

Canadian Radio-television and Telecommunications Commission

2023-24

Quarterly financial report for the quarter
ended September 30, 2023

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for the quarter ended
September 30, 2023**

Canada

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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](#) and [Supplementary Estimates](#) for fiscal year 2023-24. 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 and Supplementary Estimates for both the 2022-23 and the 2023-24 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 Canada's 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 and are 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 2023-24 Departmental Plan, in the supplementary information section entitled "Future-Oriented Condensed Statement of Operations."

Authorities

To date in 2023-24, there is a net increase in budgetary authorities of \$2.8 million compared to the authorities granted in the 2022-23 Main Estimates and Supplementary Estimates. This increase is primarily attributable to undertaking preliminary work for the implementation of the Online News Act (Bill C-18). In addition, there is an increase of \$1.6 million statutory authorities related to EBP.

Expenditures

The CRTC's spending for the second quarter ended September 30, 2023, is higher compared to the second quarter of the previous fiscal year. Year-to-date total gross budgetary expenditures for 2023-24 are up \$5.3 million over the previous fiscal year. The increase in personnel of \$3.3 million is mainly attributed to a significant increase of employees compared to last year to effectively advance the CRTC's three areas of focus: (1) Promote competition to deliver reliable and high-quality Internet and cellphone services to Canadians at lower prices; (2) Modernize Canada's broadcasting system to promote Canadian and Indigenous content; and, (3) Improve the CRTC to better serve Canadians. Pay increases attributable to the conclusion of collective bargaining processes also contributes to this increase. The increase of \$2 million for non-salary is from all types of expenditures. This is primarily due to the acquisition of equipment and furniture for the modernization of the hearing room and evergreening of employee laptops.

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 [2022-159](#) for 2022-23 and [2023-143](#) for 2023-24.

The CRTC establishes its unsolicited telecommunications fees on an annual basis at levels anticipated to fully recover its approved investigations and enforcement operating costs, however there could be a

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revenue shortfall if fewer than expected telemarketers subscribed and paid their fees for access to the National DNCL.

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

There have been no significant changes in relation to operations, personnel and programs during this quarter.

Approval by senior officials

Approved by:

Vicky Eatrides
Chairperson and Chief Executive Officer
Gatineau, Canada

November 16, 2023

Marc Morin
Chief Financial Officer
Gatineau, Canada

November 16, 2023

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Statement of Authorities (unaudited)

Fiscal year 2023-24 (in thousands of dollars)

	Total available for use for the year ending March 31, 2024*	Used during the quarter ended September 30, 2023	Year to date used at quarter-end
Vote 1 – Program expenditures	85,872	18,244	35,468
Less: Revenues netted against expenditures	(72,821)	(42,789)	(71,586)
Net Vote 1 – Program expenditures	13,051	(24,545)	(36,118)
Statutory authorities – EBP	9,933	2,483	4,966
Total Budgetary Authorities	22,984	(22,062)	(31,152)

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

Fiscal year 2022-23 (in thousands of dollars)

	Total available for use for the year ending March 31, 2023*	Used during the quarter ended September 30, 2022	Year to date used at quarter-end
Vote 1 – Program expenditures	79,500	15,954	30,998
Less: Revenues netted against expenditures	(67,647)	(41,032)	(66,265)
Net Vote 1 – Program expenditures	11,853	(25,078)	(35,267)
Statutory authorities – EBP	8,356	2,089	4,178
Total Budgetary Authorities	20,209	(22,989)	(31,089)

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

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Departmental budgetary expenditures by Standard Object (unaudited)

Fiscal year 2023-24 (in thousands of dollars)

	Planned expenditures for the year ending March 31, 2024	Used during the quarter ended September 30, 2023	Year to date used at quarter-end
Expenditures:			
Personnel (including EBP contributions)	76,362	18,009	34,599
Transportation and communications	1,672	232	539
Information	3,403	129	631
Professional and special services	10,499	1,464	2,271
Rentals	1,983	291	1,089
Repair and maintenance	253	301	360
Utilities, materials and supplies	239	23	62
Acquisition of machinery and equipment	1,380	226	831
Other subsidies and payments	14	52	52
<i>Total gross budgetary expenditures</i>	95,805	20,727	40,434
Less: revenues netted against expenditures			
Revenues (Part I Broadcasting licence fees, Telecommunications fees and Unsolicited telecommunications fees)	(72,821)	(42,789)	(71,586)
<i>Total revenues netted against expenditures</i>	(72,821)	(42,789)	(71,586)
Total Net Budgetary Expenditures	22,984	(22,062)	(31,152)

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Fiscal year 2022-23 (in thousands of dollars)

	Planned expenditures for the year ending March 31, 2023	Used during the quarter ended September 30, 2022	Year to date used at quarter-end
Expenditures:			
Personnel (including EBP contributions)	68,103	15,414	31,263
Transportation and communications	1,359	111	237
Information	3,598	93	378
Professional and special services	11,045	1,731	2,052
Rentals	1,848	304	722
Repair and maintenance	233	63	63
Utilities, materials and supplies	308	78	211
Acquisition of machinery and equipment	1,346	249	250
Other subsidies and payments	16	0	0
<i>Total gross budgetary expenditures</i>	87,856	18,043	35,176
Less: revenues netted against expenditures			
Revenues (Part I Broadcasting licence fees, Telecommunications fees and Unsolicited telecommunications fees)	(67,647)	(41,032)	(66,265)
<i>Total revenues netted against expenditures</i>	(67,647)	(41,032)	(66,265)
Total Net Budgetary Expenditures	20,209	(22,989)	(31,089)