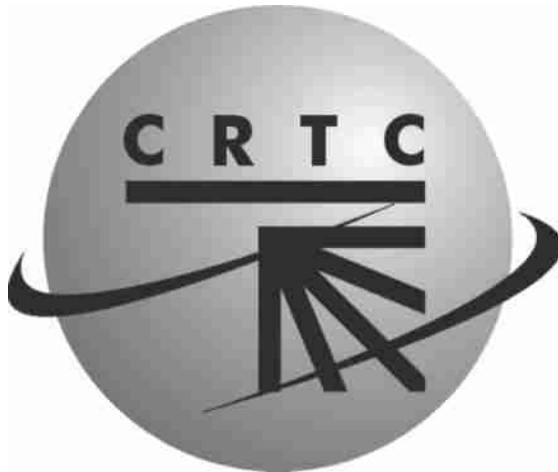


Canadian Radio-television and Telecommunications Commission



Performance Report

For the period ending
March 31, 2004

Liza Frulla
Minister of Canadian Heritage

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Executive Summary

The CRTC maintains the important function of regulating and supervising the broadcasting and telecommunications industries with a view to implementing the objectives set out in the *Broadcasting Act* and *Telecommunications Act*. Each year, the Commission examines activities occurring in broadcasting and telecommunications and undertakes the task of determining what measures to follow in order to encourage industry advancement in a manner that is in keeping with the CRTC mandate. This year, the Commission focused its efforts on four broad strategic outcomes devised to enhance Canada's regulatory regime.

This year's report provides an overview of the strategic outcomes and identifies the specific actions the CRTC took to implement its policies. These include: **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; **Social Prosperity** — increased access to a variety of innovative, high-quality communications services at reasonable prices, that meet consumers' needs and reflect their values; **Economic Prosperity** — a sustainable, competitive Canadian communications industry; and **Equity and Fairness** — Commission processes that are fair, transparent and effective.

For each task the CRTC undertook, a primary concern was to balance the needs and desires of Canadians with those of the communications industry. Through its regulatory function, the Commission addressed the social and cultural issues that might otherwise not have received the attention they deserved. For instance, the Commission continued to foster the reflection of Canada's linguistic duality and cultural diversity, increase the provision of closed captioning for persons who are hearing impaired and descriptive video for persons who are visually impaired, and ensure protection from excessive violence in broadcast media. The CRTC sought to ensure that its policy directions for the Canadian broadcasting and telecommunications industries kept pace with emerging technology and supported directions such as increased competition in local telephone markets.

Canada's state-of-the-art broadcasting system provides Canadians with one of the most open and advanced broadcasting systems in the world — one that can be characterized by its many successes. These successes include: giving Canadians access to hundreds of broadcasting services regardless of where they live; providing Canadians with ever-increasing choice in niche programming; embarking on the transformation of the Canadian broadcasting system to digital technology; policies and regulations are in place to ensure that broadcasting services are available in both official languages throughout the country; and making important cultural and economic contributions to Canada. In spite of these successes, the Commission also recognizes that there are challenges facing the broadcasting industry as well. Some of the key challenges include increased access to a wide variety of services from around the world, while also fostering a financially viable and culturally important Canadian system. From a social standpoint, the broadcasting system must ensure that it meets the needs of all Canadians, reflects Canada's changing

cultural diversity, and is more accessible to people with visibility and hearing impairments. As well, the system must continue to build on its technological successes and keep pace with changing technologies.

This year, the Commission continued to focus its efforts on increasing the presence of Canadian television drama onto our television screens. In May 2003, the Commission issued three reports on the status of Canadian television drama and, in September, it issued a public notice requesting comments and actions to support the production and broadcast of more high-quality original English-language Canadian drama. An additional notice was issued in May 2004 seeking further comments on the proposed incentives.

In addition to drama, signal theft has been at the forefront of this year's broadcasting issues. While many view signal theft as a victimless crime, it is responsible for the loss of hundreds of millions of dollars of revenues annually. To help combat signal theft, the CRTC led its own initiative and is working with the broadcasting industry to commit to putting a stop to signal theft. Some general examples of the efforts that are being undertaken by the various industry players are provided in the *2003 Broadcasting Policy Monitoring Report*.

The Commission is also working to ensure Canada's position as a leader in television broadcasting by facilitating the transition from an analog to digital television environment. This year, the Commission announced a regulatory framework governing the licensing and distribution of over-the-air digital television services.

The Commission wants Canadians to have access to the best possible local telecommunications services at the lowest possible prices and to have a healthy telecommunications industry that gives Canadians the most advanced telecommunications infrastructure and services that they can afford in relation to their needs. This year, the Commission continues to regulate certain prices of the incumbent telephone companies according to its second price cap regime that, among other things, ensures that residential consumers are protected against any significant increases to the price of their local service. This past year, the Commission also initiated two follow-up proceedings to its second price cap decision. The first will establish a consumer bill of rights and the second will establish how to dispose of the amounts accumulated in the Incumbent Local Exchange Carriers' (ILECs) deferral account.

This year, the Commission addressed a number of items related to consumer protection and consumer rights, including strengthening its telemarketing rules, establishing an education program regarding local competition, issuing a decision to mandate the provision of emergency service requirements applicable to wireless competitive local exchange carriers and wireless service providers, and providing monthly itemized billing statements. It also initiated a proceeding addressing a consumer bill of rights which will, once complete, provide consumers with an understanding of their rights and obligations related to the services regulated by the CRTC.

In addition to consumer issues, the CRTC also focussed its efforts on removing obstacles to competition and improving its response time to competitive issues in the telecommunications industry. During the year, the Commission initiated two new processes that addressed the effectiveness and timeliness of competition matters. The first process relates to inspections where suspicion of non-compliance arises, and the second process was an expedited proceeding to handle competitive disputes on an urgent basis.

Regulatory streamlining in order to reduce the regulatory burden within the industry and the CRTC itself has improved the system for data collection. As part of this initiative, the Commission implemented a state-of-the-art, secure, web-based data collection system, which made it easier for the telecommunications industry to file its competition data with the Commission. Overall, the system has improved the way in which information is collected and has allowed for information sharing amongst government departments, which reduces duplicate efforts.

A successful regulatory environment comes from understanding the perspectives of Canadians along with the industries we regulate and finding a balance that will enable all parties to effectively meet their goals. The resulting report represents a concise look at the policies, decisions and guidelines of the past year in broadcasting and telecommunications and examines future goals. The Commission has initiated a number of processes in order to increase the efficiency and effectiveness of its regulatory regime and allow it to improve its ability to respond to the needs of the broadcasting and telecommunications industries, and to Canadian consumers. While progress is being made, we will continue to outline where regulation, monitoring, change and forbearance are needed to reflect the times, improve these industries and facilitate competition, resulting in a better broadcasting and telecommunications environment for all Canadians.

SECTION I:
Messages

Message from the Minister of Canadian Heritage

We are living in an era of significant change in which we will be defined by how we face challenges and make the most of opportunities. It is by rising to meet these challenges that we instil a renewed sense of pride in what it means to be Canadian. We must continue to recognize and seize opportunities that celebrate our linguistic duality, our cultural diversity, and our inclusiveness.



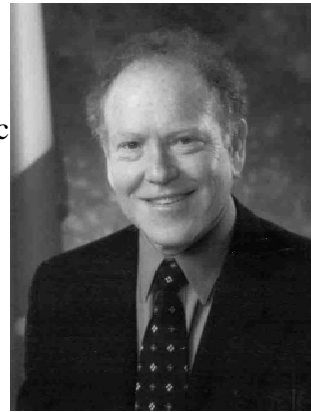
As a member of the Canadian Heritage Portfolio, the Canadian Radio-television and Telecommunications Commission (CRTC) collaborates with partners across Canada to strengthen the connection between Canadians and to inspire deeper understanding between our diverse communities. This is accomplished through the regulation and supervision of the Canadian broadcasting system and the telecommunications industry by adopting processes that balance the needs of Canadians with those of the industries.

This Performance Report highlights the CRTC's achievements, established through partnerships and collaboration. It emphasizes the pride that the Government of Canada and its employees take in ensuring our artistic expression, languages and cultural heritage are available to the world and right here at home.

Liza Frulla

Chairperson's Message

This report presents an overview of the CRTC's activities during the 2003-04 fiscal year in carrying out its regulatory mandates under the *Telecommunications Act* and the *Broadcasting Act*. Through consultation, monitoring and public processes we have worked to ensure that our policies and decisions serve the Canadian public in an effective and balanced way.



In the field of telecommunications Canada continues to be a world leader. Our long-distance rates are among the lowest anywhere. Our wireless industry and Internet market are healthy, competitive and profitable. We lead the G8 countries in broadband penetration. The presence of vigorous competition in our marketplace has enabled the Commission to forbear wholly or partially from regulating some telecommunications services.

In the local telephone market, however, the CRTC will continue to regulate prices until there is sufficient competition to justify deregulation. In our view, the most sustainable form of competition is facilities-based – that is, carried on by companies that use their own facilities and equipment. Over the past year, through policy reviews, public consultation, procedures and decisions, the Commission has made progress in removing obstacles to competition in the local telephone market.

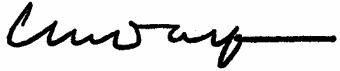
Canada's broadcasting industry has enjoyed successes over the past year, but has also faced challenges. A high priority for the Commission has been to find ways to increase the availability of Canadian content and of programming that features Canadian creative talent. That programming should also reflect our linguistic duality, cultural diversity and social values, along with our national, regional and community interests and identities.

Last year's reports from Trina McQueen, Guy Fournier and Barry Kiefl on the state of television drama in Canada and internationally set the stage for the Commission to put forward new ideas in support of Canadian drama production. We have proposed incentives for broadcasters to produce and air more original, high-quality English- and French-language television drama, and we have sought comment from the industry and the public on the potential effectiveness of our proposals.

Another high priority for the Commission has been the fight against signal theft, which deprives the entire broadcasting system of hundreds of millions of dollars annually. We can now report encouraging developments. The Government of Canada announced its intention to amend the Radiocommunication Act in order to control the importation of illegal satellite equipment, increase penalties and facilitate civil action against vendors who sell equipment and services illegally. The Commission launched its own initiative and consulted with key industry players to encourage them to commit to combating

signal theft. Broadcasting leaders agreed to report to the Commission, which will be vigilant in ensuring that licensees uphold their commitments. Progress will be reviewed in our annual Broadcasting Monitoring Report.

We have put in place a Three-Year Work Plan to guide our activities in both broadcasting and telecommunications. It provides the framework for Commission staff to plan, schedule and execute their work in line with our priorities, and will be updated each year to keep pace with developments in these two rapidly-evolving industries, both so important to the economic, technological and cultural life of our country.

A handwritten signature in black ink, appearing to read "C. Dalfen", with a long horizontal stroke extending to the right.

Charles M. Dalfen

Management Representation Statement

I submit, for tabling in Parliament, the 2003–04 departmental performance report (DPR) for the Canadian Radio-television and Telecommunications Commission (CRTC).

This report has been prepared based on the reporting principles and other requirements in the *2003–04 Departmental Performance Reports Preparation Guide* and represents, to the best of my knowledge, a comprehensive, balanced, and transparent picture of the organization's performance for the fiscal year 2003–04.

Name: _____
Diane Rhéaume, Secretary General

Date: _____

SECTION II:
CRTC Strategic Context and Performance

CRTC Mandate

The CRTC is vested with the authority to regulate and supervise all aspects of the Canadian broadcasting system, as well as to regulate and supervise telecommunications common carriers and service providers that fall under federal jurisdiction. More specifically, the CRTC's 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 [Broadcasting Act](#) and in section 7 of the [Telecommunications Act](#).

Strategic Outcomes

The Commission sought to achieve, through a number of measures, four broad strategic outcomes:

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;
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; and
4. **Equity and Fairness:**
Commission processes that are fair, transparent and effective.

Regulating in the Public Interest

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

- √ *making decisions on applications for the issue, renewal and amendment of licences for broadcasting undertakings;*
- √ *making determinations on mergers, acquisitions and changes of ownership or control in the broadcasting industry;*
- √ *dealing with applications for approval of 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 undertook, a primary concern was to balance the needs and desires of Canadians with those of the communications industry. Through its regulatory function, the Commission addressed, among other matters, social and cultural issues that might otherwise not have received the attention they deserved. For instance, the Commission continued to foster the reflection of Canada's linguistic duality and cultural diversity, increase the provision of closed captioning for persons who are hearing impaired and descriptive video for persons who are visually impaired, and ensure protection from excessive violence in the broadcast media. The CRTC sought to ensure that its policy directions for the Canadian broadcasting and telecommunications industries kept pace with emerging technology and supported such directions as increased competition in local telephone markets.

Strategic Context

Like most organizations, the CRTC does not work in isolation. Environmental factors over which the Commission has little or no control, such as the state of the economy, capital markets, societal change and emerging technology, influence the CRTC's work, priorities and outcomes.

Telecommunications

Canada's telecommunications environment can point to four competitive successes:

1. Canada has some of the lowest long distance services prices in the world;
2. Canada has a healthy, competitive and profitable wireless industry;
3. Internet penetration continues to be the fastest growing market in the industry; and
4. In terms of broadband deployment, approximately 85% of Canadians are living in communities that are served by high-speed Internet access and in terms of penetration, Canada is ahead of all G8 countries at 11.5 subscribers per 100 inhabitants. The market is roughly evenly split between cable and digital subscriber line (DSL), two facilities-based carriers. Pricing remains very competitive.

In these instances, given the state of competition in the marketplace, the Commission was able to forbear or partially forbear in these markets.

The CRTC recognizes, however, that certain challenges remain. Some significant obstacles need to be removed in order to achieve sustainable local competition. Obstacles such as access to rights-of-way, support structures and multiple dwelling

units (MDUs), were noted last November in the CRTC's third annual report on the state of telecommunications competition in Canada.

The CRTC remains committed to competition and is a strong advocate of the benefits of competition for all three major stakeholders: customers, incumbent local exchange carriers (ILECs) and competitors.

The CRTC will continue to address and remove obstacles to competition and deal with competitive local exchange carrier (CLEC) input prices.

Broadcasting

Canada's broadcasting system continues to provide Canadians with one of the most open and advanced broadcasting systems in the world, both technologically and in terms of variety of programming. Canadians enjoy a vast array of radio and television services providing a wide range of programming choices from around the world, as well as from domestic and local sources. In addition, the broadcasting system has benefited from the contributions of both private and public broadcasters, with each sector playing a distinct and important role.

Several successes can be identified which characterize our state-of-the-art broadcasting system:

- The Canadian broadcasting system gives Canadians access to hundreds of broadcasting services regardless of where they live in Canada.
- Canadian specialty television services have flourished, providing Canadians with ever-increasing choices of niche programming.
- The evolution to digital technology has begun, and the Canadian broadcasting system is poised to embark on a full transformation.
- Policies and regulations are in place to ensure that broadcasting services are available in both official languages throughout the country.
- The Canadian broadcasting industry is making important contributions to Canada, both culturally and economically. It has grown to become a multi-billion dollar industry, employing Canadians in diversified fields, from artists, writers and actors to technicians and engineers.

The above successes notwithstanding, the Commission fully recognizes that there are substantial challenges facing the broadcasting system. Foremost among them is to continue to provide increased access to a wide variety of services from around the world, while also fostering a financially-viable and culturally-important Canadian system. In this context, the Commission is working diligently to increase viewing to Canadian content, and drama particularly, while also increasing the availability of foreign language services to better serve the changing Canadian population.

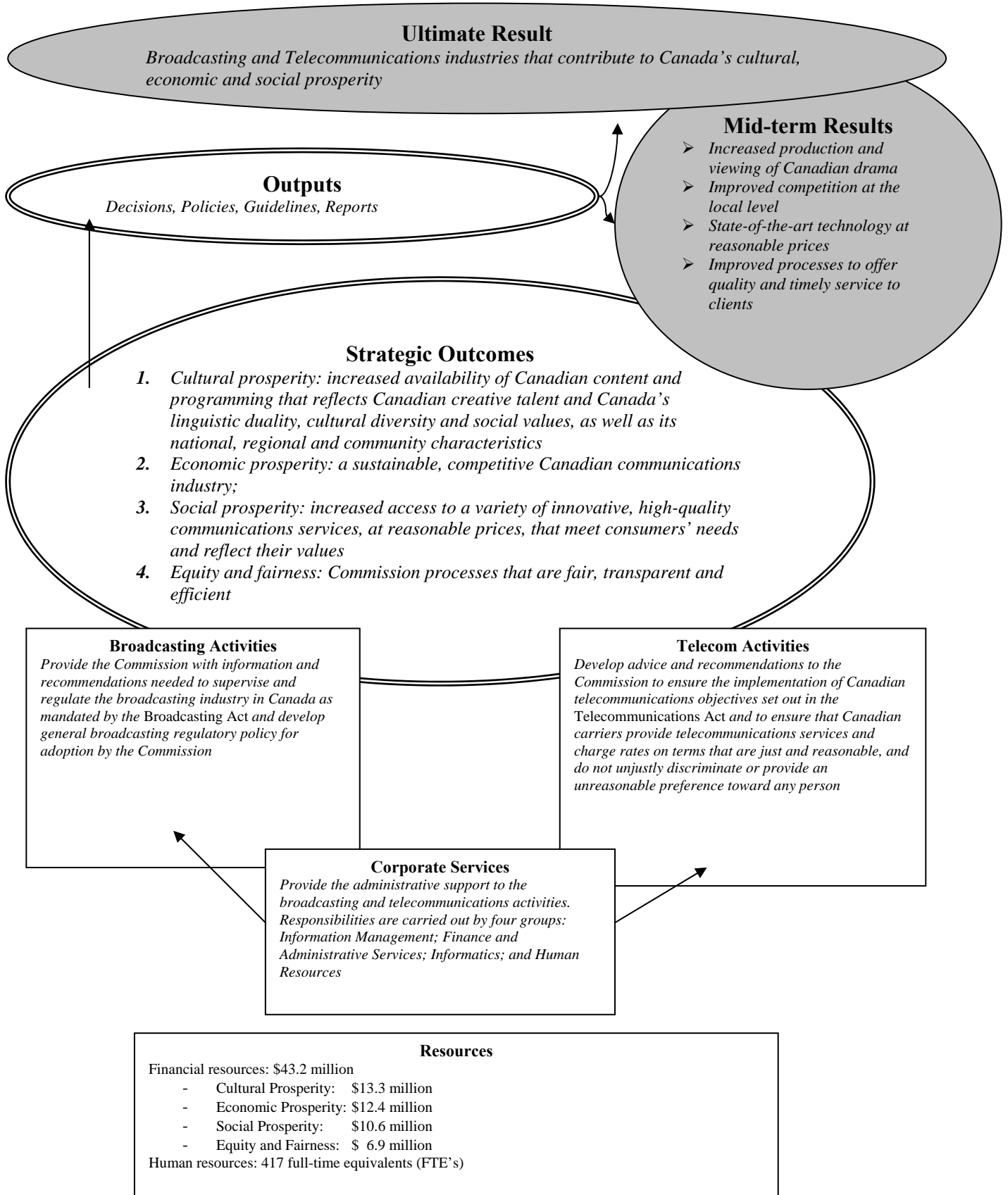
Numerous social issues also pose specific challenges ahead. It is important that the cultural diversity of Canada be reflected in the broadcasting system, and the Commission is working with the broadcasting industry to achieve this goal. In

addition, the system should be more accessible to people with visibility and hearing impairments, and measures are in place in this regard.

A few years ago, the biggest challenge facing our broadcasting system was to make it accessible to all Canadians whatever area they lived in, no matter how remote. This challenge has been fully met and the objective achieved. Now one of the key challenges is to ensure that the broadcasting system meets the needs of all Canadians, including reflecting our changing cultural diversity.

Finally, the system must continue to build on its technological successes and keep pace with changing technologies. The Commission will be holding public hearings on satellite radio applications and consider the impact of such services on the Canadian radio markets and the industry as a whole. The transformation to digital television has indeed begun, and a policy and licensing framework is largely in place, but significant challenges lie ahead. The Commission will continue its work, in consultation with affected industries, to ensure that the business and cultural challenges that await us can be successfully met.

CRTC – RESULTS CHAIN



Strategic Outcome #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

A key initiative in achieving the above outcome is the increase in production, viewing and financing of English-language television drama. Other priorities, such as signal theft, Canadian content, local reflection, keeping pace with technological change, linguistic duality and cultural diversity are also discussed below.

Canadian Television Drama

Canadian drama should be a cornerstone of the Canadian broadcasting system. Drama can, and should, reflect Canadians of every background and culture to one another. The Commission considers that a healthy and successful Canadian broadcasting system must include popular drama programs that project Canada's stories onto the world stage.

Based on data provided by different sources of information, in 1983, viewing of Canadian drama on English-language television constituted 4% of all drama viewing. A full 96% of viewing was of drama that was created by Americans for the U.S. market.

Between the mid-1980s and 1997, the percentage of viewing of Canadian drama on English-language television more than doubled to 10% of all viewing. Regulatory requirements may have had an influence on this trend, as did the creation of the Telefilm Broadcast Fund, the Canadian Television Fund and other public and private support mechanisms for the production of drama programs.

Viewing of English-language Canadian drama has remained almost static since 1997 at between 10% and 11% of all viewing of drama on English-language stations. It should be noted that during this period viewing was increasingly fragmented as a result of the availability of additional Canadian and foreign television services. On the other hand, viewing of French-language drama programs by Francophone viewers has remained almost evenly split between Canadian and foreign programs (48%/52%). Domestic production of French-language drama is healthy, as is the loyalty of its audience.

To help improve the status of Canadian television drama, the CRTC, in conjunction with Telefilm Canada, asked industry experts Trina McQueen and Guy Fournier to prepare reports on the state of television drama in English and French Canada, respectively. The CRTC also commissioned researcher Barry Kiefl to canvass the state of homegrown drama internationally with a view to making comparisons to the Canadian situation. Their reports (*[Dramatic Choices](#)*, Trina McQueen; *[What About Tomorrow?](#)*, Guy Fournier and *[International TV Programming and Audience Trends, 1996-2001](#)*, Barry Kiefl) were issued in May 2003.

After careful consideration of the above reports, the Commission issued a public notice, *Support for Canadian television drama – Call for comments*, [Broadcasting Public Notice CRTC 2003-54](#), 26 September 2003, seeking 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. It also sought comment on actions it might take to ensure that high-quality, original, French-language Canadian drama remains a key component of prime time viewing.

The Commission received a total of 301 submissions in response to Public Notice 2003-54. A large majority of these were in agreement with the importance the Commission places on Canadian drama and many suggested specific actions that could be taken to support the production and broadcast of such programming. In phase II, in *Proposed incentives for English-language Canadian television drama – Call for comments*, [Broadcasting Public Notice CRTC 2004-32](#), 6 May 2004, the Commission summarized its review of the comments received, established its preliminary views and sought further comment on its proposals for the incentives described in the public notice. The Commission proposed separate measures designed to ensure the continued presence of high-quality, original French-language Canadian drama in peak time, in *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.

In the coming year, the Commission will analyze comments received following its phase II proceeding and further report on its findings and conclusions.

It is possible to evaluate the success of the Commission's drama policies by examining three key criteria: hours of Canadian drama broadcast, expenditures on Canadian drama and viewing of Canadian drama.

- √ **Hours of Canadian drama broadcast**
Licensees are required to submit logs to the Commission identifying all the programs that they broadcast. Based on these logs, the Commission can calculate the number of hours of Canadian drama offered by licensees.
- √ **Expenditures on Canadian drama**
Although the Commission removed expenditure requirements from most broadcasters as part of *Building on Success – A Policy framework for Canadian Television*, [Broadcasting Public Notice CRTC 1999-97](#), 11 June 1999, it continues to monitor licensees' spending on all types of programming based on the annual returns filed by licensees.
- √ **Viewing of Canadian drama**
The Commission has been tracking viewing of Canadian drama programs, as a percentage of all viewing of drama on English-language stations, since the early 1980s. The information is based upon the Broadcast Bureau of Measurement (BBM) Fall sweep weeks. English-language stations include all Canadian and

U.S. conventional, specialty and pay television services, with the exception of ethnic services.

One of the suggested approaches to increase viewing of Canadian drama is to establish an industry goal. Having an industry goal would not only provide a clear overall objective, but would also provide a means to measure the effectiveness of regulatory incentives.

The Commission further proposes that the viewing percentages that would serve, as the basis for any incentive model should be calculated using metered data throughout the entire broadcast year, as opposed to the BBM fall diary data.

The Commission is currently working with the Canadian Television Fund, Telefilm, Mediastats and interested government departments to refine a methodology that will facilitate the addition of country of origin and program genre for each program captured by both the BBM Canada and Nielsen Media Research people meter databases.

Signal Theft

Although perceived by many as a "victimless crime", signal theft deprives the entire broadcasting system, including cable and satellite distributors, television broadcasters, producers, artists, technicians and program rights holders, of hundreds of millions of dollars of revenues annually.

The loss of these revenues weakens the ability of broadcasting distribution undertakings to support their existing infrastructure and to invest in new and innovative technologies. It lessens the ability of broadcasters to acquire and air Canadian television programming. It reduces the funding necessary to support the production of Canadian programs. It results in the loss of jobs in the Canadian broadcasting sector, affecting artists, producers, engineers and technicians. Ultimately, the effects of signal theft are felt by legitimate subscribers, who are required to pay higher prices for services from distributors and are left with a more limited range of programming.

The Canadian broadcasting industry has responded to these threats with a number of initiatives to curb signal theft.

For example, the Coalition Against Satellite Signal Theft (CASST) developed a national, bilingual, multi-media communications campaign to inform Canadians that the unauthorized reception of signals was illegal. This campaign, which used the slogan "Theft is Theft: Stealing satellite signals is no different" ran between November 2002 and February 2003. Over \$8 million in airtime was devoted to this campaign by conventional radio and television broadcasters, specialty services and distributors through local ad avails and cable community channels.

The Anti-Piracy Operation of the Canadian Motion Picture Distributors Association has issued warnings to operators of web sites promoting illegal satellite receiving and decoding equipment. This activity has resulted in many sites being shut down.

Since the Supreme Court of Canada's April 2002 decision *Bell ExpressVu Limited Partnership v. Rex*, raids of illegal satellite dealers and seizures of equipment used to decode satellite signals have been carried out in most regions of the country with dozens of dealers having been charged. Members of CASST, both individually and collectively, have worked extensively with the Royal Canadian Mounted Police, provincial and local police forces as well as federal government departments to encourage enforcement of the *Radiocommunication Act*. Canadian broadcasting companies and industry groups, acting both individually and collectively, have taken a number of civil actions against satellite dealers.

In February 2004, Bill C-2 was introduced to amend the *Radiocommunication Act*. The amendments proposed in Bill C-2 were intended to control the importation of illegal satellite equipment, increase the maximum penalties in order to deter theft, and strengthen the ability of parties to take civil action against those who sell illegal equipment and services. Senior staff of the Commission appeared as witnesses on 27 April and 13 May 2004 before the Standing Committee on Industry, Science and Technology as part of its study of Bill C-2. The dissolution of Parliament on 23 May 2004 put an end to all Parliamentary business, including Bill C-2.

While not responsible for the enforcement of laws against signal theft, the Commission is mandated by the *Broadcasting Act* to regulate and supervise the Canadian broadcasting system. Consistent with its supervisory role, in late 2002, the Chairman of the Commission initiated a process of informal consultation with key industry players in order to encourage them to develop and commit to implementing specific measures to combat signal theft. On 20 March 2003, and again on 19 August 2003, the Chairman met with the chief executive officers of BCE Inc., Bell ExpressVu LP, Star Choice Communications (Star Choice), Rogers Communications Inc., Québecor Inc., Shaw Communications Inc., Cogeco Inc., CHUM Limited, Astral Media Inc., the Canadian Cable Television Association and the Canadian Association of Broadcasters (CAB).

These meetings provided a forum for the parties to exchange views and information about the measures that each company or organization would undertake in order to control the theft of its signals. In doing so, each of the participants committed to specific measures their respective companies will undertake to address the problem of signal theft.

In order to reinforce their respective commitments, each party has agreed to report at least annually to the Commission with respect to efforts to eliminate signal theft. The Commission will review the industry's overall progress on signal theft in its annual Broadcasting Policy Monitoring Report and will be vigilant in ensuring that licensees uphold their commitments.

While the specifics of the commitments are being treated as confidential by both the parties and the Commission, some general examples of the efforts that are being undertaken by the various industry players are provided in the [2003 Broadcasting Policy Monitoring Report](#). An update of these activities will be provided in the 2004 Broadcasting Policy Monitoring Report.

Canadian Content

Section 3(1)(f) of the *Broadcasting Act* states that “each broadcasting undertaking shall make maximum use, and in no case less than predominant use, of Canadian creative and other resources in the creation and presentation of programming, unless the nature of the service provided by the undertaking, such as specialized content or format or the use of languages other than French and English, renders that use impracticable, in which case the undertaking shall make the greatest practicable use of those resources.” Through its regulations and conditions of licence, the CRTC articulates how broadcasters must comply with both the intent and the spirit of the *Broadcasting Act*.

The scope of Canadian content policies and regulations includes, but is not limited to:

- financial support for the creation of Canadian content by broadcasting undertakings;
- the amount of Canadian content that must be made available by broadcasting undertakings;
- other regulatory measures serving to increase the creation and production of Canadian programs and music;
- Canadian ownership and control of the broadcasting system; and
- the priority distribution of Canadian programming undertakings.

The CRTC’s special role in advancing Canadian culture is demonstrated, in part, by the financial support that the Commission has caused to be directed into funding the development of Canadian talent and programming to help Canadian artists. Such initiatives include:

- √ **Canadian Talent Development Contributions:** The CRTC requested that all private commercial radio licensees make an annual financial commitment to Canadian talent as part of their licence renewal applications. For the 2003 broadcast year, radio licence renewals generated \$2.6 million in Canadian talent development initiatives.
- √ **Transfer of Ownership or Control Benefits:** Applicants for a transfer of ownership or control of radio stations must generally commit to make a minimum direct financial contribution of 6 percent of the value of the transaction to Canadian talent development. Since the commercial radio policy was implemented 1 May 1998, there have been radio benefits of \$92.7 million. Applicants for transfers of ownership or control of commercial television

broadcasting undertakings must commit a direct financial contribution of 10 percent of the value of the transaction to the Canadian broadcasting system. Since the television policy was implemented 11 June 1999, tangible benefit commitments totalled \$515.9 million.

- √ **Broadcasting Distribution Undertakings (BDUs) Contributions to Programming Funds:** The [Broadcasting Distribution Regulations](#) require that all Class 1 and Class 2 terrestrial BDUs, as well as all direct-to-home (DTH) broadcasting distribution undertakings, contribute a minimum of 5 percent of their gross annual revenues to the creation and presentation of Canadian programming. Between 1 September 2002 and 31 August 2003, such contributions totalled \$135.7 million.
- √ **Expenditures on Canadian Programming:** To meet their licensing requirements for Canadian content, Canada's television broadcasters must either purchase or produce Canadian programs. Since 1997, that spending, as detailed in the table below, has totalled over \$10.5 billion.

Eligible Expenditures on Canadian Programming (\$000,000)*

Source	1997	1998	1999	2000	2001	2002	2003	Total
English-language TV								
Private conventional and CBC	568	716	742	700	684	890	887	5,187
Pay, PPV and specialty services	196	221	306	365	415	510	553	2,566
French-language TV								
Private conventional and SRC	255	268	304	330	296	306	327	2,086
Pay, PPV and specialty services	61	75	79	90	106	120	141	672
Ethnic specialty services	6	7	8	8	9	10	11	59
Total	1,086	1,286	1,440	1,493	1,510	1,834	1,919	10,568

Source: CRTC financial database

* Excludes allocations to the Canadian Television Fund reported by licensees.

Local Reflection

Today, hundreds of channels are provided (through cable and satellite services) to viewers offering a wide range of programming from local, national and international sources.

This presents a problem for local broadcasters, particularly in small market areas. Local programming can no longer enjoy the kind of support from advertisers that it once had. For example, in 1995, local revenues represented about 21% of all revenues for private conventional English-language television. Eight years later, in 2003, that number had dropped to 15%. Not surprisingly, expenditures on local programming by the private broadcasters, which represented 40% of total programming expenditures in 1995, dropped to 35% in 2003.

Local news and information remains strong. The shrinkage has been in categories such as local music, local variety, local drama and local sports.

As a matter of policy, the Commission has opened new sources of local programming for Canadians. In *Policy framework for community-based media; community channel, community-based television programming undertakings, low-power radio*, [Broadcasting Public Notice CRTC 2002-61](#), 10 October 2002, the Commission aimed at two fundamental elements:

- there should be more programming that reflects the local community and is locally produced; and
- the opportunity to create community programming should be made accessible to a diversity of new participants.

These aims are reflected in the new requirements for community channels. The Commission will also issue licences for community-based low-power television stations and for community-based digital services.

On 22 August 2003, the Commission licensed the first Canadian low-power community television station in Québec City to Télé-Mag ([Broadcasting Decision CRTC 2003-413](#)). As set out in its conditions of licence, Télé-Mag will offer a minimum of 80% Canadian content and a least 60% local programming in each broadcast year. In addition, Télé-Mag will contribute 5% of its overall yearly revenues to independent production.

On 19 November 2003, the Commission approved a second low-power community television station in Leamington, Ontario to Southshore Broadcasting Inc. ([Broadcasting Decision CRTC 2003-581](#)). As set out in its conditions of licence, the licensee will devote not less than 80% of the broadcast year to the broadcast of Canadian programs and not less than 60% of the broadcast year to the broadcasting of local programming.

Furthermore, in *Direct-to-home (DTH) broadcasting distribution undertakings – simultaneous and non-simultaneous program deletion and the carriage of local television signals in smaller markets*, [Broadcasting Public Notice CRTC 2003-37](#), 16 July 2003, the Commission expected DTH providers to carry local stations in small markets, and to contribute 0.4 percent of their gross broadcasting revenues to a new independently operated fund in support of local programming.

In their recent licence renewal decisions, the Commission required Bell ExpressVu and Star Choice to distribute at least one CBC and Société Radio-Canada signal from each time zone/region across the country.

Keeping Pace with Technology – the Canadian Transition from Analog to Digital Television

In *The regulatory framework for the distribution of digital television signals*, [Broadcasting Public Notice CRTC 2003-61](#), 11 November 2003, the Commission set out its conclusions regarding the regulatory framework that will govern the distribution of digital television services. In general, a broadcasting distribution undertaking's regulatory obligations and authority to distribute digital signals will match those that currently apply to the distribution of the analog versions of these signals. In addition, the

Commission announced that it would launch two follow-up proceedings. The first proceeding will establish a licensing framework governing the transition of pay and specialty services to high definition (HD). It will also establish a framework to govern the distribution of such services by BDUs. The second proceeding will examine the regulatory framework governing the carriage of HD services by DTH satellite undertakings.

Linguistic Duality

In August 1994, the Government of Canada approved the establishment of an accountability framework for the implementation of sections 41 and 42 of the *Official Languages Act* (OLA). Under section 41, the federal government is committed to enhancing the vitality of English and French linguistic minority communities in Canada and to supporting and assisting their development, thus fostering the full recognition and use of both English and French in Canadian society.

On 3 February 2003, the Standing Committee on Official Languages recommended that the Government of Canada add the CRTC to the list of designated federal institutions in the accountability framework adopted in 1994. After the government accepted that recommendation, the Minister of Canadian Heritage, as interdepartmental co-ordinator for implementation of section 41 of the OLA, informed the CRTC on 22 August 2003, of its designation, and pointed out that the decision was motivated by the important role the CRTC plays with respect to minority official-language communities.

The Minister's letter also noted the CRTC's duty to develop, following consultation with minority official-language communities, an action plan on official languages based on due consideration of the needs of those communities, within the confines of its mandate.

The action plan must be submitted to the Minister of Canadian Heritage annually along with a report on the results achieved during the year.

The following seven major national organizations representing the communities concerned were consulted:

- Alliance nationale de l'industrie musicale;
- Alliance des producteurs francophones du Canada;
- Alliance des radios communautaires du Canada;
- Association de la presse francophone;
- Fédération des communautés francophones et acadiennes du Canada;
- Fédération culturelle canadienne française; and
- Quebec Community Groups Network.

The organizations consulted unanimously recognize the CRTC's compliance with the various policies on bilingualism in both its operations and its communications.

The organizations also want the CRTC to present a simple action plan containing targeted and easily-measured objectives for:

- access to television and radio services in the language of minority official language communities;
- increased programming that reflects minority communities and is produced regionally;
- an increase in the information received from the CRTC regarding its activities (licensing hearings, consultations, notices, etc.);
- assistance from the CRTC for organizations preparing applications, briefs and representations;
- awareness among CRTC staff and commissioners of the reality and needs of minority official-language communities;
- careful monitoring by the CRTC of broadcasters' and distributors' conditions of licence, and sanction where appropriate; and
- frequencies for community radio stations.

An action plan, taking into consideration the above recommendations, was developed and took effect on 1 April 2004. It was then submitted to the Minister of Canadian Heritage for approval and became public on 16 June 2004. The first report [Official Languages, 2004-2005 Action Plan](#) is available for consultation on the CRTC Web site.

The Commission's objective is to maintain an open dialogue with representatives of the communities concerned to ensure the implementation of adopted measures and to help develop next year's action plan.

Cultural Diversity

Broadcasting must reflect the rapidly changing face of Canada. The CRTC has adopted a two-pronged approach in fulfilling its diversity mandate.

The first is to devise policies, issue licences and implement regulations that ensure broadcasting by and for ethnic and Aboriginal Canadians in their heritage languages. The existence of the *Ethnic Broadcasting Policy* since 1985 has led to the establishment of a wide variety of ethnic programming (for details see [Report on Ethnic Services](#), 30 January 2003).

As a result of the *Native Broadcasting Policy*, [Broadcasting Public Notice CRTC 1990-89](#), 20 September 1990, Canada now has:

- the Aboriginal Peoples' Television Network (APTN), licensed in 1999, the world's first national indigenous television network;
- ten originating and 95 rebroadcasting native television stations in operation and two licensed native television networks:
 - √ Native Communications Inc. (NCI)
 - √ Wawatay Native Communications
- forty-six native radio stations across the country;
- NCI in Manitoba a province-wide network of native radio stations;

- seven licences for Aboriginal Voices Radio (AVR);
- approximately 120 community-based native radio stations, mainly in remote areas; and
- a number of native community-based television services.

The second prong presents a different set of challenges, that is, to encourage, promote, and even require, that Canada's diversity be reflected in all broadcasting.

Because English- and French-language radio and television reach millions of Canadians, these broadcasters exert a strong influence on how Canadians of all racial and cultural backgrounds perceive their level of inclusion in society and on how we perceive one another.

In the Commission's 1999 Television Policy, the CRTC indicated that it expected all conventional television licensees to make specific commitments to initiatives designed to achieve its goals in fostering a broadcasting system in which producers, writers, technicians and artists from different cultural and social perspectives have the opportunity to create a variety of programming and to develop their skills.

To further support this commitment, the CRTC is requiring that television broadcasters submit corporate plans to improve on-screen presence and the portrayal of cultural diversity. Such plans are to include specific means for achieving diversity in programming and community involvement, and accountability mechanisms. Broadcasters are required to report annually on their progress in implementing their corporate plans.

Another aspect of the Commission's strategy for engaging the broadcast industry in this issue was to call on the CAB, in August 2001, to set up an Industry-Community Task Force on Cultural Diversity. The mandate of the Task Force is to sponsor research, identify best practices, define the issues and offer workable solutions.

Research is a high priority and underpins the mandate of the Task Force for Cultural Diversity on Television. In February 2003, the Task Force appointed a research firm to carry out the first ever industry-sponsored research project on cultural diversity. The report entitled *Reflecting Canadians: Best Practices for Cultural Diversity in Private Television* was released on 15 July 2004 and is available on the CAB's website (<http://www.cab-acr.ca/>). The study will serve as an assessment tool to determine where we are and evaluate where we should be.

Recognizing that the challenges might well be different for radio, the Commission has begun exploring the issue of diversity on radio with new and renewing applicants, through standard questions in application forms and through discussion at public hearings.

Strategic Outcome #2: Economic Prosperity

A sustainable competitive Canadian communication industry

Subsection 7(c) of the *Telecommunication Act* establishes the objective of enhancing the efficiency and competitiveness, at national and international levels, of Canadian telecommunications. Subsection 7(f) of the *Telecommunications Act* establishes the objective of fostering increased reliance on market forces for the provision of telecommunications services and ensuring that regulation, where required, is efficient and effective.

The Commission has fostered increased reliance on market forces for the provision of telecommunications services. In the long distance, wireless data, private line and retail Internet markets, the CRTC has forborne from regulating prices because it found competition to be sufficient to protect the interests of users. The Commission has continued to forbear from markets where competition is sufficient to protect the interests of users.

The Commission, however, continues to find it necessary to regulate, in a technology-neutral manner, markets that are not workably competitive.

The Commission continues to believe that ultimately the most sustainable form of competition will be achieved with facilities-based competition, whereby CLECs offer services using their own equipment and facilities, rather than having to rely on the facilities of other carriers. However, while the Commission's goal is to have facilities-based competition, it recognizes that it is necessary to have a period of transition to that model. This transition is characterized currently by a hybrid approach that allows new entrants to use the facilities of the incumbent telecommunications companies that are deemed to be important to the entrants' operations at regulated rates.

The Commission considers that there is still a long way to go in order to achieve its policy objective of sustainable, facilities-based competition. Competition, particularly in local markets, is not evolving as quickly as the Commission had hoped. The Commission considers, however, that the development of competition in the local market may be accelerated by the continuing consolidation of the industry along with the potential for new players using new technologies to enter.

The Commission remains committed to achieving a sustainable, competitive Canadian communications industry providing innovative, high-quality communications services to the benefit of consumers and in recent decisions and follow-up procedures, it has sought to remove obstacles to facilitate this.

Removing Obstacles to Competition

This past year, the Commission:

- √ indicated that it was prepared to consider applications from Canadian carriers seeking to establish that municipal consent for access to municipal rights-of-way was not obtained on terms acceptable to the carrier;
- √ made determinations regarding the Q of S mechanism for services provided by incumbent telephone companies to competitors;
- √ established the conditions of service for wireless competitive local exchange carriers;
- √ found that an end-customer access circuit and associated link were eligible for interim Competitor Digital Network Access (CDNA) service notwithstanding certain configurations;
- √ required the incumbent telephone companies to offer CLECs an option of a seven-hour mean time to repair service on local leased loops;
- √ approved the introduction of wholesale Ethernet services by the incumbent telephone companies;
- √ established that the mandated 25% discount established in *Application concerning access by Internet service providers to incumbent cable carriers' telecommunications facilities*, [Telecom Decision CRTC 99-11](#), 14 September 1999 applies to retail Lite Internet services (IS);
- √ ensured that the customers of CLECs continue to be eligible to receive Digital Subscriber Line (DSL) IS from the incumbent telephone companies;
- √ undertook a review of the incumbent telephone companies' promotions of regulated services; and
- √ undertook a review of the pricing safeguards.

Fostering Increased Reliance on Market Forces

As noted above, the Commission has fostered increased reliance on market forces for the provision of telecommunications services. In the past year, the Commission has forborne, with respect to various regulated companies, from wide area networking services, the exercise of its powers and duties pursuant to section 29 of the *Telecommunications Act* in respect of agreements or arrangements that relate to domestic toll and forborne interexchange private line services, additional high capacity and digital private line service routes, single-line inside wiring services, and mobile wireless services.

In addition, the Commission does not interfere in instances where the market has been found to be workably competitive. In *Application by Microcell regarding alleged contraventions of section 27(2) of the Telecommunications Act by Rogers Wireless and Bell Mobility*, [Telecom Decision CRTC 2003-26](#), 28 April 2003, the Commission denied an application by Microcell Telecommunications Inc. (Microcell) requesting that the Commission order Rogers Wireless Inc. and Bell Mobility Inc. to cease and desist from certain specific aggressive marketing campaigns in the wireless marketplace. The

Commission found that, in the robustly competitive circumstances of the wireless market, the actions, while discriminatory towards Microcell, did not constitute behaviour that amounted to unjust discrimination in the specific circumstances reviewed, within the meaning of subsection 27(2) of the *Telecommunications Act*.

Regulatory Compliance

The CRTC considers that its powers of enforcement would be substantially enhanced if it could impose corrective measures. The Commission does not currently have the authority to impose administrative monetary penalties (fines) pursuant to the statutes that empower it. The Commission notes that Parliament has given the power to impose fines to many other agencies and departments. The Commission considers that such a fining power would enable the Commission to directly affect the bottom-line of a non-compliant company and would permit the application of penalties more proportional to the frequency and severity of the infraction. Nevertheless, the Commission continues to do its best, within the scope of its existing powers, to ensure regulatory compliance within the scope of its powers under the *Telecommunications Act*.

During the past few years, the CRTC has found on a number of occasions that incumbents had not complied with Commission decisions or the *Telecommunications Act*. The Commission considers that full compliance by all regulated companies with the *Telecommunications Act* and Commission decisions is essential. In *Measures with respect to incumbent telephone company regulatory compliance*, [Telecom Public Notice CRTC 2003-4](#), 10 April 2003, the Commission noted that, under section 71 of the *Telecommunications Act*, it has the statutory power to designate inspectors for the purpose of verifying compliance with its decisions and the *Telecommunications Act*. The Commission announced in that public notice its intention to designate inspectors for the purpose of verifying compliance. Since then, a number of inspections have taken place and the Commission is in the process of analyzing the findings.

The Commission continues to address issues of non-compliance by regulated companies. This past year, the Commission issued a number of decisions regarding issues related to non-compliance.

Strategic Outcome #3: Social Prosperity

Increased access to a variety of innovative, high-quality communications services, at reasonable prices, that meet the consumers' needs and reflect their values

The Commission wants Canadians to have access to the best possible local telecommunications services at the lowest possible prices and to have a healthy telecommunications industry that gives Canadians the most advanced telecommunications infrastructure and services they can afford, in relation to their needs.

The Commission also ensures that, during the transition to a fully-competitive market, consumer interests are addressed and that consumers have access to reasonably-priced, reliable telecommunications services.

This past year, the Commission has:

- √ strengthened its telemarketing rules;
- √ established an education program to ensure that consumers are aware of the availability and terms of local competition;
- √ established the emergency service requirements for wireless CLECs and wireless service providers (WSPs);
- √ ensured that all incumbent telephone companies provide monthly itemized billing statements to consumers;
- √ exempted customers with special needs from the automatic directory assistance call completion service charge in western Canada;
- √ extended the retail quality of service (Q of S) regime to customers of Saskatchewan Telecommunications (SaskTel); and
- √ ensured that TELUS Communications Inc. (TCI) properly refunded customers that were incorrectly charged for diagnostic, maintenance or repair services.

The Commission continues to regulate certain prices of the incumbent telephone companies according to its second price cap regime that, among other things, ensures that residential consumers are protected against any significant increases to the price of their local service. This past year, the Commission also initiated two follow-up proceedings to its second price cap decision. The first will establish a consumer bill of rights and the second will establish how to dispose of the amounts accumulated in the ILECs' deferral accounts.

Public Education Regarding Local Competition

In *Call-Net Part VII Application – Promotion of local residential competition*, [Telecom Decision CRTC 2004-4](#), 27 January 2004, the Commission, given the state of competition in the local market, directed that an education program to inform the public of the availability and terms of local competition be established, extended the no-contact restriction under the winback rules from three months to twelve months and established some initiatives to streamline the provision of unbundled local loops by incumbent telephone companies to competitors.

Emergency Service Requirements Applicable to Wireless CLECs and WSPs

In *Conditions of services for wireless competitive local exchange carriers and for emergency services offered by wireless service providers*, [Telecom Decision CRTC 2003-53](#), 12 August 2003, the Commission established public safety obligations with respect to 911 services applicable to both wireless CLECs and WSPs.

Itemized Billing

In Bell Canada and Aliant Telecom Inc. – Show Cause on the issuance of monthly itemized billing statements – Follow-up to Decision 2002-34, [Telecom Decision CRTC 2003-86](#), 23 December 2003, the Commission directed Bell Canada and Aliant Telecom Inc. to provide customers with monthly itemized billing statements. The Commission considered that the mandatory issuance of monthly itemized billing statements would allow customers to verify the accuracy of their billing statements on an ongoing basis and would achieve the following objectives:

- respond to customer preference for itemized billing statements;
- be consistent with Commission policy initiatives to assist customers in managing their telephone services by ensuring that they can determine from their monthly bills the individual services for which they are being charged and at what costs; and
- be consistent with the practice of other ILECs.

Service Charges for Automatic Directory Assistance Call Completion

In Part VII application by the Advocates for Sight Impaired Consumers to amend TELUS Communications Inc. General Tariff item 308, Operator Services, [Telecom Decision CRTC 2003-61](#), 10 September 2003, the Commission directed TELUS to amend its General Tariff which deals with Operator services charge in order to exempt disabled customers from the automatic directory assistance call completion service charge for \$0.35 per call.

In Bell Canada - Exemption from the automatic directory assistance call completion charge, [Telecom Decision CRTC 2004-6](#), 5 February 2004, the Commission directed Bell Canada to issue tariff revisions allowing for an exemption from the automatic directory assistance call completion service charge for its customers with special needs.

Extension of the Retail Quality of Service Regime to Customers of SaskTel

In Applicability of interim quality of service rate adjustment mechanisms and related matters, [Telecom Decision CRTC 2003-36](#), 5 June 2003, the Commission concluded that it was appropriate for SaskTel to be subject to the same interim Q of S rate adjustment mechanisms as those applicable to other ILECs. These mechanisms provide for rate adjustments to retail (residential and business) customers if an ILEC fails to meet the Q of S standards.

Refunds for Customers Incorrectly Charged for Diagnostic, Maintenance or Repair Services

In *TELUS' application for forbearance from regulation of single-line inside wire services*, [Telecom Decision CRTC 2003-69](#), 17 October 2003, the Commission forbore, with some conditions, from regulating single-line inside wire services provided by TELUS. The Commission directed that customers without a jack-ended demarcation device would not be required to pay for diagnostic, maintenance or repair services to their inside wiring when reporting transmission problems. In addition, TELUS was directed to report to the Commission the number of subscribers that were incorrectly charged for diagnostic, maintenance or repair services, the total dollar amounts of the incorrect charges, and the date on which TELUS refunded the incorrectly charged amounts.

Consumer Bill of Rights

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

In price cap decisions *Regulatory framework for second price cap period*, [Telecom Decision CRTC 2002-34](#), 30 May 2002 (Decision 2002-34), and in *Implementation of price regulation for Télébec and TELUS Québec*, [Telecom Decision CRTC 2002-43](#), 31 July 2002 (Decision 2002-43), the Commission found that the Terms of Service and the white pages were difficult to understand in some places and there might be cases in which an ILEC's Terms of Service and white pages did 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 telecommunication services offered on a retail basis 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 will initiate a proceeding regarding enforcement of the rights contained in the CBOR, once the CBOR has been approved. As set out in [CRTC 3-Year Work Plan, 2004-2007](#), 1 April 2004, the Commission intends to dispose of the CBOR proceeding in the 2005-2006 fiscal year.

Disposal of Amounts in ILECs' Deferral Accounts

In Decisions 2002-34 and 2002-43, the Commission indicated that it intended, beginning in the second year of the price cap period, to dispose of amounts outstanding in the deferral accounts that had accrued during the previous year. The Commission also stated that it would review the amount in each ILEC's deferral account on an annual basis, no

later than the second year of the price cap period, at the time of the ILECs' annual price cap filings. The Commission indicated that it intends to clear these amounts in a manner that contributes to achieving the Commission's objectives for the price cap period.

In *Review and disposition of deferral accounts for the second price cap period*, [Telecom Public Notice CRTC 2004-1](#), 24 March 2004 the Commission initiated a public proceeding inviting proposals on the disposing of the amounts accumulated in the ILECs' deferral accounts during the first two years of the second price cap period.

Strategic Outcome #4: Equity and Fairness

Commission processes that are fair, transparent and effective

In the past year, the Commission has initiated a number of new processes, which have increased the efficiency and effectiveness of its regulatory processes and allowed it to improve its ability to respond, in a timelier manner, to the needs of the telecommunications and broadcasting industries and Canadian consumers. The Commission has also continued to participate in and make determinations regarding applications from the CRTC Interconnection Steering Committee, which address the development of information, procedures and guidelines.

CRTC Service Standards

The Commission undertakes to provide a timely review of applications, a professional treatment in resolving disputes and a fair application of regulations in implementing its supervisory activities.

Introduction of New, Efficient Regulatory Processes

In *Expedited procedure for resolving competitive issues*, [Telecom Circular CRTC 2004-2](#), 10 February 2004, the Commission established a process to deal with certain competitive issues on an accelerated basis. The Commission has also encouraged parties to explore a number of options to resolve outstanding competitive issues, including bilateral negotiations, third-party mediation or staff-assisted dispute resolution. These new processes have resulted in more timely and efficient resolution of numerous contentious regulatory issues.

Streamlining Regulatory Data Collection and Reducing Regulatory Burden

The Commission has implemented a new, secure web-based data collection system (DCS), which permits the Commission to better co-ordinate, and streamline a number of activities it undertakes in order to regulate and monitor the Canadian telecommunications industry. The DCS is used for the Commission's annual collection of telecommunications industry data which is currently used for the annual preparation of

the Report to the Governor in Council: Status of Competition in Canadian Telecommunications Markets – Deployment/Accessibility of Advanced Telecommunications Infrastructure and Services. The DCS is also used to support the Commission’s activities that relate to maintaining and updating telecommunications entity registration lists, international licenses, telecommunications fees and the contribution regime. The DCS has both simplified and improved the accuracy and timeliness of all data collection activity. As a result of this initiative, and as a result of sharing the information with other departments such as Statistics Canada, regulatory burden on telecommunications entities will be reduced.

CRTC Interconnection Steering Committee

The Commission continues to collaborate on an ongoing basis with the industry and public interest groups through the CRTC Interconnection Steering Committee (CISC). CISC is an organization established by the Commission to assist in developing information, procedures and guidelines as may be required by various aspects of the Commission’s regulatory activities.

This past year, the Commission approved the following CISC consensus reports:

- √ modifications to the Canadian Central Office Code Assignment guidelines to make the process of reporting reserved and held telephone numbers more focussed and cost effective;
- √ guidelines for the assignment of system identifier codes in Canada;
- √ delays to the relief implementation plan for numbering plan area (NPA) 519;
- √ revisions to the Network Management Guidelines to resolve problems associated with NXX codes not loaded on time in carrier switches;
- √ amendments to the Canadian Local Ordering Guidelines to allow the orderly migration of a customer’s service where only some of the customer’s services are to be transferred or disconnected;
- √ temporary special central office code assignment practices to help minimize the quantity of protected central office codes in NPAs 613 and 819 and to extend the lives of both NPAs;
- √ mergers, acquisitions and interexchange carrier disconnections;
- √ guidelines for the assignment of carrier identification codes (CIC codes) to switchless resellers;
- √ guidelines for the assignment of International Mobile Station Identity (IMSI) for WSPs and wireless CLECs;
- √ checkpoints and additional procedures to monitor suspension and reactivation of relief planning activities; and
- √ update to Model Primary Interexchange Carrier/Customer Account Record Exchange Access Customer Handbook.

In addition, the Commission approved an application by CISC ad hoc NPA 514 relief planning committee to defer the relief date for area code 514 and make other changes related to the relief activities.

Alternate Dispute Resolution: The Broadcasting Competitive Disputes Team

During the period of 1 April 2003 to 31 March 2004, the Broadcasting Competitive Disputes Team processed 20 disputes. The majority of these files, whether alleging undue preference or disadvantage relating to section 9 of the *Broadcasting Distribution Regulations* or seeking staff assistance/Commission determinations, raised multiple issues and many involved multiple sets of facts. This trend commenced in the latter part of the 2002-03 fiscal year. Overall, the complexity of submitted files is rising and most disputes now include “policy” components, both of which are factors that are not conducive to expedited processing by way of alternative dispute resolution techniques.

Provided below is a table that compares the last three years’ experience in the time taken to resolve disputes (where files commenced in one year but were concluded in another, they are included in the calculation for the year of commencement). While undue preference files do not show great variance year over year, dispute resolution files under sections 12 to 15 of the *Broadcasting Distribution Regulations* (other than those handled exclusively by the Commission staff which averaged 64 days) are now generally taking as long as undue preference files to complete.

Fiscal Year Comparisons of the Number of Days to Resolve Disputes

Disputes	2001-2002	2002-2003	2003-2004
All	114	180	156
Undue Preference	169	190	146
Sections 12 to 15	58	177	163

Of the 20 new files, 10 were undue preference files and 10 were sections 12 to 15 dispute resolution files. Of these 20 files, seven involved wholesale rates, five were building access matters and the balance covered a wide range of distribution-related issues.

CRTC Internal Initiatives

Significant Staffing Activities

- a reorganization of the CRTC’s Records Management, Library, Web Content Management, Access to Information & Privacy (ATIP) and Applications Tracking units into a single “Information Management” branch was initiated in March 2003 to eliminate duplication; strengthen the existing links between the sectors; and, offer timely and quality service to clients;
- the Commission’s Client Services restructured to combine the Verbal Inquiries and Complaints units, as well as the seven regional offices into one division, once again to eliminate duplication and better evaluate clients’ satisfaction;
- in July 2003, the Telecommunications Directorate reorganized its structure in order to more evenly distribute the workload; to consolidate functions where

appropriate; to address the increasing need to place more emphasis on competition and the related areas of costing and tariffs; and, to establish a separate policy group dedicated to emerging technologies and the review of some of the elements of the regulatory framework;

- a restructuring of resources in the Human Resources (HR) division including the marketing of a “Single Point of Contact” (SPOC) via telephone or email to improve its service to clients.

Inter-Departmental Agreements

Since April 2000, the CRTC has had a Memorandum of Understanding with the Department of Indian and Northern Affairs (INAC) to include CRTC human resource data on the INAC PeopleSoft Human Resources database. This allows the CRTC to operate as a “separate company” under the INAC Government of Canada PeopleSoft system and to share informatics expertise and resources in a cost-effective manner.

In the same effort to consolidate effort, resources and costs, the Commission’s Pay and Compensation section has joined the Canadian Heritage Department.

Both agreements have been initiated a few years ago and have proven to be effective and successful.

Government-driven Projects and Initiatives

The Standing Committee on Canadian Heritage and the *Broadcasting Act*

In June 2003, the Standing Committee on Canadian Heritage (the Standing Committee) issued its report on the review of the *Broadcasting Act*. This report proposes new initiatives and measures with respect to many aspects of the Canadian broadcasting system and includes several recommendations that could impact on the CRTC.

The Government’s response to this report was issued in November 2003. The Government noted that many of the issues addressed by the Standing Committee are complex and interrelated and that many of its 97 recommendations call for further analysis, examination and policy development before any decisions are taken. As well, the Government’s response noted that several of the report’s key recommendations call directly for stabilized or increased funding, or for new program initiatives with funding implications and that these recommendations cannot be considered independently of the customary priority-setting exercises which occur in the lead-up to federal budgets. Therefore, the response addresses itself in a focussed manner to many - but not all - of the recommendations in the report. The Government’s response further indicates that further analysis and policy development, and future budgets, will provide a series of opportunities to continue to address the many important issues raised in the report.

The Standing Committee on Official Languages

The report of the Standing Committee on Official Languages, *Roles and Responsibilities of the Canadian Radio-television and Telecommunications Commission in Developments in the Area of Official Languages in Canada*, was issued in February 2003. The report includes several recommendations. Please refer to the section on linguistic duality.

The Standing Committee on Industry, Science and Technology

In November 2002, the Minister of Industry called for a review of restrictions that put limits on foreign holdings in Canada's telecommunications sector.

The Standing Committee on Industry, Science and Technology has been asked to determine whether Canada can secure access to a larger capital pool for investment in infrastructure without compromising its national interests.

Current restrictions on foreign investment in the Canadian telecommunications sector have been in place since 1993. Foreign ownership rules stipulate that at least 80 percent of the members of the board of directors of a telecommunications company must be Canadian. At least 80 percent of the company's voting shares must also be held by Canadians, either directly or indirectly.

The Government's response to this report was tabled in the House of Commons in September 2003.

Annual Report on Canada's Telecommunications Industry

The third Report to the Governor in Council: Status of Competition in Canadian Telecommunications Markets, Deployment/Accessibility of Advanced Telecommunications Infrastructure and Services, 27 November 2003, is based in large part on the responses to the CRTC's telecommunications industry data collection forms for 2002 and 2003 (referenced as "CRTC Data Collection"), internal analyses, as well as on data collected from other sources, including Statistics Canada, Industry Canada, company-specific financial reports and information previously filed with the CRTC. The 2003 CRTC Data Collection forms encompassed a range of company-specific information, including financial data (e.g., income statement, balance sheet and capital expenditures) along with detailed telecommunications information focusing on product and geographic market information. Geographic markets were defined on a national, provincial/territorial, regional, city or (for mapping purposes) postal code basis. The report provided:

- √ discussion on the role of market information in monitoring progress and changes within the industry;
- √ an overview of the telecommunications industry and regulation, as well as an overall review of service providers in the market;

- √ a review of financial information, including revenue, capital expenditures and other operational data for various sectors of the industry. It also examines the status of competition in each of the major market segments, including long distance, local, payphones, Internet and broadband, mobile, and data and private line;
- √ reviews of the promising means for accelerating broadband deployment to rural and remote areas of the country;
- √ information on residential consumers and business customers, including the results of the consumer survey commissioned by the CRTC;
- √ a summary of Canadian telecommunications milestones to competition;
- √ a summary of Canadian telecommunications markets subject to forbearance rulings;
- √ a summary of certain recent CRTC rulings relevant to Telecommunications competition; and
- √ a brief description of the major market participants.

Modern Comptrollership

In December 2002, a Modern Management Steering Committee was created with a view to introduce and implement the Modern Management Initiative (MMI) within the CRTC.

In November 2003, the CRTC conducted a MMI Capacity Assessment. It was a self-assessment of current CRTC capabilities relative to modern management practices identified by Treasury Board Secretariat according to 33 Modern Management criteria. The assessment included interviews conducted individually with six senior managers, and six focus groups held with approximately 60 managers.

A report summarizing the findings was then circulated for validation to all participants. The results were reviewed and discussed at the Commission's Managers' Forum held on 31 March 2004 (meeting of managers held twice yearly) and input was sought for actions to be taken on priority elements. The Members of the Modern Management Committee then used this information as the basis for the development of an Action Plan that will be published during the Fall of 2004.

The Action Plan will take into consideration the following elements which were of utmost importance to the CRTC management team: strategic leadership, motivating people, knowledge transfer, succession planning and learning plans. The action plan will address the above concerns.

APPENDICES

Appendix A: Measures Taken During the 2003-2004 Fiscal Year

The following tables list the measures taken by the CRTC in 2003-2004 according to the strategic outcomes, objectives and plans as stated in the [Report on Plans and Priorities](#) for the reporting period. The list of measures highlights the major accomplishments of the past fiscal year. In addition, although they are not all mentioned in the following tables, many calls for public comments, public notices, notices of public hearings, decisions and orders issued during the year were important to the achievement of the Commission's goals and objectives.

1. *Strategic Outcome: 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.

1.1 Dedicated Resources: \$13.3 million - 132.9 FTEs

1.2 Objectives	1.3 Outputs
<p>√ Develop, implement, monitor and assess the impact of regulatory policies on the availability of quality Canadian programming.</p> <p>For example, a project to examine the issues of the availability and viewership of Canadian drama will be conducted in partnership with Telefilm Canada. This project will look at options and proposals to create new incentives that would stimulate the production of drama and viewership to Canadian drama on television.</p>	<p>Fourth annual Broadcasting Policy Monitoring Report issued on 18 December 2003.</p> <p>The CRTC commissioned a number of experts to study various issues relating to Canadian dramatic programming. The following reports were issued in May 2003:</p> <ul style="list-style-type: none"> • Dramatic Choices, <i>A report on Canadian English-language drama</i> prepared by Trina McQueen • What about Tomorrow?, <i>A report in Canadian French-language drama</i> prepared by Guy Fournier • International TV programming and Audience Trends, 1996-2001, prepared by Barry Kiefl, Canadian Media Research Inc. <p>A study of the above reports lead to <i>Support for Canadian television drama – Call for comments</i>, Broadcasting Public Notice CRTC 2003-54, 26 September 2003, in which 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 comment on actions it might take to ensure that</p>

	<p>high-quality, original, French-language Canadian drama remains a key component of prime time viewing.</p> <p>A review of the 301 submissions received lead to <i>Proposed Incentives for English-language Canadian Television drama – Call for comments</i>, Broadcasting Public Notice CRTC 2004-32, 6 May 2004, where the Commission asked for comments on its proposals for the incentives described in the public notice.</p> <p>In <i>Proposed measures to ensure that French-language Canadian drama remains a key component of peak time viewing – Call for Comments</i>, Broadcasting Public Notice CRTC 2004-38, 8 June 2004, the Commission also sought comments on proposed incentives.</p> <p><i>Regulatory framework for the distribution of digital television signals</i>, Broadcasting Public Notice CRTC 2003-61, 11 November 2003.</p>						
<p>√ Monitor broadcasting policies related to Canadian content, linguistic duality, cultural diversity, and social issues such as privacy, violence and services for persons with a disability.</p>	<p>In <i>Direct-to-home (DTH) broadcasting distribution undertakings – simultaneous and non-simultaneous program deletion and the carriage of local television signals in smaller markets</i>, Broadcasting Public Notice CRTC 2003-37, 16 July 2003, the Commission required DTH providers to distribute 13 small-market local independent stations.</p> <p>Fourth annual Broadcasting Policy Monitoring Report issued on 18 December 2003.</p>						
<p>√ Evaluate proposals for new radio and television licences with a view to providing a diversity of services and to reinforce the Canadian broadcasting system.</p>	<p>The Commission received 859 broadcasting applications between 1 April 2003 and 31 March 2004.</p> <p>During that time period, the Commission processed applications through public proceedings involving 10 public hearings (appearing and non-appearing) and 45 public notices, as well as through administrative proceedings. Approximately 24,000 interventions were filed as part of the public proceedings.</p> <p>During the same time period, the Commission also published 855 broadcasting decisions of which 692 dealt with applications filed prior to 1 April 2003, relating to the following matters:</p> <table data-bbox="690 1774 1380 1873"> <tr> <td>New licences</td> <td>150</td> </tr> <tr> <td>Licence amendments</td> <td>412</td> </tr> <tr> <td>Acquisition of assets</td> <td>40</td> </tr> </table>	New licences	150	Licence amendments	412	Acquisition of assets	40
New licences	150						
Licence amendments	412						
Acquisition of assets	40						

	Transfer of control and minor transactions Licence renewals	4 249
√ Monitor the programming and financial activities of broadcasting undertakings to ensure compliance with regulations and conditions of licence.	Consistent with the Commission's goal of evaluating the impact of its regulations on the industry and of following trends in the Canadian broadcasting system, the Commission published the following reports in April 2004: Statistical and Financial Summaries 1999-2003 Broadcast distribution - Class 1 and 2 Individual pay and specialty services Pay and specialty Private radio Television	
√ Collaborate with representatives of the broadcasting industry to expand self-regulation and accountability on social issues, including the development of an industry code on adult content, and other initiatives regarding cultural diversity, and access to programming by persons with hearing or visual impairment.	Pursuant to the Commission's request, broadcasters submitted reports describing their plans and activities with respect to equitable employment and on-air representation of the four designated groups (women, Aboriginal peoples, persons with disabilities and visible minorities). The Commission also received detailed corporate cultural diversity plans from television licensees that include specific commitments to corporate accountability, the reflection of diversity in programming and the solicitation of effective feedback from viewers. The Commission further received annual reports on the progress of implementing the above corporate plans.	
√ Work with interested Canadians and the broadcasting industry to ensure Canada's broadcasting system reflects its multicultural and multiracial diversity and Aboriginal reality.	Task Force on Cultural Diversity – Report filed July 2004.	

2. **Strategic Outcome: Economic Prosperity**
A sustainable competitive Canadian communications industry.

2.1 Dedicated Resources: \$12.4 million - 91.8 FTEs

2.2 Objectives	2.3 Outputs
<p>√ Monitor and adjust regulatory frameworks to ensure a smooth transition to a competitive local telephone environment and address the issues that impede competition.</p>	<p><i>Measures with respect to incumbent telephone company regulatory compliance, Telecom Public Notice CRTC 2003-4, 10 April 2003.</i></p> <p><i>GT Group Telecom Services Corp. v. Aliant Telecom Inc. – Tariff violations and contraventions of the Telecommunications Act, Telecom Decision CRTC 2003-23, 10 April 2003.</i></p> <p><i>Call for comments on proposed changes to the winback rules for broadcasting distribution undertakings, Broadcasting Public Notice CRTC 2003-21, 25 April 2003.</i></p> <p><i>Application by Microcell regarding alleged contraventions of section 27(2) of the Telecommunications Act by Rogers Wireless and Bell Mobility, Telecom Decision CRTC 2003-26, 28 April 2003.</i></p> <p><i>Forbearance from regulating additional interexchange private line services, Telecom Decision CRTC 2003-29, 9 May 2003.</i></p> <p><i>Saskatchewan Telecommunications’ application for forbearance from regulation of single-line inside wiring services, Telecom Decision CRTC 2003-38, 17 June 2003.</i></p> <p><i>Incumbent local exchange carrier service intervals for various competitor services, Telecom Decision CRTC 2003-48, 18 July 2003.</i></p> <p><i>Call-Net Enterprises Inc. – Request to lift restrictions on the provision of retail digital subscriber line Internet services, Telecom Decision CRTC 2003-49, 21 July 2003.</i></p> <p><i>Review of Bell Canada’s customer-specific arrangements filed pursuant to Telecom Decision 2002-76, Telecom</i></p>

	<p>Decision CRTC 2003-63, 23 September 2003.</p> <p><i>Modifications to the affiliate rule</i>, Telecom Decision CRTC 2003-67, 2 October 2003.</p> <p><i>TELUS' application for forbearance from regulation of single-line inside wire services</i>, Telecom Decision CRTC 2003-69, 17 October 2003.</p> <p><i>Review of price floor safeguards for retail tariffed services and related issues</i>, Telecom Public Notice CRTC 2003-8, 23 October 2003.</p> <p><i>Application by Aliant Telecom Inc. regarding compliance with Telecom Order CRTC 99-434</i>, Telecom Decision CRTC 2003-74, 3 November 2003.</p> <p><i>TELUS' application for forbearance from section 29 of the Telecommunications Act with respect to forborne interexchange private line and long distance services</i>, Telecom Decision CRTC 2003-77, 19 November 2003.</p> <p><i>Modifications to the procedures for Telecom Public Notice CRTC 2003-8, Review of price floor safeguards for retail tariffed services and related issues</i>, Telecom Decision CRTC 2003-78, 20 November 2003.</p> <p><i>Application by société en commandite Télébec and NorthernTel Limited Partnership for forbearance from regulation of mobile wireless services</i>, Telecom Decision CRTC 2003-81, 2 December 2003.</p> <p><i>Amendments to Telecom Public Notice CRTC 2003-8, Review of Price Floor safeguards for retail tariffed services and related issues</i>, Telecom Public Notice CRTC 2003-10, 8 December 2003.</p> <p><i>People's Telephone Company of Forest Inc.'s application for forbearance from regulation of single-line inside wiring services</i>, Telecom Decision CRTC 2004-1, 8 January 2004.</p> <p><i>Forbearance from regulating additional interexchange private line services</i>, Telecom Decision CRTC 2004-2, 16 January 2004.</p>
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	<p><i>Forbearance from regulating additional interexchange private line services, Telecom Decision CRTC 2004-3, 23 January 2004.</i></p> <p><i>Application by TELUS Québec for forbearance from regulation of wide area networking services, Telecom Decision CRTC 2004-7, 5 February 2004.</i></p> <p><i>Forbearance from regulating additional interexchange private line services, Telecom Decision CRTC 2004-12, 23 February 2004.</i></p>
<p>√ Rule on issues related to competitor use of incumbent services and facilities, such as in the current CDNA proceeding.</p>	<p><i>Call-Net's request for clarification in applying the residential variable-rate per-loop service order charge, Telecom Decision CRTC 2003-31, 14 May 2003.</i></p> <p><i>IMCAIP's request for mandatory resale of retail Lite Internet service, Telecom Decision CRTC 2003-47, 14 July 2003.</i></p> <p><i>Part VII application by Call-Net Enterprises Inc. with respect to the Interim Competitor Digital Network Access service, Telecom Decision CRTC 2003-60, 29 August 2003.</i></p> <p><i>Ethernet Services, Telecom Decision CRTC 2004-5, 27 January 2004.</i></p> <p><i>Call-Net's request for an order requiring incumbent local exchange carriers to file a tariff for four-hour mean time to repair on local loops, Telecom Decision CRTC 2004-19, 22 March 2004.</i></p>
<p>√ Deal with issues related to access to rights-of-way, in-building wire and support structures (for example, the CRTC is currently considering a fair regulatory approach to provide telephone and cable companies with access to MUDs).</p>	<p><i>Provision of telecommunications services to customers in multi-dwelling units, Telecom Decision CRTC 2003-45, 30 June 2003.</i></p> <p><i>Terms and conditions of existing agreements for access to municipal rights-of-way, Telecom Decision CRTC 2003-82, 4 December 2003.</i></p> <p><i>Application of the concept of end-user choice in multiple unit dwelling condominiums, Broadcasting Public Notice CRTC 2003-18, 11 April 2003.</i></p> <p><i>Complaint by Novus Entertainment Inc. against Bell ExpressVu Limited Partnership regarding access to a condominium multiple dwelling, Broadcasting Decision CRTC 2003-275, 18 July 2003.</i></p>

	<i>Complaint by Cablevision TRP-SDM Inc. against Cogeco Cable Inc. alleging contravention of section 9 of the Broadcasting Distribution Regulations, regarding inability to obtain access to multiple unit dwellings, Broadcasting Decision CRTC 2004-4, 14 January 2004.</i>
√ Develop a comprehensive system to monitor and analyze the state of competition in Canadian telecommunications markets.	Third Annual Report to the Governor in Council: Status of Competition in Canadian Telecommunications Markets – Deployment/Accessibility of Advanced Telecommunications Infrastructure and Service , November 2003.
√ Examine mergers, acquisitions and transfers of ownership in the broadcasting industry, monitor their impact on the structure of the industry, and assess their impact on the diversity of voices in affected communities.	Ongoing.

3. *Strategic Outcome: Social Prosperity*

Increased access to a variety of innovative, high-quality communications services, at reasonable prices, that meet the consumers' needs and reflect their values

3.1 Dedicated Resources: \$10.6 million - 113.4 FTEs

3.2 Objectives	3.3 Outputs
√ Conduct follow-up processes on price cap regulatory frameworks for incumbent telecommunications companies.	<p><i>Follow-up to Implementation of price regulation for Télébec and TELUS Québec, Telecom Decision CRTC 2002-43 – Service basket assignment, Telecom Decision CRTC 2003-56, 22 August 2003.</i></p> <p><i>Bell Canada and Aliant Telecom Inc. – Show cause on the issuance of monthly itemized billing statements – Follow-up to Decision 2002-34, Telecom Decision CRTC 2003-86, 23 December 2003.</i></p> <p><i>Review and disposition of deferral accounts for the second price cap period, Telecom Public Notice CRTC 2004-1, 24 March 2004.</i></p>

<p>√ Ensure that incumbent telecommunications companies meet the basic service objective by monitoring implementation of their service improvement plans, taking corrective measures in cases of non-compliance, and implementing other plans if necessary.</p>	<p><i>Northwestel Inc. – Initial annual review of supplemental funding, Telecom Decision CRTC 2003-39, 20 June 2003.</i></p> <p><i>Bell Canada – Revised service improvement plan, Telecom Decision CRTC 2003-43, 27 June 2003.</i></p> <p><i>Follow-up to Decision 2002-63: MTS’ service improvement plan, Telecom Decision CRTC 2003-68, 10 October 2003.</i></p>
<p>√ Adopt appropriate regulatory measures to deal with issues such as consumer safety (e.g. 911 emergency services) and privacy to ensure that information and access needs of consumers are addressed.</p>	<p><i>Conditions of service for wireless competitive local exchange carriers and for emergency services offered by wireless service providers, Telecom Decision CRTC 2003-53, 12 August 2003.</i></p> <p><i>Part VII application by the Advocates of Sight Impaired Consumers to amend TELUS Communications Inc. General Tariff item 308, Operator Services, Telecom Decision CRTC 2003-61, 10 September 2003.</i></p> <p><i>TELUS’ application for forbearance from regulation of single-line inside wire services, Telecom Decision CRTC 2003-69, 17 October 2003.</i></p> <p><i>Call-Net Part VII Application – Promotion of local residential competition, Telecom Decision CRTC 2004-4, 27 January 2004.</i></p> <p><i>Bell Canada - Exemption from the automatic directory assistance call completion charge, Telecom Decision CRTC 2004-6, 5 February 2004.</i></p> <p><i>Review of telemarketing rules, Telecom Decision CRTC 2004-35, 21 May 2004.</i></p>
<p>√ Complete plans for adjusting residential and business telecommunications rates based on the quality of the service provided by incumbent telephone companies to ensure that service quality standards are met.</p>	<p><i>Applicability of interim quality of service rate adjustment mechanisms and related matters, Telecom Decision CRTC 2003-36, 5 June 2003.</i></p> <p><i>Finalization of the Quality of Service rate adjustment plan for competitors, Telecom Public Notice CRTC 2003-9, 30 October 2003.</i></p> <p><i>Finalization of interim competition-related Quality of Service indicators and standards, Telecom Decision CRTC 2003-72, 31 October 2003.</i></p>

<p>√ Develop a strategy for expansion of the North American Numbering Plan and continue to oversee implementation of new area codes in conjunction with the U.S. Federal Communications Commission and other regulatory bodies.</p>	<p><i>CRTC Interconnection Steering Committee – Consensus Items</i>, Telecom Decision CRTC 2003-30, 12 May 2003.</p> <p><i>CRTC Interconnection Steering Committee – Consensus Items</i>, Telecom Decision CRTC 2003-55, 13 August 2003.</p> <p><i>CRTC Interconnection Steering Committee – Consensus Items</i>, Telecom Decision CRTC 2003-66, 29 September 2003.</p>
<p>√ Undertake a public proceeding on the payphone industry to address such social issues as access by persons with a hearing impairment and the need for pay telephones in the public interest.</p>	<p><i>Canadian Payphone Association – Application regarding the amalgamation of the Pay Telephone Access Line tariffs of TELUS Communications Inc.</i>, Telecom Decision CRTC 2003-44, 27 June 2003.</p>
<p>√ Initiate, develop and implement a consumer bill of rights for telecommunications users.</p>	<p><i>Consumer Bill of rights</i>, Telecom Public Notice CRTC 2003-6, 13 June 2003.</p>

4. Strategic Outcome: Equity and Fairness

Commission processes that are fair, transparent and effective.

4.1 Dedicated Resources: \$6.9 million - 65.3 FTEs

4.2 Objectives	4.3 Outputs
<p>√ Collaborate with the industry and public interest groups through the CRTC Interconnection Steering Committee (CISC) and other alternative dispute resolution mechanisms to settle disputes quickly and effectively.</p>	<p>Ongoing activities by participating in various CISC committees and in dealing with disputes by way of various forms of dispute resolution including mediation, “final offer” selection, expedited hearings, etc., as are most appropriate.</p>
<p>√ Monitor and adjust service standards for processing broadcasting and telecommunications applications.</p>	<p>Ongoing.</p>

<p>√ Streamline processes to make them more efficient and minimize regulatory burden.</p>	<p><i>Expedited procedure for resolving competitive issues</i>, Telecom Circular CRTC 2004-2, 10 February 2004.</p> <p><i>Exemption order respecting cable broadcasting distribution undertakings that serve between 2,000 and 6,000 subscribers; and Amendment to the Broadcasting Distribution Regulations</i>, Broadcasting Public Notice CRTC 2004-39, 14 June 2004.</p>
<p>√ Monitor regulatory requirements as competition increases and ensure that appropriate regulatory safeguards remain in place in the absence of competitive markets.</p>	<p>Third Annual Report to the Governor in Council: Status of Competition in Canadian Telecommunications Markets – Deployment/Accessibility of Advanced Telecommunications Infrastructure and Service, November 2003.</p>
<p>√ Improve electronic communication capabilities by: a) continuing to work on the Government On-Line initiative; b) enhancing the electronic application process for companies; c) improving electronic access to public files; d) providing an electronic complaints and inquiries service; e) accepting electronic submissions for public process interventions on the Web site (http://www.crtc.gc.ca/); and f) enhancing information available to consumers through our Web site and through participation in the Canadian Consumer Information Gateway (http://www.consumerinformation.ca/).</p>	<p>Ongoing.</p>
<p>√ Improve service to Canadians and commit to citizen-centred service delivery by undertaking a client survey to determine Canadians' satisfaction with front-line information services and their priorities for improving them and using the survey results to develop</p>	<p>Action plan in progress.</p>

and implement action plans to continue improving services to all Canadians.	
√ Inform all Canadians of significant broadcasting and telecommunications initiatives with news releases, media advisories and speeches in different forums.	Ongoing.

Appendix B: Financial Information & Summary Tables

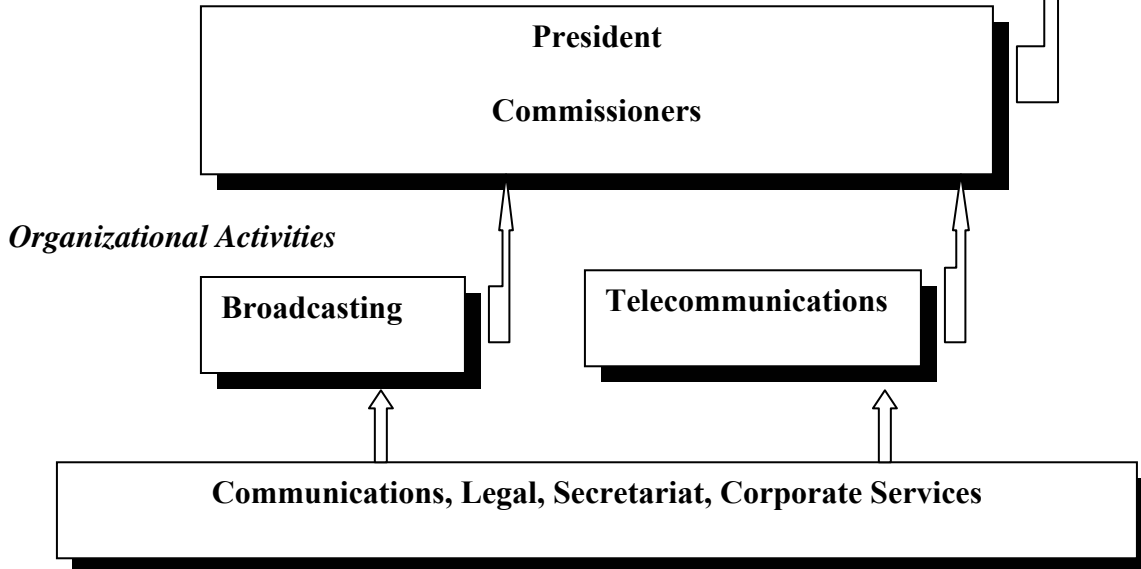
A graphical representation of the accountability and activity structure, including resource levels, is noted below.

CRTC Accountability Activity Structure

Business Line

Regulation of Communications in the Public Interest	
Planned spending	\$42.9 million
Total authorities	\$44.0 million
2003-2004 Actuals	\$43.2 million

Accountability Structure



Note: The CRTC reports to Parliament through the Minister of Canadian Heritage

Financial Summary Tables

Table 1: Summary of Voted Appropriations
Table 2: Comparison of Total Planned Spending to Actual Spending
Table 3: Historical Comparison of Total Planned Spending to Actual Spending
Table 4: Crosswalk between Strategic Outcomes and Business Lines
Table 5: Revenues: Responsible and Non-Responsible
Table 6: User Fee Information

Table 1: Summary of Voted Appropriations

Table 1 provides information regarding that portion of the Commission's budget that is funded through appropriations.

Financial Requirements by Authority – (\$ millions)					
		2003-2004			
		Main Estimates	Total Planned Spending	Total Authorities	Total Actual Spending
Vote	Canadian Radio-television and Telecommunications Commission				
45	Program expenditures	2.3	2.3	2.7	1.9
(S)	Contribution to employee benefit plans	5.6	5.6	5.1	5.1
(S)	Refunds of amounts credited to revenues in previous years*	-	-	1.2	1.2
	Total CRTC	7.9	7.9	9.0	8.2

* During 2003-2004, the CRTC refunded \$1.2 million in licence fees overpaid by broadcasting undertakings in the previous years. The majority of these overpayments resulted from the broadcasting undertakings overstating their revenues subject to fees. The \$1.2 million is included in the total actual spending of \$43.2 million indicated in tables 2 and 3 for fiscal year 2003-2004.

Table 2: Comparison of Total Planned Spending to Actual Spending

Planned versus Actual Spending (\$ millions)				
	2003-2004			
Business Line	Total Main Estimates	Total Planned Spending	Total Authorities	Total Actual Spending
Regulation of Communication in the Public Interest				
Full time equivalents (Note 1)		421		417
Operating	42.9	42.9	44.0	43.2
Capital	-	-	-	-
Grants & Contributions	-	-	-	-
Total Gross Expenditures	42.9	42.9	44.0	43.2
Less: Respendable Revenue (Note 2)	35.0	35.0	35.0	35.0
Adjustments (Note 3)	-	.3	-	-
Total Net Expenditures	7.9	8.2	9.0	8.2
Other Revenue and Expenditures	-	-	-	-
Non-respendable Revenue (Note 2)	-	(113.4)	(115.2)	(115.2)
Cost of Services Provided By Other Departments (Note 4)	-	15.5	14.5	14.5
Net Cost of Program (Note 5)	7.9	(89.7)	(91.7)	(92.5)

Note 1 Full-time equivalents (FTEs) reflect the human resources that the CRTC uses to deliver its program and services. The number is based on a calculation that considers full-time, part-time, term and casual employment. The CRTC is no longer required to control the number of FTEs it may use. Rather, CRTC manages a personnel budget within its operating expenditures and has the latitude to manage as needed. This data is included for information purposes only.

Note 2 For more information on CRTC revenues refer to the section entitled "Explanation of Revenue".

Note 3 Reflects the net amount to accommodate approvals and adjustments since the Main Estimates.

Note 4 The costs of services provided by other departments include: the regulation of the Broadcasting Spectrum by Industry Canada (approximately \$10M); the accommodation provided by Public Works and Government Services Canada (\$2.4M); and the employer's share of employees' insurance premium and expenditures paid by Treasury Board Secretariat (\$2.1M).

Note 5 Brackets indicate that the revenue received exceeds the gross costs of the program.

Table 3: Historical Comparison of Total Planned versus Actual Spending by Business Line

Historical Comparison of Total Planned Spending to Actual Spending (\$ millions)*						
Business Line	2003-2004					
	Actual 2001-2002	Actual 2002-2003	Main Estimates	Total Planned Spending	Total Authorities	Total Actual Spending
Regulation of Communication in the Public Interest	41.6	42.3	42.9	42.9	44.0	43.2
Total	41.6	42.3	42.9	42.9	44.0	43.2

Table 4: Crosswalk between Strategic Outcomes and Business Line

Table 4 provides a summary of the amounts expended on each of the Commission's four strategic objectives for fiscal year 2003-2004.

Crosswalk between Strategic Outcomes and Business Line (\$millions)					
Business Line	Strategic Outcomes				Total
	Cultural Prosperity	Economic Prosperity	Social Prosperity	Equity and Fairness	
Regulation of Communication in the Public Interest	13.3	12.4	10.6	6.9	43.2

Table 5: Revenues: Respendable and Non-Respendable

Revenues (\$ millions)¹					
Respendable Revenues (note 1)					
Business Line	Actual	Actual	2003-2004		
	2001-2002	2002-2003	Planned Revenue	Total Authorities	Actual
Regulation of Communication in the Public Interest					
<i>Broadcasting Licence Fees – Part I</i>	17.1	17.8	18.2	18.2	18.2
<i>Telecommunications Fees</i>	13.9	15.2	16.8	16.8	16.8
Total Respendable Revenues	31.0	33.0	35.0	35.0	35.0
Non-Respendable Revenues (note 2)					
<i>Broadcasting Licence Fees</i>					
<i>Part I</i>	5.4	5.3	6.7	6.7	6.7
<i>Part II</i>	88.0	92.6	100.7	102.5	102.5
<i>Telecommunication Fees</i>	5.2	5.5	6.0	6.0	6.0
Total Non-respendable Revenues	98.6	103.4	113.4	115.2	115.2
Total Revenues	129.6	136.4	148.4	150.2	150.2

Note 1 The CRTC retains respendable revenue to fund its operating budget.

Note 2 Non-respendable revenue for Part I broadcasting licence fees and CRTC telecommunications fees recover the costs incurred by other federal government departments for services (excluding Industry Canada spectrum management) rendered without charge to the CRTC as well as the statutory costs of employee benefit plans. Part II broadcasting fees are also considered to be non-respendable revenue. These revenues are credited to the Consolidated Revenue Fund.

¹ For further details regarding the CRTC's revenue, please see *Explanation of Revenues*, which follows.

Table 6: User Fee Information*

<i>User Fee</i>	<i>Fee Type</i>	<i>Fee Setting Authority</i>	<i>Date Last Modified</i>	2003-2004					Planning Years		
				Forecast Revenue (\$000)	Actual Revenue (\$000)	Full Cost** (\$000)	Performance Standard	Performance Results	Fiscal Year	Forecast Revenue (\$000)	Estimated Full Cost (\$000)
Telecommunications	Regulatory (R)	Telecommunications Act (Section 68) Telecommunication Fee Regulations 1995	1995	\$22.8	\$22.8	\$24.0	Not applicable	Not applicable	2004-05	\$24.4	\$24.4
				2005-06	\$24.4	\$24.4					
				2006-07	\$24.4	\$24.4					
Broadcasting Part I	Regulatory (R)	Broadcasting Act (Section 11)	1997	\$24.9	\$24.9	\$26.0	Not applicable	Not applicable	2004-05	\$26.3	\$26.3
				2005-06	\$26.3	\$26.3					
Broadcasting Part II	Right & Privilege	Broadcasting Fee Regulations 1997	1997	\$100.7	\$102.5	***	Not applicable	Not applicable	2004-05	\$107.6	***
				2005-06	\$114.6						
				2006-07	\$121.6						
				\$148.4	\$150.2				2004-05	\$158.3	
									2005-06	\$165.3	
									2006-07	\$172.3	

* While it is not certain that the *User Fee Act* applies to the Commission, the Commission has completed the template with a view to being as comprehensive and transparent as possible.

** The difference between full cost and actual revenue of telecommunications fees and Part I broadcasting fees represents \$2.3 M in temporary non recoverable funding assistance received to address workload pressures for FY 2003-2004. Starting April 2004, the CRTC is recovering the full cost of its regulatory activities from the broadcasting and telecommunications industries.

*** The rationale for assessing Part II 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. broadcaster's use of the broadcasting spectrum);
- To recover Industry Canada costs associated with the management of the broadcasting spectrum (i.e. approximately \$10 million per year); and
- To represent the privilege of holding a broadcasting licence for commercial benefit.

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 2003-2004:

- ✓ CRTC Part I broadcasting licence fees were \$24.9 million (\$18.2 million respondable and \$6.7 million non-respondable revenue);
- ✓ CRTC Part II broadcasting licence fees were \$102.5 million; and
- ✓ CRTC telecommunications fees were \$22.8 million (\$16.8 million respondable and \$6 million non-respondable revenue).

Broadcasting Licence Fees

Section 11 of the *Broadcasting Act* empowers the Commission to make regulations respecting licence fees. These regulations apply to all licensees other than those classes of undertakings specifically exempted under section 2 of the fee regulations. Every licensee subject to the regulations is required to pay a Part I and a Part II² licence fee to the Commission annually. For 2003-2004, the CRTC collected a total of \$127.4 million from broadcasting undertakings (\$24.9 million in Part I fees and \$102.5 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 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 (CRF). The rationale for assessing Part II fees is three-fold:

² Legal proceeding in the Federal Court of Canada challenging the legality of Part II Licence Fees has been filed by the Canadian Association of Broadcasters on 2 December 2003 and by Vidéotron Ltée, Vidéotron (Régional) Ltée and CF Cable TV Inc. on 6 February 2004.

- ✓ 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 collecting telecommunications fees from carriers that the Commission regulates. 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 2003-2004, the CRTC collected \$22.8 million in telecommunications fees.

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 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.

Dispute Resolution – Fee Assessment

The CRTC's dispute resolution process regarding the assessment of broadcasting licence fees and telecommunications fees is summarized as follows:

- The first point of contact for fee payers concerning issues related to fee assessment or collection is the Commission's Assistant Director, Financial Operations and Licence Fee Processing followed by the Director Finance and Corporate Services. Fee payers may raise their concerns either by telephone conversation, e-mail or letter. To date the CRTC notes that the majority of fee payers concerns have been resolved at the staff level.
- Where an issue cannot be satisfactorily resolved at the staff level, fee payers are requested to document the nature of their concern in writing and submit it to the CRTC's Secretary General for formal consideration. Responses to all such letters would be provided by CRTC.

Appendix C: CRTC Members and Offices

CRTC Members		
Chairperson	<i>Charles Dalfen</i>	(819) 997-3430
Vice-Chairperson, Broadcasting	<i>Andrée Wylie</i>	(819) 997-8766
Vice-Chairman, Telecommunications	<i>David Colville*</i>	(819) 997-8766
	<i>(Atlantic)</i>	(902) 426-7998
Commissioner	<i>Joan Pennefather</i>	(819) 953-7882
Commissioner	<i>Jean-Marc Demers</i>	(819) 997-4206
Commissioner	<i>Stuart Langford</i>	(819) 953-2935
Commissioner	<i>Barbara Cram*</i>	(819) 997-4485
	<i>(Manitoba/Saskatchewan)</i>	(306) 780-3423
Commissioner	<i>Andrée Noël*</i>	(819) 997-3831
	<i>(Québec)</i>	(514) 761-3550
Commissioner	<i>Ronald D. Williams*</i>	(819) 953-0435
	<i>(Alberta/Northwest Territories)</i>	(780) 495-4544

* These commissioners also have regional responsibilities.

<i>Client Services – Central Office</i>	
Telephone (Toll-Free)	1-877-249-CRTC (2782)
<i>Client Services</i>	(819) 997-0313
<i>Public Examination Room</i>	(819) 997-2429
<i>Access to Information and Privacy</i>	(819) 994-5366
<i>Library</i>	(819) 997-4484
<i>TDD (Toll-Free)</i>	1-877-909-2782
<i>Media Relations</i>	(819) 997-9403
<i>Fax Numbers</i>	
<i>General</i>	(819) 994-0218
<i>Communications</i>	(819) 997-4245
<i>Finance and Corporate Services</i>	(819) 953-5107
<i>General Counsel</i>	(819) 953-0589
<i>Human Resources Information</i>	(819) 953-5107
<i>Electronic Access</i>	
<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: 1-877-909-2782</p> <p>Mailing address: CRTC Ottawa, Ontario K1A 0N2</p>	<p>In Ontario 55 St. Clair Avenue East Suite 624 Toronto, Ontario M4T 1M2</p> <p>Tel: (416) 952-9096 Fax: (416) 954-6343</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 Fax: (306) 780-3319</p>
<p>In Quebec 405 de Maisonneuve blvd. East Suite B2300 Montréal, Quebec H2L 4J5</p> <p>Tel: (514) 283-6607 Fax: (514) 283-3689</p>	<p>In Alberta Standard Life Centre 10405 Jasper Avenue, Suite 520 Edmonton, Alberta T5J 3N4</p> <p>Tel: (780) 495-3224 Fax: (780) 495-3214</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, British Columbia V6C 3B6</p> <p>Tel: (604) 666-2111 Fax: (604) 666-8322 TDD: (604) 666-0778</p>

Appendix D: Legislation, Directions and Associated Regulations

Statutes

<u>Canadian Radio-television and Telecommunications Commission Act</u>	R.S.C. 1985, c. C-22, as amended
<u>Broadcasting Act</u>	S.C. 1991, c. 11, as amended
<u>Telecommunications Act</u>	S.C. 1993, c. 38, as amended

Directions, Regulations and Rules of Procedure

<u>Direction to the CRTC (Ineligibility of Non-Canadians)</u>	
<u>Direction to the CRTC (Ineligibility to Hold Broadcasting Licences)</u>	
<u>Direction to the CRTC (Reservation of Cable Channels)</u>	
<u>CRTC Rules of Procedure</u>	
<u>Broadcasting Information Regulations, 1993</u>	
<u>Broadcasting Licence Fee Regulations, 1997</u>	
<u>Broadcasting Distribution Regulations</u>	
<u>Pay Television Regulations, 1990</u>	
<u>Radio Regulations, 1986</u>	
<u>Specialty Service Regulations, 1990</u>	
<u>Television Broadcasting Regulations, 1987</u>	
<u>CRTC Tariff Regulations</u>	
<u>CRTC Telecommunications Rules of Procedure</u>	
<u>Telecommunications Fee Regulations, 1995</u>	
<u>Canadian Telecommunications Common Carrier Ownership and Control Regulations</u>	