

CONTINUED LEADERSHIP

IN THE EVOLUTION OF CANADIAN BROADCASTING →→

In just a few years, the landscape of Canadian broadcasting has changed almost beyond recognition. Canadians can now choose from hundreds, even thousands, of television channels, radio stations and websites, and new technologies are allowing them to gain access to that content whenever and however they want it.



We have also made considerable progress on an unprecedented and ongoing renewal of our programming – a renewal that is capturing new audiences and increasing our traditional audiences with programming that engages, informs and challenges.

We have reason to be proud of these considerable achievements, but we understand that the challenges that rapid change brings will only be amplified over time, and we must keep changing and adapting. In 2006–2007, this process of continuous renewal yielded results that point to an exciting future.

At the same time, ownership of Canadian media is becoming concentrated in a few very large companies offering an ever-wider range of services but a declining diversity of opinion and perspectives. Yet the diversity of Canadian society increases steadily, as Canada welcomes immigrants from around the world.

In the midst of all these changes, Canada's national public broadcaster is not merely important, but essential. CBC|Radio-Canada helps counter the risk of social diversity becoming social fragmentation and isolation. We offer a unique public space where Canadians can connect with each other, the country and the world. We are where communities gather, seeking out unity in diversity.

RESPONDING EFFECTIVELY TO CHANGE

To be able to respond to and even lead the evolution of broadcasting in Canada, CBC|Radio-Canada must continually adapt to rapidly changing technology and to the evolving needs and preferences of Canadians.

CBC|Radio-Canada reaches more Canadians in more ways than ever before, and this year we continued to invest in new technologies and new services. Our 28 services include broadcast Television and Radio, Internet Television and Radio, satellite radio, podcasting, cell phones and personal digital assistants (PDAs), and more.

AUDIENCES ARE EMBRACING OUR RENEWED PROGRAMMING

This year we increased our audiences by continuing to offer Canadians more of the programming they have told us they want – programming that is distinctively Canadian, entertaining, engaging, informative, and diverse.

In January 2007, the first CBC Television program to result from the network's entirely revamped program development process made a highly successful debut – in fact, viewership to the first episode of *Little Mosque on the Prairie* was 3.7 million. Overall, CBC Television increased the number of hours of Canadian entertainment programming it





offered this year, and a full slate of exciting new CBC Television programs will debut in the Fall.

In response to an in-depth survey of Canadians' needs and preferences, in March 2007 CBC Radio launched the first phase of major programming changes to CBC Radio One and CBC Radio 2. These changes are making CBC Radio 2 a unique showcase for the best of Canadian music in a wide range of genres, and expanding arts and culture coverage on CBC Radio One. Both networks achieved high audience shares in Spring 2007, with a combined share of 13.1 per cent, and Saturday and Sunday combined shares of 15 per cent and 17 per cent, respectively (BBM). In fact, CBC Radio One morning shows rank in the top three in 14 markets, including number one in Toronto, Vancouver, Ottawa, and Halifax.

This year, the ongoing integration of French Services across Television, Radio and Internet presented audiences with enriched programming. For example, new Radio programs and websites based on the Television programs *La semaine verte* and *L'heure de gloire* extended the range and depth of content available to audiences.

Télévision de Radio-Canada continued its repositioning in the competitive French-language

television market and once again maintained high levels of viewership. The network continued to refine its approach to public service programming that is credible, bold and innovative, open to the world and to different perspectives. Télévision de Radio-Canada presented 17 original dramas this year including 11 new shows, more than any other broadcaster in Canada. Audiences responded favourably: for example, this year *C.A.* earned a 20 per cent audience share; and the series, *Les hauts et les bas de Sophie Paquin*, an 18 per cent share. Returning shows, *Tout le monde en parle* and *Le match des étoiles*, had audience shares of 50 per cent and 26 per cent, respectively.

Radio de Radio-Canada had a record-level combined audience share of 16.7 per cent in Spring 2007 (BBM). Première Chaîne's *C'est bien meilleur le matin* remains one of the most popular morning shows in the Montréal Francophone market. The network's local morning show is number one in Québec City. This year, Première Chaîne launched a wide range of new programs, including *De remarquables oubliés*, about lesser-known figures from history, and *L'autre midi à la table d'à côté*, featuring two personalities who share a meal and their thoughts on timely topics, while Espace musique introduced new

programs that offered listeners an even wider range of music from all genres.

THE NEWS CANADIANS WANT

In response to Canadians telling us they wanted more local news available in whatever format they prefer, this year CBC News accelerated the integration of its

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local News services. In a pilot project launched in Vancouver in January 2007, CBC News is working to deliver a fully integrated, interactive, on-demand, 24-hour regionally driven and locally focused News offering that will be available to audiences via the platform of their choice. It will utilise CBC News' traditional strengths and provide a new level of service to its audiences. An important element is that community members will help us determine which stories are most important, contributing to our coverage of these stories, and receiving that coverage through Television, Radio, the Web, or on-demand technologies such as streaming video and text

CBC | Radio-Canada continued to lead in new broadcasting platforms and technologies that give audiences an ever-widening range of choices.

HERE IT COMES →→

messaging. We expect that the results of this project will help shape the direction of our local News services across the country.

REACHING MORE CANADIANS IN MORE WAYS

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The satellite radio service, Sirius Canada, in which CBC | Radio-Canada is a partner, offers our programming on six of its 11 Canadian channels, expanding our reach to audiences in the US and to all Canadians. In its first full year of operation, Sirius Canada reached twice as many subscribers as its main competitor.

Podcasts of CBC | Radio-Canada programs were remarkably successful: more than a million were downloaded every month. They attracted a new audience not only with music but also with News, information and science programs. Indeed, *Ideas*, *Quirks and Quarks*, *As It Happens*, *Christiane Charette*, *Les années lumière*, and CBC Radio 3's weekly podcast are our most popular downloads.

CBC.ca and *Radio-Canada.ca* retained their positions among Canada's top three English and French News and media websites. Every month, more than three million Canadians visit *CBC.ca*

and 1.5 million visit *Radio-Canada.ca* from their home. This year saw the launch of our new Internet Radio service, RCI viva, which broadcasts in eight languages to recent and aspiring immigrants to Canada, helping them learn about Canadian customs, culture and values.

Also this year, we proudly announced two key multi-year sports agreements – with the National Hockey League and FIFA – that will allow us to offer exciting coverage on not just Television and Radio, but also New Media, including mobile telephones and video-on-demand. The FIFA agreement will deliver soccer on our English and French services from 2007 to 2014. Our new six-year NHL agreement, which continues the oldest sports rights partnership in the world, is for English-language broadcast and multimedia rights, beginning with the 2008–2009 season.

FUNDAMENTAL FINANCIAL CHALLENGES

Our considerable achievements in 2006–2007 were made possible by a profound transformation of CBC | Radio-Canada over the past seven years. By becoming much more efficient and focused, we have generated \$78 million in ongoing annual savings and, in 2006–2007, more than \$80 million in non-advertising revenues. Yet we continue to face serious financial pressures that, if

not addressed, will limit our ability to offer Canadians the services they want and deserve.

CBC | Radio-Canada's funding today is 33 per cent less in constant dollars than it was in 1990 – yet we offer more services on more platforms than ever before. At the same time, production costs constantly rise, and we must continue to invest in emerging technologies to ensure that we remain relevant to Canadians.

For example, in 2009, television broadcasters in the United States will be required to shift entirely from analogue to digital transmission, which in effect will mean high definition television (HDTV). If CBC | Radio-Canada – and indeed all Canadian broadcasters – does not also make the transition to HDTV, Canadian audiences will quite understandably choose the much higher quality viewing experience offered by US broadcasters. Despite CBC | Radio-Canada's considerable success in generating internal savings and new revenues, our existing resources are insufficient to meet financial challenges such as funding a rapid transition to digital broadcasting and HDTV.

Another challenge is that broadcasting is a long-term business requiring investments today, especially for television, to produce programs in two or three years, but CBC | Radio-Canada is funded annually. This lack



of financial stability makes it extremely difficult for us to plan effectively. For this reason, the support that the Canadian Television Fund (CTF) provides to independent producers to create excellent Canadian programming is particularly vital to CBC|Radio-Canada. We air the most Canadian programming of all broadcasters, and offer it to Canadians in prime time when they are watching television. Without the support provided by the CTF, there would be very little Canadian programming that would capture Canadian experiences, sensibilities and perspectives, and showcase Canadian actors, writers and directors.

One way to both address our financial challenges and to clarify our role within Canadian broadcasting would be to institute a regular, formal and Government-led process of mandate review.

Finally, the revenue model based on advertising revenue, which has sustained conventional television for decades, is failing. Advertising revenues for conventional broadcasters are fragmenting because more and more channels are vying for marketing dollars, new technology is allowing viewers to skip commercials, and advertising spending is migrating

to the Internet and to other platforms.

Given these challenges, we are particularly pleased that the Federal Government, in late March 2007, confirmed additional funding of \$60 million for our Canadian programming across all of our services for each of the next two fiscal years.

WHAT DO CANADIANS WANT FROM PUBLIC BROADCASTING?

I believe that one way to both address our financial challenges and to clarify our role within Canadian broadcasting would be to institute a regular, formal and Government-led process of mandate review. Such a review, in whatever form it took, would spell out to Canadians exactly what to expect from their national public broadcaster in return for the significant public funding we receive. Such a process is common practice: for example, the BBC recently completed its ten-year mandate review, as have national public broadcasters in Ireland and South Africa.

The outcome of the mandate review process would be what I think of as a contract with Canadians, and it would answer a fundamental question: What do Canadians want from their national public broadcaster and how should this mandate be

funded? The undertaking would achieve two key objectives: it would give CBC|Radio-Canada the certainty we need to plan effectively, and it would make us even more accountable to Government and to our shareholders, the Canadian public.

A FAREWELL, AND A THANK YOU

In November 2007, my term as President and CEO of CBC|Radio-Canada will come to an end. My term has been marked by both constant challenge and by hard-won achievements. I believe that if CBC|Radio-Canada can achieve adequate, stable funding, we now have the creativity and flexibility required to successfully address the many challenges and opportunities the future will most certainly bring.

I want to express my gratitude to the CBC|Radio-Canada Board of Directors for their energy and for their commitment to public broadcasting, and to our dedicated and talented staff. Working with the Board, and with CBC|Radio-Canada's employees, has made my time here deeply gratifying.



ROBERT RABINOVITCH
PRESIDENT AND CEO
AND ACTING CHAIR