



Entering the New Millennium

Summary of the CBC Corporate Plan

for the period 2000-2001 to 2004-2005

Introduction

We are now months into the implementation of the CBC's strategic plan "Our Commitments to Canadians". CBC's strategic directions, which included the Action Plans of our various media, were intensely examined by the CRTC as it reviewed 31 of our licences in one comprehensive, three-week hearing in Spring 1999.

The CRTC licence renewal hearing process enhanced our efforts and, in large part, helped us to define the CBC of the third millennium.

Our Corporate Plan does not present yet another course of action. Instead, we have refined our mission, based on the input of Canadians, to our commitments to Canadians.

What became blatantly obvious during the many deliberations on the CBC last year is that Canadians value the CBC. They understand our unique role and appreciate our ability to connect them to each other and to the world. Above all, Canadians herald the CBC's celebration of the cultural diversity that distinguishes this country.

All of us – those who work here, and those who share our stories – believe in the CBC as a national institution, one that occupies a special place in our lives and delivers value to Canadians by providing distinctive and often unique programming.

CBC Management is very conscious of the fact that we live in a world of limited and even decreasing financial resources, which if fiscal responsibility is to be maintained, will affect the implementation rate of the plan.

The CBC is undergoing a fundamental review of operations. Several new initiatives that are underway are therefore not reflected in this Plan. Also, as they would have profound financial and programming implications on our CBC French and English television services, this Corporate Plan does not necessarily reflect all the CRTC licence conditions.

As well, the CBC's plans will be affected by the conclusions of the Re-Engineering Task Force that I have appointed in December 1999, and the English Television Transformation Project, which is currently underway. The recent decision to invest a further \$10 million annually in CBC's French and English Radio operations is also not reflected in our Corporate Plan.

Robert Rabinovitch
President and CEO

Table of Contents

<i>Introduction.....</i>	<i>iii</i>
<i>1. The CBC Mandate</i>	<i>2</i>
<i>2. A Constantly Changing Environment.....</i>	<i>3</i>
<i>3. Strategic Directions : Our Commitments To Canadians.....</i>	<i>4</i>
<i>4. CBC Television: Distinctive And Canadian</i>	<i>8</i>
<i>5. CBC Radio: Building On Our Strengths</i>	<i>11</i>
<i>6. Evolving Towards a Digital World.....</i>	<i>15</i>
<i>7. Changing the Corporate Culture.....</i>	<i>17</i>
<i>8. Funding the CBC: The Need For Stability and Flexibility.....</i>	<i>18</i>
<i>GOVERNMENT FUNDING</i>	<i>18</i>
<i>ADVERTISING REVENUES.....</i>	<i>18</i>
<i>CANADIAN TELEVISION FUND.....</i>	<i>19</i>
<i>PRODUCTIVITY IMPROVEMENTS.....</i>	<i>19</i>
<i>GREATER FLEXIBILITY FOR MANAGING THE CBC</i>	<i>19</i>
<i>FINANCIAL OVERVIEW</i>	<i>21</i>
<i>RECENT INITIATIVES.....</i>	<i>23</i>
<i>9. Conclusion</i>	<i>24</i>

1. The CBC Mandate

The Canadian Broadcasting Corporation is part of the Canadian Heritage portfolio. The CBC's broadcasting activities form a vital part of the portfolio's contributions to the growth and development of Canada, particularly in the area of culture.

The CBC's mandate was set in the Broadcasting Act of 1991.

The CBC's services must:

- Reflect Canadian stories and values
- Reflect Canada's regions to themselves and to each other
- Strive to be of equivalent quality in English and French
- Meet the needs of minority language communities in English and French
- Reflect the multicultural and multiracial nature of Canada
- Reach Canadians wherever they live, by the most efficient means available

The CBC's mission is simple — to tell Canadian stories, to provide Canadians with relevant news and information, to support and contribute to Canada's rich cultural capital and to build bridges between communities and regions and to bring the 'Best of the World' to Canadians.

The CBC's mandate recognizes that Canada is more than the sum of its parts, and that the needs of the whole cannot be met without recognizing the needs of the parts. To be national one must first be regional; to meet the needs of the great cities, one must also be present in the vast spaces that define our country's spirit. At the same time, the CBC must constantly review the means by which we deliver our services to Canadians.

All of this must be done in a world of finite and diminishing financial resources.

2. A Constantly Changing Environment

The Canadian broadcasting industry has experienced profound changes in the last decade. The introduction of more than 60 Canadian specialty and pay-television services, the issuance of a number of new conventional broadcasting licences, increasing competitive pressures from the U.S. and a major industry consolidation have reshaped the radio and television industries. These changes have also had a major impact on how people use media, as well as on the division of audience shares among Canada's television stations and networks.

Digital technology is eliminating bandwidth scarcity and opening the door to numerous new services. The Internet is growing exponentially and may become a significant alternative to conventional program delivery in the foreseeable future. These changes will bring both opportunities and challenges.

Audience fragmentation and increasing production costs will continue to exert strong pressures towards greater consolidation in the industry. Mergers and acquisitions in the radio and television industries have changed the face of Canadian broadcasting and put increasing pressures on the regulator to maintain competitive markets.

In this period of flux, traditional media cannot help but review their strategies. They must become more flexible, adapt to change and develop partnerships that allow them to compete, to seize new opportunities and, remain relevant.

3. Strategic Directions : Our Commitments To Canadians

In March 1999, the CBC adopted a new strategic plan “Our Commitments to Canadians” to set the tone for the review of its licences by the CRTC in Spring 1999.

FIVE KEY PRIORITIES

Our strategic planning process was guided by five simple yet powerful priorities.

To meet our goals, the CBC must:

- Maintain and deepen our regional roots
- Commit our resources to pan-Canadian programming
- Continue to revitalize CBC English Television through Canadianization
- Continue to set the standard for Canadian journalism in our news and information programming
- Open up our internal corporate culture to respond to a new and constantly changing environment

The CBC is accountable to each and every Canadian. We enter a new era with the following clear commitments to our stakeholders.

CBC’s Commitments to Canadians

1. Provide Programming of Interest to All Canadians

All Canadians own the CBC, and every Canadian has the right to find programming of interest on our services. Our radio operations provide distinct services that offer a full range of programming genres. Our television programming mix includes news and public affairs, sports, drama, variety and comedy. The intent of some of our programming is to reach wide audiences, while other programs, of a more cultural nature, appeal to more targeted audiences. In the future, we will maintain English and French Television and Radio as strong core services that provide a wide range of quality Canadian programming. Our New Media services will also continue to provide a wide range of programming to Canadians who are increasingly turning to the Internet for information and entertainment.

2. Provide a Pan-Canadian Reflection Throughout our Programming

For Canada’s cultural identity to survive, Canadians must see themselves, as well as their country, reflected on their airwaves and their computer screens. The CBC is committed to increasing a pan-Canadian view in our programming, especially in news and information. Additionally, we will redouble our efforts to increase the number of new voices on our services. Over the next decade, a key measure of our success will be a significantly increased reflection of all of Canada, in all of its diversity.

3. Strengthen our Distinctive Presence in the Regions

Only by maintaining a strong reflection of Canada’s regions can the CBC present an authentic vision of Canada as a whole. We will use our newsgathering capabilities, strengthened by Newsworld and

Le Réseau de l'Information (RDI), to build stronger bridges between the regions and the major population centres. Our emphasis will be on the national distribution of regional news. French Television will contribute to the development of independent production houses in the regions and will increase its regional presence in information programming and in documentaries.

4. Revitalize English Television Through Canadianization

As Canada's public broadcaster, the CBC is Canada's storyteller. Our programming provides a touchstone that gives Canadians a sense of who we are. The programs we offer will be proudly and resolutely Canadian.

English Television has almost totally Canadianized prime time schedules and most of the daytime schedules. The future success of the Canadianization effort, however, is predicated in large part upon continued access to the Canadian Television Fund.

5. Provide Canada's Premier News and Information Service

Journalistic leadership is one of CBC's greatest strengths. The CBC is the only news organization with a presence throughout the country in both official languages and the only one to station French-language journalists west of Ottawa. Our regional operations provide Canadians in all parts of the country with windows on events throughout Canada.

The defining characteristic of CBC journalism must be its credibility. For that reason, the CBC became the first national broadcaster to create the position of Ombudsman to review complaints arising from its journalistic activities.

Among our clear responsibilities, the CBC must:

- Strike a balance between local, regional, national and international news
- Provide reports on issues of relevance, regardless of whether or not those issues are popular or commercially viable
- Meet criteria of balance, credibility, quality and accessibility
- Present news from one region to other regions to achieve better mutual understanding
- Be relevant and, therefore, reach sizeable audiences and contribute to the democratic process

Our strategy is to give high priority to news and to set clear objectives for each medium. To fulfill our goals, the CBC will:

- Maximize co-operation and synergies among our services to increase efficiency and accountability
- Improve training
- Review management structures and processes
- Develop an integrated strategy for international coverage
- Partner with other journalistic organizations to extend our resources

6. Support French Language and Culture Throughout Canada

In a globalized environment dominated by English-language cultural products, the CBC must continue to rigorously safeguard the distinctiveness of the French language and culture. We intend to maintain and strengthen our francophone presence throughout Canada with quality programming on television, radio and new media that truly reflects this rich heritage. We will build upon our numerous sponsorships, performances, and other deep linkages with the communities we serve to showcase and support Canada's thriving and effervescent French culture.

7. Build Bridges Between French and English Cultures and Communities

As the only national organization broadcasting on radio and television in Canada's two official languages, the CBC's responsibility is to provide a bridge between language and culture. To this end, we will increase the number of exchanges of on-air personalities and intensify our efforts to produce cross-cultural programming. CBC English Television will offer audiences the best French-language feature films produced in Canada, while French-speaking Canadians across the country will see the best English-language Canadian features. We will also make good use of the new bridge-building tools offered by the Internet, such as discussion forums and Web sites that extend television and radio efforts.

8. Champion Canada's Arts and Culture

For more than six decades, the CBC has served as Canada's electronic stage for our performing arts, music and literature. The CBC acts as both a promoter of and an incubator for creative talents of all types and from all parts of the country. Enduring priorities of each of our media are to assist and nurture the development of Canadian talent and creativity. We will give Canadian cultural products increased importance in our radio, television and new media schedules.

9. Develop New Services to Better Respond to Canadians

To serve Canadians effectively, the CBC must be more available to audiences, wherever and whenever they choose to consume media. Our goal is to increase the opportunities for Canadians to view culturally significant programming. However, the CBC must do so in a way that reinforces its core competencies and its main television and radio services.

10. Play a Leadership Role in New Media and New Technology

No one who has watched the spectacular growth of the Internet can doubt the important role it will play in our lives. To properly fulfill its mandate, the CBC must be present in this new medium. At this stage, the prudent course is to build a strong Internet presence in both official languages. As we establish a presence in digital formats, we will be ready to adapt to the rapidly evolving technological infrastructures that will allow easy passage from one medium to another.

11. Modernize and Open up the Corporate Culture

The CBC must adapt to a constantly changing environment. The key to becoming a truly flexible, responsive organization resolutely focused on the future, is to maximize the indomitable creativity of CBC's artists and artisans. Our creative capital, the CBC's greatest asset, must also be in tune with the rapid changes in our environment. Production and distribution alliances are a growing industry trend. The CBC will forge more alliances with the private sector and with foreign partners. As costs multiply, so does a need to spread the risk and share the talent. We will build on our increased co-operation with independent producers. The more we work with the private sector, the more flexibility we will require. The CBC has already introduced practices promoting a management framework that supports efficiency, transparency and communication. We will continue to be

responsive to the Canadian public by providing a variety of accountability mechanisms, including annual on-air reviews, consultations, phone-in programs and public meetings.

12. Provide a View of Canada Abroad

In a globalized era, providing a view of Canada beyond our frontiers is an increasingly important part of CBC's role. We reflect Canada to the world through Radio Canada International (RCI); our partnership with Power Corporation in Trio and Newsworld International; our international sales of Canadian programs; our exchange of radio programs; our participation in TV5; and through our new media services. After several years of uncertainty, RCI is now positioned to play an important and valued role in the CBC's future.

4. CBC Television: Distinctive And Canadian

CBC's television services have maintained their uniqueness and succeeded in drawing a significant national audience share while clearly establishing themselves as the home of Canadian content. CBC Television is deeply rooted in the regions, providing a reflection of Canadian realities at the regional level through its regional operations and to national audiences through its networks.

English-language television remains unwavering in its bold commitment to quality Canadian programming. The content of our schedules illustrates our progress. In English Television, where competition from American programs is fierce, roughly 90 per cent of our prime time schedule is Canadian. Despite growing audience fragmentation, the weekly reach of our English Television network in 1998-1999 averaged 66 per cent of anglophones.

CBC French Television remains the backbone of French-language culture across the country and captures about 40 per cent of francophone prime time viewing of Canadian programs. Its impact is considerable: 83 per cent of the francophone viewing audience watch CBC French Television at least once a week and 24 per cent of their viewing time is devoted to CBC French Television.

The all-news specialty channels of RDI and CBC Newsworld are success stories and serve as models for high-quality specialty programming in both French and English television.

The CBC is committed to improving the relevance and appeal of its television services.

ENGLISH TELEVISION: CANADIAN, PUBLIC AND REDEFINED

At the CRTC 1999 licence renewal hearing, English Television undertook to make some immediate and future changes to re-emphasize the "public" aspect of Canadian public television. These changes include increased arts and performance programming; more programming for young people; greater attention to amateur sports; and a phased reduction of professional sports broadcasts.

In addition, we have developed an English Television Transformation Project that will fundamentally redefine the role and character of English Television within the framework of the CBC's overall strategy and the network's financial resources.

As the nation's public broadcaster, the CBC attempts to appeal to Canadians across the widest possible range of interests and tastes by offering a balanced schedule of both popular and more specialized programming. But we realize that the search for balance in our programming remains an on-going challenge that we must address. CBC English Television remains committed to contributing significantly to the richness of Canadian programming.

Strategic Focus of CBC English Television

To that end, English Television will:

- Promote Canadian characters and Canadian values in Canadian settings
- Reflect and serve the regions, with more non-news programming
- Provide an independent, distinctly Canadian perspective on events
- Ensure that our journalistic standards and the quality of our information programming meet the highest possible standards
- Support the Department of Canadian Heritage's initiative to ensure more feature films on Canadian television networks
- Build upon our commitment to amateur sport, sports journalism and documentaries
- Commission and schedule comprehensive coverage of arts and culture
- Deepen partnerships with the independent sector
- Develop new program concepts
- Redefine itself as Canadian Public Television

CBC Newsworld will build on its success with a strategy that centres on an enhancement of our capacity to collect news and information from all parts of the country.

CBC Newsworld is committed to:

- Creating a network of video journalists in partnership with RDI to report from under-served parts of Canada
- Expanding the innovative “Culture Shock / Choc” experiment with RDI as well as other cross-cultural programming
- Increasing the number of independently produced documentaries and creating a national internship program to augment existing services

FRENCH TELEVISION: POPULAR AND COMMITTED TO PUBLIC SERVICE

The quality of CBC French Television programs and their popularity with francophone viewers not only confirms the relevance of this public service but also maintains high standards throughout the industry.

CBC French Television will continue to apply the values that serve as its foundation – program quality, credibility, reliability, creativity and a commitment to public service. Committed to the development of Canadian culture in French production, CBC French Television will build on its strengths to generate greater synergies with CBC English Television, RDI, and French Radio. We will continue to look for innovative ways to express cultural issues and explore all opportunities offered by new broadcasting platforms to distribute and promote Canadian cultural production at home and abroad.

Strategic Focus of CBC French Television

The main elements of CBC French Television's strategy are:

- To maintain a major share of francophone viewers
- To maintain our position as a leader in the information sector, by pooling all the information resources of the main channel and RDI
- To contribute to the development of the Canadian broadcasting system by maintaining our commitment to a national network centred on Canadian artistic and cultural expression in French
- To reflect Canadian realities

To maintain our position as a leader in the information sector, we will proceed with the establishment of an integrated television news production centre during digital conversion of our operations. This will enhance the speed and efficiency of processing the various forms of news and achieve savings in operations. The construction of a new production centre began in January 2000 and will take two years to complete.

French Television remains committed to supporting Canadian artistic and cultural production in French, through a national network, based on solid partnerships that are dedicated to this objective and serve to strengthen the presence of French-language programming on the main network. In addition, potential new partnerships are being explored in response to the CRTC call for applications to operate a French-language specialty channel devoted to the arts on February 1, 2000.

French Television is committed to enhancing our contribution to the Canadian broadcast system. To better reflect the regions, we will seek to develop a 'television of proximity' in partnership with the private sector. We will increase inter-regional exchanges. We will also provide greater emphasis on regional reflection on our network news and public affairs programs and contribute to developing the independent production industry in the regions. In program areas, priorities will be given to news and public affairs, drama, culture, youth programming and documentaries.

RDI will fine-tune its focus to:

- Increase on-location news coverage especially in the regions with the addition of satellite electronic news gathering (ENG) capacity
- Better reflect Canada's regions and people
- Broadcast news documentaries that will focus more regularly on Canadian situations as seen through Canadian eyes
- Provide more news for young people, encouraging them to give their views on-air
- Deepen cooperation with Newsworld, the main network and external partners

5. CBC Radio: Building On Our Strengths

Deeply rooted in the regions, CBC radio services have earned the unparalleled loyalty of Canadian listeners. In Fall 1999, an estimated 3.5 million Canadians tuned in each week to CBC English Radio, while French Radio captures a weekly audience over 820,000. Despite intensifying competition, our radio services have held their strong market shares. Statistics Canada estimates that more than 50 per cent of Canadians use at least one of the four CBC radio services.

CBC has branded both English and French Radio as distinct radio services:

- Radio One and La Première chaîne: focusing primarily on news, information and cultural and artistic development
- Radio Two / La Chaîne culturelle: focusing primarily on music and performance

ENGLISH RADIO

Since the autumn of 1998, CBC English Radio's strategy has been reviewed with the intent of increasing the emphasis on management and program development, achievement of productivity and efficiency, and internal/external communications all while maintaining our focus on providing quality programming to our listeners.

CBC Radio intends to respond flexibly and intelligently to changes in the media and technological environment while maintaining public radio values.

Strategic Focus of CBC English Radio

The strategic objectives of CBC Radio include the following:

- Making CBC Radio available and used by more Canadians
- Maintaining and enhancing programming quality
- Enhancing programming at regional and network levels through financial flexibility
- Achieving better understanding of goals and objectives by all Radio employees

1. Make CBC Radio available and used by more Canadians

CBC Radio One is available over-the-air to 98 per cent of Canadians. We will maintain that coverage and, during the next five years, extend service and improve signal quality in a number of communities.

CBC Radio has committed itself to a major expansion of Radio Two over-the-air coverage. Currently, Radio Two is available to approximately 75 per cent of English-speaking Canadians, but to less than 50 per cent in two provinces, Newfoundland and Saskatchewan. Our pledge is to reach a 50-per-cent level in each province by August 2000, and reach a 75-per-cent level in each province by 2007.

CBC English Radio has set ambitious audience share targets for the Fall of 2000 of 10 per cent for Radio One and 4 per cent for Radio Two.

CBC Radio over the next few years will continue to identify and pursue opportunities that offer our radio content on additional delivery platforms, including digital radio, new media, external syndication, and after-market distribution.

2. Maintain and Enhance Programming Quality

CBC Radio continues to consolidate the schedule changes launched in September 1997 to strengthen CBC Radio One's branding as a service principally devoted to news, current affairs and other in-depth programming; and Radio Two's branding as a classical music and performing arts service.

The "New Voices" initiative launched by CBC Radio in 1997 has introduced a significant number of new and talented freelanced contributors to CBC audiences. In particular, a larger number of young and non-mainstream ethnic voices are now being heard. "New Voices" will continue to be a systematic, on-going program production value throughout the Radio system that will ensure new voices and new views are heard on CBC Radio.

CBC Radio will support original journalism with more high-impact series and more investigative journalism. CBC Radio will continue a process of assessment of news and information programming and will address any issues around the rigour, relevance and perceived balance of journalism.

CBC Radio will ensure continued relevance of the service with new programming and the introduction of a new approach to program development. Examples include ways to combine Internet delivery with traditional over-the-air delivery and the development of new short series. Rigorous program evaluation will continue to measure and improve the quality of our programming.

3. Enhance Programming at Regional and Network Levels through Financial Flexibility

CBC Radio will establish an environment of on-going productivity improvement. The use of CBC Radio resources and facilities will be maximized. Full use will be made of flexibility in collective agreements. Capital funds will be utilized to create new efficiencies wherever possible. Aggressive productivity targets will be set and realized. CBC Radio will work closely with other media to achieve greater productivity and synergy. In particular, we will explore how radio journalism can benefit from synergies with other CBC media.

Regional presence continues to be a strong value of the service. CBC Radio will maintain its strong regional presence, spending 60 per cent of English Radio's budget in the regions, with the bulk of the schedule consisting of regional reflection and/or regional production.

FRENCH RADIO

By strengthening its presence across Canada and supporting production of a diversity of content, French Radio will provide Canadians with stimulating programming enhanced by the most efficient methods.

Strategic Focus of French Radio

1. Strengthening Programming and expand Coverage

In coming years, French Radio will place greater emphasis on both the distinctive and complementary nature of its two networks.

La Première chaîne will become even more rooted in the regions, while remaining a mainstream service that continues to serve its national audience well. We will review our resource deployment across the country to expand its presence in Canada's various French-speaking regions. We will ensure that regions maintain their significant contribution to network programming and system-wide synergy. La Première Chaîne will be closer to the communities being served while maintaining diversified national programming that reaches all French-speaking Canadians. It will reflect the concerns of Canadians more effectively by presenting more documentaries and investigative reports and increasing its musical diversity.

On La Chaîne culturelle, French Radio will highlight the personality of this specialty service with emphasis on recording and broadcasting live music, thereby adding original Canadian content to the country's airwaves.

French Radio currently is the only French-language radio network in North America providing regional, national and international news from a Canadian perspective. French Radio deems it essential to maintain this key role as a producer of content. Therefore, we will continue to produce and broadcast a wide range of programs, while maintaining our standards of excellence in journalism.

French Radio will expand our coverage by installing transmitters in provincial capitals not yet served and improve the coverage of existing transmitters. French Radio also plans to replace some affiliates with transmitters carrying complete programming and make La Chaîne culturelle available in most centres with a significant francophone population, including Rouyn, Val-d'Or, Campbellton, Sudbury and St. Boniface.

2. Enhanced Cross-Skilling and Productivity

French Radio will focus on obtaining the greatest possible benefit from the arrival of new technology that will increase staff efficiency. The production architecture will be reviewed to promote greater employee cross-skilling and support enhanced productivity. Decentralization of production budgets will help maintain staff accountability for production costs.

3. Extension of Core Competencies

The development of new services in order to diversify the content on offer to French-speaking Canadians is also part of the French Radio strategy. French Radio will develop some Internet projects in the area of Canadian music and national and international news, so that it can reach new listeners and renew its audiences. It will also strive to increase the quantity and quality of its news and information production through InfoRadio, which supplies the entire French Radio network with news and information and provides its services by unregulated means of distribution such as the Internet, cellular and InfoRadio terminals.

French Radio will continue to lead in the development of new media in the areas of education and culture and by developing regional sites. As we did in radio and television in the past, we will create more high-quality French-language Canadian content for broadcast on the Internet and contribute to innovative use of new media to meet audience needs.

6. Evolving Towards a Digital World

As broadcasting enters the twenty-first century, it is being shaped by rapidly evolving digital technologies. From the program delivery vehicles to the production tools we use, to the measurement of our audiences, digitization is the major driving force.

The CBC is keeping pace with developments by producing program material specifically designed for the digital delivery platforms such as the Internet, digital radio and soon, digital television.

CBC NEW MEDIA

The CBC has developed a strategy to build upon our pioneering work in New Media since 1994. We will focus our presence on the Internet and improve our product offering in step with advances in digital technology.

Strategic Vision for New Media

CBC stands in the vanguard of new media. Our services on the Internet, in English at www.cbc.ca and in French at www.radio-canada.ca will be distinct, public service oriented, mainly non-commercial and complement our radio and TV programming. Our Internet services already offer quality textual, audio and video content and will continue to improve along with new technologies and delivery capacity to the home.

To achieve our strategic goals, we will partner with other organizations to increase our reach and strengthen our content. We will also continue to build on initiatives developed by CBC radio and television services.

Strategic Focus of New Media

- The news sites will be our first priority and we will strive to be the Canadian leader in terms of credibility and traffic.
- CBC will have strong sites offering cultural, youth and educational content.
- The sites will reinforce CBC's brands.
- New Media will perform on-going environmental scanning and analysis in new technology and new media programming trends to help Television, Radio and New Media adapt to a rapidly changing industry.

DIGITAL RADIO BROADCASTING

The introduction of CBC Digital Radio services (DRB) in Toronto in 1998 (both English and French Radio services) and Vancouver and Montreal in 1999 represents, in conjunction with private broadcasters, the first phase of the CBC's Digital Radio implementation plan, covering approximately 36 per cent of the Canadian population. Subsequent phases will consist of a blend of extended coverage around these three main centres and adjacent major transportation corridors, as well as implementation in other large cities across the country, such as Ottawa and Quebec.

The deployment of Digital Radio by the CBC will follow a flexible timetable that will be adjusted to anticipate and stimulate, but not outpace, the widespread availability of Digital Radio receivers in the Canadian marketplace.

DIGITAL TELEVISION BROADCASTING

Digital Television (DTV) poses a considerable challenge for all Canadian broadcasters. In addition to the significant cost related to its introduction, Canadian broadcasters also face competition from the growing U.S. availability of digital television over-the-air broadcasting. As of June 2000, 107 DTV stations were operating in the U.S. Only a few of these stations are in border areas.

The CBC realizes that television must embrace digital technologies at all levels of the production and delivery chain. We are committed to adapting and upgrading our production, distribution and delivery infrastructures to digital technologies.

The CBC will work in close co-operation with private broadcasters to make digital television a reality in Canada. We intend to achieve this goal through Canadian Digital Television Inc. (CDTV), which brings together all interested Canadian parties.

7. Changing the Corporate Culture

The CBC must make a number of changes to effectively meet the objectives set out in its strategic plan, to open up the corporate culture to the new competitive environment and to achieve the necessary efficiencies that will allow us to grow.

The CBC's strategic plan includes major initiatives aimed at managing culture change and introducing a performance orientation to all aspects of the business. We will make ongoing productivity improvement part of the corporate culture to ensure more effective use of our resources.

The CBC has enjoyed long-term and productive partnerships with its television and radio affiliates and with independent producers. The new environment requires that the CBC, like other players in the system, rely more significantly on partnerships to achieve its goals and to develop new programming initiatives.

The ability of the CBC to enter into partnerships and to react quickly to market opportunities is currently hampered by a number of factors, such as the necessity to obtain approval of the Governor-in-Council for acquiring shares in a corporation. Accordingly, the application of regulations governing Crown corporations should be reviewed to give the CBC greater flexibility in forming alliances with private companies.

Re-Engineering Task Force

The CBC initiated a period of significant changes in December 1999. The objective is to build on our core competencies and make Canadians proud of their public broadcaster, knowing they get value for money. To the Canadian public and to all our stakeholders, we must present the best programming this country can offer, but we must also prove that the CBC is a cost-conscious operator that uses the best worldwide business practices.

As a first step in redesigning the CBC of the 21st century, we have created a special Re-engineering Task Force. This Task Force will initially focus its efforts on four areas:

- transmission and distribution;
- property management;
- sports and,
- the redesign of English Television (including news and current affairs).

The Task Force will provide specific deliverables in each area under review and an immediate implementation plan to support its recommendations. It should result in a bold new way of looking at our operations and determining what is essential and how best to deliver services.

8. Funding the CBC: The Need For Stability and Flexibility

The CBC relies on three sources of funds to support its activities. These include government funding as a primary source, advertising and other revenue, including revenue flowing from Newsworld and Le Réseau de l'Information. The CBC relies on the balance of these funding sources remaining relatively constant over the next five years to achieve its strategic objectives under this Plan.

To ensure that the CBC is able to finance its strategies and maximize the amount of resources spent on its on-air product, we will also strive to achieve best-business practices in our operations, including a commitment to achieve operational productivity efficiency improvements.

- Also key to achieving the goals of the CBC's Strategic Plan is the need for increased government flexibility on several fronts, to allow the Corporation to efficiently manage resources and to maneuver quickly in a fast-paced business environment. The Corporation has, therefore, engaged in discussions with the appropriate government departments to increase flexibility.

GOVERNMENT FUNDING

Government appropriations will continue to be the primary source of funding for the CBC. In 1997, the Government announced a stable five-year financial framework for the CBC, starting April 1, 1998 and extending until 2002-03. In line with the Government's renewed commitment of support to the national public broadcaster, \$10 million was added to the CBC's annual appropriation specifically for its radio services in both official languages. The Government has also identified new funding to secure the future of Canada's international broadcasting service, Radio Canada International (RCI).

The Corporation, which has very limited financial flexibility, will continue to seek government support for incremental funding for the increased cost of operations and salary and wage funding pressures, which are consistent with Treasury Board funding guidelines. The CBC will also seek support for its one-time costs as they relate to further productivity improvements.

ADVERTISING REVENUES

Since 1994-1995, the CBC's advertising revenues have remained relatively flat. This is, however, a fragile situation.

The extensive budget reductions to the Corporation over the past decade, advertising and miscellaneous revenues contributed approximately 25 per cent of CBC's total revenue. In 1999-2000, they represented roughly one-third of revenue. As a result of this increased dependency on advertising revenue, the Corporation is increasingly exposed to fluctuations in the commercial marketplace. The CBC will also continue to be affected by the increased competition for audience and advertising revenue from new television services.

CANADIAN TELEVISION FUND

The CBC's programming and financial plan anticipates a continuation of the government's funding commitment to the Canadian Television Fund (CTF). In December 1998, the CBC learned that we would no longer enjoy guaranteed access to the Fund. As of fiscal 2000-2001, the CBC could also no longer count on a guarantee of 50 per cent of the monies available through the Equity Investment Program (EIP) portion of this Fund for projects triggered by the Corporation. It is unclear at this time what impact this decision will have on the CBC's ability to sustain a high quality and competitive all-Canadian television schedule. The CBC will attempt to maximize the amount of funds available to support programs aired by its television networks.

PRODUCTIVITY IMPROVEMENTS

In order to meet increased competitive and cost pressures and what can be managed through established revenue sources, the CBC needs to continually challenge the way it spends its resources. The reality of the CBC's funding situation is that there will always be a gap between what the Corporation needs and its resources. The CBC therefore needs to seek ongoing productivity improvements and incorporate this objective into our corporate culture. To this end, an ongoing productivity enhancement program of 6 per cent over three years (approximately 2 per-cent-a-year) or \$60 million was launched at the beginning of 1999-2000.

Since the majority of CBC's funds are spent on employing human resources, productivity improvements will translate into staff reductions in areas of the organization where operational changes can be implemented without affecting the on-air quality of programming. Treasury Board has advised that central funds are no longer available for downsizing costs which may impact our program schedules in the absence of financial flexibility.

GREATER FLEXIBILITY FOR MANAGING THE CBC

Key to the CBC's capacity to finance our strategic plan is a flexible legal and financial framework within which to operate.

The Corporation, by virtue of its legislation under the *Broadcasting Act* and its status as an appropriation-dependent Crown Corporation, is subject to many of the rules and regulations that direct the legal and financial management of government departments, agencies and other Crown Corporations.

The CBC is working with Treasury Board and other government departments to improve the efficiency and flexibility of several processes:

- Approval for acquiring shares in a corporation
- Guidelines for borrowing funds
- Treasury Board drawdown policy
- Income taxes

A current status on each of these areas follows:

Approval for acquiring shares in a corporation

Governor in Council (G-I-C) approval is required whenever the CBC is acquiring shares of another company. In the current business environment, joint ventures with private-sector partners are essential to leverage the CBC's resources. These partnerships are often structured through incorporated companies (e.g. specialty services) in which the CBC would hold its interest in the venture in the form of shares. In the current broadcasting environment, the ability to make commitments with confidence can determine the success of any future strategic alliance. The CBC is, therefore, seeking options for streamlining the G-I-C approval process.

Guidelines for borrowing funds

Subject to the Department of Finances' guidelines, the Corporation has the authority to borrow funds, not exceeding in the aggregate of \$25 million.

Over the past year, the CBC and the Department of Finance have jointly reviewed the guidelines for borrowing such that a number of restrictions under the current guidelines can be improved. Specifically, while the Department of Finance will retain the present guidelines as a starting point, it is prepared to be flexible on a case-by-case basis in the way guidelines are applied to the Corporation's borrowing activities. For example, the Department of Finance will consider a longer payback period for borrowing initiatives if the initiatives can demonstrate a healthy and secure rate of return.

Treasury Board drawdown policy

Within the context of the drawdown policy, the CBC is allowed to carryover annual surpluses in operating and capital to a maximum of 5% of its appropriations. The carryover of funds is calculated and controlled separately by operating and capital votes.

The Corporation is looking for increased flexibility to manage CBC's resources in consideration of normal timing differences between revenues and expenses and provide for a more efficient mechanism for reprofiling capital funds from one year to the next.

Incomes taxes

The CBC, as a prescribed Crown Corporation, is subject to income taxes similar to a private corporation. Recent changes to tax legislation as well as the creation of a new Large Case File section will expose the CBC to more tax liability and a larger administrative burden. Any income taxes paid by the Corporation or time spent managing audit requirements reduces the amount of funds available for the CBC's mandated services. To this end, the CBC will continue to pursue a change to the Corporation's tax status from a taxable to a non-taxable entity.

FINANCIAL OVERVIEW

A. Operating Overview

The operating overview presented below was prepared on a basis consistent with those presented in the CBC's 1998-1999 Annual Report and reflects the impact of all known government funding decisions as of December 1999.

(\$ Thousands)					
	2000/01 ⁽³⁾	2001/02 ⁽³⁾	2002/03	2003/04	2004/05 ⁽³⁾
SOURCES OF INCOME					
Total Parliamentary Appropriations	901,134	876,087	876,097	876,097	876,097
Advertising and program sales	365,887	369,194	317,495	322,422	372,033
Other revenue ⁽¹⁾	167,151	170,844	174,115	174,895	175,756
TOTAL SOURCES OF INCOME	1,434,172	1,416,125	1,367,707	1,373,414	1,423,886
REQUIREMENTS					
Operating expenditures:					
Television and radio services ⁽²⁾	1,223,342	1,219,283	1,172,525	1,177,853	1,228,556
Transmission, distribution and collection	74,658	73,956	74,718	74,970	74,739
Corporate Management	15,913	15,724	15,929	15,997	15,935
Provision for tax/Large Corporation Tax	2,856	2,913	2,971	3,031	3,091
Amortization of Capital Assets	158,266	156,386	158,425	159,102	158,484
Deduct: Items not requiring current operating funds	158,582	156,698	158,742	159,420	158,800
Total Operating Expenditures	1,316,453	1,311,564	1,265,826	1,271,533	1,322,005
Capital Activities	113,719	100,561	97,881	97,881	97,881
Working Capital	4,000	4,000	4,000	4,000	4,000
TOTAL CORPORATE REQUIREMENTS	1,434,172	1,416,125	1,367,707	1,373,414	1,423,886
ANNUAL SURPLUS/(SHORTFALL)	0	0	0	0	0

⁽¹⁾ Includes Specialty Services (CBC Newsworld, Le Réseau de l'Information and Galaxie), Radio Canada International and other miscellaneous revenues.

⁽²⁾ Includes expenditures related to CBC's main service, Specialty Services (CBC Newsworld, Le Réseau de l'Information and Galaxie) and Radio Canada International operations.

⁽³⁾ Includes Olympics revenues and expenditures: Sydney in summer 2000 and Salt Lake in winter 2002 and Athens in summer 2004.

B. Capital

Including funds reprofiled from 1999-2000, total capital spending in 2000-2001 is planned to be \$114 million. Beyond 2000-2001, capital funds will be roughly \$100 million per year.

To ensure that each capital dollar is spent wisely, the CBC has revised its internal capital investment process. The new process, to take effect in 2000-2001, includes:

- Better integration of the capital planning process with the corporate strategic and operational plans
- Approval of capital investment initiatives on the basis of a business case that is developed and evaluated using standard tools and techniques
- A process that favors corporate priorities and business needs

C. Working Capital

The Corporation sought no adjustments to its \$4-million approved working capital reference level in 2000-2001.

Despite considerable challenges in recent years, the Corporation continues to manage within its working capital funding level. Decisions such as up-front contract payments that will reduce operating expenditures over the long-term create immediate working capital pressures that the Corporation must address in the short term. Similarly, programming decisions such as the Canadianization of English Television's program schedule will also place additional one-time and ongoing pressures on the Corporation's working capital.

Together with inflationary pressures, these demands will need to be carefully managed within available resource levels.

D. Borrowing Plan

- Pursuant to the provisions of section 46.1(1) of the Broadcasting Act, the CBC seeks the approval of the Minister of Finance to borrow money, not exceeding in the aggregate \$10 million.

The Corporation will submit specific borrowing proposals to the Minister of Finance.

RECENT INITIATIVES

ARCHIVE PROJECT

Achievements

The CBC continues to acknowledge the importance of our enormous and priceless audiovisual archive by allocating substantial financial resources to a five-year archival plan. A great deal was accomplished during the second year of this plan.

Funding for the five-year archive project remains uncertain, as does funding for any long-term project. Obsolete formats and tape deterioration will continue to be a problem even after the project is completed. The main production format used by French Television is now obsolete and will have to be converted to modern digital formats. The Corporation has more than 500,000 betacam cassettes with program content. Although not yet obsolete, tapes older than 10 years are already showing signs of degradation. Eventually, many of these tapes will have to be transferred to a digital format. This will require a long term strategy and the need to identify adequate sources of funding.

The CBC has taken the lead in developing a national audio-visual archival strategy. Working with archival partners, we are solving some of the immediate problems. As we move into the digital era, the CBC is developing a digital archival strategy to access its rich collection of material. The cost of this endeavour, even in a limited form, is prohibitive for the CBC alone. A business action plan will be developed to leverage the archives as cultural and business assets, thereby ensuring their preservation and access for future generations.

9. Conclusion

When Parliament created CBC in 1936, its purpose was to forge an instrument that would help knit together this vast and challenging land spanning multiple time zones, touching three oceans, and embracing a variety of aboriginal peoples, and, from colonial times, two founding language communities.

The mission entrusted by Parliament to the CBC is as valid today as it was when the Corporation was founded.

In the intervening decades, the CBC has grown with Canada, reflecting and shaping our country's development, telling its stories, nurturing its artists, and providing a bridge between communities. For their part, Canadians have invited us into their homes to share both moments of triumph and times of tragedy. They have turned to us in crisis, and they have looked to us to provide a forum where people of widely divergent backgrounds and opinions could debate their common future with respect and reason.

The CBC has evolved in many ways, adding services, changing schedules, and responding to wide fluctuations in its finances. Throughout all those changes, however, the values that have guided our role as a public broadcaster – a determination to tell Canada's stories, a respect for its audiences, and a commitment to quality – have remained unchanged. These values will continue to animate everything we do as we accompany Canadians into a new millennium.