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CORPORATE PRIORITIES



**High-quality, Distinctive
Canadian Programming**

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.

Efficiency

Demonstrate that CBC/Radio-Canada is a well-managed company and generate cash flow to re-invest in programming.

Creative and Human Resources

Strengthen CBC/Radio-Canada's commitment to all its employees – to those who create and those who support them.

Strategic Partnerships

Position CBC/Radio-Canada to enhance its ability to fulfil its mandate through selective alliances and partnerships.

Collaboration

Reinforce the capacity of CBC/Radio-Canada to work as one integrated company.

Strong Stakeholder Relations

Enhance/strengthen CBC/Radio-Canada's stakeholder relationships.

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**CONTENT RICH.
VALUED BY CANADIANS.**



SASKATOON
SASKATCHEWAN
3:35 PM



looks like this
game will be going
into overtime...

”

CBC's HOCKEY NIGHT IN CANADA



Canadian Forces
arrived home
at their base in...

”

CBC.CA

PETAWAWA
ONTARIO
11:22 AM



these exposed rocks
are among the
oldest on earth... ”

DR. DAVID SUZUKI THE NATURE OF THINGS

MONTREAL
QUEBEC
5:12 PM



POND INLET
NUNAVUT
12:05 PM

today the sun has
returned once again
to the High Arctic... ”

CBC RADIO WEATHER REPORT

Message from the Chair



Sometimes, through the stories of ordinary Canadians who do extraordinary things, we can glimpse the very essence of what makes Canada so great.

This past year there were many such stories of courageous Canadians battling West Coast forest fires, SARS in Toronto, or cleaning up after Hurricane Juan in Halifax; worrying reports about Mad Cow Disease in Alberta; moving accounts of Canadian soldiers fighting for freedom in Afghanistan; and political narratives from eight provincial elections and three federal leadership contests. There were also many joyous celebrations across the country. Tragic, uplifting or just plain fun, these are the kinds of stories that connect us to our fellow Canadians. Everyday, we can find them on CBC/Radio-Canada.

Canadians in every reach of this vast country turn to CBC/Radio-Canada for something they won't find anywhere else – rich content that explores the Canadian experience in all its regional, linguistic and cultural diversity. In our services to northern Canada, isolated Aboriginal and Inuit communities can connect to one another and the rest of the country. In Radio-Canada, Francophones living across Canada find a cultural lifeline. Others find a door into that culture. In our arts and culture programming, Canadians have front row seats for Canadian music, theatre, film, dance, and comedy productions originating from every region – shown by no other broadcaster and in no “venue” so large and accessible to all. In our sports programming, fans have



many opportunities to cheer Canada's amateur and professional athletes. And, children and young adults find a place on our networks to explore and connect to one another and to Canada.

Of course, CBC/Radio-Canada's exploration of Canada reaches far beyond our broadcasts. In every region, we initiate, support and actively participate in hundreds of community festivals, celebrations, literary and talent competitions, and fundraising events each year. In addition to benefiting communities by bringing together citizens to share and enjoy their culture or to help others in need, these activities help CBC/Radio-Canada realise its goal of being a vital part of Canadian life.

Nowhere is CBC/Radio-Canada's value to Canadians more visible than in News and Current Affairs. Through a wide range of stellar programming such as *The National*, *Le Téléjournal/Le Point*, *The Current*, *Matin express*, *CBC News: Canada Now*, *counterSpin*, *Sans frontières*, *Sounds Like Canada*, and via *CBC.ca* and *Radio-Canada.ca*, every Canadian can gain understanding of the happenings and issues that affect their lives, regions, nation, and world. From urban centres like Vancouver, Ottawa and Montréal, to Canada's smaller communities like Kelowna, Saguenay and Goose Bay, our skilled News teams gather, verify and present the facts. From Baghdad and Tel Aviv, to Washington and New York, our seasoned foreign correspondents bring home unique Canadian perspectives on the important international stories. All of our coverage reflects our unwavering commitment to fair and balanced stories.

In today's market-driven global economy, Canadian culture doesn't just happen. We have to work at it. CBC/Radio-Canada has always had a crucial role to play in encouraging and mentoring young artists, and giving a stage to both new and seasoned performers. Living in a globalised world, we must recognise the essential contribution of CBC/Radio-Canada to Canada's cultural independence. In a sea of foreign programming, we need a vibrant, independent meeting space for Canadian voices, ideas and values. Without it, Canadian voices could not be heard, and Canadian values would not thrive.

As a proud Canadian and the Chair of CBC/Radio-Canada's Board of Directors, I am gratified to contribute to such a worthy, creative institution – an institution that matters to so many Canadians for so many reasons. I thank the other Board members who devote a great deal of time and talent to this remarkable endeavour. I also want to congratulate Robert Rabinovitch, President and CEO, and his entire CBC/Radio-Canada team, for another year of extraordinary success.



Carole Taylor, O.C.
Chair, Board of Directors



Message from the
President and CEO



I am happy to report on another year of change and progress for CBC/Radio-Canada. For the past four years, we have sought to reshape the Corporation into a world-class public broadcaster that sets the standard for broadcasting excellence at home and abroad.

We can demonstrate confidently that CBC/Radio-Canada is very different now. We have a clear direction and we are better managed. We have made significant changes that better equip us to face the challenges we see ahead in the broadcasting environment. Our initiatives have strengthened us and allowed us to offer more excellent programming to Canadians – and our audiences are applauding!

This year, we launched a major repositioning of Télévision de Radio-Canada in order to bring it back to its public broadcasting roots and make it more distinct and valuable in its market. We also continued fine-tuning CBC Television's transformation while further improving our unique, market-leading English and French Radio services. We dedicated ourselves to making *CBC.ca* and *Radio-Canada.ca* second to none on the Internet. We were equally steadfast about making the Corporation an undisputed model of broadcast efficiency. We improved our production methods, and our management of real estate, transmission, merchandising, corporate services, and television affiliate agreements. In short, we boosted the Corporation's capacity to deliver top-quality, relevant programming where, when and how Canadians want it.



At our core – and the heart of any broadcaster – is our content. Everyday, CBC/Radio-Canada delves into the Canadian experience. We connect Canadians to each other, their nation and the world. We reflect Canada’s vibrant regional, cultural and linguistic diversity. We bring Canadian perspectives, values and talents to the world stage. We encourage Canadians to ask important questions about who we are, what we believe, and what we know to be true. No other broadcaster offers Canadians such unique programming.

In 2003-2004, our revitalised networks and commitment to public service broadcasting allowed us to produce excellent programming, examples of which demonstrate the value we bring Canadians everyday:

- › CBC Television launched *The Canadian Experience*, a documentary series looking at pivotal, defining stories such as those of the Bluenose, Nanook of the North and Expo '67.
- › Télévision de Radio-Canada introduced new programs, including *Les Bougon – c’est aussi ça la vie!* which attained an immense following, and *Samuel et la mer*, filmed mostly in New Brunswick.
- › Télévision de Radio-Canada and CBC Television delivered a wide range of high-impact programming such as *Human Cargo*, *Shattered City: The Halifax Explosion*, *Le Bleu du ciel*, and *Grande Ourse*.
- › Our Radio services were no less impressive. The Première Chaîne grabbed its highest ratings ever with programming such as the biography of Robert Bourassa. CBC Radio One celebrated 35 years of excellence at *As It Happens*, while improving the network’s flexibility to immediately respond to national and international happenings.
- › CBC Radio One and the Première Chaîne collaborated to produce outstanding programs, including an in-depth series on Afghanistan.
- › *CBC.ca* and *Radio-Canada.ca* continued to extend our strong brand to the Internet, building upon our broadcast content, enriching that content with interactive features and extending our reach to new audiences in the process. *CBC.ca* and *Radio-Canada.ca* each now occupies the number one position as media websites in their respective markets.

CHALLENGES AHEAD

Even as we celebrate our progress and success, our work continues.

At a time when the need for a strong and vibrant public broadcaster is as great as ever, so are the challenges. Today’s fragmented media universe is dominated by intense competition for audience share



and loyalty. Competition for compelling programming is driving costs ever higher. As media companies strive to establish a strong presence on the Internet, the rollout of digital television and radio dictates even higher levels of investment, just to keep pace. Public and private broadcaster finances and business models are under enormous pressure.

Against this backdrop, the Government of Canada has conducted a number of timely reviews of broadcasting. One of the most important was a review by the House of Commons Standing Committee on Canadian Heritage. In June 2003, the Committee reaffirmed “the importance of public broadcasting as an essential instrument for promoting, preserving and sustaining Canadian culture,” and recognised CBC/Radio-Canada as the primary guarantor of high-quality, distinctive Canadian content. The Committee also expressed grave concerns about the future of public broadcasting. It cited the need for increased funding and recommended a three-to-five-year funding cycle for the Corporation. Among its recommendations, the Committee called upon the Corporation to ensure that appropriate levels of local programming are delivered to Canadians. At the same time, it recognised that this could not be done without additional funding. It also called on the Government to provide one-time funding to support the Corporation’s transition to digital television. CBC/Radio-Canada supports the recommendations and will work with the Government to ensure that public broadcasting remains a strong and vital force in Canadian culture and identity. We have already begun developing a fully costed strategic plan to enhance our local and regional programming. Clearly, a renewed commitment to CBC/Radio-Canada would represent an essential investment in our nation’s future.

It is with enormous pride and satisfaction that I present this CBC/Radio-Canada Annual Report for 2003–2004. I would like to thank the Chair, Carole Taylor, and the entire Board of Directors for their continuing dedication to our strategic directions and vision. I would also like to thank each and every CBC/Radio-Canada employee for their contributions everyday. The results outlined in this Annual Report speak loudly to the dedication, energy and creativity through which they have again raised the bar for all broadcasters. And of course, we owe thanks to our audiences for their continuing support of national public broadcasting. They inspire us every day to take risks, look deeper, and stretch accepted ideas of what media can accomplish. Our goal will remain constant – to serve the citizens of this country by offering the best Canadian programming found anywhere.



Robert Rabinovitch
President and CEO



HIGHLIGHTS OF 2003-2004

SETTING THE STANDARD FOR CANADIAN BROADCASTING EXCELLENCE,
ON AND OFF THE AIR



- › *CBC.ca* and *Radio-Canada.ca* – **Canada’s top media sites.**
- › **Nine out of ten Canadians** use at least one of our services on a monthly basis.
- › Canadians say – CBC News offers “*best coverage of Iraq war*”.
- › **Hundreds of national and international awards** this year.
- › CBC News team wins the Canadian Journalism Foundation’s *Excellence in Journalism Award* for Iraq war coverage.
- › **Millions of Canadians tune in** for *Toronto Rocks!* – the Rolling Stones’ SARS benefit concert, live on our Television, Radio and New Media services.
- › *Les Bougon, c’est aussi ça la vie!* – **over 2 million viewers** on average each week, on Télévision de Radio-Canada.
- › *Shattered City: The Halifax Explosion* – on CBC Television, **over 1.5 million viewers** on average each night, thousands of website visitors, 350 community events.
- › *Grande Ourse* – **over 1 million viewers** on average each week, on Télévision de Radio-Canada.
- › *The Canadian Experience* – six **definitive Canadian stories** on CBC Television.
- › CBC Radio Morning shows – **number one** in Toronto, Ottawa, Thunder Bay, Saint John, and Fredericton.
- › The Première Chaîne’s Morning show **number one choice** for Montréal Francophones.
- › CBC Radio One’s *The Current* – **almost 1.4 million listeners** each week.
- › **11 new transmitters** for the Chaîne culturelle, now reaching nearly 90 per cent of Francophones across Canada.
- › RCI extends reach to **over 75 countries** on seven continents, plus everywhere via Internet, in nine languages.
- › **State-of-the-art broadcast centres** open in downtown Edmonton and Québec City – even better programming, increased collaboration between our English and French Radio, Television and New Media teams for more extensive service for Canadians, community involvement, and efficiencies.
- › Real estate changes yield **millions in savings and revenues** – for reinvestment in programming.
- › Named **one of Canada’s Top 100 Employers** for 2004.

Canadians find value in CBC/Radio-Canada Services



Source: QRS 2003





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1. Marie-France Bazzo, Host, *Indicalif présent*, Première Chaîne, Radio de Radio-Canada



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2. Anna Maria Tremonti, Host, *The Current*, CBC Radio One



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3. Peter Mansbridge, Chief Correspondent, CBC News

4. Bernard Derome, Journalist-Presenter, Télévision de Radio-Canada and Radio de Radio-Canada



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News and Current Affairs

With News teams across Canada and around the world, CBC/Radio-Canada delivers the information and analysis Canadians need to make informed decisions.

Our unwavering commitment to complete, balanced and accurate coverage of the stories that matter sets the standard for Canadian journalism excellence. Our capacity to deliver the News via Radio, Television, the Internet, and wireless devices, means Canadians can count on our service – where, when and how they want it.

This was a year of significant News stories of interest to Canadians across the country. Canadians trust CBC/Radio-Canada to deliver the News with the highest standards of journalistic integrity and excellence. They rely on our English and French news gathering capabilities in every province and territory. They value our presence in both urban and rural areas, in places like Kelowna, Saguenay, Brandon, or Goose Bay. They appreciate our service to northern communities in English, French and eight Aboriginal languages. Canadians expect their national public broadcaster to connect them to happenings in their communities, to bring their stories to national attention and to provide a Canadian perspective on international events. Again this year, CBC/Radio-Canada delivered, with journalists in nearly 70 communities across the





TORONTO
ONTARIO
7:35 PM

SARS and Mad Cow Disease were two of this year's biggest health-related news stories, grabbing headlines around the world. As Canadians worried about their own health, as well as the economic effects of these diseases on the country, they looked to CBC/Radio-Canada for the most up-to-date, accurate information.



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country and in 13 international bureaux, connecting Canadians to each other and the world. Our Radio, Television and New Media teams collaborated more than ever, boosting efficiency, and allowing us to devote resources to other journalistic activities for the benefit of Canadians.

For over 50 years, Canadians have relied on our Television networks to deliver accurate, up-to-date domestic and international News coverage. To ensure that our Television networks continue to offer the best and most relevant programming, while remaining as efficient as possible, the Corporation has undertaken numerous forward-looking projects. Our goal is to find the best ways to serve Canadians, to reflect a changing Canada, and to extend our reach and build new audiences.

CBC Television, CBC Newsworld, CBC Radio, and *CBC.ca* are pursuing News integration in order to enrich our journalism through better sharing of technology and resources, elimination of duplication, closer cooperation, reduced costs, and greater efficiencies. The goal is to cover more stories in depth, react more quickly in emergencies, and produce more significant programming for Canadians.



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5. Alison Smith, Host, CBC Newsworld

6. Michel Viens, Journalist-Presenter, Réseau de l'information

7. Ian Hanomansing, Anchor, CBC News: Canada Now, CBC Television

8. Shelagh Rogers, Host, Sounds Like Canada, CBC Radio One

CBC News integration, coupled with collaboration from our French News and New Media services, allowed us to extensively cover events in Iraq. Our programming and websites provided a great quantity of information, quality, depth, balance, thoughtfulness, and independence. Future steps include the creation of joint domestic and international News assignment desks.

Also important this year was the CBC News Study, undertaken to learn what Canadians want from the media. Our goal is to enhance our value with Canadians by creating a long-lasting blueprint for CBC News.

CBC/Radio-Canada's commitment to supporting and broadcasting Canadian documentaries was evident again on CBC Newsworld, RDI, Télévision de Radio-Canada, and CBC Television.

Télévision de Radio-Canada is repositioning itself in the very competitive television market. The objective is to refocus its mission on public service by offering programming that is open to the world and to different perspectives; credible, rigorous, and daring. Last fall, the network redesigned existing News programs and created others, and reorganised the daytime schedule. It also listened to criticisms of some of these changes, and quickly made adjustments.

In 2004-2005, Télévision de Radio-Canada will continue to implement the network's new positioning. Audiences will see the best of the network's current programs, plus original programs supporting its mission.

CBC/Radio-Canada's public service Radio networks have a long history of providing Canadians with relevant News and Current Affairs, information that matters to daily life, and performances by Canadian artists. Our Radio services are working to build new audiences by better reflecting contemporary Canada, diversity and the regions. Offered are innovative programming, new voices and ideas, cross-cultural and cross-media initiatives, and a flexible schedule to respond to breaking news. Listeners have responded by making a number of our local early morning programs first in their markets. The networks are opening more transmitters across the country to bring Radio services to the greatest number of Canadians.



CBC Radio One focused on program development in 2003-2004. In 2004-2005, CBC Radio will continue to reflect contemporary Canada through further program development and will increase its role as emergency lifeline. CBC Radio and CBC Television will open additional News bureaux in Manitoba, Alberta and Saskatchewan next year.

In 2003-2004, Radio de Radio-Canada, the lifeline for many Francophones across the country, enjoyed an unprecedented increase in audience numbers. Next year the network will reinforce its public service mission.

In News and information programming, Radio de Radio-Canada will build on its professionalism, credibility and rigour, and will incorporate the journalistic expertise of Radio Canada International into domestic services to deliver a broader, more context-based analysis of events.

Our New Media platforms are the number one source for News in both the English- and French-language markets. They provide original content and support our other networks innovatively, augmenting our reach and value to Canadians. As Internet access grows, we want to broaden that reach and maintain our leadership position.

For more information, please see:
cbc.radio-canada.ca/htmen/highlights/news.pdf



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9. Michaëlle Jean, Journalist-Presenter, Réseau de l'information

10. Jean-François Lépine, Host, Télévision de Radio-Canada

11. Mary Lou Finlay, Barbara Budd, *As It Happens*, CBC Radio One

12. René Homier-Roy, Host, *C'est bien meilleur le matin*, Première Chaîne, Radio de Radio-Canada





1. Daniel Thomas, Chantal Fontaine, *Virginie*, Télévision de Radio-Canada

2. *Year of the Hunter: The Story of Nanook, The Canadian Experience*, CBC Television

3. Ntathi Moshesh, Wright Ngubane, *Human Cargo*, CBC Television

4. Marc Messier, Anne Dorval, *Grande Ourse*, Télévision de Radio-Canada



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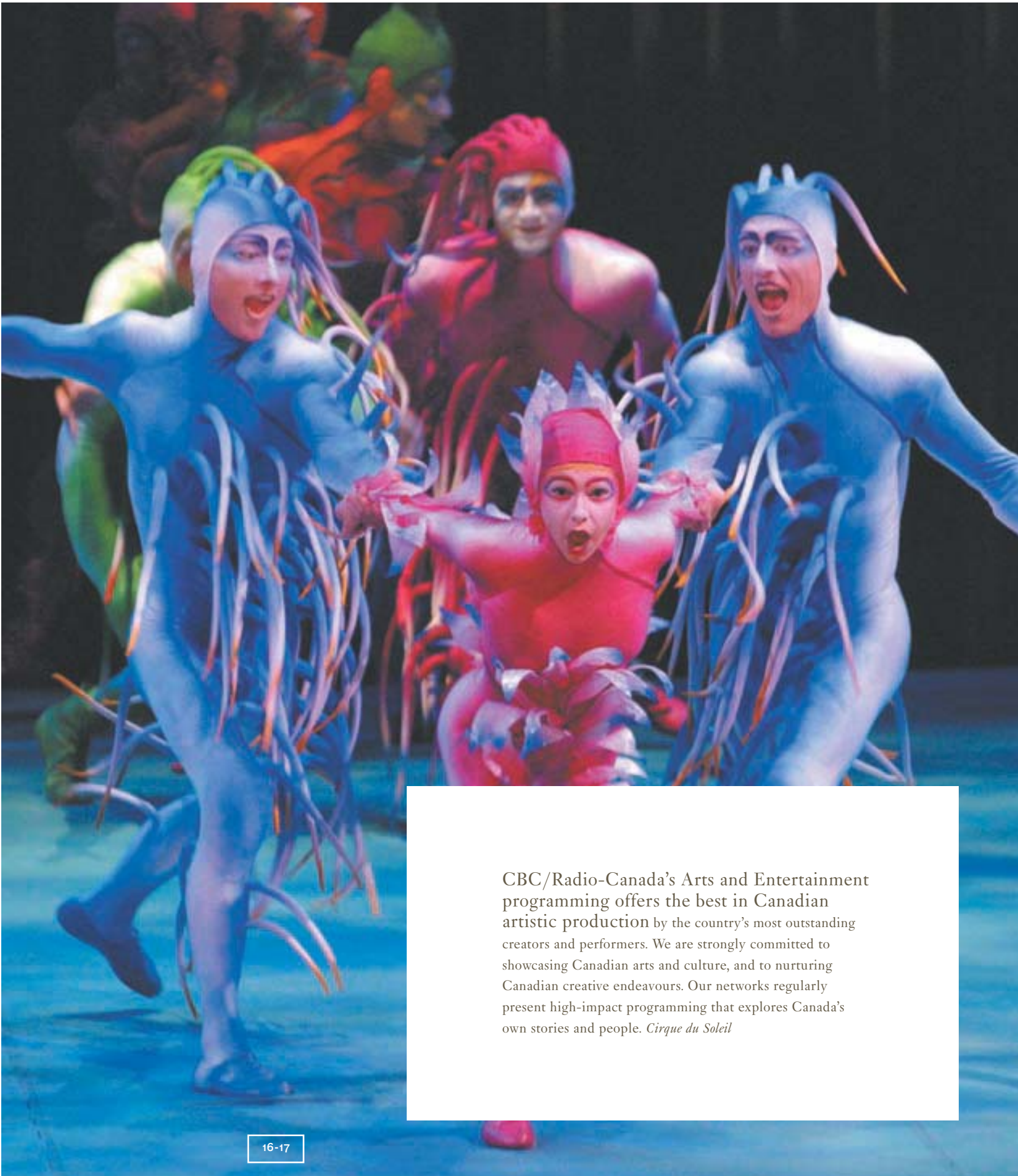
Arts and Entertainment

CBC/Radio-Canada's Arts and Entertainment programming provides Canadians with the best in domestic and international cultural expression.

Our programming comes from every region, reflecting and celebrating the country's diversity, and connecting citizens by creating shared cultural experiences. Our networks mentor artists, provide a platform for experienced and new talent, and help launch international careers for outstanding artists. We also make a vital contribution to sustaining Canadian culture in a very competitive environment dominated by foreign programming by spending over \$120 million annually on the purchase of productions and on artistic competitions.

For the last four years, we have made fundamental changes based on our strategic priorities to ensure that we continue to provide the best and most relevant programming. Every day, we broadcast stories and perspectives that allow audiences to have a strong sense of Canada and their place in it. CBC/Radio-Canada's hothouse of great creative artists, technicians, producers, directors, writers, and performers from Radio, Television and New Media are increasingly working together to produce excellent, unique, innovative, and risky programming. We know that only the national public broadcaster





CBC/Radio-Canada's Arts and Entertainment programming offers the best in Canadian artistic production by the country's most outstanding creators and performers. We are strongly committed to showcasing Canadian arts and culture, and to nurturing Canadian creative endeavours. Our networks regularly present high-impact programming that explores Canada's own stories and people. *Cirque du Soleil*

can take risks and devote resources to create the type of programming that helps preserve Canadian identity and sovereignty.

Our Radio networks, part of Canadian life for nearly 70 years, are updating their programming to reflect contemporary Canada, and utilising technology creatively and efficiently to provide programming on various platforms, accessible when Canadians want it. This year, our Radio services attracted record audiences.

CBC Radio has been revitalising its program development based on the following goals: quality and innovation, increased audience, learning and development, and a networked organisation. This year, Radio One launched programs with exciting new content, forms and hosts. Radio Two began an important examination of its arts content and delivery in order to remain relevant and intriguing. In an effort to profile local talent to their communities and to the country, CBC Radio recorded over 700 concerts in numerous communities all across Canada in 2003-2004. Future program development will respond to Canada's diversity, technology change, and increased audience competition.

Radio de Radio-Canada has successfully met its arts and entertainment goals this year. It kept Canadians informed of cultural happenings, celebrated the vitality of French-language song and artistic creation in Canada, and nurtured and showcased emerging talent in Francophone communities across the country. Radio de Radio-Canada is strengthening its role in international French-language public radio, exchanging programs and craftspeople to enhance programming for Canadians.

Since 2002, the Chaîne culturelle has obtained 20 new licences to extend its reach to 90 per cent of Francophones across Canada. This year, 11 new transmitters were inaugurated. Now truly national, with roots in every region, the Chaîne culturelle offers an essential public service for the development of Francophone culture.

CBC/Radio-Canada, SIRIUS and Standard Broadcasting Inc. this year created a partnership for national, commercial-free, subscription-based satellite radio service. This venture, subject to CRTC approval, will help us fulfil our mandate by extending our reach and enhancing our service to Canadians. It will also showcase Canadian artists throughout North America.



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5. Patrice L'Écuyer, Host, *Qui l'a dit cru !*, Télévision de Radio-Canada

6. Eleanor Wachtel, Host, *Writers & Company, The Arts Today*, CBC Radio One

7. Andy Sheppard, Host, *After Hours*, CBC Radio One

8. Graham Greene, Vincent Walsh, *Shattered City: The Halifax Explosion*, CBC Television



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CBC Television again this year furthered its transformation towards a more clearly defined public service broadcaster. The network undertook exciting projects utilising the range and depth of skills from across our media lines to produce high-impact series on subjects of particular interest to Canadians. This year's *Shattered City: The Halifax Explosion* demonstrated what makes CBC/Radio-Canada so unique, essential and indispensable in this country: the story was truly Canadian; drew large audiences; and was deeply regional with national resonance. Our Television, Radio and New Media teams worked together as a well-managed company to produce and support this project, providing programming and backgrounders on different platforms. This teamwork better served our audiences by making these products available, when and how they wanted them.

Projects of this kind are crucial to CBC Television's, and the whole Corporation's, vibrant refocusing on the kind of public service broadcasting that makes a difference to Canadian lives. CBC Television's transformation is clearly resonating with Canadians: between September 2003 and March 2004, in prime time, CBC Television had 13 of the 20 highest ranking Canadian drama/comedy series, and 18 of the 20 highest ranking Canadian drama/comedy specials (Nielsen Media Research). Next year, CBC Television will present at least a dozen new high-impact specials and series, and will attempt to increase that number through international partnerships. It will continue to produce its regular award-winning programs in comedy, drama, music, and dance – vital to the network's overwhelmingly Canadian schedule.

Télévision de Radio-Canada has begun to reposition itself in the competitive television market by offering programming that is passionate, innovative, credible, and open to the world and the ideas of others. As it evolves, the network will become an even more effective showcase

for Canadian artists and culture, and a source of unique content reflecting and connecting Canadians. New programs, formats, content, and talent will be introduced through 2006, but already audiences have strongly responded to our new, daring series.

In partnership, CBC/Radio-Canada operates ARTV, the French-language arts and culture television channel available to more than 1.6 million subscribers across Canada. With nearly half of its programs Canadian, ARTV helps us fulfil our mandate and extends our reach to more Canadians.

Our English and French New Media continued to enhance and complement our Television and Radio programming and to extend our services to Canadians across numerous platforms with the most efficient technology available. New Media offers innovative content through interactive services such as *ZeD*, *Radio3.com* and *bandeapart.fm*, giving young Canadian performers a place to post their work, and Canadians an opportunity to hear it first. Our internationally recognised online services are reaching young audiences who prefer new technological platforms. Through partnerships with other services, we are ensuring that even more Canadians can enjoy culture, whenever and however they wish.

Galaxie is CBC/Radio-Canada's 24-hour-a-day digital pay audio service, available through satellite, cable and microwave digital distribution systems. With nearly four million paid subscriptions, Galaxie increased its contribution to the Corporation's net income in 2003-2004. Galaxie also helped to fulfil CBC/Radio-Canada's cultural mandate by promoting Canadian artists and, as required by the CRTC, contributed money to indigenous musical talent development.

For more information please see:

cbc.radio-canada.ca/htmen/highlights/arts.pdf



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9. Monique Giroux, Host, *Les refrains...*, Première Chaîne, Radio de Radio-Canada

10. Stanley Péan, *Bouquinville*, Chaîne culturelle, Radio de Radio-Canada

11. *Les Bougon - c'est aussi ça la vie!*, Télévision de Radio-Canada

12. *Snakes and Ladders*, CBC Television



Children and Young Adults



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1. Dominique Demers,
Dominique Raconte...,
Télévision de Radio-Canada

2. *The Blobheads*, CBC Television



CBC/Radio-Canada has long provided the children of this country with programs that delight, inform and offer a window on Canadian values and accomplishments.

We are Canada's leading source of non-violent, commercial-free programming for the next generation. Our selection of stimulating and interactive programming provides young people with a reflection of the broad diversity of the Canadian experience.

In 2003-2004, CBC Television launched *Kids' CBC*, a new brand for the network's programming for children. The emphasis in this rebranding and the *Kids' CBC* programming is on the interaction, interconnection and interplay among viewers and website visitors, and between them and CBC. The *Kids' CBC* brand is a natural extension of the highly recognised and valued CBC Television brand. It is also the Corporation's promise of programming that is trusted, fun, innovative, and smart. The launch brought a new version of the CBC logo, the return of many favourite programs, and the addition of new programs and initiatives on-air and online. More exciting initiatives are planned for next year.

This year, Télévision de Radio-Canada again provided high-quality programming for children, each day of the week. For 2004-2005, the network will boost its weekend schedule by adding new programming for children. Beginning in January 2005, the network will further strengthen its programming for adolescents, adding a dramatic comedy weekday afternoons.

Throughout the 2004-2005 programming season, Télévision de Radio-Canada's Children and Family unit will participate in the network's exercise to reposition itself in today's competitive television environment, in order to ensure that it is providing the best public broadcasting service to its audiences, and to plan for future seasons. Radio de Radio-Canada continued to provide unique and very popular programs for children and adolescents this year, designed to explore and boost their understanding of their own lives as well as those of children around the world.

CBC/Radio-Canada also provides a vast amount of programming for young adults, geared to their cultural and intellectual interests and via their choice of technology for receiving that programming. The close integration of our New Media, Radio and Television production teams allows us to offer new and innovative content, interactive features and various platforms for emerging talent. It also helps us to reach youth audiences, who generally are more difficult to reach through traditional media only. For 2004-2005, key objectives for our New Media platforms include maintaining their position as leader in Canadian youth services, furthering the development and showcasing of Canadian talent, providing more interactive content, supporting and complementing our Radio and Television services, and further strengthening the Corporation's Internet-based programming.

For more information, please see:
cbc.radio-canada.ca/htmen/highlights/children.pdf



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3. Catherine Pogonat, *Bandeapart.fm*

4. Sharon Lewis, Host, *ZeD*,
CBC Television





In today's complex world, children benefit from our safe, non-commercial programming that delivers Canadian stories and reflects their interests and culture. Young adults appreciate our multi-platform programming because it intrigues, takes risks, and provides them with opportunities to show their own creative work to other Canadians.



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1. Marie-José Turcotte, Sophie Gagnon, René Pothier, Claude Quenneville, Richard Garneau, Louis Hardy, *Adrénaline*, Télévision de Radio-Canada

2. Scott Russell, *CBC Sports Saturday*, CBC Television

Sports

In line with our strategic priority of delivering distinctive, high-quality programming, as well as placing an emphasis on amateur sports, CBC/Radio-Canada features Canada's aspiring athletes as they rise through national and international competition on their way to the Olympics.

No other broadcaster devotes so much airtime to familiarising Canadians with their own athletes, while continuing to present the NHL and the CFL. Our sports coverage provides a shared experience for Canadians and helps build pride in our homegrown talent.

In 2003-2004, CBC Television rebalanced its coverage, focusing on more amateur sports, redesigned its key Saturday afternoon sports programming block, and coordinated an amateur sports strategy for all media lines. In 2004-2005, pursuing its high-performance sports strategy, CBC Television will build on the work of *CBC Sports Saturday* right up to and through the Athens Olympics, as well as solidifying key professional Canadian sports franchises.

Télévision de Radio-Canada continued to broadcast its weekly, award-winning program, *Adrénaline*, providing complete coverage of the sports world. Since January 2004, the program has focused on athletes' training and selection for the upcoming Olympics. In 2004-2005, the network will bring exceptional national and international amateur sporting events to its audiences.





CBC/Radio-Canada brings Canadians the world of sports, highlighting the country's best amateur athletes at national and international competitions. We also bring sports to the world: more than 500 million viewers were expected, globally, for the World Road Cycling Championships in Hamilton, Ontario, in October 2003. *Photo courtesy of the City of Hamilton, Ontario.*



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3. Ron MacLean in Shaunavon, Saskatchewan, on *Hockey Day in Canada*

4. Robin Brown, Host, *The Inside Track*, CBC Radio One

5. Jean-François Doré, *Y en aura pas de facile*, Première Chaîne, Radio de Radio-Canada

6. Tennis Masters of Canada, CBC Television

Contributing to the Corporation's efforts to highlight Canadian amateur sports, Radio de Radio-Canada delivered daily sports bulletins as well as the program, *Y en aura pas de facile*, which looked at sports news and Canadian athletes at the provincial, national and international levels. For its part, CBC Radio provided sports news each day, as well as its key weekly sports program, *Inside Track*, which has for many years explored the story behind the sports story.

New Media carried unique sports news and game updates, providing audiences with up-to-the-minute information. For those who missed a game, New Media offered highlights and scores for later perusal, extending and improving our service by making it available to Canadians, whenever they wanted it.

Upcoming Summer Olympics in Athens

CBC Television and Télévision de Radio-Canada have worked closely to develop plans to bring Canadians the very best coverage of the Summer Olympics in Athens. They have also collaborated on production of documentaries and portraits of athletes, certain shared resources and personnel for the Games, and the use of the most efficient, state-of-the-art technology.

CBC Television will provide almost 300 hours of exciting, world-class coverage of the Olympic Games in Athens, in August 2004, and of the Paralympics in September. Télévision de Radio-Canada will provide 223 hours of coverage.

Exciting Sports Events This Year

HERITAGE CLASSIC

Commonwealth Stadium, Edmonton, November 2003. *Mega Stars* game between the Montréal Canadiens' and the Edmonton Oilers' alumni teams, followed by a match between the current Edmonton and Montréal teams.

High Definition Television and special robotic cameras.

55,000 spectators in the outdoor stands (-28°C).

CBC Television – 2.7 million viewers for the portion broadcast during *Hockey Night in Canada*.

GREY CUP 2003

CBC Television – more than 3.8 million viewers.

Our sound and pictures were provided to the Réseau des sports, TFN (The Football Network) in the US, and the Canadian Forces Network for armed forces abroad.

WORLD ROAD CYCLING CHAMPIONSHIPS

800 athletes from 50 countries, Hamilton, October 2003.

Exciting live coverage using 23 roadside cameras, three motorcycle-mounted cameras, four helicopters, and wireless technology.

As Host Broadcaster for the Championships, CBC/Radio-Canada sent pictures of the event and Hamilton across Canada and to countries around the world.

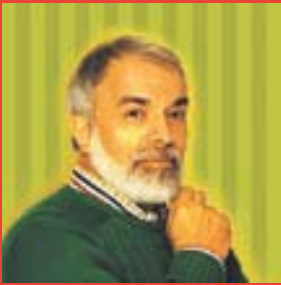
More than 500 million viewers were expected, globally.

For more information, please see:

cbc.radio-canada.ca/htmen/highlights/sports.pdf



High-quality, distinctive Canadian programming – everyday on CBC/Radio-Canada.



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1 Pierre Maisonneuve, *Maisonneuve en direct*, Première Chaîne, Radio de Radio-Canada

2 Françoise Davoine, *Radio-concerts*, Chaîne culturelle, Radio de Radio-Canada

3 Jean Dussault, *Sans frontières*, Première Chaîne, Radio de Radio-Canada

4 Sylvia L'Écuyer, *Producer/host*, Chaîne culturelle (Vancouver), Radio de Radio-Canada

5 Yanick Viliedieu, *Les années-lumière*, Première Chaîne, Radio de Radio-Canada

6 Rick Mercer, Geddy Lee (Rush), *Rick Mercer's Monday Report*, CBC Television, Photo credit: Tom Sandler

7 Tina Keeper, Jimmy Herman, *North of 60: Another Country*, CBC Television

8 Cara Pifko, Michael Riley, Siu Ta, Michael Murphy, *This Is Wonderland*, CBC Television

9 Steve Smith, Patrick McKenna, *The Red Green Show*, CBC Television

10 Nicholas Campbell, *Da Vinci's Inquest*, CBC Television

11 Geneviève Brouillette, James Hyndman, Lynda Johnson, *Rumeurs*, Télévision de Radio-Canada

12 Afro Connexion, *Le Festival Franco-ontarien : Faut que ça swing !*, Télévision de Radio-Canada

13 Henri Chassé, Marie-Thérèse Fortin, Catherine Brunet, *Le Monde de Charlotte*, Télévision de Radio-Canada

14 Katerine-Lune Rollet, *Tête@Kat*, Télévision de Radio-Canada

15 Gilles Latulippe, Pierre Jean, *C'était ça, le burlesque*, Télévision de Radio-Canada

16 Brent Bambury, *All in a Day, GO, GrooveShiny*, CBC Radio One

17 Mio Adilman, Nobu Adilman, *SmartAsk!*, CBC Radio One, CBC Television, CBC.ca

18 *Hockey Day in Canada*, Photo courtesy of IMAGES by Prairie Portraits, Shaunavon, Saskatchewan

19 Andy Barrie, *Metro Morning*, CBC Radio One

20 Judy Maddren, *World Report*, CBC Radio One, CBC Radio Two



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1. Patrick Brown

2. Azeb Wolde-Giorghis

CBC/Radio-Canada on the International Scene

Canadians have entrusted CBC/Radio-Canada with an international mission – to increase understanding of Canadian values, culture, and social and economic life as a means of boosting Canada’s influence and contributions on the world stage.

CBC/Radio-Canada is widely considered one of the world’s best international broadcasters. Available on all continents through Radio Canada International, TV5 Monde, Canal 5, Newsworld International, and through agreements with other nations’ public broadcasters, we have built a strong reputation for the quality of our programming. We have also consistently demonstrated our willingness to share expertise and to become involved in issues facing cultural institutions worldwide.

In a globalised world, Canada’s role on the international stage is more crucial than ever. To help ensure Canada’s continuing contribution to solutions for the world’s major political, economic, social, and cultural issues, CBC/Radio-Canada has developed an international policy focusing on cultural diversity, the Francophonie, journalistic excellence, and technological expertise. The policy’s strategic objectives are to communicate Canadian values (such as democracy, journalistic freedom, cultural diversity, tolerance, and equality); provide knowledge about Canada; showcase Canadian artists and producers; transfer Canadian technological and programming expertise; and provide a consistent presence for Canada and for Canadians abroad.

CBC/Radio-Canada Programming Abroad

- › CBC Radio’s *As It Happens* is heard on 84 stations in the US. CBC Radio expects to announce further agreements for the international broadcast of many of its programs, next fiscal year, disseminating a Canadian perspective abroad.
- › Newsworld International brings CBC Newsworld programming to over 15 million households in the United States.
- › In May 2003, CBC/Radio-Canada became a partner in TV5 Monde, available in 203 countries worldwide.
- › Through Canal 5 in France, we reach substantial European audiences.
- › CBC/Radio-Canada programming is also sold to other countries’ broadcasters.
- › CBC Radio and Radio de Radio-Canada exchange hundreds of recorded concerts with 80 international radio networks each year. Canadian performers and composers are promoted abroad and audiences at home enjoy the international music scene.



Radio Canada International

Radio Canada International (RCI) is CBC/Radio-Canada's international radio service, broadcasting in nine languages via satellite, digital and analog shortwave, the Internet, and local radio stations in over 75 countries.

2003-2004: A YEAR OF REPOSITIONING

In March 2003, the Government of Canada redefined the mandate of Radio Canada International – to produce and broadcast programs specifically designed to better acquaint foreign audiences with Canada, its values, and its social, economic and cultural life.

To fulfil its new mandate, in September 2003, RCI presented its five objectives to the Department of Canadian Heritage and the Department of Foreign Affairs and International Trade: to clearly target its international audiences; to promote Canadian talent abroad; to provide more insight into important Canadian and international issues for foreign audiences; to increase partnership activities; and to leverage the strength of the CBC/Radio-Canada group.

In December 2003, CBC/Radio-Canada's Board of Directors approved RCI's repositioning plan. Announced in February 2004, this plan was implemented in time for the programming season at the end of March 2004.

RCI has already met some of the plan's objectives. Since November 2003, RCI has strengthened its promotion of Canadian talent abroad, especially music and song. It broadcasts via: satellite – on three broadcast services available in Europe, North Africa and the Middle East, 24 hours a day, seven days a week, in English and French; digital shortwave (DRM) – providing an audio quality comparable to FM; and the Internet, at *RCInet.ca*, drawing 50,000 visitors a month. In addition, RCI has

redoubled its efforts to form alliances with the main international broadcasters so as to increase its penetration in selected target markets. As of March 2004, RCI has 350 partner stations worldwide, which rebroadcast segments of RCI's programming and *à-la-carte* products tailored for foreign audiences.

In summary, this year, RCI significantly expanded its reach around the world, added a ninth broadcasting language (Portuguese for Brazilian listeners), and boosted its distribution by 65 per cent.

SHARING OUR EXPERTISE

CBC/Radio-Canada also plays a significant role in sharing its expertise with international broadcasters. This year, we participated actively in 20 major international broadcasting organisations and in a wide range of international conferences to publicise and share Canadian broadcasting expertise.

Training in broadcasting is a major aspect of the Corporation's international activities. We provide Canadian expertise in such fields as journalistic excellence, governance, and production and broadcast distribution, particularly in aid of developing countries attempting to establish an effective media that can fully participate in the democratic process. To better coordinate the Corporation's many international training activities, and to ensure efficiency and the maximum effectiveness of those activities, the Corporation has established the self-funding Canadian Institute for Training in Public Broadcasting/Institut canadien de formation en radiodiffusion publique.

Our international activities this year also included many production and distribution partnerships which helped us forge solid alliances that foster large-scale international co-productions.

Through all of the Corporation's international activities, we bring the world to Canadians and Canadians to the world.



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3. Don Murray

4. Ginette Lamarche

5. Paul Workman

6. Michel Cormier



Behind the Scenes



Reflecting the Diversity of Canada



Reflecting diversity is fundamental to the mandate and work of CBC/Radio-Canada. As Canada becomes increasingly diverse, we are changing to ensure that our programming remains relevant to the people we serve. Our unwavering commitment to the reflection of contemporary Canada is seen in one of our strategic priorities: to develop high-quality, distinctive Canadian programming which recognises the importance of regional reflection and of the changing face of Canada. Our programming is already a rich tapestry, as dynamic, diverse and exciting as Canada. We offer Canadians a window on the lives and experiences of Canadians of all racial, religious, linguistic, and cultural backgrounds. To further this reflection, this year we undertook significant initiatives that will broaden diversity on our airwaves and within our workforce.

Our media lines embrace the same philosophy regarding diversity and are coordinating efforts, sharing learning and promoting cross-cultural programming and exchange to create efficiencies and deepen cultural understanding in this country. At the same time, our networks are reflecting diversity in different ways, according to the characteristics of their platforms. Many of our activities in this sphere are governed by the concepts of on-air reflection and production, professional development and hiring practices, community connection and communications, internal awareness and education, and strategic partnerships. Our networks have added new voices, ideas and faces from different cultural groups and regions to their anchor desks, Current Affairs, dramas, and children's programming. CBC Radio's New Voices strategy, launched in 1997, brings the full range of people and perspectives in our communities on the air and behind the scenes. The on-air personnel of Radio de Radio-Canada and CBC Radio reflect the Canadian cultural mosaic, and their world music programs and documentaries present a broader range of subject matter. CBC Television is

focusing on the inclusion of underrepresented groups. At Télévision de Radio-Canada and CBC Television, dramas, comedies and children's programs feature actors and stories reflective of a diverse and changing society. Our French and English New Media programs for young adults feature Aboriginal and multicultural music, and DJs with a focus on visible minorities. We broadcast in English, French and eight Aboriginal languages to northern Canada. Through Radio Canada International, we broadcast in nine languages, promoting Canadian values and Canada's social, economic and cultural life.

Another important initiative this year was the CBC/Radio-Canada Diversity Summit, held in order to meet with key stakeholders and experts to assist in the development of strategies in this area. These kinds of meetings help us further our diversity initiatives. We will continue our consultation efforts to ensure that we are at the forefront of this issue.

We are proud of our successes and initiatives to reflect the changing face of Canada, but we know that more needs to be done. We need to identify the gaps and develop remedial strategic approaches in order to address one of the most dramatic demographic shifts to ever occur in this country. We will remain committed to making improvements and to being in sync with the changing nature of Canadian society for the purpose of producing even better programming for our audiences.

For more information, please see:
cbc.radio-canada.ca/htmlen/highlights/diversity.pdf



Building and Strengthening Our Team



One of CBC/Radio-Canada's priorities is to strengthen its commitment to all its employees – to those who create and those who support them technically and administratively. Our goal is to continue to shape a working environment that encourages production of the very best programming.

To achieve this goal, we have a Human Resources strategy that includes better internal communications, and training and professional development to enable our employees to perform their jobs at the highest possible standard. It also includes upgrading the value we add to the Corporation through expert Human Resources services at the same time as we streamline, automate and make more efficient the transactional Human Resources services offered. As the demands of today's media environment change and intensify, we are remodelling our strategy to meet current conditions. Initiatives under this strategy are yielding some very promising results.

We believe it essential to know what our employees consider successful in this organisation and where they see need for change. With the goal of understanding employees' views about the workplace and their jobs, and also to measure progress since 2001, we launched our second company-wide Employee Survey in January 2004. Overall, the results of the recent survey have improved significantly in almost all areas covered. Most notably, the number of employees who agree with the Corporation's strategic directions has risen by over 20 per cent.

We received an important accolade this year when we were selected for the 2004 edition of Canada's Top 100 Employers. Our work environment was highlighted positively, as were the training and career opportunities we offer staff. We expect to continue to build on this positive recognition of the Corporation as we move forward with our strategy.

For the last five years, CBC/Radio-Canada has pursued a strategic approach to our industrial relations in an attempt to rationalise our complex labour environment. Following a CIRB decision this year, we are pressing ahead with the amalgamation of the three main internal bargaining units that represent our employees in all parts of Canada – except Québec and Moncton – into one. This brings the number of unions operating in those regions from 17 in 1993 to one in 2004-2005. These changes will fundamentally transform the Corporation and allow CBC English Services to manage its business more effectively and efficiently in a rapidly changing and competitive media environment. The advantages in such a transformation are numerous: the work environment will be better aligned with current and future production methods; and, the Corporation will not only benefit from increased administrative efficiencies, but also a simplified bargaining process and a reduction in jurisdictional barriers. We also believe that one bargaining unit will help to enhance employee mobility and flexibility. We are waiting for a response from the CIRB on our similar request to bring about the amalgamation of the unions in Québec and Moncton.

Other areas of priority for our Human Resources activities this year included employment equity, diversity in the workforce, health and safety, and contingency planning.

Our Human Resources strategy is helping us create the kind of working environment that facilitates the production and broadcast of great programming. Today's initiatives will help us go even further towards fulfilling our mandate to Canadians.

Better Programming through New Technology and Efficiencies



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CBC/Radio-Canada aims to deliver excellent, distinctive Canadian programming through the most efficient technology available and in a fiscally responsible manner. Rising production costs and fierce media competition make stretching funds and finding savings and revenues more important than ever. In 2003-2004, we undertook a number of initiatives and changes to support our strategic priority – Demonstrate that CBC/Radio-Canada is a well-managed company and generate cash flow to re-invest in programming. These initiatives, which we have made throughout the organisation, have lowered our costs, improved our flexibility and they are now resulting in better programming for Canadians. We are proving that efficient management and excellent programming are not mutually exclusive. In fact, we are showing that the link between these two is synonymous with the revitalised CBC/Radio-Canada.

Real Estate

This year, we opened the doors on two very exciting and innovative projects. In downtown Edmonton and Québec City, we successfully brought all of our media services together under one roof for professional collaboration, synergies and sharing of technology, resources and content. These consolidation projects are essential to our strategy for producing more excellent programming for Canadians. Grouping our staff and providing them with the most modern technological tools available is enhancing our production capabilities. Coordinated use of editorial resources is improving our programs and journalism. Other benefits include the Corporation's strong integration into the community, as well as substantially reduced space requirements and costs, both of which will allow us to move ahead and become even more competitive. A similar consolidation project begun in Ottawa will be completed next year.

1. New CBC/Radio-Canada broadcasting centre in Québec City.

2. New CBC/Radio-Canada broadcasting centre in Edmonton.

Rising costs and shrinking budgets force us to make up for our yearly program-funding shortfall in different ways. Our Real Estate Division contributes to this effort by ensuring best industry practices in our Corporate operations, and by optimising our assets values. Since 2000, real estate initiatives have freed up considerable funds, of which approximately \$10.6 million is annually recurring. Our Real Estate Division will continue to look for ways to generate savings and revenues for re-investment in programming.

Technology

CBC/Radio-Canada Technology works diligently to procure and maintain the best technology to support our broadcast activities. The Division also undertakes technological initiatives and projects in order to create efficiencies crucial to our operations. This year, CBC/Radio-Canada Transmission increased by more than \$1 million the revenue generated by renting space on our towers, sites and buildings to private broadcasters, cellphone companies and government services, selling shortwave transmission services, and providing technical maintenance services to other broadcasters. In addition, they reduced their operating costs by \$1.5 million. The Distribution Relay Optimization Project (DROP) generated savings of more than \$5 million for our English and French television networks by replacing terrestrial distribution circuits across the country with satellite feeds. Key IT processes were re-engineered for increased efficiency and effectiveness. There were also major evaluations for a newsroom system and new Desktop Radio and Desktop Television systems which facilitate program production and broadcasting, particularly for the new broadcasting centres in Edmonton, Québec City and Ottawa. The CRTC has granted CBC/Radio-Canada



licences for two digital television channels (one English and one French) in Toronto. Applications are currently pending for digital channels in Montréal (English and French), Québec City (French) and Vancouver (English).

Our Vision Project is a major undertaking of CBC/Radio-Canada Technology and our English and French Television networks to provide a single, integrated way to manage contracts and content, program inventory and schedules, broadcast and media management, marketing and sales, promotions, and air time analysis. The project entered a new phase this year involving intensive product testing, designing training materials, and launching Livelink, a web-based system for efficiently managing personal services contracts.

Managing Our Information and Programming Assets

Better sharing of information and use of programming is the new standard for major media organisations around the world. Our goal is to give program makers access to the broadest range of content by optimising the gathering, sharing, repurposing, and distribution of this content across multiple platforms. CBC/Radio-Canada is the first major North American broadcaster to implement the new version of iNEWS, creating our internal newswire for the efficient sharing of research and stories that all of our media are covering. This software will be used to produce other efficiencies soon. In another content management area, we have been successful in expanding programming and revenue from our archives, and making advances in rights management to obtain and exploit rights for program content.

New Mobile Division

This year the Corporation created a new Mobile Division to meet our internal production needs, reduce costs, adopt best practices, and take advantage of opportunities for cost-recovery through aggressive marketing and revenue generation. Broadcast Engineering is designing, acquiring and installing the equipment for a new High Definition Mobile that the Mobile Division will use for high-impact programming for our English and French television networks, creating efficiencies and generating revenue by marketing any unused capacity externally.

Shared Services

Our new Shared Services Organisation (SSO) will help modernise our delivery of transactional and administrative services related to Human Resources, Information Technology and Finance and Administration. The SSO will standardise processes, leverage investments in leading-edge technology, and achieve economies of scale in transaction-intensive services. An Information Technology Service Centre providing IT help desk support was launched this year.

Merchandising

Finally, beyond looking for efficiencies in the Corporation, we are also generating some additional revenues through our Merchandising Division. Created two years ago, it is already renegotiating key deals, establishing product development processes and opening new channels of distribution, including the New CBC Shop Online and the Toronto store, to generate revenue and achieve increased visibility, brand extension and partnerships.



CBC/Radio-Canada in the Community



CBC/Radio-Canada has been an important member of the Canadian community for nearly 70 years, covering local and regional stories, sponsoring and partnering with cultural groups, and participating in charity events. Most importantly, our community outreach efforts support the Corporation's strategic priorities related to providing distinctive high-quality programming, regional reflection, undertaking selective alliances and partnerships, and enhancing and strengthening our stakeholder relationships. By participating in local activities, we get insight into what is important to communities. Initiating or involving ourselves in concerts, festivals and literary award galas allows us to showcase established and new talent. When we participate in fundraising activities, such as raising thousands of dollars for foodbanks and homeless shelters each holiday season, we recognise our role in bringing together citizens for common causes. Through regional

and national broadcasts, we connect communities to each other across the country. Our outreach activities allow us to enhance our relationships and create a greater dialogue with communities. We will continue to develop our outreach activities in communities across the country.

The Board of Directors holds each of its meetings in different Canadian cities and makes a point of meeting with local stakeholders, decision-makers, business and cultural representatives to hear their views on our programming and directions. This type of community outreach provides an opportunity for valuable exchange and dialogue and is also a part of the Corporation's public accountability strategy.

For more information, please see:
cbc.radio-canada.ca/htmen/highlights/outreach.pdf
cbc.radio-canada.ca/htmen/highlights/regional.pdf



Public Accountability

CBC/Radio-Canada has an obligation to report to Canadians on the fulfilment of its commitments. It 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 townhall meetings and CBC/Radio-Canada websites.

CBC/Radio-Canada has a strict code of Journalistic Standards and Practices, and any public complaints about reporting are promptly examined and dealt with by the Corporation's two independent Ombudsmen. In light of controversies at the BBC, at France 2 Télévision and at *The New York Times*, the President and CEO this year mandated the Journalistic Standards and Practices Committee to review our policies and to ensure the consistent use of our code across all of our media lines. We are proud to be a benchmark in Canadian journalism that raises the bar for all Canadian media.

Where to Write

The Ombudsman, English Networks
CBC/Radio-Canada
PO Box 500, Station A
Toronto ON M5W 1E6
ombudsman@cbc.ca

Bureau de l'ombudsman, Services français
CBC/Radio-Canada
CP 6000
Montréal QC H3C 3A8
ombudsman@radio-canada.ca





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Members of the Board of Directors

Carole Taylor, O.C. (1)
Chair
Vancouver, British Columbia

Robert Rabinovitch (2)
President and CEO
Ottawa, Ontario

John Kim Bell, O.C. (4)
National Aboriginal
Achievement Awards
Toronto, Ontario

Hélène Fortin (3)
Hébert, Lussier & Associés
Saint-Lambert, Québec

Marie Giguère
Molson Inc.
Montréal, Québec

Roy L. Heenan, O.C. (7)
Heenan Blaikie
Montréal, Québec

Jane Heffelfinger,
O.B.C., LL.D. (6)
Actress/Broadcaster
Victoria, British Columbia

Robert Lantos, C.M.
Serendipity Point Films
Toronto, Ontario
(until January 22, 2004)

Clarence LeBreton (5)
Assistant Deputy Minister
Training and Employment
Development, Government
of New Brunswick

Howard McNutt
HM Consulting Inc.
Halifax, Nova Scotia

L. Richard O'Hagan (8)
Richard O'Hagan Associates
Toronto, Ontario

James S. Palmer,
C.M., Q.C.
Burnet, Duckworth & Palmer
Calgary, Alberta

Best Practices Corporate Governance

Over the past few years, the Chair of the Board of Directors has worked at renewing the Board's relationships with senior management of the Corporation, the Government and external stakeholders generally. The Chair has been instrumental in ensuring that corporate governance practices for the Corporation are at the leading edge both in the private and public sectors. The following items are in place at the Corporation and have been reviewed, revised and compared with best practices of other corporations. Specific items reviewed include:

- › By-laws
- › Terms of Reference for the Board and each of its Committees
- › Guidelines for Board and Committees
- › Conflict of Interest Guidelines
- › Guidelines for Independent Advice
- › Board Manual
- › Criteria for CBC/Radio-Canada Director Selection
- › Director Orientation
- › Assessing the Board's Performance
- › Evaluation of the CEO
- › Succession Planning
- › Guidelines for Board contacts with Senior Management
- › Board Communications with Stakeholders
- › Corporate Strategy and Annual Plan



FINANCIAL PAGES



Financial Highlights

2003-2004 – ACHIEVING CORPORATE PRIORITIES

High-quality, Distinctive Canadian Programming

- › \$60 million one-time funding for three consecutive years, used to renew programming vitality across all media lines.

Efficiency

- › Change in operating lease terms and sale of parcels of land to generate additional cash flow to fund Canadian Broadcasting Centre annual lease payment of \$33 million.
- › Creation of a shared services organisation to implement modernised administrative practices and develop synergies among departments.
- › The DROP project, replacement of terrestrial distribution circuits, generated annual savings of more than \$5 million.

Strategic Partnerships

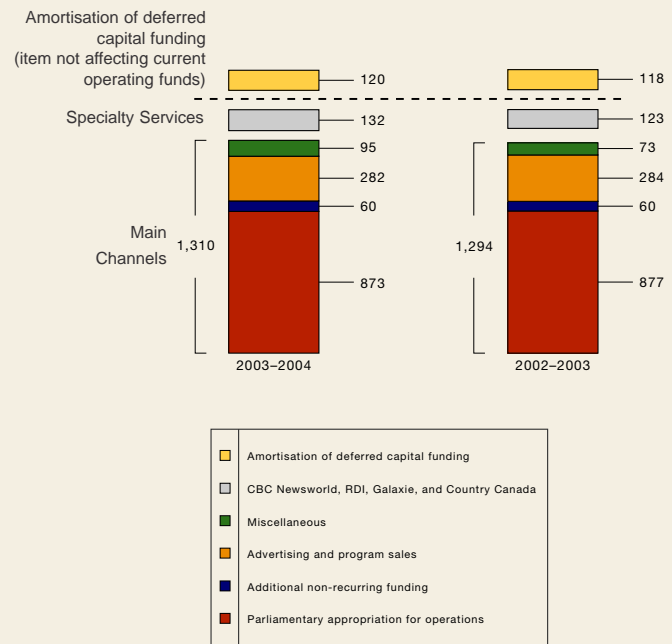
- › Creation of strategic partnership with Sirius Satellite Radio Inc. and Standard Broadcasting Inc. to offer satellite radio to Canadians.
- › Consolidation of media services under one roof in Québec and Edmonton for better synergies and sharing of technology, resources and programming content.

Collaboration

- › Integration of Radio Canada International funding into annual operating appropriation will bring greater synergies.

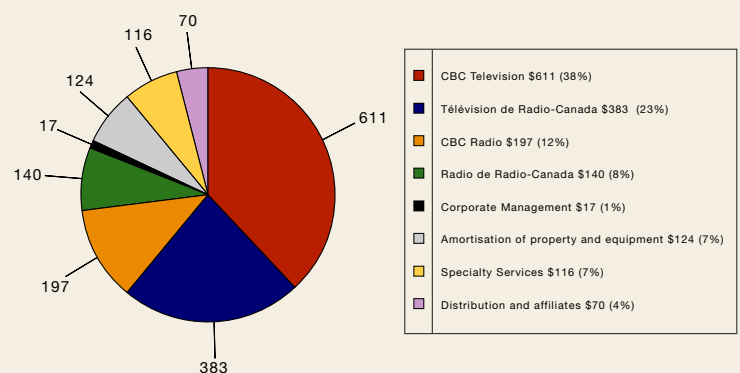
REVENUES AND OPERATING SOURCES OF FUNDS CBC/RADIO-CANADA

(millions of dollars)



2003-2004 – OPERATING EXPENDITURES - 1,658 millions of \$*

(millions of dollars)



* Excluding recovery of income and large corporations taxes.

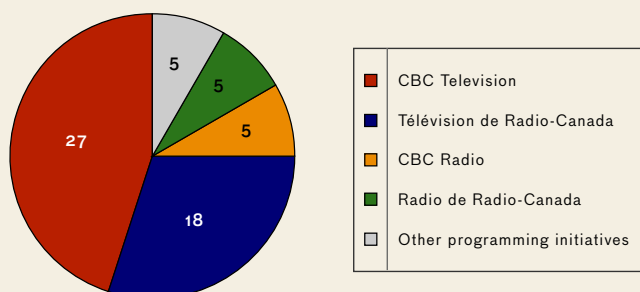


Management Discussion and Analysis

2003-2004 HIGHLIGHTS

- › In addition to the \$873 million parliamentary appropriation for operating expenditures, the Government of Canada granted CBC/Radio-Canada non-recurring funding of \$60 million in 2003-2004, which has enabled the Corporation to continue to renew programming vitality across all media lines.

(millions of dollars)



- › On April 1, 2003, CBC/Radio-Canada received authorisation from the Government of Canada to include funding for Radio Canada International in the approved parliamentary appropriation for operating expenditures. This decision will allow for better synergy of operations, especially within Radio de Radio-Canada.
- › On June 5, 2003, CBC/Radio-Canada was authorised by the Canadian Radio-television and Telecommunications Commission (CRTC) to acquire the assets of 3899071 Canada Inc. (Country Canada). As of June 6, 2003, CBC/Radio-Canada is responsible for providing this specialty channel's digital television service. Country Canada financial results are now included in the results for Specialty Services (Note 5 to the Financial Statements).
- › On September 27, 2003, CBC/Radio-Canada terminated its partnership with Publications Gesca Itée, under which a joint-venture publishing company, Les Éditions Voilà, had been formed for the purpose of producing a television program guide. The Corporation held a 50 per cent interest in the joint venture, representing a net equity investment of (\$450,000) as of the date the partnership was dissolved.
- › In November 2002, CBC/Radio-Canada began examining various options for enhancing the efficiency and quality of customer service provided by Human Resources (HR), Information Technology (IT) and Finance and Administration (F&A). One of the proposed solutions was to integrate management of these three units' diverse administrative operations into a single point of contact. In October 2003, the Corporation officially launched its Shared Services Organization (SSO) initiative, which consolidates all of CBC/Radio-Canada's administrative transactions into a bilingual "one-stop shop." Not only will the SSO provide HR, IT and F&A with a common technological platform, it will also allow each component to streamline and standardise some of its more cumbersome processes.



- › In December 2003, the Corporation amended the terms of two operating leases for rental of land parcels occupied by the Canadian Broadcasting Centre. The terms of the new agreements require accounting for these leases as sales-type leases. In addition, the Corporation disposed of land parcels adjacent to the Canadian Broadcasting Centre. The gain from these transactions was \$125 million. This amount will be received over 24.4 years, and an annual interest rate of 7.15 per cent is applicable. The amount will be used to finance payments of \$33 million related to the capital lease arrangement for the Canadian Broadcasting Centre.
- › The Corporation's contribution holiday with respect to its Pension Fund ended on December 31, 2003; as of January 1, 2004, therefore, the Corporation is contributing again to the Pension Fund, which will represent an additional expense of \$43 million per year.
- › During the 2002-2003 fiscal year, the Corporation embarked on major initiatives to consolidate CBC/Radio-Canada operations in Edmonton, Québec City and Ottawa. Consolidation of the Edmonton and Québec City operations in new, modern broadcasting centres was successfully completed during fiscal 2003-2004, with both projects being delivered on time and on budget. The Ottawa consolidation project will be completed as planned in fiscal 2004-2005.
- › The Distribution Relay Optimization Project (DROP) has resulted in savings of more than \$5 million annually, following the cross-country replacement of the terrestrial distribution network by satellite-receiving facilities.

ANALYSIS OF FINANCIAL RESULTS

REVENUES

Compared to the previous year, advertising revenues remained relatively stable, while miscellaneous revenues increased by \$21 million.

CBC Television recorded a significant increase in its advertising revenues, attributable to a generally favourable advertising market, especially during the 2003 National Hockey League playoffs. Télévision de Radio-Canada posted lower advertising revenues, explained by a significant ratings drop. The Corporation expects to reverse this trend thanks to the outstanding programming planned as part of the repositioning of Télévision de Radio-Canada during fiscal 2004-2005.

Specialty channels saw an increase in cable revenues, mostly attributable to a favourable advertising market for the Réseau de l'information (RDI) and an increase in the number of Galaxie subscribers.

Miscellaneous revenues grew in 2003-2004 thanks to CBC/Radio-Canada's role as host broadcaster of the Pan American Games in the Dominican Republic and of the World Road Cycling Championships in Hamilton, as well as to interest earned on the sale of land in Toronto.



EXPENSES

Operating expenses increased by \$125 million.

The significant increase in expenses does not result from a change in programming activities; rather, it is largely explained by the sharp decrease in the capital markets, in 2002-2003, and the discount rate, which is reflected in the actuarial accounting of expenses for employee future benefits according to Canadian generally accepted accounting principles, and translates into additional expenses of \$98 million in 2003-2004.

NON-OPERATING REVENUES

The Corporation generated \$125 million in non-operating revenues.

The sale of land parcels, on which the Canadian Broadcasting Centre (Toronto) is located, as well as amendments to the terms of two operating leases for the land, which are now accounted for as sales-type leases, resulted in a gain of \$125 million.

BALANCE SHEET ITEMS

Significant increase in long-term assets during 2004 attributable to a long-term receivable.

In 2003-2004, the item "Prepaid expenses" includes amounts for advance payment of broadcast rights for the Athens Olympic Games in August 2004. These prepaid expenses were reported under the item "Deferred charges and long-term investments" in 2003.

The Corporation has a long-term receivable following the sale of land in Toronto. The sales proceeds will be received over 24.4 years and an annual interest rate of 7.15 per cent is applicable.

Accounting for real estate leases as sales-type leases results from amendments to the terms of two operating leases for rental of land parcels in Toronto. The new leases will generate revenues of more than \$71 million (net of interest), to be paid over the next 24.4 years.

The items "Pension plans asset" and "Employee-related liabilities" reflect the application of rules respecting employee future benefits. Under these rules, actuarial accounting must be used to determine assets and liabilities relative to the Pension Fund and to other employee future benefits. The sharp drop in market value of the Pension Fund that occurred in 2002 will thus be amortised over many years as a result of these rules.



FISCAL 2004-2005 AND SUBSEQUENT YEARS

- › On December 10, 2003, CBC/Radio-Canada, Sirius Satellite Radio Inc. and Standard Broadcasting Inc. announced the creation of a joint venture to offer satellite radio service to Canadians. They also announced the imminent filing of an application with the CRTC for authorisation to distribute satellite radio service in Canada. The partnership, which also requires Treasury Board approval, could result in a major, profitable investment for CBC/Radio-Canada in 2004-2005.
- › The XXVIII Summer Olympics will be held in Athens in August 2004. CBC/Radio-Canada will be there to provide Canadians with high-quality coverage, and will act as host broadcaster for the Games' softball and boxing tournaments.
- › To properly fulfill its mandate, stand up to increasingly fierce competition, and offset rising costs, CBC/Radio-Canada must have the necessary resources and fiscal manoeuvrability to achieve its strategic objectives. Stable multi-year funding as well as separate additional funding are required if the Corporation is to properly reflect the Canadian experience, deliver dynamic programming (e.g., through production of high-quality, distinctive Canadian programs), and enhance its regional and national programming, pursuant to the recommendations made by the Standing Committee on Canadian Heritage in its report *Our Cultural Sovereignty: The Second Century of Canadian Broadcasting*.

FINANCIAL RESULTS HIGHLIGHTS FROM THE PAST FIVE YEARS

For the year ended March 31	2004	2003	2002	2001	2000
	(millions of dollars)				
Government funding					
Parliamentary appropriations	873	877	780	794	764
Non-recurring funding for programming initiatives	60	60	60	-	-
Revenue					
Advertising and program sales	282	284	319	349	329
Miscellaneous	95	73	82	65	79
Specialty Services	132	123	118	108	97
Allocation of funds					
Television and Radio services costs	1,330	1,198	1,151	1,043	1,052
Specialty Services expenses	116	117	104	100	93



Management's Responsibility for the Financial Statements

The financial statements and all other information presented in the Annual Report are the responsibility of management and have been reviewed and approved by the Board of Directors of the Corporation. These 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 control, 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 *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 financial statements and reports on her audit to the Board of Directors of the Canadian Broadcasting Corporation and the Minister of Canadian Heritage.

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 8, 2004



President and CEO



Vice-President and Chief Financial Officer



Auditor's Report

To the Board of Directors of the Canadian Broadcasting Corporation
And the Minister of Canadian Heritage

I have audited the balance sheet of the Canadian Broadcasting Corporation as at March 31, 2004 and the statements of operations and equity and cash flow 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 financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2004 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 *Broadcasting Act*, I report that, in my opinion, these principles have been applied 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 financial statements have, in all significant respects, been in accordance with Part III of the *Broadcasting Act* and the by-laws of the Corporation.



Sheila Fraser, FCA
Auditor General of Canada

Ottawa, Canada
June 8, 2004



Balance Sheet

As at March 31

	2004	2003
	(thousands of dollars)	
ASSETS		
Current		
Cash and cash equivalents	132,690	115,580
Short-term investments (Note 7)	56,324	76,600
Accounts receivable	134,025	138,147
Program inventory	108,174	92,176
Prepaid expenses	66,817	42,134
Net investment in sales-type leases (Note 9)	1,605	-
	499,635	464,637
Property and equipment (Note 8)	994,332	1,007,448
Notes receivable (Note 10)	58,506	-
Deferred charges and long-term investments	17,832	35,262
Pension plans asset (Note 13)	-	49,005
Net investment in sales-type leases (Note 9)	68,214	-
	1,638,519	1,556,352
LIABILITIES		
Current		
Accounts payable and accrued liabilities	134,150	157,381
Employee-related liabilities (Note 13)	152,049	136,715
Obligation under capital lease (Note 14)	5,926	5,503
	292,125	299,599
Long-term		
Employee-related liabilities (Note 13)	155,014	105,562
Obligation under capital lease (Note 14)	355,597	361,523
Deferred capital funding (Note 12)	650,959	641,517
	1,161,570	1,108,602
EQUITY		
Equity	184,824	148,151
	1,638,519	1,556,352

Commitments and contingencies (Notes 15 and 16)

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

Approved on behalf of the Board of Directors:

Carole Taylor
Director

Arthur Fstein
Director



Statement of Operations and Equity

For the year ended March 31

	2004	2003
	(thousands of dollars)	
Revenue		
Advertising and program sales	281,950	284,410
Specialty Services (Note 5)	132,107	123,271
Miscellaneous	94,561	73,154
	508,618	480,835
Expense		
Television and Radio services costs	1,330,029	1,209,970
Specialty Services (Note 5)	116,446	117,277
Transmission, distribution and collection	61,770	59,077
Payments to private stations	9,002	11,140
Corporate management	16,855	17,561
Amortisation of property and equipment	123,855	117,695
	1,657,957	1,532,720
Operating loss before non-operating revenues, government funding and taxes	(1,149,339)	(1,051,885)
Government funding		
Parliamentary appropriation for operating expenditures (Note 3)	932,695	937,432
Funding reserved for Radio Canada International (Note 4)	-	15,501
Amortisation of deferred capital funding (Note 12)	120,174	118,049
	1,052,869	1,070,982
Net results before non-operating revenues and taxes	(96,470)	19,097
Non-operating revenues		
Gain from sales-type leases	65,935	-
Gain on disposal of property	58,940	-
	124,875	-
Net results before taxes	28,405	19,097
Recovery of income and large corporations taxes (Note 6)	4,268	1,002
Net results for the year	32,673	20,099
Equity, beginning of year	148,151	124,052
Working capital funding (Note 3)	4,000	4,000
Equity, end of year	184,824	148,151

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



Statement of Cash Flow

For the year ended March 31

	2004	2003
	(thousands of dollars)	
Cash flows from (used in)		
Operating Activities		
Net results for the year	32,673	20,099
Items not involving cash:		
(Gain) loss on disposal of property and equipment	(58,072)	757
(Gain) from sales-type leases	(65,935)	-
Amortisation of property and equipment	123,855	117,695
Recovery of income tax and tax on large corporations	(4,268)	(1,002)
Equity in income of companies subject to significant influence	(285)	(7)
Amortisation of deferred charges	570	(8,340)
Amortisation of deferred capital funding	(120,174)	(118,049)
Change in employee-related liabilities [current]	(1,188)	1,542
Change in employee-related liabilities [long-term]	49,451	7,984
Change in pension plans asset	49,005	(23,510)
Net change in non-cash working capital balances (Note 18)	(18,775)	30,259
	(13,143)	27,428
Financing Activities		
Parliamentary appropriations (Note 3):		
Capital funding	129,616	105,090
Working capital funding	4,000	4,000
Government funding for capital purchases for RCI	-	19
Repayment of capital lease obligation	(5,503)	(5,111)
	128,113	103,998
Investing Activities		
Acquisition of property and equipment	(125,556)	(123,976)
Capital recovery from notes receivable	6,320	-
Capital recovery from sales-type lease investments	1,799	-
Proceeds from disposal of property and equipment	2,433	17,055
Acquisition of business	-	(1,200)
Change in deferred charges	17,144	(7,425)
	(97,860)	(115,546)
Increase in cash and cash equivalents	17,110	15,880
Cash and cash equivalents, beginning of year	115,580	99,700
Cash and cash equivalents, end of year	132,690	115,580
Consist of:		
Cash	6,195	5,211
Cash equivalents	126,495	110,369

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



Notes to the Financial Statements for the Year Ended March 31, 2004

1. AUTHORITY AND OBJECTIVE

CBC/Radio-Canada 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. Parliamentary Appropriations and Deferred Capital Funding

The Corporation receives most 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 depreciable capital expenditures 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 non-depreciable property are credited to Equity.

b. Cash Equivalents

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

c. Short-term Investments

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

d. Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the exchange rate in effect at the balance sheet date or, when hedged, at rates prescribed by foreign currency contracts. Revenue and expense items and non-monetary assets and liabilities are translated at average exchange rates during the year. All exchange gains or losses are included in determining net income for the current year.



e. 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. The Corporation's policy is not to utilise derivative financial instruments for trading or speculative purposes. Foreign exchange forwards are contractual obligations in which two counterparties agree to exchange one currency for another at a specified price for settlement at a predetermined future date.

A derivative must be designated and effective to be accounted for as a hedge. Effectiveness is achieved if the cash flow or fair values of the derivative substantially offset the cash flow of the hedged position and the timing is similar. Gains or losses related to derivatives that are hedges are recognised at the same time as the related hedged financial instruments are settled.

f. Program Inventory

Programs completed, in process of production or available for sale 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.

g. Property and Equipment

Property and equipment are recorded at cost, less accumulated amortisation. The cost of assets constructed by the Corporation includes material, direct labour and related overhead. Property and equipment acquired under capital leases are initially recorded at the present value of the minimum lease payments at the inception of the lease. Amortisation is calculated on the straight-line method using rates based on the estimated useful life of the property and equipment as follows:

› 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 remaining terms of the respective leases. Amounts included in uncompleted capital projects are transferred to the appropriate property and equipment classification upon completion, and are then amortised according to the Corporation's policy.



2. SIGNIFICANT ACCOUNTING POLICIES (continued)

h. 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.

i. 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.

j. 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 increased or decreased according to the undistributed net gain or loss since acquisition. Investments in entities over which the Corporation exercises joint control are accounted for using the proportionate consolidation method. Under this method, the pro-rata share of assets, liabilities, revenues and expenses of entities that are subject to joint control is combined with the Corporation's results.

k. 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.

The pension costs are determined using the cost of employee pension benefits for the current year's service, the interest expense on the accrued benefit obligation, the expected investment return on the actuarial value of plan assets, the amortisation of the transitional asset/obligation, 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 transition asset/liability, the net actuarial gains and losses and the adjustments arising from plan amendments are amortised over the estimated average remaining service life of the employee group.

The difference between the accumulated pension gain and the employer's contributions to the Pension Fund is reflected in the Balance Sheet as an employee-related asset (liability).



I. Employee Future Benefits Other than Pensions

The Corporation provides employee future benefits such as severance pay and other benefits such as 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 years of service and management's best assumptions such as salary increases, inflation, retirement ages of employees, mortality of members, and expected health care costs.

For severance pay, the transitional obligation and the net actuarial gains or losses are amortised over the average remaining service life of the employee group. The transitional obligation and the net actuarial gains or losses for post-retirement life insurance, continuation of benefits for employees on long-term disability and workers' compensation are amortised over the applicable remaining service lifetime of the plan members.

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.

m. 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 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.

n. 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) Miscellaneous Revenues

Miscellaneous revenues include revenues from the leasing of space, facilities and services; activities such as host broadcaster; commercial productions sales; interest revenues; the gains on disposal of property and equipment; and other miscellaneous activities. They are recognised when the sale of goods or the rendering of services is completed.



2. SIGNIFICANT ACCOUNTING POLICIES (continued)

o. 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 differ from those estimated.

p. Hedging Relationship

The Canadian Institute of Chartered Accountants issued Accounting Guideline 13, *Hedging Relationships*, which will become effective for the Corporation on April 1, 2004. This guideline establishes certain qualifying conditions for the use of hedge accounting, which are more stringent and formalised than those under current standards. Commencing April 1, 2004, all derivative financial instruments that do not qualify for hedge accounting will be carried at fair value in the balance sheet, and changes in their fair value will be recorded in the statement of income.

3. PARLIAMENTARY APPROPRIATIONS

a. Parliamentary Appropriations Approved and Received

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

	2004	2003
	(thousands of dollars)	
Operating Funding		
Approved annual funding	829,059	864,891
Additional non-recurring funding for programming initiatives (Note 3d)	60,000	60,000
Transfer from (to) capital funding – Supplementary Estimates B ¹	3,636	(7,459)
Frozen allotment used (reprofiled from previous years)	40,000	20,000
Operating Funding Received	932,695	937,432
Capital Funding		
Approved annual funding	133,252	97,631
Transfer (to) from operating funding – Supplementary Estimates B ¹	(3,636)	7,459
Capital Funding Received	129,616	105,090
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.



3. 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 below:

	2004	2003
	(thousands of dollars)	
Net results for the year	32,673	20,099
Items not generating operating funds:		
Amortisation of deferred capital funding	(120,174)	(118,049)
(Gain) generated from sales-type leases	(65,935)	-
(Gain) loss on disposal of property and equipment	(58,072)	757
Other	(1,843)	(1,829)
	(246,024)	(119,121)
Items not requiring operating funds:		
Amortisation of property and equipment	123,855	117,695
CBC/Radio-Canada pension plans and other employee future benefits	98,456	(15,526)
Vacation pay	(1,188)	1,542
Program inventory costs	729	3,864
Other	(2,565)	2,061
	219,287	109,636
Results of operations on a government funding basis	5,936	10,614
Less: Interest generated from the disposal of joint business ventures	(2,473)	(2,493)
Less: Interest generated from the sale of land and sales-type leases	(5,194)	-
Add: Use of proceeds, generated in a previous fiscal year, from the sale of joint business venture	5,093	-
Net results of operations on a government funding basis	3,362	8,121
Government funding surplus, beginning of year	31,890	23,769
Government funding surplus, end of year	35,252	31,890



3. PARLIAMENTARY APPROPRIATIONS (continued)

c. Net Results for Capital Funding

The purchase of property and equipment is financed by Parliamentary appropriations. Additions to property and equipment recorded in the current year under Canadian generally accepted accounting principles may be funded by Parliamentary appropriations in different years. The differences are outlined below:

	2004	2003
	(thousands of dollars)	
Capital funding received (Note 3a)	129,616	105,090
Capital funding for Radio Canada International	-	19
Capital funding	129,616	105,109
Proceeds from the disposal of property and equipment	142,449	17,055
Total capital funding for the year	272,065	122,164
Acquisition of property and equipment	(125,556)	(123,976)
Capital portion of lease payments	(5,503)	(5,111)
Capital funding surplus (deficit) for the year	141,006	(6,923)
Less: Proceeds from the disposal of a building	-	(7,500)
Less: Proceeds from the disposal of land	(131,916)	-
Add: Use of proceeds generated from the sale of a building	7,500	-
Capital funding surplus (deficit) for the year (excluding proceeds from the disposal of land and a building)	16,590	(14,423)
Capital funding surplus, beginning of year, government funding basis	5,053	19,476
Capital funding surplus, end of year, government funding basis	21,643	5,053

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 CBC/Radio-Canada for the 2003-2004 fiscal year (2002-2003 – \$60 million). These funds are being used across all media for the enhancement of programming initiatives in particular.



4. RADIO CANADA INTERNATIONAL

a. Funding for Radio Canada International

On April 1, 2003, the Government of Canada approved the integration of Radio Canada International (RCI) funding into CBC/Radio-Canada operating appropriations. In 2002-2003, Radio Canada International was funded under the terms of a contribution agreement with the Government of Canada.

	2004	2003
	(thousands of dollars)	
Operating funding	-	15,501
Capital funding	-	19
	-	15,520

b. Operating Expenditures

In 2003-2004, the expenditures relating to Radio Canada International were integrated with Television and Radio service costs in the Statement of Operations and Equity. The 2002-2003 results have been reclassified accordingly.

5. SPECIALTY SERVICES

a. Country Canada

From November 1, 2002 to June 5, 2003, 3899071 Canada Inc. (Country Canada) was a wholly-owned subsidiary of the Corporation.

On June 5, 2003, the CRTC approved an application by CBC/Radio-Canada for authority to acquire the assets of 3899071 Canada Inc. (Country Canada). The results of Country Canada were consolidated with the financial results of CBC/Radio-Canada until that date. Effective June 5, 2003, the assets and liabilities were transferred to CBC/Radio-Canada. Since June 6, 2003, CBC/Radio-Canada has been responsible for providing the digital specialty television service known as Country Canada and, as of that date, revenues and expenses of Country Canada have been recorded as Specialty Services results. On March 3, 2004, 3899071 Canada Inc. was dissolved.



5. SPECIALTY SERVICES (continued)

b. Incremental Revenues and Expenses

The Corporation operates CBC Newsworld, the Réseau de l'information (RDI), Galaxie, and Country Canada under license conditions that require the reporting of incremental costs and revenues. As stipulated in their license agreement, CBC Newsworld and RDI use previous years' accumulated excess revenues over expenses to fund current year activities. As at March 31, 2004, the accumulated excess revenues over expenses carried forward to future years' activities for CBC Newsworld totalled \$4.3 million (\$2.2 million for 2003) and \$2.2 million for RDI (\$321,000 for 2003).

	2004				2003			
	Revenues	Expenses	Repayments to CBC Main Service ¹	Net	Revenues	Expenses	Repayments to CBC Main Service ¹	Net
	(thousands of dollars)							
CBC Newsworld	70,559	(66,942)	(1,533)	2,084	69,172	(73,125)	(5,515)	(9,468)
RDI	43,608	(39,892)	(1,842)	1,874	40,824	(38,507)	(2,270)	47
Galaxie	16,254	(6,694)	-	9,560	13,275	(5,645)	(130)	7,500
Country Canada ²	1,686	(2,918)	-	(1,232)	-	-	-	-
	132,107	(116,446)	(3,375)	12,286	123,271	(117,277)	(7,915)	(1,921)

¹ Capital expenditures for the acquisition of equipment to introduce, maintain and expand the Specialty Services are made by CBC/Radio-Canada 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 Country Canada's loss was funded by proceeds from the sale of joint ventures.

6. INCOME TAX AND TAX ON LARGE CORPORATIONS

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 recovery of income and large corporations taxes is comprised of:

	2004	2003
	(thousands of dollars)	
Current income tax recovery	(4,268)	(1,002)
Future income tax	-	-
	(4,268)	(1,002)



6. INCOME TAX AND TAX ON LARGE CORPORATIONS (continued)

Recovery of income and large corporations taxes differs from the amount that would be computed by applying the Federal statutory income tax rate of 34.02 per cent (2003 – 36.02 per cent) to net results before taxes.

The reasons for the differences are as follows:

	2004	2003
	(thousands of dollars)	
Income tax expense at Federal statutory rate	9,663	6,879
Increase (decrease) resulting from:		
Adjustment to future tax assets and liabilities for enacted changes in tax laws and rates	694	(554)
Non-taxable portion of capital gains on sales of capital assets	(15,511)	-
Other net amounts	(8,410)	(726)
Change in valuation allowance	13,564	(5,599)
Large corporations tax recovery	(4,268)	(1,002)
	(4,268)	(1,002)

The tax effects of temporary differences that gave rise to significant portions of the future tax assets and future liabilities as at March 31, 2004 and 2003 are presented below:

	2004	2003
	(thousands of dollars)	
Future tax assets:		
Accrued liabilities	6,703	7,268
Pension plan asset	11,501	-
Employee-related liabilities	38,602	34,329
Loss carry-forward	10,599	7,825
Other	31	-
	67,436	49,422
Less: valuation allowance	(19,438)	(5,874)
	47,998	43,548
Future tax liabilities:		
Accounts receivable	942	-
Program inventory	482	801
Pension plan asset	-	15,936
Net investment in sales-type leases	19,200	-
Property and equipment	19,871	26,552
Notes receivable	7,376	-
Other	127	259
	47,998	43,548
Net future tax asset (liability)	-	-

As at March 31, 2004, the Corporation had a loss carry-forward for tax purposes of \$32.6 million (2003 – \$26.8 million), which begins to expire in 2007.



7. SHORT-TERM INVESTMENTS

	2004	2003
Average yield	2.18	3.10
	(per cent)	
Average term	71	87
	(days)	

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

8. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortisation	2004 Net book value	2003 Net book value
	(thousands of dollars)			
Land	22,177	-	22,177	34,161
Buildings	371,293	(217,466)	153,827	155,897
Technical equipment	1,229,460	(907,402)	322,058	294,969
Furnishings, office equipment and computers	120,387	(87,526)	32,861	35,860
Automotive	49,684	(35,709)	13,975	12,980
Leasehold improvements ¹	30,018	(7,877)	22,141	3,069
Property under capital lease ²	511,635	(168,614)	343,021	358,863
Uncompleted capital projects	84,272	-	84,272	111,649
	2,418,926	(1,424,594)	994,332	1,007,448

¹ A change in the estimated useful life for leasehold improvements, from remaining terms of the respective leases up to a maximum period of five years, to remaining terms of the respective leases has had no significant impact on amortisation expense in 2004.

² Current year amortisation expense of \$15.4 million (2003 – \$15.4 million) relating to the property under capital lease is included in the amortisation of property and equipment on the Statement of Operations and Equity.



9. NET INVESTMENT IN SALES-TYPE LEASES

a. Amendment to Land Leases

On December 1, 2003, the Corporation amended the terms of two operating leases for the rental of land in Toronto. The changes in the terms of the agreements require that these leases be accounted for as sales-type leases. The fair value of the land totalled \$71.2 million. The credit risk is normal.

b. Income from Sales-type Leases

CBC/Radio-Canada's net investment in sales-type leases includes the following:

	(thousands of dollars)
Total minimum lease payments receivable	142,254
Unearned income	(72,435)
	<hr/>
	69,819
Current portion	(1,605)
	<hr/>
Long-term portion	68,214
<hr/>	
Future minimum lease payments receivable under the sales-type leases are as follows:	
	(thousands of dollars)
2005	6,050
2006	6,050
2007	6,050
2008	6,050
2009	6,050
2010 to 2027	112,004
	<hr/>
Total future minimum lease payments receivable	142,254
<hr/>	



10. NOTES RECEIVABLE

On December 1, 2003, the Corporation sold land owned in Toronto. Proceeds from these transactions total \$68.8 million and represent fair value.

The Corporation has three long-term notes receivable following these sales. The sales proceeds will be received over 24.4 years at an annual interest rate of 7.15 per cent. The credit risk is normal.

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

	(thousands of dollars)
2005	5,567
2006	5,567
2007	5,567
2008	5,567
2009	5,567
2010 to 2027	101,123
Total future minimum payments - notes receivable	128,958
Deduct: imputed interest	(65,089)
Notes receivable	63,869
Less: current portion (included in accounts receivable)	(5,363)
Long-term notes receivable	58,506



11. LONG-TERM INVESTMENTS

a. Long-term Investments – Equity Method

The Corporation has the following interest in two specialty channels:

	2004	2003
	(thousands of dollars)	
ARTV – participation at 37%	3,879	3,855
<i>The Documentary Channel</i> – participation at 29% ¹	-	-

¹ CBC/Radio-Canada has not recorded a portion of *The Documentary Channel's* losses since the Corporation will not assume any financial risk relating to *The Documentary Channel*.

b. Termination of Partnership

On September 27, 2003, CBC/Radio-Canada terminated its partnership with Publications Gesca ltée under which the Corporation had a 50 per cent interest in Les Éditions Voilà. At the date of termination, the Corporation had a net shareholder's deficiency of (\$225,000) (2003 – (\$225,000)). On September 27, 2003, Les Éditions Voilà was dissolved.

12. DEFERRED CAPITAL FUNDING

	2004	2003
	(thousands of dollars)	
Balance, beginning of year	641,517	654,457
Government funding for capital expenditures (Note 3c)	129,616	105,109
Amortisation of deferred capital funding	(120,174)	(118,049)
Balance, end of year	650,959	641,517



13. PENSION PLANS ASSET AND EMPLOYEE-RELATED LIABILITIES

Employee-related liabilities are as follows:

	2004	2003	2004	2003
	Current		Long-term	
	(thousands of dollars)			
Accrued pension benefit liability	-	-	35,367	- ¹
Employee future benefits other than pensions	-	2,806	118,423	105,284
Vacation pay	45,474	44,780	-	-
Workforce reduction	2,130	910	946	-
Salary-related liabilities	104,445	88,219	278	278
	152,049	136,715	155,014	105,562

¹ As at March 31, 2003, there was a pension plans asset balance of \$49 million.

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 2002). The Corporation also maintains unfunded non-contributory defined benefit pension arrangements.

Assumptions – annual rates:

	2004	2003
Expected long-term rate of return on plan assets	6.75%	6.75%
Discount rate – beginning of year	5.75%	6.00%
Discount rate – end of year	4.75%	5.75%
Long-term rate of compensation increase, excluding merit and promotion	4.00%	4.00%
Health care trend	8.5% for 5 years; 4.5% thereafter	8.5% for 5 years; 4.5% thereafter

Annual amount:

	2004	2003
	(thousands of dollars)	
Employee contributions	28,001	22,991
Benefit payments for the year – pension plans	173,384	163,351
Benefit payments for the year – other employee future benefits	8,489	11,294



13. PENSION PLANS ASSET AND EMPLOYEE-RELATED LIABILITIES (continued)

	2004		2003	
	CBC/ Radio-Canada pension plans	Other employee future benefits	CBC/ Radio-Canada pension plans	Other employee future benefits
	(thousands of dollars)			
Fair-market value of plan assets, end of year	3,607,713	-	3,139,218	
Accrued benefit obligation, end of year	(4,251,100)	(175,795)	(3,557,003)	(153,409)
Deficit, end of year	(643,387)	(175,795)	(417,785)	(153,409)
Unrealised gains	(58,324)	-	-	-
Unamortised past service costs	91,173	-	100,769	-
Unamortised net actuarial losses	1,459,429	28,308	1,343,275	15,445
Unamortised transitional (asset) obligation	(884,258)	29,064	(977,254)	32,680
Accrued benefit asset (liability), end of year	(35,367)	(118,423)	49,005	(105,284)
Accrued benefit asset (liability), beginning of year	49,005	(105,284)	25,495	(97,300)
Employee future benefits revenues (expenses):				
Current service cost	(66,981)	(7,650)	(62,458)	(6,669)
Interest on accrued benefit obligation	(202,248)	(9,018)	(197,505)	(8,471)
Expected return on actuarial value of assets	207,281	-	241,340	-
Amortisation of past service costs	(9,597)	-	(9,597)	-
Amortisation of transitional asset (obligation)	92,996	(3,618)	92,996	(3,618)
Amortisation of actuarial losses	(115,290)	(1,342)	(42,112)	(520)
Employee future benefits revenues (expenses) for the year	(93,839)	(21,628)	22,664	(19,278)
Corporation pension plan contributions	8,598	-	-	-
Benefit payments from unfunded plans	869	8,489	846	11,294
Accrued benefit asset (liability), end of year	(35,367)	(118,423)	49,005	(105,284)

As at March 31, 2004, the accrued benefit obligation for the CBC/Radio-Canada Pension Plan and for the unfunded benefit pension arrangements represented respectively \$4,204.6 million (2003 – \$3,519.9 million) and \$46.5 million (2003 – \$37.1 million).



14. OBLIGATION UNDER CAPITAL LEASE

The capital lease is for premises occupied by the Corporation in Toronto. Future minimum lease payments and obligations are as follows:

	(thousands of dollars)
2005	33,039
2006	33,039
2007	33,039
2008	33,039
2009	33,039
2010 to 2027	611,217
Total future minimum payments	776,412
Deduct: imputed interest (7.53%) and executory costs	(414,889)
Obligation under capital lease	361,523
Less: current portion	(5,926)
Long-term portion	355,597

The Corporation owns the land on which the Canadian Broadcasting Centre in Toronto is located. Interest expense relating to the Canadian Broadcasting Centre lease, which is included in current year expenditures, is \$27.4 million. At the end of the lease, the Corporation will own the building.

15. COMMITMENTS

a. Program-related and Other

As at March 31, 2004, commitments for sports rights amounted to \$354.0 million (2003 – \$417.7 million); procured programs, film rights and co-productions amounted to \$44.2 million (2003 – \$36.8 million) and property and equipment amounted to \$7.0 million (2003 – \$2.8 million) for total commitments of \$405.2 million (2003 – \$457.3 million). Payments under these contracts are expected to be made over the next six years.



15. 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 are as follows:

	(thousands of dollars)
2005	76,892
2006	64,368
2007	54,696
2008	52,974
2009	23,868
2010 to 2024	228,009
Total future payments	500,807

16. 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 estimates. 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 charged to operations as incurred.

17. RELATED PARTY TRANSACTIONS

The Corporation is related in terms of common ownership to other government departments, agencies and Crown corporations and to private companies in which the Corporation has long-term investments. 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. Funding received from the Government of Canada is outlined in Note 3.



18. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES

	2004	2003
	(thousands of dollars)	
Cash flows provided by (used for):		
Short-term investments	20,276	(21,570)
Accounts receivable ¹	11,968	51,050
Program inventory ²	(16,979)	9,848
Prepaid expenses	(26,368)	(2,635)
Accounts payable and accrued liabilities	(24,194)	(13,516)
Employee-related liabilities	16,522	7,082
	(18,775)	30,259

¹ Excluding \$3.6 million of notes receivable from the sale of land and excluding \$4.3 million (2003 – \$1.0 million) of recovery of income and large corporations taxes in 2004.

² Excluding \$0.981 million (2003 – \$0.5 million) of amortisation of property and equipment in 2004.

19. FINANCIAL INSTRUMENTS

Cash equivalents, short-term investments, accounts receivable, current portion of sales-type leases, accounts payable and accrued liabilities, and current portion of the obligation under capital lease are valued at cost, which approximates fair value.

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 \$68.5 million (2003 – \$22.0 million) were outstanding at the end of the year. The remaining term to maturity of these contracts is under two years.

20. COMPARATIVE FIGURES

Certain of the 2003 figures have been reclassified to conform to the current year's presentation.

