

Canadian Radio-television and Telecommunications Commission

2021–22

Quarterly financial report for the quarter ended
September 30, 2021

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Canada

Canadian Radio-television and Telecommunications Commission
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**Statement outlining results, risks and significant changes in
operations, personnel and programs**

1. Introduction

This quarterly financial report (QFR) has been prepared by management as required by section 65.1 of the *Financial Administration Act* and in the form and manner prescribed by the Treasury Board. This QFR should be read in conjunction with the [Main Estimates](#). It has not been subject to an external audit or review.

A summary description of the Canadian Radio-television and Telecommunications Commission's (CRTC) raison d'être and core responsibilities can be found in [Part II of the Main Estimates](#).

2. Basis of presentation

This QFR has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes the CRTC's spending authorities granted by Parliament and those used by the department consistent with the Main Estimates for both the 2020-21 and the 2021-22 fiscal years. This QFR has been prepared using a special purpose financial reporting framework designed to meet financial information needs with respect to the use of spending authorities.

The authority of Parliament is required before moneys can be spent by the Government. Approvals are given in the form of annually approved limits through appropriation acts or through legislation in the form of statutory spending authority for specific purposes.

When Parliament is dissolved for the purposes of a general election, section 30 of the *Financial Administration Act* authorizes the Governor General, under certain conditions, to issue a special warrant authorizing the Government to withdraw funds from the Consolidated Revenue Fund. A special warrant is deemed to be an appropriation for the fiscal year in which it is issued.

The CRTC uses the modified accrual method of accounting to prepare and present its annual departmental financial statements that are part of the departmental performance reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis.

In this QFR, only those revenues netted against expenditures (i.e. spendable revenue) are being reported. All other revenue that is designated as non-spendable revenue is not reported in the quarterly financial reports, but will be reported annually in the Public Accounts of Canada and in the CRTC's Departmental Results Report (DRR).

3. Highlights of fiscal quarter and fiscal year-to-date results

The CRTC is financed in part by the Government of Canada through Parliamentary authorities (e.g. Statutory Vote for Employee Benefit Plans (EBP), Budgetary Vote for the *Anti-spam Legislation* activities and for the Voter Contact Registry). The balance is financed by vote-netted fees it collects from the broadcasting, telecommunications and telemarketing industries.

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Vote-netting is a means of funding selected programs or activities wherein Parliament authorizes a department to apply revenues collected from fee payers towards costs directly incurred for specific activities. The CRTC has the authority to use a portion of: a) the Part I licence fees collected from broadcasters; b) the annual telecommunications fees collected from telecommunications carriers; and c) the unsolicited telecommunications fees collected from telemarketers to finance the costs it incurs in discharging its statutory responsibilities under the *Broadcasting Act* and the *Telecommunications Act* (i.e. spendable revenue). The balance of these three fees recovers the costs for items funded through budgetary authorities (e.g. EBP) and costs incurred by other government departments on the CRTC's behalf. That balance is classified as non-spendable revenue.

The majority of the CRTC's vote-netted revenue for the year is collected within the first two quarters of each fiscal year. As a result, it is expected that the CRTC quarterly financial reports will always show the net operating expenditures in a credit position. Further details on CRTC fees and revenues can be found in the 2021-22 Departmental Plan, in the supplementary information section entitled "Future-Oriented Condensed Statement of Operations."

The outbreak of the Coronavirus disease ("COVID-19") has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally, resulting in an economic slowdown. The duration and impact of the COVID-19 outbreak are unknown at this time.

Authorities

To date in 2021-22, there is a net decrease in budgetary authorities of \$21.80 million compared to the authorities granted in the 2020-21 Main Estimates. Factors contributing to the net decrease include:

Increases

- An increase of \$3.16 million in program spending for activities related to the implementation of Bill C-10.
- An increase of \$1.26 million in re-profiled funding for Les Terrasses de la Chaudière complex makeover and the Government of Canada Financial Management (GCFM) project.
- An increase of \$0.38 million related to the operating portion from the Operating Budget Carry-Forward (OBCF).

Decreases

- A decrease of \$22.20 million for the COVID-19 Support for the Broadcasting Industry Measure.
- A decrease of \$4.40 million in statutory authorities related to EBP.

Expenditures

The CRTC's spending for the second quarter ended September 30, 2021 is higher compared to the second quarter of the previous fiscal year. Year-to-date total gross budgetary expenditures for 2021-22 are up \$3.37 million over the previous fiscal year. The main reason for this difference in spending is an increase in expenditures attributable to salary-related items and professional and special services.

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4. Risks and uncertainties

The estimated telemarketing and regulatory costs and revenue target for unsolicited telecommunications fees, the CRTC's National Do Not Call List (DNCL), total \$3.3 million per year. A public notice of these amounts was issued in CRTC Compliance and Enforcement Orders [2020-149](#) for 2020-21 and [2021-202](#) for 2021-22.

Due to the economic impact of the COVID-19 quarantine protocols, revenues for 2020-21 were moderately below anticipated levels when compared to the previous year. However, there are already indications that revenues are returning to anticipated levels for the current fiscal year. The CRTC still anticipates collecting 100% of the required \$3.3 million budgetary authority to support the CRTC's National DNCL investigation and enforcement activities for 2021-22, as outlined in paragraph 4 of Compliance and Enforcement Order [2021-202](#).

5. Significant changes in relation to operations, personnel and programs

There have been no significant changes in relation to operations, personnel and programs over the past year.

6. Approval by senior officials

Approved by:

Ian Scott
Chairperson and Chief Executive Officer
Gatineau, Canada

November 15, 2021

Claude Doucet, CPA, CGA
Chief Financial Officer
Gatineau, Canada

November 9, 2021

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Statement of Authorities (unaudited)

Fiscal year 2021-22 (in thousands of dollars)

| | Total available for use for the year ending March 31, 2022* | Used during the quarter ended September 30, 2021 | Year to date used at quarter-end |
|--|---|--|----------------------------------|
| Vote 1 – Program expenditures | 71,746 | 16,843 | 32,731 |
| Less: Revenues netted against expenditures | (59,103) | (660) | (57,741) |
| Net Vote 1 – Program expenditures | 12,643 | 16,183 | (25,010) |
| Statutory authorities – EBP | 8,472 | 1,977 | 3,954 |
| Total Budgetary Authorities | 21,115 | 18,160 | (21,056) |

* Only includes Authorities available for use and granted by Parliament at quarter-end.

Fiscal year 2020-21 (in thousands of dollars)

| | Total available for use for the year ending March 31, 2021* | Used during the quarter ended September 30, 2020 | Year to date used at quarter-end |
|--|---|--|----------------------------------|
| Vote 1 – Program expenditures | 88,340 | 15,100 | 29,442 |
| Less: Revenues netted against expenditures** | (58,302) | (467) | (31,386) |
| Net Vote 1 – Program expenditures | 30,038 | 14,633 | (1,944) |
| Statutory authorities – EBP | 12,873 | 1,935 | 3,871 |
| Total Budgetary Authorities | 42,911 | 16,568 | 1,927 |

* Only includes Authorities available for use and granted by Parliament at quarter-end.

** Part I broadcasting licence fees have not been collected for fiscal year 2020–21.

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Departmental budgetary expenditures by Standard Object (unaudited)

Fiscal year 2021-22 (in thousands of dollars)

| | Planned expenditures for the year ending March 31, 2022 | Used during the quarter ended September 30, 2021 | Year to date used at quarter-end |
|--|---|--|----------------------------------|
| Expenditures: | | | |
| Personnel (including EBP contributions) | 63,996 | 16,213 | 32,168 |
| Transportation and communications | 1,541 | 160 | 283 |
| Information | 3,212 | 633 | 921 |
| Professional and special services | 7,787 | 1,416 | 2,365 |
| Rentals | 1,687 | 231 | 660 |
| Repair and maintenance | 693 | 23 | 54 |
| Utilities, materials and supplies | 259 | 34 | 41 |
| Acquisition of machinery and equipment | 1,038 | 94 | 177 |
| Other subsidies and payments | 5 | 16 | 16 |
| <i>Total gross budgetary expenditures</i> | 80,218 | 18,820 | 36,685 |
| Less: revenues netted against expenditures | | | |
| Revenues (Part I Broadcasting licence fees, Telecommunications fees and Unsolicited telecommunications fees) | (59,103) | (660) | (57,741) |
| <i>Total revenues netted against expenditures</i> | (59,103) | (660) | (57,741) |
| TOTAL NET BUDGETARY EXPENDITURES | 21,115 | 18,160 | (21,056) |

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Fiscal year 2020-21 (in thousands of dollars)

| | Planned expenditures for the year ending March 31, 2021 | Used during the quarter ended September 30, 2020 | Year to date used at quarter-end |
|--|---|--|----------------------------------|
| Expenditures: | | | |
| Personnel (including EBP contributions) | 61,977 | 15,263 | 30,165 |
| Transportation and communications | 1,733 | 118 | 267 |
| Information | 1,401 | 62 | 380 |
| Professional and special services | 5,493 | 906 | 1,214 |
| Rentals | 1,191 | 292 | 823 |
| Repair and maintenance | 357 | 111 | 154 |
| Utilities, materials and supplies | 298 | 40 | 42 |
| Acquisition of machinery and equipment | 1,429 | 243 | 268 |
| Other subsidies and payments | 4 | 0 | 0 |
| <i>Total gross budgetary expenditures</i> | 73,883 | 17,035 | 33,313 |
| Less: revenues netted against expenditures | | | |
| Revenues (Part I Broadcasting licence fees*, Telecommunications fees, and Unsolicited telecommunications fees) | (58,302) | (467) | (31,386) |
| <i>Total revenues netted against expenditures</i> | (58,302) | (467) | (31,386) |
| TOTAL NET BUDGETARY EXPENDITURES | 15,581 | 16,568 | 1,927 |

* Part I broadcasting licence fees have not been collected for fiscal year 2020-21.