Canadian Radio-television and Telecommunications Commission

1998–99 Estimates

A Report on Plans and Priorities

Approved

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Sheila Copps
Minister of Canadian Heritage

Message from the Minister of Canadian Heritage

It is my pleasure to introduce the Report on Plans and Priorities of the Canadian Radio-television and Telecommunications Commission for the planning period 1998-99 to 2000-01. The Canadian Radio-television and Telecommunications Commission is a key component of the Canadian Heritage Portfolio and plays an important role in our mission to strengthen and celebrate Canada.

All Canadians are affected, directly or indirectly, by the efforts of the Department, agencies and Crown corporations that make up the Canadian Heritage Portfolio. Together, these institutions help support and develop Canadian cultural and sporting life, promote a fairer, more equitable society, strengthen the nation's linguistic duality and multicultural character, enrich the vitality of official language minority communities, promote awareness and understanding of human rights, ensure the accountability of our public institutions and preserve the value and the beauty of our national parks, our national historic sites and our national heritage.

As Minister responsible for this Portfolio, my work is to foster a greater sense of what it means to be part of the Canadian community. This includes enhancing pride in our country; encouraging participation in, and contribution to, our society; ensuring access to Canadian voices and spaces; and protecting our heritage. The Canadian Radio-television and Telecommunications Commission and the entire Canadian Heritage Portfolio are proud of our role as vital contributors to Canada's cohesion and prosperity, and we look forward to continuing this important work into the new millennium.

Sheila Copps

Minister of Canadian Heritage

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The Chairperson's Message

The Canadian Radio-television and Telecommunications Commission (CRTC) is facing the unique challenges of the information age. We have a unique opportunity to help to shape the communications environment of the future, by facilitating a transition from monopoly towards competition, and to ensure a dynamic Canadian presence.

In Canada, communications is a critical element of social, economic and cultural importance. We will meet public interest objectives by managing effectively a delicate balance between social, cultural and economic goals. With the objectives of the *Broadcasting Act* and the *Telecommunications Act* as our cornerstone, we will enhance public participation and processes. The CRTC will use a mix of established and new ways to carry out its mission in an environment shaped by the explosion of information technologies, electronic marketplaces and virtual communities that transcend geographic boundaries.

In response to the converging and diverse communications environment, the CRTC developed a new Vision for the information age in 1996-97. Developing the Vision permitted a broad, innovative examination of the future of communications, a clear exchange of information and a greater collaboration between all participants, inside as well as outside the CRTC. The Vision also articulates the strategies and actions the CRTC has set in motion to make its Vision a reality. We are implementing a three-year plan to carry out our Vision, building on our accomplishments and shared values.

In an era where convergence implies much more than the merging of new technologies and the technical transmission of information, we will continue to promote Canadian presence in today's multimedia environment. We will shape the regulatory process in a way that promotes the public interest and be responsive to the broadcasting and telecommunications industries in an increasingly competitive market. We will pay particular attention to promoting a public process with effective citizen engagement and productive dialogue with many players, as well as high-quality management practices to help ensure good governance.

Finally, in implementing our Vision, the CRTC will foster world-class, quality communications, with a distinct Canadian presence, in the public interest. We will create conditions favourable to the strengthening of industry players so they can continue to meet the needs of Canadians. We will also recognize the international nature of the communication business, and promote opportunity and innovation within this context.

Françoise Bertrand
Chairperson
Canadian Radio-television and
Telecommunications Commission

Management Representation Statement

We submit for tabling in Parliament the *1998–99 Report on Plans and Priorities* for the Canadian Radio-television and Telecommunications Commission.

To the best of our knowledge, the information:

- accurately portrays the mandate, plans, priorities, strategies and expected key results of the organization;

- is consistent with the disclosure principles set out in the Guidelines for Preparing a Report on Plans and Priorities;

- is comprehensive and accurate;

- is based on sound departmental information and management systems; and

- was produced by means of satisfactory quality-assurance processes and procedures.

This document is based on a Planning and Reporting Accountability Structure that has been approved by Treasury Board Ministers and is the basis for accountability for the results achieved with the resources and authorities provided.

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Laura M. Talbot-Allan   **Françoise Bertrand**
Secretary General   Chairperson
and Chief Operating Officer

Date: _____

Section I: CRTC Overview

Mandate, Roles and Responsibilities

Established by Parliament in 1968, the Canadian Radio-television and Telecommunications Commission (CRTC) is an independent public authority constituted under the *Canadian Radio-television and Telecommunications Commission Act* (R.S.C. 1985, c. C–22, as amended). The CRTC reports to Parliament through the Minister of Canadian Heritage.

The CRTC is vested with the authority to regulate and supervise all aspects of the Canadian broadcasting system and to regulate telecommunications common carriers that fall under federal jurisdiction. The CRTC derives its regulatory authority over broadcasting from the *Broadcasting Act* (S.C. 1991, c. 11, as amended). Its telecommunications regulatory powers are derived from the *Telecommunications Act* (S.C. 1993, c. 38, as amended) and various "special" acts of Parliament created for specific telecommunications companies. Such special acts explicitly make specified activities or functions of those companies subject to the authority of the CRTC, for example, the *Bell Canada Act*, the *Telesat Canada Reorganization and Divestiture Act*, and the *Teleglobe Canada Reorganization and Divestiture Act*.

Objectives

The objectives of the CRTC are:

- to regulate and supervise all aspects of the Canadian broadcasting system to implement the broadcasting policy set out in the *Broadcasting Act*; and

- to regulate telecommunications in Canada to implement the policy set out in the *Telecommunications Act*.

Mission and Vision Statements

In 1996-97, the CRTC developed a Vision for the information age of the new millennium. The Vision articulates the CRTC's mission, and key thrusts and components, which stem directly from the objectives set out in the *Broadcasting Act* and the *Telecommunications Act*. The Vision is also shaped by the changing communications environment, which is characterized by rapidly evolving technologies, and an increasing rate of domestic and international competition. The Vision framework helps the CRTC focus on how it carries out its mandate, achieve its objectives, improve its operations and measure its results in this increasingly competitive environment.

> **VISION**
> World-class, quality communications,
> with a distinct Canadian presence,
> in the public interest.

The Vision supports both maximum choice and maximum access to Canadian content and services. For the Government of Canada and the CRTC, the challenge is to respond to the evolution of an integrated communications environment. The Vision is distinct in that it applies to the entire communications system, not to specific aspects of broadcasting and telecommunications. Given policy changes, such as facilitating increased competition, and the challenges that lie ahead, such as convergence, technology development and adoption, the following four Vision approaches have been identified:

> **MISSION**
>
> To ensure that Canadian communications contribute fairly and equitably to Canada's economic, social and cultural prosperity, through regulation, supervision and public dialogue.

- with regard to Canadian content and culture, the CRTC should emphasize promotion rather than protection;

- with regard to ensuring maximum choice for Canadians, the CRTC should emphasize competition rather than constraint;

- with regard its overall regulatory approach, the CRTC should emphasize broad parameters rather than detailed regulation; and

- with regard to process, the CRTC should emphasize a more collaborative rather than judicial approach.

The Vision has three components: Canada's Voices, Choices for Canadians and Good Governance. Canada's Voices and Choices for Canadians are business lines. Good Governance is a management strategy that applies to the business lines and to the organization as a whole.

The actions of the CRTC have a significant impact on various dimensions of Canadian life. The CRTC's decisions benefit Canadians by making diverse programming that reflects Canadian society more available (Canada's Voices), and by promoting access to a broad range of communications services and to reasonably priced communication services (Choices for Canadians) through strong, competitive industries that can thrive in a global communications market.

Good Governance supports both business lines and permeates everything the CRTC does to ensure an effective decision-making process, and that practices and processes

> **VISION THRUSTS**
>
> We will:
>
> - promote an environment in which existing and new communications services are available to Canadians;
>
> - ensure a strong Canadian presence in content that fosters creative talent and reflects Canadian society, including its linguistic duality and cultural diversity;
>
> - promote choice and diversity of high-quality communications services; and
>
> - foster strong, competitive and socially responsive communications industries.

are transparent, inclusive, efficient, timely and carried out by due process. A major aspect of Good Governance is the CRTC's public process, which promotes citizen engagement and open dialogue. The CRTC will also promote teamwork and a results orientation to provide operational guidance to the decision-making process.

Organization Composition

The CRTC's external accountability is by business lines; internally, management of resources and delivery of results is by responsibility centre, in an organizational structure that cuts across the business lines to facilitate convergence and promote competition. The organizational structure is shown in Section III: Supplementary Information.

CRTC — Planned Program Spending ($ millions)

	1997–98*	1998–99	1999–00	2000–01
Gross Spending	32.8	33.6	33.6	33.5
Less: Revenue credited to the Vote	29.1	29.0	29.0	28.9
Net Spending	3.8	4.6	4.6	4.6
Less: Revenue credited to the Consolidated Revenue Fund (CRF)	69.3	73.1	76.8	80.6
Plus: Cost of services provided by other Departments	17.6	17.7	17.7	17.7
Net Cost of the CRTC	(47.9)	(50.8)	(54.5)	(58.3)

*Reflects changes included in the In-Year Update.

N.B. Because of rounding, columns may not add to totals shown.

Section II: Plans, Priorities and Strategies

External Factors

Convergence

The changes in technology used by cable and telephone industries, and satellite and wireless technologies capable of delivering broadcasting and telecommunications services, will shape the communications environment of the future. The most significant recent development in communications has been convergence. Until now, convergence focused on the intersection of cable and telecom, and on the transmission of digital information. But convergence encompasses the use of evolving digital techniques for the exchange of information, as well as multimedia whereby new services and products combine voice, data, text and or image. Convergence also affects mergers and consolidations, whereby organizations come to operate across previously distinct boundaries.

Underlying these phenomena is a political, economic and cultural revolution, in which Canadians are redefining themselves and their business, social and institutional environment. Convergence provides for access to much more information and also a new platform for interaction.

A Global Information Society

The advancement of communication technologies, along with the abundance of information in today's knowledge-based society, are creating a new, integrated "global" information society. While globalization offers vast opportunities for marketing cultural products, it also provides policy challenges, so that new ways must be devised to support domestic cultures. Policies can be used to promote and support culture in the domestic market as well as to promote and develop cultural products for international markets. Achieving a successful balance between the demands of the open market, and the need to maintain and promote cultural sovereignty and national identity, reflecting Canada's cultural diversity and linguistic duality, will be key to maximizing gains from the global information society.

Globalization and International Competition

Industry is repositioning and consolidating, and companies are developing strategic alliances to strengthen their position vis-à-vis their competitors. By extending their geographic reach and forming global alliances, companies can lever the competitive advantages derived from controlling intellectual property and from integrating and managing previously unconnected businesses and new businesses.

Technological and market innovations are compelling the federal Government and the CRTC to adapt to new realities; pressure from other countries, in the context of trade negotiations and the liberalization of communications services, is also anticipated. With the World Trade Organization (WTO) agreement on basic telecommunications, which was concluded February 15, 1997, Canada has agreed to end its remaining

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monopolies —the Teleglobe monopoly on overseas traffic will end October 1, 1998 and the Telesat monopoly on fixed satellite services will end on March 1, 2000—and to liberalize the provision of international services and satellite services. This will increase competition in Canada for the provision of international services and will offer new opportunities for Canadian companies to compete in foreign markets. The federal government is amending the *Telecommunications Act* to give the CRTC the statutory authority to require all members of any class of international service provider to obtain a licence and to impose terms and conditions on such licences. Other planned changes would give the Commission clear responsibility for issues related to telephone numbering resources, and regulatory authority over bodies providing administrative services related to the provision of telecommunications services.

Summary of Key Plans, Priorities and Strategies

In the next three years, the CRTC will:

- ensure that Canadian voices and images can be seen and heard, and that Canadians will be able to choose attractive Canadian products in a competitive and technologically advanced communications environment;

- shape the regulatory policy and policy process to be more responsive of the broadcasting and telecommunications industries in an increasingly competitive market;

- foster fair, sustainable competition in the delivery to Canadians of electronic information and of Canadian and foreign programming services, giving Canadian consumers increased choice among domestic and foreign distributors of telecommunications and broadcasting services, and access to diverse and innovative new programming services;

- encourage and facilitate the deployment of new technologies such as digital radio and television broadcasting, digital video compression, so subscribers will have access to devices that can handle all types of technologies (universal addressability);

- participate in the restructuring of the industry by reviewing an increasing number of complex broadcasting mergers and acquisitions, as firms position themselves to compete on the Information Highway;

- implement changes to the *Telecommunications Act*, as a result of Canada's commitments to the WTO agreement on basic telecommunications services, as it relates to the liberalization of the provision of international and satellite services;

- implement its strategic plan, in the context of its renewed Vision, by establishing priorities, clarifying responsibilities for results, and developing and implementing effective communication strategies; and

- improve public participation to promote citizen engagement and high-quality service to industry and the public.

Canada's Voices

Objective

The objective of Canada's Voices is to ensure that diverse Canadian content and an appropriate mix of foreign programs is made available to consumers.

CANADA'S VOICES
Presence and diversity of Canadian voices at home and abroad

The CRTC continues to face the challenge of ensuring that attractive Canadian services are available, within a Canadian broadcasting system, so as to implement the objectives set out in the *Broadcasting Act*, while providing Canadians with access to an increasing volume of foreign information and entertainment. Key results must be considered in the context of the CRTC's need to balance legitimate demands for increased choice with cultural and economic objectives.

This business line includes activities related to the provision of specific expertise in the evaluation and development of policy and regulations, by:

- evaluating, analyzing and processing all applications received by the CRTC;

- monitoring the Canadian broadcasting system;

- ensuring compliance with statutes, conditions of licence and regulations; and

- identifying policy issues for consideration.

Key Strategies and Plans

As part of its assessment of the regulatory landscape, the CRTC will undertake the following strategies and plans.

Strategies	Plans
Create and implement policies on content display and expenditures that recognize economic and cultural objectives	- Foster new, diverse forms of content, packaging and delivery (Public proceeding on New Specialty Services) - Review the policy on Canadian television programming, including a review of Canadian content (Public Hearing in summer 1998) - Conduct an internal review of future rights in North America
Develop mechanisms to encourage the creation and promotion of Canadian content in traditional and new media	- Monitor development of new technologies, and develop strategic proposals for digital radio and television - Consider digital radio applications - Develop a strategy for a New Media policy - Review policy on Canadian television programming
Ensure access to distribution for Canadian and foreign services	- Monitor effectiveness of the new broadcasting distribution regulations - Review the access policies for broadcasting distribution undertakings (fall 1998)
Support the distinctive role of public broadcasting	- Review radio policy (including non-commercial policy frameworks in the Radio Review) - Examine the contribution of the CBC television networks to the Canadian broadcasting system (public hearing, spring 1999)
Foster industry self-regulation, where appropriate, to respond to social issues	- Review existing self-regulation and expand it where appropriate (review of existing self-regulation approach and accountability in 1998) - Review the role of the CRTC in social issues in the new communications environment
Develop a comprehensive international approach	- Monitor international developments and policy initiatives - Encourage exports of Canadian content

Expected Results

The following table summarizes the key results and broad performance measures of the Canada's Voices business line.

Results	Measures
• Programming reflects the linguistic duality, cultural diversity and social values of Canada • Canadian content exists in communications services • Programming features national, regional and community voices • Programming features Canadian creative talent • Meaningful investment exists in Canadian audio and video content	• Hours and proportion of programming devoted to Canadian content, by linguistic market, in all categories • Trends in viewership of Canadian programming • Appropriate standards and mechanisms for industry self-regulation to address social issues • Conformity with licence conditions and regulations • Number and nature of licences, by region • Trends in royalties paid to Canadian artists • Trends in annual investment by undertakings in Canadian content, programming and production

Canada's Voices — Planned Business Line Spending ($ millions)

	1997–98*	1998–99	1999–00	2000–01
Gross Spending	16.7	17.5	17.5	17.4
Less: Revenue Credited to the Vote	14.8	15.1	15.2	15.1
Net Spending	1.9	2.4	2.3	2.3
Less: Revenue Credited to the Consolidated Revenue Fund	65.4	69.0	72.7	76.5
Plus: Cost of Services Provided by Other Departments	15.3	15.4	15.4	15.4
Net Cost of Canada's Voices	**(48.2)**	**(51.2)**	**(55.0)**	**(58.8)**

*Reflects changes included in the In-Year Update.

N.B. Because of rounding, columns may not add to totals shown.

Choices for Canadians

Objective

The objective of Choices for Canadians is to ensure that a broad range of communications services, and affordable communications services will be provided to Canadians, through competitive industries.

> **CHOICES FOR CANADIANS**
>
> A wide array of choices for Canadians through strong, competitive communications industries

The activities include the provision of specific expertise in the evaluation and development of policy and regulations, by:

- evaluating, analyzing and processing all applications received by the CRTC; and

- advising the CRTC on all matters related to telecommunications carrier regulations and broadcasting distribution.

Key Strategies and Plans

As part of its assessment of the regulatory landscape, the CRTC will undertake the following strategies and plans.

Strategies	Plans
Rely more on market forces to permit fair and sustainable competition	• Continue to promote economic entry and competition in local and other regulated telecommunications and broadcasting industries (consider local competition for independents, spring 1999; consider a new regulatory regime for Teleglobe, 1998–99) • Implement *Telecommunications Act* changes (1997–2000) • Review approach and criteria for market entry and ownership of programming undertakings (public hearing, spring 1998) • Review continued appropriateness of broadcasting distribution regulations in a competitive environment (1999–2000)
Monitor competition and regulate when market forces are not achieving public interest objectives	• Implement monitoring program in telecommunications with respect to reasonable prices (1997–2000) • Monitor CRTC initiative with respect to telecommunications services accessibility set out in local competition decision • Ensure core communications services are accessible to disabled people • Develop strategy for provision of service to high-cost areas (1998–2000)
Support evolving convergence	• Develop broadcast distribution framework for broadcasting undertakings operating as carriers under the *Telecommunications Act*
Monitor the evolution of industry structure	• Collect data and assess market status in areas such as ownership, vertical integration, cross media, new entrants and affordability of access

Expected Results

The following table summarizes the key results and broad performance measures of the Choices for Canadians business line.

Results	Measures
• Canadian communications industries are competitive • A broad range of Canadian communications services is available • Communication services are high quality and responsive to consumer needs and social values • Core communications services are reasonably priced • The communications infrastructure is innovative and supports evolving communications services	• Analysis of competition (e.g., trends in market share, market concentration analysis, profile of competitors); selected economic indicators of industry • Trends in complaints; quality of service indicators for telephone regulation; international comparison with key indicators • Appropriate customer and social safeguards; public perceptions • Affordability analysis (e.g., trends in national penetration rate, non-subscription and disconnection analysis of telephone service); international comparisons and trends • International comparisons of measures of information infrastructure

Choices for Canadians — Planned Business Line Spending ($ millions)

	1997–98*	1998–99	1999–00	2000–01
Gross Spending	16.1	16.1	16.1	16.1
Less: Revenue Credited to the Vote	14.2	13.9	13.8	13.8
Net Spending	1.9	2.2	2.3	2.3
Less: Revenue Credited to the Consolidated Revenue Fund	3.9	4.1	4.1	4.1
Plus: Cost of Services Provided by Other Departments	2.3	2.3	2.3	2.3
Net Cost of Choices for Canadians	**0.3**	**0.4**	**0.5**	**0.5**

*Reflects changes included in the In-Year Update.

N.B. Because of rounding, columns may not add to totals shown.

Good Governance

Objective

Good Governance is a management strategy that supports the two business lines, Canada's Voices and Choices for Canadians. Its goal is to ensure the credibility and value of the governance process for Canadians through a public process, open dialogue, teamwork and a results orientation.

GOOD GOVERNANCE
Public process, openness, fairness, effectiveness and trust

Good Governance is the component of the Vision that ensures an effective decision-making process, and that practices and processes are transparent, inclusive, efficient, timely and carried out using due process. It includes communications, legal counsel, and the internal advisory and support services to guide program delivery and the decision-making process.

VALUES
• public interest and results-oriented processes
• transparency
• inclusiveness
• timeliness
• due process

Regulatory bodies also must find ways to become more effective and efficient in serving the often conflicting demands and desires of the public and in meeting public interest objectives. In implementing its Vision, the CRTC will pay particular attention to the public process with effective citizen engagement and development of a productive dialogue with many partners.

The competitive environment has affected our regulatory approaches. As part of our Regulatory Plan (see Supplementary Information for details), many competitive services are being deregulated. The CRTC is considering increasing the use of self-regulation in collaboration with industry partners such as the Canadian Broadcasting Standards Council. In addition to the established regulatory processes, new processes, such as alternative dispute resolution, are being used to settle an increasing number of disputes, a characteristic of competitive markets. The role of the CRTC is changing with the growth of competition, including a greater role for monitoring the broadcasting and telecommunications systems.

New mechanisms are also being used in collaboration with industry partners. The CRTC Interconnection Steering Committee (CISC) is a collaborative process designed to facilitate local competition so the new regulatory framework is implemented smoothly. Roundtables are also being used to identify issues, increase participation and encourage collaboration with industry partners. In tandem with our renewed regulatory framework, regulatory procedures are being streamlined, and broadcasting and telecommunications procedures are being harmonized, as convergence becomes a reality.

The development of a human resources strategy will also be an important initiative in achieving Good Governance objectives. The strategy will ensure the continuity of a knowledgeable, skilled and flexible workforce, by:

- focusing on working together in a positive environment;

- investing in employees by enhancing competencies and providing career development opportunities;

- building leadership by enhancing the capacity of our managers to lead the workforce; and

- resourcing and replenishing the Commission by recruiting new talent to replace retiring employees and to ensure a representative workforce.

Key Strategies and Plans

Over the next three years the CRTC will implement the following strategies and plans.

Strategies	Plans
Implement a more proactive and flexible approach to public processes, including increased public participation in an evolving competitive environment	• Find and implement ways to increase public participation • Improve processes for incorporating public input into policy formulation (e.g., workshops and roundtables with industry and associations representing public interests)
Develop a strategic communications approach	• Develop and implement external and internal communication strategies
Enhance information for decision-making	• Conduct policy research and explore use of other information gathering and analysis approaches
Increase CRTC's role as an impartial referee in the resolution of disputes	• Continue to improve dispute-resolution skills • Continue to develop, review and implement a dispute-resolution process
Promote excellence and professionalism in CRTC working relationships	• Articulate and implement a human resources strategy and plan adapted to the current environment • Develop ways to facilitate convergence through better interaction and understanding
Foster high-quality management practices that are results-oriented, cost-effective, timely and focused on client service	• Simplify and harmonize broadcasting and telecommunications procedures where appropriate • Implement a cost-effective performance measurement strategy • Monitor funding structures • Encourage electronic filing of documents to the Commission

Expected Results

The following table summarizes the key results and broad performance measures of the Good Governance management strategy.

Results	Measures
• Decisions are fair and impartial • Collaborative processes are established with many players • The CRTC is characterized by teamwork, trust, openness, pride and respect • CRTC actions are effective, efficient, timely and clear	• Conformity with established processes • Client and public perceptions • Employee perceptions • Consultation processes with other organizations • Appropriate internal and external communications strategies • Appropriate processes for increased public participation • Quality management practices • Streamlined processes and procedures in place • Reduced regulatory burden • Appropriate service and quality standards and review mechanisms in place

Section III: Supplementary Information

Regulatory Plan Details

Context

The regulatory issues facing the CRTC continue to increase in complexity. The significance of communications industries to Canadian and global business and social interaction is highlighted daily in the media. Competition has developed rapidly in Canadian communications markets, and this has considerably increased the choice of both communications services and service providers available to Canadians. Competition has also increased the complexity of the regulatory issues for industry, the CRTC, the Government of Canada and other participants in the regulatory arena.

Historical Background

The CRTC permitted the introduction of competition into regulated telecommunications markets in 1978, in mobile radio communications; in 1992, the CRTC allowed some competition in the long-distance telephone market. Increased competition in broadcasting distribution was introduced with the licensing of the Multipoint Distribution System and direct-to-home satellite distribution undertakings.

In 1995–96, the CRTC held a public hearing and issued the report *Competition and Culture on Canada's Information Highway: Managing the Reality of Transition*. This report says that effective competition in local telephone markets is a fundamental precondition for competition in all markets on the Information Highway, and sets out the terms under which the CRTC would expect to manage the transition to competition between the telephone companies and cable companies. Major changes were introduced in a framework that called for a fully competitive market, including local telephone service, and a series of reforms are currently being implemented.

In May 1997, new rules to facilitate the entry of new service providers into the local exchange market were announced. A new price cap regulatory regime to replace the traditional earning-based approach, was established for the existing telephone companies, mostly members of the Stentor group. These decisions also opened the door for telephone companies to apply for licences to operate broadcasting distribution services, thus creating another milestone leading to convergence in the communication industries. In December 1997, the CRTC announced a series of decisions for the telecommunications market that, taken together, will result in increased consumer choices in long distance services as well as local telephone services. These decisions concern: i) the implementation of an interim price cap rate which came into effect early this year; ii) the deregulation of discount toll and 800/888 rates for long distance services offered by most Stentor companies, and for high speed private line services; iii) the introduction of new rules for the regulation of Quebec-Telephone and Telebec in order to allow them to be subject to the same competition

and finally, iv), the establishment of the scope of contributions for Alternative Service Providers (APLDS).

Finally, a new regulatory regime for broadcasting distribution came into effect in early 1998 and applies to all distributors of distribution services in Canada, including cable, multipoint distribution system (MDS) and local multipoint communication system (LMCS) services as well as Direct-to-Home (DTH) satellite distributors. These new rules are designed to foster fair competition between distributors and new distribution technologies in the broadcast distribution market, while strengthening the presence of high-quality Canadian programming.

The Regulatory Process and Planned Regulatory Changes

The CRTC, which regulates both public and private broadcasters, has the power to issue, renew, amend, suspend or revoke licences, and set conditions of licence for the achievement of the objectives of the *Broadcasting Act*. The members of the CRTC, or the members of a panel for a public hearing, decide broadcast licensing matters and determine the CRTC's broadcasting policies. The CRTC prescribes classes of licences, and makes by-laws, regulations and rules of procedure.

Regulations on broadcasting matters are issued after public consultation in accordance with subsections 10(3) and 11(5) of the *Broadcasting Act*. When major changes to broadcasting regulations are proposed, written comments are invited and a public hearing may be held at which interested parties present their views. In accordance with subsection 18(1) of the *Broadcasting Act*, public hearings are also held in connection with the issuance, suspension or revocation of a licence, and the making of orders. As per subsection 18(2), they are also held in connection with the renewal or amendment of a licence. In addition, the CRTC solicits public comments before developing or modifying policies and practices. To reduce the regulatory burden and to ensure a timely process, the CRTC also uses streamlined approaches such as a paper process and non-appearing hearings.

The CRTC's regulatory mandate with respect to telecommunications derives from several statutes, including the *Telecommunications Act* and special acts for some of the federally regulated carriers. The CRTC also seeks public comments on applications from federally regulated carriers and other parties, and holds public on significant policy issues.

The activities of the CRTC, such as the licensing of broadcasting undertakings or the approval of the interconnection of telecommunication carriers, are usually in response to private sector initiatives and applications. Therefore, much of the CRTC's long-term agenda is difficult to plan in detail.

The following regulations may be modified in response to CRTC decisions.

Regulatory changes

Television Regulations	Review of television policies and regulations, including: the definition of Canadian programming, the licensing structure for multi-station ownership groups and the contributions of licensees to achieving the objectives of the *Broadcasting Act*.
Radio Regulations	Review of radio policies and regulations, including: ownership structure and Canadian content requirements for private, community, Aboriginal, campus and ethnic radio stations.
Broadcasting Procedures	Review of the Rules of Procedure.
Telecommunications Procedures	Review of the Rules of Procedure.

The CRTC expects to be affected by the following legislative changes proposed by the Government of Canada, as a response to Canada's commitments for the provision of international and satellite services related to the WTO agreement on basic telecommunications services.

Legislative Changes

***Telecommunications Act* and other legislation**	• New authority for licensing classes of services and service providers. • Authority with respect to the management of telephone numbers. • Authority with respect to industry funds to support affordable, accessible services. • Related changes to the *Teleglobe Canada Reorganization and Divestiture Act.*

Financial and Personnel Information

Spending Authorities — Summary of Part II of the Estimates

Table 1: Financial Requirements by Authority

Vote ($ thousands)		1998–99 Main Estimates	1997–98 Main Estimates
	Canadian Radio-television and Telecommunications Commission		
70	Program expenditures	-	-
(S)	Contributions to employee benefit plans	4,573	3,769
	Total Agency	**4,573**	**3,769**

Table 2: Organization Structure by Program and by Business Line

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                    │   Chairperson   │
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                 ┌───────────┴────────────┐
                 │ Secretary General and  │
                 │ Chief Operating Officer│
                 └───────────┬────────────┘
                             │
Program          ┌───────────┴────────────┐
                 │     CRTC Program        │
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Business Lines     ┌─────────┴─────────┐
            ┌──────┴──────┐     ┌───────┴───────┐
            │  Canada's   │     │  Choices for  │
            │   Voices    │     │   Canadians   │
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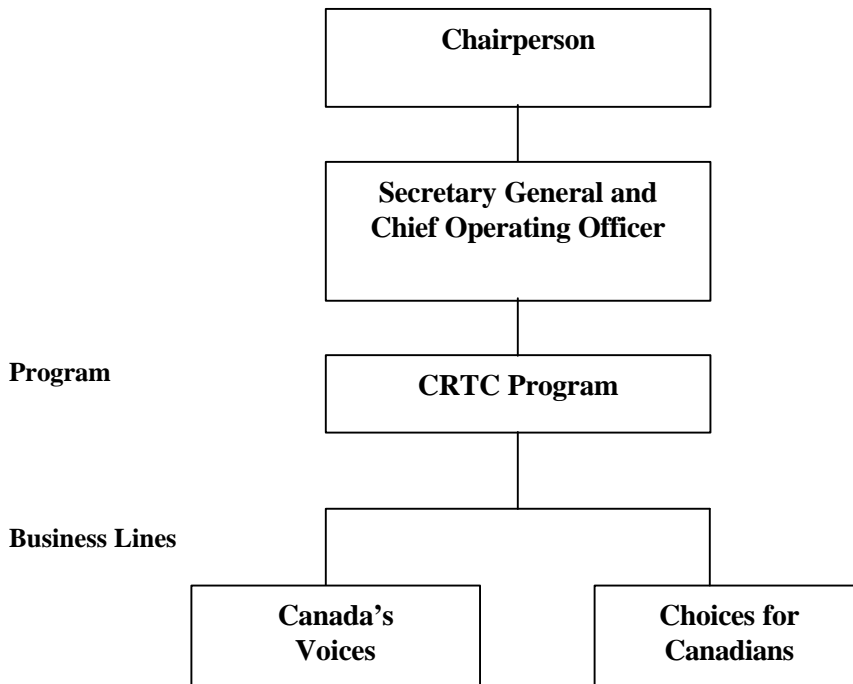
Table 3: Main Estimates Crosswalk, 1998-99 ($ millions)

Previous structure	New Structure			
	Canada's Voices	Choices For Canadians	Good Governance*	Total
Broadcasting	9.9	0.5		10.4
Telecommunications	0.2	8.2		8.4
Executive Management**			8.9	8.9
Corporate Services***			5.9	5.9
Total	**10.1**	**8.7**	**14.8**	**33.6**

*Good Governance is a component of the Vision that supports business lines, Canada's Voices and Choices for Canadians.
** Executive Management includes Commission members, executive offices, legal, information and administration that provide support to the Commission and the operations of four regional offices.
***Corporate Services provides advisory and support services in the areas of finance, human resources, planning, audit, review and evaluation, information management and information technology, library services and general administration.

Table 4: Main Estimates Crosswalk (FTEs)

Previous structure	New Structure			
	Canada's Voices	Choices For Canadians	Good Governance*	Total
Broadcasting	127	6		133
Telecommunications	2	97		99
Executive Management			106	106
Corporate Services			66	66
Total	**129**	**103**	**172**	**404**

* Good Governance is a component of the Vision, that supports both business lines, Canada's Voices and Choices for Canadians.

Table 5: Accountability for 1998–99 Planned Spending by Business Line ($ millions)

Business Line	Accountability	
	Executive Director, Broadcasting	Executive Director, Telecommunications
Canada's Voices	17.3	0.2
Choices for Canadians	0.5	15.6
Total Planned Spending	**17.8**	**15.8**

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Table 6: Planned FTEs, by Business Line

Business Line	1997–98	1998–99	1999–00	2000–01
Canada's Voices	218	215	215	215
Choices for Canadians	197	189	189	189
Total FTEs	**415**	**404**	**404**	**404**

Table 7: Details of Planned FTE Requirements, by Salary Range

Salary Range ($)	1997–98 FTEs	1998–99 FTEs	1999–00 FTEs	2000–01 FTEs
<30,000	53	51	51	51
30,000–40,000	93	92	92	92
40,000–50,000	91	75	75	75
50,000–60,000	56	53	53	53
60,000–70,000	43	54	54	54
70,000–80,000	46	47	47	47
>80,000	33	32	32	32
Total FTEs	**415**	**404**	**404**	**404**

Table 8: Presentation by Standard Object of Expenditure ($ millions)

Standard Object	1997–98	1998–99	1999–00	2000–01
Personnel				
• Salaries and wages	22.2	21.8	21.8	21.8
• Contributions to employee benefit plans	3.8	4.6	4.6	4.6
• Other salary and wages				
• Other personnel costs				
Subtotal	**25.9**	**26.3**	**26.4**	**26.4**
Goods and Services				
Transportation and communications	2.0	1.8	1.8	1.8
Information	1.4	1.4	1.4	1.4
Professional and special services	1.8	2.4	2.2	2.2
Rentals	0.3	0.3	0.3	0.3
Purchased repair and maintenance	0.4	0.3	0.3	0.3
Utilities, materials and supplies	0.7	0.8	0.8	0.8
Other subsidies and payments	-	-		
Subtotal	**6.6**	**6.8**	**6.8**	**6.8**
Capital	0.3	0.3	0.3	0.3
Gross Expenditures	32.8	33.6	33.6	33.5
Less: Revenues credited to the Vote	29.1	29.0	29.0	28.9
Net Budgetary Expenditures	**3.8**	**4.6**	**4.6**	**4.6**

N.B. Because of rounding, columns may not add to totals shown.

Table 9: Program Resources for 1998–99, by Business Line ($ millions)

Business Lines	FTEs	Operating	Gross Voted	Gross Planned Spending	Less: Revenue Credited to the Vote	Total Net Planned Spending
Canada's Voices	215	17.5	-	17.5	15.1	2.4
Choices for Canadians	189	16.1	-	16.1	13.9	2.2
Total Resources	**404**	**33.6**	**-**	**33.6**	**29.0**	**4.6**

N.B. Because of rounding, columns may not add to totals shown.

Table 10: Total Planned Program Spending for 1998–99, by Activity ($ millions)

Activity	Operating	Gross Planned Spending	Less: Revenue Credited to the Vote	Total Main Estimates
Broadcasting[1]	18.6	18.6	16.1	2.5
Telecommunications[1]	15.0	15.0	12.9	2.1
Subtotal	33.6	33.6	29.0	4.6
Less: Other Revenue and Expenditures				-
Less: Revenue Credited to the Consolidated Revenue Fund				73.1
Plus: Estimated Cost of Services Provided by Other Departments[2]				17.7
Net Cost of Program				**(50.8)**

[1] Includes spending related to Good Governance (i.e., Corporate Services and Executive Management).

[2] Of this total, $13 million is related to the regulation of the broadcasting spectrum by Industry Canada.

Revenues for Fiscal Year 1998–99

Broadcasting

Section 11 of the *Broadcasting Act* empowers the Commission to make regulations respecting licence fees. Pursuant to this section of the Act, the Commission implemented new *Broadcasting Licence Fee Regulations*, effective 1 April 1997. This was in direct response to a Treasury Board decision granting the CRTC "vote netting" authority for regulation of the broadcasting industry. The CRTC now requires funding, in the form of licence fee revenues, by 1 April of each year to finance the Commission's operating expenditures for the regulation of the broadcasting industry.

These regulations apply to all licensees other than those classes of undertakings specifically exempted under section 2 of the *Fee Regulations*. Every applicable licensee shall pay annually to the Commission a Part I licence fee, payable on 1 April each year, and a Part II licence fee, payable on or before 30 November each year. The Part I fee is based on the broadcasting regulatory costs incurred each year by the Commission and other federal departments or agencies, excluding spectrum management costs and is equal to the aggregate of:

(a) the costs of the Commission's Broadcasting Activity; and

(b) the share that is attributable to the Commission's Broadcasting Activity of :
    i.the costs of the Commission's administrative activities, and
    ii.the other costs that are taken into account to arrive at the net cost of the
        Commission's program, excluding the costs of regulating the broadcasting
        spectrum.

There is an annual adjustment amount to the Part I Fee to adjust estimates costs to actual expenditures. Any excess fees are credited to the licensee in the following year's invoice while shortfalls are charged to the licensees.

The Part II fee amounts to 1.365% of a licensee's gross revenue in excess of an applicable exemption limit. A portion of the Part II fees collected by the CRTC is allocated to cover the expenses of Industry Canada for services provided through its Spectrum Management and Regional Operations Activity, including the certification of broadcast undertakings, the broadcast inspection program and the investigation of complaints of interference to broadcast reception.

Telecommunications

The *Telecommunications Fees Regulations 1995*, made under section 68 of the *Telecommunications Act*, set out the formula for collecting telecommunications fees from the carriers that the Commission regulates. Each company must pay fees based on its operating revenues, as a percentage of the revenues of all the carriers that are regulated.

The annual fees the CRTC collects is equal to the aggregate of:

- the cost of the Commission's telecommunications activity;

- the share of the costs of the administrative activities that is attributable to its telecommunications activity; and

- the other costs included in the net cost of the Commission's program attributable to its telecommunications activity.

These costs are set out in the Expenditure Plan published in the Estimates of the Government of Canada. In 1995–96, the Commission obtained authority for basing revenues on current year estimates and adjusting the annual telecommunications fees charged to the Commission's actual expenditures on telecommunications activities during the fiscal year. Any excess fees are credited to the carriers, while shortfalls are subject to an additional billing.

Table 11: Details of Revenue, by Program ($ millions)

Revenue Credited to the Vote	1997–98	1998–99	1999–00	2000–01
Broadcasting licence fees	15.7	16.1	16.1	16.0
Telecommunications fees	13.4	12.9	12.9	12.9
Total Credited to the Vote	**29.1**	**29.0**	**29.0**	**28.9**
Revenue Credited to the CRF	**1997–98**	**1998–99**	**1999–00**	**2000–01**
Broadcasting licence fees	65.4	69.0	72.7	76.5
Telecommunications fees	3.9	4.1	4.1	4.1
Total Credited to the CRF	**69.3**	**73.1**	**76.8**	**80.6**
Total Program Revenue	**98.4**	**102.1**	**105.8**	**109.5**

Table 12: Net Cost of the CRTC for 1998–99 ($ millions)

Gross Planned Spending	33.6
Plus: Services received without charge	
• Accommodation (Public Works and Government Services Canada)	2.6
• Accounting and cheque issues services (Public Works and Government Services Canada)	0.02
• Contributions covering employees' share of insurance premiums and costs (Treasury Board Secretariat)	1.4
• Employee compensation payments (Human Resources Development Canada)	0.07
• Severance and maternity leave payments (Treasury Board Secretariat)	0.6
• Regulation of broadcasting spectrum (Industry Canada)	13.0
Total Cost of the CRTC	51.3
Less: Revenue Credited to the Vote	29.0
Less: Revenue Credited to the CRF	73.1
1998-99 Net Cost of the Program	**(50.8)**
1997-98 Estimated Net Program Cost	**(47.9)**

Other Information

Statutes and Regulations

Statutes

Canadian Radio-television and Telecommunications Commission Act	R.S.C. 1985, c. C–22, as amended
Broadcasting Act	S.C. 1991, c. 11, as amended
Telecommunications Act	S.C. 1993, c. 38, as amended
Bell Canada Act	S.C. 1987, c. 19, as amended
Telesat Canada Reorganization and divestiture Act	S.C. 1991, c. 52
Teleglobe Canada Reorganization and Divestiture Act	S.C. 1987, c. 12

Regulations and Rules of Procedure

CRTC Rules of Procedure

CRTC Telecommunications Rules of Procedure

Broadcasting Information Regulations, 1993

Broadcasting Licence Fee Regulations, 1997

Broadcasting Distribution Regulations

Pay Television Regulations, 1990

Radio Regulations, 1986

Specialty Service Regulations, 1990

Television Broadcasting Regulations, 1987

Telecommunications Fees Regulations, 1995

Statutes and Regulations for which changes are planned

Television Broadcasting Regulations	To be initiated in 1998-99
Radio Regulations	To be initiated in 1998-99
Broadcasting Procedures	Internal review initiated in 1997-98
Telecommunications Procedures	Internal review initiated in 1997-98

References and Contacts

CRTC Addresses, Locations and Contact Numbers

CRTC Head Office mailing address	CRTC Ottawa, Ontario KIA 0N2	
CRTC Head Office street address	1, Promenade du Portage Terrasses de la Chaudière Immeuble central Hull, Quebec	
CRTC e-mail address	info@crtc.x400.gc.ca	
CRTC WWW address	http://www.crtc.gc.ca	
CRTC Head Office contact numbers	General Information and Complaints	(819) 997-0313
	Personnel Information	(819) 997-2219
	Public Examination Room	(819) 997-2429
	Library	(819) 997-4484
	Access to information and privacy coordinator	(819) 994-5366
	Fax (General)	(819) 994-0218
	Fax (Telecommunications)	(819) 953-0795
	Fax (General Counsel)	(819) 953-0589
	Fax (Finance)	(819) 953-5107
	TDD	(819) 994-0423
Regional Office: Atlantic Region	Bank of Commerce Building Suite 1007, 1809 Barrington Street Halifax, Nova Scotia B3J 3K8 Tel.: (902) 426-7997 Fax: (902) 426-2721 TDD: (902) 426-6997	
Regional Office: Quebec Region	Place Montreal Trust Suite 1920, 1800 McGill College Avenue Montreal, Quebec H3A 3J6 Tel.: (514) 283-6607 Fax: (514) 283-3689 TDD: (514) 283-8316	
Regional Office: Prairie Region	Suite 1810, 275 Portage Avenue Winnipeg, Manitoba R3B 2B3 Tel.: (204) 983-6306 Fax: (204) 983-6317 TDD: (204) 983-8274	
Regional Office: Western and Territories	530 - 580 Hornby Street, Vancouver, British Columbia V6C 3B6 Tel.: (604) 666-2111 Fax: (604) 666-8322 TDD: (604) 666-0778	

Organizational Structure, 1997–98

Pending Treasury Board Approval

COMMISSION
Chairperson
Vice Chairperson, Broadcasting
Vice Chairperson, Telecommunications
10 full-time members
6 part-time members

Chairperson

Secretary General and
Chief Operating Officer

Executive Director
Telecommunications

Senior
General Counsel

Executive Director
Broadcasting

Director General
Corporate Secretariat
and Review

Director General
Financial Analysis

General Counsel
Broadcasting

Director General
Broadcasting Planning

Director General
Finance and
Management Services

Director General
Competition, Consumer
and
Tariff Policy

General Counsel
Telecommunications

Director General
Broadcast Analysis

Director General
Communications

Director General
Broadcast Distribution
and
Technology

Director
Human Resources