

Canadian
Radio-television and
Telecommunications
Commission

Performance Report

For the
period ending
March 31, 1999

Sheila Copps
Minister of Canadian Heritage

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Executive Summary

- ❑ The rapidly evolving communications industry is resulting in increasingly complex regulatory issues for the Canadian Radio-television and Telecommunications Commission (CRTC) and other participants in the regulatory arena. The CRTC is taking a more proactive role in addressing competition, convergence, mergers, vertical integration, globalization and an explosion of new technologies.
- ❑ At a time when the market is becoming more complex, the need to consult industry and consumer groups assumes increasing importance as a fundamental part of the regulatory function. The CRTC has introduced and will continue to introduce new mechanisms to promote effective public participation. These mechanisms are being implemented to complement our public hearings and public notices.
- ❑ In view of the constantly changing and expanding communications environment, the Commission undertook a review of the broadcasting landscape as part of the Vision and Action Plan and has revised its policies. Canadians will have further access to the widest possible range of high-quality choices that reflect who we are.
- ❑ Broadcasting is a Canadian success. Canadian productions have been steadily attracting more viewers in the past several years. Canada is now considered to be the world's second largest exporter of television programming. The new television policy builds on this success and will provide more flexibility for broadcasters, more opportunities for independent producers and wider choices for viewers. The CRTC has also strengthened the presence of French-language programming and provided access to Aboriginal programming across Canada.
- ❑ Over the past several years, the Commission has taken several measures to open competition in telecommunications. Canadians now benefit from lower long distance rates, a wider supply of services and a choice of suppliers that was unavailable to them before. In 1998–99, the Commission has further facilitated competition in the local telephone market by opening competition in the local pay telephone market and by facilitating entry of new local service providers. The CRTC has also reduced barriers to consumer choice in long distance in areas served by independent companies in Ontario and Quebec. The Commission has implemented changes to the *Telecommunications Act*, thus opening Canada's international telecommunications market to full competition. While the CRTC encourages competition in many areas to provide more choices and better services to Canadians, the Commission is committed to maintaining provisions that safeguard consumers' interests.
- ❑ Canada is well placed to participate in the information society. Telephone penetration in Canada remains the highest in the world at 98.8%. Close to 80% of Canadian households subscribe to cable, while others are being increasingly served by satellite and other distribution technologies. Average charges for Internet access in Canada are among the lowest internationally. It is estimated that by 2001, 40% of households will have access to the Internet.

Chart of Key Results Commitments

Canadian Radio-television and Telecommunications Commission (CRTC)

Assurance that Canadian communications contribute fairly and equitably to Canada's economic, social and cultural prosperity through regulation, supervision and public dialogue.

To provide Canadians with:	To be demonstrated by:	Achievement reported on:
A place for Canadian voices in national and thus global communications	a. content that reflects the linguistic duality, cultural diversity and social values of Canada;	Pages 17–21
	b. Canadian content in communications services;	Pages 21–23
	c. programming that reflects national, regional and community voices;	Page 24
	d. programming that features Canadian creative talent; and	Pages 24–25
	e. meaningful investment in Canadian audio and video content.	Pages 25–26
A broad range of communications services through competitive communications industries	a. competitive Canadian communications industries;	Pages 27–33
	b. availability of a broad range of Canadian communications services;	Pages 33–34
	c. reliable, high-quality communications services that are responsive to consumer needs and social values;	Pages 34–35
	d. core communications services that are reasonably priced; and	Pages 35–36
	e. a communications infrastructure that is innovative and supports evolving communications services.	Pages 36–37
Credibility and value of the governance process	a. fair and impartial decisions;	Pages 37–38
	b. collaborative processes with many players;	Pages 38–39
	c. teamwork, trust, openness, pride and respect at the CRTC; and	Pages 39–40
	d. effective, efficient, timely and clear actions (processes and services).	Pages 40–42



Section I

Messages

The Minister's Message

This report highlights the achievements of the Canadian Radio-television and Telecommunications Commission (CRTC) over the past year.

The CRTC regulates telecommunications and broadcasting industries in Canada. It ensures that programming in the Canadian broadcasting system is affordable and available to all Canadians in both official languages, reflects Canadian creativity and talent and the extraordinary diversity of our nation. The CRTC helps promote strong and flourishing Canadian content across the ever-changing dynamic of news, entertainment and information services. The CRTC also performs an essential role in facilitating the development of a competitive, high-quality telecommunications system that is accessible and affordable to Canadians in all regions of Canada.

My thanks go to the dedicated women and men who serve Canadians through the CRTC at this time of enormous and exciting change.

Sheila Copps
Minister of Canadian Heritage

The Chairperson's Message

In 1998–99, the Canadian Radio-television and Telecommunications Commission (CRTC) has been driven by rapid, tremendous changes occurring in a complex environment of competing and converging technologies and players. I am proud to say that we have met these challenges and have fulfilled many of the objectives set out in our 1997 Vision and Action Plan.

Despite the changing environment, there are a number of goals that remain constant. For example, we remain committed to promoting the delivery of a wide choice of high-quality Canadian programming to Canadians, which is a fundamental objective of the *Broadcasting Act*. We also continue to ensure the availability of reliable and affordable telephone and other telecommunications services to Canadians, which is fundamental to the *Telecommunications Act*.

Given the dramatic and fundamental changes occurring in the communications industry, we have reviewed the entire broadcasting landscape as part of our Vision and Action Plan. Our policies are now better adapted to the new communications environment and allow citizens to have access to the widest possible range of high-quality choices that reflect our society and our cultural identity.

In co-operation with the Canadian public and industry, the framework we developed for Canadian television builds on the success of this medium. Some key principles of the framework are to ensure more quality Canadian programs are broadcast at times when Canadians are watching, to reflect the diversity of Canada's regions and peoples and to support an economically successful broadcasting industry. We have initiated a review of all licences held by the Canadian Broadcasting Corporation-Société Radio-Canada (CBC-SRC) because it is important for us to look at the public broadcaster in view of the constantly changing and expanding communications environment. The Commission also made a series of decisions to strengthen the presence of French-language programming across the country, including its decision authorizing the nation-wide distribution of the TVA Network. This fall, Canadians will also have access to more programs by and about Aboriginal peoples.

We have examined the implications and significance of new media such as the Internet for the creators, distributors and users of these services — broadcasting and programming undertakings, telecommunications carriers, access providers and consumers. We have found that the Canadian new media industry is vibrant, highly competitive and successful. As a result, there is currently no need for a regulatory presence in this area.

In telecommunications, we are implementing the changes to the *Telecommunications Act* that resulted from initiatives taken by the World Trade Organization. Canada's international telecommunications services market is now open to full competition, with the establishment of a framework for the new competitive market in Canada and a licensing regime for providers of basic international services. This year, we have also

allowed competition in the pay telephone market and continue to facilitate the implementation of competition in the local telephone market.

Finally, the CRTC has been able to meet its objectives thanks to its public process of dialogue, in the form of written communications, formal hearings and consultations. Input from everyone is required and valued. One of our roles as a Commission is to make certain that the free flow of ideas remains part of the process as we move toward a competitive marketplace. This sharing of critical information is vital to keep up with the breath-taking changes that are transforming the industries we regulate and the world we live in.

Françoise Bertrand
Chairperson
Canadian Radio-television and
Telecommunications Commission



Section II

Overview

Mandate

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

The CRTC is vested with the authority to regulate and supervise all aspects of the Canadian broadcasting system, as well as to regulate telecommunications service providers and common carriers that fall under federal jurisdiction. The CRTC derives its regulatory authority over broadcasting from the *Broadcasting Act* (S.C. 1991, c. 11, as amended). Its telecommunications regulatory powers are derived from the *Telecommunications Act* (S.C. 1993, c. 38, as amended) and various “special” acts of Parliament related to specific telecommunications companies.

Vision and Mission

The CRTC 1997 Vision articulates the mission, which stems directly from the objectives of the *Broadcasting Act* and the *Telecommunications Act*. The Vision also takes into account the changing communications environment, which is characterized by rapidly evolving

technologies and an increasing rate of domestic and international competition. The Vision helps the CRTC focus on how it carries out its mandate, achieves objectives, improves operations and measures results in this increasingly competitive environment.

Further, the Commission’s Vision anticipates the evolution of an integrated communications environment, applying to both broadcasting and telecommunications industries. The Vision supports both maximum choice and maximum access to Canadian content and services.

The Vision has three components: Canada’s Voices, Choices for Canadians and Good Governance. Canada’s Voices and Choices for Canadians are business lines. Good Governance is a management strategy that applies to the business lines and to the organization as a whole. These components are an integral part of the mission.

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

VISION

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

MISSION

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

Operating Environment

Objectives

The objectives of the CRTC are:

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

Strategic Priorities

The CRTC's strategic program priorities are to:

- ❑ ensure that Canadian voices and images can be seen and heard, and that Canadians have access to attractive Canadian products in a competitive and technologically advanced communications environment;
- ❑ shape the regulatory framework and related processes to allow the broadcasting and telecommunications industries to position themselves as strong, viable participants within an increasingly competitive market;
- ❑ foster fair, sustainable competition in the delivery to Canadians of regulated broadcasting and telecommunications services and Canadian and foreign programming services, thereby giving Canadian consumers increased choice among domestic and foreign distributors of broadcasting and telecommunications services and access to diverse and innovative new programming services;
- ❑ facilitate the deployment of new technologies such as digital radio and television broadcasting, digital video compression, and universal addressability to ensure Canadians have access to the full range of new services these technologies are able to deliver;
- ❑ review the many complex broadcasting and telecommunications mergers and acquisitions that are occurring as firms position themselves to compete, to ensure compliance with the legislation and regulations;
- ❑ implement changes to the *Telecommunications Act*, reflecting Canada's commitments in the World Trade Organization agreement on basic telecommunications services and the liberalization of the provision of international and satellite services;
- ❑ implement the CRTC's Action Plan contained in its Vision, by establishing priorities, clarifying responsibilities for results, and developing and implementing effective communication strategies;

VISION THRUSTS

We will:

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

- ❑ improve public participation to promote citizen engagement and high-quality service to the public and industry; and
- ❑ implement effective communications strategies to reach out to the public and inform them of key processes and decisions.

Challenges

Industry Trends

The industries regulated by the CRTC operate in a global economy and carry out their functions within the context of an international communications marketplace. The fundamental drivers of change are new technologies, which are leading to an increasingly interconnected and interdependent world. As a result, the CRTC must deal with a convergence of telecommunications, broadcasting and information technologies, services and companies — sectors that once operated as very separate businesses.

The introduction of competition has meant an explosion of new competitors, both domestically and globally. In telecommunications, this means that there are roughly 1,000 carriers of telephony in the world, up several-fold in the past two decades as some companies have shed their monopoly status. We are also witnessing a growing trend toward mega-mergers as companies position themselves in this new environment. The Canadian landscape has shifted drastically as the Stentor group was dissolved and new alliances were formed. Telecommunications carriers are being affected by the dramatic increase in data traffic brought about by the growth of Internet use. New media are affecting the positioning and behaviour of telephone company mergers. Also, the broadcasting industry experienced further consolidations, in part as a result of the CRTC's new radio policy.

Socio-cultural Trends

Broadcasting captures much of the leisure time of Canadians. According to Statistics Canada, Canadians rank listening to radio and watching television as their most important leisure activities. Recently, television viewership and radio listening have slightly declined, particularly among children and teenagers, groups most likely to use alternative media.

There is some discussion as to whether new media such as the Internet will become in the long term a substitute for traditional media services. Before new media can substitute for traditional broadcasting, key technological developments such as the availability of broadcast-quality video and audio services will have to take place. Other factors, such as the cost of exhibition devices, the general appeal of service offerings and consumers' willingness to pay, as well as PC and Internet access penetration rates, could also influence new media use.

The consumer market comprises innumerable small segments that demand services and products tailored to their specific needs. This trend has been reinforced by technology that allows for the production of goods and services in small quantities, and that can be marketed internationally. These developments have affected broadcasting in a variety of ways. Pay and specialty services have become very popular. The proliferation of channels and services has transformed television by fragmenting audiences. The range of alternatives is making government regulation more difficult and is influencing existing networks and the public broadcaster (CBC-SRC) to re-examine their strategies.

Finally, changes in demographic and immigration patterns mean that more and more Canadians have no single ethnic background and seek a sense of belonging in an increasingly fragmented and globalized environment. In the 1996 Census, 44% of the Canadian population reported at least one ethnic origin other than British, French or Canadian. Other aspects of identity, including socio-economic status, sexual orientation and gender, have begun to play a more profound role. This increasing fragmentation presents challenges for broadcasters trying to provide programming representative of Canadian society.

Competition and Convergence

With the development of new technologies and the globalization of markets, the new communications environment is in a period of flux— not only in Canada but also world-wide. Competition and convergence in Canada will continue to unfold as new media such as the Internet penetrate deeper into society. It is impossible to predict the future, as new services and innovations take place every day.

The digitization of delivery systems for broadcasting services, which offers the prospect of greatly increased capacity and choice for subscribers, has been slow to penetrate the market. However, over the past few years, cable companies have faced direct competition with the licensing of new competitors using direct-to-home (DTH) satellite and multi-point distribution systems (MDS), all of which are digital. Access to Canadian production and programming under pressure of such new developments will continue to be a major concern for the Commission.

New Statutory Responsibilities

With the World Trade Agreement on basic telecommunications, concluded on 15 February 1997, Canada agreed to end its remaining telecommunications monopolies and to liberalize the provision of international and satellite services. The Government of Canada amended the *Telecommunications Act* to give the CRTC new statutory authorities. *An Act to Amend the Telecommunications Act and the Teleglobe Reorganization and Divestiture Act* (S.C. 1998, c.8) received Royal Assent on 12 May 1998. In brief, the Act enlarges the statutory mandate of the Commission in the following ways:

- ❑ establishment and administration of a licensing regime for international communications services;
- ❑ responsibility for the administration of systems related to the functioning of telecommunications networks and numbering plans for Canada (this latter function was previously carried out within Industry Canada); and
- ❑ authority to establish and administer a universal service fund to provide financial support for continuing access by Canadians to basic telecommunications services, for example, in high-cost serving areas.

The changes will also increase competition in Canada for the provision of international telecommunications services and offer new opportunities for Canadian companies to compete in foreign markets. At the CRTC, these new statutory responsibilities have imposed substantial additional workload on staff.

Market Impact on Regulatory Affairs

The rapid evolution of the communications industry raises increasingly complex regulatory issues for the CRTC and other participants in the regulatory arena. At the same time, the need to consult industry, consumer groups and citizens remains essential.

Competition in Canadian communications markets over the past years has considerably increased the choice of both communications services and service providers. The CRTC is currently addressing an increasing workload as it facilitates the transition to a more competitive marketplace and continues to streamline our processes to better respond to the rapid changes. Although the CRTC can actively promote fair competition, market forces alone will not necessarily achieve the public interest objectives of the *Broadcasting Act* and the *Telecommunications Act*. Therefore, the Commission will continue to regulate the market, to fulfil our public interest responsibilities, to safeguard consumers and to ensure that the all of the objectives of the *Broadcasting Act* and the *Telecommunications Act* are met.

Organization and Accountabilities

This section can be found in Section VI page 61.



Section III

Performance

Performance Expectations

Performance expectations that were presented in the *Report on Plans and Priorities, 1998–99 Estimates*, and key accomplishments to date are summarized in the annexed table (Performance Expectations — A Report Card, page 57).

PERFORMANCE ACCOMPLISHMENTS

CANADA'S VOICES

A place for Canadian voices in national and thus global communications

Planned Spending ¹	\$17.5 million
Total Authorities ²	\$19.1 million
1998-99 Actuals ³	\$19.1 million

a. CONTENT THAT REFLECTS THE LINGUISTIC DUALITY, CULTURAL DIVERSITY AND SOCIAL VALUES OF CANADA

Under section 3 (d) (iii) of the *Broadcasting Act*, the Canadian broadcasting system should, “through its programming and the employment opportunities arising out of its operations, serve the needs and interests, and reflect the circumstances and aspirations, of Canadian men, women and children, including equal rights, the linguistic duality and multicultural and multiracial nature of Canadian society and the special place of aboriginal peoples within that society.”

Greater Francophone Visibility in Canada

The CRTC has made a number of decisions that strengthen the presence of French-language programming across Canada. More television viewers will have access to increased French-language programming with the nation-wide distribution of the French-language television service of the TVA Network. Licensing conditions include commitments to offer programming to French-language television viewers outside of

¹ Represents planned spending at the beginning of the year.

² Additional spending Parliament approved to reflect changing priorities and unforeseen events.

³ Amount actually spent.

Quebec that reflects the reality and experience of those viewers. Expanded access will help promote Canada's linguistic duality and cultural diversity, from coast to coast (Decision CRTC 98-488, 29 October 1998).

The Commission has approved four new French-language specialty channel licences, which are expected to launch in January 2000. The new channels, Canal Z, Canal Histoire, Canal Évasion and Canal Fiction, will broadcast programs on science and technology; ancient and modern history; travel, tourism and adventure; and drama. Viewers will have the option of subscribing to the new all-French package alone or in combination with existing packages at a reasonable price. These four channels supplement the 11 other French-language specialty services the CRTC has approved since 1987, gradually rebalancing the line-up of French-language specialty services in relation to the English-language specialty services (Decisions CRTC 99-109, 99-110, 99-111, 99-112 and 99-113, 21 May 1999).

Finally, the Commission is currently reviewing its access rules governing the carriage of Canadian pay and specialty services and is attempting to develop a definition for bilingual markets, to better respond to subscribers' expectations in markets where Francophones or Anglophones form a significant, though not predominant, portion of the population (Public Notice CRTC 1999-74, 5 May 1999).

Aboriginal Peoples Television Network

Following the public hearing and the report on additional national television networks, the Commission received an application from Television Northern Canada Incorporated (TVNC) to operate the Aboriginal Peoples Television Network (APTN). Following a public process that involved a large number of interested parties, the application was approved in February 1999. In April, the Commission released an order to all large and mid-sized distributors requiring them to carry APTN effective 1 September 1999 or whenever APTN launches. APTN will broadcast programming by and about Aboriginal peoples from all regions of Canada, in English, French and up to 15 Aboriginal languages. Aboriginal and non-Aboriginal communities will have access to programming with a high level of Canadian content that reflects the culture, history and concerns of Aboriginal peoples.

To ensure maximum exposure, APTN will be distributed as part of the basic package offered by large and mid-size cable companies, DTH satellite broadcasting systems and MDS (Decision CRTC 99-42, 22 February 1999; Public Notice CRTC 1999-70, 21 April 1999).

Ethnic Programming

In 1998, we reviewed our 1985 Ethnic Broadcasting Policy, taking into account Canada's evolving demographic profile as well as the views of participants in our regional consultations. The review revealed that the policy led to a substantial increase in the

diversity of the Canadian broadcasting system through the emergence of many new ethnic broadcasting stations. Many participants in the review emphasized how valuable these stations were to them, their families, their cultural groups and to their successful integration into Canadian society.

Building on the success of our ethnic policy, we have simplified and modernized the rules for ethnic programming by removing unnecessary regulatory distinctions while ensuring that the core objectives of the policy are still met. We have also made it easier for mainstream stations to produce ethnic programming in either French or English if they wish to do so (Public Notice CRTC 1999-117, 16 July 1999).

For the 1997–98 broadcast year, conventional television aired a total of 7,062 hours of ethnic programming within the broadcast day which represents 0.87% of total programming.

Closed Captioning

For the 1997–98 broadcast year, a total of 443,451 hours of programming with closed captions was provided in conventional television. This represents 54% of the programming aired within the broadcast day — of this 69% was aired on English stations, while 31% was aired on French stations. This discrepancy reflects different regulatory requirements because of the higher cost of providing closed captioning for French-language programming. As part of its new policy framework for Canadian television, the CRTC considers that the time has now come for French-language broadcasters to provide more closed captioning (Public Notice CRTC 1999-97, 11 June 1999). Closed captioning requirements, similar to those applicable to English Canada, will be discussed with French-language broadcasters at the time of licence renewal.

Canadian Programming Attracting More Viewers

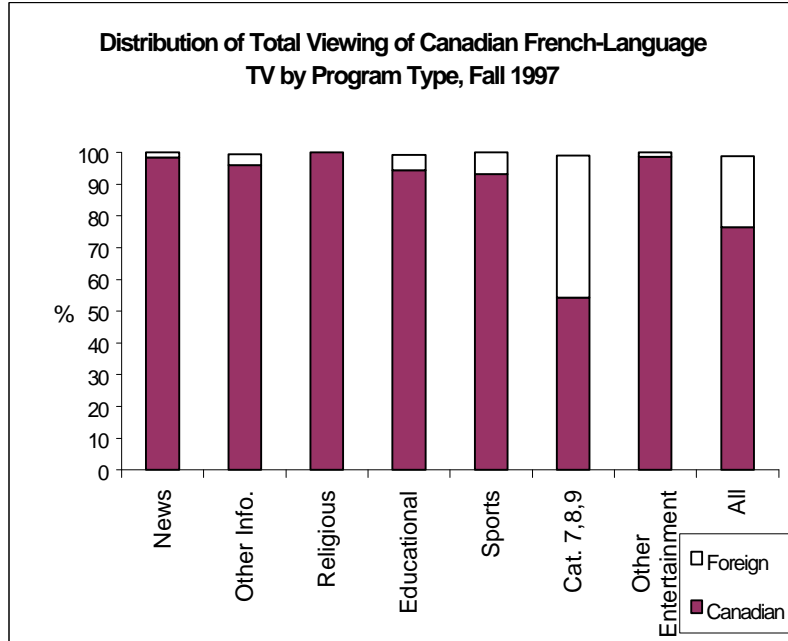
Canadian programming has been steadily attracting a larger share of total viewing over the past several years, indicating that viewers are finding value in programming that reflects their values.

French-language Stations

Canadian productions continue to attract large audiences — a share of 73% in 1992 and 75.6% in 1997. As many as 19 of the 20 highest-rated programs in Quebec have been Canadian-produced.

The share of French-language Canadian programming was predominant in all categories.

Canadians watched 54.2% Canadian drama, music and dance, and variety programming (categories 7, 8 and 9) compared with 43.6% in 1992.



Source: Special Analysis of Bureau of Broadcast Measurement (BBM) Fall 1997 Survey Data.

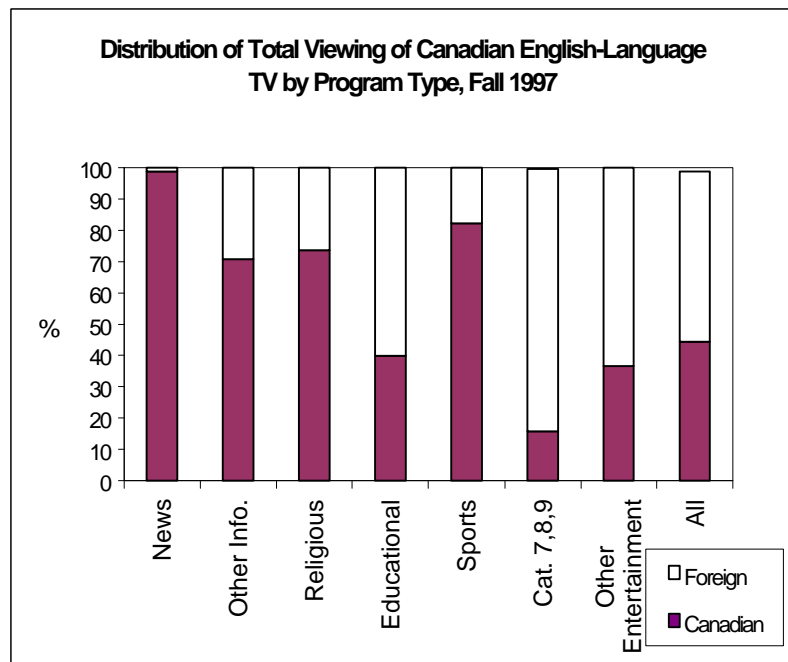
*English-language Stations**

The viewing patterns are quite different for English Canadian stations, where the share between foreign and Canadian programming is respectively 54.4% and 44.4%.

Overall viewing of Canadian-produced programs has grown from 39% in 1992 to 44.4% in 1997, at a time when additional foreign channels and programming were made available.

Canadian entertainment programming in comedy and in the under-represented categories of drama, music and dance, and variety (categories 7, 8 and 9) increased its share of total viewing from 9.2% in 1992 to 15.8% in 1997.

*Ethnic stations (e.g., CFMT) are included.



Source: Special Analysis of Bureau of Broadcast Measurement (BBM) Fall 1997 Survey Data.

Canadian programs are also successful internationally. Canadian companies have become increasingly successful in selling Canadian productions abroad and Canada is now considered to be the world's second largest exporter of television programming.

b. CANADIAN CONTENT IN COMMUNICATIONS SERVICES

CRTC Policies and Regulations Promote Canadian Content

Through its policies and regulations respecting Canadian content, the Commission has done much to ensure the availability of Canadian programs.

- ❑ In its renewed commercial radio policy, the CRTC increased the required level of Canadian content for popular music selections to 35% (Public Notice CRTC 1998-41, 30 April 1998), thus increasing the support and exposure of Canadian artists. The new policy also provides for more flexibility to consolidate the market.
- ❑ Canadian conventional television stations showed a total of 547,379 hours of Canadian programs during the broadcasting day (broadcasting year ending 31 August 1998). This amount represents 67% of the total amount of television hours broadcast during this period. From an industry-wide perspective, this amount exceeds the Commission requirement of 60%, thus demonstrating the industry's commitment to providing Canadian content.
- ❑ There are specific requirements for specialty services to exhibit Canadian programming. These requirements vary from 30% to 100% of total programming.
- ❑ The new *Broadcasting Distribution Regulations*, issued in January 1998, ensure that broadcasting distribution undertakings generally give priority to the carriage of licensed Canadian programming services and carry all of the programming services appropriate to each market.

A Policy Framework for Canadian Television

The CRTC has completed its first major review of Canada's television policy in 15 years. The process, which began in the spring of 1998, has resulted in a new television policy that builds on the success of the current television broadcasting system. The new policy offers more flexibility to broadcasters, more opportunities for independent producers and wider choices for viewers. It does so by simplifying existing requirements, introducing flexible guidelines designed to stimulate Canadian production, encouraging the development of a home-grown "star system" similar to the one existing in Quebec and promoting foreign sales (Public Notice CRTC 1999-97, 11 June 1999).

A revitalized television policy was necessary partly because the structure of the industry has changed. There has been a clear shift in ownership patterns that has resulted in the creation of multi-station ownership groups. Some of the groups, such as CTV, Global and WIC, reach audiences throughout the country whereas others, such as Craig, CHUM and

TQS, reach audiences on a regional basis. The Commission has recognized this new reality and will now consider the licence renewals of all stations owned by the same corporate entity at the same time, allowing the owner to submit a comprehensive strategic plan for all of its stations. To provide greater equity, conditions of licence will generally be the same for large broadcasters.

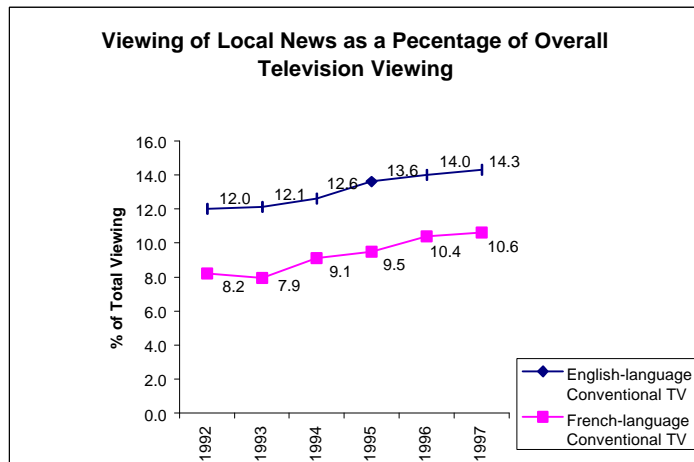
The focus of the television policy is to provide “priority” Canadian programming in peak viewing periods, and to accomplish this, the Commission has extended the peak viewing period for Canadian programming. The evening prime time will run from 7 p.m. to 11 p.m. seven days a week instead of being limited to the periods from 8 p.m. to 11 p.m. on weekdays and from 7 p.m. to 11 p.m. on weekends.

The new policy encourages greater diversity in programming and flexibility for broadcasters to determine what type of programming they will provide. For example, the definition of “priority” programming has been expanded to include long-form documentaries, Canadian entertainment magazine program, and regionally produced programs in all categories other than news and sports, in addition to existing categories (Canadian drama, music and dance and variety programs).

The Commission will regulate only in the areas where the objectives of the *Broadcasting Act* cannot be met by other means. Local news is already a success and the Commission considers that it will continue to be aired without any special requirements. Also, English-language broadcasters will no longer be required to spend a minimum amount of money on programming. Instead, the Commission prefers to encourage broadcasters to place more effort on priority programming during prime time.

Finally, as part of its review of the television policy, the Commission is undertaking a review of the appropriate definitions for Canadian programs (Public Notice CRTC 1998-59, 19 June 1998).

For English-language conventional television, viewing of local news as a proportion of overall television viewing grew from 12% in 1992 to 14.3% in 1997. This is evidence that Canadians want to be informed about their communities. Similarly, local news on French-language conventional television gained a wider audience, from 8.2% in 1992 to 10.6% in 1997.



Source: Special Analysis of Bureau of Broadcast Measurement (BBM) Fall 1992 to Fall 1997 Surveys.

Licensing Framework for Pay and Specialty

There is little or no analogue cable capacity left in the broadcasting system to distribute new pay and specialty services, while digital distribution is evolving. To ensure a continuing Canadian presence in programming, the Commission has issued a call for comments on the development of a possible new licensing framework for French and English pay and specialty services. This input will help the CRTC define appropriate criteria for licensing, if need be, during the transition to more widespread digital distribution.

New Media — Internet

After an extensive public process on the state of new media in Canada and their domestic and global potential, the CRTC concluded that the new media on the Internet are achieving the goals of the *Broadcasting Act* and are vibrant, highly competitive and successful without the need for regulation (Public Notice CRTC 1999-84, 17 May 1999; Telecom Notice CRTC 99-14, 17 May 1999, see also page 36).

Among other things, the CRTC undertook the review to answer questions concerning how new media affect the regulation of radio, television and cable within the meanings of the *Broadcasting Act*. For instance, can new media services be considered broadcasting and if they can, should they be regulated? The CRTC concluded that:

- ❑ most of the information on the Internet is alphanumeric and is therefore excluded by statute from the definition of broadcasting;
- ❑ material transmitted over the Internet, which is significantly customizable, will not be interpreted as constituting the transmission of programs for reception by the public under the *Broadcasting Act*; and
- ❑ although some audio and visual products and services carried out on the Internet constitute broadcasting, they will be exempt from regulation because there is a substantial Canadian presence on the Internet today, supported by steady demand for Canadian new media content.

The Commission also noted that both the Federal and Provincial governments have initiatives in place to support Canadian content on the Internet. Generally, applicable Canadian laws, industry self-regulations, content filtering software as well as increased media awareness are appropriate tools to deal with offensive and illegal content on the Internet.

The Commission received more than 1,000 contributions, or approximately 6,500 pages, from Canadian individuals, public interest groups and multimedia companies, as well as from the broadcasting and telecommunications industries and their industry groups. The CRTC is one of the first regulators in the world to clarify its position on the Internet.

c. PROGRAMMING THAT REFLECTS NATIONAL, REGIONAL AND COMMUNITY VOICES

Renewal of CBC-SRC Licences

The Commission has decided for the first time to hold the renewal of all CBC-SRC licences at the same time, to allow for a debate on the corporation's strategies and on the role of public television in the new millennium. The CRTC held extensive consultations across the country and a three-week public hearing for the renewal of the CBC-SRC licences.

The CRTC received 4,515 interventions. Ninety appearing witnesses participated in the public hearing and close to 700 individuals took part in public consultations. The CRTC intends to issue its decision in the fall of 1999.

Campus and Community Radio Reviews

As part of a broader process initiated in 1997 to examine all of its policies related to the radio industry, the CRTC is currently reviewing its policies for campus radio and community radio.

After a series of consultations with campus and other radio representatives across Canada in 1998, the CRTC drafted, for public comment, a proposed policy for campus radio. Some of the goals of this proposed policy are to reaffirm the primary role of campus stations in providing programming that differs from that provided by commercial radio stations and the CBC-SRC; to simplify the regulatory environment; and to encourage campus radio to promote local talent and avant-garde music aired less often by other stations (Public Notice CRTC 1999-30, 18 February 1999).

Further to consultations with interested parties, the goals of the proposed policy for community radio stations are to simplify the regulatory process for these stations while ensuring that they continue to provide programming relevant to the communities they serve (Public Notice CRTC 1999-75, 5 May 1999).

d. PROGRAMMING THAT FEATURES CANADIAN CREATIVE TALENT

Content Regulations Promote Canadian Talent

Canadian content regulations have created a demand for Canadian programs that has further developed the skills and talent of the Canadian industry, for instance:

- ❑ the pay, specialty and private television licensees' spending on Canadian independent production rose from \$123 million in 1993 to \$215 million in 1998, a 75% increase⁴;
- ❑ private conventional television licensees spent \$87.5 million to acquire Canadian independent programs in 1998;
- ❑ Canadian television licensees almost tripled their expenditures on script and concept development in one year, from \$4.3 million in 1997 to \$12.5 million in 1998; and
- ❑ Canadian radio licensees contributed \$1.94 million to third parties to develop Canadian talent in 1998.

Television Programming Features Canadian Creative Talent

A significant amount of Canadian-produced programming in the under-represented categories, particularly in drama, music and dance, and variety programs, was broadcast in the period 1 September 1997 to 31 August 1998. This gave Canadians ample opportunity to view programming that features creative Canadian talent.

- ❑ *Canadian entertainment programs* — For the broadcast year ending 31 August 1998 a total of 205,477 hours of Canadian entertainment programming was shown throughout the broadcast day. Of this total, drama accounted for 94,693 hours, music and dance 3,710 hours, and variety 13,509 hours; and
- ❑ *Canadian entertainment programs in peak viewing hours* — The number of hours of Canadian drama and other entertainment programs that were shown in the peak viewing hours of 7 p.m. to 11 p.m. totalled 45,335 hours (27,653 in English-language markets and 17,682 in French-language markets) or 37% of the total 120,987 hours of entertainment programs shown in peak viewing hours for the broadcast year ending 31 August 1998.⁵

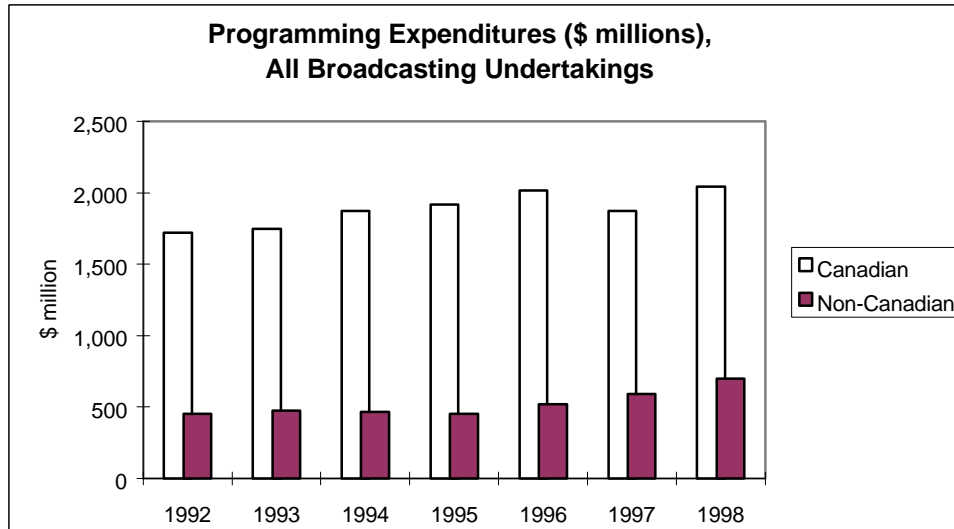
e. MEANINGFUL INVESTMENT IN CANADIAN AUDIO AND VIDEO CONTENT

Increased Spending on Canadian Programming

Expenditures on Canadian programming by Canadian broadcasters increased by 19% between 1992 and 1998. Over this period, Canadian broadcasters devoted an average of approximately 78% of their programming expenditures to Canadian programs.

⁴ From CRTC annual returns filed by broadcasting licensees, 1998.

⁵ From TV Logs filed by broadcasting licensees to the CRTC, 1998.



Source: CRTC annual returns filed by broadcasting licensees, 1998.

There was significant spending by Canadian broadcasters on Canadian programs during the broadcast year ending 31 August 1998. The extent of this investment is as follows⁶:

- conventional private television licensees — \$527 million;
- broadcasting distribution undertakings — \$143 million comprising \$56 million in contributions to the Canadian Television Fund, \$4 million contributed to other independent production funds and \$83 million invested in other Canadian programming;
- specialty services — \$286 million; and
- pay licensees — \$19 million.

The CRTC's broadcasting regulations for Canadian-produced programming have also indirectly brought about the emergence of strong, independent production houses and affected their activity. Total television production by independents went from \$1.1 billion in 1997 to \$1.3 billion in 1998, a 17% gain. Television animation budgets jumped 40%, from \$132 million to \$184 million, while drama budgets declined by 4%, from \$771 million to \$740 million.⁷

⁶ From CRTC annual returns filed by broadcasting licensees, 1998.

⁷ Source: Special Report on Independent Production, *Playback*, 17 May 1999.

A broad range of communications services through competitive communications industries

Planned Spending	\$16.1 million
<i>Total Authorities</i>	<i>\$17.8 million</i>
1998-99 Actuals	\$17.8 million

a. COMPETITIVE CANADIAN COMMUNICATIONS INDUSTRIES

Competitive Frameworks Result in Dynamic Communications Industry

The competitive frameworks that the CRTC has introduced to date have resulted in many players entering the communications marketplace. There are a large number of players offering a wide variety of communications services and generating substantial levels of revenue.

In the telecommunications market, the pace at which competition has emerged over the past several years has accelerated. As a result, almost all telecommunications services offered by major carriers are now subject to competition. Similarly, in the broadcasting market the Commission has put in place measures that encourage competition among different players.

In developing its competitive frameworks, the Commission has sought to ensure that each framework is capable of supporting sustained competition. Moreover, where appropriate, the Commission now has processes to permit industry participants to resolve issues of common concern (see CISC on page 38 and ADR on page 41).

Diverse Players in the Communications Marketplace

Broadcasting

Canadians enjoy the benefits of a diverse communications marketplace. As of 31 March 1999, there were:

- ❑ 269 commercial AM radio stations;
- ❑ 322 commercial FM radio stations;
- ❑ 105 commercial television stations;

- 2,391 broadcasting distribution undertakings (e.g., cable, DTH, including Cancom, Star Choice, ExpressVu and MDS);
- 53 pay and specialty television services; and
- 2,765 other broadcasting undertakings (including CBC-SRC, other not-for-profit undertakings and networks).

In an era of increasing competition, the total revenue earned by Canadian programming and distribution undertakings rose by 23% between 1993 and 1998, from approximately \$6 billion to \$7.4 billion. In addition, the industry enjoyed a 56% increase in profit before interest expenses and income taxes (PBIT), from \$603 million in 1993 to \$942 million in 1998. A more detailed breakdown by type of undertaking is provided in the following table.

Revenue Growth for Programming and Broadcasting Distribution Undertakings (1993–1998)

	31 August 1993		31 August 1998	
	Revenue (\$ millions)	PBIT (\$ millions)	Revenue (\$ millions)	PBIT (\$ millions)
Commercial AM radio	385	-44	329	-9
Commercial FM radio	354	42	606	138
Commercial television	1,472	178	1,825	202
Broadcasting distribution*	1,845	547	2,444	576
Pay and specialty	439	79	842	126
Other broadcasting undertakings**	1,533	-99	1,395	-91
Total	6,028	603	7,441	942

Source: CRTC annual returns filed by broadcasting licensees.

* Includes Cancom; the revenues are net of affiliation payments

** CBC-SRC, other not-for-profit undertakings and networks

Note: Due to rounding, totals may not add up.

Telecommunications

The Canadian telecommunications services market generated an estimated \$23.5 billion in revenue in 1997, an increase of 8.3% from 1996. According to an Industry Canada report based on Statistics Canada figures, 60% of the activity in the telecommunications services industry took place in fully competitive markets, that is, in long distance, wireless, equipment and Internet service markets.⁸

⁸ Industry Canada, *The Canadian Telecommunications Service Industry, An Overview 1997–98, 1999.*

- ❑ The largest proportion of revenue is generated by the incumbent local and long distance telephone service providers, Bell Canada, BC Tel, Island Telecom Inc., MTS Communications Inc., Maritime Tel&Tel Ltd., NB Tel, New Tel Communications Inc., NorthwestTel Inc., Quebec Tel, SaskTel and TELUS Communications Inc., as well as by 44 independent telephone companies operating mostly in Ontario and Quebec. Together these carriers generated an estimated \$16.9 billion in revenues in 1997, largely from the provision of local and long distance telecommunications services. This group represents 72% of the telecommunications market.
- ❑ The wireless service providers generated an estimated \$3.3 billion (or 14% of the market) in 1997. This category includes the cellular and personal communications services (PCS) licensees, Rogers Cantel, Mobility Canada, Microcell Telecommunications Inc. and Clearnet Communications Inc.
- ❑ The new wireline entrants include all telecommunications service providers, whether facilities-based or not, that compete with the incumbent telecommunications carriers in various markets. The largest facilities-based providers are: AT&T Canada Corp/MetroNet Communications Inc. and CallNet Enterprises Inc. This category of telecommunications service providers also includes resellers and competitive access providers. The revenues were \$2.7 billion (12% of the market) in 1997.
- ❑ Teleglobe Canada, with revenues of \$0.6 billion in 1997, had been the only company authorized to operate international facilities linking Canada to countries other than the United States. Teleglobe's monopoly was terminated effective 1 October 1998 and this market was opened to competition.
- ❑ Telesat Canada Inc., the only company currently authorized to carry domestic and Canada-US satellite telecommunications signals, will see its monopoly ending on 1 March 2000. Teleglobe Canada and Telesat Canada's revenues account for 2% of the market.

There are also close to 30 companies that are in the process of fulfilling conditions to become competitive local exchange carriers, i.e., to provide competitive local telephone service. They include cable distributors, long distance telecommunication carriers and Internet service providers, as well as operators of totally unrelated businesses.

International Competition

Licensing Regime

Canada's international telecommunications services market is now open to full competition (Telecom Decision CRTC 98-17, 1 October 1998), with the establishment of a framework for competition in Canada in the market for international services. This decision responds to:

- ❑ the Government of Canada's decision to terminate the monopoly of Teleglobe Canada over telecommunications facilities linking Canada to overseas destinations; and

- the expectation of increased presence in the Canadian market of domestic and foreign-based international service providers, resulting from recent initiatives under the World Trade Organization to increase global competition in telecommunications services in general.

Among key components was a licensing regime for providers of basic international services, which came into effect 1 January 1999. To date, the Commission has issued approximately 150 licences for a term of 5 years. All licensees are subject to a condition that they not engage in anti-competitive conduct in relation to the provision of international telecommunications services. This regime will ensure foreign monopolies cannot use their dominance in their home markets to gain unfair advantage in the Canadian market, while keeping barriers to entry for new service providers to a minimum.

The Commission has also eliminated all remaining routing restrictions for Canadian traffic, allowing carriers to route calls through the United States for Canada-Canada calls and Canada-overseas calls. This will provide more cost-effective routes for competitors, lower costs and widen availability of services for consumers.

Teleglobe Canada

The Commission has partially deregulated Teleglobe Canada, which will no longer be required to obtain approval for rates charged for long distance services it might wish to offer within Canada and between locations in Canada and the United States. Although the Commission continues to require Teleglobe Canada to obtain prior approval for rates charged for overseas services, the Commission is considering further deregulation of Teleglobe Canada if it provides appropriate evidence of competition. The Commission is currently considering an application from Teleglobe Canada for substantial deregulation of its major wholesale overseas service. The Commission expects further applications from Teleglobe Canada for deregulation of other services.

Furthermore, the CRTC approved an application by Telesat Canada that requested that the Commission forbear, in large part, from regulating its fixed satellite services from 1 March 2000 (Decision Telecom CRTC 99-6, 25 May 1999). The Commission has implemented a price ceiling to protect the interests of broadcasters and telecommunications providers that may not have access to adequate competitive choice.

Administration of Numbering

Canada has historically played a significant role in defining the area code numbering scheme used for all circuit-switched origination and termination of voice, data and wireless cellular and PCS calls throughout Canada, the United States and Caribbean countries. Area codes are a finite resource and need to be efficiently managed to ensure the country will have the network and geographical flexibility to deal with the continued growth in telecommunications.

Because of changes to the *Telecommunications Act*, the CRTC now has responsibilities for number administration, including issues dealing with area codes and number portability.

Central Fund Administration

Finally, further to the decision on local competition (Telecom Decision CRTC 97-8, 1 May 1997) and the follow-up at the CRTC Interconnection Steering Committee (CISC), centrally administered funds were established to administer revenues from long distance services to ensure continued affordable local communication services.

Implementation of Local Telephone Competition

Competition in Local Pay Telephones

The CRTC issued a decision aimed at facilitating competition in the public pay telephone market (Telecom Decision CRTC 98-8, 30 June 1998). In the past, members of the former Stentor group held a monopoly in this market. Competition in this area should stimulate service innovation. The rates charged by new entrants will not be regulated as market forces should be sufficient to ensure they are reasonable. The Commission will continue to regulate the rates of incumbent pay telephone companies until competition is judged sufficient to protect the interests of consumers. The Commission requires new entrants to meet consumer safeguards prior to their access to the pay telephone market.

Unbundled Service Rates

The CRTC has further facilitated entry of new local service providers into the local telephone market with its final decision on unbundled service rates. This decision sets the rates to be charged when incumbent local telephone companies make individual essential facilities available, for other local service providers to use, if they choose to, to provide a competitive service (Telecom Decision CRTC 98-22, 30 November 1998). This means that competitive local telephone service providers must pay to use the services offered by incumbent telephone companies' local facilities, such as 911 and Message Relay. Access to these unbundled components will mean more choices for consumers.

Independent Telephone Companies in Ontario and Quebec

Independent companies in Ontario and Quebec came under CRTC jurisdiction in 1994 and the Commission is now extending the benefits of the competitive framework to consumers in areas served by these companies. Telephone subscribers will now have the choices enjoyed by customers in the territories of the major telephone companies for long distance as the CRTC has reduced barriers to consumer choice in long distance in the

areas served by the independent telephone companies of Ontario and Quebec. The Commission has implemented a regime that will establish financial conditions for competitors to enter the independents' territories by lowering the amount competitors must pay the independents to provide long distance service in these markets. The CRTC has directed the majority of independents to bring local rates to levels that are comparable to communities served by telephone companies in the surrounding area. Local subscribers will see some service improvements, such as extended-area calling and elimination of mileage charges.

Furthermore, the Commission made a series of decisions on the regulatory frameworks for some independent companies in Ontario and British Columbia.

Competition in Broadcasting Distribution Services

The new *Broadcasting Distribution Regulations*, which took effect in January 1998, implemented a regulatory framework for broadcasting distribution undertakings (BDUs) designed to foster the development of effective competition in the distribution of broadcasting services to Canadians, while attaining the cultural goals of the *Broadcasting Act*. The Commission has been closely monitoring the transition to competition and has introduced different measures to address concerns that have arisen related to the market power of cable undertakings. For example, on 30 March 1999, after receipt and review of complaints filed by Look Communications Inc. and Torstar Corporation, the Commission concluded that Shaw Cablesystems violated, among others, the "no undue preference provision" in Section 9 of the BDU Regulations by deleting Look infomercials (a new entrant and competitor to Shaw) from the Torstar service distributed by Shaw's Toronto cablesystem. The Commission directed that Shaw cease and desist from performing the deletions.

Additionally, on 1 April 1999, the Commission imposed 90-day restrictions on incumbent cable companies preventing them from direct marketing to customers or offering discounts or other inducements not generally offered to the public. The former applies when customers have notified the company, through an agent, of their intention to cancel cable service, the latter when customers themselves contact the cable company for the purpose of cancelling cable service.

The combination of the new BDU regulations and measures such as those outlined above are helping to bring choices and price benefits to Canadian subscribers that typically arise with a more competitive marketplace. Although the BDU marketplace is still dominated by the cable industry, significant inroads are being achieved by competing service providers.

- Most markets in Canada now have access to at least three competitive suppliers of multichannel broadcasting services — the incumbent television distributor and two DTH satellite distributors, Bell ExpressVu and Star Choice. In 1999, both of Canada's DTH firms have reportedly surpassed the 200,000-customer mark.

- ❑ Some markets, including much of Manitoba, Saskatchewan, Ontario and Quebec are served by a fourth competitive distributor using “wireless” cable MDS technology which further enhances consumer choice in those markets and provides increased opportunities for revenue for producers of Canadian feature films and other programming.
- ❑ The first licence for a telephone company to enter the broadcasting distribution market was granted in June 1998 to NB Tel to serve the cities of Saint John and Moncton. Testing for introduction of the service is under way.

The CRTC continues to regulate the monthly fee for basic service for BDUs serving 6,000 or more subscribers. Discretionary services are not rate-regulated by the Commission, nor are the rates for companies serving fewer than 6,000 customers. Under the new competitive framework, the CRTC has indicated that it will cease to regulate the basic service fee of a BDU when that company can demonstrate that it has lost at least 5% of its subscribers to competitors.

b. AVAILABILITY OF A BROAD RANGE OF CANADIAN COMMUNICATIONS SERVICES

The CRTC competitive frameworks are designed to encourage industries to provide a broad range of communications services to Canadians. In broadcasting, the Commission has made several important decisions to increase the range of communications services available to Canadians.

- ❑ *Digital Radio* — In accordance with the provisions of “A Policy to Govern the Introduction of Digital Radio” (Public Notice CRTC 1995-184), the CRTC received 19 applications from AM and FM radio stations in Toronto for licences to implement transitional digital radio undertakings. These applications were approved in May 1998 for licence terms of three years. In 1998–99, the CRTC received an additional nine applications from AM and FM radio stations in Montreal, which were approved in November 1998 for licence terms of three years. Digital radio, which allows CD-quality sound, is expected to replace AM and FM radio over time.
- ❑ *Satellite Relay Distribution Undertakings* — These undertakings deliver packages of radio and television signals by satellite to cable systems and other types of terrestrial broadcast distributors. Their fundamental purpose is to make Canadian and foreign services available to remote and underserved communities, but they can also serve as signal suppliers for urban areas. Cancom held a monopoly in this market until the Commission licensed Star Choice Television Network Incorporated as a competitor (Decision CRTC 1998-172, 23 June 1998) and Bell Satellite Services Inc. (Decision CRTC 1999-87, 19 April 1999).
- ❑ *Telecommunications* — Canadians have access to a broad range of services such as wireline local service, call management services, long distance services, analogue cellular, digital cellular and personal communications services, dial-up and dedicated services providing access to the Internet, and paging services, to name a few. Canadian businesses also have a wide choice of sophisticated services and

technologies available to them. For example, data packet services have been available for 15 years and asynchronous transfer mode (ATM) based services have been made available by various suppliers. A variety of mobile and satellite-based services are also available.

Citizens and businesses should benefit from an increased number of services and technologies and further price reductions as a result of the recent initiatives under the World Trade Organization to increase global competition in telecommunications services. Canadian rates for international phone calls are already among the lowest of the countries that are members of the Organization for Economic Co-operation and Development (OECD).⁹

c. RELIABLE, HIGH-QUALITY COMMUNICATIONS SERVICES THAT ARE RESPONSIVE TO CONSUMER NEEDS AND SOCIAL VALUES

Improved Services for Visually Impaired and Persons with Other Disabilities

The CRTC has ordered that all telephone companies, including wireless telephone companies, provide improved services to accommodate visually impaired persons (Telecom Order CRTC 98-626, 26 June 1998). The telephone companies must:

- provide, on request, telephone billing statements and billing inserts concerning new services or changes in rates for existing services in braille, large print, computer diskette or any other format mutually agreed upon by the telephone company and its subscribers;
- install pay phones that provide such functions as card readers, voice prompts and a screen for displaying instructions when replacing or upgrading their pay phones or when installing new phones.

The existing telephone companies must report to the Commission the steps they have taken to comply with the order and the number of visually impaired customers who request billing information in alternative formats.

The Commission has also asked the Canadian Standards Association (CSA) to establish standards for pay telephones to meet the needs of persons with various disabilities (Telecom Order CRTC 98-1186, 26 November 1998). The CSA has been chosen to develop these standards because it has the necessary expertise and is equipped to evaluate the needs of a wide range of interested parties, including persons with disabilities, other

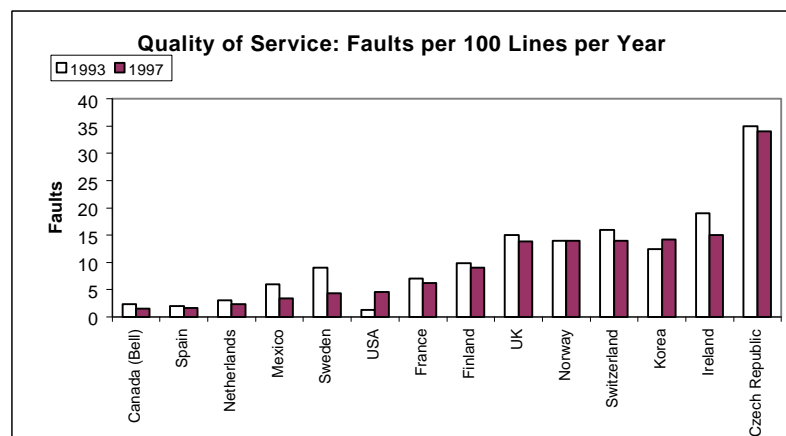
⁹ “OECD International Tariff Basket — August 1998”, in *OECD Communications Outlook, 1999*, page 175.

consumers and industry players. Once standards have been developed and are in place, pay telephone providers will be required to adhere to them.

Quality of Service

The Commission oversees the quality of certain wireline telecommunications services. Incumbent telephone companies with 25,000 or more network access service lines must submit quality-of-service-reports to the CRTC showing monthly performance.¹⁰ The reports include, for example, information on “out of service trouble reports cleared within 24 hours”. The Commission relies on the marketplace to ensure that companies that compete with the incumbent telephone companies and alternative service providers of long distance services offer reliable, high-quality service.

Canada has a high-quality telecommunications infrastructure, as demonstrated by an international comparison of quality-of-service indicators. The incidence of service faults in Canada is one of the lowest for OECD countries.



Source: “Quality of service: faults per 100 lines per year”, in *OECD Communications Outlook, 1999*, page 199.

d. CORE COMMUNICATIONS SERVICES THAT ARE REASONABLY PRICED

After extensive public proceedings, the Commission released two years ago a series of major decisions establishing the regulatory framework to support the development of a competitive market in telecommunications while addressing the policy objective of affordable local telephone service. It also implemented an affordability monitoring plan consisting of annual and quarterly monitoring reports. The Commission determined that the national telephone penetration rate is the key indicator of overall affordability.

¹⁰ The reports can be found on the CRTC Web site at: http://www.crtc.gc.ca/ENG/PROC_REP/TELECOM/QoS_rprt/98qs_ixb.htm.

According to Statistics Canada, 98.8% of Canadian households had telephone service in 1997.

In 1997, out of 140,422 households that did not have telephone service in Canada, 79.4% had access to a telephone for emergency purposes. The Commission also monitors why Canadians don't subscribe to telephone service. While affordability is cited as a key reason for choosing not to have telephone service, it is not the only reason. In 1997, an estimated 53.4% of non-subscribers indicated that they could not afford service, compared with 66.8% in 1996. Other households said they did not need telephone service (26.4%) and others indicated moving as their reason for not subscribing (6.8%).

A comparison of mainlines per 100 inhabitants for the OECD countries concluded that the telephone penetration rate in Canada remains the highest in the world. Furthermore, penetration rates among low-income households are substantially higher in Canada than in the United States.¹¹ Also, a recent survey by the Yankee Group, a Boston-based technology research organization, found that Canadian consumers benefit from the lowest long distance, local and Internet rates in North America.¹²

e. A COMMUNICATIONS INFRASTRUCTURE THAT IS INNOVATIVE AND SUPPORTS EVOLVING COMMUNICATIONS SERVICES

The Commission does not supervise or regulate all aspects of Canada's communication infrastructure.

As discussed earlier, the Commission concluded in its review of new media (see page 23) that it will not regulate this sector because it is vibrant, highly competitive and successful without regulation. The new media process gave the CRTC the opportunity to explore whether there were any problems of access for producers and creators of content, for users or for citizens. Because decisions and policies in the area of telecommunications do influence access, the Commission continues to examine issues related to access that were raised at the new media hearing. Prior to that hearing, the CRTC had already required that incumbent cable carriers tariff higher-speed access to their facilities for the use of competitive providers of Internet services. A decision regarding the regulatory approach to such higher-speed access services, in which the Commission sets the rates, has been issued (Telecom Decision CRTC 99-8, 6 July 1999). The Commission is also looking into concerns related to access to the Internet by end-users, in a separate proceeding on telephone service in high-cost serving areas.

Canada is well placed to participate in the information society. The proportion of Canadian households with telephone service is very high (98.8% in 1997) and close to 80% of Canadian households subscribe to cable, while others are increasingly being

¹¹ Reported in Bell Canada report to the CRTC, 1998, using Statistics Canada figures.

¹² Reported in *Canadian Communications Network Letter*, 6 September 1999.

served by satellite and other distribution technologies. The penetration of computers has been increasing and access by Canadians to the Internet is facilitated by its relative affordability. Average rates for Internet access in Canada are among the lowest of OECD countries. It is estimated that by 2001, approximately 40% of households will have access to the Internet (5 million households), double the number from 1998. On average, Canadians spend more than 20 hours a month on-line, with 61% connecting at least seven times a week. The most common uses are e-mail (77%) and accessing information (71%).

SERVICE TO CANADIANS: GOOD GOVERNANCE

Credibility and value of the governance process

Good Governance is a management tool that supports both of the business lines, Canada's Voices and Choices for Canadians, and permeates everything the CRTC does to ensure an effective decision-making process and improve service to Canadians.

The Commission:

- ❑ is committed to being effective and efficient in serving the often conflicting demands and desires of the public and in meeting public interest objectives;
- ❑ pays particular attention to enhancing the public process with a view to ensuring effective citizen engagement and productive dialogue with many partners; and
- ❑ ensures that its practices and processes are transparent, inclusive, results-oriented, efficient, timely and carried out by due process.

a. FAIR AND IMPARTIAL DECISIONS

The Commission

The Commission is made up of 13 members, including the Chairperson, and two Vice-Chairpersons, Broadcasting and Telecommunications. Among the 13 members, six are appointed by region (Atlantic, Quebec, Ontario, Manitoba/Saskatchewan, Alberta/Northwest Territories and B.C./Yukon), ensuring regional interests are represented. Decisions are reached by majority vote, each member having one vote.

The CRTC follows established processes and procedures that ensure that the principles of natural justice and procedural fairness are respected. While a number of appeals of

Commission decisions have been made over the past several years, it is notable that no decisions have been overturned by the courts on the basis of fairness.

Public Participation

Participation by Canadian citizens in all of our public proceedings is essential. A high level of participation by the general public, public interest groups and industry representatives assists the Commission in ensuring that a wide scope of views is considered and that the public interest objectives of the *Broadcasting Act* and the *Telecommunications Act* are well served.

The Commission actively encourages high levels of participation in its public processes, and was particularly successful in doing so in 1998–99. For instance, on the broadcasting side, during the 11 public hearings that were conducted and the 164 public notices that were issued during the fiscal year, the Commission received 7,509 interventions, which it considered in the process of rendering its decisions. On the telecommunications side, the CRTC issued 44 public notices and held two regional consultations at which members of the public appeared. It also received 11,945 comments from various parties regarding all types of applications.

To complement the established processes of public hearings and public notices, the Commission has introduced innovative, flexible and less formal means of soliciting the views of the public it serves and the industries it regulates. Public consultations are aimed at gaining valuable information from the public on specific issues or topics that affect them. In some instances these consultations are held prior to public hearings. In 1998–99, we held seven sets of consultations related to the following matters: television policy, the CBC-SRC, ethnic policy, service to high-cost areas, MTS Communications Inc., community radio and campus radio. These public consultations were held in 36 locations across Canada.

These consultations are often conducted during the evenings and weekends to encourage maximum participation. Feedback has been extremely favourable from both industry players and members of the public.

b. COLLABORATIVE PROCESSES WITH MANY PLAYERS

CRTC Interconnection Steering Committee (CISC)

In 1996, the Commission established CISC to resolve certain contentious issues relating to the implementation of local telephone competition. CISC is an ongoing collaborative process involving industry players, the general public, and public interest and consumer groups in both telecommunications and broadcasting. CISC and its working groups have

been successful in resolving many complex technical and administrative issues on a timely basis, by getting the parties together to discuss them in an open forum.

The CISC process resulted in 15 decisions in 1998–99. Some of the decisions concern the establishment of rules for transfer of customers between carriers, and for setting up agreements between local exchange carriers for interconnection facilities.

c. TEAMWORK, TRUST, OPENNESS, PRIDE AND RESPECT AT THE CRTC

Human Resources Strategy

In 1997–98, the CRTC developed a Human Resources Strategy entitled *Moving Together Toward the Future 1998–2000*. During the past year, it has started to implement this strategy, and focused on four main areas:

- ❑ *Staffing* — The Commission made some progress in staffing vacant positions to ensure it has the resources and the expertise to facilitate the introduction of competitive frameworks. There was also reallocation of staff within and between sections to meet the workload demand.
- ❑ *Interim Exchanges with Industry* — In 1999 two employees of the CRTC and two employees of private industry will be participating in the first-ever Canadian Women in Communications – CRTC Exchange Program.

The Canadian Women in Communications — CRTC Exchange Program provides women in the Canadian communications field with opportunities to gain first-hand knowledge and understanding of the public and private sectors. The private sector participants gain a broad view of the workings of the CRTC and CRTC participants gain an inside view of the realities and internal processes of the private sector. Such an exchange of information and expertise is vital to respond to the rapid technological evolution of the communications industry.

- ❑ *Universal Classification Standard* — The CRTC is taking the necessary steps to support the government’s initiatives to simplify job classifications and is making significant progress.
- ❑ *Employment Equity* — The CRTC has made significant progress and is close to meeting its obligations under the *Employment Equity Act*, including completion of all the requirements in an audit by the Canadian Human Rights Commission.

CRTC International Recognition

The Commission's ability to introduce and promote innovative practices in an increasingly complex and technologically advanced telecommunications environment has attracted the attention of many foreign countries. Delegations from all over the world have consulted the CRTC on the Canadian regulatory model in broadcasting and telecommunications. Having its regulatory model recognized internationally enhances the Canadian government's credibility. It is also beneficial in "opening doors" for Canadian businesses operating abroad and it is important in relation to promoting the Canadian policy perspective. In 1998–99, the CRTC participated in 35 international projects involving 27 countries.

On 10 September 1998, the Bertelsmann Foundation named the CRTC as co-winner of the 1998 Carl Bertelsmann Award for "Innovation and Responsibility in the Information Society." The selection criteria were based on excellence in the supervision of communications and media markets, initiatives taken in the area of self-regulation and the promotion of learning in media technologies.

d. EFFECTIVE, EFFICIENT, TIMELY AND CLEAR ACTIONS (PROCESSES AND SERVICES)

Different Approaches to Service Delivery

The CRTC shares the government's commitment to improve the delivery of programs and services to Canadians by fostering quality management practices and processes that are results-oriented, cost-effective, timely and focused on client service. Some examples of initiatives that were conducted in 1998–99 are noted below:

- ❑ *Single point of contact and toll-free number* — This year, the Commission has restructured its organization and processes to provide the public with a single point of contact. Now there is only one entry point for all applications, complaints and inquiries, and only one exit point for all decisions, public notices and orders. This will allow an acceleration of electronic filing of broadcasting applications and centralization of project management encompassing both broadcasting and telecommunications. The CRTC has introduced a nation-wide, toll-free telephone line that enables the public to obtain information, to share their views or request investigations into specific complaints.
- ❑ *Electronic exchange* — The Commission continued to encourage the electronic exchange of documents to reduce the paper burden and provide faster service to clients. Electronic filing has been an option available to clients since 1 January 1996. Approximately 60 telecommunications companies now use electronic filing. In 1998–99, these companies submitted 18,154 electronic files — electronic mail and diskettes — to the Commission. Similar measures are being implemented for broadcasting companies.

- *CRTC Web site* — In 1999, the CRTC redesigned its web site and replaced its search engine to better serve its clientele. The CRTC makes all of its orders, public notices, decisions and all informative documents available to the public electronically via the Internet. This substantially reduces the Commission's costs of distribution while providing instant access to its documents. In 1998–99, the Commission had a total of 15.2 million hits on its web site from approximately 512,420 different users. Of this total, approximately 43% were Canadian users.
- *Service delivery options* — On occasion, the CRTC uses Canada Post offices to disseminate information of public interest in remote and rural areas. It has also opened documentation centres in Toronto and Regina to better serve the public and it intends to open another soon in Edmonton. The Commission will continue to explore partnerships with other organizations, such as Canada Business Service Centres, so that information about its decisions and other documentation may be more widely available across Canada.

Alternative Dispute Resolution

In 1998–99, the Commission actively used an alternative dispute resolution (ADR) process to better resolve issues raised by various parties in a competitive marketplace. The ADR process is designed to provide an informally structured and efficient means to expeditiously identify the issues, clarify the pertinent facts required to resolve these issues and find appropriate solutions. The primary function of CRTC staff is to facilitate and encourage all parties to resolve their disputes through the formulation of a settlement acceptable to all parties, including the CRTC. In addition to being timely and more responsive, ADR and staff mediation techniques have the benefit of minimizing administrative burden on parties. The Commission foresees an increased use and role of ADR in light of increasing competition, convergence, mergers and vertical integration.

Application Processing Time

The timeliness of CRTC decisions directly affects business decisions and the public. In the highly competitive communications environment, the CRTC's ability to respond quickly and effectively to applications and requests is a key component of a strong and healthy Canadian communications sector. Resource constraints, workload increases and the increasing complexity of the communications environment affected the timeliness of some types of CRTC decisions in 1998. As applications vary widely in complexity, so does the time spent in rendering decisions on them.

In broadcasting, there was a decrease in the average processing time for the public hearing process. For appearing and non-appearing items, it took an average of 221 days in 1998–99 compared with 236 days in 1997–98. Although the processing time for public notices, excluding renewals, remained constant overall in the past two years, the application processing time for other routine processes climbed. For example, the average

processing time for renewals went from 295 days in 1997–98 to 380 days in 1998–99, an increase of almost 30%.

On the telecommunications side, for a number of the more routine application types, the CRTC has met the challenge to decrease application processing times through its streamlining initiatives. For instance, in 1998 the average processing time for tariff decisions decreased from 34.1 days in 1997 to 14.4 days. However, owing to the more complex issues surrounding the competitive framework that are now before the Commission, the time spent in processing Part VII applications, which include such items as competitive disputes, contribution issues and Internet service issues, increased from 130 days to 164 days, a 26% increase. Competitive disputes resolution time has doubled to 212.4 days.

Service to the Public

In 1998–99 the Commission received more than 60,000 letters and telephone calls, of which telephone calls comprised 80%. Electronic correspondence increased more than 40% compared with last year.

Of the total, approximately 38,000 were broadcasting related. Many calls and letters were generated by the cable industry's launch of new specialty services in September 1998; the cable industry's repackaging of discretionary services and the resulting fee increase for basic service; and the Commission's decision to include APTN and TVA on basic service.

Issues related to telemarketing by fax and telephone remain high on the list of consumer concerns. Competitively priced packages of long distance services led to jammed networks on the east and west coasts, which generated a number of calls and letters to the Commission. Finally, the Commission continues to get requests to extend the local calling areas in a number of communities.

To summarize, in 1998-99, the Commission:

- ❑ responded to more than 60,000 calls and letters;
- ❑ held 18 public hearings and consultations in 47 locations;
- ❑ received public input from close to 20,000 parties and individuals;
- ❑ processed 3,321 applications;
- ❑ issued 1,007 decisions;
- ❑ issued 208 public notices;
- ❑ issued 1,143 final orders, 13 cost orders and 15 taxation orders;
- ❑ received 1,498 tariffs; and
- ❑ had 15.2 million hits on its web site from 512,420 different users, of which 43% were Canadian.



Section IV

Consolidated Reporting

Year 2000 Readiness

During the period from January to March 1998, the Commission sent more than 1,100 letters to broadcasting and telecommunications companies stressing the importance of being prepared for the Year 2000. The Commission encouraged them to take the necessary steps to review their operations and to take appropriate actions to address Year 2000 issues.

As a follow-up, the Commission reminded all telecommunications companies, both regulated and unregulated, of the potential Year 2000 problems unless remedial action was taken. The Commission also required these companies to provide specific information on their Year 2000 planning, including significant milestones such as the expected date of Year 2000 compliance and when a contingency plan would be in place. The responses received from all telecommunications companies, both large and small, were encouraging. They indicate that virtually all of the roughly 100 companies expect to achieve Year 2000 compliance for all critical systems by June 1999 or earlier. Because Industry Canada was already canvassing broadcasters along with other *Radiocommunication Act* licensees, it was agreed that it would follow-up with companies in the broadcasting sector to obtain information regarding their Year 2000 compliance status.

Internally, the CRTC's Year 2000 team has conducted an in-depth analysis and has concluded that the operational exposure to Year 2000 problems is relatively minimal. This conclusion was confirmed by an independent audit in March 1999. The audit found that the Commission's risk relative to the Year 2000 is low. In 1988, the Commission had adopted a fixed-format eight-digit date standard and all corporate systems had subsequently been designed based on this standard. The CRTC has completed an assessment of all of its technology-based products to ensure Year 2000 compliance. Any non-compliance issues are expected to be resolved by August 1999. Contingency plans have been prepared with the Department of Canadian Heritage, the National Contingency Planning Group and Treasury Board Secretariat. Moreover, an Informatics Year 2000 Crisis Management Plan, including an Emergency Response Team plan and procedures, has been developed for deployment by 1 January 2000, if required.

The Commission's Year 2000 team continues to participate in the Treasury Board Secretariat Year 2000 Interdepartmental Working Group. The CRTC's team has established guidelines for hardware and software acquisitions to ensure compliance. All current purchases are made against these specifications and appropriate testing methods are in place to ensure compliance.

The CRTC Year 2000 team is also providing assistance to staff who have developed small information systems and databases using a variety of tools. While these end user developed systems/databases are generally not operationally critical, the CRTC Year 2000 team is committed to ensuring that all of the Commission informatics-supported resources will be Year 2000 compliant. Accordingly, guidelines and testing procedures have been distributed to all end-users to assist them in assessing their stand-alone systems.



Section V

Financial Performance

Financial Performance Overview

The CRTC's resources have been stretched to the limit because of the substantial increase in its workload related to competition and public consultations. Despite the fact that the Commission has streamlined several processes, procedures and the organizational structure to reduce costs and to provide more timely and improved services, resource allocations have been fully utilized over the past three fiscal years. Also, increased demands from the public and industry have outpaced the amount of funds available.

As noted earlier, CRTC decisions directly affect business decisions and the general public. Because of limited resources, there are some delays in application processing time and some files were postponed. Furthermore, in 1998–99, resource shortages were compounded by additional, unfunded, statutory responsibilities, which were conferred on the Commission as a result of changes to the *Telecommunications Act*.

While the CRTC is fully funded from the fees it collects from the broadcasting and telecommunications industries, it is important to note that the Commission cannot unilaterally set its budget levels. Similar to other federal government departments, the Treasury Board approves the level of resources. In recognition of the increased workload and statutory responsibilities of the CRTC, the Treasury Board approved a one-year, \$1.5 million non-recoverable¹³ appropriation for 1999–2000. While this amount will assist the CRTC in addressing some of its workload pressures, additional resources and stability in funding levels are required for at least the next two to three years in order to facilitate the effective implementation of the competitive frameworks. After this time, the CRTC anticipates that resource levels could start to decrease over a five-year period and may be even lower than the resource levels established in 1998–99.

¹³Not recoverable from the broadcasting or telecommunications industries through CRTC Part 1 broadcasting licence fees or annual telecommunication fee, respectively.

Financial Summary Tables

Table 1	Summary of Voted Appropriations
Table 2	Comparison of Total Planned to Actual Spending
Table 3	Historical Comparison of Total Planned to Actual Spending
Table 4	Comparison of 1998-99 Planned Spending, and Total Authorities to Actual Expenditures by Organization and Business Line
Table 5	Respendable Revenues
Table 6	Non-Respendable Revenues
Table 7	Contingent Liabilities

**Table 1 — Summary of Voted Appropriations — 1998-99
Financial Requirements by Authority**

(\$ thousands)		1998-99 Planned Spending	1998-99 Total Authorities	1998-99 Actual
Vote	Canadian Radio-television and Telecommunications Commission			
70	Program expenditures	—	2,794	2,732
	Contributions to employee benefit plans	4,573	4,803	4,803
(S)	Total CRTC	4,573	7,597	7,535

Table 2 — Comparison of Total Planned to Actual Spending, 1998-99

(\$ millions)				Voted Grants & Contributions	Subtotal: Gross Voted Expenditures	Statutory Grants & Contributions	Total Gross Expenditures	Less: Respendable Revenue*	Total Net Expenditures
Business Lines	FTEs	Operating ¹	Capital						
Canada's Voices									
<i>(Total authorities)</i>	210.0	19.1	—	—	19.1	—	19.1	15.5	3.6
(Actuals)	207.2	19.1	—	—	19.1	—	19.1	15.5	3.6
Choices for Canadians									
<i>(Total authorities)</i>	195.0	17.8	—	—	17.8	—	17.8	13.8	4.0
(Actuals)	193.8	17.8	—	—	17.8	—	17.8	13.8	4.0
Total									
<i>(Total authorities)</i>	405.0	36.9	—	—	36.9	—	36.9	29.3	7.6
(Actuals)	401.0	36.9	—	—	36.9	—	36.9	29.3	7.6
Other Revenues and Expenditures									
Non-Respendable Revenues**									
<i>(Total authorities)</i>									(73.1)
(Actuals)									(79.3)
Cost of services provided by other departments									
<i>(Total authorities)</i>									17.7
(Actuals)									17.7
Net cost of the program									
<i>(Total authorities)</i>									(47.8)
(Actuals)									(54.0)

*These revenues were formerly called "Revenues Credited to the Vote"
**These revenues were formerly called "Revenues Credited to the Consolidated Revenue Fund (CRF)"
Note: Numbers in italics denote *Total Authorities* for 1998-99 (main estimates and other authorities).
Bolded numbers denote actual expenditures/revenues in 1998-99.
¹Due to rounding, figures may not add to totals shown.

Table 3 — Historical Comparison of Total Planned to Actual Spending

(\$ millions)			Planned Spending	Total Authorities	Actual
Business Line	Actual 1996-97	Actual 1997-98	1998-99	1998-99	1998-99
Broadcasting	10.2				
Telecommunications	8.2				
Executive Management	7.6				
Corporate Services	8.1				
Voices		17.4	17.5	19.1	19.1
Choices		16.5	16.1	17.8	17.8
Total	34.1	33.9	33.6	36.9*	36.9

* In 1998-99, Treasury Board approved budget adjustments totalling \$3.3 million for, among other things, salary increases, retroactive salary payments and increases to employee benefit plan; maternity and severance payments; and upgrades to the accounting system.

Table 4 — Comparison of 1998-99 Planned Spending and Total Authorities to Actual Expenditures by Organization and Business Line

(\$ millions) Organization	Business Lines		TOTALS
	Canada's Voices	Choices for Canadians	
Executive	1.6	1.6	3.2
<i>(total authorities)</i>	<i>1.6</i>	<i>1.6</i>	<i>3.2</i>
(actuals)	1.5	1.5	3.0
Executive Director, Telecommunications	0.2	8.1	8.3
<i>(total authorities)</i>	<i>0.2</i>	<i>8.5</i>	<i>8.7</i>
(actuals)	0.2	8.3	8.5
Executive Director, Broadcasting	7.7	0.5	8.2
<i>(total authorities)</i>	<i>8.1</i>	<i>0.5</i>	<i>8.6</i>
(actuals)	8.3	0.5	8.8
Legal	0.9	0.9	1.8
<i>(total authorities)</i>	<i>1.0</i>	<i>0.9</i>	<i>1.9</i>
(actuals)	0.9	0.9	1.8
Secretariat & Client Services	3.7	1.9	5.6
<i>(total authorities)</i>	<i>3.8</i>	<i>2.1</i>	<i>5.9</i>
(actuals)	3.6	2.0	5.6
Finance & Corporate Services	2.3	2.3	4.6
<i>(total authorities)</i>	<i>3.2</i>	<i>3.2</i>	<i>6.4</i>
(actuals)	3.5	3.5	7.0
Human Resources	0.5	0.5	1.0
<i>(total authorities)</i>	<i>0.7</i>	<i>0.6</i>	<i>1.3</i>
(actuals)	0.7	0.6	1.3
Communications	0.4	0.5	0.9
<i>(total authorities)</i>	<i>0.4</i>	<i>0.5</i>	<i>0.9</i>
(actuals)	0.4	0.5	0.9
TOTAL	17.5	16.1	33.6
<i>(total authorities)</i>	<i>19.1</i>	<i>17.8</i>	<i>36.9</i>
(actuals)	19.1	17.8	36.9
% of TOTAL	51.8%	48.2%	100.0%

Note: Numbers in *italics* denote Total Authorities for 1998-99 (Main and Supplementary Estimates and other authorities). **Bolded numbers** denote actual expenditures/revenues in 1998-99. Due to rounding, figures may not add to totals shown.

Table 5 — Respendable Revenues*

(\$ millions) Business Line	Actual	Actual	Planned	Total	Actual
	1996-97	1997-98	Revenues	Authorities	1998-99
Broadcasting licence fees	16.7				
Telecommunications fees	13.4				
Canada's Voices		14.9	16.1	15.5	15.5
Choices for Canadians		14.3	12.9	13.8	13.8
Total Respendable Revenues	30.1	29.2	29.0	29.3	29.3

Note: due to rounding, figures may not add to totals shown.

*These revenues were formerly called "Revenues Credited to the Vote".

Table 6 — Non-Respendable Revenues*

(\$ millions) Business Line	Actual	Actual	Planned	Total	Actual
	1996-97	1997-98	Revenues	Authorities	1998-99
Broadcasting licence fees	61.2				
Telecommunications fees	3.5				
Canada's Voices		70.1	69.0	75.0	75.0
Choices for Canadians		3.8	4.1	4.3	4.3
Sub-total	64.7	73.9	73.1	79.3	79.3
Total Non-Respendable Revenues	64.7	73.9	73.1	79.3	79.3

Note: due to rounding, figures may not add to totals shown.

*These revenues were formerly called "Revenues credited to the Consolidated Revenue Fund (CRF)".

Table 7 — Contingent Liabilities

(\$ millions)	Amount of Contingent Liabilities		
	March 31, 1997	March 31, 1998	Current as of March 31, 1999
Litigations	1.9	3.6	0
Total	1.9	3.6	0



Section VI

Other Information

Performance Expectations — A Report Card*

Canada's Voices

Strategies:	Planned initiatives:	Accomplishments:
<p>Create and implement policies on content display and expenditures that recognize economic and cultural objectives</p>	<p>➤ Foster new, diverse forms of content, packaging and delivery (public proceeding on New Specialty Services)</p>	<p>✓ Licensing of Aboriginal Peoples Television Network <i>Decision CRTC 99-42, 22 February 1999; Public Notice CRTC 1999-70, 21 April 1999</i></p> <p>✓ National distribution of TVA Network <i>Public Notice CRTC 1999-42, 9 March 1999; Decision CRTC 98-488, 29 October 1998</i></p> <p>✓ Ethnic Broadcasting Policy <i>Decision CRTC 1999-117, 16 July 1999</i></p> <p>✓ Licensing of French specialty channels <i>Public Notice CRTC 1998-44, 11 September 98; Decision CRTC 99-109; 99-110; 99-111; 99-112 and 99-113, 21 May 1999</i></p> <p>✓ Review of Canadian television programming <i>Public Hearing, Oct 1998; Public Notice CRTC 1999-97, 11 June 1999</i></p> <p>✓ Review of commercial radio <i>Public Notice CRTC 1998-41, 30 April 1998</i></p>
	<p>➤ Review the policy on Canadian television programming, including a review of Canadian content (public hearing in summer 1998)</p>	<p>✓ Call for comments, review of Canadian content <i>Public Notice CRTC 1998-59, 19 June 1998</i></p> <p>✓ Review of Canadian television programming <i>Public Notice CRTC 1999-97, 11 June 1999</i></p>
	<p>➤ Conduct an internal review of future rights in North America</p>	<p>Postponed due to lack of resources</p>
<p>Develop mechanisms to encourage the creation and promotion of Canadian content in traditional and new media</p>	<p>➤ Monitor development of new technologies, and develop strategic proposals for digital radio and television</p>	<p>✓ Licensing of digital radio <i>Public Hearing 8 October 1998; Decision CRTC 1998-498, 19 November 1998</i></p> <p>✓ Call for comments, licensing framework for Pay and Specialty Services <i>Public Notice CRTC 1999-19, 3 February 1999</i></p>
	<p>➤ Consider digital radio application</p>	<p>✓ Licensing of digital radio <i>Public Hearing 8 October 1998; Decision CRTC 1998-498, 19 November 1998</i></p>

*As per Performance Expectations in the *Report on Plans and Priorities, 1998–1999 Estimates*.

	<ul style="list-style-type: none"> ➤ Develop a strategy for a New Media policy 	<ul style="list-style-type: none"> ✓New media <i>Public Notice CRTC 1999-84, 17 May 1999; Telecom Public Notice CRTC 99-14, 17 May 1999</i>
	<ul style="list-style-type: none"> ➤ Review policy on Canadian television programming 	<ul style="list-style-type: none"> ✓Review of Canadian television programming <i>Public Notice CRTC 1999-97, 11 June 1999</i>
Ensure access to distribution for Canadian and foreign services	<ul style="list-style-type: none"> ➤ Monitor effectiveness of the new broadcasting distribution regulations 	<ul style="list-style-type: none"> ✓Call for comments on proposed amendments to Broadcasting Distribution Regulations regarding certain fees for special services charged to subscribers <i>Public Notice CRTC 1999-56, 31 March 1999</i>
	<ul style="list-style-type: none"> ➤ Review the access policies for broadcasting distribution undertakings (fall 1998) 	<ul style="list-style-type: none"> ✓Access rules <i>Public Notice CRTC 1999-74, 5 May 1999</i>
Support the distinctive role of public broadcasting	<ul style="list-style-type: none"> ➤ Review radio policy (including non-commercial policy frameworks in the Radio Review) 	<ul style="list-style-type: none"> ✓Review of commercial radio <i>Public Notice. CRTC 1998-41, 30 April 1998</i> ✓Review of community radio <i>Public Notice CRTC 1999-75, 5 May 1999</i> ✓ Review of campus radio <i>Public Notice CRTC 1999-19, 3 February 1999</i>
	<ul style="list-style-type: none"> ➤ Examine the contribution of the CBC-SRC television networks to the Canadian broadcasting system (public hearing, spring 1999) 	<ul style="list-style-type: none"> ✓Renewal of CBC-SRC <i>Public Notice CRTC 1999-3, 19 January 1999; Public Hearing 25 May 1999</i>
Foster industry self-regulation, where appropriate, to respond to social issues	<ul style="list-style-type: none"> ➤ Review existing self-regulation and expand it where appropriate (review of existing self-regulation approach and accountability in 1998) 	<ul style="list-style-type: none"> Postponed due to lack of resources
	<ul style="list-style-type: none"> ➤ Review the role of the CRTC in social issues in the new communications environment 	<ul style="list-style-type: none"> ✓Alcohol education messages and code revisions <i>Public Notice CRTC 1998-135, 22 December 1998</i> Other reviews have been postponed due to lack of resources
Use a comprehensive international approach	<ul style="list-style-type: none"> ➤ Monitor international developments and policy initiatives 	<ul style="list-style-type: none"> ✓Assessment of foreign/international initiatives on domestic regulations; study of North American rights; work with other domestic regulators in international fora; co-operation agreements
	<ul style="list-style-type: none"> Encourage export of Canadian content 	<ul style="list-style-type: none"> On-going and <i>Public Notice CRTC 1999-97, 11 June 1999</i>

Choices for Canadians

Strategies:

Rely more on market forces to permit fair and sustainable competition

Planned Initiatives:

- Continue to promote economic entry and competition in local and other regulated telecommunications and broadcasting industries (consider local competition for independents, spring 1999; consider a new regulatory regime for Teleglobe, 1998-99)
- Implement Telecommunications Act changes (1997-2000)
- Review approach and criteria for market entry and ownership of programming undertakings (public hearing, spring 1998)
- Review continued appropriateness of broadcasting distribution regulations in a competitive environment (1999-2000)

Monitor competition and regulate when market forces are not achieving public interest objectives

- Implement monitoring program in telecommunications with respect to reasonable prices (1997-2000)
- Monitor CRTC initiative with respect to telecommunications services accessibility set out in local competition decision
- Ensure core communications services are accessible to persons with disabilities

Accomplishments:

- ✓ Facilitate competition for independent Telephone Companies *Telecom Decision CRTC 98-5,4 May 1998; Telecom Decision CRTC 98-13, 1 September 1998; Telecom Decision CRTC 98-14, 1 September 1998; Public Notice 1999-2, 13 January 1999; Telecom Decision 99-5, 21 April 1999*
- ✓ Competition in local pay telephones *Telecom Decision CRTC 98-8, 30 June 1998*
- ✓ Unbundled service rates, *Telecom Decision CRTC 98-22, 30 November 1998*
- ✓ Licensing framework and Teleglobe *Telecom Decision CRTC 98-17, 1 October 1998*
- ✓ Forbearance for fixed satellite services (Telesat) *Telecom Decision CRTC 99-6, 25 May 1999*
- ✓ Review of commercial radio *Public Notice CRTC 1998-41, 30 April 1998*
- ✓ Call for comments, review of Canadian television programming *Public Notice 1999-97, 11 June 1999*
- On-going
- ✓ Strategy for high cost areas *Telecom Public Notice CRTC 1997-42, 18 December 1997 and Telecom Public Notice CRTC 1998-5, 6 March 1998*
- ✓ Ibid.
- ✓ Pay phones for persons with disabilities, *Telecom Order CRTC 1998-1186, 26 November 1998* and Visually impaired people, *Telecom Order CRTC 1998-626, 26 June 1998*

	➤ Monitor international traffic reports	On-going
	➤ Develop strategy for provision of service to high-cost areas (1998-2000)	See service to high cost serving areas, <i>Public Notice Telecom CRTC 1998-18, 30 July 1998</i>
Support evolving convergence	➤ Develop broadcast distribution framework for broadcasting undertakings operating as carriers under the <i>Telecommunications Act</i>	✓ Cable access carrier rules <i>Telecom Decision CRTC 1998-9, 9 July 1998</i>
Monitor the evolution of industry structure	➤ Collect data and assess market status in areas such as ownership, vertical integration, cross media, new entrants and affordability of access	On-going — reviews of ownership part of radio review and TV policy review

ORGANIZATION AND ACCOUNTABILITIES

Business Line Descriptions

Canada's Voices

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

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

The Commission uses the following strategies:

- ❑ create and implement policies on content display and expenditures that recognize economic and cultural objectives;
- ❑ develop mechanisms to encourage the creation and promotion of Canadian content in traditional and new media;
- ❑ ensure access to distribution of Canadian and foreign services;
- ❑ support the distinctive role of public broadcasting;
- ❑ foster industry self-regulation, where appropriate, to respond to social issues; and
- ❑ use a comprehensive international approach.

This business line provides specific expertise in the evaluation and development of regulatory policies and associated regulations. Specifically, the CRTC:

- ❑ evaluates, analyses and processes applications received;
- ❑ monitors the Canadian broadcasting system;
- ❑ ensures compliance with statutes, regulations and conditions of licence; and
- ❑ identifies policy issues for consideration.

CANADA'S VOICES

Presence and diversity of Canadian voices at home and abroad.

VALUES

- a balanced reflection of social values
- linguistic duality and cultural diversity.

This business line includes, for the most part, the Broadcasting Sector, and at this point, some activities in the Telecommunications Sector concerning the analysis of issues related to access and to delivery of content (see organization chart on p.64).

Choices for Canadians

The CRTC works to implement the policy objectives of the *Telecommunications Act* and the *Broadcasting Act*. In the area of telecommunications, the Commission works to foster competition in all regulated markets, while ensuring that high-quality services are reasonably priced and accessible.

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

The Commission uses the following strategies:

- ❑ rely more on market forces to permit fair and sustainable competition;
- ❑ monitor competition and regulate when market forces are not achieving public interest objectives;
- ❑ support evolving convergence; and
- ❑ monitor the evolution of industry structure.

This business line provides specific expertise in the evaluation and development of regulatory policies and associated regulations. Specifically, the CRTC:

- ❑ evaluates, analyses and processes applications received;
- ❑ provides advice on all matters related to telecommunications carrier issues and broadcasting distribution;
- ❑ ensures compliance with decisions, statutes, regulations and conditions of licence; and
- ❑ identifies policy issues for consideration.

This business line includes the Telecommunications Sector, and in the Broadcasting Sector, some activities related to Broadcasting distribution.

CHOICES FOR CANADIANS

A wide array of choices for Canadians through strong, competitive communications industries.

VALUES

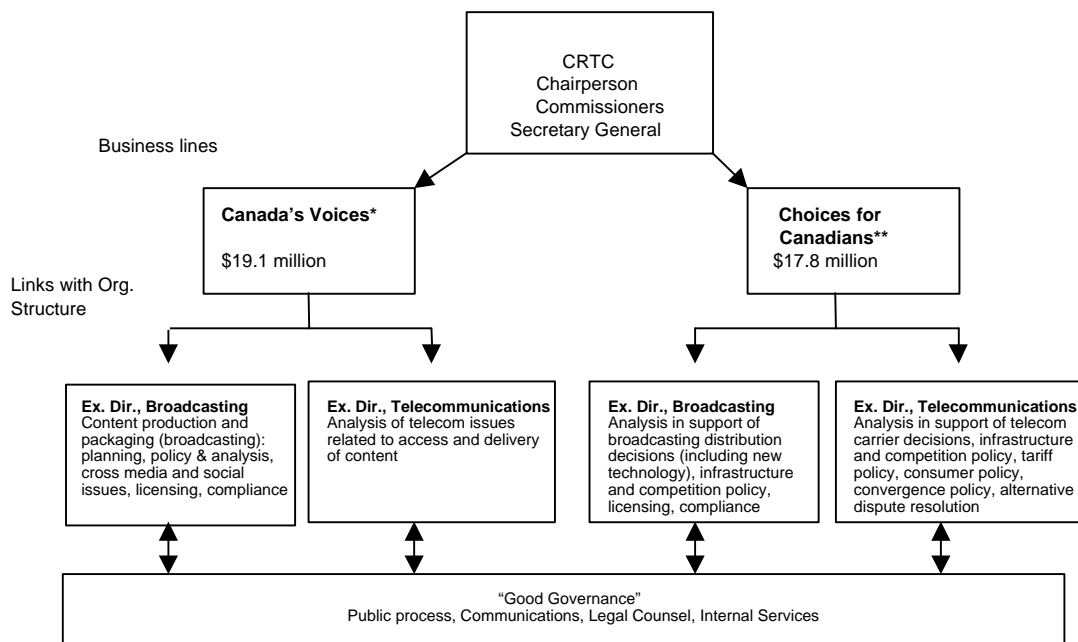
- innovation in communications services
- reasonable pricing and accessibility of services
- diverse and high-quality services
- fairness in competition.

CRTC Approach to Regulation

Changes and challenges, such as facilitating increased competition, convergence, and technology development and adoption, have brought changes in the Commission's approach to regulation. As part of its Vision, the CRTC uses a full "tool box" of regulatory approaches. For example:

- ❑ the CRTC uses approaches ranging from protection to promotion in order to achieve its mandate of supporting Canadian content and culture in broadcasting;
- ❑ the CRTC encourages competition to ensure maximum choice for Canadians, and uses more detailed regulatory approaches where necessary to achieve its legislated objectives;
- ❑ in its overall regulatory approach, the CRTC relies less on detailed regulation and places more emphasis on broad parameters and enabling frameworks; and
- ❑ the CRTC uses processes ranging from a detailed judicial approach to one that emphasizes more collaboration, depending on the situation.

Accountabilities and Links to Organizational Structure



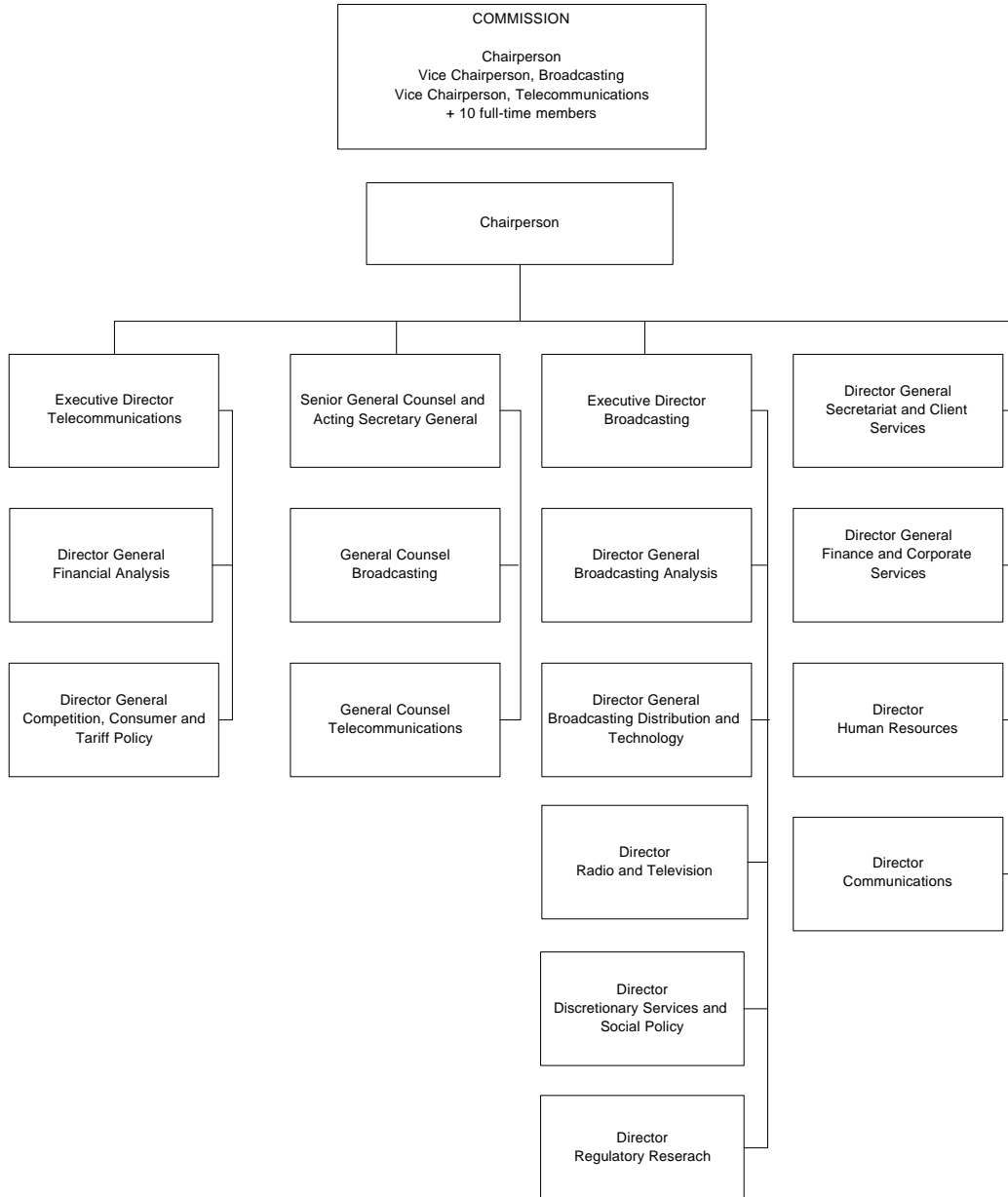
Accountabilities

*Executive Director (Ex. Dir.) of Broadcasting

**Executive Director (Ex. Dir.) of Telecommunications

Good Governance is not a business line. Rather it is a management strategy that supports the two business lines.

Organization Chart, July 1999



Contacts for further information

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Legislation and Regulations

Legislation and Associated Regulations Administered by the CRTC

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
<i>Telesat Canada Reorganization and Divestiture Act</i>	S.C. 1991, c. 52, as amended
<i>An Act to Amend the Telecommunications Act and the Teleglobe Canada Reorganization and Divestiture Act</i>	S.C. 1998, c. 8

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 Telecommunications Rules of Procedure
Telecommunications Fee Regulations, 1995
Canada Telecommunications Common Carrier Ownership and Control Regulations