

Canadian Radio-television and Telecommunications Commission

2002–2003
Estimates

Part III - Report on Plans and Priorities

Sheila Copps
Minister of Canadian Heritage

Table of Contents

| | | |
|---|-----------|----|
| SECTION I: MESSAGES | 3 | |
| The Minister's Message | | 5 |
| The Chairperson's Message | | 7 |
| Management Representation Statement | | 8 |
| SECTION II: RAISON D'ÊTRE | 9 | |
| CRTC Mandate & Results for Canadians | | 11 |
| SECTION III: STRATEGIC OUTCOMES, PLANS AND PRIORITIES | 13 | |
| Planning Context | | 15 |
| Strategic Outcomes, Planned Results, Related Activities and Resources | | 17 |
| SECTION IV: ORGANIZATION | 25 | |
| Strategic Outcomes and the CRTC Business Line | | 27 |
| Planning, Reporting, and Accountability Structure | | 28 |
| Departmental Planned Spending | | 29 |
| SECTION V: ANNEXES | 31 | |
| Respendable and Non-Respendable Revenue | | 33 |
| Cost of Program | | 36 |
| SECTION VI: OTHER INFORMATION | 37 | |
| Contacts for Further Information | | 39 |
| Legislation Administered and Associated Regulations | | 41 |

Section I: Messages

The Minister's Message

One of Canada's great strengths is the many cultures that have come together to shape the nation. The Department, Agencies and Crown Corporations that make up the Canadian Heritage Portfolio contribute to creating an inclusive and cohesive Canada where our diversity is a source of great strength and links us to each other through our values.



We are fully committed to playing a vital role in the daily lives of all Canadians. To fulfill this mission, the Canadian Heritage Portfolio promotes, through its plans and priorities, access to Canadian content, we help to advance Canadian culture in an era of globalization and we provide Canadians and others with opportunities to learn and understand about our country and each other. Further, we protect Canada's natural and cultural heritage while fostering access through modern technology for the benefit of current and future generations.

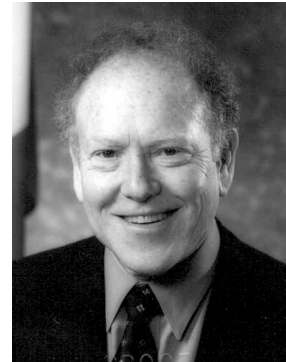
Now more than ever, the CRTC remains a formidable organization that fosters an on-going dialogue with Canadians. Whether it is on questions of Canadian content, access to a diversity of voices and choices, or competition within the communications sector, the CRTC is always at the heart of issues that arouse passion and sustained interest and that are connected to the profound changes that have marked the media and telecommunication industry in recent years. Like the Canadian cultural mosaic, the CRTC is evolving in a changing environment in which the focus is on Canadian values which guide our decisions and collective choices. That is why it is so important to constantly strengthen our broadcasting system to allow Canadians to see themselves and to hear their stories.

It is up to all of us, individually and collectively, to nurture the diversity, the strength of values and our connection to one another which are such hallmarks of Canadian identity.

Sheila Copps

The Chairperson's Message

The CRTC's mandate is to regulate and supervise the broadcasting and telecommunications industries in accordance with the policies established in the *Broadcasting Act* and the *Telecommunications Act*. Over the years, our dedicated team of professionals has devoted itself to that task and to encouraging Canadians to participate in our public processes. Our goal continues to be to fulfil our mandate and to ensure that our processes and decisions are clear, fair and reflective of Canadians' values, hopes and aspirations.



As we begin the 21st century, there are many challenges on our horizon. Technology waits for no person – or institution. Communications technologies are advancing rapidly and it is our challenge to keep pace with, and even anticipate, those changes. Today we are committed to enabling the roll-out of digital technology; tomorrow's technological advances are limited only by the imagination.

Imagination has played a central role in the unfolding of Canadian history. It required both imagination and courage to dream of a nation that would span the North American continent and welcome the variety of cultures that now make up our cultural mosaic. The Commission's challenge is to ensure that we continue to have a strong, distinctively Canadian broadcasting system capable of telling Canada's story. The CRTC will continue to encourage the production of Canadian programs that will tell Canada's story to Canadians, and to the world, in a way that Canadians can appreciate and be proud of.

The Commission also remains committed to enabling competition in telecommunications. Canadians have benefited from the introduction of long distance competition. Most consumers now have access to lower rates and new, high-quality and innovative long distance services. Our task in the competition domain is not complete. As the 1990's saw the growth of long distance competition, in the present decade the CRTC will foster the growth of local telecommunications competition. The CRTC will continue to develop ways and means to enable a competitive local telecommunications environment so that all Canadians can enjoy its benefits.

The Commission's dedicated team embodies the highest values of the Public Service: integrity and fairness in our processes and products; quality in each and every task performed; and respect for others, when we agree and particularly when we disagree. It is this dedication to Canadians and Canadian values that drew me back to the Commission after an absence of over twenty years; and it is this dedication that will enable us to turn our challenges into successes in the years ahead.

Charles M. Dalfen

Management Representation Statement

I submit, for tabling in Parliament, the 2002-2003 Report on Plans and Priorities for the Canadian Radio-television and Telecommunications Commission.

To the best of my knowledge the information in this document:

- ✓ Accurately portrays the organization's plans and priorities.
- ✓ Is consistent with the reporting principles contained in the *Guide to the preparation of the 2002-2003 Report on Plans and Priorities*.
- ✓ Is comprehensive and accurate.
- ✓ Is based on sound underlying departmental information and management systems.

I am satisfied as to the quality assurance processes and procedures used for the RPP production.

The Planning, Reporting and Accountability Structure (PRAS) on which this document is based has been approved by Treasury Board Ministers and is the basis for accountability for the results achieved with the resources and authorities provided.

Name: _____
Ursula Menke, Secretary General

Date: _____

Section II: Raison d'être

CRTC Mandate & Results for Canadians

CRTC Mandate

To regulate and supervise the broadcasting and telecommunications industries in accordance with the policies established in the *Broadcasting Act* and the *Telecommunications Act*.

This mandate motivates our activities that achieve tangible results for Canadians.

Results for Canadians

Through regulation, supervision and dialogue, the CRTC ensures that Canadians have:

- ✓ Canadian content in radio and television that reflects Canadian values, including linguistic duality and cultural diversity;
- ✓ a broad range of broadcasting services (both analog and digital) and of choices in programming from Canada and elsewhere;
- ✓ competition in all areas of communications; and
- ✓ access to a variety of reliable, affordable, innovative and high-quality telecommunications services in both urban and rural areas in all regions of Canada

Regulating in the public interest

The CRTC fulfils its mandate by balancing the needs and desires of Canadians with those of the communications industry it regulates. Through its regulatory function, the Commission addresses social and cultural issues that might otherwise not receive the attention they deserve. These include: the reflection of Canada's cultural diversity in the broadcast media; the provision of additional closed captioning for the hearing impaired and descriptive video for the visually impaired; the presence of violence in the broadcast media; and the introduction of special telephone numbers such as 211, which provides speedy access to social services as 911 does for emergency services.

Section III:
Strategic Outcomes,
Plans and Priorities

Planning Context

Coping with economic volatility

2001 was a year of economic volatility, both before and after the events of September 11. Plummeting global stock market valuations, sharply reduced consumer confidence, significant reductions in advertising expenditures, and markedly diminished economic growth have had a profound impact on Canada and its communication industry. Companies in the communications sector have felt, and are still feeling, the pinch of tightening capital markets. While some economists predict a return to positive economic growth during 2002, others suggest that it will likely be some time before the economy regains its former buoyancy.

Bankruptcy and consolidation in the communications industry, which can ultimately diminish competition and affordable access to communication services, present the CRTC with significant challenges. The Commission is committed to both a competitive communications industry and affordable access to communications services for all Canadians. The CRTC will remain vigilant, monitoring competition and affordability to ensure that Canadians have communications products and services that provide diversity in voices and choices at reasonable prices.

Reviewing the broadcasting industry

In November 2001, the House of Commons Standing Committee on Canadian Heritage launched a study on the state of the Canadian broadcasting system. The Standing Committee is reviewing key aspects of the 1991 *Broadcasting Act* to determine whether or not the Act is still an effective instrument to deal with the challenges facing the industry and its stakeholders.

Although the Standing Committee is in the early stages of its study, a number of key issues are emerging. These issues, such as local voices and services, the place of community services in the Canadian broadcasting system, and cultural policy objectives and instruments, represent both current and future challenges for the CRTC. The Commission will continue to assist the Standing Committee and to listen to Canadians and their elected representatives as it charts its future regulatory course.

Access to infrastructure

While the past decade has witnessed ever-increasing competition in Canadian communications markets, issues regarding access to infrastructure have, in some cases, kept Canadians from reaping the benefits of a fully competitive marketplace. The resolution of infrastructure access issues, such as rights-of-way, inbuilding wire and support structures, will continue to engage the Commission over the next several years.

The Commission uses, and will continue to use, various means, such as the CRTC Interconnection Steering Committee (CISC) and other alternative dispute resolution mechanisms, in its endeavours to facilitate win-win solutions among its stakeholders.

The CRTC anticipates that such efforts will produce outcomes that include fair and reasonable access to infrastructure for communications companies and, ultimately, affordable access to communications products and services for all Canadians.

Mergers, acquisitions and media convergence

Industry consolidation and the resulting media convergence, or common ownership of television, newspaper and Internet properties, will continue to influence the CRTC's operating environment. BCE's acquisition of CTV, CanWest Global's purchase of WIC Western, Quebecor's acquisition of TVA, and TELUS' purchase of Clearnet are illustrative of how mergers and acquisitions are reshaping the Canadian communications landscape. The CRTC's ongoing challenge will be to ensure that Canadians have access to a diversity of voices and choices within a dynamic and competitive industry, while also enabling strong, competitive Canadian firms that are capable of competing globally.

Keeping pace with technology

In 1901, Marconi received the first trans-Atlantic radio signal at Signal Hill, Newfoundland. In 2001, communications technologies have advanced to include over-the-air, cable and satellite transmission of both analog and digital signals. One of the CRTC's priorities is to enable the roll-out of new digital technologies to help ensure that Canadians have the most effective communications system possible.

Meeting Canadians' expectations

According to the Citizens First survey conducted by the Canadian Centre for Management Development (CCMD), Canadians are demanding more and better services from their governments. (The survey can be found on CCMD's web site at <http://www.ccmd-ccg.gc.ca/>.) In the communications context, the CRTC addresses constantly evolving issues of concern to Canadians such as rates for local telephone services, a competitive payphone industry, licensing of multicultural radio and television stations, and the availability of minority official language services through our public processes as well as in our daily services to Canadians. The Commission is currently planning to conduct a survey to identify Canadians' levels of satisfaction with its current service levels and their expectations and priorities for improvement. The Commission will use the survey results to develop and implement its own service improvement initiative.

Strategic Outcomes, Planned Results, Related Activities and Resources

Table 3.1 Commitment to Canadians: Strategic Outcomes and Related Resources

| CRTC Commitment to Canadians | Strategic Outcomes | Related Resources | | |
|---|---|---|-----------|-----------|
| To regulate and supervise the broadcasting and telecommunications industries in accordance with the policies established in the <i>Broadcasting Act</i> and the <i>Telecommunications Act</i> . | 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 | Business Line: Regulation of Communications in the Public Interest | | |
| | | Resources (\$ millions) | | |
| | | 2002-2003 | 2003-2004 | 2004-2005 |
| | | 38.9 | 38.2 | 38.2 |
| | Access for Canadians to a variety of innovative, high-quality communications services, at reasonable prices, that meet their needs and reflect their values | | | |
| | Competitive Canadian communications industry | | | |
| | Commission processes that are fair, credible and effective | | | |

Strategic Outcome: 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

The globalization of the broadcasting industry and the advent of satellite and digital technologies will continue to encourage growth in the number of hours and types of foreign programming available to Canadians. The CRTC believes that quality Canadian programming can compete with foreign products and remains committed to ensuring that Canadians have a broad range of programming choices that reflects Canada's cultural mosaic. In recent years, CRTC licensing policies and regulations have facilitated steady growth in the number of scheduled hours of Canadian programming and strong investment in Canadian talent.¹ The CRTC will continue to promote both Canadian content and investment in Canadian talent and production, and will also take steps to facilitate the entry of more community-based media into the system. To meet these priorities and to achieve the desired outcomes, the CRTC plans to:

¹ For additional details please see our *Departmental Performance Reports* and our *Broadcasting Policy Monitoring Reports*, which are available on our web site at <http://www.crtc.gc.ca/>.

- ✓ Develop, review, implement, monitor and assess the impact of regulatory policies to ensure the availability of quality Canadian programming, particularly in important areas such as drama, music, dance and variety;
- ✓ Welcome public input into our policy for low-power and community-channel television, low power radio and digital television policy;
- ✓ Evaluate proposals for new radio and television services and renew and modify conditions of licence for existing licences;
- ✓ Work 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, corporate and other initiatives regarding cultural diversity, and access by visual- and hearing-impaired persons to programming;
- ✓ Work with interested Canadians and the broadcasting industry to ensure Canada's broadcasting system reflects its multicultural and multiracial diversity and Aboriginal reality; and
- ✓ Monitor policies relating to Canadian content, linguistic duality and cultural diversity, regional voices, violence, the disabled, privacy, affordability and accessibility to communication services.

The CRTC will monitor and assess the effects of changes to its broadcasting policies and regulations and the impact of its decisions in a variety of ways. The Commission will solicit and listen to Canadians' comments through its formal public processes and other less formal mechanisms. It will measure the success of efforts to promote growth in the scheduled hours of Canadian programming, more widespread availability of multicultural, Aboriginal, and minority official language programming, and increased investment in Canadian talent and programming. The Commission maintains logs of scheduled programming, monitors changes on an annual basis, and reports the results in both the *Departmental Performance Report* and the *Broadcasting Policy Monitoring Report*. These documents are available on the CRTC web site at <http://www.crtc.gc.ca/>.

Strategic Outcome: Access for Canadians to a variety of innovative, high-quality communications services, at reasonable prices, that meet their needs and reflect their values

To ensure that Canadians have access to reasonably priced, innovative and high-quality communications products and services, the CRTC will concentrate on the roll-out of digital technology and programming, competitive markets, and access to affordable basic communications services for all Canadians. Achieving this outcome does not come without challenges. The Commission must walk a fine line between facilitating Canadians' access to the best and latest technology, which can be costly, and enabling the

development of a communications system that provides high-quality communications services at affordable prices.

To meet these challenges, the CRTC will continue to encourage competition and refrain from regulating where market forces achieve its objectives. Many Canadians have already realized the benefits of such an approach. For instance, increased competition in long-distance telephone markets in Canada has resulted in a sharp decline in long-distance rates. In a similar vein, the Commission hopes that the exemption of some smaller cable television undertakings from licensing requirements will give their operators greater flexibility to focus on customer service and delivery of innovative new products.

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

- ✓ Develop and implement a digital television policy and a digital radio policy to replace the transitional radio policy;
- ✓ Implement a regional approach to licensing larger cable systems, review various rates filings and amendments to the lists of eligible satellite services, and license broadcasting distribution undertakings;
- ✓ Implement and monitor a new price cap regulatory framework for large incumbent telecommunications companies and introduce price cap regulation for TELUS (Québec) and Télébec;
- ✓ Approve telecommunications companies' service improvement plans to ensure that they address the basic service objective, monitor the implementation of those plans, and take action for non-compliance;
- ✓ Encourage a competitive marketplace and regulate to address issues such as affordability, directory assistance, 911, services for the disabled, consumer privacy and telemarketing, examine issues related to consumer literacy and affordability, and monitor the quality of services offered by telephone companies;
- ✓ Develop a strategy and plan to address the expansion of the North American Numbering Plan and continue to oversee the implementation of new area codes in conjunction with the U.S. Federal Communications Commission and other regulatory bodies;
- ✓ Ensure Canadians have access to high-quality and affordable communications services by completing the implementation of the changes to the contribution regime that subsidizes residential local services in high-cost areas and providing ongoing oversight of the regime;

- ✓ Develop a framework for the expansion of local calling areas and related issues; and
- ✓ Undertake a public proceeding on the payphone industry to address such social issues as universal accessibility to telecommunications services.

The CRTC will continue to monitor the spread of new technologies and the impact of regulation and deregulation. The Commission will measure progress in ensuring Canadians have access to innovative, high-quality and affordable communications services using both national and international indicators. For example, the CRTC will track national trends in subscription levels for digital programming services. Internationally, Canada already compares very favourably with the United States in terms of long-distance telephone rates and with other countries in the Organization for Economic Co-operation and Development in terms of connectivity. The Commission will continue to monitor these and other trends and to report on results achieved.

Strategic Outcome: Competitive Canadian communications industry

It may be argued that a strong, competitive communications industry is vital to Canada's economic prosperity. Today, information knows no borders. It travels around the globe at speeds that were unimaginable only a decade ago. To survive and prosper in the global Information Age, Canada's communications industry must be able to compete both nationally and internationally. The CRTC remains committed to fostering a strong and competitive Canadian communications industry.

Promoting competition is not without its risks. Our relatively small, widely dispersed population and our position as the United States' close neighbour and largest trading partner leave us vulnerable to the fluctuations of the North American and global economic climate. As competition increases and financial pressures mount, industry consolidation often results. Firms merge with, or acquire, other firms to capitalize on economies of scale and enhance their access to financial markets. In an economic environment where the strongest survive, monopoly is an ever-present threat.

The CRTC will answer the challenges inherent in promoting a strong, competitive industry by balancing the needs of competitors and enabling an environment that welcomes competition, particularly in the realm of local telephone competition. To achieve this outcome, the Commission plans to:

- ✓ Monitor and adjust competitive frameworks to ensure a smooth transition to a competitive local telephone environment and address the interconnection issues that impede competition;
- ✓ Address policy frameworks and disputes related to access to rights-of-way, inbuilding wire and support structures;

- ✓ 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 the affected communities;
- ✓ Address issues regarding access to infrastructure under both the *Broadcasting Act* and the *Telecommunications Act* by examining an increasing number of applications concerning rights-of-way and inbuilding wire. For example, the CRTC is currently seeking input into a fair regulatory approach to provide telephone and cable companies with access to multiple-unit dwellings; and
- ✓ Develop a comprehensive system to monitor and analyze the state of competition in Canadian telecommunications markets and the deployment of advanced infrastructure and report to the Governor in Council [P.C. 2000-1053] annually.

Success in fostering a competitive environment and a strong, competitive communications industry will be measured by the number of competitors in various markets and by their ability to survive and grow, both nationally and internationally. This goal is, however, a long-term priority. The level of competition Canadians enjoy in long-distance telephone services required almost a decade to come to fruition. The Commission anticipates that the successful roll-out of local competition will also take a number of years. In the shorter term, the CRTC will monitor competition and consolidation, facilitate entry of new companies into the competitive marketplace, and continue to regulate where the public interest so requires.

Strategic Outcome: Commission processes that are fair, credible and effective

For Canadians to have confidence in the Commission's decisions and regulations, it is critical that the CRTC's processes be open and transparent and be seen as credible and effective. Over the next three years, the Commission is planning to take steps to make its processes even more open and the linkages between its public processes and its decisions even more transparent. These steps will provide Canadians with more information, enhance their ability to participate in the Commission's public processes, and give them greater confidence in CRTC decisions.

While each policy, decision or regulation will have its supporters and detractors; the Commission will strive to ensure that no one will quarrel with the fairness, credibility or effectiveness of the processes behind them. To ensure that the Commission's processes are seen as fair, credible and effective, the CRTC plans to:

- ✓ Collaborate with industry and public interest groups through the CRTC Interconnection Steering Committee (CISC) and other alternative dispute resolution mechanisms to settle disputes quickly and effectively;

- ✓ Monitor and improve service standards for the broadcasting application review process and develop and implement service standards for processing telecommunications applications;
- ✓ Streamline processes to become more efficient and to reduce regulatory requirements as competition increases, while at the same time ensuring that appropriate regulatory safeguards remain in place in the absence of fully competitive markets;
- ✓ Review and revise existing regulatory costing methods and procedures to provide increased transparency and allow proper verification of costs;
- ✓ Improve electronic outreach capabilities by completing the Commission's ongoing Government-On-Line initiative, provide an electronic application process for companies and electronic access to public files, provide an electronic complaints and inquiries service on the web site <http://www.crtc.gc.ca/>, and enhance information available to consumers through the web site and through participation in the Canadian Consumer Information Gateway (<http://www.consumerinformation.ca/>) ;
- ✓ Improve service to Canadians and commit to citizen-centred service delivery by undertaking a client satisfaction survey to find out about Canadians' satisfaction with front-line services and their priorities for improving them, and by using the survey results to develop and implement action plans to improve services to all Canadians; and
- ✓ Improve the management of the Commission through undertaking a capacity check and developing and implementing action plans to address any weaknesses it may reveal.

Canadians will be the ultimate judges of how transparent, fair and effective the Commission's processes are. The client satisfaction surveys will help measure how much the CRTC has improved its service to Canadians and the Commission's electronic outreach processes will provide ample opportunities for Canadians to comment on CRTC decisions and public processes. Internally, the Commission will track its performance against specific standards for processing broadcasting and telecommunications applications. Currently, both broadcasting application processing standards and the Commission's success in meeting those standards are reported in the Quarterly Report on Service Standards for Processing Broadcasting Applications (found on the CRTC web site at <http://www.crtc.gc.ca/>). In due course, the Commission will post similar reports for processing telecommunications applications.

Regulatory and legislative initiatives, 2002-2003

The increased significance of the communications industry to Canadian businesses and society is highlighted daily in the media. The regulatory issues facing the CRTC also continue to increase in complexity. Competition in Canadian communications markets has considerably increased the choices of both communications services and service providers available to Canadians. Competition has also increased the complexity of regulatory issues for industry, the CRTC, the Government of Canada and other participants in the regulatory arena.

| Potential Changes to Regulations and Legislation | Expected Results |
|--|---|
| Broadcasting Distribution Regulations | <ul style="list-style-type: none">✓ Incorporate an appropriate licensing framework for specialty audio programming services;✓ Make amendments to require the distribution of the proceedings of the House of Commons and its committees in both official languages as part of the basic service; and✓ Implement a system of regional licensing for cable systems. |

The Commission's latest Action Plan can be accessed on the web site <http://www.crtc.gc.ca/>.

Section IV: Organization

Strategic Outcomes and the CRTC Business Line

Business line objective

To ensure that Canadians have access to integrated communications services and to the resulting economic, social and cultural benefits through balanced regulation and monitoring and dialogue with the public in accordance with the *Broadcasting Act*, the *Telecommunications Act* and related legislation.

Description of the business line

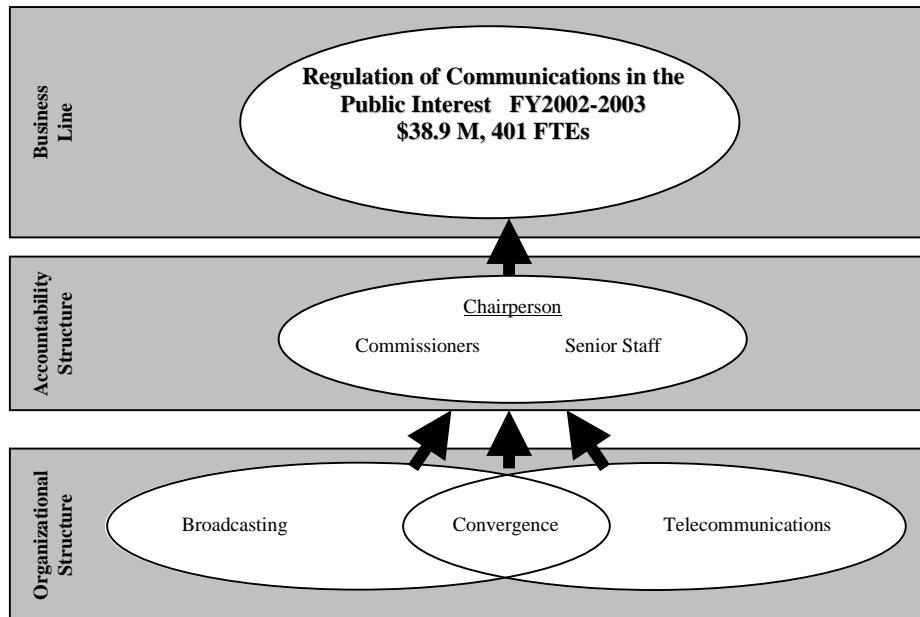
The CRTC regulates broadcasting undertakings and telecommunications service providers and common carriers in accordance with the *Broadcasting Act*, the *Telecommunications Act* and other, related legislation.

Linking resources to results

| Business Line: | Strategic Outcomes | | | | Total |
|---|--|---|--|--|--------|
| | Availability of Canadian content and programming | Access to a variety of high-quality communications services | Competitive Canadian communications industry | Commission processes that are fair, credible and effective | |
| Regulation of Communications in the Public Interest | | | | | |
| Allocation of budget by strategic outcome (millions of dollars) | \$11.9 | \$9.6 | \$11.1 | \$6.3 | \$38.9 |

Planning, Reporting, and Accountability Structure

Evolution in the communications environment gave rise to issues that affected both the broadcasting and telecommunications sectors. Access to infrastructure, interconnection, foreign ownership, affordability, accessibility, and service diversity and quality are only some of the issues that the CRTC historically addressed through two separate business lines. With increasing competition, telecommunications carriers and broadcasters began to diversify and expand into each other's traditional territory. Convergence of issues rapidly spread to convergence in operations. As a result of this convergence, in the fall of 2000, the CRTC adopted a new Planning, Reporting and Accountability Structure (PRAS) and a single business line: *Regulation of communications in the public interest*. The CRTC's Activity and Accountability Structure is illustrated graphically below.



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

Departmental Planned Spending

| Table 2.1 Departmental Planned Spending | | | | |
|--|---------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | Forecast Spending 2001- 2002 | Planned Spending 2002- 2003 | Planned Spending 2003- 2004 | Planned Spending 2004- 2005 |
| (\$ millions) | | | | |
| Regulation of Communication in the Public Interest | | | | |
| Budgetary Main Estimates (gross)* | 39.4 | 38.9 | 38.2 | 38.2 |
| Non-Budgetary Main Estimates (gross) | - | - | - | - |
| Less: Respendable Revenue* | 31.0 | 31.2 | 33.1 | 33.1 |
| Total Main Estimates | 8.4 | 7.7 | 5.1 | 5.1 |
| Adjustments** | 1.9 | - | - | - |
| Net Planned Spending | 10.3*** | 7.7 | 5.1 | 5.1 |
| Less: Non-Respendable Revenue | 96.9 | 102.0 | 107.0 | 112.0 |
| Plus: Cost of Services Received Without Charge | 14.3 | 14.3 | 14.3 | 14.3 |
| Net Cost of Program | (72.3) | (80.0) | (87.6) | (92.6) |
| Full Time Equivalents | 405 | 401 | 395 | 395 |

* Main Estimates and Respendable Revenue have been adjusted to reflect gross salary increases included in Supplementary Estimates A.

** Adjustments are to accommodate approvals obtained since the Main Estimates and include new collective agreements, Supplementary Estimates, etc.

*** Reflects the best forecast of total net planned spending to the end of the fiscal year.

Section V: Annexes

Responsible and Non-Responsible Revenue

Table 5.1 Responsible Revenue (\$ millions)

| Sectors | Forecast Revenue 2001-2002 | Planned Revenue 2002-2003 | Planned Revenue 2003-2004 | Planned Revenue 2004-2005 |
|----------------------------------|-------------------------------|------------------------------|------------------------------|------------------------------|
| <i>Broadcasting Licence Fees</i> | 17.1 | 17.1 | 18.1 | 18.1 |
| <i>Telecommunications Fees</i> | 13.9 | 14.1 | 15.0 | 15.0 |
| Total Responsible Revenue | 31.0 | 31.2 | 33.1 | 33.1 |

Table 5.2 Non-Responsible Revenue (\$ millions)

| Sectors | Forecast Revenue 2001-2002 | Planned Revenue 2002-2003 | Planned Revenue 2003-2004 | Planned Revenue 2004-2005 |
|--------------------------------------|-------------------------------|------------------------------|------------------------------|------------------------------|
| <i>Broadcasting Licence Fees</i> | 90.9 | 96.0 | 101.0 | 106.0 |
| <i>Telecommunications Fees</i> | 6.0 | 6.0 | 6.0 | 6.0 |
| Total Non-Responsible Revenue | 96.9 | 102.0 | 107.0 | 112.0 |

| | | | | |
|----------------------------------|--------------|--------------|--------------|--------------|
| Total Revenue (5.1 + 5.2) | 127.9 | 133.2 | 140.1 | 145.1 |
|----------------------------------|--------------|--------------|--------------|--------------|

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 2002-2003:

- ✓ CRTC Part I broadcasting licence fees are estimated at \$23.1 million² (\$17.1 million responsible³ and \$6.0 million non-responsible⁴ revenue); and
- ✓ CRTC telecommunications fees are estimated at \$20.1 million⁵ (\$14.1 million responsible and \$6.0 million non-responsible 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 II licence fee to the Commission annually. For 2001-2002, the CRTC collected a total of \$108.0 million from broadcasting undertakings (\$22.3 million in Part I fees and \$85.7 million in Part II fees).

² Subject to adjustments for collective agreements that have been ratified but not included in this total.

³ The CRTC retains responsible revenue to fund its operating budget.

⁴ Non-responsible revenue represents the costs incurred by other federal government departments for services (excluding Industry Canada spectrum management) rendered without charge to the CRTC (Table 5.3) as well as the statutory costs of employee benefit plans. These revenues are credited to the Consolidated Revenue Fund.

⁵ Subject to adjustments for collective agreements that have been ratified but not included in this total.

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). Consistent with the policy objectives outlined in the government's *Cost Recovery and Charging Policy* (1997) and as explained in the 1999 roundtable consultation with broadcasting fee payers, the rationale for assessing this fee is three-fold:

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

Telecommunications Fees

Section 68 of the *Telecommunications Act* sets out the authority for 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 2001-2002, the CRTC collected \$19.9 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 telecommunication 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.

Cost of Program

| Table 5.3 Net Cost of Program for the Estimates Year | |
|--|--------------------|
| (\$ millions) | Total Expenditures |
| Net Planned Spending (Gross Budgetary and Non-Budgetary Main Estimates plus Adjustments) | 7.7 |
| <i>Plus: Services received without charge</i> | |
| Accommodation provided by Public Works and Government Services Canada(PWGSC) | 2.5 |
| Contributions covering employees' share of employees' insurance premiums and expenditures paid by Treasury Board (TBS) | 1.4 |
| Severance and Maternity Leave Payments (TBS) | .3 |
| Workers' Compensation coverage provided by Human Resources and Development Canada (HRDC) | .1 |
| Regulation of Broadcasting Spectrum (IC) | 10.0 |
| <i>Total Services Received Without Charge</i> | 14.3 |
| <i>Less: Non-Respendable Revenue</i> | 102.0 |
| 2002-2003 Net cost of Program | (80.0) |

Section VI:
Other Information

Contacts for Further Information

CRTC Members

| | | |
|---|---|----------------------------------|
| Chairperson | <i>Charles Dalfen</i> | (819) 997-3430 |
| Vice-Chairperson, Broadcasting | <i>Andrée P. Wylie</i> | (819) 997-8766 |
| Vice-Chairperson, Telecommunications | <i>David Colville</i> (Atlantic) | (819) 997-8766 (902) 426-7997 |
| Commissioner | <i>Andrew Cardozo</i> | (819) 997-4330 |
| Commissioner | <i>David McKendry</i> | (819) 997-4813 |
| 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> (Manitoba/Saskatchewan) | (819) 997-4485 (204) 983-6306 |
| Commissioner | <i>Andrée Noël</i> (Quebec) | (819) 997-3831 (514) 496-2370 |
| Commissioner | <i>Ronald D. Williams</i> (Alberta/Northwest Territories) | (819) 953-0435 (780) 495-4544 |
| Commissioner | <i>Martha Wilson</i> (Ontario) | (819) 997-2431 (416) 954-6269 |
| Commissioner | <i>Cindy Grauer</i> (B.C./Yukon) | (819) 997-9411 (604) 666-2914 |

Client Services - Central Office

| | |
|---------------------------------|-------------------------|
| Toll-free | 1-877-249-2782 |
| TDD Toll-Free | 1-877-909-2782 |
| Client Services | (819) 997-0313 |
| Public Examination Room | (819) 997-2429/994-0863 |
| Access to Information & Privacy | (819) 994-5366 |
| Library | (819) 997-4484 |
| TDD | (819) 994-0423 |

Fax Numbers

| | |
|--------------------------------|----------------|
| General | (819) 994-0218 |
| Communications | (819) 997-4245 |
| Finance and Corporate Services | (819) 953-5107 |
| General Counsel | (819) 953-0589 |
| Human Resources Information | (819) 997-2219 |

Electronic Access

Internet: <http://www.crtc.gc.ca/>
E-mail: info@crtc.gc.ca

Our Offices

CENTRAL OFFICE

Les Terrasses de la
Chaudière
Central Building
1 Promenade du Portage
Hull, Québec
J8X 4B1

MAILING ADDRESS

CRTC
Ottawa, Ontario
K1A 0N2

IN NOVA SCOTIA

Bank of Commerce Bldg.
1809 Barrington Street
Suite 1007
Halifax, Nova Scotia
B3J 3K8
Tel: (902) 426-7997
Fax: (902) 426-2721
TDD: (902) 426-6997

IN MANITOBA

275 Portage Avenue
Suite 1810
Winnipeg, Manitoba
R3B 2B3
Tel: (204) 983-6306
Fax: (204) 983-6317
TDD: (204) 983-8274

IN QUEBEC

405 de Maisonneuve
Montréal, Quebec
H2L 4J5
Tel: (514) 283-6607
Fax: (514) 283-3689
TDD: (514) 283-8316

IN SASKATCHEWAN

Cornwall Professional
Bldg.
2125 11th Avenue
Suite 103
Regina, Saskatchewan
S4P 3X3
Tel: (306) 780-3422
Fax: (306) 780-3319

IN ONTARIO

55 St. Clair Avenue East
Suite 624
Toronto, Ontario
M4T 1M4
Tel: (416) 952-9096
Fax: (416) 954-6634

IN BRITISH COLUMBIA

580 Hornby Street
Suite 530
Vancouver, B.C.
V6C 3B6
Tel: (604) 666-2111
Fax: (604) 666-8322
TDD: (604) 666-0778

Legislation Administered and Associated Regulations

Statutes

| | |
|--|----------------------------------|
| <i>Canadian Radio-television and Telecommunications Commission Act</i> | R.S.C. 1985, c. C-22, as amended |
| <i>Broadcasting Act</i> | S.C. 1991, c. 11, as amended |
| <i>Telecommunications Act</i> | S.C. 1993, c. 38, as amended |
| <i>Bell Canada Act</i> | S.C. 1987, c. 19, as amended |

Regulations and Rules of Procedure

CRTC Rules of Procedure
Broadcasting Information Regulations, 1993
Broadcasting Licence Fee Regulations, 1997
Broadcasting Distribution Regulations
Pay Television Regulations, 1990
Radio Regulations, 1986
Specialty Service Regulations, 1990
Television Broadcasting Regulations, 1987
CRTC Tariff Regulations
CRTC Telecommunications Rules of Procedure
Telecommunications Fee Regulations, 1995
Canadian Telecommunications Common Carrier Ownership and Control Regulations