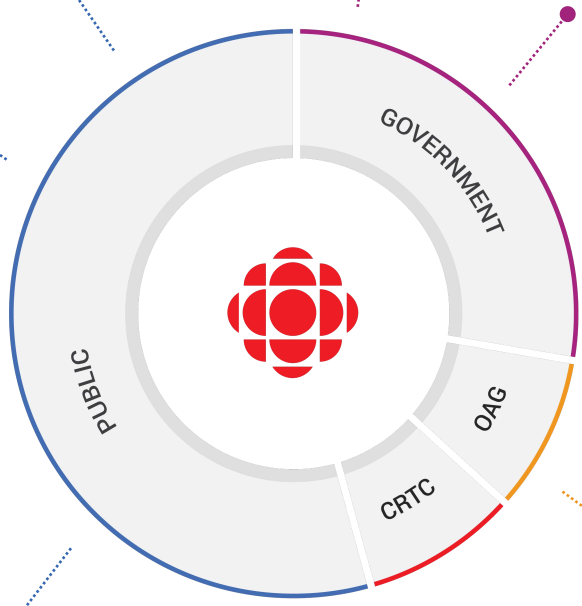
ANNUAL REPORT 2017 2018

CBC/RADIO-CANADA'S COMMITMENT TO TRANSPARENCY AND ACCOUNTABILITY

As the national public broadcaster, we take very seriously our obligation to be transparent and accountable to Canadians. To meet our responsibilities, we provide access on our corporate website to information about our activities and the way we manage our public resources.



HR COMPLIANCE

- Annual Review on Implementation of Section 41 of the *Official Languages Act* to Canadian Heritage
- Annual Review on Parts IV, V and VI of the *Official Languages Act* to Treasury Board of Canada Secretariat
- Annual Report on Employment Equity to Employment and Social Development Canada (ESDC)
- Annual Report on Multiculturalism to Immigration, Refugees and Citizenship Canada

RESPONSES TO ACCESS TO INFORMATION AND PRIVACY (ATIP) REQUESTS

CORPORATE REPORTS

- Annual Report
- Quarterly financial reports
- Corporate Plan and Corporate Plan Summary
- CBC Pension Annual Report
- Public Accounts of Canada
- Accountability Plan
- The *Strategy 2020* Performance Report
- The Mandate and Vision Perception Survey
- Environmental performance reports
- Reports on the implementation of the *Access to Information Act* and *Privacy Act*, and on any disclosure of wrongdoings (under the *Public Servants Disclosure Protection Act*)

POLICIES AND PRACTICES

- Journalistic Standards and Practices
- Code of Conduct

APPEARANCES BEFORE PARLIAMENTARY COMMITTEES

OMBUDSMEN REPORTS

- Board must respond to Ombudsmen Reports and table responses with the CRTC

OFFICE OF THE AUDITOR GENERAL (OAG)

- Annual OAG Attest Audit
- OAG Special Examinations

PROACTIVE DISCLOSURE

- Proactive Disclosure web pages (including posting of travel and hospitality expenses of the Chair and Executives, as well as Board meeting documents)

ANNUAL PUBLIC MEETING

REPORTING TO THE CRTC

- Periodic licence renewals
- Annual reporting to the CRTC covering each of the Corporation's licensed radio, television and specialty services
- Official Language Minority Communities (OLMCs) reports

FINANCIAL HIGHLIGHTS

2017-2018 AT A GLANCE

SELF-GENERATED REVENUE

2017-2018: $ 573M

2016-2017: $ 557M

TOTAL INCREASE

$ +16M (+2.9%)

EVENTS

Higher event revenue this year, mostly from our advertising activities as we broadcast the PyeongChang 2018 Olympic Winter Games.

Last year's results included comparatively less advertising from our broadcast of the Rio 2016 Olympic Games.

ONGOING ACTIVITIES

Our revenue from ongoing activities increased mostly as a result of:

- Sustained growth of Radio-Canada's advertising revenue across all platforms throughout the year, despite a relatively soft market; and
- Higher CBC production revenue.

Our revenue was also positively impacted by the receipt of higher than expected royalties for the retransmission of audiovisual programming.

GOVERNMENT FUNDING

2017-2018: $ 1,208 M

2016-2017: $ 1,099 M

TOTAL INCREASE

$ +109M (+9.9%)

Total government appropriations for operating activities increased by a further $75.0 million this year. This brings the total reinvestment in the public broadcaster to $150.0 million annually as announced by the government in March 2016. In addition, salary-inflation funding received this year of $34.1 million contributed to the total increase in government appropriations recognized.

OUR EXPENSES

2017-2018: $ 1,831M

2016-2017: $ 1,724M

TOTAL INCREASE

$ +107M (+6.2%)

EVENTS

Our event expenses for the PyeongChang 2018 Olympic Winter Games were lower than those incurred last year to cover the Rio 2016 Olympic Games largely due to cost-saving initiatives.

ONGOING ACTIVITIES

We continued to spend more on our ongoing activities this year as we reaffirmed our commitment to invest in original content on television, radio and online. We aired more original Arts and Entertainment programming, particularly in relation to Canada 150, and we continued to invest in our digital capabilities and local services.

	For the year ended March 31		
	2018	2017	% change
Revenue	573,075	556,920	2.9
Government funding	1,207,749	1,099,085	9.9
Expenses	1,830,896	1,724,411	6.2
Results before other gains and losses	**(50,072)**	**(68,406)**	**26.8**
Net results under IFRS for the year	**(12,564)**	**(70,768)**	**82.2**
Results on a Current Operating Basis[1]	**48,694**	**(22,271)**	**N/M**

N/M = not meaningful

[1] Results on a Current Operating Basis is a non-IFRS measure. This excludes items that do not generate or require funds from operations. A reconciliation of net results to Results on a Current Operating Basis is provided in the Financial Sustainability section of this report.

Net results under IFRS were a loss of $12.6 million, an improvement compared to the loss of $70.8 million last year. This improvement of $58.2 million (82.2%) reflects higher revenue and funding net of additional expenses from our reinvestment in content and services. In addition, our results this year include a gain of $54.5 million from the sale of our investment in Sirius XM Canada Holdings Inc.

Results on a Current Operating Basis were a gain of $48.7 million compared to a loss of $22.3 million last year. This improvement of $71.0 million is consistent with the change in IFRS results as discussed above. Our results on a Current Operating Basis are higher than the IFRS results in both years because the IFRS results exclude other non-cash expenses not expected to require operating funds in the short term.

Celebrating 2017 with CBC/Radio-Canada in Vancouver, BC. ©CBC/Radio-Canada

BUSINESS HIGHLIGHTS

CONTENT AND SERVICES

2017 CANADA 150

a MILESTONE YEAR for us all

CANADA'S 150TH ANNIVERSARY: SHOWCASING OUR PAST AND LOOKING TO OUR FUTURE

We experienced Canada's 150th anniversary alongside Canadians across the country. Whether at local community events, the special broadcast of the Governor General's Performing Arts Awards, ongoing news or our special July 1st programs, we created opportunities to mark this special moment in our country's history together. 10.9 million Canadians tuned in to CBC/Radio-Canada programming on July 1st 2017.[1] By being at the heart of Canada's 2017 celebrations, we helped the country engage in important conversations about who we are now, and where we are headed together as a country. To top it off, we assembled WHAT'S YOUR STORY? – A CANADA 2017 YEARBOOK, a bilingual collection of stories submitted by Canadians and available as a free digital download.

[1] Source: Numeris TV Meter, July 1, 2017 (data is unconfirmed, and includes live and same-day playback only), CBC/Radio Canada (CBC Total, CBC News Network, SRC Total, RDI, ARTV), A2+, Sat 2a-2a, Total Canada, CumRch, generated by InfoSys+TV

BROADCASTING THE OLYMPIC AND PARALYMPIC SPIRIT: PYEONGCHANG 2018

As an official Olympic Broadcaster, we undertook the immense task of bringing the Games to Canadians over 17 days. More than 87% of Canadians – or 31 million viewers – tuned in to Olympic television coverage and digital streaming simulcasts provided by CBC/Radio-Canada and our partners. CBC's 24% average prime-time share for the duration of the PyeongChang 2018 Olympic Winter Games was a record compared to previously broadcast Olympic Games on CBC while Radio-Canada's overall audience share was 22.3% during the Games. Both results are a major accomplishment given the logistical and time zone challenges. The Paralympic Games also attracted large audiences, reaching 10 million Canadians over the course of 10 days. Our digital content garnered more than 45 million visits, almost three quarters of this from a mobile device. Together, we brought the Games right to Canadians, across Canada.

TECHNOLOGY AND INFRASTRUCTURE

BRINGING THE GAMES HOME TO CANADIANS

PyeongChang 2018 was an opportunity to showcase the best of our technology and infrastructure services by efficiently delivering the Games to Canadians from the other side of the world. Olympic and Paralympic TV coverage totalled more than 770 hours, with 4,500 hours of live video streaming online and over 200 hours of Olympic VOD (Video on Demand) coverage edited by CBC/Radio-Canada and provided to partner broadcasters. For over five weeks, CBC/Radio-Canada ran five control rooms and two presentation centres including edit and graphics suites and production areas in South Korea, Montreal and Toronto, on a continuous basis.

PEOPLE AND CULTURE

UPDATED CODE OF CONDUCT AND CONFLICTS OF INTEREST POLICY: LIVING OUR CORPORATE VALUES

This year, with the Values and Ethics Commissioner, we modernized our Code of Conduct as well as our Conflicts of Interest policy. While still based on our mission, the updated Code, and related policy, clearly sets out our values, ethical principles and expected behaviours. The simpler language and supporting mandatory training provide our employees with the tools and advice to ethically navigate in the workplace and provide clear guidelines about reporting concerns or breaches. Creating a safe and respectful workplace is a priority for CBC/Radio-Canada.

Two employees with Radio-Canada in Ottawa participate in La grande guignolée des médias holiday charity drive in December 2017. ©CBC/Radio-Canada

MESSAGES

FROM THE CHAIR

I am tremendously honoured to have been a part of Canada's largest cultural institution since 2007, first as a member of the Board of Directors and in the role of Chair since 2012. I am very proud of the fact that, today, CBC/Radio-Canada is a much more agile organization than before – we thrive on innovation, collaboration and partnerships!

With lighter infrastructure and better processes, we have gained a stronger focus on what matters the most: making great content that connects, reflects and engages with Canadians from coast to coast to coast.

The Board has overseen a year of transition - with significant changes to its membership. Many new faces bringing different experiences and skills, and of course a new President and CEO set to take over in July of 2018. I have now passed the torch to our new Board Chair Michael Goldbloom and wish him success in his new role. For my part, looking back on an incredible year, which has topped off a decade of significant changes, I would like to offer my heartfelt thanks to Hubert T. Lacroix, outgoing President and CEO of CBC/Radio-Canada as he wraps up his decade-long mandate, and to my fellow Board members for their dedication and hard work. I am confident that the Corporation is poised to move into the next decade on a strong footing and look forward to the next chapter.

Now, I'll leave the last word to Michael:

"On April 3, 2018, I joined CBC/Radio-Canada's Board of Directors, replacing Rémi Racine as Chair. I would like to thank Rémi and Hubert T. Lacroix for their outstanding service to Canada's public broadcaster. I look forward to working with Catherine Tait, our new President & CEO, the other members of the Board of Directors, as well as senior management in support of this great organisation."

Michael Goldbloom

Rémi Racine
Chair, Board of Directors

FROM THE PRESIDENT AND CEO

It's been a remarkable year for CBC/Radio-Canada, and for Canadians. In every corner of the country, we celebrated a 150th anniversary. 87% of Canadians, 31 million people, cheered on Team Canada in the Olympic and Paralympic Games. And, again this year, we learned, we laughed and we grieved together, in response to events here at home and around the world.

Today we discover and share through our phones. We experience important stories like the reality of Indigenous Canadians through podcasts and Virtual Reality. We binge watch the best programs from around the world. We share moments and ideas, no matter where we live. That's Canada today, and that's your public broadcaster.

In the 10 years I have been President and CEO of CBC/Radio-Canada, the way Canadians interact with their public broadcaster has grown stronger.

While all media have struggled to adapt to this digital world, in many ways CBC/Radio-Canada has been fortunate. With the continued support of Canadians, and with a clear strategy to become more digital, more local, and more Canadian, we have transformed our services and increased our value. The results are clear. This year we doubled our digital reach, two and a half years ahead of schedule. More than 18 million Canadians now use our digital sites each month. We have never been as watched, listened to and read as we are today.

We know that this transformation will never cease, but I believe CBC/Radio-Canada is ready for the future. We are more connected to our audiences. We are partnering with young Canadian creators to discover new ways to bring stories to people. In 2020, the Maison de Radio-Canada will showcase what 21st century public broadcasting has become: digital, multiplatform, and a creative hub for digital and artistic communities. A place for Canadians.

Today we have a new Chair, Michael Goldbloom, and new members of our Board who will assist CBC/Radio-Canada in the next stage of our transformation. I am grateful to our outgoing Chair, Rémi Racine, and his Board for their guidance and their strong support of public broadcasting.

And I am thrilled to welcome Catherine Tait, our new President and CEO, who will be assuming her duties in July. With her experience, and her commitment to Canadian culture, I know that CBC/Radio-Canada is in good hands. I wish her all the best!

This is my last Annual Report to you as President and CEO. It highlights a successful year in our transformation. It has been an incredible experience to lead your public broadcaster through this remarkable time. I have met some remarkably talented Canadians. With their creativity and energy, and your support, I look forward to seeing what they create.

Cheers!

HTLacroix

Hubert T. Lacroix
President and CEO

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FINANCIAL REVIEW 59

In this management's discussion and analysis of financial condition and results of operations (MD&A), *we*, *us*, *our* and *the Corporation* mean CBC/Radio-Canada. Refer to CBC/Radio-Canada's audited consolidated financial statements for the year ended March 31, 2018 when reading this MD&A.

All amounts in this MD&A are in thousands of Canadian dollars, except where noted.

To help you better understand this MD&A, note the following:

SEASONALITY

The majority of our self-generated revenue comes from advertising, which follows seasonal patterns based on the programming schedule. It also varies according to market and general economic conditions, as well as schedule performance. Subscriber-based revenue is relatively more stable on a quarter-by-quarter basis. Operating expenses tend to follow a seasonal pattern because they are also influenced by the programming schedule. Government appropriations are recognized in income based on the annual budget, which reflects seasonal impacts on expenditures and self-generated revenue.

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements about strategy, objectives, and expected financial and operational results. Forward-looking statements are typically identified by words such as "may", "should", "could", "would" and "will", as well as expressions such as "believe", "expect", "forecast", "anticipate", "intend", "plan", "estimate" and other similar expressions. Forward-looking statements are based on the following broad assumptions: CBC/Radio-Canada's government funding remains consistent with amounts announced in the federal budget, and the broadcasting regulatory environment will not change significantly. Key risks and uncertainties are described in the *Risk Management and Governance* section of this report. However, some risks and uncertainties are by definition difficult to predict and are beyond our control. They include, but are not limited to, economic, financial, advertising market, technical and regulatory conditions. These and other factors may cause actual results to differ substantially from the expectations stated or implied in forward-looking statements.

PERFORMANCE INDICATORS

We rely on data from both internal tools and third parties to measure our performance metrics. While these data are based on what we believe to be reasonable calculations for the applicable periods of measurement, there are inherent challenges in collecting this information, particularly as the media industry undergoes a digital transformation. For example, Canadians now consume media content on multiple devices from an ever-growing array of content providers. As media consumption habits change, audience measurement suppliers and the Corporation are refining methodologies and introducing new measurement technologies to ensure the accuracy and completeness of data gathered. As a result, changes in the way data are collected could result in certain information provided in future periods not being comparable with information disclosed in prior periods. Since some of these data are used to measure our strategic and operational indicators, we may be required to make adjustments to targets and historical results to enhance comparability of the data and follow industry best practices.

NON-IFRS MEASURE

This report includes the measure Results on a Current Operating Basis, which does not have any standardized meaning according to International Financial Reporting Standards (IFRS). It is therefore unlikely to be comparable to similar measures presented by other companies. Refer to the *Financial Sustainability* section for further details.

ABOUT US

WHO WE ARE

We are Canada's national public broadcaster and we are guided by the *Broadcasting Act*.

OUR MISSION

CBC/Radio-Canada expresses Canadian culture and enriches the lives of all Canadians through a wide range of content that informs, enlightens and entertains.

OUR VISION

CBC/Radio-Canada will be the public space at the heart of our conversations and experiences as Canadians.

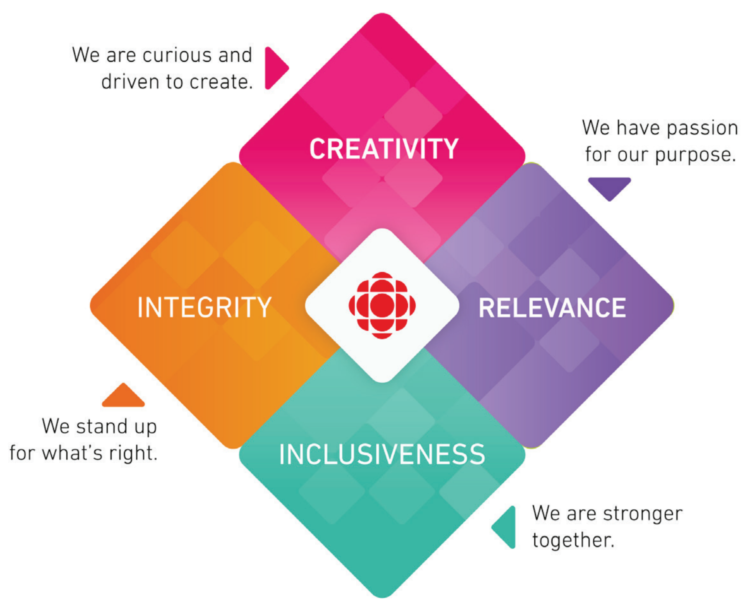
In a world of limitless global content, our mandate is more relevant now than ever before. The 1991 *Broadcasting Act* states that our programming should:

- Be predominantly and distinctively Canadian;
- Reflect Canada and its regions to national and regional audiences, while serving the special needs of those regions;
- Actively contribute to the flow and exchange of cultural expression;
- Be in English and in French, reflecting the different needs and circumstances of each official language community, including the particular needs and circumstances of English and French linguistic minorities;
- Strive to be of equivalent quality in English and in French;
- Contribute to a shared national consciousness and identity;
- Be made available throughout Canada by the most appropriate and efficient means and as resources become available for the purpose; and
- Reflect the multicultural and multiracial nature of Canada.

In addition to our domestic mandate, we are also required by section 46(2) of the *Act* to provide an international service, Radio Canada International (RCI). In keeping with that requirement, RCInet.ca is available in five languages: English, French, Spanish, Arabic and Mandarin.

In establishing and operating our broadcasting activities, we are expected to comply with licensing and other regulatory requirements established by the Canadian Radio-television and Telecommunications Commission (CRTC), as well as any requirements under the *Radiocommunication Act* that may apply to our use of the radiocommunication spectrum.

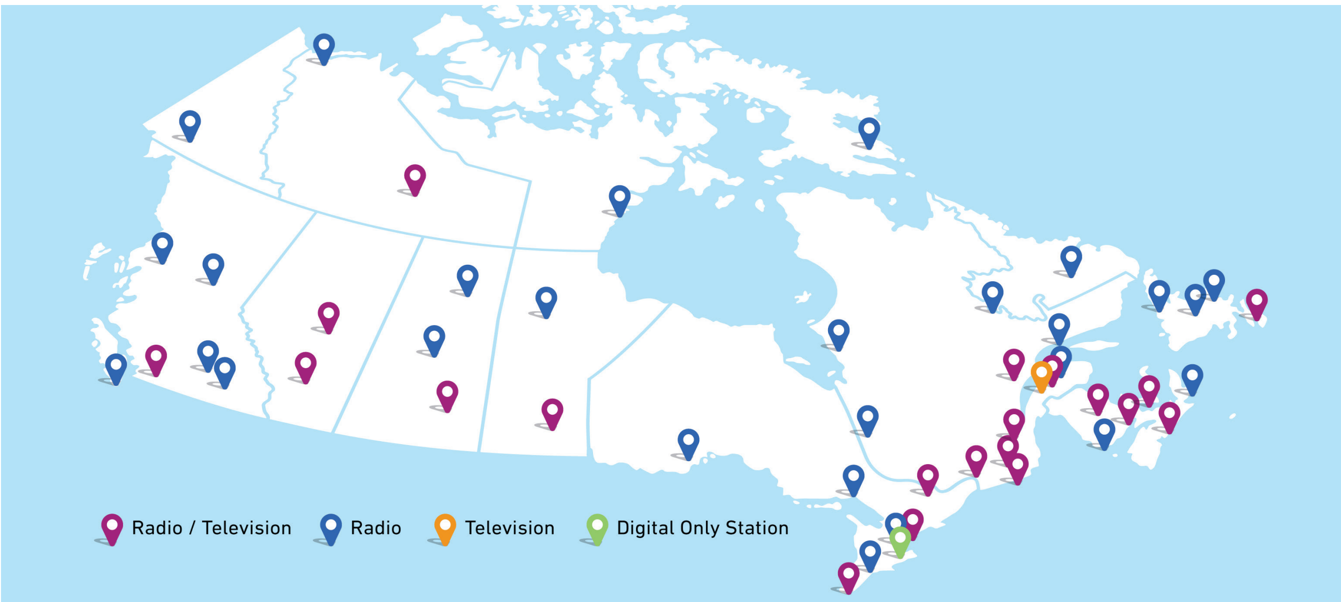
Our organizational values are at the core of how we work. They support our strategic plan and underpin the behaviours and culture needed to achieve our mission and vision. These values are not just words. They articulate the best of what we are already and how we want to be recognized by Canadians, and they guide the implementation of our strategic initiatives.



OUR OPERATIONS

As of March 31, 2018, we employed 6,377 permanent employees, 432 temporary employees and 635 contract employees.

Our head office is located in Ottawa, with main network operations in Toronto and Montreal. We integrate content across multiple digital platforms and we originate local programming from 27 television stations, 88 radio stations and one digital-only station. We have two main television networks – one in English and one in French – five specialty television channels, and four Canada-wide radio networks, two in each official language. Internationally, CBC/Radio-Canada has seven permanent foreign bureaus in Washington, New York, Los Angeles, London, Moscow, Jerusalem and Beijing. We also have the capacity to set up pocket bureaus in key locations if we determine the international situation warrants it.



Source: Map of CBC/Radio-Canada stations (including affiliates), March 2018.

This map shows the locations of our CRTC-licensed and affiliated radio and television stations across Canada, as well as our designated digital station. Note that digital services are also offered in the other stations. The map does not include our additional newsgathering locations and international news bureaus, whether permanent or pop-up.

OUR SERVICES

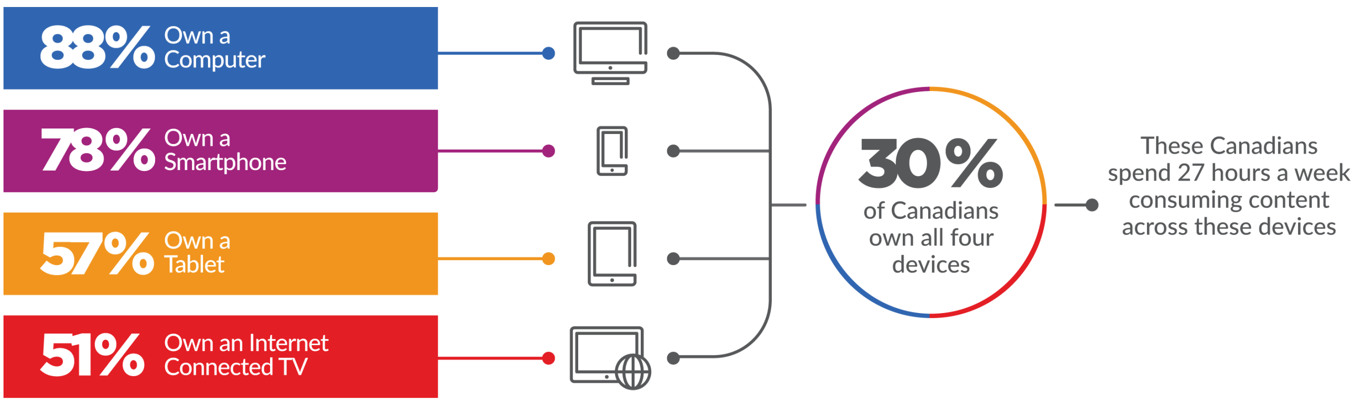
Deeply rooted in the regions, we are the only national broadcaster to offer diverse regional and cultural content in English, French and eight Indigenous languages (Chipewyan, Cree, Dogrib, Gwich'in, Inuktitut, Inuvialuktun, North Slavey and South Slavey) via CBC North, as well as five languages (French, English, Arabic, Mandarin and Spanish) for international audiences via RCInet.ca (Radio Canada International). In addition, we currently partner with SiriusXM Satellite Radio to offer six channels of CBC/Radio-Canada content. We also join forces with other Francophone public broadcasters to broadcast French Canadian content internationally through TV5MONDE.

OUR OPERATING ENVIRONMENT

New technologies are changing the way Canadians access content. Alternative content providers have emerged, increasing competition through the introduction of new – and constantly evolving – products and services in the Canadian market. All at a time when the industry's policy framework needs to be reviewed to keep pace. This has created significant market uncertainty, yet CBC/Radio-Canada continues to push forward to better serve Canadians in a digital world.

THE DIGITAL CITIZEN IS EMBRACING THE ONLINE WORLD

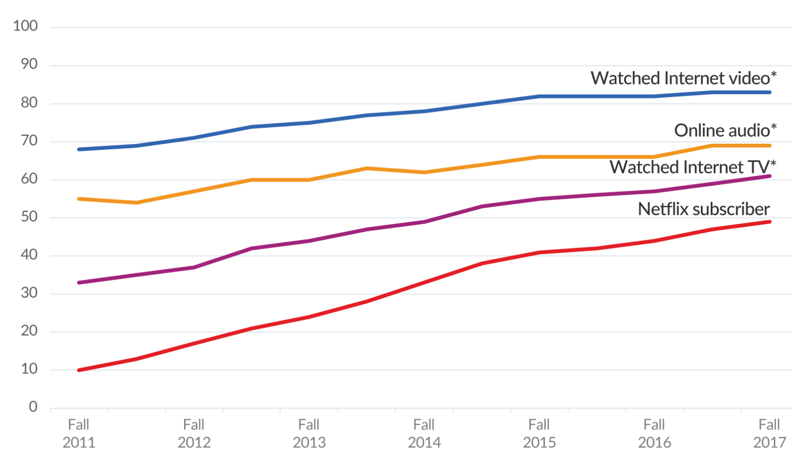
Canadians continue to engage with content by accessing it on many devices and sharing it across many platforms. Media consumption patterns are evolving and Canadians are more connected than ever, thanks to the proliferation of digital devices and platforms. In fact, 30% of Canadians now own four digital screens and, on average, these Canadians spend 27 hours a week consuming content across these devices, which is six hours a week higher than the average Canadian.[2]



Source: Media Technology Monitor (MTM), fall 2017.

Growth in usage of online audio and video content also continues as options and choices increase. Almost half of Canadians have access to Netflix and many others watch or listen to the array of online offerings currently available. In the fall of 2017, 61% of Canadians watched TV on the Internet and 69% listened to audio online.[2] In the future, the growth in adoption of smart, voice-activated assistants will further expand and build experiences for audiences.

HOW CANADIANS ARE CONSUMING MEDIA
Canadians 18+ (%)



Source: Media Technology Monitor (MTM), fall 2017. *Usage variables are based on past month users of audio/video online.

[2] Source: Media Technology Monitor (MTM), fall 2017.

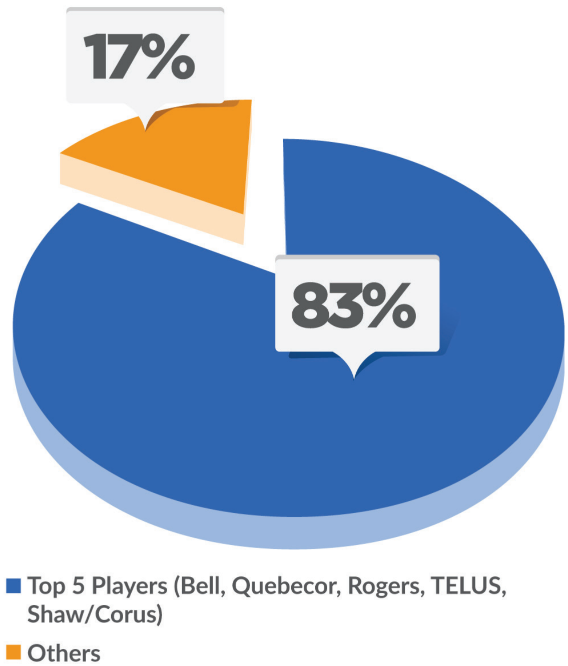
A COMPETITIVE INDUSTRY

Canada has one of the most concentrated media markets in the world. 83% of Canadian market revenues go to the top five domestic players (Bell, Quebecor, Rogers, TELUS and Shaw/Corus).[3] These highly vertically integrated companies have interests in distribution, broadcast and content creation. These companies are regulated and are required to contribute to the support and creation of Canadian content, helping to ensure the overall health and diversity of the Canadian media industry.

Yet competition among these players within our borders is no longer the major challenge. Large global players – operating unregulated services that aren't contributing financially to the Canadian media ecosystem – have entered the market and are threatening its foundation. These companies are not simply distributors of content; they are major investors in and creators of content, substantially increasing production budgets. They have access to combined potential markets 100 times greater than that of Canada and can use economies of scale to monetize their programming and infrastructure investments. They have access to massive amounts of data, allowing them to effectively develop and curate content for their audiences. All of this makes it harder for domestic regulated companies to compete.[4]

In addition, competition is expected to increase as more services and content (both audio and video) are being made available online. Smart TVs, Internet-connected devices, virtual Broadcast Distribution Undertakings, direct-to-consumer models and user-generated content will continue to expand and increase offerings in the online world.

BROADCASTING AND TELECOMMUNICATIONS REVENUES
By Ownership Groups



Source: CRTC 2017 Communications Monitoring Report.

MODERNIZING COMMUNICATIONS POLICY IN CANADA

No industry or organization can ignore the opportunities and disruptions of evolving digital technologies or the transformation in how Canadians are embracing and engaging with them. The communications industry is no exception.

The existing communication policy and regulatory framework has not been revised since the *Broadcasting Act* was last updated in 1991. The arrival of global players into the system with services, distribution platforms and content offerings challenges the current regulatory framework. This, and other changes, has led to a re-examination of the broadcasting landscape. From the review of policy, to the assessment of future models, to setting a new vision and approach for the creative industries, the government is working to bring public policy on broadcasting into the digital age.

CBC/Radio-Canada recognizes that the policy framework in which we operate needs to be reviewed to address the changing media environment and to continue to strengthen Canadian culture. Placing the national public broadcaster at the heart of a modern communications policy framework should be an important goal.

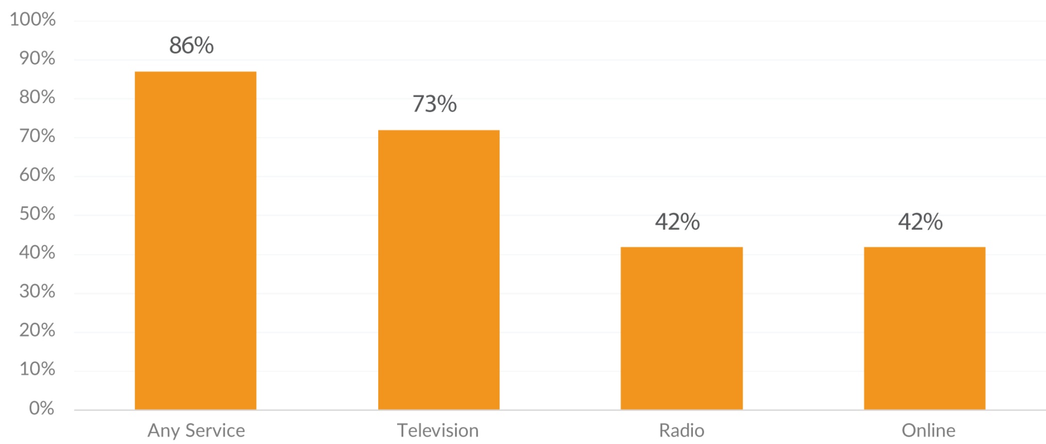
[3] Source: CRTC 2017 Communications Monitoring Report.
[4] Based on total Canadian population and estimate of Internet users worldwide.

CBC/RADIO-CANADA IS TRANSFORMING

With our *Strategy 2020*, we are addressing this digital shift by evolving with Canadians to deliver content where and when they want it. CBC/Radio-Canada continues to reach the vast majority of Canadians (86%) on a monthly basis by whatever means they prefer, through our TV, radio and online offerings in English, French and eight Indigenous languages.

We will continue to learn, iterate, transform and innovate. The next section highlights our strategic focus to increase and deepen our engagement with Canadians.

CBC/RADIO-CANADA MONTHLY REACH
Canadians



Source : Mission Metrics Survey, 2017-2018, TNS Canada (1,000 Anglophones and 1,000 Francophones per survey). Surveys are conducted in fall and spring of each year.

Scene from *Hubert & Fanny*, season one, episode 3. ©Yan Turcotte

Celebrating Canada Day 2017 in Toronto. ©CBC/Radio-Canada

CBC/RADIO-CANADA ACCOUNTABILITY PLAN

Further to the commitment set out in Budget 2016, CBC/Radio-Canada is pleased to share with you an update on some of the ways it has been using the government's reinvestment in the public broadcaster to improve its services to Canadians.

OUR STRATEGIC PLAN

CBC/Radio-Canada continues to transform the way it operates. Canadians see it every day in the way they engage with us, and each other, on mobile devices, social networks, television and radio.

When we began *Strategy 2020*, more than half of Canadians told us that CBC/Radio-Canada was very important to them. By 2020, we wanted three out of every four Canadians to feel that way.

We also wanted to increase our digital reach to 18 million Canadians – one out of two – by 2020. We passed that target this year – two and a half years early! We now reach 18.5 million Canadians through CBC/Radio-Canada platforms each month.

As we move ahead with the strategy, we are making your public broadcaster more digital, more local and more ambitious in its Canadian programming. We are thereby increasing our value to Canadians.

OUR PRIORITIES

MORE LOCAL

- More engagement
- More information
- More often
- On more screens

MORE AMBITIOUS CANADIAN PROGRAMMING

- Investing in stories
- Delivering high-quality content

MORE DIGITAL

- More in-depth, more focused, more relevant
- More platforms
- Allowing Canadians to engage more with us and with each other
- Encouraging Canadian conversations

REINVESTING IN PUBLIC BROADCASTING

In Budget 2016, the federal government invested an additional $75 million in CBC/Radio-Canada for 2016-2017, rising to $150 million in the following years. As stated in the Budget document, "Reversing past cuts will enable the CBC/Radio-Canada to invest in its *Strategy 2020: A space for us all* priorities, leading to the creation of Canadian content which will be more digital, local and ambitious in scope."[5]

This funding continues to provide an element of important flexibility as we implement our digital strategy and make necessary investments in the future.

We continue to use this funding in support of *Strategy 2020*. This includes one third to maintain our momentum for key strategic initiatives; approximately half for the creation of new content across all of our platforms as we continue our transformation toward digital; and the remainder to support existing services.

Here is what that has meant:

Maintaining our momentum ($27M in 2016-2017 to $34M in 2017-2018 and ongoing), including:

- Meeting the growing online expectations of Canadians by investing in digital expertise and creators. This ensures we continue:
  - Offering an enhanced service by better understanding audience needs and strengthening their connection and engagement with us.
  - Improving the digital user experience and better integrating our content with emerging technologies.
- Improving the services we offer by accelerating our Research and Development. This includes:
  - Leveraging new trends like smart speakers.
  - Increasing the accessibility of our digital content and platforms for Canadians with hearing, visual or physical impairments.
  - Strengthening innovation with young creators by connecting and engaging with the wider tech community through events like Radio-Canada's public hackathons, Journée de l'innovation and CBC's outreach event The Digital Meetup.
- Ensuring the financial stability of existing programs and services, including terrestrial radio programs like *Unreserved* with Rosanna Deerchild and *Out in the Open* with Piya Chattopadhyay. We also continued offering more original weeknight programming on ICI PREMIÈRE such as *Les grand entretiens* and *On dira ce qu'on voudra*.

Creation of new Canadian content ($36M in 2016-2017 to $92M in 2017-2018 and ongoing), including:

- Enriching our television programming to meet audiences' appetite for high quality and unique Canadian content. Programs like *La grande traversée*, *Alias Grace* and *21 Thunder* have all benefited from this investment. It has also allowed us to offer even more original Canadian content – like *Deuxième chance* – on ICI RADIO-CANADA TÉLÉ's schedule to an enthusiastic audience response.
- Creating unique, digital-first Canadian programs like the comedy series *CRAWFORD* and the Radio-Canada drama series *Trop*.
- Bringing iconic Canadian cultural events and performances to Canadians like Radio-Canada's presentation of *The Nutcracker* (Les Grands Ballets Canadiens) and the production, broadcast and multiplatform distribution of the tribute to Leonard Cohen, *Tower of Song*.
- Showcasing more original Indigenous content like Prix Wapikoni and *Du teweikan à l'électro*, as well as CBC Short Docs: *Impossible to Contain*, *Twilight Dancers* and *Call Me Olly*.
- Expanding radio with new original podcasts like *Seat at the Table*, *Personal Best*, *Disparue(s)* and new audio books like *Naufrage*, which showcase French-Canadian authors on Première PLUS.
- Strengthening signature events that draw Canadians together like *En direct du monde*, the JUNO Awards and *Canada Day 150! From Coast to Coast to Coast*. We also produced specials for the 375th anniversary of Montreal – ICI PREMIÈRE recorded in public parks with a mobile studio to engage live audiences.
- Deepening our connections with communities, including minority language communities, across the country by enhancing regional cultural programming like *Absolutely Canadian*, the play *Dehors*, recorded from Winnipeg, *Méchante soirée* and *Prise de son* from Acadie, and *Tout inclus* in Ottawa.
- Expanding digital content platforms like Zone Jeunesse on ICI TOU.TV, Rad, *Espaces autochtones*, Première PLUS and CBC Indigenous.

[5] Source : "Growing the Middle Class" Budget 2016, 22 March 2016, p.186.

- Supporting more diverse storytelling through the Breaking Barriers Film Fund for under-represented Canadian filmmakers. Three additional feature films have been selected for funding this year: *An Audience of Chairs*, *Level 16* and *Red Snow*.
- Supporting the creation and promotion of Francophone film with a $12 million investment in French-Canadian film.

Enhancing our existing services by investing in key programs and services ($12M in 2016-2017 to $24M in 2017-2018 and ongoing), including:

- Supporting Indigenous languages by expanding the Indigenous-Language Archive Project, from Yellowknife to Whitehorse, Edmonton and Montreal. We now have archivists working on eight Indigenous languages concurrently.
- Supporting the Archives Digitization Project to preserve Canadian content, stories and heritage and make the material more accessible.
- Enhancing our support of Canadian music through more live recordings of Canadian artists and broadcast initiatives like the *Canadian Songwriters Hall of Fame* and *Music Day ON CBC*, an all-day celebration of Canadian music across all platforms leading up to the live broadcast of the 2018 JUNO Awards.
- Investing in our new CBC TV App, ICI TOU.TV and ICI TOU.TV EXTRA to enhance content and discoverability.
- Maintaining support for key radio programs like *White Coat, Black Art*, extended to a full season, *The Sunday Edition*, returning to a three-hour time slot, and the returning Indigenous series *Reclaimed* on CBC Music.
- Enhancing our foreign coverage on all platforms, including leveraging the use of pop-up bureaus and individual deployments.
- Expanding our service to more Canadians, including a new, digital-first, local station in London, Ontario.
- Strengthening our regional presence across the country by:
  - Expanding digital news coverage in communities 18 hours a day, 7 days a week, all year long.
  - Hiring new multiplatform journalists in Thunder Bay, Yellowknife and Winnipeg.
  - Training young professionals in digital journalism at our training centre in Regina, with special attention on reaching diverse communities when enrolling these young professionals.

Sleepover on CBC Radio One brings listeners inside an unusual social encounter in which three complete strangers have agreed to meet in a hotel room for one evening, night and morning together. ©CBC

MEASURING OUR PERFORMANCE

The tools that measure and assess CBC/Radio-Canada's performance are an important part of *Strategy 2020*. We do this in two ways: by measuring the perceptions of Canadians and by tracking our success against specific measurable targets. The performance measurement framework covers four areas: Mandate and Vision (perception survey indicators), *Strategy 2020* (strategic indicators), Reinvestment impact indicators, and Media Lines (operational indicators).

OUR PERFORMANCE – MANDATE AND VISION

As Canada's national public broadcaster, the establishment of metrics to track and assess the perception of our performance is essential to demonstrate our accountability to Canadians. The Mandate and Vision perception survey allows us to monitor how well Canadians believe our services fulfill both the Corporation's mandate under the 1991 *Broadcasting Act* and the vision of *Strategy 2020*. The data are collected via surveys conducted among representative samples of Anglophone and Francophone Canadians.[6]

This survey provides us with valuable information on Canadians' perceptions of CBC/Radio-Canada. Highlights based on the 2017-2018 survey results follow. More detailed results can also be found on our online interactive dashboard.

86% of Canadians use at least one of our television, radio or online services on a monthly basis.

82% of Canadians believe it is very important for Canada to have a public broadcaster like CBC/Radio-Canada.

72% of Canadians strongly agree that there is a clear need and role for CBC/Radio-Canada into the future.

The majority of Canadians strongly believe that CBC/Radio-Canada's programming ...

- **66%** is informative
- **65%** is of high quality
- **64%** supports the creation of original Canadian content
- **62%** reflects regions of Canada
- **59%** is available on new platforms

[6] Source: Mission Metrics Survey, 2017-2018, TNS Canada (1,000 Anglophones and 1,000 Francophones per survey). Surveys are conducted in fall and spring each year. Perception results represent the percentage of Canadians who gave CBC/Radio-Canada top marks (i.e. 8, 9 or 10 on a 10-point scale).

OUR PERFORMANCE - *STRATEGY 2020*

The *Strategy 2020* Performance Report tracks the corporate-wide objectives of our current strategic plan. We established long-term targets we aim to meet by 2020. Each year, we track our progress against annual targets. Eight key indicators measure progress in four key areas: audience, infrastructure, people and financial sustainability.

Our goal is to increase our value and deepen our relationship with all Canadians. With this in mind, four of the eight indicators measure our connection to our audience. When we originally launched our strategy, by 2020 we wanted:

- Three out of four (75%) Canadians to consider one or more of our services to be very important to them (indicator 1);
- Canadians to continue to strongly agree that CBC/Radio-Canada's information programming reflects a diversity of opinions and covers issues in a fair and balanced way (indicator 2); and
- To increase our digital reach so that 18 million Canadians will use our digital platforms each month and to grow the number of digital interactions they have with our services (indicators 3 and 4).

To support our audience goals, we are transforming our infrastructure, including reducing our real estate footprint by 50% (indicator 5). We are also transforming our workplace, focusing on employee engagement (indicator 6) and better reflecting Canadian diversity (indicator 7). We are becoming more financially sustainable through cost reductions (indicator 8).

The table below highlights the progress we have made on these indicators:

INDICATORS	RESULTS 2016-2017	TARGETS 2017-2018	RESULTS 2017-2018	PERFORMANCE AGAINST TARGET	TARGETS 2018-2019	TARGETS 2020
Audience/Market						
1. Importance to Canadians (% very important)[7,8]	54.5%	58.0%	**57.1%**	◐	58.8%	75.0%
2. Information programming has diverse opinions and is objective (% who strongly agree)[7]	53.2%	57.0%	**52.7%**	○	55.0%	57.0%
3. Digital reach of CBC/Radio-Canada (millions)[9]	16.9	18.8	**18.5**	◐	18.0	18.0
4. Monthly digital interactions with CBC/Radio-Canada (millions)[10]	140.4	159.5	**159.1**	◐	145.2	95.0
Infrastructure						
5. Reduce real estate footprint (millions of rentable square feet)[11]	3.9	3.8	**3.8**	●	3.7	2.0
People						
6. Employee engagement (% proud to be associated)[12]	82.0%	84.0%	**85.0%**	●	87.0%	90.0%
7. Employee diversity (% of new employees)[13]	23.0%	23.2%	**27.8%**	●	25.4%	23.2%
Financial						
8. Achieve cost reduction target ($ million)	$87.5	$93.1	**$93.1**	●	$104.0	$106.3[14]

N/A = not applicable or not available

● Target met or exceeded ◐ Target partially met ○ Target not met

Our performance metrics are evolving as the media industry continues to undergo a digital transformation. Canadians consume media content on multiple devices (e.g. smartphones, tablets, smart TVs) from an ever-growing array of content providers. As media consumption habits change, audience measurement suppliers and the Corporation are refining methodologies and introducing new measurement technologies to ensure the accuracy and completeness of data gathered. Since some of these data are used to measure our strategic and operational performance, we may be required to make adjustments to targets and historical results to enhance comparability of the data.

[7] Source: Mission Metrics Survey, 2017-2018, TNS Canada. This is the percentage of Canadians who give us top marks (i.e. 8, 9 or 10 on a 10-point scale). Information programming (Indicator 2) is the average of two questions: CBC/Radio-Canada's information programming "reflects a diversity of opinions on a wide range of issues" and "covers major issues in a fair and balanced way."
[8] In fall 2017, the word personally was removed from the end of the question that now reads: How important would you say the CBC is to you?
[9] Source: Unduplicated reach of CBC and Radio-Canada digital platforms. comScore, multiplatform measurement, monthly average unique visitors.
[10] Source: comScore, multiplatform measurement, monthly average visits.
[11] Our rentable square feet (RSF) results exclude foreign offices (e.g. bureaus), transmission sites, parking lots and leases for the sole purpose of storage (i.e. no broadcasting activity).
[12] Source: Gallup Consulting, Dialogue 2017 Survey. This is the percentage of employees who are proud to be associated with CBC/Radio-Canada. This is measured as the percentage of employees who responded four to five on a scale of one to five in a representative survey of employees.
[13] This metric is made up of three groups: Indigenous and Inuit peoples, persons with disabilities, and visible minorities. It is calculated as a percentage of new external hires for positions of 13 weeks or more.
[14] Target updated to reflect the continuation of our broadcasting of *Hockey Night in Canada* on Saturday night and playoff hockey beyond 2020.

Audience/Market

Indicator 1: CBC/Radio-Canada continues to be positively perceived by Canadians. Close to six out of ten strongly believe that we are important to them, a result that has significantly increased from last year and nearly reached its 2017-2018 target.

Indicator 2: Perception results of our information programming remained relatively stable compared to last year, but fell below target.

Indicator 3: Our digital reach continued to grow significantly this year and passed a major milestone, meeting its 2020 target two and a half years early. With 18.5 million unique visitors, we now reach roughly half of all Canadians through our digital platforms; more than ever before. This result is, however, slightly below our annual target.

Indicator 4: Driven by the success of our digital coverage of the PyeongChang 2018 Olympic Winter Games, monthly digital interactions continued to increase significantly this year, almost achieving its annual target.

Infrastructure

Indicator 5: With the sale of our Halifax building in October 2017, CBC/Radio-Canada's real estate footprint met its annual target level of decreasing to 3.8 million rentable square feet. A sizeable reduction in our real estate footprint is expected following the move from the current Maison de Radio-Canada into a new leased facility on a portion of the same site, scheduled for 2020.

People

Indicator 6: Employee engagement surpassed its annual target by one percentage point as a result of our organizational climate and work environment continuing to improve.

Indicator 7: Employee diversity continued to significantly increase, outperforming its 2017-2018 annual target and last year’s record result, as we include a wider range of faces, voices, abilities, experiences and perspectives in our workplace. Inspired by our successes in becoming a gender parity leader in the Canadian media industry, we will continue to implement our Diversity and Inclusion Plan to attract a broader pool of external candidates and improve the retention and advancement of diverse employees.

Financial

Indicator 8: Cost reductions met the 2017-2018 target, with a cumulative $93.1 million of costs reductions now achieved.

REINVESTMENT IMPACT INDICATORS

In 2016-2017, we introduced additional performance indicators to measure the incremental impact of the government's reinvestment in two key areas: expanding our digital presence and increasing services to local markets. Two targets were established to measure our performance against expectations: one at the beginning of the reinvestment period in 2016-2017 ("Year 1") and one in 2020-2021 ("Year 5") of the reinvestment.

2017-2018 PERFORMANCE UPDATE

Additional monthly digital interactions (indicator 1) - Driven by the enhancements to our digital services, and by this year's major events such as the PyeongChang 2018 Olympic Winter Games, our platforms are attracting more visits by more Canadians. As a result, we are currently tracking above our 2020-2021 target with 15 million additional monthly digital interactions.

Additional monthly digital interactions with CBC/Radio-Canada local services (indicator 2) – With 10.3 million additional monthly digital interactions to go, we are also drawing closer to our local 2020-2021 target as we continue to increase services to markets across the country.

The government reinvestment allows us to strengthen our digital and local presence. As a result, we continue to progress towards our long-term targets with our platforms attracting more visits by more Canadians. In 2017-2018, the total number of interactions with CBC/Radio-Canada and local services increased year-over-year, recording 13.3 million and 0.9 million more visits respectively since last year.

INDICATORS	YEAR 1 TARGETS	YEAR 1 RESULTS	YEAR 5 TARGETS	YEAR 2 RESULTS AGAINST YEAR 5 TARGETS
1. Additional monthly digital interactions with CBC/Radio-Canada[15]	3.0 M	21.3 M	5.1 M	15.0 M
2. Local Service – Additional monthly interactions with CBC/Radio-Canada[16]	750 K	4.3 M	3.8 M	10.3 M to go

Note: The digital audience measurement cannot quantify the proportion of additional visits that is attributable solely to reinvestment.

Our performance metrics are evolving as the media industry continues to undergo a digital transformation. Canadians consume media content on multiple devices (e.g. smartphones, tablets, smart TVs) from an ever-growing array of content providers. As media consumption habits change, audience measurement suppliers and the Corporation are refining methodologies and introducing new measurement technologies to ensure the accuracy and completeness of data gathered. Since some of these data are used to measure our strategic and operational performance, we may be required to make adjustments to targets and historical results to enhance comparability of the data.

[15] Source: comScore, multiplatform measurement, monthly average visits.
[16] Source: comScore, multiplatform measurement, monthly average visits; Adobe SiteCatalyst, monthly average visits.

OUR PERFORMANCE - MEDIA LINES

We use Media Lines reporting to measure performance against our operational targets, which mostly focus on audience reach and share through our various platforms and self-generated revenue across all our services.

While the Corporation continues to monitor the performance of its specialty television channels, we have not reported our subscribers' results for competitive reasons.

CBC HIGHLIGHTS

Rick Mercer Report: Rick goes to Nunavut and here he is at the Shipwreck Festival at Gjoa Haven near where the Franklin Expedition's 'lost ships' were found. ©The Rick Mercer Report, CBC

DIVERSE AND DISTINCTIVE CANADIAN PROGRAMMING

CBC Television launched a programming lineup showcasing a uniquely Canadian slate of new and returning original programs popular with our audiences, including *Alias Grace*, *Burden of Truth*, *The Great Canadian Baking Show*, *Frankie Drake Mysteries*, *Dragons' Den* and *Kim's Convenience*. The *Rick Mercer Report* concluded a record-breaking run with the CBC after 277 episodes, and was presented with the Academy Icon Award for its contribution to the media industry.

More diversity across different platforms: We share more of Canada's stories from Canadian voices.

This was another successful year for multiplatform signature programming, including the PyeongChang 2018 Olympic Winter Games and Paralympic Games, Canadian Country Music Awards, The Giller Prize, Canadian Screen Awards, News Year's Eve, *Canada Day 150! from Coast to Coast to Coast*, and the JUNO Awards, bringing Canadians together in moments of national pride, celebration and reflection.

Furthering our commitment to diversity and inclusion, we showcased the incredible voices and talent of under-represented groups through the Breaking Barriers Film Fund, supporting feature films produced by women, Indigenous peoples, persons with disabilities and visible minorities. Three new feature films were selected for funding in the fall of 2017: *Audience of Chairs*, *Level 1* and *Red Snow*. The first-ever Indigenous Screen Office was launched in collaboration with eight federal agencies and media industry organizations to support the development, production and marketing of Indigenous content. Coverage of the Toronto 2017 North American Indigenous Games was an opportunity for all of Canada to share the triumphs of Indigenous athletes competing for excellence. CBC also fostered an open discussion about sport and homophobia through *Can I Play? Sports and Homophobia*, showing the importance of access to sport for youth from the LGBTQ+ community. The diversity of voices was not limited by platform, with acclaimed programs like *Unreserved* and *Out in the Open* on radio, podcasts like *Seat at the Table* and *Finding Cleo*, and CBC Short Docs *Queer (Self Portraits)* and *Twilight Dancers*.

Our commitment to owning the Canadian music experience: CBC Radio 2 is now CBC Music – one of our signature brands.

Commited to owning the Canadian music experience, CBC Radio 2 became CBC Music, seamlessly integrating music offerings across our platforms. This year CBC's talent contest Searchlight, which seeks out fresh new musical talent from across a broad spectrum of musical genres, helped undiscovered musical stars catch a break. Finally, our JUNO 365 coverage, culminating in the JUNO awards, showcased more well-known Canadian acts.

CBC News provided leading coverage of Canadian news events and continued to enhance our foreign coverage with a uniquely Canadian perspective, including live coverage from Adrienne Arsenault inside the Raqqa ruins. Peter Mansbridge, one of Canada's most revered journalists, retired and was recently presented with the Lifetime Achievement Award. Following his departure, *The National* moved into a new era, re-launching as both our flagship evening newscast and a digital and social enterprise, complemented by the launch of the CBC News feed.

DIGITAL AND MULTIPLATFORM

CBC maintained our digital momentum through investment in new and returning digital series, including *The Amazing Gayl Pile*, *CRAWFORD* and *But I'm Chris Jericho*. Content is more accessible than ever after the launch of the CBC TV App and other improvements to enhance CBC's robust digital services. CBC Radio built on our podcasting success with new and returning original series, including *Seat at the Table*, *Personal Best*, *Missing and Murdered*, and the widely popular *Someone Knows Something*.

Focus on Digital: CBC London launched a new, digital-first local station, deepening our community ties.

CBC's ongoing expansion into southwestern Ontario saw the launch of CBC London. The new, digital-first local station deepens our community ties, delivering breaking news and stories all day and into the evening, online and through social media.

The increasing availability and ease of access of CBC content across platforms positions CBC as a forward-focused broadcasting leader, providing Canadians with the best content now and in the future.

CBC/Radio-Canada's hosts for English-language coverage of PyeongChang 2018 (L-R: Alexandre Despatie, Andi Petrillo, Scott Russell, Kelly VanderBeek and Craig McMorris). ©CBC Sports

CBC 2017-2018 RESULTS

INDICATORS	MEASUREMENTS	RESULTS 2016-2017	TARGETS 2017-2018	RESULTS 2017-2018	PERFORMANCE AGAINST TARGET	TARGETS 2018-2019
Radio – new indicators starting 2017-2018						
CBC Radio One and CBC Music 5-PPM Market Share	*All-day audience share in the 5-PPM Markets*[17]	-	11.1%	**12.8%**	●	11.3%
CBC Radio One National Reach	*Monthly Average National Reach*[18]	-	7.7 M	**7.7 M**	●	7.7 M
CBC Music National Reach	*Monthly Average National Reach*[18]	-	4.5 M	**4.5 M**	●	4.5 M
Television						
CBC Television	*Prime-time audience share*[18]	5.5%	5.8%	**7.6%**	●	5.6%
CBC News Network	*All-day audience share*[18]	1.6%	1.5%	**1.4%**	◐	1.2%
Regional						
Television Local 6 PM News	*Average minute audience*[18]	313 K	335 K	**269 K**	○	230 K
CBC.ca Regional Offering	*Monthly average unique visitors*[19]	10.6 M	10.8 M	**9.8 M**	○	N/A[20]
Regional – new indicators starting 2017-2018						
CBC Radio One 5-PPM Market share	*Morning show audience share in the 5-PPM Markets*[17]	-	14.5%	**15.1%**	●	14.7%
CBC Radio One National Reach	*Morning show audience, Monthly Average National Reach*[18]	-	3.5 M	**3.5 M**	●	3.5 M
Digital						
CBC Digital Offering	*Monthly average unique visitors*[21]	14.8 M	16.3 M	**16.1 M**	◐	15.6 M
Revenue[22]						
Conventional, specialty, online		$228 M	$303 M	**$295 M**	◐	$213 M

N/A = not applicable or not available

● Target met or exceeded ◐ Target partially met ○ Target not met

Our performance metrics are evolving as the media industry continues to undergo a digital transformation. Canadians consume media content on multiple devices (e.g. smartphones, tablets, smart TVs) from an ever-growing array of content providers. As media consumption habits change, audience measurement suppliers and the Corporation are refining methodologies and introducing new measurement technologies to ensure the accuracy and completeness of data gathered. Since some of these data are used to measure our strategic and operational performance, we may be required to make adjustments to targets and historical results to enhance comparability of the data.

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[17] Source: Numeris, Portable People Meter (PPM), persons aged two years and older, in the Toronto, Vancouver, Calgary, Edmonton and Montreal-Anglophone markets. Local Morning Shows: Monday-Friday 6:00-8:30 AM.
[18] Source: Numeris, Portable People Meter (PPM), persons aged two years and older.
[19] Source: comScore Media Metrix, unique visitors, desktops (aged two years and older) and mobile devices (aged 18 years and older), April to March. Our multiplatform measure was introduced in 2016-2017. Because of limited availability of multiplatform data between April 2016 and July 2016, results for the year ended 2016-17 reflected the monthly average unique visitors from August 2016 to March 2017.
[20] This measurement will continue to be monitored internally but is not a Key Performance Indicator in 2018-2019.
[21] Source: comScore Media Metrix, unique visitors, desktops (aged two years and older) and mobile devices (aged 18 years and older), April to March.
[22] Includes advertising revenue, subscription revenue and other revenue (e.g. content distribution). Our CBC TV regular season target for 2017-2018 includes PyeongChang 2018 Olympic Winter Games revenue, while *Hockey Night in Canada* on Saturday night and playoff hockey will continue to be excluded. In 2016-2017, the revenue from the Rio 2016 Olympic Games was excluded.

Radio – new indicators starting 2017-2018

It was a strong year for CBC Radio, with audience shares either meeting or exceeding targets, driven by the high audience levels of CBC Radio One, CBC Music local morning shows, and network programs such as *The Current*, *q* and *Drive*.

Reach for CBC Radio One and CBC Music met their respective targets.

Television

Due to Canadian programming success in new original series during the regular season such as *Frankie Drake Mysteries*, *The Great Canadian Baking Show* and *Burden of Truth*, as well as the PyeongChang 2018 Olympic Winter Games, CBC TV's prime-time audience share ended the year well above target at 7.6%.

CBC News Network's performance softened in the latter half of the fiscal year, resulting in audience share dipping below target despite strong audience levels in the summer from coverage of the British Columbia wildfires and the Canada 150 events.

Regional

Audience levels for the TV local 6 PM news ended the regular season below target and prior year due to softening across markets, most notably in Toronto and Vancouver.

Our local digital performance was below target and prior year due to industry-wide impacts of reduced referral traffic from third party social media sites. There was also an increase in consumption of local news through an App vs desktop which is currently not included in this measure of unique visitors.

Regional – new indicators starting 2017-2018

During the morning when CBC Radio One offers the most local content, radio share and reach were well above and on par with targets, respectively, contributing to the overall positive performance of the network. CBC Radio morning programs were #1 in 20 out of 27 markets.

Digital

Despite year-over-year growth in many aspects of our digital offer, the number of monthly average unique visitors was below target due to industry-wide impacts of reduced referral traffic from third party social media sites that specifically impacted news publishers. These were partly offset by the diversification of our digital offering such as the December launch of the CBC TV App, as well as Digital Radio.

Revenue

Results ended the year below target due to the continued softening of the advertising market and declines in subscriber revenues due to the ongoing cord-shaving trend.

Kim's Convenience, Season 2 (Paul Sun-Hyung Lee as Appa). ©CBC

RADIO-CANADA HIGHLIGHTS

District 31. ©ICI Radio-Canada Télé

DELIVERING COMPELLING CANADIAN CONTENT WITH A FOCUS ON INDIGENOUS REALITIES

This year, Radio-Canada revamped its strategy for ICI TOU.TV and its EXTRA package. With ease of discovery, ease of use, and audience retention and engagement as our guides, we focused on programming, with strategies built around exclusive content and premieres. We sought more strategic partnerships and continued to improve the technology powering our platforms.
ICI TOU.TV established itself as a go-to destination for Canadians by giving them what they wanted, such as continuing access to episodes of our hit series during the Olympic Games, generating exclusive online content and premiering original content like *Cheval-Serpent*, which broke audience records for streaming views during the summer.[23]

During the year, we put forward a series of initiatives to reflect and strengthen Indigenous voices and cultures in our programming across platforms: *Stanley Vollant : De Compostelle à Kuujjuaq*, the documentaries *Rite de Passage* and *Rumble*, and segments in our regular news programing like the *Téléjournal 22h*. The *Espaces autochtones* online portal celebrated its first anniversary with strong audience figures and digital content shared across platforms.[24]

The *Espaces autochtones* online portal celebrated its first anniversary buoyed by strong audience figures and digital content distributed across all Radio-Canada platforms.

Radio-Canada used some of the government's increased funding to enrich the lineup on all of its platforms, paying close attention to meeting audiences needs. New drama offerings like *Olivier* and *Hubert et Fanny* explored original themes and joined *Les pays d'en haut* and *Tout le monde en parle* as standout shows in our lineup. *District 31* continued its impressive viewership numbers, increasing its daily audience to an average of 1.4 million. This success spilled over to ICI TOU.TV, where viewers caught up on the first season.[25] *Viva culture*, the initial product of the Radio-Canada cultural strategy, was rolled out during the holiday season. New Year's Eve programming once again featured a slate of specials, culminating with *Bye bye 2017*, which drew a combined audience of 4.9 million viewers, its largest audience ever.

On radio, ICI PREMIÈRE strengthened its lineup with several high-profile hosts debuting during the summer: Stéphane Bureau filled in on *Medium Large*, Jean-René Dufort on *Bienvenue en 2067*, Julie Snyder presented *5 à 7 aux Îles … avec Julie*, and Marc Labrèche did the honours for *C'est le plus beau jour de ma vie*. ICI MUSIQUE continued in its vital role as a supporter of Canadian music, with exclusive album launches featuring artists like Fanny Bloom, Dumas and Ariane Moffatt.

[23] Source : Adobe Omniture. After its online release on June 28, 2017, the drama serie *Cheval-Serpent* had over 300,000 views within only 10 days.
[24] Source : Adobe Omniture. A year after its launch, *Espaces autochtones* had 100,000 monthly visits.
[25] Source : Adobe Omniture. Between September 2017 and March 2018, *District 31* generated on average more than 2 million monthly views.

PROPELLING THE TRANSFORMATION OF NEWS AND INFORMATION

With a focus on local stories, Radio-Canada's regional newsrooms produced varied content for our digital platforms. Examples include the magazine-format *Embarquement vers les régions du Québec* and *Les Portraits du Manitoba*, a graphic-novel format documentary on Raïf Badawi, and the *Voir l'Ontario* portal.

Our news laboratory Rad established itself as a force for change in journalism, leveraging a highly creative approach and journalistic credibility.

Rad, our news laboratory, was launched this year and it very quickly made a name for itself in the rapidly changing digital news and information landscape. Highly creative and linking our corporate values and journalistic credibility with the values of engagement and authenticity, Rad has established itself as a force for change in journalism.[26]

The past year also saw a refocusing of the mission of our flagship news programs. The *Téléjournal 22h* is now more than ever a daily news destination for audiences, highlighting the day's top stories with in-depth analyses and solution-oriented discussions with subject matter experts.[27]

Radio-Canada continued to bolster its digital presence with a revamped website and an unequaled level of digital content.

REINFORCING OUR COMMITMENT TO DIGITAL

The in-depth revamp of the ICI Radio-Canada.ca website made content easier to access on mobile devices, as did the upgrade of our mobile Apps. Talk radio joined the move to mobile with ICI PREMIÈRE, where audiences can catch up on missed shows, access exclusive content from documentary series, podcasts and audiobooks, and also access archived material. ICI MUSIQUE's digital presence was bolstered by the launch of a new digital-only classical music stream.

Radio-Canada's distinctive sports brand was prominent across digital platforms with the launch of the *Podium* portal and live broadcasts of several high-profile amateur competitions on our website and social media platforms. After the conclusion of this year's Olympic and Paralympic Games, the Radio-Canada PyeongChang 2018 mobile App became the Radio-Canada Sports App.

We continue to promote a culture of innovation. With the second Radio-Canada Hackathon, spotlighting artificial intelligence, and the presentation of *Regards sur l'innovation*, a day of conferences focusing on emerging digital technologies, we are continuing to foster ties with the tech community. Radio-Canada also signed a partnership agreement with the Institute for Data Valorization (IVADO) to promote young researcher participation in its projects in advanced audience metrics, helping to facilitate the recruitment of highly qualified data-science resources.

Céline Galipeau, host of *Le Téléjournal 22h*. ©ICI RDI

[26] Rad has an organic reach of more than 20 million people and an average engagement rate of 8%.
[27] Source: Numeris, Portable People Meter (PPM), persons aged two years and older. Monday to Friday for the regular TV broadcast year.

RADIO-CANADA 2017-2018 RESULTS

INDICATORS	MEASUREMENTS	RESULTS 2016-2017	TARGETS 2017-2018	RESULTS 2017-2018	PERFORMANCE AGAINST TARGET	TARGETS 2018-2019
Radio						
ICI RADIO-CANADA PREMIÈRE and ICI MUSIQUE	*All-day audience share*[28]	23.3%	22.9%	**24.4%**	●	23.7%
Television						
ICI RADIO-CANADA TÉLÉ	*Prime-time audience share*[29]	20.9%	20.2%	**22.7%**	●	21.8%
ICI RDI, ICI ARTV, ICI EXPLORA	*All-day audience share*[30]	4.8%	4.6%	**4.7%**	●	4.4%
Regional						
ICI RADIO-CANADA PREMIÈRE	*Morning show audience share*[28]	18.7%	19.0%	**21.6%**	●	19.5%
Téléjournal 18h	*Average minute audience*[30]	324 K	320 K	**356 K**	●	330 K
ICI Radio-Canada.ca Regional Offering	*Monthly average unique visitors*[31]	1.4 M	1.5 M	**1.9 M**	●	N/A[32]
Digital						
Radio-Canada Digital Offering	*Monthly average unique visitors*[33]	3.8 M	4.0 M	**4.1 M**	●	4.1 M
Revenue[34]						
Conventional, specialty, online		$211 M	$207 M	**$218 M**	●	$215 M

N/A = not applicable or not available

● Target met or exceeded ● Target partially met ○ Target not met

Our performance metrics are evolving as the media industry continues to undergo a digital transformation. Canadians consume media content on multiple devices (e.g. smartphones, tablets, smart TVs) from an ever-growing array of content providers. As media consumption habits change, audience measurement suppliers and the Corporation are refining methodologies and introducing new measurement technologies to ensure the accuracy and completeness of data gathered. Since some of these data are used to measure our strategic and operational performance, we may be required to make adjustments to targets and historical results to enhance comparability of the data.

Radio

The combined all-day audience share of ICI PREMIÈRE and ICI MUSIQUE reached a new record level, surpassing the target for the year. Building on last year's successes, our schedule retained loyal listeners while efforts to attract new listeners with original programming enabled us to make gains across our radio markets.

Television

ICI RADIO-CANADA TÉLÉ recorded its best prime-time audience share since the launch of the measure by Numeris in 2004. While the industry continues to experience declines in conventional TV audiences, we succeeded again this year to attract audiences' attention and increase our market share. This growth in viewership can be attributed to both returning top performers, such as *District 31*, *Tout le monde en parle* and *En direct de l'univers*, and new drama series such as *Hubert et Fanny*, *Cheval-Serpent* and *Olivier*. During the winter, our new variety show *1res fois*, an original Canadian format hosted by audience favourite Véronique Cloutier, saw viewership grow weekly and led its time slot.

[28] Source: Numeris, fall survey (diary), Francophones in Quebec, aged 12 years and older. Morning show: Monday-Friday, 6:00–9:00 AM.
[29] Source: Numeris, Portable People Meter (PPM), Francophones in Quebec, aged two years and older, ICI RADIO-CANADA TÉLÉ regular season (September to March).
[30] Source: Numeris, Portable People Meter (PPM), Francophones in Quebec, aged two years and older, April to March.
[31] Source: comScore Media Metrix, unique visitors, desktops (aged two years and older) and mobile devices (aged 18 years and older), April to March.
[32] This measurement will continue to be monitored internally but is not a Key Performance Indicator in 2018-2019.
[33] Source: comScore Media Metrix, unique visitors, desktops (aged two years and older) and mobile devices (aged 18 years and older), April to March. Radio-Canada digital offering: ICI.Radio-Canada.ca, ICI.Tou.tv, ICIMusique.ca, RCInet.ca, ICI.ARTV.ca, ICI.EXPLORAtv.ca and Rad.
[34] Includes advertising revenue, subscription revenue and other revenue (e.g. content distribution). Our target for 2017-2018 excludes PyeongChang 2018 Olympic Winter Games revenue.

On specialty channels, our combined audience share of 4.7% finished the year above target. ICI RDI's performance was driven by the coverage of unprecedented floods in Quebec, and international climatic events throughout the spring and summer. Local elections in Quebec and Montreal's 375th anniversary also helped achieve strong audiences. ICI ARTV's performance was particularly strong during the winter, with the return of the nostalgia series *Le temps d'une paix* and the premiere TV broadcast of the digital drama *Fatale-Station*. ICI EXPLORA maintained its audience share, thanks to the return of shows closely associated with the brand such as *Sexplora* and *Les aventures du Pharmachien*.

Regional

Regional morning radio show results exceeded target, with ICI PREMIERE ranking first in three markets.[35]

The weekly supper-hour newscasts exceeded target and last year's result, with out-of-Montreal markets performing particularly well this year.

Digital

More and more Canadians use Radio-Canada's digital properties as their destinations for compelling and diverse content. Our digital platforms achieved a monthly average of 4.1 million unique visitors.[36] A revamped mobile-friendly Radio-Canada.ca, with innovative and distinct regional content, also contributed to these results. 65% of unique visitors accessed our digital content with their mobile devices, an increase from 53% last year.[36] Both all-property and regional reaches surpassed targets in 2017-2018.

Revenue

Although operating in a challenging advertising market for traditional media, Radio-Canada managed to significantly grow self-generated revenue and exceeded target. Advertisers increased their spending on ICI RADIO-CANADA TÉLÉ by 5% over the past year, while our digital properties grew advertising revenue by 18%.[37] These impressive results are mainly due to our strong media performance, which enabled us to reach higher volume of impressions on both television and digital screens.

Infoman. ©ICI Radio-Canada

[35] Source: Numeris, fall survey (diary), Francophones in Quebec aged 12 years and older. Morning show: Monday-Friday, 6:00-9:00 AM.
[36] Source: comScore Media Metrix, unique visitors, desktops (aged two years and older) and mobile devices (aged 18 years and older), April to March. Radio-Canada digital offering: Radio-Canada.ca, ICI.Tou.tv, ICIMusique.ca, RCInet.ca, ICI.ARTV.ca, ICI.EXPLORAtv.ca, Rad.ca.
[37] Our target for 2017-2018 excludes PyeongChang 2018 Olympic Winter Games revenue.

MEASURING OUR CANADIAN CONTENT

Regulatory requirements for Canadian content on television are specified by the Canadian Radio-television and Telecommunications Commission (CRTC), which sets conditions of license for ICI RADIO-CANADA TÉLÉ and CBC Television. As shown in the table below, in the current broadcast year-to-date and in the previous full broadcast year, ICI RADIO-CANADA TÉLÉ and CBC Television exceeded the CRTC's Canadian content conditions of license, both over the whole day and in prime time.

	YEARLY CONDITIONS OF LICENSE	RESULTS SEP 1, 2015 TO AUG 31, 2016	RESULTS SEP 1, 2016 TO AUG 31, 2017	PERFORMANCE AGAINST CONDITIONS
ICI RADIO-CANADA TÉLÉ				
Broadcast day	75%	84%	**82%**	●
Prime time	80%	94%	**96%**	●
CBC Television				
Broadcast day	75%	84%	**81%**	●
Prime time	80%	85%	**87%**	●

● Conditions met or exceeded ○ Conditions not met

ADDITIONAL REPORTING

We continue to report to parliament and Canadians through this report and our Corporate Plan Summary; to the CRTC through regulatory filings and licence renewals; and to Canadians through proactive disclosure of expenses and salaries and Access to Information, as well as over 15 reports and reviews on our website, including examinations by the Auditor General of Canada.

This is how CBC/Radio-Canada demonstrates to Canadians that it is managing its resources effectively and delivering what it has promised. The Government of Canada's additional funding will provide the public broadcaster with the means to better face current and future challenges and pursue its own transformation to a new media environment. This reinvestment in CBC/Radio-Canada is all about creating more of the content that Canadians want and ensuring it is easy to find on platforms that are reliable, robust and intuitive. We look forward to sharing our progress with Canadians in the years ahead.

Canada Day 2017 in Vancouver. ©CBC/Radio-Canada

LOOKING AHEAD

After a year of milestones, celebrations, reflections and transformations, CBC and Radio-Canada are starting the year on new footing: embracing digital changes, focusing on local news and stories and Canada's diverse communities, and transforming our news and current affairs offering. Major changes to CBC's *The National* will contribute to that priority. Radio-Canada also further propelled its digital shift, expanding and intensifying coverage of local, national and international issues.

Our priorities in 2018-2019 include:

Digital and Multiplatform/Multiscreen: CBC will continue to pursue digital transformation through a multi-year strategy led by a focus on increasing audience reach and engagement and building a stronger relationship with Canadians through understanding their digital preferences and behaviours. Radio-Canada will evolve the most effective multiplatform offering, multiplying opportunities for engaging programs to satisfy the appetites of our various audiences. We will continue to grow ICI TOU.TV and ICI TOU.TV EXTRA. To increase engagement with current and future audiences, we will implement customized relationship marketing strategies based on audience insights, artificial intelligence (AI) and behavioural analysis.

Events: CBC and Radio-Canada will continue to collaborate to build multiplatform signature events that bring Canadians together. The next JUNO Awards, New Year's Eve broadcasts, Canadian Screen Awards and local elections will continue to be featured. Radio-Canada will also renew its *Viva Culture* holiday season programming late in the year, including perennial favourite *Bye bye*.

Canadian Entertainment: ICI ARTV will renew its offering, aligned with new positioning, and with culture still at the heart of the channel's mission. Radio-Canada will increase its regional, social and cultural programming and will build on 2017-2018's focus on Canada's Indigenous communities through more original content created and produced by Indigenous programmers and distributed across all platforms. CBC will continue to grow our audience on all platforms by offering high-performance dramas, factual series and documentaries that appeal to a wide range of audiences and by building on our strong comedy slate.

Sports: On the heels of another sucessful year as the official Olympic and Paralympic broadcaster, we will continue to be a world-class home for high-performance and Olympic sports on traditional and digital broadcast. CBC will continue to nurture pioneering partnerships with Canadian sports organizations, and Radio-Canada will continue its digital offensive, leveraging all platforms to report sport news, share unique stories of Canada's athletes and broadcast live amateur sport competitions.

News and Regions: Radio-Canada will drive the news and current affairs digital shift, highlighting relevant content and leveraging innovative formats, while ensuring our product offering and platforms keep pace with evolving technology. We will also support *Espaces autochtones* to give its stories more exposure across all of our platforms and increase resources in Western Canada to enhance coverage of Indigenous issues. CBC News will continue to deliver quality storytelling and inform Canadians through fearless and independent reporting, increasing local service provided to Canadians by extending our coverage and impact, and improving our emergent digital storytelling, such as through Virtual Reality. CBC will complete the evolution of the newly re-launched *The National* as both a flagship evening newscast and a digital and social enterprise.

Radio and Audio: CBC Radio will reach out to more Canadians across more platforms with relevant and meaningful content, and will build on the diversity of our offerings and showcase Canadian music through reoccurring high-profile events such as the JUNO Awards. We will consolidate our music, talk and podcast offerings on one platform to provide Canadians with a seamless experience. Radio-Canada will continue to deliver the digital audio strategy by offering high-quality on-demand audio content optimized for multiple devices and created in-house. It will expand the ICI *Espaces autochtones* radio show into a video version to be live-streamed on social media.

We remain committed to transparency and accountability and we will continue reporting on our performance.

PEOPLE AND CULTURE

OUR WORKFORCE

As of March 31, 2018, we employed a total of 7,444 full-time equivalent employees (FTEs), of whom 6,377 were permanent, 432 were temporary and 635 were contract. This is a decrease of 111 FTEs when compared to March 31, 2017.

As required by the *Employment Equity Act*, we are committed to providing equal employment opportunities to the four designated groups while ensuring that our diversity and inclusion efforts strive to include a range of faces, voices, experiences and perspectives in our content and workplace.

Breakdown of designated groups as of March 31, 2018:
- 48.9% were women
- 2.1% were Indigenous people
- 2.5% were persons with disabilities
- 12.2% were visible minorities

YEAR IN REVIEW

CULTURE CHANGE

Since 2015, we have been deliberately shifting our workplace culture to drive better business performance through high-quality conversations, a focus on strengths and more productive relationships.

LABOUR RELATIONS

Negotiations between the Corporation and the Syndicat des communications de Radio-Canada (SCRC - CSN) continue. The agreement will be the first for the newly merged union, which represents nearly 3,000 CBC/Radio-Canada employees in the province of Quebec and in Moncton.

ENGAGEMENT

We hosted values workshops across the country to engage our people in conversations about our corporate values of integrity, relevance, creativity and inclusiveness and how to bring them to life every day. We also partnered with the Canadian Media Guild (CMG) to extend our strength-based performance management program to all its members. For the second straight year, our employee engagement survey saw meaningful year-over-year increases on all results, as well as record high participation, team-based conversations and action planning.

LEADERSHIP

We piloted a new leadership program with senior executives to develop a more creative, outcome-focused leadership stance as a way of transforming our leadership culture. CBC also launched a second cohort of the Diverse Emerging Leaders program, a program designed to specifically address the needs and support the development of talented visible minorities, Indigenous people and people with disabilities.

STRATEGY 2020 PERFORMANCE METRICS

PEOPLE INDICATORS	RESULTS 2016-2017	TARGETS 2017-2018	RESULTS 2017-2018	PERFORMANCE AGAINST TARGET	TARGETS 2018-2019	TARGETS 2020
Employee Engagement (% proud to be associated)	82.0%	84.0%	85.0%	●	87.0%	90.0%
Employee Diversity (% of new employees)	23.0%	23.2%	27.8%	●	25.4%	23.2%

● Target met or exceeded ● Target partially met ○ Target not met

Refer to the Accountability Plan *section for explanations about our People results this year.*

OUTLOOK

Looking forward, we will conduct our fourth employee engagement survey in partnership with Gallup. We will enable the transformation to the public broadcaster of the future, further our efforts for an inclusive and diverse high-performance workforce, and encourage a culture that is strength-based, values driven, engagement-oriented and outcome-focused.

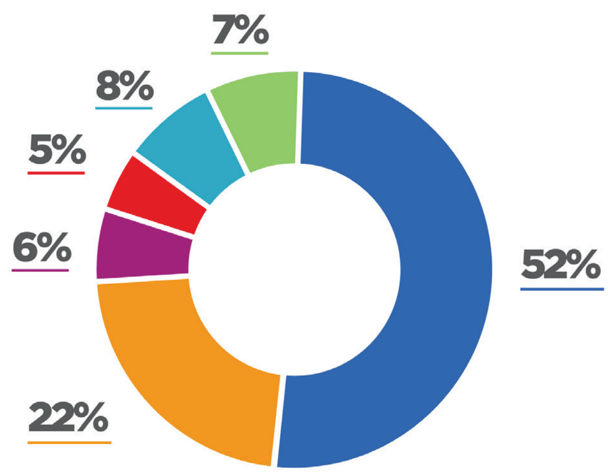
TECHNOLOGY AND INFRASTRUCTURE

OUR ASSETS

With 58 content production sites, the largest broadcast transmission network in the world (739 radio transmitters and 27 digital television transmitters distributed across 525 sites), and a real estate portfolio of 3.8 million square feet, CBC/Radio-Canada has a large portfolio of capital assets that is valued at $2.3 billion (with a net book value of $777 million) as at March 31, 2018.

CBC/Radio-Canada has a base capital appropriation from the Government of Canada of $92.3 million per year. In 2017-2018, we added to this amount by transferring an additional $15.5 million from our operating appropriation to satisfy payments on bonds used to finance the Canadian Broadcast Centre in Toronto. As required by subsection 54(4) of the *Broadcasting Act*, we present our capital budget to the Minister of Canadian Heritage in our Corporate Plan and then submit it to the government for approval.

OUR INFRASTRUCTURE COSTS BY ASSET TYPE



- Technical equipment ($1,190M, 52%)
- Buildings ($499M, 22%)
- Land ($133M, 6%)
- Leasehold improvements and capital projects in progress ($112M, 5%)
- Intangibles ($192M, 8%)
- Other ($156M, 7%)

YEAR IN REVIEW

The construction of the new Maison de Radio-Canada (MRC) in Montreal is scheduled to be completed by 2020. The project is accelerating the replacement of our legacy infrastructure with new technologies, part of our strategic technology objectives.

The modernization of the Corporation's real estate continued to move ahead with the inauguration of CBC Calgary's new station in October 2017, where our real estate footprint was reduced by 40,000 square feet. The Bell Road building in Halifax was also sold.

In 2017, CBC/Radio-Canada began producing the local TV newscasts of four regions – Edmonton, Calgary, Regina and Charlottetown – out of new production hubs in Toronto, Ottawa and Vancouver. Technological advancements have allowed us to produce remotely two or more newscasts happening in different time zones. The Corporation also began the multi-year roll out of its new Media Asset Management System, enabling content creators to quickly and easily find, retrieve and share past and current content across services, departments and regions; this is vital to our digital-first content creation and distribution strategy. The digitization of the Corporation's substantial physical audio, video and film archives – over a million objects – is now underway with 2 million or more hours worth of content to be digitized by 2023-2024, preserving CBC/Radio-Canada's heritage collections.

STRATEGY 2020 PERFORMANCE METRICS

TECHNOLOGY AND INFRASTRUCTURE INDICATOR	RESULT 2016-2017	TARGET 2017-2018	RESULT 2017-2018	PERFORMANCE AGAINST TARGET	TARGET 2018-2019	TARGET 2020
Reduce real estate footprint (million of rentable square feet)	3.9	3.8	3.8	●	3.7	2.0

● Target met or exceeded ● Target partially met ○ Target not met

Refer to the Accountability Plan *section for explanations about our Technology and infrastructure results this year.*

OUTLOOK

We will continue to modernize technical assets to meet audience expectations, improve workflows, enhance employee and team collaboration, and reduce costs associated with ageing technical infrastructure. We will continue to look for opportunities to reduce our real estate footprint, thereby reducing our total cost of occupancy and real estate risk in the coming year. The move into the new Maison de Radio-Canada (MRC) in 2020 will represent a major step forward in the implementation of the new workplace solution standard.

FINANCIAL SUSTAINABILITY

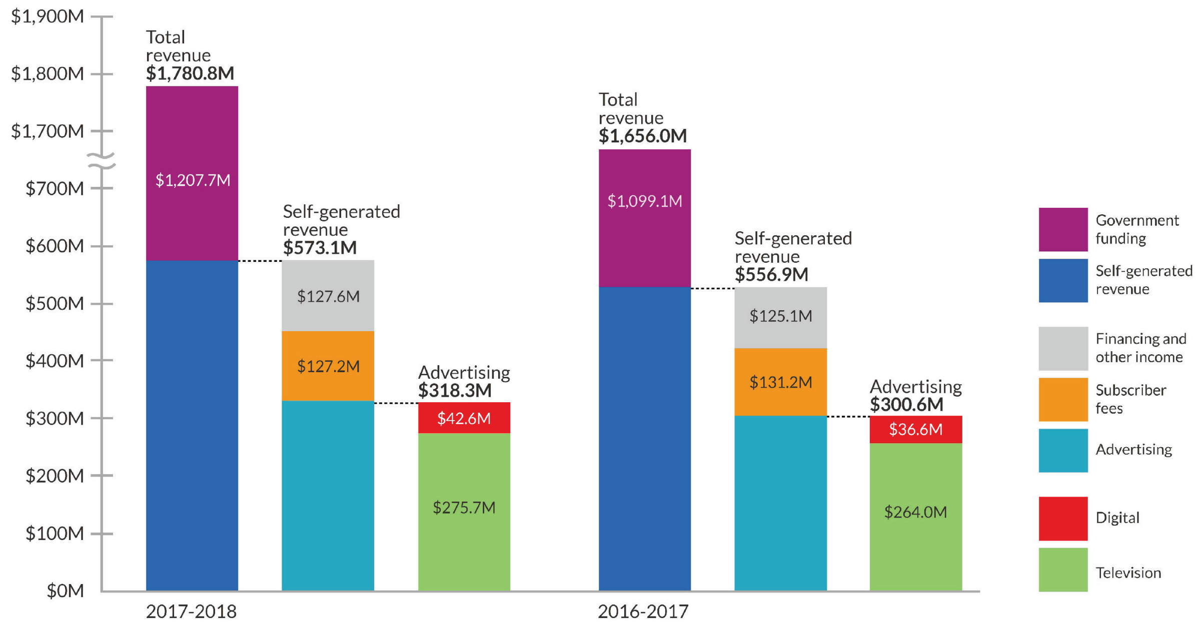
CBC/Radio-Canada is at an important juncture and we need a new financial model to support culture in Canada. While CBC and Radio-Canada outperformed the conventional TV advertising market this year, the long-term prospects of the advertising market remain a concern. Advertising revenue from conventional TV will continue to be under pressure in the long run as advertisers continue to shift money to the big digital players and the competition for quality content around the globe remains fiercer than ever.

CBC/Radio-Canada needs to build its future on strong, stable and multi-year funding to be able to serve the interests of its audiences and support Canadian culture.

While the section below describes our current mixed funding model, we believe an ad-free model would help us better achieve our mandate and financial sustainability goal.

REVENUE AND OTHER SOURCES OF FUNDS

We have four sources of direct funding: government appropriations for operating and capital expenditures, advertising revenue, subscriber fees, and financing and other income.



Government funding (68% of sources in 2017-2018): Government funding of $1,208 million was recognized during the year, including $93.5 million of amortization of deferred capital funding. In March 2016, the federal government announced an important reinvestment in CBC/Radio-Canada: an additional $75 million in 2016-2017 and $150 million per year thereafter on an ongoing basis. In addition, we received salary funding of $34.1 million this year for 2016-2017 and 2017-2018.

Advertising revenue (18% of sources in 2017-2018): This includes both ongoing and events-driven sales of advertising on our conventional television channels, specialty television channels and other platforms. Advertising revenue driven by events can have a material impact on the Corporation's self-generated revenue. This year's revenue benefited from our broadcast of the PyeongChang 2018 Olympic Winter Games.

Ongoing advertising revenue is decreasing as a proportion of our self-generated revenue and sources of funds mainly due to the increase in government funding and as a result of the market's shift away from conventional advertising platforms. Despite being a rising source of self-generated revenue, digital advertising growth is not significant enough to offset the decline observed in TV advertising.

Subscriber fees (7% of sources in 2017-2018): Fees from our specialty services: CBC News Network, *documentary*, CBC TV App, ICI EXPLORA, ICI ARTV, ICI RDI, the new ICI TOU.TV EXTRA premium package and Curio.ca. Subscriber fees are experiencing downward pressure from the continuing cord-shaving trend and the effects of recent regulatory changes enacted by the CRTC (affordable basic TV package, small TV packages, and pick-and-pay TV channels).

Financing and other income (7% of sources in 2017-2018): Includes both ongoing and events-driven income from activities such as the rental of real estate assets, content sales, leasing of space at our transmission sites, host broadcasting sports events such as Olympic Games or World Championships and contributions from the Canada Media Fund.

FINANCIAL CONDITION, CASH FLOWS AND LIQUIDITY

We rely on parliamentary appropriations and the cash generated from commercial operations to fund our operating activities and our capital needs in an environment highly dependent on technology. Specifically, our main sources of liquidity are parliamentary appropriations for operating, capital and working capital requirements, and self-generated revenue such as the sale of advertising on our various platforms. Our cash flows from operating, investing and financing activities for the year are summarized below.

Our cash balance at March 31, 2018 was $96.0 million, compared to $131.1 million on March 31, 2017.

CASH POSITION

	For the year ended March 31		
	2018	2017	% change
Cash - beginning of the year	**131,062**	**156,465**	**(16.2)**
Changes in the year			
Cash from operating activities	17,564	5,111	N/M
Cash used in financing activities	(55,231)	(57,226)	3.5
Cash from investing activities	2,583	26,712	(90.3)
Net change	(35,084)	**(25,403)**	**(38.1)**
Cash - end of the year	95,978	**131,062**	**(26.8)**

N/M = not meaningful

Cash from operating activities

Cash from operating activities includes cash inflows from our drawdowns of parliamentary appropriations for operating expenditures and working capital.

Cash from operating activities was $17.6 million this year, an increase of $12.5 million compared to last year. Cash from operations is impacted each year by fluctuations in working capital. This increase in cash from operations was due to the availability of additional government funding. Partly offsetting this was a decrease in available cash due to higher advertising receivables following the broadcast of the PyeongChang 2018 Olympic Winter Games.

Cash used in financing activities

Cash outflows for financing activities were stable at $55.2 million, a decrease of $2.0 million compared to last year. Cash outflows for financing activities presented above relate primarily to the following:

- Interest payments of $22.3 million (2016-2017: $24.6 million);
- Repayments of the Broadcast Centre Trust bonds of $15.5 million (2016-2017: $14.4 million);
- Payments of notes payable of $7.1 million (2016-2017: $6.8 million); and
- Payments to meet obligations under finance leases of $10.3 million (2016-2017: $11.5 million).

Cash from investing activities

Cash from investing activities includes cash from our drawdowns of parliamentary appropriations for capital expenditures.

Investing activities generated cash of $2.6 million this year, compared to $26.7 million in 2016-2017. This reduction is due to new cash outflows this year because we invested in Canada Mortgage Bonds to hold funds for the development of the new Maison de Radio-Canada (MRC) and other operational requirements.

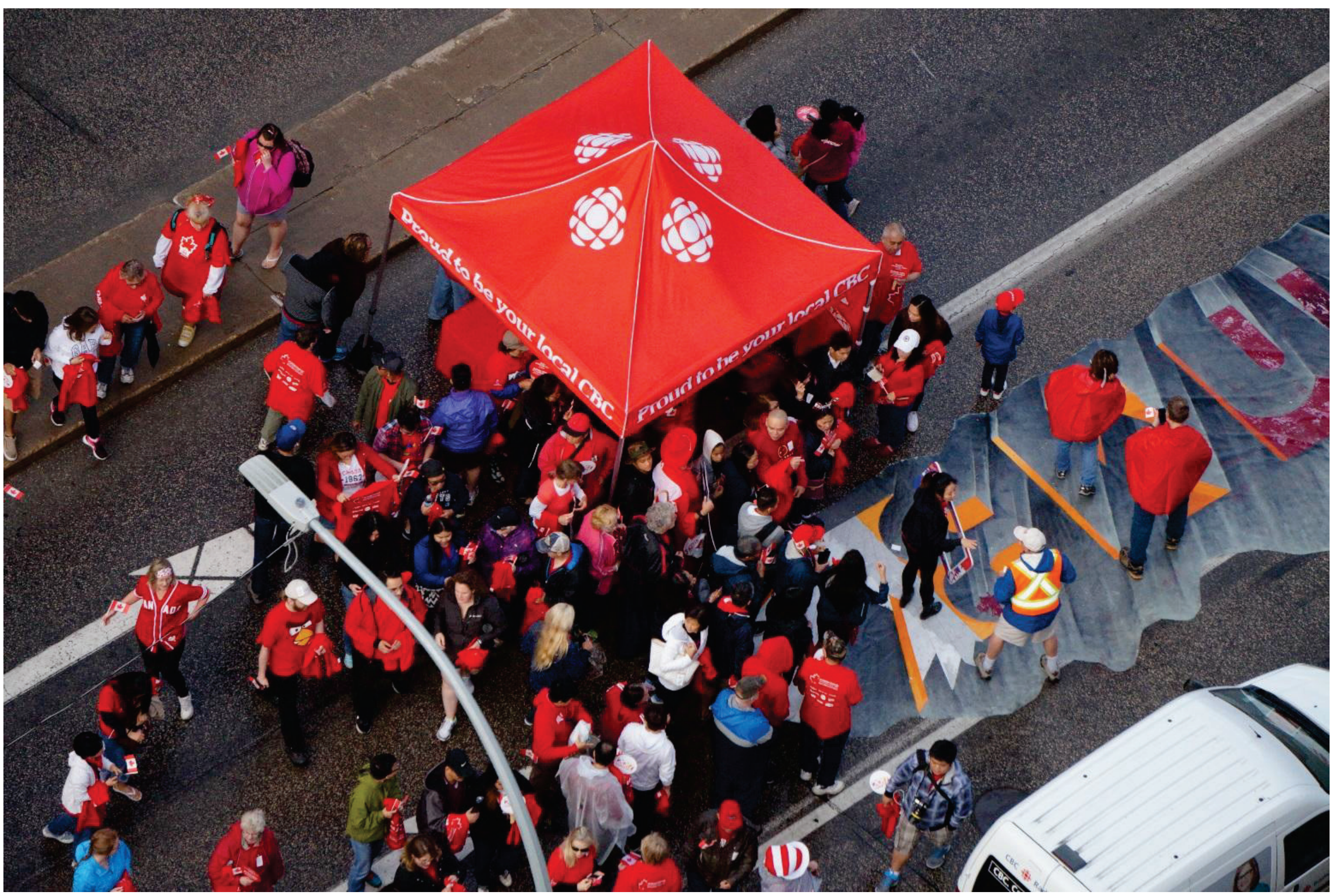
BORROWING PLAN

The *Broadcasting Act*, section 46.1, confers on CBC/Radio-Canada the authority to borrow up to $220.0 million, or such greater amount as may be authorized by parliament, subject to approval of the Minister of Finance. Section 54.(3.1) of the Act requires that our borrowing plan be included in our Corporate Plan. Borrowing to meet working capital purposes is prohibited.

When we sold long-term accounts receivable in 2009 as part of our Financial Recovery Plan, which addressed the impact of the global economic slowdown and declining television advertising revenue, we provided a guarantee to investors to obtain the best possible value for selling the receivables. This guarantee was deemed to be borrowing. The outstanding amounts against the borrowing authority are as follows:

Total borrowing authority available:	220,000
Authority used as at March 31, 2018:	
Guarantee on accounts receivable monetization	(106,491)
Remaining authority	**113,509**

Under the *Broadcasting Act*, section 47.(1), we are an agent of the Crown and therefore have the constitutional immunities, privileges and prerogatives that are enjoyed by the Crown. The Crown is also fully liable and financially exposed for all our actions and decisions while we are operating within our mandate. Therefore, our assets and liabilities are the assets and liabilities of the Government of Canada.



Canada Day 2017 in Winnipeg. ©CBC/Radio-Canada

YEAR IN REVIEW – OUR RESULTS

RESULTS UNDER IFRS AND ON A CURRENT OPERATING BASIS

The following analysis provides a more detailed discussion of our financial performance.

	For the year ended March 31		
	2018	2017	% change
Revenue	573,075	556,920	2.9
Government funding	1,207,749	1,099,085	9.9
Expenses	1,830,896	1,724,411	6.2
Results before other gains and losses	(50,072)	(68,406)	**26.8**
Other gains and losses	37,508	(2,362)	N/M
Net results under IFRS for the year	(12,564)	**(70,768)**	**82.2**
Items not generating or requiring funds from operations			
Pension and other employee future benefits	52,492	51,066	2.8
Depreciation, amortization and decommissioning expenses, net of amortization of deferred capital funding	22,412	22,358	0.2
Other provisions for non-cash items	(13,646)	(24,927)	45.3
Results on a Current Operating Basis[1]	**48,694**	**(22,271)**	**N/M**

N/M = not meaningful

[1] Results on a Current Operating Basis is a non-IFRS measure. An explanation of Results on a Current Operating Basis is provided below.

Net results under IFRS for the year

Net results under IFRS for the year were a loss of $12.6 million, an improvement of $58.2 million (↑ 82.2%) relative to last year. Our results improved due to:

- Higher government funding by $108.7 million (↑ 9.9%). Parliamentary appropriations for operating expenditures increased by a further $75.0 million this year in accordance with the second year of the government's reinvestment in the public broadcaster. In addition, we received salary funding of $34.1 million this year for 2016-2017 and 2017-2018.
- A gain of $37.5 million, mostly reflecting a $54.5 million total gain from the sale of our interest in SiriusXM Canada Holdings Inc. (SiriusXM), partly offset by an $8.0 million non-cash loss on our disposal of the Maison de Radio-Canada (MRC) premises in Montreal and a $4.8 million loss from the write-down of software development costs.
- Higher revenue by $16.2 million (↑ 2.9%), mainly driven by growth in our advertising revenue on TV and on our digital platforms as we broadcast the PyeongChang 2018 Olympic Winter Games and Radio-Canada outperformed the Francophone advertising market throughout the year.

Partly offsetting these increases were higher expenses by $106.5 million (↑ 6.2%) consistent with our commitment to continue investing in original content, digital capabilities and local services.

Further discussion on our revenue and expenses is included on the following pages.

Results on a Current Operating Basis

CBC/Radio-Canada defines Results on a Current Operating Basis as net results under IFRS less the adjustments for non-cash expenses that will not require operating funds within one year and non-cash revenues that will not generate operating funds within one year. This measure is similar to that used by management to help monitor performance and balance the Corporation's budget with parliamentary appropriations. We believe this measure provides useful complementary information to readers, while recognizing that it does not have a standard meaning under IFRS and will not likely be comparable to measures presented by other companies.

Adjustments include the elimination of non-cash pension and other employee future benefit costs, which represent the excess of the IFRS expense over the actual cash contribution for the year. Adjustments are also made for other non-cash items such as the depreciation, amortization and decommissioning of capital assets; the amortization of deferred capital funding; and non-budgetary annual leave. Other less significant items not funded or generating funds in the current period, primarily employee-benefit-related, are adjusted for in the reconciliation to Results on a Current Operating Basis.

The gain on a Current Operating Basis of $48.7 million this year was an increase of $71.0 million relative to last year. This increase is consistent with higher IFRS results as summarized above.

REVENUE

	For the year ended March 31		
	2018	2017	% change
Advertising			
English Services	178,103	167,913	6.1
French Services	140,179	132,678	5.7
	318,282	300,591	5.9
Subscriber fees			
English Services	68,016	71,574	(5.0)
French Services	59,194	59,671	(0.8)
	127,210	131,245	(3.1)
Financing, investment and other income			
English Services	51,736	55,514	(6.8)
French Services	28,480	27,533	3.4
Corporate Services	47,367	42,037	12.7
	127,583	125,084	2.0
TOTAL	**573,075**	**556,920**	**2.9**

Our self-generated revenue increased by $16.2 million (↑ 2.9%), as described below.

ADVERTISING (↑ 5.9%)

Our advertising revenue depends on the different events of significant importance we cover throughout the year, the overall health of the advertising market and the success of our programming schedule.

The $17.7 million increase in advertising revenue this year resulted from:

EVENTS

Advertising revenue from events was higher this year due to our broadcast of the PyeongChang 2018 Olympic Winter Games. Last year's advertising results included less revenue from broadcasting the Rio 2016 Olympic Games during the summer.

ONGOING ACTIVITIES

Higher advertising revenue from our ongoing activities (↑ 2.7%) mostly as a result of:

- Radio-Canada outperforming the Francophone advertising market, with the total market close to flat this year; and
- Growth in our digital advertising revenue with digital video benefiting from higher audiences due to the number of significant news stories, and higher programmatic sales (automated sales of digital advertising).

The increases this year were partly offset by the persistent softness of TV advertising in our English markets. While CBC performed better than the market, its overall TV advertising revenue from ongoing activities decreased in 2017-2018.

SUBSCRIBER FEES (↓ 3.1%)

Our subscriber revenue is driven by the rates for our specialty channels and the size of our subscriber base, which has declined when compared to the prior year due to the adverse effects of the cord-shaving trend affecting the cable industry.

Our subscriber revenue decreased by $4.0 million (3.1%) relative to last year. The main changes by specialty channel are highlighted below:

- CBC News Network, ICI RDI and ICI ARTV's revenue decreases resulted from subscriber base declines this year.
- ICI TOU.TV EXTRA's revenue increased this year due to the continuous growth of its subscriber base, reflecting the success of this digital platform.

FINANCING, INVESTMENT AND OTHER INCOME (↑ 2.0%)

Financing, investment and other income depends on the different events and transactions throughout the year as it includes production revenue from host broadcasting services and revenue from the sale of content. It also reflects revenue from our rentals, sponsorships and retransmission rights. More information about our revenue streams is provided in note 22 Revenue of our Consolidated Financial Statements.

The $2.5 million (2.0%) increase in financing, investment and other income this year resulted from:

EVENTS	ONGOING ACTIVITIES
Other income from events decreased this year as licensing revenue generated from the PyeongChang 2018 Olympic Winter Games was lower than last year's licensing revenue from the Rio 2016 Olympic Games.	Financing, investment and other income arising from our ongoing activities increased by 3.9% this year mostly due to: • Additional retransmission rights received in the first half of 2017-2018; and • Higher production revenue mostly from host broadcasting sports events this year such as the World Artistic Gymnastics Championships last fall. In addition, we generated higher revenue this year from renting facilities to independent producers. These increases were partly offset by lower content sales and rental revenue this year.

Canada Day 2017 in Toronto. ©CBC/Radio-Canada

OPERATING EXPENSES

	For the year ended March 31		
	2018	2017	% change
Television, radio and digital services costs			
English Services	982,189	922,338	6.5
French Services	747,870	701,063	6.7
	1,730,059	1,623,401	6.6
Other operating expenses			
Transmission, distribution and collection	68,165	67,879	0.4
Corporate management	9,690	9,964	(2.7)
Payments to private stations	167	623	(73.2)
Finance costs	22,815	25,907	(11.9)
Share of results in associate	-	(3,363)	100.0
	100,837	101,010	(0.2)
TOTAL	**1,830,896**	1,724,411	6.2

Our total operating expenses increased by $106.5 million (6.2%) compared to last year, with the main variances noted below.

TELEVISION , RADIO AND DIGITAL SERVICES COSTS (↑6.6%)

Television, radio and digital services costs depend on the different events of importance we cover throughout the year and on our ongoing programming schedule. They represent the costs we incur in relation to the production of our programs, including the cost of our technical labour and facilities.

The 6.6% ($106.7 million) increase in Television, radio and digital services costs resulted from:

EVENTS

Event-related expenses were lower by 3.1% despite both years including programming rights and production costs to broadcast Olympic Games. This decrease in expenses was driven by various costs reduction initiatives.

ONGOING ACTIVITIES

Our ongoing operating costs increased this year, primarily as we used the additional government funding received to continue investing in original content and further our digital capabilities.

- Programming – additional costs as we broadcast more original content this year, mostly related to Canada 150 and Montreal's 375th across our various platforms. We also incurred additional expenses for host broadcasting sports activities.
- Technical capabilities –we continued to invest in our digital infrastructure as we digitize our archives and support new initiatives throughout the year.
- Local services –higher expenses across our platforms, particularly in relation to Canada 150. Costs were also incurred this year to preserve CBC North's historic Indigenous programs and to launch the London station.
- Other – additional costs incurred to promote Canada 150 and Montreal's 375th programming activities and to support various initiatives such as the creation of a Values and Ethics office.

OTHER OPERATING EXPENSES (↓0.2%)

Other operating expenses include costs related to the broadcasting of the Corporation's programs ("transmission, distribution and collection" and "payments to private stations"), corporate management costs, finance costs and the recognition of our share in the results of SiriusXM.

Other operating expenses decreased by $0.2 million (0.2%), mostly as a result of lower **finance costs** by $3.1 million (11.9%) consistent with our expectations, and reduced costs in different areas of the business. Partly offsetting these decreases was the absence of income from our **share of results in associate**. Refer to Other Gains and Losses on the next page for more details.

GOVERNMENT FUNDING

	For the year ended March 31		
	2018	2017	% change
Parliamentary appropriations for operating expenditures	1,110,262	1,002,307	10.8
Parliamentary appropriations for working capital	4,000	4,000	-
Amortization of deferred capital funding	93,487	92,778	0.8
TOTAL	**1,207,749**	1,099,085	9.9

Parliamentary appropriations for operating expenditures *are recognized based on our working capital requirements voted by parliament.*

Capital funding is recorded as ***deferred capital funding****. It is amortized and recognized as revenue over the same periods as the related property, equipment and intangible assets are used in CBC/Radio-Canada's operations.*

Parliamentary appropriations for operating expenditures increased by $108.0 million (↑ 10.8%) in 2017-2018. This is consistent with the additional $75 million in government funding received as base operating funding in 2017-2018. This reinvestment in CBC/Radio-Canada by the federal government was announced in March 2016. In addition, we received salary inflation funding of $34.1 million for 2016-2017 and 2017-2018 in 2017-2018.

OTHER GAINS AND LOSSES

	For the year ended March 31		
	2018	2017	% change
Gain on sale of shares	54,462	-	N/M
Loss on disposal of property and equipment and intangibles	(16,954)	(2,362)	N/M
TOTAL	**37,508**	(2,362)	N/M

N/M = not meaningful

Other gains and losses reflect items that are not considered to be reflective of the standard activities of the Corporation such as the sale of an investment.

The gain on sale of shares resulted from selling our remaining interest in SiriusXM following its privatization in May 2017. The sale was completed at $4.50 a share, resulting in net proceeds of $57.6 million and a gain of $54.5 million.

The loss on disposal of property and equipment and intangibles of $17.0 million was due to:

- A non-operating loss of $8.0 million from the remeasurement of assets sold during the disposal of our Maison de Radio-Canada premises in Montreal; refer to Note 14 of our audited Consolidated Financial Statements for information pertaining to the disposal;
- The write-down of software development costs of $4.8 million;
- The replacement of several components of the Toronto Broadcast Centre building; and
- The sale of a property in Halifax (Nova Scotia).

Last year, the loss on disposal of property and equipment and intangibles of $2.4 million was due to asset retirements and impairment losses on assets held for sale.

TOTAL COMPREHENSIVE INCOME (LOSS)

	For the year ended March 31		
	2018	2017	% change
Net results for the year	(12,564)	(70,768)	82.2
Other comprehensive income			
Remeasurements of defined benefit plans	98,187	169,696	(42.1)
Total comprehensive income for the year	**85,623**	**98,928**	**(13.4)**

Remeasurements of defined benefit plans are driven by significant non-cash fluctuations in our pension plan's obligations and assets that occur when actual results or interest rates differ from our actuarial assumptions. We recognize these movements immediately in other comprehensive income each year.

Total comprehensive income recognized this year was $85.6 million, compared to $98.9 million in the prior year. In addition to net results, total comprehensive income includes remeasurements of pension plan values as defined above.

A gain of $98.2 million was recognized this year on remeasurements of defined benefit plans as a result of a higher return on plan assets than estimated in our actuarial assumptions. This gain was partly offset by a loss on the defined benefit obligation as a result of a 22 basis-point decrease in the discount rate used to value this long-term liability.

Last year, a gain of $169.7 million was recognized from remeasurements of our defined benefit plans as a result of a higher return on plan assets than estimated in our actuarial assumptions.

Canada Day 2017 in Saskatoon. ©CBC/Radio-Canada

SEASONALITY AND QUARTERLY FINANCIAL INFORMATION

The following table shows condensed financial data for the previous eight quarters. This quarterly information is unaudited, but has been prepared on the same basis as the annual Consolidated Financial Statements. We discuss the factors that caused our results to vary over the past eight quarters in the next section.

	For the year ended March 31, 2018			
	Q1	Q2	Q3	Q4
Revenue	113,208	119,194	139,852	200,821
Government funding	238,767	292,517	303,550	372,915
Expenses	(395,255)	(389,352)	(458,189)	(588,100)
Results before other gains and losses	**(43,280)**	**22,359**	**(14,787)**	**(14,364)**
Other gains and losses	53,658	(8,062)	577	(8,665)
Net results under IFRS for the period	**10,378**	**14,297**	**(14,210)**	**(23,029)**
Results on a Current Operating Basis	**31,419**	**13,783**	**11,379**	**(7,887)**

	For the year ended March 31, 2017			
	Q1	Q2	Q3	Q4
Revenue	114,606	176,825	138,045	127,444
Government funding	223,126	256,063	288,777	331,119
Expenses	(354,271)	(430,286)	(445,132)	(494,722)
Results before other gains and losses	**(16,539)**	**2,602**	**(18,310)**	**(36,159)**
Other gains and losses	(1,402)	(719)	(93)	(148)
Net results under IFRS for the period	**(17,941)**	**1,883**	**(18,403)**	**(36,307)**
Results on a Current Operating Basis	**(7,489)**	**2,018**	**8,757**	**(25,557)**

Our operating results are subject to seasonal fluctuations that materially impact quarter-to-quarter operating results.

The seasonality of our **revenue** is reflective of general market, economic and viewership patterns affecting all conventional broadcasters. Revenue from our ongoing activities generated during the second quarter of the year is usually at its lowest level because the summer season attracts fewer viewers. In contrast, revenue from our ongoing activities in the third quarter is comparably higher as audiences are larger and more advertisers purchase airtime in anticipation of the holiday season.

Government funding is recognized in the Corporation's income based on budgeted net expenses for the quarter. Monthly and quarterly budgets are established from the annual budget approved by the Board of Directors at the beginning of each year and reflect expected funding for the year and seasonal impacts on expenditures and self-generated revenue.

Expenses from our ongoing activities also tend to follow a seasonal pattern because they are influenced by the programming schedule. Operating costs tend to be higher in the fourth quarter as the Corporation incurs costs preparing for the fall broadcasting season and completes project deliverables due by the end of the fiscal year.

Other factors may impact net results from quarter to quarter. These may include foreign exchange gains or losses, changes to the fair value of derivative financial instruments, asset write-offs and sales. When appropriate, these are recorded as other gains and losses.

COMPARISON OF 2017-2018 AND 2016-2017 BY QUARTER

QUARTER	REVENUE	EXPENSES
Q1	Lower revenue compared to the same period in the prior year, primarily from the combined effect of lower content sales and lower subscription revenue on our speciality platforms. These decreases were partly mitigated by growth in our advertising revenue from our conventional television, mostly on ICI RADIO-CANADA TÉLÉ, and higher digital revenue.	Expenses are higher relative to the same period last year, in line with our plans to broadcast additional original content across our platforms. In particular, we aired more original Arts and Entertainment programming, invested in various Canada 150 initiatives, and continued building our digital capabilities.
Q2	Second quarter revenue in 2017-2018 was lower compared to the same period in 2016-2017, primarily because last year includes revenue from broadcasting the Rio 2016 Olympic Games. This overall decrease was partly offset by higher revenue from our ongoing activities, mostly driven by strong audience performance on Radio-Canada and growth in our digital advertising.	Expenses in the second quarter of 2017-2018 were lower than in the same period last year, primarily because last year includes event costs for broadcasting the Rio 2016 Olympic Games. This decrease was partly offset by an increase in our ongoing expenses as we broadcast more original content across our platforms during the summer. In particular, we aired more original Arts and Entertainment programming, covered Canada 150 events, and continued investing in our digital capabilities and local services.
Q3	Third quarter revenue was higher this year, mostly driven by higher Radio-Canada advertising revenue on all platforms. This growth is partly offset by lower subscriber fees as Canadians continue to reduce their subscription packages (cord-shaving trend).	Third quarter expenses in 2017-2018 were higher as we continued to broadcast more original content across our platforms. In particular, we aired more original Arts and Entertainment programming and provided more local services. In addition, we continued our investment in our digital capabilities.
Q4	Higher revenue compared to the same period last year, mainly due to our broadcast of the PyeongChang 2018 Olympic Winter Games.	Higher expenses compared to last year due to our broadcast rights and production costs for the PyeongChang 2018 Olympic Winter Games.

STRATEGY 2020 PERFORMANCE METRICS

$ FINANCIAL INDICATOR	RESULT 2016-2017	TARGET 2017-2018	RESULT 2017-2018	PERFORMANCE AGAINST TARGET	TARGET 2018-2019	TARGET S 2020
Achieve cost reduction target ($ million)	$87.5	$93.1	$93.1	●	$104.0	$106.3[38]

● Target met or exceeded ● Target partially met ○ Target not met

Refer to our Accountability Plan *section for explanations about our financial results this year.*

[38] Target updated to reflect the continuation of our broadcasting of *Hockey Night in Canada* on Saturday night and playoff hockey beyond 2020.

OUTLOOK

In March 2016, the Government of Canada announced an important reinvestment in us by increasing our funding by an additional $75 million in 2016-2017, growing to $150 million in the following years. This is an important vote of confidence by the government and by Canadians in our programs, our people and our vision for the future.

The continued funding of salary inflation beyond 2017-2018 is a critical component of our financial strategy. This funding has yet to be confirmed for future years.

Our revenue continues to be exposed to the industry-wide softening of advertising markets and the shift of advertising away from traditional television to digital platforms. We are closely monitoring the situation, as we expect the advertising market to remain challenged.

OUTCOME OF GOVERNMENT'S CONSULTATION ON CANADIAN CONTENT IN A DIGITAL WORLD

On September 28, 2017, the Honourable Mélanie Joly, Minister of Canadian Heritage, announced the Government of Canada's vision for culture. As part of the earlier public consultation, we proposed removing advertising from our platforms and receiving replacement funding. This was part of our submission "A Creative Canada: Strengthening Canadian Culture in a Digital World." The government has not made a decision on that proposal. There is a continued risk that our organization will not remain sustainable as we anticipate the Canadian conventional TV advertising market to remain under pressure and the media industry to continue to be disrupted. Without a solution, program spending in future years will have to be reduced to match available resources, and some services will have to be cut.

OLYMPIC GAMES 2020-2024

On October 21, 2015, the International Olympic Committee (IOC) announced that we had been awarded the Canadian broadcast rights for the Beijing 2022 Olympic Winter Games and the Paris 2024 Olympic Games. We're now Canada's Olympic Network and official broadcaster for the next three Olympic Games, including Tokyo 2020, along with our broadcast partners Bell Media and Rogers Media.

RISK MANAGEMENT AND GOVERNANCE

RISK MANAGEMENT

As Canada's national public broadcaster, we occupy an important place in the Canadian broadcasting system and face a unique set of risks to its plans and operations. Like all broadcasters, we must adapt to technological changes, shifts in demographics and evolving consumer demands, as well as structural changes in the industry. Given our statutory mandate to serve all Canadians, we also face unique public expectations and financial challenges.

It is our policy to develop, implement and practice effective risk management to ensure risks and opportunities that impact strategies, objectives and operations are identified, assessed and managed appropriately.

Our Risk Management Program is part of an enterprise-wide approach integrated into business processes. Responsibility for risk management is shared among our Board of Directors, the Board's Audit Committee, our Senior Executive Team and our operational units.

1 BOARD	2 AUDIT COMMITTEE	3 SENIOR EXECUTIVE TEAM	4 MEDIA AND SUPPORT BUSINESS UNITS
The Board oversees our key risks at a governing level, approves major policies, and ensures that the processes and systems required to manage risks are in place.	The Audit Committee of the Board discharges its stewardship and oversight responsibilities over risk management by monitoring key risks, discussing their status with management at quarterly Audit Committee meetings and ensuring that management has programs for evaluating the effectiveness of internal controls.	The Senior Executive Team identifies and manages risks, reports on our key risks to the Audit Committee and the Board, recommends policies, and oversees financial reporting and internal control systems.	Media and support business units initially identity and assess risks through the annual business plan process, and develop and execute detailed plans to manage risks. Risks are prioritized based on their potential impacts and their likelihood of occurring.

Internal Audit plans its audits in accordance with the results of the risk assessment process and provides assurance that major risks are covered on a rotational basis by the annual audit plan.

The following table discusses the key risks we faced this year, and their ongoing impact into next year.

KEY RISKS	RISK MITIGATION	FUTURE IMPACT
1. GOVERNMENT'S CULTURAL POLICIES MODERNIZATION AND REGULATORY INITIATIVES		
Our ability to deliver our mandate is challenged by a shift from traditional television to specialty television and digital platforms, rapid technology evolution, changing media consumption habits, and industry fragmentation. The government's modernization of Canada's cultural policies consists of simultaneous initiatives that could profoundly affect our future business model or our mandate. Initiatives launched include the Broadcasting and Telecommunications legislative review and reviews of the *Copyright* and *Radiocommunication Acts*. Our position paper in response to the government's 2017 consultation on how to strengthen Canadian culture in a digital world explains the benefits of exiting all advertising platforms and receiving replacement funding of $318 million. Competing priorities may lead the government to narrow our mandate, lessen our independence and/or change our business model, which would have a profound impact on the future of the organization and impact our opportunity to fix our broken business model.	Continue to promote and share strategic plan information with stakeholders both internally and externally. Continue to promote our position paper and the benefits of exiting all advertising platforms and receiving replacement funding with stakeholders both internally and externally. Reinforce the need for adequate stable funding with all levels of government. Retain flexibility when making operating decisions, with alternative plans associated with a potential advertising-free environment. Develop proactive and reactive communication plans, as required. Monitor and participate in the various processes launched. Develop, implement or modify strategies and contingency plans, as required.	The strategic plan positions what we need to succeed now, as well as in an age beyond traditional broadcasting. It will ensure that the services we provide, and the operating model that supports those services, evolve in tandem with the changing expectations of Canadians and the movements of our industry. The uncertainty of our future direction may impact self-generated revenues, operating decisions, morale and the retention of key staff.
2. NEW DISTRIBUTION METHODS / INDUSTRY DISRUPTION		
Competition for the attention of audiences is intensifying. Various media groups, domestic and international, have significant financial strength and are investing heavily to capture the attention of audiences with quality content on various platforms. Our digital frameworks, including distribution methods and platforms, must be robust and scalable in order to be able to withstand the continued accelerated adoption of distribution methods, evolving audience and partner demands, and disruption in the media landscape. New distribution methods have led to industry disruption and new revenue models. We must adapt to new realities, often outside traditional industry relationships.	Continue our focus on content on digital platforms, either content shared with broadcast or with digital original content. Continue and expand partnerships with experienced and successful Over-The-Top (OTT) providers (as long as branding is assured). CBC and Radio-Canada to offer enhanced advertising-free OTT, with competitive user experiences and functionality. Align performance measurement to incent optimal decisions by adapting performance indicators to audience content consumption patterns. Continually evolve the technology to meet audience expectations. Negotiate rights agreements to ensure access to popular content on feasible financial terms. Continue to develop and implement data management tools and strategies to enhance our ability to track, personalize and customize content for audiences.	The ability to serve audiences on platforms or through distribution channels they want will impact overall consumption of our content and influence the public value of our services, our advertising and subscription revenue, and our relevance.

KEY RISKS	RISK MITIGATION	FUTURE IMPACT
3. BUDGET CONCERNS		
We face financial challenges that include an industry-wide softening of the advertising market and a shift of advertising dollars from linear television to digital platforms. Regulatory changes may negatively impact subscriber numbers, channel carriage and revenue. Audience consumption patterns such as cord shaving are reducing broadcast distribution undertakings (BDU) cable and satellite subscriptions. Financial performance of the various Canadian media groups is putting downward pressure on prices and leading to a more aggressive approach to advertising volumes. Changes to independent production funds' eligibility rules may impact the availability and pricing of our independent productions.	Continue to invest primarily in prime-time television, which is the biggest driver of audience and conventional television revenue. Develop additional compelling, distinctly Canadian programming. Maximize our multiplatform/multiscreen strategy when broadcasting, acquiring or distributing content. Leverage new kinds of partnerships or deals to grow new revenue streams or offer new value to existing customers. Play a leadership role in driving the advertising industry transformation around audience measurement, and automation and reinforce the value and effectiveness of TV advertising. Continue to implement cost-containment measures established in *Strategy 2020*.	Further advertising weakening and reduced subscriber revenue may require changes to our strategic plan. A reduction in independent production funds means less original programming.
4. MORALE, RECRUITMENT AND RETENTION		
The retention and engagement of a strong workforce is essential to achieve strategic objectives. There is a risk that negative workplace culture incidents, controversy and uncertainty may erode gains around staff engagement and morale and create challenges in recruiting and retaining talent. Challenge of meeting 2020 diversity targets.	Continue with enterprise change management plan, including support activities linked to major projects that enable *Strategy 2020*. Rollout annual engagement survey results and implement action plans to address areas of concern. Develop action plan and road map for joint initiatives with the Joint Working Group with all unions on workplace culture to address common issues. Implement Year 3 of the Culture Roadmap, including an awareness campaign for the cultural census. Develop and implement the 2018-2021 Inclusion and Diversity Plan.	We will maintain our momentum to train people for this new digital world, train leaders to better support their teams and continue building a strong foundation of business skills across the Corporation.
5. UNION RELATIONS AND NEGOTIATIONS		
Negotiations are underway for the collective agreement for the new merged French union represented by the Syndicat des Communications de Radio-Canada (SCRC), and the discussions are ongoing with the Canadian Media Guild (CMG) to address key issues during the life of the current agreement expiring March 31, 2019 and for a new collective agreement. There is a risk that prolonged proceedings to negotiate the first collective agreement could negatively affect the working relationship between management and employees. There is a risk of disruption to operations due to labour stoppage.	Continue transparent communications to employees and unions, as well as the involvement of employees in the development of strategic initiatives. Implement clear negotiation mandates that ensure flexibility in working conditions and the reduction of jurisdictional barriers between bargaining units, where applicable. Update contingency plans in case of labour disruption.	Negotiations with CMG to begin in fall 2018.

KEY RISKS	RISK MITIGATION	FUTURE IMPACT
6. REPUTATION AND BRAND MANAGEMENT		
CBC and Radio-Canada are among the most prominent and most discussed brands in the country. In addition, they are brands on which every Canadian feels rightly justified in having and expressing an opinion. At any time, an event or an incident, large or small, can touch a nerve and instigate a controversy of national proportions. Like all organizations, CBC/Radio-Canada is not immune to the #MeToo movement, and the number of allegations of inappropriate behaviour involving staff may increase. Other types of ethical issues, such as conflicts of interest, may also have an impact on our reputation. There is a risk that negative perceptions of CBC/Radio-Canada may undermine credibility and stakeholder support.	Continue to promote a safe, respectful and inclusive workplace through the Code of Conduct and mandatory training on ethics, the prevention of bullying and harassment, and unconscious bias. Work with stakeholder groups to identify initiatives to continuously improve the workplace and address complaints in an objective and timely way. The Office of the Values and Ethics Commissioner will develop and put in place an online biannual declaration process for situations that might lead to a conflict of interest (real or perceived) for directors, senior directors, executive directors, vice presidents and, in certain sensitive areas, managers and confidential employees. Use a comprehensive issue management system that: • Monitors and tracks the environment; • Identifies potential issues and the stakeholder groups they could affect; and • Provides proactive and reactive messaging and guidance to senior leaders, line managers and communications staff across the system. Ensure a strong crisis management response that stresses transparency and decisive action is implemented to address critical issues.	Clear and transparent action plans to deal with critical issues will improve credibility and stakeholder support.
7. MAISON DE RADIO-CANADA (MRC) PROJECT		
There is a risk that the project may not achieve expected operational efficiencies, meet construction timelines, meet technical requirements or stay within budget, leading to increased costs and impacting the attainment of strategic objectives.	Develop and maintain constructive business relationships with partners. Ensure tight project management: proactively monitor, assess and control risks, and establish realistic schedules and budgets, contingency plans, and adequate planning in order to minimize changes during execution. Enhance consultation and coordination with staff to help them prepare for the move to the new building. Obtain change management expertise on an as-needed basis, to support the Corporation's major change efforts.	Continue to monitor the project planning, in particular for the technical infrastructure and the reimagining of work processes and work spaces.

KEY RISKS	RISK MITIGATION	FUTURE IMPACT
8. INFORMATION SECURITY		
Despite heightened awareness and attention to cyber security, the number, cost and complexity of cyber incidents for all companies worldwide continue to grow. While CBC/Radio-Canada is investing in managing information security risks, evolving cyber threats have the potential to significantly disrupt operations (e.g. capacity to be on air; availability of our digital services) and/or damage our brand. There is a risk that personal information is disclosed or used without clear consent.	Monitor and assess network security, cloud technologies and system vulnerabilities. Implement enhanced information security rules, guidelines and procedures, and increase staff awareness and training on information security topics and protection of personal information. Review and augment, as necessary, the Crisis Management Response Plan for information security incidents.	Following the recent theft of a piece of computer equipment that contained personal financial information of current and former employees and outside contractors, we are reviewing our policies and procedures on information security and physical security to identify and implement measures to mitigate against future similar incidents. Continue and refine identified strategies.
9. GOVERNANCE LEADERSHIP CHANGES AND IMPACT TO STRATEGY		
On December 19, 2017, the Minister announced the appointment of five new Directors. On April 3, 2018, the Minister announced the appointment of the President and CEO, the Chairman of the Board, and three new Directors. The President and CEO assumes her post in July 2018. CBC/Radio-Canada is entering year four of *Strategy 2020*, launched in June 2014. The development of a strategic road map beyond 2020 is important considering the unprecedented disruption in the communications and media industries, the upcoming licence renewals, and the modernization of Canada's cultural policies as we continue our transformation into the digital public space. There is a risk that a high turnover of directors or change in leadership at the Senior Executive Team may negatively impact decision-making processes and the continuity and stability of *Strategy 2020*, and may delay the launch of the development of *Strategy 2025*.	Continue rigorous onboarding process for new directors or change in leadership. Develop transition plan and overlap with current President and any change in leadership at the Senior Executive Team.	The high turnover may delay the launch of the development of *Strategy 2025*.

BOARD AND MANAGEMENT STRUCTURE

BOARD OF DIRECTORS (CURRENT)

Michael Goldbloom[A]
Chairman of the Board
Lennoxville, QC

Hubert T. Lacroix[2]
President and CEO
Montréal, QC

Guillaume Aniorté[A]
Montréal, QC

Edward W. Boyd[2, 3, 4, 5]
Toronto, ON

Harley Finkelstein[2, 3, 4, 6, B]
Ottawa, ON

Rob Jeffery[1, 2, 4]
Halifax, NS

René Légère[2, 3, 6, B]
Moncton, NB

Jennifer Moore Rattray[1, 2, 4, 5, C]
Winnipeg, MB

Marlie Oden[2, 5, 6]
Vancouver, BC

François R. Roy[1, 2, 5, C]
Montréal, QC

Sandra B. Singh[A]
Vancouver, BC

Marie Wilson[2, 3, 6, B]
Yellowknife, NWT

[1] Member of the Audit Committee
[2] Member of the Broadcasting Committees
[3] Member of the Infrastructure Committee
[4] Member of the Strategic Planning Committee
[5] Member of the Human Ressources and Governance Committee
[6] Member of the Stakeholder Relations Committee

[A] Appointed on March 29, 2018
[B] Appointed on December 14, 2017
[C] Appointed on February 5, 2018

BOARD OF DIRECTORS (FORMER)

Rémi Racine [2, 3, 4, 5 (ex-officio), 6, A]
Chairman of the Board
Montréal, QC

Marni Larkin [2, 3, 4, 5, 6, B]
Winnipeg, MB

Terrence A. Leier, Q.C. [1, 2, 3, 4, B]
Regina, SK

Norman May, Q.C., [2, C]
Toronto, ON

Maureen McCaw [1, 2, 3, A]
Edmonton, AB

[1] Member of the Audit Committee
[2] Member of the Broadcasting Committees
[3] Member of the Infrastructure Committee
[4] Member of the Strategic Planning Committee
[5] Member of the Human Resources and Governance Committee
[6] Member of the Stakeholder Relations Committee

[A] Replaced on March 29, 2018
[B] Replaced on February 5, 2018
[C] Resigned on October 19, 2017

SENIOR EXECUTIVE TEAM

Hubert T. Lacroix
President and CEO

Michel Bissonnette
Executive Vice-President, French Services

Heather Conway
Executive Vice-President, English Services

Sylvie Gadoury
Vice-President, Legal Services, General Counsel and Corporate Secretary

Steven Guiton
Executive Vice-President, Media Technology and Infrastructure Services

Alex Johnston[1]
Vice-President, Strategy and Public Affairs

Monique Marcotte
Vice-President, People and Culture

Judith Purves
Executive Vice-President and Chief Financial Officer

[1] Departed CBC/Radio-Canada in June 2018.

COMMITTEE MANDATES

Audit Committee - Assists the Board in discharging its stewardship and oversight responsibilities by monitoring the integrity of our financial information that will be provided to parliament and other stakeholders, our systems of internal controls and risk management (which management and the Board have established), the audit process, and our financial performance against business and corporate plans.

Broadcasting Committees - Assist the Board in discharging its stewardship and oversight responsibilities with respect to the fulfillment of our public broadcasting mandate. The Standing Committees on English and French Language Broadcasting are established pursuant to the *Broadcasting Act.*

Infrastructure Committee - Assists the Board in discharging its stewardship and oversight responsibilities with respect to our infrastructure assets, including real estate, fleet and transmission holdings, and broadcasting, telecommunications and technology solutions.

Strategic Planning Committee - Assists the Board in discharging its stewardship and oversight responsibilities with respect to our role and mandate as the public broadcaster.

Human Resources and Governance Committee - Assists the Board in discharging its stewardship and oversight responsibilities on matters relating to human resources strategies, compensation, corporate governance, the conduct of the Board's affairs and other related matters.

Stakeholder Relations Committee - Assists the Board in discharging its stewardship and oversight responsibilities with respect to our significant stakeholder relations strategies and initiatives.

YEAR IN REVIEW

ACCESS TO INFORMATION AND PROACTIVE DISCLOSURE

We have concluded an eventful year with respect to the administration of the *Access to Information Act* (ATIA). Over the course of fiscal year 2017-2018, 123 requests were answered, reflecting a decrease of 13% from the 142 formal requests answered the year before. Although the number of requests decreased, the actual volume of work spiked significantly. Where we reviewed 26,247 pages last year, that number almost doubled to 51,318 this year.

2017-2018 *Access to Information Act* highlights:

- **22,360 pages released in answer to 123 formal requests;**
- **7,607 pages released in answer to 30 informal requests; and**
- **1,820 pages released of Board of Directors meetings.**

For a total of 31,787 pages.

Despite this sharp increase, we still managed to maintain a deemed refusal rate of 1.26%, with only two files answered late. This rate is still within the measure of an "A" rating, as per the grading system of the Information Commissioner of Canada.

Our proactive posting efforts have continued successfully, with 9,700 pages posted to our public Transparency and Accountability web page. These pages were released in answer to 40 ATI requests of general interest to Canadians.

ANNUAL PUBLIC MEETING

Our Annual Public Meeting (APM) took place on Tuesday, September 26, 2017 at the University of Ottawa. This event was an opportunity to have a meaningful conversation with Canadians about why public broadcasting is more important than ever. The theme for this year's panel, *No filters. A conversation about credibility, media and the future of public broadcasting*, allowed us to continue the discussion not only about our role as public broadcaster and leader in this ever-changing environment, but also our value and relevance in an era of fake news.

JOURNALISTIC STANDARDS AND PRACTICES

We have an extensive code of Journalistic Standards and Practices and editorial control mechanisms to guide employees and to ensure that our programming remains balanced and accurate, particularly in today's social media environment. You can view our Journalistic Standards and Practices – which will be updated early in the next fiscal year – on our corporate website.

OMBUDSMEN

Public complaints, expressions of concern or communications about News and Current Affairs programming are dealt with through the offices of our two Ombudsmen. Complainants dissatisfied with responses from programs may have their concerns resolved through the Ombudsmen's review process. The Ombudsmen are completely independent of programming staff and programming management, and report directly to the President and CEO and, through the President and CEO, to the Board of Directors. The role of the Ombudsmen is pivotal in strengthening our accountability and transparency to Canadians. Communications not directly related to our News and Current Affairs programming were forwarded to the relevant programming departments or to Audience Relations.

	HANDLED COMPLAINTS, EXPRESSIONS OF CONCERN OR OTHER COMMUNICATIONS	WITHIN MANDATE	HANDLED LAST YEAR (2016-2017)
CBC (English Services)	4,069	3,185	3,170
Radio-Canada (French Services)	1,297	977	1,248
TOTAL	**5,366**	**4,162**	**4,418**

VALUES AND ETHICS COMMISSIONER

Our Values and Ethics Commissioner, Diane Girard, began operations in January 2017. During her first 15 months, the Commissioner conducted extensive meetings and face-to-face opportunities with employees across the country. Working in partnership with a team of 10 people from across the organization, she also conducted the revision of our Code of Conduct and Policy on Conflicts of Interest. Working with People and Culture, she also designed and implemented mandatory online ethics training for employees. The Commissioner continued to raise awareness about her role with employees, provided advice and direction upon request, and responded to complaints within her mandate during this period. Below is a table with data for these first 15 months of operations.

NUMBER OF REQUESTS FOR ADVICE JAN 2017 TO MARCH 2018	186
NUMBER COMPLAINTS WITHIN MANDATE	18 internal and 25 external (from the public)
NUMBER OF MEETINGS WITH GROUPS OF MANAGERS AND EMPLOYEES	30 meetings with management teams and 45 meetings with groups of employees across the country since January 2017

*Data for first 15 months of operations (since January 2017)

CODE OF CONDUCT

CBC/Radio-Canada employees at all levels are expected to adhere to the Code of Conduct and policies governing their behaviour in such areas as respect for democracy, respect for people, integrity, stewardship and excellence. The Code of Conduct was recently updated following a review by the Values and Ethics Commissioner. Our Code of Conduct and human resources policies can be viewed on our corporate website.

COMPLIANCE WITH THE CANADIAN ENVIRONMENTAL ASSESSMENT ACT

We use a risk-based approach to facilitate compliance with Sections 67-69 of the *Canadian Environmental Assessment Act*, 2012. As part of the established process, a project manager must complete a checklist for all physical activities prior to the initiation of a project. The checklist details the scope and description of the project and is our formal tool to ensure the project examines any potential adverse environmental impacts, including but not limited to, asbestos, halocarbons, mould, fuel storage tanks, water or air quality, etc. The checklist also allows us to describe any appropriate action needed to minimize any effects identified. As per the process outlined above, no project completed this year was determined to result in a significant adverse environmental effect. It should be noted that we consider a physical activity as something that goes beyond normal maintenance, such as removing a wall, replacing equipment or excavating a parking lot. For the purposes of this approach, painting walls or maintaining equipment is considered maintenance work.

DIRECTOR CHANGES

The Honourable Mélanie Joly, Minister of Canadian Heritage, announced on December 19, 2017 the appointment of five directors to our Board of Directors. All mandates are for five years. Three nominations became effective on December 19, 2017; those of Harley Finkelstein, René Légère and Marie Wilson. François R. Roy and Jennifer Moore Rattray joined the Board on February 5, 2018, replacing Marni Larkin and Terrence A. Leier whose terms had expired. The nominations are the result of the work of the Independent Advisory Committee on Appointments chosen to lead the government's merit-based selection process.

DIRECTOR COMPENSATION

The Chair of the Board and the President and CEO are compensated in accordance with the terms of the Order-in-Council appointing them. The President and CEO receives an annual salary as a senior executive of the Corporation, but no additional compensation to serve as a Director. The Chair of the Board receives an annual retainer (from $14,500 to $17,100) and a per diem fee (from $565 to $665) for meetings, travel time and special executive, analytical or representational responsibilities.

The remuneration for directors (other than the CEO and the Chair), established by a bylaw approved by the Minister of Canadian Heritage, can be summarized as follows:

MEETINGS		BOARD OF DIRECTORS	AUDIT COMMITTEE	OTHER COMMITTEES
Regular Meetings	Attendance in person including meetings by video-conference)	For the first 6 regular meeting days: $2,000/day	For the first 6 regular meeting days: $1,300/day for members and $1,550 for the Chair	For the first 4 regular meeting days: $1,000/day for members and $1,250 for the Chair
		Thereafter: $625/day	Thereafter: $625/day	Thereafter: $625/day
	Participation by telephone	$625/day or $312.50/half-day	$250/day	$250/day
Conference Call Meetings		$250/day	$250/day	$250/day

Directors are entitled to receive only one meeting fee for each day of work (24 hours) even if they attend more than one meeting during that period.

Compensation data for our Directors is summarized in Note 29 *Related parties* to the annual Consolidated Audited Financial Statements.

BOARD OF DIRECTORS ATTENDANCE

In person   Video conference   Conference call

BOARD MEMBERS	BOARD			AUDIT COMMITTEE			BROADCASTING COMMITTEES			INFRASTRUCTURE COMMITTEE			HUMAN RESOURCES & GOVERNANCE			STAKEHOLDER RELATIONS		
# of meetings	6	1	1	3	1		2			2			3			2		
Rémi Racine[1]	6/6	1/1	1/1				2/2			2/2			3/3			2/2		
Hubert T. Lacroix	6/6	1/1	1/1				2/2			2/2								
Edward W. Boyd	6/6	1/1	1/1				1/2			0/1			3/3					
Robert Jeffery	6/6	1/1	1/1	3/3	1/1		2/2			1/1								
Marni Larkin[2]	3/4	1/1	1/1				1/1			1/1			2/2			1/1		
Terrence A. Leier[3]	4/4	1/1	1/1	2/2	1/1		1/1			1/1								
Norman May[4]	0/3	0/1					0/1											
Maureen McCaw[5]	5/6	1/1	1/1	3/3	1/1		2/2			1/1								
Marlie Oden	6/6	1/1	1/1				2/2						3/3			2/2		
Harley Finkelstein[6]	2/2						1/1			1/1						1/1		
René Légère[7]	2/2						1/1			1/1						1/1		
Marie Wilson[8]	2/2						1/1			1/1						1/1		
Jennifer Moore Rattray[9]	2/2			1/1			1/1						1/1					
François R. Roy[10]	2/2			1/1			1/1						1/1					

[1] R. Racine was replaced on March 29, 2018

[2] M. Larkin was replaced on February 5, 2018

[3] T. Leier was replaced on February 5, 2018

[4] N. May resigned on October 19, 2017

[5] M. McCaw was replaced on March 29, 2018

[6] H. Finkelstein was appointed on December 14, 2017

[7] R. Légère was appointed on December 14, 2017

[8] M. Wilson was appointed on December 14, 2017

[9] J. Moore Rattray was appointed on February 5, 2018

[10] F. Roy was appointed on February 5, 2018

FINANCIAL REPORTING DISCLOSURE

FUTURE ACCOUNTING STANDARDS

Refer to Note 3 of the Consolidated Financial Statements for information pertaining to accounting pronouncements that were effective this year and that will be effective in future years.

KEY ACCOUNTING ESTIMATES AND CRITICAL JUDGMENTS

Discussion and analysis of our financial condition and results of operations are based upon our Consolidated Financial Statements, which have been prepared in accordance with IFRS. Our key significant accounting estimates and critical judgments are disclosed throughout the notes to our annual financial statements.

TRANSACTIONS WITH RELATED PARTIES

INVESTMENT IN ASSOCIATE

Refer to Note 13 of the Consolidated Financial Statements for information pertaining to the sale of our remaining interest in SiriusXM Canada Holdings Inc. in May 2017.

TRANSACTIONS WITH DEFINED BENEFIT PLANS

We made employer contributions to defined benefit plans as discussed in Note 17. We also provided management and administrative services to our defined benefit pension plans.

Celebrating 2017 with CBC/Radio-Canada in Vancouver, BC. ©CBC/Radio-Canada

FINANCIAL REVIEW

INTERNAL CONTROLS

The Corporation has an internal control program based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework, which requires periodic reviews of key controls over financial reporting. This program is consistent with industry best practices, with an aim to maintain and strengthen policies and procedures that ensure the reliability of financial information and the safeguarding of assets.

A dedicated internal control team reviews and evaluates key internal controls over financial reporting on an ongoing basis. This program is supported by the Corporation's internal auditors, who conduct audits and reviews (some of which relate to financial reporting and operations) identified using a risk-based approach and agreed upon through discussions with the Corporation and its Audit Committee.

In 2017-2018, the Corporation assessed the design and operating effectiveness of key internal controls over financial reporting. The assessment did not identify any material weaknesses in the operating effectiveness of the internal controls, but identified some opportunities for improvements for which management has developed an action plan, many elements of which have already been implemented. The Corporation will continue to address opportunities for improvement in the coming year.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements and all other information presented in this Annual Report are the responsibility of management and have been reviewed and approved by the Board of Directors of the Corporation. Some of the information in the Consolidated Financial Statements is based on management's best estimates and judgment, and gives due consideration to materiality. These Consolidated Financial Statements have been properly prepared in accordance with International Financial Reporting Standards. Management considers that the financial statements fairly present the Corporation's financial position, results from operations and cash flows.

Management of the Corporation maintains books of account, records, financial and management controls, and information systems that are designed to provide reliable and accurate financial information on a timely basis. The controls are designed to provide reasonable assurance that assets are safeguarded, that resources are managed economically and efficiently in the attainment of corporate objectives, that the operations of the Corporation are carried out effectively, and that transactions are in accordance with the applicable provisions of Part X of the *Financial Administration Act* and regulations, Part III of the *Broadcasting Act*, and the bylaws of the Corporation.

The Corporation's Internal Auditor has the responsibility for assessing the Corporation's systems, procedures and practices. The Auditor General of Canada conducts an independent audit of the annual Consolidated Financial Statements and reports on his audit to the Minister of Canadian Heritage.

The Board of Directors' Audit Committee, consisting of independent Directors, reviews and advises the Board on the Consolidated 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.

Hubert T. Lacroix,	Judith Purves,
President and Chief Executive Officer	Executive Vice-President and Chief Financial Officer

Ottawa, Canada

June 21, 2018

Office of the Auditor General of Canada
Bureau du vérificateur général du Canada

INDEPENDENT AUDITOR'S REPORT

To the Minister of Canadian Heritage

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Canadian Broadcasting Corporation, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of income (loss), consolidated statement of comprehensive income (loss), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Canadian Broadcasting Corporation as at 31 March 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

As required by the *Financial Administration Act*, I report that, in my opinion, the accounting principles in International Financial Reporting Standards have been applied on a basis consistent with that of the preceding year.

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

Riowen Abgrall

Riowen Yves Abgrall, CPA, CA
Principal
for the Auditor General of Canada

21 June 2018
Ottawa, Canada

CONSOLIDATED FINANCIAL STATEMENTS

ANNUAL REPORT 2017-2018

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at March 31	
(in thousands of Canadian dollars)	*NOTE*	**2018**	2017
ASSETS			
Current			
Cash	*4*	95,978	131,062
Marketable securities	*4*	-	23,231
Trade and other receivables	*5, 27*	205,311	125,499
Programming	*6*	259,516	268,327
Prepaid expenses		34,499	42,613
Promissory notes receivable	*7*	3,448	3,238
Investment in finance lease	*8*	3,394	3,171
Bonds receivable	*9, 27*	110,712	-
Derivative financial instruments	*27*	-	200
Assets classified as held for sale	*10*	283	126
		713,141	**597,467**
Non-current			
Property and equipment	*10*	746,838	865,907
Intangible assets	*11*	23,799	30,017
Assets under finance leases	*12*	6,016	13,026
Pension plan asset	*17*	302,025	261,721
Programming	*6*	42,984	58,107
Promissory notes receivable	*7*	34,616	37,661
Investment in finance lease	*8*	37,854	41,248
Deferred charges	*14*	38,670	20,461
Bonds receivable	*9, 27*	43,373	-
Investment in associate	*13*	-	3,117
		1,276,175	**1,331,265**
TOTAL ASSETS		**1,989,316**	**1,928,732**
LIABILITIES			
Current			
Accounts payable and accrued liabilities	*15*	110,886	87,947
Provisions	*16*	44,856	30,580
Pension plans and employee-related liabilities	*17*	129,117	123,397
Programming liability	*6*	15,151	15,151
Bonds payable	*18*	23,624	22,921
Obligations under finance leases	*19*	570	10,293
Notes payable	*20*	8,945	8,726
Deferred revenue	*21*	19,654	23,185
		352,803	**322,200**
Non-current			
Deferred revenue	*21*	16,820	19,889
Pension plans and employee-related liabilities	*17*	264,178	264,149
Programming liability	*6*	5,017	18,820
Bonds payable	*18*	204,682	221,361
Obligations under finance leases	*19*	5,745	6,300
Notes payable	*20*	79,329	86,728
Deferred capital funding	*23*	531,068	545,234
		1,106,839	**1,162,481**
TOTAL LIABILITIES		**1,459,642**	**1,484,681**
EQUITY			
Retained earnings		529,029	443,472
Total equity attributable to the Corporation		**529,029**	**443,472**
Non-controlling interests	*2*	**645**	**579**
TOTAL EQUITY		**529,674**	**444,051**
TOTAL LIABILITIES AND EQUITY		**1,989,316**	**1,928,732**

Commitments (NOTE 30)

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

APPROVED BY THE BOARD OF DIRECTORS: DIRECTOR DIRECTOR

CONSOLIDATED STATEMENT OF INCOME (LOSS)

(in thousands of Canadian dollars)	*NOTE*	For the year ended March 31 **2018**	2017
REVENUE	*22*		
Advertising		318,282	300,591
Subscriber fees		127,210	131,245
Other income		117,437	115,669
Financing and investment income		10,146	9,415
		573,075	**556,920**
GOVERNMENT FUNDING	*23*		
Parliamentary appropriation for operating expenditures		1,110,262	1,002,307
Parliamentary appropriation for working capital		4,000	4,000
Amortization of deferred capital funding		93,487	92,778
		1,207,749	**1,099,085**
EXPENSES			
Television, radio and digital services costs		1,730,059	1,623,401
Transmission, distribution and collection costs		68,165	67,879
Corporate management		9,690	9,964
Payments to private stations		167	623
Finance costs	*24*	22,815	25,907
Share of results in associate	*13*	-	(3,363)
		1,830,896	**1,724,411**
Results before other gains and losses		**(50,072)**	**(68,406)**
OTHER GAINS AND LOSSES			
Gain on sale of shares	*13*	54,462	-
Loss on disposal of property and equipment and intangibles	*10, 11*	(16,954)	(2,362)
		37,508	**(2,362)**
Net results for the year		**(12,564)**	**(70,768)**
Net results attributable to:			
The Corporation		(12,630)	(70,852)
Non-controlling interests	*2*	66	84
		(12,564)	**(70,768)**

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)

(in thousands of Canadian dollars)	*NOTE*	For the year ended March 31 **2018**	2017
COMPREHENSIVE INCOME (LOSS)			
Net results for the year		(12,564)	(70,768)
Other comprehensive income (loss) - not subsequently reclassified to net results			
Remeasurements of defined benefit plans	*2, 17*	98,187	169,696
Total comprehensive income (loss) for the year		**85,623**	**98,928**
Total comprehensive income (loss) attributable to:			
The Corporation		85,557	98,844
Non-controlling interests	*2*	66	84
		85,623	**98,928**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousands of Canadian dollars)	*NOTE*	Retained earnings and total equity attributable to the Corporation	Non-controlling interests	**Total**
Balance as at March 31, 2017		443,472	579	444,051
Changes in year				
Net results for the year		(12,630)	66	(12,564)
Remeasurements of defined benefit plans	*2, 17*	98,187	-	98,187
Total comprehensive income (loss) for the year		**85,557**	**66**	**85,623**
Balance as at March 31, 2018		**529,029**	**645**	**529,674**

(in thousands of Canadian dollars)	*NOTE*	Retained earnings and total equity attributable to the Corporation	Non-controlling interests	**Total**
Balance as at March 31, 2016		344,628	495	345,123
Changes in the year				
Net results for the year		(70,852)	84	(70,768)
Remeasurements of defined benefit plans	*2, 17*	169,696	-	169,696
Total comprehensive income (loss) for the year		**98,844**	**84**	**98,928**
Balance as at March 31, 2017		**443,472**	**579**	**444,051**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

		For the year ended March 31	
(in thousands of Canadian dollars)	*NOTE*	**2018**	2017
CASH FLOWS (USED IN) FROM OPERATING ACTIVITIES			
Net results for the year		(12,564)	(70,768)
Adjustments for:			
Loss on disposal of property and equipment and intangibles	*10, 11*	16,954	2,362
Gain on sale of shares	*13*	(54,462)	-
Financing and investment income	*22*	(10,146)	(9,415)
Finance costs	*24*	22,815	25,907
Change in fair value of financial instruments designated as at fair value through profit and loss	*27*	(186)	(208)
Depreciation and amortization	*10, 11, 12*	115,922	115,089
Share of results in associate	*13*	-	(3,363)
Change in deferred charges	*14*	(1,617)	(3,187)
Net change in programming asset	*6*	1,779	35,974
Amortization of deferred capital funding	*23*	(93,487)	(92,778)
Change in deferred revenue [non-current]	*21*	(3,529)	(13,823)
Change in pension plan asset	*17*	(40,304)	(116,315)
Change in pension plans and employee-related liabilities	*17*	99,327	171,137
Accretion of promissory notes receivable	*7*	(6)	(22)
Amortization of bond premium	*9*	994	-
Movements in working capital	*26*	(23,926)	(35,479)
		17,564	**5,111**
FINANCING ACTIVITIES			
Repayment of obligations under finance leases	*19*	(10,278)	(11,464)
Repayment of bonds	*18*	(15,490)	(14,386)
Repayment of notes	*20*	(7,136)	(6,812)
Interest paid		(22,327)	(24,564)
		(55,231)	**(57,226)**
INVESTING ACTIVITIES			
Parliamentary appropriations for capital funding	*23*	107,821	106,717
Additions to property and equipment	*10*	(81,127)	(88,702)
Additions to intangible assets	*11*	(10,524)	(12,625)
Acquisition of marketable securities	*4*	(2,600)	-
Acquisition of bonds receivable	*9*	(176,145)	-
Net proceeds from disposal of property and equipment	*10*	45,675	5,330
Net proceeds from disposal of shares	*13*	57,580	-
Collection of marketable securities	*4*	26,021	-
Collection of bonds receivable	*9*	21,000	-
Collection of promissory notes receivable	*7*	2,815	2,624
Collection of finance leases receivable	*8*	2,985	2,782
Dividends received	*13*	-	2,742
Interest received		9,082	7,844
		2,583	**26,712**
Change in cash		**(35,084)**	**(25,403)**
Cash, beginning of the year		**131,062**	**156,465**
Cash, end of the year		**95,978**	**131,062**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

BUSINESS AND ENVIRONMENT

This Section sets out the Corporation's accounting policies that relate to the financial statements as a whole. Where an accounting policy is specific to one note, the policy is described in the note to which it relates. This section also shows new and future changes in accounting policies and whether they are effective in 2018 or later years. We explain how these changes are expected to impact the financial position and performance of the Corporation.

1. General Information

A. About this Report

CBC/Radio-Canada (the Corporation) was first established by the 1936 *Broadcasting Act*. The Corporation, a federal Crown Corporation domiciled in Canada, is an agent of Her Majesty and all assets and liabilities are those of the Government. Its registered office is located at 181 Queen Street, Ottawa ON K1P 1K9. The Corporation is accountable to Parliament through the Minister of Canadian Heritage and in accordance with section 85(1.1) of the *Financial Administration Act*, the Corporation is exempt from certain sections from Divisions I to IV of Part X of this act.

As the national public broadcaster, the Corporation provides radio, television and digital services in both official languages, delivering predominantly and distinctly Canadian programming to reflect Canada and its regions to national and regional audiences.

These consolidated financial statements have been authorized for issuance by the Board of Directors on June 21, 2018.

B. Significant Items in the Current Year

I) Sale of our Investment in Associate

During the first quarter of 2017-2018, the Corporation sold its interest in Sirius XM Canada Holdings Inc. (SiriusXM) following its privatization in May 2017. Net proceeds of $57.6 million and a gain of $54.5 million were recorded by the Corporation as a result of this transaction. Proceeds from the sale of our associate were invested in Canada Mortgage Bonds and are intended to be used to support our redevelopment of Maison de Radio-Canada and ongoing operations. Refer to Notes 9 and 13 for more information.

II) Sale of the Maison de Radio-Canada

During the second quarter of 2017-2018, the Corporation disposed of the existing Maison de Radio-Canada (MRC) premises in Montreal as well as the western part of its lot to Groupe Mach for net consideration of $42.2 million. The Corporation also sold the eastern part of its lot to Broccolini Group for one dollar. In exchange for the sale of this lot to Broccolini, the Corporation received non-cash consideration of $16.6 million in the form of future rent reductions on the lease of the new MRC. Refer to Note 14 for more information.

III) Seasonality

During the fourth quarter of 2017-2018, the Corporation broadcasted the PyeongChang 2018 Olympic Winter Games. Seasonal fluctuations related to broadcasting major events such as the Olympics have a significant impact on the Corporation's revenues and expenses.

2. Significant Accounting Policies

A. Basis of Presentation

These consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the Accounting Standards Board (AcSB). The Corporation has consistently applied the same accounting policies throughout all periods presented, as if these policies had always been in effect. These consolidated financial statements were prepared on a historical cost basis, except for pension plans and post-employment benefits which are measured on an actuarial basis.

All amounts are in Canadian dollars, which is our functional currency, and rounded to the nearest thousand, unless otherwise noted.

B. Basis of Preparation

This section includes certain of the Corporation's accounting policies that relate to these consolidated statements as a whole, as well as estimates and judgments it has made and how they affect the amounts reported in the consolidated financial statements. Management developed estimates and made critical judgments in the process of applying the Corporation's policies. These critical accounting estimates and judgments could have a significant effect on the amounts reported in these consolidated financial statements since materially different amounts could be reported under different conditions or using different assumptions. Where an accounting policy is applicable to a specific note to the financial statements, the policy is described within that note, together with any related estimates and judgments.

I) Principles of Consolidation

Accounting Policies	Critical Accounting Estimates and Judgments
The Corporation consolidates the financial statements of its subsidiary (Documentary Channel "*documentary*") and structured entities (the Broadcast Centre Trust and the CBC Monetization Trust) from the date it gained control. The subsidiary and structured entities are entities we continue to control. Control is achieved by having each of: • Power over the investee through giving the Corporation the right to direct the relevant activities of the investee; • Exposure, or rights, to variable returns from involvement with the investee; and • The ability for the Corporation to exercise its power over the investee to affect the returns of the investee. The accounting policies of the subsidiary and structured entities are consistent with those of the Corporation. All inter-company transactions, balances, income and expenses are eliminated in full on consolidation. Changes in the Corporation's interests in the subsidiary that do not result in a loss of control are accounted for as equity transactions.	The Corporation consolidates the CBC Monetization Trust and the Broadcast Centre Trust, as it judges that it controls these investees, as defined in IFRS 10 *Consolidated Financial Statements*.

Information about the Corporation's Subsidiary and Structured Entities

Subsidiary

The Corporation's Canadian subsidiary is:

	Ownership	Principal Activity	How the Corporation has Achieved Control
documentary	2018: 82% / 2017: 82%	Specialty service broadcasting documentaries	Majority interest and active participation on *documentary*'s Board of Directors and Board sub-committees.

Since *documentary*'s fiscal year end is August 31, additional financial statements corresponding to the Corporation's reporting period are prepared for consolidation purposes.

There are no significant restrictions imposed on the Corporation's ability to access or use assets and settle the liabilities of *documentary*. Specifically, there are no significant restrictions imposed on the Corporation or its subsidiary relating to their ability to transfer funds to their investors.

Consolidated Structured Entities

The Corporation has two structured entities:

The Broadcast Centre Trust (The "BCT") - In order to finance the construction of the Canadian Broadcasting Centre (the building), the BCT issued $400 million of bonds on January 30, 1997 maturing in May 2027, which are guaranteed by the rent payments for the premises occupied by the Corporation. The rent payable by the Corporation to the BCT covers all interest and principal on the bonds, all other payments on the bonds and all operating expenses and liabilities of the BCT. The BCT is:

- A lessee under a long-term lease with the Corporation for the land on which the building is located in Toronto and for which a one dollar rent was paid on October 1, 1988; and
- A lessor under a long-term sub-lease with the Corporation for the building.

The Corporation also guarantees, through its rent payments to the BCT, the bonds payable. See Note 18 for further details.

	Nature of Trust	How the Corporation has Achieved Control	Other Information
The Broadcast Centre Trust (the "BCT")	Charitable trust	Entity designed to conduct a narrow well-defined activity of leasing on behalf of the CBC/Radio-Canada, with the Corporation having the ultimate decision making powers over relevant activities	March 31 year-end

The CBC Monetization Trust - In 2003, the Corporation sold two parcels of land to Ontrea Inc. for the consideration of two promissory notes receivable. The CBC Monetization Trust was created in 2009 with the purpose of acquiring the Corporation's interest in the promissory notes receivable.

Through the CBC Monetization Trust, the Corporation has two promissory notes receivable and an investment in finance lease relating to the sale and rental of parcels of land. These receivables are pledged as collateral for their total carrying value to the Corporation's borrowings through notes payable. See Notes 7, 8 and 20 for further information.

	NATURE OF TRUST	HOW THE CORPORATION HAS ACHIEVED CONTROL	OTHER INFORMATION
CBC Monetization Trust	Charitable trust	CBC/Radio-Canada bears the majority of the risks associated with the collection of the Trust's receivables through the guarantee it has provided. Entity designed to conduct a narrow well-defined activity to monetizing long-term receivables as part of the Recovery Plan implemented to manage budgetary shortfalls in 2009-2010. Predefined contractual arrangement confers CBC/Radio-Canada the majority of decision making powers over relevant activities that expose the Corporation to variable returns.	December 31 year-end Additional financial statements prepared for consolidation purposes.

The Corporation does not have interests in joint arrangements or unconsolidated structured entities.

During the current year, the Corporation has not provided, and has no current intention to provide, any further financial and other support to its consolidated structured entities.

II) OPERATING EXPENSES

Television, Radio and Digital Services Costs

Television, radio and digital services costs are expensed when incurred and include all costs related to internal and external production of programs, including direct out-of-pocket expenditures, departmental and administration expenses, the cost of activities related to technical labour and facilities. A portion of the Corporation's indirect expenses that are attributable to the costs of generating programming (such as services provided by Human Resources, Finance and Administration, Building Management and other Shared Services, as well as a portion of depreciation and amortization) are also included in the related program costs. Television, radio and digital services costs also include other programming-related activities, such as Marketing and Sales, Merchandising and Communications.

Transmission, Distribution and Collection Costs

Transmission, distribution and collection costs are expensed when incurred and include all costs related to the broadcasting of the Corporation's programs, including direct out-of-pocket expenditures, departmental and administration expenses, and the cost of activities related to technical labour. A portion of the expenses that are attributable to the cost of transmission and distribution, such as services provided by Human Resources, Finance and Administration, Building Management and other Shared Services, as well as a portion of depreciation and amortization are included in the related expenses.

III) FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs. The Corporation's fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value.

The three levels of the fair value hierarchy are:

Level 1 – Fair value measurement derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Fair value measurements derived from inputs that are directly (i.e. as prices) or indirectly (i.e. derived from prices) observable other than Level 1 inputs.

Level 3 – Fair value measurements derived from valuation techniques that require inputs which are both based on unobservable market data and significant to the overall fair value measurement.

IV) ASSET IMPAIRMENT

The carrying amounts of the Corporation's property and equipment, intangible assets, assets under finance leases and programming assets are reviewed at each reporting date at the cash-generating unit ("CGU") level to determine whether there is any indication of impairment. For the purpose of impairment testing, a CGU is the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. Assets are tested at the CGU level when they cannot be tested individually.

Assets that are not yet available for use are tested for impairment at every reporting period regardless of whether an impairment indicator exists.

Under the Corporation's business model, no assets are considered to generate cash flows that are largely independent of the cash flows of other assets and liabilities. Instead, all assets interact to create the "broadcast network production operation" which includes real estate, equipment and intangible assets. These operations are funded by overall parliamentary appropriations, national and local advertising and other commercial revenue. Overall levels of cash flows reflect public policy requirements and decisions. They reflect budgetary funding provided to the Corporation in its entirety. If there are indicators of impairment present, the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount.

V) DEFERRED CHARGES

Deferred charges are primarily composed of services paid in advance that will be received in a period that exceeds twelve months from the date of the Consolidated Statement of Financial Position.

VI) REGULATORY LICENSES

The Corporation holds licenses, granted by the Canadian Radio-television and Telecommunications Commission (CRTC), for all its conventional television, radio and specialty services. The Corporation is required to meet specific regulatory obligations in return for the privilege of holding a broadcasting license. The Corporation has elected to record this non-monetary grant at its nominal value of nil.

VII) ADDITIONAL SIGNIFICANT ACCOUNTING POLICIES

To ease the reading of these consolidated financial statements, additional significant accounting policies, estimates and judgments (with the exception of those identified in Note 2 are disclosed throughout the notes, with the related financial disclosures. See table below for reference purposes:

ACCOUNTING AREA	PAGE	ACCOUNTING POLICIES	CRITICAL ACCOUNTING ESTIMATES AND JUDGMENT	ACCOUNTING AREA	PAGE	ACCOUNTING POLICIES	CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS
Trade and Other Receivables (Note 5)	75	✓	✓	Deferred Revenue (Note 21)	100	✓	✓
Programming (Note 6)	76	✓	✓	Revenue (Note 22)	101	✓	
Property and Equipment (Note 10)	80	✓	✓	Government Funding (Note 23)	103	✓	✓
Intangible Assets (Note 11)	84	✓	✓	Finance Costs (Note 24)	104	✓	
Assets under Finance Leases (Note 12)	86	✓	✓	Income Taxes (Note 25)	104	✓	✓
Investment in Associate (Note 13)	87	✓	✓	Financial Instruments (Note 27)	106	✓	
Accounts payable and accrued liabilities (Note 15)	90	✓		Related Parties (Note 29)	111	✓	
Provisions (Note 16)	90	✓	✓	Commitments (Note 30)	113	✓	✓
Pension and Employee Related Liabilities (Note 17)	91	✓	✓				

3. New and Future Changes in Accounting Policies

A. Adoption of New and Revised International Financial Reporting Standards

The Corporation adopted Amendments to IAS 7, *Statement of Cash Flows*, effective for annual periods beginning January 1, 2017. The amendments to IAS 7 require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. Comparative information is not required to be presented for prior periods. The Corporation has evaluated the impact to the consolidated financial statements and has provided disclosure in Note 26 B of the financial statements. The adoption of IAS 7 amendments and such application had no material effect on our financial performance or disclosure.

B. Future Accounting Changes

The IASB issued the following new standards to replace existing standards which were not in effect and were not applied as at March 31, 2018. These new standards could potentially impact the consolidated financial statements of the Corporation. The Corporation does not expect to early adopt these standards.

Standard	Description	Impact	Effective Date
IFRS 9 *Financial Instruments*	Issued to replace IAS *39 Financial instruments: recognition and measurement* and all previous versions of IFRS 9. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment of financial assets, and new hedge accounting guidance. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.	The adoption of IFRS 9 will not result in any material classification or measurement change in the Corporation's financial instruments. The introduction of a new expected credit loss model will mainly impact the Corporation's trade receivables. Trade receivables are essentially without a significant financing component, and our calculations do not indicate a material impact on transition nor materially different amounts of recognized losses in the future. However, impairment losses will be recognized at an earlier stage going forward as a credit event no longer will be necessary for recognizing an impairment loss. Furthermore, the impact of initial application of IFRS 9 will also be affected by the specific economic conditions at that time.	Effective April 1, 2018, applied retrospectively.
IFRS 15 *Revenue from Contracts with Customers*	Issued to replace IAS 18 *Revenues* and IAS 11 *Construction contracts* and their related Interpretations. IFRS 15 outlines a single control-based model for entities to use in accounting for revenue arising from contracts with customers; except for contracts that are within the scope of the standards on leases, insurance contracts, and financial instruments. IFRS 15 also contains enhanced disclosure requirements.	The Corporation has completed its assessment of accounting differences from adopting IFRS 15 by revenue stream. As the majority of the Corporation's revenue is derived from arrangements in which the transfer of risks and rewards coincides with the transfer of control of goods and services, no material changes in respect of the timing and amount of revenue currently recognized by the Corporation were identified. The Corporation plans to adopt the standard using the full retrospective approach.	Effective April 1, 2018, applied retrospectively.
IFRS 16 *Leases*	Supersedes IAS 17 *Leases* and related Interpretations. Eliminates the classification of leases as either operating or finance leases for a lessee for all leases unless the lease term is 12 months or less or the underlying asset has a low value. All applicable leases are accounted for in a similar manner to finance leases under IAS 17. This standard will result in an expected increase in assets and financial liabilities. Lessor accounting remains largely unchanged and the distinction between operating and finance leases is retained.	The Corporation is still assessing the potential impact of IFRS 16 on its consolidated financial statements. IFRS 16 will increase the Corporation's recognized assets and liabilities and affect the presentation and timing of related depreciation and interest charges in the Consolidated Statement of Income (Loss). In many instances, what was an operating lease commitment will now be recognized as a liability with an associated right-of-use asset.	Effective April 1, 2019, applied retrospectively.

ASSETS AND LIABILITIES

This section shows the assets used to fulfill the public broadcaster's mandate and the liabilities incurred as a result. On the following pages there are notes covering working capital, non-current assets and liabilities, the disposal of the Maison de Radio-Canada premises, provisions and pension.

4. Cash and Marketable Securities

	March 31, 2018	March 31, 2017
Cash on hand	748	542
Bank balances	95,230	130,520
Total cash	**95,978**	**131,062**
Total marketable securities	**-**	**23,231**

Interest revenue generated from bank balances and included in Financing and investment income totaled $2.4 million for the year (2017 - $1.6 million).

5. Trade and Other Receivables

Trade and other receivables represent amounts the Corporation expects to collect from other parties. The Corporation's trade and other receivables are mainly derived from the sale of advertising airtime.

Accounting Policies	Critical Accounting Estimates and Judgments
Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost less an allowance for doubtful accounts. The Corporation recognizes an allowance for doubtful accounts for receivables where there is objective evidence of impairment. Objective evidence is determined in accordance with Note 27 – Impairment of financial assets. Before accepting new advertising customers, the Corporation conducts a credit assessment. An external credit scoring agency may be used to assess the potential customer's credit quality and define credit limits by customer. Limits and scoring attributed to customers are reviewed at least once a year to determine whether adjustments are required. In addition, the Corporation monitors its customers throughout the year for any indications of deterioration in credit quality. When a trade receivable is uncollectible, it is written off against the allowance for doubtful accounts. Subsequent recoveries of amounts previously written off are credited to the Consolidated Statement of Income (Loss) in television, radio and digital services costs expenses.	Determining when there is reasonable expectation that the Corporation will not be able to collect some of the amounts due requires judgment.

Supporting Information

	March 31, 2018	March 31, 2017
Trade receivables	191,249	113,181
Allowance for doubtful accounts	(1,106)	(1,240)
Other	15,168	13,558
	205,311	**125,499**

The increase in trade receivables compared to the prior year is mostly due to higher advertising receivables related to the PyeongChang 2018 Olympic Winter Games in February 2018 that are not yet collected. Trade receivables are subject to credit risk which is further discussed in Note 27 B.

6. Programming

Programming consists of internally produced television programs, externally produced television programs that require the Corporation's involvement during the production, and acquired license agreements for programming material.

Accounting Policies	Critical Accounting Estimates and Judgments
Programming completed and in the process of production (excluding acquired license agreements) is recorded at cost less accumulated amortization and accumulated write-offs, on an individual basis. Costs include materials and services, labour and other direct expenses applicable to programming. A portion of the Corporation's indirect expenses that are attributable to the costs of generating programming (such as services provided by Human Resources, Finance and Administration, Building Management and other Shared Services, as well as a portion of depreciation and amortization) are also included in the related program costs. Programming comprises inventory programs produced internally and externally ("non-procured programming") and rights purchased from third parties ("procured programming"). Payments made under the terms of each acquired license agreement are recorded as either current or non-current programming. Non-procured programming is usually recorded as current since the programs are available for immediate use once completed, unless noted otherwise in the agreement. License agreements are recorded as current programming if the rights to broadcast start within the next twelve months and as non-current programming if the right to broadcast starts beyond twelve months. Non-current programming rights are transferred to current programming once they are expected to be broadcast within the next twelve months. Programming costs are recognized in television, radio and digital services costs on the Consolidated Statement of Income (Loss), according to the expense recognition schedule described in this section, or when deemed unusable, or when sold. The amortization of programming costs is subject to the following expense recognition schedule, which is based on intended use. The Corporation's intended use of programming is reviewed at each year-end. In determining intended use, the Corporation considers program contract terms, past audience experience, and future telecast plans. Costs of programs that are not considered to be recoverable are written off and recorded in the Consolidated Statement of Income (loss) as television, radio and digital services costs.	The Corporation is required to determine an appropriate amortization rate for each type of programming. Management's intended use for each program-type considers program contract terms, broadcast experience, past audience experience and future telecast plans when determining the expense recognition schedule for programming. There are a number of uncertainties inherent in estimating management's foreseeable use of its programming assets, particularly as they relate to assumptions regarding viewership patterns and consumption habits. Management periodically reviews amortization rates. Changes in these assumptions could result in adjustments to amounts recognized in the Consolidated Statement of Financial Position and Statement of Income (Loss). The Corporation has estimated the value of non-monetary consideration provided to Rogers Communications Inc. (Rogers) for *Hockey Night in Canada* sublicensing over the remainder of the contract term. See Note 6 B for more information.

Expense Recognition Schedule

For its conventional television programming with multiple telecasts, management uses the following recognition basis:

CATEGORY	DESCRIPTION	EXPENSES RECOGNITION SCHEDULE BY TELECAST	
		CBC rates	**Radio-Canada rates**
Movies	All movie genres	50% / 30% / 20%	45% / 20% / 20% / 15%
Series	Dramatic ongoing series (excluding strips[1])	70% /20% /10%	85% / 15%
	Comedy ongoing series (excluding strips[1])	75% / 25%	70% / 30%
	Specials, mini-series, and made for TV feature films	70% / 30%	70% / 30%
	Animated programs	70% / 30%	70% / 30%
Factual	Factual, informal education and game shows (excluding strips[1])	70% / 30%	70% / 30%
Documentaries	Includes all type of documentaries	50% / 30% / 20%	100%
Arts, Music and Variety	Arts, music and variety programs, and comedy specials	70% / 30%	70% / 30%
	Sketch comedy programs (excluding strips[1])	50% / 30% / 20%	70% / 30%
Youth	Youth and children drama programs	Evenly over each telecast up to a maximum of 5 telecasts	
	Other youth programs		
	Children - animated and pre-school programs		
Programs telecast as strips[1]	With the intent to strip from 1st run	Evenly over each telecast up to a maximum of 5 telecasts	N/A
Programs telecast as strips[1]	With the intent to strip after 2nd run	50% / 30% / 20%	N/A
Speciality television programming	Broadcast rights for periods up to 2 years	70%/30%	Evenly over the contract period up to a maximum of 3 years
	Broadcast rights for periods over 2 years	50%/30%/20%	

N/A - Not applicable

[1]Method of broadcasting consecutive episodes.

In addition, digital programming expenses are recognized 100% once the program is made available online.

During this fiscal year, the Corporation made a change in the expense recognition schedule for the Comedy genre. This impacted the Series and Art, Music and Variety categories. For English Services, On-going comedy series are now amortized 75%/25% and Non-strip comedy series are now amortized 50%/30%/20% (2017: 70%/30% for both categories).

This change in estimate was determined through an analysis of the Comedy genre broadcast experience, audience results and management's intention for future telecasts. The total net impact of this change was not material as at March 31, 2018. Due to the nature of programming assets and fluctuations in the programming schedule, it is impracticable to estimate the effect of this change on future periods.

Supporting Information

A. Programming by Category

	March 31, 2018	March 31, 2017
Completed programs - externally produced	111,962	93,401
Completed programs - internally produced	3,734	4,886
Programs in process of production - externally produced	74,528	65,662
Programs in process of production - internally produced	4,360	6,135
Broadcast rights available for broadcast within the next twelve months	64,932	98,243
	259,516	**268,327**
Broadcast rights not available for broadcast within the next twelve months	42,984	58,107
	302,500	**326,434**

B. Movement in Programming

	March 31, 2018	March 31, 2017
Opening balance	326,434	345,456
Additions	1,114,224	1,039,050
Programs broadcast	(1,138,158)	(1,058,072)
Balance, end of year	**302,500**	**326,434**

Programs broadcast include programming write-offs for the year ended March 31, 2018 of $7.9 million (2017 – $4.8 million). Programming write-offs are mainly due to terminated projects, programming not suitable for telecast or pilots not progressing into a series.

The Corporation has an agreement with Rogers Communications Inc. (Rogers) for the airing of *Hockey Night in Canada* for Saturday night and playoff hockey. Under this arrangement, the Corporation acquired the right to broadcast hockey in exchange for providing Rogers with facilities and production services, use of certain trademarks and with airtime to generate advertising revenue. The agreement is for a total of five years, ending in June 2019.

As the agreement is based on an exchange of non-monetary items, an estimate of the value of the five year broadcast license acquired was calculated based on the fair value of assets given-up and has been recorded as Programming in the Corporation's Consolidated Statement of Financial Position. The fair value of facilities, production services and trademarks to be used by Rogers was determined using market rates. The fair value of airtime provided to Rogers was determined using the Corporation's advertising rate cards for the programs displaced as a result of airing hockey. An estimate of the corresponding costs associated with the provision of facilities and production services as well as deferred revenue was recorded in the liabilities of the Corporation's Consolidated Statement of Financial Position. The Corporation is recognizing these items in revenue and expenses over the five-year term of this agreement as games are aired and as related services are provided.

7. Promissory Notes Receivable

The Corporation holds three Promissory Notes Receivable:

- Through the CBC Monetization Trust, a structured entity, the Corporation has two promissory notes receivable relating to the sale of parcels of land. These notes, which mature in May 2027, bear a fixed annual interest rate of 7.15%, with payments made in arrears in equal blended monthly instalments.

  The notes have a carrying value of $37.7 million (March 31, 2017 – $40.5 million) and are pledged as collateral for their total carrying value to the Corporation's borrowings through notes payable.

- The Corporation also holds a promissory note receivable from Sirius XM Canada Holdings Inc. that is non-interest bearing and is expected to be repaid within the next year. The carrying amount at March 31, 2018, is $0.4 million (March 31, 2017 – $0.4 million).

The following table presents the contractual maturity profile of promissory notes receivable based on carrying value.

	March 31, 2018	March 31, 2017
Less than one year	3,448	3,238
Later than one year but not later than five years	14,548	13,578
More than five years	20,068	24,083
Total	**38,064**	**40,899**

Interest income included in current year's revenue and presented as financing income is $2.6 million (2017 – $2.8 million).

8. Investment in Finance Lease

The investment in finance lease, which is held by CBC Monetization Trust, relates to the rental of two parcels of land in Toronto that bear an implicit annual interest rate of 7.15% and with terms ending in May 2027. The lease receivables are pledged as collateral for their total carrying value to the Corporation's borrowings through notes payable.

	Minimum payments receivable	Present value of minimum payments receivable	Minimum payments receivable	Present value of minimum payments receivable
		March 31, 2018		March 31, 2017
Less than one year	6,050	3,394	6,050	3,171
Later than one year but not later than five years	24,199	15,452	24,199	14,405
More than five years	27,811	22,402	33,861	26,843
Less: unearned financing income	(16,812)	-	(19,691)	-
Total	**41,248**	**41,248**	**44,419**	**44,419**

Interest income included in current year's revenue and presented as financing income is $2.7 million (2017 – $2.9 million).

9. Bonds Receivable

During 2017-2018, the Corporation invested in Canada Mortgage Bonds the monies from its investment in marketable securities and the proceeds received from disposing of its interest in Sirius XM Canada Holdings Inc. and selling the existing Maison de Radio-Canada (MRC) premises.

The following table presents the contractual maturity profile of bonds receivable based on carrying value:

	March 31, 2018	March 31, 2017
Less than one year	110,712	-
Later than one year but not later than five years	43,373	-
Total	**154,085**	-

Interest income related to bonds receivable included in current year's revenue and presented as finance income is $1.0 million (2017 – nil).

10. Property and Equipment

The majority of the Corporation's tangible assets are buildings and technical equipment. These assets are depreciated over their estimated useful lives.

Accounting Policies	Critical Accounting Estimates and Judgments
<u>Recognition and measurement</u> Property and equipment are recorded at cost less accumulated depreciation. Costs include expenditures that are directly attributable to the acquisition of the items. The cost of assets constructed by the Corporation includes material, direct labour and related overheads. Amounts included in uncompleted capital projects are transferred to the appropriate property and equipment classification upon completion. <u>Depreciation</u> Depreciation of property and equipment is calculated using the straight-line method and rates are based on the estimated useful life of the property and equipment, beginning when an asset becomes available for its intended use. Where major parts of an asset have useful lives different from the asset as a whole, they have been componentized and depreciated according to the major components to which they pertain. The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Leasehold improvements are capitalized and then depreciated over the shorter of the lease term and the asset's useful life. <u>Assets held for sale</u> The Corporation classifies an asset as held for sale if its carrying amount will be recovered principally through a sale rather than through continuing use. This condition is met only when the sale is highly probable and the asset is available for immediate sale in its present condition. For assets with total expected sale proceeds of $4 million or more, Governor in Council's approval is required for these assets to be classified as held for sale. Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. <u>Derecognition</u> The Corporation derecognizes an item of property and equipment on disposal, or when no future economic benefits are expected from its use. The gain or loss arising from the disposal or retirement of an item of property and equipment is determined as the difference between the sale net proceeds and the carrying amount of the asset, and is recognized as other gains and losses in the Consolidated Statement of Income (Loss).	The Corporation is required to estimate the expected useful lives of property and equipment. In determining the expected useful lives of these assets, the Corporation takes into account past experience, industry trends and specific factors, such as changing technologies and expectations for the in-service period of these assets. The appropriateness of useful lives of these assets and depreciation method are assessed annually, with the effect of any changes in estimate accounted for on a prospective basis. Changes to useful life estimates would affect future depreciation or amortization expenses and future carrying values of assets. Useful lives of property and equipment are included in the table below. When an item of property and equipment comprises individual components for which different depreciation methods or rates are appropriate, judgment is used in determining the appropriate level of componentization.

Critical Accounting Estimates and Judgments (continued)

The useful lives used in the calculation of depreciation are as follows:

Buildings	15 to 65 years
Technical Equipement	
Transmitters and Towers	20 years
Electrical Equipment	16 years
Other	8 years
Furnishings and Office Equipment	10 years
Computers (Hardware)	
Servers	5 years
Personal Computers	3 years
Automotive	
Specialized Vehicles	20 years
Television and Radio News Trucks, 5-Ton and 10-Ton Heavy Trucks	12 years
Snowmobiles, All-Terrain Vehicles	10 years
Utility Vehicles, Vans	8 years
Automobiles and Minivans	5 years

Supporting Information

A. Cost and Accumulated Depreciation

The property and equipment carrying amounts are as follows:

	March 31, 2018	March 31, 2017
Cost	1,961,240	2,052,855
Accumulated depreciation	(1,214,402)	(1,186,948)
	746,838	865,907

	Land	Buildings	Leasehold improvements	Technical equipment	Computer, office equipment and other	Uncompleted capital projects	Total
Cost as at March 31, 2017	174,118	557,601	65,468	1,051,515	153,758	50,395	**2,052,855**
Additions	-	64	-	16,366	2,727	63,342	**82,499**
Transfers (refer to Note 11)	8	15,005	6,458	53,948	7,839	(80,009)	**3,249**
Assets classified as held for sale	(57)	(208)	-	(939)	-	-	**(1,204)**
Disposals and write-offs	(41,272)	(73,678)	(1,496)	(51,102)	(8,540)	(71)	**(176,159)**
Cost as at March 31, 2018	**132,797**	**498,784**	**70,430**	**1,069,788**	**155,784**	**33,657**	**1,961,240**
Accumulated depreciation as at March 31, 2017	-	(260,831)	(35,503)	(780,043)	(110,571)	-	**(1,186,948)**
Depreciation for the year	-	(27,578)	(3,945)	(57,649)	(12,607)	-	**(101,779)**
Remeasurement charge	(21,007)	(15,489)	-	-	-	-	**(36,496)**
Reclassification of depreciation on assets classified as held for sale	-	208	-	813	-	-	**1,021**
Reclassification of depreciation on disposals and write-offs	-	50,805	1,169	49,369	8,457	-	**109,800**
Accumulated depreciation as at March 31, 2018	**(21,007)**	**(252,885)**	**(38,279)**	**(787,510)**	**(114,721)**	**-**	**(1,214,402)**
Net carrying amount as at March 31, 2018	**111,790**	**245,899**	**32,151**	**282,278**	**41,063**	**33,657**	**746,838**

	Land	Buildings	Leasehold improvements	Technical equipment	Computer, office equipment and other	Uncompleted capital projects	Total
Cost as at March 31, 2016	174,306	555,422	63,878	1,075,623	147,203	39,970	**2,056,402**
Additions	-	94	-	14,940	4,893	62,319	**82,246**
Transfers (refer to Note 11)	-	8,628	2,626	33,777	10,974	(51,821)	**4,184**
Assets classified as held for sale	(7)	(204)	-	21	-	-	**(190)**
Disposals and write-offs	(181)	(6,339)	(1,036)	(72,846)	(9,312)	(73)	**(89,787)**
Cost as at March 31, 2017	**174,118**	**557,601**	**65,468**	**1,051,515**	**153,758**	**50,395**	**2,052,855**
Accumulated depreciation as at March 31, 2016	-	(234,131)	(32,799)	(796,491)	(107,912)	-	**(1,171,333)**
Depreciation for the year	-	(31,050)	(3,740)	(54,604)	(11,865)	-	**(101,259)**
Reclassification of depreciation on assets classified as held for sale	-	204	-	(21)	-	-	**183**
Reclassification of depreciation on disposals and write-offs	-	4,146	1,036	71,073	9,206	-	**85,461**
Accumulated depreciation as at March 31, 2017	**-**	**(260,831)**	**(35,503)**	**(780,043)**	**(110,571)**	**-**	**(1,186,948)**
Net carrying amount as at March 31, 2017	**174,118**	**296,770**	**29,965**	**271,472**	**43,187**	**50,395**	**865,907**

Refer to Note 30 A for contractual commitments for the acquisition of property and equipment.

The depreciation for the year has been recorded in the Corporation's Consolidated Statement of Income (Loss) as follows:

	For the year ended March 31	
	2018	2017
Television, radio and digital services costs	85,633	85,513
Transmission, distribution and collection costs	15,668	15,247
Corporate management	478	499
Total	**101,779**	101,259

B. IMPAIRMENT AND OTHER CHARGES

During the year, a remeasurement charge of $36.5 million was incurred upon classifying the Maison de Radio-Canada (MRC) assets as held-for-sale. This charge was partially offset by the release of an associated deferred capital funding liability of $28.5 million. As a result, a charge net of capital funding of $8.0 million was recognized in the Consolidated Statement of Income (Loss) as of July 17, 2017. The sale of the MRC was subsequently completed on July 27, 2017. Refer to Note 14 for more details.

Following the sale of the existing MRC, the Corporation is completing a review of the assets to be moved to the new MRC. Accelerated depreciation of $1.1 million has been taken during the last three months of 2017-2018 to reflect a shortened remaining useful life for those assets that will not be moved to the new premises. These assets will be fully depreciated by the time the new building is ready, and these assets will be derecognized.

Other than the remeasurement charge noted above, there were no other impairment losses recorded or reversed during the year ended March 31, 2018. For the year ended March 31, 2017, the Corporation recorded an impairment loss of $1.2 million in its Consolidated Statement of Income (Loss) on certain assets held for sale.

C. ASSETS CLASSIFIED AS HELD FOR SALE

Consistent with the Corporation's financial plan to reduce its real estate footprint, several properties were classified as held for sale for accounting purposes as at March 31, 2018 with a total carrying value of $0.3 million (March 31, 2017 - $0.1 million). These properties are expected to be sold on a site by site basis over the next twelve months.

D. DISPOSALS

During the fiscal year, the Corporation disposed of the Maison de Radio-Canada premises as further discussed in Note 14.

The Corporation recorded a loss of $4.4 million for the partial derecognition of components of the Toronto Broadcast Centre building, which were replaced by new ones.

The Corporation also recorded a gain of $1.9 million on the sale of the property in Halifax (Nova Scotia).

During the 2016-2017, the Corporation sold properties located in Moncton (New Brunswick), Sackville (New Brunswick) and Bowen Island (British Columbia) that were previously held for sale. The proceeds on the sale of these assets were $4.2 million and resulted in a gain of $1.9 million.

Other insignificant net gains and losses during the current and the previous fiscal years resulted from the disposal or retirements of equipment as part of the Corporation's normal asset refresh cycle.

11. Intangible Assets

Intangible assets are identifiable non-monetary assets without physical substance, represent future economic benefits and are controlled by the Corporation. The Corporation's intangible assets comprise software acquired separately and internally developed software for internal use.

<table>
<tr><th>Accounting Policies</th><th>Critical Accounting Estimates and Judgments</th></tr>
<tr><td>
Software acquired separately is recorded at cost at the acquisition date.
Expenditures relating to internally developed computer software applications are capitalized when the following criteria are met:

The applications are technically feasible;
The Corporation intends to complete the asset and to use it;
The Corporation has the ability to use the asset;
The development costs can be reliably measured;
The Corporation has the adequate technical, financial and other resources to complete the development of the asset and to use it; and
It is probable that the asset will generate future economic benefits.

The amount initially recognized for internally developed software is the total of the expenditure incurred from the date the intangible asset first meets the recognition criteria listed above. Capitalization ceases when the developed asset is ready for use.
Subsequent expenditures on an intangible asset after its purchase or completion are recognized as expenses when incurred, unless it is probable that these expenditures will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance, and the expenditure can be measured and attributed to the asset reliably. Where no internally developed software can be recognized, development expenditures are recognized in the Consolidated Statement of Income (Loss) in the period in which they are incurred.
Subsequent to initial recognition, software acquired separately and internally developed software are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over the estimated useful lives (three to five years) and the amortization expense is allocated between the various functions on the Consolidated Statement of Income (Loss), for presentation purposes.
The Corporation derecognizes an intangible asset on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the disposal or retirement of an intangible asset is determined as the difference between the sale net proceeds and the carrying amount of the asset and is recognized as other gains and losses in the Consolidated Statement of Income (Loss).
</td><td>
The Corporation uses judgment to determine whether expenditures it has made on intangible items meet the recognition criteria for capitalization. Since intangible assets are accounted for at cost and amortized on a straight-line basis over their estimated useful lives, the Corporation is required to estimate the expected useful lives of these assets.
In determining the expected useful lives of these assets, the Corporation takes into account past experience, industry trends and internally-specific factors, such as changing technologies and expectations for the in-service period of these assets.
The appropriateness of useful lives of these assets and their amortization method are assessed annually with the effect of any changes in estimate being accounted for on a prospective basis.
Changes to useful life estimates would affect future amortization expenses and future carrying values of assets.
</td></tr>
</table>

Supporting Information

The intangible assets carrying amounts are as follows:

	March 31, 2018	March 31, 2017
Cost	192,141	193,118
Accumulated amortization	(168,342)	(163,101)
	23,799	30,017

	Internally developed software	Acquired software	Uncompleted capital projects	Total
Cost as at March 31, 2017	141,452	37,550	14,116	**193,118**
Additions	-	159	10,543	**10,702**
Transfers (refer to Note 10)	5,823	7,949	(17,021)	**(3,249)**
Disposals and write-offs	(390)	(1,501)	(6,539)	**(8,430)**
Cost as at March 31, 2018	**146,885**	**44,157**	**1,099**	**192,141**
Accumulated amortization as at March 31, 2017	(138,904)	(24,197)	-	**(163,101)**
Amortization for the year	(1,857)	(5,276)	-	**(7,133)**
Reclassification of amortization on disposals and write-offs	391	1,501	-	**1,892**
Accumulated amortization as at March 31, 2018	**(140,370)**	**(27,972)**	**-**	**(168,342)**
Net carrying amount as at March 31, 2018	**6,515**	**16,185**	**1,099**	**23,799**

	Internally developed software	Acquired software	Uncompleted capital projects	Total
Cost as at March 31, 2016	140,760	32,191	12,903	**185,854**
Additions	-	641	11,065	**11,706**
Transfers (refer to Note 10)	889	4,779	(9,852)	**(4,184)**
Disposals and write-offs	(197)	(61)	-	**(258)**
Cost as at March 31, 2017	**141,452**	**37,550**	**14,116**	**193,118**
Accumulated amortization as at March 31, 2016	(137,827)	(19,270)	-	**(157,097)**
Amortization for the year	(1,274)	(4,986)	-	**(6,260)**
Reclassification of amortization on disposals and write-offs	197	59	-	**256**
Accumulated amortization as at March 31, 2017	**(138,904)**	**(24,197)**	**-**	**(163,101)**
Net carrying amount as at March 31, 2017	**2,548**	**13,353**	**14,116**	**30,017**

During the year, we derecognized software development costs for an amount of $6.5 million.

Refer to Note 30 A for contractual commitments for the acquisition of intangible assets.

There were no impairment losses recorded or reversed during the year ended March 31, 2018 (2017 – nil).

The amortization for the year has been recorded in the Corporation's Consolidated Statement of Income (Loss) as follows:

	For the year ended March 31	
	2018	2017
Television, radio and digital services costs	6,560	5,779
Transmission, distribution and collection	536	444
Corporate management	37	37
Total	**7,133**	6,260

12. Assets Under Finance Leases

Assets under finance leases consist of a lease for leasehold improvements with original lease term of seven years. During the year, the seventeen year lease for satellite transponders accounted for as a finance lease expired.

Accounting Policies	Critical Accounting Estimates and Judgments
Recognition and measurement Assets acquired by way of a finance lease are stated at an amount equal to the lower of their fair value and the present value of minimum lease payments at inception of the lease, less accumulated depreciation and accumulated impairment losses. Depreciation Assets under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the related lease unless it is reasonably certain the Corporation will obtain ownership by the end of the lease term.	The Corporation has determined that an arrangement for satellite transponders and leasehold improvements constitutes a lease under IFRIC 4 *Determining whether an arrangement contains a lease* and that this lease meets the criteria of a finance lease. It is judged to be a finance lease because the Corporation has a right to use the transponders and leasehold improvements conveyed by the agreements for substantially all of the estimated economic useful life of the leased assets.

Supporting Information

	March 31, 2018	March 31, 2017
Cost – leasehold improvements	7,821	7,821
Cost – satellite transponders	119,897	119,897
Accumulated depreciation – leasehold improvements	(1,805)	(1,203)
Accumulated depreciation – satellite transponders	(119,897)	(113,489)
Net carrying amount	**6,016**	**13,026**

Depreciation for the year ended March 31, 2018, was $7.0 million (2017 – $7.6 million).

13. INVESTMENT IN ASSOCIATE

An associate is an entity over which the Corporation has significant influence and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not result in control or joint control over those policies.

ACCOUNTING POLICIES	CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS
Prior to April 26, 2017, the Corporation held interest in a single associate, Sirius XM Canada Holdings Inc. (SiriusXM). As such, the Corporation's financial statements included the Corporation's share of the results of its associate, SiriusXM, using the equity method of accounting. SiriusXM follows similar accounting principles and policies to CBC/Radio-Canada. The Corporation recognized its investment in SiriusXM initially at cost, and then adjusted the carrying value based on the Corporation's share of SiriusXM income or loss. Dividends received by the Corporation from SiriusXM reduced the carrying amount of its investment. When the Corporation transacted with its associate, profits and losses were eliminated to the extent of the Corporation's interest in the relevant associate. The investment in associate was assessed for indicators of impairment at the end of each reporting period. On April 26, 2017, the Corporation's investment in SiriusXM was classified as held-for-sale when the Canadian Radio-Television and Telecommunications Commission (CRTC) approval was obtained. As a result, the Corporation ceased applying equity accounting on this date.	Prior to April 26, 2017, the Corporation exercised significant influence over SiriusXM, while holding less than 20% voting control. In assessing significant influence, judgment was used in determining that the seat the Corporation had on SiriusXM's Board of Directors (through its ownership interest) confered the Corporation the power to participate in the financial and operating policy decisions of its investee.

Supporting Information

Sale of investment in associate

On May 25, 2017, the Corporation sold its entire interest at $4.50 a share in its only associate, Sirius XM Canada Holdings (SiriusXM), a satellite radio communications company located and domiciled in Canada which offers a variety of content on a subscription basis across Canada, including 6 channels carrying the Corporation's programming.

The sale generated net proceeds of $57.6 million and resulted in the recognition of a gain in the Consolidated Statement of Income (Loss) of the first quarter of 2017-2018 calculated as follows:

Net proceeds from sale of shares	57,579
Less: Carrying amount of investment sold	(3,117)
Gain recognized	**54,462**

The proceeds received from this transaction have been invested in Canada Mortgage Bonds. See Note 9 for further details.

Equity-accounted investee information

Prior to April 26, 2017, the date at which the investment was classified as held-for-sale, the Corporation included its portion of the interim results of SiriusXM for the period up to February 28, 2017[39]. This corresponded to the latest information available for SiriusXM that could be disclosed publicly. No adjustment to results was required for transactions that occurred between February 28, 2017 and April 26, 2017.

[39] SiriusXM's fiscal year end is August 31 for financial reporting purposes, which differs from that of the Corporation. IAS 28, *Investments in Associates and Joint Ventures*, limits the difference between the end of the reporting period of an associate and that of the investor to no more than three months.

The equity-accounted investee information as at March 31 is summarized in the table below:

	Ownership interest held		Voting interest held[1]		Quoted Fair Value[2]		Carrying Amount		Dividends received	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
SiriusXM	nil	10.15%	nil	9.63%	nil	$71.9M	nil	$3.1M	nil	$2.7M

[1]As at March 31, 2017, the Corporation held 13,056,787 Class A Subordinate Voting Shares.

[2]The quoted market value (fair value) was based on unadjusted quoted prices in an active market (Level 1).

The summarized financial information presented below represents the amounts included in the IFRS financial statements of SiriusXM:

	March 31, 2017
Current assets	68,270
Non-current assets	238,716
Current liabilities	(220,269)
Non-current liabilities	(214,589)
Net assets	(127,872)
Revenue	348,278
Net results and total comprehensive income (loss)	31,830

A reconciliation of the summarized financial information above to the carrying amount of SiriusXM recorded on the Consolidated Statement of Financial Position is as follows:

	March 31, 2018	March 31, 2017
Opening balance	3,117	2,496
Share of results in associate	-	3,363
Dividends received	-	(2,742)
Carrying amount of investment sold	(3,117)	-
Balance, end of year	**-**	**3,117**

During 2016-2017, the Corporation recognized gains totaling $3.4 million.

The Corporation had not incurred any contingent liabilities or commitments in relation to its associate.

14. DISPOSAL OF MAISON DE RADIO-CANADA PREMISES

On July 27, 2017, the Corporation finalized the agreements for the two main components of the Maison de Radio-Canada (MRC) redevelopment project: the sale of the existing Maison de Radio-Canada building ("existing MRC") and the sale of the lot located on Montreal's René-Levesque Boulevard East ("lot") for the construction of the new broadcast centre ("new MRC").

The Corporation sold its existing MRC and the western part of its lot to Groupe Mach for net consideration of $42.2 million. CBC/Radio-Canada is currently leasing back the existing building from Groupe Mach until the new MRC is built.

The Corporation sold the eastern part of its lot to Broccolini Group for one dollar, as part of an overall transaction for the construction and leasing of the new MRC on this parcel of land. In exchange for the sale of this lot to Broccolini, the Corporation received non-cash consideration of $16.6 million in the form of future rent reductions on the lease of the new MRC. This non-cash consideration has been recorded in the Consolidated Statement of Financial Position as deferred charges. As part of its agreement with the Broccolini Group, CBC/Radio-Canada entered into a 30-year lease that will commence once the new build is ready for use.

The following tables detail the accounting impacts of these two transactions on the financial statements for year ended March 31, 2018. By undertaking these transactions, the Corporation classified the existing MRC as held-for-sale on July 14, 2017 and remeasured the existing MRC at fair value, less cost to sell. The overall net impact of this remeasurement is a loss (net of capital funding) of $8.0 million included under the "Loss on disposal of property and equipment and intangibles" line of the Corporation's Statement of Income (Loss) for the year ended March 31, 2018.

Loss on the remeasurement of assets being sold to fair value less costs to sell:

As of July 14, 2017	Sale of premises to Groupe Mach[1]	Sale of land to Broccolini group[2]	**Total**
Expected proceeds from disposal	42,208	16,592	58,800
Expected disposition-related costs	(250)	(1,535)	(1,785)
Remeasured carrying value of assets being sold	**41,958**	**15,057**	**57,015**
Original carrying value of assets sold	78,019	15,491	93,510
Release of deferred capital funding	(28,500)	-	(28,500)
Original carrying value of assets and liabilities being sold	**49,519**	**15,491**	**65,010**
Net loss on remeasurement of assets being sold	**(7,561)**	**(434)**	**(7,995)**

Net gain on disposal of the MRC premises:

As of July 27, 2017	Sale of premises to Groupe Mach[1]	Sale of land to Broccolini group[2]	**Total**
Consideration received	42,208	-	42,208
Deferred non-cash consideration	-	16,592	16,592
Remeasured carrying value of assets sold	(41,958)	(15,057)	(57,015)
Disposition-related costs	(250)	(1,535)	(1,785)
Net gain (loss) on disposal of MRC premises	-	-	-

[1]The final transaction was signed by the legal entity Faubourg de la Gauchetière Inc.

[2]The final transaction was signed by the legal entity Société en Commandite La Nouvelle Maison.

15. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities mainly consist of amounts owed to suppliers and employees that have been invoiced or accrued.

Accounting Policies	Critical Accounting Estimates and Judgments
Accounts payable and accrued liabilities are recognized initially at fair value and subsequently measured at amortized cost.	There are no critical accounting estimates and judgments related to accounts payable and accrued liabilities.

	March 31, 2018	March 31, 2017
Trade payables	49,796	35,378
Accruals	59,174	50,794
Other	1,916	1,775
	110,886	87,947

16. Provisions

Accounting Policies	Critical Accounting Estimates and Judgments
Provisions are recognized when: • The Corporation has a present obligation (legal or constructive) as a result of a past event; • It is probable that the Corporation will be required to settle the obligation; and • A reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows.	When it has been determined by management that the Corporation should record a provision, assumptions about the amount and likelihood of outflows and their timing are considered in determining a reliable estimate for the obligation. Factors affecting these assumptions include the nature of the provision, the existence of the claim amount, opinions or views of legal counsel and other advisors, experience in similar circumstances, and any management decision as to how the Corporation intends to handle the obligation.

Supporting Information

	Legal and other	Environmental	**Total**
Opening balance	30,190	390	30,580
Additional provisions recognized	19,999	-	19,999
Provisions utilized	(2,391)	(23)	(2,414)
Reductions resulting from remeasurement or settlement without cost	(3,309)	-	(3,309)
Balance, end of year	**44,489**	**367**	**44,856**

Various claims and legal proceedings have been asserted or instituted against the Corporation. Some of these claims demand large monetary damages or other form of relief, and could result in significant expenditures. These claims consist mainly of copyright tariffs, grievances and other legal claims.

Litigation is subject to many uncertainties and the outcome of individual matters is not always predictable. Claims that are uncertain in terms of the outcome or potential outflow or that are not measurable are considered to be a contingency and are not recorded in the Corporation's consolidated financial statements. In addition, claims where cash outflows are not probable are considered as contingencies.

At March 31, 2018, the Corporation had legal and other provisions amounting to $44.5 million (March 31, 2017 – $30.2 million). All matters are classified as current because, where estimable, the Corporation is working to resolve these matters within 12 months.

17. PENSION PLANS AND EMPLOYEE-RELATED LIABILITIES

The Corporation provides pension and long-term service retirement benefits based on the length of service and final average earnings of its employees, and other defined benefit post-employment benefit plans to its employees such as post-employment life insurance.

PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS (OPEB)

ACCOUNTING POLICIES

Contributory defined benefit pension plan

The cost of the defined benefit retirement plans are determined on an actuarial basis using the projected unit credit method and management's best assumptions (such as the rate of compensation, inflation, retirement ages of employees and mortality of members), with actuarial valuations being carried out at the end of each annual reporting period.

The components of defined benefit costs are categorized as follows:

- **Service cost** - includes current service cost and past service cost. The Corporation recognizes it as part of net results for the period. Past service costs, generally resulting from changes in the benefits payable for past services under an existing plan, are recognized in the Consolidated Statement of Income (Loss) in the period of a plan amendment.
- **Net interest expense or income** - The Corporation recognizes it as part of net results for the period. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

These two components, in aggregate, are allocated between the various functions on the Consolidated Statement of Income.

- **Remeasurements** - comprises actuarial gains and losses and the return on plan assets (excluding interest). These are reflected immediately in the Consolidated Statement of Financial Position with a charge or credit recognized in other comprehensive income (loss) in the period in which they occur. Remeasurements recognized in other comprehensive income are never subsequently reclassified to net results. The Corporation transfers all remeasurements directly from other comprehensive income to retained earnings as a policy choice.

The liability recognized in the Consolidated Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rate determined by reference to market yields at the end of the reporting period on high quality Canadian corporate bonds that have terms to maturity approximating the terms of the related defined benefit obligation.

When the actuarial calculation results in a benefit asset to the Corporation, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan of the Corporation. An economic benefit is available if it is realizable during the life of the plan, or on settlement of the plan liabilities.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Accounting for defined benefit pension plans and other post-employment benefits (OPEB) requires that assumptions be made to help value benefit obligations and pension assets.

The primary assumptions and estimates include the discount rates, health care cost trend rates, long-term rate of compensation increase, future pension increases and mortality of members. These assumptions are of a long-term nature, which is consistent with the nature of post-employment benefits.

The Corporation uses the Fiera capital curve ('CIA curve') to determine the discount rate for calculating the defined benefit obligation. During the year, the Corporation ceased rounding its discount rate to the nearest 25 basis point (bp). Management has elected to use the actual discount rate in order to increase the accuracy of amounts recorded in the financial statements.

Changes to these primary assumptions and estimates would impact amounts recognized in net results and amounts recognized in Other Comprehensive Income, as applicable. A sensitivity analysis of these changes in primary assumptions is disclosed in Note 17 B.

OPEB AND EMPLOYEE BENEFITS OTHER THAN POST-EMPLOYMENT BENEFITS

ACCOUNTING POLICIES	CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS
<u>OPEB</u> Other post-employment benefits (OPEB) liabilities are recognized as follows: • For long-term disability and workers' compensation when the event that obligates the Corporation occurs; • For continuation of benefit coverage for employees on long-term disability and the non-contributory long-term benefit plan, the provision is determined on an actuarial basis using discount rates and assumptions consistent with those used for post-employment benefits and the related expense is recognized over the period the employees render the services. Actuarial gains (losses) and past service costs are recognized immediately in the Consolidated Statement of Income (Loss) in the period they occur. <u>Employee benefits other than post-employment benefits</u> The Corporation recognizes the expense relating to short-term benefits including short-term compensated absences as follows: • For salaries, social security contribution, bonuses and vacations in the period the employees render the services; • For employee health, dental and life insurance plans in the period the expenses are incurred; and • For short-term non-accumulating compensated absences such as sick leave, parental leave, short-term disability and workers' compensation in the period the absence occurs. Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Corporation has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.	There are no critical accounting estimates and judgments related to employee benefits other than those relating to the primary actuarial assumptions discussed previously.

TERMINATION BENEFITS

ACCOUNTING POLICIES	CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS
The Corporation recognizes termination benefits at the earlier of the following dates: (a) when the Corporation can no longer withdraw the offer of those benefits; and (b) when the Corporation recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of a voluntary departure, the Corporation can no longer withdraw an offer of termination benefits when either the employee accepts the offer, or when a restriction on the Corporation's ability to withdraw the offer exists. In the case of an involuntary departure, the Corporation can no longer withdraw an offer of termination benefits when it has communicated to the affected employees a plan of termination.	There are no critical accounting estimates and judgments related to termination benefits.

Supporting Information

A. Pension Plan Asset/Liability and Employee-Related Liabilities

Employee-related assets/liabilities recognized and presented in the Consolidated Statement of Financial Position are as follows:

	Current		Non-current	
	March 31, 2018	March 31, 2017	**March 31, 2018**	March 31, 2017
Pension plan asset	**-**	-	**302,025**	261,721
Pension plan liability	-	-	117,520	108,095
Other post-employment plans	-	-	117,814	132,772
Vacation pay	60,080	57,963	-	-
Termination benefits	7,527	9,699	-	-
Salary-related liabilities	61,510	55,735	28,844	23,282
Total pension plans and employee-related liabilities	**129,117**	**123,397**	**264,178**	**264,149**

The amount included in the Consolidated Statement of Financial Position arising from the Corporation's obligation in respect of its defined benefit plans is as follows:

	Funded pension plan	Unfunded pension plans	Other post-employment plans	Funded pension plan	Unfunded pension plans	Other post-employment plans
			March 31, 2018			March 31, 2017
Fair value of plan assets	7,071,998	-	-	6,733,325	-	-
Defined benefit obligation	6,769,973	117,520	117,814	6,471,604	108,095	132,772
Net asset (liability) arising from defined benefit obligation	**302,025**	**(117,520)**	**(117,814)**	**261,721**	**(108,095)**	**(132,772)**

The Corporation maintains a contributory defined benefit pension plan and non-contributory long-term benefit plans as defined below:

Contributory defined benefit pension plan

The **Canadian Broadcasting Corporation Pension Plan** covers substantially all employees of the Corporation. The Plan is administered by the CBC Pension Board of Trustees, including the management of the Plan's assets and the payment of benefits promised to Plan members and their survivors. The Plan is federally regulated and is governed by the provisions of the *Pension Benefits Standards Act* (the *Act*), and other applicable regulations.

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 10 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. The amounts included in these consolidated financial statements reflect the latest funding valuation which was performed as of December 31, 2017. While this valuation has been completed, it has not yet been filed with the pension authorities.

The measurement date for the pension plan assets and the defined benefit obligation is March 31, 2018.

The **risks** associated with the Corporation's defined benefit plan are as follows:

- Funding risk: One of the primary risks that plan sponsors face is funding risk, which is the risk that the investment asset growth and contribution rates of the Corporation's pension plan will not be sufficient to cover the pension obligations, resulting in unfunded liabilities. When a funding deficit exists, regulatory authorities require that special payments be made over specified future periods.

  The major contributors to funding risk are the declines in discount rates and investments failing to achieve expected returns. In addition, the pension obligations are affected by non-economic factors like changes in member demographics.

  Funding risk is managed by monitoring and reviewing the funded ratio on an ongoing basis and ensuring that investment decisions are made in accordance with established investment policies and procedures and applicable legislation. The Statement of Investment Policies and Procedures (SIPP) is reviewed annually by the CBC Pension Board of Trustees with a view to provide the pension plans with long-term rate of return sufficient to assist the plans in meeting funding objectives and the ongoing growth of pension obligations.

- Other risks: The plan assets are also subject to a variety of financial risks as a result of investment activities. These risks include credit risk, market risk (interest rate, currency risk and price risk) and liquidity risk. In addition, the defined benefit obligation and costs are subject to measurement uncertainty due to the use of actuarial assumptions (see below). The impact of these factors on the remeasurement of the pension benefit asset, and pension, other post-employment and other long-term benefit liabilities can be significant and volatile at times.

Unfunded non-contributory defined benefit pension plan

The Corporation also maintains unfunded non-contributory defined benefit pension arrangements. All plans are subject to an annual actuarial valuation.

Non-contributory long-term benefit plans

The Corporation provides the following long-term employee benefits to its employees:

- A non-contributory long-term benefit plan for certain employees hired prior to the various plan closure dates which vary by category of employees between April 1, 2005 and October 1, 2007. Under the plan, employees retiring with more than three years of service with the Corporation can choose to receive a cash award upon retirement or improve their pension benefits. The benefits are based on the length of pensionable service and on the salary rate at March 2005, July 2005 or at retirement/death, depending on the category of employees.
- Other employee future benefits such as long-term disability and workers' compensation, continuation of benefits coverage for employees on long-term disability and post-retirement life insurance.

The last actuarial valuations for the non-contributory long-term benefit plan and the continuation of benefits coverage plan were made as at December 31, 2015.

B. SIGNIFICANT ACTUARIAL ASSUMPTIONS

In 2017-2018, the Corporation changed its methodology for estimating the discount rate. Beginning in the second quarter of 2017-2018, the Corporation no longer rounds its discount rate to the nearest 25 basis point (bp), in order to increase the accuracy of amounts recorded in the financial statements.

Compared to a discount rate of 3.50% that would have been used under the previous methodology, this change in estimate to an actual discount rate of 3.53% resulted in an increase in the actuarial gain of $31.5 million for the year, recorded as a remeasurement in other comprehensive income, with an offsetting decrease in the Corporation's non-current pension plans and employee related liabilities.

The significant actuarial assumptions used for the purposes of determining the defined benefit obligation and pension benefit costs were:

Assumptions – annual rates	March 31, 2018	March 31, 2017
Assumptions for the calculation of pension benefit costs:		
Discount rate	3.75%	3.75%
Assumptions for the calculation of the benefit obligation:		
Discount rate - pension	3.53%	3.75%
Discount rate - long service gratuity	3.24%	3.00%
Discount rate - LTD benefit	3.24%	3.00%
Discount rate - life insurance	3.47%	3.50%
Mortality	CBC Pensioner mortality table based on CBC experience with CPM projection scale B	CBC Pensioner mortality table based on CBC experience with CPM projection scale B
Long-term rate of compensation increase, excluding merit and promotion	1.40% in 2018 & 2019 2.75% thereafter	1.40% in 2017 & 2018 2.75% thereafter
Health care cost trend rate	6.90% in 2018 declining to 4.50% over 10 years	7.20% in 2017 declining to 4.50% over 10 years
Indexation of pensions in payment	1.86%	1.86%

C. Sensitivity Analysis

The sensitivity analysis of the significant actuarial assumptions would show the following changes in the present value of the defined benefit obligations:

	Pension plans		Other post-employment plans	
	March 31, 2018	March 31, 2017	**March 31, 2018**	March 31, 2017
Discount rate sensitivity				
100 basis points higher	-13.4%	-13.2%	-7.3%	-7.8%
100 basis points lower	17.3%	17.0%	8.6%	9.3%
Expected rate of future salary increases				
100 basis points higher	2.6%	2.9%	6.3%	6.6%
100 basis points lower	-2.3%	-2.5%	-5.6%	-5.8%
Expected rate of future pension increases				
100 basis points higher	14.1%	13.6%	0.5%	0.4%
100 basis points lower	-11.5%	-11.2%	-0.4%	-0.4%
Mortality sensivity				
Pensioners live an extra year	3.2%	4.8%	-1.5%	-1.6%
Pensioners die a year before	-3.3%	-4.9%	1.7%	1.8%
Health care cost trend rates sensitivity				
100 basis points higher	N/A	N/A	1.7%	1.2%
100 basis points lower	N/A	N/A	-1.4%	-1.0%

N/A = not available

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognized within the Consolidated Statement of Financial Position.

For the contributory defined benefit pension plan, an asset/liability study is performed periodically to review the risk/reward associated with the existing long-term asset mix policy, analyze the risk/reward profile that would result from alternative asset mix policies, and consider the impact of various economic environments on both the assets and liabilities (pension obligations). The most recent asset/liability study was completed in 2017. Its main findings were:

- Maintain the value of the Plan's Liability Driven Investment (LDI)[40] strategy that focuses on reducing the interest rate and inflation risk mismatch between the Plan's assets and liabilities;
- Introduce a structure to systematically adjust the Plan's interest rate hedging ratio based on the level of interest rates;
- Maintain at existing levels the amount of return generating assets with higher return potential, such as equities, private investments and real estate and;
- Introduce a quantified risk tolerance for the Plan.

The Plan is funded on the basis of actuarial valuations, which are made on an annual basis. Employees are required to contribute a percentage of their pensionable salary. The Corporation provides the balance of the funding, as required, based on actuarial valuations.

D. Contribution Rate

The contribution rate for full-time employees is as follows:

	2017-2018	2016-2017
For earnings up to the maximum public pension plan earnings[1]		
April 1 to June 30	7.68%	6.98%
July 1 to March 31	8.37%	7.68%
For incremental earnings in excess of the maximum public pension plan earnings[1]		
April 1 to June 30	10.10%	9.18%
July 1 to March 31	11.00%	10.10%

[1] The maximum public pension earnings for 2018 is $55,900 (2017: $55,300, 2016: $54,900).

[40] LDI is an investment strategy that manages a pension plan's assets relative to its liabilities with the intent to minimize pension surplus volatility. Under LDI, pension plan assets are grouped into matched and unmatched assets. Matched assets (fixed income) have the similar interest rate and inflation sensitivities as the pension plan's liabilities. Unmatched assets (equities and alternative investments) do not have the same interest rate and inflation sensitivities as the pension plan's liabilities.

E. Total Cash Payments

Cash payments for pension, other post-employment and other long-term benefits for the Corporation were as follows:

	For the year ended March 31	
	2018	2017
Benefits paid directly to beneficiaries	12,482	13,931
Employer regular contributions to pension benefit plans	53,824	53,494
Total cash payments for defined benefit plans	**66,306**	**67,425**

F. Maturity Profile

The maturity profile of the benefit plan obligation and other post-employment benefits for the Corporation is as follows:

	Pension plans		Other post-employment plans	
	March 31, 2018	March 31, 2017	**March 31, 2018**	March 31, 2017
Average duration of the benefit obligation	15.2 years	15.0 years	8.1 years	8.7 years
Active members	22.0 years	21.8 years	8.1 years	8.8 years
Deferred members	20.6 years	18.3 years	N/A	N/A
Retired members	10.9 years	10.8 years	7.9 years	7.9 years

N/A = not applicable

The Corporation expects to make a contribution of $51.7 million to the defined benefit pension plans during the next financial year. Starting in July 2017, the Corporation moved to a 50:50 current service cost-sharing between employees and employer for pension contributions for all members.

G. Defined Benefit Obligation

Movements in the present value of the defined benefit obligation were as follows:

	Pension plans	Other post-employment plans	Pension plans	Other post-employment plans
		March 31, 2018		March 31, 2017
Opening defined benefit obligation	6,579,699	132,772	6,413,660	136,833
Current service cost	106,230	5,523	105,569	5,525
Interest cost	244,017	4,124	237,604	4,301
Contributions from employees	57,278	-	46,447	-
Remeasurements:				
Actuarial losses (gains) arising from changes in demographic assumptions	(73,510)	(10,566)	104,472	(387)
Actuarial losses (gains) arising from changes in financial assumptions	217,793	(2,592)	(24,200)	37
Actuarial losses (gains) arising from experience adjustments	52,016	1,035	(10,363)	394
Benefits paid	(296,030)	(12,482)	(293,490)	(13,931)
Closing defined benefit obligation	**6,887,493**	**117,814**	**6,579,699**	**132,772**

H. Fair Value of Plan Assets

Movements in the fair value of the plan assets were as follows:

	Pension plans	Other post-employment plans	Pension plans	Other post-employment plans
		March 31, 2018		March 31, 2017
Opening fair value of plan assets	6,733,325	-	6,456,327	-
Administration fees (other than investment management fees)	(6,600)	-	(6,490)	-
Interest income on plan assets	248,727	-	238,195	-
Return on plan assets, excluding interest income	281,474	-	238,842	-
Contributions from employees	57,278	-	46,447	-
Contributions from the Corporation	53,824	12,482	53,494	13,931
Benefits paid	(296,030)	(12,482)	(293,490)	(13,931)
Closing fair value of plan assets	**7,071,998**	**-**	**6,733,325**	-

The fair value of the plan assets can be allocated to the following categories:

		Quoted market price in an active market (Level 1)	Not quoted market price in an active market (Level 2)	Not quoted market price in an active market (Level 3)	Total
					March 31, 2018
Fixed income	Cash and short-term investments	80,761	219,724	-	**300,485**
	Canadian bonds	-	2,003,166	874,276	**2,877,442**
	Fixed Income Alternatives	-	-	13,246	**13,246**
Equities	Canadian	411,003	395,253	-	**806,256**
	Global	1,427,860	259,395	-	**1,687,255**
Strategic	Property	36,988	-	567,463	**604,451**
	Private investments	-	-	669,846	**669,846**
	Hedge Funds	-	-	45,755	**45,755**
Other	Derivatives	(547)	40,451	-	**39,904**
Total investment assets		**1,956,065**	**2,917,989**	**2,170,586**	**7,044,640**
Non-investment assets less liabilities		**-**	**-**	**-**	**27,358**
Fair value of plan assets		**-**	**-**	**-**	**7,071,998**

		Quoted market price in an active market (Level 1)	Not quoted market price in an active market (Level 2)	Not quoted market price in an active market (Level 3)	Total
					March 31 2017
Fixed income	Cash and short-term investments	183,659	242,212	-	**425,871**
	Canadian bonds	-	1,880,664	832,226	**2,712,890**
	Fixed Income Alternatives	-	-	-	**-**
Equities	Canadian	383,326	342,947	-	**726,273**
	Global	1,259,541	210,563	-	**1,470,104**
Strategic	Property	40,318	-	553,681	**593,999**
	Private investments	-	-	620,867	**620,867**
	Hedge Funds	-	-	138,195	**138,195**
Other	Derivatives	(1,462)	23,824	-	**22,362**
Total investment assets		**1,865,382**	**2,700,210**	**2,144,969**	**6,710,561**
Non-investment assets less liabilities		**-**	**-**	**-**	**22,764**
Fair value of plan assets		**-**	**-**	**-**	**6,733,325**

The fair values of the above fixed income and equity instruments are determined based on quoted market prices in active markets whereas the fair values of strategic investments and derivatives are not based on quoted market prices in active markets. The actual return on plan assets was $574.3 million or 8.68% (2017 – $510.0 million or 8.04%).

I. Defined Benefit Plan Costs

Amounts recognized in the Consolidated Statement of Income (Loss) and in the consolidated statement of comprehensive income (loss) in respect to these defined benefit plans are indicated in the table below:

	For the year ended March 31	
	2018	2017
Current service cost	111,753	111,094
Administration fees (other than investment management fees)	6,600	6,490
Interest cost on defined benefit obligation	248,141	241,905
Interest income on plan assets	(248,727)	(238,195)
Other	889	807
Expense recognized in net results	118,656	122,101
Less:		
Remeasurements recognized in other comprehensive income (loss)	(98,187)	(169,696)
Total	**20,469**	**(47,595)**

Retained earnings include $668.0 million of cumulative actuarial gains as at March 31, 2018 (March 31, 2017 gains – $569.8 million).

The total expense recognized in net results has been recorded in the Corporation's Consolidated Statement of Income (Loss) as follows:

	For the year ended March 31	
	2018	2017
Television, radio and digital services costs	113,909	117,217
Transmission, distribution and collection	3,560	3,663
Corporate management	1,187	1,221
Total	**118,656**	**122,101**

For the year ending March 31, 2018, the total expense related to employee benefits, which includes all salary and related costs, was $997.3 million (2017 - $936.1 million).

18. Bonds Payable

The Broadcast Centre Trust (the "BCT") issued $400 million in secured bonds on January 30, 1997, which will mature in May 2027. The Corporation, through its relationship with the BCT, guarantees the bonds payable with its rent payments for the premises occupied by the Corporation in Toronto.

The bonds are secured by the assets of Canadian Broadcasting Centre, which have a carrying value of $160.8 million (March 31, 2017 - $171.7 million). They bear a fixed interest rate of 7.53% annually and require blended semi-annual payments of $16.5 million.

The following table presents the contractual maturity profile of the bonds payable based on carrying value:

	March 31, 2018	March 31, 2017
Less than one year	23,624	22,921
Later than one year but not later than five years	80,529	74,791
More than five years	124,153	146,570
Total	**228,306**	**244,282**

Interest expense related to bonds payable included in current year's expenses and presented as finance costs is $17.1 million (2017 – $18.2 million).

19. Obligations Under Finance Leases

Obligations under finance leases consist exclusively of leasehold improvements as at March 31, 2018. Obligations under the satellite transponders lease matured during the current year. Payments made under finance leases are apportioned between financing costs and the reduction of the outstanding liability. The financing costs are allocated to each period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

	Effective Interest rate	Ending Date
Leasehold improvements lease	2.85% per annum	June 2022
Satellite transponders lease	6.82% per annum	February 2018

	Future minimum lease payments	Present value of future minimum lease payments	Future minimum lease payments	Present value of future minimum lease payments
		March 31, 2018		March 31, 2017
Less than one year	705	570	10,728	10,293
Later than one year but not later than five years	6,097	5,745	2,762	2,296
More than five years	-	-	4,025	4,004
Less: future finance charges	(487)	-	(922)	-
Total	**6,315**	**6,315**	**16,593**	**16,593**

Interest expense related to obligations under finance leases and included in the current year's finance costs is $0.4 million (2017 – $1.3 million).

20. Notes Payable

The CBC Monetization Trust held notes payable which mature in May 2027 and bear interest at an annual rate of 4.688%. Blended semi-annual payments are made in May and November of each year.

The notes are redeemable at the CBC Monetization Trust's option in whole or in part from time to time before maturity, on not less than 30 days and not more than 60 days prior notice. The redemption price is the greater of the outstanding principal amount of the notes to be redeemed and the net present value of all scheduled semi-annual payments on the notes from the date of redemption to the date of maturity, using the Government of Canada yield plus 0.30% on such date, together, in each case, with accrued but unpaid interest to, but excluding, the redemption date. The notes payable are secured by the promissory notes receivable and the investment in finance lease described in Notes 7 and 8.

The following table presents the contractual maturity profile of the notes payable based on carrying value:

	March 31, 2018	March 31, 2017
Less than one year	8,945	8,726
Later than one year but not later than five years	33,363	31,817
More than five years	45,966	54,911
Total	**88,274**	**95,454**

Interest expense related to notes payable and included in current year's expenses as part of finance costs is $4.3 million (2017 – $4.6 million).

21. Deferred Revenue

Deferred revenue are revenue received in advance for facilities and production services not yet provided. Deferred revenue also relates to rent-free periods granted on leases where the Corporation is a lessee, as well as payments received for services not yet rendered.

Accounting Policies	Critical Accounting Estimates and Judgments
Recognition of revenue related to facilities and production services not yet provided and payments received for services not yet rendered is deferred until services have been rendered. Deferred revenue related to rent-free periods granted on leases are recognized in the Consolidated Statement of Income (Loss) on a straight-line basis over the terms of the agreements.	The Corporation has estimated the value of deferred revenue for the services owed to Rogers Communications Inc. (Rogers) for *Hockey Night in Canada* sublicensing over the remainder of the contract term. See Note 6 B for more information.

Supporting Information

	March 31, 2018	March 31, 2017
Opening balance	43,074	58,580
Deferred during the year	24,437	24,899
Recognized in net results during the year	(31,037)	(40,405)
Balance, end of year	**36,474**	**43,074**

INCOME, EXPENSES AND CASH FLOWS

This Section focuses on the results and cash flows of the Corporation. On the following pages you will find disclosures explaining the Corporation's revenue and government funding for the year, finance costs, income taxes and supplemental cash flow information.

22. Revenue

Revenue mainly consists of amounts earned by the Corporation through its provision of goods and services to external customers. The table below outlines the Corporation accounting policies under IAS 18. Refer to Note 3 for information about the upcoming new revenue standard (IFRS 15 *Contracts with customers*) and its expected impact on next year's financial statements.

Accounting Policies	Critical Accounting Estimates and Judgments
Revenue is measured at the fair value of the consideration received or receivable arising from the rendering of services in the ordinary course of the Corporation's activities. Revenue is recorded net of discounts. Revenue is recognized when: • The amount of revenue can be reliably measured; • It is probable that the future economic benefits will flow to the Corporation; and • The significant risks and rewards of ownership are transferred to customers and the Corporation retains neither continuing managerial involvement nor effective control.	There are no critical accounting estimates and judgments related to revenue.

Source of Revenue	How the Corporation Recognizes Revenue
Advertising Advertising comprises revenue from: • the sale of individual advertising spots on our TV platforms and the sale of TV airtime and other related services to broadcast a branded program ("TV advertising") • the sale of digital spots on our digital platforms such as banner ads or embedded videos ("Digital advertising")	When the advertisement has been broadcast, the Corporation has no remaining obligations and collectability is reasonably assured
Subscriber fees Revenue from specialty television channels and other subscription-based sales of programming	When the services have been provided, the Corporation has no remaining obligations, and collectability is reasonably assured
Building and tower rentals Revenue from the leasing of excess building space and transmitter's towers to third parties	On a straight-line basis over the term of the contract
Production revenue Production revenue comprises revenue from host broadcasting services, the rental of space or contracting of facilities and related services, and commercial services, such as the production of advertising spots to third parties	When the delivery has occurred or when services have been provided, the Corporation has no remaining obligations, and collectability is reasonably assured

Program license sales	
Revenue from granting licenses to third parties for them to use CBC/Radio-Canada's content	When the delivery has occurred or when services have been provided, the Corporation has no remaining obligations, and collectability is reasonably assured
Retransmission rights	
Revenue to which the Corporation is entitled as a copyright owner of radio and TV programming retransmitted by third parties	On an accrual basis in accordance with the substance of the relevant agreements
Program sponsorship	
Revenue from services provided to third parties such as commercial production sales and other services revenue	When the service has been delivered, the Corporation has no remaining obligations and the collectability is reasonably assured On a straight-line basis when the delivery is over a period of time and an indeterminate number of acts
Other services	
Revenue from other services includes mainly contributions for the Canadian Media Fund, as well as services provided to third parties and merchandising sales.	When the delivery has occurred or when services have been provided, the Corporation has no remaining obligations, and collectability is reasonably assured
Financing income	
Revenue from bank accounts, notes receivable and on the investment in finance lease	As it is earned for bank interest Using the effective interest method for other financing income

Supporting Information

The Corporation has recognized revenue from the following sources:

	For the year ended March 31	
	2018	2017 (revised)
TV advertising[1]	275,693	263,996
Digital advertising	42,589	36,595
Subscriber fees	127,210	131,245
Building and tower rentals	28,120	27,983
Production revenue[2]	39,906	36,816
Program license sales	31,143	35,252
Retransmission rights	8,752	4,050
Program sponsorship	4,232	4,658
Other services	5,482	6,367
Total Rendering of services	**563,127**	**546,962**
Total Financing and investment income	**10,146**	**9,415**
Foreign exchange (loss) gain	(194)	312
Net (loss) gain from the change in fair value of financial instruments	(4)	231
Total Revenue	**573,075**	**556,920**

[1]TV advertising includes $3.0 million (2017 - $3.7 million) in revenue from exchange of services in non-monetary transactions.

[2]Production revenue includes $13.7 million (2017 - $14.8 million) in revenue from exchange of services in non-monetary transactions.

Change in Presentation

During the current year, the Corporation modified the classification of some revenue sources to better reflect the nature of these revenue streams. As a result, management reclassified last year's revenue from facility and services rentals for a total of $17.3 million from ''Building and tower rentals'' to ''Production revenue'' to provide financial statements users with more relevant information.

23. GOVERNMENT FUNDING

The Corporation receives a substantial portion of its funding from the Government of Canada.

ACCOUNTING POLICIES	CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS
Parliamentary appropriations for operating expenditures and Parliamentary appropriations for working capital are recognized as government funding in the Consolidated Statement of Income (Loss) in the fiscal year for which the appropriations were approved. Parliamentary appropriations for property and equipment and intangible assets that are subject to depreciation and amortization are recorded as deferred capital funding on the Consolidated Statement of Financial Position, with income being recognized in the Consolidated Statement of Income (Loss) on the same basis and over the same periods as the assets acquired using the appropriations. Parliamentary appropriations for the purchase of land are recorded in the Consolidated Statement of Income.	The Corporation is required to make estimates in determining the amount of government funding to recognize in income related to capital expenditures. The amount recognized in income each year is based on the estimated useful lives and proportion of the Corporation's property and equipment, and intangible assets purchased using government funding for capital expenditures relative to the estimated useful lives and proportion purchased from self-generated funding.

Supporting Information

A. GOVERNMENT FUNDING RECEIVED

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

	For the year ended March 31	
	2018	2017
Operating funding		
Base funding	1,125,752	1,016,693
Transfer to capital funding	(15,490)	(14,386)
Operating funding received	**1,110,262**	**1,002,307**
Capital funding		
Base funding	92,331	92,331
Transfer from operating funding	15,490	14,386
Capital funding received	**107,821**	**106,717**
Working capital funding	**4,000**	**4,000**
	1,222,083	**1,113,024**

Transfers to capital/from operating funding are consistent with business cases submitted for capital projects through operations and are usually partly offset by transfer of proceeds from the sale of capital assets where it has been deemed that the proceeds would be used in operations.

Total funding approved and received by the Corporation for the year is not the same as the total government funding presented in the Consolidated Statement of Income (Loss).

B. DEFERRED CAPITAL FUNDING

Capital Funding received is recorded as Deferred Capital Funding in the Consolidated Statement of Financial Position, with income being recognized in the Consolidated Statement of Income (Loss) on the same basis and over the same periods as the related property, equipment and intangible assets.

	March 31, 2018	March 31, 2017
Opening balance	545,234	531,295
Government funding for capital expenditures	107,821	106,717
Amortization of deferred capital funding	(93,487)	(92,778)
Release of deferred capital funding related to MRC (refer to Note 14)	(28,500)	-
Balance, end of year	**531,068**	**545,234**

24. FINANCE COSTS

Finance costs comprise the interest attributable to bonds payable, notes payable, obligations under finance leases and the accretion of liabilities.

Accounting Policies	Critical Accounting Estimates and Judgments
Finance costs are recognized in the Consolidated Statement of Income (Loss) in the period in which they are incurred using the effective interest method.	There are no critical accounting estimates and judgments related to finance costs.

Supporting Information

The Corporation's finance costs include the following:

	For the year ended March 31	
	2018	2017
Interest on bonds payable	17,063	18,201
Interest on notes payable	4,293	4,620
Interest on obligations under finance leases	450	1,250
Other non-cash finance costs	1,009	1,836
	22,815	25,907

25. INCOME TAXES

CBC/Radio-Canada is a prescribed federal Crown corporation under Reg. 7100 of the *Income Tax Act* (ITA) and is subject to federal income tax as a prescribed corporation for purposes of subsection 27(2) of the ITA. The Corporation's activities are not subject to provincial taxes.

ACCOUNTING POLICIES	CRITICAL ESTIMATES AND JUDGMENTS
Management uses the liability method of accounting for income taxes. Under this method, Deferred Income Tax Assets and Liabilities are recognized based on the estimated tax effect of temporary differences between the carrying value of assets and liabilities on the financial statements and their respective tax bases. Current tax Taxable net results differ from net results as reported in the Consolidated Statement of Income (Loss) because of items of income or expense that are taxable or deductible in other years or because of items that are never taxable or deductible. The Corporation's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax As a federal Crown Corporation that receives a substantial portion of its funding from the Government of Canada, the Corporation operates within a specific operating structure to match cash expenses with available resources, and to break even over the long term. The Corporation uses appropriations only to the extent required to fund its operating expenses, and may not borrow to fund working capital shortfalls. Therefore, the Corporation does not expect to generate material taxable income or losses in the periods that temporary differences are scheduled to reverse. Accordingly, a deferred tax asset or liability is not recognized in the consolidated financial statements as long as these specified operating conditions are met at the end of the reporting period.	Management has used judgment to determine that, as of the reporting date, deferred taxes should not be recognized because the Corporation does not expect to generate material taxable income or losses in the periods temporary differences are scheduled to reverse due to its specific operating structure.

Supporting Information

A. Income Tax Recognized in Net Results

The income tax expense for the year can be reconciled to the income tax expense that would be computed by applying the Corporation's federal statutory tax rate of 25.00% (2017 – 25.00%) to accounting profit as follows:

For the year ended March 31	2018	2017
Income tax provision at federal statutory rate	(3,141)	(17,692)
Permanent differences	(6,581)	811
Increase resulting from adjustment to reflect the expected income tax payable in future periods in respect of taxable and deductible temporary differences	9,722	16,881
Income tax expense recognized in net results	**-**	-

The tax rate used for the 2018 reconciliation above is the corporate tax rate payable by a corporation that 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). An adjustment to reflect the expected income tax payable in future periods in respect of taxable and deductible temporary differences is reflected above.

B. Temporary Differences

	March 31, 2018	March 31, 2017
The sources of the deductible (taxable) temporary differences for which no deferred tax asset or liability was recognized were as follows:		
Accrued liabilities	50,419	35,809
Pension plan	(184,505)	(153,626)
Employee-related liabilities	117,836	132,824
Loss carry-forward	5,103	62,495
Non-current receivables and investments	1,058	4,463
Deferred income for tax purposes related to the sale of receivables	(32,607)	(36,110)
Property and equipment	(119,961)	(180,051)
Other	(17,361)	(18,454)
Total	**(180,018)**	(152,650)

The loss carry-forwards will begin to expire in 2037.

26. Supplemental Cash Flow Information

A. Movements in Working Capital

For the year ended March 31	2018	2017
Changes in Working Capital are comprised of:		
Trade and other receivables	(79,462)	10,872
Programming asset (current)	8,811	(30,500)
Prepaid expenses	8,114	(3,787)
Accounts payable and accrued liabilities	23,087	(17,189)
Provisions	14,276	6,024
Pension plans and employee-related liabilities (current)	4,779	1,645
Deferred revenues (current)	(3,531)	(2,544)
	(23,926)	**(35,479)**

B. Changes in Liabilities Arising from Financing Activities

		Cash flows		Non-cash changes		
	April 1, 2017	Capital	Interest and Other changes	Acquisitions	Other changes	March 31, 2018
Repayment of obligations under finance leases	16,593	(10,278)	(450)	-	450	**6,315**
Repayment of bonds	244,282	(15,490)	(17,549)	-	17,063	**228,306**
Repayment of notes	95,454	(7,136)	(4,337)	-	4,293	**88,274**
Distributions to non-controlling interests	579	-	-	-	66	**645**
Total liabilities from financing activities	**356,908**	**(32,904)**	**(22,336)**	**-**	**21,872**	**323,540**

OTHER

This section discloses the corporation's information related to financial instruments, capital management, related parties and commitments.

27. Financial Instruments

Outlined below are the Corporation's financial instruments and related financial risk management objectives, its policies and its exposure and sensitivity to financial risks.

Accounting Policies

Recognition

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument.

Classification and Measurement of Financial Instruments

Financial assets and financial liabilities are initially measured at fair value. The Corporation measures financial instruments by grouping them into classes on initial recognition, based on the nature and purpose of the individual instruments. The Corporation classifies all of its non-derivative financial assets as either designated at fair value through profit or loss (FVTPL) or loans and receivables. The Corporation classifies non-derivative financial liabilities as other financial liabilities.

- **Financial instruments at FVTPL** – include cash and marketable securities. The Corporation initially measures these instruments at fair value, with any changes in fair value arising on remeasurement recognized in "Other income" or "Finance costs" in the Consolidated Statement of Income (Loss).
- **Held to maturity** – include bonds receivable. These financial assets are investments with fixed or determinable payments and fixed maturity that the Corporation has the intention and ability to hold until maturity. Assets in this category are measured at amortized cost using the effective interest method, which accounts for the amortization of a premium or discount (corresponding to the difference between the purchase price and the redemption value of the asset). Income earned from this category of assets is included under the "financing and investment income" line of the Consolidated Statement of Income (Loss).
- **Loans and receivables** – financial assets with fixed or determinable payments such as accounts receivable and promissory notes receivables. The Corporation initially measures these assets at fair value plus transaction costs directly attributable to acquiring them, and then at amortized cost using the effective interest method, net of any impairment.
- **Other liabilities** – include accounts payable, bonds and notes payables. The Corporation initially measures these liabilities at fair value less transaction costs directly attributable to issuing them, and then at amortized cost using the effective interest method.

Impairment of financial assets

Management assesses at each reporting date whether there is objective evidence that financial assets are impaired. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been affected.

For certain categories of financial assets, such as trade receivables, assets are assessed in addition for impairment on a collective basis. Objective evidence of impairment for a group of receivables could include the Corporation's past experience of collecting payments, an increase in the number of delayed payments past the average credit terms as well as observable changes in national or local economic conditions that correlate with default on receivables.

Critical Accounting Estimates and Judgments

There are no critical accounting estimates and judgments related to financial instruments.

Supporting Information

A. Classification and Risks - Overview

The Corporation's activities are exposed to a variety of financial risks: credit risk, liquidity risk and market risk. The Corporation's overall risk management program focuses on the unpredictability of financial and economic markets and seeks to minimize potential effects on the Corporation's financial performance. Risk management is carried out through financial management practices in conjunction with the Corporation's overall governance practices. The Board of Directors is responsible for overseeing the management of financial risk.

The Corporation's financial instruments, the classification, and the nature of certain risks to which they may be subject are as set out in the following table:

	Classification	Risks			
				Market risks	
		Credit	Liquidity	Currency	Interest rate
Measured at amortized cost					
Trade and other receivables	Loans and receivables	X		X	
Promissory notes receivable	Loans and receivables	X			X
Investment in finance lease	Loans and receivables	X			X
Bonds receivable	Held to maturity	X			X
Accounts payable and accrued liabilities	Other liabilities		X	X	
Bonds payable	Other liabilities		X		X
Obligations under finance leases	Other liabilities		X		X
Notes payable	Other liabilities		X		X
Measured at fair value					
Cash and marketable securities	FVTPL	X		X	X
Derivative financial instruments	Held for trading	X		X	

B. Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Corporation. The Corporation has adopted a policy of only extending credit to creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Corporation's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by senior management.

The maximum exposure to credit risk of the Corporation at March 31, 2018 and March 31, 2017 is the carrying value of these assets.

<u>Cash and marketable securities</u>

The Corporation has deposited cash with reputable financial institutions (members of the Canadian Payments Association or local Cooperative Credit Societies that are members of a Central Cooperative Credit Society having membership in the Canadian Payments Association or, subject to the approval of the Minister of Finance, any financial institutions outside Canada), from which management believes the risk of loss to be remote.

<u>Trade and other receivables</u>

Credit risk concentration with respect to trade receivables is limited and managed through a program of credit evaluation and by restricting the amount of customer credit where deemed necessary. Management does not believe that it is exposed to an unusual or significant level of credit risk.

The Corporation establishes an allowance for doubtful accounts that reflects the estimated impairment of accounts receivable. The Corporation has a specific policy on credit and collections and guidelines that provide for how the allowance should be determined. The Corporation establishes a specific allowance for receivables where there is objective evidence that the receivable is not recoverable. This is determined by considering the Corporation's knowledge of the financial condition of its customers, the aging of accounts receivable, the current economic climate, customer and industry concentrations, and historical experience.

Consistent with others in the industry, the Corporation's trade and other receivables are mainly derived from the sale of advertising airtime through agencies. These agencies typically remit their payment over a period exceeding the Corporation's average credit term of 30 days. As such, a significant portion of the Corporation's trade receivables are past due but not impaired and the collection period is not necessarily an indicator of credit risk.

Since the Corporation is largely funded through parliamentary appropriations, it has determined that it is not subject to the concentration of credit risk typical of broadcasters who mostly rely on commercial revenue. The Corporation has no material concentration of credit risk with any single customer and mitigates the credit risk of advertising receivables by performing initial and ongoing credit evaluations of advertising customers.

The Corporation does not hold any collateral or other credit enhancements on trade receivables.

The tables below provide an aging of our customer trade and other receivables and additional information related to the allowance for doubtful accounts.

	March 31, 2018	March 31, 2017
31 - 60 days	95,961	24,030
61 - 90 days	19,411	14,256
Over 90 days	8,004	15,240
Total	**123,376**	53,526

	March 31, 2018	March 31, 2017
Opening balance	(1,240)	(2,058)
Amounts written off during the year as uncollectible	689	1,868
Impairment losses reversed	227	177
Net increase in allowance for new impairments	(782)	(1,227)
Balance, end of year	**(1,106)**	**(1,240)**

Promissory notes receivable and Investment in finance lease

The Corporation's promissory notes receivable and investment in finance lease are the result of transactions that occurred in 2003, when the Corporation agreed to sell and rent several parcels of land to a wholly-owned subsidiary of the Ontario Teachers' Pension Plan. At the time of the transaction, the Corporation ensured that the counterparty met the criteria set out by the Corporation with regards to credit worthiness and risk, especially given the long-term nature of the receivables. The Corporation monitors the collection of the promissory notes receivable and rental payments associated with the investment in finance lease, which are collected on a monthly basis through the CBC Monetization Trust.

Bonds receivable

Under the *Broadcasting Act*, the Corporation is allowed to invest any money administered by it in bonds or other securities of, or guaranteed by, the Government of Canada. As such, the Corporation's bonds receivable are Canada Mortgage Bonds, which have a low credit risk. None of the held to maturity bonds are either past due or impaired.

Derivative financial instruments

The policy on currency risk requires that all significant forward contracts, options and other instruments used to economically hedge a foreign currency exposure will be negotiated with providers holding credit ratings equivalent to or better than that of the major Canadian banks. The Corporation places its currency hedging business with different counterparties that meet this criterion.

	Notional	Fair values	Notional	Fair values
	March 31, 2018		March 31, 2017	
Forward exchange contracts-USD[1]	-	-	19,894	4

[1]There are no forward exchange contracts as at March 31, 2018.

C. Liquidity Risk

Liquidity risk is the risk that the Corporation will encounter difficulties in meeting its financial obligations associated with financial liabilities.

The Corporation's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring losses. The Corporation also manages liquidity risk by continuously monitoring actual and budgeted cash flows. Also, the Board of Directors reviews and approves the Corporation's operating and capital budgets, as well as large transactions.

The Corporation does not have the authority to obtain a line of credit or non-current debt without the prior approval of the Minister of Finance.

The following table presents a maturity analysis of the Corporation's financial liabilities based on the expected cash flows from the date of the Consolidated Statement of Financial Position to the contractual maturity date. The amounts are the contractual undiscounted cash flows.

	Carrying amount of liability at **March 31, 2018**	Contractual cash flows	Within 1 Year	2 to 5 Years	Over 5 years
Bonds payable	228,306	313,868	33,039	132,155	148,674
Notes payable	88,274	108,993	11,473	45,892	51,628
Finance leases	6,315	6,802	705	6,097	-
	322,895	**429,663**	**45,217**	**184,144**	**200,302**

	Carrying amount of liability at **March 31, 2017**	Contractual cash flows	Within 1 Year	2 to 5 Years	Over 5 years
Bonds payable	244,282	346,907	33,039	132,155	181,713
Notes payable	95,454	120,466	11,473	45,892	63,101
Finance leases	16,593	17,515	10,728	2,762	4,025
	356,329	**484,888**	**55,240**	**180,809**	**248,839**

D. Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk. The Corporation is mainly exposed to currency and interest rate risks.

During the current year, there were no changes to the Corporation's exposure to market risk and its objectives, policies and processes for managing market risk.

E. Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Corporation is exposed to limited foreign exchange risk on revenue and expenses denominated in a foreign currency. The majority of these transactions are denominated in US dollars, Euros and British Pounds. The policy on currency risk requires the Corporation to minimize currency risk to protect the value of foreign cash flows, both committed and anticipated, from the negative impact of exchange rate fluctuations.

The Corporation mitigates this risk by entering into forward exchange contracts. Accordingly, the Corporation has limited sensitivity to changes in foreign exchange rates.

The Corporation's net foreign currency exposure is immaterial as at March 31, 2018 (2017 – immaterial).

Based on the net exposure as at March 31, 2018, and assuming all the other variables remain constant, a hypothetical 5% change in the Canadian dollar against the US dollar, the Euro and the GBP would not have a significant impact on the Corporation's net results.

F. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Corporation's notes receivable, bonds receivable, investment in finance lease, bonds payable, obligations under finance leases and notes payable bear fixed interest rates and, as such, are subject to interest rate risk because the fair value of the financial instruments will be affected by changes in the market rates. However, a change in fair value would not impact the profit or loss of the Corporation.

For its short-term cash balances, the Corporation has a policy of maximizing interest revenue. The Corporation may place its cash in interest bearing accounts with Schedule I Canadian banks. Consequently, the interest rate risk associated with the cash balances is directly tied to the movements of the Bank of Canada's Key Overnight Lending Rate and to the banks' prime rates. To manage interest rate risk, the Corporation deals with a number of banks to obtain competitive rates and to mitigate its exposure to any one particular investment vehicle.

G. FAIR VALUE

The carrying values and fair values of the Corporation's remaining financial assets and financial liabilities are listed in the following table:

	March 31, 2018		March 31, 2017			
	Carrying values	Fair values	Carrying values	Fair values	Method[1]	Note
Financial instruments measured at fair value on a recurring basis:						
Cash	95,978	95,978	131,062	131,062	Level 1	(a)
Marketable securities[2]						
Bonds (current)	-	-	10,794	10,794	Level 1	(b)
Equity	-	-	12,437	12,437	Level 1	(b)
Derivative financial instruments	-	-	200	200	Level 2	(d)
Financial assets	**95,978**	**95,978**	**154,493**	**154,493**		
Financial instruments measured at amortized cost:						
Bonds receivable (current)	110,712	111,068	-	-	Level 2	(c)
Trade and other receivables	205,311	205,311	125,499	125,499	Level 2	(a)
Promissory notes receivable (current)	3,448	3,448	3,238	3,238	Level 2	(a)
Investment in finance lease (current)	3,394	3,394	3,171	3,171	Level 2	(a)
Bonds receivable (non-current)	43,373	43,440	-	-	Level 2	(c)
Promissory notes receivable (non-current)	34,616	38,659	37,661	43,676	Level 2	(f)
Investment in finance lease (non-current)	37,854	43,519	41,248	48,524	Level 2	(f)
Financial assets	**438,708**	**448,839**	**210,817**	**224,108**		
Accounts payable and accrued liabilities	110,886	110,886	87,947	87,947	Level 2	(a)
Bonds payable (current)	23,624	23,624	22,921	22,921	Level 2	(a)
Obligations under finance leases (current)	570	570	10,293	10,293	Level 2	(a)
Notes payable (current)	8,945	8,945	8,726	8,726	Level 2	(a)
Bonds payable (non-current)	204,682	253,557	221,361	285,330	Level 2	(g)
Obligations under finance leases (non-current)	5,745	5,745	6,300	6,300	Level 2	(g)
Notes payable (non-current)	79,329	86,152	86,728	96,706	Level 2	(g)
Financial liabilities	**433,781**	**489,479**	**444,276**	**518,223**		

[1]Method refers to the hierarchy levels decribed at note 2 B. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities.

[2]The Corporation has designated its marketable securities at fair value through profit and loss.

There have been no transfers between levels during the year ended March 31, 2018.

(a) The fair values approximate their carrying value due to the current nature of these instruments.

(b) Fair values are determined based on quoted market prices for the individual assets and the quantity held by the Corporation.

(c) The fair values for bonds that trade in markets that are not considered to be active are based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs.

(d) The estimated fair value is determined using an option pricing model whose key inputs include the closing price and volatility of the related shares, published Government bond rates and directly observable dividend yields.

(e) The fair value is based on a discounted cash flow model based on observable future market prices.

(f) The fair values related to the various amounts receivable were determined using the expected future cash flows and discounted using published Government bond rates with similar terms and characteristics, adjusted by a factor that reflects the credit worthiness of the various counterparties.

(g) The fair values related to the Corporation's various financial liabilities were determined using the expected future cash flows and were discounted using published Government bond rates with similar terms and characteristics, adjusted by a factor that reflects the Corporation's credit worthiness.

28. CAPITAL MANAGEMENT

The Corporation is subject to Part III of *the Broadcasting Act*, which imposes restrictions in relation to borrowings and requires authorization from Parliament and approval from the Minister of Finance.

The Corporation defines capital that it manages as the aggregate of its equity, which is comprised of retained earnings.

The Corporation's objectives in managing capital are as follows:

- To safeguard its ability to continue as a going concern;
- To fund its asset base; and
- To fulfil its mission and objectives for the Government of Canada to the benefit of Canadians.

The Corporation manages its capital by reviewing formally, on a regular basis, the actual results against set budgets, and shares this information with its Audit Committee and Board of Directors. The Corporation's overall strategy with respect to capital management includes the balancing of its operating and capital activities with its funding on an annual basis. The Corporation makes adjustments to its capital management strategy in light of general economic conditions, the risk characteristics of the underlying assets and the Corporation's working capital requirements.

The Corporation's objectives, policies and processes for managing capital are consistent with those in place as at March 31, 2017.

The Corporation is not subject to externally imposed capital requirements.

29. RELATED PARTIES

The related parties of the Corporation consist mainly of government departments, agencies, Crown Corporations, subsidiaries, key management personnel of the Corporation or close family members of these individuals, private companies over which the Corporation has significant influence, and the Corporate Pension Plan. The Corporation is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations.

ACCOUNTING POLICIES	CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS
The Corporation enters into transactions with these related parties in the normal course of business, on normal trade terms applicable to all individuals and enterprises and at market prices. These transactions are recorded at fair value by the Corporation. The Corporation has elected to take an exemption under IAS 24 *Related Party Disclosures* which allows government related entities to limit the extent of disclosures about related party transactions with government and other government related entities.	There are no critical accounting estimates and judgments related to related parties.

Supporting Information

These transactions are recorded at fair value by the Corporation. The following transactions were carried out with related parties:

A. TRANSACTIONS WITH RELATED PARTIES EXCLUDING GOVERNMENT-RELATED ENTITIES

	Rendering of services For the year ended March 31	
	2018	2017
Associate	193	2,353
Other related entities[1]	113	111
	306	2,464

[1]Transactions with other related entities primarily relate to administration services provided to the Corporate Pension Plan.

In addition, cash payments for the Corporation's contributions to the defined benefit plans are disclosed in Note 17 E.

The following balances were outstanding at the end of the year and are included in Trade and other receivables on the Consolidated Statement of Financial Position:

	Amounts owed by related parties	
	March 31, 2018	March 31, 2017
Associate	**-**	596

There are no amounts owing to related parties at March 31, 2018 (March 31, 2017 – nil). SiriusXM ceased being an associate on May 25, 2017 after the Corporation sold its interest in SiriusXM.

No expense has been recognized in the current or prior years for bad or doubtful debts in respect of the amounts owed by related parties.

Transactions with Government-Related Entities

CBC/Radio-Canada is a Federal Crown Corporation that operates in an economic environment dominated by entities directly or indirectly controlled by the federal government through its government authorities, agencies, affiliations and other organizations (collectively referred to as "government-related entities"). The Corporation has transactions with other government-related entities including but not limited to sales and purchases of goods and rendering and receiving of services.

Canada Mortgage Bonds

As described in Note 9, we invested $154.1 million in Canada Mortgage Bonds (CMB) during the year, of which $125.5 million relates to the proceeds received from disposing of our interest in Sirius XM Canada Holdings Inc. and selling the existing Maison de Radio-Canada premises. CMB are issued by Canada Housing Trust (CHT), a special purpose trust guaranteed by CMHC, another Crown Corporation, and backed by the Government of Canada.

B. Compensation of Key Management Personnel

Key management personnel are those people that have authority and responsibility for planning, directing and controlling the activities of the Corporation. This includes the President and CEO, the Vice-Presidents and the Board of Directors.

The remuneration of the President and CEO and the Vice-Presidents during the year was as follows:

	March 31, 2018	March 31, 2017
Short-term benefits[1]	4,567	4,443
Post-employment benefits[2]	1,968	1,927
Other benefits[3]	403	145
	6,938	6,515

[1]Short-term benefits include wages, salaries, social security contributions, paid annual leave, short-term disability, incentive pay (if payable within twelve months of the end of the period) and other benefit packages (healthcare, life insurance, dental, accident insurance) for current employees.

[2]Post-employment benefits such as pensions and post-employment life insurance.

[3]Other benefits include long-term incentive pay, long-term disability, worker's compensation and termination benefits. Termination benefits are benefits that are payable as a result of the Corporation terminating employment before the normal retirement date or an employee's decision to accept an offer of voluntary departure. Termination benefits include termination payments, severance pay and long-service gratuity.

The total compensation paid to the members of the Board of Directors, excluding the President and CEO, during the year was $0.2 million (2017 – $0.2 million).

The remuneration of key management personnel is determined as follows:

- **Members of the Board of Directors**, except the President and CEO, receive meeting fees for Board and Committee meetings based on a fee schedule established by Corporations' by-laws (as approved by the Minister of Canadian Heritage). The Chair of the Board also receives an annual retainer.
- **The Vice-Presidents**' remuneration is approved by the Board of Directors upon recommendation of the Human Resources and Governance Committee, having regard to the performance of individuals and market trends.
- **The President and CEO** is compensated in accordance with the terms of the Order-in-Council appointing him.

30. COMMITMENTS

A commitment is an agreement that is enforceable and legally binding to either make or receive a payment in the future for the purchase or provision of goods and services. These amounts are not recognized in these consolidated financial statements since the Corporation is yet to receive or provide the goods or services contractually agreed.

ACCOUNTING POLICIES	CRITICAL ESTIMATES AND JUDGMENTS
The Corporation is party to many leasing arrangements, which requires management to determine whether the lease is a finance lease or an operating lease. Leases in which the Corporation assumes substantially all the risks and rewards of ownership are classified as finance leases. Payments made under finance leases are apportioned between financing costs and the reduction of the outstanding liability. The financing costs are allocated to each period so as to produce a constant periodic rate of interest on the remaining balance of the liability. Leases in which the Corporation does not assume substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognized as an expense on a straight-line basis over the lease term. Lease incentives received are recognized as an integral part of the total lease expense over the term of the lease.	The determination that an arrangement to lease a portion of a building owned by the Corporation meets the criteria of an operating lease and that the leased portion of the building does not qualify as investment property under IAS 40 *Investment Property*.

A. PROGRAM RELATED AND OTHER

This note shows amounts to which the Corporation is contractually committed, but which do not meet the criteria for inclusion in the Consolidated Statement of Financial Position.

	March 31, 2018	March 31, 2017
Facilities management	69,354	109,889
Programming	215,206	225,722
Transmission distribution	17,948	22,956
Maintenance & support	31,291	31,380
Property and equipment and intangibles[1]	81,383	17,102
Other	27,499	27,866
	442,681	**434,915**

[1]Property and equipment and intangibles include an amount of $0.9 million related to contractual commitments for the acquisition of intangibles assets as at March 31, 2018 (March 31, 2017 - $5.0 million).

Future annual payments as of March 31, 2018, are as follows:

	March 31, 2018	March 31, 2017
Less than one year	205,076	163,305
Later than one year but not later than five years	212,442	230,237
More than five years	25,163	41,373
	442,681	**434,915**

Commitments related to bonds payable and notes payable are disclosed under Note 27 C.

B. NON-CANCELLABLE LEASES

Operating leases relate to leases of property, network distribution and equipment with remaining lease terms of between one and 32 years. Certain leases contain clauses allowing for the renewal/extension of the original term at market rates. The Corporation does not have an option to purchase any of the property, network distribution or equipment at the expiry of the lease periods.

Finance leases mainly consist of leasehold improvements. The transponder lease matured during the current year. Commitments related to finance leases are disclosed in Note 27 C.

As at March 31, 2018 the future aggregate minimum lease payments under non-cancellable leases are as follows:

	March 31, 2018	March 31, 2017
Less than one year	21,142	21,183
Later than one year but not later than five years	162,748	69,307
More than five years	628,105	46,337
	811,995	**136,827**

The amounts presented above include a total of $425.7 million (March 31, 2017 – $49.4 million) representing operating costs and property taxes payable.

The payments recognized as an expense for minimum lease payments in 2018 amounted to $23.1 million (2017 – $22.8 million).

The increase in non-cancellable leases commitments over five years is mostly due to the lease of the new Maison de Radio-Canada (MRC) with Broccolini for an initial term of 30 years.

C. FUTURE CASH INFLOWS FROM FINANCIAL ASSETS

	Carrying amount of asset at **March 31, 2018**	Contractual cash flows	Within 1 Year	2 to 5 Years	Over 5 years
Promissory notes receivable	38,064	51,437	5,970	22,270	23,197
Bonds receivable	154,085	188,210	120,596	67,614	-
	192,149	**239,647**	**126,566**	**89,884**	**23,197**

	Carrying amount of asset at **March 31, 2017**	Contractual cash flows	Within 1 Year	2 to 5 Years	Over 5 years
Promissory notes receivable	40,899	57,005	5,970	22,270	28,765
Bonds receivable	-	-	-	-	-
	40,899	**57,005**	**5,970**	**22,270**	**28,765**