



Reporting Guide for the 2005 Annual Return of Broadcasting Distribution Licensee (Short Form)

This Reporting Guide is to assist in the completion of the **Annual Return of "Broadcasting Distribution Licensee"** (Form No. 5-5300-379.1).

Survey Objective

This survey collects data, which are essential for the statistical analysis of the Broadcasting Distribution industry and its impact on the Canadian economy. The data have become very important to users, given the current interest in Telecommunications industries and their role in economic growth. The results of this survey will be published in Statistics Canada Catalogue number 56-001.

Confidentiality Statement

This information is collected under the authority of the **Statistics Act**. Statistics Canada is prohibited by law from publishing any statistics which would divulge information obtained from this survey that relates to any identifiable business/institution/individual, without prior written consent. The data reported in this questionnaire will be treated in confidence and will be used exclusively for statistical purposes and published in aggregate form only. Either the Access to Information Act or any other Legislation, will not modify the confidentiality provisions of the Statistics Act, which treats confidential data.

Agreements and Regulations

In order to avoid duplication and ease the burden on respondents, Statistics Canada has entered into the following data sharing agreements concerning this Broadcasting Distribution Survey:

- A. Under section 11 of the Statistics Act with the "Institut de la statistique du Québec" for the sharing of information from this survey for broadcasting undertakings in Quebec. The Quebec Statistics Act includes the authority for the collection of this information and the same provisions for confidentiality and penalties for disclosure of information as the Federal Statistics Act;
- B. Under section 12 of the Statistics Act with the Canadian Radio-Television and Telecommunications Commission (CRTC) for all broadcasting undertakings in Canada. This information is required by the Commission under the authority of the Broadcasting Act and the regulations and conditions of licence thereunder. Statistics Canada is collecting the information on behalf of the Commission. The Commission will retain a copy of the questionnaire thus satisfying the requirements of the Broadcasting Distribution Regulations or conditions of licence for all broadcasters in Canada to provide this type of information to the Commission on or before November 30 of each year for the year ending on the previous August 31; and
- C. Under section 12 of the Statistics Act with the Federal Department of Canadian Heritage for all broadcasting undertakings in Canada, the "Ministère Québécois des communications" for broadcasting undertakings in Quebec, and the Ontario Ministry of Economic Development and Trade for broadcasting undertakings in Ontario. The agreements we have with these agencies require that they keep the information confidential and only use it for statistical and research purposes. In the case of the agreements with these three agencies, respondents may object to the sharing of their information by giving notice in writing to the Chief Statistician and returning the letter of objection in a separate envelope addressed to: **Special Advisor, Telecommunications and Broadcasting Section, Science, Innovation and Electronic Information Division, Statistics Canada, Ottawa, Canada, K1A 0T6, Telephone: (613) 951-3177, Facsimile: (613) 951-9920.**

Change of Ownership

When a change of ownership has been approved by the CRTC, within 90 days thereof, the former licensee must file with Statistics Canada a copy of an annual return covering the period of operations from September 1 to the day of transfer. The new licensee will file an annual return from the day of transfer to August 31. In some cases, the new licensee will file an annual return for the full broadcast year. In either case, the licensee should indicate on the return, which period they are filing.

Completion of the Return

This Annual Return is to be completed by those persons licensed (ie: the "licensee") by the CRTC to operate a Class 2 or 3 non-exempted distribution undertaking as set out in the Broadcasting Distribution Regulations.

Class 3 exempted: In order to measure the contribution of the cable and satellite industry to the Canadian economy and inform the policy process, Statistics Canada will continue to collect information for all cable and wireless programming distribution systems operating in smaller communities. You will receive at a later date, the form titled **Survey of Class 3 Broadcasting Distribution Systems** (Form No. 5-5300-379.6). It should be completed for all class 3 systems operating (exempted and non-exempted) within the same province. The information collected will allow a measurement of the impact of competition in the industry and of the availability and use of new technologies in smaller communities.

The reporting period to be covered by this Annual Return is the broadcasting year which is the 12-month period from September 1, 2004 to August 31, 2005.

Where a Broadcasting distribution licensee operates one or more other types of licensed broadcasting undertaking(s), this Annual Return must be completed to report the specific results of each Class 2 or 3 non exempted undertaking(s). Separate Annual Returns (eg: for Television, Radio, Cable - Class 1, etc.) specific to the other undertakings must also be completed and are available from Statistics Canada at the address listed below. In addition to this Reporting Guide, this Annual Return consists of five (5) sections:

- i) Section "1" : page 2 requests information specific to the licensee of the distribution undertaking(s) reporting in section "2" and "3". Only one section "1" should be completed per Annual Return.
- ii) Section "2": pages 3, 4 and 5 requests information relating to the provision of basic tier services. Subject to combining the operating results of Class 3 non exempted licensees, as set out under "**Reporting Summary for Combined Systems**" on page 4 of this Guide, a separate section 2 and a separate section 3 (below) must be completed for each Class 2 or 3 non exempted undertaking for which a licence is held.
- iii) Section "3": page 6 requests information related to the provision of non-basic services, non-programming, and other services including exempt services. Page 7 requests information relating to the basic and non-basic programming package delivered in **digital** format and/or high speed Internet access services and/or video-on-demand. As set out in (ii) above a separate section "3" must be completed for each system for which a licence is held.

iv) CRTC “Financial Contributions” Form: to be completed for each Class 2 undertaking.

v) CRTC “Employment Equity” Form: All licencees must complete this form.

Important: If you are missing any part of this 5 page Reporting Guide, the 7 page Annual Return or if the listing of the undertakings on the cover page of the Annual Return is not consistent with your organizational structure, please contact Statistics Canada immediately at the address listed below.

The return is to be typed or legibly written. Please enclose three copies of the licensee’s Financial Statements for the 12 months period ending August 31, 2005 and three completed copies of Section 1, 2 and 3 of this Return and one completed copy of CRTC forms. A postage paid addressed envelope is enclosed for your convenience. If you have any queries regarding this questionnaire, please contact the:

Chief,
Telecommunications Section,
Science, Innovation and Electronic Information Division
Statistics Canada,
Ottawa, Canada, K1A 0T6. Telephone: (613) 951-3177 Facsimile: (613) 951-9920.
E-mail: daniel.april@statcan.ca

CRTC File Number and CRTC Undertaking Number

The CRTC file number should be entered at the bottom of pages 2, 3 and 6. On pages 3 and 6 also enter the CRTC undertaking number so that these pages can be related to the broadcasting distribution license. This nine-digit number has been pre-printed on the cover of the questionnaire. The CRTC file number is the seven-digit number to the right of the word “CRTC File” on the cover page.

CRTC Licence Fees

Licence fees are **not** to be remitted with this return but mailed directly to:

Director, Financial Operations
The Canadian Radio-television and
Telecommunications Commission,
Ottawa, Ontario, K1A 0N2

Enquiries pertaining to licence fees should be referred to the above. Telephone: (819) 997-4384 or Fax: (819)-953-5107.

Definitions

Licensee - A corporation, organization or person licensed by the CRTC to carry on a broadcasting distribution undertaking as set out in the Broadcasting Distribution Regulations.

Broadcasting Distribution Undertaking -Includes cable distribution undertakings, direct-to-home (DTH) satellite distribution undertakings that provide a broadband, subscription-based service comparable to that provided by cable distribution undertakings.

Reporting unit - The smallest unit capable of reporting revenue, expenses, profit and fixed assets used in operations. A reporting unit may consist of (a) a single broadcasting distribution undertaking or (b) a combination of broadcasting distribution undertakings operated as a single unit or entity. (See instructions under the heading “**Reporting Summary for Combined Undertakings**” on page 4 of this guide).

Basic tier service - Means the services distributed by a licensee as a package and composed of the programming services, the distribution of which is required by sections 17, 22, 32 or 37of Broadcasting Distribution Regulations, or pursuant to a condition of its licence, and any other services that are included in the package for the basic monthly fee.

Non-basic service - Means a discretionary programming (pay and specialty), non-programming, or exempt programming service that is not included in the basic-tier service and that is distributed to subscribers on a discretionary basis for a fee separate from, and in addition to, the basic monthly fee.

STV (subscription television) systems - Broadcasting undertakings that use television transmitters to distribute, in scrambled form, television signals to subscribers.

MDS (multipoint distribution system) are off-air retransmitters carrying scrambled signals.

Page 3: Basic Tier Services - Financial and Operating Summary

Important: Pages 3 and 4 are for the reporting of information relating to the provision of basic tier services. Do not include data for Non-Basic services. (These data are to be segregated and reported on page 6).

Subject to the provisions set out in the section “**Reporting Summary for Combined Systems**” on page 4 of this Guide, all licensees will submit a separate page 3 for each cable , STV, DTH or MDS system.

Revenue

Line 1.1 “Direct subscribers” is the annual total of fees received from customers subscribing directly to the basic tier. Include revenue from additional outlets. Do not include revenue for connection, disconnection, rentals, etc.

Line 1.2 “Indirect subscribers” is revenue received indirectly (i.e., from customers served by a bulk contract) through a third party such as a landlord, hotel or motel operator. Do not include revenue for connection, disconnection, rentals, etc.

Line 1.3 “Connection” is revenue for installing, disconnecting and re-connecting the service drop and additional outlets.

Line 1.4 “Community channel sponsorship” is revenue received from sponsorship messages distributed on the community channel. Revenue received from advertising channels (e.g. real estate services, classified ads), teleshopping channels and other non-programming services should be reported on page 6.

Line 1.5 "Other revenue" is all other distribution revenue (e.g. service charges, rental or lease of channel capacity) **related to the provision of basic-tier services and** not credited to accounts previously noted. Revenue from decoders and other exempt services would not be reported here but on page 6.

Expenses

Line 2.1 "Programming" expenses should include those expenses attributable to acquiring, producing and preparing programs for those channels which the system originates (e.g. the community channel). Costs related to importing distant basic service signals (e.g. microwave costs) should not be reported here but included in line 2.2. "Technical" expenses.

Line 2.2 "Technical" expenses should include those expenses attributable to providing and maintaining the technical facilities necessary to receive and deliver the basic service. It also includes "Affiliation Payments" expense which is the total amount due to program suppliers under the terms of the Program Affiliation Agreement, and the copyright payments for distant signals. Expenses related to local production (e.g. studio, mobile expenses) should not be reported here, but in line 2.1 "Programming".

Line 2.3 "Sales and Promotion" expenses should include those expenses attributable to selling, advertising or promoting the basic service.

Line 2.4 "Administration and General" expenses should include the salaries and wages of the system management, including those engaged in the accounting function. Do not include Depreciation and Interest Expense (which are reported on lines 3.2 and 3.3) with Administration and General expenses.

Line 3.1 "Operating income (Loss)" is determined by subtracting total expenses (line 2.5) from total revenue (line 1.6).

Line 3.3 "Interest expense" should be allocated to the system in the same proportion as the system's annual depreciation is to the total depreciation.

Line 3.4,

3.5 and 3.6 "Investments and Interest and Incidental Basic Tier Income", "Amortization of Goodwill, start-up and other costs" and "Gain (loss) from disposal of fixed assets, investments, etc" should be allocated to the system according to G.A.A.P.

Line 3.8 "Provision for income taxes" should be allocated according to G.A.A.P.

Other Financial Data

Line 4.1 "Salaries and other staff benefits" should include payments for regular hours worked, overtime, vacation and holidays, commissions paid to staff under the sales and promotion category, fringe benefits and director's fees.

"Fringe benefits" should include the taxable items shown on employees' T4 form such as profit sharing and bonus arrangements, the cost to the employer of providing retirement pensions to employees, whether or not under the Canada Pension Plan, Quebec Pension Plan or other government pension plans and the cost of providing benefits such as group medical, group life, unemployment insurance, workers' compensation and other employee benefits. Do not include the value of board and lodging or other payments in kind.

Line 4.2 "Average number of employees" should be the typical weekly average of full and equivalent part-time employees. Where there are part-time employees include them as equivalent full-time employees by calculating their work time in proportion to a typical full week's work.

Line 4.5 "Net book value" is the historical cost of basic tier fixed assets in use at August 31, 2005 (line 4.3) less accumulated depreciation (line 4.4) recorded in the accounts as at August 31.

Page 4: Operating Data Basic Tier

Line 1.1 "Number of subscribers - Direct" should correspond to the total number of dwelling units billed directly by the licensee. Each dwelling unit to which the basic service is provided and for which the unit is billed directly for the service would be counted as one direct subscriber regardless of the number of additional outlets installed on the premises.

Line 1.2 "Number of subscribers - Indirect" are subscribers such as the owner or operator of a hotel, hospital, nursing home or other commercial or institutional premises to which service is provided by a licensee. Each apartment in an apartment building where cost of basic service is included in tenants' rent would be counted as one indirect subscriber. Each hotel, hospital, nursing home or other commercial or institutional premises would be counted as one, regardless of the number of outlets (rooms) installed.

Line 1.4 "Households in areas wired for cable - Individual houses" should include the total number of single family dwellings in the area served by cable whether or not the occupant of the house is a subscriber. The number reported should be credible with line 1.8, "Distribution cable".

Line 1.5 "Households in area wired for cable - Multiple dwellings" should include the total number of apartments, row houses, condominiums, etc. (not the number of buildings) in the area served by cable regardless of whether or not the occupant of the dwelling unit is a subscriber.

Line 1.6 This total should be equal to the total of lines 1.4 and 1.5.

Line 1.7 "Total dwelling units in licensed area" should include the total number of dwelling units in the licensed area irrespective of whether these are passed by the undertaking's terrestrial or over-the-air distribution facilities. The number should include all households in the area (i.e. apartments plus other single dwellings). An over-the-air distribution undertaking operator should report the total number of dwelling units in its licenced area to which its signals are available irrespective of whether or not the household subscribes.

Line 1.8 "Distribution cable" and "Main or trunk cable" should be reported in kilometres.

Line 1.10 "Standard monthly fee for direct subscribers - analogue" should be the maximum amount before taxes that the licensee charged and billed directly to subscribers (at August 31) for a basic programming package.

Line 1.11 "Connection fee" (installation) should be the maximum amount before taxes that the licensee charged and billed directly to subscribers (at August 31) for a new installation of a basic programming package. The amount reported here should not include re-connections or moves.

Line 1.12 "Re-Connect or move" should be the maximum amount before taxes that the licensee charged and billed directly to subscribers (at August 31) for re-connection or a move of a basic programming package. All new installations should be reported in on line 1.11.

Line 1.14 "Channel Capacity": Report the number of television channels the cable system is capable of distributing at August 31, whether or not the channel was actually utilized. For over-the-air distribution undertakings, report the total number of transmitters licensed at August 31, whether or not the transmitter was actually in operation.

Line 1.15 "Number of channels in use": Report the number of cable television channels normally in use at August 31 which were actually used to deliver television program services. Include any locally originated television services authorized. For over-the-air distribution undertakings, report the number of licensed transmitters normally in use to transmit a program service at August 31.

A. Community Programming

Line A.1 "Program Hours": State the typical hours per week of programming on the local channels by source and type, for all programs originated by the system.

Line A.3

& A.4 "Number of volunteers" and "Number of volunteers trained" can be provided for each centre or on an average basis for all centres within a system provided that the basis used is indicated.

B. Programming Operating Expense Summary

"Community programming" expenses should include only the direct and indirect expenses attributable to acquiring, producing and preparing programs for those channels for which the system originates (eg: the community channel). Costs related to acquiring distant basic service signals (eg: microwave costs) should not be reported here but included in Technical expenses on line 2.2 of page 3.

Line B.1 "Direct expenses (excluding depreciation)" Please refer to Financial Contributions to the Creation and Production of Canadian Programming form for a definition of **Direct expenses**. *****Important*** Do not include depreciation expense.**

Line B.2 "Indirect expenses" Please refer to Financial Contributions to the Creation and Production of Canadian Programming form for a definition of **Indirect expenses**.

Lines B.4a

& B.4b "Funding of Community Programming Expenses" represent the funding sources of the community programming expenses on line B.3. Where the totals of line B.4a and B.4b do not equal line B.3 please provide a reconciliation explaining the difference. Where line B.4b does not equal line 1.4, page 3, please provide a reconciliation explaining the difference.

Line B.5 "Other local special programming expenses (e.g. educational, ethnic, barker, etc.)" channels which are offered as part of the basic service package.

Broadcast news, stock market information and similar alphanumeric services are defined as non-programming services. Costs for these services must be reported in Section 3 of the Annual Return with other non-programming services.

Important: Programming Fund contributions are to be reported on Line 2.2 on page 3 of the return (Short Form).

Page 5: Reporting Summary for Combined Undertakings

All licensees must complete and file a separate page 3, 4 and 6 of this Annual Return for each Class 2 or 3 undertakings except as follows:

- licensees may combine the operating results of their Class 3 (non-exempted) undertakings (formerly Class 2 undertakings that had fewer than 2000 subscribers or was a Part III licensee) that are located **within the same province**, and
- licensees may also combine the operating results of their MDS undertakings, not serving the same service area(s) as a Class 1 or 2 undertakings as long as the MDS undertakings are located **within the same province**.

As an example, a licensee operating 5 Class 2 undertakings and 10 Class 3 undertakings in the province of British Columbia may combine the operating results of those 10 Class 3 undertakings and file a single combined page 3, a single combined page 4, a single combined page 6, a single combined page 7 and a page 5 listing the 10 undertakings whose operating results have been combined.

In the same manner, the licensee may combine the operating results of any MDS undertakings, not serving the same service area(s) as a Class 1 or 2 undertakings located in the same province.

It is important not to combine (a) the operating results of Class 3 undertakings with the operating results of the MDS undertakings, serving the same service area(s) as Class 3 undertakings, and (b) the operating results of systems from other provinces.

A combined return must have an attached page 5 listing specifying the following information for each system included in the combined return:

- STC number from cover page
- undertakings number from cover page
- CRTC Undertaking ID number from cover page
- numbers of subscribers
- total basic revenue
- non-basic revenue
- basic monthly fee
- location

Important: Total subscribers and revenues shown on the combined undertakings summary should equal total basic subscribers page 4, line 1.3; total basic revenue page 3, line 1.6 and non-basic revenue page 6, line 1.6.

Page 6: Non-Basic Services - Financial Summary

All licensees offering non-basic services are to complete page 6 for each licensed system. Page 6 is for the reporting of: (a) the revenues, operating expenses and fixed assets related to discretionary services, including distribution of pay television services, specialty services, non-programming, exempt and other services, which are not carried as part of the basic service package, and (b) the incremental revenues, operating expenses and fixed assets related to non-programming and exempt services carried as part of the basic service.

Revenue

Line 1.1 "Subscription" should include revenue for pay television, decoders, specialty, non-programming, and other services, which include exempt services (excluding revenue from converters).

Expenses

- Line 2.1** "Affiliation Payments" is the total amount paid to program suppliers under the terms of the Program Affiliation Agreement, for services not carried on Basic Tier.
- Line 2.2** "Technical" expense should include: (a) the operating expenses incurred to provide and maintain the technical facilities necessary to deliver the discretionary, non-programming and exempt services carried on the discretionary tier(s) and (b) the **incremental** operating expenses incurred to deliver the non-programming and exempt services carried on the basic tier, does not need to be reported here, but should be reported on page 3, line 2.2
- Line 2.3** "Sales and Promotion" expenses should include those costs attributable to selling and advertising and/or promoting non-basic services. Expenses from the sales and services of basic tier should not be reported here, but should be reported on page 3 line 2.3
- Line 2.4** "Administration and General" should include those costs, which relate only to the provision of non-basic services. Expenses from the Administration an General services of basic tier should not be reported here, but should be reported on page 3 line 2.4. The Depreciation and the Interest expenses should be reported on line 3.2 and 3.3 when available.

Operating Income

- Line 3.2** "Depreciation" is the depreciation expense related to: (a) historical capital cost of fixed assets in use at August 31, 2005 for the carriage of discretionary, non-programming and exempt services on a discretionary tier(s) and (b) the **incremental** capital cost of fixed assets in use at August 31, 2005 to carry non-programming and exempt services on the basic tier.
- Line 3.3** "Interest expense" is that portion of interest incurred in respect of financing discretionary, non-basic tier services.

Other Financial Data

- Line 4.1** "Salaries and other staff benefits" should include payments for regular hours worked, overtime, vacation and holidays, commissions paid to staff under the sales and promotion category, fringe benefits and director's fees.
"Fringe benefits" should include the taxable items shown on employees' T4 form such as profit sharing and bonus arrangements, the cost to the employer of providing retirement pensions to employees, whether or not under the Canada Pension Plan, Quebec Pension Plan or other government pension plans and the cost of providing benefits such as group medical, group life, unemployment insurance, workers' compensation and other employee benefits. Do not include the value of board and lodging or other payments in kind.
- Line 4.2** "Average number of employees" should be the typical weekly average of full and equivalent part-time employees. Where there are part-time employees include them as equivalent full-time employees by calculating their work time in proportion to a typical full week's work.
- Line 4.5** "Net book value" is the historical cost of basic tier fixed assets in use at August 31, 2005 (line 4.3) less accumulated depreciation (line 4.4) recorded in the accounts as at August 31.
- Line 4.6** Number of subscribers to discretionary (not included in the basic-tier service and that is distributed to subscribers for a fee separate from, and in addition to, the basic monthly fee) programming (pay and specialty), non-programming, or exempt programming service. A client that subscribes to more than one discretionary service (e.g. extended basic programming plus pay television) should be counted only once.

Page 7: Digital Television and Internet Access Service

Digital Television

- Line 1.** "Number of subscribers - Direct" should report the number of direct subscribers that pay directly to the licensee at standard rates for a digital-programming package. The amounts reported in cell 01 should not exceed the amounts on lines 1.1 page 4 and 4.6 page 6.
- Line 2.** "Number of subscribers - Indirect" should report the number of indirect subscribers, these are units served by bulk contracts, for a basic digital programming package. The amount reported in cell 02 should not exceed the amount reported on line 1.2 page 4.
- Line 3.** "Standard monthly fee for direct subscribers - Digital" should be the amount before taxes that the licensee charged and billed directly to subscriber (at August 31) for a basic digital-programming package.
- Line 4.** "Total revenue - Digital (\$)" should include the revenue for digital programming. The amount in cell 04 should not exceed the amounts on lines 1.6 page 3 and 1.6 page 6.

Internet Access Service - Cable modem, satellite or MDS

- Line 1.** "Number of subscribers to high speed Internet access services" should report the number of subscribers to High speed Internet access services with this company and its affiliate.
- Line 2.** "Revenues from high speed Internet access service" should be the amount before taxes that the licensee and its affiliates, charged and billed directly to the subscriber (at August 31) for a high speed Internet access services.