General Manager, English Services, Finance and Strategy.

3.2 Resource capacity

We have four sources of direct funding: government operational and capital funding, advertising revenue, specialty services revenue, and financing and other income.



For year-to-date variance analysis, see Section 4. Results and Outlook.

Government Funding

For the year ended March 31, 2013, government funding recognized in income represented approximately 64 per cent of total revenue and sources of funds. The federal government announced funding reductions in its Federal Budget 2012. CBC/Radio-Canada's share of this reduction will be $115 million annually by 2014–2015. This includes the elimination, over that same period, of the $60 million in one-time funding received since 2001 for Canadian programming. By the end of the current fiscal year, the total parliamentary appropriations recognized as revenue decreased by $7.5 million relative to 2011–2012. This reflects the Federal Budget 2012 decrease of $27.8 million, partly offset by higher capital funding recognized in income this year for accounting purposes following the shutdown of our analogue TV and shortwave transmitters.

Advertising Revenue

We generate revenue by selling advertising on our conventional television broadcasts and on other platforms. In the year ended March 31, 2013, advertising accounted for approximately 18.4 per cent of our total revenue and sources of funds.

Specialty Services Revenue

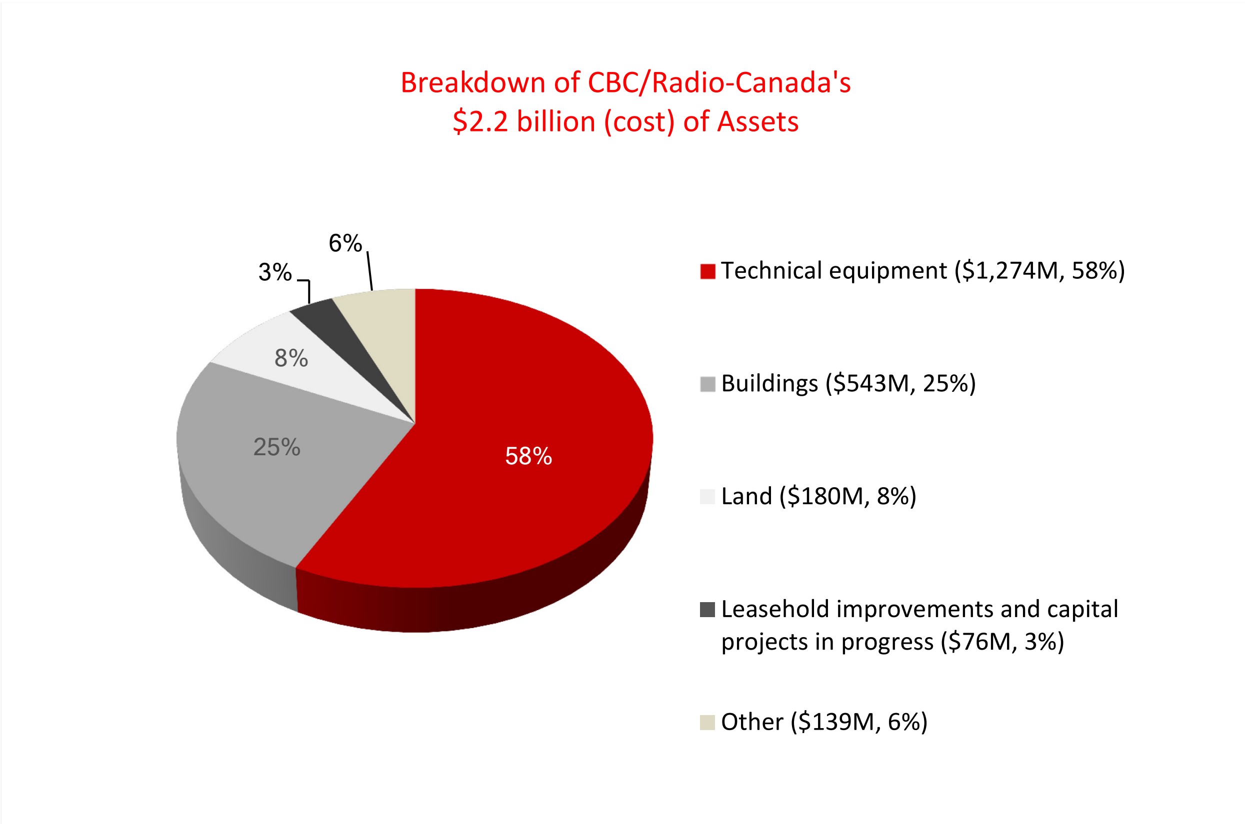
Specialty services revenue, which includes subscription revenue and advertising from CBC News Network, **bold**, *documentary*, Explora, ARTV and the Réseau de l'information de Radio-Canada (RDI), generated approximately 9.5 per cent of total revenue and sources of funds in the year ended March 31, 2013.

Financing and Other Income

Financing and other income, which includes contributions from the LPIF and the Canadian Media Fund (CMF) and from activities such as program sales, merchandising activities, rental of mobile broadcasting vehicles to external parties, rental of real estate assets and leasing of space at our transmission sites, accounted for approximately 8 per cent of total revenue and sources of funds in the current year. Included in these funds were $37.5 million of LPIF contributions, a reduction of $8.2 million over last year, reflecting the decreased LPIF rate; this fund will be completely eliminated by August 31, 2014.

Capital Budget

CBC/Radio-Canada has a base capital appropriation from the Government of Canada of $92.3 million per year. For 2012−2013, self-generated revenue and a transfer from the operating appropriation supplemented funds available for capital expenditures, resulting in total spending of $131.5 million. As required by subsection 54(4) of the *Broadcasting Act*, we present our capital budget to the Minister of Canadian Heritage and Official Languages in our Corporate Plan and then submit it to the Treasury Board for approval.



We currently use $2.2 billion of assets in our operations. We operate one of the world's largest broadcast transmission and distribution systems, with 529 transmission sites located throughout Canada. During the year, we shut down our analogue over-the-air television transmission network. In addition to these transmission and distribution-related structures, we are responsible for a real estate portfolio of more than 4million square feet, including 24 buildings owned across Canada. We are also highly dependent on technology and technology-based assets in the production and delivery of our services.

Accordingly, we use the majority of our capital budget in any given year to maintain our assets, address obsolescence and undertake strategic projects. In all instances, the capital spending plan supports the attainment of CBC/Radio-Canada's priorities and strategies and is in line with Strategy 2015.

Borrowing Plan

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

When the Corporation sold long-term accounts receivable in 2009 as part of its Financial Recovery Plan to address the impact of the global economic slowdown and declining television advertising revenue, it provided a guarantee to the investors in order to obtain the best possible value for selling the receivables. This guarantee was deemed to be borrowing. The outstanding amounts against the borrowing authority are:

(in thousands of dollars)	
Total borrowing authority available:	220,000
Authority used as at March 31, 2012:	
Guarantee on accounts receivable monetization	(164,577)
Remaining authority as at March 31, 2013	55,423

However, guidelines established by the Department of Finance limit our borrowing activities to short-term initiatives with a payback period of six years or less. Borrowing to meet working capital purposes is prohibited.

Under the *Broadcasting Act*, section 47 (1), we are an agent of the Crown and therefore have the constitutional immunities, privileges and prerogatives that are enjoyed by the Crown. The Crown is also fully liable and financially exposed for all our actions and decisions while we are operating within our mandate. In other words, our assets and liabilities are the assets and liabilities of the Government of Canada.

4. Results and Outlook

4.1 Results

The selected information presented below has been derived from, and should be read in conjunction with, the audited consolidated financial statements presented starting on page 74.

Summary – Net Results

	For the year ended March 31		
(in thousands of dollars)	**2013**	**2012**	**% change**
Revenue	646,065	688,964	(6.2)
Expenses	(1,778,522)	(1,840,769)	3.4
Government funding	1,154,850	1,162,317	(0.6)
Net results before non-operating items	**22,393**	**10,512**	**113.0**
Non-operating items:			
Net gain (loss) on disposal of property and equipment	12,314	(517)	N/M
Gain on business divestitures	7,185	-	N/A
Dilution gain from merger transaction	-	25,775	N/M
Dividend income from merger transaction	-	5,094	N/M
Non-operating items	**19,499**	**30,352**	**(35.8)**
Net results for the year	**41,892**	**40,864**	**2.5**

N/A = Not applicable
N/M = Not meaningful

Our net results before non-operating items for 2012−2013 were $22.4 million, an increase of $11.9 million when compared to the previous fiscal year. Revenue decreased by $42.9 million (6.2 per cent), expenditures were reduced by $62.2 million (3.4 per cent) and government funding recognized in income decreased by $7.5 million (0.6 per cent).

Income from non-operating items of $19.5 million mainly resulted from completing several of the initiatives planned to help reduce costs. A net gain of $12.3 million was realized from the sale of property and equipment, including real estate sites at former transmission sites in Calgary and Edmonton. Additionally, a gain on business divestitures of $7.2 million was realized during the year. This amount includes a gain of $6.3 million on the sale of the **bold** specialty channel.

The following pages provide further detail and explanation of these financial results.

Revenue

	For the year ended March 31		
(in thousands of dollars)	**2013**	**2012**	**% change**
Advertising			
English Services	200,575	250,796	(20.0)
French Services	129,835	124,929	3.9
	330,410	375,725	(12.1)
Specialty services			
CBC News Network	86,554	84,437	2.5
RDI	55,343	56,022	(1.2)
bold	4,004	4,047	(1.1)
Explora	1,799	-	N/A
documentary	6,215	5,644	10.1
ARTV	17,076	17,604	(3.0)
	170,991	167,754	1.9
Financing and other income			
English Services	55,835	57,145	(2.3)
French Services	45,327	46,750	(3.0)
Corporate Services	43,502	41,590	4.6
	144,664	145,485	(0.6)
TOTAL	**646,065**	**688,964**	**(6.2)**

N/A = Not applicable

The following paragraphs describe the key movements in our significant revenue streams.

Advertising

English Services advertising revenue decreased by $50.2 million (20 per cent). This primarily reflected the impact of the NHL lockout this year which shortened the regular season schedule broadcast on *Hockey Night In Canada*. In comparison, 2011−2012 benefited from strong playoff hockey revenue when the Vancouver Canucks reached the Stanley Cup finals.

Advertising revenue for French Services increased by $4.9 million (3.9 per cent) in 2012−2013 compared to the previous year. All platforms experienced revenue growth this year, with the main network and web and mobility platforms achieving the highest levels of growth. Increases in advertising minutes combined with better management of inventory and the development of brand integration initiatives were the main factors contributing to the growth.

Specialty Services

Specialty Services revenue increased by $3.2 million (1.9 per cent) compared to the previous fiscal year.

CBC News Network is widely available across Canada, currently in 11.3 million cable and satellite homes. The year-over-year revenue growth of $2.1 million (2.5 per cent) was mainly due to higher advertising revenue resulting from the strong audience levels.

Our new Radio-Canada specialty service, Explora, generated $0.7 million in advertising revenue and $1.1 million in subscriber revenue since its launch on March 28, 2012. This new channel was distributed free of charge during its first quarter of operation.

Financing and other income

Financing and other income decreased by $0.8 million (0.6 per cent) this year.

In English Services, the decrease was mostly due to a reduction of $4.1 million in LPIF contributions due to the lower rate effective September 1, 2012. This was partly offset by increased revenue of $3.0 million from the Canada Media Fund.

For French Services, the decrease was also attributable to a $4.1 million reduction in LPIF contributions, partly offset by increased revenue from facility rentals, content sales, commercial productions and from the Canada Media Fund.

Corporate Services' revenue increased by $1.9 million in 2012−2013 compared to last fiscal year. Several miscellaneous sources of income increased, including revenue from a new lease agreement at the Toronto Broadcasting Centre and increased interest income recognized during the year.

Operating Expenses

	For the year ended March 31		
(in thousands of dollars)	**2013**	**2012**	**% change**
Television, radio and new media services			
English Services	854,396	916,437	(6.8)
French Services	647,456	664,032	(2.5)
	1,501,852	1,580,469	(5.0)
Specialty services			
CBC News Network	64,971	68,991	(5.8)
RDI	41,565	43,594	(4.7)
bold	2,387	3,906	(38.9)
Explora	3,918	-	N/A
documentary	3,489	3,625	(3.8)
ARTV	13,822	14,112	(2.1)
	130,152	134,228	(3.0)
Other operating expenses			
Transmission, distribution and collection	103,465	78,449	31.9
Corporate management	10,391	11,423	(9.0)
Payments to private stations	2,527	2,766	(8.6)
Finance costs	31,836	33,455	(4.8)
Share of profit in associate	(1,701)	(21)	N/M
TOTAL	**1,778,522**	**1,840,769**	**(3.4)**

N/A = Not applicable
N/M = Not meaningful

The following paragraphs describe the key movements in our significant expenditure streams.

Television, radio and new media services

English Services' expenses decreased by $62.0 million (6.8 per cent) compared to last year. The decrease was mainly due to lower hockey production and rights costs as a result of the NHL lockout and also to other reductions in programming spending, in particular the non-renewal of the *Wheel of Fortune* and *Jeopardy!*.

French Services' expenditures were down $16.6 million (2.5 per cent) compared to 2011−2012. The decrease was mainly due to the implementation of initiatives to manage the federal funding reductions and from decreased LPIF contributions. This has resulted in lower television and radio programming costs and to lower programming costs following the transformation of Radio Canada International from a shortwave service to a web offering.

Both English and French Services costs improvements were partly offset by one-time severance costs associated with the elimination of positions following Federal Budget 2012.

Specialty Services

CBC News Network expenses decreased from last year by $4.0 million (5.8 per cent). This reduction was primarily due to efficiencies realized in the processes used by the organization to gather news.

RDI expenses were also lower than last year by $2.0 million (4.7 per cent). This was mainly due to lower programming costs this year following federal funding reductions.

As a result of the sale of **bold**, there were no program acquisitions and reduced program amortization this year, resulting in overall cost decreases for the specialty channel of $1.5 million (38.9 per cent).

These overall decreases in expenditures were partially offset by new costs incurred following the launch of our new Radio-Canada specialty service, Explora, at the end of March 2012.

Other operating expenses

The expenditure increase of $25.0 million (31.9 per cent) in Transmission, distribution and collection was due primarily to the cessation of the shortwave transmission of RCI programming and the acceleration of the shutdown of the remaining analogue TV transmitters. This resulted in one-time depreciation, impairment charges and the recognition of decommissioning costs, all of which were partly offset by savings realized from the cessation of these activities.

Corporate management expenses were lower by $1.0 million (9.0 per cent) as a result of cost savings initiatives including reduced management salary, travel, office and consulting costs.

Finance costs decreased by $1.6 million (4.8 per cent), reflecting the decreasing interest portion of financing leases, mostly for the Toronto Broadcasting Centre and satellite leases.

The current year's share of profit in associate reflects our holding of Sirius Class B shares.

Government Funding

	For the year ended March 31		
(in thousands of dollars)	**2013**	**2012**	**% change**
Parliamentary appropriations for operating expenditures	999,484	1,028,047	(2.8)
Parliamentary appropriations for working capital	4,000	4,000	N/A
Amortization of deferred capital funding	151,366	130,270	16.2
TOTAL	**1,154,850**	**1,162,317**	**(0.6)**

N/A = Not applicable

Parliamentary appropriations for operating expenditures decreased by $28.6 million (2.8 per cent) compared to 2011−2012. Most of this decrease, $27.8 million, represents the initial phase of an overall reduction of $115.0 million per annum that is being phased in over three years as part of Federal Budget 2012.

Capital funding received is recorded as deferred capital funding. It is amortized and recognized as revenue over the same periods as the related property, equipment, equipment under capital lease, and intangible assets are used in CBC/Radio-Canada’s operations. The increase of $21.1 million over last year (16.2 per cent) was mainly due to accelerated depreciation triggered by the shutdown of analogue TV and shortwave assets.

Non-Operating Items

	For the year ended March 31		
(in thousands of dollars)	**2013**	**2012**	**% change**
Net gain (loss) on disposal of property and equipment	12,314	(517)	N/M
Gain on business divestitures	7,185	-	N/A
Dilution gain from merger transaction	-	25,775	N/M
Dividend income from merger transaction	-	5,094	N/M
Non-operating items	**19,499**	**30,352**	**(35.8)**

N/A = Not applicable
N/M = Not meaningful

An overall net gain of $12.3 million on the disposal of property and equipment this year was achieved largely from successful real estate transactions. Gains on the sale of real estate assets totalled $19.5 million, with significant sales during the year including transmission sites in Calgary and Edmonton. These gains were partially offset by non-operating losses recorded on asset disposals as we continue to invest in new transmission and technical equipment. This will allow us to expand our digital presence in 2013−2014 as part of Strategy 2015.

A gain on business divestitures of $7.2 million was mainly due to completing the disposition of the **bold** specialty channel to Blue Ant Media as announced during the first quarter of 2012−2013. Additionally, we recognized a gain of $0.9 million during the year for selling a share warrant we held with Stingray Digital Group Inc. This warrant related to the 2007 transaction pertaining to the CBC's Galaxie pay audio undertaking.

Other non-operating items in 2011−2012 were mostly attributed to a non-cash dilution gain and dividend income from the merger transaction of Sirius Canada/CSR, in which we are invested.

Total Comprehensive Income (Loss)

	For the year ended March 31		
(in thousands of dollars)	2013	2012	% change
Net results for the year	**41,892**	**40,864**	**2.5**
Other comprehensive loss			
Actuarial losses on defined benefit plans	(52,522)	(301,815)	82.6
Net unrealized gain on available-for-sale financial assets	-	94	N/M
Reclassification to income of net unrealized gain on available-for-sale financial assets realized on merger transaction	-	(5,094)	N/M
Total other comprehensive loss	(52,522)	(306,815)	82.9
Total comprehensive loss for the year	**(10,630)**	**(265,951)**	**96.0**

N/M = Not meaningful

The total other comprehensive loss recognized in 2012−2013 was $52.5 million, compared to a loss of $306.8 million in the previous year, mostly due to fluctuations in our pension plan's obligations and assets. These values fluctuate significantly when actual results or interest rates differ from actuarial assumptions. Actuarial gains and losses are immediately recognized in other comprehensive income in each reporting period.

The $52.5 million of actuarial losses on defined benefit plans this year was due mainly to a decrease in the discount rate applied to the pension obligation from 4.25 per cent to 4.00 per cent, due to declining yields on long-term high quality Canadian corporate bonds, contributing to actuarial losses of $212.9 million. This was partially offset by:

- a $156.3 million actuarial gain arising from a higher than expected actual return on plan assets (9.1 per cent actual vs. 6.0 per cent expected);
- a $4.1 million actuarial gain due to the plan experience and a change in assumptions used in determining the obligation on other non-pension post-employment benefits.

We expect that macroeconomic factors will continue to have an impact on discount rates and asset returns used in determining the actuarial gains and losses during 2013−2014. Consequently, values will continue to fluctuate significantly.

In addition, our 2011−2012 results included a loss of $5.1 million resulting from the non-cash reclassification to income of amounts from the Sirius merger transaction.

Further information on our pension plan is provided in Note 16 to our financial statements.

4.2 Financial condition, cash flow and liquidity

Our main sources of liquidity are parliamentary appropriations for operating, capital and working capital requirements, and commercial activities such as advertising. As a result of Federal Budget 2012, we will see our annual appropriations reduced by $115.0 million over three years, with an initial reduction of $27.8 million confirmed for 2012−2013. This will grow to a $69.6 million reduction scheduled for 2013−2014 prior to the full reduction of $115.0 million in 2014−2015. Additionally, $47.1 million in funding from LPIF will be phased out by August 31, 2014.

In response to these reductions, and to one-time restructuring costs and additional financial pressures inherent in funding the business and pursuing Strategy 2015, we have implemented a $200 million financial plan that will allow us to continue to match our planned operating expenses with available financial resources. This plan includes sourcing new television and radio advertising to partially offset the reduction in government appropriations, combined with reducing operating and capital requirements through various cost reduction initiatives. However, these pressures will result in a decrease of certain programming.

Our cash flows from operating, investing and financing activities for 2012−2013 are summarized in the following table. Our cash balance at March 31, 2013 was $51.5 million, compared to $64.3 million at March 31, 2012.

Cash Position

	For the year ended March 31		
(in thousands of dollars)	**2013**	**2012**	**% change**
Cash - beginning of year	**64,277**	**63,224**	**1.7**
Cash from operating activities	4,149	19,419	(78.6)
Cash used in financing activities	(58,389)	(58,272)	(0.2)
Cash from investing activities	41,422	39,906	3.8
Net change	(12,818)	1,053	N/M
Cash - end of year	**51,459**	**64,277**	**(19.9)**

N/M = Not meaningful

Cash from operating activities

Cash received from operating activities was $4.1 million this year, a decrease of $15.3 million compared to last year. This reduction was primarily due to higher amounts of cash used this year to fund working capital.

Cash used in financing activities

Cash outflows for financing activities were consistent with 2011−2012. Cash of $58.4 million in the current year and $58.3 million in 2011−2012 was for interest, semi-annual repayments of the Toronto Broadcasting Centre bonds, payments of notes payable, and to meet obligations under finance leases.

Cash from investing activities

Investing activities generated cash of $41.4 million this year, an increase of $1.5 million compared to last year. This year we received $20.8 million from the disposal of surplus property and equipment, compared to $10.3 million of proceeds last year. In addition, this year we generated additional proceeds of $10.0 million from the sale of **bold**, resulting in an accounting gain of $6.3 million.

This increase in cash from investing activities was partially offset by $6.4 million of additional purchases of property, equipment and intangible assets relative to last year as we continue to invest in new technology. Last year's activities also included a $9.9 million return of capital on our investment in Sirius/CSR, and a $5.1 million dividend received in connection with the Sirius/CSR merger.

4.3 Seasonality and Quarterly Financial Information

The following table shows condensed financial data for the previous eight quarters. This quarterly information is unaudited, but has been prepared on the same basis as the annual consolidated financial statements. We discuss the factors that caused our results to vary over the past eight quarters throughout this management discussion and analysis.

	For the year ended March 31, 2013					For the year ended March 31, 2012				
(in thousands of dollars)	**Q1**	**Q2**	**Q3**	**Q4**	**Total**	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
Revenue	182,705	126,970	159,679	176,711	646,065	180,145	128,076	195,967	184,776	688,964
Expenses	(501,434)	(384,829)	(411,651)	(480,608)	(1,778,522)	(471,615)	(389,573)	(467,535)	(512,046)	(1,840,769)
Government funding	303,048	269,377	241,285	341,140	1,154,850	277,882	291,008	269,855	323,572	1,162,317
Net results before non-operating items	**(15,681)**	**11,518**	**(10,687)**	**37,243**	**22,393**	**(13,588)**	**29,511**	**(1,713)**	**(3,698)**	**10,512**
Non-operating items	(496)	(628)	19,354	1,269	19,499	42,864	(13,439)	9,563	(8,636)	30,352
Net results for the period	**(16,177)**	**10,890**	**8,667**	**38,512**	**41,892**	**29,276**	**16,072**	**7,850**	**(12,334)**	**40,864**

Our operating results are subject to seasonal fluctuations that materially impact quarter-to-quarter operating results. Excluding government appropriations, approximately 55 per cent of the Corporation’s funds come from advertising revenue that tends to follow a seasonal pattern, with the second quarter of each financial year typically being the lowest because the summer season attracts fewer viewers. This can be seen in the quarterly results above. Advertising revenue also varies according to market and general economic conditions and the programming schedule. Lower revenues for the third and fourth quarters of 2012−2013 were primarily due to the impact on advertising revenue of the NHL lockout and other programming reductions in accordance with our cost-reduction initiatives.

Expenses also tend to follow a seasonal pattern because they are influenced by the programming schedule. As the table above shows, expenses were relatively lower in the second quarters of 2012−2013 and 2011−2012. Operating expenses tend to be higher in the fourth quarter as the Corporation incurs costs preparing for the fall broadcasting season and completes project deliverables due by the end of the fiscal year. High expenses in the first quarter of 2012−2013 were mostly attributable to one-time restructuring initiatives associated with cost reductions following Federal Budget 2012 and other financial pressures. Comparatively lower expenses in the third and fourth quarters of 2012−2013 are consistent with these cost reduction measures implemented, and were also due to the NHL lock-out which reduced our required costs of programming.

Government funding is recognized in the Corporation's income based on budgeted net expenses for the quarter. Monthly and quarterly budgets are established from the annual budget approved by the Board of Directors at the beginning of each year and reflect expected appropriation funding for the year and seasonal impacts on expenditures and self-generated revenue.

Other factors may impact net results from quarter to quarter. These may include items such as finance costs on borrowings, foreign exchange gains or losses, changes to the fair value of derivative financial instruments, asset impairments and sales. When appropriate, these are recorded as non-operating items. As indicated in the table above, the Corporation recorded higher levels of non-operating gains and losses in 2011−2012 compared to 2012−2013, due largely to acquisition and financing activities related to Sirius Canada/CSR, in which the Corporation is invested.

4.4 Outlook

In 2012−2013, we started to implement the three-year financial plan announced on April 4, 2012 following the Federal Budget 2012 appropriation reductions of $115 million. The financial plan is being closely monitored and adjusted as required to continue to allow us to meet two key objectives: (i) maintain our capacity to fulfill our mandate under the Broadcasting Act, and (ii) continue to drive Strategy 2015 by delivering high-quality Canadian programming, enhancing our regional presence and local impact and investing more in digital platforms. Nonetheless, there are significant challenges ahead.

We are looking at our real estate portfolio to generate more revenues as we seek to exit some buildings that we own to become tenants in more efficient and less-costly premises or to rent out vacant space in other buildings. During 2012−2013, we signed a long-term lease to rent vacant space of approximately 168,000 square feet at the Toronto Broadcasting Centre, and plans are underway to move from two owned buildings in Halifax into one rented facility. As for the Montreal facility, we have initiated a Request for Proposals to consider redevelopment options.

The success of the plan will also depend heavily on the strength of the advertising market and our overall revenue performance. On May 28, 2013, the CRTC announced its decision to allow limited advertising on CBC Radio 2 and Espace musique. We are currently assessing the impact of this decision.

We developed budget measures to deal with the CRTC's decision to gradually eliminate the LPIF by August 31, 2014. Strategy 2015 has been adjusted to reflect the end of this funding while minimizing the impact on programming and protecting the strategy's core elements. Some of the LPIF funded improvements to services will be maintained. However, given the magnitude of the reduction, other priorities will be affected such as: English Services' local service extension strategy, the cross-cultural programming fund and French Services' non-news programming in the regions.

Now that Strategy 2015 is well underway, we are looking "Beyond 2015". We've started reflecting on what the national public broadcaster will be in the future.

Cost containment measures announced in Federal Budget 2010 included the elimination of salary inflation funding from 2010−2011 through to 2012−2013. This freeze is now over and CBC/Radio-Canada is expecting this funding to resume in 2013−2014, although this has not yet been confirmed by Treasury Board.

CBC's broadcast and digital rights contract with the NHL ends in June 2014. We are now pursuing renewal negotiations.

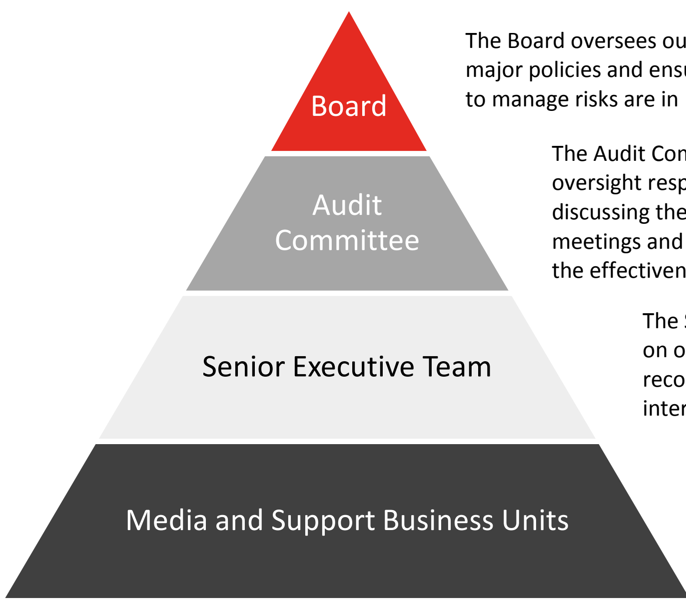
A number of collective agreements must be re-negotiated between 2013 and 2014. The successful negotiation of settlements with unions has important economic, brand and labour relations impacts.

On August 1st, 2012, the International Olympic Committee announced that CBC/Radio-Canada had been awarded the Canadian broadcast rights for the Sochi February 2014 Olympic Winter Games and the Rio August 2016 Olympic Summer Games. This will significantly increase both revenues and expenses in 2013−2014 and in 2016−2017. We expect to at least breakeven on these events.

4.5 Risk Management and Key Risk Table

As Canada's national public broadcaster, CBC/Radio-Canada occupies an important place in the Canadian broadcasting system and faces a unique set of risks to its plans and operations. Like all broadcasters, we must adapt to technological changes, shifts in demographics and evolving consumer demands, as well as structural changes in the industry. As a public broadcaster with a statutory mandate to serve all Canadians, we also face unique public expectations, financial challenges and risks.

Our Risk Management Program is part of an enterprise-wide approach integrated into business processes. Responsibility for risk management is shared among our Board of Directors, the Board's Audit Committee, the Senior Executive Team and operational units.



The Board oversees our key risks at a governing level, approves major policies and ensures that the processes and systems required to manage risks are in place.

The Audit Committee of the Board discharges its stewardship and oversight responsibilities over risk management by monitoring key risks, discussing their status with management at quarterly Audit Committee meetings and ensuring that management has programs for evaluating the effectiveness of internal controls.

The Senior Executive Team identifies and manages risks, reports on our key risks to the Audit Committee and the Board, recommends policies and oversees financial reporting and internal control systems.

Media and support business units initially identify and assess risks through the annual business plan process, and develop and execute detailed plans to manage risks. Risks are prioritized based on their potential impacts and their likelihood of occurring.

Internal Audit plans its audits in accordance with the results of the risk assessment process and provides assurance that major risks are covered on a rotational basis by the annual audit plan.

The following table discusses the key risks faced by CBC/Radio-Canada during fiscal 2012−2013 and the ongoing impact into 2013−2014.

Key Risks	Risk Mitigation	Future Impact
1. Regulatory Issues A. Licence Renewal The CRTC decision was issued on May 28, 2013. The decision establishes our ability to generate new revenue by adding advertising and sponsorships to CBC Radio 2 and Espace musique. The decision is for a temporary period of three years and the maximum advertising minutes allowed of four minutes per hour are less than those we requested. This initiative is part of our plan to address the Budget 2012 funding reduction of $115 million.	Review impacts of conditions of licence and address as required.	We will need to request approval from CRTC to continue advertising on Radio 2 and Espace musique beyond August 31, 2016. Other budget measures will need to be implemented if radio advertising revenue targets cannot be achieved.
B. Music Rights, Royalties and Tariffs Renewal of key music rights deals with copyright holders may impact revenues and our service strategy. Copyright collectives are seeking new or increased tariffs on music performing and music reproduction rights. Royalty payment methods must take into account that the business model is shifting toward multiplatform delivery of works.	Continue active and proactive relationship building with all music rights holders to renew on mutually acceptable terms. Continue to negotiate with collectives. Review, assess and apply changes brought forth by the new Copyright Act and its impact on tariffs, where applicable.	Continue with identified strategies into 2013–2014.
C. Terms of Trade with Independent Television Producers Negotiations on terms of trade (rights, contribution, other business terms) for CBC with Canadian Media Production Association (CMPA) and Radio-Canada with Association des Producteurs de Films et de Télévision du Québec (APFTQ) regarding independently produced programming continue into 2013–2014. The terms of trade will affect the cost of independent programs. The CRTC licence renewal decision has imposed a deadline of May 28, 2014 to finalise the negotiation of terms of trade contracts.	Continue negotiating the terms of trade contracts to benefit the interests of both CBC/Radio-Canada and independent producers.	Continue with identified strategies into 2013–2014.

Key Risks	Risk Mitigation	Future Impact
D. Canada Media Fund (CMF) There are two sources of risk: (1) CMF rule changes or changes to how the CMF allocates funds to broadcaster performance envelopes could result in narrower program rights and/or higher contributions required from CBC/Radio-Canada; and (2) the overall CMF pool is dependent on the overall profitability of Broadcast Distribution Undertakings (BDUs) that contribute up to 5 per cent of their gross revenues to the fund.	Proactively advance our position with the CMF, including participation in the CMF National Focus Group.	CBC/Radio-Canada's 2013–2014 CMF allocation is $7.6 million lower than last year's allocation, due to changes in allocation factors and a reduced overall CMF pool. Contingency plans have been implemented to offset the financial impact, but this will lead to reduced Canadian programming on our television schedule.
E. Bill C-461 (Reforms to Access and Privacy Laws) A private member's bill has been tabled in Parliament that would impact CBC/Radio-Canada. Bill C-461 includes two key elements: (1) An amendment to the *Privacy Act* that would remove privacy protections on individual salary information for those who earn more than a specified salary per year. The release of the exact salary of individuals could negatively impact the Corporation in a highly competitive business environment; and (2) An amendment to the *Access to Information Act* and the *Privacy Act* to modify the current protections for *"journalistic, creative or programming activities"* would introduce uncertainty around the rules governing access to our journalistic, creative and programming material.	Continue to share our views with the Standing Committee on Access to Information, Privacy and Ethics. Continue to produce and distribute the Transparency and Accountability Bulletin, which provides updates on progress we are making in managing Access to Information (ATI) requests. Continue to manage the information published on the corporate website's Proactive Disclosure section. Facilitate access to existing information on the corporate website. Continue to invest in improving the management and processing of ATI requests.	Develop, amend and/or implement processes to comply with any new regulatory requirements.
F. Channel Carriage CBC/Radio-Canada is the only major television broadcaster in Canada without distribution affiliations. There is a concern that carriage terms offered by Broadcast Distribution Undertakings (BDUs) will favour their own associated specialty services at the expense of our specialty services. Risks to the Corporation include BDUs dropping our existing television services that are not mandatory carriage, delaying the launch of new specialty services or decreased revenue from BDUs for carrying our specialty television services.	Strategic discussions with BDUs focusing on overall value of the programming services offered, and negotiation of long-term agreements with terms that protect or enhance current carriage and revenues.	Continue with identified strategies into 2013–2014.

Key Risks	Risk Mitigation	Future Impact
2. Renewal of NHL Professional Hockey Broadcast and Digital Rights CBC's broadcast and digital rights contract ends in June of 2014.	CBC is pursuing renewal negotiations for an NHL rights package.	Continue with identified strategies into 2013−2014.
3. Union Relations A. Section 18.1 Radio-Canada Union Consolidation A long-term strategy for more operational flexibility from our Radio-Canada unions would improve the working relationship between management and these unions and assist in the achievement of Strategy 2015.	Continue the process before the Canada Industrial Relations Board (CIRB) to review the existing structure of the French Services bargaining units with a view to consolidating the unions.	Hearings before the CIRB are continuing and a decision is expected in 2014 as to the bargaining structure.
B. Contract Expiries A number of collective agreements must be re-negotiated between 2013 and 2014. The successful negotiation of settlements with unions has important economic, brand and labour relations impacts.	Continue to reinforce business needs in terms of flexibility and ensure that collective bargaining reflects these needs. Involve unions in discussions relating to economic challenges and encourage input into managing risks. Ensure communications activities are identified and implemented with union leaders before launching business strategies and initiatives.	Identified strategies will continue into 2013–2014.

Key Risks	Risk Mitigation	Future Impact
C. Bill C-60 On April 29, 2013, the Federal Government tabled the 2013 implementation bill C-60, which includes proposals to change the collective bargaining process at Crown Corporations, including CBC/Radio-Canada. The proposals open the possibility that the Governor in Council directs Treasury Board to oversee and authorise the negotiating mandate of unionised employees as well as terms and conditions of employment of non-unionised staff.	Share our views with the Standing Committee on Finance Review and address the proposed legislation, the actual legislation and order-in-council, if enacted.	The implementation of Bill C-60 may impact negotiations with bargaining units, and may give rise to conflicts with the *Broadcasting Act* and *the Canadian Charter of Rights and Freedoms*.
4. Workforce Challenges – Training and Empowering a Skilled Workforce The proper staff skill set is necessary to meet the transformation needs of Strategy 2015. The plan's three strategic thrusts (Programming, Regional, Digital) will require a major transformation in production methods, to ensure a smooth transition to a model that's more efficient, digital, and multiplatform. Managers and employees require skill set to adapt to an accelerated pace of change.	Leverage findings from Pulse Survey to identify areas of development to enable transformation and strategic talent management. Develop and implement a change management strategy to increase the organization's and managers' capacity to lead and support change.	Identified strategies will continue into 2013–2014.
5. Infrastructure Replacements and Optimization Excess space and infrastructure affects operations and budgets.	We are accelerating our plan to reduce our overall real estate footprint. Continue with plan to reduce our overall real estate footprint by more than 800,000 square feet by 2017. In the shorter term, we will pursue the sale of some CBC/Radio-Canada-owned buildings, and shift from owner to tenant and look to lease our vacant space in the remaining buildings.	We have undertaken the next phase of our redevelopment initiative for our Montreal facility. Requests for proposals for the Maison de Radio-Canada project were issued to pre-qualified proponents in June.

Key Risks	Risk Mitigation	Future Impact
6. Budget Concerns A. Government Funding Federal Budget 2012 reduced CBC/Radio-Canada parliamentary appropriations by $115 million over three years. There is a risk that the initiatives identified to reduce costs and increase revenues will not achieve expected outcomes.	Continue to implement initiatives to reduce costs and increase revenues. Ongoing management and review of the initiative implementations to ensure expected outcomes are achieved.	Continue with identified strategies into 2013−2014.
B. Impact on Advertising Revenue Advertising revenue is influenced by a number of factors, including economic uncertainty, migration of ad revenue from conventional to specialty and digital services, program audience share and rating performance, competing advertising opportunities in the marketplace and disruption to programming rights agreements, such as the shortened 2012–2013 NHL season. Uncertain economic conditions compound the risks associated with the Corporation's plans to increase advertising revenue to offset some of the government funding reductions announced in Federal Budget 2012.	We are closely monitoring advertising revenue performance and have developed contingency plans.	Underachievement of advertising revenue targets may require further reduction of expenditures and changes to Strategy 2015 implementation plans.

5. Financial Reporting Disclosure

5.1 Future Accounting Standards

For a description of future changes in accounting standards, see Note 2 of the consolidated financial statements.

5.2 Critical Accounting Estimates

For a description of critical accounting estimates, see Note 4 of the consolidated financial statements.

5.3 Transactions with Related Parties

The Corporation through the normal course of business is involved in transactions with related parties. See Note 29 to the consolidated financial statements.

Financial Review

Internal Controls

The Corporation has an internal control program based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework which involves periodic reviews of key controls over financial reporting. This program continues to evolve towards industry best practices, with an aim to maintain and strengthen policies and procedures that ensure the reliability of financial information and the safeguarding of assets.

A dedicated internal control team reviews and evaluates internal controls on an ongoing basis. The internal control program is also supported by the completion of audit work performed by the Corporation's internal auditors, who conduct audits and reviews (some of which relate to financial reporting and operations) that are identified using a risk-based approach and agreed upon through discussions with the Corporation and its Audit Committee.

In 2012–2013, the Corporation assessed the effectiveness of certain key internal controls over financial reporting. The assessment concluded that those controls were operating effectively and identified some opportunities for improvement. Some improvements have already been made and the Corporation will continue to address opportunities for improvement in the coming year.

Management's Responsibility for the Consolidated Financial Statements

The consolidated financial statements and all other information presented in this Annual Report are the responsibility of management and have been reviewed and approved by the Board of Directors of the Corporation. These consolidated financial statements, which include amounts based on management's best estimates as determined through experience and judgment, have been properly prepared within reasonable limits of materiality and are in accordance with International Financial Reporting Standards.

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

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

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

Hubert T. Lacroix,
President and Chief Executive Officer

Suzanne Morris,
Vice-President and Chief Financial Officer

Ottawa, Canada
June 19, 2013

Auditor General of Canada
Vérificateur général du Canada

INDEPENDENT AUDITOR'S REPORT

To the Minister of Canadian Heritage and Official Languages

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Canadian Broadcasting Corporation, which comprise the consolidated statement of financial position as at 31 March 2013, and the consolidated statement of income, consolidated statement of comprehensive income (loss), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Canadian Broadcasting Corporation as at 31 March 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

As required by the *Financial Administration Act*, I report that, in my opinion, the accounting principles in International Financial Reporting Standards have been applied on a basis consistent with that of the preceding year.

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

Maurice Laplante, CA
Assistant Auditor General
for the Auditor General of Canada

19 June 2013
Ottawa, Canada

Consolidated Statement of Financial Position

(Canadian $)

(in thousands of dollars)	March 31, 2013	March 31, 2012
ASSETS		
Current		
Cash (NOTE 5)	51,459	64,277
Trade and other receivables (NOTE 6)	184,470	177,331
Programming (NOTE 7)	145,379	166,104
Merchandising inventory	755	811
Prepaid expenses (NOTE 8)	137,563	113,370
Promissory notes receivable (NOTE 9)	2,154	2,158
Net investment in finance lease (NOTE 10)	2,387	2,499
Derivative financial instruments (NOTE 30)	629	133
Assets classified as held for sale (NOTE 11)	1,801	234
	526,597	**526,917**
Long-term		
Property and equipment (NOTE 11)	997,710	1,047,988
Intangible assets (NOTE 12)	17,563	28,435
Assets under finance lease (NOTE 13)	41,374	48,242
Promissory notes receivable (NOTE 9)	48,250	49,903
Net investment in finance lease (NOTE 10)	52,706	54,077
Deferred charges	9,509	7,806
Investment in associate (NOTE 14)	3,490	6,208
	1,170,602	**1,242,659**
TOTAL ASSETS	**1,697,199**	**1,769,576**
LIABILITIES		
Current		
Accounts payable and accrued liabilities (NOTE 15)	96,213	124,638
Provisions (NOTE 20)	51,296	39,062
Pension plans and employee-related liabilities (NOTE 16)	135,593	129,850
Bonds payable (NOTE 17)	20,578	20,093
Obligations under finance leases (NOTE 18)	10,906	9,945
Notes payable (NOTE 19)	7,960	7,794
Deferred revenues	8,982	3,522
Option liability (NOTE 14)	1,875	1,875
	333,403	**336,779**
Long-term		
Deferred revenues	9,039	2,587
Pension plans and employee-related liabilities (NOTE 16)	343,835	333,207
Bonds payable (NOTE 17)	277,008	288,533
Obligations under finance leases (NOTE 18)	44,447	54,206
Notes payable (NOTE 19)	113,049	118,885
Deferred capital funding (NOTE 24)	525,696	574,027
	1,313,074	**1,371,445**
Equity		
Retained earnings	50,162	60,996
Total equity attributable to the Corporation	**50,162**	**60,996**
Non-controlling interests	**560**	**356**
TOTAL EQUITY	**50,722**	**61,352**
TOTAL LIABILITIES AND EQUITY	**1,697,199**	**1,769,576**

Commitments (NOTE 28)

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

APPROVED BY THE
BOARD OF DIRECTORS:

DIRECTOR

DIRECTOR

Consolidated Statement of Income

(Canadian $) *(in thousands of dollars)*	For the year ended March 31	
	2013	**2012**
REVENUE (NOTE 21)		
Advertising	330,410	375,725
Specialty services (NOTE 22)	170,991	167,754
Other income	134,341	136,344
Financing income	10,323	9,141
	646,065	**688,964**
EXPENSES		
Television, radio and new media services costs	1,501,852	1,580,469
Specialty services (NOTE 22)	130,152	134,228
Transmission, distribution and collection	103,465	78,449
Corporate management	10,391	11,423
Payments to private stations	2,527	2,766
Finance costs (NOTE 23)	31,836	33,455
Share of profit in associate	(1,701)	(21)
	1,778,522	**1,840,769**
Operating loss before Government funding and non-operating items	**(1,132,457)**	**(1,151,805)**
GOVERNMENT FUNDING (NOTE 24)		
Parliamentary appropriation for operating expenditures	999,484	1,028,047
Parliamentary appropriation for working capital	4,000	4,000
Amortization of deferred capital funding	151,366	130,270
	1,154,850	**1,162,317**
Net results before non-operating items	**22,393**	**10,512**
NON-OPERATING ITEMS		
Gain (loss) on disposal of property and equipment	12,314	(517)
Gain on business divestitures (NOTE 25)	7,185	-
Dilution gain from merger transaction (NOTE 14)	-	25,775
Dividend income from merger transaction (NOTE 14)	-	5,094
	19,499	**30,352**
Net results for the year	**41,892**	**40,864**
Net results attributable to:		
The Corporation	41,688	40,940
Non-controlling interests	204	(76)
	41,892	40,864

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

Consolidated Statement of Comprehensive Income (Loss)

(Canadian $)

(in thousands of dollars)	For the year ended March 31	
	2013	**2012**
COMPREHENSIVE INCOME		
Net results for the year	41,892	40,864
Other comprehensive loss		
Actuarial losses on defined benefit plans	(52,522)	(301,815)
Net unrealized gain on available-for-sale financial assets	-	94
Reclassification to income of net unrealized gain on available-for-sale financial asset arising from merger transaction	-	(5,094)
Total comprehensive loss for the year	**(10,630)**	**(265,951)**
Total comprehensive loss attributable to:		
The Corporation	(10,834)	(265,875)
Non-controlling interests	204	(76)
	(10,630)	(265,951)

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

Consolidated Statement of Changes in Equity

(Canadian $)

(in thousands of dollars)	For the year ended March 31, 2013				
	Retained earnings	Total accumulated other comprehensive income	Total equity attributable to the Corporation	Non-controlling interests	Total
Balance as at March 31, 2012	60,996	-	60,996	356	61,352
Changes in year					
Net results for the year	41,688	-	41,688	204	41,892
Actuarial losses on post-retirement benefit plans	(52,522)	-	(52,522)	-	(52,522)
Balance at March 31, 2013	**50,162**	**-**	**50,162**	**560**	**50,722**

(in thousands of dollars)	For the year ended March 31, 2012				
	Retained earnings	Total accumulated other comprehensive income	Total equity attributable to the Corporation	Non-controlling interests	Total
Balance as at March 31, 2011	321,871	5,000	326,871	2,263	329,134
Changes in year					
Net results for the year	40,940	-	40,940	(76)	40,864
Actuarial losses on post-retirement benefit plans	(301,815)	-	(301,815)	-	(301,815)
Net unrealized gain on available-for-sale financial assets	-	94	94	-	94
Reclassification to income of net unrealized gain on available-for-sale financial asset arising from merger transaction	-	(5,094)	(5,094)	-	(5,094)
Put option related to shares held in a subsidiary	-	-	-	(1,875)	(1,875)
Issuance of shares by a subsidiary	-	-	-	44	44
Balance at March 31, 2012	**60,996**	**-**	**60,996**	**356**	**61,352**

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

Consolidated Statement of Cash Flows

(Canadian $)

(in thousands of dollars)	For the year ended March 31	
	2013	**2012**
CASH FLOWS FROM (USED IN)		
OPERATING ACTIVITIES		
Net results for the year	41,892	40,864
Adjustments for:		
(Gain) loss on disposal of property and equipment	(12,314)	517
Interest revenue	(10,323)	(9,141)
Finance costs	31,836	33,455
Change in fair value of financial instruments designated as at fair value through profit and loss	(496)	(837)
Depreciation of property and equipment	137,893	120,389
Amortization of intangible assets	17,010	16,963
Depreciation of assets under finance lease	8,103	8,000
Impairment charge on property and equipment	6,986	-
Reclassification to income of net unrealized gain on available-for-sale financial asset arising from merger transaction	-	(5,094)
Gain on business divestitures	(7,185)	-
Share of profit in associate	(1,701)	(21)
Dilution gain from merger transaction	-	(25,775)
Change in deferred charges	(1,703)	(4,803)
Amortization of deferred capital funding	(151,366)	(130,270)
Change in deferred revenues [long-term]	6,381	(139)
Change in financial liability related to the monetization of receivables	-	(10,500)
Change in pension plan asset	-	148,769
Change in pension plans and employee-related liabilities [current]	788	(61)
Change in pension plans and employee-related liabilities [long-term]	(41,893)	(178,876)
Change in non-controlling interests	-	44
Accretion of promissory notes receivable	(18)	(194)
Movements in working capital (NOTE 27)	(19,741)	16,129
	4,149	**19,419**
FINANCING ACTIVITIES		
Repayment of obligation under finance lease	(10,033)	(9,324)
Repayment of bonds	(10,704)	(9,941)
Repayment of notes	(5,660)	(5,404)
Interest paid	(31,992)	(33,603)
	(58,389)	**(58,272)**
INVESTING ACTIVITIES		
Parliamentary appropriations for capital funding (NOTE 24)	103,035	102,272
Acquisition of property and equipment	(104,783)	(98,568)
Acquisition of intangible assets	(5,969)	(5,801)
Return of capital-investment in associate	-	9,855
Proceeds from disposal of property and equipment	20,761	10,279
Collection of promissory notes receivable	1,981	5,079
Collection of finance lease receivables	2,101	1,958
Proceeds from business divestitures	10,588	-
Dividend received	4,420	5,094
Interest received	9,288	9,738
	41,422	**39,906**
Change in cash	**(12,818)**	**1,053**
Cash, beginning of the year	**64,277**	**63,224**
Cash, end of the year	**51,459**	**64,277**

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

Notes to the consolidated financial statements for the year ended March 31, 2013

(Canadian $)

1. General Information

As the national public broadcaster, CBC/Radio-Canada (the Corporation) provides radio, television and new media services in both official languages, delivering predominantly and distinct Canadian programming to reflect Canada and its regions to national and regional audiences.

The Corporation is a federal Crown Corporation domiciled in Canada. The address of the Corporation's registered office is 181 Queen Street, Ottawa ON K1P 1K9.

These consolidated financial statements have been authorized for issuance by the Board of Directors on June 19, 2013.

2. Future Changes in Accounting Policies

The Corporation has reviewed new and revised accounting pronouncements as well as the ongoing annual improvements 2009−2011 that have been issued. Conclusions made regarding the expected impact of future changes in accounting policies remain subject to change until the standards are adopted.

The Corporation has completed its assessment of the following Standards and amendments and has concluded that their impact on the consolidated financial statements is as described below:

Amendments to IAS 19 Employee Benefits (IAS 19 R)

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

2. Future Changes in Accounting Policies (Continued)

The Corporation has completed its assessment of adopting this revised standard. The differences which will have an impact on the Corporation's net results are:

- Under the revised standard, expected returns on plan assets will be replaced by a net interest concept, where returns to be recognized in net results are based on the same discount rate used to measure the pension obligation as opposed to the expected return on plan assets historically used under the previous standard. The variance, if any, between the actual rate of return on defined benefit plan assets and the discount rate, as well as related effects from the limit on defined benefit assets, if any, would be included in other comprehensive income as a re-measurement. Given that the Corporation's returns on plan assets historically have exceeded the discount rate used on plan obligations, this change will increase plan benefit costs recognized in net results relative to other comprehensive income, with no expected change in the Corporation's total comprehensive income in both the year of adoption and the comparative period.
- Administrative fees other than those incurred for managing plan assets will be recognized immediately in the income statement when they occur. Under the current standard, all administrative expenses are deducted from the expected return of plan assets and the effect recognized in other comprehensive income.

In addition, the revised standard requires past service costs to be fully recognised in the statement of income in the same period a plan amendment occurs instead of deferring the portion related to unvested benefits. Past service costs may arise when an entity introduces a pension plan or changes the benefit payable under an existing pension. Accordingly, on transition to the amended standard, the Corporation will fully recognize $0.3 million of unvested past service costs as an adjustment to opening retained earnings at April 1, 2012.

The comparative periods presented for the year ended March 31, 2014 will require retrospective application of the revised Standard. It is estimated that the application of these changes will decrease net results by approximately $93 million in 2013, with a corresponding increase in other comprehensive income of $93 million. The amended Standard is not expected to affect the Corporation's statement of financial position. The level of disclosure required will also increase as a result of adopting this standard.

2. Future Changes in Accounting Policies (Continued)

The amended standard affects the Corporation's Consolidated Statement of Income and Statement of Comprehensive Income as follows:

(Canadian $) *(in thousands of dollars)*	March 31, 2013		
	As currently reported	**Pro forma**	**Impact**
REVENUE			
Advertising	330,410	330,410	-
Specialty Services	170,991	170,991	-
Other income	134,341	134,341	-
Financing income	10,323	10,323	-
	646,065	**646,065**	**-**
EXPENSES			
Television, radio and new media services costs	1,501,852	1,582,710	80,858
Specialty Services	130,152	138,517	8,365
Transmission, distribution and collection	103,465	106,253	2,788
Corporate management	10,391	11,320	929
Payments to private stations	2,527	2,527	-
Finance Costs	31,836	31,836	-
Share of profit in associate	(1,701)	(1,701)	-
	1,778,522	**1,871,462**	**92,940**
GOVERNMENT FUNDING	1,154,850	1,154,850	-
NON-OPERATING ITEMS	19,499	19,499	-
Net results for the year	**41,892**	**(51,048)**	**(92,940)**
Other comprehensive income (loss):			
Actuarial gains (losses) on defined benefit plans	**(52,522)**	**40,418**	**92,940**
Total comprehensive loss for the year	**(10,630)**	**(10,630)**	**-**

IFRS 13 Fair Value Measurement

IFRS 13 defines fair value, sets out a single framework for measuring fair value and requires disclosures about fair value measurements. It applies to IFRS that require or permit fair value measurements or disclosures about fair value measurement. IFRS 13 is effective on a prospective basis for annual periods beginning on or after January 1, 2013. Therefore, the Corporation will adopt this standard beginning April 1, 2013.

The Corporation does not expect any fair value measurement changes from the adoption of this standard. However, there will be increased disclosure, specifically related to the disclosure of the hierarchy levels for financial assets and liabilities not measured at fair value and the related disclosures about how those fair values are calculated.

IFRS 12 Disclosure of Interests in Other Entities

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

2. Future Changes in Accounting Policies (Continued)

The Corporation has concluded that increased disclosure will be required relative to its interests in subsidiaries, consolidated structured entities, and its associate. This information will expand on quantitative and qualitative disclosures about the risks and returns of each of those entities, as well as their overall significance.

Amendments to IAS 1 Presentation of financial statements

IAS 1 was amended in June 2011 to revise the way other comprehensive income is presented: requiring separate subtotals for those elements which may be “recycled” through profit and loss (e.g. cash-flow hedging, foreign currency translation), and those elements that will not (e.g. fair value through other comprehensive income items under IFRS 9). These amendments are effective for annual periods beginning on or after July 1, 2012, accordingly the Corporation will adopt these changes beginning April 1, 2013.

The Corporation has completed its assessment of the following Standards and amendments and has concluded that their adoption will not have an impact on its consolidated financial statements:

IFRS 10 Consolidated Financial Statements

IFRS 10 replaces IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidation-Special Purpose Entities*. The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This Standard establishes a single basis of control to determine whether an entity should be included in the consolidated financial statements. IFRS 10 is effective for annual periods beginning on or after January 1, 2013, and accordingly, will be adopted retrospectively by the Corporation on April 1, 2013.

The Corporation has determined that the adoption of IFRS 10 will not result in changes to the entities it consolidates or in the consolidation of any additional entities.

IFRS 11 Joint Arrangements

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

The Corporation has performed an analysis of its contractual arrangements and concluded that it does not have any interests in jointly controlled entities. As such, the adoption of IFRS 11 will not have an impact on the Corporation’s consolidated financial statements.

IAS 28 Investments in Associates and Joint Ventures

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

2. Future Changes in Accounting Policies (Continued)

2013, accordingly the Corporation will adopt the standard on April 1, 2013. The Corporation does not expect these amendments to impact its consolidated financial statements.

Annual Improvements to IFRSs 2009–2011 Cycle Issued in May 2012

The *Annual Improvements to IFRSs 2009–2011* Cycle included a number of amendments to various IFRSs, effective for annual periods beginning on or after January 1, 2013. The Corporation has concluded these amendments will have no impact when adopted by the Corporation on April 1, 2013.

The Corporation is still assessing the potential impact of the following standard on its consolidated financial statements:

IFRS 9 Financial Instruments

IFRS 9, issued in November 2009 and amended in October 2010, is part of a multi-step project to replace current IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 has adopted an approach based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of its financial assets and liabilities. On December 16, 2011, the IASB published amendments that defer the mandatory effective date for IFRS 9 and require certain additional disclosures to annual periods beginning on or after January 1, 2015.

3. Significant Accounting Policies

A. Statement of Compliance

The Corporation has prepared these consolidated financial statements in accordance with IFRS as issued by the International Accounting Standards Board (IASB) and as adopted by the Accounting Standards Board (AcSB).

B. Basis of Preparation

i. Subsidiaries and Special Purpose Entities

The consolidated financial statements include the accounts of the Corporation, its subsidiaries, ARTV and Documentary Channel (*documentary*), and two special purpose entities, the Broadcast Centre Trust and the CBC Monetization Trust. These entities are deemed to be controlled by the Corporation.

In the case of the subsidiaries, control is presumed to exist when: the Corporation owns, directly or indirectly, more than half of the voting power of an entity; has power over more than half of the voting rights by virtue of an agreement with other investors; has the power to govern the financial and operating policies of the entity under an agreement; has the power to appoint or remove the majority of the members of the board of directors; has the power to obtain benefits from the entity's activities; or has the power to cast the majority of votes at meetings of the board of directors.

The Corporation is deemed to be the primary beneficiary of the Broadcast Centre Trust and, as such, is deemed to be in control of the Broadcast Centre Trust. For the CBC Monetization Trust, control exists because the Corporation has guaranteed the collection of the CBC Monetization Trust's receivables.

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

Non-controlling interests in the equity of the Corporation's subsidiaries are included in Equity. Non-controlling interests in subsidiaries are identified separately from the Corporation's equity therein. The interest of non-controlling shareholders that represent current ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of a liquidation may be initially measured either at fair value or at the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests have been measured at their acquisition-date fair values, unless another measurement basis is required by IFRS. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

3. Significant Accounting Policies (Continued)

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

ii. Associates

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

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

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

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

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

C. Government Funding

The Corporation receives a substantial portion of its funding from the Government of Canada. Parliamentary appropriations for operating expenditures and Parliamentary appropriations for working capital are recognized as revenues in the Consolidated Statement of Income in the fiscal year for which the appropriations were approved.

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

Parliamentary appropriations for the purchase of land are recorded in the Consolidated Statement of Income.

3. Significant Accounting Policies (Continued)

D. Revenue Recognition

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

i. Advertising revenues

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

ii. Specialty services

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

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

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

iii. Other income

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

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

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

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

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

3. Significant Accounting Policies (Continued)

iv. Financing Income

Financing income includes interest revenue from bank accounts, notes receivable and on the net investment in finance lease. Interest revenue from notes receivable and the net investment in finance leases is recognized using the effective interest method, whereas bank interest is recognized as it is earned.

E. Television, Radio and New Media Services Costs

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

F. Finance costs

Finance costs comprise the interest attributable to bonds payable, obligations under finance lease and notes payable. Finance costs are recognized in the Consolidated Statement of Income in the period in which they are incurred using the effective interest method.

G. Programming

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

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

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

Costs of programs that are not considered to be recoverable are written off and recorded in the Consolidated Statement of Income as television, radio and new media services costs.

3. Significant Accounting Policies (Continued)

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

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

[1] Method of broadcasting consecutive episodes.

H. Property and Equipment and Assets Under Finance Lease

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

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

3. Significant Accounting Policies (Continued)

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

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

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

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

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

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

I. Intangible Assets

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

Software acquired separately is recorded at cost at the acquisition date.

3. Significant Accounting Policies (Continued)

Expenditures relating to internally developed computer software applications are capitalized to the extent that the project is technically feasible, the Corporation intends to and has sufficient resources to complete development and to use or sell the asset, development costs can be measured reliably, and it is probable that the asset will generate future economic benefits. The amount initially recognized for internally developed software is the sum of the expenditure incurred from the date the intangible asset first meets the recognition criteria listed above. Capitalization ceases when the developed asset is ready for use.

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

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

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

J. Asset Impairment

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

Assets that are not yet available for use are tested for impairment at every reporting period regardless of whether an impairment indicator exists.

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

3. Significant Accounting Policies (Continued)

If there are indicators of impairment present, the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount.

K. Financial Instruments

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

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

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss (FVTPL) are recognized immediately in profit or loss.

i. Classification of Financial Instruments

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

Asset/Liability	Classification	Measurement
Cash	Fair value through profit or loss	Fair value
Trade and other receivables	Loans and receivables	Amortized cost
Promissory notes receivable	Loans and receivables	Amortized cost
Long-term investments[1]	Available-for-sale	Fair value
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Bonds payable	Other liabilities	Amortized cost
Notes payable	Other liabilities	Amortized cost
Derivatives	Held for trading	Fair value

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

3. Significant Accounting Policies (Continued)

ii. Effective Interest Method

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

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

iii. Financial Assets

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

Financial assets at FVTPL

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

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Corporation manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

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

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Corporation's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in "Other income" or "Finance costs," respectively, in the Consolidated Statement of Income. The net gain or loss recognized in profit or loss incorporates any interest earned on the financial asset.

3. Significant Accounting Policies (Continued)

Available for Sale Financial Assets (AFS)

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

Changes in the carrying amount of AFS financial assets are recognized in other comprehensive income. Where the investment is disposed of, the cumulative gain or loss previously accumulated is reclassified to profit or loss.

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

Loans and Receivables

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

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

Impairment of Financial Assets

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

For financial assets, objective evidence of impairment could include:

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

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

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

3. Significant Accounting Policies (Continued)

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

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

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

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

In respect of AFS equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income.

Derecognition of Financial Assets

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

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

iv. Financial Liabilities

Financial liabilities are classified as either financial liabilities “at FVTPL” or “other financial liabilities”.

3. Significant Accounting Policies (Continued)

Financial Liabilities at FVTPL

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

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in “Other income” or “Finance costs,” respectively, in the Consolidated Statement of Income. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability.

Other Financial Liabilities

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

Derecognition of financial liabilities

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

v. Derivative Financial Instruments

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

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

The resulting unrealized gain or loss is recognized in Consolidated Statement of Income immediately.

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

vi. Embedded Derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the host contracts are not measured at FVTPL.

L. Trade and Other Payables

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

M. Provisions

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

3. Significant Accounting Policies (Continued)

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

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

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

N. Contingencies

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

O. Post-Employment Benefits

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

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

The current period service costs, the interest cost on the accrued benefit obligation and the expected investment return on plan assets are recognized in net results in the period they are incurred. Past service costs, generally resulting from changes in the benefits payable for past services under an existing plan, are recognized immediately to the extent that the benefits are already vested, and otherwise are amortized on a straight-line basis over the average period until the benefits become vested. These components, in aggregate, are allocated between the various functions on the Consolidated Statement of Income.

Actuarial gains and losses are recognized in other comprehensive income as they occur. Actuarial gains (losses) on plan assets arise from the difference between the actual return on plan assets for a period and the expected return on plan assets for that period. Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation.

3. Significant Accounting Policies (Continued)

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

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

P. Employee Benefits Other than Post-Employment

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

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

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

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

ii. Other long-term employee benefits

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

- for long-term disability and workers' compensation when the event that obligates the Corporation occurs;
- for continuation of benefit coverage for employees on long-term disability and the non-contributory long-term benefit plan, the provision is determined on an actuarial basis using discount rates and assumptions consistent with those used for post-employment benefits and the related expense is recognized over the period the employees render the services. Actuarial gains (losses) and past service costs are recognized immediately in the Consolidated Statement of Income in the period they occur.

iii. Termination benefits

The Corporation recognizes a liability and expense for termination benefits arising from involuntary departures when it is demonstrably committed to a plan to terminate the employment of an employee or group of employees before the normal retirement date.

Termination benefits for voluntary departures are recognized as an expense if the Corporation has made an offer of voluntary departure, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

3. Significant Accounting Policies (Continued)

Q. Asset Classified as Held for Sale

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

R. Leasing

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

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

i. The Corporation as a lessor

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

ii. The Corporation as a lessee

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

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

Operating lease payments are recognized as an expense on a straight-line basis over the lease term. Lease incentives received are recognized as an integral part of the total lease expense over the term of the lease.

S. Deferred Revenues

Deferred revenues primarily relate to rent-free periods granted on leases where the Corporation is a lessee, as well as payments received for services not yet rendered. Deferred revenues relating to leases are recognized in the Consolidated Statement of Income on a straight-line basis over the whole lease period.

T. Deferred Charges

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

3. Significant Accounting Policies (Continued)

U. Foreign Currencies

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

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

V. Taxation

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

i. Current tax

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

ii. Deferred tax

As a federal Crown Corporation that receives a substantial portion of its funding from the Government of Canada, the Corporation operates within a specific operating structure to match cash expenses with available resources, and to break even over the long term. The Corporation uses appropriations only to the extent required to fund its operating expenses, and may not borrow to fund working capital shortfalls. Therefore, the Corporation does not expect to generate material taxable income or losses in the periods that temporary differences are scheduled to reverse. Accordingly, the expected deferred tax asset or liability is not recognized in the financial statements as long as these specified operating conditions are met at the end of the reporting period.

W. Merchandising Inventory

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

3. Significant Accounting Policies (Continued)

X. Related Parties

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

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

Y. Regulatory Licenses

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

4. Key Sources of Estimation Uncertainty and Critical Judgements

A. Key Sources of Estimation Uncertainty

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

The critical estimates and assumptions utilized in preparing the Corporation's consolidated financial statements affect the assessment of pension plans and employee-related liabilities, estimated useful lives of property and equipment, intangible assets and programming, allowance for doubtful accounts, provisions associated with legal claims and other contingencies, and accruals associated with the Federal Budget 2012 restructuring.

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

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

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

The following table illustrates such impacts:

	Year ended March 31, 2013	
Impact of changes in assumptions	**Amounts recognized in net operating results**	**Amounts recognized in Other Comprehensive Loss**
Discount rate		
Impact of a 1% increase	($13.2) million	($714) million
Impact of a 1% decrease	$18.1 million	912 million
Expected return on plan assets		
Impact of a 1% increase	($50.2) million	N/A
Impact of a 1% decrease	$50.2 million	N/A
Actual return on plan assets		
Impact of a 1% gain (greater return)	N/A	($50.2) million
Impact of a 1% loss (lower return)	N/A	$50.2 million

N/A = Not applicable

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

B. Critical Judgements

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

- The determination that the Corporation bears the majority of the risk associated with the collection of the CBC Monetization Trust receivables through the guarantee it has provided and as such, should consolidate this entity;
- The determination that an arrangement for satellite transponders constitutes a lease under IFRIC 4 and the determination that this lease and the ones related to a mobile production vehicle and office equipment meet the criteria of a finance lease;
- The determination that, as of the reporting date, deferred taxes should not be recognized because the Corporation does not expect to generate material taxable income or losses in the periods temporary differences are scheduled to reverse due to its specific operating structure;
- The determination that an arrangement to lease a portion of a building owned by the Corporation meets the criteria of an operating lease and that the leased portion of the building does not qualify as an investment property;
- The determination that the Corporation's current restructuring activities did not result in a curtailment; and
- The determination of the components related to the Corporation's property and equipment.

Determinations of critical judgements are reassessed at each reporting date.

5. Cash

(in thousands of dollars)	**March 31, 2013**	**March 31, 2012**
Cash in hand	748	860
Bank balances	50,711	63,417
	51,459	**64,277**

Interest revenue generated from bank balances and included in Financing income totalled $1.8 million for the year (2012 - $1.9 million).

6. Trade and Other Receivables

(in thousands of dollars)	**March 31, 2013**	**March 31, 2012**
Trade receivables	171,542	163,871
Allowance for doubtful accounts	(3,627)	(1,979)
Other	16,555	15,439
	184,470	**177,331**

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

Before accepting any new customer, the Corporation reviews the credit application submitted by the customer. An external credit scoring agency may be used to assess the potential customer's credit quality and define credit limits by customer. Limits and scoring attributed to customers are reviewed at least once a year to determine whether adjustments are required. In addition, the Corporation monitors its customers throughout the year for any indications of deterioration in credit quality.

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

Trade receivables disclosed above include amounts (see Note 6A) that are past due at the end of the reporting period for which the Corporation has not recognized an allowance for doubtful accounts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

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

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

6. Trade and Other Receivables (Continued)

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

(in thousands of dollars)	**March 31, 2013**	**March 31, 2012**
31 - 60 days	37,359	36,182
61 - 90 days	17,392	25,381
91 - 120 days	22,594	17,736
Total	**77,345**	**79,299**

B. Movement in Allowance for Doubtful Accounts

(in thousands of dollars)	**March 31, 2013**	**March 31, 2012**
Balance at beginning of the year	(1,979)	(1,103)
Amounts written off during the year as uncollectible	536	190
Impairment losses reversed	384	695
Increase in allowance for new impairments	(2,568)	(1,761)
Balance at end of the year	**(3,627)**	**(1,979)**

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

7. Programming

A. Programming by Genre

(in thousands of dollars)	**March 31, 2013**	**March 31, 2012**
Programs completed - externally produced	71,522	83,203
Programs completed - internally produced	8,493	7,770
Externally produced programs in process of production	32,782	34,500
Internally produced programs in process of production	6,196	11,545
Broadcast rights available for broadcast	26,386	29,086
	145,379	**166,104**

B. Movement in Programming

(in thousands of dollars)	**March 31, 2013**	**March 31, 2012**
Opening balance	166,104	163,658
Additions	1,041,480	1,121,068
Programs Broadcast	(1,062,205)	(1,118,622)
	145,379	**166,104**

The programming write-offs for 2013 represent $9.2 million (2012 – $7.7 million). Programming write-offs are mainly due to terminated projects, programs not telecasted in the past two years, programming not suitable for telecast or pilots not progressing into a series.

8. Prepaid expenses

(in thousands of dollars)	**March 31, 2013**	**March 31, 2012**
Programming rights	105,605	95,809
Service agreements	31,958	17,561
	137,563	**113,370**

9. Promissory Notes Receivable

Through the CBC Monetization Trust, a special purpose entity, the Corporation has two promissory notes receivable relating to the sale of parcels of land. These notes, which mature in May 2027, bear a fixed annual interest rate of 7.15 per cent, with payments made in arrears in equal blended monthly instalments. The notes have a carrying value of $50.1 million (March 31, 2012 - $51.8 million) and are pledged as collateral for their total carrying value to the Corporation's borrowings through notes payable.

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

The Corporation also holds, as a result of the Sirius Canada Inc. merger transaction (see Note 14), a promissory note receivable that is non-interest bearing and is expected to be repaid within the next five years. The carrying amount at March 31, 2013, is $0.3 million (March 31, 2012 - $0.3 million).

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

	March 31, 2013		**March 31, 2012**	
(in thousands of dollars)	**Minimum payments receivable**	**Present value of minimum payments receivable**	**Minimum payments receivable**	**Present value of minimum payments receivable**
Less than one year	5,567	2,154	5,567	2,158
Later than one year but not later than five years	22,270	10,301	22,270	9,613
More than five years	51,437	37,949	57,005	40,290
Less: unearned financing income	(28,870)	-	(32,781)	-
Present value of minimum payments receivable	**50,404**	**50,404**	**52,061**	**52,061**

Interest revenue included in current year's revenues and presented as financing income is $3.4 million (2012 – $3.6 million).

Present value of minimum payments receivable:

(in thousands of dollars)	**March 31, 2013**	**March 31, 2012**
Included in the Consolidated Statement of Financial Position as promissory notes receivable:		
current	2,154	2,158
long-term	48,250	49,903
	50,404	**52,061**

10. Net Investment in Finance Lease

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

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

	March 31, 2013		March 31, 2012	
(in thousands of dollars)	**Minimum payments receivable**	**Present value of minimum payments receivable**	**Minimum payments receivable**	**Present value of minimum payments receivable**
Less than one year	6,050	2,387	6,050	2,499
Later than one year but not later than five years	24,199	10,880	24,199	10,143
More than five years	58,060	41,826	64,110	43,934
Less: unearned financing income	(33,216)	-	(37,783)	-
Present value of minimum lease payments receivable	**55,093**	**55,093**	**56,576**	**56,576**

Interest revenue included in current year's revenues and presented as financing income, is $3.6 million (2012 – $3.7 million).

Present value of minimum lease payments receivable:

(in thousands of dollars)	**March 31, 2013**	**March 31, 2012**
Included in the Consolidated Statement of Financial Position as net investment in finance lease:		
current	2,387	2,499
long-term	52,706	54,077
	55,093	**56,576**

11. Property and Equipment

A. Cost, Accumulated Depreciation and Impairment Charges

The property and equipment carrying amounts are as follows:

(in thousands of dollars)	**March 31, 2013**	**March 31, 2012**
Cost	2,211,720	2,215,122
Accumulated depreciation and impairment charges	(1,214,010)	(1,167,134)
	997,710	**1,047,988**

(in thousands of dollars)	Land	Buildings	Leasehold improvements	Technical equipment	Other	Uncompleted capital projects	Total
Cost at March 31, 2012	181,200	525,009	46,888	1,287,700	139,325	35,000	**2,215,122**
Additions	-	18,737	3,794	54,143	9,111	18,998	**104,783**
Transfers (refer to Note 12)	4	11,463	2,748	14,198	1,891	(30,473)	**(169)**
Assets classified as held for sale	(980)	(5,837)	-	(3,469)	(2,367)	-	**(12,653)**
Disposals and write-offs	(594)	(6,471)	(564)	(78,466)	(9,222)	(46)	**(95,363)**
Cost at March 31, 2013	**179,630**	**542,901**	**52,866**	**1,274,106**	**138,738**	**23,479**	**2,211,720**
Accumulated depreciation at March 31, 2012	-	(118,928)	(21,249)	(926,896)	(100,061)	-	**(1,167,134)**
Depreciation for the year	-	(35,761)	(3,011)	(86,091)	(13,030)	-	**(137,893)**
Impairment charges	(423)	-	-	(6,117)	(446)	-	**(6,986)**
Reverse depreciation on assets classified as held for sale	-	5,297	-	3,423	2,366	-	**11,086**
Reverse depreciation on disposals	-	2,421	350	75,237	8,909	-	**86,917**
Accumulated depreciation and impairment charges at March 31, 2013	**(423)**	**(146,971)**	**(23,910)**	**(940,444)**	**(102,262)**	**-**	**(1,214,010)**
Net carrying amount at March 31, 2013	**179,207**	**395,930**	**28,956**	**333,662**	**36,476**	**23,479**	**997,710**

11. Property and Equipment (Continued)

(in thousands of dollars)	Land	Buildings	Leasehold improvements	Technical equipment	Other	Uncompleted capital projects	Total
Cost at March 31, 2011	179,982	508,003	44,800	1,315,115	141,158	82,732	**2,271,790**
Additions	1,195	6,822	1,547	47,427	10,435	31,142	**98,568**
Transfers	63	11,982	542	59,346	3,363	(75,296)	-
Asset classified as held for sale	-	-	-	(3,724)	(2,308)	-	**(6,032)**
Disposals and write-offs	(40)	(1,798)	(1)	(130,464)	(13,323)	(3,578)	**(149,204)**
Cost at March 31, 2012	**181,200**	**525,009**	**46,888**	**1,287,700**	**139,325**	**35,000**	**2,215,122**
Accumulated depreciation at March 31, 2011	-	(86,790)	(18,609)	(984,429)	(101,367)	-	**(1,191,195)**
Depreciation for the year	-	(32,845)	(2,641)	(70,988)	(13,915)	-	**(120,389)**
Reverse depreciation on asset classified as held for sale	-	-	-	3,490	2,308	-	**5,798**
Reverse depreciation on disposals	-	707	1	125,031	12,913	-	**138,652**
Accumulated depreciation at March 31, 2012	**-**	**(118,928)**	**(21,249)**	**(926,896)**	**(100,061)**	**-**	**(1,167,134)**
Net carrying amount at March 31, 2012	**181,200**	**406,081**	**25,639**	**360,804**	**39,264**	**35,000**	**1,047,988**

The contractual commitments for the acquisition of property and equipment are $8.3 million as at March 31, 2013 (March 31, 2012 – $16.0 million).

B. Impairment

On April 4, 2012, as part of the financial plan addressing Federal Budget 2012, the Corporation announced the cessation of shortwave transmission of RCI programming and the acceleration of the shutdown of remaining analogue television transmitters. As a result of ceasing these transmission and distribution services, the Corporation recorded an impairment charge of $6.5 million (2012—nil) and an additional depreciation expense of $26.0 million (2012—$2.6 million) in its Consolidated Statement of Income.

An additional charge of $0.4 million has been recorded during the current fiscal year to fully impair a mobile unit which is no longer in useable condition.

11. Property and Equipment (Continued)

C. Assets Classified as Held For Sale

With the increased requirements for high-definition broadcasting, the Corporation no longer utilizes one of its standard-definition mobile units. As such, the Corporation has listed this unit for sale and intends to dispose of it within the next twelve months. This mobile unit has a net carrying amount of $0.2 million at March 31, 2013 (March 31, 2012—$0.2 million).

As part of the Corporation's financial plan, it has developed a strategy to reduce ownership in land and buildings. As part of this initiative, a property, located in Iqaluit, Nunavut, is classified as held for sale for accounting purposes. This land has a carrying amount of $0.5 million as at March 31, 2013 and is expected to be sold in the next twelve months.

The Corporation has also classified as held for sale 57 transmission sites no longer required following the end of TV analogue transmission. These sites have a net carrying amount of $1.0 million as at March 31, 2013 and will be sold on a site by site basis following a public offer.

D. Items Disposed of During the Year

During 2012-2013, the Corporation disposed of a number of property and equipment resulting in a gain of $12.3 million. This gain was primarily made up of the following disposals:

- The Corporation disposed of two properties located in Edmonton, Alberta and Calgary, Alberta that were previously used as radio transmission sites. These sites became available for sale following the transfer of their signals to other locations. The net proceeds on the sale of these properties were $19.6 million and resulted in a gain on disposition of $19.5 million.
- The Corporation also disposed of land and buildings previously classified as held for sale that resulted in a total loss of $0.04 million. These properties are located in Corner Brook, Newfoundland, Sydney, Nova Scotia, Stoneham, Quebec and Rimouski, Quebec.

Gains on disposal of property and equipment were offset by retirements made during normal course of business.

12. Intangible Assets

The intangible assets carrying amounts are as follows:

(in thousands of dollars)	March 31, 2013	March 31, 2012
Cost	155,925	150,807
Accumulated amortization	(138,362)	(122,372)
	17,563	**28,435**

(in thousands of dollars)	Internally developed software	Acquired software	Uncompleted capital projects	Total
Cost at March 31, 2012	138,331	10,596	1,880	**150,807**
Additions	1,236	2,542	2,191	**5,969**
Transfers (refer to Note 11)	769	1,178	(1,778)	**169**
Disposals	(1,020)	-	-	**(1,020)**
Cost at March 31, 2013	**139,316**	**14,316**	**2,293**	**155,925**
Accumulated amortization at March 31, 2012	(120,822)	(1,550)	-	**(122,372)**
Amortization for the year	(14,526)	(2,484)	-	**(17,010)**
Reverse amortization on disposals	1,020	-	-	**1,020**
Accumulated amortization at March 31, 2013	**(134,328)**	**(4,034)**	**-**	**(138,362)**
Net carrying amount as at March 31, 2013	**4,988**	**10,282**	**2,293**	**17,563**

12. Intangible Assets (Continued)

(in thousands of dollars)	**Internally developed software**	**Acquired software**	**Uncompleted capital projects**	**Total**
Cost at March 31, 2011	136,579	2,209	6,399	**145,187**
Additions	1,713	1,853	2,235	**5,801**
Transfers	220	6,534	(6,754)	**-**
Disposals	(181)	-	-	**(181)**
Cost at March 31, 2012	**138,331**	**10,596**	**1,880**	**150,807**
Accumulated amortization at March 31, 2011	(105,437)	(63)	-	**(105,500)**
Amortization for the year	(15,476)	(1,487)	-	**(16,963)**
Reverse amortization on disposals	91	-	-	**91**
Accumulated amortization at March 31, 2012	**(120,822)**	**(1,550)**	**-**	**(122,372)**
Net carrying amount as at March 31, 2012	**17,509**	**9,046**	**1,880**	**28,435**

13. Assets Under Finance Lease

Assets under finance lease consist of leases for mobile equipment, office equipment and satellite transponders. The original terms of these leases are five years for the mobile and office equipment and seventeen years for the satellite transponders.

(in thousands of dollars)	**March 31, 2013**	**March 31, 2012**
Automotive (cost)	619	619
Office equipment (cost)	1,235	-
Technical equipment (cost)	7,434	7,434
Transmission equipment (cost)	119,897	119,897
Accumulated depreciation – automotive	(84)	(53)
Accumulated depreciation – office equipment	(103)	-
Accumulated depreciation – technical equipment	(2,160)	(1,244)
Accumulated depreciation – transmission equipment	(85,464)	(78,411)
Net carrying amount	**41,374**	**48,242**

Depreciation for the year ended March 31, 2013 was $8.1 million (2012 – $8.0 million). For more information on the related obligations, refer to Note 18.

14. Subsidiaries, Special Purpose Entities and Associates

A. Subsidiaries and Special Purpose Entities Undertakings

i. The Documentary Channel

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

ii. ARTV

ARTV is a French-language arts and entertainment specialty channel that has been broadcasting since September 2001 via cable and satellite. The Corporation owns 85 per cent of ARTV and, accordingly, consolidates their financial results in the Corporation's consolidated financial statements. The

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

subsidiary's fiscal year end is August 31. Additional financial statements corresponding to the Corporation's reporting period are prepared for consolidation purposes.

The ARTV shareholder agreement contains a clause that allows the minority shareholder to compel the Corporation to purchase all of minority shareholder's outstanding shares, pending all necessary regulatory approvals, for the same consideration that was originally paid to purchase those shares, which equates to $1 per share. As at March 31, 2013, the Corporation has a liability in relation to this option of $1.9 million (March 31, 2012 - $1.9 million) to reflect the 1,875,000 shares in ARTV currently held by the minority shareholder that can be put to the Corporation at any time. This option is considered to be short-term in nature given the on-demand characteristic associated with the option.

iii. The Broadcast Centre Trust

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

iv. CBC Monetization Trust

In 2003, the Corporation sold two parcels of land to Ontrea Inc., a wholly owned subsidiary of Ontario Teachers' Pension Plan Board in exchange for two promissory notes receivable. The CBC Monetization Trust was created during 2009 with the purpose of acquiring the Corporation's notes receivable and interest in the lease receivables. At that time, the Corporation also renegotiated two land leases with WSIB and Cadillac Fairview and entered into a concurrent lease with the Trust for the two land leases. The Corporation has determined that it bears the majority of the risk associated with the collection of the Trust's receivables through the guarantee it has provided. As such this entity is consolidated by the Corporation.

B. Associates

i. Initial Investment in Sirius Canada Inc.

The Corporation previously held a 40 per cent voting interest and a 25 per cent equity interest in Sirius Canada Inc. (Sirius) through its investment in Class A Common Shares, originally obtained in exchange for a nominal amount of cash. Given that the Corporation's voting interest exceeded 20 per cent, the Corporation judged that it had significant influence over Sirius and applied equity accounting to its investment in Class A shares.

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

As a separate investment, the Corporation had invested a further $12 million in Class C Preferred Shares, which were entitled to cumulative dividends at a rate of 8 per cent per annum on the redemption price and were redeemable at any time by Sirius. These shares were classified as available-for-sale and recorded at fair value.

ii. Description of Sirius and Canadian Satellite Radio Holdings Inc. Merger

On June 21, 2011, Sirius and Canadian Satellite Radio Holdings Inc. (CSR), the parent company of XM Canada, completed a merger of the two companies. Pursuant to the arrangement between the Corporation, Sirius XM Radio Inc., Slaight Communications (collectively referred to as the Vendors), Canadian Satellite Radio Holdings Inc. (pre-merger CSR) and Sirius, the Vendors sold all of the issued and outstanding shares of Sirius, in exchange for the equivalent of 71,284,578 Class A Subordinate Voting Shares of CSR providing the Vendors with control of 58 per cent of the equity in the newly-merged CSR (CSR). All previously existing Sirius shares were redeemed and cancelled.

In exchange for its Sirius Class A shares, the Corporation received 53,570,361 Class B Voting Shares of CSR, which are equivalent to 17,856,787 Class A Subordinate Shares of CSR and represented a 14.54 per cent equity participation and a 19.95 per cent voting interest at the time of the merger. The Corporation also received a promissory note with a face value of $1.5 million for dividends on the Class A shares, which was applied against the carrying value of the shares.

In exchange for the redemption of the Sirius Class C Shares, the Corporation received cash consideration amounting to $14.9 million and non-interest bearing promissory notes with a total face value of $2.2 million, which was treated as a combination of dividend income and return of capital. This consideration of $17.1 million represented the fair value of the Class C shares at the date of the transaction and included the cumulative accrued and unpaid dividends of these shares amounting to $5.1 million. These dividends had not been previously accrued to the value of the shares as the dividends had not been declared by Sirius prior to the merger transaction. These dividends were accounted for as dividend income in the Consolidated Statement of Income in 2011-2012.

iii. Accounting Impact of the Sirius and CSR Merger Transaction on the Corporation

The reverse take-over and retention of significant interest resulted in the following:

- A non-cash dilution gain of $25.8 million was recognized, representing the gain on the disposed interest of 10.51 per cent and the Corporation's proportionate share of CSR's Class B share issuance, net of the Corporation's portion of pre-merger Sirius unrecognized losses and equity adjustments.
- A value of $5.8 million was attributed to the Class B shares obtained, which is calculated as being the difference in the Corporation's reduction in ownership in Sirius and the Corporation's share of the proceeds on the issuance of the new Class B shares.

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

iv. Impact of Post-Merger CSR Results

Following the merger CSR's fiscal year end is August 31, which differs from that of the Corporation. IAS 28, *Investments in Associates* limits the difference between the end of the reporting period of an associate and that of the investor to no more than three months. As such, the Corporation has included its portion of the interim results of CSR for the period up to February 28, 2013, which falls within the allowed three month window. This corresponds to the latest information available for CSR that can be disclosed publicly.

The investment value at March 31, 2013 of $3.5 million (March 31, 2012 - $6.2 million) includes $1.7 million related to the Corporation's share of CSR net results and equity movements up to February 28, 2013 (2012 - $0.4 million).

In November 2012, CSR announced the initiation of quarterly dividends as well as a special dividend to be paid out to all shareholders of Class A and Class B shares. For the year ended March 31, 2013, the Corporation received $4.4 million (2012 – nil) in dividends, which were recorded against the value of the Corporation's investment in CSR.

v. Current investment in Sirius XM Canada Holdings Inc.

On January 15, 2013, CSR officially changed its name to Sirius XM Canada Holdings Inc (Sirius XM).

As at March 31, 2013, the Corporation had a seat on the Board of Directors and held a 24.13 per cent voting interest in Sirius XM. The Corporation held the power to participate in the financial and operating policy decisions of Sirius XM through board representation, its voting interest and its ongoing business relationship with Sirius XM. As such, the Corporation judged that it exercised significant influence and continued to apply equity accounting to its investment in Sirius XM.

vi. Financial Information

The following is the summarized financial information for the Corporation's investments:

	Ownership interest as at:		**Carrying value as at:**	
(in thousands of dollars)	**March 31, 2013**	**March 31, 2012**	**March 31, 2013**	**March 31, 2012**
Sirius - Class B	14%	15%	3,473	6,191
Other	-	-	17	17
	-	-	**3,490**	**6,208**

The fair value of the Corporation's investment in Sirius XM at March 31, 2013, is $114.8 million (March 31, 2012 – $53.6 million) and was determined using the closing market price of Sirius XM Class A shares (formerly CSR Class A shares) at March 31, 2013.

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

The following tables present the summarized financial information for Sirius XM:

(in thousands of dollars)	**2013**[1]	**2012**[2]
Revenue	273,656	211,045
Net income	9,265	7,264

[1]Amounts for the year ended March 31, 2013, include Sirius XM results for the 12-month period ended February 28, 2013.

[2]Amounts for the year ended March 31, 2012, include results for the combined CSR/Sirius entity for the 12-month period ended February 29, 2012.

(in thousands of dollars)	**March 31, 2013**[1]	**March 31, 2012**[2]
Assets	393,010	397,158
Liabilities	369,007	354,367

[1]These amounts reflect the Sirius XM balances as at February 28, 2013.

[2]These amounts reflect the CSR balances as at February 29, 2012.

There are no significant restrictions imposed on Sirius XM relating to their ability to transfer funds to their investors.

15. Accounts Payable and Accrued Liabilities

(in thousands of dollars)	**March 31, 2013**	**March 31, 2012**
Trade payables	34,729	54,925
Accruals	58,553	65,243
Other	2,931	4,470
	96,213	**124,638**

16. Pension Plans and Employee-Related Liabilities

Employee-related liabilities are as follows:

	Current		Long-term	
(in thousands of dollars)	**March 31, 2013**	**March 31, 2012**	**March 31, 2013**	**March 31, 2012**
Accrued pension benefit liability	-	-	193,329	175,813
Employee future benefits	-	-	150,356	157,223
Vacation pay	58,237	57,099	-	-
Workforce reduction	11,898	6,310	-	-
Salary-related liabilities	65,458	66,441	150	171
	135,593	**129,850**	**343,835**	**333,207**

The Corporation maintains a contributory defined benefit pension plan, the CBC/Radio-Canada Pension Plan, covering substantially all employees of the Corporation. Retirement benefits are based on the length of pensionable service and on the average of the best five consecutive years of pensionable salary in the last 10 years of employment. Employees are required to contribute a percentage of their pensionable salary to the plan, with the Corporation providing the balance of the funding, as required, based on actuarial valuations. The Corporation also maintains unfunded non-contributory defined benefit pension arrangements. All plans are subject to an annual actuarial valuation. The amounts included in these financial statements reflect the latest funding valuation which was performed as of December 31, 2012. While this valuation has been completed, it has yet to be filed with the pension authorities.

The Corporation maintains a non-contributory long-term benefit plan for certain employees hired prior to the various plan closure dates which vary by category of employees between April 1, 2005 and October 1, 2007. Under the plan, employees retiring with more than three years of service with the Corporation can choose to receive a cash award upon retirement or improve their pension benefits. The benefits are based on the length of pensionable service and on the salary rate at March 2005, July 2005 or at retirement/death, depending on the category of employees. The Corporation also provides employee future benefits such as long-term disability and workers' compensation, continuation of benefits coverage for employees on long-term disability and post-retirement life insurance. The last actuarial valuations for the non-contributory long-term benefit plan and the continuation of benefits coverage plan were made as at December 31, 2012.

The measurement date for the pension plan assets and the defined benefit obligation is March 31, 2013.

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

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

Assumptions – annual rates	March 31, 2013	March 31, 2012
Assumptions for the calculation of pension benefit costs:		
Expected long-term rate of return on plan assets	6.00%	6.50%
Discount rate	4.25%	5.25%
Assumptions for the calculation of the benefit obligation:		
Discount rate - pension	4.00%	4.25%
Discount rate - employee termination benefit	3.50%	4.00%
Discount rate – LTD benefit	3.50%	3.75%
Discount rate – post-employment benefit	3.75%	4.25%
Long-term rate of compensation increase, excluding merit and promotion	2.75%	2.75%
Health care cost trend rate	8.00% in 2013 declining to 4.50% over 15 years	7.00% per annum until 2019, 4.50% thereafter
Indexation of pensions in payment	1.65%	1.65%

The amount included in the Consolidated Statement of Financial Position arising from the Corporation's obligation in respect of its defined benefit plans is as follows:

	March 31, 2013			March 31, 2012			March 31, 2011		
(in thousands of dollars)	Funded pension plan	Unfunded pension plans	Other post-employment plans	Funded pension plan	Unfunded pension plans	Other post-employment plans	Funded pension plan	Unfunded pension plans	Other post-employment plans
Benefit obligation	5,500,267	86,546	150,126	5,184,634	81,993	156,917	4,414,441	68,462	141,234
Fair value of plan assets	5,393,484	-	-	5,090,814	-	-	4,563,210	-	-
Deficit (surplus)	**106,783**	**86,546**	**150,126**	**93,820**	**81,993**	**156,917**	**(148,769)**	**68,462**	**141,234**
Less:									
Unamortized unvested past service costs	-	-	(230)	-	-	(306)	-	-	(382)
Net liability (asset) arising from defined benefit obligation	**106,783**	**86,546**	**150,356**	**93,820**	**81,993**	**157,223**	**(148,769)**	**68,462**	**141,616**

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

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

(in thousands of dollars)	March 31, 2013		March 31, 2012	
	Pension plans	Other post-employment plans	Pension plans	Other post-employment plans
Opening defined benefit obligation	5,266,627	156,917	4,482,903	141,234
Current service cost	101,558	7,707	72,541	6,761
Interest cost	221,695	6,332	231,924	7,120
Contributions from employees	44,452	-	41,186	-
Actuarial losses (gain)	212,888	(6,967)	667,400	15,056
Benefits paid	(260,407)	(13,863)	(244,327)	(13,254)
Vested past service cost[1]	-	-	15,000	-
Closing defined benefit obligation	**5,586,813**[2]	**150,126**	**5,266,627**[3]	**156,917**

[1]Estimated cost of changes to certain minimum benefit requirements in the Pension Benefits Standards Act affecting the CBC/Radio-Canada Pension Plan. This cost is a one-time charge to the Consolidated Statement of Income in the fiscal year ending March 31, 2012.

[2]The accrued benefit obligations for the funded plan and for the unfunded plans are $5,500,267 and $86,546 respectively.

[3]The accrued benefit obligations for the funded plan and for the unfunded plans are $5,184,634 and $81,993 respectively.

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

(in thousands of dollars)	March 31, 2013		March 31, 2012	
	Pension plans	Other post-employment plans	Pension plans	Other post-employment plans
Opening fair value of plan assets	5,090,814	-	4,563,210	-
Expected return on plan assets	301,178	-	291,938	-
Actuarial gains	156,257	-	379,386	-
Contributions from employees	44,452	-	41,186	-
Contributions from the Corporation	61,190	13,863	59,421	13,254
Benefits paid	(260,407)	(13,863)	(244,327)	(13,254)
Closing fair value of plan assets	**5,393,484**	**-**	**5,090,814**	**-**

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

The Corporation expects to make a contribution of $59.6 million to the defined benefit plans during the next financial year.

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

(in thousands of dollars)	**2013**	**2012**
Current service cost	109,265	79,302
Interest on obligation	228,027	239,044
Expected return on plan assets	(301,178)	(291,938)
Actuarial loss (gain)	(2,858)	1,255
Unamortized unvested past service costs	(76)	(76)
Vested past service cost	-	15,000
Expense recognized in net results	33,180	42,587
Plus:		
Actuarial losses recognized in other comprehensive loss	52,522	301,815
Total amounts recognized in comprehensive loss	**85,702**	**344,402**

The cumulative actuarial losses recognized in Other Comprehensive Loss represent $116.8 million as of March 31, 2013 (March 31, 2012 losses – $64.3 million).

The total expense recognized in net results has been recorded in the Corporation's Consolidated Statement of Income as follows:

(in thousands of dollars)	**2013**	**2012**
Television, radio and new media services costs	29,521	39,109
Specialty services	2,428	1,849
Transmission, distribution and collection	923	1,222
Corporate management	308	407
Total	**33,180**	**42,587**

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

The overall expected rate of return is a weighted average of the expected returns of the various categories of plan assets held. The Corporation's assessment of the expected returns is based on historical return trends and analysts' forecast of the market returns for the asset over the life of the related obligations. The actual return on plan assets for the period was $457.4 million or 9.1 per cent (2012 – 14.9 per cent).

The assets of the plan have been invested as follows:

(in thousands of dollars)	**March 31, 2013**	**March 31, 2012**
Fixed income	50%	53%
Canadian equities	10%	12%
Global equities	24%	20%
Strategic[1]	16%	15%
	100%	**100%**

[1] Strategic investments include property, private investments and hedge funds.

The following table summarizes the defined benefit plans' experience gains and losses:

	2013		**2012**		**2011**	
(in thousands of dollars)	**Pension plans**	**Other post-employment plans**	**Pension plans**	**Other post-employment plans**	**Pension plans**	**Other post-employment plans**
Experience losses (gains) on defined benefit obligations[1]	18,913	(11,173)	7,412	(150)	-	10
Experience gains on plan assets	(156,257)	-	(379,386)	-	(237,563)	-
	(137,344)	**(11,173)**	**(371,974)**	**(150)**	**(237,563)**	**10**

[1] Experience losses (gains) due to plan experience but excluding impact of changes in assumptions

For the year ending March 31, 2013, the total expense related to employee benefits, which includes all salary and related costs, was $946.3 million (2012 - $981.5 million).

17. Bonds Payable

The Corporation, through its relationship with the Broadcast Centre Trust, guarantees the bonds payable with its rent payments for the premises occupied by the Corporation in Toronto. The Broadcast Centre Trust issued $400 million in secured bonds on January 30, 1997. The bonds are secured by the assets of Canadian Broadcasting Centre, which have a carrying value of $223.8 million (March 31, 2012 - $230.3 million). These bonds bear a fixed interest rate of 7.53 per cent annually and require blended semi-annual payments of $16.5 million, which will require the following principal amounts:

	March 31, 2013		March 31, 2012	
(in thousands of dollars)	Minimum payments	Present value of minimum payments	Minimum payments	Present value of minimum payments
Less than one year	33,039	20,578	33,039	20,093
Later than one year but not later than five years	132,155	55,647	132,155	51,682
More than five years	313,869	221,361	346,907	236,851
Less: future finance charges	(181,477)	-	(203,475)	-
Present value of minimum payments	**297,586**	**297,586**	**308,626**	**308,626**

Interest expense related to bonds payable included in current year's expenses and presented as finance costs is $22.0 million (2012 – $22.8 million).

Present value of minimum payments:

(in thousands of dollars)	March 31, 2013	March 31,2012
Included in the Consolidated Statement of Financial Position as bonds payable:		
current	20,578	20,093
long-term	277,008	288,533
	297,586	**308,626**

18. Obligations under Finance Leases

Obligations under finance lease include satellite transponders, mobile equipment and office equipment.

	Effective Interest rate	Ending Date
Transponder lease	6.8 per cent per annum	February 18, 2018
Mobile equipment lease	2.95 per cent per annum	January 28, 2016
Office equipment lease	2.97 per cent per annum	October 24, 2017

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

	March 31, 2013		March 31, 2012	
(in thousands of dollars)	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Less than one year	14,024	10,906	13,760	9,945
Later than one year but not later than five years	50,233	44,447	53,021	44,468
More than five years	-	-	10,024	9,738
Less: future finance charges	(8,904)	-	(12,654)	-
Present value of minimum lease payments	**55,353**	**55,353**	**64,151**	**64,151**

Interest expense related to obligations under finance lease included in current year's expenses and presented as finance costs is $3.8 million (2012 – $4.4 million).

Present value of minimum lease payments:

(in thousands of dollars)	March 31, 2013	March 31, 2012
Included in the Consolidated Statement of Financial Position as obligations under finance leases:		
current	10,906	9,945
long-term	44,447	54,206
	55,353	**64,151**

19. Notes Payable

The notes payable, held by the CBC Monetization Trust, a special purpose entity of the Corporation, mature in May 2027 and bear interest at an annual rate of 4.688 per cent. Blended semi-annual payments are made in May and November of each year. The notes are redeemable at the CBC Monetization Trust's option in whole or in part from time to time before maturity, on not less than 30 days and not more than 60 days prior notice. The redemption price is the greater of the outstanding principal amount of the notes to be redeemed and the net present value of all scheduled semi-annual payments on the notes from the date of redemption to the date of maturity, using the Government of Canada yield plus 0.30 percent on such date, together, in each case, with accrued but unpaid interest to, but excluding, the redemption date. The notes payable are secured by the promissory notes receivable and the net investment in finance lease described in Notes 9 and 10.

Principal payments are scheduled as follows:

	March 31, 2013		March 31, 2012	
(in thousands of dollars)	**Minimum payments**	**Present value of minimum payments**	**Minimum payments**	**Present value of minimum payments**
Less than one year	11,473	7,960	11,473	7,794
Later than one year but not later than five years	45,892	26,316	45,892	25,096
More than five years	108,993	86,733	120,466	93,789
Less: future finance charges	(45,349)	-	(51,152)	-
Present value of minimum payments	**121,009**	**121,009**	**126,679**	**126,679**

Interest expense included in current year's expenses and presented as finance costs is $5.8 million (2012 – $6.1 million).

Present value of minimum payments:

(in thousands of dollars)	**March 31, 2013**	**March 31, 2012**
Included in the Consolidated Statement of Financial Position as notes payable:		
current	7,960	7,794
long-term	113,049	118,885
	121,009	**126,679**

20. Provisions

	March 31, 2013				
			Restructuring costs		
(in thousands of dollars)	Claims and legal proceedings	Environmental	Workforce reduction	Decommissioning	Total
Balance, beginning of year	38,762	300	-	-	39,062
Additional provisions recognized	19,193	175	15,469	6,658	41,495
Increases due to accretion	-	-	-	119	119
Provisions utilized	(7,965)	(210)	(13,897)	(1,534)	(23,606)
Reductions resulting from re-measurement or settlement without cost	(4,582)	(5)	(337)	(850)	(5,774)
Balance, end of year	**45,408**	**260**	**1,235**	**4,393**	**51,296**

	March 31, 2012				
			Restructuring costs		
(in thousands of dollars)	Claims and legal proceedings	Environmental	Workforce reduction	Decommissioning	Total
Balance, beginning of year	35,272	300	-	-	35,572
Additional provisions recognized	13,045	-	-	-	13,045
Provisions utilized	(3,241)	-	-	-	(3,241)
Reductions resulting from re-measurement or settlement without cost	(6,314)	-	-	-	(6,314)
Balance, end of year	**38,762**	**300**	**-**	**-**	**39,062**

20. Provisions (Continued)

A. Restructuring costs

Restructuring costs incurred during the year have arisen from the Corporation's response to the announcement of Federal Budget 2012, as well as other financial pressures. Expenses related to restructuring costs recognized during the year include workforce reductions where demonstrably committed and estimable, accelerating the shutdown of analogue television transmitters and associated decommissioning work, and ceasing shortwave transmission for the Corporation's RCI service as discussed in Note 11. In addition, incremental deferred capital funding has been recognized in relation to these depreciation and impairment charges, as presented in Note 24.

For the year ended March 31, 2013, the total expense related to restructuring costs is \$56.8 million (2012—nil). The associated capital funding recognized in income is \$32.1 million for the year ended March 31, 2013 (2012— nil). The majority of these costs have been recorded as part of Transmission, distribution and collection expenses on the Corporation's Statement of Income. At March 31, 2013, the Corporation had total liabilities related to restructuring costs of \$5.6 million (March 31, 2012 – nil).

It is expected that the Corporation will continue to incur costs related to the current restructuring plan for the next 3 years.

B. Claims and legal proceedings

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

Litigation is subject to many uncertainties and the outcome of individual matters is not always predictable. Claims that are uncertain in terms of the outcome or potential outflow or that are not measurable are considered to be a contingency and are not recorded in the Corporation's consolidated financial statements. At March 31, 2013, the Corporation had provisions amounting to \$45.4 million (March 31, 2012 – \$38.8 million) in respect of legal claims. All matters are classified as current as where estimable the Corporation expects them to be resolved within 12 months.

C. Environmental liabilities

At March 31, 2013, the Corporation had provisions totalling \$0.3 million for one environmental matter (March 31, 2012—\$0.3 million for two matters). Remediation work is required at the Corporation's Mont Logan property to clean-up oil contaminants found in ground samples from the site's former transmission tower and associated building. The total costs associated with remediation work at this site has been estimated at \$0.3 million. This matter is subject to ministry approvals and other environmental reviews.

20. Provisions (Continued)

Included in the amounts provided at March 31, 2012 was $0.2 million for work to be performed on a former AM transmission site in Rimouski, which had Polychlorinated Biphenyls (PCB) concentrations exceeding permitted levels determined by the Ministère du Développement durable, de l'Environnement et des Parcs (MDDEP).

Work on the Rimouski site was significantly completed during the year, with spending for the year totalling $0.2 million. The Corporation has also begun work on the Mont Logan property, with spending for the year totalling $0.04 million. The work is expected to continue in the next fiscal year.

D. Contingencies

Various claims and legal proceedings have been asserted or instituted against the Corporation. Some of these claims demand large monetary damages or other form of relief and could result in significant expenditures. Litigations are subject to many uncertainties and the outcome of individual matters is not always predictable. Contingent liabilities are potential liabilities, which may become actual liabilities when one or more future events occur or fail to occur. No amounts have been recorded in relation to contingent liabilities.

21. Revenue

The Corporation recognized revenue from the following sources:

(in thousands of dollars)	**2013**	**2012**
Advertising	330,410	375,725
Building, tower, facility and service rentals	46,698	46,493
Production revenue	17,888	17,633
Digital programming	10,400	5,736
Retransmission rights	7,866	7,572
Program sponsorship	5,596	5,433
Other services	3,957	4,864
Total Rendering of services	**422,815**	**463,456**
Total Specialty Services	**170,991**	**167,754**
Total Financing income	**10,323**	**9,141**
Contribution from the Local Programming Improvement Fund (LPIF)	37,507	45,755
Contra revenues other than advertising	3,649	2,152
Gain (Loss) on foreign exchange rates	255	(325)
Net gain from fair value of financial instruments	525	1,031
Total Revenue	**646,065**	**688,964**

22. Specialty Services

The Corporation operates CBC News Network (CBC NN) and the Réseau de l'information de Radio-Canada (RDI), under CRTC licence conditions that require the reporting of incremental costs and revenues. **bold** and Explora are also reported on an incremental cost basis. On an incremental basis, only expenses that are charged directly to the specialty services are reported. Indirect costs for support services are not allocated to specialty services and expenses relating to pension plans and employee related liabilities are recognized only when the related benefits are paid by the specialty services. In accordance with IFRS, however, the Corporation has included in the financial results of the specialty services the portion of earned pension plans and employee related liabilities relating to their respective employees.

	2013						
(in thousands of dollars)	**CBC NN**	**RDI**	**bold**	**Explora**	**documentary**[2]	**ARTV**[2]	**Total Specialty Services**
Subscriber revenue	68,399	43,203	3,923	1,114	5,961	13,362	**135,962**
Advertising and other revenue	18,155	12,140	81	685	254	3,714	**35,029**
Expenses including pension plans and employee related liabilities	(64,971)	(41,565)	(2,387)	(3,918)	(3,489)	(13,822)	**(130,152)**
Total	**21,583**	**13,778**	**1,617**	**(2,119)**	**2,726**	**3,254**	**40,839**
Repayments for capital acquisitions[1]	(611)	(2,720)	-	-			
Pension plans and employee related liabilities	(785)	(646)	(15)	(42)			
Total on an incremental costs basis	**20,187**	**10,412**	**1,602**	**(2,161)**			

	2012						
(in thousands of dollars)	**CBC NN**	**RDI**	**bold**	**Explora**	**documentary**[2]	**ARTV**[2]	**Total Specialty Services**
Subscriber revenue	68,279	44,821	3,992	-	5,458	13,969	**136,519**
Advertising and other revenue	16,158	11,201	55	-	186	3,635	**31,235**
Expenses including pension plans and employee related liabilities	(68,991)	(43,594)	(3,906)	-	(3,625)	(14,112)	**(134,228)**
Total	**15,446**	**12,428**	**141**	**-**	**2,019**	**3,492**	**33,526**
Repayments for capital acquisitions[1]	(3,615)	(2,753)	-	-			
Pension plans and employee related liabilities	(572)	(448)	(11)	-			
Total on an incremental costs basis	**11,259**	**9,227**	**130**	**-**			

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

[2] Consolidated entities

22. Speciality Services (Continued)

On March 28, 2012, the Corporation launched a new specialty channel, Explora. The new channel did not generate any material revenue or incur material operating expenses prior to March 31, 2012.

On March 26, 2013, the Corporation completed the sale of **bold** assets and license to Blue Ant Media (BAM). See Note 25 for more information.

23. Finance Costs

The Corporation's finance costs include the following:

(in thousands of dollars)	**2013**	**2012**
Interest on bonds payable	21,999	22,786
Interest on notes payable	5,804	6,074
Interest on obligations under finance lease	3,843	4,432
Interest on financial liability related to the monetization of receivables	-	163
Other non-cash finance costs	190	-
	31,836	**33,455**

24. Government Funding

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

(in thousands of dollars)	2013	2012
Operating funding		
Base funding	977,988	977,988
Additional non-recurring funding for programming initiatives	32,200	60,000
Transfer to capital funding	(10,704)	(9,941)
Operating funding received	**999,484**	**1,028,047**
Capital funding		
Base funding	92,331	92,331
Transfer from operating funding	10,704	9,941
Capital funding received	**103,035**	**102,272**
Working capital funding	**4,000**	**4,000**
	1,106,519	**1,134,319**

Total funding approved and received by the Corporation for the year is not the same as the total government funding presented in the Consolidated Statement of Income. Capital Funding received is recorded as Deferred Capital Funding in the Consolidated Statement of Financial Position and is amortized and recognized on the same basis and over the same periods as the related property, equipment and intangible assets.

(in thousands of dollars)	March 31, 2013	March 31, 2012
Balance, beginning of year	574,027	602,025
Government funding for capital expenditures	103,035	102,272
Amortization of deferred capital funding	(151,366)	(130,270)
Balance, end of period	**525,696**	**574,027**

25. Gain on Business Divestitures

On March 26, 2013, the Corporation completed the sale of its **bold** specialty channel to Blue Ant Media (BAM) for total proceeds of $10.0 million for the sale of the channel's assets and the sublicensing of certain programming to BAM. Additionally, a transitional services agreement was entered into with the Corporation to provide certain services to BAM until August 31, 2013.

A total non-operating gain on sale of $6.3 million was recognized as follows:

(in thousands of dollars)	**2013**
Proceeds on disposition	10,000
Less costs of sale:	
Liability assumed for future programming	(2,500)
Programming write-offs	(755)
Brokerage fees and other	(423)
Total gain on sale	**6,322**

During the year, the Corporation also sold a warrant it received as part of the sale of the Galaxie pay audio service that was completed in 2010. The proceeds received and resulting gain amounted to $0.9 million.

26. Income Taxes

A. Income tax recognized in profit or loss

The income tax expense for the year can be reconciled to the income tax expense that would be computed by applying the Corporation's federal statutory tax rate of 25.00 per cent (2012 – 26.13 per cent) to accounting profit as follows:

(in thousands of dollars)	**2013**	**2012**
Income tax provision at federal statutory rate	10,481	10,676
Permanent differences	(2,747)	(1,277)
Decrease resulting from:		
Adjustment to reflect the expected income tax payable in future periods in respect of taxable and deductible temporary differences	(7,734)	(9,399)
Income tax expense recognized in profit or loss	-	-

26. Income Taxes (Continued)

The tax rate used for the 2013 reconciliation above is the corporate tax rate payable by a corporation that is a prescribed Federal Crown Corporation under Part LXXI of the Income Tax Regulations and is subject to the provisions of the Income Tax Act (Canada). The Corporation's activities are not subject to provincial taxes. An adjustment to reflect the expected income tax payable in future periods in respect of taxable and deductible temporary differences is reflected above.

As a federal Crown Corporation that receives a substantial portion of its funding from the Government of Canada, the Corporation operates within a specific operating structure to match cash expenses with available resources, and to breakeven over the long term. The Corporation draws and uses appropriations only to the extent required to fund its operating expenses, and may not borrow to fund working capital shortfalls. Therefore, the Corporation does not expect to generate material taxable income or losses in the periods that temporary differences are scheduled to reverse. Accordingly, the expected deferred tax asset or liability is not recognized in the financial statements as long as these specified operating conditions are met at the end of the reporting period.

B. Temporary Differences

(in thousands of dollars)	**2013**	**2012**
The sources of the deductible (taxable) temporary differences for which no deferred tax asset or liability was recognized were as follows:		
Accrued liabilities	40,830	22,000
Pension plan	193,329	175,812
Employee-related liabilities	150,506	157,396
Loss carry-forward	76,398	112,120
Long-term receivables and investments	16,870	18,005
Deferred income for tax purposes related to the sale of receivables	(48,969)	(53,000)
Property and equipment	(230,496)	(262,947)
Other	(5,910)	(6,719)

The loss carry-forwards will begin to expire in 2027.

27. Movements in Working Capital

(in thousands of dollars)	**2013**	**2012**
Changes in Working Capital are comprised of:		
Trade and other receivables	(7,016)	(3,749)
Programming	19,965	(2,446)
Merchandising inventory	56	278
Prepaid expenses	(24,193)	24,991
Promissory notes receivable	(10)	(12)
Accounts payable and accrued liabilities	(28,425)	492
Provisions	12,115	3,490
Deferred revenues	2,812	(314)
Pension plans and employee-related liabilities	4,955	(6,601)
	(19,741)	**16,129**

28. Commitments

A. Program-related and Other

This note shows amounts to which the Corporation is contractually committed, but which do not meet the criteria for inclusion in the Balance Sheet.

(in thousands of dollars)	**March 31, 2013**	**March 31, 2012**
Facilities management	277,604	310,770
Sports rights	159,552	182,887
Procured programs, film rights and co-productions	61,151	74,219
Transmission distribution	46,108	-
Maintenance and support	28,970	29,145
Property and equipment	8,299	15,987
Other	43,771	39,878
	625,455	**652,886**

28. Commitments (Continued)

Future annual payments as of March 31 are as follows:

(in thousands of dollars)	**March 31, 2013**	**March 31, 2012**
Less than one year	243,356	207,190
Later than one year but not later than five years	273,413	314,065
More than five years	108,686	131,631
	625,455	**652,886**

B. The Corporation as a Lessee - Operating Leases

Operating leases relate to leases of property, network distribution and equipment with remaining lease terms of between one and 47 years. Certain leases contain clauses allowing for the renewal/extension of the original term at market rates. The Corporation does not have an option to purchase any of the property, network distribution or equipment at the expiry of the lease periods.

As at March 31 the future aggregate minimum lease payments under non-cancellable operating leases are as follows:

(in thousands of dollars)	**March 31, 2013**	**March 31, 2012**
Less than one year	20,330	19,414
Later than one year but not later than five years	71,009	67,707
More than five years	69,261	75,466
	160,600	**162,587**

The amounts presented above include a total of $53.3 million (2012 - $47.4 million) representing operating costs and property taxes payable.

The payments recognized as an expense for minimum lease payments in 2013 amounted to $20.6 million (2012 - $22.1 million).

Included in the above amounts are lease payments to be made in the normal course of business in the amount of $5.1 million (2012 - $5.9 million) to a related party including government-related entities.

C. The Corporation as a Lessor - Operating Leases

Operating leases relate to buildings and transmission towers owned by the Corporation with remaining lease terms of between one to 97 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

28. Commitments (Continued)

As at March 31 the future aggregate minimum lease receivables under non-cancellable operating leases are as follows:

(in thousands of dollars)	**March 31, 2013**	**March 31, 2012**
Less than one year	9,340	9,058
Later than one year but not later than five years	27,989	18,049
More than five years	336,169	6,960
	373,498	**34,067**

In addition to the amounts presented above, the Corporation has receivables related to operating expenses and property taxes under building leases that total $162.6 million (2012 - $19.9 million).

Included in the above amounts are lease payments to be received in the normal course of business in the amount of $2.6 million (2012 - $1.8 million) from a related party including government-related entities.

29. Related Parties

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

A. Transactions with Related Parties Excluding Government-Related Entities

	Rendering of services		**Receipt of services**		**Pension contributions**	
(in thousands of dollars)	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Associate	3,484	3,852	34	2	-	-
Other related entities	-	-	23	-	-	-
Corporate Pension Plan	-	-	-	-	61,190	59,421
	3,484	**3,852**	**57**	**2**	**61,190**	**59,421**

29. Related Parties (Continued)

The following balances were outstanding at the end of the year:

	Amounts owed by related parties		Amounts owed to related parties	
(in thousands of dollars)	**March 31, 2013**	**March 31, 2012**	**March 31, 2013**	**March 31, 2012**
Associate	351	446	-	-
	351	**446**	**-**	**-**

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

B. Other Transaction with Associate

There were no significant transactions with the Corporation's associate during the current fiscal year other than the dividends received. However, on June 21, 2011 the Corporation exchanged its interests in Sirius for shares in CSR pursuant to the reverse take-over of CSR by Sirius. The reverse take-over and retention of significant influence in the CSR combined entity caused the Corporation to recognize a non-cash dilution gain of $25.8 million. This amount is made up of a gain on the disposed interest in the amount of $3.3 million as well as the Corporation's proportionate share of CSR's share issuance amounting to $22.5 million. In addition, the Corporation recognized $5.1 million in dividend income related to redemption of the original $12.0 million investment the Corporation had in Sirius Class C shares. Finally, the Corporation received a promissory note in connection with dividends declared on the Class A shares of the associate. More information on this transaction is provided in Note 14 to the consolidated financial statements.

C. Transactions with Government-Related Entities

CBC/Radio-Canada is a Federal Crown Corporation that operates in an economic environment dominated by entities directly or indirectly controlled by the federal government through its government authorities, agencies, affiliations and other organizations (collectively referred to as "government-related entities"). The Corporation has transactions with other government-related entities including but not limited to sales and purchases of goods and rendering and receiving of services.

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

29. Related Parties (Continued)

For the year ended March 31, 2013, the aggregate amount of the Corporation's significant transactions with other government-related entities amounted to $1.3 million of its rendering of services (2012 – $0.8 million) and $1.3 million of its purchase of goods and services (2012 – $1.4 million). There were no individually significant transactions during the year ended March 31, 2013 (2012 – none).

D. Compensation of Key Management Personnel

Key management personnel are those people that have authority and responsibility for planning, directing and controlling the activities of the Corporation. This includes the Senior Executive Team (SET) and all members of the Board of Directors.

Senior Executive Team

The remuneration of the Senior Executive Team during the year was as follows:

(in thousands of dollars)	**2013**	**2012**
Short-term benefits[1]	3,755	4,419
Post-employment benefits[2]	1,291	1,086
Other long-term benefits[3]	50	88
Termination benefits[4]	609	841
	5,705	**6,434**

[1]Short-term benefits include wages, salaries, social security contributions, paid annual leave, short-term disability, incentive pay (if payable within twelve months of the end of the period) and other benefit packages (healthcare, life insurance, dental, accident insurance) for current employees.

[2]Post-employment benefits include pensions and post-employment life insurance.

[3]Other long-term benefits include long-term incentive pay, long-term disability and worker's compensation.

[4]Termination benefits include benefits that are payable as a result of the Corporation terminating employment before the normal retirement date or an employee's decision to accept an offer of voluntary departure. Termination benefits include termination payments, severance pay and long-service gratuity.

29. Related Parties (Continued)

Board of Directors

Members of the Board of Directors, except the President and CEO, receive meeting fees for attendance in person at the Board and Committee meetings based on a fee schedule. The Chair of the Board also receives an annual retainer.

The total compensation paid to the members of the Board of Directors, excluding the President and CEO, during the year was $0.2 million (2012 – $0.2 million). Additional data on meetings attended by Board members is provided in the section *Board of Directors Attendance* of the Annual Report.

The remuneration of key management personnel is as follows:

- The President and CEO and the Chair of the Board of Directors' remuneration is in accordance with the terms of the Order-in-Council appointing them;
- The remuneration of the other members of the Board of Directors is in accordance with the Corporations' by-laws (as approved by the Minister of Canadian Heritage);
- SET members' remuneration, excluding the President and CEO, is approved by the Board of Directors upon recommendation of the Human Resources and Governance Committee, having regard to the performance of individuals and market trends.

30. Financial Instruments

A. Fair Value

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

30. Financial Instruments (Continued)

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

	March 31, 2013		March 31, 2012			
(in thousands of dollars)	Carrying values	Fair values	Carrying values	Fair values	Method[1]	Note
Financial instruments measured at fair value:						
Derivative financial asset instruments	458	458	80	80	Level 1	(a)
Derivative financial asset instruments - stock options	171	171	53	53	Level 2	(b)
Financial instruments measured at amortized cost:						
Promissory notes receivable (long-term)	48,250	56,743	49,903	58,764		(c)
Net investment in finance lease (long-term)	52,706	62,893	54,077	64,999		(c)
Bonds payable (long-term)	277,008	381,053	288,533	396,127		(d)
Obligations under finance lease (long-term)	44,447	47,881	54,206	58,955		(d)
Notes payable (long-term)	113,049	128,009	118,885	132,835		(d)

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

- Level 1 – quoted prices in active markets for identical assets or liabilities instruments
- Level 2 – directly observable market inputs other than Level 1 inputs
- Level 3 – inputs that are not based on observable market data (unobservable inputs)

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

(b) The estimated fair value is determined using an option pricing model.

(c) The fair values related to the various amounts receivable were determined using the expected future cash flows and were discounted using rates that reflect the credit worthiness of the various counterparties.

(d) The fair values related to the Corporation's various financial liabilities were determined using the expected future cash flows and were discounted using Government bond rates with similar terms and characteristics.

30. Financial Instruments (Continued)

B. Capital Risk Management

The Corporation defines capital that it manages as the aggregate of its equity, which is comprised of retained earnings.

The Corporation is not subject to externally imposed capital requirements. The Corporation is, however, subject to Part III of the *Broadcasting Act*, which imposes restrictions in relation to borrowings and requires authorization from Parliament and approval from the Minister of Finance.

The Corporation's objectives in managing capital are to safeguard its ability to continue as a going concern, to fund its asset base and to fulfil its mission and objectives for the Government of Canada to the benefit of Canadians.

The Corporation manages its capital by reviewing formally, on a regular basis, the actual results against set budgets, and shares this information with its Audit Committee and Board of Directors. The Corporation's overall strategy with respect to capital management includes the balancing of its operating and capital activities with its funding on an annual basis. The Corporation makes adjustments to its capital management strategy in light of general economic conditions, the risk characteristics of the underlying assets and the Corporation's working capital requirements.

The Corporation's objectives, policies and processes for managing capital are consistent with those in place as at March 31, 2012.

C. Categories of Financial Instruments

(in thousands of dollars)	**March 31, 2013**	**March 31, 2012**
Financial assets		
Fair value through profit or loss (FVTPL)		
Cash	51,459	64,277
Derivative financial instruments	629	133
Loans and receivables	234,874	229,392
Available-for-sale financial assets	17	17
Financial liabilities		
Other liabilities	514,434	559,943

30. Financial Instruments (Continued)

D. Financial Risk Management

The Corporation's activities are exposed to a variety of financial risks: market risk, credit risk and liquidity risk. The Corporation's overall risk management program focuses on the unpredictability of financial and economic markets and seeks to minimise potential effects on the Corporation's financial performance. The risk management is carried out through financial management practices in conjunction with the overall Corporation's governance. The Board of Directors is responsible for overseeing the management of financial risk.

E. Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk. The Corporation is exposed to all of these risks.

The Corporation's exposure to market risk and its objectives, policies and processes for managing market risk are consistent with those in place as at March 31, 2012.

i. Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Corporation is exposed to limited foreign exchange risk on revenues and expenses denominated in a foreign currency. The majority of these transactions are denominated in US dollars, Euros and British Pounds. The policy on currency risk requires the Corporation to minimize currency risk to protect the value of foreign cash flows, both committed and anticipated, from the negative impact of exchange rate fluctuations.

The Corporation mitigates this risk by entering into forward exchange contracts. Accordingly, the Corporation has limited sensitivity to changes in foreign exchange rates.

The Corporation's net foreign currency exposure as at March 31 (expressed in Canadian equivalent dollars) is as follows:

	March 31, 2013			March 31, 2012		
(in thousands of dollars)	**$US**	**Euros**	**GBP**	**$US**	**Euros**	**GBP**
Cash	4,182	295	190	1,107	239	295
Trade and other receivables	343	402	129	540	348	109
Accounts payable and accrued liabilities	(1,472)	(148)	(311)	(2,480)	(129)	(626)
Net exposure	**3,053**	**549**	**8**	**(833)**	**458**	**(222)**

Based on the net exposure as at March 31, 2013, and assuming all the other variables remain constant, a hypothetical five per cent change in the Canadian dollar against the US dollar, the Euro and the GBP would not have a significant impact on the Corporation's net results.

30. Financial Instruments (Continued)

ii. *Interest Rate Risk*

Interest risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Corporation's notes receivable, bonds payable and notes payable bear fixed interest rates and, as such, are subject to interest rate risk because the fair value of the financial instruments will be affected by changes in the market rates. However, a change in fair value would not impact the profit or loss of the Corporation.

For its short-term cash balances, the Corporation has a policy of maximizing interest revenues. The Corporation may invest in marketable securities with terms to maturity of less than one year. To be compliant with the *Broadcasting Act*, these securities must be fully guaranteed by the Government of Canada (e.g. Canada treasury bills). The Corporation may also place its cash in interest bearing accounts with Schedule I Canadian banks. Consequently, the interest rate risk associated with the cash balances is directly tied to the movements of the Bank of Canada's Key Overnight Lending Rate and to the banks' prime rates. To manage interest rate risk, the Corporation deals with a number of banks to obtain competitive rates and to mitigate its exposure to any one particular investment vehicle. Given that the prevailing interest rates on treasury bills and other similar investments have not been favourable, the Corporation did not have any such investments as at March 31, 2013 (March 31, 2012 – nil).

iii. Price Risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Maximum risk resulting from financial instruments is equivalent to their fair value.

F. Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Corporation. The Corporation has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Corporation's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Corporation is exposed to credit risk through its cash, trade and other receivables, forward exchange contracts, promissory notes receivable and investment in finance lease.

The maximum exposure to credit risk of the Corporation at March 31, 2013 and March 31, 2012 is the carrying value of these assets.

30. Financial Instruments (Continued)

i. Cash

The Corporation has deposited cash with reputable financial institutions (members of the Canadian Payments Association or local Cooperative Credit Societies that are members of a Central Cooperative Credit Society having membership in the Canadian Payments Association or, subject to the approval of the Minister of Finance, any financial institutions outside Canada), from which management believes the risk of loss to be remote.

ii. Trade and other receivables

The Corporation's trade and other receivables are mainly derived from the sale of advertising airtime. Credit risk concentration with respect to trade receivables is limited by following a program of credit evaluation and by limiting the amount of customer credit where deemed necessary. The Corporation does not believe that it is exposed to an unusual or significant level of credit risk. As at March 31, 2013 and March 31, 2012, no single client had balances representing a significant portion of the Corporation's trade receivables. See Note 6 for more information.

The Corporation establishes an allowance for doubtful accounts that reflects the estimated impairment of accounts receivable. The Corporation has a specific policy on credit and collections and guidelines that provide for how the allowance should be determined. The Corporation establishes a specific allowance for receivables where there is objective evidence that the receivable is not recoverable. This is determined by considering the Corporation's knowledge of the financial condition of its customers, the aging of accounts receivable, the current economic climate, customer and industry concentrations, and historical experience.

The Corporation's allowance for doubtful accounts amounted to $3.6 million at March 31, 2013 (March 31, 2012 – $2.0 million). See Note 6 for more information.

iii. Forward exchange contracts

The policy on currency risk requires that all significant forward contracts, options and other instruments used to economically hedge a foreign currency exposure will be negotiated with providers holding credit ratings equivalent to or better than that of the major Canadian banks. To this end, the Corporation has qualified five counterparties meeting this criterion with which it places all its currency hedging business.

	March 31, 2013		March 31, 2012	
(in thousands of dollars)	**Notional**	**Fair values**	**Notional**	**Fair values**
Forward exchange contracts-$US[1]	12,288	457	17,463	68

[1]The forward contracts rates are between 0.979 and 0.987 for forward contracts in US dollars and the maturity dates are between April 2013 and December 2013.

30. Financial Instruments (Continued)

iv. Promissory notes receivable and Net investment in finance lease

The Corporation's promissory notes receivable and net investment in finance lease are the result of transactions that occurred in 2003, when the Corporation agreed to sell and rent several parcels of land to a wholly-owned subsidiary of the Ontario Teachers' Pension Plan. At the time of the transaction, the Corporation ensured that the counterparty met the criteria set out by the Corporation with regards to credit worthiness and risk, especially given the long-term nature of the receivables. The Corporation monitors the collection of the promissory notes receivable and rental payments associated with the net investment in finance lease, which are collected on a monthly basis through the CBC Monetization Trust.

G. Liquidity Risk

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

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

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

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

(in thousands of dollars)	**Carrying amount of liability at March 31, 2013**	**Contractual cash flows**	**Within 1 Year**	**2 to 5 Years**	**Over 5 years**
Bonds payable	297,586	479,063	33,039	132,155	313,869
Notes payable	121,009	166,358	11,473	45,892	108,993
Finance lease – Transponders	49,510	58,145	12,030	46,115	-
Finance lease – Mobile equipment	4,708	4,901	1,730	3,171	-
Finance lease – Office equipment	1,135	1,211	264	947	-

30. Financial Instruments (Continued)

(in thousands of dollars)	Carrying amount of liability at March 31, 2012	Contractual cash flows	Within 1 Year	2 to 5 Years	Over 5 years
Bonds payable	308,626	512,101	33,039	132,155	346,907
Notes payable	126,679	177,831	11,473	45,892	120,466
Finance lease – Transponders	57,873	70,174	12,030	48,120	10,024
Finance lease – Mobile equipment	6,278	6,631	1,730	4,901	-

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

31. Comparative Figures

The Corporation has reclassified certain comparative figures in the Consolidated Statement of Income to conform to the current presentation. The reclassification was immaterial and did not have an impact on the Consolidated Statement of Financial Position or the Consolidated Statement of Cash Flows. As a result, a third statement of financial position, as at April 1, 2011, and related note disclosures have not been provided.

Governance Matters

Transparency and Accountability

In 2012–2013, the Information Commissioner awarded CBC/Radio-Canada a grade of "A" in her special report tabled in Parliament for our performance under the Access to Information Act. This contrasts with the "F" we received in the Commissioner's previous report, tabled in March 2011. Also this year, our ongoing improvements in transparency, accountability and access to information earned us a spot as a finalist in the 2012 Institute of Public Administration of Canada (IPAC)/Deloitte Public Sector Leadership Awards.

Access to Information and Proactive Disclosure

Over the course of the year, we responded to a total of 152 access to information (ATI) requests. This includes 150 of the 154 requests received this year and two others carried over from fiscal year 2011–2012. No files received in 2012–2013 were answered late.

We released approximately 18,000 pages of information in 2012–2013, including more than 3,900 pages pertaining to meetings of CBC's Board of Directors posted proactively on our Transparency and Accountability website. These 3,900 pages of information were processed and posted in accordance with the *Act,* as if they had been requested formally under the *Act*. CBC/Radio-Canada also continues to proactively post records released in answer to ATI requests that are of general interest to Canadians. Since 2010, more than 32,000 such pages have been posted in relation to eight general categories (Expenses, Policies, etc.).

We received 47 complaints regarding our processing of ATI requests in 2012–2013. This is down from a high of 525 complaints received in fiscal year 2007–2008, and is the lowest number of complaints received since we became subject to the *Access to information Act* in 2007. The downward trend in our "deemed refusal rate" also continued during fiscal year 2012–2013. This rate, which refers to requests not responded to within statutory limits, has dropped steadily from a high of 80.5 per cent in 2007–2008 to 1.1 per cent by the end of March 2013.

Annual Public Meeting

We hosted our fourth APM on September 25, 2012, in front of a live audience in St. John's, Newfoundland and Labrador, highlighting our commitment to enhancing our regional presence. Canadians from across the country also tuned in via Twitter and webcast to hear Chair of the Board of Directors Rémi Racine, President and CEO Hubert T. Lacroix and Vice President and Chief Financial Officer Suzanne Morris provide highlights of 2011−2012 and an overview of the Corporation's direction for the current fiscal year and beyond. Archived material from the APM can be viewed here.

Journalistic Standards and Practices

CBC/Radio-Canada has an extensive code of Journalistic Standards and Practices and editorial control mechanisms to guide employees and to ensure that our programming remains balanced and accurate.

To address new challenges, CBC/Radio-Canada adopted an updated and modernized Journalistic Standards and Practices (JS&P) document. This latest version still holds the national public broadcaster to the highest standards of accuracy and fairness when it comes to its news and current affairs, but also takes into account many of the new situations encountered in the world of social media and the Internet. The Corporation also adopted guidelines to ensure employees consider the implications of each and every posting they make on social media sites and services, and act in a way that reflects our values.

Complaints about news and current affairs programming from the public that are not resolved at the program level to the satisfaction of the complainants are dealt with by the Corporation's two Ombudsmen. The Ombudsmen are completely independent of CBC/Radio-Canada programming staff and programming management and report directly to our President and, through the President, to our Board of Directors. The role of the Ombudsmen is pivotal in strengthening the national public broadcaster's accountability and transparency to Canadians.

Ombudsmen

In 2012−2013, the Offices of the Ombudsmen handled a total of 4,236 complaints, expressions of concern and other communications. Of these, 2,618 concerned English Services and 1,618 concerned French Services, as documented in the annual reports from the Ombudsmen. For English Services, 1,586 communications fell within the mandate of the Ombudsmen (news and current affairs programming), compared to 1,365 for French Services. Communications not directly related to our news and current affairs programming were forwarded to the programming departments concerned.

The Ombudsmen can be reached at: The Ombudsman for English Services, CBC/Radio-Canada, PO Box 500, Station A, Toronto ON M5W 1E6 (ombudsman@cbc.ca); and Bureau de l'ombudsman pour les Services français, CBC/Radio-Canada, CP 6000, Montréal QC H3C 3A8 (ombudsman@radio-canada.ca).

Code of Conduct

CBC/Radio-Canada employees at all levels are expected to adhere to the Code of Conduct and policies governing their behaviour in such areas as respect for democracy, respect for people, integrity, stewardship and excellence. Our code of conduct and human resources policies can be viewed online.

Corporate Social Responsibility

In pursuit of our mission to express Canadian culture and enrich the democratic life of this country, we strive to be a socially minded organization in everything that we do — from our programming and community activities that provide public value; to our social, environmental and business practices that benefit the planet; to our employee-related activities that enable our people to do their best to serve Canadians.

To illustrate the impact that we have on the communities we serve, we've created a dedicated website, called *Social Responsibility and Public Value at CBC/Radio-Canada — Citizenship: Inside and Out*, to present a sampling of our public value stories. In keeping with our environmental efforts, this publication is electronic only.

Please take a look at another side of CBC/Radio-Canada.

Board of Directors

Rémi Racine

Chair, Board of Directors

Montreal

Rémi Racine was appointed Chair of the CBC/Radio-Canada Board of Directors on June 21, 2012, for a five-year term. He was first appointed to the CBC/Radio-Canada Board of Directors on October 12, 2007, for a four-year term, which was renewed for a further four years on December 1, 2011.

Since 1999, Mr. Racine has been President and Executive Producer of Behaviour Interactive (formerly A2M), the leading independent video game developer in Canada and an award-winning interactive multimedia business. From 1996 to 1999, he was Executive Producer and General Manager at Behaviour Interactive. In 1994, Mr. Racine co-founded MMI MultiMedia Interactif, a CD-ROM entertainment maker, where he served as Vice-President, Finance and Development, before selling the company in 1996.

Mr. Racine holds a bachelor's degree in business administration (major in administration, finance and real estate) from Université du Québec à Montréal.

Hubert T. Lacroix

President and CEO

Montreal

Hubert T. Lacroix was appointed President and CEO of CBC/Radio-Canada on October 31, 2007, for a five-year term. He began his mandate on January 1, 2008. On October 4, 2012, he was reappointed for a second five-year term.

As President and CEO, Mr. Lacroix is responsible for overseeing the management of CBC/RadioCanada to ensure that Canada's national public broadcaster can deliver on the various aspects of its mandate and continue to offer Canadians a broad spectrum of high quality programming that informs, enlightens and entertains, and that is created by, for and about Canadians.

Just before joining CBC/Radio-Canada, Mr. Lacroix held the position of Senior Advisor with the Montreal office of Stikeman Elliott, a law firm recognized nationally and internationally for its business law practice. Prior to this, Mr. Lacroix was Executive Chairman of Telemedia Corporation and of the other Boards of Directors of the various companies in the Telemedia corporate structure. Before joining Telemedia, he was a Senior Partner at McCarthy Tétrault, a major Canadian law firm.

Mr. Lacroix received his Bachelor of Civil Law (1976) and his Master's degree in Business Administration (1981) from McGill University. He has been a member of the Bar since 1977.

In addition, he is a Trustee of the Lucie and André Chagnon Foundation and a Director of their private holding company.

Vivian Bercovici

Toronto

Vivian Bercovici was appointed to the Board of Directors of CBC/Radio-Canada on March 7, 2013, for a five-year term.

Ms. Bercovici is a partner at Heenan Blaikie LLP, a leading Canadian law firm, where she practices in the areas of insurance regulatory and commercial law, corporate risk management, corporate governance, privacy, strategic public policy and federal First Nation claim negotiations. Previously, she was the Vice President, General Counsel and Corporate Secretary at The Dominion of Canada General Insurance Company (1998–2006). From 1995–1997, she was a senior policy advisor to the Minister of Finance, Ontario. Prior to that, she practiced law at Paterson MacDougall (1990–1995), focusing on media defence work. During that period, she also served as a member of the Executive of the Canadian Bar Association (Ontario) Media and Communications Law section. Ms. Bercovici writes a monthly column on Middle East affairs for *The Toronto Star* and is an adjunct professor at the University of Toronto Faculty of Law.

Ms. Bercovici holds a Bachelor of Arts (Honours) degree in English and political science (1984) from York University. She attended the Hebrew University of Jerusalem (1981–1982) and received a postgraduate degree in international relations (1985) from the London School of Economics and Political Science. She graduated from the University of Toronto Law School with a Bachelor of Laws degree (1988). Ms. Bercovici is a member of the Law Society of Upper Canada and the Canadian Bar Association.

Edward W. Boyd

Toronto

Edward W. Boyd was appointed to the Board of Directors of CBC/Radio-Canada effective June 1, 2010 for a five-year term.

Mr. Boyd is Chief Executive Officer of One Advertising Inc., a full service communications company providing marketing solutions to leading corporations. Prior to this he was Chief Executive Officer of 58Ninety Inc., a digital marketing agency, where he created interactive marketing strategies and solutions for major corporate clients. Previously, Mr. Boyd was President and CEO of Iceberg Media.com, a pioneering Canadian Internet radio broadcaster, which was later acquired by Standard Radio. Before joining Iceberg, he held the position of President at ecommerce book retailing company Indigo Online. Mr. Boyd also served as Senior Vice-President of New Media and New Business for Young and Rubicam Canada. There, he provided interactive strategies for a variety of significant clients. He also served as the founding President of the Interactive Advertising Bureau of Canada.

Mr. Boyd holds a Bachelor of Arts degree in political science from the University of Toronto (1986), and a Masters in Business Administration degree from the Rotman School of Management at the University of Toronto (1997). He also received an ICD.D certification from the Institute of Corporate Directors (2011).

Peter D. Charbonneau

Ottawa

Peter D. Charbonneau was appointed to the Board of Directors of CBC/Radio-Canada effective December 19, 2008, for a five-year term.

Mr. Charbonneau is a general partner at Skypoint Capital Corporation, an early-stage technology venture capital firm. Prior to taking on his current position, Mr. Charbonneau was an Executive Vice President of March Networks Corporation. Previously, he had spent 13 years at Newbridge Networks Corporation acting in numerous capacities, including Chief Financial Officer, Executive Vice President, President and Chief Operating Officer, and Vice Chairman. Mr. Charbonneau began his career at Deloitte & Touche LLP as an accountant. He also sits on the boards of Mitel Networks Corporation, CounterPath Corporation (TSX-V:CCV), Teradici Corporation and is Chairman of the CBC Pension Board of Trustees.

Mr. Charbonneau completed a Bachelor of Science degree from the University of Ottawa (1975) and an MBA from the University of Western Ontario (1977). He has been a member of the Institute of Chartered Accountants of Ontario since 1979. Mr. Charbonneau also holds the ICD.D certification from the Institute of Corporate Directors. He is a member and Fellow of the Institute of the Chartered Accountants of Ontario.

George T.H. Cooper

Halifax

George T.H. Cooper was appointed to the Board of Directors of CBC/Radio-Canada on May 16, 2008, for a four-year term. On October 4, 2012, he was reappointed for a two-year term.

Mr. Cooper is Interim President of the University of King's College in Halifax, Nova Scotia, having been appointed to that position in July, 2012. He is on leave from the Atlantic Canada law firm of McInnes Cooper, where he remains Counsel; formerly he practiced corporate and commercial law in the firm's Halifax office. He was Chair of the firm's board of directors from 2006–2012. He is a former Member of Parliament and was Parliamentary Secretary to the Minister of Justice of Canada. Mr. Cooper is also Managing Trustee of the Killam Trusts, comprising some $400 million in educational and scholarship endowments at several Canadian universities and the Canada Council for the Arts.

Mr. Cooper received his Bachelor of Science (1962) and his Bachelor of Laws (1965) from Dalhousie University. He later attended Oxford University as a Rhodes Scholar, where he received a Bachelor of Civil Law (1967), and was admitted to the Nova Scotia Bar the same year. Dalhousie University, the University of Alberta and the University of King's College have each granted him honorary Doctor of Laws degrees in 2004, 2007 and 2008, respectively.

Pierre Gingras

Blainville

Pierre Gingras was appointed to the CBC/Radio-Canada Board of Directors effective February 3, 2011, for a five-year term.

Mr. Gingras was previously a member of the Quebec National Assembly for the electoral district of Blainville. In this capacity, he chaired the official opposition caucus and was opposition critic for transportation. Prior to being elected MNA, Mr. Gingras was a Blainville city councillor for four years before going on to serve a 12-year term as mayor. He founded and led the Parti de l'action civique de Blainville. At the time he entered municipal politics, he was commissioner of the Sainte-Thérèse school board and, before that, worked in the printing industry.

Over the course of his career, Mr. Gingras has also acted as chair of the Laurentides Regional Development Council, as a board member of the MRC Thérèse-De Blainville and as board member and treasurer of the Union of Quebec Municipalities (UMQ). Mr. Gingras currently sits on the board of the Amicale des anciens parlementaires du Québec. Active in the community, he has been a member and vice-president of youth services with the Blainville Optimist Club, chair of the Carrefour action municipale et famille and has held a number of positions with the World Family Organization.

Marni Larkin

Winnipeg

Marni Larkin was appointed to the Board of Directors of CBC/Radio-Canada on June 21, 2012, for a five-year term.

Ms. Larkin is the current CEO of Boom Done Next, a management consulting firm based in Winnipeg. Before launching her own company in 2005, Ms. Larkin was the President of Sales Oxygen in Winnipeg where she was responsible for client acquisition and development. Prior to that, she worked as the Procedural Assistant to the Government House Leader for the Province of Manitoba. She was responsible for legislation and regulation development and the session of the House. She also worked for the Province of Manitoba as the Manager of the Sustainable Development Innovations Fund.

Ms. Larkin received her diploma in hotel management from the Red River Community College in Winnipeg in 2001.

Terrence Anthony Leier

Regina

Terrence Anthony Leier was appointed to the Board of Directors of CBC/Radio-Canada on May 31, 2012, for a five-year term.

Mr. Leier currently practices law in Regina, Saskatchewan, where he specializes in a range of business and government relations activities. Before opening his own private practice in 1991, Mr. Leier had been the Senior Vice-President and General Counsel at the Crown Management Board of Saskatchewan since 1982. Prior to that, he was with the City of Regina Solicitor's Office, overseeing many of the city's significant growth and development initiatives for more than a decade. He began his career as a Naval Lieutenant for the Royal Canadian Navy Reserve.

Mr. Leier received his Bachelor of Arts (1962) and his Bachelor of Law (1966) degrees from the University of Saskatchewan. He was admitted to the Law Society of Saskatchewan in 1966. In 1990, Mr. Leier completed executive development studies at the Stanford Graduate School of Business, Stanford University.

Maureen McCaw

Edmonton

Maureen McCaw was appointed to the Board of Directors of CBC/Radio-Canada on December 13, 2012, for a five-year term.

Ms. McCaw was the Executive Vice-President of Leger Marketing Research, Alberta where she also held the positions of Vice-President and President for Alberta. Founder and President of Criterion Research, a full-service market research company, employing 16 full-time staff and 150 project staff, she joined Leger Marketing when it purchased Criterion Research in 2005. Ms. McCaw is a member of the Alberta Securities Commission. She sits on a number of industry and community boards, including Suncor Energy, Edmonton International Airports, Royal Alexandra Hospital, Women Building Futures and Nature Conservancy of Canada, and on the advisory board of Leger Marketing.

Ms. McCaw holds a Bachelor of Arts degree in economics from the University of Alberta and earned an ICD.D certification from the Institute of Corporate Directors.

Patricia A. McIver

Vancouver

Patricia A. McIver was appointed to the Board of Directors of CBC/Radio-Canada effective June 18, 2008, for a five-year term.

Mrs. McIver is a Chartered Accountant and currently works with Richardson Partners Financial Limited, a prominent independent wealth management firm. In the course of her extensive career in the financial industry, she also has been employed by two well-known chartered accounting firms, PriceWaterhouseCoopers and Manning Elliott. Prior to joining Richardson Partners Financial Limited, she held an advisory position at Standard Life, an international financial services group.

Mrs. McIver holds a Bachelor of Arts (honours) in business administration from the Richard Ivey Business School at the University of Western Ontario (1985). In 1988, she earned her Chartered Accountant designation from the Canadian Institute of Chartered Accountants (CICA) and the Institute of Chartered Accountants of British Columbia (ICABC). Subsequently, Mrs. McIver completed the CICA In-Depth Tax Program and the CICA Tax Specialty programs in Corporate Reorganizations and Wealth Preservation. She holds both the CFP (Certified Financial Planner) and TEP (Trust and Estate Practitioner) designations.

Brian R. Mitchell

Montreal

Brian R. Mitchell was appointed to the Board of Directors of CBC/Radio-Canada for a five-year term, effective April 21, 2008. On March 7, 2013, he was reappointed for a second five-year term. In addition, he serves as a trustee on the CBC Pension Board of Trustees.

Mr. Mitchell is a corporate commercial lawyer and serves as the managing partner of Mitchell Gattuso, a boutique Montréal law firm with an extensive corporate practice. He previously worked as a junior associate for the Montréal law firm, Ahern Lalonde Nuss Drymer.

Mr. Mitchell graduated from St. Andrews College, Aurora. He holds a Bachelor of Arts (cum laude) degree in History and Literature from Harvard University. He subsequently attended the Faculty of Law at McGill University, where he was awarded the 125th Anniversary Entrance Scholarship, and in 1985 graduated from the National Program with a Bachelor of Common Law and a Bachelor of Civil Law degrees. He has been a member of the Quebec Bar since 1987.

Board Committee Members

Standing Committees on English and French Language Broadcasting

Standing Committees on English and French language broadcasting comprise Rémi Racine as Chair Hubert T. Lacroix, Vivian Bercovici, Ted Boyd, Peter Charbonneau, George Cooper, Pierre Gingras, Marni Larkin, Terrence Leier, Maureen McCaw, Patricia McIver and Brian Mitchell.

Audit Committee

Audit Committee membership comprises Peter Charbonneau as Chair, Terrence Leier, Maureen McCaw Patricia McIver and Brian Mitchell

Human Resources and Governance Committee

The Human Resources and Governance Committee comprises Ted Boyd as Chair, Vivian Bercovici, George Cooper, Marni Larkin and Rémi Racine.

Infrastructure Committee

The Infrastructure Committee comprises Rémi Racine as Chair, Ted Boyd, Pierre Gingras, and Marni Larkin.

Strategic Planning Committee

The Strategic Planning Committee comprises Ted Boyd as Chair, Peter Charbonneau, Maureen McCaw and Rémi Racine.

Director Compensation

The compensation of members of the Board of Directors is as follows:

The Chair of the Board and the President and CEO are compensated in accordance with the terms of the Order-in-Council appointing them. The President and CEO receives an annual salary while the Chair of the Board receives an annual retainer (from $14,500 to $17,100) and per diem fee (from $565 to $665) for meetings, travel time, and special executive, analytical or representational responsibilities.

The remuneration scheme for directors (other than the CEO and the Chairperson), established by a bylaw approved by the Minister of Canadian Heritage, can be summarized as follows:

Meetings		Board of Directors	Audit Committee	Other Committees
Regular (in person) Meetings	Attendance in person	For the first 6 regular meeting days: $2,000/day Thereafter: $625/day	For the first 6 regular meeting days: $1,300/day for members $1,550 for the Chair Thereafter: $625/day	For the first 4 regular meeting days: $1,000/day for members $1,250 for the Chair Thereafter: $625/day
	Participation by telephone	$625/day or $312.50/half-day	$250/day	$250/day
Conference Call Meetings		$250/day	$250/day	$250/day

Directors are entitled to receive only one meeting fee for each day (24 hours), even if they attend more than one meeting during that period.

Compensation data for CBC/Radio-Canada's Directors is summarized in Note 29 to the audited financial statements.

Board of Directors Attendance

The following table outlines the attendance of Board members at meetings during the last fiscal year.

2012–2013 Board Meetings

Board Members	Board	Governance & Nominating Committee	Human Resources & Compensation Committee	Audit Committee	Broadcasting Committees	Real Estate Committee	Strategic Planning Committee	Human Resources & Governance Committee
In person	6	2	3	4	2	5	1	3
By video conference	1			1		1	1	
By conference call	6	1					2	1
Timothy Casgrain [1]	3/3		2/2			2/2	1/1	
Rémi Racine [2]	13/13		3/3		2/2	6/6	4/4	4/4
Hubert T. Lacroix	13/13				2/2			
Vivian Bercovici	1/1							
Linda Black [3]	1/1							
Edward Boyd	13/13	3/3	1/1	5/5	2/2		3/4	4/4
Peter Charbonneau	13/13			5/5	2/2		3/4	
George Cooper	11/13		3/3		2/2		4/4	4/4
Pierre Gingras	13/13	3/3			2/2	4/4		
Marni Larkin	9/9				2/2			4/4
Terrence Leier	10/11			3/3	2/2			
Maureen McCaw	2/2				1/1			
Patricia McIver	13/13			5/5	2/2	6/6		
Brian Mitchell	13/13			5/5	2/2	6/6		
Edna Turpin[4]	6/9	3/3		2/3	0/1			
John Young [5]	1/1							

[1]Timothy Casgrain was replaced on June 21, 2012.

[2]Rémi Racine was appointed Chair on June 21, 2012.

[3]Linda Black resigned on April 20, 2012.

[4]Edna Turpin was replaced on December 13, 2012.

[5]John Young resigned on May 21, 2012.

Senior Executive Team

The Senior Executive Team, led by the President and CEO, manages CBC/Radio-Canada's day-to-day operations.

Hubert T. Lacroix

President and CEO

Refer to the previous Board of Directors section.

Maryse Bertrand

Vice-President, Real Estate Services, Legal Services and General Counsel

Maryse Bertrand was appointed Vice-President, Real Estate, Legal Services and General Counsel for CBC/Radio-Canada on July 16, 2009, and began her duties on September 8, 2009.

Ms. Bertrand is responsible for the real estate portfolio of CBC/Radio-Canada across Canada and abroad and for the General Counsel's offices in Montreal, Toronto and Ottawa, the Corporate Secretariat and the administration of the access to information and privacy laws.

Before coming to CBC/Radio-Canada, Ms. Bertrand was a partner specialising in securities law and mergers and acquisitions at Davies Ward Phillips & Vineberg (1981–2009).

Ms. Bertrand earned an honours bachelor's degree in civil law from McGill University in 1980 (University Scholar 1978−1980). Ms. Bertrand is a member of the Quebec Bar, which awarded her the distinction of Advocatus Emeritus (Ad. E.) in 2007, and a member of the Canadian Bar Association and American Bar Association.

Ms. Bertrand is Chair of the Board of ARTV.

William B. Chambers

Vice-President, Brand, Communications and Corporate Affairs

William B. Chambers was appointed CBC/Radio-Canada's Vice-President, Brand, Communications and Corporate Affairs, on September 15, 2008. Previously, he had been appointed Vice-President, Communications, on January 15, 2003.

Mr. Chambers is responsible for developing and implementing a single coherent corporate branding strategy for CBC/Radio-Canada, for leading internal and external communications across the Corporation, and for formulating the overall strategic direction for the promotion and marketing of programs. He also oversees the Government Relations group, which puts forward the Corporation's interests to Members of Parliament, and advises the President and CEO and his colleagues on these issues.

Prior to joining CBC/Radio-Canada, Mr. Chambers was based in London, England, where he was Managing Director, Europe, for Goldfarb Consultants.

Mr. Chambers holds a Master of Business Administration from the European School of Management (EAP) in Paris, France (1996), and has completed the Executive Education Program at the Wharton School of the University of Pennsylvania (1993).

Steven Guiton

Vice-President Technology and Chief Regulatory Officer

Steven Guiton, Vice-President and Chief Regulatory Officer, was appointed to CBC/Radio-Canada's Senior Executive Team in June 2009.

Mr Guiton is responsible for CBC/Radio-Canada's technology direction and for ensuring that technology decisions and activities support the company's overall strategic and operating objectives.

Mr. Guiton is also responsible for developing and implementing the Corporation's regulatory strategies for its television and radio services pursuant to the Corporation's regulated status under the *Broadcasting Act*, and to its regulatory oversight by the CRTC. In addition, Mr. Guiton is responsible for Research and Analysis, which produces measures of the Corporation's performance in respect of its mandate and its regulatory requirements, and creates analytical tools in respect of media industry trends.

Before becoming Vice-President Technology, and Chief Regulatory Officer, Mr. Guiton was Vice-President and Chief Regulatory Officer, Media Technology Services, responsible for moving content across the Corporation's national, regional, and local networks. Prior to that, Mr. Guiton was CBC/Radio-Canada's Executive Director, Strategy and Government Relations. In his other previous positions, he had been Vice-President, Regulatory Affairs, at the Canadian Cable Television Association, and Regulatory Vice-President at Unitel Communications Inc. (formerly AT&T Canada and now Allstream).

Mr. Guiton holds an M.A. in economics from Simon Fraser University and a B.A. in economics and commerce from the University of Toronto; he also attended the University of British Columbia for doctoral studies in economics.

Louis Lalande

Executive Vice-President, French Services

Louis Lalande was appointed Executive Vice-President of CBC/Radio-Canada French Services on January 16, 2012, after holding the position on an interim basis since September 26, 2011.

Mr. Lalande oversees all aspects of CBC/Radio-Canada's French-language programming services, which include, among other things, Télévision de Radio-Canada, Réseau de l'information de Radio-Canada (RDI), ARTV, Radio de Radio-Canada, RCI, Radio-Canada.ca, Espace.mu and Tou.Tv.

Mr. Lalande has been in the news business for 25 years, mainly at Radio-Canada. Before joining CBC/Radio-Canada's Senior Executive Team, he was Executive Director of Regional Services, which comprises television, radio and web services. Prior to that, he helped establish the Centre de l'information de Radio-Canada in Montreal where he was the News and Current Affairs Director for Télévision de Radio-Canada and RDI for more than two years, after having been Executive Director of Technical Production. Mr. Lalande stopped working for the national public broadcaster for a few years, during which he notably created LCN, TVA's all-news television channel.

Suzanne Morris

Vice-President and Chief Financial Officer

Suzanne Morris was appointed CBC/Radio-Canada's Vice-President and Chief Financial Officer (CFO) effective April 2009.

In addition to being responsible for all aspects of financial management for Canada's national public broadcaster, Ms. Morris oversees corporate business partnerships, and plays an instrumental role in helping to achieve a sustainable economic model for the future of the Corporation.

Before becoming a member of CBC/Radio-Canada's Senior Executive Team, Ms. Morris was Secretary/Treasurer to the CBC Pension Board of Trustees, where she was responsible for the CFO, IT, risk management, benefit administration and secretariat functions at the Pension Fund and managed operations through a period of financial market turmoil and credit crisis.

Ms. Morris earned her Bachelor of Commerce degree with honours from the University of Ottawa in 1986 and holds a Chartered Accountant designation. She is an Institute of Chartered Accountants of Ontario prize-winner and served as a marker for the Institute's professional examinations. She has also lectured on accounting topics at the University of Ottawa. In 2011 and 2012 respectively, Ms. Morris was appointed a member of the Board of Governors of the University of Ottawa and a member of the board of directors of SiriusXM Canada.

Kirstine Stewart

Executive Vice-President, English Services

Kirstine Stewart was appointed to the role of Executive Vice-President of CBC's English Services, CBC/Radio-Canada in January 2011. She left CBC/Radio-Canada as of April 29, 2013 and a recruitment process has been launched. In the meantime, Kirstine's responsibilities have been taken up on an interim basis by Neil McEneaney, General Manager, English Services, Finance and Strategy.

Ms. Stewart was responsible for overseeing CBC's English radio and audio, television and digital operations across the country. Her role has been to revolutionize the CBC as the modern public broadcaster, providing a new generation of programming and content to inform, educate and entertain.

Additionally, she was responsible for the development and implementation of Strategy 2015: *Everyone, Every way* for English Services, with the goal to develop broadband and mobile content strategies, and increase CBC's presence with local service expansion announcements to better serve and connect Canadians across the country.

Roula Zaarour

Vice-President, People and Culture

Roula Zaarour was appointed CBC/Radio-Canada's Vice-President, People and Culture, on December 1, 2011.

Ms. Zaarour is responsible for delivering the Corporation's human resources services and ensuring a positive relationship between management and employees. She helps lead the "people" component of the Corporation's five-year strategic plan, Strategy 2015, ensuring that CBC/Radio-Canada is a rewarding, progressive and diverse workplace that builds professional teams of innovative and highly skilled people dedicated to accomplishing the plan.

Before coming to CBC/Radio-Canada, Ms. Zaarour was Vice-President of Business Transformation at the Argentinean airline Aerolineas Argentinas, a company of around 10,000 employees. There, she led the implementation of a transformation plan based on a five-year business strategy following a full re-nationalization of the airline. Prior to that, Ms. Zaarour was Senior Consultant at MatlinPatterson Global Advisors LLC, a private equity firm specializing in distressed investments. In this role, she developed and led the execution of the restructuring plans for investments in the aviation sector in the U.S. and South America. She was heavily involved in industrial relations with various governmental and unionized stakeholders.

Ms. Zaarour earned her Bachelor of Science in computer science from the Lebanese American University in Beirut. She then moved to Boston where she pursued her M.Sc. in Engineering Management at Northeastern University, and then to Montreal where she completed an MBA at Concordia University.

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