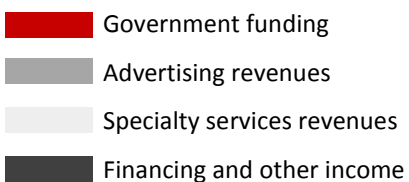
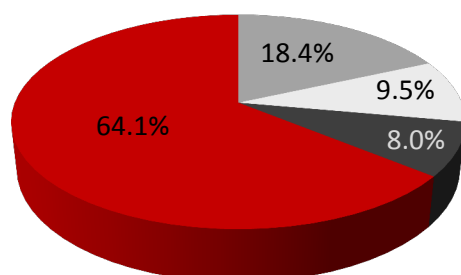


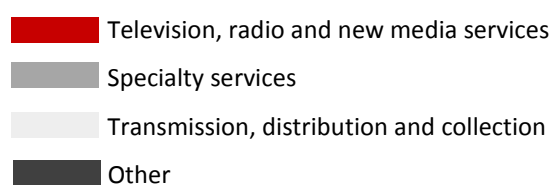
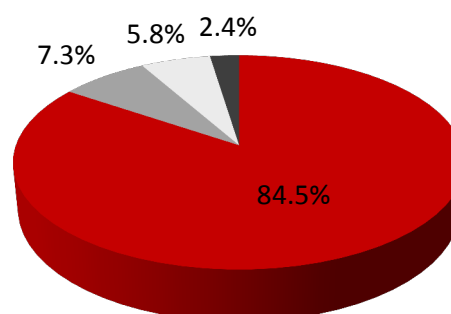
## Year in Review

### Financial Highlights

**Revenue and Sources of Funds  
for fiscal year 2012–2013**



**Expense Breakdown  
for fiscal year 2012–2013**



<i>(in thousands of dollars)</i>	For the year ended March 31		
	2013	2012	% change
Revenue	646,065	688,964	(6.2)
Expenses	(1,778,522)	(1,840,769)	3.4
Government funding	1,154,850	1,162,317	(0.6)
<b>Net results before non-operating items</b>	<b>22,393</b>	<b>10,512</b>	<b>113.0</b>
Non-operating items	19,499	30,352	(35.8)
<b>Net results for the year</b>	<b>41,892</b>	<b>40,864</b>	<b>2.5</b>

Net results before non-operating items for the year amounted to \$22.4 million, an increase of \$11.9 million relative to last year. This reflects the following changes in revenue, funding and expenses:

- Revenue decreased by \$42.9 million (6.2 per cent) compared to 2011–2012. This primarily reflected the impact on advertising of the absence of live professional hockey on *Hockey Night in Canada (HNIC)* because of the NHL lockout. Advertising revenue was also comparatively higher in 2011–2012 because a Canadian NHL team (the Vancouver Canucks) played in the seven-game Stanley Cup final.
- Expenses were \$62.2 million (3.4 per cent) lower than in the previous year. The decrease was partly due to the NHL lock-out which lowered our production costs and spending on sports rights this year. Additionally, lower expenses were also attributable to reducing programming and operating costs as part of our financial plan following Federal Budget 2012 and the other financial pressures we are facing. The decreases were partially offset by one-time restructuring costs required this year as we implemented these cost reductions.
- Government funding recognized in net results decreased by \$7.5 million (0.6 per cent). This was mostly attributable to the decrease in our parliamentary appropriations by \$27.8 million, partly offset by recognizing more capital funding received in earlier periods following the shutdown of our analogue TV and shortwave transmitters.

## Strategy 2015: Year in Review

### *Achieving our plan's objectives*

In 2012–2013, CBC/Radio-Canada's English Services and French Services continued to implement 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 this year.

### *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. CBC and Radio-Canada produced 19 Signature Events – projects of national and 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. Highlights this year included *Canadian Screen Awards*, the *100th Calgary Stampede*, *Canada Reads*, *March to the Top*, *Gémeaux*, the *Show du Refuge* and the opening of the *Maison Radio-Canada Est* in Rimouski.

CBC Television continued the “Canadianization” of its primetime schedule by adding Canadian programming in place of foreign programming (*Jeopardy!*). We also replaced *Wheel of Fortune* with Canadian programming in the afternoon.

### *More regional: Regional presence and community spaces*

Despite lower contributions from the Local Programming Improvement Fund (LPIF) 2012–2013, our regional stations continued to benefit from LPIF. To deal with the total elimination of the LPIF at the end of 2014–2015, we reviewed our projects, programming successes and what we've achieved to enhance our regional presence. We've also carefully analyzed regional station operations and considered our regional audiences' concerns and expectations.

After completing this exercise, French Services chose to prioritize retaining our regional news presence at the same level developed over the past two years. For its part, English Services will protect most elements of the Local Service Extension (including announced new locations) but has been forced to cancel plans for four local radio stations that had been planned, but not yet announced.

Despite these changes, we were able to make significant headway toward our goal to expand existing local service and add new local service for under-served English and French-speaking Canadians. To that end, we:

- Opened Rimouski's Eastern Quebec Broadcast Centre in August 2012
- Implemented new CBC Television services and increased radio and digital weekend local news services in Edmonton, Ottawa, Montreal and the Maritimes.
- Expanded CBC Television Monday to Friday late night news in Vancouver, Calgary, Edmonton, Toronto, Ottawa, Montreal and the Maritimes from 10 minutes to 30 minutes.
- Implemented new local CBC Radio and digital services in Kamloops, Saskatoon and Kitchener-Waterloo.
- Launched CBC's first digital station in Hamilton, Ontario.

Future CBC radio and digital services, already announced;

- Saskatoon
- London

### *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. To enhance the reach of our content, we've entered into a number of partnerships and renewed existing agreements, including with Netflix, Air Transat, Telus, Rogers On Demand, Rogers Wireless, Via Rail, Vidéotron, France Télévisions, Bell, Samsung and Xbox.

In addition, Explora – Radio-Canada's specialty digital channel that offers programming about health, science, nature and the environment – celebrated its first anniversary, and we've obtained a licence from the CRTC for Trésor, an upcoming new French-language specialty channel.

This year the *CBCMusic.ca* portal expanded from 40 to 50 channels, and we introduced CBC Music mobile apps for Android and Blackberry 10. We also launched an Olympic website and re-launched the kidsCBC.ca website.

## Programming Year in Review

During 2012–2013, CBC/Radio-Canada continued to deliver quality, innovative Canadian content across all of its platforms. Our new and returning shows helped to connect Canadians and provide a platform for the stories and issues that are most important to them.

### English Services

#### *Delivering on Canadian programming*

In 2012–2013, CBC continued to offer Canadians a mixture of entertainment, sports and news on its principal platforms. From captivating dramas and engaging live series, to biting comedies and award-winning news and investigative programs, CBC offered Canadians a diverse range of entertaining and informative programming.

This year, CBC-TV introduced three new prime time Canadian entertainment series: *Murdoch Mysteries*, *Cracked* and *Over the Rainbow*. In addition we aired just under 40 original hours of documentaries in prime time on *Doc Zone* and *The Nature of Things*.

*George Stroumboulopoulos Tonight* was introduced in prime time, helping to make Canadian content even more prominent on CBC Television's schedule.

We had five of the top 10 Canadian entertainment programs (excluding News, Sports and Specials): *Dragons' Den*, *Murdoch Mysteries* Season 6, *The Rick Mercer Report*, *Marketplace* and *Republic of Doyle*. *Dragon's Den* continues to be the number one Canadian factual entertainment show with an average-minute-audience of over 1 million, while the comedy pair of *The Rick Mercer Report* and *This Hour Has 22 Minutes* made audiences laugh and earned strong numbers. Our first original season of *Murdoch Mysteries* also averaged over 1 million viewers, more than doubling the audience from the summer of 2012 when the show was broadcast on Citytv.

In sports, *Hockey Night in Canada* returned in spectacular fashion for its 60<sup>th</sup> anniversary year, after a long NHL labour disruption, with the premiere games either meeting or exceeding previous audience numbers. In particular, the first early evening game of the season had an average-minute-audience of 3.35 million (a 17 per cent increase over the previous record). Our Ice and Snow strategy (focusing our attention on winter sports) and marquee summer events increased audiences: for example, the audience for the ISU World Figure Skating Championships was up 20 per cent over last year.

CBC News covered major stories such as the Queen's 60th Jubilee celebrations, the 100th anniversary of the Titanic sinking, provincial elections in Quebec and Alberta, the U.S. election, Hurricane Sandy and the election of a new Roman Catholic Pope. Investigative journalism included *Inside Syria*, *Cops & Dollars*, *Who Gets Into Canada* and *Finding Franklin*. Finally, important cross-platform projects such as CBCNews.ca/Kidnapped were launched in conjunction with *the fifth estate*.

Radio One and Radio 2 had strong audience shares (see Section 2.2, Operational Indicators). Among the diverse programming offered on our radio services, *The Current* celebrated its 10th anniversary and *Canada Reads 2013*, won by Lisa Moore for her novel *February*, reached 2.1 million listeners and saw high listener participation throughout the voting process.

### *Growing our regional presence*

CBC strengthened its promotion of regional diversity by providing a mix of local, regionally representative and cross-regional programming.

Our regional presence was demonstrated by 20 of our 23 Radio One local morning programs placing in the Top 3 rankings, with 12 taking the number one spot. Audiences grew on CBC Television's supper hour newscasts compared to last year.

We continued our successful strategy of producing network programming from locations across Canada. Some CBC Television examples include *Republic of Doyle* (Newfoundland), *Heartland* (Alberta), *Arctic Air* (British Columbia and Northwest Territories), and *Mr. D* (Halifax). *The Rick Mercer Report* also regularly includes segments from across the country. A more western perspective was introduced on CBC-News Network with Ian Hanomansing's *CBC News Now* and on CBC Radio One, with the launch of *The 180* with Jim Brown.

### *Extending our digital reach*

Digital programming allows our audiences to access our content where and when they want it. Highlights from this year include continued audience growth for CBC.ca (see Section 2.2, Operational Indicators).

As mentioned above, CBC Music continued to offer more service to audiences during its first full year of operation, expanding to 50 streams (in addition to CBC Radio 2 and Radio 3 streams) and adding more on-demand content as well.

We also introduced new apps for *Hockey Night in Canada* (for Xbox, Windows 8 and Blackberry 10) and CBC News (Windows 8 and Blackberry 10), and we launched a new CBC Kids TV FOR ME app (iOS) on which preschoolers can enjoy their favourite CBC Kids' content. For CBC Radio, we launched a mobile website and an app for Android and Blackberry 10.

Increasing our second screen offering was a priority this year. We produced a number of digital extensions to popular programming, including for *Hockey Night in Canada*, *Over the Rainbow*, a show in which audiences across the country voted for their favorite "Dorothy," the *Republic of Doyle* ride-along app, a Web episode of *Murdoch Mysteries* in which audiences play the role of a visiting detective assisting Murdoch in a murder investigation, *Arctic Air* mini-documentaries and *Cracked Case Files* that allow audiences to draw their own conclusions from the evidence.

## French Services

### *Delivering quality, innovative programming*

Radio-Canada performed exceptionally well this year by offering programming in step with audience expectations – news and current affairs of impeccable quality, distinctive drama series, and engaging arts and variety programming.

Télévision de Radio-Canada's main network served up a distinctive schedule that included audience favourites like *Les enfants de la télé*, *Les Parent*, *Tout le monde en parle*, *19-2* and *Trauma*. With a combined average-minute-audience of 4,929,000 viewers on the two nights it aired and an 89 per cent market share on New Year's Eve, the comedic year-end retrospective *Bye Bye 2012* broke its own historic 2011<sup>1</sup> market share record.

Building on this solid base, we added new shows in line with the public broadcaster's mandate. On television, *Un air de famille* celebrates music originating in a family setting across Canada's French-speaking regions. The show is based on an original concept developed for Radio-Canada that's already caught the eye of international producers. *Unité 9* became a phenomenon that could well make Télévision de Radio-Canada history, given its season average of 1.8 million viewers per episode in its first year. What's more, the series is the result of innovative, efficient production methods, demonstrating excellence in a period of budgetary restraint. All in all, with its distinctive, innovative lineup that continues to bring Canadians together, Télévision de Radio-Canada managed to boost its audience share by over one-and-a-half points in prime time<sup>2</sup>.

On Première Chaîne, *Pas de midi sans info* took over the noon-hour slot from *Maisonnette en direct* in September 2012, ending the flagship program's nine-year run. Offering interactivity to listeners, the new show has maintained noon hour audience numbers at levels similar to previous years<sup>3</sup>.

A constant influx of stories helped Radio-Canada consolidate its leadership in news and current affairs. To get their news and understand it, audiences tuned in across all our platforms, boosting audience results for the regional *Téléjournal* newscasts, Radio-Canada.ca and its regional sections and our specialty service RDI. For more detail, see Section 2.2, Operational Indicators.

### *Maintaining our presence in the regions*

In addition to news services, our regional programming is helping strengthen our regional presence on national prime time television. These programs include *Dans l'œil du dragon*, *Prix des lecteurs de Radio-Canada* and *100 ans mon cowboy* (part of the Calgary Stampede centennial celebrations). Based on a format originally developed by CBC, *Dans l'œil du dragon* shot to second place among Radio-Canada's most-watched regular programs in its first summer on the network. It drew an average-minute-audience of over 800,000 viewers<sup>4</sup>, right behind the flagship program *Tout le monde en parle*. The show is back for a second season in summer 2013, riding high on the success of its debut year. *Zone doc* aired the Ontario-produced documentary *Trois boxeuses canadiennes pour les Olympiques*. In 2012, we also celebrated the Year of the Fransaskois (francophones living in Saskatchewan) across all our platforms.

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<sup>1</sup> Radio-Canada Research, analysis based on BBM data (PPM, people aged 2+)

<sup>2</sup> Radio-Canada Research

<sup>3</sup> Radio-Canada Research

<sup>4</sup> Radio-Canada Research, based on BBM data. "Regular" programs are those with five (5) or more episodes.

We continued to consolidate the regional news offering to capitalize on as many platforms and time slots as possible. No opportunity for regional presence was overlooked: TV news updates were added in Ontario; on-the-hour radio newscasts were introduced in all regions, including Montreal; 30-minute mid-day slots were introduced in Moncton, Quebec City, Ottawa-Gatineau, Ontario, Manitoba, Saskatchewan, Alberta and British Columbia; a daily half-hour local segment was added to the Windsor morning show; ongoing enhancements are being made to regional sites; and the Yukon section was added to the Colombie-Britannique/Yukon page. Multiplatform deployment will help us ensure better journalistic coverage of regional affairs, as was the case in our coverage of the 2012 provincial elections in Alberta in April and in Quebec in September.

### *Reaching our audiences on multiple platforms*

Ongoing development of digital services is a priority that helps Radio-Canada reach out to its various audiences. From original digital initiatives to traditional media programming, we've got our eye on the same goal – maximizing opportunities for interaction and experiences with all our audiences.

We're making use of digital capabilities such as mobility (audience participation in the Montreal area flagship morning show, *C'est bien meilleur le matin*, and the new network noon-hour show, *Pas de midi sans info*); gamification (*Supermaire*, *Judas.tv*); personalization (Première Chaîne audio feed); and social media (*Radio-Canada et moi* personalized TV schedule on Facebook).

In March 2013, Espace.mu achieved the highest reach since its launch in June 2011. Radio-Canada's digital music streaming service offers nearly 60 web radio stations spanning eight musical genres – pop/chanson, rock, classical, world, jazz, folk/country, hip-hop and new/emerging – and since September 2012, has been the new web address for the Espace musique radio network. For its part, Radio Canada International (RCI) has shifted operations entirely online with an eye to forging ties between Canadians and people around the world, in five languages. The site's overhaul was completed in April 2013.

Our creative and innovative teams generated original multiplatform content and webdocs (*Le chum de ma mère est un extra-terrestre*, *Alphée des étoiles*, *Émilie*) that attracted audiences and drew media attention. This programming also permitted Radio-Canada to expand the horizons of its journalistic expertise to a wide range of topics (for example, *Brossard Chinatown* and *Miss inc.*).



## Corporate Year in Review

### 2015: Same strategy, different path

On April 4, 2012, we announced that the Corporation would be facing \$200 million ongoing in financial pressures over the next three years. This comprises a \$115 million cut to our annual appropriation as part of Federal Budget 2012 and \$85 million of unavoidable costs and investments to achieve our strategic objectives, including those required to keep pace as a modern public broadcaster. In addition, one-time workforce and other restructuring costs to deal with these additional pressures are expected to total \$25 million, with \$18 million in workforce restructuring incurred during 2012–2013.

To face this challenge head-on, we implemented a number of cost-saving initiatives. We successfully transformed Radio Canada International (RCI) into a web-only service that provides Canadians and an international audience with content in five languages: English, French, Spanish, Arabic and Mandarin. We shut down approximately 600 of our analogue transmitters and we also reviewed our existing transmission and real estate portfolios to increase self-generated revenues. We have been successful in leasing excess space in our properties, with close to 390,000 square feet leased at the end of this fiscal year. This is consistent with our plan to reduce our footprint by 800,000 square feet by 2017.

Our plan was designed specifically to protect the priorities of Strategy 2015. However, due to the extent of the challenges facing us, we've had to scale back some aspects of Strategy 2015, including local service extensions, digital TV services, the number and/or budget of Signature Events and cross-cultural programming projects.

### Local Programming Improvement Fund

On July 18, 2012, the CRTC announced that the Local Programming Improvement Fund (LPIF) will be phased out over three years, reducing CBC/Radio-Canada's annual funding by \$47.1 million by August 31, 2014.

We've decided to protect as much as possible the programming initiatives that the LPIF allowed us to implement. Regional programming is essential to our role as the national public broadcaster and improving our presence in communities across Canada is one of the top priorities of our five-year plan, Strategy 2015. However, the Commission's decision means that we have to further reduce our budget to reflect the eventual elimination of the fund. To do so, the measures we will put in place include:

- Cancellation of plans for four new local radio stations beyond those new services already announced.
- Elimination of the cross-cultural fund (this internal fund had already been reduced in the 2012 budget process) that supported major French-English joint projects such as *8<sup>e</sup> feu/8th Fire*, CBC Radio 2 and Espace musique's *Rendez-Vous*, and joint coverage of events like the Arab Spring.
- Reduction of regional contributions to non-news programming.
- Reductions to network schedules.
- Reductions to communications and promotional budgets.
- Looking for further efficiencies.

## Licence Renewal

CBC/Radio-Canada's licence renewal hearings with the CRTC began on November 19, 2012. It's been 13 years since our licences were renewed, making this a critical milestone for the Corporation. While Strategy 2015 sets out our vision for the future of Canada's national public broadcaster, we also need a flexible regulatory framework that will enable us to respond to the evolving broadcasting environment and to the preferences of Canadians. The Corporation also applied to introduce national advertising on CBC Radio 2 and Espace musique to help offset reduced government funding and avoid further program reductions.

Over the course of the hearings, organizations and individual Canadians alike appeared before the Commission to present the issues that matter to them. About 8,000 comments were also filed with the CRTC in the lead-up to the hearings.

On May 28, 2013, the CRTC announced a new streamlined regulatory framework for the public broadcaster. The CRTC's decision also permits the Corporation to introduce advertising to CBC Radio 2 and Espace musique. We were pleased that the Commission supports the main tenets of Strategy 2015 and endorsed our proposal for a streamlined regulatory framework. Advertising will not change the programming mandate of CBC Radio 2 and Espace musique. Our music services will remain committed to supporting and showcasing the best in Canadian music.

We thank Canadians for their participation in our licence renewals.

## Office of the Auditor General (OAG) special examination

In February, the OAG presented our Board of Directors with a clean audit opinion. Covering the October 2011 to June 2012 period, the report confirms that the public broadcaster manages its assets efficiently and economically, carries out its operations effectively and safeguards and controls its assets.

While most areas were assessed positively, the OAG did identify areas for improvement and made seven key recommendations, which we have agreed with. The recommendations are:

- Provide the Board of Directors with strategic plans in a timely manner for the Board's approval. This recommendation related specifically to the Real Estate Committee and Human Resources and Compensation Committee.
- Incorporate people management measures into the corporate performance measurement framework.
- Develop succession plans and consistent competency profiles across the Corporation for supervisory and management staff and key talent positions.
- Ensure that all of our managers are evaluated on specific people management objectives.
- Develop and implement a strategy, in the People and Culture component, to retain our management team so that it can provide continuity and give us the capacity to implement long-term strategic human resource objectives.
- Update our security policy and develop information security standards and procedures for classifying and handling sensitive information.
- Develop and implement an action plan to address gaps identified in our environmental management system.

We have developed an action plan to address all the OAG's recommendations and will implement it over the next few years.