



CANADA'S NATIONAL PUBLIC BROADCASTER

IN CONTEXT →→

Canada's national public broadcaster was created as a corporation in 1936 to counter the pervasive cultural influence of foreign programming as US-based radio networks expanded rapidly into Canada. More than 70 years later, CBC | Radio-Canada continues to play a crucial role in maintaining Canada's cultural sovereignty, and in fostering a shared sense of national identity across a vast and diverse country.

Today, 97 per cent of Canadians feel that CBC | Radio-Canada is essential. Clearly, they understand that what a national public broadcaster offers is available nowhere else. Like a distinctive voice and a forum for Canada's diverse regions and ethnic and cultural communities. In-depth coverage of the local, regional and national stories that matter to Canadians and a Canadian perspective on international events. A wide variety of high-quality, innovative Canadian television drama in prime time. Coverage of amateur sports and

of the best of innovative Canadian performing and fine arts. And commercial-free, safe and entertaining programs for children.

CANADA RANKS LOW IN SUPPORT FOR PUBLIC BROADCASTING

The need to protect and foster a national culture and identity through public broadcasting is recognised not just in Canada but in most Western countries – almost all of which fund public broadcasting to a far greater extent than Canada.

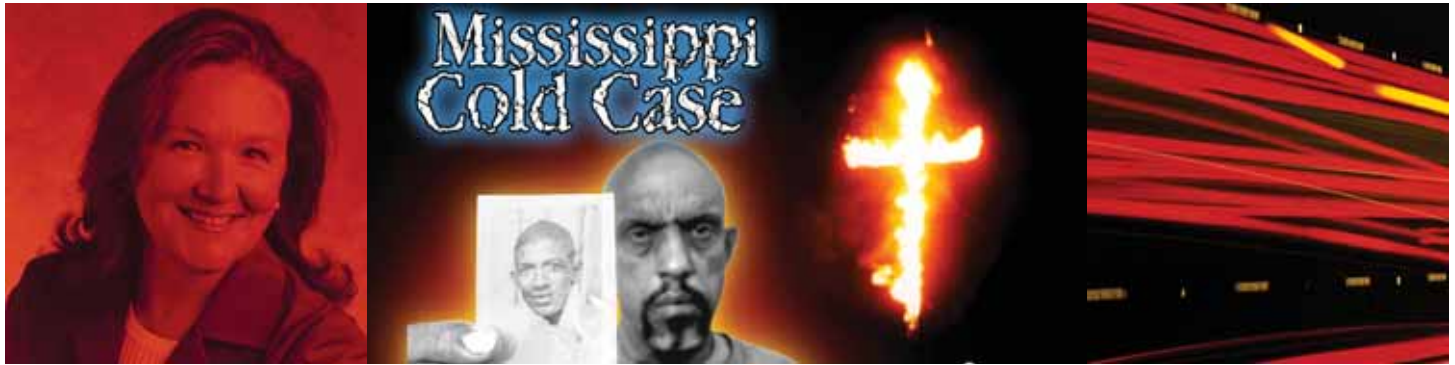
Of 18 Organisation for Economic Co-operation and Development (OECD) countries included in a recent study, Canada ranked third from last in

per capita funding for its national public broadcaster in 2004: only New Zealand and the United States ranked lower. Indeed, Canada's funding for public broadcasting was less than one-half of the \$80 average per capita across the 18 Western countries.

Canada ranks so low internationally partly because since 1990, CBC | Radio-Canada funding has declined by 33 per cent in constant dollars and is now at the level it was in the 1970s. This decline occurred during a time when Federal Government spending on culture – excluding CBC | Radio-Canada, one of the country's largest cultural institutions – increased by 65 per cent in constant dollars.

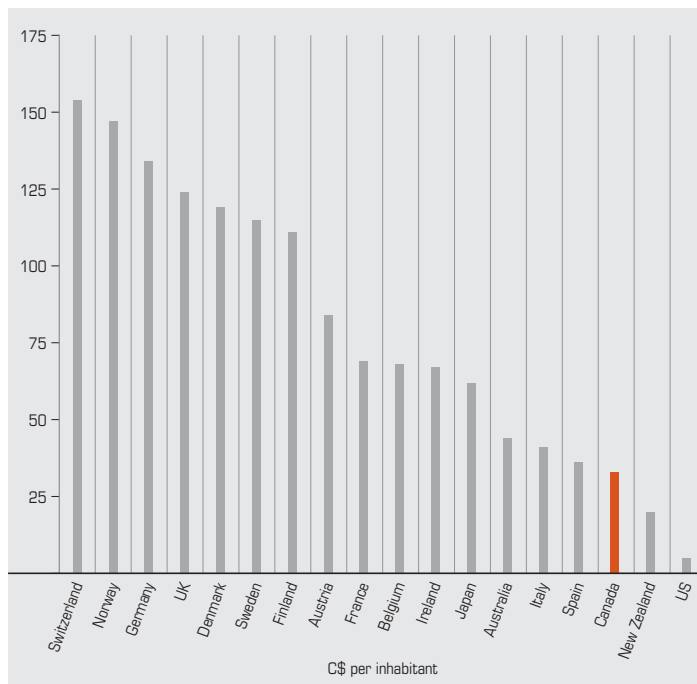
Photos page 16, top to bottom:

Bernard Derome,
Céline Galipeau, *Le téléjournal*,
Télévision de Radio-Canada, RDI.
Kurt Browning *Gotta Skate V*,
CBC Television.
Canada's Next Prime Minister,
CBC Television
(photo: Couvrette/Ottawa).
Et Dieu créa... Laffaque,
Télévision de Radio-Canada.



PER CAPITA FUNDING FOR PUBLIC BROADCASTERS IN OECD COUNTRIES, 2004

Canadian support for public broadcasting is less than half of the average (\$80 per capita) of 18 OECD countries.



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

SUSTAINING THE MOMENTUM

Today's CBC | Radio-Canada reaches more Canadians in more ways than ever before. We deliver high-quality Canadian programming via 28 services, including broadcast Television and Radio, Internet Television and Radio, satellite radio, podcasting, cell phones and PDAs, and more.

We have achieved this by becoming a much more efficient, focused and integrated organisation, despite a challenging broadcasting environment and decreased funding. However, we continue to face substantial challenges that, if not addressed, will limit our ability to continue to play a central role in Canadian life. Here are the strategies we have developed to meet these key challenges.

CONTENT HOW AND WHEN CANADIANS WANT IT

New and emerging technologies have transformed how Canadians view and listen to programming. To stay relevant, CBC | Radio-Canada continues to be a leader in exploring a wide range of new technologies and services.

But meeting the changing needs of Canadians requires more than new technologies; it also requires new ways of working. Increasingly, CBC | Radio-Canada is an integrated organisation developing content that is delivered across both conventional and New Media, while preserving the unique strengths of each.

The integration of our French Television, Radio and Internet services in 2005–2006 was a major landmark in this new

Photos, top left to bottom right:
 Sylvia L'Écuyer, Espace musique.
 Mississippi Cold Case, CBC Television (photo courtesy of David Ridgen).
 L'auberge du chien noir, Télévision de Radio-Canada.
 Stephen Lewis, Bill Clinton, Stephen Lewis: The Man Who Couldn't Sleep, CBC Television.
 Garvia Bailey, Big City, Small World, CBC Radio One.
 Mississippi Cold Case, CBC Television (photo courtesy of David Ridgen).
 Royal Canadian Air Farce, CBC Television.



way of working and thinking. Another landmark is our ongoing integration of English-language News services, which is giving Canadians deeper, richer regional, national and international News on-demand, in whatever format they prefer. Also this year, CBC Television launched a new approach to program development that includes determining all of the different platforms on which a program will be used, from the beginning of the planning process. Across the organisation, we are redefining the

responsibilities of content creators and finding more efficient ways for them to collaborate and share resources. The result for audiences is better programming across all of our services.

CONNECTING WITH NEW AUDIENCES

Here's a major challenge for CBC|Radio-Canada: how do we attract new audiences while also maintaining our traditional ones?

Technology is part of the answer – we need to be available to



FEDERAL GOVERNMENT FUNDING OF CULTURE VERSUS FUNDING OF CBC | RADIO-CANADA, 1995-1996 TO 2003-2004

Federal Government spending on culture – excluding CBC|Radio-Canada – has increased as Government funding for CBC|Radio-Canada has declined.

Fiscal year	Federal Government expenditures on culture		CBC Radio-Canada Government appropriation		Federal Government expenditures on culture (excluding CBC Radio-Canada)	
	\$ millions	% change	\$ millions	% change	\$ millions	% change
1995-1996	2,920	--	1,171	--	1,749	--
1996-1997	2,760	(5.5%)	997	(14.8%)	1,763	0.8%
1997-1998	2,670	(3.3%)	806	(19.1%)	1,864	5.7%
1998-1999	2,817	5.5%	896	11.2%	1,921	3.1%
1999-2000	2,809	(0.3%)	879	(1.9%)	1,930	0.5%
2000-2001	2,954	5.2%	902	2.6%	2,053	6.3%
2001-2002	3,216	8.9%	983	9.0%	2,234	8.8%
2002-2003	3,426	6.5%	1,047	6.5%	2,379	6.5%
2003-2004	3,500	2.2%	1,066	1.9%	2,433	2.3%
Increase/(Decrease) 1995-1996 to 2003-2004	580	19.9%	(105)	(9.1%)	684	39.1%

Figures for Federal Government expenditures on culture are from Statistics Canada; figures for CBC | Radio-Canada Government appropriation are from CBC | Radio-Canada. *Analysis of Government Support for Public Broadcasting and Other Culture in Canada*. Nordicity Group Ltd., June 2006.

The highly successful debut episode of the comedy, *Little Mosque on the Prairie*, the first of the programs developed through this new process, had a viewership of 3.7 million.



audiences in as many formats as possible. But in an intensely competitive media environment, content is as critical as technology. And content is where CBC|Radio-Canada has a unique competitive advantage: no other Canadian broadcaster generates CBC|Radio-Canada's range, depth and quality of Canadian content.

When offered in a format that allows audiences to choose when and where they watch or listen, our content has a broad appeal. For example, of the over one million podcasts of CBC|Radio-Canada programs downloaded every month in 2006–2007, a majority were not music and entertainment programs, but information, science and Current Affairs programs such as *Ideas*, *Quirks and Quarks*, *Christiane Charette* and *Les années lumière*.

As well as offering existing programs in new ways, CBC|Radio-Canada is attracting new audiences by offering more of the programs they want. For example, in 2006–2007 CBC Radio launched the first phase of major program renewal based on the results of an extensive survey of what Canadians want from arts and culture programming. The first

wave of renewal, launched in March 2007, brings to CBC Radio 2 more diverse Canadian artists and musical selections, while maintaining a strong commitment to our core classical and jazz audiences. CBC Radio One has broadened its Arts and Entertainment coverage, and CBC Radio 3 continues to expand its range of emerging music and culture from Canada. Ongoing program development is having an impact: in the Spring of 2007, CBC Radio achieved a record combined audience share of 13.1 per cent (BBM).

Renewed programming has also been the key to Radio de Radio-Canada's success with audiences. *Espace musique*, successfully launched in September 2004, offers a distinctive service that presents Canada's diverse French-language musical genres and emerging talent to audiences across the country, while *Première Chaîne* features News, Public Affairs and cultural and human-interest programming. Together, these networks achieved a record-level audience share of 16.7 per cent in Spring 2007 (BBM).

MAKING TELEVISION PROGRAMS CANADIANS WANT TO WATCH

Program renewal is especially critical for CBC Television. In English-speaking Canada, audiences watch mostly American programs. In every other Western country and in French-speaking Canada, audiences chiefly watch programs made in their own country. Many American programs are compelling and very well produced, but they do not reflect Canadian life, values, mores, and culture.

The dominance of American programs worsens the poor economics of Canadian programming. If left to pure market forces, most Canadian television programs would simply not be made; the costs of producing high-quality, prime-time television cannot be recovered, given the highly fragmented nature of the Canadian marketplace. For this reason, the Federal Government offers financial support to

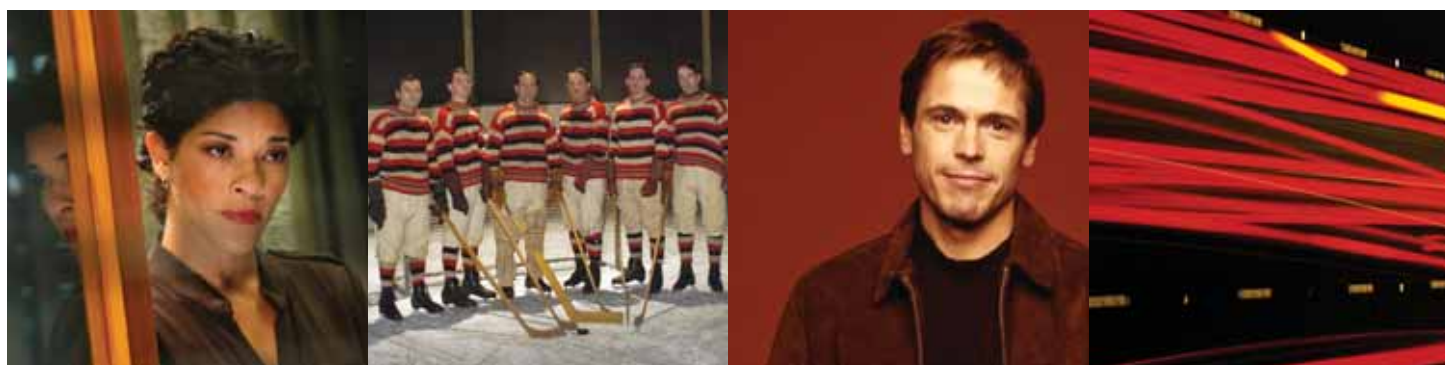
Photos, left to right:

Little Mosque on the Prairie, CBC Television.

Intelligence, CBC Television.

Hockey: A People's History/Hockey : la fierté d'un peuple, CBC Television/Télévision de Radio-Canada.

Mark Kelley, *CBC News: The National*, CBC Television, CBC Newsworld.



independent producers of Canadian television programs, chiefly through the Canadian Television Fund, and requires all television broadcasters to include a percentage of Canadian programming in their schedules.

However, Canada's English-language, private television broadcasters present mostly American programs in prime time because these programs cost a fraction of what producing original Canadian programs costs, yet generate relatively high advertising revenues. This business model is possible because Federal Government policy protects private television broadcasters.

In fact, in 2004, private English-language television broadcasters received public benefits, tax concessions and other indirect Government support worth an estimated \$271–331 million – considerably more than the \$261 million CBC Television received in Government funding that year.

CBC Television is the only conventional broadcaster presenting a wide range of Canadian programs in prime time when Canadians are watching television. In 2005–2006, Canadian programs accounted for 80 per cent of CBC Television's prime-time schedule, compared to less than 30 per cent for the

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INDIRECT FEDERAL GOVERNMENT SUPPORT FOR ENGLISH-LANGUAGE TELEVISION BROADCASTERS VERSUS FUNDING FOR CBC TELEVISION, 1995–1996 TO 2003–2004

Canada's English-language conventional television broadcasters receive more in tax concessions and other indirect Government support than does CBC Television in Government funding.

Fiscal year	Simultaneous substitution	Low-impact scenario (\$ millions)		Simultaneous substitution	High-impact scenario (\$ millions)	
		Section 19.1	Total		Section 19.1	Total
1995–1996	137	69	207	137	98	235
1996–1997	147	77	224	147	109	256
1997–1998	159	81	241	162	115	277
1998–1999	161	85	246	166	120	287
1999–2000	162	87	249	170	123	293
2000–2001	165	87	251	176	122	298
2001–2002	161	84	245	175	119	294
2002–2003	177	95	273	195	135	330
2003–2004	177	93	271	199	132	331

Nordicity estimates based on methodologies from Donner and data from the CRTC. Some totals may not add due to rounding.

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



two major private broadcasters. And in 2006–2007, CBC Television increased its original Canadian prime-time entertainment programming to 243 hours from the 150 hours presented the previous year, including 19.5 hours of new factual entertainment programming.

CBC Television has reinforced its regional broadcasting by launching nine regional lifestyle programs, renewing and expanding its local supper hour shows, and adding regional information breaks this year.

Of course, it is not enough simply to present Canadian programs. To be relevant, CBC Television must present programs that Canadians want to watch – and Canadians have told us that they want programs that are entertaining and engaging. To deliver these programs, CBC Television has in recent years assembled a new management team and made its program development process more rigorous.

The highly successful debut episode of the comedy, *Little Mosque on the Prairie*, the first of the programs developed through this new process, had a viewership of 3.7 million. Widely covered in both the national and international press, *Little Mosque* demonstrates that audiences will tune in to Canadian programs that address timely issues and concerns in a provocative and entertaining way.

New CBC Television programs will appear in 2007–2008 – programs that Canadians will want to talk about and will feel they must watch. Our goal is for CBC Television to be resonant in individual lives and in the culture of the country.

CBC Television’s program renewal follows a similar and remarkably successful renewal for Télévision de Radio-Canada. From 2003–2004 to 2004–2005, the network’s prime-time audience share climbed from 16 per cent to 22 per cent – a 40 per cent increase in a single year. This was achieved by a multi-year program of investing in new programs that are daring and provocative, yet have broad appeal. Many of these new programs have been runaway hits. In 2006–2007, for example, *Le match des étoiles* earned an audience share of 26 per cent.

The network continues 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. Nearly 30 per cent of the network’s prime-time schedule is in high definition, making it the largest broadcaster of HDTV in the market.

CONNECTING MORE DEEPLY WITH CANADIAN COMMUNITIES

Reflecting Canada’s regional diversity and offering a forum for local issues and concerns is a key part of CBC | Radio-Canada’s mandate. In recent years we have strengthened our regional programming and regional presence in a number of ways.

Photos, top left to bottom right:
Rumeurs, Télévision de Radio-Canada.
 Rick MacInnes-Rae, *Dispatches*, CBC Radio One, Sirius 137.
 Frédéric Barbusci, *Pseudo Radio*, Télévision de Radio-Canada.
Le Bye Bye de RBD, Télévision de Radio-Canada.
 Natasha Ramsahai, *CBC News: Weather Centre*, *CBC News at Six*, CBC Television.



More than 70 years later, CBC | Radio-Canada continues to play a crucial role in maintaining Canada's cultural sovereignty and in fostering a shared sense of national identity across a vast and diverse country.

CBC Television has reinforced its regional broadcasting by launching nine regional lifestyle programs, renewing and expanding its local supper hour shows, and adding regional information breaks. The network broadcast 2,896 hours of regional programming this year. In Vancouver, the new supper hour program is part of a pilot project in which CBC News services are being integrated across Television, Radio and the Internet, in order to provide a multiplatform, interactive, on-demand, 24-hour, regionally driven and locally focused News system. Community members will have opportunities to interact with us to help determine which local stories will be covered, to help us cover those stories, and to receive their News whenever and however they want it. We plan to gradually extend this approach across Canada for our English-language News services.

CBC Radio added over 500 hours of local programming to its schedule in 2006–2007, and continued to shift national programs to the regions. The ultimate goal of CBC Radio's regional strategy is to make it possible for all Canadians – whether they live in Halifax, rural Québec, Iqaluit, or anywhere else in the country – to hear local perspectives and talent on the national public broadcaster as well

as connecting to Canada's other regions and to the world.

In June 2006, French Services proceeded with the first phase of integrating all regional Radio, Television and Internet services within one general management structure. The primary purpose of this restructuring is to strengthen CBC | Radio-Canada's roots in the regions by highlighting regional expertise and realities within our national programming and to improve services to the public in the regions. The first mission of this new structure was to develop a strategic plan, the impact of which will really begin to be felt in Fall 2007.

For Télévision de Radio-Canada, the plan is based on initiatives undertaken in recent years. Accordingly, CBC | Radio-Canada has invested in the development of high-quality regional drama series to be produced for national broadcast. These have included *Chambre no 13* in Québec City (broadcast in April 2006) and *Françœur* in Ontario, whose third season aired in 2006–2007. There will also be the New Brunswick-produced series *Belle-Baie* and other projects to be broadcast in 2008.

Radio de Radio-Canada's Première Chaîne now offers a new meeting place for the regions on Sunday afternoons –

more than 700 hours of new local programming.

Espace musique is continuing its support for the Canadian music scene by recording concerts across the country. For example, 70 per cent of the concerts recorded in Summer 2006 were held in the regions.

COST SAVINGS AND REVENUE GENERATION

By reducing our costs and finding new sources of revenue, CBC | Radio-Canada has been able to expand its services and renew programming despite rising production costs and Government funding that has not increased for many years. Since





CBC | Radio-Canada is one of Canada's most recognised brands, and sales of our branded products online and in our boutiques are expanding rapidly. In 2006–2007, revenues from sales of CDs, DVDs, digital downloads, books, clothing, and licensed merchandise exceeded \$10 million.



2000–2001, we have achieved one-time productivity savings and revenue increases of \$120 million and ongoing annual savings and efficiencies of \$78 million, of which \$17.5 million is achieved through self-generating revenues.

A substantial portion of this has come from our Real Estate Division. Since it was created in 2000–2001, the Division has generated more than \$107 million in new revenues and

reduced and avoided costs, including \$22.3 million in 2006–2007, through leasing and selling surplus assets, consolidating space, and reducing operating costs. By 2012–2013, the Division's total contribution, from current best practices initiatives, will rise to an estimated \$213 million. New initiatives are already being planned and will add to this contribution while continuing to modernise CBC | Radio-Canada's real estate infrastructures.

Significant savings have also come from investing in state-of-the-art systems to increase efficiency in CBC | Radio-Canada's

production and business processes. For example, new telecom and broadcast technologies have generated \$3.3 million in annual savings, and the replacement of terrestrial networks with satellite distribution for Television has generated \$5.2 in annual savings, plus an additional \$1.1 million in 2006–2007.

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Photos, top left to right:

- Hockeyville*, CBC Television.
- René*, CBC Television / Télévision de Radio-Canada.
- Carl Bernier, *Bernier et cie*, Première Chaîne, Sirius 187.
- Virginie*, Télévision de Radio-Canada.
- The Rick Mercer Report*, CBC Television.
- The Rick Mercer Report*, CBC Television.

Photos, bottom left to right:

- Heidi Petracek, *Living East*, CBC Television.
- Gregory Charles, *Des airs de toi*, Première Chaîne, Sirius 138.



Another important source of non-advertising revenue is Galaxie, our digital commercial-free music service, which reaches nearly six million Canadian households.

NEW FUNDING OPTIONS FOR A NEW ERA

CBC|Radio-Canada will continue to find additional savings and new revenue sources, but these will not be sufficient to fund the strategies that will allow us to continue to meet the evolving needs of Canadians and continue to invest in new technologies.

In 2006–2007, in the face of rapid and unprecedented change in the broadcasting industry and in Canadian society, Parliament and the Canadian Radio-television and Telecommunications Commission (CRTC), Canada's federal regulator, initiated reviews exploring a wide range of issues affecting both private and public broadcasting in Canada. We welcomed these reviews as an opportunity to bring clarity to what Canadians want from their national public broadcaster. They were also an opportunity to explore new approaches to providing adequate, stable, and long-term funding for CBC|Radio-Canada.

One approach would be to allow CBC|Radio-Canada, as well as other conventional television broadcasters, to become eligible for subscription revenues from cable and satellite operators. These companies do not now pay a fee when they include the conventional broadcasters' programming as part of their service to consumers. Subscription revenues would give conventional broadcasters a revenue model to supplement the traditional advertising-based model, which is failing as audiences and television advertising revenues fragment. For instance, CBC|Radio-Canada would be able to fund key priorities such as a rapid transition from analogue to digital and HDTV to ensure audiences do not abandon CBC|Radio-Canada's Television programming for American HDTV programs, and the creation of more distinctive Canadian drama, and/or increased local programming.

Subscription revenues are just one of many possible approaches to ensuring that Canadians continue to benefit from a strong, vibrant national public broadcaster.

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