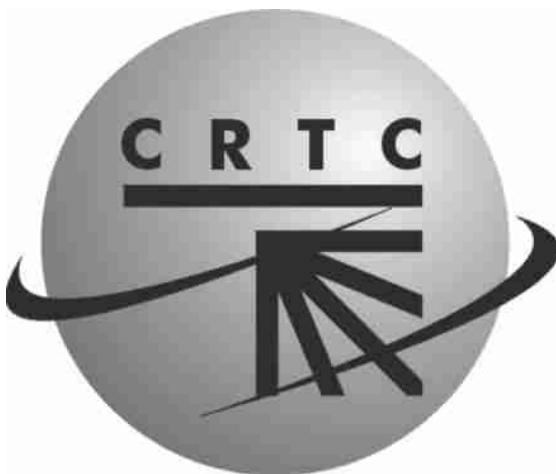


Canadian Radio-television and Telecommunications Commission



**2005-2006
Estimates**

Part III – Report on Plans and Priorities

Liza Frulla
Minister of Canadian Heritage

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SECTION I: Overview

Minister's message

Minister of Canadian Heritage and
Minister responsible for Status of Women



Ministre du Patrimoine canadien et
ministre responsable de la Condition féminine

Ottawa, Canada K1A 0M5

As Minister of Canadian Heritage and Minister responsible for Status of Women, I am proud to present this *Report on Plans and Priorities (2005–2006)* for the Canadian Radio-television and Telecommunications Commission (CRTC) to Parliament and to all Canadians. This report outlines the CRTC's objectives for the coming year and indicates how it will contribute to our mission of "Creating Canada Together."



An essential part of the Canadian Heritage Portfolio, the CRTC regulates and supervises the Canadian broadcasting system and the telecommunications industry by adopting processes that allow it to balance the needs of Canadians with those of the industries.

I am pleased to be able to count on the support and commitment of Crown Corporations and organizations like the CRTC to help carry out the many responsibilities of this Portfolio, which include increasing the cultural vitality of our communities, preserving our multicultural heritage, promoting our official languages, ensuring equal opportunity, and making Canada's voice heard on our large broadcasting networks.

Together, we will make sure that citizens of all ages can make the most of their creativity, talent and skills, so that our entire society can benefit. Together, we will work to make Canada a prosperous country, distinguished by its diversity, openness, cultural vitality, and spirit of innovation.

Liza Frulla

Chairperson's Message

At the CRTC our role is to regulate in the public interest. This means that we balance the needs and interests of business and industry and the consumers of broadcasting and telecommunications products and services, as we work to advance the policies in our governing legislation, the *Telecommunications Act* and the *Broadcasting Act*. It is our duty to regulate in the present, by building on the past, and with an eye to the future needs of Canadians.



The OECD* has stated that the best practice performance of Canada's telecommunications sector is largely due to its regulatory processes, frameworks and policy structures. The OECD stands behind the requirement for good regulatory governance in the context of effective telecommunications policy. In Canada, as in other OECD countries, it is competition that produces the greatest gains in efficiency, innovation and consumer welfare.

Continuing to foster facilities-based competition in telephony is very much in keeping with this thrust and is a major factor in our work. This year, the CRTC will be among the first regulatory agencies in the Western world to deliver a definitive position on the regulation of Voice over Internet Protocol (VoIP).

With the advent of new competitive services and technologies for local services like VoIP, a move to market pricing in the local telephone market becomes a possibility in the not-too-distant future. That is why in 2005-06 we will be establishing criteria for the forbearance of regulation of the local telephone services market.

Canadians have strong views about unwanted telephone solicitation. In 2004, the CRTC released a decision in which we stated that a National Do Not Call list has merit as an approach to telemarketing regulation. At this writing, we are awaiting the outcome of a debate in Parliament on a bill to amend the *Telecommunications Act* that would facilitate the creation of a National Do Not Call List.

In broadcasting, the Commission's main focus remains ensuring that Canadians have access to high-quality Canadian programming that reflects Canada's diversity. To this end, the Commission announced incentives for English and French language television to ensure that the maximum amount of attractive Canadian drama is offered to viewers. These incentives are now being implemented and we will closely monitor them to evaluate their effectiveness.

Another continuing priority is to finalize our policies to guide the transition from analog to digital TV broadcasting, including high definition TV.

We will also make a determination on the introduction of subscription radio in Canada, including satellite radio. Subsequently, the Commission will launch a review of its commercial radio policy and of the industry's plans to make the transition from analog to digital radio.

Streamlining our processes to make them as efficient as possible is a continuing priority. While external forces will always, and to a great extent, determine our workload, we have put a special emphasis on finding ways to streamline our internal procedures in order to accelerate our decision-making. That effort has already begun to pay off, but more is still required, and we will continue to pick-up the pace.

We anticipate another busy year of service to Canadians.

A handwritten signature in black ink, appearing to read 'C. Dalfen', with a horizontal line extending to the right.

Charles M. Dalfen

* OECD Communications Outlook, 2003; OECD Review: Regulatory Reform in Canada, 2002

Overview

The CRTC was established to sustain and promote Canadian culture and achieve key social and economic objectives. The Commission does this by regulating and supervising Canadian broadcasting and telecommunications in the public interest. In doing this, the CRTC is governed by the [Broadcasting Act](#) of 1991 and the [Telecommunications Act](#) of 1993.

The *Broadcasting Act* seeks to ensure that all Canadians have access to a wide variety of high quality Canadian programming.

The *Telecommunications Act* seeks to ensure that Canadians have access to reliable telephone and other telecommunications services at reasonable prices.

Since 1928, when the Government of Canada created the first Royal Commission on Broadcasting, the government has sought to develop policies to keep pace with changing technology. This has been the government's central goal from the early days of radio and television, to our current information highway era characterized by rapid technological change.

Today, we are an independent public authority. The CRTC reports to Parliament through the Minister of Canadian Heritage.

Our challenge is to serve the public interest by maintaining a balance between the cultural, social and economic goals of the legislation on broadcasting and telecommunications, taking into account the wants and needs of Canadian citizens, industries and various interest groups.

Strategic Outcome:

Broadcasting and Telecommunications industries that contribute to Canada's cultural, economic and social prosperity.

The Commission seeks to achieve, through a number of activities, the above strategic outcome which is defined as follows:

1. **Cultural prosperity:** increased availability of Canadian content and programming that reflects Canadian creative talent and Canada's linguistic duality, cultural diversity and social values, as well as its national, regional and community characteristics;
2. **Economic prosperity:** a sustainable, competitive Canadian communications industry ;
and
3. **Social prosperity:** increased access to a variety of innovative, high-quality communications services, at reasonable prices, that meet consumers' needs and reflect their values.

Activities to Achieve the Outcome:

The Commission fulfils its regulatory responsibilities by means of a number of inter-related activities, including:

- √ issuing, renewing and amending licences for broadcasting undertakings;
- √ making determinations on mergers, acquisitions and changes of ownership in the broadcasting industry;
- √ approving tariffs for the telecommunications industry;
- √ fostering increased reliance on market forces for the provision of telecommunications services and ensuring that regulation, where required, is efficient and effective;
- √ monitoring competition and removing obstacles to competition;
- √ collaborating with industry to resolve competitive disputes;
- √ developing and implementing regulatory policies with a view to meeting the objectives of the *Broadcasting Act* and the *Telecommunications Act*;
- √ monitoring, assessing and reviewing, where appropriate, regulatory frameworks to meet its policy objectives; and
- √ monitoring the programming and financial obligations of broadcasting undertakings to ensure compliance with regulations and conditions of licence.

For each task the CRTC undertakes, a primary concern is to balance the needs and desires of Canadians with those of the communications industry. Through its regulatory function, the Commission addresses, among other matters, social and cultural issues that might otherwise not receive the attention they deserve. For instance, the Commission fosters the reflection of Canada's linguistic duality and cultural diversity, the provision of closed captioning for persons who are hearing impaired and descriptive video for persons who are visually impaired, and the development of mechanisms to address concerns such as violence or abusive comment in the broadcast media. The CRTC seeks to ensure that its policy directions for the Canadian industry keep pace with emerging technology and support such directions as increased competition in local telephone markets.

Summary Information

CRTC Mandate				
The CRTC mandate is to regulate and supervise the broadcasting and telecommunications industries in accordance with the policy objectives set out in sections 3 and 5 of the <i>Broadcasting Act</i> and in section 7 of the <i>Telecommunications Act</i> .				
Financial Resources				
(\$ millions)	2005-2006	2006-2007	2007-2008	
	43.3	43.3	43.3	
Human Resources				
	2005-2006	2006-2007	2007-2008	
	418	418	418	
Departmental Priorities				
(\$ millions)		Planned Spending		
Priorities	Type*	2005-2006	2006-2007	2007-2008
Cultural Prosperity	Previously committed to	19.5	19.5	19.5
Economic Prosperity	Previously committed to	17.3	17.3	17.3
Social Prosperity	Previously committed to	6.5	6.5	6.5

* *Type of priority: new, ongoing or previously committed to (i.e. reported on in previous RPP or DPR)*

Departmental Plans and Priorities

Environmental Context

CRTC is fully funded by the fees it collects from the telecommunications and broadcasting industries. The CRTC collects fees under the authority of the *Telecommunications Act*, the *Broadcasting Act* and the regulations made pursuant to these acts, namely the *CRTC Telecommunications Fee Regulations, 1995* and the *CRTC Broadcasting Licence Fee Regulations, 1997*.

Industry consolidation and the resulting media convergence, or common ownership of television, radio, newspaper and Internet properties, will continue to influence the CRTC's operating environment. Our ongoing challenge will be to ensure that Canadians have access to a diversity of voices and choices within a dynamic and competitive industry, while also enabling strong Canadian firms capable of competing globally.

Looking forward, the economy as a whole is expected to continue to grow. The communications sector is expected to contribute to this growth through innovation in the form of new products and services, and improved business processes. Competition will continue to expand in certain markets. Overall, the outlook for the communications sector is positive.

The Commission's public policy, whether taken under the auspices of the *Telecommunications Act* or the *Broadcasting Act*, increasingly has profound ramifications for industry players, whether their respective businesses historically originated in telephony or broadcasting. The Commission remains dedicated, pursuant to its legislative mandate, to sustainable competition and the emergence of new services.

The following paragraphs describe the priorities that the CRTC will pursue over the next three years to move its strategic outcome forward. These priorities reflect the current and anticipated social, cultural and economic environments.

Priorities

The CRTC's priorities for the 2005-2008 period are:

1) Cultural Prosperity:

- Canadian Drama
- Cultural Diversity

2) Economic Prosperity:

- Local Telephone Service Criteria for Forbearance from Regulation
- Voice Services Using Internet Protocol (VoIP) Implementation

- Streamlining Procedures
 - Tariff Applications
 - Expedited Process
 - Alternate Dispute Resolution
 - Processing Broadcasting Applications
- Telemarketing Rules
- Commercial Radio Policy Review

3) Social Prosperity:

- New Technologies
 - Subscription Radio Services
 - High Definition Regulatory Framework
 - Digital Migration
- Consumer Bill of Rights
- Community Notification System
- Price Cap Review

1) Cultural Prosperity:

▪ Canadian Drama

Television is the most popular source of information and entertainment for Canadians. Of all viewing to television, viewing to drama and comedy far exceeds viewing to other genres such as news, information or sports. However, for English Canadians, almost 90% of viewing to drama on English-language television is to foreign-produced programs. Since it is through television drama that most Canadians participate in their national culture, the fact that English Canadians are largely exposed to the cultural values of another country is a matter of concern.

Canadian-produced drama in the French language has long been popular with viewers of French-language television. While recognizing the substantial contribution of French-language broadcasters to the production and broadcasting of dramas, the Commission's aim in introducing incentives is to neutralize the downward trend of hours of original French-language Canadian drama programming, noted especially in the private sector.

In *Support for Canadian Television Drama – Call for comments*, [Broadcasting Public Notice CRTC 2003-54](#), 26 September 2003, the Commission sought comments on actions it might take to support the production and broadcast of more high quality, original, English-language Canadian drama and to attract larger audiences to such programming. The Commission also sought comments on actions it might take to ensure that high quality, original French-language Canadian drama remain a key component of prime time viewing.

Following the analysis of the comments received, the Commission issued *Proposed Incentives for English-language Canadian television drama – Call for comments* [Broadcasting Public Notice CRTC 2004-32](#), 6 May 2004 and *Proposed measures to ensure that French-language Canadian drama remains a key component of peak time viewing – Call for comments* [Broadcasting Public Notice CRTC 2004-38](#), 8 June 2004. Following comments on these proposals, the Commission published its incentive packages for Canadian drama in *Incentives for English-language Canadian television drama*, [Broadcasting Public Notice CRTC 2004-93](#), 29 November 2004 and *Incentives for original French-language Canadian television drama*, [Broadcasting Public Notice CRTC 2005-8](#), 27 January 2005.

The incentive package for English-language drama consists of:

- a) **Incentives to broadcast original hours of Canadian drama:** these incentives have, as their objective, an increase in the production and broadcast of original hours of English-language, Canadian drama;

- b) **Incentive to increase viewing to Canadian drama:** The objective of this incentive is to increase the viewing to English-language Canadian drama on Canadian English-language services, as a percent of all drama viewing on Canadian English-language services;
- c) **Incentive to increase expenditures on Canadian drama:** the objective of this incentive is to increase expenditures on English-language Canadian drama by the English-language conventional television industry, as a percent of total revenues from 4% to 6% over a five-year period.

The incentive program for French-language drama consists of:

- Credits in additional minutes of advertising for each hour of original French-language Canadian drama programming that they broadcast during the peak viewing hours. The number of additional commercial minutes allowed depends on production budgets. Furthermore, dramas that have not received funding from the Canadian Television Fund are eligible for a bonus of additional advertising time.

Licensees who meet the criteria of the drama incentive program and the eligibility threshold will be permitted to broadcast, at their convenience in the broadcast schedule, additional minutes of advertising, beyond the limits set out in applicable regulations or conditions of licence. In order to avail itself of the incentive program, a licensee must apply for a condition of licence.

Each licensee participating in the drama incentive program must file an annual report setting out details of the Canadian drama programs that earned extra minutes and when those minutes were broadcast.

The annual drama incentive reports will be made public subject to the Commission's confidentiality guidelines.

▪ **Cultural Diversity**

To ensure that the multicultural objectives of the *Broadcasting Act* are met, the Commission has adopted a multifaceted approach to ensure that the Canadian broadcasting system reflects Canada's multicultural and multiracial nature. The Commission has licensed many services that specifically target ethnic and Aboriginal communities to ensure that the broadcasting system provides programming *by and for* Canadians of all origin. The Commission also requires all broadcasters to improve the reflection of Canada's diverse reality on Canadian television screens.

Changing ethnocultural demographics (in particular the 2001 Census) has provided support for growing demand for equitable, inclusive portrayal of ethnocultural and

Aboriginal diversity on television. In response to this demand, the Commission now requires “mainstream” broadcasters to file corporate plans containing specific initiatives to increase corporate accountability for diversity, to improve reflection in all types of programming (by increasing the different faces seen and the variety of stories told), and to enhance relationships with diverse communities. Broadcasters are required to report annually on the progress made in implementing their corporate plans. To date, 15 broadcasters are required to file corporate plans and annual reports. They are: CTV, Global, TVA, Corus, Vision, Pelmorex, Astral, MusiquePlus, Rogers, CHUM, CPAC, TV5, LTA, Alliance Atlantis, and The Score. These annual reports are available on the CRTC's web site.

In addition, in [Public Notice CRTC 2001-88](#), *Representation of cultural diversity on television – Creation of an industry/community task force*, the Commission asked the Canadian Association of Broadcasters (the CAB) to create an industry/community task force on behalf of private television broadcasters. This task force was to conduct qualitative and quantitative research on the status of diversity on Canadian television, identify "best practices", and develop industry-wide solutions towards improving the presence and portrayal of Canada's diverse reality. The task force submitted its final report to the Commission in the summer of 2004. The Commission will be issuing its response to the report in early 2005.

Finally, in [Public Notice CRTC 2004-2](#), as part of its renewal of 22 specialty services, the Commission announced that it expects broadcasters to include persons with disabilities in their cultural diversity corporate plans. To assist the broadcasting industry in developing strategies for enhancing the inclusion of persons with disabilities in television, the Commission also called upon the CAB to develop and file an action plan to examine issues surrounding the presence, portrayal and participation of persons with disabilities in broadcasting. The CAB filed its action plan in August 2004. In response to that filing, the Commission now expects the CAB to report, in July 2005, on the research and consultation processes proposed in its action plan, along with an implementation plan, setting out which initiatives or deliverables will be undertaken.

2) Economic Prosperity:

▪ Local Telephone Service Criteria for Forbearance from Regulation

On 7 April 2004, Aliant Telecom Inc. filed an application, requesting that the Commission refrain from regulating residential local services in specified local exchange areas where local service competition exists. The company also requested that the Commission remove marketing restrictions currently applied to these services.

The Commission plans to launch a proceeding in 2005 in order to define criteria for local service forbearance. The Commission may consider Aliant Telecom's application within this proceeding, or it may deal with it in a separate decision, either before or after the local service forbearance proceeding.

- **Voice Services using Internet Protocol (VoIP) Implementation**

In *Regulatory framework for voice communication services using Internet Protocol*, [Telecom Public Notice CRTC 2004-2](#), 7 April 2004, the Commission initiated a public proceeding for determining the appropriate regulatory framework for voice communication services using Internet Protocol. In the public notice, the Commission noted two principal categories of voice communications services using Internet Protocol: (1) peer to peer services that do not connect to the public switched telephone network (PSTN) and (2) voice communication services using Internet Protocol that provide access to or from the PSTN and use numbers that conform with the North American Numbering Plan (NANP). The Commission further stated its preliminary view that VoIP services should be subject to the existing regulatory framework.

Following receipt of comments, the Commission held a public consultation on 21 September 2004 in Gatineau. Thirty-one (31) parties participated in the three-day consultation. While some parties supported the Commission's preliminary view, other parties have suggested alternative approaches to categorizing VoIP services and, correspondingly, to regulating (or not regulating, as the case may be) VoIP service providers. Many issues, including whether VoIP services that allow subscribers to make or receive calls that terminate within an exchange or local calling area should be treated for regulatory purposes as local exchange services and whether it should become mandatory for VoIP service providers to provide 911 and E911 services, consumer safeguards and message relay service (MRS) were discussed.

The Commission is currently in the process of considering all the information resulting from the consultation and will issue its conclusions at a later date.

- **Streamlining Procedures**

- **Tariff Applications**

Bell Canada filed a Part VII application, dated 8 November 2004, in which the company requested that the Commission approve a streamlined automatic approval process for incumbent local exchange carrier (ILEC) retail tariff filings (applications regarding competitor services and service withdrawals would be excluded). Under the proposed process, retail tariffs would automatically come into effect on an interim basis after 10 days in some cases, and after 40 days in others, unless the Commission took explicit action earlier to defer or deny a filing. Bell proposed that retail tariff filings would be classified into two groups (Groups A and B) that would be subject to different timelines. Final approval would take place 60 days after filing unless the Commission took explicit action earlier to deny or approve the filing. For filings that are deferred, automatic final approval would take place after 75 days.

The Commission is considering Bell Canada's proposal and approaches which will expedite the processing of tariff notice applications.

- **Expedited Process**

Early in 2004, the Commission launched an accelerated process aimed at increasing the speed with which competitive issues arising under the *Telecommunications Act* are resolved. Under the banner of this new Expedited Process, the Commission established a series of Commission panels to conduct brief public hearings to address competitive disputes generally involving two parties, where the issues are largely factual.

The Expedited Process is logistically set up to hear, if required, three applications on the same day. Decisions are published within a short period of time following the public hearing. Plans are underway to expand the Expedited Process to include competitive issues arising under the *Broadcasting Act*.

- **Alternate Dispute Resolution**

The Commission plans to use various alternate dispute resolution and traditional dispute resolution techniques to resolve disputes involving such matters as terms of access to programming, allegations of undue preference or disadvantage, and requests for orders pursuant to section 9(1)(h) or section 12(2) of the *Broadcasting Act*. It is anticipated that 20% or more of disputes may be amenable to the expedited hearing approach described above. Consultation with interested parties will be held to establish standards of performance with regard to various kinds of dispute resolution files.

- **Processing Broadcasting Applications**

The Commission launched an internal review to identify ways to accelerate the process of delivering its broadcasting decisions. Industry associations are being consulted to find ways of enhancing the efficiency of the Commission's proceedings. A number of changes have already been identified and are being implemented to improve the timeliness of the Commission's decisions.

- **Telemarketing Rules (National do not call list)**

The Commission issued *CRTC seeks public input on telemarketing rules*, [Telecom Public Notice CRTC 2001-34](#), in March 2001, announcing its intention to review its rules, including enforcement procedures, regarding unsolicited telecommunications for the purpose of solicitation from persons who represented for-profit and not-for-profit organizations, generally called "telemarketers."

In *Review of the telemarketing rules*, [Telecom Decision CRTC 2004-35](#), 21 May 2004, the Commission announced changes to its telemarketing rules. In that Decision, the Commission stated that it believed there was considerable merit in the establishment of a national do not call list. However, the Commission indicated that implementing such a national list would be counter-productive without appropriate start-up funding and

without an effective fining power for enforcement, such as the power to impose administrative monetary penalties, which is not available to the Commission under current legislation.

On 13 December 2004, the Honourable David L. Emerson, Minister of Industry, announced that the Government of Canada was introducing legislation that would amend the *Telecommunications Act* in order to provide the Commission with the ability to establish a national do not call list. It would also give the Commission the power to levy substantial penalties against telemarketers who do not follow the rules, and the power to contract with a private sector third-party to operate the service. The Commission will closely monitor the progress of this legislation. If the new legislation is enacted by Parliament, the Commission will seek additional resources in order to effectively implement these new statutory responsibilities.

▪ **Commercial Radio Policy Review**

The Commission's current policy for commercial radio is set out in *Commercial Radio Policy 1998*, [Public Notice CRTC 1998-41](#), 30 April 1998 (the 1998 Policy). Since that time, the Canadian radio industry and the music sector have faced a rapidly changing environment. The widespread availability of music through the internet and personal MP3 devices have resulted in a decline in young listeners to radio. At the same time, the radio industry has experienced significant ownership consolidation as a result of more flexible rules introduced in the 1998 policy. The 1998 policy also raised the requirement for Canadian popular music from 30% to 35% and indicated that a level of 40% may be appropriate when the policy was reviewed. Finally, many radio licensees have begun broadcasting in digital as well as analog although the availability of digital receivers in Canada remains minimal.

The Commission intends to conduct a review of its commercial radio policy during 2005-2006. This review will explore issues such as:

- √ The future of digital audio broadcasting in Canada;
- √ The impact of the internet and other audio delivery systems on commercial radio;
- √ The appropriate minimum Canadian content levels for Canadian music;
- √ Support for new Canadian musical talent;
- √ The appropriate contribution by the radio industry to Canadian talent development; and
- √ Local programming – especially local news and information.

3) Social Prosperity:

- **New Technologies**
- **Subscription Radio Services**

At the 1 November 2004 Gatineau Public Hearing, the Commission examined three applications for licences to carry on multi-channel subscription radio services, distributed by satellite and/or terrestrial transmitters for direct reception by subscribers. Two of the applicants are in partnership with existing US satellite-delivered subscription radio services. The third application proposes a Canadian-based terrestrial subscription radio service.

Since no such services are currently licensed for operation in Canada, these applications give rise to a number of policy issues that need to be addressed, in order to ensure that the objectives of the *Broadcasting Act* are met.

Therefore, in addition to comments on the proposals put forward by the respective applicants, the Commission also sought public comment on issues such as: Canadian content levels, Canadian talent development contributions, accountability, competitiveness, impact on other audio services and the appropriate class of licence.

The Commission is now considering all the information received at the hearing and will issue its decision at a later date.

- **High Definition Regulatory Framework**

In *Call for comments on a proposed framework for the licensing and distribution of high definition pay and specialty services*, [Broadcasting Public Notice CRTC 2004-58](#), 6 August 2004, the Commission requested comment on a comprehensive proposed framework for the transition of pay and specialty services to high definition (HD). The framework adopted as a result of this proceeding will govern the licensing and distribution of HD versions of existing Canadian and non-Canadian pay and specialty services, as well as new Canadian and non-Canadian HD services. The proceeding will address the regimes for the licensing of Canadian HD pay and specialty services and for their carriage by the country's various classes of broadcasting distribution undertakings, including the establishment of minimum HD content levels that Canadian pay and specialty services must offer in order to obtain mandatory carriage by distribution undertakings and possible requirements as to the packaging of Canadian and non-Canadian HD services. A ruling will be issued during the 2005-2006 fiscal year.

This proceeding is the most recent in a series of proceedings establishing a framework for the transition of the Canadian broadcasting industry from analog to digital, and ultimately to HD, technology. The Commission has already conducted proceedings, and issued rulings, with respect to over-the-air digital television stations

and the distribution of those signals. A subsequent proceeding will be required to address issues related specifically to the distribution of HD services by direct-to-home (satellite) distribution undertakings.

- **Digital Migration**

A component of the transition to fully digital distribution in Canada is the migration of the existing analog pay and specialty services to a digital distribution environment, and more specifically the migration from an analog to a digital regulatory framework. In *Determination with respect to the establishment of rules to govern the distribution of specialty service on the basic service of fully digital cable undertakings; and call for proposals for a framework to guide the migration of pay and specialty services from analog to digital distribution environment*, [Broadcasting Public Notice CRTC 2005-1](#), 7 January 2005, the Commission has called for comments on a framework to guide the transition in a manner that will contribute to the attainment of the objectives of the *Broadcasting Act* and advance, rather than compromise, the transition to high definition digital technology.

The Commission considers that digital technology can contribute to the attainment of the objectives of the Act in a number of ways. Among other things, digital technology will permit more efficient delivery of programming services, provide increased flexibility for distributors, facilitate the development of new types of services and related revenue sources for both programmers and distributors, and expand the choice of services for subscribers. The Commission therefore wishes to encourage the rollout of digital distribution technology, and seeks to maximize its contribution to the attainment of the objectives set out in section 3(1) of the Act.

▪ **Consumer Bill of Rights**

Many of the basic consumer rights pertaining to tariffed telephone services are currently found in the incumbent local exchange carriers' (ILECs') Terms of Service, which are published in the introductory pages of their telephone directories (the white pages).

The Commission has found that the Terms of Service and the white pages are difficult to understand in some places, and that there might be cases in which an ILEC's Terms of Service and white pages do not contain all the rights of consumers, or all the information necessary for an accurate understanding of consumer rights.

In *Consumer bill of rights*, [Telecom Public Notice CRTC 2003-6](#), 13 June 2003, the Commission initiated a proceeding to develop a consumer bill of rights (CBOR). This CBOR will apply to regulated retail telecommunication services offered by the ILECs. The Commission expects that the CBOR will comprise a list of clear and concise

statements of existing consumer rights written in plain language. The Commission invited parties to propose consumer rights to be included in the CBOR. The Commission intends to dispose of the CBOR proceeding in the 2005-2006 fiscal year.

- **Community Notification System**

Community notification service would enable a local government authority with responsibility for the provision of critical emergency services to notify citizens within its jurisdiction of imminent danger to an individual's life, health, or property.

An application has been filed, seeking a Commission decision setting out the terms and conditions under which an ILEC would allow access to its emergency 9-1-1 database, in order to enable a municipality, regional district, or other government authority, to provide a community notification service in order to further enhance the safety of its citizens.

The Commission intends to dispose of this application in the 2005-2006 fiscal year.

- **Price Cap Review**

In *Price cap regulation and related issues*, [Telecom Decision CRTC 97-9](#), 1 May 1997, the Commission established and implemented an initial four-year price cap regime for the large ILECs, effective 1 January 1998. After a full review was conducted during the last year of the initial price cap regime, the Commission decided, in *Regulatory framework for second price cap*, [Telecom Decision CRTC 2002-34](#), 30 May 2002, to extend price regulation for the large ILECs, with a number of modifications, for another four years. The main objectives of this regime were:

- √ To render reliable and affordable services of high quality, accessible to both urban and rural area customers;
- √ To balance the interests of the three main stakeholders in the telecommunications markets (i.e., customers, competitors, and incumbent telephone companies);
- √ To foster facilities-based competition in the Canadian telecommunications markets;
- √ To provide incumbents with incentives to increase efficiencies and to be more innovative; and
- √ To adopt regulatory approaches that impose the minimum regulatory burden compatible with the achievement of the previous four objectives.

The Commission also approved a similar price cap regime for Société en commandite Télébec and TELUS Communications (Québec) Inc. in *Implementation of price regulation for Télébec and TELUS Québec*, [Telecom Decision CRTC 2002-43](#), 31 July 2002.

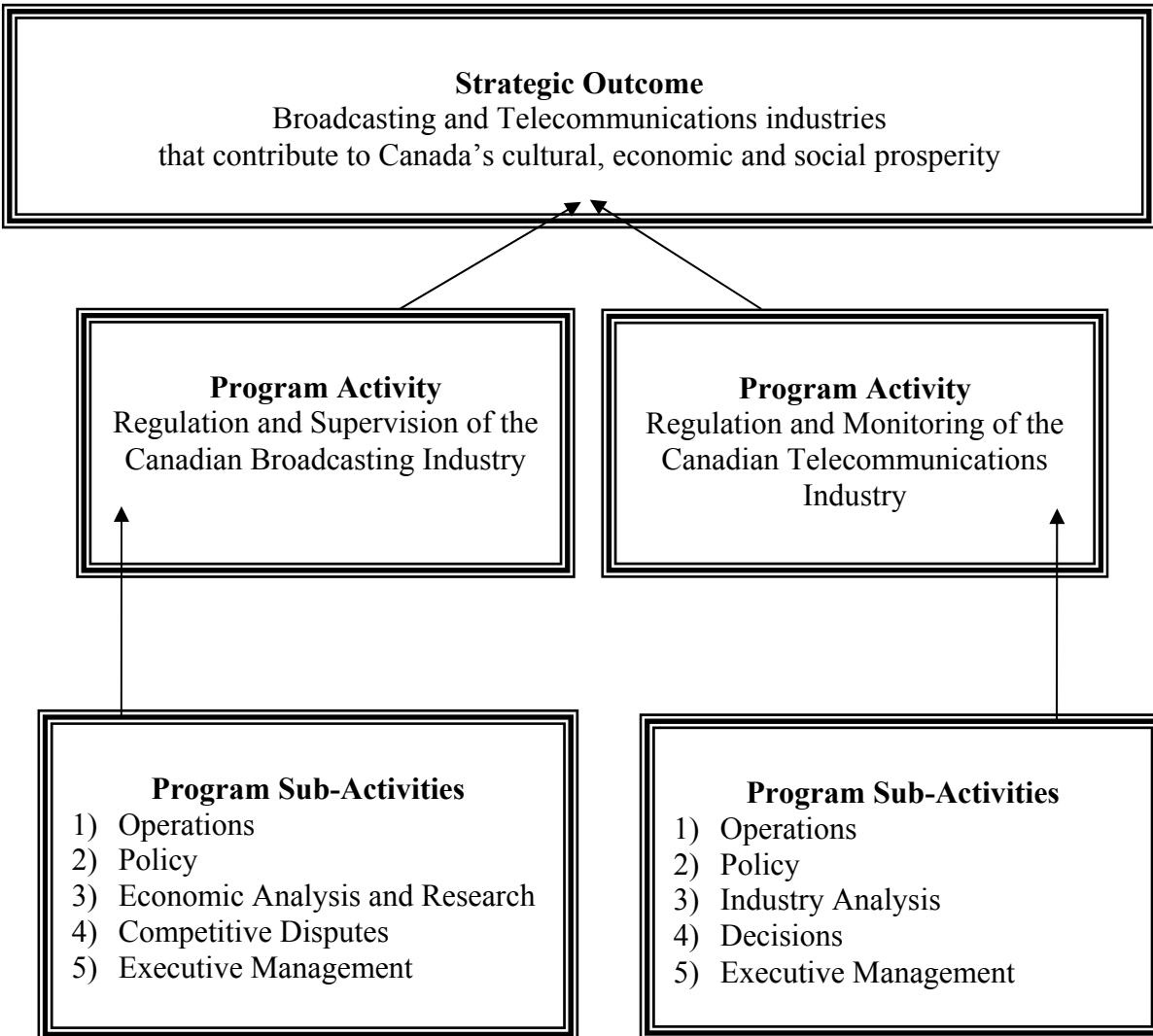
During the course of the upcoming year, the Commission, after consulting with the main stakeholders, will consider whether the current form of price cap regulation for these ILECs continues to represent an appropriate basis of regulation to balance the interests of the three main stakeholders.

SECTION II:

Analysis of Program Activities by Strategic Outcome

Detailed analysis of Program Activity

The CRTC's Program Activity Architecture (PAA), as recently approved by Treasury Board, is comprised of the following:



Strategic outcome:

Broadcasting and Telecommunications industries that contribute to Canada’s cultural, economic and social prosperity.

Program Activity Name:

Regulation and supervision of the Canadian broadcasting industry

Financial Resources:

2005-2006	2006-2007	2007-2008
\$22.7 million	\$22.7 million	\$22.7 million

Human Resources:

2005-2006	2006-2007	2007-2008
223	223	223

The Broadcasting sector provides the Commission with advice and recommendations in support of its mandate to supervise and regulate all aspects of the Canadian broadcasting system in order to implement the broadcasting policy set out in the *Broadcasting Act*.

To meet its objectives, the Commission must encourage the promotion of Canadian creativity, the reflection of Canadian society, and ensure that Canadian programming is prominently displayed in an increasingly globalized world.

To achieve the desired outcomes, the CRTC plans to:

- √ increase the production and viewing of Canadian drama;
- √ ensure diversity of services to reinforce the Canadian broadcasting system;
- √ increase the presence, participation, and portrayal of and access to persons with disabilities and improve representation of our ethnocultural and Aboriginal societies;
- √ ensure licensee compliance with regulations and conditions of licence.

The CRTC will measure its success in achieving the objectives of the *Broadcasting Act* using indicators such as: the number of scheduled hours of Canadian programming; the viewership for Canadian programs; the amount invested in Canadian talent development; the availability of multicultural and Aboriginal programming; and the availability of programming in the official language of the minority.

Key Program or Service Name:

Broadcasting Operations

Financial Resources:

2005-2006	2006-2007	2007-2008
\$7.6 million	\$7.6 million	\$7.6 million

The Broadcasting Operations group is responsible for the analysis of the majority of broadcasting applications from the initial submission through to the issuance of a decision, licence or a licence amendment, and for the processing of all broadcasting applications. It also keeps track and monitors the reporting requirements and programming activities of broadcast undertakings, including radio, television, specialty, pay and pay-per-view services, and the community channels of broadcasting distribution undertakings.

Key Program or Service Name:

Broadcasting Policy

Financial Resources:

2005-2006	2006-2007	2007-2008
\$4.0 million	\$4.0 million	\$4.0 million

The Broadcasting Policy group is responsible for all policy activities related to English-language and French-language radio and television, pay and specialty television, pay-per-view and video on demand, ethnic and aboriginal broadcasting, community broadcasting and social policy issues. It has the responsibility for competitive policy and regulatory issues related to cable, satellite and other distribution undertakings, as well as for mergers, acquisitions and ownership policy in the broadcasting sector.

Key Program or Service Name:

Economic Analysis and Research

Financial Resources:

2005-2006	2006-2007	2007-2008
\$1.8 million	\$1.8 million	\$1.8 million

The Economic Analysis and Research group provides economic and financial analytical support for the Commission’s broadcasting policy, licensing and operational activities. The group uses audience, financial, statistical and demographic data to conduct economic research on broadcasting sectors and markets across Canada. It is also responsible for monitoring the results of the Commission’s major broadcasting policy and licensing decisions.

Key Program or Service Name:

Competitive Disputes

Financial Resources:

2005-2006	2006-2007	2007-2008
\$0.6 million	\$0.6 million	\$0.6 million

The Competitive Disputes group’s mandate is to identify and bring to resolution broadcasting disputes, as well as to explore, where appropriate, alternative dispute mechanisms for resolving matters. Competitive disputes include undue preference complaints, alleged breaches of Commission policies, complaints related to programming rights, and disputes between programmers and distributors regarding carriage issues such as wholesale rates.

Key Program or Service Name:

Executive Management

Financial Resources:

2005-2006	2006-2007	2007-2008
\$8.7 million	\$8.7 million	\$8.7 million

The Executive Management sector includes the Commissioners, Legal Counsel, Communications, Secretariat and Client Services and is responsible for rendering and communicating regulatory decisions. The Commissioners are the primary component of this sub-activity and are responsible for making decisions within the framework of the objectives outlined in the *Broadcasting Act*, the *Telecommunications Act*, the *Canadian Radio-television and Telecommunications Act* and other related legislation. Operational guidance to the decision-making process is provided by the Secretariat and Legal Directorate. The communication of all regulatory decisions is effected through the Communications and Client Services Branches.

Program Activity Name:

Regulation and monitoring of the Canadian telecommunications industry

Financial Resources:

2005-2006	2006-2007	2007-2008
\$20.6 million	\$20.6 million	\$20.6 million

Human Resources:

2005-2006	2006-2007	2007-2008
195	195	195

The Telecommunications sector develops advice and recommendations to the Commission to ensure the implementation of Canadian telecommunications objectives set out in the *Telecommunications Act* and to ensure that Canadian carriers provide telecommunications services and charge rates on terms that are just and reasonable, and do not unjustly discriminate or provide an unreasonable preference toward any person.

The rapid and continued evolution of the telecommunications industry, and the introduction of new services, provides businesses and consumers better and faster ways to communicate. The new services and changes in technology also raise complex issues.

The CRTC will continue to address these issues to take advantage of the innovative technologies that will better serve the broadcasting and telecommunications industries as well as the Canadian public.

To continue to ensure access to a wide variety of communications services for all Canadians, the CRTC plans to:

- √ ensure that incumbent telecommunications companies meet the basic service objectives;
- √ promote consumer safeguards;
- √ promote and facilitate access to telephone services;
- √ promote and maintain high-quality of service provided by incumbent telephone companies; and
- √ ensure that consumers benefit from technological changes.

The CRTC will continue to monitor the evolution of new technologies in the telecommunications industry and the impact of regulation and deregulation. It will measure progress in ensuring that Canadians have better access to innovative, high-quality and affordable communications services, using national and international indicators such as: analysis of competition (profile of competitors, emergence of alternative service providers); National trends in market share in

regulated and unregulated markets; and selected financial (revenue, profits) and economic indicators of industry.

The CRTC continues to implement policies that will promote a strong, competitive market place balancing the needs of incumbents, competitors and consumers. Work remains to achieve the CRTC's goal of attaining vigorous, sustainable competition, particularly in the local telephone market.

To meet its objectives, the Commission plans to:

- √ remove obstacles to competition; and
- √ ensure that emerging technologies support sustainable facilities-based competition in the telecommunications industry;

Key Program or Service Name:

Telecommunications Operations

Financial Resources:

2005-2006	2006-2007	2007-2008
\$6.9 million	\$6.9 million	\$6.9 million

The Telecommunications Operations sector is comprised of three groups:

The *Competition Implementation and Technology group* is responsible for dealing with issues related to the implementation of the Commission's policy of facilitating the introduction and evolution of competition in the various telecommunications markets. This group has the responsibility for industry-negotiated processes such as the Canadian Interconnection Steering Committee (CISC) to resolve operational and administrative matters among carriers. It is also responsible for conducting Alternate Dispute Resolution (ADR) on conflicting issues between carriers. The group also provides the necessary support and leadership relative to issues that involve technical matters. Taking into account the technological evolution that is taking place in the telecommunications industry, there is a need for this group to stay abreast of these changes as to put in place the appropriate regulatory frameworks reflective of this evolution both in Canada and globally.

- The *Competitor Services and Costing group* is responsible for the review of and the development of competitor service rates and costs. The group provides analysis and advice on aspects of rate regulation, competitor service tariffs and the appropriate regulatory framework including Phase II costing methodology & procedures. It is also responsible for costing compliance and costing for determining subsidy requirements.
- The *Tariff group* assesses the rates, terms and conditions of tariffed services offered by the regulated telecommunications companies. The group provides analysis and advice pertaining to tariff applications such as for services provided to residential and business customers and to other providers of telecommunications services. This group contributes to the review of complex policy issues that cross a number of sectors/programs, including matters of competition, economics and technology respecting telecommunications carriers under the Commission's jurisdiction.

Key Program or Service Name:

Telecommunications Policy

Financial Resources:

2005-2006	2006-2007	2007-2008
\$1.8 million	\$1.8 million	\$1.8 million

The Telecommunications Policy is comprised of two groups:

- The *Consumer Affairs group's* mandate is to ensure the advancement of consumer interests and of consumer access to telecommunications in the context of the continued transition from a monopoly to a competitive telecommunications market. This group is responsible for ensuring the Commission's policies and determinations will result in a consumer-friendly marketplace. The group oversees quality of service provided by the telephone companies to subscribers, consumer issues, privacy, disabled access and consumer literacy issues. Goals in this regard include the protection of consumers and the supporting of access to telecommunications for all consumers.
- The *Telecom Policy Decisions group* was established to review and interpret, where necessary, the policies of the Commission. The group is responsible for policy framework research, imputation test and mark-up policies, promotion and bundling policies, forbearance policy and for regulatory framework proceedings. In addition, this group assists other groups in their review or development of regulatory frameworks. Finally, it is responsible for ensuring the Commission's policies and determinations include the promotion of competition, and the protection of consumer interests.

Key Program or Service Name:

Industry Analysis

Financial Resources:

2005-2006	2006-2007	2007-2008
\$2.0 million	\$2.0 million	\$2.0 million

The Industry Analysis and Regulation group provides analysis and advice on all aspects of the Canadian telecommunications industry. It is also responsible for preparing the annual report to the Governor in Council concerning the status of competition in the industry. The group manages the contribution regime that is used to subsidize the provision of telecommunications service in high cost serving areas, manages the collection of Telecom Fees, and is responsible for the issuance of international telecommunications licences. It also monitors foreign ownership regulation relating to Canadian telecommunications common carriers. Lastly, it is responsible for all regulatory aspects of telephone numbering in Canada including participation in the North American numbering plan. In supporting these activities, the group operates a large data warehouse that permits data to be collected directly from industry sources, stored, and analyzed.

Key Program or Service Name:

Telecommunications Decisions

Financial Resources:

2005-2006	2006-2007	2007-2008
\$2.0 million	\$2.0 million	\$2.0 million

The Decisions, Planning and Operations group overlooks the overall planning and operations of the Telecom Regulatory Directorate including being the main interface with the other Directorates of the CRTC as it relates to Telecom planning and processes. The group ensures the efficient operation of the Telecom Branch in terms of strategic planning, procedures, decision editing and co-ordination. It is also responsible for the development and management of systems and processes to track and report on Telecom action plans and status of items on an ongoing basis, and to report to the public on their status, through the Telecom Service Standards. The group also oversees Government Initiatives such as Government on line (GOL) and other general reporting requirements as required.

Key Program or Service Name:

Executive Management

Financial Resources:

2005-2006	2006-2007	2007-2008
\$7.9 million	\$7.9 million	\$7.9 million

The Executive Management sector includes the Commissioners, Legal Counsel, Communications, Secretariat and Client Services and is responsible for rendering and communicating regulatory decisions. The Commissioners are the primary component of this sub-activity and are responsible for making decisions within the framework of the objectives outlined in the *Broadcasting Act*, the *Telecommunications Act*, the *Canadian Radio-television and Telecommunications Act* and other related legislation. Operational guidance to the decision-making process is provided by the Secretariat and Legal Directorate. The communication of all regulatory decisions is effected through the Communications and Client Services Branches.

SECTION III:
Supplementary Information

Management Representation Statement

I submit for tabling in Parliament, the 2005-2006 Report on Plans and Priorities (RPP) for the Canadian Radio-television and Telecommunications Commission (CRTC).

This document has been prepared based on the reporting principles contained in the *Guide to the Preparation of the 2005-2006 Report on Plans and Priorities*.

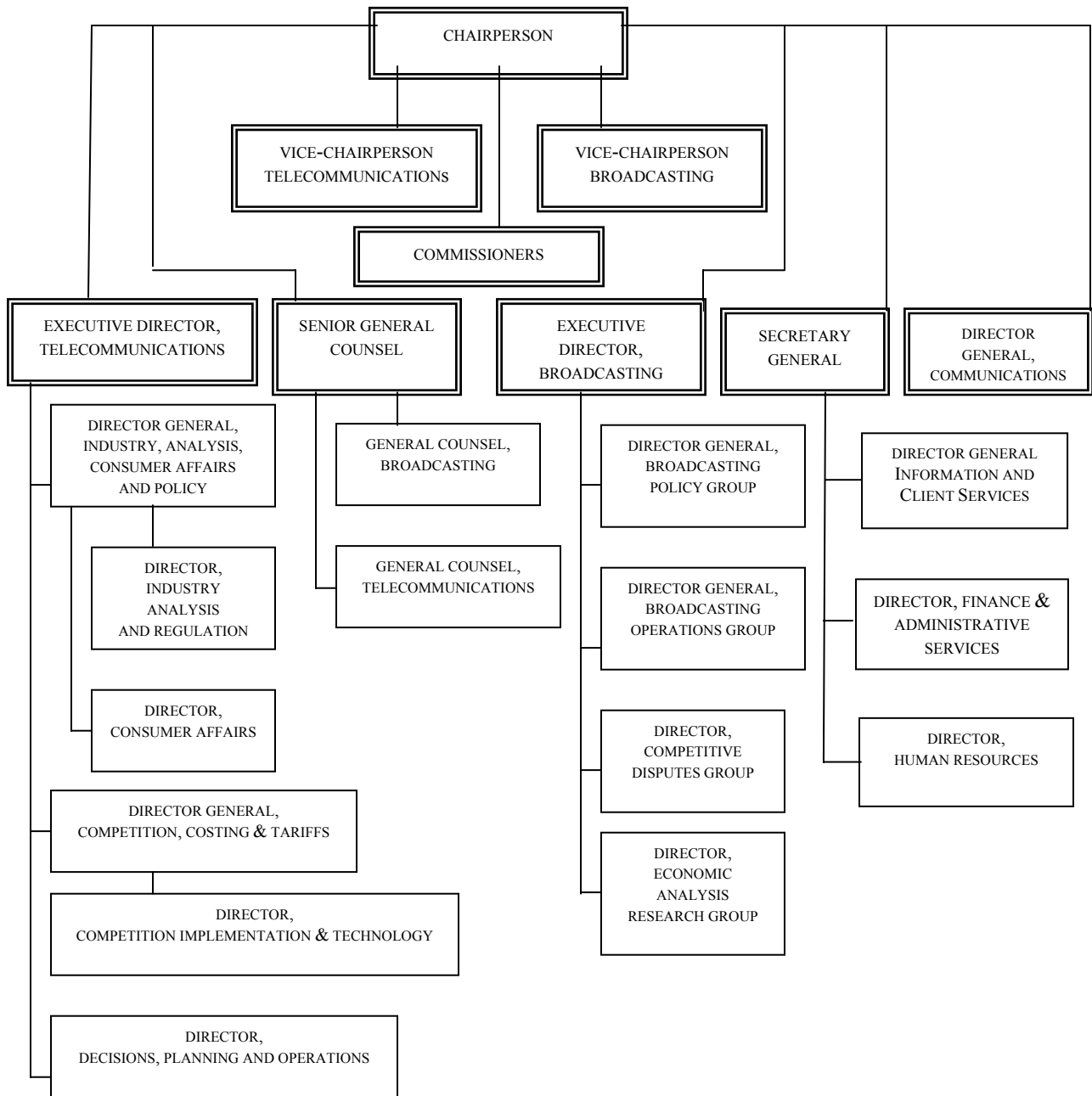
It accurately portrays the organization's plans and priorities.

- It adheres to the specific reporting requirements outlined in the TBS guidance;
- It uses an approved program activity architecture (PAA) structure;
- It provides a basis of accountability for the results achieved with the resources and authorities entrusted to it; and
- It reports finances based on approved planned spending numbers from the Treasury Board Secretariat.

Name: _____
Diane Rhéaume, Secretary General

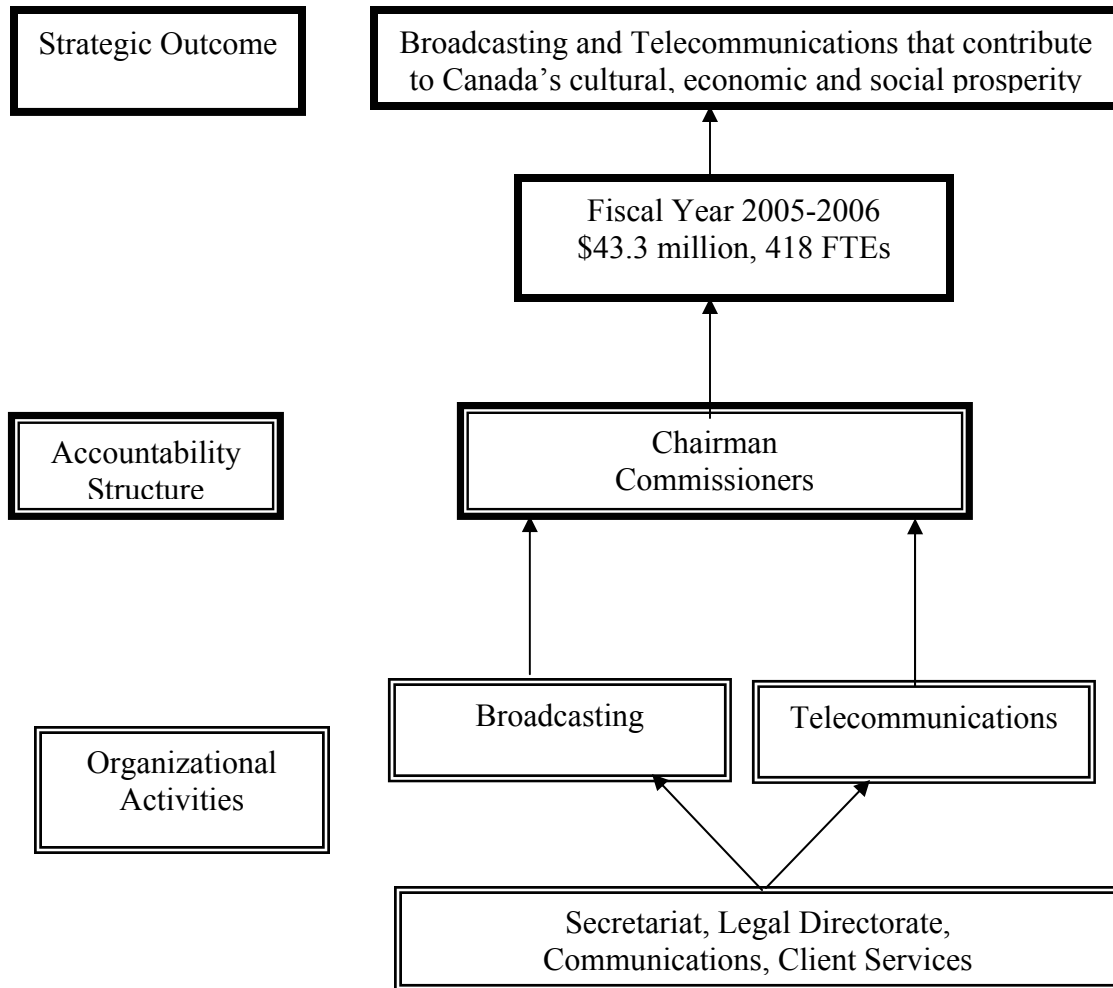
Date: _____

CRTC Organization Chart



- Parliament set out our present structure and powers in the *Canadian Radio-television and Telecommunications Act*. This Act was amended by the *Broadcasting Act* of 1991.
- Under the Act, the Cabinet may appoint up to 13 full-time and 6 part-time commissioners for renewable terms of up to 5 years.
- Full-time positions include that of the chairperson, the vice-chairperson of broadcasting, and the vice-chairperson of telecommunications.
- Only the full-time commissioners are involved in the decision-making process for telecommunications, but all commissioners participate in broadcasting decisions.
- 418 employees specializing in broadcasting and telecommunications also contribute their talents and services to respond to our immediate and long-term responsibilities concerning legislation, the Canadian public, government and industry.

Accountability Structure



The CRTC reports to Parliament through the Minister of Canadian Heritage

Table 1: CRTC Planned Spending and Full Time Equivalents

(\$ millions)	Forecast Spending 2004-2005	Planned Spending 2005-2006	Planned Spending 2006-2007	Planned Spending 2007-2008
Regulation and Supervision of the Canadian Broadcasting Industry	23.0	22.7	22.7	22.7
Regulation and Monitoring of the Canadian Telecommunications Industry	20.7	20.6	20.6	20.6
Budgetary Main Estimates (gross)	43.7	43.3	43.3	43.3
Less: Respendable Revenue	37.6	37.6	37.6	37.6
Total Main Estimates	6.1	5.7	5.7	5.7
Adjustments: Supplementary Estimates: Operating budget carry forward	0.5	-	-	-
TB Vote 15: Collective agreements and other compensation adjustments	0.2	-	-	-
Employee Benefit Plan (EBP)	-	-	-	-
Total Planned Spending	6.8	5.7	5.7	5.7

Planned Spending	6.8	5.7	5.7	5.7
Less: Non-Respendable revenue	118.1	123.9	128.7	133.7
Plus: Cost of services received without charge	15.8	15.8	15.8	15.8
Net Cost of Program	(95.5)	(102.4)	(107.2)	(112.2)

Full Time Equivalents	410	418	418	418
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Table 2: Program by Activity

2005-2006										
(\$ millions)	Budgetary						Non-Budgetary			
	Operating	Capital	Grants and Contributions	Gross	Revenue	Net	Loans, Investments and Advances	Total Main Estimates	Adjustments (planned spending not in Main Estimates)	Total Planned Spending
Regulation and Supervision of the Canadian Broadcasting Industry	22.7			22.7	19.8	2.9		2.9		2.9
Regulation and Monitoring of the Canadian Telecommunications Industry	20.6			20.6	17.8	2.8		2.8		2.8
Total	43.3			43.3	37.6	5.7		5.7		5.7

Table 3: Voted and Statutory Items Listed in Main Estimates

(\$ millions)			
		2005-2006	2004-2005
Vote or Statutory Item	Truncated Vote or Statutory Wording	Current Main Estimates	Previous Main Estimates
45	CRTC Program Expenditures	-	-
(S)	Contributions to Employee Benefit Plans	5.7	6.1
	Total	5.7	6.1

Table 4: Net Cost of the CRTC for the Estimates Year

2005-2006			
(\$ millions)	Regulation and Supervision of the Canadian Broadcasting Industry	Regulation and Monitoring of the Canadian Telecommunications Industry	Total
Net Planned Spending	2.9	2.8	5.7
<i>Plus: Services Received without Charge</i>			
Accommodation provided by Public Works and Government Services Canada (PWGSC)	1.5	1.4	2.9
Contributions covering employer's share of employees' insurance premiums and expenditures paid by TBS	1.5	1.4	2.9
Worker's compensation coverage provided by Social Development Canada	-	-	-
Regulation of Broadcasting Spectrum – Industry Canada (IC)	10.0	-	10.0
<i>Total: Services Received without Charges</i>	13.0	2.8	15.8
<i>Less: Non-Respendable Revenue</i>	117.8	6.1	123.9
2005-2006 Net Cost of the CRTC	(101.9)	(0.5)	(102.4)

Table 5: Sources of Respendable and Non-Respendable Revenue

Respendable Revenue

(\$ millions)	Forecast Revenue 2004-2005	Planned Revenue 2005-2006	Planned Revenue 2006-2007	Planned Revenue 2007-2008
Regulation and Supervision of the Canadian Broadcasting Industry Broadcasting Licence Fees – Part 1	19.8	19.8	19.8	19.8
Regulation and Monitoring of the Canadian Telecommunications Industry Telecommunications Fees	17.8	17.8	17.8	17.8
Total Respendable Revenue	37.6	37.6	37.6	37.6

Non-Respendable Revenue

(\$ millions)	Forecast Revenue 2004-2005 ¹	Planned Revenue 2005-2006 ¹	Planned Revenue 2006-2007 ²	Planned Revenue 2007-2008 ²
Regulation and Supervision of the Canadian Broadcasting Industry Broadcasting Licence Fees – Part 1	6.0	5.6	5.9	5.9
Broadcasting Licence Fees – Part II	107.2	112.2	117.2	122.2
Sub-total	113.2	117.8	123.1	128.1
Regulation and Monitoring of the Canadian Telecommunications Industry Telecommunications Fees	4.9	6.1	5.6	5.6
Total Non-Respendable Revenue	118.1	123.9	128.7	133.7
Total Respendable and Non-Respendable Revenue	155.7	161.5	166.3	171.3

Two legal proceedings have been filed in the Federal Court of Canada (court files T-277-03 and T-276-04) challenging the legality of Part II Licence Fees.

¹ The revenue includes an estimated true-up.

² The revenue does not include an estimated true-up.

Table 6: Resource Requirement by Branch

2005-2006			
(\$ millions)	Regulation and Supervision of the Canadian Broadcasting Industry	Regulation and Monitoring of the Canadian Telecommunications Industry	Total Planned Spending
Operations	7.6	6.9	14.5
Policy	4.0	1.8	5.8
Economic Analysis & Research	1.8	-	1.8
Industry Analysis	-	2.0	2.0
Competitive Disputes	0.6	-	0.6
Decisions	-	2.0	2.0
Executive Management	8.7	7.9	16.6
Total	22.7	20.6	43.3

Table 7: CRTC Fees

Name of Fee	Fee Type	Fee Setting Authority	Reason for Fee Amendment	Effective date of planned change to take effect	Planned Consultation & Review Process
Telecommunications regulatory activities	Regulatory Service(R)	Telecommunications Act (Section 68) Telecommunications Fee Regulations 1995	-	-	See section "Explanation of Revenue" for additional information. <u>Broadcasting and Telecommunications</u>
Broadcasting regulatory activities	Regulatory Service (R) Right and Privilege (R&P)	Part I licence fee Broadcasting Act (Section 11) Broadcasting Licence Fee Regulations 1997 Part II licence fee Broadcasting Act (Section 11) Broadcasting Licence Fee Regulations 1997	-	-	Full public consultations occur with each change to the telecommunications fee regulations or the broadcasting licence fee regulations. The CRTC dispute management process pertaining to fees is in place and can be found in Annex B of the Departmental Performance Report 2004, on the CRTC web site at: http://www.crtc.gc.ca/eng/BACKGRND/dpr2004/dpr2004.htm

Note: The BROADCASTING LICENCE FEE REGULATIONS and the TELECOMMUNICATIONS FEES REGULATIONS can be found on the CRTC web site at:

<http://www.crtc.gc.ca/eng/LEGAL/LICENCE.HTM> (i.e. broadcasting) and
<http://www.crtc.gc.ca/eng/LEGAL/TFEES.HTM> (i.e. telecommunications)

Explanation of Revenue

The CRTC collects fees under the authority of the *Broadcasting Act* and *Telecommunications Act* and the regulations made pursuant to these acts, namely the *Broadcasting Licence Fee Regulations, 1997* and the *Telecommunications Fee Regulations, 1995*. For fiscal year 2005-2006:

- ✓ CRTC Part I broadcasting licence fees are estimated at \$25.4 million³ (\$19.8 million spendable⁴ and \$5.6 million in non-spendable⁵ revenue). The broadcasting non-spendable revenue also includes a "true-up" adjustment⁶ (credit) of \$0.3 million; and
- ✓ CRTC telecommunications fees are estimated at \$23.9 million⁷ (\$17.8 million spendable and \$6.1 million in non-spendable revenue). The telecommunications non-spendable revenue also includes an estimated "true-up" adjustment of \$0.5 million. The actual amount of the "true-up" will be calculated at the completion of the fiscal year 2004-2005.

Broadcasting Licence Fees

Section 11 of the *Broadcasting Act* empowers the Commission to make regulations respecting licence fees. The *Broadcasting Licence Fee Regulations, 1997* apply to all licensees other than those classes of undertakings specifically exempted under section 2 of the regulations. Every licensee subject to the regulations is required to pay a Part I and a Part II licence fee to the Commission annually. For 2004–2005, the CRTC estimates a total of \$133.3 million in revenue from broadcasting undertakings (\$25.8 million in Part I fees – including "true-up" and adjustments - and \$107.2 million in Part II fees).

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:

- ✓ the costs of the Commission's broadcasting activity;
- ✓ the share of the costs of the Commission's administrative activities that is attributable to its broadcasting activity; and
- ✓ the other costs included in the net cost of the Commission's program attributable to its broadcasting activities, excluding the costs of regulating the broadcasting spectrum.

The estimated total broadcasting regulatory costs of the Commission are set out in the Commission's Expenditure Plan published in Part III of the Estimates of the Government of Canada (i.e., Part III Report on Plans and Priorities). There is an annual adjustment ("true-up")

³ Subject to adjustments for collective agreements that have been ratified but not included in this total.

⁴ The CRTC retains spendable revenue to fund its operating budget.

⁵ Non-spendable revenue for Part I broadcasting licence fees and CRTC telecommunications fees recovers the costs incurred by other federal government departments for services (excluding Industry Canada spectrum management) rendered without charge to the CRTC (see table 4 entitled "Net Cost of the CRTC for the Estimates Year) as well as the statutory costs of employee benefit plans. Part II broadcasting licence fees are also considered to be non-spendable revenue. These revenues are credited to the Consolidated Revenue Fund (CRF).

⁶ The 'true-up' adjustment represents the difference between the estimated costs initially billed in a previous fiscal year and the actual costs incurred.

⁷ Subject to adjustments for collective agreements that have been ratified but not included in this total.

amount to the Part I fee to adjust estimated costs to actual expenditures. Any excess fees or shortfalls are credited or charged to the licensee in a following year's invoice.

The Part II fee is calculated at 1.365% of a licensee's gross revenue derived from broadcasting activities in excess of an applicable exemption limit. The CRTC collects the Part II fees on behalf of the government, with all revenues collected being deposited to the Government of Canada's Consolidated Revenue Fund. The rationale for assessing this fee is three-fold:

- ✓ to earn a fair return for the Canadian public for access to, or exploitation of, a publicly owned or controlled resource (i.e. broadcasters' use of the broadcasting spectrum);
- ✓ to recover Industry Canada costs associated with the management of the broadcasting spectrum; and
- ✓ to represent the privilege of holding a broadcasting licence for commercial benefit.

Telecommunications Fees

Section 68 of the *Telecommunications Act* sets out the authority for making the *Telecommunications Fees Regulations*. Each company that files tariffs must pay fees based on its operating revenue, as a percentage of the revenue of all the carriers that file tariffs. For 2004–2005, the CRTC assessed \$22.7 million in telecommunications fees including "true-up" and adjustments.

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.

The estimated total telecommunications regulatory costs of the Commission are set out in the Commission's Expenditure Plan published in Part III of the Estimates of the Government of Canada (i.e. *Part III - Report on Plans and Priorities*). There is an annual adjustment ("true-up") amount to the telecommunications fees to adjust estimated costs to actual expenditures. Any excess fees or shortfalls are credited or charged to the carriers in a following year's invoice.

SECTION IV:
Other Items of Interest

Implementing Government Initiatives

The Commission remains fully committed to government-wide initiatives to streamline and modernize the federal legal, regulatory and policy environment.

Modernization of Human Resources

Modernization of HR will be a key priority over the next three years. The CRTC will implement the initiative in two phases: Phase 1 will see the completion of competency profiles for all critical positions in 2004-2005; Phase 2, extending over the next three years, will see the development of succession and staffing plans, and a strategic learning plan, both based on the competencies.

Modern Comptrollership Initiative – MAF (Management Accountability Framework)

The CRTC struck a Modern Management Committee in 2003-2004 tasked to begin the implementation of the Modern Comptrollership Initiative.

A Capacity Assessment was completed to provide CRTC Senior Management with a comprehensive baseline assessment of the state of management practices within the agency in relation to the recommendations made in the *Report of the Independent Review Panel on Modern Comptrollership in the Government of Canada*.

An action plan was developed to address the suggested areas of improvement and will be updated annually. Implementation should take place over the next 3 to 7 years.

Government on-Line

The Commission web site complies with the Government of Canada's common look and feel guidelines.

Our web site is a combined communications and reference tool offering a variety of topics and options in both official languages. It is well appreciated by both the industry and the public. Its content ranges from new releases to public proceedings, complaints and inquiries, CRTC information and other related links. It also provides access to documents associated with public processes undertaken by the Commission, namely: applications, public notices, interventions and decisions. It is regularly monitored to ensure the high quality of its content.

The Commission is committed to the Shared Systems Initiatives from Treasury Board and as such the CRTC introduced the **epass** service. By using **epass**, citizens and industry can be assured of a secure electronic service from any Internet terminal, using a user ID and password.

CRTC Members and Offices

CRTC Members		
Chairperson	<i>Charles Dalfen</i>	<i>(819) 997-3430</i>
Vice-Chairperson, Broadcasting	<i>Andrée Wylie</i>	<i>(819) 994-0870</i>
Vice-Chairperson, Telecommunications	<i>Vacant</i>	
Commissioner	<i>Joan Pennefather</i>	<i>(819) 953-7882</i>
Commissioner	<i>Stuart Langford</i>	<i>(819) 953-2935</i>
Commissioner	<i>Barbara Cram*</i>	<i>(819) 997-4485</i>
	<i>(Manitoba/Saskatchewan)</i>	<i>(306) 780-3423</i>
Commissioner	<i>Andrée Noël*</i>	<i>(819) 997-3831</i>
	<i>(Québec)</i>	<i>(514) 761-3550</i>
Commissioner	<i>Ronald D. Williams*</i>	<i>(819) 953-0435</i>
	<i>(Alberta/Northwest Territories)</i>	<i>(780) 495-4544</i>

* These commissioners also have regional responsibilities.

Client Services – Central Office	
Telephone (Toll-Free)	1-877-249-CRTC (2789)
<i>Client Services</i>	<i>(819) 997-0313</i>
<i>Public Examination Room</i>	<i>(819) 997-2429</i>
<i>Access to Information and Privacy</i>	<i>(819) 997-4274</i>
<i>Library</i>	<i>(819) 997-4484</i>
<i>TDD (Toll-Free)</i>	<i>1-877-902-2782</i>
<i>Media Relations</i>	<i>(819) 997-9403</i>
<i>Fax Number</i>	<i>(819) 994-0218</i>
Electronic Access	
<i>Internet</i>	http://www.crtc.gc.ca
<i>E-mail</i>	info@crtc.gc.ca

Our Offices	
<p>Central Office Les Terrasses de la Chaudière Central Building 1 Promenade du Portage Gatineau, Quebec J8X 4B1</p> <p>Tel : (819) 997-0313 Fax : (819) 994-0218 TDD : (819) 994-0423</p> <p>Mailing address: CRTC Ottawa, Ontario Canada K1A 0N2</p>	<p>In Ontario 55 St. Clair Avenue East 6th Floor, Room 624 Toronto, Ontario M4T 1M2</p> <p>Tel: (416) 952-9096</p>
<p>In Nova Scotia Metropolitan Place 99 Wyse Road Suite 1410 Dartmouth, Nova Scotia B3A 4S5</p> <p>Tel: (902) 426-7997 Fax: (902) 426-2721 TDD: (902) 426-6997</p>	<p>In Saskatchewan Cornwall Professional Bldg. 2125 11th Avenue Suite 103 Regina, Saskatchewan S4P 3X3</p> <p>Tel: (306) 780-3422</p>
<p>In Quebec 205 Viger Avenue West Suite 504 Montréal, Quebec H2Z 1G2</p> <p>Tel: (514) 283-6607</p>	<p>In Alberta Standard Life Centre 10405 Jasper Avenue, Suite 520 Edmonton, Alberta T5J 3N4</p> <p>Tel: (780) 495-3224</p>
<p>In Manitoba 275 Portage Avenue suite 1810 Winnipeg, Manitoba R3B 2B3</p> <p>Tel: (204) 983-6306 Fax: (204) 983-6317 TDD: (204) 983-8274</p>	<p>In British Columbia 580 Hornby Street Suite 530 Vancouver, B.C. V6C 3B6</p> <p>Tel: (604) 666-2111 Fax: (604) 666-8322 TDD: (604) 666-0778</p>

Legislation and Associated 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

Direction to the CRTC (Ineligibility of Non-Canadians)

Direction to the CRTC (Ineligibility to Hold Broadcasting Licences)

*Directions to the CRTC (Direct-to-Home (DTH) Pay-Per-View Television Programming
Undertakings) Order*

Directions to the CRTC (Direct-to-Home (DTH) Satellite Distribution Undertakings) Order

Direction to the CRTC (Reservation of Cable Channels)

CRTC 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

CRTC Tariff Regulations

CRTC Telecommunications Rules of Procedure

Telecommunications Fee Regulations, 1995

Canadian Telecommunications Common Carrier Ownership and Control Regulations