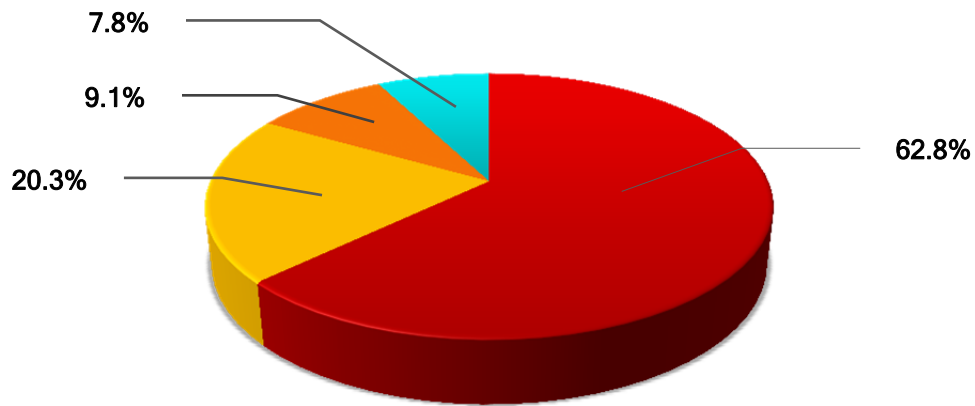






Year in Review

REVENUES AND SOURCES OF FUNDS FOR FISCAL YEAR 2011-2012



<i>(in millions of dollars)</i>	2011-2012		2010-2011	
 Government funding	\$1,162.3	62.8%	\$1,167.3	63.8%
 Advertising revenue	\$375.7	20.3%	\$367.7	20.1%
 Specialty services revenue	\$167.8	9.1%	\$158.1	8.6%
 Other revenue	\$145.5	7.8%	\$136.5	7.5%
	\$1,851.3	100%	\$1,829.6	100%

Financial Highlights

Net Results

<i>(in thousands of dollars)</i>	For the year ended March 31			
	2012	2011	\$ change	% change
Revenue	688,964	662,337	26,627	4.0
Expenses	(1,840,769)	(1,834,219)	(6,550)	(0.4)
Government funding	1,162,317	1,167,341	(5,024)	(0.4)
Net results before non-operating items	10,512	(4,541)	15,053	N/M
Non-operating items	30,352	(2,859)	33,211	N/M
Net results for the period	40,864	(7,400)	48,264	N/M

N/M = Not meaningful

Overview of Annual Net Results

Net results for the fiscal year were \$40.9 million, an increase of \$48.3 million over the previous fiscal year. This reflects the following changes in revenue, funding and expenses:

- Revenue increased by \$26.6 million (4 per cent) compared to 2010–2011. Strong hockey playoff revenue in the first quarter, a strong television schedule and increasing digital revenue from other platforms are the main contributors to the increase. In addition, ARTV results are now reported on a consolidated basis since the Corporation acquired controlling interest on July 12, 2010. Contributions from LPIF were also higher in 2011–2012.
- Expenses were \$6.6 million (0.4 per cent) higher than in the previous fiscal year. The increase was mostly due to investments related to Strategy 2015, including items such as the Corporation's revitalization projects for local markets and the continued focus on digital broadcasting.
- Government funding, which also includes the amortization of deferred capital funding, decreased by \$5.0 million (0.4 per cent) compared to 2010–2011. Most of this decrease, \$2.8 million, was due to an incremental budget reduction for 2011–2012 as a result of cost-containment measures announced in the 2007 federal budget.
- Non-operating items produced income of \$30.4 million, compared to a loss of \$2.8 million in 2010–2011, mostly due to a non-cash inclusion in income of a dilution gain recognized with the acquisition and financing activities related to Sirius Canada/Canadian Satellite Radio (CSR) Holdings Inc., in which the Corporation is invested.

Total Comprehensive Income

<i>(in thousands of dollars)</i>	For the year ended March 31			
	2012	2011	\$ change	% change
Net results for the period	40,864	(7,400)	48,264	N/M
Other comprehensive income (loss)	(306,815)	250,238	(557,053)	N/M
Total comprehensive income (loss) for the period	(265,951)	242,838	(508,789)	N/M

N/M = Not meaningful

The other comprehensive loss of \$306.8 million resulted primarily from non-cash actuarial losses on CBC/Radio-Canada's defined benefit pension plan. The pension plan's obligations are extremely sensitive to actuarial assumptions and can lead to significant annual fluctuations. Actuarial gains and losses are immediately recognized in other comprehensive income in each reporting period.

Other Financial Matters

On March 29, 2012, the Corporation's parliamentary appropriation was reduced by \$115 million over three years as part of the Federal Budget 2012. This reduction, combined with the unavoidable costs and investments required to continue to transform into a modern public broadcaster, means the Corporation actually faces financial pressures amounting to \$200 million over the next three years. CBC/Radio-Canada is determined to face this challenge head-on by implementing a three-year plan focused on:

- Increasing revenues
- Transforming Radio Canada International (RCI)
- Accelerating the shutdown of analogue transmitters
- Reducing costs and doing things differently
- Pacing the Strategy 2015 roll-out

For more information on the measures CBC/Radio-Canada is implementing, please visit the [2015: Same Strategy, Different Path](#) website.

Strategy 2015: Year in Review

Achieving our plan's objectives

In 2011–2012, CBC/Radio-Canada's English and French Services began implementing a wide range of projects relating to our five-year strategic plan, Strategy 2015. The plan has three key thrusts:

- More distinctly Canadian: Network programming and national public spaces
- More regional: Regional presence and community spaces
- More digital: New platforms and digital spaces

Overall, we successfully reached the objectives set for the first year of the plan.

More distinctly Canadian: Network programming and national public spaces

This year, we continued to focus on becoming the home of high-quality content that expresses and enriches the Canadian experience across the country:

- Our plan commits CBC and Radio-Canada each to produce and air every year at least 10 Signature Events – projects of national cultural relevance or national public interest that bring Canadians together in large numbers, are delivered on multiple platforms and have a meaningful impact on participants. During 2011–2012, CBC/Radio-Canada aired more than 30 Signature Events.
- CBC/Radio-Canada enhanced coverage of the federal and several seven provincial general elections, adding on CBC/Radio-Canada websites the Vote Compass tool, which allows Canadians to explore how their views and values align with those of the political parties. We also created websites for each election, making it easier for audiences to participate in the Canadian democratic process.

More regional: Regional presence and community spaces

Our goals are to expand existing local service and add new local service for 6 million English-speaking and some 2 million French-speaking Canadians that are presently under-served. To that end, we introduced:

- New weekend CBC Television news programming in Toronto, St. John's and Calgary.
- New weekend Radio-Canada Television news in Edmonton and Regina.
- New late night CBC Television service in the North.
- Enhanced CBC Radio service in Kelowna.
- Two new micro websites for Montreal's [North](#) and [South](#) Shores.

Future local programming and services announced this year include:

- CBC Television weekend news programming for Edmonton, Ottawa, Montreal and the Maritimes.
- Digital service in Hamilton, Ontario.
- CBC radio and digital services in Kamloops, London, the Waterloo region and Saskatoon.

More digital: New platforms and digital spaces

We also extended our leadership in creating and nurturing Canadian digital spaces and strengthened the competitive position of our existing multiplatform offering with:

- 14 redesigned local CBC websites.
- The new Radio-Canada Explora specialty channel, launched in March, which focuses on health, nature, science and the environment.
- The new Radio-Canada online service Espace.mu, which offers listeners more than 80,000 musical selections in seven genres, as well as unique online music features and ways for sharing content.
- The new CBC Music online portal and the CBC Music mobile app for iOS, introduced in February, 2012, which offers listeners more than 130,000 musical selections.
- A comprehensive agreement negotiated with Quebecor Media divisions to ensure a wide distribution of Radio-Canada content.

Programming Year in Review

During 2011–2012, CBC/Radio-Canada’s content was shared with audiences across all services and platforms. Our content showcased Canadian programming and talent. With new shows and returning favorites across our programming schedules and across genres, CBC/Radio-Canada’s content helped connect Canadians to their country, to their communities and to each other.

Deeper integration across CBC and Radio-Canada allowed us to utilize talent from across the corporation and leverage innovations to bring great content to Canadians where, when and how they wanted it, delivering on the promise of Strategy 2015.

French Services

Radio-Canada managed to maintain its position in a fiercely competitive environment by delivering creative programs of broad appeal and continually striving to reach the largest possible audience across all its platforms.

Delivering the content audiences want

Télévision de Radio-Canada continues to air flagship programs that regularly draw over one million viewers – *Les enfants de la télé*, *Les Parents*, *Tout le monde en parle* and, of course, *Bye Bye 2011*, which captured a record 89 per cent share. It offered popular, critically acclaimed original dramas like *30 vies*, *Les rescapés* and *Apparences*. Once again this year, *Enquête* provided Canadians with compelling stories that reflect their concerns and stimulate democratic life.

Radio de Radio-Canada took a bold new step in June 2011 with the launch of the Espace.mu portal, offering the world’s largest online repository of French-language songs and a comprehensive selection of web radio streams. On Première Chaîne, the summer and fall 2011 schedules served as incubators for a wide range of new shows, whose success earned them a spot in the regular line-up. The evening schedule is now enhanced with new original content such as *Histoire d’objets* and the literary program *Plus on est de fous, plus on lit*.

Building on regional strengths

Our regional centres produced hits on multiple platforms, including *Les chefs!* on television and *Bien dans son assiette* on Première Chaîne radio. Newscasts are now available on weekends in 10 regional markets. On the web, Radio-Canada set up a virtual hub for community interaction with two regional sites, www.Radio-Canada.ca/Rive-Sud and www.Radio-Canada.ca/Rive-Nord, targeting greater Montreal's off-island residents.

Ongoing digital innovation

Radio-Canada is reaching out to audiences everywhere. In September, it launched Radio Canada International's web platform, RCI Vision. The following January, it released its mobile news app with personalization and geolocation features. In March, the new Explora channel went to air. Radio-Canada.ca continues to break new ground with web-based documentaries like *Le bruit des mots*, which resonated with audiences worldwide, while Tou.tv expanded its web offering with ever more original drama series and acquisitions.

English Services

English Services continued to reach audiences across all of its services and platforms, offering content when and where audiences wanted it.

Strong audience response across services

In January 2012, CBC Television celebrated its most successful season premiere week ever, with five programs surpassing the one million viewers mark. New shows that launched to audiences of more than one million included *Mr. D* – the largest comedy audience since the debut of *Little Mosque on the Prairie* – and *Arctic Air* – the highest audience for a drama series premiere in 20 years on CBC Television. *Redemption Inc.* also launched to strong audiences and *Cover Me Canada*, new to the fall, showcased Canada's best new musical talent and let viewers use social media to vote for their favorite bands.

Our returning shows *Battle of the Blades*, *Dragons' Den*, *Marketplace*, *Republic of Doyle* and *Hockey Night in Canada* captured between 1 and 1.5 million viewers weekly. *Marketplace* also launched to an audience of just under 1.5 million and then went on to have its best season ever. *The Rick Mercer Report* and *This Hour Has 22 Minutes* continue to capture sizeable audiences year after year and *the fifth estate* continues to grow its audiences. *Hockey Night in Canada* achieved its highest-ever audience at 8.6 million for the seventh game of the Stanley Cup final series between Vancouver and Boston, making it the most watched NHL broadcast in CBC's history.

CBC News had an extraordinarily busy year with live coverage of the federal election on CBC Television and CBC News Network, which attracted an average audience of 2 million Canadians. During the election, CBC partnered with Vote Compass to launch the first interactive online electoral literacy tool in Canada. CBC also led the national coverage of the royal wedding and the royal visit, as well as coverage of several provincial elections.

CBC Radio continued a trend of high audience levels. A number of new shows were launched this year including *This is That*, *Type A*, *Under the Influence*, *Trailblazers*, *Re-civilization* and *Trust Inc.*

CBC Radio's annual Canada Reads event resonated strongly, with 1.6 million Canadians tuning into some part of the February 6–9 broadcasts this year. CBC also launched its new digital music service, CBC Music, on February 12, 2012, which to April 1, 2012, has received more than 5.7 million page views and two million visits, and has provided 4.2 million hours of streamed music to Canadians.

According to comScore's mobile survey, conducted in the first quarter of 2012, CBC is by far the most popular headline news service among Canadians with a mobile phone.

Responding to regional needs

Serving local audiences with regional programming is a priority for CBC. In that respect, we are proud that Radio One's local morning shows saw significant growth in audiences during 2011–2012. Of these programs, 20 of 23 ranked in the top three and 10 ranked first in their markets.

On CBC Television, the *supper hour* and *late night* local news programs increased audiences over the prior year while new weekend news programming was added in Toronto, Calgary and St. John's and weekday *late night* news programming in the North.

Finally, CBC.ca enhanced and redesigned 14 regional websites to create a better user experience and increase access to CBC's regional content.

Extending our digital reach

Digital programming allows our audiences to access our content where and when they want it. Highlights for the year include continued growth in CBC.ca's online audience, which reached an average of 6.2 million unique monthly visitors.

Consumption of CBC content online continued to grow as well. Page views were up 4 per cent over 2010–2011 to 147 million per month. Video consumption was up 10 per cent, reaching 5.4 million video views per month.

Finally, CBC continues to show strong growth on mobile platforms. We launched a CBC News app for Windows and the CBC Music app for iOS during the year. Mobile devices generated just under 14 million visits to CBC.ca properties in March 2012 – accounting for 23 per cent of all visits to CBC.ca.

Signature Events: Major cross-platform and cross-cultural programming

CBC created and delivered 15 Signature Events that spanned many cross-cultural areas, including: literacy with Canada Reads; youth in sports with *Soccer Day in Canada* and *Hockey Day in Canada*; and Canadian history, heritage, and culture with *Trailblazers*, *John A. Macdonald*, *Canada Day* and *Sunshine Sketches*.

For its part, Radio-Canada produced 16 signature events this year to reflect the best our country's arts scene had to offer. Canadians across the country were able to experience the inauguration of Montreal's new concert hall, featuring a Montreal Symphony Orchestra concert conducted by Kent Nagano.

CBC and Radio-Canada teamed up to produce the ground-breaking series *8th Fire/8e feu* on Canada's Aboriginal peoples, as well as the sequel to *Love, Hate and Propaganda/Amour, Haine et Propagande*. They also proudly celebrated CBC/Radio-Canada's 75th anniversary together.

On November 2, 2011, the Corporation celebrated its 75th anniversary, marking the culmination of 75 days of special events and programming on multiple platforms. Canadians from across the country joined together to celebrate the public broadcaster, sharing their memories and participating in events across the country. For example, during the first weekend in October, 32 of our facilities across the country opened their doors to give tens of thousands of Canadians a glimpse from the other side of the camera and from behind the scenes on the sets of their favorite programs.

CBC/Radio-Canada wins national and international awards

English and French Services took home more than 200 national and international awards honouring the excellence and creativity of their broadcast artists and productions. The web documentary *Exile Without End: Palestinians in Lebanon / Réfugiés oubliés - Les Palestiniens au Liban*, produced jointly by CBC and Radio-Canada, garnered a number of prestigious international accolades. English Services' *the fifth estate* won a Michener Award for meritorious public service journalism, while the Canadian Association of Journalists presented CBC Television and CBC Radio with six top awards for the quality of their journalism. *Enquête's* work was celebrated again this year with a Judith Jasmin Grand Prize in the investigative journalism category. Radio-Canada correspondent Jean-Michel Leprince received the Maria Moors Cabot Prize from the Columbia University Graduate School of Journalism for career contribution to the coverage of Latin America.

In September, programs broadcast on CBC and Radio-Canada television networks won more than 100 Gemini and Géméaux Awards. The two awards ceremonies were broadcast live by CBC and Radio-Canada, respectively.

Corporate Year in Review

Reinforcing our commitment to transparency and accountability

CBC/Radio-Canada's Annual Public Meeting (APM) was held at the Canadian War Museum on Wednesday, November 2, coinciding with the Corporation's 75th anniversary. A live audience and other Canadians participating via webcast heard the Chair of the Board of Directors, President and CEO, and Vice-President and Chief Financial Officer present highlights of 2010–2011 and an overview of the Corporation's future direction. In addition, foreign correspondents Nahlah Ayed, Anyck Béraud, Jean-François Bélanger and Paul Hunter reflected on the past year's international events and answered questions from the floor, the webcast and Twitter.

CBC/Radio-Canada responded to a total of 208 access to information (ATI) requests. This figure includes 190 of the 218 requests received this year and 18 others carried over from fiscal year 2010–2011. While the requests touched all areas of the Corporation, the business areas that were most affected were English Services (involved in 83 requests) and French Services (involved in 51 requests). The downward trend in the Corporation's "deemed refusal rate" continued during fiscal year 2011–2012. This rate, which refers to requests not responded to within statutory limits, has dropped steadily from a high of 80.5 per cent in fiscal year 2007–2008 to 4.2 per cent by the end of 2011.

The six Board of Directors meetings held in various cities across the country provided Board and Senior Executive Team (SET) members with the opportunity to dialogue with employees and stakeholders about the importance of public broadcasting and CBC/Radio-Canada's upcoming priorities and challenges. Throughout the fiscal year, the President and CEO, and members of SET, gave more than 100 speeches and media interviews.

Our evolving regulatory environment

The Corporation's licence renewal hearings were postponed twice by the Canadian Radio-television Telecommunications Commission (CRTC) – first on July 8, 2011 and again on February 1, 2012. The first postponement moved the hearings from September 12, 2011 to June 4, 2012. The second postponement was indefinite. The Corporation's hearing will now take place on November 19, 2012. CBC/Radio-Canada television and radio undertakings have since been administratively renewed until August 31, 2012. CBC/Radio-Canada's last licence renewal hearing took place in 1999.

On August 31, 2011, Canada transitioned to digital over-the-air television, as per CRTC regulation. The Corporation invested more than \$60 million to install 27 new digital transmitters and other related technology for its 14 English and 13 French television stations. At March 31, 2012, 26 digital transmitters were operational, with a 27th slated for activation on August 1, 2012.

On December 19, 2011, the CRTC launched a review of the Local Programming Improvement Fund (LPIF) to determine whether the Fund should be maintained, modified or cancelled. CBC/Radio-Canada appeared before the Commission on April 17, 2012, to make the case for the preservation and strengthening of the Fund. The Commission's decision is expected in the summer of 2012. Significant modifications to the Fund, if required, will not likely be implemented before September 1, 2013. The LPIF contributed close to \$45.8 million to the Corporation in 2011–2012, which helped fund local television program improvements in small population centres, including minority markets.

On April 4, 2012, the Corporation filed an application with the CRTC to modify its television licences to reflect its plans to cease transmitting from its 620 analogue television rebroadcasting transmitters on July 31, 2012. Decommissioning the analogue transmission network will yield savings of \$10 million annually.

On April 4, 2012, CBC/Radio-Canada filed an application with the CRTC for an amendment to the conditions of licence for its Radio 2 and Espace musique radio networks, and the radio stations affiliated with these networks, to permit them to carry commercial messages in the form of national advertising. To minimize cuts to our programming and operations, the Corporation intends to generate new revenues to offset our budget reduction. The decision to introduce advertising on CBC Radio 2 and Espace musique strikes a balance between protecting the core values of our music services while providing us with a much needed new source of revenue.