

Canadian Radio-television and Telecommunications Commission

2023-24

Quarterly financial report for the quarter
ended December 31, 2023

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for the quarter ended
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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. 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 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 decrease in budgetary authorities of \$1.2 million compared to the authorities granted in the 2022-23 Main Estimates and Supplementary Estimates. This decrease is primarily due to a combination of two factors being: a decrease of \$2.2 million in voted appropriations offset by an increase of \$1 million in statutory authorities related to Employee Benefit Plan (EBP).

Expenditures

The CRTC's spending for the third quarter ended December 31, 2023 is higher compared to the third quarter of the previous fiscal year. Year-to-date total gross budgetary expenditures for 2023-24 are up \$9.4 million over the previous fiscal year. The increase of \$7.4 million in personnel is mainly an increase of employees compared to last fiscal year combined with pay increases in relation to renewed collective bargaining. The increase of \$2 million for non-salary is from various types of expenditure explained mainly by the following: \$0.7 million for acquisition of machinery and equipment which relates to computer equipment expenditures; \$0.5 million for rentals which is mostly for rental of equipment and licence fees for networking software.

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 revenue shortfall if fewer than expected telemarketers subscribed and paid their fees for access to the National DNCL. It is noted that, compared to the same quarter of the previous year, the amount collected to date is slightly lower. However, should the CRTC not collect the required \$3.3 million budget, measures will be taken internally to account for the shortfall while still maintaining the CRTC's National DNCL investigation and enforcement activities for 2023-24.

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Of note, if the amount collected exceeds the regulatory costs, as per section 4(3) of the Unsolicited Telecommunications Fees Regulations, the amount in excess will be refunded to telemarketers accordingly.

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

The following changes in senior personnel occurred during this quarter:

On October 3, 2023, following Claude Doucet's departure, the Chairperson appointed Marc Morin as Secretary General and Chief Financial Officer.

6. Approval by senior officials

Approved by:

Scott Hutton acting for Vicky Eatrides
Chairperson and Chief Executive Officer
Gatineau, Canada

February 13, 2024

Marc Morin
Chief Financial Officer
Gatineau, Canada

February 6, 2024

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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 December 31, 2023	Year to date used at quarter-end
Vote 1 – Program expenditures	89,168	20,328	55,796
Less: Revenues netted against expenditures	(76,085)	(494)	(72,080)
Net Vote 1 – Program expenditures	13,083	19,834	(16,284)
Statutory authorities – EBP	9,933	2,484	7,450
Total Budgetary Authorities	23,016	22,318	(8,834)

* 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 December 31, 2022	Year to date used at quarter-end
Vote 1 – Program expenditures	84,520	16,558	47,556
Less: Revenues netted against expenditures	(69,258)	(582)	(66,847)
Net Vote 1 – Program expenditures	15,262	15,976	(19,291)
Statutory authorities – EBP	8,925	2,089	6,267
Total Budgetary Authorities	24,187	18,065	(13,024)

* 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 December 31, 2023	Year to date used at quarter-end
Expenditures:			
Personnel (including EBP contributions)	80,525	20,337	54,936
Transportation and communications	1,598	301	840
Information	3,251	217	848
Professional and special services	9,542	1,234	3,505
Rentals	2,019	425	1,514
Repair and maintenance	512	24	384
Utilities, materials and supplies	229	88	150
Acquisition of machinery and equipment	1,345	178	1,009
Other subsidies and payments	80	8	60
<i>Total gross budgetary expenditures</i>	99,101	22,812	63,246
Less: revenues netted against expenditures			
Revenues (Part I Broadcasting licence fees, Telecommunications fees and Unsolicited telecommunications fees)	(76,085)	(494)	(72,080)
<i>Total revenues netted against expenditures</i>	(76,085)	(494)	(72,080)
TOTAL NET BUDGETARY EXPENDITURES	23,016	22,318	(8,834)

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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 December 31, 2022	Year to date used at quarter-end
Expenditures:			
Personnel (including EBP contributions)	72,437	16,243	47,506
Transportation and communications	1,358	265	502
Information	3,812	589	967
Professional and special services	11,784	1,159	3,211
Rentals	2,145	326	1,048
Repair and maintenance	233	10	73
Utilities, materials and supplies	315	-67	144
Acquisition of machinery and equipment	1,345	109	359
Other subsidies and payments	16	13	13
<i>Total gross budgetary expenditures</i>	93,445	18,647	53,823
Less: revenues netted against expenditures			
Revenues (Part I Broadcasting licence fees*, Telecommunications fees, and Unsolicited telecommunications fees)	(69,258)	(582)	(66,847)
<i>Total revenues netted against expenditures</i>	(69,258)	(582)	(66,847)
TOTAL NET BUDGETARY EXPENDITURES	24,187	18,065	(13,024)