

CBC | RADIO-CANADA ANNUAL REPORT 2005-2006

STRIKING THE RIGHT BALANCE

IN AN ERA OF THOUSANDS OF CHANNELS, STATIONS, AND SITES, HOW WILL WE CONTINUE TO REMAIN ESSENTIAL TO CANADIANS? BY FINDING CREATIVE WAYS TO BALANCE COMPETING, SOMETIMES SEEMINGLY CONTRADICTORY, NEEDS.

IT'S ALL ABOUT BALANCE.

CONTINUITY

THROUGHOUT CBC | RADIO-CANADA'S 70-YEAR HISTORY, THE CORE OF OUR MANDATE HAS NOT CHANGED: TO OFFER DISTINCTIVE CANADIAN PROGRAMMING THAT REFLECTS THE RICHNESS AND DIVERSITY OF CANADA, ITS REGIONS AND ITS PEOPLE, AND THAT HELPS SHAPE CANADIAN IDENTITY.

WHILE OUR MANDATE REMAINS THE SAME IN ESSENCE, CANADA'S DEMOGRAPHIC MAKE-UP CONTINUES TO CHANGE, THE NEEDS AND INTERESTS OF OUR AUDIENCES CONTINUE TO EVOLVE, AND NEW TECHNOLOGIES EMERGE CONSTANTLY. TO REMAIN RELEVANT, CBC | RADIO-CANADA ALSO MUST EVOLVE WITH — AND EVEN AHEAD OF — OUR AUDIENCES' NEEDS, AND ADAPT TO THE POSSIBILITIES PRESENTED BY EMERGING TECHNOLOGIES.



CHANGE

AS WE WORK TO PRESERVE THOSE ELEMENTS THAT HAVE HALLMARKED US, WE MUST TAKE RISKS, TRY NEW THINGS AND CHALLENGE OUR AUDIENCES WITH PROGRAMMING THEY MIGHT NOT EXPECT FROM THEIR NATIONAL PUBLIC BROADCASTER.



BALANCING OUR PAST, EMBRACING THE FUTURE TO REMAIN RELEVANT, CBC | RADIO-CANADA
NEEDS TO REACH MORE CANADIANS IN MORE WAYS, PROVIDING THEM WITH THE NEWS, INFORMATION AND



PRESERVE

HER FAVOURITE PROGRAM HAS BEEN ON THE AIR FOR YEARS,
AND SHE HOPES IT CONTINUES FOR YEARS TO COME.

ENTERTAINMENT PROGRAMMING THEY WANT — WHEN, WHERE AND HOW THEY WANT IT. AT THE SAME TIME, WE NEED TO RETAIN THE QUALITIES THAT HAVE EARNED THE LOYALTY OF OUR TRADITIONAL AUDIENCES.

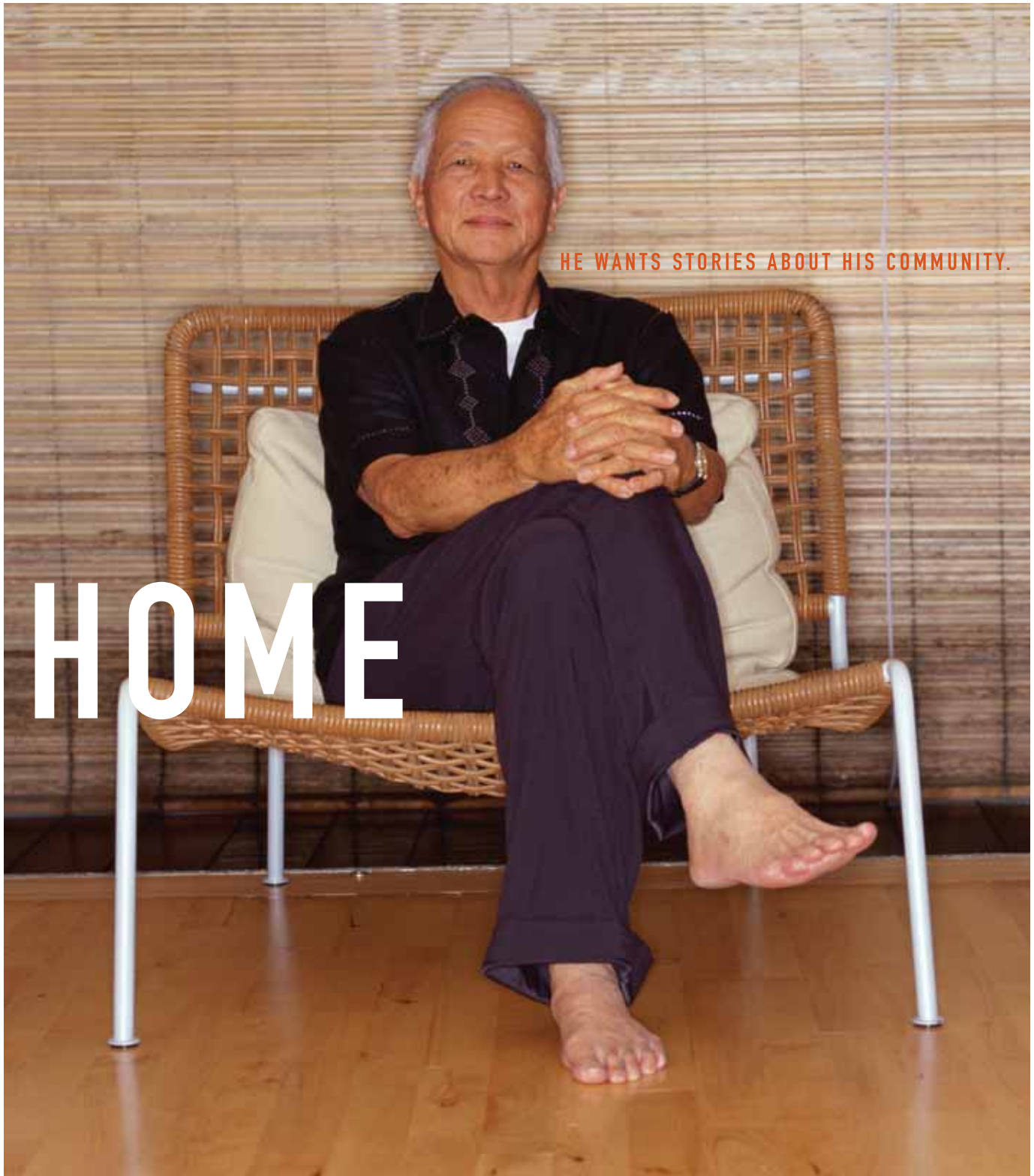


INNOVATE

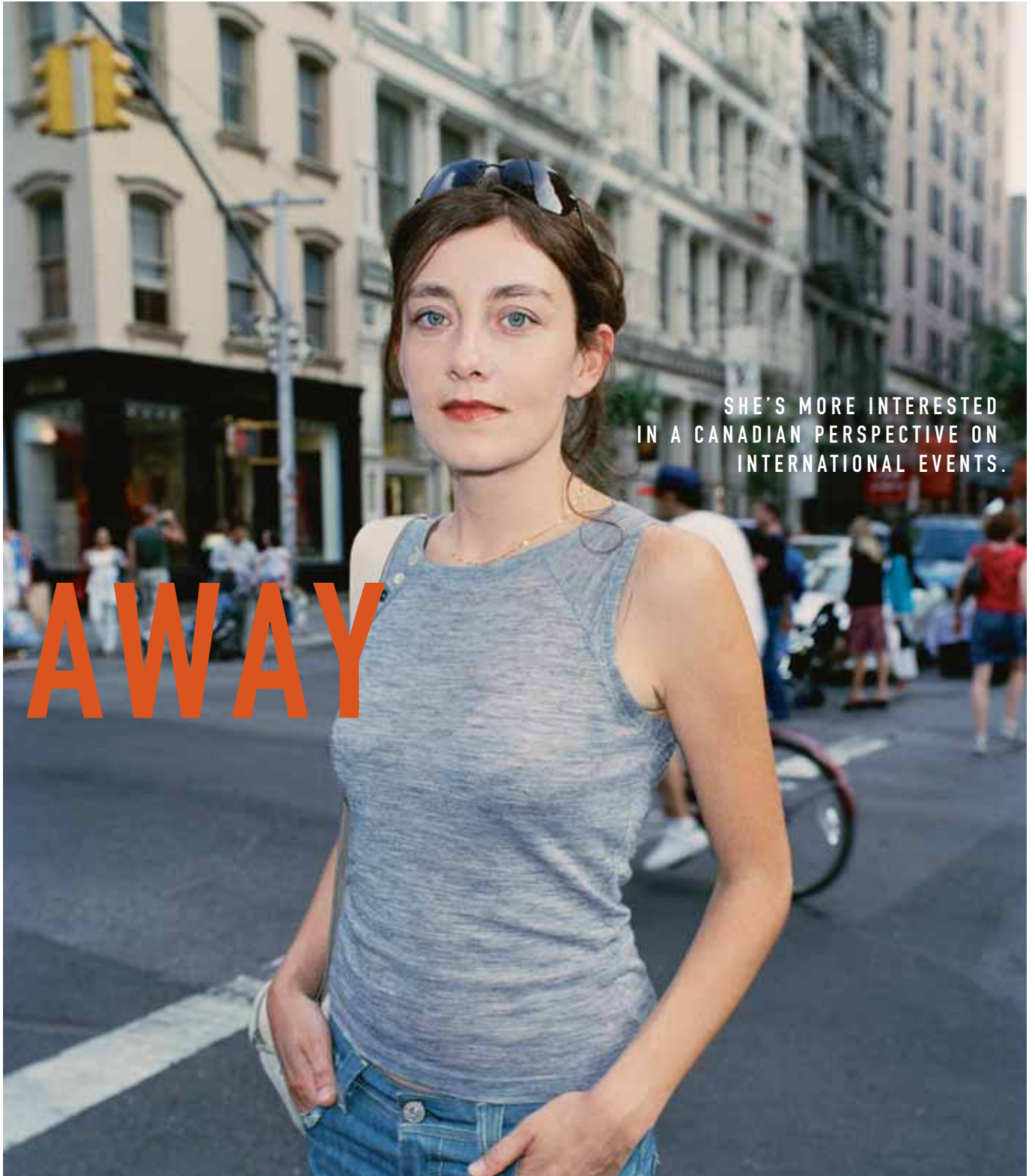
IF HE CAN'T DOWNLOAD IT TO HIS IPOD, HE'S NOT INTERESTED.



REFLECTING CANADA TO CANADIANS, AND TO THE WORLD AS CANADA'S NATIONAL PUBLIC BROADCASTER, CBC | RADIO-CANADA REFLECTS THE COUNTRY'S CULTURAL AND REGIONAL DIVERSITY WHILE AT



THE SAME TIME BRINGING CANADIANS TOGETHER THROUGH EXPRESSIONS OF SHARED VALUES AND ASPIRATIONS. IN AN ERA OF GLOBALISATION, WE ALSO BRING THE WORLD TO CANADIANS, AND CANADIANS TO THE WORLD.



AWAY

SHE'S MORE INTERESTED
IN A CANADIAN PERSPECTIVE ON
INTERNATIONAL EVENTS.

STRIKING THE RIGHT BALANCE



CBC | RADIO-CANADA ANNUAL REPORT 2005-2006

WHY NOT BOTH? AS THE NATIONAL PUBLIC BROADCASTER, WE HAVE A MANDATE TO SERVE ALL CITIZENS WITH A RANGE OF DISTINCTIVE CANADIAN PROGRAMMING THAT INFORMS, ENLIGHTENS AND ENTERTAINS. FROM NATION-BINDING EVENTS LIKE THE OLYMPICS AND HOCKEY, TO DRAMA AND PERFORMING



POPULAR

HE WANTS PROGRAMS THAT ENTERTAIN HIM AND MAKE HIM LAUGH.

ARTS PROGRAMS THAT CANADIANS WON'T FIND ANYWHERE ELSE AND IN-DEPTH COVERAGE OF NATIONAL AND INTERNATIONAL EVENTS, CBC | RADIO-CANADA IS THE PLACE CANADIANS TURN TO FOR COMPELLING CANADIAN STORIES AND PERSPECTIVES.

SHE WANTS COMPELLING CANADIAN DRAMA
AND PERFORMING ARTS PROGRAMMING.

ARTFUL



HERE'S THE CHALLENGE FOR
CBC | RADIO-CANADA: TO CONNECT
CANADIANS TO THEIR COMMUNITIES,
THEIR COUNTRY AND THE WORLD
THROUGH COMPELLING CANADIAN
CONTENT – WITH LIMITED RESOURCES.

HOW ARE WE MEETING THE CHALLENGE?
BY ADAPTING TO CANADA'S EVOLVING
CULTURAL AND DEMOGRAPHIC MAKE-UP.
BY CHANGING THE WAYS WE THINK
ABOUT OUR AUDIENCES AND OUR
PROGRAMMING. BY FINDING NEW WAYS
TO FOSTER CREATIVITY AND RISK-TAKING.
BY BALANCING COMPETING NEEDS.

BALANCE IS CHALLENGING.

BALANCE IS ESSENTIAL.

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CHAIRMAN'S MESSAGE

It was not without apprehension that I accepted to chair CBC | Radio-Canada's Board of Directors. The responsibility of leading the Board of one of the country's largest cultural institutions simply seemed beyond my capabilities. Yet, since October 2005, I have been settling into my duties.

CBC | Radio-Canada has played a defining role in my professional life. I began my career as a journalist here in 1958, and went on to pursue another career as a writer. I freelanced exclusively for CBC | Radio-Canada until 1980, when I took up hosting and writing duties in private television, and then became a broadcaster when I launched a second private French-language television network. This lengthy foray into the private sector helped me understand CBC | Radio-Canada's vital leadership role in setting benchmarks for quality that have kept Canadian radio and television at the top of the game.



For instance, thanks to Télévision de Radio-Canada, we were able to begin talking about culture in Québec. It was neither American nor French, but French-speaking North American. It could ensure the cultural survival of French speakers in and outside Québec, for whom French-language television and radio were, and still are, a daily staple. In French-speaking Canada, television was the catalyst for a social and cultural explosion, the preferred – often sole – means of expression for our artists and writers, and the spark that ignited cultural self-fulfilment.

By reflecting our diversity, celebrating our achievements, and constantly asking questions, CBC | Radio-Canada has helped shape our country, building bridges between the regions and communities much like the railway did over a century ago.

Today, CBC | Radio-Canada is at a crucial juncture. Canada's audiovisual landscape has greatly changed, and many more changes loom on the horizon for the coming years. Canada has also changed. Its demographics have shifted, along with its centres of gravity and decision-making. The West has become just as important as Ontario and Québec. Alberta's gas and oil riches, coupled with emerging trade opportunities in Asia, will only strengthen this trend.

Our primary challenge lies in reflecting this new reality, and we must rise to it if we want to remain relevant. Through its News, Current Affairs and entertainment programming, CBC | Radio-Canada must ensure that all Canadians find a place in society, while living their lives well-informed and in a spirit of cooperation. CBC | Radio-Canada must also help develop social cohesion so that our minority and majority groups can join forces to secure social and economic progress for Canada.

The time is particularly ripe, therefore, to reflect on the public broadcaster's role and mandate. Do we want a healthy Canadian culture on our airwaves? Do we want to preserve a broadcasting space for our own voices and ideas where we can showcase our homegrown talent and individuality, and where we can continue helping to write the great Canadian story every day?

CBC | Radio-Canada has been driving our culture and striking a balance between the country's varied interests since 1936. Far from waning, I believe our role is growing more important with each passing day. Because the country is becoming more complex, it is more difficult to find solutions for the issues we face, and the proliferation of communications and information platforms only reaffirms the need for a coherent, responsible public broadcaster that values integrity.

In closing, I would like to sincerely thank all members of CBC | Radio-Canada's Board of Directors. Each has made invaluable contributions throughout the year, and I know that our public broadcaster and Senior Management can rely on each of them.

A handwritten signature in black ink, appearing to read 'Guy Fournier', with a long horizontal line extending to the right.

GUY FOURNIER
CHAIRMAN, BOARD OF DIRECTORS

BOARD OF DIRECTORS

MEMBERS OF THE BOARD OF DIRECTORS

Guy Fournier, C.M.

Chairman, Board of Directors
Saint-Paul-d'Abbotsford, Québec

Robert Rabinovitch

President and CEO
Ottawa, Ontario

Johanne Brunet

Marketing Professor
HEC Montréal
Montréal, Québec

Bernd Christmas

Chief Executive Officer
Membertou Band
Membertou, Nova Scotia

Hélène F. Fortin, C.A.

Partner
HLA Chartered Accountants
Longueuil/Brossard, Québec

Peter Herrndorf, O.C.

President and CEO
National Arts Centre
Ottawa, Ontario

Yasmin Jivraj

President and Co-owner
Acrodex
Edmonton, Alberta

Nezhat Khosrowshahi

Invest Investments Inc.
Vancouver, British Columbia

Howard McNutt

Partner
Goluch + Company
Halifax, Nova Scotia

Trina McQueen, O.C.

Professor, Broadcast Management
Schulich School of Business
York University
Toronto, Ontario

K. (Rai) Sahi

Chairman and CEO
Morguard Corporation
Toronto, Ontario



PRESIDENT AND CEO'S MESSAGE

The broadcasting industry thrives on creativity, renewal and risk-taking, and 2005–2006 offered plenty of each. From new programs and personalities, to new technologies and platforms, the past year was one of tremendous change and I am very proud to say that CBC | Radio-Canada was at the forefront of much of the most exciting broadcasting news for Canadians.

- ▶ In December we launched the satellite radio service Sirius Canada, expanding our reach to audiences in the US and to all Canadians, no matter where they live in this country. Of the 10 Canadian channels carried by the service, six are provided by CBC | Radio-Canada;
- ▶ In February, our Television services provided more than 1,300 hours of coverage of the 2006 Turin Winter Olympic Games including, for the first time in Canada, content that was available for viewing on cell phones;
- ▶ Our Radio services maintained their leadership positions in markets across Canada and, as in the case of CBC Radio One, we enhanced our presence in a number of local markets, providing more Canadians with the local information service they require. In May 2005, Radio de Radio-Canada's BBM results marked the first time that the Première Chaîne's audience reached one million listeners;
- ▶ Our French Radio service Espace musique had a remarkable first year on air with Fall BBM results of 2.5 per cent, confirming the appetite Canadians have for the kind and range of musical diversity that only a public broadcaster can deliver;
- ▶ While *CBC.ca* and *Radio-Canada.ca* remained among the country's top news and information websites, they also became one of the places Canadians go to download some of their favourite programs for listening to on their iPods or MP3 players. These devices are attracting large new audiences to CBC | Radio-Canada. In fact, this year there were one million individual podcast downloads of CBC Radio information and music programming, primarily from the 18-to-34-year-old group.



While these are just a few of the things we have to be proud of this year, they serve to reflect our efforts to evolve with – if not ahead of – the changing needs and interests of our audiences. To stay relevant we must continue to provide them not just with more of the Canadian News, information and entertainment programming they want, but also to provide it to them when, where and how they want it.

Our ability to do that, of course, is in part linked to the resources we have. Securing stable, multi-year funding for CBC | Radio-Canada remains one of our greatest challenges. Unfortunately, this comes at a time when the Corporation is faced with uncertainty around a number of key revenue sources. In 2005–2006, we continued to do our part to find funding internally through operating efficiencies and new revenues. But it is not enough.

While efficiencies and adequate funding are just two of the conditions required for our future success we must also renew the ways in which we operate. To that end, in February 2006, CBC Television announced a new approach to program development and commissioning with the objective of making

CBC Television the most important and popular video platform for Canadian News, Current Affairs, and entertainment programming in English Canada.

In September 2005, we brought the leadership for our French services under the auspices of a single office. Creating an integrated management structure allows us to develop an overall vision for our French services and to optimise our production resources. This will result in a stronger, more comprehensive and consistent public broadcaster for our audiences.

While we had much to celebrate, we were faced also with a number of challenges. Beyond inflation we continued to be faced with rising production costs, among other financial pressures. Audience fragmentation remains an issue not just for CBC | Radio-Canada, but for all broadcasters. I also cannot neglect to mention the labour dispute with the Canadian Media Guild (CMG). While it was difficult, the end result is a collective agreement that positions the Corporation for the coming years to recruit the best and the brightest creative talent in Canada and to challenge and inspire our employees, matching their talents to the task at hand. The real beneficiaries, though, are Canadians who will see and hear more diverse and improved programming on our airwaves and online, as a result. We are also pleased that we reached agreements with our two major Unions in the French file, STARF and SCRC, as well as with the Association of Professionals and Supervisors (APS).

Looking to the future, it is clear that we have work to do across all of our services in order to succeed. We need to take more risks and break down the structures that slow down decision-making, limit our access to the best talent and diminish our ability to innovate. As this year has shown, new technologies will continue to emerge and audiences will be presented with even more ways of receiving, accessing and interacting with programming content. These are reasons for, not against, a strong vibrant public broadcaster and we will continue our efforts to reinvigorate and renew CBC | Radio-Canada so that its future is as bright as its past.

Over the course of the next year there will be numerous opportunities for a discussion — with the Government, the CRTC and with Canadians — on the role, place and needs of the country's national public broadcaster. We will participate fully and actively in any discussion that allows us to articulate our thoughts on these important questions.

Finally, it is my pleasure to offer sincere thanks to our employees who have contributed to CBC | Radio-Canada's success over the past year. I also thank the Board of Directors for its ongoing support of our strategic directions and objectives. In today's multi-channel world, the road for a public broadcaster is not always an easy one and the Board's commitment, passion and creativity instills in me a confidence that we are equipped to take on whatever challenges and opportunities lie ahead.



ROBERT RABINOVITCH
PRESIDENT AND CEO

32
MILLION CITIZENS

27
SERVICES

1
VISION



VISION, MISSION, VALUES

VISION CONNECTING CANADIANS THROUGH COMPELLING CANADIAN CONTENT. **MISSION** TO CREATE AUDACIOUS, DISTINCTIVE PROGRAMMING. PROGRAMS DESIGNED TO INFORM, ENLIGHTEN AND ENTERTAIN.

VISION, MISSION, VALUES

PROGRAMS THAT REFLECT CANADIANS AND CANADA'S REGIONS. PROGRAMS THAT HELP TIE THE COUNTRY TOGETHER AND EXPLAIN GREAT NATIONAL AND INTERNATIONAL EVENTS. PROGRAMMING IN ALL GENRES WITH EMPHASIS ON NEWS AND CURRENT AFFAIRS, DRAMA AND CULTURE; AND NOT FORGETTING OUR SPECIAL RESPONSIBILITY TO CHILDREN.

CORE VALUES

- ▶ SERVING THE CANADIAN PUBLIC
- ▶ A CULTURE THAT IS DRIVEN TO ACHIEVEMENT
- ▶ A CREATIVE ORGANISATION IN CONTINUOUS RENEWAL
- ▶ WORKING TOGETHER

CORPORATE PRIORITIES

- ▶ ENSURE DISTINCTIVE PROGRAMMING OF THE HIGHEST QUALITY.
- ▶ RECOGNISE THE IMPORTANCE OF REGIONAL REFLECTION AND OF THE CHANGING FACE OF CANADA.
- ▶ ENSURE THE SUSTAINABILITY OF CBC | RADIO-CANADA'S CANADIAN SCHEDULES.
- ▶ DEMONSTRATE THAT CBC | RADIO-CANADA IS A WELL-MANAGED COMPANY AND GENERATE CASH FLOW TO RE-INVEST IN PROGRAMMING.
- ▶ STRENGTHEN CBC | RADIO-CANADA'S COMMITMENT TO ALL ITS EMPLOYEES – TO THOSE WHO CREATE AND THOSE WHO SUPPORT THEM.
- ▶ POSITION CBC | RADIO-CANADA TO ENHANCE ITS ABILITY TO FULFIL ITS MANDATE THROUGH SELECTIVE ALLIANCES AND PARTNERSHIPS.
- ▶ REINFORCE THE CAPACITY OF CBC | RADIO-CANADA TO WORK AS ONE INTEGRATED COMPANY.
- ▶ ENHANCE/STRENGTHEN CBC | RADIO-CANADA'S STAKEHOLDER RELATIONSHIPS.

CORPORATE PRIORITIES



KEY PERFORMANCE INDICATORS

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

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

CORPORATE DASHBOARD

We are in the process of implementing additional performance indicators which will be linked to our Corporate priorities, as a means of further enhancing our planning process and increasing the effectiveness of the Corporation’s overall operations. During this fiscal year, we worked to create a Corporate “dashboard” – a comprehensive summary of operational performance measures – that will be used to monitor key performance indicators and provide senior managers with information and alerts on the organisation’s performance, measured against the Corporation’s strategic objectives. Our English- and French-language networks already use dashboards to assist in managing their business. We are now building on their efforts in order to produce a Corporate-wide dashboard, the results of which will be published in upcoming Annual Reports.

OVERALL MEASURES OF PERFORMANCE

PERFORMANCE MEASURE <small>Qualitative</small>	2005–2006	2004–2005	2003–2004	2002–2003	2001–2002
SATISFACTION	89%	86%	86%	84%	86%
DISTINCTIVENESS	90%	87%	84%	81%	80%
USAGE	88%	88%	87%	86%	87%

(Source: QRS)

MEASURES OF PERFORMANCE RELATED TO MEDIA COMPONENTS

SERVICE AND OBJECTIVE	PERFORMANCE INDICATOR	RESULTS		
		2005–2006	2004–2005	2003–2004
CBC TELEVISION Provide audiences with distinctive Canadian English-language Television programming of the highest quality.	PRIME TIME SHARE (Source: Nielsen Research, September–March)	7.5%	6.9%	7.1%
	PERCENTAGE OF ANGLOPHONE VIEWERS (18+) SATISFIED WITH CBC TELEVISION (Source: QRS)	82%	82%	82%
TÉLÉVISION DE RADIO-CANADA Provide audiences with distinctive Canadian French-language Television programming of the highest quality.	PRIME TIME SHARE (Source: BBM September–March, PPM)*	20.6%	22.5%	16.0%
	PERCENTAGE OF FRANCOPHONE VIEWERS (18+) SATISFIED WITH TÉLÉVISION DE RADIO-CANADA (Source: QRS)	84%	87%	84%
CBC RADIO Provide audiences with distinctive Canadian English-language Radio programming of the highest quality.	RADIO ONE AUDIENCE SHARE (Source: BBM Sweeps)	5.7% [†]	8.9%	9.1%
	RADIO TWO AUDIENCE SHARE (Source: BBM Sweeps)	3.3% [†]	3.6%	3.0%
	PERCENTAGE OF ANGLOPHONE LISTENERS (18+) SATISFIED WITH CBC RADIO (Source: QRS)	86%	86%	88%
RADIO DE RADIO-CANADA Provide audiences with distinctive Canadian French-language Radio programming of the highest quality.	PREMIÈRE CHAÎNE AUDIENCE SHARE	12.8%	12.6%	13.3%
	ESPACE MUSIQUE AUDIENCE SHARE	2.5%	3.0%	
	CHAÎNE CULTURELLE AUDIENCE SHARE (Source: BBM Fall Sweeps)			2.3% (Last season)
	PERCENTAGE OF FRANCOPHONE LISTENERS (18+) SATISFIED WITH RADIO DE RADIO-CANADA (Source: QRS)	90%	89%	88% (Last season)

SERVICE AND OBJECTIVE	PERFORMANCE INDICATOR	RESULTS		
		2005–2006	2004–2005	2003–2004
CBC.CA Provide users with timely, trustworthy and comprehensive online Canadian content in English.	USAGE = Canadian unique visitors from home (Source: comScore Media Metrix)	<i>CBC.ca</i> was among the top three news and media sites in Canada. 2,340,000 unique visitors from home each month.	<i>CBC.ca</i> was among the top three news and media sites in Canada. 2,343,000 unique visitors from home each month.	<i>CBC.ca</i> was among the top three news and media sites in Canada. 2,149,000 unique visitors from home each month.
	PERCENTAGE OF SITE VISITORS (18+) SATISFIED WITH CBC.CA (Source: GIS)	91%	94%	93%
RADIO-CANADA.CA Provide users with timely, trustworthy and comprehensive online Canadian content in French.	USAGE = Francophone unique visitors from home (Source: comScore Media Metrix)	<i>Radio-Canada.ca</i> was among the top three Francophone news and media sites in Canada. 1,376,000 Francophone unique visitors from home each month.	<i>Radio-Canada.ca</i> was among the top three Francophone news and media sites in Canada. 1,352,000 Francophone unique visitors from home each month.	<i>Radio-Canada.ca</i> was among the top three Francophone news and media sites in Canada. 1,126,000 Francophone unique visitors from home each month.
	PERCENTAGE OF SITE VISITORS (18+) SATISFIED WITH RADIO-CANADA.CA (Source: GIS)	94%	97%	97%

* BBM's PMT data was the French-language audience measurement currency up to, and including, 2003–2004. PPM data published here for that year therefore differs from data published in 2003–2004.
[†] The lockout of CMG employees affected six out of the eight weeks measured during the Fall of 2005.

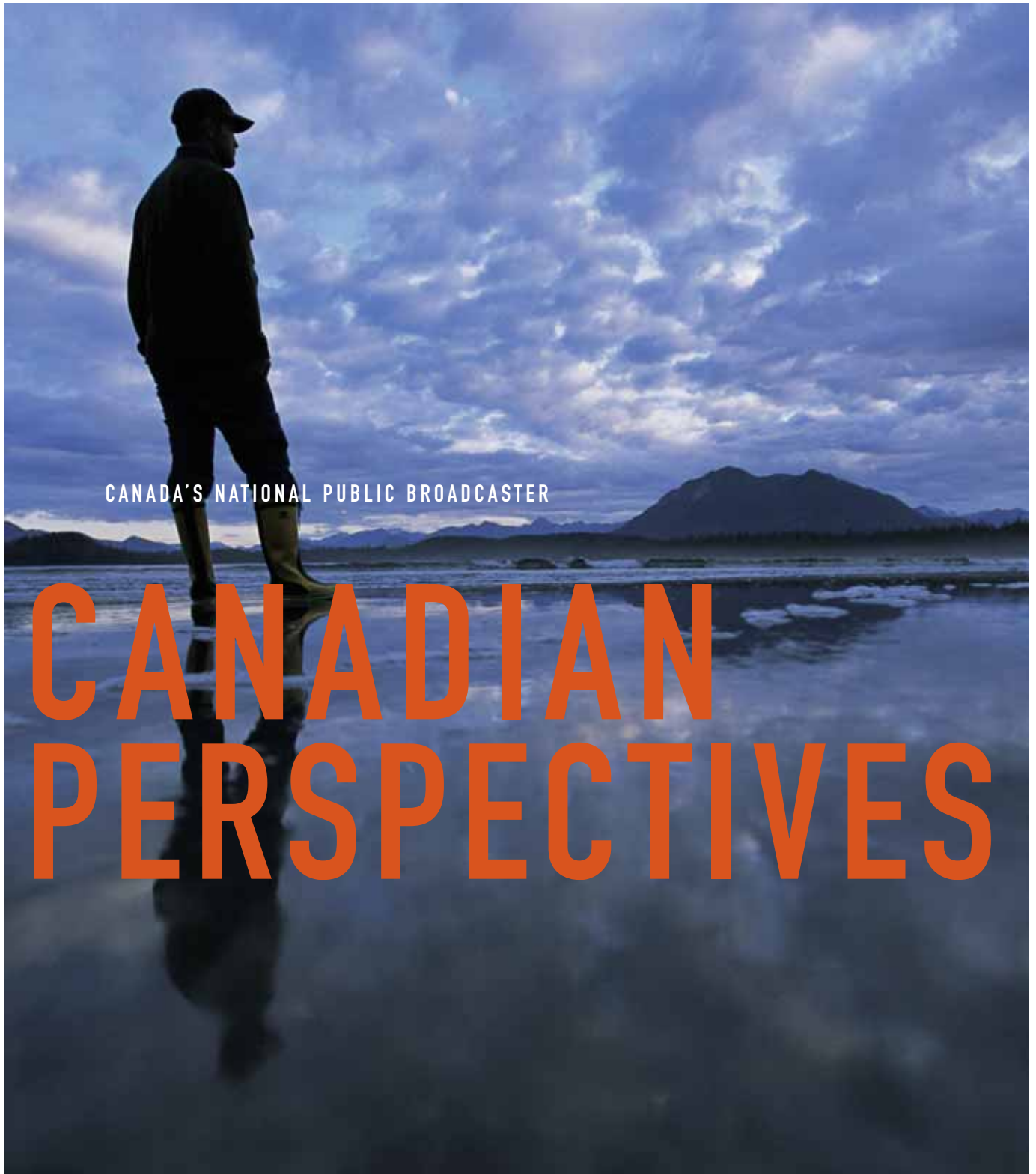


MEDIA LINES' OBJECTIVES AND RESULTS

CBC | RADIO-CANADA PROGRAMMING:
DELIVERING HIGH-QUALITY, DISTINCTIVE
CANADIAN CONTENT TO MORE
CANADIANS, IN MORE WAYS.

THE BROADCASTING LANDSCAPE
WORLDWIDE IS CHANGING FAST.

CANADIAN STORIES



CANADA'S NATIONAL PUBLIC BROADCASTER

CANADIAN PERSPECTIVES



AUDACIOUS, EVOCATIVE, ENTERTAINING.

2005-2006 CBC | RADIO-CANADA'S PROGRAMMING HIGHLIGHTS

MORE SERVICES THIS YEAR

- ▶ SIX NEW CBC | RADIO-CANADA SATELLITE RADIO CHANNELS – HIGH-QUALITY CONTENT, WHEN, WHERE AND HOW AUDIENCES WANT IT, AND A NORTH AMERICAN MARKET FOR CANADIAN TALENT.
- ▶ PODCASTS OF CBC RADIO LAUNCHED IN JUNE 2005, AND OF RADIO DE RADIO-CANADA IN SEPTEMBER 2005. OVER FOUR MILLION DOWNLOADS OF ENGLISH AND FRENCH PODCASTS IN THE LAST SIX MONTHS.
- ▶ HDTV SERVICE LAUNCHED IN QUÉBEC CITY AND VANCOUVER, JANUARY 2006, COMPLEMENTING TORONTO AND MONTRÉAL LAUNCHES IN MARCH 2005 – SPECTACULAR TELEVISION FOR CANADIANS.
- ▶ CBC NEWSWORLD AND RDI – PART OF A LIVE-CHANNEL SUBSCRIPTION SERVICE STREAMED TO MOBILE PHONES VIA A PARTNERSHIP WITH MOBITY, SINCE FALL 2005, BRINGING NEWS TO AUDIENCES WHENEVER AND WHEREVER THEY WANT IT.

FEDERAL ELECTION 2006

- ▶ OUR COVERAGE OF THE 2006 FEDERAL ELECTION WAS A PRIME EXAMPLE OF INCREASING COOPERATION ACROSS TELEVISION, RADIO AND NEW MEDIA. CBC TELEVISION, CBC NEWSWORLD, CBC RADIO, *CBC.CA*, TÉLÉVISION DE RADIO-CANADA, RDI, RADIO DE RADIO-CANADA, AND *RADIO-CANADA.CA* SHARED INFORMATION AND RESOURCES WHEREVER POSSIBLE TO PROVIDE CANADIANS WITH AUTHORITATIVE AND BALANCED COVERAGE AND ANALYSIS ACROSS THE COUNTRY.

GALAXIE

- ▶ OUR 45-CHANNEL DIGITAL PAY COMMERCIAL-FREE AUDIO SERVICE — AVAILABLE TO OVER FIVE MILLION SUBSCRIBERS VIA SATELLITE TELEVISION, DIGITAL CABLE AND TELECOM – THIS YEAR AGAIN PROMOTED CANADIAN ARTISTS AND PLAYED A GREATER VARIETY OF DOMESTIC ARTISTS AND TITLES THAN ALL CANADIAN RADIO STATIONS COMBINED, HELPING TO FULFIL THE CORPORATION'S CULTURAL MANDATE. GALAXIE ALSO INCREASED ITS CONTRIBUTION TO CBC | RADIO-CANADA'S NET INCOME.

GREAT AUDIENCES

- Another successful year for **Télévision de Radio-Canada**: *Tout le monde en parle* (average of 1,481,000 viewers each week; 38.8 per cent audience share); *Le match des étoiles* (average of 1,066,000 viewers each week; 32.3 per cent audience share) – regular season; and the series *Casino* (average of 1,009,000 viewers; 33 per cent audience share) – out of a potential audience of only seven million Francophones in Canada.
- **Télévision de Radio-Canada** broadcast several films this year, including *Séraphin, un homme et son péché* (watched by 1,186,000 viewers) as part of its efforts to help develop and promote Canadian cinema.
- **CBC Television**: *The Rick Mercer Report* (average 725,000 viewers each week), and *The Red Green Show* – 300th and final episode after 15 successful years.
- **CBC Radio One's morning shows** – among the top three in 12 markets across Canada, including Vancouver and Toronto.
- The **Première Chaîne's morning show**, *C'est bien meilleur le matin* – 18 per cent audience share, Autumn 2005 (number one in the Montréal Francophone market) and 16.3 per cent, Spring 2006.
- **CBC Radio's** many popular programs, such as *Go!* (with a listening reach of 508,000 listeners every week, and a nine per cent audience share on Saturdays) and *Vinyl Café* (which reached its highest point ever this year: a 16 per cent share of listeners Sunday at noon on CBC Radio One) returned again this year. *Freestyle*, which debuted last Autumn on CBC Radio One, reaches 915,000 listeners each week and has an average four per cent share weekly.
- **Radio-Canada.ca** and **CBC.ca** are leaders among their news/media website peers.

NATIONAL AND INTERNATIONAL AWARDS

- **CBC Television**: 48 Gemini; **Télévision de Radio-Canada**: 41 Gémeaux; three Juno Awards; **CBC Radio**: 100 awards, including the Prix Italia, six Gold New York Festivals, three Third Coast Festival, and five Gabriels; **Radio de Radio-Canada**: more than 20 national and international awards, including an Amnesty International Prize and a Prix Judith-Jasmin; **Radio-Canada.ca**; grand prizes for zone Nouvelles and *Bandeapart.fm*; **CBC.ca**: a special South Asian Journalists Association Award for coverage of the 2004 tsunami, beating out *CNN.com* and *MSNBC.com*.
- **CBC/Radio-Canada** – 11th annual Honourable Joyce Fairbairn, P.C. Literacy Public Awareness Award for **support of literacy in Canada**.
- **Maison de Radio-Canada in Montréal** received the **National Earth Award** for its ongoing environmental practices and is in the running for the International Earth Award.

ANNIVERSARIES

- **CBC Radio**: *Ideas* – 40 years; *Quirks & Quarks* – 35 years; and CBC Radio in Iqaluit – 45 years.
- **Radio-Canada.ca** and **CBC.ca**: 10 years.

FOR YOUNG PEOPLE

- **Radio-Canada.ca** and **CBC.ca** – both continue to be leaders in New Media development for children and youth. *Radio-Canada.ca* launched its *Guide des ressources pour les profs de Radio-Canada.ca*. **CBC.ca** provided high-quality online games, and a look at consumer trends, youth empowerment and pop culture, attracting an average of nearly four million visits per month.
- **Radio de Radio-Canada** again presented *275-allô/ados-radio*, inviting young people to discuss timely topics on-air.



2005–2006 PROGRAMMING HIGHLIGHTS

- **Télévision de Radio-Canada** brought in younger viewers on Saturdays and Sundays, where a comedian welcomed children into a wonderful world in *La Petite minute*, while *La Grosse minute* relied on the participation of youths and correspondents with a wide variety of interests. RDI continued its production of *RDI Junior*, a program aimed at putting the main News issues of the day into context for younger viewers.
- **CBC Television** launched an exciting new look for *Kids' CBC* in December 2005. Favourite programs and characters returned this year, including Gemini award-winning *Poko*, *Nanalan*, *Zoboomafoo*, *Dragon Tales*, and *The Doodlebops*. There were also new shows: *Pinky Dinky Doo*, *Lunar Jim*, *Yamroll*, *Morgan Waters Show*, and *Mr. Meaty*.

SPORTS

- **CBC Television** built on its high-performance sports strategy again this year with an emphasis on amateur sports, and refined its weekend afternoon sports programming block. **Télévision de Radio-Canada** broadcast a new sports talk show, *Au-dessus de la mêlée*, which covered all dimensions of amateur and professional sports. Both networks coordinated coverage across Television, Radio and New Media.
- **Radio-Canada** was the host broadcaster for the **World Aquatics Championships** in Montréal. Its Television, Radio and Web services, along with RDI, worked collaboratively and synergistically, providing excellent, seamless coverage at reduced cost. **CBC Television** also provided 13 hours' coverage in prime time and 10 hours in off-prime time.
- **CBC Television** covered the **2005 Canada Summer Games**, with *CBC.ca* providing results continuously.
- **CBC Television** was the exclusive Canadian broadcaster of the **World Track and Field Championships** in Helsinki, while **Télévision de Radio-Canada** and *Radio-Canada.ca*'s zone Sports covered the **Grand Prix du Canada de Formule 1**.
- **Hockey Night in Canada** returned to loyal fans, and loyal fans returned to it, after the National Hockey League's labour dispute last year. Most long-term sponsors and advertisers were back, providing significant revenue used by the Corporation for other CBC | Radio-Canada programming.
- **CBC's Hockey Day in Canada**, our annual thirteen-and-a-half hour, cross-country program, raised funds and gathered equipment for Newfoundland and Labrador players who could not afford to play hockey. The host location was Stephenville, Newfoundland, hard hit by job losses and last year's flooding.
- **CBC Television** broadcast the **93rd Grey Cup Championship**, a great tradition in Canada and on our network.
- **CBC Country Canada** partnered with CBC Sports to increase our **live curling coverage**.

OLYMPICS

- The Torino Winter Olympics marked **CBC | Radio-Canada's 50th year of Olympic broadcasting** – over 1,300 hours of coverage, more than any other North American network, record audiences for live events and strong praise for the quality and depth of our coverage.
- **CBC | Radio-Canada Olympics coverage** was available whenever and wherever audiences wanted it, via High Definition Television, for the first time in Canada; Internet; Video-on-Demand (selected programming for Rogers customers in Toronto); RSS, SMS, and e-mail, offering unprecedented coverage; and cell phone: **CBC Television** produced an exclusive Olympic video highlight package for delivery by Bell Mobility to its cell phone subscribers — an exciting broadcasting platform milestone and a first in Canada.
- **CBC Television** – 16 hours daily. Average audiences – 973,000 mornings; 1,408,000 afternoons (a 14 per cent increase over 2002); and 1,220,000 in prime time.
- **Télévision de Radio-Canada** – 404,000 viewers for the live opening ceremony and 678,000 for the repeat; and 925,000 for the closing ceremony (audience share peaked at 51 per cent).
- **CBC.ca** – 19 million visits and 117 million page views (double the Athens Games' traffic) – first 11 days of the Games.

WITH NEW TECHNOLOGIES, DIFFERENT COMMUNICATION APPROACHES, AND INTENSE COMPETITION FOR AUDIENCES, BROADCASTERS HAVE SPECIALISED THEIR OFFERINGS TO FIND NICHE MARKETS.



Peter Mansbridge, Keith Boag and panelists prepare for CBC News' 2006 Federal Election Night broadcast

CBC | Radio-Canada's mandate is to serve all Canadians with high-quality, distinctive programming that informs, enlightens and entertains. It's what we have been doing for 70 years. We've trained generations of journalists and brought the country reliable coverage of national and international News stories. We've mentored domestic talent and strengthened the national cultural scene by providing a platform for

Canadian artists across the country. Through our programming and personnel, we've responded to the country's changing demographics to provide programming for all of its citizens. And we've embraced new technologies to reach more Canadians and to bring them great programming – when, where and how they want it.

This is the fundamental challenge for a creative organisation: evolve to stay current with the times; retain the values that have hallmarked our programming, while exploring new subjects and fresh

ways of communicating; and anticipate the changing needs and expectations of a diverse Canada.

Our goal is to connect Canadians through compelling Canadian content that our audiences want to see and hear. We are content providers, looking for the best ways to remain essential to our audiences and adapting to new technologies to serve Canadians across our 27 media services.

We've worked hard again this year to meet this challenge, especially in the context of significant financial pressures and an unstable annual budget.

THE YEAR IN REVIEW – ENGLISH SERVICES

CBC TELEVISION

CBC Television encompasses 16 conventional, over-the-air, television stations across the country, and our wholly owned specialty services CBC Newsworld and CBC Country Canada.

In 2005–2006, CBC Television continued its goal of becoming a more clearly defined public broadcaster



George Stroumboulopoulos, *CBC News: The Hour*, CBC Newsworld



Ian Tracey, *Intelligence*, CBC Television



Meredith Henderson, *Shania: A Life in Eight Albums*, CBC Television



MEDIA LINES' OBJECTIVES AND RESULTS

within a very competitive English-language television market. In the recent past, CBC Television increased Canadian programming in its schedule, established that the primary programming criterion must be value to the public, and improved quality through measures such as the CBC News Integration Project, which is fostering sharing of information, ideas and resources across CBC Television, CBC Radio, and *CBC.ca*.

2005–2006 OBJECTIVES: BRINGING MORE CANADIAN STORIES AND PERSPECTIVES TO CANADIAN TELEVISION

1. STRENGTHEN DISTINCTIVENESS AND QUALITY THROUGH:

- A new Entertainment strategy – Begin to address the crisis in Canadian television drama by introducing a new weekly drama series and a daytime drama, several comedy series, and weekly high-impact drama and variety specials;
- Strengthened News services – Regain the audience and increase the impact of *CBC News: The National*, local News, and CBC Newsworld;
- A stronger regional connection – Present afternoon pilots in Halifax and Vancouver and test one-hour local supper hour shows in Edmonton, Montréal and St. John's;

2. FREE UP RESOURCES THROUGH BETTER, INNOVATIVE MANAGEMENT TO INVEST IN PROGRAMMING;

3. MEASURE PROGRESS IN BUILDING AUDIENCES BY SETTING TARGETS FOR ALL PROGRAMMING.

These new approaches include commissioning and producing content that can be shared and re-purposed for Television, Radio and CBC | Radio-Canada websites; streamlining and speeding up decision-making to remove bureaucracy that inhibits creativity and competitiveness, and being open to the broader creative community of Canada.

Another major achievement was securing from The Canadian Television Fund funding specifically for CBC | Radio-Canada-sponsored projects. This dedicated funding will make it easier for CBC Television to finance high-quality, distinctive Canadian programming, especially Canadian drama, and it will give independent Canadian television producers greater funding certainty.

For audiences, all these changes resulted in new, high-production value series, miniseries and CBC Big Ticket films, and in more signature Canadian comedy. There were programs about iconic Canadians – for example, *Waking Up Wally: The Walter Gretzky Story* (watched by 768,000 viewers), and *Shania: A Life in Eight Albums* (watched by nearly 1.2 million viewers). There were also intriguing, edgy dramas – such as *Intelligence* and Ken Finkleman's *At The Hotel* – that demonstrated CBC Television's willingness to take the risks required to develop programs that Canadians simply won't find anywhere else.

STRENGTHENED NEWS SERVICES: BROADER, DEEPER COVERAGE

In January 2006, CBC News continued to revitalise its News services to better serve audiences and to reinforce its leadership in Canada. The strategy is delivering more hard-hitting journalism, greater international and regional context, and increased exposure to divergent views and perspectives, not only on CBC Television, but also on CBC Newsworld, CBC Radio, CBC News Express, and *CBC.ca*.

A key component of this strategy was a major re-launch of News on CBC Television, including a revamping of *CBC News: The National* and a change in some regions in the format of the supper hour programs, with local and

2005–2006 RESULTS

A NEW ENTERTAINMENT STRATEGY: MORE CANADIAN DRAMA

CBC Television began addressing the drama crisis in Canada's English television by introducing new leadership and creative approaches to developing excellent Canadian programming that audiences find relevant and challenging, and that they want to watch – programs produced in Canada, made for Canadians, and reflecting a uniquely Canadian sensibility.

82%

ANGLOPHONE VIEWERS SATISFIED
WITH CBC TELEVISION

regional News now coming first, on *CBC News at Six*, followed by national and international News on *CBC News: Canada Now*.

CBC News opened a bureau in Shanghai – its fourth new international bureau in 18 months – to cover the News from an increasingly important part of the world that is of strong interest to Canada and Canadians. CBC Television also continued to renew its Current Affairs programs, creating specials built on the success of *the fifth estate* and *CBC News: Marketplace*.

This year, CBC Newsworld – Canada's number one news network – relaunched *CBC News: Morning*, strengthened its national and international weather reporting, and began broadcasting Canadian and international documentaries every night of the week. CBC Newsworld reaches 10.2 million subscriber homes – more than any other specialty network in Canada.

A STRONGER REGIONAL CONNECTION: TARGETING DISTINCT REGIONAL NEEDS

CBC Television launched a comprehensive approach to regional program development. Pilots for revamped supper hour News programs targeted regional needs and preferences. A new hour-long supper hour show, *CBC News: Here and Now*, launched in November in St. John's. Development work continues on a market-by-market basis according to the needs, circumstances and competition in each location.

FREE UP RESOURCES TO INVEST IN PROGRAMMING

CBC Television was able to free up \$22 million for programming in 2005–2006. This was achieved by reallocating program funds, finding new ways to conduct business, increasing efficiency, and developing new sources for revenue.

MEASURE PROGRESS IN BUILDING AUDIENCES

In 2005-2006 performance metrics and targets were set for all CBC Television programming. These targets and performance indicators were regularly reviewed by CBC Television's Senior Management team throughout the year.

NEXT STEPS

CBC TELEVISION'S THREE-YEAR VISION IS TO BECOME THE MOST IMPORTANT AND POPULAR PLATFORM FOR CANADIAN NEWS, CURRENT AFFAIRS AND ENTERTAINMENT PROGRAMS. TO DELIVER A SERVICE DIFFERENTIATED FROM ANY OTHER IN ENGLISH CANADA, CBC TELEVISION WILL:

- ▶ Increase the amount of Canadian drama entertainment from 150 hours in 2005–2006 to 175 hours in 2006–2007, rising to 250 hours in 2008–2009;
- ▶ Continue to offer a balance of News and information, sports, arts, and children's programming;
- ▶ Renew our commitment to broadcasting in the regions by presenting authentic regional voices on social, political and cultural matters and expanding our presence to all areas of the country;
- ▶ Rigorously monitor progress in meeting targets and indicators that measure public value, audience share, revenue, and cost for every program.

AS WELL AS BRINGING MORE CANADIAN DRAMA TO CANADIAN AUDIENCES, CBC TELEVISION WILL ALSO ENHANCE ITS LEADERSHIP IN NEWS, CURRENT AFFAIRS AND DOCUMENTARIES, AND SPORTS.



Canada Russia '72. CBC Television



Jann Arden, Rick Mercer, J.P. Veitch. *The Rick Mercer Report*. CBC Television



Valerie Pringle. *Canadian Antiques Roadshow*. CBC Television and CBC Newsworld

MEDIA LINES' OBJECTIVES AND RESULTS

NEWS

- Relaunch several News programs based on findings from the CBC News Study;
- Continue to implement the CBC News Integration project;
- Further renew *CBC News: The National* to increase audience share.

CURRENT AFFAIRS AND DOCUMENTARIES

- Expand *the fifth estate* to include specials;
- Strengthen CBC Television's position as Canada's documentary leader and increase audiences for documentaries.

SPORTS

- Focus on acquiring professional sports, including *Hockey Night in Canada*;
- Retain amateur sports coverage.

CBC Radio 3's vision is to be a driving force in contemporary music, identifying and promoting leading-edge Canadian talent.

2005–2006 OBJECTIVES: BECOMING MORE VALUED AND MORE USED BY MORE CANADIANS

1. AUDIENCE GROWTH: ATTRACT NEW AUDIENCES THROUGH EXTENDED LOCAL SERVICE, MORE REGIONAL PROGRAMMING AND INCREASED RELEVANCE TO CANADIAN NEEDS AND DESIRES;
2. PROGRAM DEVELOPMENT
 - Ongoing development of existing programs that respond to changing listener needs and demographics;
 - Focus on Radio research and development to pilot new shows and migrate successful pilots to the schedule;
3. NEW PLATFORMS: EXTEND PROGRAMMING TO NEW LISTENERS ON NEW PLATFORMS AT HOME AND ABROAD.

CBC RADIO

CBC Radio includes three networks — CBC Radio One, CBC Radio Two and CBC Radio 3. CBC Radio One and CBC Radio Two are terrestrial, over-the-air services that reach more than 97 per cent of Canadian homes on AM or FM. CBC Radio 3 is a new music channel delivered by Sirius Satellite Radio.

CBC Radio One's vision is to be recognised and valued as the definitive source for Canadian News, information and entertainment, connecting Canadians to their regions and the country as a whole.

CBC Radio Two's vision is to be Canada's leading cultural platform in all genres, the place where creativity finds a home.

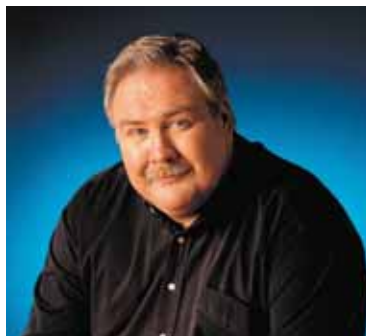
2005–2006 RESULTS

AUDIENCE GROWTH: REACHING OUT TO MORE CANADIANS

In December 2005, CBC | Radio-Canada launched six new channels, including CBC Radio One and CBC Radio 3, on Sirius Canada, a partnership of Sirius Satellite Radio, CBC | Radio-Canada and Standard Radio. By offering compelling content and high-quality audio when, where and how audiences want it, these channels extend CBC Radio services to much larger audiences, create an international stage for Canadian talent and perspectives, and generate additional cash flow for our programming budgets.

86%

ANGLOPHONE LISTENERS SATISFIED WITH CBC RADIO



Rick MacInnes-Rae. *Dispatches*. CBC Radio One and podcast



Andrew Craig. *In Performance*. CBC Radio Two and podcast

As well as generating content for Sirius Canada, CBC Radio 3 attracted new audiences by sharing programs with college stations and by supplying content to CBC Radio One and CBC Radio Two.

To accommodate different circumstances in different cities, CBC Radio One this year introduced variable schedules for the drive-home shows in Toronto, Vancouver, Winnipeg, Calgary, Edmonton, and St. John's. Now some drive-home shows start earlier or run longer than others, depending on the needs of local listeners. The new schedules are resonating with audiences; the programs are maintaining or increasing audience share.



Shelagh Rogers, *Sounds Like Canada*; and *Night Time Review*, CBC Radio One and podcast

CBC Radio's first 2006 BBM survey results demonstrate the success of the network in reaching audiences: between January and March 2006, CBC Radio reached over 3.8 million Canadians. In 12 of the 17 markets surveyed, the network's morning shows were among the top three in their markets. CBC Radio was particularly strong in Alberta; the Calgary morning show moved from fourth to second place, and Edmonton moved from seventh to third. CBC Toronto is number one in the important 6:00 a.m. to 10:00 a.m. period.

PROGRAM DEVELOPMENT: A RICHER, DEEPER LISTENING EXPERIENCE

Innovative program development led to increased audience shares for CBC Radio morning shows across the country. And 20 new Summer shows enriched our programming by introducing a wide range of new voices and perspectives; some of these shows have won major awards.

CBC Radio produced several award-winning investigative News series this year, covering timely,

important topics such as piracy of brand names, water quality in Aboriginal communities, hospital infections, and adverse drug reactions in seniors.

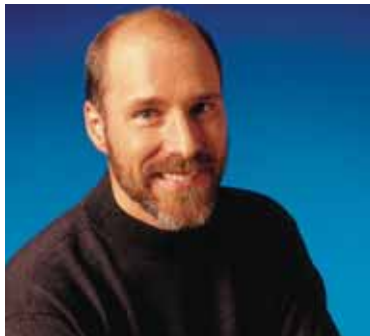
NEW PLATFORMS: IT'S ABOUT CHOICE

CBC | Radio-Canada is an acknowledged leader in using emerging technologies to reach listeners when, where and how they want to be reached. This year CBC Radio made its programming more widely available on satellite through Sirius Canada, on FM in key markets in Western Canada, on the Internet, and through international program exchanges.

In March 2006, CBC | Radio-Canada was awarded six new FM frequencies in four major markets in the West – Calgary, Edmonton, Saskatoon, and Winnipeg. The new frequencies are for FM transmitters nested within the coverage areas of existing AM services for CBC Radio One in all of those markets and for the *Première Chaîne* in Winnipeg and Edmonton. These new transmitters will dramatically improve reception for our listeners in these cities.

After piloting programs in Spring 2005, podcasts of CBC Radio were launched in June 2005, and of Radio de Radio-Canada in September 2005. In the last six months of the fiscal year, CBC Radio and Radio de Radio-Canada had more than four million downloads of music, information, science, and entertainment programs, primarily by listeners in the 18-to-34-year-old group. For most of the year, CBC Radio 3 had Canada's number one podcast on iTunes, with one million downloads in nine months.

CBC Radio 3's website was visited 11.9 million times, up 118 per cent over 2004–2005. *CBC.ca* makes it easy for audiences to subscribe to podcast programs for free, and next year it will help CBC Radio launch a major expansion of podcasting.



Tom Allen, *Music and Company*, CBC Radio Two



Priya Ramu, *On The Coast*, CBC Radio One



Brent Bambury, *Go!*, CBC Radio One



MEDIA LINES' OBJECTIVES AND RESULTS

NEXT STEPS

FOR 2006–2007 AND THE YEARS TO COME, CBC RADIO'S FOUR KEY STRATEGIC OBJECTIVES ARE:

- ▶ **Expanded regional programming:** Delivering the authentic social, political and cultural voice of each region, and delivering service to places currently unserved;
- ▶ **Ensuring programming relevance:** A commitment to airing inspiring, innovative and excellent programming; to growing audiences; and to reflecting the diversity of contemporary Canadian society;
- ▶ **Renewal and re-invention:** Producing cultural content reflecting the needs of the Canadian public, based on results of the Corporation's Arts and Culture Study; launching a new strategy for Arts and Entertainment programming for CBC Radio One, CBC Radio Two and CBC Radio 3; redeveloping CBC Radio Two to preserve its valued past while expanding the breadth of emerging talent on its airwaves; delivering CBC Radio on satellite radio and through podcasting and downloading;
- ▶ **Financial sustainability:** Efficiencies and other initiatives have redirected one million dollars each year into programming, but inflation is eroding programming budgets and without additional funding current levels of service are at risk.

CBC.CA

CBC.ca's goal is to be Canada's most popular news and media website. In 2005–2006, *CBC.ca* focused on establishing *CBC.ca* as a platform with its own characteristics and audience, like CBC Television and CBC Radio.

2005–2006 OBJECTIVES: BUILDING ON EXCEPTIONAL SUCCESS

TO ACHIEVE THIS, *CBC.CA* SET OUT TO:

1. MAINTAIN OR INCREASE *CBC.CA* USAGE;
2. MAINTAIN OR IMPROVE THE QUALITY OF CONTENT;
3. IMPROVE THE VISITOR EXPERIENCE;
4. GENERATE MORE ADVERTISING REVENUES.

2005–2006 RESULTS

MAINTAIN OR INCREASE *CBC.CA* USAGE: EXCEPTIONAL RESULTS THIS YEAR

CBC.ca had an exceptional increase in audience early in 2006, and remains a leader among Canada's news and media websites, ahead of online competitors including CNN, CTV, *The Globe and Mail*, CanWest Global, and *The New York Times*. From December 2005 to February 2006, the site's audience increased 74 per cent. We attribute this to a high level of interest in the January federal election and in the 2006 Torino Winter Olympics, and to the quality of our online coverage of both events. *CBC.ca* was in the top three of Canada's news and media websites nine months out of 12 in 2005–2006, with a monthly average of 2,340,000 unique visitors from home.

CBC.ca broke multiple audience records over the course of the year, achieving its highest single-day audience to date on the day of the federal election, January 23, and then breaking that record on January 24. That record was itself surpassed on February 22, during the Torino Winter Olympics.

A major redevelopment of *CBC.ca's* 13 major regional Web sections attracted more visitors. Regional websites offer regional News and weather, information about

91%

SITE VISITORS SATISFIED WITH *CBC.CA*

community events, and programming information and schedules, as well as links to our national websites. This year, there were special features celebrating the provincial centennials for Saskatchewan and Alberta; a new website, in conjunction with Parks Canada,



Bob McDonald, *Quirks & Quarks*, CBC Radio One, RCL, podcast and Sirius Satellite Radio Channel 137; *Retro Reels: Fragile Planet*, CBC Newsworld

for Newfoundland's Gros Morne National Park; and interactive content supporting CBC Montréal's *Weight of the World* project, which challenged students to learn about the causes and cures of child obesity.

MAINTAIN OR IMPROVE THE QUALITY OF CONTENT: IN-DEPTH COVERAGE OF KEY EVENTS

Throughout the 2006 federal election campaign, *CBC.ca* offered News, analysis and background, including riding and candidate profiles. On *CBC.ca*'s discussion boards, Canadians wrote more than 10,000 comments, some of which engendered stories on-air. After the polls closed on election night, *CBC.ca* simulcast the CBC Radio and CBC Television special election coverage, and allowed Canadians to look up results for individual ridings, in real time as the results came in.

CBC.ca's Torino section offered a wealth of information including breaking Olympic news, biographies and background information, as well as live scores, stats and standings.

CBC.ca continued to enrich and fine-tune its Arts and Entertainment journalism section, which launched in January 2005. The audience for the section is growing steadily, and staff from the section helped their CBC Radio colleagues develop a new strategy for CBC Radio's Arts and Entertainment coverage.

CBC.ca continued to be a leader in New Media development for children and youth. Highlights in

2005-2006 included high-quality online games, and features on consumer trends, youth empowerment and pop culture.

CBC.ca visitors clearly value *CBC.ca*'s depth and quality of coverage: in the Report Card and QRS Winter 2006 survey, over 90 per cent said that *CBC.ca* is satisfying, essential, trusted, complete, and offers up-to-date coverage.

IMPROVE THE VISITOR EXPERIENCE: EASIER ACCESS TO MORE CONTENT

Throughout 2005-2006, *CBC.ca* continued implementing its new content management system, which will be fully in place for all journalistic publishing in June 2006. Throughout 2005-2006, *CBC.ca* worked on a major redesign of the website for launching in June 2006.

GENERATE MORE ADVERTISING REVENUES FOR RE-INVESTMENT IN PROGRAMMING

This year *CBC.ca* offered increased opportunities for advertisers in ways that did not interfere with visitors' enjoyment of the site. The approach was successful; revenue targets were exceeded, and there were very few audience complaints.

NEXT STEPS

FOR 2006-2007, *CBC.CA*'S FIVE KEY STRATEGIC OBJECTIVES ARE:

- ▶ Continue growing *CBC.ca*'s audience;
- ▶ Focus on core strengths: relevant and popular content;
- ▶ Continue improving the user experience;
- ▶ Increase revenues;
- ▶ Promote CBC Television and CBC Radio programs.



Mark Lee, Chris Walby, Greg Frers, Elliott Friedman, Sean Millington, Eric Tillman, *CFL on CBC*, CBC Television, with full coverage on *CBC.ca*



Matt Galloway, *Here and Now*, CBC Radio One; *The World In Performance*, CBC Radio Two



Grant Lawrence, CBC Radio 3, CBC Radio Two and Sirius Satellite Radio Channel 94



MEDIA LINES' OBJECTIVES AND RESULTS

THE YEAR IN REVIEW – FRENCH SERVICES

CBC | Radio-Canada's French-language programming is as distinctive as it is relevant, and in 2005–2006 it continued to be highly popular with the Canadian



Guillaume Lemay-Thivierge. *Casino*,
Télévision de Radio-Canada

public. A major factor in this year's successes was the decision to combine all of our French networks under one Vice-President so that our French Services can evolve with even greater cohesion

and provide Francophones with an even more comprehensive and effective public service.

Integration of all French services – including Télévision de Radio-Canada, RDI, Radio de Radio-Canada, and *Radio-Canada.ca* – began in 2005–2006 and will continue in 2006–2007. It builds on the highly successful repositioning of Télévision de Radio-Canada that began three years ago, and it will enable our French Services to continue to fulfill and strengthen their public service role while addressing the challenges of a multi-platform future. New strategic priorities will lead to a global vision of French Services that recognises the individual strengths and distinctive character of each media line while aiming at a common goal: to give Canadians unmatched coverage and analysis of key issues and to enrich their cultural life through diverse, compelling Canadian programming.

2005–2006 STRATEGIC DIRECTIONS: A MORE FOCUSED AND EFFECTIVE PUBLIC BROADCASTER

- Attain optimal audience levels for all networks;
- Make more room for culture on all platforms;
- Offer and support a larger amount and wider range of music;
- Create a work environment that stimulates creativity.

2005–2006 RESULTS

The merged organisation has been achieved harmoniously and without disruption and dislocation within the operations. The Communication and Planning functions were immediately merged when the transition took place in November 2005. Management teams were subsequently integrated and inter-unit collaboration is increasing at an accelerated pace. Primary awareness of these changes would flow from the integrated approach adopted in promoting the different networks' schedules over the Winter.

NEXT STEPS

- ▶ Foster optimal integration of services and activities where it makes sense and is natural;
- ▶ Rely more on the involvement, abundant creativity and diversity of staff;
- ▶ Strengthen alliances and partnerships;
- ▶ Develop new sources of revenue;
- ▶ Expand the reach of Radio and Television through the Internet and new platforms.

84%

FRANCPHONE VIEWERS SATISFIED WITH
TÉLÉVISION DE RADIO-CANADA



Michel Louvain, Sheila Copps, Normand Brathwaite, Jacynthe René,
Alain Dumas. *Le match des étoiles*, Télévision de Radio-Canada

TÉLÉVISION DE RADIO-CANADA

Télévision de Radio-Canada continued its repositioning, begun three years ago, in the competitive French-language television market. It refined its mission to focus on public service programming that is credible, bold and audacious, open to the world and to different perspectives.

2005-2006 OBJECTIVES: SUSTAINING THE MOMENTUM

1. BUILD THE AUDIENCE;
2. STRENGTHEN NEWS AND CURRENT AFFAIRS;
3. INCREASE OUR CULTURAL DIVERSITY;
4. ENSURE OPEN MANAGEMENT.

2005-2006 RESULTS

BUILD THE AUDIENCE

Télévision de Radio-Canada sustained exceptional ratings. For example, *Les Bougon – c'est aussi ça la vie!* was the top-rated show for five consecutive weeks (average audience ranging between 1.65 and 1.89 million viewers). Many other programs also regularly drew over a million viewers, including *Tout le monde en parle*, *Le match des étoiles*, *L'auberge du chien noir*, *Minuit le soir*, *Casino*, and *Rumeurs*. The success of these programs proves that Canadians will choose excellent, appealing domestic productions when they are available.

In the Summer of 2005, Télévision de Radio-Canada premiered a number of new shows that helped boost ratings in the evenings. This solid performance is reflected in the audience share for *Le téléjournal/Le point*, which grew by five percentage points at

10:00 p.m. and by four percentage points at 10:30 p.m., compared to Summer 2004.

In the 2005-2006 Fall-Winter season, the network maintained an all-day 15.6 per cent share (up from 15.4 per cent in 2004-2005). Its share of the 6:00 a.m. to 7:00 p.m. period was 2.2 percentage points higher than the season before, a rise due to programs aired between 1:00 p.m. and 5:00 p.m., including the new sociocultural magazine show *La fosse aux lionnes*.

STRENGTHEN NEWS AND CURRENT AFFAIRS

Télévision de Radio-Canada created a new editorial structure for planning and resource allocation in News and Current Affairs to allow for more extensive programming on topical subjects, such as: *Point de rupture/Breaking Point*, a special transcultural project about the 1995 Referendum in Québec co-produced by our English and French services; and *L'argent des Hells* and *La grippe aviaire*.

Télévision de Radio-Canada, which provides News and information programming from five national and 29 regional bureaux, augmented its international News capability, adding resources for coverage in Paris, Washington and Latin America.

The network also launched *Les coulisses du pouvoir*, providing more coverage and analysis of political events and figures, and three new daily Current Affairs programs. Returning programs included the innovative *5 sur 5* – a public platform on Télévision de Radio-Canada, RDI and TV5 – and *Enjeux* and *Zone libre*.

INCREASE OUR CULTURAL DIVERSITY

Télévision de Radio-Canada acted on its commitment to reflect the country's cultural diversity by organising a summit on the issue in October 2005 at its Montréal offices. The summit, which was attended by cultural



Rémy Girard, Louison Danis, Hélène Bourgeois Leclerc, Vincent Bilodeau, Rosalee Jacques, Claude Laroche, Antoine Bertrand, *Les Bougon – c'est aussi ça la vie!*, Télévision de Radio-Canada



Dany Turcotte, Guy A. Lepage, *Tout le monde en parle*, Télévision de Radio-Canada



Marc Labrèche, *Fric Show*, Télévision de Radio-Canada

MEDIA LINES' OBJECTIVES AND RESULTS



Catherine Lafrance, Marie-José Turcotte, Michel Viens, Pascal Yiacouvakis, Tanya Lapointe. *Matin express*, Télévision de Radio-Canada



Pascale Nadeau. *Le téléjournal/Montréal*, Télévision de Radio-Canada

community and educational institution representatives, made it possible to lay the groundwork for an action plan aimed at ensuring better representation of cultural communities on the Télévision de Radio-Canada workforce.

ENSURE OPEN, RESPONSIBLE MANAGEMENT

The success of Télévision de Radio-Canada's repositioning has largely been due to the commitment of its staff to meeting the objectives and expressing the values of a successful public broadcaster. To honour that

commitment, Télévision de Radio-Canada continued in 2005–2006 to introduce open management practices based on cooperation and teamwork.

A range of responsible management practices has been introduced in recent years to ensure the continuous re-investment of savings and revenue into programming. These practices are reviewed regularly. In 2005–2006, they helped Télévision de Radio-Canada attain its revenue targets and maintain a high rate of re-investment in programming.

**IN THE 2005–2006
FALL–WINTER SEASON,
TÉLÉVISION DE RADIO-
CANADA MAINTAINED AN
ALL-DAY 15.6 PER CENT
SHARE (UP FROM 15.4
PER CENT IN 2004–2005).**

NEXT STEPS

- ▶ Strengthen our cultural mission by further raising the quality of drama and variety programs, developing more High Definition Television (HDTV) programming, and expanding our reach on all platforms;
- ▶ Unreservedly assert the main network's unique, general-interest character;
- ▶ Accentuate the distinctiveness of information programming.

90%

FRANCOPHONE LISTENERS (18+)
SATISFIED WITH RADIO DE RADIO-CANADA

RADIO DE RADIO-CANADA

Radio de Radio-Canada is rooted in Canada's regions and communities, with 14 regional News bureaux and 20 production centres across the country.

Radio de Radio-Canada is the most comprehensive French-language radio network in Canada.

Radio de Radio-Canada includes the Première Chaîne, Espace musique and *bandeapart.fm*. Radio de Radio-Canada also operates Radio Canada International (RCI), CBC | Radio-Canada's international service, and cooperates with CBC Radio to produce CBC North/Radio-Canada Nord, which broadcasts to Northern Canada in French, English and eight Aboriginal languages.

2005–2006 OBJECTIVES: CREATING A STRONGER, MORE DISTINCTIVE RADIO PRESENCE

1. BUILD EXISTING AUDIENCES;
2. STRENGTHEN THE PREMIÈRE CHAÎNE'S POSITION IN INFORMATION AND CULTURE;
3. MAINTAIN ESPACE MUSIQUE'S ROLE IN ENCOURAGING CANADA'S MUSICAL DIVERSITY;
4. USE EMERGING TECHNOLOGIES TO REACH NEW AUDIENCES.

2005–2006 RESULTS

BUILD EXISTING AUDIENCES

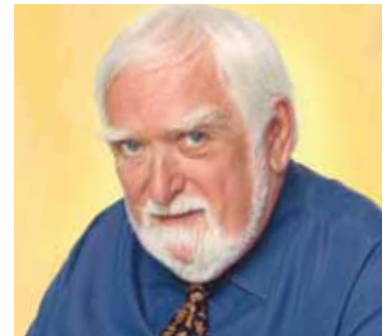
Like Télévision de Radio-Canada, Radio de Radio-Canada has had considerable success with audiences in recent years. The BBM ratings for this year indicate a steady rise. For the first survey of 2006, Radio de Radio-Canada obtained a combined audience share for the Première Chaîne and Espace musique of 16.3 per cent



Monique Giroux, *Fréquence libre*, Première Chaîne, Radio de Radio-Canada



Joël Le Bigot, *Samedi et rien d'autre*; and *Pourquoi pas dimanche?*, Première Chaîne, Radio de Radio-Canada



Jacques Languirand, *Par 4 chemins*, Première Chaîne, Radio de Radio-Canada

and a reach of close to 1.3 million listeners — an all-time record. The percentage of Francophone listeners (18+) satisfied with Radio de Radio-Canada remained high at 90 per cent.

The Première Chaîne audience share for 2005–2006 was 12.8 per cent (BBM Fall Sweeps), up from 12.6 per cent last year. The Première Chaîne's morning show was number one in the Montréal Francophone market.

STRENGTHEN THE PREMIÈRE CHAÎNE'S POSITION IN INFORMATION AND CULTURE

The Première Chaîne is available to 98 per cent of Canada's Francophone population.

To strengthen the Première Chaîne's regional dimension, the mandates of several network programs were revised to make more room for regional content. Many network shows are taped in the regions, such as the literary magazine *Vous m'en lirez tant*, broadcast from the Festival de poésie de Trois-Rivières and the Salon du livre de Rimouski. The Première Chaîne's expanded cultural programming included series about authors such as Dany Laferrière, Robert Lepage and Leonard Cohen.

MAINTAIN ESPACE MUSIQUE'S ROLE IN ENCOURAGING CANADA'S MUSICAL DIVERSITY

Espace musique, very successfully launched in September 2004, continued to provide a distinctive service that reflects Canada's diverse musical genres and emerging talent to Francophones across the country, with stations in each provincial capital. Its mandate is to develop and promote French-language Canadian music of all genres (classical, jazz, world music, and emerging music).

Espace musique attracts a multilingual audience — in fact, 25 per cent of listeners are Anglophone. The network's innovative website on *Radio-Canada.ca* supports Canadian artists by featuring their music and profiles.



MEDIA LINES' OBJECTIVES AND RESULTS



Alexandre Courteau, *Bandeapart.fm*, Espace musique, Radio de Radio-Canada; and Bande à part, Sirius Satellite Radio Channel 93

USE EMERGING TECHNOLOGIES TO REACH NEW AUDIENCES

Radio de Radio-Canada reached new audiences by launching, in association with Sirius Canada, four satellite networks: Bande à part, Première plus, Info plus, and RCI plus. The latter's schedule consists of original RCI productions in French, English, Spanish, Portuguese, Arabic, Russian, Ukrainian, and Mandarin, and reflects the multicultural nature of Canada's population. The Sirius Bande à part station complements *bandeapart.fm* on Espace musique and the Internet.

Bandeapart.fm offers invaluable exposure for emerging Canadian music through French-language Internet content for young people. Among *bandeapart.fm*'s offerings are eight Web Radio stations, online concerts, videos, and extremely popular podcasting — there were over 35,000 *bandeapart.fm* podcast downloads in just one week in late Winter 2006, for example. Since its Web launch in January 2001, *bandeapart.fm* has broadcast over 350 concerts, more than 40 Television shows, 2,000 hours of Radio programming, and attracted millions of users.

NEXT STEPS

- ▶ Make the Première Chaîne a genuine forum for great ideas and critical issues;
- ▶ Define Espace musique's position and role in developing Canadian music;
- ▶ Increasingly become a regional News standard;
- ▶ Maintain high ratings.

RADIO-CANADA.CA

In 2005–2006, *Radio-Canada.ca* remained a leader among Canada's French-language news and media websites, attracting an average of 1.4 million Francophone visitors per month at home.

2005–2006 OBJECTIVES: REINFORCING THE VALUES AND PRIORITIES OF A PUBLIC BROADCASTER

1. DELIVERING QUALITY CONTENT;
2. SHARING CONTENT AND RESOURCES WITH RADIO DE RADIO-CANADA AND TÉLÉVISION DE RADIO-CANADA;
3. OFFERING INNOVATIVE AND COMPELLING YOUTH CONTENT.

2005–2006 RESULTS

DELIVERING QUALITY CONTENT

In November 2005, *Radio-Canada.ca* marked its 10th anniversary by revamping its home page to offer visitors easier access to current content, and expanded and refined the News, sports, and Arts and Entertainment sections.

94%

SITE VISITORS SATISFIED WITH
RADIO-CANADA.CA



Anddy Zhao, RCI plus, Sirius Satellite Radio Channel 188

SHARING CONTENT AND RESOURCES WITH RADIO AND TELEVISION

Radio-Canada.ca increased cooperation in News coverage with Radio de Radio-Canada and Télévision de Radio-Canada. *Radio-Canada.ca* reporters contributed to our French-language Radio and Television programs, and coverage of the federal election and the Torino Winter Olympics was truly cross-platform, with resources and content shared right across French and English services to create exceptional productions that achieved record audience levels.

To help increase audiences for our other French-language services, *Radio-Canada.ca* launched a new guide to French Radio and Television programming for each region and created multimedia content for Radio and Television programs, including *Point de rupture*.



Radio-Canada.ca celebrated 10 years.

OFFERING INNOVATIVE AND COMPELLING YOUTH CONTENT

In 2005–2006 *Radio-Canada.ca*'s youth content was split into two sites: one for 6-to-12-year olds and one for 3-to-5-year olds. Each new site contains interactive content and experiences tailored to each age group's interests.

Radio-Canada is the first Canadian French-language broadcaster to offer podcasting content, popular primarily with the 18-to-34-year-old group. Downloadable from *Radio-Canada.ca*, *Le carnet techno*, national News reports, *Indicatif présent*, *Les années lumière*, *Macadam tribus* and Première Chaîne highlights proved even more popular than anticipated.

CBC | RADIO-CANADA LAUNCHED SIX NEW CHANNELS THIS YEAR ON SIRIUS SATELLITE RADIO.

NEXT STEPS

- ▶ Maintain and consolidate leadership among Canada's French-language media sites;
- ▶ Contribute to the overall strength of CBC | Radio-Canada by increasing cross-promotion and the sharing of resources and content with Radio and Television;
- ▶ Continue to explore new kinds of content adapted to emerging broadcast platforms.



François Dompierre, Espace musique, Radio de Radio-Canada



Carole Trahan, Espace musique, Radio de Radio-Canada



Stanley Péan, Espace musique, Radio de Radio-Canada



THE INTERNATIONAL SCENE

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

CBC | RADIO-CANADA'S INTERNATIONAL PRESENCE HAS LONG BEEN DRIVEN BY THE NECESSITY TO EMBRACE THE WORLD.

CANADA'S WINDOW

This includes sharing its programming, values and expertise with partners worldwide, while reciprocally taking advantage of the best the planet's other public broadcasters have to offer. The Corporation's international strategy allows it to enrich its programming with the best foreign content, export its productions to larger numbers of markets, and form productive strategic partnerships.

CBC | Radio-Canada belongs to the leading international broadcasting organisations, holding strategic positions that enable it to influence these bodies' key directions and participate fully in the global debates and issues that matter to Canadians.

INCREASING UNDERSTANDING OF CANADIAN VALUES,
CULTURE, SOCIAL AND ECONOMIC LIFE

TO THE WORLD



CBC | RADIO-CANADA PROGRAMMING ABROAD

PROGRAMMING HIGHLIGHTS:

- ▶ EXPOSURE OF **CBC RADIO** PROGRAMMING INTERNATIONALLY CONTINUES TO GROW: *AS IT HAPPENS* IS NOW HEARD ON 105 PUBLIC RADIO STATIONS IN THE US, AND *OUTFRONT* AND OTHER DOCUMENTARIES CAN BE HEARD ON PRX, A US-BASED PUBLIC RADIO INTERNET SITE THAT DISTRIBUTES PROGRAMMING TO PUBLIC RADIO STATIONS FOR TERRESTRIAL BROADCAST.
- ▶ IN 2005, **RADIO DE RADIO-CANADA** SIGNED A MAJOR AGREEMENT WITH RADIO FRANCE INTERNATIONALE (RFI) ALLOWING THE **PREMIÈRE CHAÎNE** TO AIR A LIVE DAILY NEWSCAST AS WELL AS A WEEKLY SELECTION OF RFI'S TOP ARTS AND ENTERTAINMENT SHOWS.
- ▶ **CBC TELEVISION'S** NEWS, DOCUMENTARY AND ARTS & ENTERTAINMENT DIVISIONS COLLABORATED ON MORE THAN TWO DOZEN MAJOR PROJECTS WITH BROADCASTERS IN AUSTRALIA, FRANCE, GERMANY, IRELAND, ITALY, THE UNITED KINGDOM, AND THE UNITED STATES, AMONG OTHER COUNTRIES.
- ▶ **CBC | RADIO-CANADA** IS A SHAREHOLDER IN TV5MONDE – AN INTERNATIONAL NETWORK AVAILABLE TO 263 MILLION HOUSEHOLDS IN 203 COUNTRIES AND TERRITORIES WORLDWIDE, WITH OVER 173 MILLION VIEWERS EACH WEEK (CUMULATIVE AUDIENCE). TV5MONDE ANNUALLY BROADCASTS 400 HOURS OF TÉLÉVISION DE RADIO-CANADA PROGRAMMING
- ▶ TORINO 2006 WAS THE MOST SUCCESSFUL OLYMPICS IN THE HISTORY OF **CBC.CA** AND **RADIO-CANADA.CA**, BREAKING ALL PREVIOUS OLYMPICS TRAFFIC RECORDS.
- ▶ **RADIO-CANADA.CA** PROVIDED OUTSTANDING NEWS COVERAGE AGAIN THIS YEAR, COVERING SUCH EVENTS AS HURRICANE KATRINA, THE DEATH OF JOHN PAUL II, AND THE ELECTION OF THE NEW POPE. **RADIO-CANADA.CA** WAS THE FIRST FRENCH-LANGUAGE SITE TO REPORT ON THE LONDON BOMBINGS.

RADIO CANADA INTERNATIONAL

Radio Canada International (RCI), CBC|Radio-Canada's international Radio service, broadcasts in nine languages via the Internet, digital and analog shortwave, satellite, and some 400 partner stations worldwide.

RCI has nearly completed its repositioning, having shifted its programming focus from News to the daily concerns of citizens. The result has been greater interaction between hosts and listeners on air, richer analysis of major social issues, and more room for human-interest and Arts and Entertainment content.

Since December 2005, RCI has been available in Canada via Sirius Satellite Radio. Its daily Arabic-, Spanish- and Chinese-language programs have been expanded to a one-hour format. Fifty-three new partnership agreements were signed with foreign broadcasters (32 in sub-Saharan Africa, in English and French; 19 in Latin America, including nine in Spanish and 10 in Portuguese; and two in Europe, in Spanish), adding to the 375 local stations that already carry selected Radio Canada International programming worldwide. In Canada, seven stations carry RCI programs or program segments in French, Mandarin, Spanish, and Arabic: two in Vancouver, one in Edmonton, one in Winnipeg, one in Toronto, and two in Montréal.

During the fiscal year, RCI carried out 12 co-productions with partner stations: five with RCI's target countries in Latin America (Argentina, Mexico, Colombia, and Venezuela); one in Portuguese with Brazil; four in Chinese with partners Radio Beijing, Radio Chongqing and China National Radio; one in French with Mali; and one in Arabic with the Voice of Lebanon.

RCI celebrated its 60th anniversary by hosting a number of live concerts and special events for broadcast on its airwaves. RCI also signed agreements with Deutsche Welle and Radio Netherlands, which helped give its programming considerably wider exposure.

The Conference of International Broadcasters' Audience Research Services (CIBAR) held its annual meeting in Montréal this year as part of RCI's 60th anniversary. To mark the last day of the 60th celebrations, RCI teamed up with Espace musique and CBC Radio Two to produce a cross-cultural project: a concert extravaganza featuring La Bottine Souriante and the Gran Orquesta Cubana de Montreal during the Montreal High Lights Festival on February 25, 2006.

A report produced by the Latin American section was chosen by the Gabriel Garcia Marquez-chaired Fundación para un Nuevo Periodismo Iberoamericano (FNPI) to be included in an anthology of the best reports in 2004.

RCI teams also covered selected events in Newfoundland, Edmonton and Calgary to better reflect Canada to the world.

THE CANADIAN INSTITUTE FOR TRAINING IN PUBLIC BROADCASTING

Since its launch in November 2004, CBC|Radio-Canada's Canadian Institute for Training in Public Broadcasting/ Institut canadien de formation en radiodiffusion publique has completed a number of projects in Africa and the Caribbean focused on election coverage, audiovisual trades and broadcast management.

The Institute implemented a training program for the Office de Radiodiffusion Télévision du Niger (ORTN) to help it enhance coverage of the Jeux de la Francophonie, which were held in Niamey, Niger, in December 2005. Together with the Hirondelle Foundation, the Institute offered a training seminar on election coverage to journalists from the United Nations-funded radio network Radio Okapi. The Institute also provided employees from Radio Dahra, one of the regional stations of Radio Nationale Algérienne, with basic training on hosting, producing, journalism and other radio professions, as well as digital production.

The Canadian Institute for Training in Public Broadcasting collaborated with Réseau Liberté and the NGO Alternatives on a program aimed at promoting democratic transition in Haiti. The Corporation's News professionals trained Haitian journalists to cover the February 2006 presidential election.

The Institute worked closely with The Broadcasting Corporation of the Bahamas to set up a training program for the public broadcaster's executives. The Institute also partnered with the Commonwealth Broadcasting



THE INTERNATIONAL SCENE

Association to organise two seminars for some two dozen senior managers from Caribbean public television and radio on leadership and strategic broadcast management.

CBC|RADIO-CANADA PROGRAMMING ABROAD

The biggest achievement of 2005–2006 for CBC Radio was its launch on Sirius Satellite Radio of both CBC Radio One and CBC Radio 3. Exposure of CBC Radio programming internationally continues to grow: *As It Happens* is now heard on 105 public radio stations in the US, including four of the top 10 markets, and *Outfront* and other documentaries can be heard on PRX, a US-based public radio Internet site that distributes programming to public radio stations for terrestrial broadcast.

CBC Radio continues to collaborate with other public broadcasters and is an active participant in documentary, drama and music exchanges with broadcasters such as BBC, ABC, Radio Netherlands, Radio Hong Kong, Radio New Zealand, and through the European Broadcasting Union.

CBC Television's News, Documentary and Arts & Entertainment divisions collaborated on more than two dozen major projects with broadcasters in Australia, France, Germany, Ireland, Italy, the United Kingdom, and the United States, among other countries. *Passion and Fury: The Emotional Brain* was co-produced by CBC Television's

**RADIO CANADA
INTERNATIONAL (RCI),
CBC | RADIO-CANADA'S
INTERNATIONAL RADIO
SERVICE, BROADCASTS IN
NINE LANGUAGES VIA THE
INTERNET, DIGITAL AND
ANALOG SHORTWAVE,
SATELLITE, AND SOME
400 PARTNER STATIONS
WORLDWIDE.**

The Nature of Things and the Australian Broadcasting Corporation. CBC News created new Current Affairs programs with both the United States and Australia. CBC News and *The New York Times* collaborated on the weekly *Times Seven* series broadcast to more than 46 million homes in Canada and the US. *Hemispheres* continues to be co-produced by CBC Television and the Australian Broadcasting Corporation. In the past 18 months, CBC News opened new small bureaux in Beirut, Nairobi, Los Angeles, and Shanghai, bringing the total number of foreign bureaux to 14. Chief Correspondent Peter Mansbridge anchored *CBC News: The National* from Torino, Kandahar and Israel. A newly branded segment called *Our World* is now seen three nights a week as part of our flagship prime-time newscasts, and repackaged into a weekly half-hour show; work is also in progress on the creation of a new World Affairs Unit.

In 2005–2006, Radio de Radio-Canada launched four new Radio services on Sirius Canada, of which two, *Première plus* and *Bande à part*, are available to North America and the Caribbean. The two services available in Canada are *Info plus*, a Francophone continuous



Passion and Fury: The Emotional Brain, The Nature of Things. CBC Television and CBC Newsworld



Peter Mansbridge reporting from Afghanistan for CBC Television and CBC Newsworld

information Radio service and RCI plus, a multilingual version of the RCI service, available for the first time in Canada. These new services broaden Radio de Radio-Canada's reach and broadcasting capability in North America.

In 2005, Radio de Radio-Canada signed a major agreement with Radio France Internationale (RFI) allowing the Première Chaîne to air a live daily newscast as well as a weekly selection of RFI's top arts and entertainment shows. Each day, RFI's Paris station carries a best-of compilation of Première Chaîne programming, packaged by Radio de Radio-Canada. To mark the launch of Info plus on Sirius Canada, Radio de Radio-Canada reached an agreement bringing Canadians morning shows from France Inter, Radio France's flagship network.



Students of CBC|Radio-Canada's Canadian Institute for Training in Public Broadcasting, learning television production in Niger, in preparation for the Jeux de la Francophonie

Radio de Radio-Canada continued to offer Canadians distinctive programming that embraces the entire French-speaking world, in partnership with French, Belgian and Swiss public radio. *La librairie francophone*, a new weekly program aired on the Première Chaîne and co-produced with France Inter and the main networks of RTBF (Belgium) and Radio Suisse Romande (Switzerland) gives Europeans exposure to Canadian writers, while exploring the larger Francophonie literary scene. In Fall 2005, the four French-language public radio services celebrated 50 years of cooperation by airing a special program that featured a major call-in segment on the French language,

produced in Montréal and simulcast in France, Belgium, Switzerland, and Canada. Espace musique strengthened its collaborative ties with European public radio through the European Broadcasting Union.

CBC|Radio-Canada is a shareholder in TV5Monde, an international network available to 263 million households in 203 countries and territories worldwide, and which draws over 173 million viewers each week (cumulative audience). TV5Monde annually broadcasts 400 hours of Télévision de Radio-Canada programming, including *Le téléjournal*; *Découverte*; *Catherine*; *Un gars, une fille*; *Grande Ourse*; and *Ciao Bella*. The feature films *La femme qui boit*; *20 h 17, rue Darling*; and *Québec-Montréal* were seen across the entire TV5Monde network in 2005. *Le point* is a Current Affairs program specially packaged for TV5Monde, with reports from the programs *Enjeux*, *Zone libre* and *Le point*. During prime time, TV5Monde also airs an international version of *5 sur 5*. Télévision de Radio-Canada hosted a seminar in Montréal on documentaries, organised by the Communauté des Télévisions Francophones (CTF), which brought together CTF-member public television services, as well as producers, directors and scriptwriters from Belgium, Switzerland, France, and Canada. During the year, TV5Monde rebroadcast a number of Radio-Canada News specials, such as the leaders' debate, the results of the 2006 federal election, national and provincial celebrations, and major cultural events such as the ADISQ gala and the Soirée des Jutra.



Adrienne Arsenault reporting from Sri Lanka for CBC Television and CBC Newsworld



Joyce Napier, Washington correspondent for Télévision de Radio-Canada



Ginette Lamarche, Brazil correspondent for Radio de Radio-Canada

CBC | RADIO-CANADA SERVICES

CBC | Radio-Canada delivers a comprehensive range of News, information, entertainment and sports programs via 27 different services. It is the only Canadian broadcaster delivering Radio, Television, Internet, and satellite-based services, in both English and French plus eight Aboriginal languages, to all Canadians. The Corporation's broadcasting reach extends across Canada and around the world, offering Canadian content, when, where and how our audiences want it.

RADIO



CBC RADIO ONE: commercial-free English-language network, broadcasting local, national and international News, Current Affairs and general-interest programming.



CBC RADIO TWO: commercial-free English-language network, featuring music, concerts, national and world News.



CBC RADIO 3: commercial-free English-language network, offering new music and culture from Canada and around the world, on CBC Radio Two, Sirius Satellite Radio, and the Internet.



PREMIÈRE CHAÎNE: commercial-free French-language network, offering News, Public Affairs and cultural programming.



ESPACE MUSIQUE: commercial-free French-language music network, offering jazz, classical, chanson, diverse world music, and emerging talent.



BANDE À PART .FM: commercial-free French-language network, offering emerging music and Francophone artists on Espace musique and Sirius Satellite Radio, and on the Internet (*bandeapart.fm*).



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



RADIO CANADA INTERNATIONAL (RCI): international Radio service broadcasting in nine languages

SATELLITE RADIO



CBC RADIO ONE: commercial-free English-language network, providing national and international News, Current Affairs, documentaries, Arts, comedy, and popular culture programming.



CBC RADIO 3: commercial-free English-language network featuring emerging Anglophone music and artists, with 85 per cent Canadian content.



PREMIÈRE PLUS: commercial-free French-language network, offering News, Current Affairs, magazines, and cultural programming, including the best of the Première Chaîne.



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



BANDE À PART: emerging Francophone music and artists.



RCI PLUS: Radio Canada International programming in eight languages, as well as broadcasts from Canadian and international network partners.

TELEVISION



CBC TELEVISION: English-language network, delivering a wide range of general, special-interest and high-impact programming, News and information.

CBC NEWSWORLD: English-language 24-hour all-News and information service, financed entirely by subscriptions and advertising revenue.

CBC COUNTRY CANADA: 24-hour English-language digital Television service, by subscription, dedicated to regional and rural programming.

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

TÉLÉVISION DE RADIO-CANADA: French-language network delivering a broad range of general, special-interest and innovative audacious programming, News and information.

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

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

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

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

INTERNET



CBC.CA: English-language Internet service carrying our Radio and Television content, unique New Media and Corporate information.

RADIO-CANADA.CA: French-language Internet service carrying our Radio and Television content, unique New Media and Corporate information.

CBC RADIO 3: commercial-free English-language network, offering new music and culture from Canada and around the world, on CBC Radio Two, Sirius Satellite Radio, and the Internet.

BANDEAPART.FM: commercial-free French-language network, offering emerging music and Francophone artists on Espace musique and Sirius Satellite Radio, and on the Internet (*bandeapart.fm*).

REACHING NEW AUDIENCES



GALAXIE: Digital pay commercial-free audio service offering 45 channels of continuous music, without talk, to over five million subscribers.

CBC RECORDS | LES DISQUES SRC: recording label, releasing about 25 new Canadian CDs annually.

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



AUDIENCES ENJOY OUR SERVICES EVERYDAY. OUR PROGRAMMING REFLECTS CANADA'S DIVERSITY, REGIONS AND COMMUNITIES. AND BEHIND THE SCENES IS AN EFFICIENT CORPORATION SUPPORTING THOSE SERVICES.

BEFORE THE

BETTER PROGRAMMING THROUGH NEW TECHNOLOGY AND EFFICIENCIES

In the challenging context of a limited budget, dramatically increasing production costs, and fragmented audiences and media competition, CBC | Radio-Canada is optimising assets and strategically deploying available funds to deliver on its programming mandate.

During 2005–2006, the Corporation undertook numerous internal projects to achieve greater efficiency, boost flexibility or generate additional revenue. Since 2000-2001, in addition to one-time productivity savings and revenue increases of \$115 million, initiatives have been generating \$74 million a year in savings and revenues, allowing us to increase the value of our

services and to further our strategic priority: *Demonstrate that CBC | Radio-Canada is a well-managed company and generate cash flow to re-invest in programming.*

REAL ESTATE

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

This year, the Division helped to develop and obtain approval for a major redevelopment project in Vancouver, and consolidation of our St. John's, Newfoundland, locations. These projects will integrate our French and English Radio, Television and New Media networks and newsrooms, for increased collaboration and better use of assets; making more

efficient use of real estate; and bringing us into the heart of the community – all to support the production of excellent programming. These new projects will complement our successful consolidations in Ottawa, Edmonton and Québec City, completed in the last three fiscal years. Already, more than 10 per cent of CBC | Radio-Canada's employees have been relocated to more modern and better working spaces. Similar projects are being considered for other locations across the country.

To operate more efficiently, the Division utilises best-industry practices across the Corporation. Energy management programs provide us with approximately \$2 million of recurring annual savings while improving employee comfort. We continue to explore new energy saving measures as part of the Corporation's commitment towards the environment. To date, CBC | Radio-Canada Vancouver and Montréal locations have been certified "Go Green" by their respective provincial BOMA (Building Owners and Managers Association) chapters. The Maison de Radio-Canada in Montréal has won the National Earth Award from BOMA Canada for its continuing environmental practices, and it is in the running for the International Earth Award.

Since 2000, real estate initiatives have freed up more than \$82 million of which approximately \$13 million is annually recurring.

MERCHANDISING

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

During 2005–2006, the Division brought in \$6.5 million in revenue – an 18 per cent increase over the previous year – and opened a store in Montréal and a kiosk in Ottawa to join our Toronto venue and online stores (*cbcshop.ca* and *boutiqueradio-canada.ca*) in providing the Corporation with additional funds for programming. Next year, the Division will continue to consolidate its retail presence and expand its licensing activities to generate more re-investment in programming.

CURTAIN RISES

TECHNOLOGY

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

CBC Technology began to implement new telecom and broadcast technologies last year, resulting in approximate annual savings of \$1.4 million initially, and \$3.7 million in annual savings with full implementation this year. The Distribution Relay Optimization Project (DROP), which replaced terrestrial networks with satellite, generated annual savings of \$5.2 million for our Television networks, with an additional \$1.1 million in annual savings beginning this year, overachieving its savings target. One million dollars of additional savings in distribution costs for CBC Newsworld, Galaxie, ARTV, and CBC Country Canada were also achieved.

CBC | Radio-Canada Transmission increased revenue by \$412,000 in 2005–2006 by renting space on our towers, sites and buildings to private broadcasters, cell phone companies and government services; and selling shortwave transmission services and providing technical maintenance services to other broadcasters.

Various technologies allow us to achieve savings, and create and deliver a larger number and range of high-quality News stories. These include iNews, for greater sharing of production material between our French, English, Radio and Television services; ParkerVision, for reducing the number of studio employees required to produce newscasts; and Desktop Television, for improving the workflow in newsrooms. Desktop Television is being rolled out in



BEHIND THE SCENES

Toronto, and the technology will be introduced on a reduced scale in smaller locations in the future. A second generation of Desktop Radio was introduced this year, as well as more elements of our Vision Project which will ultimately replace 45 aging and obsolete computer systems with three new, fully integrated systems to manage contracts, program inventory, broadcast schedule, marketing and sales activities, promos, media management, and CRTC reporting.

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

In June 2005, the CRTC granted Sirius Canada Inc. and Canadian Satellite Radio Inc. licences to provide subscription radio via satellite. CBC | Radio-Canada Transmission was instrumental in building eight terrestrial transmitters for Sirius this year, and is providing monitoring and maintenance services for Sirius, generating important revenue for the Corporation's programming budgets.

DIGITAL AND HIGH DEFINITION TELEVISION

Since 2003–2004, we have been making the transition to digital high definition transmission, in order to produce and broadcast excellent television for Canadians. The Corporation is building two HD studios in Toronto and three in Montréal. Four HD transmitters offer digital and high definition (HD) services in Montréal and Toronto and, new this year, in Québec City (French) and Vancouver (English). Transmitters for both the English and French networks will be on air in Ottawa in Autumn 2006.

CBC | RADIO-CANADA OFFERS DIGITAL AND HIGH DEFINITION TELEVISION IN MONTRÉAL, TORONTO, QUÉBEC CITY, AND VANCOUVER. NEXT YEAR: OTTAWA.

In September 2005, in response to an invitation from the Government of Canada, CBC | Radio-Canada developed and filed an accelerated strategy for the Corporation's transition to digital television. If funded by Government, this proposal will permit CBC | Radio-Canada to offer all of its prime-time programming in HD format more quickly than would otherwise have been the case.

In November 2005, CBC Television created a Video Syndication (VS) unit within CBC's Digital Programming and Business Development group, in order to satisfy the growing demand for content on new platforms – from cable video-on-demand, to the Internet (on *CBC.ca* and commercial portals), to private and public screens, to cellular and other mobile devices. The VS unit will develop programming strategies for



High Definition Mobile Truck



Canadian Broadcasting Centre, Toronto

these platforms in such a way that production pays for itself, and is self-sustaining. The focus will be on commercial opportunities in video syndication, such as sales to cable or telecommunications companies, or ad-supported video programming on *CBC.ca*. The VS unit will bring in needed revenue for our programming budgets, while complementing the work of our New Media division which has been syndicating text and video on the Internet and cellular devices for some years. Importantly, it will also better serve our audiences on the move.

MOBILE DIVISION

Our Mobile Division was created two years ago to make more efficient use of our mobile production equipment; to ensure that programs have access to the material and expertise they need; and to generate revenue, for investment in programming, by aggressively marketing excess capacity. The Division has full responsibility for maintenance and deployment of all of our Television mobile fleet. Our first High Definition Mobile Truck, built and placed in service this year, is helping us make spectacular Television programming. A second HD mobile was approved by the Board of Directors, with a target in-service date of April of 2007.

SHARED SERVICES

Two years ago, we created our CBC | Radio-Canada Shared Services, to update delivery of transactional and administrative services in Human Resources, Information Technology and Finance and Administration. Shared Services has worked to standardise processes, leverage investments in leading-edge technology, and achieve economies of scale in transaction-intensive services. Much of this was completed this year and the last phase, the transition of HR services, is slated for completion in 2006–2007. Shared Services' On-going Quality Assurance program allows it to monitor performance vis-à-vis established Service Level Agreements requirements. To help streamline operations and review processes, Shared Services is continuing to develop and refine metric and monitoring systems. Key Performance Indicators have been identified and Shared Services is developing a proper interface for data gathering and reporting using Corporate standards. Shared Services is also conducting a survey, in consultation with CBC Research, to measure employees' satisfaction with its services, with the aim of improving performance next year.

CONTENT MANAGEMENT

Again in 2005–2006, the Corporation successfully expanded use of programming and revenue from our archives, and made advances in rights management to obtain and exploit rights for program content.

REGIONAL REFLECTION, DIVERSITY, AND SERVING THE COMMUNITY

As Canada's national public broadcaster, CBC | Radio-Canada creates and broadcasts high-quality programming that reflects the country's different regions, broadening diversity and evolving culture; and maintains a strong presence in communities. These activities are supported by the Corporation's strategic priorities.

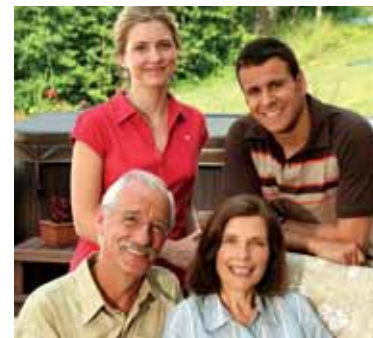
CBC | Radio-Canada invests in the regions by posting journalists in nearly 70 Canadian communities and covering, in-depth, the local and regional stories that matter to audiences; featuring local speakers and perspective; and sharing stories with national audiences, to connect citizens across the country. We are the only Canadian broadcaster to air programs in English and French across the country, in eight Aboriginal languages in the North, and in nine



Adrian Harewood, guest host and upcoming host of *All in a Day*, Ottawa, CBC Radio One



Jeff Gilhooly, *The Morning Show*, St. John's, CBC Radio One



Francoeur, Télévision de Radio-Canada



BEHIND THE SCENES

languages around the world on Radio Canada International. We evaluate our programming to ensure that it meets Canadians' expectations, innovating and improving, wherever funding allows. For instance, this year, CBC Television's *CBC News: Canada Now* piloted *Here and Now*, a regional show in Newfoundland and Labrador, to speak directly to regional needs and expectations. To round out its Arts and Entertainment coverage on regional newscasts, Télévision de Radio-Canada aired *Art circuit*, a magazine devoted to cultural life across the country, live out of Ottawa.

To ensure that we reflect contemporary Canada on-screen and behind-the-scenes, we have a number of initiatives, including the following:

- ▶ CBC Television's Express Diversity (with results such as changes in hiring practices and story selection within News and Current Affairs; and the requirement for approved internal diversity plans);
- ▶ CBC Radio's New Voices strategy (which has introduced thousands of new voices and perspectives in programs such as *Outfront*, *Global Village*; and *Legends* which, since 2004, has focused on the preservation of at-risk Aboriginal languages through voice recordings);
- ▶ Over 30 cross-cultural initiatives involving CBC | Radio-Canada's English and French services, which help create synergy and foster productive inter-media exchanges, while bringing communities closer together and raising awareness of their respective realities. Some such initiatives take the form of special programming centred on specific themes. For instance, from December 26 to 30, 2005, the Première Chaîne aired *Mosaïques*, a five-part series on regional immigration. Originally produced in Rimouski and broadcast on selected regional stations in Québec, the series was also aired across Canada;
- ▶ Télévision de Radio-Canada's strengthened regional content in its News and information service; this speaks to our desire to reflect Canada's myriad regional perspectives and characteristics; and
- ▶ Espace musique, Radio de Radio-Canada's Canada-wide music network, brings audiences a musically diverse environment that fosters the multiplicity of musical genres through such initiatives as partnerships with events in cultural communities, like Le festival du monde arabe and Nuits d'Afrique, artistic creation, and support for homegrown talent via programs like *Sacré talent*.

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

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

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

BUILDING AND STRENGTHENING OUR TEAM

One of the Corporation's eight strategic priorities, *Strengthen CBC/Radio-Canada's commitment to all its employees – to those who create and those who support them*, articulates the important place of employees in the company and the need to shape a working environment that continues to encourage and facilitate the production of excellent programming for our audiences.

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

Also in support of fostering conditions that promote creative programming is the Corporation's annual tradition of holding a Leaders' Forum. In May 2005, CBC | Radio-Canada held its fifth such forum to discuss positioning the Corporation for the challenging future, and to look for new ways of increasing creativity in an evolving business environment. Management and Union leaders also met for the fourth Union-Management Leaders Forum in April 2005.

ORGANISATIONAL HEALTH AND WELLNESS INITIATIVE

A creative organisation needs to provide a healthy environment in which creativity can flourish. Following the Corporation's employee surveys of 2001 and 2004, CBC | Radio-Canada Management and Unions recognised the need to act on certain employee-related wellness issues cited in the survey findings, and Human Resources is making this a priority. A Director of Wellness was appointed in April 2005 to implement overall, integrated and proactive strategies on health and wellness for staff and the organisation as a whole, and to oversee Safety and Environment operations. Recognising the value of gathering concrete data on health issues, in June 2005, the Corporation conducted a survey on the psychological well-being of employees that revealed certain work-related health, security and mental illness risk-factors. Survey results have led to a number of concrete actions, where Management, Unions and employees are working together to address challenges in the workplace.



Set for *The Greatest Canadian*. Studio 40, Canadian Broadcasting Centre, Toronto

A STRATEGIC APPROACH TO INDUSTRIAL RELATIONS

The Corporation this year concluded agreements with its two largest French-language unions, the Syndicat des communications de Radio-Canada (SCRC) and the Syndicat des Technicien(ne)s et Artisan(ne)s du réseau français de Radio-Canada (STARF). In both cases, agreement was reached before the collective agreements had expired and in an atmosphere of mutual respect throughout the bargaining process. These agreements will be in effect for three years.

CBC | Radio-Canada also reached agreement on a new contract with the Association of Professionals and Supervisors (APS) this year in a calm and productive process.

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

Negotiations did not go as smoothly as hoped this fiscal year, and after 15 months in pursuit of a negotiated contract settlement, Management came to the conclusion that an agreement would not be reached without a work stoppage and made the difficult decision to lock out its CMG employees in order to force the negotiations to a conclusion. While this decision most certainly caused short-term difficulties for employees and inconvenience for our audiences, it was necessary for the longer term health of public service broadcasting in Canada. An agreement between Management and the CMG was ratified in October 2005. To help CMG's effective return to work, Management provided numerous information and re-integration sessions across the country for both CMG employees and Management. This year's difficult events have encouraged the Corporation to review its employee relations strategy, with particular attention to the management of organisational change as it affects the workforce and the work we do.

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

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



CBC | RADIO-CANADA HAS AN OBLIGATION TO REPORT TO CANADIANS ON THE FULFILMENT OF ITS COMMITMENTS. THIS IS ACCOMPLISHED USING A VARIETY OF COMMUNICATION CHANNELS AND VEHICLES.

OPEN AND TRANSPARENT

FOR EXAMPLE, CBC | RADIO-CANADA ACCOUNTS FOR ITS ACTIVITIES THROUGH THE MINISTER OF CANADIAN HERITAGE TO PARLIAMENT, THROUGH ITS ANNUAL REPORT AND CORPORATE PLAN SUMMARY; TO THE CANADIAN RADIO-TELEVISION AND TELECOMMUNICATIONS COMMISSION (CRTC) THROUGH YEAR-END REPORTS AND ANNUAL FINANCIAL RETURNS; AND TO STAKEHOLDERS THROUGH ONGOING DIALOGUE AND INTERACTION AND CBC | RADIO-CANADA WEBSITES.

Here are examples of reporting instruments:

- ▶ ANNUAL REPORT OF CBC | RADIO-CANADA TO THE CANADIAN RADIO-TELEVISION AND TELECOMMUNICATIONS COMMISSION (CRTC)
- ▶ CBC | RADIO-CANADA CORPORATE PLAN AND CORPORATE PLAN SUMMARY
- ▶ CBC | RADIO-CANADA ANNUAL REPORT
- ▶ AUDITOR GENERAL SPECIAL EXAMINATION REPORT
- ▶ AUDITOR GENERAL ANNUAL ATTEST AUDIT
- ▶ ANNUAL REPORT TO THE DEPARTMENT OF HUMAN RESOURCES AND SKILLS DEVELOPMENT CANADA (HRSDC) EMPLOYMENT EQUITY
- ▶ IMPLEMENTATION OF SECTION 41 OF THE OFFICIAL LANGUAGES ACT REPORT
- ▶ PUBLIC ACCOUNTS OF CANADA

JOURNALISTIC STANDARDS AND PRACTICES

CBC | Radio-Canada has an extensive code of Journalistic Standards and Practices and solid editorial control mechanisms to guide its employees and to ensure that those working on its programming remain balanced and accurate in their on-air perspectives and reporting. Complaints from the public that are not resolved at the program level to the satisfaction of the complainants are examined and dealt with by the Corporation's two independent Ombudsmen, each of whom is completely independent of CBC | Radio-Canada programming staff and programming management and is reporting directly to the President of the Corporation and, through the President, to the Corporation's Board of Directors. The role of each Ombudsman is pivotal in strengthening the national public broadcaster's accountability and transparency to Canadians. The Ombudsmen can be reached at: The Ombudsman, English Networks, CBC | Radio-Canada, PO Box 500, Station A, Toronto ON M5W 1E6 (*ombudsman@cbc.ca*); and Bureau de l'ombudsman, Services français, CBC | Radio-Canada, CP 6000, Montréal QC H3C 3A8 (*ombudsman@radio-canada.ca*).

CODES OF CONDUCT

CBC | Radio-Canada employees at all levels and across the Corporation are expected to adhere to policies governing their behaviour in such areas as: conflict of interest and ethics; whistleblowing; official languages; harassment; and political activity. A selection of the Corporation's Human Resources policies is available for viewing online at: <http://www.cbc.radio-canada.ca/docs/policies/index.shtml>.



GOVERNANCE

HIGHLIGHTS

BOARD OF DIRECTORS COMPOSITION

Significant change in the membership of the Board of Directors occurred just as the previous fiscal year ended and the new year began, with a total of eight new Directors appointed during the months of February and April 2005.

In addition, a new Chairman of the Board, Guy Fournier, was appointed in October 2005 to replace Carole Taylor who resigned in March 2005. Pursuant to the provisions of the *Broadcasting Act*, the President and CEO served as Acting Chair during the intervening period.

COMPREHENSIVE REVIEW OF GOVERNANCE AT CBC | RADIO-CANADA

Developments proliferated in 2005 on the topic of corporate governance, especially with respect to Crown Corporations. To assist the Board in identifying the priorities for CBC | Radio-Canada, Management compiled a report card on the current state of governance at CBC | Radio-Canada, examining both external and internal developments affecting the Corporation from a corporate governance perspective, including:

- ▶ REVIEW OF THE GOVERNANCE FRAMEWORK FOR CANADA'S CROWN CORPORATIONS – MEETING THE EXPECTATIONS OF CANADIANS – TREASURY BOARD SECRETARIAT REPORT (FEBRUARY 2005);
- ▶ THE OFFICE OF THE AUDITOR GENERAL 2005 REPORT: CHAPTER 7 – GOVERNANCE OF CROWN CORPORATIONS (FEBRUARY 2005);
- ▶ REPORT OF THE OFFICE OF THE AUDITOR GENERAL ON THE CBC 2005 SPECIAL EXAMINATION (NOVEMBER 2005).

The Report Card generated a number of recommendations for Board and Management action during 2006–2007 to ensure that CBC | Radio-Canada keeps pace with new developments.

REPORTING ON CORPORATE GOVERNANCE POLICIES AND PRACTICES

BOARD RESPONSIBILITIES

In 1998, the Board adopted Terms of Reference for the Board, the Board Chairperson, the President and CEO, individual Directors, and Board Committees, which together delineate the roles and responsibilities for each element within CBC | Radio-Canada's governance structure. These were substantially revised in 2002 and are reviewed periodically and updated as necessary to ensure that they continue to provide appropriate guidance to the Board, to address emerging issues and to reflect current best practices.

Key responsibilities include:

- ▶ APPROVAL OF THE STRATEGIC DIRECTION, CORPORATE AND BUSINESS PLANS FOR THE CORPORATION;
- ▶ OVERSIGHT OF THE RISK MANAGEMENT FRAMEWORK TO ENSURE THAT THE PRINCIPAL RISKS OF THE CORPORATION'S BUSINESS ARE IDENTIFIED AND MANAGED APPROPRIATELY;
- ▶ APPROVAL OF MANAGEMENT'S SUCCESSION PLAN FOR SENIOR MANAGEMENT, THE INDUSTRIAL RELATIONS STRATEGY, AND THE OVERALL POLICY FRAMEWORK FOR THE CORPORATION;
- ▶ OVERSIGHT OF MANAGEMENT INFORMATION SYSTEMS AND PRACTICES TO ENSURE THE AVAILABILITY AND INTEGRITY OF INFORMATION FOR BOARD AND MANAGEMENT DECISION-MAKING;
- ▶ ASSESSMENT OF THE CORPORATION'S PROGRESS IN ACHIEVING ITS STRATEGIC AND BUSINESS OBJECTIVES;

GOVERNANCE

- ▶ OVERSIGHT OF THE PLANS AND POLICIES IN PLACE TO ENSURE EFFECTIVE COMMUNICATION WITH PARLIAMENT, THE PUBLIC AND STAKEHOLDERS.

BOARD INDEPENDENCE

Since 1991, the roles of Chairperson of the Board and President and CEO have been separate, pursuant to the provisions of the *Broadcasting Act*. The *Act* also provides, however, that where a vacancy exists in the office of the Chairperson, the President and CEO shall act as Chairperson.

The President and CEO is the only Director who is also a member of Management. The Directors periodically meet without Senior Management present, and on occasion, in the absence of the President and CEO, to ensure that there are opportunities for discussion of any sensitive issues.

CONFLICT OF INTEREST AND CODE OF CONDUCT

All Directors are subject to Confidentiality, Code of Conduct and Conflict of Interest rules and are required to disclose the existence of any potential or actual conflicts of interest on a timely basis so that they may be managed appropriately.

THE POSITION OF THE CEO

Prominent among the Board's key responsibilities each year are the tasks of establishing objectives for the upcoming year and evaluating the performance of the President and CEO for the preceding year. These two processes support, document and reinforce the accountability of the President and CEO to the Board.



GOVERNANCE

BOARD EVALUATION

In 2004, the Board, with the assistance of outside expertise retained specifically for this purpose, developed and implemented an evaluation process to assess its effectiveness as a Board. Due to the major change in the composition of the Board that occurred early in calendar year 2005, the Board concluded that it would be premature to undertake a Board evaluation before March 31, 2006. An evaluation will be conducted early in the 2006–2007 year.

BOARD RENEWAL

The Board continues to affirm its ongoing commitment to encourage the selection of Board members whose skills, experience and qualifications are responsive to the needs of the Corporation and who, as a group, reflect CBC | Radio-Canada's critical and unique role as Canada's national public broadcaster. Consistent with this, in 2005, the Board undertook a review of its selection criteria for the Chairperson and for individual Directors and approved further refinements to both. These criteria have been submitted to the Government for consideration in the selection process for new Board members.

In addition, development of current Board members is supported through both internal and external training programs to ensure that governance and other topical issues are brought to the Board's attention.

BOARD COMPENSATION

The Board reviewed its compensation practices in March 2006. Pursuant to the provisions of the *Broadcasting Act*, changes to Directors' compensation are subject to approval by the Minister of Canadian Heritage. At the time of writing the 2005–2006 Annual Report, the changes had been submitted to the Minister for ratification.

BOARD ATTENDANCE

Board Members' attendance is recorded and reported each year to the Nominating and Governance Committee.

WHISTLEBLOWER POLICY

In September 2004, CBC | Radio-Canada introduced a whistleblower policy, the Corporate Policy on Disclosure of Wrongdoings, as part of its Corporate policy framework. Information sessions were conducted for business units across Canada during Spring/Summer.

AS CANADA'S NATIONAL PUBLIC
BROADCASTER AND A CROWN
CORPORATION, CBC | RADIO-CANADA
IS RESPONSIBLE TO PARLIAMENT
AND TO CANADIANS.

THE FINANCIALS



THE 2005–2006 YEAR PROVED TO BE AN ACTIVE AND CHALLENGING ONE FOR CBC | RADIO-CANADA. SEVERAL SIGNIFICANT FINANCIAL TRANSACTIONS AND ISSUES WERE COMPLETED OR RESOLVED DURING THE YEAR.

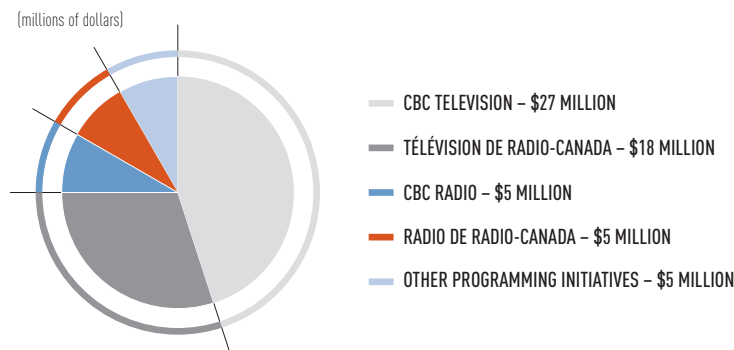
THE YEAR IN REVIEW

AMONG THE MOST SIGNIFICANT, IN JUNE 2005 THE CRTC APPROVED SIRIUS CANADA'S APPLICATION FOR A SUBSCRIPTION SATELLITE RADIO LICENSE TO BROADCAST IN CANADA. CBC | RADIO-CANADA PARTNERED WITH TWO MAJOR BROADCASTERS, SIRIUS SATELLITE RADIO INC. (USA) AND STANDARD RADIO INC., TO BRING CANADIANS AN UNPARALLELED MUSIC SELECTION AND AN UNMATCHED LINEUP OF SPORTS, NEWS, TALK, AND ENTERTAINMENT VIA SATELLITE. LISTENERS THROUGHOUT NORTH AMERICA ARE ABLE TO ENJOY SIX CHANNELS PRODUCED BY CBC | RADIO-CANADA: *CBC RADIO ONE*, *CBC RADIO 3*, *PREMIÈRE PLUS*, *INFO PLUS*, AND *BANDE À PART*; AND THE BEST OF RADIO CANADA INTERNATIONAL ON THE NEW MULTILINGUAL STATION, *RCI PLUS*.

During the month of February 2006, CBC | Radio-Canada broadcast the **Torino Olympic Winter Games** and millions of Canadians watched or listened to medal-winning moments on more platforms than ever before. From a financial perspective, the Games produced excellent results, as expected.

THE GOVERNMENT OF CANADA ONCE AGAIN RENEWED THE \$60 MILLION in one-time funding for 2005–2006. This funding, which we have received for five consecutive years, allowed the Corporation to further strengthen and revitalise English and French Television and Radio programming, and to reflect the ever-increasing diversity of Canadian society. Examples of programs produced and aired thanks to this funding include: *Grande Ourse*, *Les Bougon – c’est aussi ça la vie!*, *Trudeau*, *China Rises*, *Lévesque*, *Random Passage*, and the development of unique bilingual programs and events like the highly acclaimed *Breaking Point/Point de rupture*.

**DISTRIBUTION OF THE 2005–2006
NON-RECURRING FUNDING OF \$60 MILLION**



In November 2005, **THE OFFICE OF THE AUDITOR GENERAL RELEASED ITS SPECIAL EXAMINATION REPORT** to CBC | Radio-Canada. The report concluded that during the period under examination, except for performance measurement and reporting, the systems and practices of CBC | Radio-Canada were designed and operated in a way that provided reasonable assurance that assets were safeguarded and controlled, resources were managed economically and efficiently, and operations were carried out effectively. The entire report can be found at CBC.ca or Radio-Canada.ca (<http://CBC.Radio-Canada.ca/docs/auditor/index.shtml>).

Furthermore, the project to evaluate the **EFFECTIVENESS OF CBC | RADIO-CANADA'S INTERNAL CONTROLS** continued. The ultimate goal of the project is to provide Senior Management with adequate tools in order to attest to the effectiveness of internal control over financial reporting. This is in line with the recent announcement by the Canadian Securities Administrators (CSA) that they will propose amendments to Multilateral Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings, to be issued in 2006. The amendments would expand the CEO/CFO certification to require certification with respect to the effectiveness of the internal controls over financial reporting. The internal controls project includes the documentation and evaluation of internal controls over financial statements for 19 financial processes and the documentation and evaluation of financial processes and internal controls over financial statements affected by a project which will provide a single, integrated way to manage contracts and content, program inventory and schedules, broadcast and media management, revenue management, marketing and sales, promotions, and air



time analysis for both CBC Television and Télévision de Radio-Canada. The scope of this system implementation involves replacing 45 legacy systems with three new systems: OnAir (broadcast management), Livelink (contracts) and RMS (revenue management). The project team is also documenting and evaluating the Information Technology (IT) general controls. A team of external experts has been assisting the CBC | Radio-Canada team in the different phases of the project. The project is scheduled for completion by March 2007.

As part of the annual business planning process for 2005–2006, media lines and Corporate components identified and ranked their most significant risks to achieving business objectives. Standard risk definitions and evaluation criteria were used to prioritise risks on the basis of inherent risk scores, which are a function of impact and likelihood. In addition, action plans were developed and responsibility assigned for managing key risks. The top risks and associated action plans were presented to the Board of Directors. Some of the more significant risks included uncertainty regarding CBC | Radio-Canada's future government funding levels, distribution technology changes, programming issues, erosion of audience share, and decreased revenues.

THE CBC PENSION PLAN IS HEALTHY and, in fact, as of December 31, 2005, was in a significant surplus position on a going-concern basis. However, under federal regulations, if a federal corporation's (including a Crown Corporation's) pension plan is in a deficit position on a "solvency" basis or on a "going-concern" basis, that corporation is required to make up that deficit through additional contributions to the plan. Like some estimated 80 per cent of Canadian pension plans, as of December 31, 2005 – the valuation date – the CBC Pension Plan had a solvency deficit. This deficit was caused largely by historically low long-term interest rates at that moment of valuation. The deficit was evaluated at \$89.1 million. Under federal regulations, corporations in a deficit position are required to repay that deficit with interest over five years. However, the Federal Budget released in May 2006 proposed important measures that will provide temporary relief to corporations like CBC | Radio-Canada by extending, under certain conditions, the timeframe during which solvency payments must be made. When adopted, these measures could reduce the amount (currently estimated at \$20.1 million) for the 2006 calendar year by half. For 2005–2006, the cost of the special contribution to the CBC Pension Plan was \$5.025 million. The Plan's position will automatically be re-evaluated at the end of calendar year 2006 and if, at that time, the financial position of the Plan has improved to the point where the deficit has been eliminated, the special contributions will be suspended.

ANALYSIS OF 2005–2006 CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEET

In 2005, the Corporation adopted Accounting Guideline 15, *Consolidation of Variable Interest Entities*. This adoption resulted in a restatement of some balance sheet elements. More information is provided in the Financial Statements and in Note 3.

The level of cash, cash equivalents and short-term investments decreased from last year mainly due to the \$7 million investment in Sirius Canada Inc., a decreased requirement for cash to pay Olympic rights (\$34 million paid in 2004–2005 versus \$10 million paid in 2005–2006), a \$20 million payment for the cost of the results of job evaluation, and the cost of disaffiliation (\$9 million).

The increase in accounts receivable is the result of outstanding invoices for the Torino Winter Olympic Games held in February 2006.

The item "Inventory" increased due to the production of such programs as *Hockey: A People's History*, scheduled to be broadcast in the Fall of 2006, and *Street Cents*, which was broadcast in the Spring of 2006.

Long-term investments decreased because the Corporation did not invest in marketable securities with a maturity term longer than one year from the balance sheet date.

Accounts payable and accrued liabilities increased mainly as a result of a rise in municipal taxes and an increase in the level of accruals (or outstanding invoices) related to the purchase of capital equipment for high definition television.

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

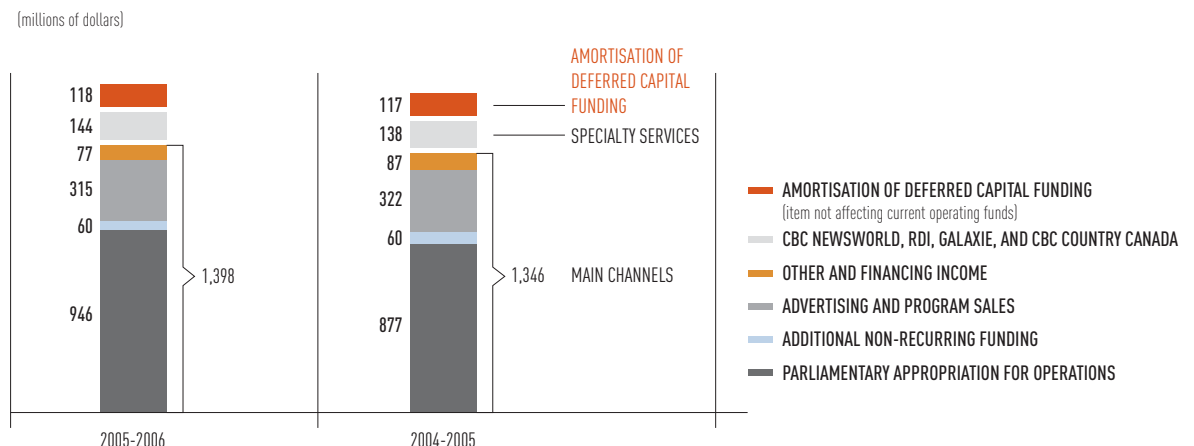
REVENUES – 2005–2006

The slight decrease in advertising revenues and program sales is due to a substantial loss of revenue by CBC Television during the National Hockey League (NHL) lockout and its own labour disruption in the late Summer/early Fall 2005. This loss was offset by advertising revenues on replacement programming such as *Movie Night in Canada*. Advertising revenue losses in CBC Television were partially offset by increased revenues generated by Télévision de Radio-Canada due to the remarkable performance of its programming. Revenue generated from the Torino Winter Olympic Games also offset the loss of revenues. In spite of all these events, advertising revenues only reached 85 per cent of the original target set for various media lines in 2005–2006.

The increase in revenues for Specialty Services is mostly attributable to a greater number of subscribers for CBC Newsworld, le Réseau de l'information de Radio-Canada (RDI) and Galaxie. Overall, Specialty Services revenues represent 106 per cent of the targets set at the beginning of the year.

Other income, which surpassed expectations by 11 per cent for 2005–2006, includes revenues generated from the host broadcasting activities during the World Aquatics Championships in Montréal. Increased revenues were also generated by Télévision de Radio-Canada from agreements with independent producers, for programs such as *Véro* and *Le match des étoiles*. On a year-to-year basis, other income was affected negatively by the expiry of the contract to provide programming and services to Newsworld International USA.

REVENUES AND OPERATING SOURCES OF FUNDS – CBC | RADIO-CANADA

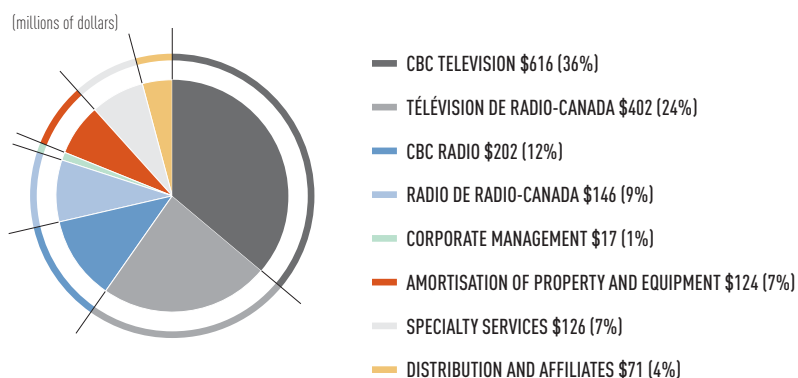


EXPENSES – 2005–2006

On a year-to-year basis, the expenditure reduction reflects the decrease in the cost of the Torino Olympic Winter Games compared to the cost of the Athens Olympic Summer Games and a reduced level of activity during the Canadian Media Guild (CMG) lockout. Also in 2004-2005, the expenditures included the cost of broadcasting World Cup Hockey. Actual expenses for Television and Radio services represent approximately 95 per cent of budgets set at the beginning of the year.

The increase in Specialty Services expenditures represents an investment in new programming initiatives that were in line with budgets for 2005–2006.

2005–2006 OPERATING EXPENDITURES* 1,704 MILLIONS OF \$



* Excluding provision of income and large corporation taxes

2006–2007 AND SUBSEQUENT YEARS

In May 2006, the Government of Canada included **one-time funding of \$60 million** in the Main Estimates tabled for 2006–2007.

Also in May 2006, **CBC | Radio-Canada and Corus Entertainment Inc.** reached an agreement that saw the Corporation purchase Corus Entertainment’s 53 per cent ownership stake in **The Documentary Channel**. Along with the 29 per cent CBC | Radio-Canada currently owns, this will give the Corporation majority ownership and control of the channel. As of the date of this Annual Report, the agreement was subject to the approval of the CRTC.

In 2006–2007, the risk management process will be further enhanced to include a detailed presentation of key risks, action plans and mitigation strategies to the Audit Committee of the Board of Directors. In addition, an update to the Audit Committee on the key risks will be discussed at each of its meetings throughout the year. Furthermore, starting in 2006–2007, Management will be required, as part of the business planning process, to report on the success of their action plans with respect to managing the key risks identified the previous year. CBC | Radio-Canada has adopted an enterprise-wide approach to risk management.

CBC | Radio-Canada operates in one of the world's most competitive broadcasting environments and, despite swelling financial pressures like rising production costs, rising health care costs, aging transmission and production assets, it continues to deliver great value to Canadians. Going forward, the onus remains on us to persevere in advancing our strategic priorities and to continue to provide Canadians with the range and quality of services that they have come to expect from their public broadcaster.

This being said, there is no question that the Corporation ultimately requires stable, multi-year government funding to surmount the many challenges it faces and to truly fulfil its mandate. We will continue to voice this need on behalf of Canadians.

FINANCIAL HIGHLIGHTS FROM THE PAST FIVE YEARS

FOR THE YEAR ENDED MARCH 31	2006	2005	2004	2003	2002
	(MILLIONS OF DOLLARS)				
GOVERNMENT FUNDING					
Parliamentary appropriations	946	877	873	877	780
Non-recurring funding for programming initiatives	60	60	60	60	60
REVENUE					
Advertising and program sales	315	322	283	284	319
Other income	63	73	79	73	82
Specialty Services	144	138	132	123	118
EXPENSES					
Television and Radio services costs	1,367	1,383	1,330	1,198	1,151
Specialty Services	126	121	116	117	104

FINANCIAL RATIOS

FOR THE YEAR ENDED MARCH 31	2006	2005	2004	2003	2002
LIQUIDITY RATIOS					
Current ratio ¹	1.45	1.36	1.64	1.55	1.61
Quick ratio ²	1.01	0.92	1.25	1.24	1.27

¹ Current assets / current liabilities

² (Current assets - inventory) / current liabilities



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 judgement, have been properly prepared within reasonable limits of materiality and are in accordance with Canadian generally accepted accounting principles.

Management of the Corporation maintains books of account, records, financial and management controls, and information systems, which are designed to provide reliable and accurate financial information on a timely basis. These controls provide reasonable assurance that assets are safeguarded, that resources are managed economically and efficiently in the attainment of corporate objectives, that the operations of the Corporation are carried out effectively and that transactions are in accordance with the applicable provisions of Part X of the *Financial Administration Act*, 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 her audit to the Minister of Canadian Heritage and Status of Women.

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

OTTAWA, CANADA

JUNE 7, 2006



PRESIDENT AND CHIEF EXECUTIVE OFFICER



VICE-PRESIDENT AND CHIEF FINANCIAL OFFICER

To the Minister of Canadian Heritage and Status of Women

I have audited the consolidated balance sheet of the Canadian Broadcasting Corporation as at March 31, 2006 and the consolidated statements of operations and equity and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied, after giving retroactive effect to the change in the method of accounting for variable interest entities as explained in note 3 to the financial statements, on a basis consistent with that of the preceding year.

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



SHEILA FRASER, FCA
AUDITOR GENERAL OF CANADA

OTTAWA, CANADA
JUNE 7, 2006



CONSOLIDATED BALANCE SHEET

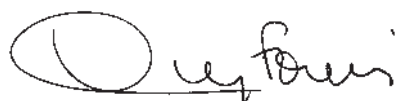
AS AT MARCH 31

	2006	2005 (restated, Note 3)
	(THOUSANDS OF DOLLARS)	
ASSETS		
CURRENT		
Cash and cash equivalents	-	20,487
Short-term investments (NOTE 4)	93,658	82,794
Accounts receivable	181,048	128,318
Inventory (NOTE 5)	145,584	124,951
Prepaid expenses	56,795	56,300
Net investment in sales-type leases (NOTE 6)	1,771	1,685
	478,856	414,535
Property and equipment (NOTE 7)	971,649	983,036
Long-term receivables (NOTE 8)	72,016	73,963
Net investment in sales-type leases (NOTE 6)	65,551	66,929
Deferred charges	12,908	13,464
Long-term investments (NOTE 9)	3,924	38,393
	1,604,904	1,590,320
LIABILITIES		
CURRENT		
Bank overdraft	2,556	-
Accounts payable and accrued liabilities	142,231	112,934
Employee-related liabilities (NOTE 10)	167,247	174,943
Bonds payable, including accrued interest (NOTE 12)	17,766	17,462
	329,800	305,339
LONG-TERM		
Employee-related liabilities (NOTE 10)	298,230	230,606
Bonds payable (NOTE 12)	342,348	349,216
Deferred capital funding (NOTE 13)	599,541	629,987
	1,240,119	1,209,809
EQUITY		
Equity	34,985	75,172
	1,604,904	1,590,320

Commitments and contingencies (NOTES 14 AND 15)

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

APPROVED BY THE BOARD OF DIRECTORS:



DIRECTOR



DIRECTOR

CONSOLIDATED STATEMENT OF OPERATIONS AND EQUITY

FOR THE YEAR ENDED MARCH 31

	2006	2005
	(THOUSANDS OF DOLLARS)	
REVENUES		
Advertising and program sales	314,708	321,670
Specialty Services (NOTE 16)	144,265	138,288
Other income	62,598	73,049
Financing income	14,737	13,699
	536,308	546,706
EXPENSES		
Television and Radio service costs	1,366,659	1,383,164
Specialty Services (NOTE 16)	126,348	120,662
Transmission, distribution and collection	63,023	63,748
Payments to private stations	7,997	8,058
Corporate management	16,542	16,525
Amortisation of property and equipment	123,841	122,675
	1,704,410	1,714,832
	(1,168,102)	(1,168,126)
OPERATING LOSS BEFORE GOVERNMENT FUNDING AND TAXES		
GOVERNMENT FUNDING		
Parliamentary appropriation for operating expenditures (NOTE 17)	1,006,231	936,771
Amortisation of deferred capital funding (NOTE 13)	117,956	116,729
	1,124,187	1,053,500
	(43,915)	(114,626)
NET RESULTS BEFORE TAXES		
(Provision) recovery of income and large corporations taxes (NOTE 18)	(272)	974
	(44,187)	(113,652)
NET RESULTS FOR THE YEAR	(44,187)	(113,652)
EQUITY, BEGINNING OF YEAR	75,172	184,824
WORKING CAPITAL FUNDING (NOTE 17)	4,000	4,000
EQUITY, END OF YEAR	34,985	75,172

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



CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31

	2006	2005 (restated, Note 3)
	(THOUSANDS OF DOLLARS)	
CASH FLOWS FROM (USED IN)		
OPERATING ACTIVITIES		
Net results for the year	(44,187)	(113,652)
Items not involving cash:		
Loss (gain) on disposal of property and equipment	434	(7,293)
Amortisation of property and equipment	123,841	122,675
Loss (income) from investments in entities subject to significant influence	7,109	(137)
Change in long-term receivables	-	(4,224)
Amortisation of deferred charges	556	472
Amortisation of deferred capital funding	(117,956)	(116,729)
Change in employee-related liabilities [current]	(384)	(1,628)
Change in employee-related liabilities [long-term]	67,624	75,592
Net change in non-cash working capital balances (NOTE 19)	(61,860)	(27,704)
	(24,823)	(72,628)
FINANCING ACTIVITIES		
Parliamentary appropriations (NOTE 17)		
Capital funding	87,510	95,757
Working capital funding	4,000	4,000
Repayment of bonds payable	(6,378)	(5,927)
	85,132	93,830
INVESTING ACTIVITIES		
Acquisition of property and equipment	(116,067)	(118,404)
Purchase of long-term investments	(7,000)	(34,360)
Maturity of long-term investments	34,360	-
Recovery from salary advances	647	534
Capital recovery from notes receivable	1,575	5,329
Capital recovery from net investment in sales-type leases	1,285	1,198
Proceeds from disposal of property and equipment	1,848	12,298
	(83,352)	(133,405)
	(23,043)	(112,203)
DECREASE IN CASH AND CASH EQUIVALENTS	(23,043)	(112,203)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	20,487	132,690
(BANK OVERDRAFT) CASH AND CASH EQUIVALENTS, END OF YEAR	(2,556)	20,487
Consist of:		
Bank overdraft	2,556	-
Cash	-	158
Cash equivalents	-	20,329
Supplementary information		
Interest paid	26,659	27,113
Income tax paid (recovered)	362	(809)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2006

1. AUTHORITY AND OBJECTIVE

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Consolidation

The consolidated financial statements include the accounts of the Corporation and the Broadcast Centre Trust, a variable interest entity (VIE) of which the Corporation is the primary beneficiary.

B. Parliamentary Appropriations and Deferred Capital Funding

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

C. Cash Equivalents

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

D. Short-term Investments

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

E. Foreign Currency Translation

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



2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Derivative Financial Instruments

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

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

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

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

G. Inventory

(i) Program Inventory

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

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

(ii) Other Inventory

Independent productions for which a payment is due and which do not meet the program inventory criteria, and various inventory from the Merchandising Division stated at the lower of cost and the net realisable value, are presented as other inventory.

H. Property and Equipment

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

I. Net Investment in Sales-type Leases

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

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

J. Deferred Charges

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

K. Long-term Investments

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

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

L. Pension Cost and Obligation

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

The cost of pension benefits earned by employees is determined on an actuarial basis using the projected benefit method pro-rated on service and Management's best assumptions such as the expected long-term rate of return on plan assets, rate of compensation, inflation, retirement ages of employees, and mortality of members.



2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Actuarial gains (losses) on plan assets arise from the difference between the actual return on plan assets for a period and the expected return on plan assets for that period. Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. The net accumulated actuarial gains (losses) are amortised over the average remaining service period of active employees. The average remaining service period of the active employees covered by the pension plans is between 9.3 and 13.5 years (2005 – between 9 and 13.5 years).

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

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

M. Employee Future Benefits Other than Pensions

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

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

For employee termination benefits and post-retirement life insurance, the transitional obligation and the net actuarial gains or losses are amortised over the average remaining service period of the employee group. The transitional obligation and the net actuarial gains or losses for continuation of benefits for employees on long-term disability and workers' compensation are amortised over the expected average remaining duration of payments. The amortisation periods used for these plans are between 7.6 and 13.5 years (2005 – between 4 and 13 years).

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

N. Income Taxes

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Revenue Recognition

(i) Advertising and Program Sales

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

(ii) Specialty Services

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

(iii) Other Income

Other income includes revenues from the leasing of space, facilities and services; activities such as host broadcaster; commercial productions sales; and gains from disposal of property and equipment. These are recognised when the sale of goods or the rendering of services is completed. Other income also includes changes in equity from investments in companies subject to significant influence.

(iv) Financing Income

Financing income includes interest revenues from bank accounts, short-term investments, investments in sales-type leases, and notes receivable.

P. Measurement Uncertainty

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

Q. Future Accounting Changes

In January 2005, the Canadian Institute of Chartered Accountants (CICA) issued the following three accounting standards, which will become effective in 2007–2008:

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2006

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Corporation is in the process of determining the impact these standards will have on its financial reporting.

3. CHANGE IN ACCOUNTING POLICY

On April 1, 2005, the Corporation adopted the Accounting Guideline 15, Consolidation of Variable Interest Entities. This guideline requires the application of consolidation principles to certain entities that are subject to control on a basis other than ownership of voting interests (NOTE 11).

This change in accounting policy has been applied retroactively but did not result in any adjustment to the opening equity. The impacts are as follows:

	2006	2005 restated (THOUSANDS OF DOLLARS)	2005 as previously stated
CONSOLIDATED BALANCE SHEET			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	142,231	112,934	124,016
Obligation under capital lease	-	-	6,380
Bonds payable, including accrued interest	17,766	17,462	-
LONG-TERM LIABILITIES			
Obligation under capital lease	-	-	349,216
Bonds payable	342,348	349,216	-
CONSOLIDATED STATEMENT OF CASH FLOWS			
Repayment of capital lease obligation	-	-	(5,927)
Repayment of bonds payable	(6,378)	(5,927)	-
NOTE 7: PROPERTY AND EQUIPMENT			
Property under capital lease	-	-	327,656
Buildings	459,089	481,841	154,185

4. SHORT-TERM INVESTMENTS

The average yield to maturity of the portfolio held as at March 31, 2006, is 3.18 per cent (2005 – 2.56 per cent). The average term to maturity is 158 days (2005 – 227 days).

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

5. INVENTORY

	2006	2005
	(THOUSANDS OF DOLLARS)	
Program inventory	141,505	120,709
Other inventory	4,079	4,242
	145,584	124,951

6. NET INVESTMENT IN SALES-TYPE LEASES

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

	(THOUSANDS OF DOLLARS)
Total minimum lease payments receivable	130,154
Unearned income	(62,832)
	67,322
Current portion	(1,771)
LONG-TERM PORTION	65,551

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

2007	6,050
2008	6,050
2009	6,050
2010	6,050
2011	6,050
2012 to 2027	99,904
TOTAL FUTURE MINIMUM LEASE PAYMENTS RECEIVABLE	130,154

These sales-type leases bear a fixed interest rate of 7.15 per cent annually. The interest revenues generated from these sales-type leases represent \$4.8 million in 2006 (2005 – \$4.8 million).

7. PROPERTY AND EQUIPMENT

			2006	2005 (restated, Note 3)
	COST	ACCUMULATED AMORTISATION	NET BOOK VALUE	
	(THOUSANDS OF DOLLARS)			
Land	21,727	-	21,727	21,006
Buildings	888,995	(429,906)	459,089	481,841
Technical equipment	1,293,932	(972,624)	321,308	328,805
Furnishings, office equipment and computers	137,354	(91,354)	46,000	41,320
Automotive	50,294	(36,477)	13,817	13,721
Leasehold improvements	44,231	(9,958)	34,273	34,998
Uncompleted capital projects	75,435	-	75,435	61,345
	2,511,968	(1,540,319)	971,649	983,036¹

¹ Cost and accumulated amortisation of property and equipment as at March 31, 2005, amounted to \$2,430.3 million and \$1,447.3 million respectively.

8. LONG-TERM RECEIVABLES

A. Notes Receivable

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2006

8. LONG-TERM RECEIVABLES (CONTINUED)

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

	(THOUSANDS OF DOLLARS)
2007	5,567
2008	5,567
2009	5,567
2010	5,567
2011	5,567
2012 to 2027	90,007
TOTAL FUTURE MINIMUM PAYMENTS – NOTES RECEIVABLE	117,842
Deduct: imputed interest	(56,328)
NOTES RECEIVABLE	61,514
Less: current portion (included in accounts receivable)	(1,659)
NOTES RECEIVABLE LONG-TERM	59,855

B. Salary Advances – Change in Payroll

The implementation of a new payroll system in fiscal year 1998-1999 required a change in the payroll schedule of the Corporation. To adjust to this schedule without compromising the bi-weekly payments to employees, the Corporation issued a salary advance to be recovered upon termination of employment. This salary advance represents \$12.2 million in 2006 (2005 – \$12.8 million).

9. LONG-TERM INVESTMENTS

During the 2006 fiscal year, the Corporation acquired ownership interests in Sirius Canada Inc., an investment in two types of shares: class A shares, an investment over which the Corporation exercises significant influence and is accounted for using the equity method; and class C shares, an investment presented at cost.

	2006			2005		
	SIGNIFICANT INFLUENCE	OTHER	TOTAL	SIGNIFICANT INFLUENCE	OTHER	TOTAL
	(THOUSANDS OF DOLLARS)					
ARTV – participation at 37%	3,753	-	3,753	4,016	-	4,016
The Documentary Channel – participation at 29% ¹	-	-	-	-	-	-
Sirius Canada Inc. ²⁻³	(6,846)	7,000	154	-	-	-
Marketable securities and bonds ⁴	-	-	-	-	34,360	34,360
Portfolio investments	-	17	17	-	17	17
Total	(3,093)	7,017	3,924	4,016	34,377	38,393

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

2 The Corporation has invested \$25.05 in class A shares, which represents a 25.05 per cent participation. Those shares are entitled to receive dividends in equal amounts per share.

3 The Corporation invested \$7 million in class C shares, which are entitled to a preferential cumulative dividend of 8 per cent per annum on the redemption price. These shares may be redeemed at any time by Sirius Canada Inc.

4 This year there is no investment of this type. The Corporation could invest in the long-term money market and securities. These investments would be limited to securities and bonds that are 100 per cent guaranteed by the Government of Canada.

10. PENSION PLANS AND EMPLOYEE-RELATED LIABILITIES

Employee-related liabilities are as follows:

	CURRENT		LONG-TERM	
	2006	2005	2006	2005
	(THOUSANDS OF DOLLARS)			
Accrued pension benefit liability (NOTE A)	-	-	154,836	97,321
Employee future benefits other than pensions (NOTE A)	-	-	143,140	133,007
Vacation pay	56,634	51,708	-	-
Workforce reduction (NOTE B)	23,536	16,232	-	-
Salary-related liabilities	87,077	107,003	254	278
	167,247	174,943	298,230	230,606

A. CBC | Radio-Canada Pension Plans and Other Employee Future Benefits

The Corporation maintains a contributory defined benefit pension plan, the CBC/Radio-Canada Pension Plan, covering substantially all employees of the Corporation. Retirement benefits are based on the length of pensionable service and on the average of the best five consecutive years of pensionable salary in the last ten years of employment. Employees are required to contribute a percentage of their pensionable salary to the Plan, with the Corporation providing the balance of the funding, as required, based on actuarial valuations, which are made at least on a triennial basis (latest evaluation made in December 2005) and the next required valuation will be as of December 2006. The Corporation also maintains unfunded non-contributory defined benefit pension arrangements. The measurement date for the pension plan assets and the accrued benefit obligation is March 31.

	2006	2005
ASSUMPTIONS – ANNUAL RATES		
Expected long-term rate of return on plan assets	6.75%	6.75%
Discount rate – beginning of year	5.00%	4.75%
Discount rate – end of year	5.00%	5.00%
Long-term rate of compensation increase, excluding merit and promotion	3.45%	4.00%
Health care cost trend rate	8.5% for 5 years; 4.5% thereafter	8.5% for 5 years; 4.5% thereafter
Indexation of pensions in payment	2.7%	2.7%
	2006	2005
	(THOUSANDS OF DOLLARS)	
ANNUAL AMOUNT		
Employee contributions	36,689	37,517
Benefit payments for the year – pension plans	181,649	175,718
Benefit payments for the year – other employee future benefits	12,007	9,172



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2006

10. PENSION PLANS AND EMPLOYEE-RELATED LIABILITIES (CONTINUED)

	2006		2005	
	CBC RADIO-CANADA PENSION PLANS	OTHER EMPLOYEE FUTURE BENEFITS	CBC RADIO-CANADA PENSION PLANS	OTHER EMPLOYEE FUTURE BENEFITS
	(THOUSANDS OF DOLLARS)			
Fair value of plan assets, end of year	4,154,560	-	3,753,550	-
Accrued benefit obligation, end of year	(4,138,509)	(161,626)	(4,250,824)	(174,141)
SURPLUS (DEFICIT), END OF YEAR	16,051	(161,626)	(497,274)	(174,141)
Unamortised past service costs	71,978	(4,187)	81,575	(4,606)
Unamortised net actuarial losses	455,400	933	1,109,639	20,377
Unamortised transitional (asset) obligation	(698,265)	21,740	(791,261)	25,363
ACCRUED BENEFIT LIABILITY, END OF YEAR	(154,836)	(143,140)	(97,321)	(133,007)
ACCRUED BENEFIT LIABILITY, BEGINNING OF YEAR	(97,321)	(133,007)	(35,367)	(118,423)
EMPLOYEE FUTURE BENEFITS REVENUES (COSTS)				
Current service cost	(82,185)	(8,314)	(93,680)	(8,969)
Interest on accrued benefit obligation	(210,972)	(8,450)	(200,870)	(8,558)
Expected return on actuarial value of assets	236,162	-	236,538	-
Amortisation of past service costs	(9,597)	419	(9,597)	-
Amortisation of transitional asset (obligation)	92,996	(3,607)	92,996	(3,618)
Amortisation of actuarial losses	(134,473)	(2,188)	(135,293)	(2,611)
EMPLOYEE FUTURE BENEFITS COSTS FOR THE YEAR	(108,069)	(22,140)	(109,906)	(23,756)
Corporation pension plan contributions	49,638	-	47,060	-
Benefit payments for unfunded plans	916	12,007	892	9,172
TOTAL CASH PAYMENTS	50,554	12,007	47,952	9,172
ACCRUED BENEFIT LIABILITY, END OF YEAR	(154,836)	(143,140)	(97,321)	(133,007)

As at March 31, 2006, the accrued benefit obligation for the CBC | Radio-Canada Pension Plan and for the unfunded benefit pension arrangements represented respectively \$4,089.1 million (2005 – \$4,204.6 million) and \$49.5 million (2005 – \$46.2 million).

ASSET CATEGORY	2006	2005
	PERCENTAGE OF PLAN ASSETS (BASED ON FAIR VALUES)	
Fixed income	51%	34%
Canadian equities	15%	29%
Global equities	21%	26%
Strategic	13%	11%
	100%	100%

10. PENSION PLANS AND EMPLOYEE-RELATED LIABILITIES (CONTINUED)

B. Workforce Reduction

The Corporation decided to cease most of its Design Operations in the Toronto Production Centre. These staff reductions represent a liability of \$8 million. The balance of the liability is for various reductions throughout the Corporation.

11. VARIABLE INTEREST ENTITIES

Under the Canadian Institute of Chartered Accountants' Accounting Guideline 15 (AcG-15), Variable Interest Entities (VIE) are defined as entities that do not have sufficient equity at risk to finance their activities without additional subordinated financial support, or where the equity holders lack the overall characteristics of a controlling financial interest. The guideline requires that a VIE be consolidated with the financial results of the entity deemed to be the primary beneficiary of the majority of the VIEs' expected losses and its expected residual returns, or both.

The Corporation is deemed to be the primary beneficiary of the Broadcast Centre Trust (the Trust) and has implemented AcG-15 retroactively with restatement of the prior period. The 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 Trust is also a lessor under a long-term sublease with the Corporation for the Canadian Broadcasting Centre. In order to finance the construction of the building, the Trust issued \$400 million of bonds on January 30, 1997. The rent payable by the Corporation to the Trust covers all interest and principal on the bonds, all other payments on the bonds and all operating expenses and liabilities of the Trust. The impact of consolidating the Trust in the Corporation's financial statements is on the presentation of property and equipment (NOTE 7), where the costs related to the Canadian Broadcasting Centre are shown under the buildings category rather than property under capital lease. There is also an impact on the balance sheet where the obligation under capital lease is replaced by bonds payable (NOTE 12).

The Corporation holds a variable interest in Sirius Canada Inc., also a VIE, but the Corporation is not deemed to be the primary beneficiary. The Corporation's maximum exposure to losses includes its initial investment of \$7 million plus a commitment to invest an additional \$6.4 million; and an amount of \$2.1 million of licensing revenues annually. This investment is accounted for using the equity method for class A shares and the cost method for class C shares (NOTE 9).

The investment the Corporation holds in The Documentary Channel also qualifies as a variable interest in a VIE, but the Corporation is not the primary beneficiary. The Corporation's maximum exposure to losses is \$644,000 in amounts receivable. This investment is accounted for using the equity method (NOTE 9).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2006

12. BONDS PAYABLE

The Corporation, through its relationship with the Broadcast Centre Trust (NOTE 11), guarantees the bonds payable with its rent payments for the premises occupied by the Corporation in Toronto. The Trust issued \$400 million in secured bonds on January 30, 1997. These bonds bear a fixed interest rate of 7.53 per cent annually and require blended semi-annual payments of \$16,519,398, which will retire the following principal amounts:

	(THOUSANDS OF DOLLARS)
2007 (including accrued interest of \$10,896)	17,766
2008	7,397
2009	7,964
2010	8,575
2011 to 2027	318,412
	360,114
Less: current portion	17,766
	342,348

The fair value of the bonds (NOTE 21) approximates \$459 million (2005 – \$454 million). Interest expense included in current year's expense is \$26.6 million (2005 – \$27 million).

13. DEFERRED CAPITAL FUNDING

	2006	2005
	(THOUSANDS OF DOLLARS)	
BALANCE, BEGINNING OF YEAR	629,987	650,959
Government funding for capital expenditures (NOTE 17C)	87,510	95,757
Amortisation of deferred capital funding	(117,956)	(116,729)
BALANCE, END OF YEAR	599,541	629,987

14. COMMITMENTS

A. Program-related and Other

As at March 31, 2006, commitments for sports rights amounted to \$202.6 million (2005 – \$267.9 million); procured programs, film rights and co-productions amounted to \$61.5 million (2005 – \$71.0 million) and property and equipment amounted to \$13.4 million (2005 – \$14.1 million) for total commitments of \$277.5 million (2005 – \$353.0 million). Substantially, payments under these contracts are expected to be made over the next five years.

14. COMMITMENTS (CONTINUED)

B. Operating Leases

The operating leases consist mainly of property leases, network distribution leases and equipment leases. Future annual payments related to operating leases as of March 31, 2006, are as follows:

	(THOUSANDS OF DOLLARS)
2007	108,917
2008	77,971
2009	47,677
2010	41,595
2011	39,279
2012 to 2027	207,353
TOTAL FUTURE PAYMENTS	522,792

15. CONTINGENCIES

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

16. SPECIALTY SERVICES

The Corporation operates CBC Newsworld, the Réseau de l'information de Radio-Canada (RDI), Galaxie, and CBC Country Canada under license conditions that require the reporting of incremental costs and revenues. Subscriber revenues generated by the Specialty Services are subject to the subscriber rate regulation established by the Canadian Radio-television and Telecommunications Commission (CRTC).

	2006				2005			
	REVENUES	EXPENSES	REPAYMENTS TO MAIN SERVICE ¹	NET	REVENUES	EXPENSES	REPAYMENTS TO MAIN SERVICE ¹	NET
	(THOUSANDS OF DOLLARS)							
CBC Newsworld ²	76,139	(72,982)	(3,262)	(105)	74,281	(67,261)	(1,665)	5,355
RDI ²	44,907	(44,000)	(1,591)	(684)	44,271	(43,550)	(2,143)	(1,422)
Galaxie	20,235	(6,717)	(64)	13,454	17,217	(6,644)	-	10,573
CBC Country Canada	2,984	(2,649)	-	335	2,519	(3,207)	-	(688)
	144,265	(126,348)	(4,917)	13,000	138,288	(120,662)	(3,808)	13,818

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

2 CBC Newsworld and RDI use previous years' accumulated excess revenues over expenses to fund current activities.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2006

17. PARLIAMENTARY APPROPRIATIONS

A. Parliamentary Appropriations Approved and Received

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

	2006	2005
	(THOUSANDS OF DOLLARS)	
OPERATING FUNDING		
Approved annual funding	946,231	895,659
Additional non-recurring funding for programming initiatives (NOTE 17D)	60,000	60,000
Transfer from capital funding – Supplementary Estimates B ¹	-	1,112
Frozen allotment reprofiled to future years	(20,000)	(20,000)
Frozen allotment used	20,000	-
OPERATING FUNDING RECEIVED	1,006,231	936,771
CAPITAL FUNDING		
Approved annual funding	91,510	102,869
Transfer to operating funding – Supplementary Estimates B ¹	-	(1,112)
Frozen allotment reprofiled to future years	(10,000)	(6,000)
Frozen allotment used	6,000	-
CAPITAL FUNDING RECEIVED	87,510	95,757
WORKING CAPITAL FUNDING	4,000	4,000

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

17. PARLIAMENTARY APPROPRIATIONS (CONTINUED)**B. Reconciliation of Net Results of Operations to Government Funding Basis**

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

	2006	2005
	(THOUSANDS OF DOLLARS)	
NET RESULTS FOR THE YEAR	(44,187)	(113,652)
ITEMS NOT GENERATING OPERATING FUNDS		
Amortisation of deferred capital funding	(117,956)	(116,729)
Loss (Gain) on disposal of property and equipment	434	(7,293)
Other	177	(3,631)
	(117,345)	(127,653)
ITEMS NOT REQUIRING OPERATING FUNDS		
Amortisation of property and equipment	123,841	122,675
CBC Radio-Canada pension plans and other employee future benefits	67,648	75,592
Vacation pay	(253)	(1,760)
Program inventory costs	(8,301)	(5,852)
Loss (income) from investments in companies subject to significant influence	7,109	(137)
Other	(567)	668
	189,477	191,186
RESULTS OF OPERATIONS ON A GOVERNMENT FUNDING BASIS	27,945	(50,119)
Less: Interest generated from the disposal of joint business ventures	(890)	(1,012)
Add: Use of proceeds, generated in a previous fiscal year, from the sale of lands	-	5,194
Add: Use of proceeds, generated in a previous fiscal year, from the sale of joint business venture	546	42,718
NET RESULTS OF OPERATIONS ON A GOVERNMENT FUNDING BASIS	27,601	(3,219)
GOVERNMENT FUNDING SURPLUS, BEGINNING OF YEAR	32,033	35,252
GOVERNMENT FUNDING SURPLUS, END OF YEAR	59,634	32,033

C. Net Results for Capital Funding

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2006

17. PARLIAMENTARY APPROPRIATIONS (CONTINUED)

	2006	2005
	(THOUSANDS OF DOLLARS)	
Capital funding received (NOTE 17A)	87,510	95,757
Capital recovery from notes receivable	1,575	5,329
Capital recovery from net investment in sales-type leases	1,285	1,198
Proceeds from the disposal of property and equipment	1,848	12,298
TOTAL CAPITAL FUNDING FOR THE YEAR	92,218	114,582
Acquisition of property and equipment	(116,067)	(118,404)
Capital portion of bond payments	(6,378)	(5,927)
CAPITAL DEFICIT BEFORE ADJUSTMENTS FOR CONSIDERATIONS AFFECTING CAPITAL FUNDS	(30,227)	(9,749)
Add (deduct): Considerations affecting capital funds	196	(1,707)
CAPITAL FUNDING DEFICIT FOR THE YEAR	(30,031)	(11,456)
CAPITAL FUNDING SURPLUS, BEGINNING OF YEAR, GOVERNMENT FUNDING BASIS	10,187	21,643
CAPITAL FUNDING (DEFICIT) SURPLUS, END OF YEAR, GOVERNMENT FUNDING BASIS¹	(19,844)	10,187

¹ Transfers between operating and capital are accomplished through Supplementary Estimates B in the fiscal year to which they relate. Due to the fact that Parliament was dissolved on November 29, 2005, for a general election, planned transfers in the amount of \$31.1 million in fiscal year 2005–2006 did not take place.

D. Additional Non-recurring Funding for Programming Initiatives

On April 3, 2003, the Government of Canada approved additional non-recurring funding of \$60 million for the Corporation for the 2004–2005 fiscal year. This funding was again approved in February 2005 for the 2005–2006 fiscal year. These funds are being used across all media for the enhancement of programming initiatives in particular.

18. INCOME AND LARGE CORPORATIONS TAXES

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

	2006	2005
	(THOUSANDS OF DOLLARS)	
Current income tax (provision) recovery	(272)	974

The (provision for) recovery of income and large corporations taxes differs from the amount that would be computed by applying the Federal statutory income tax rate of 32.5 per cent (2005 – 32.5 per cent) to net results before taxes. The reasons for the differences are as follows:

	2006	2005
	(THOUSANDS OF DOLLARS)	
Income tax provision at Federal statutory rate	(14,281)	(37,276)
Increase (decrease) resulting from:		
Non-deductible (non-taxable) portion of capital losses (gains)	1,025	(1,422)
Other net amounts	423	385
Change in valuation allowance	12,833	38,313
Large corporations tax (provision) recovery	(272)	974
	(272)	974

18. INCOME AND LARGE CORPORATIONS TAXES (CONTINUED)

The tax effects of temporary differences that gave rise to significant portions of the future tax assets and future liabilities as at March 31, 2006 and 2005 are presented below:

	2006	2005
	(THOUSANDS OF DOLLARS)	
Future tax assets		
Accrued liabilities	6,010	9,312
Pension plan asset	50,353	31,649
Employee-related liabilities	46,632	43,344
Loss carry-forward	6,995	16,421
Long-term investments	1,163	8
	111,153	100,734
Less: valuation allowance	(66,205)	(53,372)
	44,948	47,362
Future tax liabilities		
Program inventory	1,499	1,066
Net investment in sales-type leases	18,513	18,868
Property and equipment	21,248	21,896
Notes receivable	3,688	5,532
	44,948	47,362
Net future tax liabilities (assets)	-	-

As at March 31, 2006, the Corporation had a loss carry-forward for tax purposes of \$21.5 million (2005 – \$42.3 million), which expires as follows: 2010 – \$3.1 million, 2014 – \$5.6 million, 2015 – \$12.8 million.

19. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES

	2006	2005
	(THOUSANDS OF DOLLARS)	
CASH FLOWS PROVIDED BY (USED FOR)		
Short-term investments	(10,864)	(26,470)
Accounts receivable ¹	(53,005)	1,953
Inventory ²	(19,302)	(14,758)
Prepaid expenses	(495)	10,518
Net investment in sales-type leases ³	7	7
Accounts payable and accrued liabilities	29,297	(9,923)
Employee-related liabilities ⁴	(7,312)	11,180
Bonds payable, including accrued interest ⁵	(186)	(211)
	(61,860)	(27,704)

¹ Excluding \$0.3 million (2005 – \$3.8 million) of notes receivable from the sale of lands.

² Excluding \$1.3 million (2005 – \$2.0 million) of amortisation of property and equipment.

³ Excluding capital recovery of \$0.09 million (2005 – \$0.09 million).

⁴ Excluding items not involving cash of \$0.4 million (2005 – \$1.6 million).

⁵ Excluding repayment of bonds payable of \$0.5 million (2005 – \$0.5 million).



20. RELATED PARTY TRANSACTIONS

The Corporation is related in terms of common ownership to other government departments, agencies and Crown Corporations and to private companies over which the Corporation has significant influence (NOTE 9). 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 measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The Corporation recorded the following amounts in the financial statements for transactions with related parties:

	GOVERNMENT	PRIVATE COMPANIES
	(THOUSANDS OF DOLLARS)	
Revenues	6,331	4,652
Receivables	1,091	1,838
Expenses	11,679	101
Payables	130	-

During the year, the Corporation also received funding from the Government of Canada as described in Note 17.

21. FINANCIAL INSTRUMENTS

The carrying amounts for the bank overdraft, short-term investments, accounts receivable, current portion of net investment in sales-type leases, accounts payable and accrued liabilities, and accrued bonds payable interest, approximate fair value due to the short-term nature of these instruments. The fair values of the long-term portion of net investment in sales-type leases and long-term portion of notes receivable, and the bonds payable are listed below.

INSTRUMENT	FAIR VALUES		METHOD
	2006	2005	
	(MILLIONS OF DOLLARS)		
Long-term portion of net investment in sales-type leases	70.3	70.1	Valuation technique
Long-term portion of notes receivable	64.1	63.9	Valuation technique
Bonds payable	459.0	454.0	Quoted market prices for Government of Canada bonds maturing at approximately May 1, 2027, and adjusted by a spread based on the credit rating for the bonds.

The Corporation uses derivative financial instruments such as forward contracts to manage the risk of loss due to adverse movements in foreign exchange. Foreign exchange forward contracts with a notional principal amount of \$55.9 million (2005 – \$81.8 million) were outstanding at the end of the year. The fair value, based upon market quotations, represents \$60.2 million (2005 – \$87.4 million) at March 31, 2006. The remaining term to maturity of these contracts is under three years.

If the daily bank balance is in an overdraft position, interest charges are accumulated at prime less 0.25 per cent.

22. COMPARATIVE FIGURES

Some of the 2005 comparative figures have been reclassified to conform to the current year's presentation.

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Corporate Communications
CBC | Radio-Canada
181 Queen Street
PO Box 3220, Station C
Ottawa, Ontario
K1Y 1E4
613-288-6000
liaison@CBC.ca
CBC.Radio-Canada.ca

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