



Annual Survey of Telecommunications Service providers, 1998

Wireless Reporting Guide (S)



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Annual Survey of Telecommunications Service Providers

Reporting Guide Organization

This Reporting Guide provides definitions of terms and concepts and instructions for completing the **Annual Survey of Telecommunications Service Providers** and the **Appendix** for Cellular, PCS and ESMR service providers. If more than half of your receipts are earned from wireline or non-cellular, PCS or ESMR services, please contact Statistics Canada for the questionnaire and Reporting Guide for these activities.

Where required, there is an introductory section to provide an overview of a module's organization and a general section to provide instructions that apply to the whole module. Instructions and definitions pertaining to specific questions follow these sections.

Only those sections that were determined to require elaboration or clarification have been included in the Reporting Guide. Comments to improve the questionnaire or the Reporting Guide may be made in the Comments section of the questionnaire, or by contacting Statistics Canada at (613) 951-5948 or (613) 951-2201.

Note: Page references relating to the survey questionnaire are prefixed with a "Q" (e.g., Q-5), whereas page references relating to the Reporting Guide have no prefix.

Label Information (Q - front page)

Respondents should verify pre-printed information and make changes in the boxes provided only if the pre-printed information is incorrect or incomplete.

Information for Respondents (Q - front page)

Survey Objective

This survey collects financial and operating data for the statistical measurement and analysis of the **telecommunications industry (telecom carriage or resale)**. These data will be aggregated to produce estimates of national and provincial economic production in Canada as well as estimates of activity by industry. This information is used by government for national and regional programs and policy planning, by the private sector for industry performance measurement and market development, and by the aforementioned parties, international telecommunications organizations and the general public to better understand this sector's role in the social and economic life of Canadians. Selected results of this survey will be published in Statistics Canada Catalogue Number 56-203-XPB.

Authority

This survey is collected under the authority of the Statistics Act, Revised Statutes of Canada 1985, Chapter S19. Completion of this questionnaire is a legal requirement under this Act.

Confidentiality

Statistics Canada is prohibited by law from publishing or releasing any statistics which would divulge information obtained from this survey relating to any identifiable business without the previous written consent of that business. **The data on this questionnaire will be treated in confidence, used for statistical purposes and published in aggregate form only.** The confidentiality provisions of the Statistics Act are not affected

by the Access to Information Act or any other legislation. **Please note that Statistics Canada does not share any individual responses with Revenue Canada.**

Data Sharing Agreement

To reduce respondent burden and to ensure more uniform statistics, an agreement has been made under Section 11 of the Statistics Act to exchange information with Statistics Quebec. This statistical agency has been established under provincial legislation which provides substantially the same provisions for confidentiality and penalties for disclosure of confidential information as the federal Statistics Act. The legislation also provides this agency with the authority to collect this information on their own.

General

Reporting Instructions

Please complete all questions that pertain to your operations. **Cross out cells or sections that do not apply to your company to reduce the likelihood of follow-up call backs to verify missing information.**

Scalars: dollar amounts and traffic (minutes) should be reported in thousands. All other measures (e.g., customer accounts, employees, subscribers, switches, etc.) should be reported in unscaled units - e.g., simply the number (#) of units for the subject being questioned, e.g. 300 persons employed or 6 ATM switches.

Estimates: your best estimates are acceptable when precise figures are not available or cannot be obtained within the collection period.

Summing: instructions for summing cells are found in the questionnaire: **bolded cells**, other than totals, are used to indicate which cells (usually sub-totals) to add to grand totals; **arrows and dashed vertical lines** are used for summing cells to a sub-total; and **cell references** in 'total' cells, e.g., (1007 + 1031), are used to identify additions of non-contiguous cells (e.g., to sum cell 1007 and cell 1031 to the 'total') or for 'horizontal' rather than 'vertical' cell additions.

Negative values: negatives (losses) should be indicated by bracketing the reported value. Discounts, returns, rebates, promotional offerings and adjustments should be offset against the appropriate revenue, expense or balance sheet account rather than entered as a negative value in an 'Other' category. Reported values, other than losses, should therefore be positive numbers.

Financial reporting standards: in order that data collected is compatible among respondents, financial reporting should be in accord with generally accepted accounting principles (GAAP) as set out in the Canadian Institute of Chartered Accountants (C.I.C.A.) Handbook. Please report all accounts on an accrual basis.

Respondent Information (page Q- ii)

This section provides for a description of the survey respondent.

A. Type of business organization

Multiple-unit reporting (*Consolidated family of corporations*)

In general, it is best to use a single questionnaire for each legal or operating entity where the main line of business is the provision of telecommunication services falling in different

telecom industries (see 'Telecommunications Industry Classification' below). This usually implies reporting on an unconsolidated basis.

You may report several entities on a single form if each entity provides the same or similar services. Please complete **Information Concerning Consolidated Reporting** at the back of the questionnaire. **Do not consolidate the activities of foreign entities.**

It is acceptable to report non-telecommunication activities (activities other than telecom carriage or telecom reselling, e.g., directory publishing, sale of goods) if the following conditions are met:

- the non-telecommunication activities are an integral part of the normal business activities of the entity covered by this report; and
- no separate financial statements are maintained for the non-telecommunication activities such that they could be separated from the telecom activities and reported in the appropriate Statistics Canada survey for those activities (e.g., a publishing survey for directory publishing or a retail or wholesale survey for sale of goods).
- the entities concerned exist solely to support the activities of the affiliated entity (e.g., a property management company which owned rights-of-way for a telecom network and does not provide network facilities to a competing carrier).

For further information or clarification on what units to include in your questionnaire, or for more questionnaires, please contact Statistics Canada.

Telecommunications Industry Classification (page Q-iii)

North American Industry Classification System (NAICS)

This section is used to classify the respondent to the appropriate NAICS industry as well as analytical groups. The NAICS is the most up-to-date industry classification in use, jointly developed by Canada, the United States and Mexico to reflect the industrial structure of the North American economy for reference year 1997. It replaces the Standard Industrial Classification (SIC), designed for reference year 1980.

Each telecommunications service provider is classified to one of the five NAICS telecommunications industries (Wired - 51331, Wireless - 51332, Resellers - 51333, Satellite - 51334 and Other - 51339). These industries roll-up to the 4-digit industry group, Telecommunications - 5133. Respondents are classified by whether they operate facilities or resell telecommunications services and by the telecommunications services they provide.

The telecommunications industry group comprises establishments primarily engaged in operating, maintaining and providing access to network facilities for the transmission of voice, data, text, sound and video imaging between network termination points or the resale of these services. Transmission facilities may be based on a single technology or a combination of technologies.

Exclusions: Internet service providers, agents for carriers or resellers, retail phone stores, telephone answering services, telephone call centres, cable and program distribution, broadcasting as defined in the Broadcasting Act, systems integrators, holding companies, etc.

If a majority of your operating revenues are from excluded activities, please indicate your main activity (ies) in the space provided at the top of page Q-iii, complete the Certification section on the same page and return this questionnaire in the postage paid envelope provided.

Facilities-based

A telecommunications service provider is facilities-based if it owns or operates any **transmission facility** (wire, cable, radio, optical or other electromagnetic system, or any similar technical system) for the transmission of **intelligence** (signs, signals, writing, images, sounds or intelligence of any nature) between network termination points. For the purpose of industry classification, transmission facilities do not include any apparatus whose functions are limited to one or more of the following:

- the switching of telecommunications;
- the input, capture, storage, organization, modification, retrieval, output or other processing of intelligence; or
- control of the speed, code, protocol, content, format, routing or similar aspects of the transmission of intelligence.

Reseller

A telecommunications service provider is a reseller if it is primarily engaged in purchasing access and network capacity from owners and operators of telecommunications networks and reselling telecommunications services to businesses, institutions, governments or households. Resellers may own some network facilities such as switching equipment or apparatus to manipulate and control intelligence but do not operate or maintain a full network.

Resellers include companies offering prepaid telephone cards (providing that they purchase services from carriers or other resellers which they in-turn resell) and **rebillers** (switchless resellers). **Agents**, which work on behalf of other companies and do not bill customers, are not included in this survey (please indicate this activity in the space provided at the top of page Q-iii, complete the Certification section on the same page and return this questionnaire in the postage paid envelope provided).

Note: Resellers are a separate NAICS industry (51333) and may provide wireline or wireless services. Resellers of satellite services, however, are included in the Satellite industry (51334 - see below).

Telecommunications (5133)

Wireline Telecommunications Carriers (51331)

This industry comprises establishments primarily engaged in operating and maintaining switching and transmission facilities to provide direct communications via land lines, microwave, or a combination of land lines, microwave and satellite link-ups.

Wireless Telecommunications Carriers (except Satellite) (51332)

This industry comprises establishments engaged in operating and maintaining switching and transmission facilities to provide direct communications via the airwaves. The following services are part of the NAICS Wireless industry classification:

Cellular - A telecommunications system that uses radio frequencies in the 800 MHz (megahertz) frequency band

to provide mobile access to the wireline **PSTN** (public switched telephone network - defined below, page 3b). Cellular telecommunication can use either analogue or digital transmission technology over a multi-cell network architecture.

PCS - Personal Communications Services (PCS) is a telecommunications system that uses radio frequencies in the 1900 MHz frequency band to provide mobile access to the wireline PSTN. PCS uses digital transmission technology over a multi-cell network architecture.

ESMR - Enhanced Specialized Mobile Radio (ESMR) is a telecommunications system that uses radio frequencies primarily in the 800 MHz frequency band to provide mobile dispatch services and mobile access to the wireline PSTN. ESMR uses digital transmission technology over a multi-cell network architecture.

RCC - Radio Common Carriers provide mobile dispatch services primarily in the 150 MHz, 400 MHz, 800 MHz and 900 MHz frequency bands to provide mobile dispatch services. It does not access the PSTN. RCC uses analogue transmission technology.

Paging, Narrowband PCS - An interactive telecommunications service that provides for information interchange among users by means of store-and-forward, electronic mail, or message-handling functions. **Paging** consists of a one-way telecommunications system that provides signaling or information transfer by such means as tone, tone-voice, tactile, or optical read-out. Analogue or digital transmission technology may be used. **Narrowband PCS** is a telecommunications system that uses radio frequencies in the 900 MHz frequency band to provide one or two-way messaging services. This service uses digital transmission technology with radio frequency channels of 50 kHz (kilohertz) or less.

Telephone answering services are not included.

Wireless Broadband - Multipoint telecommunications systems that use radio frequencies to allow the transmission and/or reception of information such as multimedia, data, and video over radio frequency channels of 50 kHz or greater. Either digital or analogue transmission technology is used (e.g., MCS, LMCS, MMDS, etc.).

Fixed Wireless - This classification is used to record services that provide wireless local access to the PSTN using radio frequencies and transmitting from a fixed place. Fixed wireless can use either digital or analogue transmission technology.

Telecommunications Resellers (51333)

This industry comprises establishments engaged in purchasing access and network capacity from owners and operators of telecommunications networks and reselling telecommunications services to businesses, institutions or households. These establishments do not own or maintain a full network. See 'Reseller' on page 2 for more detail describing resellers (including rebillers) and agents (which are excluded from the survey). Satellite resellers are classified in 51334.

Satellite Telecommunications (51334)

This industry comprises establishments primarily engaged in operating, maintaining and providing access to satellite telecommunications facilities for the transmission of voice, data,

text, sound and full motion videos. Resellers of satellite communications are also included.

Satellite (Fixed) - Communications via satellite transmission in which the terrestrial terminal points are fixed.

Satellite (Mobile) - Communications via satellite transmission in which the terrestrial terminal point is mobile.

Other Telecommunications (51339)

This NAICS telecommunications industry comprises establishments primarily engaged in providing specialized telecommunications services, such as satellite tracking, communications telemetry and radar station operation. This industry also includes establishments primarily engaged in providing satellite terminal stations and associated facilities connected with one or more terrestrial systems and capable of transmitting telecommunications to, and receiving telecommunications from, satellite systems.

Public Switched Telephone Network (PSTN)

The PSTN in this questionnaire is defined as the worldwide dial-up telephone network (switching, circuits, transmission and access services), or a portion of that network, used to establish voice and non-voice (text, audio, video or data) communications carried over a path initially established using normal telephone signaling and ordinary switched long-distance telephone circuits.

Areas of Operation

Check areas (provinces and/or territories) where this respondent has employees. Please complete the Appendix if two or more boxes are checked.

The following provincial and territorial abbreviations have been used

Alta. - Alberta	B.C. - British Columbia
Man. - Manitoba	N.B. - New Brunswick
Nfld. - Newfoundland	N.W.T. - Northwest Territories
N.S. - Nova Scotia	Ont. - Ontario
P.E.I. - Prince Edward Island	Que. - Quebec
Sask. - Saskatchewan	Y.T. - Yukon Territory

Survey Questionnaire (pages Q-1 to Q-9)

Module 1 - Operating Revenues (pages Q-1 to Q-2)

Introduction

This module is divided into 2 parts:

- the first part is for recording revenues from core telecommunications activities, the carriage or resale of telecommunications services (the emission, transmission or reception of signs, signals, writing images, sounds or intelligence of any nature);
- the second part is for revenues from non-telecommunication services: these services support core telecom services, but are not part of the carriage or resale of voice, data sound or image telecommunication (e.g., directory publishing, sale of

goods, consulting, etc.). Non-telecom services are designated as such because they may be provided by companies that do not provide telecommunications services and therefore would not be part of the NAICS Telecommunications industries (see pages 2, 3).

General

Hybrid operations (those having wireline and wireless revenues)

Respondents which use a combination of wireless and wireline technologies in the delivery of telecommunications services within the same operating entity and can differentiate revenues from these activities, should report their wireline revenues in G. 'Other Telecommunications Revenue' and describe the wireline activity as clearly as possible in the 'Please specify' space provided.

Revenues exclusions

Please report revenues net of discounts, returns or allowances, promotional offers, rebates and excluding federal or provincial taxes collected for remittance to a government agency (e.g., sales and excise taxes, GST, PST, HST, etc.).

Foreign exchange

Sales of goods and services denominated in foreign currency should be translated to Canadian currency at the exchange rate on the transaction date.

Telecommunications Operating Revenues (pages Q-1 and Q-2)

A. Carrier services - services provided to other telecommunication service providers (common carriers or resellers). Only record receipts here, payments should be reported as an expense item in Module 2.

1. Contribution - consists of payments (per minute or per circuit) derived from domestic and international long-distance telecommunications revenues to cover the revenue shortfall in the provision of local/access services. Include amounts received from the central fund or directly from other carriers.
2. Interconnection/settlements - revenues earned for the provision of services and facilities beyond the point of interconnection (such as switching and aggregation) to terminate traffic on behalf of an originating telecommunications service provider. This includes transiting or transport where provided pursuant to an interconnection tariff or agreement. Interconnection occurs between local exchange carriers (LEC's) and interexchange service providers (IXC's), including alternative providers of long distance services (APLDS), LEC's and wireless service providers (WSP's), and between domestic and foreign service providers.
3. Wireless capacity rentals - revenues earned from telecom service providers (those providing or reselling telecommunication carriage) for the lease of wireless circuits, e.g. satellite channels.
4. Other - services provided to telecommunications service providers not described above such as co-location, access to support structures, data base access, the recovery of start-up costs, other unbundled elements associated with the provision of dial tone, etc.

Bandwidth - telecommunications carriage revenue categories services are differentiated by their bandwidth (the communication channel's throughput capacity). Three bandwidth are specified in the survey (B, C and D below).

B. Narrowband Services - 2 way capabilities with speed in either direction not exceeding 64 kbps.

Fixed/recurring charges - a fixed amount paid for a specified period of time or for a specified amount of usage.

Air time - revenues for measured services.

Other - local services such as 9-1-1 and operator services (e.g., local/long distance directory assistance).

1. Local telephony - the transmission and switching of mobile telephony (voice, data, image and video messages) over the PSTN *within* a local calling area. (cellular, Personal Communications Services, PCS, and Enhanced Specialized Mobile Radio, ESMR). ESMR is included here rather than with dispatch because of its interoperability with the PSTN.

Local telephony does not include the provision of calling features (see E, below) or one-time activation or deactivation charges (see F, below) or the rental or sale of terminal equipment (see 'Non-Telecommunications Operating Revenues')

2. Long distance telephony - the transmission and switching of mobile telephony (voice, data, image and video messages) over the PSTN *between* local calling areas.
3. Paging, Narrowband PCS - a mobile radio service primarily used to receive voice, text or tone messages with small radio receivers. These devices may or may not be accessed by the PSTN. Include activation fees and monthly flat and usage fees associated with the system's operations.

If the receiver rental is included in the fixed monthly fees, estimate its value, report the amount in 'Terminal Equipment Rental' ('Non-Telecom Operating Revenue') and adjust your response to this question to reflect this estimation.

4. Dispatch services (RCC) - non-switched services provided by Radio Common Carrier (RCC) license holders for the provision of radio communication dispatch and communications services (e.g., dispatch services for taxis or field service personnel, mobile data for police departments, etc.). Include ESMR as part of Local and Long distance telecommunication rather than as a dispatch service.

Switched telecommunications - Switched telecommunications is made up of circuit and packet switched telecommunications:

Circuit switched traffic - circuit switching employs reserved circuits (the establishment (dial-up) and continuous operation of a circuit (a facility consisting of the equipment and apparatus required to form a path suitable for the transmission of voice, text, audio, video or data communication between telephones and other communication equipment) between two or more users

for their exclusive use until it is released, i.e., the connection is ended, making up the Public Switched Telephone Network (PSTN) (e.g., cellular telecomm).

Packet switched traffic - voice, data, video telecommunication that is divided into packets of fixed or variable length which are routed along non-reserved circuits to their destination. These packets typically follow varied routes depending on what is available at the time, which maximizes the network's capacity. Each packet is addressed and numbered so it can be routed to its proper destination and reassembled in its proper sequence if necessary upon its arrival.

Non-switched telecommunications - dedicated circuits between specified points for the exclusive use of the circuit lessees or owners; the PSTN is not used for routing or switching the communication, e.g., private voice and data networks linking multiple business locations, dedicated links for transferring high-resolution video, etc.

- C. **Wideband Services** - 2 way capabilities with speed in at least one direction of greater than 64 kbps up to and including 1.544 Mbps.

See page 4b for a description of switched (circuit or packet) and non-switched services.

- D. **Broadband Services** - 2 way capabilities with speed in at least one direction exceeding 1.544 Mbps. See page 4b for a description of switched (circuit or packet) and non-switched services.

- E. **Calling Features** - (also referred to as optional or enhanced local services), specialized software and database applications linked to telecommunications networks such as call waiting, call forwarding, caller identification, three-way calling, speed dialing, etc.; call management services: call display, call return, call screen, call blocking, automatic call-back, etc.; and, tele-messaging: call answer, extension call answer, voice mail, voice menus, etc.

These features are commonly offered on a per-use, or on fixed monthly charge basis. If any of these services are included as part of a basic services package, an estimation of their value can be used and the local revenues adjusted accordingly.

- F. **Connection** - non-recurring revenue earned from connecting or reconnecting customers to the PSTN (this does not include premises wiring - report as a 'Non-Telecommunications Operating Revenue', item E below).

- G. **Administrative Charges** - annual fees collected from subscribers to cover a service provider's licensing costs.

- H. **Roaming Charges from Subscribers** - revenue earned for providing subscribers with connection to the local network away from their home locale. Do not include receipts from other service providers for the provision of roaming services. These charges should be entered in A. Carrier Services (Interconnection/settlements), above.

- I. **Other Telecommunications Operating Revenues** - all other operating revenues not described above but earned

as part of the respondent's core operating activities (directly related to the carriage or resale of telecommunications, e.g., late payment charges, mobile wireline service, etc.). Please specify any wireline activity revenues and any large 'other' revenue items (i.e., dollar value equal to any category reported above). Report residual activity on line 4.

Total - Telecommunications Operating Revenues - sum the bolded cells in the Total column to get the total in cell 1070.

Non-Telecommunications Operating Revenues (page Q-2)

These questions relate to services which support core telecom activity but are not part of the carriage or resale of voice, data, sound or image telecommunication. These activities are typically provided by telecom service providers but may also be provided by companies that are not part of the NAICS telecom industries (5133) described above.

Do not include revenues for the activities listed below that are earned by a non-telecom subsidiary or affiliated company unless that company consolidates its records with the respondent and does not maintain its own financial statements or accounts. These companies would otherwise report their activity on another Statistics Canada survey appropriate for their industry.

- A. **Terminal Equipment Rentals** - operating lease revenues for telephone sets, key telephones, PBX, modems and data terminal equipment provided by the survey respondent. This equipment is usually located on the customer's premises but is not integral to the operation of the telecommunication channels provided by the carrier. Include capital lease revenues in the sale of telecommunications goods.

- B. **Sales of Telecommunications Goods** - telecommunication goods such as terminal equipment, single line inside wire, etc. Please specify main good(s) sold.

- C. **Other Non-Telecommunications Operating Revenues** - include all other operating revenues not falling into the above categories but earned as part of the respondent's non-core operating activities (e.g., installation of equipment or private networks, customer repairs and maintenance, consulting, commission income, etc.). Please specify any large 'other' revenue items (e.g., dollar value equal to a category described in this section).

Customer Base (page Q-2)

Please provide the number of subscribers (having unique access to the wireless services listed) and estimate the number of **residential (res.)** subscribers as a percentage of the total. Accounts refers the total number of customers purchasing the listed services (at year end) for billing purposes. One customer account may account for many subscribers.

Distribution of Operating Revenue by Type of Customer (page Q-2)

The share of total revenue from foreign customers and detail on business customers are asked for in order to improve information on the origins of demand of goods and services. The sum of the cells in this section total 100% (= Total Operating Revenue, reported in cell 1102). Information on a best estimates basis is acceptable.

Module 2 - Operating Expenses (pages Q-3 to Q-4)

Introduction

This module has two sections:

- one for reporting Telecommunications Operating Expenses – those arising from the provision of core telecommunications services (the carriage or resale of voice, data, sound or images);
- and the other for expenses incurred in providing non-core goods and services (those which are not part of the carriage of voice, data, sound or images).

Each of these sections correspond to the main sections found in the Operating Revenue Module. Non-operating expenses such as interest expenses, realized and unrealized capital losses should be reported on the Income Statement (Module 3).

General

Salary, wages and benefits - these expenses are to be reported in the righthand most column. Salaries, wages and benefits are a subset of what is reported in the 'Total' column - for each line item asking for labour costs breakouts. For example, total 'Network Operations' expenses are reported in cell 2001; the labour costs contributing to this activity are reported in 2002 which are included in cell 2001. Labour expenses that do not fit into a category specified in the Telecom Operating Expenses section should be reported in D.4 Other (Residual) Expenses - cell 2045. In the 'Non-Telecom Operating Expenses' section, all labour expenses are reported in cell 2055.

Labour expenses may be reported in thousands of dollars or as a percentage of the amount reported in the 'Total' column (check the box indicating which unit of measure is being used).

Labour expenditures that are capitalized, e.g., for own construction, are not reported as an operating expense but in the Employment Module's section on capitalized employment. See page 11 (Module 6, Employment) for any specifics regarding definitions of employment terms.

Telecommunications Operating Expenses (page Q-3)

A. Telecom Services Provisioning - this item covers expenses incurred in the production of telecommunications services. It does not include activities concerning the commercialization of this production such as selling, marketing, billing, product development or management of these activities (see B. Commercial and Administrative Support).

Report all expenses (including labour expenses) for each item in the 'Total' column; where relevant, labour expenses for production activities are to be separately specified. Report labour expenses for Network operations in cell 2002 and for Maintenance and repairs in cell 2005.

Purchases - inputs for resold services and some inputs used in telecom production (circuit rentals, long-distance services) are purchased from outside providers rather than provided in-house. Please report purchases of these inputs where applicable. Best estimates are acceptable; purchases may

be reported in thousands of dollars or as a percentage of the total expense for that item. Please check off the appropriate box indicating the units used (see the header box for this question).

It is also important to indicate whether these purchases were made from incumbent telecom service providers (ILECS - incumbent local exchange carriers: Stentor companies and independent telephone companies; Telesat Canada; and Teleglobe Canada) or entrants (CLECS - competitive local exchange carriers; APLDS - alternative providers of long distance services).

Incumbents carriers:

Bell Canada
British Columbia Telephone Company
Island Telephone Company Ltd.
M.T. & T. Ltd.
Manitoba Telephone System
The New Brunswick Telephone Co. Ltd.
Newfoundland Telephone Company Ltd.
Northern Telephone
Northwestel Inc.
Québec-Téléphone
Saskatchewan Telecommunications
Telebec Ltee.
Telesat Canada
Telus Communications Inc.
Teleglobe Canada

Independent (incumbent) telephone companies:

Amtelcom Inc.
Brooke Telecom Co-operative Ltd.
Bruce Municipal Telephone System
City of Prince Rupert Telephone Department
Cochrane Public Utilities Commission
Coldwater Communications Inc.
Compagnie Téléphone Nantes Inc.
Co-op de Téléphone de Valcourt
Corporation de Téléphone de la Baie (1993)
Durham Telephones Ltd.
Dryden Municipal Telephone System
Gosfield North Municipal Telephone System
Hay Communications Co-operative Ltd.
Huron Telecommunications Co-operative Ltd.
Huronario Telephones Ltd.
Keewatin Municipal Telephone System
Kenora Municipal Telephone System
La Cie de Téléphone de Courcelles Inc.
La Compagnie de Téléphone de Lambton Inc.
La Compagnie de Téléphone de St-Victor
La Compagnie de Téléphone Upton

La Compagnie de Téléphone de Warwick
 Landsdowne Rural Telephone Co. Ltd.
 Le Téléphone de St-Liboire de Bagot Inc.
 Manitoulin Island Telephone Co. Ltd.
 Mornignton Communications Co-operative Limited
 North Frontenac Telephone Co. Ltd.
 North Norwich Telephones Ltd.
 North Renfrew Telephone Co. Ltd.
 Ontario Northland Communications
 Otanabee Telephones Limited
 People's Telephone Co. Of Forest Ltd.
 Pugwash River Mutual Telephone Company Ltd.
 Roxborough Telephone Company Ltd.
 Sogetel Inc.
 South Bruce Rural Telephone Co. Ltd.
 Télécom Québec Inc.
 Téléphone de St-Ephrem Inc.
 Téléphone Guevremont Inc.
 Téléphone Milot Inc.
 Thunder Bay Telephone
 Tuckersmith Communications Co-operative Limited
 Quadro Communications Co-operative Inc.
 Westport Telephone Company Ltd.
 Wightman Telephone Ltd.

1. Network operations - include all expenses for operating and managing the telecommunications network used in the production of telecommunications services. Report maintenance and repairs in item 3, below.
2. Depreciation - report depreciation for fixed assets (network plant and equipment) whether used by the company and/ or purchased for revenue generation (rental income):
 - plant – “outside” network assets, e.g., buildings, structures, facilities used in carrier operations; and,
 - machinery and equipment – “inside” network assets, e.g., central office equipment and station equipment and other equipment used in the transmission or switching of telecommunications or for network operations that are not allocated to cost of sales.

Depreciation for non-network buildings and fixtures should be reported in question B.11, 'Depreciation', (cell 2030). The amortization of intangible assets, deferred charges, one-time nature write-offs or write-downs or the amortization of tooling and special tooling costs, should be reported in B.10, 'Amortization charges' (cell 2029).

3. Maintenance and repairs - report the cost of routine inspection, repairs and maintenance (including supplies) of plant and equipment used in operations (see 2. 'Depreciation', above, for an elaboration on assets to include). Exclude all supplies that are charged to fixed assets accounts.
4. Wireline circuit rentals - the cost of leasing lines, or portions thereof, and equipment or apparatus to form

circuits or to enable telecommunications over the PSTN or for private usage. These facilities may be resold to other telecom service providers.

5. Wireless capacity rentals - the cost of leasing radio spectrum capacity from carriers and the dedicated use of wireless hardware. Include expenses for co-location, leasing cell or antenna sites. Licensing fees should be reported in S. below.
6. Satellite capacity rentals - The cost of leasing satellite transmission circuits.
7. Purchased long-distance services - message toll services purchased from other telecommunications service providers, on a per-use basis or in blocks of time, so the purchaser can provide long-distance service to its customers.
8. Contribution payments - mandated payments derived from long distance revenues to the central fund or to other telecom service providers to underwrite local or access services. If applicable, report the internal contribution payments transferred directly from the competitive segment of your operations to the utility portion of your operations in cell 2061. This amount should not be part of the amount reported in the total column (cell 2014), unless paid directly to the central fund.
9. Interconnections/settlement payments - payments made to a terminating telecommunication service provider for the provision of services and facilities beyond the point of interconnection (such as switching and aggregation) by an originating service provider (the party which bills the end user). See 'Carrier Services', Module 1, for more detail.

B. Commercial and Administrative Support

Expenses incurred in the commercialization of the telecom services produced or resold (activities undertaken to generate revenues): product development, selling, marketing, billing, customer relations, etc., and management and support functions that control, develop and enable these activities.

1. Selling and marketing - costs related to selling and marketing the respondent's services and goods such as sales management and associated costs, marketing, market research, telemarketing, special events promotions including in-store promotions, trade shows, customer relations, etc. Report entertainment expenses in B.7, 'Travel and entertainment.'
2. Advertising and related services - expenses attributable to publicizing the company's products and services including public relations. This includes direct media purchases and co-op advertising, display advertising, etc. If you have a media or advertising department that designs or develops your own advertising, report associated labour expenses in the salaries, wages and benefits column. Expenses related to directory publishing and directory promotion should be reported in the section on 'Non-Telecommunications Operating Expenses'.
3. Billing and collections - administrative and support costs associated with invoicing customers and following up delinquent accounts.
4. Corporate administration and general office expenses - management expenses for corporate and head office activities that are not attributable to other specified

categories (e.g., financial management, accounting, legal departments, etc., not already included in other functions), as well as general office expenses such as office supplies not included in other categories. Purchased professional services provided by consultants or other firms should be reported in Question B.8, 'Professional and business fees.'

5. Telecommunications, postage and courier fees - this question is for externally sourced services used in commercial operations. Include postal, local messenger, and delivery expenses. Do not include official telephone services.
8. Professional and business fees - professional services that are purchased (legal, accounting, auditing, management, management consultants, etc.). Do not include advertising expenses (see B.2, Advertising and related services', above).
10. Amortization charges - the gradual expensing of capitalized expenditures for intangible assets and deferred charges. This includes the amortization of goodwill, patents, other intangible assets, financing costs of issuing debt and equity, business transformation and downsizing.
11. Depreciation - include depreciation for non-telecom network capital assets such as buildings used for commercial or administrative purposes, furniture and office equipment, non-telecom network computers and software, motor vehicles, etc.
15. Licenses, permits and indirect taxes:
 - a) Radio licensing fees - payments for the use of radio spectrum.
 - b) CRTC licensing fees - payments made to CRTC as part of a license fee used to cover the costs of the regulatory body's operations.
 - c) Permits and indirect taxes - payments to governments other than income or property taxes (e.g., gross receipts taxes, business permits, provincial capital taxes, health and education levies and payroll taxes not part of employment benefits, etc.).

Report income taxes in Module 3 and property taxes in item C., Occupancy Costs below. Do not include federal or provincial taxes collected for remittance to a government agency such as sales and excise taxes, GST, PST, HST, etc., or employment taxes.

C. Occupancy Costs - these costs may be for 'Telecom services provisioning' or 'Commercial and administrative support.' Some occupancy costs, such as building depreciation and repairs and maintenance are reported in parts A. and B.

1. Land and buildings rentals - this is the total payment made by the lessee to the lessor for service provisioning or commercial operations.
2. Utilities - include expenses for light, heat, power and water used in the telecommunications network or for support of the commercial/ administration operations.

D. Other Expenses

Major items of similar magnitude to amounts reported in categories described above but not specified above may be declared here. Please report any expense incurred for providing wireless services for which revenues were earned. Residual expenses refers to all other telecommunications expenses not detailed elsewhere.

Non-Telecommunications Operating Expenses

The operating expenses to be reported here are those incurred to earn the various categories of non-telecom revenues reported in the 'Non-Telecom Operating Revenues' section (Module 1).

Module 4 - Balance Sheet (pages Q-5 to Q-7)

General

This module is to be completed by all service providers except those for whom the provision of telecommunications services accounts for less than half of their organization's operations *and* who cannot segment their balance sheet data to reflect their telecommunications activities.

Report asset values at historical costs. Major categories of fixed assets are also reported net of depreciation (book value at year end).

Assets (page Q-5)

A. Current Assets:

1. Cash, deposits and temporary cash investments - include all cash in Canada, and Canadian and foreign term demand deposits, guaranteed investment and savings certificates, etc.
2. Accounts receivable - report this amount net of allowance for doubtful accounts; include trade receivables (including those with affiliates), holdbacks receivables (construction activity), promissory notes and installments receivables, recoverable income taxes, insurance claims, balance recoverable represented by the excess of GST input tax credits claimed over GST collections, etc.
3. Inventory - value at the lower of cost or net realizable value determined by any generally accepted method for costing inventories (e.g., LIFO, FIFO, average cost).

B. Fixed Assets (at historical cost)

Fixed assets should be valued at acquisition cost including interest capitalized, or allowance for funds used for construction, plus the cost of betterments, less write-downs to reflect permanent impairment. Also include assets acquired under capital leases (leases where all of the benefits and risks of ownership of the leased property - lands, building, machinery and equipment - are transferred from the lessor to the lessee).

2. Buildings - please differentiate between buildings used for network operations, whether leased to other service

providers or used in your own operations (cell 4013), and those used for non-network purposes such as office buildings (cell 4012). Please report accumulated depreciation for buildings in cell 4015 and subtract this from the total to arrive at a net figure in cell 4016.

3. Network infrastructure:

(infrastructure used for the carriage of telecommunications traffic)

a) Transmission structures - communication towers, poles, free standing antennas, etc.

b) Machinery and equipment:

- transmission equipment - transponders, cross connects, multiplexers, optical electronics, satellite earth stations, cell sites, antennas, etc.
- switching equipment - digital and analogue switches and related software. Include PBX's used as public switches; PC's used as switches should be reported in 'Other' (cell 4027).
- terminal equipment - equipment you own or rent to customers on their premises: e.g., PBX's not used for public switching, telephone sets, routers, modems in customer sites, key systems, etc.

4. Other fixed assets - fixed assets, apart from buildings and land, used to support the respondent's commercial and administration activities.

a) Computers, software and related equipment - workstations, servers etc. used for non-telecom network operations - e.g., customer provisioning such as billing, etc.

d) Residual - include any non-telecom network infrastructure equipment not specified in the categories listed in Question 4, 'Other fixed assets'.

C. Financial Investments (before deducting for losses)

1. Investments in and claims on parent, subsidiaries and affiliates - all investments, and claims (*other than trade accounts receivable*) on non-consolidated parent, affiliated and subsidiary corporations, affiliated joint ventures and partnerships, head office, directors, officers and individual shareholders.

Subsidiary companies have more than 50% of their voting shares directly held by the reporting company, whereas **affiliated companies** are effectively controlled or significantly influenced by the reporting company despite holding less than 50% of the affiliate's shares. Companies that are controlled or influenced by companies the respondent controls or are part of a group of companies with common ownership and control are also considered to be affiliated.

Include loans (and mortgage loans), notes, advances, dividends and other non-trade receivables.

2. Other - investment in Canadian and foreign non-affiliates, other marketable, debt and equity securities including mortgage and non-mortgage loans and debt securities issued by governments, etc.

D. Deferred Charges - include unamortized discount, premium and expenses on long-term debt, unamortized loss on foreign exchange, prepaid insurance and rents, research

and development costs, preproduction costs, deferred pension costs and other deferred charges.

E. Other - include intangibles (goodwill, trademarks, licenses, rights, patents, franchises) and other net assets, provisions for losses on inventories, and other assets not specified elsewhere. Value at acquisition or amortized cost.

Liabilities (page Q-6)

A. Current Liabilities

1. Trade accounts payables - amounts claimed by creditors arising from the purchase of goods and services in the ordinary course of business, including accounts payable to affiliates and holdbacks payable.
2. Other accounts payable - accrued liabilities and expenses such as salaries, wages, payroll taxes, employee benefits, indirect taxes, guarantee and warranty costs, interest, dividends, rents, notes.
3. Short-term debt - book value of bonds, mortgages, debentures, and other debt obligations that mature within one year payable to affiliates and non-affiliates. Please specify the amounts not bearing interest (cell 4071).
4. Other - Include all other liabilities not specified above due within one year.

B. Long-Term Liabilities

1. Long-term debt:
 - a) Capital lease obligations - debt obligations payable to vendors for the acquisition of capital assets.
 - b) Bonds and debentures - include only debt securities offered to the public, and private placements, e.g., mortgage bonds, collateral trust bonds, income bonds, equipment trust certificates, own bonds held but not retired. Value at the proceeds of the issue before deducting fees or commission; if data on proceeds are not available, amortized values are acceptable.
 - c) Other - include borrowing from non-affiliates, banks and amounts owing to parent companies, subsidiaries and affiliates.
2. Deferrals and reserve accounts - include deferred credits (i.e., income received but not yet earned). Also include charges against income for which the amount has not yet been determined or a charge for which there is a reasonable expectation of materializing at a future date (e.g., deferred income taxes, retroactive increases in wages, provision for pension costs, provision for warranty claims, retroactive adjustments).

Shareholders' Equity (page Q-7)

A. Share Capital - issued and outstanding share capital at par value, or stated value if there is no par value. Report contributed surplus in C. 'Other', below.

B. Retained Earnings - the accumulated undistributed earnings derived from all sources, including capital or extraordinary gains and losses. Include the undistributed profits portion of the head office accounts and capital accounts of unincorporated entities.

- C. **Other** - include contributed surplus and appraisal increase credits (debits).

Module 5 - Capital Expenditures (page Q-7)

Introduction

This module is based on Statistics Canada's Survey on Capital and Repair Expenditures. If you complete that survey for this reporting unit, you may provide a copy of that form and complete only those questions not asked on that survey – i.e., spending breakdown for Cables/Lines (Construction Expenditures C. Cables/Lines) and all of Machinery and Equipment. This module reflects the same categories listed on the Balance Sheet (Module 4).

General

Report the gross expenditures (including subsidies) on fixed assets for use in the operations of your organization or for lease or rent to others. Include all capital costs such as feasibility studies, architectural, legal, installation and engineering fees as well as work done by your own employees.

Construction (page Q-7)

- A. **Construction Expenditures** - include the following:

Buildings - report the total cost during the year for network and non-network building and engineering construction (whether contracted out or built by your own employees) for your own use or rent to others. Do not include expenditures for land, but include:

- the cost of demolition of buildings, land servicing and of site preparation,
- leasehold and land improvements,
- all pre-construction planning and design costs such as engineering and consulting fees and any materials supplied to construction contractors for installation.

- B. **Payments for work performed by contractors** - this amount is *included* in the total for construction expenditures, it therefore cannot be greater than the total construction expenditures reported in cell 5008.

Machinery and Equipment Expenditures (page Q-7)

Report total cost during the year of all new machinery whether for your own use or for lease or rent to others. Any capitalized tooling should also be included. Include progress payments paid out before delivery in the year in which such payments are made. Receipts from the sale of your own fixed assets or allowance for scrap or trade-in should not be deducted from your total capital expenditures. Any balance owing or holdbacks should be reported in the year the cost was incurred.

- A. **Transmission Equipment** - transponders, cross connects, multiplexers, optical electronics, satellite earth stations, cell sites, antenna, etc.

- B. **Switching Equipment** - digital and analogue switches and related software. Include PBX's used as public switches; report PC's used for switches in D. 'Other', below.

- C. **Terminal Equipment** - include equipment you own or rent to customers on their premises: e.g., PBX's not used for public switching, telephone sets, routers, modems in customer sites, key systems, etc. Goods for resale should not be included.

- D. **Other** - Include equipment not specified above, such as automobiles, trucks, professional and scientific equipment, office and store furniture and appliances, computers and software, motors, generators, transformers, tools, etc., whether for your own use or for lease or rent to others.

Module 6 - Employment (page Q-7)

Introduction

This module measures employment for two basic categories, the first relating to labour costs and the second to the number of employees.

General

Employment is quantified using dollars (thousands) for labour costs and persons (full-time and part-time) at year-end for employee counts.

Labour Costs

Report all labour expenses including **capitalized labour costs** - employment costs that are recorded to an asset account rather than an expense account. This typically occurs in **own construction** - construction involving a firm's own employees for its own use.

The total labour costs reported here will differ from that reported in the Operating Expenses module (cell 2058) if there are capitalized labour costs.

Salaries and wages - the total remuneration paid for employees before deductions (the equivalent to the taxable employment income reported in Box 14 of the employees' Revenue Canada T4 slips). This includes regular wages and salaries, overtime pay, paid leave, taxable allowances and benefits, gratuities, director's fees, vacation pay and special payments such as bonuses and commissions, retroactive and accumulated wage payments, termination/severance payments, cost of living adjustments and working owner's draws.

Fringe benefits - include employer contributions to pension plans, medical and other welfare plans, unemployment insurance, Canada and Quebec Pension Plans and workers' compensation.

Do not include non-taxable benefits provided by an employer such as premiums under a private health plan, recreational facilities, moving expenses and certain employee counselling services.

Employees - any person drawing pay for services rendered or for paid absences and for whom an employer must

complete a Revenue Canada T4 Supplementary Form. This includes full-time and part-time employees, working owners, directors, partners and other officers of incorporated businesses. It excludes owners or partners of unincorporated businesses, the self employed, unpaid family workers, persons outside Canada and casual workers for whom a T4 is not required.

- A. **Full-time** - record the labour costs and the total number of employees at the reporting year end (or engaged for the last pay period in the reporting year) who are receiving pay for work performed or paid absence as defined in 'Employees' above.
- B. **Part-time** - record the labour costs and the total number of employees at year end (or engaged for the last pay period in the reporting year) who work less than 30 hours a week that are receiving pay for work performed or paid absence.

and transmitting/receiving radio equipment (transceivers). Report the number of cell/repeater sites that are owned leased by the respondent for each of the telecom services listed.

- B. **Switches** (owned by the respondent) - report the number of central office and remote network switches including PBX's used as public switches. Do not include personal computers used as switches, commonly used by extended area service providers.
 - 1. **Digital** - switches that employ technology based on the conversion of input signals to binary coded messages for transmission over wire or fibre media. Digital switches are broken into two groups: ATM/IP (Asynchronous Transfer Mode/Internet Protocol), and circuit switches (e.g., DMS, ESS).
 - 2. **Analogue** - switches that employ technology based on the conversion of input messages to electrical signals analogous to the original signal.

Module 7 - International Trade in Telecommunications Services (page Q-8)

Introduction

This module is based on Statistics Canada's Survey on International Transactions in Commercial Services (Balance of Payments Division). If you complete that survey for this reporting unit, you may want to refer to it in the completion of this module. The International Transactions in Commercial Services survey does not detail trade in telecommunications services (e.g., interconnection, other services).

General

Services trade (Part A) consists of **interconnection expenses** (see the Operating Revenue Module, page 4, for a description of interconnection) and **other services** (all commercial, financial, professional, technical, administrative and management services, royalties, patents, copyrights, advertising, commissions, salaries, insurance premiums and claims, equipment rentals, computer services and all other receipts from, and payments to, nonresidents for services which are directly remitted or charged to accounts). The second part, (B), relates to the flow of interest and dividends.

If estimates cannot be provided for the detail requested, enter data in the 'Total' rows or columns as appropriate. Any cells that are not applicable should be crossed out. All amounts should be reported in thousands of Canadian dollars (\$CA 000's).

Module 8 - Network Infrastructure (pages Q-8 to Q-9)

General

Report all data in actual units in this module, rather than thousands as was the case with cells reported in dollars.

- A. **Cell/repeater sites** - transmitter/receiver locations operated by wireless service providers through which radio links are established between the wireless systems and the wireless units. The area served by a cell/repeater site is referred to as a "cell". A cell/repeater site consists of an antenna tower

Module 9 - Traffic Statistics (page Q-9)

Introduction

This module measures the use of wireless networks connected to the PSTN in Canada. **Billed minutes** (part A) refers to the total time that the respondent bills its subscribers - it includes outgoing or originating traffic as well as terminating traffic - for local and long distance (including international) calls. Minutes of **outgoing calls** (part B) refers to calls originating with the respondent, which along with **international incoming calls** (Part C) are used to measure unduplicated activity in the wireless industry. By industry convention, **1-800 calls** are reverse coded, (meaning these calls count as outgoing calls for the receiving or billing system).

General

Conversation minutes is the actual elapsed period, in minutes, a respondent's circuits and switches are in use (air time), or in the case of rebillers, the actual conversation time their customers use for calls and messages. If **billing increments** or pulses are used to measure customer usage (the discrete time intervals telecommunication service providers use to bill customers), please convert to conversation minutes and report traffic accordingly.

Please measure the total telecommunications calling/messaging (voice, data, text, or image conversation) activity (conversation minutes and number of calls) in thousands of units whether the subscriber pays a flat, fixed or measured rate. Do not report official telephone activity - unbilled telecommunications usage by telecom service providers for their internal communications or systems operations.

A. Billed call/messages, Canada to:

Report the number of calls/messages and number of time units that were billed for local and long distance communication by the respondent. This will include duplicated" minutes because callers and call recipients typically each pay for a channel to converse on wireless networks, leading to the conversation time being counted twice.

