CELEBRATING CANADIAN CULTURE

ANNUAL REPORT 2016-2017

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

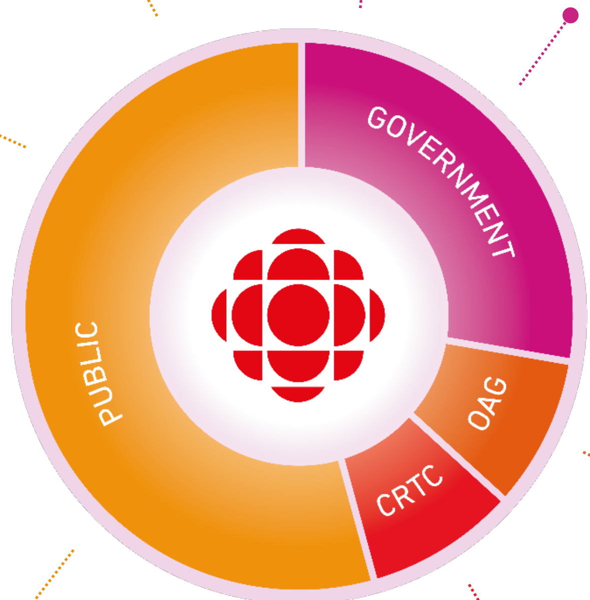
RESPONSES TO ACCESS TO INFORMATION AND PRIVACY (ATIP) REQUESTS

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

2016-2017 AT A GLANCE

In 2016-2017, our objective was to invest in key programming content in accordance with our strategic plan. In addition, our services benefited from the receipt of an additional $75 million in government funding. We have been successful in providing Canadians with more original content this year, and we achieved high growth in our digital platforms. In addition, 2016-2017 included the successful showcase of Canadian athletes with our broadcast of the Rio 2016 Olympic Games.

SELF-GENERATED REVENUE

2016-2017: $ 556.9M
2015-2016: $ 528.4M
TOTAL INCREASE
$ +28.5M (+5.4%)

EVENTS

Higher event revenue this year from advertising due to our broadcast of the Rio 2016 Olympic Games.

Last year's revenue included advertising and production revenue from our host broadcasting of the Toronto 2015 Pan Am and Parapan Am games.

ONGOING ACTIVITIES

Revenue from our ongoing activities decreased due to:

- lower conventional TV advertising revenue as the Canadian TV advertising market continues to soften; and
- a decline in our subscriber fees consistent with the industry which is being adversely affected by the cord-shaving and cord-cutting trends.

These decreases were partly offset by growth in our digital revenue, which continues to benefit from our shift towards digital programming and higher digital audiences.

OUR EXPENSES

2016-2017: $ 1,724.4M
2015-2016: $ 1,619.6M
TOTAL INCREASE
$ +104.8M (+6.5%)

EVENTS

We had higher event expenses this year from programming rights and production costs for the 2016 Rio Olympic Games. These costs were higher than those incurred last year to cover the 2015 Toronto Pan Am and Parapan Am Games.

ONGOING ACTIVITIES

We spent more on our ongoing activities this year as we invested in original Canadian TV content and enhanced our digital reach on multiple fronts. These additional investments in content and our digital platforms were made as we continue to implement our strategic plan.

These increases were partly offset by the effect of cost-savings initiatives, and lower pension costs.

GOVERNMENT FUNDING

2016-2017: $ 1,099.1 M
2015-2016: $ 1,026.9 M
TOTAL INCREASE
$ +72.2M (+7.0%)

Total government appropriations for operating activities increased by $75.0 million as announced by the government in March 2016. This increase is partially offset by a slight decrease in capital funding recognized in 2016-2017.

Changes in revenue and expenses, as summarized previously, were the main contributors to a loss on a Current Operating Basis of $22.3 million this year. Last year's results on a Current Operating Basis were close to break even. The planned loss this year was funded by prior year reserves as we made new investments and increased our broadcasting costs.

	For the year ended March 31		
(in thousands of Canadian dollars)	2017	2016	% change
Revenue	556,920	528,386	5.4
Government funding	1,099,085	1,026,929	7.0
Expenses	1,724,411	1,619,565	6.5
Results before non-operating items	(68,406)	**(64,250)**	**(6.5)**
Net results under IFRS for the year	(70,768)	**(63,993)**	**(10.6)**
Results on a Current Operating Basis[1]	(22,271)	**694**	**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 $70.8 million, greater than the loss of $64.0 million in 2015-2016. Our IFRS results reflect the changes in revenue, expenses and funding as discussed previously. In addition, IFRS results include other non-cash expenses not expected to require operating funds in the short term.

ICI Toronto hosts a panel discussion.

BUSINESS HIGHLIGHTS

We are continuing our transformation into a more modern media organization to better fulfill our role as Canada's public space as envisioned in *Strategy 2020*. The following business highlights demonstrate the progress we made this year towards achieving our *Strategy 2020* goals.

CONTENT AND SERVICES

A CELEBRATION OF SPORT: RIO 2016

As the public broadcaster, one of our roles – and goals – is to promote culture and strengthen sense of community within Canada. As official Olympic broadcaster, we are proud to be the space in which Canadians gathered to cheer on the Canadian Olympic Team. This year, fans tuned in to CBC/Radio-Canada in record numbers to celebrate our athletes and stay connected to one another during Rio 2016. We reached more than 32 million Canadians with our Olympic coverage across all our platforms and those of our partners.[1] In addition to reaching more Canadians, we integrated new technologies, such as Virtual Reality (VR) 360, to heighten our viewers' experience of the Games.

A CANADIAN CONVERSATION: CANADA 2017 PROGRAMMING LINE-UP

In 2017, CBC/Radio-Canada is front and centre as Canadians mark the 150th anniversary of Confederation. In an unprecedented collaborative effort, which includes landmark co-operation across our networks and platforms, we've created a year-long programming offering to tell the stories of the people, places and ideas that make this country special. From dynamic multiplatform content and the New Year's Eve celebrations, to the cross-Canada What's Your Story campaign and the upcoming Canada Day broadcast, to local partnerships in regions across the country, we are truly Canada's public space to gather, commemorate and celebrate this special year in our country's history.

2017 is an important year as Canada celebrates the 150th anniversary of Confederation with a special lineup of Canada 150 programs. For more info, consult our 2017 programming guide.

2017 CANADA 150

[1] Source: Numeris TV PPM, Friday August 5 to Sunday August 22. Total TV, Monday-Sunday 2am-2am, Total Canada AMA and Cumulative Reach.

PEOPLE

OUR PEOPLE, OUR VALUES

After an internal consultation, we officially introduced our new set of organizational values: creativity, integrity, inclusiveness and relevance. These values support our strategic plan and help reflect our organization's culture. Our values are being integrated into our People and Culture programs across the Corporation, including leadership development, performance management, recognition and our revised Code of Conduct. These values are not just four words. They articulate the best of what we are already and how we want to be recognized by Canadians.

INFRASTRUCTURE

THE NEW MAISON DE RADIO-CANADA: A NEW HOME FOR A MODERN PUBLIC BROADCASTER

For decades, the Maison de Radio-Canada (MRC) has been recognized as a hub of excellence on the Canadian cultural landscape. During the past few years, teams across the Corporation collaborated to finalize a proposal to define the future MRC. This new home will be more relevant to our current operational needs as we become a more modern, dynamic and nimble public broadcaster. In April 2017, following the Corporation's work that included a floor-by-floor review of working and studio spaces and a comprehensive request for proposal documentation, the government approved the Corporation's new MRC construction project. The creators, programmers, journalists and other professionals in the building will enjoy a dynamic, stimulating workplace that fosters collaboration and innovation. Our new MRC will be a creative space that acts as a catalyst for developing the country's top productions and talent. It will be the place where creators go to bring their ideas to life.

MESSAGE FROM THE CHAIR

The public broadcaster is now firmly focused on the future and continues, year after year, to consolidate its position as a digital and innovation leader in Canada.

CBC/Radio-Canada has been modernizing at a breakneck pace since I was appointed Chair of its Board of Directors in 2012. The construction of the new Montreal broadcast centre speaks to the Corporation's determination to forge ahead with its transformation. We are opening a new chapter of our history in Montreal, as we look to move into a state-of-the-art facility that will inspire innovation and collaboration. The project will allow us to deepen our connection with French-speaking audiences across the country, while developing technology expertise that will benefit our entire organization. With a lighter infrastructure, we can also reduce our operating costs, freeing up even more resources to invest in making great content.

As I approach the end of my term, I would like to leave my successor with a more agile organization set on the path to a bright future. During my years as Chair, I am proud to have contributed to the Board's various achievements, such as shaping the broadcaster's role in commemorating the 150th anniversary of Confederation in 2017; promoting regular discussions between our English and French Services; and revising our governance structure by establishing new practices and processes that better support the organization, while ensuring improved communication between the Board and Senior Executive Team.

I would like to thank President and CEO Hubert T. Lacroix, the Senior Executive Team, as well as all Board members, past and present, who have assisted me in fulfilling my mandate since 2012 – Edward W. Boyd, Rob Jeffery, Marni Larkin, Terrence Anthony Leier, Norman May, Maureen McCaw, Marlie Oden, Sonja Chong and Brian Mitchell.

All of us on the Board, together with the Senior Executive Team and employees at all levels of the Corporation, work tirelessly to transform our practices. It is a race without a finish line. But CBC/Radio-Canada can rely on strong values – integrity, relevance, inclusion and creativity – to guide it along the way and help it stay true to its mission, while continually adapting to new expectations and realities.

Today and going forward, our national public broadcaster can and must meet this challenge. We already have all the talent, vision and passion that we need to succeed and to continue being a vibrant public space for all Canadians.

RÉMI RACINE
CHAIR, BOARD OF DIRECTORS

RÉMI RACINE
CHAIR, BOARD OF DIRECTORS

MESSAGE FROM THE PRESIDENT AND CEO

Today, Canadians have access to virtually unlimited content, from all around the globe, across multiple platforms.

As the digital space plays an increasingly significant role in the lives of our fellow citizens and with cultural borders fast disappearing, CBC/Radio-Canada is striving hard to remain a leader and creative powerhouse in the media industry. We have become a bona fide digital, multiplatform public service media organization.

Although our methods may have changed, our role as public broadcaster remains the same – to help instill in Canadians a shared national consciousness and culture. We still strongly believe in this mission and it's what inspires us to unite Canadians around signature events.

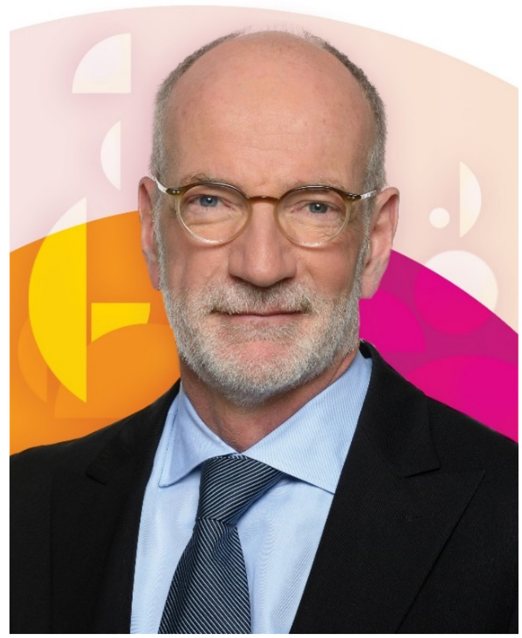
In 2016, 32 million Canadians – 92% of the population – followed our coverage of the Rio Olympics, while 11 million watched our broadcast of the memorable *The Tragically Hip: A National Celebration* on one of our platforms. We also started 2017 off with a bang by bringing together over 6 million Canadians, on TV and the web, for our programming launch to commemorate Canada's 150th birthday – *Countdown to 2017* on CBC and *Les meilleurs moments du décompte* on Radio-Canada.

Our digital shift allows us to extend our reach even further and position ourselves as the public space for all Canadians. In 2014, we adopted our *Strategy 2020* with the goal of doubling our digital reach to 18 million Canadians. We are well on our way to that target, as close to 17 million people now use our digital platforms each month – one million more than last year.

We aspire to position the public broadcaster at the heart of the country's cultural ecosystem, allowing us to bring Canadian culture to the world and tap the full economic potential of our creative and innovation sectors. It's what drives the vision for the future that we presented in response to the Government's consultations on Canadian content in a digital world, where we called for a new, more sustainable funding model for CBC/Radio-Canada. Our detailed proposals can be found online at future.cbc.ca.

We would like to rally Canadians around this ambitious collective goal. Let's be proud of who we are, of our stories and of our unique perspective; and let's showcase our distinctiveness by making our public broadcaster the standard-bearer for Canadian culture.

HUBERT T. LACROIX
PRESIDENT AND CEO



HUBERT T. LACROIX
PRESIDENT AND CEO

MANAGEMENT DISCUSSION AND ANALYSIS

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.

The seasonality of our business is further discussed in the Financial Sustainability section of this report.

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 VISION

To be the recognized leader in expressing Canadian culture and to enrich the democratic life of all Canadians.

OUR MANDATE

The *Broadcasting Act* states that “the Canadian Broadcasting Corporation, as the national public broadcaster, should provide radio and television services incorporating a wide range of programming that informs, enlightens and entertains.”

OUR PROGRAMMING SHOULD:

- "Be predominantly and distinctively Canadian and 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 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.”[2]

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.

[2] As per the *Broadcasting Act*.

OUR OPERATING ENVIRONMENT

The media environment in Canada continues to change. Traditional platforms are facing erosion. Online services are growing, resulting in a variety of new content on various platforms with fragmented audiences. Alternate content providers such as YouTube and Netflix continue to make inroads. Dated broadcast policies are further challenging the Canadian media landscape. In other countries, public broadcasters are facing similar challenges. This past September, when CBC/Radio-Canada played host to more than 60 public broadcasters from around the world for PBI Montreal 2016, it was clear that the challenge of connecting to the digital generation was front and centre for public broadcasters around the globe. Finding the right path to address these changes is a constant challenge for media companies. CBC/Radio-Canada is no exception.

THE CURRENT BROADCASTING POLICY FRAMEWORK IS BROKEN

A strong and diverse Canadian broadcasting system is a primary objective of Canada's 1991 *Broadcasting Act*, which states that "each element of the system must contribute to the creation and presentation of Canadian programming."

However, we now have two different realities in Canada: traditional broadcasters that are closely regulated and that contribute to the Canadian content production industry, and new entrants that operate without those restrictions.

In 2015, the CRTC introduced changes to the traditional regulated system in an attempt to respond to a fast-changing technological environment that has upended the television business model. Through its Let's Talk TV process, the CRTC introduced more choice for television subscribers, lowered Canadian content requirements for private television stations and many specialty services, and eliminated genre protection. At the same time, however, the CRTC has elected not to regulate the broadcasting activities of online content platforms.

In 2016, the government, through the Department of Canadian Heritage, launched a public consultation to develop a modern cultural policy framework centred on strengthening the creation, discovery and export of Canadian content for the digital age.

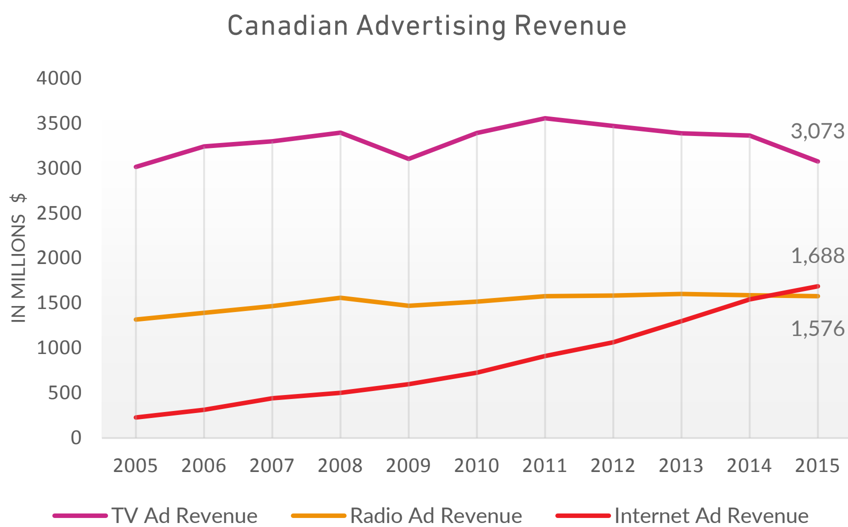
CBC/Radio-Canada recognizes that the current business model is broken and the cultural policy framework in which we operate needs to be reviewed to address the changing media environment.

A CHANGING BUSINESS MODEL

Canada has an opportunity now, as part of the government's consultations on Canadian content in a digital world, to reboot Canadian culture and public broadcasting to benefit all Canadians. The announced reinvestment in CBC/Radio-Canada is an important sign of the government's commitment to Canada's cultural sector and to the value of public broadcasting. The government's reinvestment of $75 million this year, increasing next year to an ongoing $150 million annually, will help contain our funding challenges for a certain period. But it will not solve our problems over the long term. For more information on how this funding will be used, see the *Accountability Plan* section of this report.

Advertising is one of the major vehicles that support traditional media services. A structural shift is happening as advertisers are increasing their spending online where American digital companies dominate. This poses a significant challenge to traditional broadcasters that continue to offer high-quality programs while the value attributed to these offerings is in decline.

Traditional advertising streams that fund Canadian programs are declining, and those streams are moving to new competitors: large, global companies like Facebook and Google that have established dominant positions in the Canadian market yet are not required to contribute to support the system.



Sources: CRTC/IAB. Internet advertising revenues for the purposes of this graphic only include display and video since these are the categories in which CBC/Radio-Canada competes. As a result, Internet revenues from classified, search and email categories are excluded from this analysis.

OUR VISION FOR THE FUTURE

Last spring, the federal government asked Canadians for their views on how to strengthen Canadian culture in a digital world.

Canadians from across the country participated through online surveys, roundtables, and submissions. In November 2016, we provided our thoughts on how to strengthen Canadian culture, with a proposal that can anchor a modern culture policy framework and place broadcasting at the centre of a strong culture sector. The proposal contains three key recommendations:

- Canada should develop its own cohesive culture investment strategy; one that engages all of the country's creators and creative industries;
- Remove advertising from all of our platforms, so an ad-free CBC/Radio-Canada can focus on long-term cultural impact rather than short-term commercial return. To do this, there would be an increase in per person funding to CBC/Radio-Canada to $46 – an increase of $12 per Canadian annually; and
- Depoliticize CBC/Radio-Canada funding so that it is predictable and stable, tied to the existing five-year licence cycle, indexed to inflation, and separated from the election and annual government budget cycles.

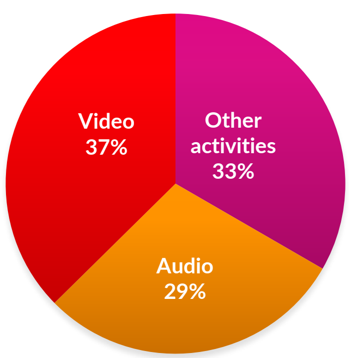
The full submission is available to the public on our corporate website.

CONTENT DEMAND IS AS STRONG AS EVER, BUT CONSUMPTION IS SHIFTING PLATFORMS

We are witnessing an upheaval in the way media is being consumed. It is not a change in Canadians' appetite for content, rather, it's the platforms of preference and the manner in which the audiences consume content that's changing.

Traditional media platforms still attract the vast majority of audiences, yet more and more viewers are now using the Internet to watch television, particularly in the English market. In the French market, however, broadcast television remains strong. Despite these market differences, and audiences that are in decline, traditional media will continue to remain significant for the foreseeable future.

Time Spent on the Internet by Activity



Source: Media Technology Monitor (MTM), Canadians 18 years and older. Doesn't add to 100 due to rounding.

Canadians now spend over 20 hours per week with the Internet.[3] While not all online activities are media-related, two thirds of self-reported time spent is on audio or video activities, such as services like YouTube, Facebook, Netflix or the many other audio and video services that provide attractive alternatives to traditional media offerings.

Additionally, consumers continue to adopt devices and services that give them more control over when they access content and on which screen. Mobile devices are driving growth in this area.

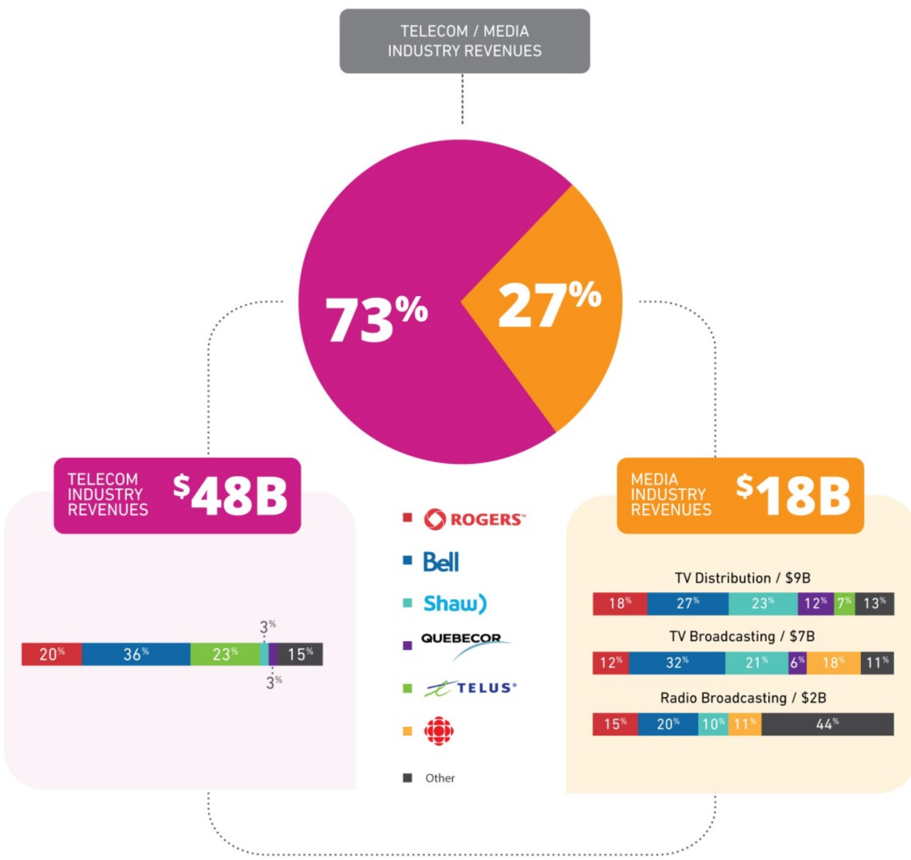
Understanding how Canadians are accessing content is key to providers' future success. There is extensive online content (including new original content) available to subscribers and in direct competition with traditional services. This is not only increasing content availability, but creating challenges for discoverability. To maintain relevance in this environment, content needs to be available to Canadians how, when and where they want it. The challenge remains balancing innovation while not leaving behind those using more traditional platforms.

[3] Source: Media Technology Monitor (MTM), fall 2016.

CBC/RADIO-CANADA: FINDING ITS PLACE

CBC/Radio-Canada offers a large variety of services to Canadians. Operating in both official languages and eight Indigenous languages, with radio, television and digital platforms, CBC/Radio-Canada services are extensive and available to Canadians wherever, however and whenever they want.

Canada has one of the most integrated media markets in the world, with most big players involved in virtually all aspects of the media value chain. As highlighted in the chart below, we are a small player within a large Canadian Telecom and Media market:



Source: Estimates based on Communications Monitoring Report 2016 and company reports. Includes all sources of revenue and funding.

And moving to the digital environment, the Internet opens a range of new, bigger and more disruptive competitors. These companies are global giants such as Facebook and Google. They can leverage resources across multiple markets to develop economies of scale far beyond our borders.

The public broadcaster is a major partner for the Canadian independent production sector – our television, radio and digital services reach 84% of Canadians on a monthly basis. We are a Canadian leader in digital with one of the most-visited websites in Canada. Four of five (81%) Canadians believe that it's very important for Canada to have a public broadcaster, and over seven in ten (72%) strongly agree that there is a clear need and role for CBC/Radio-Canada in the future.[4]

81% 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 IN THE FUTURE.

CBC/Radio-Canada has worked – and will continue to work – hard to address these changes in consumption, to engage more deeply with our audiences and to deliver our content to Canadians in new ways to meet their needs. We are looking more and more to partnerships with domestic and international players to allow Canadians and international audiences greater access to CBC/Radio-Canada. This way of working will also help us be more financially sustainable.

Budding journalists-in-waiting explore a professional media environment with Jeun'Info at ICI Manitoba.

[4] Source: Mission Metrics Survey, 2016-2017, TNS Canada (1,000 Anglophones and 1,000 Francophones per survey). Surveys are conducted in fall and spring of each year. Scored 8, 9 or 10 on a 10-point scale. When looking at scores 6 to 10 on a 10-point scale, we get 88% for important for Canada and 84% for a clear need and role in the future.

OUR OPERATIONS

As of March 2017, we employed 6,626 permanent full-time equivalent employees (FTEs), 313 temporary FTEs and 616 contract FTEs.

Our head office is located in Ottawa, with main network operations in Toronto and Montreal. 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. We integrate content across multiple digital platforms. Internationally, CBC/Radio-Canada has nine permanent foreign bureaus. 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) (September 2016).

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-ups.

OUR SERVICES

As part of transforming our offering to Canadians in the digital age, our approach is to fully integrate digital across the range of CBC/Radio-Canada brands. These include:

In addition, we currently partner with SiriusXM Satellite Radio to offer six channels of CBC/Radio-Canada content.

CBC/RADIO-CANADA ACCOUNTABILITY PLAN

Further to the commitment set out in Budget 2016, CBC/Radio-Canada is pleased to share with you some of its plans for the government's reinvestment in the public broadcaster. This is an update to our plan published in February 2017.

OUR STRATEGIC PLAN

CBC/Radio-Canada continues to transform the way it operates in order to ensure that public broadcasting, and the content Canadians enjoy, thrive in the digital age. Our work is showing results. 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 personally. By 2020, we want three out of every four Canadians to feel that way. We also want to increase our digital reach to 18 million Canadians – one out of two – by 2020. We are well on the way, with four and a half million new digital users since 2014-2015 across CBC/Radio-Canada platforms, and an average of almost 17 million digital users per month in 2016-2017.

As we move ahead with the strategy, our goal is to make the public broadcaster more digital, more local and more ambitious in its Canadian programming, and in doing so, to increase our value to Canadians.

REINVESTING IN PUBLIC BROADCASTING

In Budget 2016, the government proposed to invest 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 is an important vote of confidence by government and by Canadians in our programs, our people and our vision for the future. It is also recognition that CBC/Radio-Canada faces some significant financial challenges. The funding will provide an element of flexibility as we assess the progress of our digital strategy and make necessary investments in the future.

In March 2016, we announced details of how that funding would be used, specifically addressing how the $75 million earmarked for 2016-2017 would be applied in support of *Strategy 2020*. This includes one third of the funding to maintain our momentum for key, strategic programming and initiatives already planned this year; approximately half of the funding 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 means:

MAINTAINING OUR MOMENTUM ($27M IN 2016-2017 TO $34M IN 2017-2018 AND ONGOING), INCLUDING:

- Continuing our commitment to showcasing Canada's Olympic and Paralympic athletes, for example by using digital platforms and social media to broadcast live competitions featuring Canadian athletes who will participate in the PyeongChang 2018 games.
- Ensuring we can continue to hire new digital experts and creators and gain greater knowledge of our audiences. We are also strengthening our commitment toward innovation by reaching out to the tech community with events like CBC/Radio-Canada public hackathons.
- Ensuring our financial stability in order to protect existing programs and services. For example, we were able to preserve funding for the one-hour network Indigenous radio program *Unreserved* with Rosanna Deerchild.

CREATION OF NEW CANADIAN CONTENT ($36M IN 2016-2017 TO $92M IN 2017-2018 AND ONGOING), INCLUDING:

- More content for all of our platforms, including innovative stories and content for digital users such as *Corde sensible* hosted by Marie-Ève Tremblay.
- The creation of additional Indigenous content, including the digital portal *Espaces autochtones*.
- Support for official languages minority communities by deepening our news digital offering and developing related resources. We continue to reflect French culture across the country through social and cultural programming. The series of five special podcasts on Première PLUS related to plays presented at the National Arts Centre is one example.
- Investment in high-profile events that bring Canadians together like Canada's 150th anniversary. Programming includes:
  - *We are Canada*: A CBC/Radio-Canada TV/digital project profiling the next generation of Canadian change-makers.
  - *Becoming Canadian*: A digital-first project and the largest group narrative project ever attempted, celebrating the people who choose Canada as their new home.
  - *La grande traversée*: A 10-hour Radio-Canada series following 10 people recreating the 1745 voyage of colonists from La Rochelle France to Québec in a sailing replica.
  - *On est les meilleurs:* A series of 52 short bilingual videos on Canada's culinary creativity.
- High-profile Canadian dramas like the six-part television drama *Alias Grace* based on Margaret Atwood's book, and a new, one-hour Canadian youth soccer drama, *21 Thunder*, airing this summer.
- More diverse voices on our airwaves like the new national radio show, *Out in the Open* with Piya Chattopadhyay.
- Launch of the first phase of Prochaine géneration/Next generation, Radio-Canada's lab for the creation of journalism content by young millennials for millennials, and the resulting social media space, RAD, which opened in May 2017.
- Support for new ways to serve Canadians with new risk-taking projects like Accélérateur d'idées going regional all across Canada during winter 2017.
- Increased investment in Canadian feature film through the Breaking Barriers Film Fund. In November 2016, we announced the three inaugural recipients of funding to create new Canadian feature films. Radio-Canada was a co-presenter of Les Rendez-vous du cinéma québécois, and ICI TOU.TV EXTRA initiated multi-screens broadcast of 50 Canadian movies over 50 weeks.
- More regional perspectives with five additional one-hour episodes of the popular maritime television talk show *Méchante soirée* (for a total of 25 in 2016-2017) and the daily, Ottawa-based *Tout inclus*, four evenings a week, during the 150th anniversary summer of 2017.

---

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

- More original programming on radio including two new hours on Saturday evenings on ICI RADIO-CANADA PREMIÈRE since October 2016 featuring live shows such as *La route des 20*, a series profiling the spirit of young Canadians across the country, initially produced for Première PLUS.
- Enhancing our engagement with digital audiences with more digital content for ICI TOU.TV, including *Vérités et conséquences*, *Monsieur Craquepoutte* (youth program), *L'ascenseur* and seven additional programs for Véro.tv.

ENHANCING OUR EXISTING SERVICES BY INVESTING IN KEY PROGRAMS AND SERVICES ($12M IN 2016-2017 TO $24M IN 2017-2018 AND ONGOING), INCLUDING:

- Creating a digital service in select local markets with no current CBC service, starting in London, Ontario in June 2017.
- Investing in regional services and expanding services in underserved markets: we are investing in digital content production in Halifax, Fredericton, Charlottetown, Ottawa, Kitchener-Waterloo, Regina, Yellowknife, Calgary and Edmonton. We are maintaining and deepening local services in Montreal, Regina, Saskatoon and Calgary. French services initiatives such as Jeunes leaders are strengthening communities, beyond programming.
- Increasing regional reflection on Radio-Canada's national network including hosting existing shows (e.g. *Entrée principale* in Acadia, *À la semaine prochaine* in Trois-Rivières and Ottawa, *Le 15-18* in Montreal parks) and new shows (e.g. *5 à 7 aux îles avec... Julie* in Îles-de-la-Madeleine) in regions to ensure they project a local flavour.
- Creating scaleable pocket bureaus to improve international coverage on all platforms, including new bureaus in Istanbul, New Delhi and Moscow.
- Continuing to invest in data journalism, including hiring data journalists. We created *Corde sensible*, a digital journalism program that uses data journalism to investigate social issues like rental discrimination based on the ethnicity of names in Montreal.
- Reinvesting in CBC Radio to create new programs and reduce the number of repeats.
- Creating 15 hours of new weekday evening content on ICI RADIO-CANADA PREMIÈRE replacing reruns.
- Reinvesting in CBC recordings of Canadian music performances like *Sessions* (where artists come to CBC to record unique performances) and more performances on *q*, the CBC Music Festival and the Polaris Music Prize.
- Doubling our investment in the digitization of our archives. CBC/Radio-Canada has a rich archive of the stories and experiences of Canadians that we are using to generate content on existing platforms (e.g. *Rétroviseur* on ICI TOU.TV EXTRA) and new ones (Les Archives de Radio-Canada's Facebook account). We are digitizing even more of it so that Canadians can access it. One priority is our Indigenous Language Archives. CBC established an audio digitization centre in Yellowknife and hired local Indigenous staff for the digitization of decades of programming in eight Indigenous languages; we will be making this content available to Indigenous communities.
- Investing in new children's content for Radio-Canada on the web. We have redesigned the Zone jeunesse web portal and launched L'appli des petits, a new mobile application dedicated to kids.

CBC/Radio-Canada's priority is to create more Canadian content for Canadians on all of its platforms. This requires us to be nimble and to take advantage of important opportunities. CBC's presentation of this past summer's The Tragically Hip concert is a good example.

> Because of the fluid nature of program production, and our programming independence, it is not possible to share specific program, quantity or genre targets in advance. We will continue to report on what we have been able to accomplish at the end of the year in this Annual Report and our Corporate Plan Summary. Here's how we do that.

HOW WE MEASURE OUR PERFORMANCE

An important part of our *Strategy 2020* is the tools that measure and assess CBC/Radio-Canada's performance. 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 three areas: Mandate and Vision (perception survey indicators), *Strategy 2020* (strategic indicators), and Media Lines (operational indicators).

The Mandate and Vision perception survey is conducted by an independent research firm, in both official languages, twice a year. The *Strategy 2020* performance indicators measure specific 2020 targets, including visitors to our digital sites and employee engagement. These performance measurements are updated each year, included in our Annual and Quarterly Reports and Corporate Plan Summary, and are available on our website.

We have also developed performance indicators specific to the additional reinvestment that we have provided to the government. These will measure the incremental impact of new funding on two key priorities: expanding our digital presence and increasing services to local markets. We will report these results to government and to Canadians at the end of each year in our Corporate Plan Summary and Annual Report. We will also report on the Canadian programming we have been able to create. All of these measurements are in addition to the specific performance targets set each year for our English and French services.

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 the Corporation's mandate under the 1991 *Broadcasting Act*, as well as measure the performance of our programming with respect to quality, distinctiveness, and our ability to reflect and draw Canadians together. The report also includes vision indicators, which present the Corporation's role in fulfilling the vision of *Strategy 2020*. The data are collected via surveys conducted among representative samples of Anglophone and Francophone Canadians.[6]

The 2016-2017 survey results and highlights follow. Each result represents the percentage of Canadians who gave CBC/Radio-Canada top marks (i.e. 8, 9 or 10 on a 10-point scale). For those interested in more detailed results, they have been published in an interactive dashboard on our corporate website.

Overall, the perception of Canadians towards CBC/Radio-Canada in 2016-2017 remained positive. Key highlights compared to last year's results are as follows:

- The top three perception scores show that Canadians continue to strongly believe that CBC/Radio-Canada's programming is of *high quality* (68%), *reflects regions of Canada* (66%) and *is informative* (65%);
- Our regional indicator, *reflects my region*, recorded a statistically significant increase of 3 points to its highest result (46%), indicating that more Canadians than ever strongly believe that CBC/Radio-Canada's regional content reflects their community; and
- Four indicators saw a softening in perception compared to a year ago and recorded a statistically significant decrease of 3 points: *covers major issues in a fair and balanced way* (55%), *is enlightening* (54%), *reflects a diversity of opinions* (51%) and *reflects my culture* (43%).

[6] Source: Mission Metrics Survey, TNS Canada (1,000 Anglophones and 1,000 Francophones per survey). Surveys are conducted in fall and spring each year.

RESULTS – PERCENTAGES OF CANADIANS WHO GAVE CBC/RADIO-CANADA TOP MARKS (8, 9, OR 10 ON A 10-POINT SCALE)[7]		2014-2015	2015-2016	2016-2017
BROADCASTING ACT PERFORMANCE INDICATORS				
CBC/RADIO-CANADA'S PROGRAMMING...	is informative	68%	67%	65%
	is enlightening	57%	57%	54%
	is entertaining	54%	51%	50%
	is available on new platforms	67%	60%	62%
	is of high quality	66%	68%	68%
	is different from others	45%	46%	45%
	reflects regions of Canada	66%	66%	66%
	reflects my region	44%	43%	46%
	reflects the diversity of Canada	53%	55%	55%
	reflects my culture	47%	46%	43%
CBC/RADIO-CANADA'S INFORMATION PROGRAMMING...	reflects a diversity of opinions	55%	54%	51%
	covers major issues in a fair and balanced way	58%	58%	55%
VISION PERFORMANCE INDICATORS				
CBC/RADIO-CANADA...	is personally important for me	59%	57%	55%
	is listening to its audiences	46%	45%	44%
	supports the creation of original canadian content	65%	61%	62%
	is actively interacting with its audiences	48%	48%	47%
	is the leader in Canadian content	61%	60%	59%
	provides a place for Canadians to share their ideas and views with others	55%	55%	56%

[7] Source: Mission Metrics Survey, TNS Canada (1,000 Anglophones and 1,000 Francophones per survey). Surveys are conducted in fall and spring each year.

OUR PERFORMANCE - *STRATEGY 2020*

The *Strategy 2020* Performance Report is used to ensure we are meeting 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 towards them with short-term annual targets. Nine key indicators are used to measure the building blocks of our current strategy: audience, infrastructure, people and financial sustainability.[8]

The goal of our strategy is to increase our value to all Canadians and to deepen our relationship with them. With this in mind, four of the nine indicators measure our audience success. By 2020, we want:

- Three out of four (75%) Canadians to consider one or more of our services to be very personally 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 will need to transform our infrastructure, including reducing our real estate footprint by 50% (indicator 6).[9] We will also need our employees to be more engaged (indicator 7) and to better reflect the diverse society we serve (indicator 8). We are aiming to achieve these objectives while becoming more financially sustainable through cost reductions (indicator 9).

INDICATORS	RESULTS 2015-2016	TARGETS 2016-2017	RESULTS 2016-2017	PERFORMANCE AGAINST TARGET	TARGETS 2017-2018	2020 TARGETS
Audience/Market						
1. Personal importance to Canadians (% very important)[10]	56.6%	57.6%	**54.5%**	○	58.0%	75.0%
2. Information programming has diverse opinions and is objective (% who strongly agree)[10]	56.2%	56.5%	**53.2%**	○	57.0%	57.0%
3. Digital reach of CBC/Radio-Canada (million)[11]	14.6	16.5	**16.9**	●	18.8	18.0
4. Monthly digital interactions with CBC/Radio-Canada (million)[12]	103.8	117.2	**140.4**	●	159.5	95.0
5. Overall time spent with CBC/Radio-Canada (million hrs/week)[9]	171	177	**N/A[9]**	N/A[9]	N/A[9]	N/A[9]
Infrastructure						
6. Reduce real estate footprint (million of rentable square feet)[13]	3.9	3.9	**3.9**	●	3.8	2.0
People						
7. Employee engagement (% proud to be associated)[14]	69.0%	74.2%	**82.0%**	●	84.0%	90.0%
8. Employee diversity (% of new employees)[15]	18.5%	23.2%	**23.0%**	◍	23.2%	23.2%
Financial						
9. Achieve cost reduction target ($ million)	$62.0	$85.1	**$87.5**	●	$93.1	$117.0

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.

[8] As of 2016-2017, the indicator for Investment Fund (formerly indicator 10) is no longer relevant due to the government's reinvestment in CBC/Radio-Canada. It will not be included in the *Strategy 2020* Performance Report.

[9] Indicator 5 - Overall time spent with CBC/Radio-Canada. This indicator measured time spent across our TV, radio, and digital platforms. In fall 2016, Numeris introduced a change in its radio survey methodology by offering respondents the option to report their listening hours with an online diary instead of a traditional paper diary. Numeris recognizes that this methodological enhancement has significantly affected results in the Anglophone markets. Our radio results form a material portion of this indicator. Therefore, time spent results for 2016-2017 are not comparable to our target or prior year figures. In addition, the ongoing digital transformation of the media industry has reduced the ability of this indicator to measure the performance of our services across platforms. As a result of this latter change, this measure is being removed from the *Strategy 2020* Performance Report.

[10] Source: Mission Metrics Survey, 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".

[11] Source: Unduplicated reach of CBC and Radio-Canada digital platforms. comScore, multiplatform measurement, monthly average unique visitors.

[12] Source: comScore, multiplatform measurement, monthly average visits.

[13] 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).

[14] Source: Gallup Consulting, Dialogue 2016 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.

[15] This metric is made up of three groups: Indigenous peoples, persons with disabilities and visible minorities. It is calculated as a percentage of new external hires for positions of 13 weeks or more.

Audience/Market – CBC/Radio-Canada's digital reach (indicator 3) increased throughout the year, surpassing its 2016-2017 target with nearly 17 million Canadians turning to CBC/Radio-Canada's digital offerings, more than ever before. Monthly digital interactions (indicator 4) exceeded its 2016-2017 target, driven by the success of our coverage of the Rio 2016 Olympics and the U.S. presidential election.

An overall softening in Canadians' perceptions was observed this year as both survey indicators (1 and 2) performed below their 2016-2017 targets and prior year results. That being said, results are still positive with close to 6 Canadians out of 10 who strongly believe that CBC/Radio-Canada is personally important to them (indicator 1). In fact, according to the 2016 Ipsos brand study, CBC/Radio-Canada continues to be recognized as Canada's most influential media company.[16] Also of note for the future, we will continue to closely monitor the perception towards CBC/Radio-Canada's information programming (indicator 2) as repeated discussions and spread of fake news on social media could influence how Canadians perceive information programming in general.

Infrastructure – Our real estate footprint (indicator 6) met its target for 2016-2017. A sizeable reduction in our real estate footprint is expected following the sale of the existing Maison de Radio-Canada and the move into a new leased facility, currently scheduled for fiscal year 2019-2020.

People – Employee engagement (indicator 7) surpassed its annual target by almost eight percentage points, driven by significant improvements in organizational climate and work environment.

Employee diversity (indicator 8) saw a significant increase in 2016-2017 with CBC/Radio-Canada almost achieving its target. In the fourth quarter, we reached our best performance since launching the indicator due to an acceleration in the pace of new diverse hires. While close to reaching our target, we will continue our increased focus on diversity and inclusion in order to attract a broader pool of external candidates and improve retention and advancement of diverse employees to include an increasing range of faces, voices, experiences and perspectives in our workplace.

Financial – Cost reductions (indicator 9) exceeded target for 2016-2017.

NEW PERFORMANCE INDICATORS

Two additional performance indicators have been chosen to measure the incremental impact of the government's reinvestment on two key areas of interest – expanding our digital presence and increasing services to local markets.

INDICATOR	TARGETS 2016-2017	RESULTS 2016-2017	PERFORMANCE AGAINST TARGET	TARGETS 2020-2021
1. Additional monthly digital interactions with CBC/Radio-Canada[17]	3.0 M	**21.3 M**	●	5.1 M
2. Local Service – Additional monthly interactions with CBC/Radio-Canada[18]	750 K	**4.3 M**	●	3.8 M

● 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.

Additional monthly digital (#1) and local service (#2) interactions with CBC/Radio-Canada:

Overall, we had a strong digital performance and exceeded our 2016-2017 incremental growth targets. For our main sites (indicator 1), we outperformed our expectations with more Canadians visiting our sites more often.

Local digital services (indicator 2) also exceeded incremental growth expectations, although in a smaller proportion. We will continue to monitor these key performance indicators closely in the future.

[16] Source: Ipsos: The Most Influential Brands in Canada, 2016. In 2016, CBC and Radio-Canada both ranked as the most influential media brand in their market (across all categories, CBC ranked #11 in English Canada and Radio-Canada ranked #8 in Quebec).
[17] Source: comScore, multiplatform measurement, monthly average visits.
[18] 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.

ENGLISH SERVICES HIGHLIGHTS

CBC's *Anne*, starring Amybeth McNulty.

In 2016-2017, we continued our strategy to transform and modernize the role of the public broadcaster: investing in distinctly Canadian content, deepening our connection with the communities we serve and building on our strong digital focus all while ensuring our financial sustainability.

UNIQUE AND DISTINCTIVE CANADIAN PROGRAMMING

CBC Television introduced a slate of new programs that were both popular with audiences and received critical acclaim: *Kim's Convenience*, *Pure*, *Workin' Moms*, *Baroness Von Sketch*, *Secret Path*, *This is High School*, *Keeping Canada Safe* and *Anne* – all high-calibre productions and authentic Canadian storytelling.

Almost one in three Canadians tuned into The Tragically Hip concert in August 2016.

It was another big year for multi-platform signature event programming with the Rio 2016 Olympics becoming the most-watched Summer Olympic Games in Canadian history and the unforgettable *The Tragically Hip: A National Celebration*, which was watched by more than 11.7 million Canadians on television, online or at community screenings across the country.[19] Other notable events include our New Year's Eve 2017 celebrations, Canada Reads, the Scotiabank Giller Prize, the Canadian Country Music Awards, the Canadian Screen Awards and programming around Canada's 150th anniversary, including a new collaboration with Radio-Canada to launch the web portal for Canada 2017, which began this year and will continue through July 2017.

[19] Source: Numeris, Portable People Meter (PPM), persons aged two years and older.

We continued to showcase under-represented voices and talent, with women now directing 50% of our top scripted programs. We also furthered our commitment to diversity by introducing the Breaking Barriers Film Fund, which supports the production of feature films by women, Indigenous peoples, persons with disabilities and visible minorities. Three films have already been selected: *Meditation Park*, written by Mina Shum, *Angelique's Isle*, written by Michelle Derosier, and *Octavio Is Dead!*, written by Sook-Yin Lee.

CBC Radio refreshed the CBC Radio One schedule with new shows and reduced repeats with the addition of new original summer programming. CBC Music began re-investing in live musical performances, showcased Canada's music talent at the CBC Music Festival, conducted the national talent search CBC Music Searchlight, and engaged listeners with the Canadian Music Class Challenge, JUNOfest and the Polaris Music Prize. *q* was relaunched this year, with new host Tom Power and a renewed focus on music.

By purposefully building diversity and inclusion into all programs, we are enhancing our reflection of the diversity of Canada, especially through shows like *Unreserved*, *Out in the Open* and *Marvin's Room*.

CBC News provided leading coverage of key Canadian news events, from the Fort McMurray wildfires to regional elections in Saskatchewan, Manitoba and the Yukon. New international pocket bureaus were opened in Moscow and Istanbul, allowing us to cover important international stories from a uniquely Canadian perspective. In our news programming, we achieved greater breadth and originality in content, including on broadcast, original-to-digital and interactive platforms (e.g. *Face to Face with the Prime Minister*). To further this evolution, CBC News will be re-organized around what matters most – the stories we tell and the audience we serve – with four pillars built around: daily news, investigative journalism, audience engagement, and depth, context and analysis.

DIGITAL AND MULTIPLATFORM

Digital creates momentum.

This year, we launched the CBC video player and original digital series like *The Amazing Gayl Pile*.

On our digital platforms, we focused on improving loyalty and retention through our content offer and engaging user experiences. We introduced a new Arts Feed and relaunched our Comedy Feed to add to our existing Lifestyle Feed and documentaries, as well as a new digital video player with more long-form TV experiences. Original digital series like *The Amazing Gayl Pile* and *My 90-Year-Old Roommate* have developed large online followings.

New original podcasts helped us maintain our leadership in original audio content, with the popular *Someone Knows Something* podcast peaking at 21 million downloads. In all, CBC Radio hit 145 million podcast downloads last year, and select CBC Radio One and CBC Radio Two stations launched as streams on the new Radioplayer Canada app, extending the availability of our audio services.

CBC Radio also debuted *Highway of Tears*, CBC's first virtual reality (VR) documentary on Missing and Murdered Indigenous Women, which combined emerging technology with CBC's strong journalism and community town hall events to create a first-of-its-kind VR exploration of a compelling and important story.

Finally, CBC Music continues to innovate in its digital music functionality and personalization, making it a sought-after place of discovery for Canadian music content online. In collaboration with Radio-Canada, we also launched an integrated back-end music platform, which allowed us to expand the service to be a richer and more fully functional experience.

LOCAL

CBC continued to implement our local, digital-first programming strategy and to reinvest in local services where we now offer local news online, seven days a week, including programming tailored to different parts of the day. As a result, we're seeing growth in digital consumption of local programming and content.

Finally, we announced a new London (Ontario) radio and digital station that recently opened and became the home for Southwestern Ontario's afternoon drive radio show.

CBC Manitoba participates in the annual Winnipeg Pride Parade.

ENGLISH SERVICES 2016-2017 RESULTS

INDICATORS	MEASUREMENTS	RESULTS 2015-2016	TARGETS 2016-2017	RESULTS 2016-2017	PERFORMANCE AGAINST TARGET	TARGETS 2017-2018
Radio						
CBC Radio One and CBC Radio 2	*All-day audience share*[20]	18.5%	18.7%	**N/A**[21]	N/A[21]	N/A[21]
Radio – new indicators starting 2017-2018						
CBC Radio One and CBC Radio 2 5-PPM Market share	*All-day audience share in the 5-PPM Markets*[22]	-	-	-	-	11.1%
CBC Radio One National Reach	*Monthly Average National Reach*[23]	-	-	-	-	7.7 M
CBC Radio 2 National Reach	*Monthly Average National Reach*[23]	-	-	-	-	4.5 M
Television						
CBC Television	*Prime-time audience share*[23]	5.8%	6.0%	**5.5%**	○	5.8%
CBC News Network	*All-day audience share*[23]	1.7%	1.5%	**1.6%**	●	1.5%
Regional						
CBC Radio One	*Morning show audience share*[20]	20.4%	20.4%	**N/A**[21]	N/A[21]	N/A[21]
TV local 6 PM news	*Average minute audience*[23]	345 K	345 K	**313 K**	○	335 K
CBC.ca regional offering	*Monthly average unique visitors*[24]	4.3 M[25]	10.1 M	**10.6 M**	●	10.8 M
Regional – new indicators starting 2017-2018						
CBC Radio One 5-PPM Market share	*Morning show audience share in the 5-PPM Markets*[22]	-	-	-	-	14.5%
CBC Radio One National Reach	*Morning show audience, Monthly Average National Reach*[23]	-	-	-	-	3.5 M
Digital						
CBC digital offering	*Monthly average unique visitors*[26]	12.4 M	14.1 M	**14.8 M**	●	16.3 M
Specialty Television Channels						
CBC News Network	*Subscribers*	11.0 M	N/A[27]	**N/A**[27]	N/A[27]	N/A[27]
documentary	*Subscribers*	2.5 M	N/A[27]	**N/A**[27]	N/A[27]	N/A[27]
Revenue[28]						
Conventional, specialty, online		$260 M	$211 M	**$228 M**	●	$303 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.

---

[20] Source: Numeris, fall survey (diary), persons aged 12 years and older. Morning show: Monday-Friday, 6:00-8:30 AM.
[21] In Fall 2016, Numeris introduced a change in its survey methodology by offering respondents the option to report their radio listening hours with an online diary instead of a traditional paper diary. Numeris recognizes that this methodological enhancement has significantly affected results in the Anglophone markets. Therefore, results for 2016-2017 are not comparable to our targets or prior year figures. As a result of this methodology change, this measure is being replaced by new indicators that use the Numeris Portable People Meter (PPM). Targets for 2017-2018 using these new indicators are included above.
[22] 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 6:00-8:30am.
[23] Source: Numeris, Portable People Meter (PPM), persons aged two years and older.
[24] Source: comScore Media Metrix, unique visitors, desktops (aged two years and older) and mobile devices (aged 18 years and older), April to March. In 2015-2016, the CBC.ca regional offering measure was desktop only. Because of limited availability of multiplatform data from April 2016 through July 2016, the 2016-2017 result will be the monthly average unique visitors from August 2016 to March 2017.
[25] In 2015-2016, the CBC.ca regional offering measure was desktop only.
[26] Source: comScore Media Metrix, unique visitors, desktops (aged two years and older) and mobile devices (aged 18 years and older), April to March.
[27] Not published due to competitive reasons.
[28] Includes advertising revenue, subscription revenue and other revenue (e.g. content distribution). Excludes revenue from arrangements with Rogers Communications Inc. for the continued airing of *Hockey Night in Canada* for Saturday night and playoff hockey. Toronto 2015 Pan Am Games revenue included in prior year results reflects joint English and French Services revenue. As of 2017-2018, revenue will include the Olympics.

CBC Television – CBC TV audience share ended the year below target due to weaker programming performance in the fall (especially in the early weeks when Sports and News audiences were particularly high) and the December holiday period. There was an upward trend in share performance this winter, driven by success of new and returning series including *Pure*, *Schitt's Creek*, *Murdoch Mysteries* and *Anne*.

CBC News Network (CBCNN) – It was a strong year for CBC News Network, with results exceeding target, largely due to high-profile events of national and international interest such as the coverage of the Fort McMurray wildfire in spring 2016 and the US Presidential election

Regional: TV supper news – Audience levels for the TV local 6pm news were just below target and lower than last year's results.

Regional digital content – Favourable results in digital regional content when compared to target and prior year's results reflected the success of our new local digital-first strategy, including comprehensive local news output and programming tailored to specific parts of the day.

Digital – We saw a strong performance on the digital front with the number of monthly average unique visitors continuing to outperform prior year's results and target, and with much of the success attributed to new digital content and resource enhancements enabling a new online video player, a new CBCMusic.ca site and app, and a new live and on-demand audio service.

Revenue – Results exceeded target due to strong digital advertising and subscriber revenue.

CBC's *Workin Moms* (Jessalyn Wanlim, Dani Kind, Catherine Reitman and Juno Rinaldi)

FRENCH SERVICES HIGHLIGHTS

Ensemble cast of drama *District 31* on ICI RADIO-CANADA TÉLÉ

In 2016-2017, thanks to the new government funding, Radio-Canada reinvested in its programming, bringing more compelling Canadian media content to Canadians when and where they want to consume it. We continued telling distinctive stories that bring Canadians together, while acting as an innovative force in the media industry.

CANADIAN CONTENT IS AT THE HEART OF WHAT WE DELIVER AND IT'S SUCCESSFUL

This year, Radio-Canada brought its multiplatform/multiscreen strategy to new levels. Building on last year's successes, we leveraged all of our platforms to maximize interest towards our series and films, sequencing our broadcast on different screens to engage different types of audiences. Exclusive episodes of *Ruptures*, a successful drama series that first premiered on ICI RADIO-CANADA TÉLÉ, were made available in advance on ICI TOU.TV EXTRA. In the same manner, the new thriller *Fatale-Station* saw its first episode being aired on ICI RADIO-CANADA TÉLÉ, while the remainder was exclusively available on the digital platform. This contributed to *Fatale-Station*'s success, with total viewership of over 375,000[29] during the first two months.

Radio-Canada's new series *District 31* has become an instant success with more than one million daily viewers.

In total, we launched seven new series on ICI RADIO-CANADA TÉLÉ, including *Fatale-Station*, *Feux*, *Lâcher prise*, *Les Simone* and the drama *District 31*, which became an instant success, garnering over 1.2 million viewers on a daily basis. On the radio side, the new government funding translated into 12.5 hours of brand new original programming on week-days on ICI RADIO-CANADA PREMIÈRE, as well as a more diversified and international roster of collaborators on News and Public Affairs shows. Notable additions to the lineup include *On dira ce qu'on voudra* and *Les grands entretiens*. We also evolved existing shows such as *Plus on est de fous, plus on lit!* and *Les éclaireurs* to enhance our schedule and maximize their impact. The reinvestment and our programming strategy yielded a strong audience share result for ICI RADIO-CANADA PREMIÈRE at 18.1%.[30]

2016 was also an Olympic year and Radio-Canada, as Canada's official Rio Games broadcaster, deployed maximum efforts to showcase Canadian athletes and Games-related content on all of its platforms. In addition to 2,000 hours of live digital streaming coverage, we aired 278 hours of TV broadcast on ICI RADIO-CANADA TÉLÉ, and more than 9.8 million Canadians tuned in. Our digital content was also popular, with websites and apps garnering 34 million page views.

[29] Source : Adobe Omniture
[30] Source: Numeris, fall survey (diary), Francophones in Quebec aged 12 years and older. Morning show: Monday-Friday, 6:00-9:00 AM. The 2015-2016 result was 17.5%.

In February, we launched Véro.tv, our new digital offering in partnership with Véronique Cloutier.

ACCELERATING OUR DIGITAL SHIFT

In 2016-2017, Radio-Canada embraced mobility to propel its digital strategy with the launch of three brand new mobile applications and major enhancements to existing ones. We completely revamped the ICI RADIO-CANADA PREMIÈRE app, releasing a more visual version, adding archived content and the digital "à la carte" radio ICI PREMIÈRE PLUS in the process. Taking further steps to bring radio content to mobile users, such as those using connected cars, we entered into a partnership with the consortium of radio broadcasters Radioplayer, to make a space for ICI RADIO-CANADA PREMIÈRE and ICI MUSIQUE in their free streaming radio app. We also released the brand new ICI MUSIQUE app, featuring live programming and web radio, and enhanced our infrastructure to support global ICI MUSIQUE's digital services. Finally, on our mobile initiatives, we launched a brand new version of the ICI RADIO-CANADA mobile app, which contributed to the 13% growth in reach of our digital services, with 3.8 million unique visitors accessing our content, as well as l'appli des petits featuring Radio-Canada's shows and games dedicated to kids.

Radio-Canada's digital transformation also involved bringing ICI TOU.TV EXTRA on Apple TV while significantly deepening our offering. This year marks an important milestone for this site with the launch of Vero.tv, a new section containing original and exclusive variety shows, drama series and talk shows featuring or endorsed by Véronique Cloutier. This partnership between the public broadcaster and a high-profile TV personality is a landmark for the Francophone TV ecosystem that is going increasingly digital. Successful series such as *Baby-boom* and *Une chance de trop* were also made available sequentially starting in February 2017, boosting both subscription and viewership growth.

Our strong commitment to research, development and risk-taking is a critical asset for the success of our digital transformation. In 2016-2017, Radio-Canada continued to leverage employees' creativity to renew the way we engage with Canadians. For example, we launched three rounds of nominations by L'Accélérateur d'idées, a hub dedicated to the enhancement of our content through the development of tech solutions. The fifth edition's theme, "Radio-Canada at the local level," saw our digital media team travelling around the country visiting local stations and encouraging employees to find ways to reinforce our relationships with local communities. During the fiscal year, 96 project proposals were assessed with six of them being selected for financing and further development. Other internal R&D initiatives included forming a team dedicated to gaining in-depth knowledge of our audiences' profiles and behaviours to customize and improve consumers' experience. From an external perspective, we reached out to the tech community by organizing our first hackathon at our headquarters in Montreal. Finally, on reinventing the public broadcaster and renewing audiences, we launched *RAD*, a creative space crossing journalism with digital technologies and aligned with the mission of finding new ways of treating and bringing News and Public Affairs to the younger generations.

An important digital initiative at the heart of our transformation is the digitization of Radio-Canada's 80 years of media archives. Digitization will enable us to showcase our archives on various platforms like *Rétroviseur* on ICI TOU.TV EXTRA, *Aujourd'hui l'histoire* on ICI RADIO-CANADA PREMIÈRE, Les archives de Radio-Canada's web portal and Facebook account, or the 360° mobile application that offers geo-tagged TV and radio stories.

MOBILIZING CANADIANS IN THE PUBLIC SPACE

Radio-Canada continues to create bonds and bring Canadians together by broadcasting special events and creating and relaying content that reflects their particular and common stories. 2017 marks the 150th anniversary of Confederation and Radio-Canada is committed to be at the heart of the celebrations, mobilizing Canadians from coast to coast to coast. The kick off of the historic anniversary, featuring official ceremonies and fireworks on Parliament Hill, was broadcast live on ICI RDI on New Year's Eve through *En direct du 150e de la Confédération du Canada*. Later in the evening, almost four million Canadians rallied around *Bye-Bye 2016*, and the rest of Radio-Canada's special offering served to ring in the New Year.

Radio-Canada's New Year's Eve household favourite *Bye Bye 2016* attracted close to four million viewers.

Programming on Canada's 150th anniversary will continue throughout 2017 and Indigenous communities will be at the forefront of the celebrations. During 2016-2017, we have significantly increased our Indigenous offering with the launch of Espaces autochtones, a web portal incorporated in Radio-Canada.ca that is entirely dedicated to Indigenous stories. All Radio-Canada's platforms also featured more exclusive content, such as the 20th anniversary of the National Aboriginal Day and the multiplatform documentary *Ce que nous sommes*. ICI RADIO-CANADA PREMIÈRE *L'heure du monde* also spent a week in the North to record shows, engaging with and telling the stories of Indigenous communities.

Radio-Canada's commitment towards mobilizing Canadians also translates into sparking interactions with their public broadcaster and one another. In 2016-2017, Radio-Canada leveraged Facebook Live as a new instrument to distribute exclusive content and engage with digital users. As an example, during la semaine des correspondants, we broadcast exclusive interviews with journalists normally deployed abroad, allowing the public to send questions and share their thoughts on social media.

FRENCH SERVICES 2016-2017 RESULTS

All but one of Radio-Canada's key performance indicators for radio, TV and digital met or exceeded their 2016-2017 targets.

INDICATORS	MEASUREMENTS	RESULTS 2015-2016	TARGETS 2016-2017	RESULTS 2016-2017	PERFORMANCE AGAINST TARGET	TARGETS 2017-2018
Radio Networks						
ICI RADIO-CANADA PREMIÈRE and ICI MUSIQUE	*All-day audience share*[31]	21.8%	21.8%	**23.3%**	●	22.9%
Television						
ICI RADIO-CANADA TÉLÉ	*Prime-time audience share*[32]	19.9%	19.5%	**20.9%**	●	20.2%
ICI RDI, ICI ARTV, ICI EXPLORA	*All-day audience share*[33]	4.7%	4.7%	**4.8%**	●	4.6%
Regional						
ICI RADIO-CANADA PREMIÈRE	*Morning show audience share*[31]	19.9%	18.9%	**18.7%**	◑	19.0%
Téléjournal 18h	*Average minute audience*[33]	319 K	319 K	**324 K**	●	320 K
Radio-Canada.ca regional offering	*Monthly average unique visitors*[34]	0.7 M[35]	1.2 M	**1.4 M**	●	1.5 M
Digital						
Radio-Canada digital offering	*Monthly average unique visitors*[36]	3.0 M	3.4 M	**3.8 M**	●	4.0 M
Specialty Television Channels						
ICI RDI	*Subscribers*	10.7 M	N/A[37]	**N/A[37]**	N/A[37]	N/A[37]
ICI ARTV	*Subscribers*	1.8 M	N/A[37]	**N/A[37]**	N/A[37]	N/A[37]
ICI EXPLORA	*Subscribers*	0.8 M	N/A[37]	**N/A[37]**	N/A[37]	N/A[37]
Revenue[38]						
Conventional, specialty, online		$216 M	$201 M	**$211 M**	●	$207 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 – ICI RADIO-CANADA PREMIÈRE's and ICI MUSIQUE's combined audience share set a new record at 23.3%, which is significantly above this year's target and last year's record result of 21.8%. This strong performance was driven by our reinvestment in content, which translated into 15 additional hours of original programming Monday to Saturday on ICI RADIO-CANADA PREMIÈRE, and also by the fact that it was well received by Francophones.

[31] Source: Numeris, fall survey (diary), Francophones in Quebec aged 12 years and older. Morning show: Monday-Friday, 6:00-9:00 AM.
[32] Source: Numeris, Portable People Meter (PPM), Francophones in Quebec, aged two years and older, ICI RADIO-CANADA TÉLÉ regular season (September to March).
[33] Source: Numeris, Portable People Meter (PPM), Francophones in Quebec, aged two years and older, April to March.
[34] Source: comScore Media Metrix, unique visitors, desktops (aged two years and older) and mobile devices (aged 18 years and older), April to March.
[35] In 2015-2016, the Radio-Canada.ca regional offering measure was desktop only.
[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 and ICI.EXPLORAtv.ca.
[37] Not published due to competitive reasons.
[38] Includes advertising revenue, subscription revenue and other revenue (e.g. content distribution). Excludes revenue from the Olympics.

ICI RADIO-CANADA TÉLÉ – ICI RADIO-CANADA TÉLÉ's reached record levels in 2016-2017. The average prime-time audience share for the regular programming season scored higher than its target at 20.9%. These positive results are due in part to the new daily drama series *District 31*, which garnered an average audience of 1.2 million throughout both the fall and winter television seasons, thus impacting performance by adding a 1.3 percentage point in audience share for the network as a whole in prime time. Other new additions to the lineup such as *Deuxième chance*, *Lâcher prise* and *Feux*, as well as new seasons of existing shows like *Tout le monde en parle*, *Unité 9*, *Mémoires vives* and *Les pays d'en haut* outperformed and contributed to the strong performance.

ICI RDI, ICI ARTV, ICI EXPLORA – The three speciality channels recorded a combined audience share of 4.8%, in line with last year's result (4.7%) and this year's target. ICI RDI benefited from the coverage of the US presidential election, while other events on the Quebec political and social scenes boosted audience levels. Original Canadian content added to our schedule contributed to the performance of both ICI ARTV and ICI EXPLORA. ICI ARTV's audiences still rally around the nostalgia series *Le temps d'une paix*, but the network also benefited from the return of Marc Labrèche as a TV show host on *Info, sexe et mensonges*. ICI EXPLORA continued its growth in viewership with a mix of new shows such as *Les aventures du Pharmachien*, and new seasons of returning good performers like *Sexplora*.

Regional – The regional morning radio shows' results tracked close to target. The weekly supper-hour newscast slightly surpassed its target, exceeding last year's result.

Digital – Canadians continue to turn in large numbers to our digital offering, with average unique monthly visitors of 3.8 million this year. More than half (53%) are now accessing content through mobile devices – from 47% in 2016.[39] Content made available on Radio-Canada.ca for the Olympic Games and the US election drew significant attention. Other factors that explained the strong performance are the launch of the new ICI MUSIQUE mobile application and major revamp of ICI RADIO-CANADA PREMIÈRE and ICI RADIO-CANADA information apps. The gain in popularity of our digital television service ICI TOU.TV, to which original and exclusive content was added throughout the fiscal year, also contributed to reaching Canadians. It is worth mentioning that the reach of our regional offering also surpassed its target with 1.4 million unique visitors.

Revenue – Despite a challenging TV advertising market, revenue exceeded its target. Advertising revenues on all platforms recorded better levels than expected. Partnerships and services to independent producers also contributed to the strong performance, while revenues from subscriptions to our TV services and educational portal Curio.ca were higher than expected.

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. For the whole broadcast day, a minimum of 75% Canadian content is required. For prime time, a minimum of 80% Canadian content is required. Both measures are averages over the entire broadcast year from September 1 to August 31. As shown in the table below, in the previous two broadcast years, 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, 2014 TO AUG 31, 2015	RESULTS SEP 1, 2015 TO AUG 31, 2016	PERFORMANCE AGAINST CONDITIONS
ICI RADIO-CANADA TÉLÉ					
Broadcast day	(Mon-Sun, 6:00 a.m.-12:00 a.m.)	75%	82%	**84%**	●
Prime time	(Mon-Sun, 7:00 p.m.-11:00 p.m.)	80%	91%	**94%**	●
CBC Television					
Broadcast day	(Mon-Sun, 6:00 a.m.-12:00 a.m.)	75%	92%	**84%**	●
Prime time	(Mon-Sun, 7:00 p.m.-11:00 p.m.)	80%	87%	**85%**	●

● Conditions met or exceeded ○ Conditions not met

ADDITIONAL REPORTING

We continue to report to Parliament and Canadians through our Corporate Plan and Annual Report; 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 17 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.

[39] Source: ComScore Media Metrix

LOOKING AHEAD

Rapid changes in technology and consumer habits are challenging the entire Canadian broadcasting industry, and CBC/Radio-Canada felt the impact with pressures mounting in both the English-language and French-language markets. These pressures are not showing any sign of receding and they are deeply changing the media industry: the dominance of national and foreign players; the rise of content and production costs; the multiplication of sophisticated distribution channels and strategies; the changes in the regulatory framework (e.g. CRTC's Let's Talk TV) and media consumption habits; as well as the persistent decline in the conventional television advertising market.

As we are ramping up into *Strategy 2020*, CBC/Radio-Canada is making forward-looking choices. 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 environment.

Our priorities in 2017-2018 include:

- **Digital and Multiplatform/Multiscreen** – Continue to pursue our 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.
- **Signature Events** – CBC and Radio-Canada will continue to collaborate to build multiplatform signature events that bring Canadians together, such as the 150th anniversary of Confederation, the Canada Day broadcast and the PyeongChang 2018 Olympic Games.
- **Canadian Entertainment** – English Services will maximize the audience use of content on all platforms, commission premium scripted entertainment, offer documentaries that are bold, thought-provoking, point-of-view programs, and provide factual entertainment programming that focuses on revealing and reflecting Canadians to each other. French Services will continue investing in distinctive offerings to meet audiences' expectations, reaffirming Radio-Canada's role in showcasing Canadian culture and placing special attention on the renewal of our audiences.
- **Sports** – We will continue to be a world-class home for high-performance and Olympic sports on traditional broadcast platforms as well as digital, and to nurture pioneering partnerships with Canadian sports organizations.
- **News and Regions** – CBC News will refresh *The National* to reflect the latest TV News and Information audience consumption trends and continue the focus on digital content production and distribution. We will enhance international in-the-field coverage, and inform Canadians through fearless and independent reporting that's national in scope and deeply personal in relevance. CBC will continue to deepen our presence in and connection with the communities we serve, including the use of community events as our "fifth platform". We will embed the 2020 local strategy for mobile first in local markets, and we will extend local services where financially feasible. Radio-Canada will evolve *Le téléjournal 22h* as a show meant to provide insights on the news of the day. We will embed digital expertise in production teams and continue developing News and Current Affairs content accessible online, particularly on mobile platforms. Ongoing efforts to renew formats and audiences will translate to launching a young documentary producer fund and supporting initiatives of RAD and L'Accélérateur d'idées to refresh the way we tell the news to Canadian.
- **Radio and Audio** – CBC Radio will develop new forms of storytelling to connect with audiences on multiple platforms, including offering content in new and relevant ways, such as digital audio on demand, as well as celebrating and privileging Canadian music artists with Canadian audiences. French Services will pursue the development of ICI RADIO-CANADA PREMIERE's programming, supporting reinvestment in original content across schedules, while deepening the offering of the exclusively digital radio service Première PLUS, using modern formats such as e-books to reach out to Canadians.
- **Archives Digitization** – CBC/Radio-Canada has an incredibly rich archive of the stories and experiences of Canadians, mostly on film and tape. A major archival project is now officially underway. Over the next five years, teams from both CBC and Radio-Canada will begin preparing a sizeable portion of our archives for digitization, in a project that underscores our commitment to preserving our cultural heritage. CBC/Radio-Canada is investing in this mass digitization of our audio and video media to protect and preserve our archives, make them easier for our production teams to access and for Canadians to rediscover. The digitization of our archives is part of a responsible, proactive and content-conscious approach to public broadcasting. In fact, globally, CBC/Radio-Canada is recognized as an industry leader in archival preservation. One priority is our Indigenous language programming archive project that will have a special focus on ensuring Indigenous people have access to their stories.
- We remain committed to transparency and accountability, and will continue reporting on our performance.

PEOPLE AND CULTURE

OUR WORKFORCE

As of March 31, 2017, we employed a total of 7,555 full-time equivalent employees (FTEs), of whom 6,626 were permanent, 313 were temporary and 616 were contract. This is an increase of 342 FTEs when compared to March 31, 2016.

Under the *Employment Equity Act*, we are committed to providing equal employment opportunities to the four designated groups: women, Aboriginal peoples, persons with disabilities and members of visible minority groups.

Of CBC/Radio-Canada's permanent employees as of March 31, 2017:

48.9% are women
2.0% are Aboriginal
2.4% are persons with disabilities
11.1% are visible minorities

YEAR IN REVIEW

STRONGER LEADERS, BETTER CULTURE – EXECUTIVE LEADERSHIP DEVELOPMENT

Culture shift requires full buy-in and action from the top. A key part of helping employees become more engaged and invested in their workplace is having effective leadership modelled by those in positions of authority. We are therefore investing significant time and energy into ensuring our most senior leaders are role modelling the culture that we are working to create. Towards the end of 2016-2017, we began a rigorous development process with our leaders.

EMPLOYEE ASSISTANCE PROGRAM (EAP)

Our employees continue to receive support through the Employee Assistance Program (EAP), which offers a variety of services, including confidential counselling to help with legal, financial and mental health issues, critical incident workplace support, and individual wellness initiatives in our locations across the country. Our year-end EAP utilization rate was up by 5.7% this year, demonstrating the continued relevance of the program and also increased awareness of the services available to employees and their families. National campaigns from unrelated organizations (e.g. *#BellLetsTalk*) promoting the importance of proactively discussing mental health matters, combined with a younger workforce, could also be factors in the increased usage.

WORKFORCE ADJUSTMENTS

In June 2014, we announced our strategic plan and its reduction impact on the workforce of between 1,000 and 1,500 positions. While the implementation is not yet completed, through hard work, careful management and conversations with our unions, the maximum number of reductions is now forecast to be approximately 1,000 full-time equivalents (FTEs). At the date of this report, about 40% of the FTEs eliminated have been through attrition.

LABOUR RELATIONS AND TALENT AGREEMENTS

In 2016, CBC/Radio-Canada and the Association of Professionals and Supervisors (APS) succeeded in negotiating a four-year agreement to March 31, 2020.

Negotiations began in May with the new Syndicat des communications de Radio-Canada (FNC-CSN), which also now includes members previously in Le Syndicat des technicien(ne)s et artisan(e)s du réseau français de Radio-Canada (STARF) and Syndicat des communications de Radio-Canada (SCFP). This negotiation aims to reach our first collective agreement with the merged union.

Finally, in December, the Association des réalisateurs (AR) ratified its new collective agreement, which will remain in effect until December 15, 2019.

EXECUTIVE CHANGES

- On September 1, 2016, Monique Marcotte took on the role of Vice-President, People and Culture, following the departure of Josée Girard.
- On January 9, 2017, Michel Bissonnette officially began his role as Executive Vice-President of French Services, following the retirement of Louis Lalande after more than 30 years with the Corporation.

STRATEGY 2020 PERFORMANCE METRICS

INDICATORS PEOPLE	RESULTS 2015-2016	TARGETS 2016-2017	RESULTS 2016-2017	PERFORMANCE AGAINST TARGET	TARGETS 2017-2018	TARGETS 2020
7. Employee engagement (% proud to be associated)	69.0%	74.2%	**82.0%**	●	84.0%	90.0%
8. Employee diversity (% of new employees)	18.5%	23.2%	**23.0%**	●	23.2%	23.2%

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

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

OUTLOOK

Looking forward into the next fiscal year, the Corporation will conduct in the fall of 2017 our third employee engagement survey in partnership with Gallup, and continue to promote the four values that we launched in 2016-2017. We will also continue to support the strengthening of our senior leadership through our ongoing Executive Leadership Development.

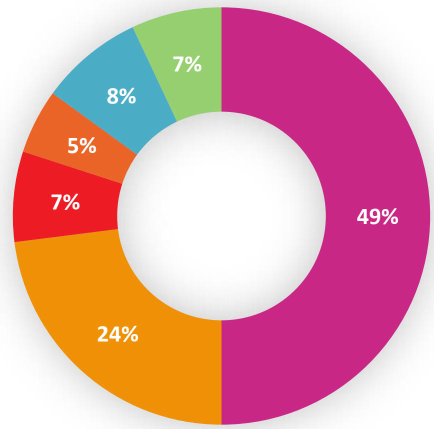
Winners of the CBC Saskatchewan #CBCFuture40

INFRASTRUCTURE

OUR ASSETS

CBC/Radio-Canada has a base capital appropriation from the Government of Canada of $92.3 million per year. In 2016-2017, we increased this amount by transferring an additional $14.4 million from our operating appropriation to satisfy payments on bonds used to finance the Toronto Broadcast Centre. 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.

We currently use $2.4 billion of assets (with a net book value of $909 million) in our operations. We operate one of the world's largest broadcast transmission and distribution systems, with 529 transmission sites located throughout Canada. We are currently responsible for a real estate portfolio of 3.9 million square feet, including 16 buildings owned across Canada. We are also highly dependent on technology and technology-based assets in the production and delivery of our services.



YEAR IN REVIEW

CBC/Radio-Canada's Board of Directors has selected the Broccolini group to build the new Maison de Radio-Canada in Montreal, which will be fit-up and leased to CBC/Radio-Canada. Groupe Mach is to purchase the western part of the large property currently occupied by the public broadcaster's facilities. As part of this extensive revitalization project, Groupe Mach's current plan calls for the Radio-Canada tower to be preserved, but converted for new use. These two transactions were approved by the government in April 2017. The construction of the new Maison de Radio-Canada should be completed by early 2020. The five-year capital plan reflects the cost of the new facility fit-up for our use and the acquisition of technical equipment.

As we complete the second year of our strategic plan, the number of properties owned by the Corporation has been reduced from 18 to 16 following the completion of the Moncton and Matane projects. The Iqaluit relocation project was also completed, with staff moving to a newly built, right-sized, modern facility at the end of November 2016. The area reduction represented by these three projects combined is approximately 55,000 rentable square feet.

STRATEGY 2020 PERFORMANCE METRICS

INDICATOR INFRASTRUCTURE	RESULTS 2015-2016	TARGETS 2016-2017	RESULTS 2016-2017	PERFORMANCE AGAINST TARGET	TARGETS 2017-2018	TARGETS 2020
6. Reduce real estate footprint (million of rentable square feet)	3.9	3.9	**3.9**	●	3.8	2.0

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

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

OUTLOOK

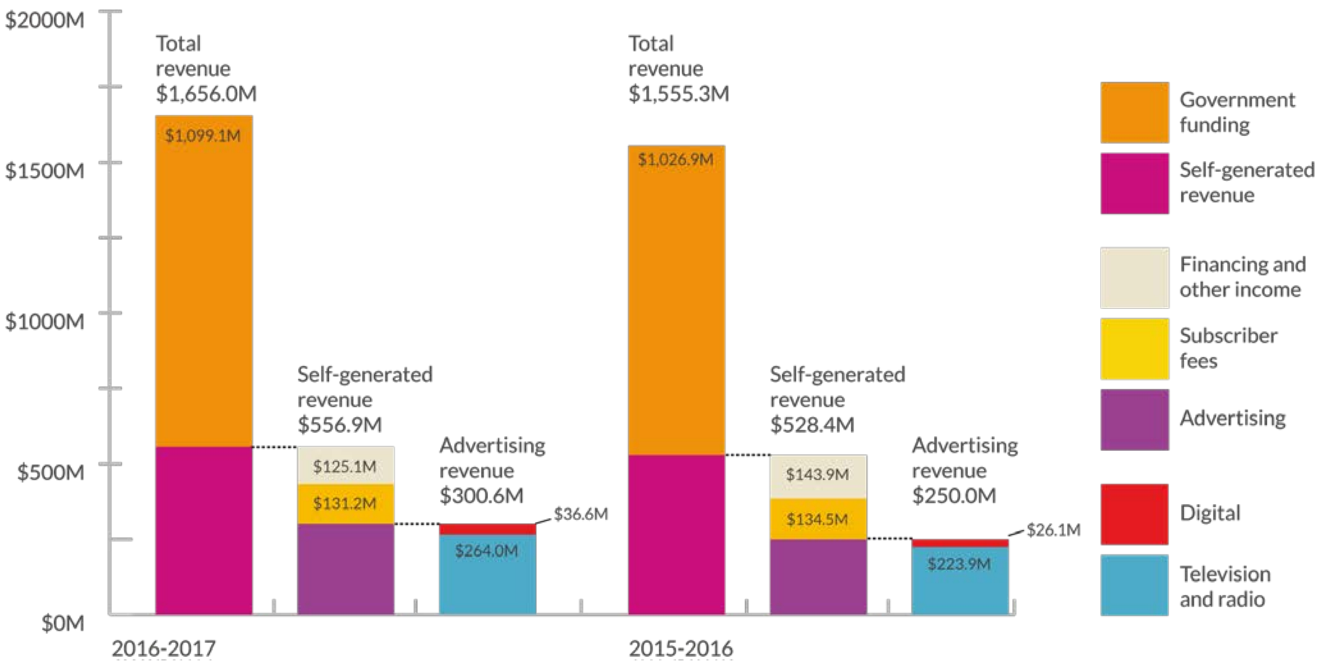
We continue to look for opportunities to generate more revenue as we rent out vacant space in some of our buildings, and to reduce our total cost of occupancy and real estate risk by selling and exiting some buildings that we own to become tenants in more cost-efficient premises.

In the forthcoming years, we will take the opportunity provided by space consolidation projects to implement new workplace solution standards in selected stations (Regina, Winnipeg, Toronto and Ottawa) and implement a new workplace solution standard (open plan and collaborative) across the Corporation. A key part of achieving our target real estate footprint of 2.0 million square feet will come with our sale of the existing Maison de Radio-Canada and the move into a new leased-facility.

FINANCIAL SUSTAINABILITY

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 (66% OF SOURCES IN 2016-2017): Government funding of $1,099.1 million was recognized during the year, including $92.8 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. Salary inflation funding is not yet confirmed for 2016-2017.

ADVERTISING REVENUE (18% OF SOURCES IN 2016-2017): 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 Rio 2016 Olympic 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 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 (8% OF SOURCES IN 2016-2017): Fees from our specialty services: CBC News Network, *documentary*, 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-cutting 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 (8% OF SOURCES IN 2016-2017): 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 and contributions from the Canada Media Fund.

FINANCIAL CONDITION, CASH FLOWS AND LIQUIDITY

We rely on parliamentary appropriations and the cash generated from our commercial operations to fund our operating activities, including 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, 2017, was $131.1 million, compared to $156.5 million on March 31, 2016.

CASH POSITION

	For the year ended March 31		
(in thousands of Canadian dollars)	2017	2016	% change
Cash - beginning of the year	156,465	**214,884**	**(27.2)**
Changes in the year			
Cash from (used in) operating activities	5,111	(29,985)	117.0
Cash used in financing activities	(57,226)	(57,255)	0.1
Cash from investing activities	26,712	28,821	(7.3)
Net change	(25,403)	**(58,419)**	**56.5**
Cash - end of the year	131,062	**156,465**	**(16.2)**

CASH FROM (USED IN) OPERATING ACTIVITIES

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

Cash from operating activities was $5.1 million this year, an increase of $35.1 million compared to last year. Cash from (used in) operations is impacted each year by fluctuations in working capital. In 2015-2016, we used more cash in our operations in order to purchase additional content that is reflected in programming expenses this year.

CASH USED IN FINANCING ACTIVITIES

Cash outflows for financing activities were stable at $57.2 million. Cash outflows for financing activities presented above relate primarily to the following:

- Interest payments of $24.6 million (2015-2016: $26.6 million);
- Repayments of the Broadcast Centre Trust bonds of $14.4 million (2015-2016: $13.4 million);
- Payments of notes payable of $6.8 million (2015-2016: $6.5 million); and
- Payments to meet obligations under finance leases of $11.5 million (2015-2016: $10.7 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 $26.7 million this year, compared to $28.8 million in 2015-2016. The lower net cash inflow this year was mainly due to:

- Less proceeds received from disposing of property and equipment, partly offset by lower purchases of assets; and
- Receipt of two quarterly dividends from our investment in SiriusXM, compared to four last year.

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:

(in thousands of Canadian dollars)

Total borrowing authority available:	220,000
Authority used as at March 31, 2017:	
Guarantee on accounts receivable monetization	(118,108)
Remaining authority	**101,892**

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. In other words, our assets and liabilities are the assets and liabilities of the Government of Canada.

ICI Nord d'Ontario Cameraman ready for action

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		
(in thousands of Canadian dollars)	2017	2016	% change
Revenue	556,920	528,386	5.4
Government funding	1,099,085	1,026,929	7.0
Expenses	1,724,411	1,619,565	6.5
Results before non-operating items	(68,406)	(64,250)	**(6.5)**
Non-operating items	(2,362)	257	N/M
Net results under IFRS for the year	(70,768)	**(63,993)**	**(10.6)**
Items not generating or requiring funds from operations			
Pension and other employee future benefits	51,066	70,112	(27.2)
Depreciation, amortization and decommissioning expenses, net of amortization of deferred capital funding	22,358	19,505	14.6
Other provisions for non-cash items	(24,927)	(24,930)	0.0
Results on a Current Operating Basis[1]	(22,271)	**694**	**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 $70.8 million, 10.6% greater than the loss incurred last year. This increase reflects higher operating costs in 2016-2017, mainly programming related, as we reinvested in our content. This investment in our programming was partly offset by the additional revenue in the year and the $75 million of new government funding. In addition, our IFRS results benefited from a lower non-cash pension expense.

Our IFRS results also include non-operating expenses of $2.4 million related to asset sales and retirements.

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

RESULTS ON A CURRENT OPERATING BASIS

The loss on a **Current Operating Basis** of $22.3 million this year was a decrease of $23.0 million relative to last year. Last year, the results were close to break even, reflecting a balance of revenue, funding and expenses. This year, expenses exceeded revenue and funding, consistent with our reinvestment plan in new content.

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 used regularly by management to help monitor performance and balance the Corporation's budget consistent 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.

REVENUE

(in thousands of Canadian dollars)	2017	2016	% change
	For the year ended March 31		
Advertising			
English Services	167,913	124,952	34.4
French Services	132,678	124,963	6.2
	300,591	249,915	20.3
Subscriber fees			
English Services	71,574	73,614	(2.8)
French Services	59,671	60,927	(2.1)
	131,245	134,541	(2.4)
Financing and other income			
English Services	55,514	73,482	(24.5)
French Services	27,533	28,621	(3.8)
Corporate Services	42,037	41,827	0.5
	125,084	143,930	(13.1)
TOTAL	556,920	**528,386**	**5.4**

Our self-generated revenue increased by $28.5 million (5.4%) in 2017, as described below.

ADVERTISING (↑ 20.3%)

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 $50.7 million increase in advertising revenue this year resulted from:

EVENTS	Advertising revenue from events was higher this year due to our broadcast of the Rio 2016 Olympic Games in the summer. Last year's advertising results included revenue from broadcasting the Toronto 2015 Pan Am and Parapan Am Games.
ONGOING ACTIVITIES	Advertising revenue from our ongoing activities declined by 0.7% overall. Within advertising, our platforms experienced variations in performance as follows: • A decline in our TV advertising consistent with the persistent softness of the market, down 2.1% over last year. The market remains affected by audience declines in the 25-54 demographic. This demographic is particularly important for media buyers; therefore, we continue to closely monitor the market and our performance in this area. This decrease was mostly offset by: • Higher digital revenue, most notably in our English markets, in part because of higher audiences due to the number of significant news stories.

SUBSCRIBER FEES (↓ 2.4%)

Our subscriber revenue is driven by the size of our subscriber base, which has declined when compared to the prior year due to the adverse effects of the cord-cutting and cord-shaving trends affecting the cable industry. For more details on our subscriber base by specialty channel, refer to the *Accountability Plan* section of this report.

Our subscriber revenue decreased by $3.3 million (2.4%) 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 over last 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 AND OTHER INCOME (↓13.1%)

Financing and other income depends on the different events and transactions throughout the year since it includes production revenue from host broadcasting services, and revenue from the sale of content. It also reflects the revenue from our rentals, sponsorships and retransmission rights. More information about our revenue streams is provided in note 20 *Revenue* of our Consolidated Financial Statements.

The 13.1% ($18.8 million) decrease in financing and other income this year resulted from:

EVENTS	Other income from events decreased this year as licensing revenue generated from Rio 2016 Olympic Games was lower than last year's production revenue from our host broadcasting activities of the Toronto 2015 Pan Am and Parapan Am Games.
ONGOING ACTIVITIES	Financing and other income arising from ongoing activities remained consistent with last year (+0.4%). Key changes within ongoing activities are highlighted below: • Higher program sponsorship and production revenue from the Rio 2016 Paralympic Games; • A lower foreign exchange gain due to stronger appreciation of the USD in 2015-2016; and • An overall decrease in our ongoing programming and licensing revenue.

ICI TOU.tv's *Fatale-Station*

OPERATING EXPENSES

(in thousands of Canadian dollars)	For the year ended March 31 2017	2016	% change
Television, radio and digital services costs			
English Services	922,338	853,685	8.0
French Services	701,063	663,798	5.6
	1,623,401	1,517,483	7.0
Other operating expenses			
Transmission, distribution and collection	67,879	70,489	(3.7)
Corporate management	9,964	10,061	(1.0)
Payments to private stations	623	1,380	(54.9)
Finance costs	25,907	28,132	(7.9)
Share of results in associate	(3,363)	(7,980)	57.9
	101,010	102,082	(1.1)
TOTAL	1,724,411	**1,619,565**	**6.5**

Our operating expenses increased by 6.5% ($104.8 million) compared to last year, with the main variances noted below.

TELEVISION, RADIO AND DIGITAL SERVICES COSTS (↑ 7.0%)

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 7.0% ($105.9 million) increase in Television, radio and digital services costs resulted from:

EVENTS	Higher expenses from events this year resulted from programming rights and production costs to broadcast the Rio 2016 Olympic Games. In 2015-2016, our cost of events included the costs to broadcast the Toronto 2015 Pan Am and Parapan Am Games.
ONGOING ACTIVITIES	Our ongoing operating costs increased this year by 3.2%, primarily as we continued to invest in new content and our technical capabilities, consistent with *Strategy 2020*: • **TV programming**: additional costs incurred for new comedy and drama series; • **News and Current Affairs**: higher expenses for enhanced digital and international coverage; • **Technical capabilities**: additional costs from the digitization of our archives to further support our digital shift and new technology initiatives. This year, we also incurred higher expenses in relation to a municipal tax settlement for the Toronto Broadcasting Centre, promoting our digital and specialty services, and strengthening our cybersecurity. These increases were partially offset by: • Lower pension expenses by approximately $19.0 million due to a change in actuarial assumptions; and • The effect of cost-saving initiatives.

OTHER OPERATING EXPENSES (↓ 1.1%)
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 $1.1 million (1.1%), with the main variances highlighted below:

- Decrease in our **finance costs** by $2.2 million (7.9%) consistent with our expectations;
- Lower **transmission, distribution and collection costs** of $2.6 million (3.7%), mostly due to lower satellite expenses; and
- Lower **payments to private stations** of $0.8 million (54.9%) mostly due to the end of an agreement related to two affiliate stations in August 2015.

This was partially offset by lower income from our **share of results in associate** by $4.6 million (57.9%) relative to last year. This year, we only received two quarterly dividends from SiriusXM due to the pending privatization of the company. For more details about our investment in associate, see Note 12 of our Consolidated Financial Statements.

Penny Oleksiak, CBC Sports

GOVERNMENT FUNDING

(in thousands of Canadian dollars)	For the year ended March 31		
	2017	2016	% change
Parliamentary appropriations for operating expenditures	1,002,307	928,332	8.0
Parliamentary appropriations for working capital	4,000	4,000	-
Amortization of deferred capital funding	92,778	94,597	(1.9)
TOTAL	1,099,085	**1,026,929**	**7.0**

Parliamentary appropriations for operating expenditures increased by $74.0 million (8.0%) in 2016-2017. This is consistent with the additional $75 million in government funding received as base operating funding in 2016-2017. This reinvestment in CBC/Radio-Canada by the federal government was announced in March 2016. The small offset of $1.0 million in operating appropriations reflects the annual transfer to the capital appropriation for bond payments.

Capital funding is recorded as **deferred capital funding**. It is amortized and recognized as revenue over the same periods as the related property and equipment and intangible assets are used in CBC/Radio-Canada's operations. The decrease of $1.8 million (1.9%) largely reflects the lower value of our asset base as we simplify our infrastructure and reduce our real estate footprint.

NON-OPERATING ITEMS

(in thousands of Canadian dollars)	For the year ended March 31		
	2017	2016	% change
(Loss) gain on disposal of property and equipment and intangibles	(2,362)	257	N/M
TOTAL	(2,362)	**257**	**N/M**

N/M = not meaningful

In 2016-2017, our non-operating loss was $2.4 million. This includes asset retirements in addition to impairment losses on assets held for sale following a revaluation of their estimated fair value.

Last year, cumulative losses were more than offset by gains on the disposal of our mobile production assets and insurance proceeds from a truck destroyed by fire, resulting in a $0.3 million gain.

TOTAL COMPREHENSIVE INCOME (LOSS)

(in thousands of Canadian dollars)	For the year ended March 31		
	2017	2016	% change
Net results for the year	(70,768)	**(63,993)**	**(10.6)**
Other comprehensive income (loss)			
Remeasurements of defined benefit plans	169,696	32,745	N/M
Total comprehensive income (loss) for the year	98,928	**(31,248)**	**N/M**

N/M = not meaningful

Total comprehensive income recognized this year was $98.9 million, compared to a loss of $31.2 million in the prior year. In addition to net results, total comprehensive income includes remeasurements of pension plan values. These remeasurements 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 reporting period.

A gain of $169.7 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.

In 2015-2016, a gain of $32.7 million was recognized from remeasurements of our defined benefit plans as a result of a decrease in our plan obligations due to a 25 basis-point increase in the discount rate used to value these long-term liabilities. This gain was partly offset by a lower return on plan assets than estimated in our actuarial assumptions.

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 within this management discussion and analysis.

(in thousands of Canadian dollars)	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 non-operating items	**(16,539)**	**2,602**	**(18,310)**	**(36,159)**
Non-operating items	(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)**

	For the year ended March 31, 2016			
	Q1	Q2	Q3	Q4
Revenue	118,521	142,357	139,173	128,335
Government funding	169,163	242,790	254,121	360,855
Expenses	(364,808)	(373,958)	(418,558)	(462,241)
Results before non-operating items	**(77,124)**	**11,189**	**(25,264)**	**26,949**
Non-operating items	1,070	1,105	(1,817)	(101)
Net results under IFRS for the period	**(76,054)**	**12,294**	**(27,081)**	**26,848**
Results on a Current Operating Basis	**(52,651)**	**18,259**	**(1,734)**	**36,820**

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 appropriation 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 non-operating items.

COMPARISON OF 2016-2017 AND 2015-2016 BY QUARTER

QUARTER	REVENUE	EXPENSES
Q1	Lower revenue compared to the same period in the prior year is mainly driven by the continued weakness in the television advertising market, especially conventional television.	Expenses are lower relative to the equivalent period in the previous year, which is mostly explained by a decrease in our pension expense and the lower cost of programs broadcast.
Q2	Incremental revenue generated by our coverage of the Rio 2016 Olympic Games in the year considered was greater than that generated by the Toronto 2015 Pan Am and Parapan Am Games last year.	Broadcast rights and production costs for the Rio 2016 Olympic Games were higher than the similar costs related to the Toronto 2015 Pan Am and Parapan Am Games incurred in the same period last year. In addition, expenses increased because of our reinvestment in content on all platforms.
Q3	Third quarter revenue in 2016-2017 was slightly lower compared to the same period in 2015-2016. The variance is explained by the combined effect of fewer subscribers to some of our specialty channels and lower content sales.	Expenses in the third quarter of 2016-2017 were higher than the same period in the previous year, and reflect our continued reinvestment in content. We also incurred additional costs for digital initiatives.
Q4	Revenue in the fourth quarter of 2016-2017 was generally consistent with the same period in the previous year.	Fourth quarter expenses in 2016-2017 were higher compared to the same period last year, as we continued to reinvest in content.

STRATEGY 2020 PERFORMANCE METRICS

INDICATOR – FINANCIAL	RESULTS 2015-2016	TARGETS 2016-2017	RESULTS 2016-2017	PERFORMANCE AGAINST TARGET	TARGETS 2017-2018	TARGETS 2020
9. Achieve cost reduction target ($ million)	$62.0	$85.1	**$87.5**	●	$93.1	$117.0

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

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

OUTLOOK

On March 22, 2016, the Government of Canada announced an important reinvestment in Canada's public broadcaster: an additional $75 million in 2016-2017 that will grow to $150 million per year in the following years. This is an important vote of confidence by government and by Canadians in our programs, our people and our vision for the future. It is also recognition that CBC/Radio-Canada faces some significant financial challenges.

We are also continuing to monitor and assess the broadcasting industry following decisions made from the CRTC's Let's Talk TV review of the television industry in Canada. Changes resulting from these regulatory decisions will affect our specialty channel revenue.

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.

These revenue uncertainties threatened some of the content creation and digital initiatives planned under *Strategy 2020*. As such, about 23% of the new funding will go to ensuring our momentum and the work underway in order to continue moving forward with the transformation of CBC/Radio-Canada into the digital space.

The government launched public consultations to develop a modern cultural policy framework for the digital age. In November 2016, CBC/Radio-Canada issued its submission, *A Creative Canada: Strengthening Canadian Culture in a Digital World*, in the context of the government's public consultation. Potential changes to CBC/Radio-Canada's business model and/or mandate could have a profound impact on the future of the organization. Without a solution for declining advertising and subscription revenues, program spending in future years will have to be reduced to match available resources.

On May 13, 2016, SiriusXM Canada Holdings Inc. announced its intention to recapitalize the company by way of a go-private transaction. The transaction results in the sale of CBC/Radio-Canada's 10.15% stake at $4.50 a share, generating proceeds of approximately $58 million. On April 26, 2017, the CRTC approved this transaction. The programming partnership with SiriusXM will continue through 2022. Most of the proceeds from the sale of the shares will be used to implement the Maison de Radio-Canada project, which was approved by the government in April 2017. The remainder will be allocated to general corporate purposes.

The resumption of salary inflation funding in 2016-2017 is a critical component of our financial strategy. However, since the government had not yet reached compensation agreements with its major unions in 2016-2017, the receipt of this funding will be delayed to 2017-2018.

CBC's *Pure*, featuring Ryan Robbins and Rosie Perez.

RISK MANAGEMENT AND GOVERNANCE

RISK MANAGEMENT AND KEY RISK TABLE

As Canada's national public broadcaster, CBC/Radio-Canada occupies an important place in the Canadian broadcasting system and faces a unique set of risks to its plans and operations. Like all broadcasters, the Corporation 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, CBC/Radio-Canada also faces unique public expectations and financial challenges.

It is CBC/Radio-Canada policy to develop, implement and practice effective risk management to ensure risks and opportunities that impact the Corporation's strategies, objectives and operations are identified, assessed and managed appropriately.

CBC/Radio-Canada's Risk Management Program is part of an enterprise-wide approach integrated into business processes. Responsibility for risk management is shared among CBC/Radio-Canada's Board of Directors, the Board's Audit Committee, the Senior Executive Team and 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 identify 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 faced by CBC/Radio-Canada during fiscal year 2016-2017 and the ongoing impact into 2017-2018.

KEY RISKS	RISK MITIGATION	FUTURE IMPACT
1. OUTCOME OF GOVERNMENT'S CONSULTATION ON CANADIAN CONTENT IN A DIGITAL WORLD AND RELATED INDUSTRY REPORTS		
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. CBC/Radio-Canada's position paper in response to the government's 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 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 CBC/Radio-Canada's 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 of Canada's public broadcaster with all levels of government. Retain flexibility when making operating decisions, with alternative plans associated with a potential advertising-free environment. Develop pro-active and reactive communication plans, as required. Pursue partnership arrangements to extend the reach of our news programs.	The strategic framework positions the Corporation 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 the future direction of the Corporation may impact self-generated revenues, operating decisions, morale and the retention of key staff.
2. NEW DISTRIBUTION METHODS / INDUSTRY DISRUPTION		
New distribution methods can lead to industry disruption and new revenue models. CBC/Radio-Canada must adapt to new realities, often outside traditional industry relationships.	Continue focus on content on digital platforms, either content shared with broadcast or with digital original content. Continue and expand partnerships with experienced and successful OTT providers (as long as branding is assured). Align performance measurement to incent optimal decisions by adapting KPIs 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. Begin to develop data management tools and strategies to enhance our ability to track, personalize and customize content for audiences.	The ability to serve audiences on the platforms or through the distribution channels they want will impact overall consumption of CBC/Radio-Canada 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 traditional television to digital platforms. The implementation of the CRTC's Let's Talk TV decisions, such as small basic packages and discretionary services being offered on a stand-alone basis or in small packages, may negatively impact subscriber and advertising revenue. Audience consumption patterns such as cord cutting and 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 and declining BDU contributions may impact the availability and pricing of independent productions to CBC/Radio-Canada.	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 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. 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 2016 engagement results and implement action plans to address areas of concern. Follow up with annual engagement survey to monitor engagement levels and address areas of concern. Implement Joint Working Group with all unions on workplace culture to address common issues. Implement Year 2 of the Culture Roadmap, including awareness campaign for the cultural census. Develop and implement the 2015-2018 Inclusion and Diversity 3-Year Plan for 2018.	We will maintain our momentum to train people for this new digital world, train leaders to even 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. 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 a clear negotiation mandate that ensures flexibility in working conditions and reduction of jurisdictional barriers between bargaining units. Update contingency plans in case of labour disruption.	Continue negotiations and discussions with the bargaining units.

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. There is a risk that negative perceptions of CBC/Radio-Canada may undermine credibility and stakeholder support.	Use a comprehensive issue management system that: • Monitors the environment; • Identifies potential issues and the stakeholder groups they could affect; • Prepares for them; and • Provides 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. Continue to invest in our brand equity (e.g. Canada's Public Broadcaster campaign, building community programming, Olympic programming, Canada 150 programming). The Office of the Values and Ethics Commissioner will: • Review the Code of Conduct, conflict of interest policy, and certain other related policies to ensure adequacy and efficiency; and • Develop and roll out ethics training.	Clear and transparent action plans to deal with critical issues will improve credibility and stakeholder support.
7. MAISON DE RADIO-CANADA (MRC) PROJECT		
In November 2016, CBC/Radio-Canada's Board of Directors approved the Broccolini proposal for the new MRC solution and the purchase offer by Groupe Mach for the existing MRC site. Government approval was obtained in April 2017. 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.	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. Develop alternate execution scenarios. Enhance consultation and coordination with staff to help them prepare for the move to the new building.	The transactions will be closed upon receiving necessary City of Montreal approvals, and construction is expected to begin in the fall of 2017.
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.	Monitor and assess network security and system vulnerabilities. Implement enhanced information security rules, guidelines and procedures, and increase staff awareness and training on information security topics. Review and augment, as necessary, the Crisis Management Response Plan for information security incidents.	Continue and refine identified strategies.

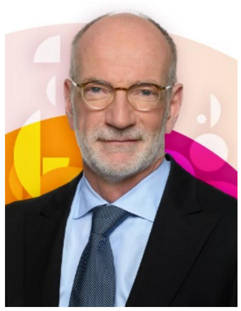
KEY RISKS	RISK MITIGATION	FUTURE IMPACT
9. GOVERNANCE LEADERSHIP CHANGES		
The Board of Directors currently has three vacancies. In addition, during calendar 2017, the terms of five members, including the President and the Chair of the Board, expire. There is a risk that a high turnover of directors within a 12-month period or change in leadership at the Senior Executive Team may negatively impact decision-making processes, continuity and stability.	A selection criterion that reflects specific qualifications of ideal candidates to serve on our Board (Members, Chair and President) were developed and submitted to the Minister's Office. Engage with the Minister's Office to ensure there is awareness of our need that qualified candidates be identified and appointed in a timely manner. Continue rigorous onboarding process for new members, such as structured orientation sessions. Develop transition plan and overlap with current President and any change in leadership at the Senior Executive Team.	A high number of turnovers may negatively impact the *Strategy 2020* implementation plan and achievement of targets. In June, the Government announced the creation of an advisory committee to provide the Heritage Minister with a list of qualified candidates for each current and upcoming vacant position on the Board of Directors, including the Chairperson of the Board and the President of CBC/Radio-Canada.

The crowd at Halifax City Hall watching The Tragically Hip concert, live on CBC.

BOARD AND MANAGEMENT STRUCTURE

BOARD OF DIRECTORS

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



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

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

Rob Jeffery [1, 2, 3]
Halifax, NS

Marni Larkin [2, 3, 4, 5, 6]
Winnpeg, MB

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

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

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

Marlie Oden [2, 4, 5, 6]
Vancouver, BC

[1]Member of the Audit Committee

[2]Member of the Broadcasting Committees

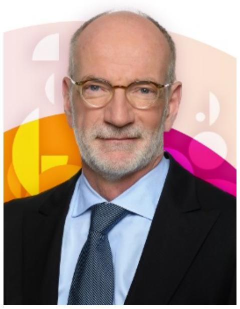
[3]Member of the Infrastructure Committee

[4]Member of the Strategic Planning Committee

[5]Member of the HR and Governance Committee

[6]Member of the Communications and Stakeholder Relations Committee

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
Vice-President, Strategy
and Public Affairs

Monique Marcotte
Vice-President,
People and Culture

Judith Purves
Executive Vice-President
and Chief Financial Officer

COMMITTEE MANDATES

AUDIT COMMITTEE - Assist the Board in discharging its stewardship and oversight responsibilities by monitoring the integrity of the financial information that will be provided to Parliament and other stakeholders, the systems of internal controls and risk management, which management and the Board have established, and the audit process.

BROADCASTING COMMITTEES - The purpose of the Standing Committees on English and French Language Broadcasting ("The broadcasting committees"), which are established pursuant to the *Broadcasting Act*, is to assist the Board in discharging its stewardship and oversight responsibilities with respect to the Corporation's fulfillment of its public broadcasting mandate.

INFRASTRUCTURE COMMITTEE - Assist the Board in discharging its stewardship and oversight responsibilities with respect to the Corporation's infrastructure assets, including real estate, fleet and transmission holdings, and broadcasting, telecommunications and technology solutions.

STRATEGIC PLANNING COMMITTEE - Assist the Board in discharging its stewardship and oversight responsibilities with respect to the fulfillment of the Corporation's statutory mandate.

HUMAN RESOURCES AND GOVERNANCE COMMITTEE - Assist 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.

COMMUNICATIONS AND STAKEHOLDER RELATIONS COMMITTEE - Assist the Board in discharging its stewardship and oversight responsibilities with respect to the Corporation's significant communications and stakeholder relations strategies, policies, plans, and initiatives.

YEAR IN REVIEW

ACCESS TO INFORMATION AND PROACTIVE DISCLOSURE

CBC/Radio-Canada had a successful year with respect to the administration of the *Access to Information Act* (ATIA). During 2016-2017, a total of 142 requests were answered. This is 34 more than last year. Our deemed refusal rate fell to less than 1%. Only one request was answered late. Nine ATI-related complaints were made to the Information Commissioner of Canada about the Corporation's performance. This is down significantly from 27 complaints in 2015-2016.

Our proactive posting of released records continues. Over the course of 2016-2017, more than 9,400 pages released in answer to 36 ATI requests of general interest to Canadians were posted on the Corporation's Transparency and Accountability web page.

The Information Commissioner of Canada also advised that CBC/Radio-Canada achieved an A-grade for its 2014-2015 performance. This is the fourth 'A' the Corporation has received in a row from the Commissioner, and reflects the Corporation's continued commitment to fulfilling its responsibilities under the *Access to Information Act*.

2016-2017 *Access to Information Act* highlights:

15,522 pages released in answer to 142 formal requests (up 50%)
7,261 pages released in answer to 73 informal requests (up 22%)
4,120 pages released of Board of Directors meetings (up 35%)

For a total of 26,903 pages (up 36%)

ANNUAL PUBLIC MEETING

The 2016 Annual Public Meeting was held on September 27, 2016 at the Théâtre l'Escaouette in Moncton, New Brunswick, with the theme "Public Broadcasting in the Digital Age."

Through this discussion, participants learned more about our initiatives to continue telling Canadian stories in an age of always-on connectivity and unlimited content sources. People across Canada participated in CBC/Radio-Canada's Annual Public Meeting online and in person.

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. As part of ensuring our policies continue to meet the needs of our staff and the wider organization, the Code of Conduct is currently under review by the Commissioner for Values and Ethics. Our Code of Conduct and human resources policies can be viewed on our corporate website.

JOURNALISTIC STANDARDS AND PRACTICES

CBC/Radio-Canada has 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 CBC/Radio-Canada's Journalistic Standards and Practices 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 the Corporation's two Ombudsmen. Complainants dissatisfied with response from programmers may have their concerns resolved through the Ombudsmen's review process. The Ombudsmen are completely independent of CBC/Radio-Canada 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 the national public broadcaster's 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 Concerns or other communications	Within Mandate	Handled Last Year (2015-2016)
CBC (English Services)	3,170	2,162	2,782
Radio-Canada (French Services	1,248	709	1,387
Totals	4,418	2,871	4,169

VALUES AND ETHICS COMMISSIONER

In September 2016, the Corporation's new Values and Ethics Commissioner, Diane Girard, formally began her position with CBC/Radio-Canada. The first months of her mandate have been spent conducting extensive meetings and face-to-face opportunities with employees across the country, raising awareness of her mandate, and working to revise the Employee Code of Conduct and the Policy on Conflicts of Interest, both expected to be completed by 2017-2018. Given that the Commissioner began receiving requests for advice and complaints on January 5th, once her office and processes had been set up, it has been determined that data for the first three months of operations would not have been significant. As such, we plan to provide statistical data and analysis for the first 15 months of operations, including complaints received and issues resolved, in the 2017-2018 Annual Report.

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 the 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 in the 2016-2017 fiscal year was determined to result in a significant adverse environmental effect.

It should be noted that CBC/Radio-Canada considers 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

As noted in last year's annual report, Brian Mitchell resigned from the CBC/Radio-Canada Board of Directors on April 17, 2016.

On October 31, 2016, Sonja Chong stepped down from her position on the CBC/Radio-Canada Board of Directors.

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, while 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 scheme 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 $1,550 for the Chair	For the first 4 regular meeting days: $1,000/day for members $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 (24 hours) even if they attend more than one meeting during that period.

Compensation data for CBC/Radio-Canada's Directors is summarized in Note 26 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			STRATEGIC PLANNING COMMITTEE			HR & GOV			COMM & STAKEHOLDER		
	In person	Video conference	Conference call	In person	Video conference	Conference call	In person	Video conference	Conference call	In person	Video conference	Conference call	In person	Video conference	Conference call	In person	Video conference	Conference call	In person	Video conference	Conference call
# of meetings	6	3	3	3	1	1	2			4	2			2		4			1		1
Rémi Racine	6/6	3/3	3/3				2/2			4/4	2/2			2/2		4/4*			1/1		1/1
Hubert T. Lacroix	6/6	3/3	3/3				2/2														
Edward W. Boyd	6/6	3/3	3/3				2/2			4/4	2/2					4/4					
Sonja Chong[1]	3/3	0/2	1/1	1/1	1/1	1/1	1/1														
Robert Jeffery	6/6	3/3	3/3	3/3	1/1	1/1	2/2			1/1											
Marni Larkin	5/6	3/3	3/3				1/2			3/4	2/2			2/2		4/4			1/1		1/1
Terrence A. Leier	6/6	3/3	3/3	2/2			2/2			4/4	2/2			2/2							
Norman May	0/6	0/3	0/3	0/1	0/1	0/1	0/2														
Maureen McCaw	6/6	3/3	3/3	3/3	1/1	1/1	2/2			1/1											
Brian Mitchell[2]																					
Marlie Oden	5/6	3/3	3/3				1/2							2/2		3/4			1/1		1/1

[1] S. Chong resigned October 31, 2016

[2] B. Mitchell resigned April 17, 2016

* Ex-officio

FINANCIAL REPORTING DISCLOSURE

FUTURE ACCOUNTING STANDARDS

Refer to Note 3 of the consolidated financial statements for information pertaining to accounting pronouncements that will be effective in future years and were effective in 2016-2017.

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

INVESTMENTS IN ASSOCIATE

There was no significant change to our equity interest in Sirius XM Canada Holdings Inc. (SiriusXM) during the year. Refer to Note 29 of the consolidated financial statements for information pertaining to subsequent events.

TRANSACTIONS WITH DEFINED BENEFIT PLANS

We made employer contributions to defined benefit plans as discussed in Note 15. We also provided management and administrative services to our defined benefit pension plans.

FINANCIAL REVIEW

INTERNAL CONTROLS

The Corporation has an internal control program based on the 2013 Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework, which requires periodic reviews of key controls over financial reporting. This program continues to evolve towards 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 2016-2017, 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, which 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,
President and Chief Executive Officer

Judith Purves,
Executive Vice-President and Chief Financial Officer

Ottawa, Canada

June 21, 2017

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 2017, 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 2017, 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 2017
Ottawa, Canada

CONSOLIDATED FINANCIAL STATEMENTS

ANNUAL REPORT 2016-2017

TABLE OF CONTENTS – CONSOLIDATED FINANCIAL STATEMENTS

Pages

In thousands of Canadian dollars, unless otherwise noted

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTE	As at March 31 2017	2016
ASSETS			
Current			
Cash	*4*	131,062	156,465
Marketable securities	*4*	23,231	-
Trade and other receivables	*5*	125,499	136,370
Programming	*6*	268,327	237,827
Merchandising inventory		7	258
Prepaid expenses		42,606	38,568
Promissory notes receivable	*7*	3,238	2,651
Investment in finance lease	*8*	3,171	2,960
Derivative financial instruments	*25*	200	151
Assets classified as held for sale	*9*	126	3,483
		597,467	**578,733**
Non-current			
Property and equipment	*9*	865,907	885,069
Intangible assets	*10*	30,017	28,757
Assets under finance leases	*11*	13,026	20,596
Pension plan asset	*15*	261,721	145,406
Programming	*6*	58,107	107,629
Promissory notes receivable	*7*	37,661	40,877
Investment in finance lease	*8*	41,248	44,419
Deferred charges		20,461	17,274
Investment in associate	*12*	3,117	2,496
		1,331,265	**1,292,523**
TOTAL ASSETS		**1,928,732**	**1,871,256**
LIABILITIES			
Current			
Accounts payable and accrued liabilities	*13*	87,947	112,512
Provisions	*14*	30,580	24,556
Pension plans and employee-related liabilities	*15*	123,397	121,561
Programming liability	*6*	15,151	15,151
Bonds payable	*16*	22,921	22,269
Obligations under finance leases	*17*	10,293	11,476
Notes payable	*18*	8,726	8,523
Deferred revenue	*19*	23,185	25,729
Derivative financial instruments	*25*	-	159
		322,200	**341,936**
Non-current			
Deferred revenue	*19*	19,889	32,851
Pension plans and employee-related liabilities	*15*	264,149	239,651
Programming liability	*6*	18,820	33,184
Bonds payable	*16*	221,361	236,851
Obligations under finance leases	*17*	6,300	16,581
Notes payable	*18*	86,728	93,784
Deferred capital funding	*21*	545,234	531,295
		1,162,481	**1,184,197**
TOTAL LIABILITIES		**1,484,681**	**1,526,133**
Equity			
Retained earnings		443,472	344,628
Total equity attributable to the Corporation		**443,472**	**344,628**
Non-controlling interests	*2*	**579**	**495**
TOTAL EQUITY		**444,051**	**345,123**
TOTAL LIABILITIES AND EQUITY		**1,928,732**	**1,871,256**

Commitments (NOTE 28)

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

APPROVED BY THE BOARD OF DIRECTORS:

DIRECTOR

DIRECTOR

In thousands of Canadian dollars, unless otherwise noted

CONSOLIDATED STATEMENT OF INCOME (LOSS)

	NOTE	For the year ended March 31	
		2017	2016
REVENUE	20		
Advertising		300,591	249,915
Subscriber fees		131,245	134,541
Other income		115,669	133,695
Financing income		9,415	10,235
		556,920	**528,386**
GOVERNMENT FUNDING	21		
Parliamentary appropriation for operating expenditures		1,002,307	928,332
Parliamentary appropriation for working capital		4,000	4,000
Amortization of deferred capital funding		92,778	94,597
		1,099,085	**1,026,929**
EXPENSES			
Television, radio and digital services costs		1,623,401	1,517,483
Transmission, distribution and collection costs		67,879	70,489
Corporate management		9,964	10,061
Payments to private stations		623	1,380
Finance costs	22	25,907	28,132
Share of results in associate	12	(3,363)	(7,980)
		1,724,411	**1,619,565**
Results before non-operating items		**(68,406)**	**(64,250)**
NON-OPERATING ITEMS			
(Loss) gain on disposal of property and equipment and intangibles	9, 10	(2,362)	257
		(2,362)	**257**
Net results for the year		**(70,768)**	**(63,993)**
Net results attributable to:			
The Corporation		(70,852)	(64,093)
Non-controlling interests	2	84	100
		(70,768)	(63,993)

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

In thousands of Canadian dollars, unless otherwise noted

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)

	NOTE	For the year ended March 31 2017	2016
COMPREHENSIVE INCOME (LOSS)			
Net results for the year		(70 768)	(63 993)
Other comprehensive income (loss) - not subsequently reclassified to net results			
Remeasurements of defined benefit plans	*15*	169 696	32 745
Total comprehensive income (loss) for the year		**98 928**	**(31 248)**
Total comprehensive income (loss) attributable to:			
The Corporation		98 844	(31 348)
Non-controlling interests	*2*	84	100
		98 928	**(31 248)**

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

In thousands of Canadian dollars, unless otherwise noted

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	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 year				
Net results for the year		(70,852)	84	(70,768)
Remeasurements of defined benefit plans	*15*	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**

		Retained earnings and total equity attributable to the Corporation	Non-controlling interests	Total
Balance as at March 31, 2015		375,976	541	376,517
Changes in the year				
Net results for the year		(64,093)	100	(63,993)
Remeasurements of defined benefit plans	*15*	32,745	-	32,745
Total comprehensive income (loss) for the year		**(31,348)**	**100**	**(31,248)**
Distributions to non-controlling interests	*2*	-	**(146)**	**(146)**
Balance as at March 31, 2016		**344,628**	**495**	**345,123**

In thousands of Canadian dollars, unless otherwise noted

CONSOLIDATED STATEMENT OF CASH FLOWS

	NOTE	For the year ended March 31 2017	2016
CASH FLOWS (USED IN) FROM			
OPERATING ACTIVITIES			
Net results for the year		(70,768)	(63,993)
Adjustments for:			
Loss (gain) on disposal of property and equipment and intangibles	*9, 10*	2,362	(257)
Financing income		(9,415)	(10,235)
Finance costs	*22*	25,907	28,132
Change in fair value of financial instruments designated as at fair value through profit and loss	*25*	(208)	277
Depreciation of property and equipment	*9*	101,259	102,242
Amortization of intangible assets	*10*	6,260	6,384
Depreciation of assets under finance leases	*11*	7,570	7,614
Share of results in associate	*12*	(3,363)	(7,980)
Change in deferred charges		(3,187)	(22)
Change in programming asset [non-current]	*6*	51,313	34,402
Change in programming liability [non-current]	*6*	(15,339)	(1,306)
Amortization of deferred capital funding	*21*	(92,778)	(94,597)
Change in deferred revenue [non-current]	*19*	(13,823)	(7,253)
Change in pension plan asset	*15*	(116,315)	44,936
Change in pension plans and employee-related liabilities [current]	*15*	174	943
Change in pension plans and employee-related liabilities [non-current]	*15*	170,963	25,152
Accretion of promissory notes receivable	*7*	(22)	(21)
Movements in working capital	*24*	(35,479)	(94,403)
		5,111	**(29,985)**
FINANCING ACTIVITIES			
Repayment of obligations under finance leases	*17*	(11,464)	(10,680)
Repayment of bonds	*16*	(14,386)	(13,361)
Repayment of notes	*18*	(6,812)	(6,504)
Distributions to non-controlling interests	*2*	-	(146)
Interest paid		(24,564)	(26,564)
		(57,226)	**(57,255)**
INVESTING ACTIVITIES			
Parliamentary appropriations for capital funding	*21*	106,717	105,692
Additions to property and equipment	*9*	(88,702)	(92,638)
Additions to intangible assets	*10*	(12,625)	(15,153)
Net proceeds from disposal of property and equipment	*9*	5,330	11,817
Collection of promissory notes receivable	*7*	2,624	2,446
Collection of finance leases receivable	*8*	2,782	2,593
Dividends received	*12*	2,742	5,484
Interest received		7,844	8,580
		26,712	**28,821**
Change in cash		**(25,403)**	**(58,419)**
Cash, beginning of the year		**156,465**	**214,884**
Cash, end of the year		**131,062**	**156,465**

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

NOTES TO THE CONSOLIDATED STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

1. General Information

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, 2017.

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

Changes in Presentation

Starting this year, a number of items presented under “Revenue” in the Consolidated Statement of Income (Loss) were reclassified. These reclassifications had no impact on either our total Revenue or Net Results. For further details, refer to Note 20.

In addition, the format of the Consolidated Statement of Income (Loss) has been changed. Government Funding is now presented before expenses to improve the clarity and enhance the usefulness of these consolidated financial statements to an external reader.

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.

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 until the date its control ceases. The subsidiary and structured entities are entities we 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	2017: 82% / 2016: 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.

During the year ended March 31, 2017, ARTV's operations were fully incorporated into the Corporation's activities.

In thousands of Canadian dollars, unless otherwise noted

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 16 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 18 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 the 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 expenses that are attributable to the cost 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 expenses. Television, radio and digital services costs also include 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.

In thousands of Canadian dollars, unless otherwise noted

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 JUDGMENTS	ACCOUNTING AREA	PAGE	ACCOUNTING POLICIES	CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS
Trade and Other Receivables (note 5)	75	✓	✓	Deferred Revenue (note 19)	96	✓	✓
Programming (note 6)	76	✓	✓	Revenue (note 20)	97	✓	
Property and Equipment (note 9)	80	✓	✓	Government Funding (note 21)	99	✓	✓
Intangible Assets (note 10)	82	✓	✓	Finance Costs (note 22)	100	✓	
Assets under Finance Leases (note 11)	84	✓	✓	Income Taxes (note 23)	100	✓	✓
Investment in Associate (note 12)	85	✓	✓	Financial Instruments (note 25)	102	✓	
Accounts payable and accrued liabilities (note 13)	86	✓		Related Parties (note 27)	107	✓	
Provisions (note 14)	87	✓	✓	Commitments (note 28)	109	✓	✓
Pension and Employee Related Liabilities (note 15)	88	✓	✓				

In thousands of Canadian dollars, unless otherwise noted

3. New and Future Changes in Accounting Policies

A. Adoption of New and Revised International Financial Reporting Standards

The following new pronouncement issued by the IASB was adopted by the Corporation effective April 1, 2016.

Standard	Description	Impact	Effective Date
Amendments to IAS 1 *Presentation of financial statements - Disclosure initiative*	Issued to improve the effectiveness of presentation and disclosure in financial statements, with the objective of reducing immaterial note disclosures.	No material impact from adopting this standard.	Effective April 1, 2016, applied prospectively.

B. Future Accounting Changes

The IASB has issued the following new standards and amendments to existing standards that were not yet effective and not applied as at March 31, 2017, which could potentially impact the consolidated financial statements of the Corporation. The Corporation does not anticipate early adoption of these standards and amendments at this time.

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 is not expected to result in any significant change in the classification and measurement of the Corporation's financial instruments. The Corporation is currently assessing the impact the new impairment model will have on its processes and financial statements, most notably in relation to assessing impairment of trade receivables.	Effective April 1, 2018, applied retrospectively with certain practical expedients available.
IFRS 15 *Revenue from Contracts with Customers*	Issued to replace IAS 18 *Revenues* and IAS 11 *Construction contracts* and the related Interpretations when it becomes effective. IFRS 15 outlines a single comprehensive 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 the main accounting impacts by significant revenue stream and is in the process of quantifying impacts.	Effective April 1, 2018, applied retrospectively, with certain practical expedients available.
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. Leases are treated in a similar way to finance leases when applying IAS 17. Expected increase in leased assets and financial liabilities. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained.	The Corporation is commencing a review of the standard to determine the potential impacts.	Effective April 1, 2019, applied retrospectively, with certain practical expedients available.
Amendments to IAS 7 *Statement of Cash Flows*	Issued to require a reconciliation of the opening and closing statement of financial position for each item for which cash flows have been, or would be, classified as financing activities, excluding equity items.	The Corporation does not expect any significant impact from adopting this standard.	Effective April 1, 2017, applied prospectively.

In thousands of Canadian dollars, unless otherwise noted

4. Cash and Marketable Securities

	As at March 31	
	2017	2016
Cash on hand	542	577
Bank balances	130,520	155,888
Total cash	**131,062**	**156,465**
Total marketable securities	**23,231**	-

Interest revenue generated from bank balances and included in Financing income totaled $1.6 million for the year (2016 - $1.9 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 25 – Impairment of financial assets. Before accepting new advertising customers, the Corporation reviews the credit application submitted by the customer. 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

	As at March 31	
	2017	2016
Trade receivables	113,181	123,121
Allowance for doubtful accounts	(1,240)	(2,058)
Other	13,558	15,307
	125,499	**136,370**

Trade receivables are subject to credit risk which is further discussed in Note 25.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. Programming comprises both inventory programs produced internally ("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 recorded as current since the programs are available for immediate use once completed. 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.

In thousands of Canadian dollars, unless otherwise noted

Expense Recognition Schedule

For programs with multiple telecasts, management uses the following recognition basis:

Category	Description	Expense Recognition Schedule by Telecast
Movies	All movie genres	CBC[1]: 50% / 30% / 20% RC[2]: 45% / 20% / 20% / 15%
Series	Includes: Dramatic series, comedy series and animated programs (excluding strips[3])	Dramatic series: CBC: 70% / 20% / 10% RC: 85% / 15% All other series: 70% / 30%
Factual	Factual, informal education and game shows (excluding strips[3])	70% / 30%
Documentaries	Includes all type of documentaries	CBC: 50% / 30% / 20% RC: 100%
Arts, Music and Variety	Includes: Arts, music and variety programs and sketch comedy programs (excluding strips[3])	70% / 30%
Youth	Youth and children drama programs	CBC: 70% / 30% RC: Evenly over each telecast up to a maximum of 5 telecasts
	Other youth programs	CBC: 34% / 33% / 33% RC: Evenly over each telecast up to a maximum of 5 telecasts
	Children - animated and pre-school programs	Evenly over each telecast up to a maximum of 5 telecasts
Programs telecast as strips[3]	With the intent to strip from 1st run	Evenly over each telecast up to a maximum of 5 telecasts
Programs telecast as strips[3]	With the intent to strip after 2nd run	50% / 30% / 20%

[1]CBC = English Services

[2]RC = French Services

[3]Method of broadcasting consecutive episodes.

Expenses are recognized on a straight line basis over the broadcast right period for ICI ARTV and ICI Explora.

During this fiscal year, the Corporation made a change in the expense recognition schedule for the Youth programming categories. For French Services, Youth and Children Drama and Other Youth programs are now amortized evenly over each telecast up to a maximum of five telecasts (2016: 70%/30% and 34%/33%/33% respectively).

This change in estimate was determined through an analysis of the Youth categories' broadcast experience, audience results and management's intention for future telecasts. The total impact of this change resulted in an increase in current programming assets of $1.8 million as at March 31, 2017 and a corresponding decrease in expenses recognized in the Consolidated Statement of Income (Loss) for the year ended March 31, 2017. 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

	As at March 31	
	2017	2016
Completed programs - externally produced	93,401	57,315
Completed programs - internally produced	4,886	3,761
Programs in process of production - externally produced	65,662	44,029
Programs in process of production - internally produced	6,135	19,495
Broadcast rights available for broadcast within the next twelve months	98,243	113,227
	268,327	**237,827**
Broadcast rights not available for broadcast within the next twelve months	58,107	107,629
	326,434	**345,456**

B. Movement in Programming

	As at March 31	
	2017	2016
Opening balance	345,456	310,290
Additions	1,039,050	990,842
Programs broadcast	(1,058,072)	(955,676)
Balance, end of year	**326,434**	**345,456**

In thousands of Canadian dollars, unless otherwise noted

The programming write-offs included in the Programs broadcast line in the above table for the year ended March 31, 2017, amount to $4.8 million (2016 – $3.5 million). Programming write-offs are mainly due to terminated projects, programming not suitable for telecast or pilots not progressing into a series.

During 2014-2015, the Corporation's agreement with Rogers Communications Inc. (Rogers) commenced for the continued airing of *Hockey Night in Canada* for Saturday night and playoff hockey. Under this arrangement, the Corporation has 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 five years, after an optional one-year extension was exercised at Rogers' discretion during 2015-2016.

As the agreement was 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 arrear in equal blended monthly instalments.

  The notes have a carrying value of $40.5 million (March 31, 2016 – $43.2 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, 2017, is $0.4 million (March 31, 2016 – $0.4 million).

Future minimum payments receivable under the term of the notes are as follows:

	As at March 31			
	2017		2016	
	Minimum payments receivable	Carrying amount	Minimum payments receivable	Carrying amount
Less than one year	5,970	3,238	5,567	2,651
Later than one year but not later than five years	22,270	13,578	22,673	13,046
More than five years	28,765	24,083	34,332	27,831
Less: unearned financing income	(16,106)	-	(19,044)	-
Total	**40,899**	**40,899**	**43,528**	**43,528**

Interest income included in current year's revenue and presented as financing income is $2.8 million (2016 – $2.9 million).

Carrying amount:

	As at March 31	
	2017	2016
Included in the Consolidated Statement of Financial Position as promissory notes receivable:		
Current	3,238	2,651
Non-current	37,661	40,877
	40,899	**43,528**

In thousands of Canadian dollars, unless otherwise noted

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 the notes payable.

	Minimum payments receivable	Present value of minimum payments receivable	Minimum payments receivable	Present value of minimum payments receivable
Less than one year	6,050	3,171	6,050	2,960
Later than one year but not later than five years	24,199	14,405	24,199	13,429
More than five years	33,861	26,843	39,911	30,990
Less: unearned financing income	(19,691)	-	(22,781)	-
Total	**44,419**	**44,419**	**47,379**	**47,379**

Interest income included in current year's revenue and presented as financing income is $2.9 million (2016 – $3.1 million).

Present value of minimum lease payments receivable:

	March 31, 2017	March 31, 2016
Included in the Consolidated Statement of Financial Position as investment in finance lease:		
Current	3,171	2,960
Non-current	41,248	44,419
	44,419	**47,379**

9. Property and Equipment

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

Accounting Policies

Recognition and measurement

Property and equipment are recorded at cost less accumulated depreciation. Cost includes 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.

Depreciation

Depreciation of property and equipment is calculated using the straight-line method and rates based on the estimated useful life of the property and equipment, and begins 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.

Assets held for sale

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.

Derecognition

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 a non-operating item in the Consolidated Statement of Income (Loss).

Critical Accounting Estimates and Judgments

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 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 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.

Since Governor in Council approval and the completion of the cadastral operation were still outstanding relative to the sale of the Maison de Radio-Canada's premises as of March 31, 2017, management has not classified this asset as held for sale in these consolidated year-end financial statements. See Note 29 for further details.

In thousands of Canadian dollars, unless otherwise noted

Critical Accounting Estimates and Judgments (continued)

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

Buildings	15 to 65 years
Technical equipment	
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, 2017	March 31, 2016
Cost	2,052,855	2,056,402
Accumulated depreciation	(1,186,948)	(1,171,333)
	865,907	**885,069**

	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 10)	-	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

In thousands of Canadian dollars, unless otherwise noted

	Land	Buildings	Leasehold improvements	Technical equipment	Computer, office equipment and other	Uncompleted capital projects	Total
Cost as at March 31, 2015	174,552	553,585	53,253	1,129,557	139,591	42,034	**2,092,572**
Additions	-	10	-	11,390	4,998	76,240	**92,638**
Transfers (refer to Note 10)	6	14,237	10,625	46,746	11,588	(78,304)	**4,898**
Assets classified as held for sale	(257)	(5,472)	-	-	-	-	**(5,729)**
Disposals and write-offs	5	(6,938)	-	(112,070)	(8,974)	-	**(127,977)**
Cost as at March 31, 2016	**174,306**	**555,422**	**63,878**	**1,075,623**	**147,203**	**39,970**	**2,056,402**
Accumulated depreciation as at March 31, 2015	-	(209,726)	(28,864)	(847,406)	(103,824)	-	**(1,189,820)**
Depreciation for the year	-	(30,461)	(3,935)	(56,097)	(11,749)	-	**(102,242)**
Reclassification of depreciation on assets classified as held for sale	-	2,790	-	-	-	-	**2,790**
Reclassification of depreciation on disposals and write-offs	-	3,266	-	107,012	7,661	-	**117,939**
Accumulated depreciation as at March 31, 2016	**-**	**(234,131)**	**(32,799)**	**(796,491)**	**(107,912)**	**-**	**(1,171,333)**
Net carrying amount as at March 31, 2016	**174,306**	**321,291**	**31,079**	**279,132**	**39,291**	**39,970**	**885,069**

The contractual commitments for the acquisition of property and equipment are $12.1 million as at March 31, 2017 (March 31, 2016 – $16.7 million).

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	
	2017	2016
Television, radio and digital services costs	85,513	87,318
Transmission, distribution and collection costs	15,247	14,507
Corporate management	499	417
Total	**101,259**	**102,242**

B. Impairment and Other Charges

For the year ended March 31, 2017, the Corporation recorded an impairment loss of $1.2 million (2016 – nil) in its Consolidated Statement of Income (Loss) on certain assets held for sale. There were no impairment losses reversed during the year ended March 31, 2017 (2016 – nil).

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, 2017 that have a total carrying value of $0.1 million (March 31, 2016 - $3.5 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 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.

During 2015-2016, the Corporation sold its mobile assets, a property in Sudbury (Ontario) and properties located in Iqaluit (Nunavut), Gander (Newfoundland), Grand Falls (New Brunswick) and Saint-Norbert (Québec) that were previously held for sale. The proceeds on the sale of these properties were $10.1 million and resulted in a gain of $3.6 million.

The Corporation also recorded a gain of $1.1 million during 2015-2016 for insurance proceeds related to a mobile production vehicle that was damaged beyond repair in May 2014.

During 2015-2016, the Corporation recorded a loss of $2.5 million for the partial derecognition of a component of the TBC building, which was replaced by a new one.

Other 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.

In thousands of Canadian dollars, unless otherwise noted

10. 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.

Accounting Policies

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 a non-operating item in the Consolidated Statement of Income (Loss).

Critical Accounting Estimates and Judgments

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.

Supporting Information

The intangible assets carrying amounts are as follows:

	March 31, 2017	March 31, 2016
Cost	193,118	185,854
Accumulated amortization	(163,101)	(157,097)
	30,017	**28,757**

	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 9)	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

In thousands of Canadian dollars, unless otherwise noted

	Internally developed software	Acquired software	Uncompleted capital projects	Total
Cost as at March 31, 2015	140,594	26,602	9,499	**176,695**
Additions	-	251	14,902	**15,153**
Transfers (refer to Note 9)	681	5,919	(11,498)	**(4,898)**
Disposals and write-offs	(515)	(581)	-	**(1,096)**
Cost as at March 31, 2016	**140,760**	**32,191**	**12,903**	**185,854**
Accumulated amortization as at March 31, 2015	(137,090)	(14,281)	-	**(151,371)**
Amortization for the year	(1,252)	(5,132)	-	**(6,384)**
Reclassification of amortization on disposals and write-offs	515	143	-	**658**
Accumulated amortization as at March 31, 2016	**(137,827)**	**(19,270)**	**-**	**(157,097)**
Net carrying amount as at March 31, 2016	**2,933**	**12,921**	**12,903**	**28,757**

The contractual commitments for the acquisition of intangible assets are $5.0 million as at March 31, 2017 (March 31, 2016 – $4.3 million).

There were no impairment losses recorded or reversed during the year ended March 31, 2017 (2016 – 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	
	2017	2016
Television, radio and digital services costs	5,779	5,807
Transmission, distribution and collection	444	545
Corporate management	37	32
Total	**6,260**	**6,384**

11. Assets Under Finance Leases

Assets under finance leases consisted of a lease for satellite transponders and leasehold improvements with original lease terms of seventeen and seven years respectively.

Accounting Policies

Recognition and measurement

Assets acquired by way of a finance lease are stated at an amount equal to the lower of its 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.

Critical Accounting Estimates and Judgments

The determination that an arrangement for satellite transponders and leasehold improvements constitutes a lease under IFRIC 4 *Determining whether an arrangement contains a lease* and the determination that this lease meets the criteria of 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, 2017	March 31, 2016
Cost – leasehold improvements	7,821	7,821
Cost – satellite transponders	119,897	119,897
Accumulated depreciation – leasehold improvements	(1,203)	(624)
Accumulated depreciation – satellite transponders	(113,489)	(106,498)
Net carrying amount	**13,026**	**20,596**

Depreciation for the year ended March 31, 2017, was $7.6 million (2016 – $7.6 million). For more information on the related obligations, refer to Note 17.

In thousands of Canadian dollars, unless otherwise noted

12. 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

These financial statements incorporate the Corporation's share of the results of its associate, Sirius XM Canada Holdings Inc. (SiriusXM), using the equity method of accounting. SiriusXM follows similar accounting principles and policies to CBC/Radio-Canada.

The Corporation recognizes its investment in SiriusXM initially at cost, and then adjusts the carrying value based on the Corporation's share of SiriusXM income or loss. Dividends received by the Corporation from SiriusXM reduce the carrying amount of its investment.

When the Corporation transacts with its associate, profits and losses are eliminated to the extent of the Corporation's interest in the relevant associate.

The investment in associate is assessed for indicators of impairment at the end of each reporting period. Any impairment loss is recognized when the net carrying amount is not recoverable and exceeds its fair value.

Critical Accounting Estimates and Judgments

The Corporation exercised significant influence over SiriusXM at March 31, 2017, while holding less than 20% voting control.

In assessing significant influence, judgment was used in determining that the seat the Corporation has on SiriusXM's Board of Directors (through its ownership interest) confers the Corporation the power to participate in the financial and operating policy decisions of its investee.

Supporting Information

SiriusXM, a corporation located and domiciled in Canada, is a satellite radio communications company offering a variety of content on a subscription basis across Canada, including 6 channels carrying the Corporation's programming.

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

	Ownership interest held[1]		Voting interest held		Quoted Fair Value[2]		Carrying Amount		Dividends received[3]	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
SiriusXM	10.15%	10.15%	9.63%	9.64%	$71.9M	$60.5M	3,117	2,496	$2.7M	$5.5M

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

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

[3]SiriusXM has a policy to pay dividends on a quarterly basis, as well as to issue special dividends at their discretion. For the year ended March 31, 2017, there was no receipt of special dividends (2016: none). In addition, no regular dividends were paid during our second and third quarter due to the pending sale of SiriusXM.

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. As such, the Corporation has included its portion of the interim results of SiriusXM for the period up to February 28, 2017, which falls within the allowed three month window. This corresponds to the latest information available for SiriusXM that can be disclosed publicly.

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

	March 31, 2017[1]	March 31, 2016[2]
Current assets	68,270	36,441
Non-current assets	238,716	256,410
Current liabilities	(220,269)	(208,413)
Non-current liabilities	(214,589)	(218,431)
Net assets	(127,872)	(133,993)
Revenue	348,278	334,271
Net results and total comprehensive income (loss)	31,830	48,688

[1]Amounts for the year ended March 31, 2017, include SiriusXM results/balances for the 12-month period ended February 28, 2017.

[2]Amounts for the year ended March 31, 2016, include SiriusXM results/balances for the 12-month period ended February 29, 2016.

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, 2017	March 31, 2016
Opening balance	2,496	-
Share of results in associate	3,363	7,980
Dividends received[1]	(2,742)	(5,484)
Balance, end of year	**3,117**	**2,496**

[1] Total dividends received during the year ended March 31, 2017 amounted to $2.7 million (2016 - $5.5 million).

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

During 2015-2016, the Corporation recognized gains totaling $4.9 million. However, $2.4 million of these gains offsetted prior year losses, which left the Corporation with a net gain of $2.5 million.

In thousands of Canadian dollars, unless otherwise noted

SiriusXM has no discontinued operations. There are no significant restrictions imposed on SiriusXM relating to their ability to transfer funds to their investors.

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

On May 13, 2016, CBC/Radio-Canada announced its intention to sell its shares by voting in favour of the privatization and recapitalization transaction undertaken by its associate, SiriusXM. The transaction involves the sale of the Corporation's 10.15% economic interest at $4.50 a share, for expected proceeds of approximately $58 million. The completion of the transaction is expected to take place in 2017-2018 as the CRTC approval was obtained in April 2017.

13. 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, 2017	March 31, 2016
Trade payables	35,378	45,692
Accruals	50,794	65,130
Other	1,775	1,690
	87,947	**112,512**

In thousands of Canadian dollars, unless otherwise noted

14. 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 has a provision to be accrued, 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 decision of management as to how the Corporation intends to handle the obligation.

Supporting Information

			Restructuring costs	
	Claims and legal proceedings	Environmental	Termination benefits	**Total**
Opening balance	24,196	343	17	24,556
Additional provisions recognized	13,714	256	360	14,330
Provisions utilized	(3,101)	(81)	-	(3,182)
Reductions resulting from remeasurement or settlement without cost	(4,619)	(128)	(377)	(5,124)
Balance, end of year	**30,190**	**390**	-	**30,580**

A. CLAIMS AND LEGAL PROCEEDINGS

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, 2017, the Corporation had provisions amounting to $30.2 million (March 31, 2016 – $24.2 million) in respect of legal claims. All matters are classified as current as, where estimable, the Corporation is working to resolve these matters within 12 months.

15. 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 POST-EMPLOYMENT BENEFITS

Accounting Policies	**Critical Accounting Estimates and Judgments**
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.	Accounting for defined benefit pension plans 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. Starting this year, the CIA curve model was revised following new guidance issued by the Canadian Institute of Actuaries (CIA) *Task Force on Pension and Post-Retirement Benefit Accounting Discount Rates* in November 2016 to address the continuous decline in the number of corporate AA bonds with long maturities. Management does not expect this change to significantly affect our financial statements due to the rounding of our discount rate at 25 bps. This is further discussed in note 15.B. 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 15.C.

EMPLOYEE BENEFITS OTHER THAN POST-EMPLOYMENT

Accounting Policies	Critical Accounting Estimates and Judgments
Short-term benefits including short-term compensated absences The Corporation recognizes the expense relating to short-term benefits 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. Other long-term employee benefits Other long-term employee benefits 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.	There are no critical accounting estimates and judgments related to employee benefits other than post-employment.

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.

In thousands of Canadian dollars, unless otherwise noted

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, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Pension plan asset	-	-	261,721	**145,406**
Pension plan liability	-	-	108,095	102,739
Other post-employment plans	-	-	132,772	136,833
Vacation pay	57,963	55,056	-	-
Termination benefits	9,699	17,310	-	-
Salary-related liabilities	55,735	49,195	23,282	79
Total pension plans and employee-related liabilities	123,397	**121,561**	264,149	**239,651**

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:

	March 31, 2017			March 31, 2016		
	Funded pension plan	Unfunded pension plans	Other post-employment plans	Funded pension plan	Unfunded pension plans	Other post-employment plans
Fair value of plan assets	6,733,325	-	-	6,456,327	-	-
Defined benefit obligation	6,471,604	108,095	132,772	6,310,921	102,739	136,833
Net asset (liability) arising from defined benefit obligation	261,721	(108,095)	(132,772)	**145,406**	**(102,739)**	**(136,833)**

The Corporation maintains a contributory defined benefit pension plan, the CBC/Radio-Canada Pension Plan, covering 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, 2016. While this valuation has been completed, it has not yet been filed with the pension authorities. The Corporation also maintains unfunded non-contributory defined benefit pension arrangements. All plans are subject to an annual actuarial valuation.

The Corporation maintains 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. The Corporation also provides 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. The measurement date for the pension plan assets and the defined benefit obligation is March 31, 2017.

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.

In thousands of Canadian dollars, unless otherwise noted

B. Significant Actuarial Assumptions

During the year, the Fiera capital curve model used by the Corporation to determine the discount rate was revised by the CIA, following the continuous decline in the number of corporate AA bonds with long maturities.

Historically, the CIA used fixed spreads of Canadian provincial bonds rated AA to build its yield curve. The new approach recognizes the increasing spreads relating to longer maturities by using a spread ratio approach. The effect on future periods of this change in accounting estimate cannot be quantified due to the impracticability of estimating the yield curve using the old approach. However, management believes the discount rates are expected to yield similar results to those of the previous approach, based on Fiera Capital findings when comparing both approaches in the month of October 2016.

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

Assumptions – annual rates	March 31, 2017	March 31, 2016
Assumptions for the calculation of pension benefit costs:		
Discount rate	3.75%	3.50%
Assumptions for the calculation of the benefit obligation:		
Discount rate - pension	3.75%	3.75%
Discount rate - long service gratuity	3.00%	3.00%
Discount rate - LTD benefit	3.00%	3.00%
Discount rate - life insurance	3.50%	3.75%
Mortality	CBC Pensioner mortality table based on CBC experience with CPM projection scale B	CBC Pensioner mortality table based on CBC experience, with projection
Long-term rate of compensation increase, excluding merit and promotion	1.40% in 2017 & 2018 2.75% thereafter	1.40% in 2016 & 2017 2.75% thereafter
Health care cost trend rate	7.20% in 2017 declining to 4.50% over 10 years	7.50% in 2016 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, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Discount rate sensitivity				
100 basis points higher	-13.2%	-13.1%	-7.8%	-7.7%
100 basis points lower	17.0%	16.8%	9.3%	9.1%
Expected rate of future salary increases				
100 basis points higher	2.9%	2.9%	6.6%	5.7%
100 basis points lower	-2.5%	-2.5%	-5.8%	-5.1%
Expected rate of future pension increases				
100 basis points higher	13.6%	13.4%	0.4%	0.4%
100 basis points lower	-11.2%	-11.1%	-0.4%	-0.3%
Mortality sensivity				
Pensioners live an extra year	4.8%	4.8%	-1.6%	-1.7%
Pensioners die a year before	-4.9%	-4.9%	1.8%	1.9%
Health care cost trend rates sensitivity				
100 basis points higher	N/A	N/A	1.2%	1.0%
100 basis points lower	N/A	N/A	-1.0%	-0.9%

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.

In thousands of Canadian dollars, unless otherwise noted

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.

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 2015. Its main findings are summarized below:

- Maintained the value of the Plan's Liability Driven Investment (LDI)[34] strategy that focuses on reducing the interest rate and inflation risk mismatch between the Plan's assets and liabilities;
- Introduced a structure to systematically adjust the Plan's interest rate hedging ratio based on the level of interest rates;
- Recommended that the amount of return generating assets with higher return potential, such as equities, private investments and real estate be maintained at existing levels; and
- Introduced 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 to the Plan 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:

	2016-2017	2015-2016
For earnings up to the maximum public pension plan earnings[1]		
April 1 to June 30	6.98%	6.25%
July 1 to March 31	7.68%	6.98%
For incremental earnings in excess of the maximum public pension plan earnings[1]		
April 1 to June 30	9.18%	8.22%
July 1 to March 31	10.10%	9.18%

[1] The maximum public pension earnings for 2017 is $55,300 (2016: $54,900, 2015: $53,600).

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	
	2017	2016
Benefits paid directly to beneficiaries	13,931	12,909
Employer regular contributions to pension benefit plans	53,494	56,163
Total cash payments for defined benefit plans	**67,425**	**69,072**

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, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Average duration of the benefit obligation	15.0 years	14.7 years	8.7 years	8.5 years
Active members	21.8 years	21.7 years	8.8 years	8.6 years
Deferred members	18.3 years	18.4 years	N/A	N/A
Retired members	10.8 years	10.7 years	7.9 years	7.7 years

N/A = not applicable

The Corporation expects to make a contribution of $50.2 million to the defined benefit pension plans during the next financial year. In July 2017, the Corporation will finish moving to a 50:50 current service cost-sharing between employees and employer for pension contributions for all members.

[34] 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.

In thousands of Canadian dollars, unless otherwise noted

G. Defined Benefit Obligation

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

	March 31, 2017 Pension plans	March 31, 2017 Other post-employment plans	March 31, 2016 Pension plans	March 31, 2016 Other post-employment plans
Opening defined benefit obligation	6,413,660	136,833	6,565,275	140,339
Current service cost	105,569	5,525	125,661	5,564
Interest cost	237,604	4,301	227,795	4,049
Contributions from employees	46,447	-	46,064	-
Remeasurements:				
Actuarial losses (gains) arising from changes in demographic assumptions	104,472	(387)	-	(627)
Actuarial losses (gains) arising from changes in financial assumptions	(24,200)	37	(271,327)	(3,748)
Actuarial losses (gains) arising from experience adjustments	(10,363)	394	21,888	4,165
Benefits paid	(293,490)	(13,931)	(301,696)	(12,909)
Closing defined benefit obligation	**6,579,699**	**132,772**	**6,413,660**	**136,833**

H. Fair Value of Plan Assets

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

	March 31, 2017 Pension plans	March 31, 2017 Other post-employment plans	March 31, 2016 Pension plans	March 31, 2016 Other post-employment plans
Opening fair value of plan assets	6,456,327	-	6,648,816	-
Administration fees (other than investment management fees)	(6,490)	-	(6,160)	-
Interest income on plan assets	238,195	-	229,510	-
Return on plan assets, excluding interest income	238,842	-	(216,370)	-
Contributions from employees	46,447	-	46,064	-
Contributions from the Corporation	53,494	13,931	56,163	12,909
Benefits paid	(293,490)	(13,931)	(301,696)	(12,909)
Closing fair value of plan assets	**6,733,325**	**-**	**6,456,327**	**-**

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)	March 31, 2017 Total
Fixed income	Cash and short-term investments	183,659	242,212	-	**425,871**
	Canadian bonds	-	1,880,664	832,226	**2,712,890**
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**

In thousands of Canadian dollars, unless otherwise noted

		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)	March 31, 2016 **Total**
Fixed income	Cash and short-term investments	228,005	243,921	-	**471,926**
	Canadian bonds	-	1,853,635	813,579	**2,667,214**
Equities	Canadian	345,307	85,420	94,102	**524,829**
	Global	1,193,468	236,659	-	**1,430,127**
Strategic	Property	38,351	-	555,205	**593,556**
	Private investments	-	-	594,384	**594,384**
	Hedge Funds	-	-	153,041	**153,041**
Other	Derivatives	(1,142)	11,100	-	**9,958**
Total investment assets		**1,803,989**	**2,430,735**	**2,210,311**	**6,445,035**
Non-investment assets less liabilities		-	-	-	**11,292**
Fair value of plan assets		-	-	-	**6,456,327**

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 $510.0 million or 8.04% (2016 – $57.2 million or 0.88%).

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	
	2017	2016
Current service cost	111,094	131,225
Administration fees (other than investment management fees)	6,490	6,160
Interest cost on defined benefit obligation	241,905	231,844
Interest income on plan assets	(238,195)	(229,510)
Other	807	(534)
Expense recognized in net results	122,101	139,185
Less:		
Remeasurements recognized in other comprehensive income (loss)	(169,696)	(32,745)
Total	**(47,595)**	**106,440**

Retained earnings include $569.8 million of cumulative actuarial gains as at March 31, 2017 (March 31, 2016 gains – $400.1 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	
	2017	2016
Television, radio and digital services costs	117,217	133,617
Transmission, distribution and collection	3,663	4,176
Corporate management	1,221	1,392
Total	**122,101**	**139,185**

For the year ending March 31, 2017, the total expense related to employee benefits, which includes all salary and related costs, was $936.1 million (2016 - $925.7 million).

In thousands of Canadian dollars, unless otherwise noted

16. 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 $171.7 million (March 31, 2016 - $187.4 million). They bear a fixed interest rate of 7.53% annually and require blended semi-annual payments of $16.5 million, which will require the following principal amounts:

	March 31, 2017		March 31, 2016	
	Minimum payments	Carrying amount	Minimum payments	Carrying amount
Less than one year	33,039	22,921	33,039	22,269
Later than one year but not later than five years	132,155	74,791	132,155	69,462
More than five years	181,713	146,570	214,752	167,389
Less: future finance charges	(102,625)	-	(120,826)	-
Total	**244,282**	**244,282**	**259,120**	**259,120**

Interest expense related to bonds payable included in current year's expenses and presented as finance costs is $18.2 million (2016 – $19.3 million).

Carrying amount:

	March 31, 2017	March 31, 2016
Included in the Consolidated Statement of Financial Position as bonds payable:		
Current	22,921	22,269
Non-current	221,361	236,851
	244,282	**259,120**

17. Obligations Under Finance Leases

Obligations under finance leases mainly consist of satellite transponders and leasehold improvements. 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	2.14 % per annum	June 2022
Transponder lease	6.82 % per annum	February 2018

	March 31, 2017		March 31, 2016	
	Future minimum lease payments	Present value of future minimum lease payments	Future minimum lease payments	Present value of future minimum lease payments
Less than one year	10,728	10,293	12,733	11,476
Later than one year but not later than five years	2,762	2,296	12,787	11,984
More than five years	4,025	4,004	4,716	4,597
Less: future finance charges	(922)	-	(2,179)	-
Total	**16,593**	**16,593**	**28,057**	**28,057**

	March 31, 2017	March 31, 2016
Included in the Consolidated Statement of Financial Position as obligations under finance leases:		
Current	10,293	11,476
Non-current	6,300	16,581
	16,593	**28,057**

Interest expense related to obligations under finance leases and included in current year's expenses as part of finance costs is $1.3 million (2016 – $1.9 million).

In thousands of Canadian dollars, unless otherwise noted

18. 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.

Principal payments are scheduled as follows:

	March 31, 2017		March 31, 2016	
	Minimum payments	Carrying amount	Minimum payments	Carrying amount
Less than one year	11,473	8,726	11,473	8,523
Later than one year but not later than five years	45,892	31,817	45,892	30,342
More than five years	63,101	54,911	74,574	63,442
Less: future finance charges	(25,012)	-	(29,632)	-
Total	**95,454**	**95,454**	**102,307**	**102,307**

Interest expense related to notes payable and included in current year's expenses as part of finance costs is $4.6 million (2016 – $4.9 million).

Carrying amount:

	March 31, 2017	March 31, 2016
Included in the Consolidated Statement of Financial Position as notes payable:		
Current	8,726	8,523
Non-current	86,728	93,784
	95,454	**102,307**

19. 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, 2017	March 31, 2016
Opening balance	58,580	69,259
Deferred during the year	24,899	41,730
Recognized in net results during the year	(40,405)	(52,409)
Balance, end of year	**43,074**	**58,580**

	March 31, 2017	March 31, 2016
Included in the Consolidated Statement of Financial Position as deferred revenue:		
Current	23,185	25,729
Non-current	19,889	32,851
	43,074	**58,580**

In thousands of Canadian dollars, unless otherwise noted

20. Revenue

Revenue mainly consists of amounts earned by the Corporation through its provision of goods and services to external customers.

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 and sale of goods 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 revenue from the sale of advertising airtime on our TV and radio, and digital platforms	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
Revenue from the leasing of facilities and services; programming and licensing sales; program sponsorship; retransmission rights and host broadcaster's activities	When the delivery has occurred or when services have been provided, the Corporation has no remaining obligations, and collectability is reasonably assured
Rental income from the leasing of space or contracting of facilities and related services	On a straight-line basis over the term of the lease
Lease incentives granted	As a reduction of rental income over the term of the lease
Revenue from the sale of other services such as commercial production sales, program sponsorship and other services revenue	When the service has been delivered and the receipt of the income is probable On a straight-line basis when the delivery is over a period of time and an indeterminate number of acts
Retransmission rights and contributions from the Canada Media Fund (CMF)	On an accrual basis in accordance with the substance of the relevant agreements
Financing income 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	
	2017	2016
TV and radio advertising[1]	263,996	223,815
Digital advertising	36,595	26,100
Subscriber fees	131,245	134,541
Building, tower, facility and service rentals	45,315	45,439
Production revenue[2]	19,484	42,679
Programming and licensing sales	35,252	30,947
Retransmission rights	4,050	4,083
Program sponsorship	4,658	3,377
Other services	6,367	5,835
Total Rendering of services	**546,962**	**516,816**
Total Financing income	**9,415**	**10,235**
Foreign exchange gain	312	1,590
Net gain (loss) from the change in fair value of financial instruments	231	(255)
Total Revenue	**556,920**	**528,386**

[1]TV and radio advertising includes revenue from exchange of services of $3.7 million (2016 - $2.4 million).

[2]Production revenue includes revenue from exchange of services of $14.8 million (2016 - $14.2 million).

In thousands of Canadian dollars, unless otherwise noted

Change in Presentation

During the current year, the Corporation modified the classification of some revenue sources to better reflect how management monitors and reports internally these activities. As a result, management believes the reclassifications highlighted below will provide users of the financial statements with more relevant information:

	For the year ended March 31, 2016			Note
	Published	Reclassifications	Revised	
TV and radio advertising	253,220	(29,405)	223,815	(a), (d)
Digital advertising	-	26,100	26,100	(a)
Subscriber fees	134,541	-	134,541	
Building, tower, facility and service rentals	45,080	359	45,439	(b)
Production revenue	43,972	(1,293)	42,679	(b), (c), (d)
Digital programming	16,414	(16,414)	-	(c)
Programming and licensing sales	-	30,947	30,947	(c)
Retransmission rights	4,083	-	4,083	
Program sponsorship	3,377	-	3,377	
Other services	5,187	648	5,835	(b)
Total Rendering of services	**505,874**	**10,942**	**516,816**	
Total Financing income	**10,235**	**-**	**10,235**	
Reciprocal trade revenues other than advertising	10,942	(10,942)	-	(d)
Foreign exchange gain	1,590	-	1,590	
Net loss from the change in fair value of financial instruments	(255)	-	(255)	
Total Revenue	**528,386**	**-**	**528,386**	

(a) Advertising revenue disaggregated between "TV and radio advertising" and "Digital advertising" to provide financial statements' users with more relevant information as the Corporation undergoes a digital shift.

(b) Reclassifications from “Production revenue” to “Building, tower, facility and service rentals” and “Other services” to better reflect the nature of these revenue streams.

(c) Reclassification of a portion of “Production revenue” and the full amount of “Digital programming” to a new line item “Programming and licensing sales” to better reflect the nature of these revenue streams.

(d) Revenue from exchange of services are now presented within the relevant line items: “TV and radio advertising” and “Production revenue”. In addition, an amount for revenue from exchange of services was reclassified from “TV and radio advertising” to “Production revenue”.

In thousands of Canadian dollars, unless otherwise noted

21. 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 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

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

	For the year ended March 31	
	2017	2016
Operating funding		
Base funding	1,016,693	941,693
Transfer to capital funding	(14,386)	(13,361)
Operating funding received	**1,002,307**	**928,332**
Capital funding		
Base funding	92,331	92,331
Transfer from operating funding	14,386	13,361
Capital funding received	**106,717**	**105,692**
Working capital funding	**4,000**	**4,000**
	1,113,024	**1,038,024**

Transfer 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). 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, 2017	March 31, 2016
Opening balance	531,295	520,200
Government funding for capital expenditures	106,717	105,692
Amortization of deferred capital funding	(92,778)	(94,597)
Balance, end of year	**545,234**	**531,295**

In thousands of Canadian dollars, unless otherwise noted

22. Finance Costs

Finance costs comprise the interest attributable to bonds payable, obligations under finance leases, notes payable 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	
	2017	2016
Interest on bonds payable	18,201	19,258
Interest on notes payable	4,620	4,948
Interest on obligations under finance leases	1,250	1,931
Other non-cash finance costs	1,836	1,995
	25,907	**28,132**

23. 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. <u>Current tax</u> Taxable net results differs 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. <u>Deferred tax</u> 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, the expected 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.

In thousands of Canadian dollars, unless otherwise noted

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% (2016 – 25.00%) to accounting profit as follows:

	For the year ended March 31	
	2017	2016
Income tax provision at federal statutory rate	(17,692)	(15,998)
Permanent differences	811	387
Increase resulting from adjustment to reflect the expected income tax payable in future periods in respect of taxable and deductible temporary differences	16,881	15,611
Income tax expense recognized in net results	-	-

The tax rate used for the 2017 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, 2017	March 31, 2016
The sources of the deductible (taxable) temporary differences for which no deferred tax asset or liability was recognized were as follows:		
Accrued liabilities	35,809	34,063
Pension plan	(153,626)	(42,667)
Employee-related liabilities	132,824	132,599
Loss carry-forward	62,495	58,568
Non-current receivables and investments	4,463	8,498
Deferred income for tax purposes related to the sale of receivables	(36,110)	(39,600)
Property and equipment	(180,051)	(192,028)
Other	(18,454)	(17,133)
Total	**(152,650)**	(57,700)

The loss carry-forwards will begin to expire in 2030.

24. Movements in Working Capital

	For the year ended March 31	
	2017	2016
Changes in Working Capital are comprised of:		
Trade and other receivables	10,872	15,018
Programming asset (current)	(30,500)	(67,650)
Merchandising inventory	251	16
Prepaid expenses	(4,038)	(11,709)
Accounts payable and accrued liabilities	(17,189)	24,961
Provisions	6,024	(16,406)
Pension plans and employee-related liabilities (current)	1,645	(34,257)
Deferred revenues (current)	(2,544)	(4,376)
	(35,479)	**(94,403)**

25. 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	**Critical Accounting Estimates and Judgments**
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). • **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 end 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.	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. The risk management is carried out through financial management practices in conjunction with the overall Corporation's governance. 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
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, 2017 and March 31, 2016 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. The Corporation manages its exposure to credit risk arising from investments in marketable securities by holding high-grade securities.

<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. The Corporation 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.

In thousands of Canadian dollars, unless otherwise noted

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, 2017	March 31, 2016
31 - 60 days	24,030	35,314
61 - 90 days	14,256	673
Over 90 days	15,240	13,874
Total	**53,526**	**49,861**

	March 31, 2017	March 31, 2016
Opening balance	(2,058)	(2,683)
Amounts written off during the year as uncollectible	1,868	571
Impairment losses reversed	177	1,113
Net increase in allowance for new impairments	(1,227)	(1,059)
Balance, end of year	**(1,240)**	**(2,058)**

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.

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. To this end, the Corporation has five counterparties meeting this criterion with which it places all its currency hedging business.

	March 31, 2017		March 31, 2016	
	Notional	Fair values	Notional	Fair values
Forward exchange contracts-$US[1]	19,894	4	13,143	(159)

[1]The forward contracts rates are between 1.32416 and 1.32860 for forward contracts in US dollars and the maturity dates are between April 2017 and February 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, 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**

	Carrying amount of liability at **March 31, 2016**	Contractual cash flows	Within 1 Year	2 to 5 Years	Over 5 years
Bonds payable	259,120	379,946	33,039	132,155	214,752
Notes payable	102,307	131,939	11,473	45,892	74,574
Finance leases	28,057	30,236	12,733	12,787	4,716
	389,484	**542,121**	**57,245**	**190,834**	**294,042**

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 2017 (2016 – immaterial).

Based on the net exposure as at March 31, 2017, 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 payable 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.

In thousands of Canadian dollars, unless otherwise noted ANNUAL REPORT 2016-2017

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, 2017		March 31, 2016			
	Carrying values	Fair values	Carrying values	Fair values	Method[1]	Note
Financial instruments measured at fair value on a recurring basis:						
Cash	131,062	131,062	156,465	156,465	Level 2	(a)
Marketable securities						
Bonds	10,794	10,794	-	-	Level 2	(b)
Equity	12,437	12,437	-	-	Level 1	(c)
Derivative financial instruments	200	200	151	151	Level 2	(d)
Financial assets	**154,493**	**154,493**	**156,616**	**156,616**		
Derivative financial instruments	-	-	159	159	Level 2	(e)
Financial liabilities	-	-	**159**	**159**		
Financial instruments measured at amortized cost:						
Trade and other receivables	125,499	125,499	136,370	136,370	Level 2	(a)
Promissory notes receivable (current)	3,238	3,238	2,651	2,651	Level 2	(a)
Investment in finance lease (current)	3,171	3,171	2,960	2,960	Level 2	(a)
Promissory notes receivable (non-current)	37,661	43,676	40,877	48,270	Level 2	(f)
Investment in finance lease (non-current)	41,248	48,524	44,419	53,507	Level 2	(f)
Financial assets	**210,817**	**224,108**	**227,277**	**243,758**		
Accounts payable and accrued liabilities	87,947	87,947	112,512	112,512	Level 2	(a)
Bonds payable (current)	22,921	22,921	22,269	22,269	Level 2	(a)
Obligations under finance leases (current)	10,293	10,293	11,476	11,476	Level 2	(a)
Notes payable (current)	8,726	8,726	8,523	8,523	Level 2	(a)
Bonds payable (non-current)	221,361	285,330	236,851	317,488	Level 2	(g)
Obligations under finance leases (non-current)	6,300	6,300	16,581	16,780	Level 2	(g)
Notes payable (non-current)	86,728	96,706	93,784	107,335	Level 2	(g)
Financial liabilities	**444,276**	**518,223**	**501,996**	**596,383**		

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

There have been no transfers between levels during the year ended March 31, 2017.

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

(b) 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.

(c) The Corporation has designated its marketable securities at fair value through profit or loss. Fair values are determined based on quoted market prices for the individual assets and the quantity held by the Corporation.

(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.

In thousands of Canadian dollars, unless otherwise noted

26. 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, 2016.

The Corporation is not subject to externally imposed capital requirements.

27. 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.	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	
	2017	2016
Associate	2,353	2,401
Other related entities[1]	111	111
	2,464	**2,512**

[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 15 (e).

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

	Amounts owed by related parties	
	March 31, 2017	March 31, 2016
Associate	596	**579**

There are no amounts owing to related parties at March 31, 2017 (March 31, 2016 – nil).

The amounts outstanding are unsecured and will be settled in cash. No expense has been recognized in the current or prior periods for bad or doubtful debts in respect of the amounts owed by related parties.

In thousands of Canadian dollars, unless otherwise noted ANNUAL REPORT 2016-2017

Other Transactions with Associate

There were no significant transactions with the Corporation's associate during the current or previous fiscal year other than the dividends received, as discussed in Note 12.

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.

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.

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, 2017	March 31, 2016
Short-term benefits[1]	4,443	4,326
Post-employment benefits[2]	1,927	1,836
Other benefits[3]	145	144
	6,515	6,306

[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 (2016 – $0.3 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.

In thousands of Canadian dollars, unless otherwise noted

28. 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, 2017	March 31, 2016
Facilities management	109,889	158,440
Programming	225,722	221,649
Transmission distribution	22,956	29,348
Maintenance & support	31,380	31,936
Property and equipment	17,102	21,014
Other	27,866	28,431
	434,915	**490,818**

Future annual payments as of March 31, 2017, are as follows:

	March 31, 2017	March 31, 2016
Less than one year	163,305	146,457
Later than one year but not later than five years	230,237	272,948
More than five years	41,373	71,413
	434,915	**490,818**

B. THE CORPORATION AS A LESSEE – OPERATING LEASES

Operating leases relate to leases of property, network distribution and equipment with remaining lease terms of between one and 26 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.

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

	March 31, 2017	March 31, 2016
Less than one year	21,183	20,735
Later than one year but not later than five years	69,307	69,537
More than five years	46,337	53,443
	136,827	**143,715**

The amounts presented above include a total of $49.4 million (March 31, 2016 – $49.2 million) representing operating costs and property taxes payable.

The payments recognized as an expense for minimum lease payments in 2017 amounted to $22.8 million (2016 – $22.4 million).

In thousands of Canadian dollars, unless otherwise noted

C. THE CORPORATION AS A LESSOR – OPERATING LEASES

Operating leases relate to buildings and transmission towers owned by the Corporation with remaining lease terms of between one to 93 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

As at March 31 the future aggregate minimum lease receivables under non-cancellable operating leases are as follows:

	March 31, 2017	March 31, 2016
Less than one year	11,503	13,608
Later than one year but not later than five years	45,222	50,075
More than five years	339,876	325,161
	396,601	**388,844**

In addition to the amounts presented above, the Corporation has receivables related to operating expenses and property taxes under building leases that total $73.0 million (March 31, 2016 – $162.8 million).

29. SUBSEQUENT EVENTS

Maison de Radio-Canada (MRC)

On November 22, 2016, CBC/Radio-Canada awarded the sale of the MRC's building and land to Groupe Mach. It also announced the Broccolini group was selected for the build of the new MRC on a portion of the same site. Government of Canada and Governor in Council approvals were obtained in April 2017 for these transactions. As the assets are not yet held-for-sale, the financial impacts from the MRC sale and redevelopment project are not reflected in these consolidated financial statements.

Management expects MRC assets will become classified as held for sale once the cadastral process is completed.

Sirius XM Canada Holdings (SiriusXM)

On May 13, 2016, CBC/Radio-Canada announced its intention to sell its shares by voting in favour of the privatization and recapitalization transaction undertaken by its associate, SiriusXM. The transaction involves the sale of the Corporation's 10.15% economic interest at $4.50 a share, for expected proceeds of approximately $58 million. The completion of the transaction is expected to take place in 2017-2018 after CRTC approval was obtained in April 2017. A full quantification of the financial impact of this transaction will be provided in the Corporation's consolidated interim financial statements ending June 30, 2017, once all the required information has become available.