

Canadian Radio-television and Telecommunications Commission

2003–2004
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 and Results for Canadians | 11 |
| SECTION III: PLANNING OVERVIEW | 13 |
| Planning Overview and Context | 15 |
| SECTION IV: PLANS AND PRIORITIES BY STRATEGIC OUTCOMES | 17 |
| Strategic Outcomes, Planned Results, Activities and Related Resources | 19 |
| SECTION V: ORGANIZATION | 25 |
| Strategic Outcomes and the CRTC Business Line | 27 |
| Accountability Structure and Organization Chart | 28 |
| Departmental Planned Spending | 30 |
| SECTION VI: ANNEXES | 31 |
| Respendable and Non-Respendable Revenue | 33 |
| Cost of Program | 36 |
| SECTION VII: OTHER INFORMATION | 37 |
| Contacts for Further Information | 39 |
| Legislation Administered and Associated Regulations | 41 |

Section I: Messages



More and more, Canadians are embracing their culture and their diversity and celebrating our Canadian identity. To be Canadian means to show openness toward differences and to appreciate the cultural wealth that comes with our diversity.

The 18 agencies and Crown corporations that make up the Canadian Heritage Portfolio strive to strengthen our identity and our sense of belonging and to make our diversity our strength in all areas, whether cultural, social, political or economic. In an era of globalization, Canadians cannot take their values, culture and identity for granted. We must therefore encourage the expression of our cherished values, which shape our identity. The Canadian Heritage Portfolio is proud to join its many partners in supporting the work and successes of our artists, creators, athletes and everyone who embodies our values and contributes to Canada's vitality. Through their activities, the members of the Canadian Heritage Portfolio encourage us to learn more about our history and our culture. They help us articulate our values, deepen our mutual understanding and strengthen connections among ourselves.

This report highlights the strategies set out by the Canadian Radio-television and Telecommunications Commission, a member of the Canadian Heritage Portfolio, to ensure a strong Canadian presence with content that reflects Canadian values in broadcasting and a strong and competitive telecommunications industry. In regulating and supervising these sectors, a primary concern of the Commission is balancing the needs of Canadians with those of the industries and providing processes that are fair, equitable and effective.

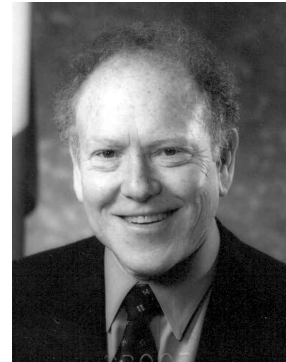
I hope that this report will be well received by those the Commission is working to serve better, and that it will encourage their participation and help give them their rightful place in our society.

Sheila Copps

Canada¹³³

The Chairperson's Message

As I look back over my first year at the CRTC, I am pleased with what we have accomplished. As we look forward to meeting the challenges ahead, it is now time to look to our plans and priorities for 2003-2004. Our activities will, of course, continue to be guided by the policies set out in the *Broadcasting Act* and the *Telecommunications Act*. We remain committed to fulfilling our mandate — to regulate and supervise the Canadian broadcasting system and the Canadian telecommunications sector — in a manner that balances the social, cultural and economic objectives set out in our legislation, and to ensure that the laws are respected through the regulations we establish, the decisions we make, and the processes we undertake.



Broadcasting plays a fundamental role in Canadian society. Now more than ever, we believe in the importance of maintaining a distinct Canadian presence on air that reflects Canadian society, including our two major linguistic groups, our Aboriginal communities, and our rich multicultural fabric. To this end we believe that a healthy and viable Canadian programming production industry is essential. As I have stated publicly, we will encourage the production and airing of high-quality popular Canadian dramatic series that are able to both reflect our Canadian reality and compete with foreign products. I have high hopes that between now and the end of my mandate, Canadian drama series will be among the top ten most popular programs on English-language television.

On many occasions, I have underlined the importance of sustainable, facilities-based competition in local telecommunications markets. The Commission has already implemented many measures to support the development of competition in all telecommunications sectors. The Commission will continue to promote competition in local markets by removing obstacles that could slow this progress.

We will also continue to monitor and measure the impact of our regulations and policies. The 90's witnessed the adoption of new or amended regulations, policies and decisions, notably with regard to television, radio, distribution, and the deregulation of long-distance services. The Commission will continue to evaluate their effects, both short- and long-term, and to make changes wherever necessary. We will also continue to gather data from across the country on broadcasting and telecommunications, and to issue our annual monitoring reports on both sectors.

The CRTC plays a fundamental role in the number and quality of communications services offered to Canadians. We are mindful of the impact that our decisions have on the social, economic and cultural fabric of Canada and on the well-being of Canadians. This realization continues to focus and to inspire us in our day-to-day work serving the people of this country.

Charles M. Dalfen

Management Representation Statement

I submit, for tabling in Parliament, the 2003–2004 Report on Plans and Priorities (RPP) for the Canadian Radio-television and Telecommunications Commission (CRTC).

This document has been prepared based on the reporting principles and disclosure requirements contained in the *Guide to the preparation of the 2003-2004 Report on Plans and Priorities*:

- ✓ It accurately portrays the organization's plans and priorities.
- ✓ The planned spending information in this document is consistent with the directions provided in the Minister of Finance's Budget and by TBS.
- ✓ It is comprehensive and accurate.
- ✓ It is based on sound underlying departmental information and management systems.

The reporting structure 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: _____
Diane Rhéaume, Acting Secretary General

Date: _____

Section II: Raison d'être

CRTC Mandate and 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 activities that achieve tangible results for Canadians.

Results for Canadians

The Commission is guided by four broad strategic objectives. These are to provide Canadians with:

- ✓ Canadian content in broadcasting that supports the development of Canadian talent and reflects Canadian values, including linguistic duality and cultural diversity;
- ✓ competition in all areas of communications;
- ✓ access to a broad range of innovative, high-quality communications services that meet consumer needs at reasonable prices; and
- ✓ Commission processes that are fair, credible and effective.

Regulating in the public interest

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

- ✓ issuing, renewing and amending licences for broadcasting undertakings;
- ✓ developing, reviewing, implementing, monitoring and assessing the impact of regulatory policies;
- ✓ making determinations on mergers and acquisitions in the broadcasting industry;
- ✓ approving tariffs for the telecommunications industry;
- ✓ developing, implementing and refining regulatory frameworks for the telecommunications industry;
- ✓ fostering competition and regulating where market forces are not achieving public interest objectives;
- ✓ monitoring competition; and
- ✓ collaborating with industry to resolve competitive disputes.

For each task the CRTC undertakes, a primary concern is to balance the needs and desires of Canadian consumers with the interests of the communications industry. Through its regulatory function, the Commission addresses social, cultural and economic issues that directly and indirectly benefit all Canadians.

Section III: Planning Overview

Planning Overview and Context

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

The CRTC Plans and Priorities for 2003-2004 were developed in consideration of the following planning context that outlines significant trends, developments and challenges facing the communications industry.

Economic environment of the communications industry

In 2002, the Canadian economy was profoundly affected by the meltdown in the technology and telecommunications sectors. Businesses encountered major difficulties due to stock market volatility and the trend toward industry consolidation. With lower output and reduced client growth, businesses were faced with a situation in which it was more difficult to increase profitability, and they had to resort to such measures as massive layoffs to cut their operating costs.

Bankruptcies and consolidation in the communications industry present the CRTC with significant challenges by threatening to diminish competition and affordable access to services. The CRTC will continue monitoring competition and affordability to ensure that Canadians are offered communications products and services at reasonable prices.

As we look forward, we see positive signs for productivity growth in Canada, thanks to the efforts of Canadian companies to adjust to new technologies and incorporate them into their business processes. The tone is more positive and the economy appears to have more vitality than last year.

Reviewing the broadcasting industry

The House of Commons Standing Committee on Canadian Heritage continues to study 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.

The Standing Committee has raised a number of issues dealing with such matters as local voices and services, the place of community services in the Canadian broadcasting system, and cultural policy objectives and instruments. The issues being addressed by the Standing Committee and the resulting recommendations could present the CRTC with significant challenges with regard to the current state and future direction of the Canadian broadcasting system. 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, in-building wire and support structures, will continue to engage the Commission over the next several years.

The Commission will continue to use various means, such as the CRTC Interconnection Steering Committee (CISC) and other alternative dispute resolution mechanisms to facilitate win-win solutions to these issues over the next several years. Outcomes will include fair and reasonable access to infrastructure for communications companies and, ultimately, more 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. 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 Canadian firms that are capable of competing globally.

Technological advances

New technologies and increasing globalization present both challenges and opportunities for new regulatory approaches to achieve cultural and social goals. As a result, the CRTC will monitor the impact of these changes on the Canadian communications sector and will take appropriate measures to foster emerging new technologies that benefit Canadians and are consistent with the legislation in question.

Toward citizen-centred service delivery

The government-wide Service Improvement Initiative is based on the principle that continued and measurable improvement in client satisfaction is the most reliable indicator of improvements in the quality of services and the performance of departments and agencies.

Through its processes and daily services, the CRTC addresses constantly evolving communications issues of concern to Canadians, such as rates for local telephone services, a competitive payphone industry, licensing of multicultural radio and television stations, and access to minority official language services by Canadians.

During fiscal year 2003–2004, the CRTC will conduct a survey to determine level of Canadians' satisfaction with front-line information services and their priorities for improving them. The Commission will use the results to develop and implement action plans to continue to improve these services for all Canadians.

Section IV:
Plans and Priorities by
Strategic Outcomes

Strategic Outcomes, Planned Results, Activities and Related Resources

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 and objectives established in the <i>Broadcasting Act</i> and the <i>Telecommunications Act</i> . | 1. 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. Competitive Canadian communications industry. 3. Access for Canadians to a variety of innovative, high-quality communications services, at reasonable prices, that meet their needs and reflect their values. 4. Commission processes that are fair, credible and effective. | Business Line: Regulation of communications in the public interest | | | |
| | | Resources (\$ millions) | | | |
| | | 2003– 2004 | 2004– 2005 | 2005– 2006 | |
| | | 42.9 | 40.5 | 39.1 | |

Strategic Outcome 1: \$13.2 million — Total planned spending over the planning period

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

Canada's broadcasting policy is set out in the *Broadcasting Act*. Under this legislation, the CRTC is responsible for regulating and supervising the Canadian broadcasting system to implement the policy's objectives. To meet those objectives, the Commission must promote Canadian creativity, reflect Canadian society, and ensure that Canadian programming is prominently displayed in an increasingly globalized world.

To achieve the desired outcomes, the CRTC plans to:

- ✓ develop, implement, monitor and assess the impact of regulatory policies on the availability of quality Canadian programming. 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;
- ✓ monitor broadcasting policies related to Canadian content, linguistic duality, cultural diversity, and social issues such as privacy, violence and services for person with a disability;
 - ✓ evaluate proposals for new radio and television licences with a view to providing a diversity of services and to reinforce the Canadian broadcasting system;
 - ✓ monitor the programming and financial activities of broadcasting undertakings to ensure compliance with regulations and conditions of licence;
 - ✓ 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; and
 - ✓ work with interested Canadians and the broadcasting industry to ensure Canada's broadcasting system reflects its multicultural and multiracial diversity and Aboriginal reality.

The CRTC remains committed to ensuring that Canadians have a broad range of programming choices that reflect Canada's cultural mosaic. Using a variety of performance indicators, we will measure the success of efforts to achieve the objectives of the *Broadcasting Act*. For example, we will measure the growth in the scheduled hours of Canadian programming, increased viewership for Canadian programs and increased investment in Canadian talent development, as well as the availability of multicultural and Aboriginal programming, and the availability of programming in the official language of the minority. The results of our progress in achieving our statutory objectives will be reported in the Commission's *Departmental Performance Report* and its *Broadcasting Policy Monitoring Report* available on the CRTC Web site (<http://www.crtc.gc.ca/>).

Strategic Outcome 2: \$10.5 million — Total planned spending over the planning period

Competitive Canadian communications industry

Competition in many Canadian markets has done much to broaden the range of services available to Canadians. The CRTC continues to answer the challenges inherent in promoting a strong, competitive industry by balancing the needs of incumbents, competitors and consumers.

Much work remains to be done to facilitate vigorous, sustainable competition in all telecommunications markets. We will answer the challenges inherent in promoting a

strong, competitive industry by enabling an environment that welcomes competition, particularly in the local telephone market. With respect to the broadcasting industry, the Commission believes 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 achieve this outcome, the Commission plans to:

- ✓ monitor and adjust regulatory frameworks to ensure a smooth transition to a competitive local telephone environment and address the issues that impede competition;
- ✓ rule on issues related to competitor use of incumbent services and facilities, such as in the current Competitor Digital Network Access proceeding;
- ✓ 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 multiple-unit dwellings);
- ✓ develop a comprehensive system to monitor and analyse the state of competition in Canadian telecommunications markets; and
- ✓ 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.

While we will continue our efforts to remove obstacles that impede effective competition, we recognize the reality that 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. Therefore, the CRTC will continue to regulate where market forces are not achieving statutory objectives.

Our success in fostering a competitive environment and a strong communications industry will be measured using a number of performance indicators. For the telecommunications sector, results will be reflected in the Commission's *Report to the Governor in Council: Status of Competition in Canadian Telecommunications Markets*. In broadcasting, results will appear in the *Broadcasting Policy Monitoring Report*. Both reports are available on the CRTC Web site (<http://www.crtc.gc.ca/>).

Strategic Outcome 3: \$12.3 million — Total planned spending over the planning period

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

The fast pace of technological change creates many opportunities for innovation and enhanced productivity, but it also raises complex policy and legal issues. The CRTC will address these issues to take advantage of innovative technologies that will better serve the broadcasting and telecommunication industries, as well as the Canadian public.

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

- ✓ conduct follow-up processes on price cap regulatory frameworks for incumbent telecommunications companies;
- ✓ 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;
- ✓ 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;
- ✓ 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;
- ✓ 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;
- ✓ undertake a public proceeding on the payphone industry to address such social issues as access by person with a hearing impairment and the need for pay telephones in the public interest; and
- ✓ initiate, develop and implement a consumer bill of rights for telecommunications users.

The CRTC will continue to monitor the spread of new technologies and the impact of regulation and deregulation. It will measure progress in ensuring that Canadians have easier and better access to innovative, high-quality and affordable communications services, using national and international indicators. Results of monitoring activities will

be reported to Canadians in the CRTC's *Departmental Performance Report* and other annual reports produced by the Commission.

Strategic Outcome 4: \$6.9 million —Total planned spending over the planning period

Commission processes that are fair, credible and effective

To maintain the confidence of Canadians, the CRTC will conduct processes that are fair, transparent, credible, effective and in line with its mandate. In the coming year, we will continue our efforts to provide Canadians with more information and enhance their ability to effectively participate in our public processes.

We will also exemplify the values of integrity and quality. Integrity will characterize both our processes and products, which are primarily our decisions. Canadians participating in our processes and reading our decisions will have a clear sense that the Commission has given issues a fair hearing. Respect for quality means ensuring that our activities and decisions convey thoughtfulness, knowledge and common sense.

To ensure the Commission's processes are fair, credible and effective, the CRTC plans to:

- ✓ 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;
- ✓ monitor and adjust service standards for processing broadcasting and telecommunications applications;
- ✓ streamline processes to make them more efficient and minimize regulatory burden;
- ✓ monitor regulatory requirements as competition increases and ensure that appropriate regulatory safeguards remain in place in the absence of competitive markets;
- ✓ 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/>);

- ✓ 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 and implement action plans to continue improving services to all Canadians; and
- ✓ inform all Canadians of significant broadcasting and telecommunications initiatives with news releases, media advisories and speeches in different forums.

The Commission will periodically check its performance against specific standards for processing broadcasting and telecommunications applications. 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* and *Quarterly Report on Service Standards for Processing Telecommunications Applications*, which are available on the CRTC's Web site (<http://www.crtc.gc.ca/>).

Section V: 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

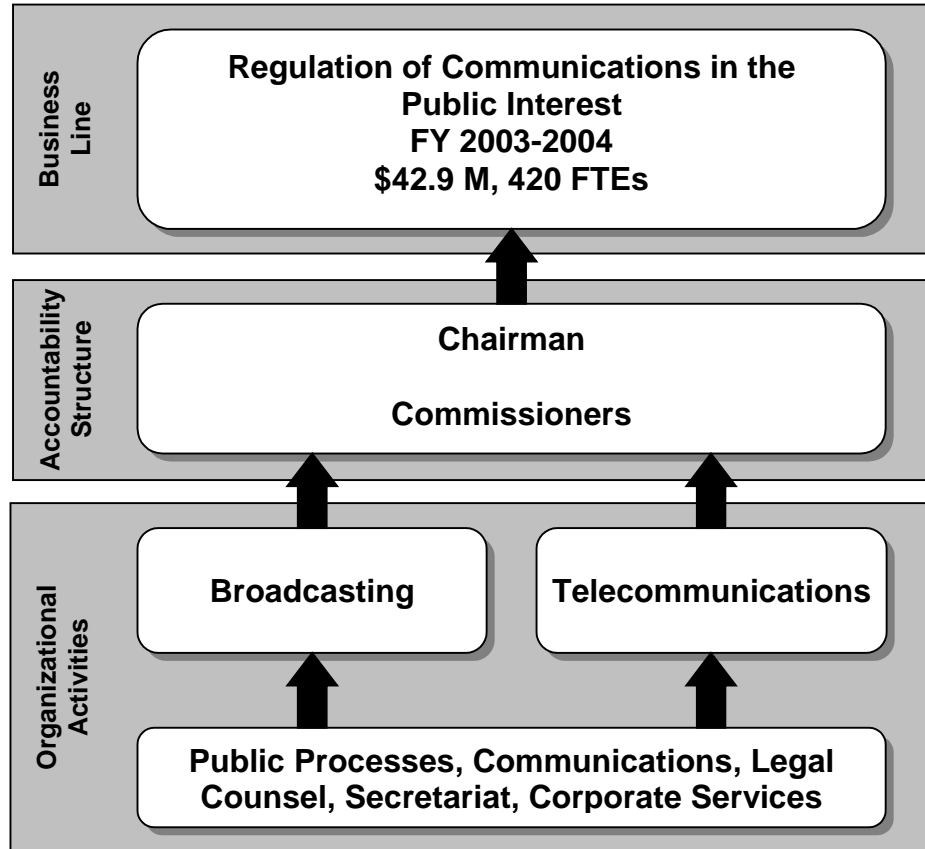
The CRTC regulates broadcasting undertakings and telecommunications common carriers in accordance with the *Broadcasting Act*, the *Telecommunications Act* and other related legislation.

Linking resources to results

| Business Line: Regulation of communications in the public interest | Strategic Outcomes | | | | Total |
|---|---|---|--|--|--------|
| | Availability of Canadian content and programming | Competitive Canadian communications industry | Access to a variety of high-quality communications services | Commission processes that are fair, credible and effective | |
| Allocation of budget by strategic outcome (millions of dollars) | \$13.2 | \$10.5 | \$12.3 | \$6.9 | \$42.9 |

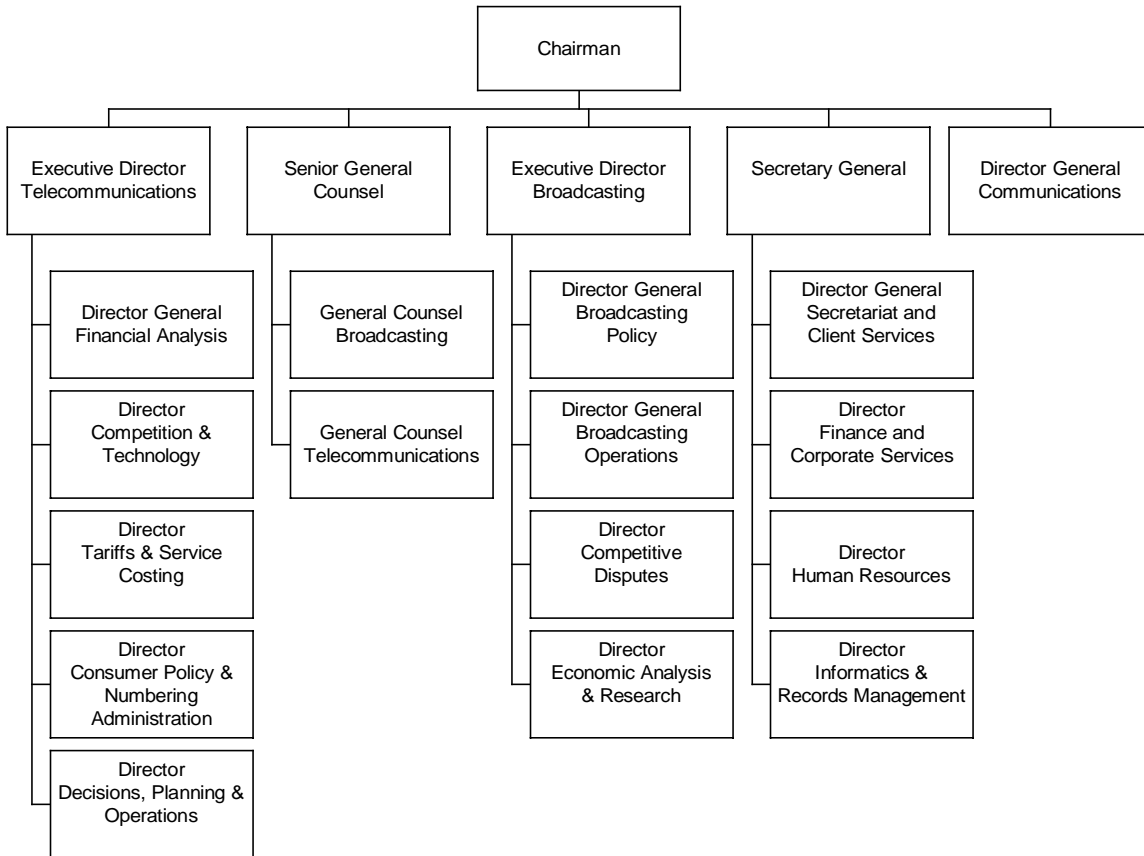
Accountability Structure and Organization Chart

CRTC Accountability and Activity Structure



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

CRTC Organization Chart



Departmental Planned Spending

| Departmental Planned Spending | | | | |
|--|---------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | Forecast Spending 2002– 2003 | Planned Spending 2003– 2004 | Planned Spending 2004– 2005 | Planned Spending 2005– 2006 |
| (\$ millions) | | | | |
| Regulation of Communication in the Public Interest | | | | |
| Budgetary Main Estimates (gross)* | 40.5 | 42.9 | 40.5 | 39.1 |
| Non-Budgetary Main Estimates (gross) | - | - | - | - |
| Less: Respendable Revenue* | 32.8 | 35.0 | 35.0 | 33.8 |
| Total Main Estimates | 7.7 | 7.9 | 5.5 | 5.3 |
| Adjustments** | 1.1 | - | - | - |
| Net Planned Spending | 8.8*** | 7.9 | 5.5 | 5.3 |
| Less: Non-Respendable Revenue | 102.2 | 110.9 | 117.9 | 124.6 |
| Plus: Cost of Services Received Without Charge | 15.2 | 15.2 | 15.2 | 15.2 |
| Net Cost of Program | (78.2) | (87.8) | (97.2) | (104.1) |
| Full Time Equivalents | 415 | 420 | 415 | 410 |

* 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.

The “Budgetary Main Estimates” represents the total estimated cost of the CRTC’s operations.

“Respendable Revenue” is the amount of resources provided by broadcasting and telecommunications fee payers that is available to the CRTC to fund its operating budget.

“Total Main Estimates” is the amount of funding provided by general government revenues to cover the cost of employee benefits plans (\$5.5 million) and non-recoverable costs of CRTC operations approved by Treasury Board (\$2.4 million for fiscal year 2003-2004). Further details on the CRTC’s budget and revenues are noted in Section VI - Annexes.

Section VI: Annexes

Responsible and Non-Responsible Revenue

| Responsible Revenue (\$ millions) | | | | |
|---|----------------------------|---------------------------|---------------------------|---------------------------|
| Sectors | Forecast Revenue 2002–2003 | Planned Revenue 2003–2004 | Planned Revenue 2004–2005 | Planned Revenue 2005–2006 |
| <i>Broadcasting Licence Fees—Part I</i> | 17.7 | 18.2 | 18.2 | 17.6 |
| <i>Telecommunications Fees</i> | 15.1 | 16.8 | 16.8 | 16.2 |
| Total Responsible Revenue | 32.8 | 35.0 | 35.0 | 33.8 |

| Non-Responsible Revenue (\$ millions) | | | | |
|---|-----------------------|---------------------------|---------------------------|---------------------------|
| Sectors | Forecast Revenue 2003 | Planned Revenue 2003–2004 | Planned Revenue 2004–2005 | Planned Revenue 2005–2006 |
| <i>Broadcasting Licence Fees—Part I</i> | 5.4 | 6.7 | 6.0 | 6.0 |
| <i>Part II</i> | 92.0 | 98.5 | 106.9 | 113.6 |
| <i>Total Broadcasting Licence Fees</i> | 97.4 | 105.2 | 112.9 | 119.6 |
| <i>Telecommunications Fees</i> | 4.8 | 5.7 | 5.0 | 5.0 |
| Total Non-Responsible Revenue | 102.2 | 110.9 | 117.9 | 124.6 |

| | | | | |
|----------------------|--------------|--------------|--------------|--------------|
| Total Revenue | 135.0 | 145.9 | 152.9 | 158.4 |
|----------------------|--------------|--------------|--------------|--------------|

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 are estimated at \$24.9 million¹ (\$18.2 million responsible² and \$6.7 million in non-responsible³ revenue). The broadcasting non-responsible revenue also includes a "true-up" adjustment⁴ of \$1.4 million; and
- ✓ CRTC telecommunications fees are estimated at \$22.5 million⁵ (\$16.8 million responsible and \$5.7 million in non-responsible revenue). The

¹ Subject to adjustments for collective agreements that have been ratified but not included in this total.

² The CRTC retains responsible revenue to fund its operating budget.

³ Non-responsible revenue for Part I broadcasting licence fees and CRTC telecommunications fees recovers the costs incurred by other federal government departments for services (excluding Industry Canada spectrum management) rendered without charge to the CRTC (see table entitled "Net Cost of Program for the Estimates Year in Section VI - Annexes) as well as the statutory costs of employee benefit plans. Part II broadcasting licence fees are also considered to be non-responsible revenue. These revenues are credited to the Consolidated Revenue Fund (CRF).

⁴ The true-up adjustment represents the difference between the estimated costs initially billed in a previous fiscal year and the actual costs incurred.

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

telecommunications non-respondable revenue also includes an estimated "true-up" adjustment of \$0.7 million.

Over the past several years, the CRTC has been facing intense budget constraints as a result of inflationary pressures and workload increases. The Commission continues to streamline and re-engineer its processes and explore alternative service delivery to maximize resource utilisation. Aside from salary increases resulting from new collective agreements, the CRTC has not received any permanent budget increases.

To address price and workload pressures over the four-year period 1999–2000 to 2002–2003, temporary appropriations totalling \$11.9 million were provided to the CRTC. These appropriations were not recovered from broadcasting and telecommunications fee payers.

CRTC's incremental resource requirements for 2003–2004 total \$4.7 million. Of this amount, \$2.4 million will be funded by means of a non-recoverable appropriation, while \$2.3 million will be assessed to broadcasting and telecommunications fee payers. Starting April 2004, the CRTC will recover the full cost of its regulatory activities from the broadcasting and telecommunication industries.

Broadcasting Licence Fees

Section 11 of the *Broadcasting Act* empowers the Commission to make regulations respecting licence fees. The *Broadcasting Licence Fee Regulations, 1997* apply to all licensees other than those classes of undertakings specifically exempted under section 2 of the regulations. Every licensee subject to the regulations is required to pay a Part I and a Part II licence fee to the Commission annually. For 2002–2003, the CRTC estimates a total of \$115.1 million in revenue from broadcasting undertakings (\$23.1 million in Part I fees and \$92 million in Part II fees).

The Part I fee is based on the broadcasting regulatory costs incurred each year by the Commission and other federal departments or agencies, excluding spectrum management costs, and is equal to the aggregate of:

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

The estimated total broadcasting regulatory costs of the Commission are set out in the Commission's Expenditure Plan published in Part III of the Estimates of the Government of Canada (i.e., Part III Report on Plans and Priorities). There is an annual adjustment ("true-up") 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. 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 making the *Telecommunications Fees Regulations*. Each company that files tariffs must pay fees based on its operating revenue, as a percentage of the revenue of all the carriers that file tariffs. For 2002–2003, the CRTC assessed \$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 telecommunications regulatory costs of the Commission are set out in the Commission's Expenditure Plan published in Part III of the Estimates of the Government of Canada (i.e. *Part III - Report on Plans and Priorities*). There is an annual adjustment ("true-up") amount to the telecommunications fees to adjust estimated costs to actual expenditures. Any excess fees or shortfalls are credited or charged to the carriers in a following year's invoice.

Cost of Program

| Net Cost of Program for the Estimates Year | |
|--|--------------------|
| (\$ millions) | Total Expenditures |
| Net Planned Spending (Gross Budgetary and Non-Budgetary Main Estimates plus Adjustments) | 7.9 |
| <i>Plus: Services received without charge</i> | |
| Accommodation provided by Public Works and Government Services Canada (PWGSC) | 2.4 |
| Contributions covering employees' share of employees' insurance premiums and expenditures paid by Treasury Board (TBS) | 2.1 |
| Severance and Maternity Leave Payments (TBS) | .3 |
| Workers' Compensation coverage provided by Human Resources and Development Canada (HRDC) | .1 |
| Regulation of Broadcasting Spectrum — Industry Canada (IC) | 10.3 |
| <i>Total Services Received Without Charge</i> | 15.2 |
| <i>Less: Non-Respendable Revenue</i> | 110.9 |
| 2003-2004 Net Cost of Program | (87.8) |

Section VII:
Other Information

Contacts for Further Information

CRTC Members

| | | |
|--------------------------------------|---------------------------------|----------------|
| Chairperson | <i>Charles M. Dalfen</i> | (819) 997-3430 |
| Vice-Chairperson, Broadcasting | <i>Andrée P. Wylie</i> | (819) 997-8766 |
| Vice-Chairperson, Telecommunications | <i>David Colville</i> | (819) 997-8766 |
| | (Atlantic) | (902) 426-2644 |
| Commissioner | <i>Andrew Cardozo</i> | (819) 997-4330 |
| 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 |
| | (Manitoba/Saskatchewan) | (306) 780-3423 |
| Commissioner | <i>Andrée Noël</i> | (819) 997-3831 |
| | (Quebec) | (514) 496-2370 |
| Commissioner | <i>Ronald D. Williams</i> | (819) 953-0435 |
| | (Alberta/Northwest Territories) | (780) 495-4544 |
| Commissioner | <i>Cindy Grauer</i> | (819) 997-9411 |
| | (British Columbia /Yukon) | (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 and 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 |
| Legal | (819) 953-0589 |
| Human Resources Information | (819) 953-0997 |

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, Quebec
J8X 4B1

MAILING ADDRESS

CRTC
Ottawa, Ontario
K1A 0N2

IN NOVA SCOTIA

Metropolitain Place Bldg.
99 Wyse Road
Suite 1410
Dartmouth, Nova Scotia
B3A 4S5
Tel: (902) 426-7997
Fax: (902) 426-2721
TDD: (902) 426-6997

IN SASKATCHEWAN

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

IN QUEBEC

405 de Maisonneuve East
2nd Floor, Suite B2300
Montréal, Quebec
H2L 4J5
Tel: (514) 283-6607
Fax: (514) 283-3689
TDD: (514) 283-8316

IN ALBERTA

405, Jasper avenue
Suite 520
Edmonton, Alberta
T5J 3N4
TEL: (780) 495-3224

IN ONTARIO

55 St. Clair Avenue East
Suite 624
Toronto, Ontario
M4T 1M4
Tel: (416) 952-9096
TDD: (416) 954-6343

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

IN MANITOBA

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

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 |

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