

# **Canadian Radio-television and Telecommunications Commission**

**2008–2009**

**Departmental Performance Report**

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The Honourable James Moore  
Minister of Canadian Heritage and Official Languages



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The Government of Canada is committed to building a country in which all citizens have the chance to participate in our cultural and economic life. Our Government recognizes the importance of arts and culture in reaching this goal. The agencies and organizations in the Canadian Heritage Portfolio, such as the Canadian Radio-television and Telecommunications Commission (CRTC), are working toward this goal of providing us with opportunities to celebrate and share our rich historical, cultural, artistic, and social heritage.

Canadians can take pride in having a distinctive broadcasting system that is complemented by digital technologies. Creators and broadcasters are exploring new platforms and finding innovative ways of sharing our culture with the world. Over the past year, the CRTC has focused its attention primarily on ensuring that the broadcasting system adapts to evolving technologies, for the benefit of all Canadians.

In 2008–2009, the CRTC introduced new policies aimed at guiding the system toward a fully digital broadcasting environment. The Commission also launched the National Do Not Call List, a program designed to help Canadians protect their privacy. Additionally, the CRTC has improved its mechanisms to resolve disputes between companies in the broadcasting and telecommunications industries efficiently and with the least amount of impact on consumers.

As Minister of Canadian Heritage and Official Languages, I am pleased to present the 2008–2009 *Departmental Performance Report* of the CRTC. This report provides a detailed account of the Commission's accomplishments and demonstrates the ways in which it supports the priorities of our Government. I would like to highlight the efforts that CRTC staff have made throughout the year to strengthen the bonds that unite us as Canadians, thus contributing to our collective feeling of pride.

The Honourable James Moore, P.C., M.P.

Canada



I am pleased to present the Canadian Radio-television and Telecommunications Commission's (CRTC's) *Departmental Performance Report* for 2008–2009. This report is an opportunity to reflect on the progress the CRTC has made in the past fiscal year, which also marked its 40<sup>th</sup> anniversary.

On September 30, 2008, the CRTC successfully launched the National Do Not Call List. This program is aimed at reducing unsolicited telemarketing calls and protecting the privacy of Canadians. An independent survey found that Canadians—who have so far registered more than six million numbers—now receive fewer telemarketing calls than before. The CRTC will continue to monitor the program's effectiveness and promote compliance with the telemarketing rules.

The CRTC took concrete steps to resolve the limitations of Canada's 911 services with regard to emergency calls made from cellular phones. The CRTC directed the wireless industry to implement enhanced 911 features by February 1, 2010. These features will enable emergency responders to pinpoint callers' locations with a higher degree of precision than ever before.

By creating the Local Programming Improvement Fund, the CRTC has acted to ensure that television broadcasters in smaller markets are able to provide programming that reflects the needs and interests of all Canadians. Starting in September 2009, television stations in markets of less than one million will be able to draw on these funds to produce local news and local programming.

In a world where convergence has become a reality, the CRTC held a public proceeding to consider the accessibility of broadcasting and telecommunications services at the same time. The CRTC also published its inaugural *Communications Monitoring Report*, which provides a complete picture of the Canadian communications landscape.

Finally, the CRTC reacted quickly to the global economic downturn that began during the fall of 2008. In preparing to renew the licences of most private conventional television broadcasters in April 2009, the Commission has narrowed the scope of its public hearing to consider only the most pressing issues.

For four decades, the CRTC has played an integral role in the development of Canada's communications system. However, at no time in the Commission's history has the pace of change been more rapid or demanding than it is presently. I am proud of the CRTC's accomplishments in an increasingly converged environment, and look forward to meeting the economic and technological challenges that await us in the year ahead.

Konrad von Finckenstein, Q.C.  
Chairman

## **SECTION I: DEPARTMENTAL OVERVIEW**

## 1.1 Raison d'être

The Canadian Radio-television and Telecommunications Commission (CRTC) is an independent commission that regulates and supervises the Canadian broadcasting and telecommunications systems in the public interest.

The CRTC's mandate is to ensure that the broadcasting and telecommunications systems serve the Canadian public. The CRTC uses the objectives in the *Broadcasting Act* and the *Telecommunications Act* to guide its policy decisions.

The CRTC benefits Canadians by balancing their needs with the economic realities of the communications industry. Through its regulatory function, the CRTC addresses, among other matters, economic, social and cultural issues in relations to the communications industry. The Commission promotes:

- a competitive marketplace for Canadian communications enterprises, ensuring best value for money for Canadians and creating jobs
- Canada's linguistic duality and cultural diversity
- enhanced accessibility for people with disabilities, such as closed captioning for persons who are hearing-impaired and descriptive video for persons who are visually-impaired, and
- the development of mechanisms to address concerns such as abusive comment or violence in the broadcast media, or unjust rates for telecommunications services.

## 1.2 Responsibilities

The CRTC exists under the authority of the *Canadian Radio-television and Telecommunications Commission Act* of 1985. Its mandate is governed by the *Broadcasting Act* of 1991 and the *Telecommunications Act* of 1993.

The *Broadcasting Act* seeks to ensure that all Canadians have access to a wide variety of high-quality Canadian programming. The *Telecommunications Act* seeks to ensure, among other things, that all Canadians have access to reliable, high-quality telephone and other telecommunications services at affordable prices.

The CRTC fulfils its responsibilities through a number of interrelated tasks including:

- issuing, renewing and amending licences for broadcasting undertakings
- making determinations on mergers, acquisitions and changes of ownership
- approving tariffs and certain agreements for the telecommunications industry
- relying on market forces to the greatest extent possible for telecommunications services and ensuring that regulation, where required, is efficient and effective
- monitoring and removing obstacles to competition
- resolving competitive disputes
- developing and implementing regulatory policies
- monitoring, assessing and reviewing, where appropriate, regulatory frameworks to meet government and CRTC policy objectives
- monitoring the programming and financial obligations of broadcasting undertakings to ensure compliance with regulations and conditions of licence, and
- investigating telemarketing complaints and enforcing associated rules.

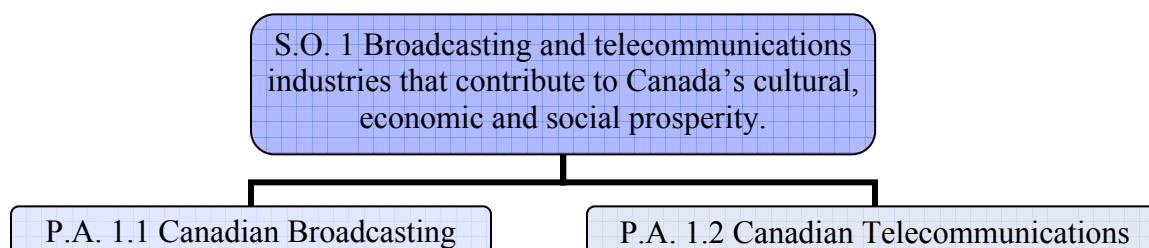


The CRTC endeavours to ensure that its policies respond to emerging technology and that regulation, where required, is efficient and effective.

As a federal organization, the CRTC reports to Parliament through the Minister of Canadian Heritage. The CRTC is listed in Schedule 1.1 of the *Financial Administration Act*. Its budget and employees are subject to Government of Canada policies and guidelines to ensure excellence and accountability to Canadians.

Timeliness, transparency, fairness and predictability are the four principles that guide the work of the CRTC.

### 1.3 Strategic Outcomes and Program Activity Architecture (PAA)



During 2008–2009, the CRTC was guided by one overarching strategic outcome: to ensure the broadcasting and telecommunications industries contribute to Canada’s cultural, economic and social prosperity.

Two program activities have facilitated results under this strategic outcome: Canadian Broadcasting, which deals specifically with activities and priorities from the broadcasting sector, and Canadian Telecommunications, which deals with activities and priorities from the telecommunications sector.

### 1.4 Summary of Performance

#### 2008–2009 Financial Resources (\$ millions)

Planned Spending	Total Authorities	Actual Spending
45.9	60.2	58.5

#### 2008–2009 Human Resources (Full Time Employees - FTEs)

Planned	Actual	Difference
460	466	6

## 2008-2009 Performance Summary

Strategic Outcome 1: Broadcasting and telecommunications industries that contribute to Canada's cultural, economic and social prosperity.	
Indicators/ Targets	2008-2009 Performance
None identified in CRTC's 2008-2009 Report on Plans and Priorities <sup>1</sup>	<p>In 2008-2009, both program activities contributed towards ensuring a healthy Canadian communications industry, and enabled the CRTC to deliver on its strategic outcome. For example:</p> <ul style="list-style-type: none"> <li>• <u>cultural prosperity</u> – the <i>CRTC Report on the Canadian Television Fund</i> contributed to the creation of the new Canada Media Fund; new Canadian content requirements for broadcasting programming were instituted; a new regulatory framework for broadcasting distribution undertakings put in place; new media research led to public proceedings; etc.</li> <li>• <u>economic prosperity</u> – the CRTC announced important ownership decisions (e.g. TQS); an adapted approach to conventional television licence renewals was developed in response to the economic context; forbearance decisions regarding local exchange services<sup>2</sup> were announced; the CRTC streamlined retail and wholesale tariff approval processes; economic regulatory measures were modified, streamlined, or eliminated; international outreach efforts succeeded in bringing the meeting of the International Institute of Communications (IIC) Regulators Forum to Canada in the fall of 2009; etc.</li> <li>• <u>social prosperity</u> – the CRTC launched the National Do Not Call List; it approved conditions regarding mandate, structure and operating procedures of Commissioner for Complaints for Telecommunications Services Inc. (CCTS)<sup>3</sup>; it reviewed access to communications services by persons with disabilities; social regulatory measures were modified, streamlined, or eliminated; etc.</li> </ul>
	<p>In 2008, communications industry revenues increased 6% to \$54.3 billion<sup>4</sup>. During that same year, communication industry revenues accounted for nearly 4.4% of Canada's gross domestic product (GDP)<sup>5</sup>. Broadcasting revenues accounted for approximately one quarter (26%) of that amount and telecommunications revenues accounted for approximately three quarters (74%).</p>
	<p>The CRTC encourages broadcasting and telecommunications companies to resolve their differences through private third-party mediation, negotiations or other means. However, the CRTC's role in resolving disputes will grow as competition becomes more intense in a converged environment where there is less regulation. In 2008-2009, the CRTC revised its dispute-resolution procedures and created a separate internal group to deal with final-offer arbitration and expedited hearings. These tools create a more predictable and efficient framework, enabling companies to provide improved products and services to Canadians. In 2008-2009, the CRTC was involved in the resolution of 61 disputes.</p>

<sup>1</sup> The CRTC Report on Plans and Priorities 2008-2009 can be found at:  
[http://crtc.gc.ca/eng/publications/reports/rpps/2008\\_09.htm](http://crtc.gc.ca/eng/publications/reports/rpps/2008_09.htm)

<sup>2</sup> Forbearance is defined as the authority given to the CRTC to refrain from regulating particular services so long as this action is consistent with the policy objectives of the *Telecommunications Act*.

<sup>3</sup> The CCTS provides residential and small business customers with an effective, accessible, and consumer-friendly recourse when they are unable to resolve a disagreement with their telecommunications service provider. It aims to resolve complaints from residential / small-business subscribers about deregulated services.

<sup>4</sup> Numbers and figures provided in this report come from the CRTC data collection, unless otherwise specified.

<sup>5</sup> Source: Statistics Canada, the 2008 Canadian GDP figure was approximately \$1.2 trillion.

(\$ millions)

Program Activity	2007–2008	2008–2009				Alignment with Government of Canada Outcomes
	Actual Spending <sup>6</sup>	Main Estimates	Planned Spending	Total Authorities	Actual Spending <sup>8</sup>	
Canadian Broadcasting	29.0	24.6	24.6	32.3	31.1	A vibrant Canadian culture and heritage (see note 1)
Canadian Telecommunications	26.6	21.3	21.3	27.9	27.4	A fair and secure marketplace (see note 2)
<b>Total</b>	<b>55.6</b>	<b>45.9</b>	<b>45.9</b>	<b>60.2</b>	<b>58.5</b>	

*Note 1:* The CRTC’s contribution to the Government of Canada outcome “A vibrant Canadian culture and heritage” is widespread. The CRTC ensures that the conditions are in place to maximize quality, diversity and access to Canadian programming through regulatory and non-regulatory measures. These measures, which include minimum exhibition and expenditure requirements, ensure that the Canadian broadcasting system is distinctly Canadian in its content, and support Canadian artists and producers by creating demand for their creative output.

*Note 2:* During the past fiscal year, the CRTC has contributed to the Government of Canada outcome of “a fair and secure marketplace” in various ways. For example, the CRTC:

- established a new wireless number portability regulatory framework for small local telephone companies that enables customers to keep their wireless numbers when they change service providers
- modified, streamlined or eliminated a wide range of economic, non-economic and social regulatory measures after evaluating whether they were still required and efficient
- continued to assess forbearance requests by local exchange carriers on a priority basis
- established a National Do Not Call List that helps protect Canadians from unwanted telemarketing calls
- ensured that effective safeguards exist for consumers in deregulated markets by working with the CCTS, and
- contributed to a more predictable telecommunications trade environment in Canada by streamlining telecommunications procedures.

<sup>6</sup> Actual spending for 2007-2008 and 2008-2009 increased. During that period, the CRTC received temporary funding to address an increased workload related to its legislative and regulatory responsibilities. The amounts for these years also include authorized operating budget carry-forward amounts and applicable Treasury Board vote transfers. Details on the approved increases and related billing impact for broadcasting and telecommunication industries are noted in Broadcasting Circular 2007-9 and Telecom Circular CRTC 2007-18 dated December 21, 2007. More information about these decisions is available online at the following address: <http://crtc.gc.ca/eng/archive/2007/c2007-9.htm>.

## 1.5 Contribution of Priorities to Strategic Outcome

Operational Priorities	Type <sup>7</sup>	Status	Linkages to Strategic Outcome(s)
<h3>1. Canadian programming that reflects Canada's diversity</h3>			
a. Reflection of Canada's linguistic duality	Ongoing	<p><i>Expectations Met</i><sup>8</sup></p> <ul style="list-style-type: none"> <li>• Through the Official Language Minority Community-CRTC Working Group, the Commission provided a forum for the “development and promotion of the bilingual character of Canada,” for maximizing community participation in CRTC public processes and for enhancing the CRTC’s decision-making process.</li> <li>• During 2008–2009, the CRTC pursued implementation of section 41 of the <i>Official Languages Act</i>, through various initiatives. As such, a number of CRTC proceedings and activities led to improved access to broadcasting services in both official languages, particularly within official-language minority communities.</li> <li>• The CRTC developed an internal policy related to the <i>Official Languages Act</i> to systematically analyze the effects of the Commission’s decision-making processes on official-language minority communities.</li> <li>• Internal activities were put forward to increase the awareness of CRTC employees, managers and Commissioners regarding their obligations and to help them better understand their responsibilities.</li> <li>• Review of English- and French-language broadcasting services in linguistic minority communities in Canada - Report submitted to the Governor in Council on March 30, 2009<sup>9</sup>.</li> </ul>	<p><i>Strategic Outcome 1</i></p> <p>The results achieved toward this priority support the Canadian cultural, social and economic prosperity.</p> <p>The CRTC’s dedication and efforts toward initiatives that encourage official-language duality support access to a greater diversity of programming and strengthen Canadian cultural prosperity.</p>

<sup>7</sup> Type is defined as follows: **previously committed to**—committed to in the first or second fiscal year prior to the subject year of the report; **ongoing**—committed to at least three fiscal years prior to the subject year of the report; and **new**—newly committed to in 2008–2009.

<sup>8</sup> The performance status rating application details are available at: <http://www.crtc.gc.ca/eng/publications/reports/dpr1-rmr1.htm>

<sup>9</sup> The Report is available at: <http://www.crtc.gc.ca/eng/BACKGRND/language/o10903-lo0903.htm>

<p>b. Policy reviews that serve the objectives of the <i>Broadcasting Act</i></p>	<p>New</p>	<p><i>Expectations Mostly<sup>10</sup> Met</i></p> <ul style="list-style-type: none"> <li>• A public hearing on broadcasting distribution undertakings and discretionary services held in April 2008 led to the creation of a forward-looking policy framework for key distribution issues such as discretionary-service distribution. The Commission also revised regulations and policies dating back to 1998.</li> <li>• The CRTC initiated a review of its community television programming policy by commissioning two studies, one on the impact of technological developments on community television, and the second, a survey of community-television policies and practices in other jurisdictions.</li> <li>• The Commission held meetings with the community and campus radio sectors in March 2009, and commissioned a study on international approaches to the regulation and funding of the community sector. The results of this study will be published in 2009–2010.</li> <li>• On February 11, 2009, the CRTC issued a “hits” policy for commercial radio broadcasters.</li> <li>• The new policy establishes the criteria used to determine a “hit.”</li> <li>• The CRTC completed the initial phase of the process to define the term “emerging artists”. A standard definition will enable the CRTC to evaluate the real value of the commitments made by commercial radio broadcasters.</li> <li>• The CRTC presented its <i>Report on the Canadian Television Fund (CTF)</i> to the Minister of Canadian Heritage on June 5, 2008. On March 9, 2009, the Government announced the creation of the Canada Media Fund (CMF), replacing the CTF. A number of the CRTC’s key findings on the CTF contributed to the creation of the CMF.</li> <li>• The CRTC maintained mandatory distribution rights for many Canadian specialty programming services, and the obligation of broadcasting distribution undertakings to distribute them.</li> </ul>	<p>This central policy review process and all subsequent follow-ups are linked to the establishment of regulatory and policy frameworks for the funding and creation of Canadian programming and access by Canadians to that programming. In addition, it provided a broad review of the distribution framework for Canadian and foreign programming.</p>
<p>c. Cultural diversity</p>		<p><i>Expectations Met</i></p> <ul style="list-style-type: none"> <li>• In an effort to further expand services across Canada that will provide diversity of programming and choice for Canadians, CRTC decisions led to: <ul style="list-style-type: none"> <li>◦ an increase in the number of television services, from 686 in 2007 to 707 in 2008</li> <li>◦ the addition of 11 new foreign services to the eligible Satellite Services list, thus authorizing broadcasting distribution undertakings to offer them to Canadians, and</li> <li>◦ three new AM radio stations and 69 new FM radio stations.</li> </ul> </li> </ul>	<p>The CRTC enables access to a greater diversity of programming for Canadians.</p>

<sup>10</sup> Some elements of the Report on Plans and Priorities (RPP) 2008-2009 for this section of priority 1.b) were not completed or implemented as planned. For instance, the RPP states that “the CRTC expects to announce its determination by early 2008” regarding its policy on “hits”). The policy was issued in February 2009.

Operational Priorities	Type	Status	Linkages to Strategic Outcome(s)
<p><b>2. Access by Canadians to the broadcasting system</b></p>			
<p>a. Introduction of new services</p>	<p>Previously committed to</p>	<p><i>Expectations Met</i></p> <ul style="list-style-type: none"> <li>• The CRTC completed its proceeding with respect to applications proposing new high-definition over-the-air television services. It denied applications due to insufficient commitments to local programming.</li> <li>• The Commission also began consultations with broadcasters to deal with the long-term effects of the digital transition, which is scheduled for August 2011.</li> </ul>	<p>Cultural prosperity in the new media era is enhanced by the transition of Canadian media to digital technology. This shift will increase access to Canadian content through various digital platforms.</p>
<p>b. Availability of services to persons with disabilities</p>	<p>Previously committed to</p>	<p><i>Expectations Met</i></p> <ul style="list-style-type: none"> <li>• The Commission initiated a proceeding to deal with the La Magnétothèque<sup>11</sup> request for mandatory basic distribution on broadcasting distribution undertakings. A decision is expected in 2009.</li> <li>• In November 2008, the CRTC held a public hearing to address unresolved questions concerning accessibility to telecommunications and broadcasting services.</li> <li>• The broadcasting component of the public hearing addressed access to closed captioning, described video and customer service provided by broadcasting distribution undertakings. In addition, in 2007, English- and French-language closed-captioning working groups established proposed quality standards that formed part of the proceeding's public records.</li> <li>• A regulatory policy on accessibility is expected to be released in the summer of 2009.</li> </ul>	<p>Ensuring better service for persons with visual disabilities increases the Canadian cultural and social prosperity.</p>

<sup>11</sup> French-language service for persons with visual disabilities.

Operational Priorities	Type	Status	Linkages to Strategic Outcome(s)
<p><b>3. Efficient and effective broadcasting regulation</b></p>			
<p>a. New and simplified regulatory measures</p>	<p>Previously committed to</p>	<p><i>Expectations Met</i></p> <ul style="list-style-type: none"> <li>• As part of its policy framework review, the CRTC is reviewing its operational procedures to further reduce the time and resources required from both the licensees and the CRTC.</li> <li>• The CRTC developed a new regulatory framework for broadcasting distribution undertakings and discretionary services.</li> <li>• The CRTC reviewed its approach to dispute resolution for the broadcasting sector. In January 2009, it released new procedures for codifying practices, mediation, final-offer arbitration and expedited hearings.</li> <li>• The CRTC initiated a policy proceeding—to be held in the fall of 2009—to develop a new framework to license conventional and discretionary television services in the current economic environment.</li> </ul>	<p>The simplification of broadcasting regulatory measures contributes to relying on market forces to the maximum extent feasible. When regulation is required, the CRTC is committed to using measures that are targeted and minimally intrusive. This approach provides added flexibility while retaining the regulations necessary to Canadian cultural and economic prosperity.</p>
<p>b. Accelerated service delivery for public-hearing processes</p>	<p>New</p>	<p><i>Expectations Somewhat<sup>2</sup> Met</i></p> <ul style="list-style-type: none"> <li>• The CRTC created and implemented an expedited hearing process for broadcasting ownership transactions. Decisions are now issued within 35 days following adjournment of a hearing, which is an improvement over the previous average of around 60 days.</li> <li>• The expedited process for public hearings was contingent upon securing additional funding. Given the economic downturn, and the impact that supplementary funding would have had on the fee payers, this activity was cancelled.</li> <li>• In 2008–2009, the Commission held 14 public hearings on broadcasting, compared to 17 the previous year.</li> <li>• 89% of applications that do not require a public process were dealt with within 2 months (above 80% target) and 92% within 3 months (above 90% target).</li> <li>• For applications processed by public notice or notice of consultation: <ul style="list-style-type: none"> <li>○ without interventions: 98% were dealt with within 6 months (above 80% target) and 100% within 8 months (above 90% target)</li> <li>○ with interventions: 97% were dealt with within 8 months (above 80% target) and 100% within 10 months (above 90% target)</li> </ul> </li> <li>• 40% of renewal applications processed by public notice/notice of consultation were dealt with within 8 months (below 80% target)<sup>13</sup> and 92% within 10 months (above 90% target).</li> </ul>	<p>The accelerated service delivery and service standards are ways to help the broadcasting industry receive timely decisions and predictable service, thereby contributing to economic prosperity.</p>

<sup>12</sup> Some elements of the Report on Plans and Priorities (RPP) 2008-2009 for this section of priority 3.b) were not completed or implemented as planned. For instance, the RPP states: “In 2008–2009, the CRTC will: develop supporting service standards (expedite process); increase the number of public hearings (...)”

Operational Priorities	Type	Status	Linkages to Strategic Outcome(s)
<b>4. New media</b>			
The New Media Initiative	Previously committed to	<p><i>Expectations Mostly<sup>14</sup> Met</i></p> <ul style="list-style-type: none"> <li>• The CRTC continued the study it had initiated in 2007–2008 on the cultural, economic and technological issues associated with broadcasting in the new media environment.</li> <li>• In May 2008, the CRTC published <i>Perspectives on Canadian Broadcasting in New Media</i> – a compilation of research and stakeholder views on the broadcasting in new media environment.</li> <li>• During 2008–2009, the CRTC initiated a comprehensive public proceeding to review Canadian broadcasting in the new media environment, and to determine the appropriate policy response. A decision is expected in June 2009.</li> </ul>	<p><i>Strategic Outcome 1</i></p> <p>The results achieved toward this priority support Canadian social, cultural and economic prosperity.</p> <p>The research provided relevant information for the public proceeding, which examined broadcasting in new media environment. It also explored whether the Commission’s approach of exempting new media broadcasting undertakings and mobile television broadcasting undertakings remains appropriate.</p>

<sup>13</sup> Of the 138 applications dealt with in 2008–2009, over 50 involved the renewal of cable licences. The majority of those renewals required reviewing licensees’ performance over a 15-year period so as to reflect substantive changes in regulatory frameworks and to address non-compliance issues. As all renewals were completed prior to the licence expiry date of August 31, 2008, failure to meet the 8 month target had no material impact on those licensees.

<sup>14</sup> Some elements of the Report on Plans and Priorities (RPP) 2008-2009 for this section of priority 4) were not completed or implemented as planned. For instance, the RPP states that: “The third phase of the project (New Media Project Initiative) will consist of public proceedings to address opportunities and issues, and determine the appropriate public-policy response.”



Operational Priorities	Type	Status	Linkages to Strategic Outcome(s)
<p><b>5. Industry convergence</b></p>			
<p>Examination of converged environment</p>	<p>New</p>	<p><i>Expectations Mostly<sup>15</sup> Met</i></p> <ul style="list-style-type: none"> <li>• For the first time in history, the CRTC combined its broadcasting and telecommunications data into a <i>Communications Monitoring Report</i>. The expanded report includes more international comparison and data on the availability of broadband across Canada.</li> <li>• The Commission collaborated with other government departments by rationalizing reporting obligations for industry.</li> <li>• A two-part research initiative was undertaken to study convergence issues as they affect other countries and public-policy responses that are being developed. The results will be shared with all 21 Asia Pacific Economic Cooperation (APEC) members seeking information on convergence at the next APEC Telecommunications and Information Working Group meeting to be held in Mexico in September 2009.</li> <li>• In 2008–2009, the CRTC and Statistics Canada implemented an agreement to collaborate on data collection from telecommunications service providers to eliminate overlap and use common methodology.</li> </ul>	<p><i>Strategic Outcome 1</i></p> <p>The results achieved toward this priority support Canadian economic and cultural prosperity.</p> <p>By achieving greater efficiency and accuracy of data collection and reporting, the CRTC produces a more complete overall picture of the communications industry.</p> <p>Collaboration with government departments (in particular, Industry Canada and Statistics Canada) resulted in greater efficiency and accuracy of data collection and reporting, while creating a more efficient environment for the regulated sectors by rationalizing their reporting obligations.</p>

<sup>15</sup> Some elements of the Report on Plans and Priorities (RPP) 2008-2009 for this section of priority 5) were not completed or implemented as planned. For instance, the RPP states: “The CRTC will examine this converged environment to better understand its impact on current policies and regulations.”

Operational Priorities	Type	Status	Linkages to Strategic Outcome(s)
<b>6. Acquisitions, ownership transfers and other transactions</b>			
a. Review ownership transactions	Ongoing	<p><i>Expectations Met</i></p> <ul style="list-style-type: none"> <li>The CRTC completed reviews and approvals of 44 ownership applications from licensed broadcasting undertakings. This number is lower than in 2007–2008 when the CRTC completed reviews and approvals of 64 ownership applications. The decrease in the number of applications dealt with can be attributed to various factors, such as the economic situation.</li> </ul>	<p>Applications were evaluated using a series of criteria including economic benefits and consideration for the diversity of voices.</p>
b. Streamline collection and review of annual filings	New	<p><i>Expectations Met</i></p> <ul style="list-style-type: none"> <li>The CRTC completed the first of two phases of implementation of the reporting process described in Broadcasting Circular CRTC 2008-7<sup>16</sup>. Phase I consisted of the implementation of the reporting mechanism over a 12-month period with selected corporate groups.</li> </ul>	<p>Streamlining the ownership-filing process provides greater flexibility and eases the administrative burden on broadcasters and the CRTC.</p>

Operational Priorities	Type	Status	Linkages to Strategic Outcome(s)
<b>7. International initiatives</b>			
International activities framework	New	<p><i>Expectations Met</i></p> <p>The CRTC conducted significant work related to international initiatives. For example, it:</p> <ul style="list-style-type: none"> <li>established a framework for its international activities, including a related International Outreach Plan, which is now being implemented</li> <li>hosted the Canadian Chapter of the International Institute of Communications' (IIC's) annual conference in December 2008</li> <li>will host the two-day meeting of the International Chapter of the IIC Regulators Forum in October 2009 in Montreal, and</li> <li>organized meetings between senior CRTC officials their international counterparts.</li> </ul>	<p>Exchanges with other international organizations provides CRTC with additional tools to make informed analyses and decisions.</p>

<sup>16</sup> *Implementation of the Broadcasting Ownership Information Annual Filing*, Information Bulletin, Ottawa, 21 November 2008

Operational Priorities	Type	Status	Linkages to Strategic Outcome(s)
<b>8. Access by Canadians to reliable, high-quality telecommunications services</b>			
a. Accessibility initiatives – review of framework	Previously committed to	<i>Exceeded<sup>17</sup> Expectations</i> <ul style="list-style-type: none"> <li>The review of the accessibility of communications services by persons with disabilities framework was carried out under both the <i>Telecommunications Act</i> and the <i>Broadcasting Act</i>.</li> <li>In 2008, the CRTC launched a fully converged public proceeding.</li> <li>The result will be a converged regulatory policy, which will be issued in July 2009.</li> </ul>	<i>Strategic Outcome 1</i> The results achieved toward this priority support social prosperity.  The outcome of this proceeding is intended to set the stage for a communications system that responds to the changing needs of Canadians and the industry.
b. National Do Not Call List	Previously committed to	<i>Exceeded<sup>18</sup> Expectations</i> <ul style="list-style-type: none"> <li>Successfully launched the National Do Not Call List (DNCL) on September 30, 2008.</li> <li>Approximately 790,000 telecommunications numbers were registered on the first day of operation and 6.7 million numbers were registered as of the end of March 2009.</li> <li>Canadians (84%) are aware of the DNCL and 80% of registrants receive fewer/no calls.<sup>19</sup></li> </ul>	The CRTC launched the DNCL to protect Canadians against unwanted telemarketing calls, and to help ensure their privacy.
c. Third party to investigate complaints	New	<i>Expectations Somewhat<sup>20</sup> Met</i> <ul style="list-style-type: none"> <li>No respondents to the CRTC's Request for Proposal met the mandatory requirements set out in the request for proposal process. Therefore, the CRTC has assumed these responsibilities.</li> </ul>	Complaints investigation and follow-up helps reduce unwanted telemarketing calls.
d. Enforcement and investigation of companies who violate DNCL rules	New	<i>Expectations Met</i> <ul style="list-style-type: none"> <li>Process established for enforcement and investigation.</li> <li>On average, the CRTC received more than 1,000 complaints per day from the National DNCL operator between September 30, 2008 and March 31, 2009. While this is a significant number of complaints, it represents less than 2% of the numbers registered on the list.</li> <li>The Commission issued 70 warning letters to telemarketers as of March 30, 2009.</li> <li>In 34 cases, telemarketers have brought themselves into compliance with rules as a result of the established facilitation process. CRTC employees worked with the telemarketers to help them understand and/or introduce procedures that would result in compliance.</li> </ul>	The CRTC takes action against abuses or misuse of the National DNCL to protect Canadians.

<sup>17</sup> Some elements of the Report on Plans and Priorities (RPP) 2008-2009 for this section of priority 8.a) exceeded planned implementation. For instance, the RPP states: "In the coming year, the CRTC intends to review its framework on access to communications services by persons with disabilities." The review originally planned was aimed at providing greater accessibility to telecommunications services for persons with disabilities.

<sup>18</sup> Some elements of the Report on Plans and Priorities (RPP) 2008-2009 for this section of priority 8.b) exceeded planned implementation. For instance, the RPP states: "The list should be launched by 30 September 2008 (...)" The National DNCL forecasts of registrants were based partially on the Australian experience, where more than 2.3 million numbers were added to the country's Do Not Call Register in its first year of operation.

<sup>19</sup> *VoxPop – Voice of the people* survey, Harris-Decima for the Marketing Research and Intelligence Association (MRIA), March 2009.

<sup>20</sup> Some elements of the Report on Plans and Priorities (RPP) 2008-2009 for this section of priority 8.c) were not completed or implemented as planned. For instance, the RPP states: "In *Delegation of the Commission's investigative powers with regard to Unsolicited Telecommunications Rules complaints* (Telecom Decision CRTC 2008-6), the Commission determined that it would delegate the investigation of complaints (...) to an outside party."

Operational Priorities	Type	Status	Linkages to Strategic Outcome(s)
<p><b>9. Implementation of the Telecommunications Act objectives through an increased reliance on market forces</b></p>			
<p>a. Local forbearance</p>	<p>Ongoing</p>	<p><i>Expectations Met</i></p> <ul style="list-style-type: none"> <li>• The CRTC assessed requests from local exchange carriers on a priority basis.</li> <li>• During 2008–2009, the CRTC issued 40 decisions, representing 191 exchanges.</li> <li>• As of the end of March 2009, the CRTC had refrained from regulating: <ul style="list-style-type: none"> <li>○ residential local services in 481 exchanges served by the incumbent local exchange carriers (ILECs),<sup>21</sup> representing 77% of phone lines, and</li> <li>○ business local exchange services in 145 exchanges served by ILECs, representing 68% of phone lines.</li> </ul> </li> <li>• The CRTC conducted a process to establish a framework for forbearance in small ILEC territories and expects to issue a decision in June 2009.</li> </ul>	<p>Service providers operate under fewer regulations, which helps the industry function in a competitive environment.</p>
<p>b. Implementation of a new policy directive</p>	<p>New</p>	<p><i>Exceeded Expectations</i><sup>22</sup></p> <ul style="list-style-type: none"> <li>• In 2007, the CRTC set out a plan to review seven economic regulatory measures in the 2008–2009 fiscal year. One of those measures was reviewed ahead of schedule in 2007 and six were reviewed or disposed of in 2008–2009. In addition, two measures scheduled for 2009–2010 were reviewed a year ahead of schedule. The majority of these measures were modified, streamlined or eliminated, such as: <ul style="list-style-type: none"> <li>○ tariff processes</li> <li>○ sharing groups<sup>23</sup></li> <li>○ the international licence regime</li> <li>○ agreements between competitive local exchange carrier and municipalities -911 service</li> <li>○ the price-floor test, and</li> <li>○ nine reporting requirements.</li> </ul> </li> </ul>	<p>By streamlining telecommunications procedures, including approval mechanisms for retail and competitive local exchange carrier tariffs, the CRTC has eased the regulatory burden for telecommunications enterprises, and contributed to a more predictable telecommunications trade environment in Canada.</p>

<sup>21</sup>

An exchange is the basic unit for the administration and provision of telephone service by an incumbent local exchange carrier.

<sup>22</sup>

Some elements of the Report on Plans and Priorities (RPP) 2008-2009 for this section of priority 9.b) exceeded planned implementation. For instance, the RPP states: “(...) the CRIC created a three-year action plan that established a schedule for the review of various regulatory measures (...) In the coming year the CRTC will continue to address regulations identified in the action plan.” In addition to all measures scheduled for 2008-2009, two planned for 2009-2010 were reviewed in 2008-2009.

<sup>23</sup>

A sharing group describes the use by two or more persons, in an arrangement not involving resale, of a telecommunications service leased from a company. Sharing group rules allow smaller users to combine their usage of a telecommunications service in order to obtain an economic advantage from the shared use of discounted services that are otherwise only available to large customers.

		<ul style="list-style-type: none"> <li>During 2008–2009, the CRTC reviewed five social and other non-economic regulatory measures. The majority of these measures were modified, streamlined or eliminated, including: the retail quality-of-service regime (reviewed 17 indicators and associated performance standards) and 17 information requirements.</li> </ul>		
Operational Priorities	Type	Status	Linkages to Strategic Outcome(s)	
<b>10. Efficient and effective telecommunications regulation</b>				
a. Industry self-regulation	Previously committed to	<p><i>Expectations Met</i></p> <ul style="list-style-type: none"> <li>In August 2008, the Commissioner for Complaints for Telecommunications Services Inc. (CCTS) met the conditions of approval set by the CRTC regarding the organization’s mandate, structure and operating procedures.</li> <li>The CCTS enforced mandatory membership requirements for telecommunications service providers (TSP) (member TSPs now account for almost 95% of retail telecommunications revenues).</li> <li>Public awareness campaign to be reviewed by CCTS board in second quarter 2009.</li> <li>More than 6,000 customers contacted the CCTS in its first complete year of operation.</li> <li>More than 2,000 complaints were received, 61% of which were successfully resolved following the agency’s initial involvement.</li> </ul>	Canadians now have clear recourse for lodging complaints about non-regulated telecommunications services.	<i>Strategic outcome 1</i> The results achieved under this priority support economic and social prosperity.
b. Streamlined telecommunications procedures:	Previously committed to	<p><i>Expectations Met</i></p> <ul style="list-style-type: none"> <li>On 21 August 2008, the CRTC announced it would end its requirement to approve retail tariff filings that met certain criteria, and further streamlined the approval mechanism for other retail tariff filings.</li> <li>Streamlined retail and wholesale tariff-approval mechanisms were in place as of October 6, 2008.</li> <li>For the period April 1, 2008 to March 31, 2009, 542 retail and wholesale applications were processed. Of these, 95% were disposed of within two months and 98% were disposed of within four months.</li> <li>94% of Type 1<sup>24</sup> applications under Part VII of the <i>CRTC Telecommunications Rules of Procedure</i> were issued within four months of close of record (above 90% target).</li> <li>93% of Type 2<sup>25</sup> applications under Part VII were issued within eight months of close of record (well above 85% target).</li> </ul>	By decreasing and streamlining tariff filings, the CRTC helps improve timelines and regularity costs. Meeting service standards ensures timeliness and predictability, which helps telecommunications entrepreneurs with their business planning, and removes burden from industry.	

<sup>24</sup> Type 1 applications generally do not involve multiple parties or raise significant policy issues.

<sup>25</sup> Type 2 applications involve multiple parties or raise significant policy issues.

	<ul style="list-style-type: none"> <li>Four public telecommunications proceedings were held compared to three in 2007–2008.</li> </ul>
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Management Priorities	Type	Status	Linkages to Strategic Outcome(s)
<b>11. Human Resources Initiatives</b>			
a. Modernizing management of human resources	New	<i>Expectations Mostly<sup>26</sup> Met</i> Through its Future Direction strategic planning, the CRTC set five HR priorities: job standardization, continuity planning, leadership development, CRTC university and job rotation. The CRTC has completed the first phase of implementation for each of these priorities, with the exception of the last one.	<i>Strategic Outcomes 1</i> The CRTC is committed to maintaining and promoting a highly skilled workforce that can adapt to continuously evolving communication industries.
b. Training and re-education	Previously committed to	<i>Expectations Mostly<sup>27</sup> Met</i> The CRTC offered training and education opportunities—such as the Orientation Fair, Broadcasting and Telecom 101, workshops and knowledge transfer sessions by retiring employees—to all employees.	
c. Recruitment and hiring	Previously committed to	<i>Expectations Somewhat<sup>28</sup> Met</i> <ul style="list-style-type: none"> <li>CRTC recruited and hired specialized personnel for specific needs.</li> <li>Due to its financial situation, the CRTC did not re-launch its post-secondary recruitment campaign in 2008. The CRTC relied instead on existing student programs such as the Federal Student Work Experience Program.</li> </ul>	
d. Succession plan	New	<i>Expectations Met</i> <ul style="list-style-type: none"> <li>A continuity planning report was developed and implementation is now underway.</li> <li>The CRTC launched executive collective staffing processes for current and future vacancies.</li> </ul>	
e. Diversity	Previously committed to	<i>Expectations Somewhat<sup>29</sup> Met</i> <ul style="list-style-type: none"> <li>The CRTC achieved a 15% recruitment rate for visible minorities compared to a target of 30%.</li> <li>Of 15 post-secondary graduates recruited in fall 2007, 27% were visible minorities.</li> </ul>	

<sup>26</sup> Some elements of the Report on Plans and Priorities (RPP) 2008-2009 were not completed or implemented as planned. For instance, the RPP states: "...the CRTC will continue to maximize the flexibility it has under the new legislation to attract, recruit and develop the talent and expertise it needs (...)"

<sup>27</sup> Some elements of the Report on Plans and Priorities (RPP) 2008-2009 were not completed or implemented as planned. For instance, the RPP states: "...the Commission will provide a variety of training and re-education opportunities." The main forecasted activity was the development of a training plan for employees and managers.

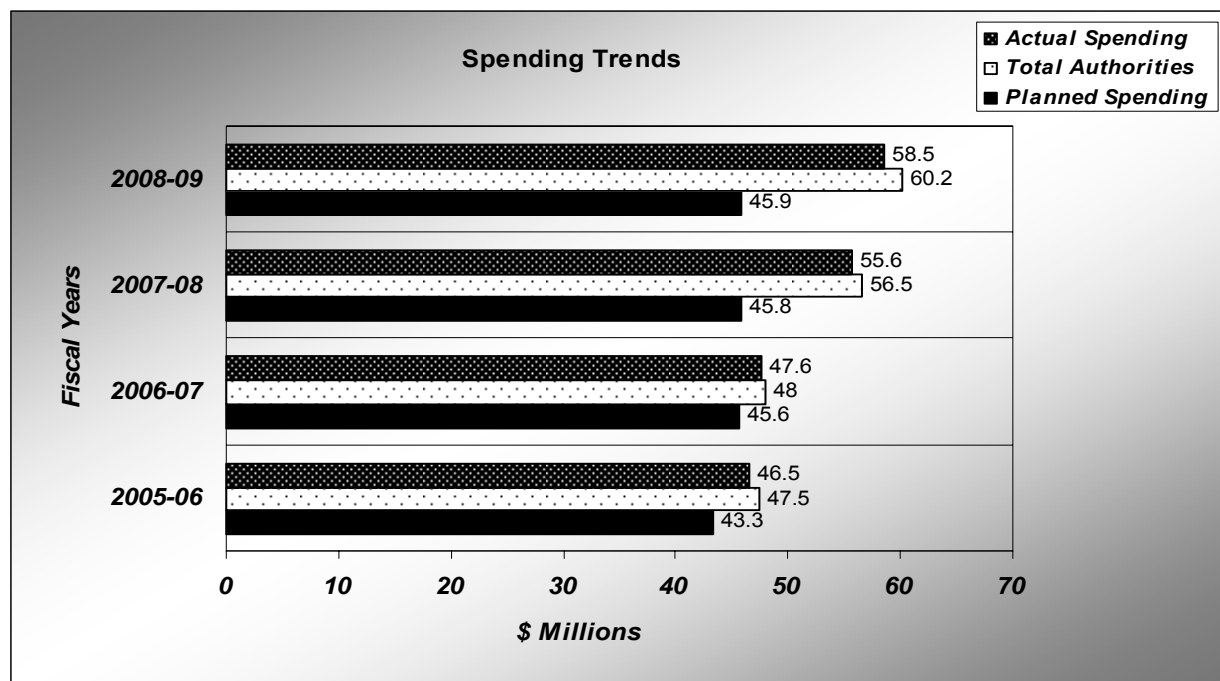
<sup>28</sup> Some elements of the Report on Plans and Priorities (RPP) 2008-2009 were not completed or implemented as planned. For instance, the RPP states: "The Commission successfully completed its first post-secondary recruitment campaign in 2007/2008. (...) The CRIC will launch another campaign in September 2008."

<sup>29</sup> Some elements of the Report on Plans and Priorities (RPP) 2008-2009 were not completed or implemented as planned. As such, it states: "...the CRTC is committed to ensuring that 30% of its new hires in 2008/09 are visible minorities."

## 1.6 Risk Analysis

No risk analysis was presented in the 2008–2009 RPP.

## 1.7 Expenditure Profile



### Voted and Statutory Items (\$ millions)

Vote # or Statutory Item (\$)	Canadian Radio-television and Telecommunications Commission	2006–2007 Actual Spending	2007–2008 Actual Spending	2008–2009 Main Estimates	2008–2009 Actual Spending
45	Program expenditures	2.3	9.9	-	12.2
(S)	Contributions to employee benefit plans	5.4	5.5	5.5	5.9
	<b>Total</b>	<b>7.7</b>	<b>15.4</b>	<b>5.5</b>	<b>18.1</b>

Actual spending for 2007–2008 and 2008–2009 increased. During that period, the CRTC received temporary funding to address an increased workload related to its legislative and regulatory responsibilities. Total spending in these years also include authorized operating budget carry-forward amounts and applicable Treasury Board vote transfers.

Details on the approved increases and related billing impact for broadcasting and telecommunication industries are notes in Broadcasting Circular 2007-9 and Telecom Circular CRTC 2007-18 dated December 21, 2007. More information about these decisions is available at: <http://crtc.gc.ca/eng/archive/2007/c2007-9.htm>.

CRTC actual spending totalled \$58.5 million in 2008-09 (\$18.1 million related to voted and statutory items and \$40.4 million for expenditures netted against revenue (i.e. vote-netted revenue – see section on *Sources of Respendable and Non-respendable Revenue* for additional information)).

## **SECTION II: ANALYSIS OF PROGRAM ACTIVITIES BY STRATEGIC OUTCOME(S)**



**2.1 Strategic Outcome 1: Broadcasting and telecommunications industries that contribute to Canada’s cultural, economic and social prosperity.**

**Program Activity by Strategic Outcome**

2.1.1 Program Activity: Canadian Broadcasting <sup>30</sup>					
Summary Table					
2008–2009 Financial Resources (\$ millions)			2008–2009 Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
24.6	32.3	31.1	248	239	9
Expected Results	Indicators And Targets	Performance Status		Performance Summary	
Realize the social and cultural policy objectives of the <i>Broadcasting Act</i> by ensuring the predominance of Canadian content and by providing Canadians with access to the broadcasting industry—as participants and audiences.	None identified in CRTC 2008–2009 Report on Plans and Priorities	<i>Expected Results Met</i> The CRTC issued 355 policy and regulatory decisions, including decisions re-iterating the predominance of Canadian programming services. In addition, a policy process was initiated to establish a regulatory framework for the group-based licensing of conventional television.		Despite the current economic context, the broadcasting sector remains predominantly Canadian.  Many measures were achieved or initiated during 2008–2009 to further the policy objectives of the <i>Broadcasting Act</i> or to support the industry in difficult economic times.	
Study new media and how they contribute to the objectives of the <i>Broadcasting Act</i> .		<i>Expected Results Met</i> The CRTC completed a public proceeding to address the opportunities and issues raised by broadcasting in new media, and to determine an appropriate policy response, in preparation for the Commission’s decision to be released in June 2009.		The proceeding examined the broadcasting in new media environment and explored whether the Commission’s regulatory position of exemption orders for new media broadcasting undertakings and mobile television broadcasting undertakings continues to be appropriate.	

**Benefits for Canadians**

Canadian broadcasting makes a significant contribution to the Canadian economy and to Canadians’ cultural identity. The CRTC ensures that Canadians have access to a diversity of quality Canadian programming.

<sup>30</sup> The Canadian broadcasting program activity definition: The *Broadcasting Act* requires the Canadian Radio-television and Telecommunications Commission regulate and monitor broadcasters and broadcasting services, including radio, television, cable distribution and direct-to-home satellite systems, through the issuance of licences. This program is important to ensure the predominance of Canadian content and by providing Canadians with full access to the broadcasting system as participants in the industry and as audiences.

In 2008, total broadcasting revenues in Canada were \$14 billion, an increase of 7% over that of the previous year. Of that total, 11% was derived from radio broadcasters, 39% from television and 50% from broadcasting distribution undertakings (BDU) broadcasting activities.

The broadcasting industry employs more than 32,700 Canadians, provides a wide range of services that connect Canadian citizens and businesses, and contributes to their cultural, economic and social prosperity.

In 2008, broadcasters contributed more than \$2.5 billion towards the development, creation and exhibition of Canadian content and talent.

The news and entertainment programming broadcast by hundreds of Canadian television services—and information and music distributed by hundreds of Canadian radio services—plays an essential role in nurturing and reflecting the cultural identity of Canada.

Through its regulatory and monitoring activities, the CRTC ensures that all Canadians have access to an extensive range of Canadian and foreign programming services. The CRTC also ensures a predominance of Canadian services.

#### Demonstration – some facts and statistics

As of December 31, 2008, there were approximately 707 television services authorized to broadcast in Canada, a 3% increase from 2007. Of these, 24% were conventional television services, and 29% were Canadian speciality, pay-per-view and video-on-demand services. The remaining 47% were community-related services and non-Canadian satellite services authorized for distribution.

Conventional television stations must devote at least 60% of the broadcast year and not less than 50% of the evening broadcast period (6 p.m. to midnight) to Canadian programs, and must broadcast at least eight hours per week of priority programming such as drama, documentaries, music and variety programs during prime time. English-language television ownership groups are also expected to ensure that at least 75% of the priority programming they broadcast is produced by independent production companies. For its part, TVA is expected to allocate minimum annual expenditures of \$20 million for independently produced French-language programming.

Approximately 90% of Canadian households subscribe to a broadcasting distribution undertaking service such as satellite or cable.

Discretionary television channels are required to broadcast minimum amounts of Canadian programs and spend a minimum percentage of their revenues on the production of Canadian programs, depending on the nature or genre of the programming service.

#### **Performance Analysis**

Considering the economic context and the CRTC financial situation, the CRTC provided valuable results to Canadians, for both planned and unplanned activities, through its Canadian broadcasting program activity and managed to fully deliver on its mandate under the *Broadcasting Act*.

## Planned Activities Results

### Regulatory Review

Over the past fiscal year, among other cultural and economic measures, the CRTC has introduced many changes to its policy and regulatory approaches. For example, in April 2008, the Commission held a public hearing to review the regulatory framework for broadcasting distribution undertakings and discretionary services.

### Licences Awards, Amendments and Renewals

In 2008–2009, the CRTC reviewed 502 applications for new services and licence amendments and renewals. It held 14 public hearings over 54 days and issued 97 notices announcing applications and calling for comments on various policy-related matters.

These processes generated a total of 19,529 comments and interventions. Compared to 2007–2008, these numbers represent a 9% increase in the regulatory activities performed by the CRTC.

### Results Partially Met

As explained in Section I, some of the CRTC's expected results were partially met. This can be explained by three major reasons:

1. During the last half of the year, a significant reduction in advertising revenues put conventional broadcasters in difficult situations. As a result, the CRTC revised its traditional approach for the renewal of conventional television licences. The Commission announced a two-step public process that would narrow the scope of the April 2009 licence renewal hearings to consider short-term regulatory relief for conventional broadcasters. It also announced that it would hold a policy proceeding in the fall of 2009 to examine the modalities and conditions for licensing based on ownership groups, investigate alternative support mechanisms for local programming and establish the appropriate minimum levels of spending on Canadian programming by English-language television broadcasters.
2. When planning its activities for 2008–2009, the CRTC anticipated an increase in its budget based on fees collected from licensees. Because of the economic decline, however, the Commission decided not to pursue this approach. Thus, the Commission had to cut back on some activities. For example, it cancelled its plan for accelerated public hearing processes and associated service standards.
3. Four main unplanned activities took precedence over some planned activities and stretched the CRTC's resources.

## Important Results Linked to Unplanned Activities

### TQS ownership

In the spring of 2008, TQS inc. was in technical bankruptcy. In June 2008, the CRTC held a public hearing and issued a decision approving the transfer of effective control of the television network and renewal of its broadcasting licences.

This process took place in an extremely short timeframe under intense public pressure: the application was received only weeks before the hearing was to take place, the TV service was on the brink of ceasing operations, and the new owners threatened not to proceed with the acquisition if the CRTC did not eliminate its requirement that the service broadcast new programming.

Ultimately, the CRTC was able to strike an acceptable balance. In light of TQS's financial situation, the new owners were granted relief through a reduction in local news requirements to two hours per week in Montreal and Quebec City, on the condition that these obligations would be reviewed in the spring of 2011.

### Order in Council proceedings

#### i) Order-in-Council on the availability of broadcasting services in official-language minority communities

In Order in Council P.C. 2008-1293, the Governor-in-Council directed the CRTC to call for comments from the public, and report on three issues by March 31, 2009. The Commission was to:

- examine the availability and quality of English- and French-language broadcasting services in Canada's anglophone and francophone minority communities
- identify any deficiencies and challenges in the provision of official-language broadcasting services in those communities, and
- propose measures to encourage and facilitate access to the widest possible range of official-language broadcasting services in official-language minority communities and ensure that the diversity of these communities is reflected in the Canadian broadcasting system as a whole.

In spite of an extremely heavy regulatory agenda, the CRTC was able to schedule a public hearing from January 13-16, 2009, examine and consider the written comments submitted prior to, and the oral presentations made at, the hearing, and submit its report on March 30, 2009.

#### ii) Order in Council on the licensing of new radio services in Ottawa/Gatineau

On August 26, 2008, in Broadcasting Decision CRTC 2008-222, the CRTC approved the applications by Astral Media Radio Inc. and by Frank Torres, on behalf of a corporation to be incorporated, for broadcasting licences to operate new English-language commercial FM radio stations to serve Ottawa and Gatineau.

On November 20, 2008, by Orders-in-Council P.C. 2008-1769 and P.C. 2008-1770, the Governor-in-Council referred the decision back to the CRTC for reconsideration and hearing.

The Orders-in-Council expressed the opinion that it is material to the reconsideration and hearing that the Commission fully consider and explain its approach to evaluating the needs of official-language minority communities and how it applies in this case.

The Commission held a public hearing beginning on March 31, 2009 to consider the applications. The completion of this process will follow in early 2009–2010.

#### Single point of contact for small undertakings

The establishment of a single point of contact for small broadcasting undertakings was launched in November 2008 to facilitate the licensee-application process. As of March 31, 2009, the Broadcasting Liaison team dealt with 375 requests for information.

### **Lessons Learned**

In achieving its results during the 2008–2009 fiscal year, the CRTC learned a number of lessons, such as:

- The importance of reviewing existing regulatory frameworks to ensure they are still relevant and required.
- Broadcasting is increasingly viewed as comprising of programming available on a multiplicity of platforms. An adequate revenue base for the continued production of quality Canadian programming requires a systemic regulatory approach that takes into account the contributions of all platforms.
- Official-language minority communities must have appropriate access to television services.
- Public and community radio stations play important roles in official-language minority communities.
- Community reflection in the programming of the services available in the Canadian broadcasting system can be improved.
- There is a need for steady and reliable funding for the implementation and management of community radio stations.
- In the medium and long terms, new media are important components to ensuring access to a maximum number of services and to enable a better reflection of official-language minority communities within Canada's broadcasting system
- While the CRTC continues to rely on measures that are targeted and minimally intrusive in regulating and monitoring the Canadian broadcasting system, the CRTC has to have the capacity to intervene swiftly and effectively to meet cultural, social and economic prosperity priorities as set in its mandate.
- Streamlining initiatives will continue to be a priority.

## 2.1.2 Program Activity: Canadian Telecommunications<sup>31</sup>

### Summary Table

2008–09 Financial Resources (\$ millions)			2008–09 Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
21.3	27.9	27.4	212	227	15
Expected Results	Indicators and Targets	Performance Status	Performance Summary		
Ensure that Canadians have access to affordable, reliable telephone and other high-quality telecommunications services through an increased reliance on market forces, and that regulation, where required, is effective and efficient.	None identified in CRTC 2008–2009 Report on Plans and Priorities	<i>Expected results met</i> Canadians can count on a telecommunications industry that is increasingly less burdened by regulatory measures, relies more than ever on market forces and continues to provide affordable, reliable and high-quality telecommunications services.	<p>The following key accomplishments contributed toward the CRTC’s Canadian Telecommunications program activity expected results:</p> <ul style="list-style-type: none"> <li>• The National DNCL was launched and is operating, and the Commission has introduced associated enforcement activities.</li> <li>• Through 40 local forbearance decisions issued in 2008–2009, the CRTC refrained from regulating residential and business local services in a total of 191 exchanges.</li> <li>• The CRTC reviewed eight economic regulatory measures—which exceeded the planned number of reviews in 2008–2009—and five non-economic and social measures, which meets the planned number of reviews in 2008–2009.</li> <li>• The CCTS met conditions of approval in August 2008.</li> <li>• The CRTC streamlined procedures for dealing with tariff applications.</li> <li>• The CRTC met service standards applications for Part VII (<i>CRTC Telecommunications Rules of Procedure</i>).</li> </ul>		

### Benefits for Canadians

Total telecommunications revenues in Canada increased from \$34.8 billion in 2007 to \$36.8 billion in 2008, a 5.6% increase. The telecommunications industry employs 110,228<sup>32</sup> Canadians and is a vital element of the Canadian economy. It provides a wide range of services that connect Canadian citizens and businesses.

<sup>31</sup> The Canadian Telecommunications program activity definition: The *Telecommunications Act* requires that the Canadian Radio-television and Telecommunications Commission regulate and supervise the telecommunications industry by approving tariffs and fostering competition. The Commission’s regulation of the telecommunications industry is based on an increased reliance on market forces and, where required, effective and efficient regulation. As a result of the Commission’s regulation of the telecommunications industry, Canadians have access to reliable telephone and other high-quality telecommunications services at affordable prices.

<sup>32</sup> This figure is calculated as the average of the total monthly numbers between April 2008 and March 2009 from Statistics Canada. *Table 281-0023 - Employment (SEPH), unadjusted for seasonal variation, by type of employee for selected industries classified using the North American Industry Classification System (NAICS), monthly (persons)*, CANSIM (database).

Through its regulatory and monitoring activities, the CRTC ensures that all Canadians enjoy reliable, affordable and high-quality telecommunications services, wherever they live. The CRTC must ensure that the marketplace is competitive and that it regulates only where market forces do not protect consumers.

Examples of direct benefits to Canadians include:

- Through the National DNCL, the CRTC helps protect Canadians' privacy.
- Through the establishment of the CCTS, Canadians now have recourse for complaints about telecommunications services in non-regulated areas.
- Through increased competition, consumers are offered greater choice and pricing flexibility than ever before for telecommunications services.

Canada compares favourably with other countries. Canada has the highest proportion of households with broadband connections among G7 countries. Prices for wireline and wireless service are in the middle average of those in other countries.<sup>33</sup>

## **Performance Analysis**

In 2008–2009, the CRTC delivered on its expected results and priorities for the Canadian telecommunications program activity and met its expectations as stated in the 2008–2009 RPP.

The performance of this program activity is mainly shown in Section I. The following four activities are examples of key accomplishments for this program activity:

### Streamlined telecommunications procedures

Through its efforts to streamline telecommunications procedures, including approval mechanisms for retail and competitive local exchange carrier tariffs, the CRTC has contributed to a more efficient telecommunications trade environment in Canada. Streamlining procedures has helped ease the regulatory burden on telecommunications service providers. Because of recent changes by the CRTC, service providers operate under fewer regulations than ever before, and the CRTC's decisions are issued in a timelier manner, which is better for industry.

Among other measures, the CRTC has:

- streamlined the tariff-approval process
- eliminated the retail quality-of-service rate-adjustment plan and streamlined reporting requirements
- reviewed the price-floor test
- eliminated and modified certain monitoring and reporting requirements
- helped to protect consumers through a strengthened framework for competition, and
- reviewed its disconnection and deposit policies.

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<sup>33</sup> Detailed data on how Canada compares internationally can be found in the *Communications Monitoring Report 2009* at <http://www.crtc.gc.ca/eng/publications/reports/policymonitoring/2009/cmr.htm>

### Internet traffic management

In April 2008, the Canadian Association of Internet Providers (CAIP) asked the CRTC to direct Bell Canada to stop “traffic shaping”<sup>34</sup> its wholesale Asymmetric Digital Subscriber Line services and the wholesale service known as Gateway Access Service (GAS). Traffic shaping refers to slowing the transfer rates of all peer-to-peer file-sharing applications during peak periods. Bell Canada began shaping the Internet traffic of its own retail customers in October 2007 and that of its Internet service provider GAS customers in March 2008.

On November 20, 2008, the Commission denied CAIP’s request, but launched a proceeding to review the existing and emerging Internet traffic-management practices that were beyond the scope of the initial proceeding. CAIP has since appealed the CRTC’s decision.

### New regulatory frameworks for small local telephone companies

The CRTC established a regulatory framework for the implementation of wireless number portability in the territories of the small local telephone companies at the end of 2008. It also launched a process to determine a framework for refraining from regulating local exchange service in those same territories.

### Wireless 911 services

Over the past year the Commission made important progress in protecting Canadians by making changes to 911 emergency services for wireless customers. At times, emergency responders have difficulty locating people calling 911 from wireless devices, so the CRTC asked wireless service providers to find a technical solution.

As a result, the industry developed requirements for a solution that will use specialized technology, such as global positioning systems, to improve public safety. The CRTC has directed providers to upgrade their 911 emergency services by February 1, 2010.

## **Lessons Learned**

In achieving its results during the 2008–2009 fiscal year, the CRTC learned a number of lessons, such as:

- The importance of reviewing existing regulatory frameworks to ensure they are still relevant and required.
- The CRTC gained experience in delivering a new consumer-protection program: the National DNCL.
- The importance of streamlining initiatives to ensure that regulation, where required, is efficient and effective, and
- The need to take advantage of emerging technologies to better serve the telecommunications industry and the Canadian public.

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<sup>34</sup> In its application CAIP also referred to activities by Bell Canada to "shape," "throttle," and "choke" Internet traffic. The term "traffic shaping" covers all of these expressions.



## **SECTION III: SUPPLEMENTARY INFORMATION**

### 3.1 Financial Highlights

(\$ millions)

Condensed Statement of Financial Position At End of Year (March 31, 2009)		% Change	2009	2008
<b>ASSETS</b>				
<b>Total Assets</b>		37%	4.1	3.0
<b>TOTAL</b>		37%	4.1	3.0
<b>LIABILITIES</b>				
<b>Total Liabilities</b>		2%	17.5	17.1
<b>EQUITY</b>				
<b>Total Equity</b>		-5%	(13.4)	(14.1)
<b>TOTAL</b>		37%	4.1	3.0

(\$ millions)

Condensed Statement of Financial Position At End of Year (March 31, 2009)		% Change	2009	2008
<b>EXPENSES</b>				
<b>Total Expenses</b>		9%	75.4	68.9
<b>REVENUES</b>				
<b>Total Revenues</b>		2%	55.9	54.9
<b>NET COST OF OPERATIONS</b>		39%	19.5	14.0

### 3.2 Financial Statements

A complete copy of the Financial Statements is available at <http://www.crtc.gc.ca/eng/publications1.htm>

### 3.3 List of Supplementary Information Tables

The table *Sources of Respendable and Non-respendable Revenue* is available on the website of the Treasury Board of Canada Secretariat at the following address: [www.tbs-sct.gc.ca/estsd-bddc/index-eng.asp](http://www.tbs-sct.gc.ca/estsd-bddc/index-eng.asp)

The table *CRTC User Fees / External Fees* is available on the website of the Treasury Board of Canada Secretariat at the following address: [www.tbs-sct.gc.ca/estsd-bddc/index-eng.asp](http://www.tbs-sct.gc.ca/estsd-bddc/index-eng.asp)

### 3.4 Other Items of Interest

A complete list of **CRTC Commissioners** is available at: [www.crtc.gc.ca/eng/about/commissioners.htm](http://www.crtc.gc.ca/eng/about/commissioners.htm)

The list of **CRTC contacts and Offices** can be found at: [www.crtc.gc.ca/eng/contact.htm](http://www.crtc.gc.ca/eng/contact.htm)

The list of **legislation, statutes and regulations** related to the CRTC can be found at:  
[www.crtc.gc.ca/eng/statutes-lois.htm](http://www.crtc.gc.ca/eng/statutes-lois.htm)

**Definitions** of terminology used in this document can be found at:  
<http://www.crtc.gc.ca/eng/glossary-glossaire.htm>