REGIONAL SERVICE[29]		2010–2011 TARGETS	2010–2011 RESULTS	2011–2012 TARGETS
Radio	6–9 a.m. Franco Share (Diaries), 6–9 a.m. Mon.–Fri., BBM, Fall 2010	N/A	19%	19%
6 p.m. *Téléjournal*[30]	Average viewers per minute 6–6:30 p.m. Mon.–Fri.	N/A	317,000	323,000
Regional Web	Unique visitors[31]	N/A	447,000	458,000 (+2.5%)

SPECIALTY TELEVISION CHANNELS		2010–2011 TARGETS	2010–2011 RESULTS	2011–2012 TARGETS
Subscriber Count	RDI	10.8 million	11.0 million	11.0 million
	ARTV	N/A	2.1 million	2.1 million

FINANCIAL INDICATORS: REVENUE		2010–2011 TARGETS	2010–2011 RESULTS	2011–2012 TARGETS
Revenue (Conventional, Specialty and Online)	Total revenue excluding LPIF	$191 million	$205 million	See below[32]
	Total revenue including LPIF	Redefined for 2011–2012		$230 million

29 Radio and TV measured using personal people meters.

30 Source: BBM Canada (September 6, 2010, to April 3, 2011, Weekly Average).

31 Source: comScore (Monthly Average, September to March, 2+, Hybrid).

32 Revenue includes Advertising, Specialty services (RDI and ARTV) subscriber revenues and other miscellaneous revenues (LPIF excluded from 2010–2011 target but included for 2011–2012 target).

3. CAPABILITY TO DELIVER RESULTS

3A. LEADERSHIP AND PEOPLE

CHANGES TO THE BOARD OF DIRECTORS

On April 26, 2010, the Honourable James Moore, Minister of Canadian Heritage and Official Languages, appointed Mr. Edward W. Boyd to the Board of Directors for a five-year term.

On February 3, 2011, the Minister appointed Pierre Gingras to the Board of Directors for a five-year term.

Further information is found in the Board of Directors section of this report.

CHANGES TO THE SENIOR MANAGEMENT TEAM

On August 10, 2010, CBC|Radio-Canada announced the departure of Richard Stursberg, Executive Vice-President, English Services. Kirstine Stewart replaced him on January 10, 2011. Ms. Stewart had been acting as Interim Executive Vice-President of English Services since August 2010.

On October 21, 2010, veteran journalist Kirk LaPointe was appointed as CBC's new Ombudsman, effective November 1, 2010. He succeeded Vince Carlin, whose mandate officially expired on December 31, 2010.

ENGAGING OUR PEOPLE

EMPLOYEE SURVEY

In September 2010, the Corporation kicked off a corporate-wide employee survey called "Dialogue." Sixty-seven per cent of employees responded to the survey. The results show employee engagement is high, as are passion, pride and belief in our mission. Eighty-five per cent of employees see the connection between their work and the Corporation's success. Two areas identified as needing improvement were non-monetary recognition and professional development.

Following the analysis of the survey, a National Advisory Committee has recommended to the Senior Executive Team that efforts be focused on these areas as the top two national priorities. Specific action plans are being developed and are expected to be announced and rolled-out in 2011–2012.

DIVERSITY

Significant effort was invested in putting CBC|Radio-Canada's 2009–2012 Corporate Diversity and Equity Plan into action. Executive, national and regional committees were strategically created to ensure both the broadcaster's programming and workforce reflect Canada and its regions, as well as the country's multicultural and multiracial nature. Managers across the Corporation began to be trained on inclusion and diversity in the workplace, a step towards becoming an open, inclusive and progressive organization. Workforce recruitment processes were also enhanced to attract a wider range of Canadians and ensure different viewpoints are reflected in our programming.

Progress has been made. In 2010, women composed 68 per cent of marketing, sales, public relations and communications, compared to the industry standard of 46 per cent. We reached 48 and 61 per cent for production and finance, compared to industry standards of 37 and 49 percent. And the number of executives who are women increased from 29 percent in 2006 to 42 per cent in October 2010.

LABOUR RELATIONS

During the year, collective agreements were reached with the *Syndicat canadien de la fonction publique* (SCFP) and the Alliance of Canadian Cinema, Television and Radio Artists (ACTRA). As always, a great deal of effort was invested in maintaining healthy and open labour relations.

INVESTMENT IN TRAINING

Investments in training and development helped leaders to perfect their skills and enrich their competencies. This year was the third year in which managers were asked to participate in an eight-day training program called *Ready to Lead*, bringing the number of course graduates close to 500. Going forward, new modules on leadership style, managing change and diversity will enhance the program.

LEADERS' FORUM

CBC | Radio-Canada held a Leaders' Forum in the fall of 2010 to solicit input and feedback on its five-year strategic plan from more than one hundred leaders across the country. Discussions and debates helped bring clarity to vision and principles, and helped to identify risks and opportunities with respect to implementation of the main thrusts – network, regional and digital programming – prior to bringing the Corporation's five-year strategic plan *Everyone, Every way* forward to the Board of Directors for approval.

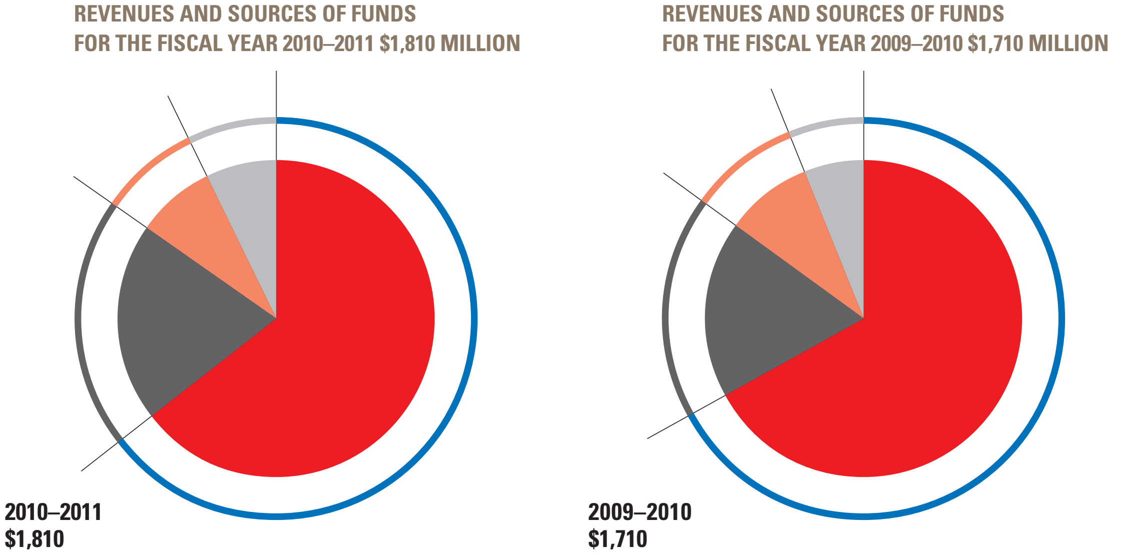
THE PRESIDENT'S AWARDS

The President's Awards were launched in the fall of 2009 to recognize and salute employees for their outstanding contributions and accomplishments. They are based on the President and CEO's three priorities: People, Programs and Pushing Forward. Awards supporting each priority are given out, such as the Leadership Award, the Multi-Platform Content Award and the Smart Solutions Award. A total of nine awards in three categories are presented.

For its 2010 edition, the President's Awards received 150 nominations.

3B. RESOURCE CAPACITY

REVENUES AND SOURCES OF FUNDS



	2010–2011		2009–2010	
Government funding	$1,160	64%	$1,143	67%
Advertising revenues	$368	20%	$309	18%
Specialty services revenues	$153	9%	$149	9%
Other revenues	$129	7%	$109	6%
	$1,810	**100%**	**$1,710**	**100%**

CBC|Radio-Canada relies on four sources of funding: government funding, advertising revenues, specialty services revenues and other revenues.

Total revenues and sources of funds increased by $100.5 million (5.9 per cent) to $1,810 million in 2010–2011 as described below.

GOVERNMENT FUNDING

CBC|Radio-Canada's total Government funding recognized as income for 2010–2011 is $1,160 million. This includes an amount of $60 million in one-time additional funding for programming that the Corporation has received in each of the previous nine years. The government has not committed to this additional funding beyond March 31, 2012.

The Corporation's strategic plan, *Everyone, Every way*, was developed on the assumption that CBC|Radio-Canada will have stable funding within the five-year planning period. While a Government funding reduction would not change the path of the new strategy, it could force the Corporation to make adjustments.

ADVERTISING REVENUES

Advertising is a vital source of revenue for CBC|Radio-Canada, accounting for approximately 20 per cent of CBC|Radio-Canada's total sources of funds. As a result of strong program schedules, increased audiences and the economic recovery, conventional television and digital advertising revenues increased by $58.5 million (18.9 per cent) to $367.7 million in 2010–2011. A portion of this increase was related to the FIFA 2010 World Cup; however, these revenues were largely offset by additional rights and programming costs.

SPECIALTY SERVICES REVENUES

CBC|Radio-Canada generates subscription and advertising revenues from its specialty services, CBC News Network, **bold**, *documentary*, and Réseau de l'information de Radio-Canada (RDI). In 2010–2011, these revenues remained constant relative to the previous year. Subscription revenues, unlike advertising revenues, are relatively steady and were not adversely affected by the economic downturn. Following the acquisition of additional shares in ARTV in July 2010, ARTV revenues are now presented as specialty services revenues in 2010–2011. The increase generated by the inclusion of ARTV revenues under Specialty Services Revenues is partly offset by a reduction in subscription revenues from the Corporation's former pay audio service Galaxie. Overall, specialty services revenues increased by $4.3 million (2.9 per cent) to $153.0 million in 2010–2011.

OTHER REVENUES

CBC|Radio-Canada continually looks for ways to leverage its assets to generate revenue that can be reinvested in programming. Self-generated revenues come from across the Corporation. For example, media operations generate revenue through program sales, facilities rentals and CBC News/RDI Express, which are our news and information services available in six Canadian airports. Other revenues are generated from the sale and the rental of real estate assets, merchandising, building and parking fees, leasing space at our transmission sites, and rent charged to external clients for the use of our mobile broadcasting vehicles.

CBC|Radio-Canada's self-generated revenues increased in 2010–2011 by $20.4 million (18.8 per cent) to $129.3 million, compared to the prior year despite the fact that revenues no longer include income from the Corporation's former pay audio service Galaxie or lease and interest income from third parties following the monetization of long-term receivables. The Corporation sold these receivables in 2009 as part of its Recovery Plan to respond to the global economic slowdown and stagnant television advertising revenues.

With the creation of the Local Programming Improvement Fund (LPIF), CBC|Radio-Canada, along with Canada's private conventional television broadcasters, gained access to a significant additional source of funds. The LPIF was created by the CRTC to improve the quality and quantity of local programming in non-metropolitan television markets. As of March 2011, 19 CBC|Radio-Canada stations were eligible for LPIF support and have contributed to the overall objectives of the LPIF as follows: ensuring that viewers in smaller Canadian markets continue to receive a diversity of local programming, particularly local news programming; improving the quality and diversity of local programming; and ensuring that viewers in French-language markets are not disadvantaged by the smaller size of those markets. LPIF contributions amounted to $36.7 million in 2010–2011, compared to $19.8 million in 2009–2010. LPIF contributions commenced in September of 2009.

The continuation of this fund has not been confirmed by the CRTC beyond August 31, 2012.

CAPITAL BUDGET

The Corporation has a base capital appropriation from the Government of Canada of approximately $92 million per year. For 2010–2011, self-generated revenues supplemented this capital appropriation for a total capital budget of approximately $135 million. As required by subsection 54(4) of the *Broadcasting Act*, CBC|Radio-Canada presents its capital budget to the Minister of Canadian Heritage and Official Languages in its Corporate Plan and then submits it to the Treasury Board for approval.

As of March 31, 2011, the Corporation employs $2.6 billion (cost) of assets in operation. CBC|Radio-Canada owns and operates one of the world's largest broadcast transmission and distribution systems, with 989 transmission sites located throughout Canada. In addition to these transmission and distribution-related structures, CBC|Radio-Canada is responsible for a real estate portfolio of more than four million square feet, including 27 buildings owned across Canada. The Corporation is also highly dependent on technology and technology-based assets in the production and delivery of its services.

Accordingly, CBC|Radio-Canada uses the majority of its capital budget in any given year to maintain its assets, address obsolescence and undertake strategic projects. In all instances, the capital spending plan supports the attainment of the Corporation's priorities and strategies.

MAJOR ACTIVITY IN THE YEAR

The following capital activities were substantially completed during the year.

NEXT GENERATION CONVERGED NETWORK (NGCN)

The Next Generation Converged Network (NGCN) is necessary to support the greatly increased traffic from file transfers and streaming, replacing various conventional telecommunications, broadcast and data networks. We are implementing one of Canada's largest high-speed networks capable of handling real-time and non-real-time broadcast and data traffic. The NGCN infrastructure will be capable of supporting current traffic requirements and is scalable such that it will support future traffic growth associated with the evolution of television from standard definition (SD) to high definition (HD) production and presentation. The NGCN will generate significant operational savings.

UPGRADE OF THE HD DTV PRESENTATION OUTPUTS (ENGLISH AND FRENCH SERVICES)

This project upgraded the current standard definition (SD) infrastructure in the Toronto and Montreal Network Operations Centres to support the delivery of high definition (HD) digital television (DTV) signals.

CENTRE DE L'INFORMATION (CDI) IN MONTREAL

Phase 2 of this initiative replaced the obsolete newsroom video server system with the current CBC | Radio-Canada standard, which supports the HD format. The project also involved upgrading the facilities to support its various production technologies to HD-compatible formats (control rooms, editing suites, computer graphics, cameras and so on).

UPGRADE OF THE TV NETWORK OPERATION CENTRE IN TORONTO

This project refreshed and expanded the CBC | Radio-Canada TV Network Operations Centre in Toronto, re-designing the space to support the co-location with radio master control, traffic and CBC.ca control areas. Obsolete infrastructure, automation and video server systems were replaced to accommodate all current TV presentation needs and provide capacity for future requirements.

CENTRALIZED RADIO PRESENTATION AND SATELLITE DISTRIBUTION

We centralized aging English and French Radio presentation and distribution infrastructure in regional facilities to consolidated systems in Toronto and Montreal, to maximize our flexibility to move content and transmission/streams for shifting audience needs.

REGIONAL DISAFFILIATION IN QUEBEC

Further to its disaffiliation from COGECO, Radio-Canada decided to establish and operate its own multimedia regional stations to serve Centre-du-Québec, Estrie and Saguenay–Lac-Saint-Jean, with the goal of enhancing its regional presence and fostering synergy within services (TV, radio and Internet).

REPLACE FIELD EQUIPMENT (ENGLISH AND FRENCH SERVICES)

This was a joint English and French Services program to replace the obsolete standard definition (SD) cameras with new cameras that support workflow in either SD or high definition (HD). In 2010–2011, the focus of work has been to provide this technology to support the HD conversion for Toronto News and Current Affairs, and CBC in Montreal. For French Services, the first phase of the replacement focused on Montreal.

MOUNT ROYAL SAFETY CODES

The objective was to make the Mount Royal site compliant with safety codes and ensure viability of on-going operations, including revenue generation from the site and final transition to digital television for Montreal.

SALE OF BROSSARD PROPERTY

CBC | Radio-Canada negotiated an agreement to sell a property in Brossard, Quebec. The transaction requires Governor-in-Council approval, which is expected to be completed in 2011–2012.

As the area around the Brossard property is undergoing significant residential development, sale of the land at this time allows the Corporation to optimize revenues, which will be re-invested in the Corporation's capital budget.

BORROWING PLAN

The *Broadcasting Act*, subsection 46.1, confers on CBC | Radio-Canada the authority to borrow up to $220 million, or such greater amount as may be authorized by Parliament, subject to approval of the Minister of Finance. Subsection 54 (3.1) of the Act requires that the Corporation's borrowing plan be included in its corporate plan for the approval of the Minister of Finance.

When the Corporation sold long-term accounts receivable in 2009 as part of its Recovery Plan to address the impact of the global economic slowdown and stagnant television advertising revenues, it provided a guarantee to the investors in order to obtain the best possible value for the sale. This guarantee was deemed to be borrowing. The outstanding amounts against the borrowing authority are:

(in thousands of dollars)

Total borrowing authority available:	220,000
Authority used as at March 31, 2011:	
Guarantee on accounts receivable monetization	(193,811)[33]
Remaining authority in 2011–2012	26,189

33 Amount includes guarantees provided for the sale of receivables related to the Toronto Broadcast Centre land and a portion of the Stingray Digital Media Group receivable sale.

Under the *Broadcasting Act*, subsection 47 (1), the Corporation is an agent of the Crown and therefore has the constitutional immunities, privileges and prerogatives that are enjoyed by the Crown. The Crown is also fully liable and financially exposed for all actions and decisions by CBC | Radio-Canada while the Corporation is operating within its mandate. In other words, the Corporation's assets and liabilities are the assets and liabilities of the Government.

4. RESULTS AND OUTLOOK

This section outlines financial results for the fiscal year April 1, 2010 to March 31, 2011.

4A. ANALYSIS OF FINANCIAL RESULTS

PERFORMANCE REVIEW

(in thousands of dollars)	2010–2011	2009–2010	$ change	% change
Revenues	649,948	566,714	83,234	14.7%
Expenses	(1,839,546)	(1,789,353)	(50,193)	2.8%
Government funding	1,159,938	1,142,673	17,265	1.5%
Non-operating revenues	–	21,566	(21,566)	(100.0%)
Taxes	–	101	(101)	(100.0%)
Net results for the year	**(29,660)**	**(58,299)**	**28,639**	**(49.1%)**
Other comprehensive income	5,000	–	5,000	N/A
Total comprehensive income (loss) for the year	**(24,660)**	**(58,299)**	**33,639**	**(57.7%)**

In 2009–2010, the Corporation embarked on a two-year Recovery Plan to address a budget shortfall of $171 million resulting from the economic recession and continuing increases in programming and other costs. Cost reduction and revenue improvement measures were put in place to manage these pressures.

Among the actions taken by the Corporation to fund the Recovery Plan, the Corporation sold $153 million of long-term receivables. The proceeds from these sales did not increase the net results for the year 2009–2010, as the related gain had been recognized as income in previous years.