



# Canadian Radio-television and Telecommunications Commission

## Performance Report

For the period ending  
March 31, 2001

Canada

## Foreword

In the spring of 2000 the President of the Treasury Board tabled in Parliament the document “Results for Canadians: A Management Framework for the Government of Canada”. This document sets a clear agenda for improving and modernising management practices in federal departments and agencies.

Four key management commitments form the basis for this vision of how the Government will deliver their services and benefits to Canadians in the new millennium. In this vision, departments and agencies recognise that they exist to serve Canadians and that a “citizen focus” shapes all activities, programs and services. This vision commits the government of Canada to manage its business by the highest public service values. Responsible spending means spending wisely on the things that matter to Canadians. And finally, this vision sets a clear focus on results – the impact and effects of programs.

Departmental performance reports play a key role in the cycle of planning, monitoring, evaluating, and reporting of results through ministers to Parliament and citizens. Earlier this year, departments and agencies were encouraged to prepare their reports following certain principles. Based on these principles, an effective report provides a coherent and balanced picture of performance that is brief and to the point. It focuses on results – benefits to Canadians – not on activities. It sets the department’s performance in context and associates performance with earlier commitments, explaining any changes. Supporting the need for responsible spending, it clearly links resources to results. Finally the report is credible because it substantiates the performance information with appropriate methodologies and relevant data.

In performance reports, departments strive to respond to the ongoing and evolving information needs of parliamentarians and Canadians. The input of parliamentarians and other readers can do much to improve these reports over time. The reader is encouraged to assess the performance of the organization according to the principles outlined above, and provide comments to the department or agency that will help it in the next cycle of planning and reporting.

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This report is accessible electronically from the Treasury Board of Canada Secretariat Internet site:

<http://www.tbs-sct.gc.ca/rma/dpr/dpre.asp>

Comments or questions can be directed to this Internet site or to:

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## **Improved Reporting to Parliament Pilot Document**

Each year, the government prepares Estimates in support of its request to Parliament for authority to spend public monies. This request is formalized through the tabling of appropriation bills in Parliament.

The Estimates of the Government of Canada are structured in several parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve.

The *Report on Plans and Priorities* provides additional detail on each department and its programs primarily in terms of more strategically oriented planning and results information with a focus on outcomes.

The *Departmental Performance Report* provides a focus on results-based accountability by reporting on accomplishments achieved against the performance expectations and results commitments as set out in the spring *Report on Plans and Priorities*.

The Estimates, along with the Minister of Finance's Budget, reflect the government's annual budget planning and resource allocation priorities. In combination with the subsequent reporting of financial results in the Public Accounts and of accomplishments achieved in Departmental Performance Reports, this material helps Parliament hold the government to account for the allocation and management of funds.

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Canadian Government Publishing — PWGSC

Ottawa, Canada K1A 0S9

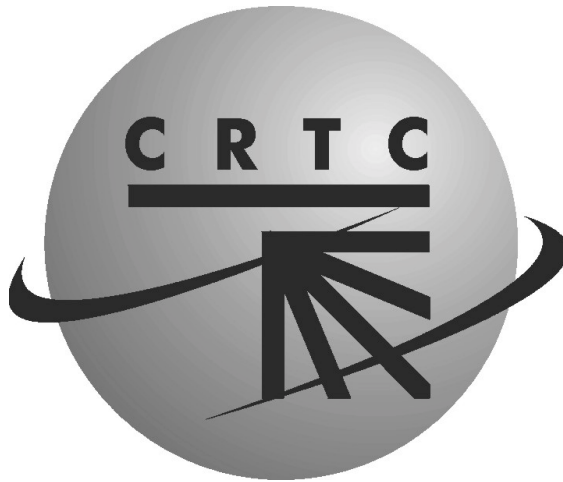
Catalogue No. BT31-4/29-2001

ISBN 0-660-61676-9





# Canadian Radio-television and Telecommunications Commission



## Performance Report

For the period ending  
March 31, 2001

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Sheila Copps  
Minister of Canadian Heritage



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## Executive Summary

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- ✓ The communications environment is in a constant state of flux. The advent of digital technology created the potential for convergence or the integration of information from television, newspapers and the Internet. The introduction of competition paved the way for telecommunications carriers to diversify into territory previously reserved for broadcasters, and vice versa. We have changed our Planning, Reporting and Accountability Structure (PRAS) in order to keep pace with these environmental changes. The CRTC now has one business line: *Regulation of communications in the public interest.*
- ✓ Canadian artists and performers and the Canadian public have benefited from the CRTC's Canadian content regulations. Television and radio stations are required to ensure that a portion of their programming day is dedicated to airing Canadian productions and Canadian music and to provide financial support for Canadian talent. These requirements provide all Canadians with programming that reflects our cultural diversity and linguistic duality; create demand for Canadian productions and music; and support Canadian artists and performers with the funding and recognition they need to succeed both nationally and internationally. Our ongoing challenge is to develop creative ways to promote English-language Canadian television programming so that evening viewing will increase as scheduling increases.
- ✓ Broadcasters around the world are moving rapidly toward digital transmission of their signals. The CRTC is pursuing several strategies to facilitate the unrolling of digital television in Canada. In November 2000, we approved 289 licences for new digital cable channels. In June 2001, we proposed a policy for guiding the transition from analog to over-the-air digital transmission. We requested public comments on the proposed policy and will consider all feedback we receive prior to finalizing it.
- ✓ Over the course of the last decade, long distance competition has become a reality. Today, Canadians have access to a wide variety of long distance service providers and customized savings plans that have significantly lowered long distance rates, both nationally and internationally. Local competition, on the other hand, has captured some of the business market, but has not grown as quickly in the residential market as we had hoped. We will continue to develop creative ways to foster efficient and effective local competition.
- ✓ The CRTC is also committed to a social agenda. Canadians have long enjoyed the benefits of closed captioning for the hearing impaired and, through our licensing requirements, the visually impaired will soon have access to descriptive video. We have also recently approved an application to create a community information and referral service. Once it is operational, citizens will be able to dial a single, three-digit number - 211 - to access community information and services.

- ✓ In fulfilling our mandate to regulate communications in the public interest, the CRTC also makes a significant contribution to the Government's agenda as outlined in the Speeches from the Throne, 1999 and 2001. Specifically, both through regulating and forbearing to regulate, the CRTC has:
  - ✓ Fostered a strong and competitive communications industry that is benefiting Canadians, stimulating the Canadian economy and creating a lasting physical infrastructure;
  - ✓ Adopted regulatory policies that promote cultural diversity, linguistic duality, and minority language rights;
  - ✓ Advanced the Government-On-Line initiative, making the CRTC more accessible to Canadians; and
  - ✓ Taken steps to renew the Public Service by recruiting new talent, retaining existing talent, and undertaking succession planning.

# Section I: Messages

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The Canadian Radio-television and Telecommunications Commission encourages Canadians to celebrate our cultural diversity and build shared values, while promoting Canada internationally as a model of tolerance and respect for linguistic and cultural diversity, a technologically advanced country in the new globalized economy and a society that draws from its vital forces and its own values while remaining open to the world.

In carrying out its programs and activities, the Canadian Radio-television and Telecommunications Commission works with the other federal agencies and organizations that make up the Canadian Heritage Portfolio as well as a broad range of other partners across the country. Its work helps Canadians to know their country better, to understand more fully its history and cultural diversity and, above all, to regard it as a treasure to be shared and preserved for future generations.

By supporting Canadian cultural expression and content in all its forms, the Canadian Heritage Portfolio contributes, as this report attests, to a great vision for our society, giving meaning to our common identity and shared values.

This is our mission. We take it very seriously.

This Performance Report takes stock of the results of the support, partnerships and investment in our efforts to energize all forms of Canadian cultural expression and project Canadian values in the more integrated world community. It demonstrates that this work furthers the Government of Canada's priorities for social change and also strengthens the social and cultural fabric of our great country.

Sheila Copps

Canada<sup>133</sup>



## Chairperson's Message

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The CRTC's challenge of balancing cultural, social and economic objectives in an increasingly competitive and convergent world is one constant we face in an environment that is changing daily. I am proud to report that we continue to meet that challenge on many fronts. Today, more Canadians have access to a greater variety of affordable communications services than ever before.

Information technology is a driving force in today's economy. Media convergence, which is driven by digital technology, will soon permit the integration of information gathered by television, newspapers and the Internet. Canadians will benefit from the increasing number and variety of communications services providers that convergence will enable. The Commission's role will be to continue to facilitate convergence while protecting the public interest.

Ensuring that our cultural objectives are met in a digital environment that knows no borders is a challenge we will continue to face. In the current economic and technological environment, we have assured Canadians' access to high quality Canadian programming that reflects our cultural diversity and linguistic duality. As we look into the future, we see a world where the Internet, with greatly enhanced audio and video capabilities, may well become a primary means of communication and source of entertainment. In such a world, our present regulatory tools will not suffice. The CRTC's challenge for the future will be to discover the tools that will enable it to meet its cultural mandate in a new media world.

Competition and consolidation also characterize our communications environment. We now have one of the most competitive communications systems in the world. This past year we welcomed the residents of Canada's north to long distance competition. For the first time, satellite service providers have made significant inroads into the cable companies' traditional market. The Commission's competitive frameworks have facilitated this move to competition and will continue to do so in order to provide Canadians with choices in their service providers.

The road to making Canada one of the world's most competitive countries in the telecommunications sector has been a bumpy one. Our success in facilitating long distance competition has not been realized in the local telephone environment. While we have registered a number of competitive local exchange carriers (CLECs), promoting the transition to a fully competitive local telephone services market remains a major challenge for the CRTC.

By providing Canadians with ever-increasing levels of telecommunications competition, we fulfil one part of our mandate to provide Canadians with communications that

contribute fairly and equitably to Canada's economic prosperity. Another part of that mandate is to ensure that all Canadians have access to affordable telecommunications services. Our challenge, particularly at the local level, as competition drives prices closer to costs, will be to insure that low income Canadians have access to affordable telephone service.

Ours is a team effort. Our dedicated and professional teams respond to Canadians' input in developing regulatory policies that ensure our communications industries are responsive to Canadians' needs. We are committed to continuing our tradition of consulting with Canadians as well as industry players as we tackle the issues and challenges that present themselves in our ever-changing environment.

David Colville  
Chairperson  
Canadian Radio-television and Telecommunications Commission



Section II:  
CRTC  
Strategic Context

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## Mandate, Vision & Mission

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### Our Mandate

The Canadian Radio-television and Telecommunications Commission (CRTC) was established by Parliament in 1968. The CRTC's mandate is to regulate and supervise all aspects of the Canadian broadcasting system, and to regulate telecommunications common carriers and service providers that fall under federal jurisdiction.

### Vision & Mission

The CRTC's Vision and Mission stem directly from the objectives of the *Broadcasting Act* and the *Telecommunications Act* and take into account the constantly changing communications environment.

#### 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.*

Evolution in the communications environment has given rise to a number of issues that affect both the broadcasting and telecommunications sectors. Infrastructure access, foreign ownership, affordability, accessibility, and service diversity and quality are only a few of the issues the CRTC historically addressed through two business lines. With the introduction of competition, telecommunications carriers and broadcasters began to diversify and expand into territory previously reserved for the other. The convergence of issues rapidly spread to convergence in operations. As a result of this convergence, the CRTC adopted a new Planning, Reporting and Accountability Structure (PRAS). With this report, we are reporting on one business line: *Regulation of communications in the public interest*. The CRTC's Activity Structure is illustrated graphically in Appendix B.

## Social and economic environment: Challenges past and present

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### Rapid change is our reality

The rapid emergence of new digital technologies, and the gradual merging of the telecommunications, broadcasting and information processing sectors that those technologies permit, presents the CRTC with an ongoing challenge: to establish an appropriate balance between cultural, social, and economic objectives in an increasingly competitive and convergent world. A balanced approach involves fulfilling cultural aspirations in a digital environment unconstrained by political and other boundaries, finding solutions adapted to the times, and promoting fair competition. Allowing the market free rein cannot be expected to fulfil all of the Commission's mandated public interest objectives and social requirements. The CRTC will thus continue to emphasize the public interest even as it promotes a competitive marketplace.

### Consolidation and convergence

Local, national and international trends and events influence the CRTC's policies, decisions, and agenda as the Commission strives to keep pace with the rapidly evolving communications industries. Over the past several years we have witnessed an increasing consolidation and concentration of ownership of communications firms world-wide. There are strong indications that this trend will persist. In Canada, the CRTC approved, among others, BCE's acquisition of CTV, and CanWest Global's acquisition of WIC Western. These acquisitions were made in the name of media convergence, anticipating that digital technology would enable them to bring together material created by TV, newspapers, and Internet holdings and will hopefully result in financially strong players who can produce high quality Canadian programming. This convergence will continue to challenge the CRTC to find ways to fulfil its mandate to ensure that Canadians have access to a diversity of voices within a dynamic and competitive industry.

### Competition

The past decade has witnessed ever-increasing competition in Canadian communications markets. Competition has provided Canadians with a wider range of choices in communications services and service providers and challenged the CRTC to maintain the delicate balance between the economic principles underlying market forces on the one hand, and social objectives and issues of fairness on the other. The CRTC's role in maintaining this balance will remain crucial as it moves into an era of even greater competition. We will introduce new competitive frameworks and continue to resolve such competitive issues as access to infrastructure and the co-location of competitors within existing telecommunications firms' facilities.

The road to competition is fraught with obstacles. Inevitably, some competitors, both new and old, will fall by the wayside. Canada's communications industries operate in a dynamic environment where the market is characterized by huge investment

requirements, global competition, short product life-cycles, and investors seeking returns that are commensurate with the risk profile of the industry. The CRTC's role is to ensure that all competitors in the Canadian communications markets face a level playing field and have an equal opportunity to succeed. Their ultimate success – or lack thereof – rests on the strategic and operational choices their managers make.

How far can a local call go?

Provincial government initiatives also provide challenges for the CRTC. The advent of the 'mega cities' has renewed calls from provincial and municipal politicians, and Canadians who live in rural and remote areas, to expand local calling areas. Why, they ask, should residents of a municipality pay long distance charges to telephone residents of the same municipality and why should Canadians in rural and remote areas not enjoy the advantages of local calling within a larger geographic area? The CRTC will hold a national public proceeding into the matter to examine criteria for common calling areas, while maintaining the balance between costs and benefits.

Foreign ownership: Will the rules change?

Media reports suggested that a sharp, global decline in the market valuation of both cable and telecommunications firms may have stimulated Canada's National Broadband Task Force to recommend an urgent review of the Government's foreign ownership rules for cable, telecommunications, and satellite providers. There has been much speculation about the consequences of any relaxation in foreign ownership restrictions. In the telecom and cable television sectors, the influx of foreign capital could trigger a series of investments and mergers that would transform the Canadian communications sector. In such a constantly shifting landscape, the CRTC's challenge would continue to be regulating the industry in the public interest.

Probing the broadcasting industry: Where do we go from here?

The way the Commission regulates the broadcasting industry will come under scrutiny as the Standing Committee on Canadian Heritage studies the state of the Canadian broadcasting system and how successful it has been in meeting the objectives of the *Broadcasting Act* of 1991. The Standing Committee will examine questions regarding Canadian content, cultural diversity and the development of new technologies and their impact on the industry. In short, the Committee members will probe the heart of the Canadian broadcasting system as we know it today and examine possible future directions. The Standing Committee's conclusions and recommendations, which are expected in 2003, could impact the very way the CRTC regulates the broadcasting industry.

# Section III: Outcomes for Canadians

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## Strategic Outcomes

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*To provide Canadians with Canadian communications that contribute fairly and equitably to Canada's economic, social and cultural prosperity.*

### Chart of Strategic Outcomes

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<i>To provide Canadians with:</i>	<i>To be demonstrated by:</i>	<i>Key Achievements and Challenges: (page reference)</i>
Cultural prosperity	<ul style="list-style-type: none"> <li>✓ Canadian content and programming</li> <li>✓ Development of Canadian creative talent</li> <li>✓ Cultural diversity</li> <li>✓ Linguistic duality</li> </ul>	<ul style="list-style-type: none"> <li>⇒ Canadian content and programming show steady growth (16)</li> <li>⇒ Viewing levels for English-language Canadian programming from 7 p.m. to 11 p.m. is a continuing challenge (18)</li> <li>⇒ Broadcasters invest in Canadian programming (18)</li> <li>⇒ And develop Canadian talent (19)</li> <li>⇒ Multilingual programming supports ethnic communities (20)</li> <li>⇒ Francophone minorities to have improved French-language service (20)</li> </ul>
Social prosperity	<ul style="list-style-type: none"> <li>✓ Access to a variety of innovative, high quality communications services</li> <li>✓ Reasonable prices</li> <li>✓ Meeting consumer needs</li> </ul>	<ul style="list-style-type: none"> <li>⇒ CRTC licences 289 new digital channels (21)</li> <li>⇒ Service improvement plans extend more and better services to Canadians (22)</li> <li>⇒ Affordable telephone access for all Canadians (22)</li> <li>⇒ Dial 211 for public information and referral services (23)</li> <li>⇒ Telemarketing restrictions extended (23)</li> <li>⇒ Increasing demand puts pressure on telephone number supply (24)</li> <li>⇒ Access to communications services for all Canadians (24)</li> <li>- Descriptive Video</li> </ul>
Economic prosperity	<ul style="list-style-type: none"> <li>✓ Competitive markets and services</li> </ul>	<ul style="list-style-type: none"> <li>⇒ Canada's communications industry is growing and becoming more competitive (25)</li> <li>⇒ Long distance rates plunge (26)</li> <li>⇒ Local competition lags behind expectations (28)</li> </ul>
Equity and fairness	<ul style="list-style-type: none"> <li>✓ Commission processes that are fair, credible and effective</li> </ul>	<ul style="list-style-type: none"> <li>⇒ Alternative dispute resolution mechanism expedites process (29)</li> <li>⇒ Reducing the regulatory burden for small cable companies (29)</li> <li>⇒ Implementing the service improvement initiative (30)</li> <li>⇒ Application processing times decrease (31)</li> <li>⇒ Meeting the Government's objectives               <ul style="list-style-type: none"> <li>- CRTC on-line (31)</li> <li>- Ensuring new ideas and continuity: Human resources are key (32)</li> </ul> </li> </ul>

## Performance Accomplishments

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### Linking outcomes to resources

The CRTC's operating budget for the fiscal year 2000-2001 was \$39.6 million. We undertook our regulatory activities and achieved our results in a cost-effective manner and within the approved budget allocation.

Several of the results documented in this report took many years to accomplish and the associated resource allocations came from budget levels approved in multiple fiscal years. The CRTC is moving toward a system whereby we will be able to link outcomes to multi-year resource allocations. Specifically, with the introduction of changes to the Government's accounting practices under the Financial Information Strategy, Modern Comptrollership initiatives, and other changes being implemented at the CRTC – such as activity based reporting – we are actively working towards linking results to multi-year financial data.

### Cultural prosperity

The Government is committed to sustaining a vibrant Canadian culture through cultural policies that focus on excellence in the creative process and on diverse Canadian content (Speech from the Throne, 2001). The CRTC has contributed, and will continue to contribute, directly to the development of Canada's creative talent and to programming that reflects our linguistic duality and cultural diversity by employing a variety of policy and regulatory mechanisms. As the following performance highlights illustrate, the Commission's regulations regarding Canadian content and policies that provide for funds to develop Canadian talent have resulted in substantial growth in the availability of high quality Canadian productions in a wide variety of languages that reflects our cultural diversity.

#### *Canadian content and programming show steady growth*

The CRTC's regulations and licensing requirements guarantee Canadians access to quality Canadian programming. The *Broadcast Policy Monitoring Report, 2000* [http://www.crtc.gc.ca/ENG/publications/reports/PolicyMonitoring/BPMR1\\_e.htm](http://www.crtc.gc.ca/ENG/publications/reports/PolicyMonitoring/BPMR1_e.htm), provides details regarding how these regulations have supported steady growth in Canadian programming over time.

#### Radio

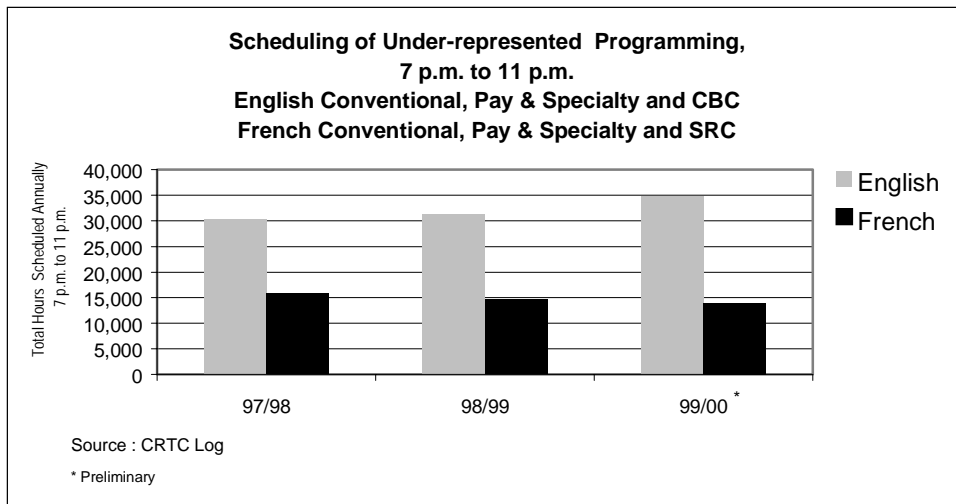
- ✓ The CRTC has set the minimum Canadian content level for Canada's English- and French-language radio stations at 35%. For French-language stations, at least 65% of the vocal music must be in the French language.



- ✓ The CRTC routinely analyzes the Canadian content of English- and French-language stations. The results of these analyses demonstrate that Canadian stations are meeting the requirements.
- ✓ Canadian artists benefit directly from our Canadian content regulations. Frequent airing of Canadian artists' music contributes to their recognition, appreciation, and, ultimately, to their success.

Television

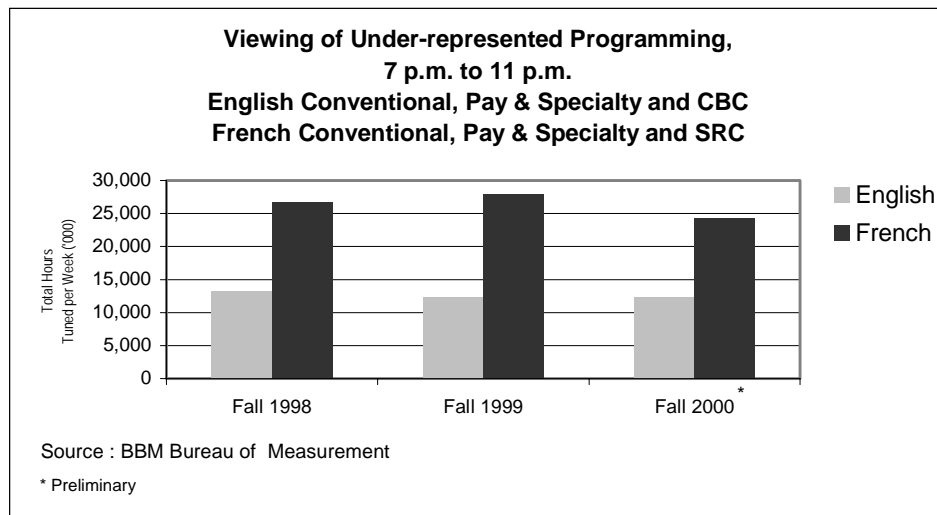
- ✓ The CRTC requires Canada's conventional broadcasters to air at least 60% Canadian programming during the broadcast day (6 a.m. to midnight) and at least 50% Canadian programming during the evening (6 p.m. to midnight). Requirements for specialty stations range from 30% to 100% Canadian content.
- ✓ Scheduling of under-represented Canadian programming (drama, music and variety) in the evening hours has been a Commission priority for years. Our new television policy continues to address the issue, but expands the categories of programming to include long-form documentaries, regionally-produced and entertainment magazine programs, and places them under the heading "priority programming". The graph below charts our progress in increasing the hours of under-represented programming scheduled on English-language television from 7 p.m. to 11 p.m.; such programming has always been well represented in French-language television.



We will continue to monitor the scheduling of priority programming and to report our progress in subsequent performance reports.

*Viewing levels for English-language Canadian programming from 7 p.m. to 11 p.m. is a continuing challenge*

While the CRTC has had tremendous success in bringing Canadian programming to all Canadians, the trend in viewing of English Canadian programming in peak viewing periods has not kept pace with its availability. The graph below illustrates how audiences for English-language programming in the under-represented categories remain at relatively low levels between 7 p.m. and 11 p.m.



The viewing data for under-represented and priority English-language Canadian programming from 7 p.m. to 11 p.m. identifies a persistent challenge for the CRTC. We also acknowledge a small decline in the viewing of French-language under-represented programming; however, overall levels remain high. While the Commission cannot regulate individual tastes – such as the taste for foreign comedy and drama programming – it will continue to hold public consultations and to license services in order to provide Canadians with a wide variety of choices in quality Canadian programming. In August 2001, we demonstrated our commitment to ensuring the availability of priority programming when we required CTV and CanWest Global to air 8 hours of Canadian priority programming between 7 p.m. and 11 p.m. every week as a condition of their licence renewals.

*Broadcasters invest in Canadian programming...*

As a result of the CRTC's Canadian content requirements and other licensing conditions, Canada's broadcasters invest heavily in the development of Canadian programming. For example, in the broadcast year ending 31 August 2000

- ✓ Conventional private television licensees invested \$518 million (27.7% of their total revenue) in Canadian programming; investment in foreign programming totaled \$424.5 million (23% of their total revenue).

- ✓ Cable and satellite service providers invested \$183 million (7.5% of their total revenue) in the following way:
  - ✓ \$86 million to the Canadian Television Fund;
  - ✓ \$12 million to Independent Funds; and
  - ✓ \$85 million to other programming expenses, including community programming.
  
- ✓ Specialty services invested \$461 million (36% of their total revenue) in Canadian programming; their investment in foreign programming totaled \$169.5 million (15% of their total revenue).

*And develop Canadian creative talent*

Mergers, acquisitions, and other transfers of ownership will continue to be part of the shifting landscape in the Canadian broadcasting industry. The CRTC has ensured that Canadians benefit from these transactions through policies directing broadcasters to contribute a portion of the value of each transaction to the Canadian broadcasting industry and to the development of Canadian talent.

Radio

- ✓ As a general rule, the CRTC requires commercial radio operators to contribute at least 6% of the value of all transfers of ownership and control directly to the development of Canadian talent.
  - ✓ Between April 1998 and September 2000, there were 54 transactions involving 199 radio stations. These transactions resulted in a \$52.5 million benefit for the development of Canadian talent.
  
- ✓ The CRTC also asks all licensees of private, commercial radio stations to make an annual financial commitment to Canadian talent development as part of their licence renewal applications. In 2000, those contributions totaled \$1.84 million.

Television

- ✓ The CRTC requires commercial television broadcasters to contribute at least 10% of the value of all transfers of ownership and control directly to the Canadian broadcasting system.
  - ✓ The newly integrated BCE/CTV will contribute \$230 million to the Canadian broadcasting system over the next seven years. Of that total, \$133 million will be devoted to independent producers.
  - ✓ Quebecor's takeover of TVA will result in a \$48.9 million contribution to the Canadian broadcasting system over the next seven years. We also expect that TVA will increase its spending on independent productions from \$16 million per year in 2001-2002 to \$20 million per year by 2007-2008.

### *Multilingual programming supports ethnic communities*

Programming in a variety of different languages helps to sustain Canada's unique cultural mosaic. Our regulations require that ethnic radio and television stations devote a minimum of 60% of their broadcast week to ethnic programming and a minimum of 50% of their broadcast week to third language programming. The 13 CRTC licenced ethnic radio stations across Canada serve at least 50 different language groups, ranging from Afgan to Yiddish<sup>1</sup>.

Table 2.1: Availability of multilingual programming in selected locations

Location	Languages	Number of stations	Broadcast hours/week
Vancouver	38	3	339
Edmonton	21	1	97.5
Calgary	28	1	163
Winnipeg	14	1	75.5
Toronto	49	6	714
Montréal	21	1	119.5

Source: CRTC *Broadcasting Policy Monitoring Report, 2000*

Canadian television also supports our cultural diversity. The Toronto and Montréal markets are each served by conventional, multilingual television services. Cable and satellite subscribers in these and other markets have access to nationally distributed ethnic services. The CRTC is committed to meeting the growing demand for ethnic programming. For example, in response to strong demand for better service for the multicultural, multilingual and multiracial population of Greater Vancouver, the CRTC issued a call for applications under its Ethnic Broadcasting Policy to provide over-the-air ethnic television service to Vancouver.

### *Francophone minorities to have improved French-language services*

The January 2001 Speech from the Throne also highlighted the Government's commitment to protect and promote our two official languages from coast to coast. In keeping with the Government's pledge to "support sustainable official language communities and a strong French culture and language" the CRTC has taken several decisions that will enable minority Francophone communities to access more French-language services while maintaining their choice of whether or not to subscribe to them.

Prior to making these decisions, the CRTC held extensive national public consultations. We examined issues concerning the provision of French-language radio and television services (including specialty services) in communities where Francophones are in the minority. After weighing public input and the technological

*Enabling minority  
Francophone communities  
to access more French-  
language services*

<sup>1</sup> For more details, see the CRTC's *Broadcasting Policy Monitoring Report, 2000* or visit [http://www.crtc.gc.ca/ENG/publications/reports/PolicyMonitoring/BPMR1\\_e.htm](http://www.crtc.gc.ca/ENG/publications/reports/PolicyMonitoring/BPMR1_e.htm).

constraints inherent in this period of transition from the analog to digital modes of distribution, the CRTC decided that:

- ✓ Based on the number of subscribers and the capacity of digital technology, licensees will be required to offer more Canadian pay and specialty television services, in English and French, to better respond to the needs of audiences whose official language is that of the minority.
- ✓ Analog cable distributors will be required to distribute at least one CBC signal and one Société Radio-Canada signal.

The CRTC also encourages more production of quality programs that showcase Francophone minorities, increased broadcasting of French-language regional productions, and more frequent use of independent producers from outside Quebec.

### Social prosperity

The CRTC is committed to providing Canadians with access to a variety of innovative, high quality communications services. In order to learn what Canadians need and want from their communications services providers, the CRTC invites citizens to participate in its public processes and welcomes their proposals and input on all issues. The CRTC carefully weighs all of the evidence, including the public input, before deciding how to regulate, or to forbear from regulating, Canadian communications industries.

There are risks associated with consultative processes. As opinions will always differ on any given subject, all participants in our public processes will not always be satisfied with the outcomes. Nevertheless, the CRTC strongly encourages extensive public input in its decision-making processes and will continue to welcome such participation to help it determine what benefits Canadians want from their communications industries and what costs they are willing to pay for those benefits.

The following achievements highlight the CRTC's commitment to providing Canadians with communications services that meet their needs.

### *CRTC licences 289 new digital channels*

The global television broadcasting industry is upgrading to digital and the CRTC will be instrumental in facilitating the roll out of digital TV in Canada. The first major step toward digitization came with the approval of 289 applications to provide digital pay and specialty services. The Commission received over 450 applications for digital licences. Of those, we approved:

- ✓ 16 English and 5 French-language Category 1 applications;
- ✓ 262 Category 2 applications;
- ✓ 2 pay-per-view applications; and
- ✓ 4 video-on-demand applications.

Category 1 channels are those that cable and satellite service providers who use digital technology will be required to carry. In contrast, Category 2 licensees must negotiate with distributors for access. Cable and satellite service providers can choose whether or not to offer Category 2 channels to their subscribers who, in turn, can choose whether or not to subscribe to them. We anticipate that we may see the launch of between 40 and 50 of those channels in the fall of 2001.

The licensing of these new channels will:

- ✓ help drive the penetration of digital technology in Canada;
- ✓ provide new windows for Canadian talent;
- ✓ offer viewers a wide array of new choices; and,
- ✓ because they include a number of ethnic services in a variety of languages, provide diversity of voices across the broadcasting spectrum.

#### *Service improvement plans extend more and better services to Canadians*

In 1999, the CRTC adopted a basic service objective for telephone companies. Now, through service improvement plans, the companies are required to plan for and provide basic service to residences and businesses that are either unserved or underserved. The objective is to provide such services as single line touch-tone with local access to the Internet, access to operator and directory assistance services, and access to the long distance network as part of their service improvement plans.

In the last year, the CRTC approved service improvement plans (SIPs) filed by Northwestel, Northern Telephone, Amtelecom, North Frontenac and O.N. Telecom. Northern Telephone's SIP is particularly noteworthy. They identified 4,700 customers with two- or four-party lines and an estimated 1,000 additional unserved customers. Those customers will be upgraded or provided with service over the course of the next three years. During that same period, Northwestel will extend service to over 500 customers and upgrade local access service to another 2,500 customers.

The CRTC has also initiated a review of the major telecommunications companies' (such as Bell, Telus, Telus Quebec and Télébec) SIPs and it anticipates that they will unroll their service improvement plans beginning in 2002.

#### *Affordable telephone access for all Canadians*

One of the Commission's goals is to facilitate affordable local residential telephone service to all Canadians. Canada is one of the best-connected countries in the world, due, in large part to the CRTC's policies and decisions. Over the last decade, between 98 and 99 percent of all Canadian households have had at least one telephone.

To smooth the progress of affordable local residential service for Canadians in rural and remote areas, the Commission developed a new contribution collection mechanism. This mechanism provides a subsidy for the provision of local residential service in high-cost

serving areas. The subsidy means that Canadians living in areas where the cost of providing local telephone service exceeds the revenue it generates for the telephone company have access to affordable basic local residential service. In the past year, the Commission has reviewed and revised the contribution mechanism to promote competition and economic efficiency while extending fair and equitable treatment to all ratepayers. Ultimately, our purpose is to ensure that Canadians in high-cost serving areas continue to have access to high quality telephone service at affordable rates.

While some Canadians have seen increases in their local residential telephone service charges, the impact has been relatively low, in part because of another Commission regulatory decision. To provide a form of price protection to consumers, the CRTC adopted a regulatory regime known as 'price caps'. The price cap regime sets an upper limit for a basket of local services. That limit generally restricts price changes to the annual change in the rate of inflation minus an adjustment for productivity gains.

Since the inception of the price cap regime in 1998, the average annual rate changes in basic residential service have been less than 2%. While rural rates rose more than the 2% average in Western and Central Canada in 2000, rural rates generally remain lower than urban rates. In the Atlantic Provinces, urban and rural rates are equal and have not increased since 1998. The Commission is currently reviewing the price cap regime to determine, among other things, what changes, if any, are necessary for the Commission to achieve its objective of affordable telephone access for all Canadians.

#### *Dial 211 for public information and referral services*

By allocating the 211 number to a community information and referral service, the Commission is helping communities to help themselves. When operational, the 211 service will provide a single point of contact and referral for people seeking assistance from government health and social agencies and reduce the frustration and confusion that often accompany attempts to find the right person or agency. Having a nationally recognized and locally implemented 211 service will also help various community agencies, such as the United Way, local distress centres, Kids Help Phone, and volunteer centres, to better plan services to meet emerging community needs. The CRTC Interconnection Steering Committee (CISC) will be asked to address any potential technical implementation difficulties. The telecommunications carriers will bear the costs of re-routing the calls from current information and referral numbers to 211.

*"The 211 service will help the public find the right person or agency much faster"*  
*David Colville, CRTC Chairperson,*  
*August 9, 2001*

#### *Telemarketing restrictions extended*

Canadians are tired of receiving unsolicited faxes and voice solicitations. In 1999, the CRTC received an average of 162 complaints per month about telemarketers. In 2000, that number increased by 73% to 280 complaints per month. The Commission has taken

steps to provide Canadians with relief. On March 5, 2001, the Commission extended telemarketing restrictions to all telecommunications service providers. These rules include restrictions on certain types of telemarketing communications and penalties for breaking those rules<sup>2</sup>. Now, no matter where they live or what type of telecommunications service provider they use, Canadians can ask that individual telemarketers remove their telephone number from telemarketing lists. All people and organizations that place calls to solicit money or sales must provide an address and telephone number where Canadians can make that request.

The CRTC is currently consulting Canadians for their input on how well the rules meet their needs and whether or not they think changes are required.

### *Increasing demand puts pressure on telephone number supply*

The proliferation of new services, the growth in existing services, and the introduction of local competition have created a strong demand for new telephone numbers. Based on this demand, the administrator of the North American Numbering Plan estimates that our current supply of telephone numbers (theoretically 6.3 billion) could become exhausted within the decade. The Commission has been, and will continue to be, proactive in managing this situation. We have established a CISC task force to examine the issues and their potential solutions from a Canadian perspective. We have also sought public comments on the numbering expansion options that the North American numbering committees are contemplating. In an effort to ensure Canadians will continue to have access to telephone numbers when they are needed, we also took steps to secure 27 additional area codes for Canada's exclusive use.

Our goal is to delay the need to expand beyond the current ten-digit plan for as long as possible. We will continue to work in cooperation with the Federal Communications Commission, the Industry Numbering Committee and the US North American Numbering Council to explore alternative numbering plans and to manage Canadian numbering resources in the most efficient and effective manner to reach that goal.

### *Access to communications services for all Canadians*

Canadians have long had access to closed captioning for the hearing impaired. Now, there is an analogous tool available for use by vision-impaired television viewers. Descriptive video, a narration of the play-by-play action on the screen, makes films, documentaries and programs accessible to people who cannot see all of the visual clues. The CRTC is committed to making descriptive video accessible to all visually-impaired Canadians.

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<sup>2</sup> For details regarding the telemarketing rules, please visit <http://www.crtc.gc.ca/ENG/NEWS/RELEASES/2001/I010305.htm>



The CRTC's recent group licensing renewal decisions (CTV, CanWest Global, and TVA) included conditions whereby these large broadcasters must increase both the amount of closed-captioning for the hearing impaired and the availability of descriptive video. The Commission expects the networks to start providing descriptive programming and to increase the amount to four hours by 2005.

### *Economic prosperity*

It has been argued that a strong, competitive communications industry is as vital to the Canadian economy in the 21<sup>st</sup> century as the transcontinental railroad was in the 19<sup>th</sup> century. The CRTC's policies and competitive frameworks have fostered a strong and competitive industry. Competition in the long distance communication market has encouraged new firms to enter the market and existing firms to create new services in order to retain their customer base. In the broadcasting realm, satellite service providers now compete with the cable companies for subscribers. These and other initiatives directly support the Government's stated objectives of strengthening the Canadian economy and improving the physical infrastructure.

### *Canada's communications industry is growing and becoming more competitive*

Due, in part, to the CRTC's support of competition, Canadians now have a wide variety of choices when selecting a telecommunications service provider. Sixty per cent of Canada's telecommunications services are now fully competitive. The other 40% is fully open to competition, but has not yet developed a competitive structure where two or more companies compete in most regions and product markets<sup>3</sup>. A variety of new services and service providers have emerged with competition. These services include wireline local and long distance services, analog and digital cellular and personal communications services, and satellite services. Telecommunications service providers in Canada include:

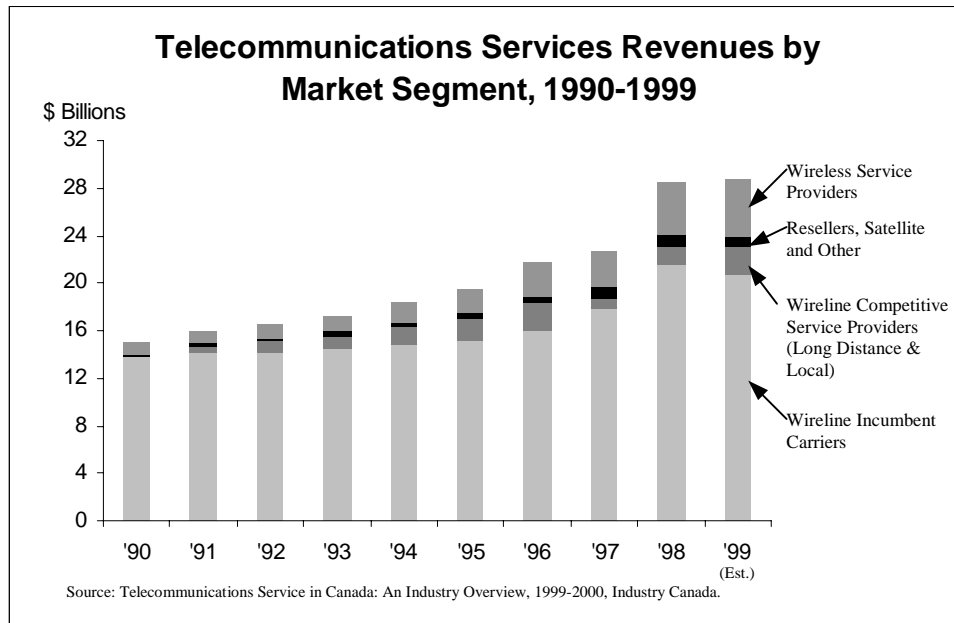
- ✓ 55 wireline incumbent carriers;
- ✓ 49 wireline competitive carriers;
- ✓ 11 wireless service providers;
- ✓ 6 satellite and other telecommunications service providers;
- ✓ 305 resellers; and
- ✓ 456 other service providers (i.e. payphones, international services, and Internet Service Providers).

In the last decade, telecommunications services revenue has increased by 92% to \$28.8 billion and telecommunications' share of the total gross domestic product has increased to about 2.5%. In spite of this dramatic increase in revenue and share of gross domestic

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<sup>3</sup> *Telecommunications Services in Canada: An Industry Overview, 1999-2000*, Industry Canada, 2001. Based on revenue, fully competitive services include long distance, wireless and other telecommunications related services; emerging competition includes local and domestic and Canada-US fixed satellite transmission services. This publication is also available electronically at <http://strategis.gc.ca/SSG/sf05414e.html>.

product, not all competitors have fared equally in the market place. Some firms are experiencing serious financial difficulties and six have actually withdrawn from the marketplace. The CRTC's role is to foster a competitive environment by implementing competitive frameworks that ensure a level playing field for all competitors; it is up to the



individual firms to manage for success.

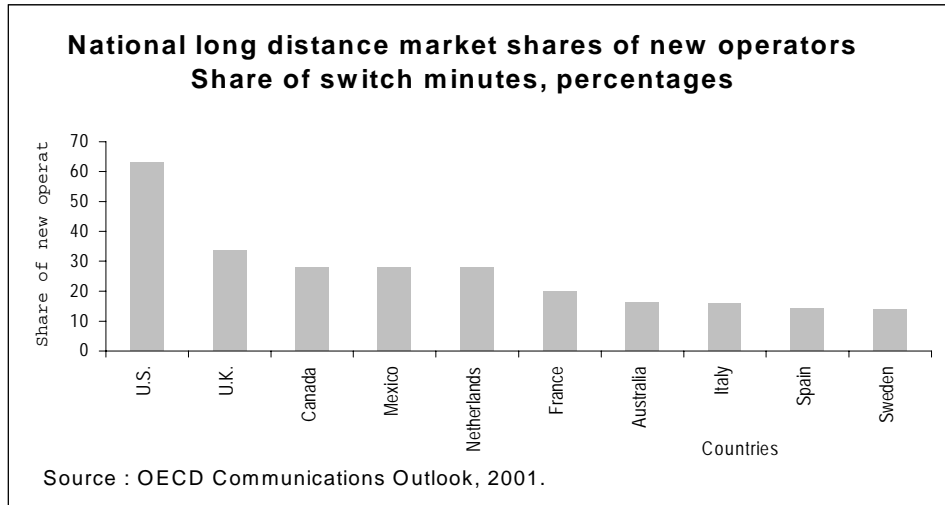
Encouraging a competitive telecommunications environment requires decisions on many complex issues. One such issue is access to wiring inside of buildings. We are currently developing a framework that will set out the terms and conditions for the installation and maintenance of building inside wire when telecommunications providers wish to access it in order to provide services to their customers.

The Commission's forthcoming *Report on Competition* will address the status of competition in Canadian telecommunications markets as well as the deployment and accessibility of advanced telecommunications in all regions of Canada.

### *Long distance rates plunge*

Since the CRTC introduced public long distance competition in 1992, Canadians have seen their long distance telephone rates fall steadily as new entrants devise and customize long distance packages to suit a variety of consumer needs and carve their niches in a rapidly expanding market. For example, some Canadians are now able to take advantage of monthly long distance savings plans that, with some time-of-day restrictions, offer 800 minutes of long distance service within Canada for \$20 or \$0.025 per minute. Long distance consumption has increased as rates have decreased. Between 1993 and 1999, long distance communications minutes grew by about 10% annually, or approximately

90% when compounded over that time period. Long distance revenue over the same period increased by only 13%<sup>4</sup>.



Other decisions we have made reduced costs for long distance providers. In March 2000 the Commission approved a 58% reduction (\$0.07 to \$0.03) per minute per end to the major incumbent telephone companies' Direct Connection service charge to competitive long distance service providers. In November of the same year, the revision of the contribution mechanism (details appear on page 22) spread the contribution burden over a broader range of service providers and thus significantly lowered the amount long distance providers will pay.

This year, the Commission was proud to welcome residents of Canada's north (Northwest Territories, Yukon, Nunavit, and northern British Columbia) to the benefits of long distance competition. Commencing on January 1, 2001, the long distance market in the portion of the country served by Northwestel was opened to toll competition, with off-peak rates set at \$.10 per minute, capped at \$25 for the first 600 minutes.

*"Canadians get a good deal on communications costs. The prices paid by Canadian consumers are still the lowest on the continent" The Yankee Group, 2001<sup>5</sup>*

In another decision, the Commission agreed to a transitional approach to regulation when SaskTel fell under CRTC jurisdiction on June 30th, 2000. SaskTel agreed to align their

<sup>4</sup> *Telecommunications Services in Canada: An Industry Overview, 1999-2000.* Industry Canada, 2001. See also: <http://strategis.gc.ca/S5G/sf05414e.html>

<sup>5</sup> The Yankee Group, 2001: <http://www.yankeegroup.com/webfolder/docmanager.nsf/01/68B506466FB4E55485256A63004B8BEE?opendocument>

terms and conditions of service with those of Canada's other major telephone companies. As a result, the CRTC forbore from regulating services such as long distance and wireless.

### *Local competition lags behind expectations*

Canadians have become accustomed to long distance competition and the savings it provides. To establish the remaining conditions necessary to make Canada one of the world's most competitive countries in the telecommunications sector, the Commission enabled local telephone service competition in May 1997. In the four ensuing years, the Commission approved tariffs for 20 local operators and received proposals from another 24<sup>6</sup>.

Most of today's local competition is in the business market; progress towards competition in the residential telephone market has been disappointing. Access to rights of way, high infrastructure costs and co-location issues have impeded the rapid expansion of local competition. The CRTC is committed to fostering competitive local telephone service in both the residential and business markets. To that end, the Commission has taken a number of steps:

- ✓ In the precedent setting City of Vancouver/Ledcor decision, the Commission ruled that the City of Vancouver is entitled to recoup only the actual costs it incurs in providing access to municipal rights-of-way but is not entitled to any form of market-based or other fees for the use of space in rights-of-way.
- ✓ Incumbent local exchange carriers filed proposals with the Commission to restructure their rate bands, to identify high-cost areas and to revise their local loop rates<sup>7</sup>. The Commission approved those proposals and anticipates that Canadians will benefit from the changes that will result. Subsidies for basic local service will be targeted in high-cost areas only. Reduced local loop rates will provide cost reductions for competitors providing service in the local telephone market, thus facilitating local competition.
- ✓ New entrants' use of equipment co-located in the incumbents' central offices is an important component of facilities-based local competitive entry. Over the last year, the Commission has adjusted co-location rules to ensure that new entrants can compete efficiently and effectively. In addition, the Commission has been examining co-location approaches internationally to determine what they might add to Canada's regime. Once this examination is complete, the Commission will consider whether its research has identified sufficient

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<sup>6</sup> *Telecommunications Services in Canada: An Industry Overview, 1999-2000*. Industry Canada, 2001 or <http://strategis.gc.ca/SSG/sf05414e.html>. Table B-5 contains a list of all registered and proposed Competitive Local Exchange Carriers.

<sup>7</sup> Local loops are the cables that run from customers' premises to the telephone exchange. Unbundling of the local loops made them available to competitive local exchange carriers. See also <http://www.crtc.gc.ca/archive/eng/Decisions/2001/DT2001-238.htm>

potentially realistic alternatives to warrant a public consultation on those alternatives.

### Equity and fairness for all

As a public regulatory agency, the CRTC is committed to consulting the industries it regulates, consumer groups, and the Canadian public on questions before it. The Commissioners base their decisions on those consultations and the detailed issue analyses performed by the Commission's professional staff. The Commission strives to ensure that all of its decisions are equitable and fair and in the best interests of the industries it regulates and Canadian citizens. The CRTC is also committed to streamlining its processes, ensuring those processes remain both open and transparent, making its information holdings accessible, reducing the administrative burden it places on the communications industries, and generally improving services to industry and the Canadian public.

#### *Alternative dispute resolution mechanism expedites process*

The CRTC Interconnection Steering Committee – a cooperative effort involving industry and public interest groups and the CRTC – was established as an alternative to formal and often lengthy public proceedings for the implementation of local competition. The CISC is a dynamic body that expands and contracts to meet the industry's changing needs. Within the last year, the number of permanent working groups has been reduced to eight while the number of ad-hoc working groups has increased to six. Since its inception, CISC has been instrumental in designing the process to implement the new contribution collection mechanism as well as resolving disputes on such issues as competitive payphones, co-location, and inbuilding wire.

When our other Alternative Dispute Resolution (ADR) mechanisms have been used, they have resolved industry disputes within an average of 60 days. The use of the ADR for non-policy and less complex disputes has reduced administrative burden on the industry, provided stakeholders with methods of more direct and effective input and resulted in speedier dispute resolution and greater stakeholder confidence in CRTC processes.

#### *Reducing the regulatory burden for small cable companies*

Reducing the regulatory burden on smaller cable companies will permit them to dedicate more of their resources to their customers. With this end in mind, the CRTC launched a review of its licensing and regulatory regime for cable distribution undertakings, with an emphasis on its dealings with smaller cable systems. The Commission's objectives are:

- ✓ to reduce the administrative burden on cable licensees and the CRTC;
- ✓ to ensure that we meet objectives of the *Broadcasting Act*; and
- ✓ to ensure that the public interest is served.

The Commission's new initiatives acknowledge the rapidly changing broadcast distribution environment and the growing consolidation and regionalization of the larger cable companies. They also address the needs of the smaller cable operators who function in an increasingly competitive marketplace. The CRTC has:

- ✓ exempt 441 cable systems that serve small and rural communities and have fewer than 2,000 subscribers from licensing and associated regulations; and
- ✓ proposed a system of regional licensing for cable systems where licensees will be issued a maximum of three cable licences for each licensee operating in a region. The three licences will cover each of the three classes of cable licences.

*Reducing the regulatory burden allows the cable companies and the CRTC to make more effective use of limited resources.*

The Commission believes that the first of the above initiatives will produce operational savings for smaller operators. There will be no licence fees and reduced administrative, legal and paperwork costs as a consequence of not having to deal with the Commission. Smaller cable systems will ultimately have greater flexibility. That flexibility will allow them to focus on customer service and delivery of new products and, ultimately, to be more competitive with the Direct to Home and Multiple Distribution Systems in their market.

The move to regional licensing would greatly reduce the amount of paper each licensee sends to the Commission and the administrative expenses associated with preparing that paper work. We see the conversion to regional licensing beginning with licences coming up for renewal in 2002, following public consultations that will be held in the fall of 2001 and the implementation of the required changes to the current regulations.

#### *Implementing the Service Improvement Initiative*

The Service Improvement Initiative (SII) is a key component of the Government's commitment to citizen-centred service delivery. This initiative aims to achieve a significant and quantifiable improvement in client satisfaction over the next five years.

Timely and effective service delivery is one of the CRTC's key management priorities. We recognize that the CRTC's ability to respond quickly and effectively to public concerns, and to applications from the industries it regulates, is critical to maintaining a strong and competitive communications environment. We are currently planning how we will implement the SII in the delivery of our key services to both the firms we regulate and to all Canadians with a view to maintaining and strengthening our highly competitive communications environment.

### *Application processing times show steady decrease*

Reduced waiting time, faster decisions, and, ultimately, enhanced industry competitiveness are a few of the results Canadians have realized, and will continue to experience, with the implementation of service standards for the processing of broadcasting applications. The CRTC implemented its first set of broadcasting service standards in April 2000. We witnessed a significant improvement in application processing times within the first year<sup>8</sup>. To further enhance the quality of its service, the CRTC will introduce even more rigorous standards on April 1, 2003.

We are bound by the *Telecommunications Act* to complete our deliberations on tariff applications within 45 days or to notify the applicants that we will not be able to do so. Over the course of the coming year, we will develop and implement more detailed service standards for telecommunications application processing.

### Meeting the Government's objectives

#### *The CRTC on-line*

The CRTC is committed to the Government-On-Line initiative and to implementing e-Government in as many aspects of its operation as is possible. A user survey taken in December 2000 suggested that our web site is a valuable tool. Of the 866 respondents who were not CRTC employees, fully 83% had visited the site before and 60% visited the site either daily (33%) or a few times a week (27%). Whether looking for specific documents or information on proceedings, just over 67% of the survey's respondents gave our site either the highest or the second highest rating available.

We launched our common-look web site in June 2001 <http://www.crtc.gc.ca/> and our electronic complaints and inquiries facility is also up and running. To further our responsiveness to Canadians, we are part of the Canadian Consumer Gateway<sup>9</sup> and we are currently preparing additional consumer information for our web site.

Our dedication to e-Government will also directly benefit the industries we regulate. We are currently upgrading or re-creating all of our broadcasting application forms and we expect them to be ready and operational no later than March 31, 2002. In addition, we will implement a secure channel system for telecommunications applicants for the submission of the confidential portions of their applications. This system will, in due course, replace the filing of diskettes.

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<sup>8</sup> For further details, see <http://www.crtc.gc.ca/archive/ENG/Circulars/2000/C2000-440.htm> for the service standards and <http://www.crtc.gc.ca/eng/publications/reports/standardse.htm> for our service results to 31 March 2001.

<sup>9</sup> For further details, see <http://consumerinformation.ca/>.

*Ensuring new ideas and continuity: Human resources are key*

The Government's initiative to revitalize the Public Service requires commitment to recruiting new talent, developing existing capabilities, retaining staff, and actively engaging in succession planning. In the past year, the CRTC engaged in an aggressive two-pronged recruitment campaign. Through newspaper advertisements we recruited significant new talent for our expanding telecommunications operation. We also participated in the Government's Management Trainee Program for the first time and committed ourselves to employ two management trainees. These new additions to the CRTC bring fresh new ideas and increase its ability to groom successors for the more senior staff who will be retiring over the next five years. Together, these initiatives bring both new ideas and continuity to the CRTC, thereby enabling the industries it regulates and the Canadian public to remain confident in its processes and decisions.

*Other forthcoming initiatives*

We would also like to preview a few of the initiatives that we will be setting in motion on behalf of Canadians in the forthcoming months. In the telecommunications sector, we will work to ensure that our frameworks foster competition, to provide an appropriate regulatory environment to serve our customers efficiently, to ensure consumer interests will remain a priority, and to ensure local exchange carriers are efficiently and effectively regulated. We will develop a comprehensive system to monitor the state of competition and to ensure that the competitive processes are working on behalf of all Canadians. Finally, we will take measures to improve consumer awareness of the services that are available, their alternatives, and their rights and obligations.

In the broadcasting sector, we will continue to encourage choice and a Canadian presence. We will strive to maximize Canadian content in all media and encourage the delivery of a broad range of communications services, both analog and digital. We will encourage communications services that reflect Canadian values and are responsive to consumer needs; facilitate the development of more community oriented programming; and ensure that Canadians have a broad range of communications services and service providers. We will also ensure an innovative and responsive organization by increasing public awareness and our dialogue with Canadians; refocusing and transforming our processes to be more responsive to Canadians; investing in our employees; and ensuring accountability to Canadians and to those we regulate.



# APPENDICES

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## Appendix A: Financial Information & Summary Tables

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Throughout this performance report, we have recounted our accomplishments from the perspective of our new Planning, Reporting and Accountability Structure's (PRAS) single business line. Our financial reporting is presented in terms of our former business lines – Canada's Voices and Choices for Canadians – to maintain consistency with our Report on Plans and Priorities, 2000-2001. Next year, our financial report will reflect our one business line.

<b>Canada's Voices</b>	
Planned Spending	\$19.7 million
<i>Total Authorities</i>	<i>\$21.0 million</i>
<b>2000-2001 Actuals</b>	<b>\$20.9 million</b>

<b>Choices for Canadians</b>	
Planned Spending	\$18.3 million
<i>Total Authorities</i>	<i>\$18.6 million</i>
<b>2000-2001 Actuals</b>	<b>\$18.6 million</b>

## Financial Summary Tables

Table 1: Financial Requirements by Authority

Table 2: Comparison of Total Planned to Actual Spending

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

Table 4: Comparison of 2000-2001 Planned Spending and Total Authorities to Actual Expenditures by Organization and Business Line

Table 5: Revenue by Business Line

Table 6: Contingent Liabilities

**Table 1 Financial Requirements by Authority - 2000-2001  
(\$ millions)**

Vote	Canadian Radio- television and Telecommunications Commission	2000-2001		
		Planned Spending	Total Authorities	Actual
70	Program expenditures	3.4	4.5	4.4
(S)	Contribution to employee benefit plans	4.5	5.0	5.0
	<b>Total CRTC</b>	<b>7.9</b>	<b>9.5</b>	<b>9.4</b>

**Table 2 Comparison of Total Planned to Actual Spending  
(\$ millions)**

<b>Business Lines</b>	<b>FTEs</b>	<b>Operating</b>	<b>Capital</b>	<b>Grants &amp; Contributions</b>	<b>Total Gross Expenditures</b>	<b>Less: Respendable Revenue</b>	<b>Total Net Expenditures</b>
<b>Canada's Voices</b>	228	19.7	-	-	19.7	15.7	4.0
<i>(Total Authorities)</i>	236	21.0	-	-	21.0	16.6	4.4
<b>(Actuals)</b>	<b>226</b>	<b>20.9</b>	-	-	<b>20.9</b>	<b>16.6</b>	<b>4.3</b>
<b>Choices for Canadians</b>	202	18.3	-	-	18.3	14.4	3.9
<i>(Total Authorities)</i>	194	18.6	-	-	18.6	13.5	5.1
<b>(Actuals)</b>	<b>185</b>	<b>18.6</b>	-	-	<b>18.6</b>	<b>13.5</b>	<b>5.1</b>
<b>Total (Planned)</b>	430	38.0	-	-	38.0	30.1	7.9
<i>(Total Authorities)</i>	430	39.6	-	-	39.6	30.1	9.5
<b>(Actuals)</b>	<b>411</b>	<b>39.5</b>	-	-	<b>39.5</b>	<b>30.1</b>	<b>9.4</b>
<b>Other Revenue and Expenditures</b>							
<b>Non-Respendable Revenue</b>							(89.2)
<i>(Total Authorities)</i>							(92.3)
<b>(Actuals)</b>							<b>(92.3)</b>
<b>Cost of Services Provided By Other Departments</b>							16.1
<i>(Total Authorities)</i>							13.3
<b>(Actuals)</b>							<b>13.3</b>
<b>Net Cost of Program*</b>							(65.2)
<i>(Total Authorities)</i>							(69.5)
<b>(Actuals)</b>							<b>(69.4)</b>

\* Brackets indicate that the revenue received exceeds the gross costs of the program.

**Table 3 Historical Comparison of Total Planned versus Actual Spending by Business Line (\$ millions)**

Business Lines	Actual 1998-99	Actual 1999-00	2000-2001		
			Planned Spending	Total Authorities	Actual
Voices	19.1	20.1	19.7	21.0	20.9
Choices	17.8	17.5	18.3	18.6	18.6
<b>Total</b>	<b>36.9</b>	<b>37.6</b>	<b>38.0</b>	<b>39.6</b>	<b>39.5</b>

**Table 4 Comparison of 2000-2001 Planned Spending and Total Authorities to Actual Expenditures by Organization and Business Line (\$ millions)**

Organization	Business Lines		
	Canada's Voices	Choices for Canadians	Totals
<b>Executive</b>	1.6	1.7	3.3
<i>(Total Authorities)</i>	1.6	1.6	3.2
<i>(Actuals)</i>	1.6	1.6	3.2
<b>Executive Director, Telecommunications</b>	0.1	7.6	7.7
<i>(Total Authorities)</i>	0.2	7.3	7.5
<i>(Actuals)</i>	0.1	7.3	7.4
<b>Executive Director, Broadcasting</b>	9.3	-	9.3
<i>(Total Authorities)</i>	9.4	-	9.4
<i>(Actuals)</i>	9.2	-	9.2
<b>Legal</b>	0.9	0.8	1.7
<i>(Total Authorities)</i>	0.9	0.9	1.8
<i>(Actuals)</i>	0.9	0.9	1.8
<b>Secretariat &amp; Client Services</b>	3.4	3.4	6.8
<i>(Total Authorities)</i>	4.1	4.0	8.1
<i>(Actuals)</i>	4.3	4.0	8.3
<b>Finance &amp; Corporate Services</b>	2.6	2.8	5.4
<i>(Total Authorities)</i>	2.8	2.8	5.6
<i>(Actuals)</i>	2.8	2.8	5.6
<b>Human Resources</b>	0.8	0.9	1.7
<i>(Total Authorities)</i>	1.0	1.0	2.0
<i>(Actuals)</i>	1.0	1.0	2.0
<b>Communications</b>	1.0	1.1	2.1
<i>(Total Authorities)</i>	1.0	1.0	2.0
<i>(Actuals)</i>	1.0	1.0	2.0
<b>Total (Planned)</b>	19.7	18.3	38.0
<i>(Total Authorities)</i>	21.0	18.6	39.6
<i>(Actuals)</i>	20.9	18.6	39.5
<b>% of Total</b>	<b>52.9</b>	<b>47.1</b>	<b>100</b>

<b>Table 5 Revenue by Business Line (\$ millions)</b>					
<i>Respendable Revenue</i>					
Business Line	Actual 1998-99	Actual 1999-00	2000-2001		
			Planned Revenue	Total Authorities	Actual
Canada's Voices*	15.5	16.3	15.7	16.6	16.6
Choices for Canadians**	13.8	13.0	14.4	13.5	13.5
<b>Total Respendable Revenue</b>	<b>29.3</b>	<b>29.3</b>	<b>30.1</b>	<b>30.1</b>	<b>30.1</b>
<i>Non-Respendable Revenue</i>					
Business Line	Actual 1998-99	Actual 1999-00	2000-2001		
			Planned Revenue	Total Authorities	Actual
Canada's Voices*	75.0	80.4	85.1	88.2	88.2
Choices for Canadians**	4.3	4.6	4.1	4.1	4.1
<b>Total Non- Respendable Revenue</b>	<b>79.3</b>	<b>85.0</b>	<b>89.2</b>	<b>92.3</b>	<b>92.3</b>
<b>Total Revenue</b>	<b>108.6</b>	<b>114.3</b>	<b>119.3</b>	<b>122.4</b>	<b>122.4</b>
* Broadcasting licence fees. ** Telecommunications fees.					

<b>Table 6 Contingent Liabilities (\$ millions)</b>			
	March 31, 1999	March 31, 2000	Current as of March 31, 2001
Litigations	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0*</b>
* Note: In the Public Accounts for the period ending March 31, 2001, a contingent liability totalling \$2,500 was identified.			

## Explanation of Revenue

### *Broadcasting Licence Fees*

Section 11 of the *Broadcasting Act* empowers the Commission to make regulations respecting licence fees. Pursuant to this section of the Act, the Commission implemented new *Broadcasting Licence Fee Regulations*. This was in direct response to a Treasury Board decision granting the CRTC "vote netting" authority for regulation of the broadcasting industry. The CRTC now requires funding, in the form of licence fee

revenue, by April 1 of each year to finance the Commission's operating expenditures for the regulation of the broadcasting industry.

These regulations apply to all licensees other than those classes of undertakings specifically exempted under section 2 of the fee regulations. Every licensee subject to those regulations is required to pay annually to the Commission a Part I licence fee, payable on April 1 each year and a Part II licence fee, payable on or before November 30 each year. The Part I fee is based on the broadcasting regulatory costs incurred each year by the Commission and other federal departments or agencies, excluding spectrum management costs, and is equal to the aggregate of:

- ✓ the costs of the Commission's Broadcasting Activity; and
- ✓ the share that is attributable to the Commission's Broadcasting Activity of:
  - ✓ the costs of the Commission's administrative activities, and
  - ✓ the other costs that are taken into account to arrive at the net cost of the Commission's program, excluding the costs of regulating the broadcasting spectrum.

There is an annual adjustment amount to the Part I fee to adjust estimated costs to actual expenditures. Any excess fees are credited to the licensee in the following year's invoice while shortfalls are charged to the licensees.

The Part II fee amounts to 1.365% of a licensee's gross revenue in excess of an applicable exemption limit. A portion of the Part II fees collected by the CRTC is allocated to cover the expenses of Industry Canada for services provided through its Spectrum Management and Regional Operations Activity, including the certification of broadcast undertakings, the broadcast inspection program and the investigation of complaints of interference to broadcast reception.

For 2000-2001, a total of \$103.8 million was collected from broadcasting undertakings (\$22.2 million in Part I fees and \$81.6 million in Part II fees).

### *Telecommunications Fees*

The *Telecommunications Fees Regulations*, 1995 made under section 68 of the *Telecommunications Act*, set out the formula for collecting telecommunications fees from the carriers that the Commission regulates. Each company that files tariffs must pay fees based on its operating revenue, as a percentage of the revenue of all the carriers that file tariffs.

The annual fees the CRTC collects is equal to the aggregate of:

- ✓ the cost of the Commission's telecommunications activity;
- ✓ the share of the costs of the administrative activities that is attributable to its telecommunications activity; and



- ✓ the other costs included in the net cost of the Commission's program attributable to its telecommunications activity.

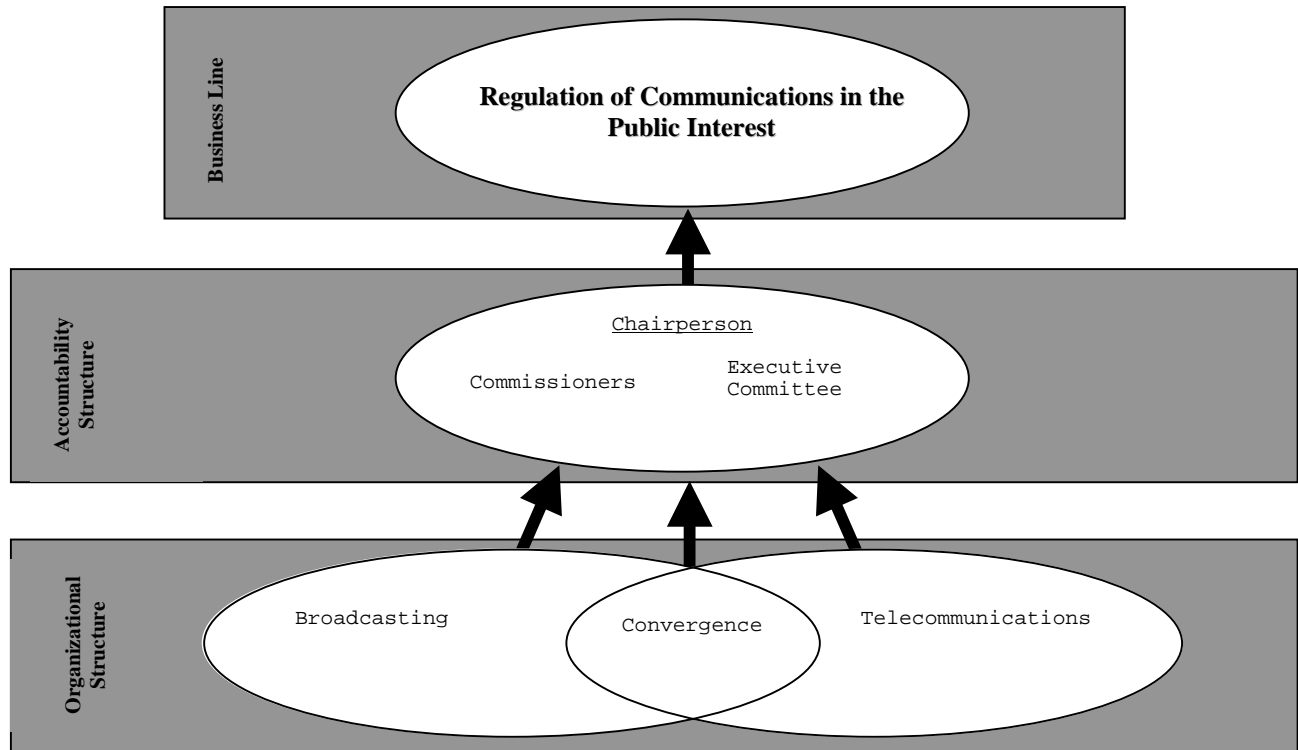
These costs are set out in the Expenditure Plan published in the Estimates of the Government of Canada. In 1995-1996, the Commission obtained authority for basing revenue on current year estimates and adjusting the annual telecommunications fees charged to the Commission's actual expenditures on telecommunications activities during the fiscal year. Any excess fees are credited to the carriers, while shortfalls are subject to an additional billing.

For 2000-2001, \$18.6 million was collected in CRTC telecommunications fees.



## Appendix B: CRTC Activity Structure

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## Appendix C: Contacts for Further Information

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### CRTC Members

Chairperson	<i>David Colville</i>	(819) 997-3430
Vice-Chairperson, Broadcasting	<i>Andrée P. Wylie</i>	(819) 997-8766
Vice-Chairman, Telecommunications	<i>David Colville*</i> (Atlantic)	(819) 997-3430 (902) 426-7997
Commissioner	<i>Andrew Cardozo</i>	(819) 997-4330
Commissioner	<i>David McKendry</i>	(819) 997-4813
Commissioner	<i>Joan Pennefather</i>	(819) 953-7882
Commissioner	<i>Jean-Marc Demers</i>	(819) 997-4206
Commissioner	<i>Stuart Langford</i>	(819) 953-2935
Commissioner	<i>Barbara Cram*</i> (Manitoba/Saskatchewan)	(819) 997-4485 (204) 983-6306
Commissioner	<i>Andrée Noël*</i> (Quebec)	(819) 997-3831 (514) 496-2370
Commissioner	<i>Ronald D. Williams*</i> (Alberta/Northwest Territories)	(819) 953-0435 (780) 455-6390
Commissioner	<i>Martha Wilson*</i> (Ontario)	(819) 997-2431 (416) 954-6269
Commissioner	<i>Cindy Grauer*</i> (B.C./Yukon)	(819) 997-9411 (604) 666-2914

\* These commissioners also have regional responsibilities.

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## Appendix D: Legislation Administered and Associated Regulations

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### Statutes

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

### Regulations and Rules of Procedure

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





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