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Telecommunications industries – 2004

This publication presents financial and operating statistics for telecommunications services industries (NAICS 517), except the Cable and Other Program Distribution industry (NAICS 5175)¹. This edition contains data for the 2001 to 2004 period.

The statistics shown in the tables that follow are from the Annual Survey of Telecommunications conducted by Statistics Canada. This survey allows for the production of structural and regional indicators that complement, and are used to benchmark, the more current national indicators published in catalogue 56-002 XIE – Quarterly Telecommunications Statistics. Highlights from the more recent quarterly data can be found in the last part of the analytical section of this Bulletin.

An industry in transition

For many Canadians growing up, phone calls were made from home, work, a payphone or some other fixed location to another fixed location. With the introduction of cellular phones Canadians were gradually introduced to the idea that they could make phone calls whenever and wherever they needed or wanted to make them. Technological improvements have not only improved the portability of wireless devices but also their capabilities. These include the sending and receiving of text messages, images and currently video. While these additions have been available to anyone with a computer and Internet connection, increases in wireless bandwidth and cellular technology have made them possible to many cellular customers.

1. The codes refer to the 2002 version of the North American Industry Classification System. For the most recent statistics on NAICS 5175 (Cable and Other Program Distribution) please see Volume 35, no. 4 of this publication or CANSIM table 353-0003.

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Thus, the telecommunications industry has not only added another voice channel, but from a technological perspective the differences between wireline and wireless service is slowly being eliminated.

At the same time, technological advances and regulatory changes have contributed to the blurring of industry lines between telecommunications carriers and cable companies, with each industry starting to provide non-traditional services. Many cable companies can now provide Internet and phone service in addition to video services. Some phone companies are now able to deliver video services, not only to the home, but also to your mobile phone.

Until recently, traditional wireline carriers were concerned mostly about competition from other facilities based carriers: wireless providers with their high-capacity cellular networks; or the cable companies with their bi-directional cable plant. A new player is vying for the Canadian communication dollar, Voice-over-Internet-Protocol (VoIP) providers. These new suppliers have the advantage of being able to provide services using existing customer connections.

Some of these structural changes have been going on for a few years and have had a significant impact on the financial performance of the various segments of the industry. In addition to these structural changes, the industry went through a number of mergers and acquisitions in 2004, changes which have also influenced the industry's results. The following sections look at particular aspects of the industry's performance in 2004.

The industry continued to improve its profitability

Overall the industry has increased its profit margin (before interest and taxes) from 19.0% in 2003 to 21.9% in 2004. While all components of the industry were profitable, the profit margin of the reseller component edged down to 10.8 % in 2004 from 11.8% in 2003. For the second year in

a row, the satellite and other telecommunications component improved its profit margin the most; it jumped from 22.0% in 2003 to 28.4% in 2004.

The strong growth in revenues from the provision of non-telecommunication services was a factor in the sector's improved profitability. But cost containment was perhaps the most significant factor, particularly for the wireline industry.

Containing telecommunication costs - The key to the wireline industry's profitability

Total telecommunications operating expenses for the wireline industry fell by 10.7% to \$15.2 billion in 2004. Most of the savings came from reductions in network expenses, wireline circuit rentals, purchased long-distance services, and interconnection payments. These combined to reduce telecommunications operating expenses by 10.7% or \$1.8 billion dollars. Total operating expenses for the wireline industry declined by 4.5% to \$17.6 billion.

Even though overall operating revenues fell by 1.0% to \$22.7 billion in 2004, certain components of the wireline industry saw modest increases over 2003, including directory services, retail Internet and customer repairs. Revenue from calling features increased for the 7th straight year reaching \$1.5 billion in 2004, almost double the \$780 million obtained in 1997.

Despite the modest reduction in total operating revenues, the operating margin of the wireline industry was up 2.9 points to 22.5%.

The movement by many companies towards IP has contributed to the reductions in network expenses for the wireline industry. As more companies (incumbents and competitors), switch their traffic systems over to IP, we would expect to see a continuing decline in network expenses.

In a similar manner, mergers, acquisitions and industrial re-organizations contribute to the reduction in inter-carrier payments. These include circuit rentals, inter-connection/settlement payments and purchased long distance.

Revenue growth drives wireless profitability

In 2004, the large revenue increase (+14.1%) combined with a slower increase in expenses (+9.7%) led to the 3.2 points jump in the wireless operating margin to 20.9%.

All major markets contributed to the increase in revenues, wholesale (+35.4%); voice (+11.5%) and other (+54.1%). Interconnection settlement was the largest contributor to the rise of wholesale revenues. Although local telephony revenues made the largest contribution to the increase in voice revenues, long distance services and revenue also made fairly substantial contributions.

On the expense side, circuit rentals were the only expense to decline compared to 2003. Maintenance and repairs expenses grew by 81.8% to 202 million, and other operating expenses grew by 55.8% to \$1.2 billion, largely attributable to the 49.0% increase in the cost of telecommunications goods sold.

Moderate increase in both revenues and expenses combine to maintain reseller profitability

In 2004, the operating margin for the reseller industry remained positive at 10.8%, down one point from 2003. This decline occurred as total operating expense grew at a slightly faster rate than total operating revenues. In 2004, total operating revenues grew by 9.9% to \$817 million, largely attributable to the growth in voice services revenue, the majority of it attributable to increased long distance revenues. This is a slight change from 2003, when long distance and local service contributed equally to the increase in voice service revenue. In 2002, the increase in local service revenue was offset by a decline in long distance revenue, while in 2001 both long distance and local telephony experienced declines in revenues. This gradual change towards long distance service as a revenue stream has strengthened the reseller industry's revenue base.

In 2004, total operating expenses increased by 11.1%, to \$729 million. The largest contributors to this growth were circuit rentals and purchased long-distance services. In addition to these telecommunications service provisioning expenses, corporate administration and general office expenses also made a fairly substantial contribution to total operating expenses.

Increasing revenues and decreasing expenses combine to improve satellite and other telecommunications profitability

Operating revenues increased by 5.0% to reach \$657.3 million dollars in 2004. This growth combined with the reduction in expenses (-3.6 %) has contributed to the operating margin of 28.4% for the satellite and other telecommunications industry.

Large drop in accounts receivable changes the industry's balance sheet

Total assets in the telecommunications industry fell by 5.3%, to just under \$63.7 billion dollars. This reduction is almost entirely caused by the 31.4% decline in total current assets, specifically the 50.2% drop in accounts receivable. Total liabilities grew by a modest 1.2% to \$38.1 billion and shareholders equity fell by 13.7% to \$25.6 billion in 2004.

The wireless industry and the satellite and reseller industries improved their equity position over 2003. The improvements are directly attributable to increased retained earnings.

The number of wireless subscriptions continues to increase, while wireline and paging customers continue to decrease

In 2004, the number of wireless subscribers grew by 12.6%, to 14.9 million subscribers. After seven years of continuous double-digit growth, there were approximately 464 wireless subscribers for every 1000 persons.

For the third year in a row, the number of PSTN

access lines fell. In terms of voice grade equivalents, (VGE), the number of lines fell by 1.5% to 19.8 million lines. This resulted in a wireline teledensity figure of 58.6 per 100 inhabitants, or 586 lines per 1000 persons.

There are two possible explanations to the closing of the gap between wireline and wireless teledensity. First, wireline and wireless service can be substitutes for each other, and consumers will choose wireline or wireless depending on their current needs. Second, a larger number of Canadians are choosing to have multiple telephone numbers, although it is likely that a combination of these two events is occurring.

Another consequence of the increase in wireless subscriptions is the reduction in paging subscriptions. In 2004 paging subscriptions fell by another 28.9% to just over 1.0 million. This is the fourth year over year decline in paging subscribers and is the largest decline so far. Since the peak of 2.1 million subscribers in 2000, the industry has lost more than half or 1.1 million subscribers. The merging of SMS and cellular phone technologies suggests that this trend will continue into the future.

Recent Developments

In 2005, the trends we noticed in 2004 continued, particularly the growth in wireless subscribers and decline in wireline access to the PSTN. In fact, the number of wireless subscribers in the fourth quarter 2005 was 11.7% higher than the fourth quarter 2004. Not only did the number of subscribers increase over 2004, but the profitability of the wireless industry also increased by 16.6%

In the wireline industry, the decline in number of PSTN lines accelerated to 4.4%. This reduction occurred mainly in the market for residential lines, as the market for business lines remained fairly stable. This loss of residential clients affected the profitability of the wireline industry which saw its profits decline by 1.5% over 2004. Statistics Canada publishes updated information on this sector on a quarterly basis in the Daily (www.statcan.ca).

History of Survey

The Telecommunications Industry (NAICS 517) is playing a critical role in the social and economic development of Canada. Clearly, its influence is expanding as Canadians increase their use of new products and services employing telecommunications applications, such as electronic media, e-commerce and mobile communications.

Significant technological innovations and deregulation in recent years has led to the introduction of many new services and service providers necessitating changes to the predecessor of this survey, the 'Telephone survey', designed in 1971. The Annual Survey of Telecommunications Service Providers was introduced in 1997 in response to these changes. The new survey focuses on providing meaningful measures of the telecommunications industry's financial performance as well as aspects of the industry's network infrastructure. In addition, statistical changes such as the introduction of the North American Industry Classification System (NAICS) and the need to harmonise the redesigned annual survey with a new quarterly survey has had an impact on the nature of the data collected.

About the data

The data supplied by industry respondents relates to their financial and operating systems and are of good accounting quality. In instances where respondents were unable to provide the requested information, tax records were consulted to complete missing data. Where this was not possible, data was imputed based upon: information provided by the respondent relating to the missing data, their previous reports, reports from respondents that had similar operating profiles, or a combination of the above. Imputation was required for some smaller sized respondents whose operations had a limited impact on aggregate results, or for larger firms to provide missing secondary detail (subsets of higher level data). Data sets that consisted of a high level of imputed data points have not been published.

Annual data published for 1996 or earlier is not always comparable to data collected for the 1997 and subsequent reporting periods due to changes in the survey introduced in 1997. Infrastructure relating to access lines and wireless subscribers is comparable across survey periods however.

Users interested in learning more about the concepts, methodology and data quality of the telecommunications surveys can visit Statistics Canada's web site at www.statcan.ca. Definitions, data sources and methods are available for most surveys. The survey title is Annual Survey of Telecommunications (ID 2722).

For more information

In addition to the information provided in this publication, special tables and analytical services are available on a cost recovery basis from the Telecommunications Section; Science, Innovation and Electronic Information Division. For further information, contact Advisory Services Division at 1 800 263-1136; Facsimile 1 877 287-4369; infostats@statcan.ca.

Feedback

Any suggestions or comments on this survey and publication should be sent to Cimeron McDonald (613-951-2741 or cimeron.mcdonald@statcan.ca), Telecommunications Section, Science, Innovation and Electronic Information Division, Statistics Canada, Ottawa, Ontario K1A 0T6.

Note of appreciation

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Symbols

The following standard symbols are used in Statistics Canada publications:

.	not available for any reference period
..	not available for a specific reference period
...	not applicable
0	true zero or a value rounded to zero
0 ^s	value rounded to 0 (zero) where there is a meaningful distinction between true zero and the value that was rounded
P	preliminary
r	revised
X	suppressed to meet the confidentiality requirements of the <i>Statistics Act</i>
E	use with caution
F	too unreliable to be published

Abbreviations

n.e.c.	not elsewhere classified
FTE	Full-time equivalents
VGE	Voice-grade equivalents

North American Industry Classification System - NAICS (catalogue 12-501-XPE)

517	Telecommunications
5171	Wired Telecommunications Carriers
5172	Wireless Telecommunications Carriers (except Satellite)
5173	Telecommunications Resellers
5174	Satellite Telecommunications (including Satellite Resellers)
5179	Other Telecommunications

Table 1 Key operating indicators, by NAICS telecommunications industries, 2004

	5171	5172	5173	5174 and 5179	517 ¹
	thousands of dollars				
Income statement					
Operating revenue	22,705,751	9,478,099	816,947	657,329	33,658,126
Operating expenses	17,595,496	7,493,745	728,598	470,439	26,288,278
Operating profit	5,110,255	1,984,354	88,349	186,890	7,369,848
Operating profit margin (%)	22.5	20.9	10.8	28.4	21.9
Non-operating revenues and expenses					
Investment income	152,893	59,699	101	21,735	234,428
Gains (losses) from asset sales, for exchange, etc.	226,826	-27,478	-45	20,774	220,077
Interest expense	-1,051,073	-308,698	-30,363	-61,833	-1,451,967
Write-offs and valuation adjustments	-37,975	0	0	0	-37,975
Other non-operating revenues and expenses	-1,216,258	-94,058	-29,330	8,502	-1,331,144
Total non-operating revenues and expenses	-1,925,587	-370,535	-59,637	-10,822	-2,366,581
Income tax	-796,087	-212,360	-21,266	-45,943	-1,075,656
Net income (losses)	2,388,581	1,401,459	7,446	130,125	3,927,611
Balance sheet					
Assets	46,441,757	14,590,335	412,332	2,236,596	63,681,020
Liabilities	26,739,778	9,395,780	x	x	38,094,597
Equity	19,701,979	5,194,555	x	x	25,586,423
Labour expenses	4,962,602	1,025,747	135,908	74,916	6,199,173
Full-time	4,730,988	958,690	x	x	5,895,446
Part-time	231,614	67,057	x	x	303,727
Average remuneration (salaries, wages and benefits)	72,641	59,519	51,247	86,809	69,602
Full-time	76,036	68,331	x	x	74,107
Part-time	37,988	20,929	x	x	31,928
Revenue per employee (FTE)	347,896	631,410	x	x	402,364
Capital expenditures	..	..	..	..	..
Construction	..	..	..	..	..
Machinery and equipment	..	..	..	..	..
	number				
Employment (persons)	68,317	17,234	2,652	863	89,066
Full-time	62,220	14,030	x	x	79,553
Part-time	6,097	3,204	x	x	9,513
Total full-time equivalent employees	65,266	15,011	x	x	83,651
Wireline network					
PSTN access lines	18,804,002	...	...	...	18,804,002
PSTN access lines (VGE)	19,762,389	...	...	...	19,762,389
PSTN access lines per 100 persons (VGE)	...	...	...	...	61.6
Mobile telephony (subscribers)	...	14,888,766	...	...	14,888,766
Mobile telephony subscribers per 100 persons	...	46.4	...	...	46.4
PSTN access paths					
Fixed or mobile	18,804,002	14,888,766	...	...	33,692,768
Fixed or mobile (VGE)	19,762,389	14,888,766	...	...	34,651,155
Teledensity (VGE per 100 inhabitants)	...	...	...	...	108.0

1. NAICS 517 - Telecommunications (excluding NAICS 5175 - Cable and Other Program Distribution)

Table 2 Key operating indicators, Telecommunications (NAICS 517¹), 2001 to 2004

	2001	2002	2003	2004	2002 / 2001	2002 / 2003	2003 / 2004
	thousands of dollars				% change		
Income statement							
Operating revenue	32,357,576	33,223,052	32,597,625	33,658,126	2.7	-1.9	3.3
Operating expenses	28,203,510	28,675,205	26,404,904	26,288,278	1.7	-7.9	-0.4
Operating profit	4,154,066	4,547,847	6,192,721	7,369,848	9.5	36.2	19.0
Operating profit margin (%)	12.8	13.7	19.0	21.9	7.0	38.7	15.3
Non-operating revenues and expenses							
Investment income	2,826,609	908,571	305,976	234,428	...	...	...
Gains (losses) from asset sales, for exchange, etc.	-194,868	2,843	572,603	220,077	...	...	...
Interest expense	-2,729,909	-2,522,952	-2,747,360	-1,451,967	...	...	...
Write-offs and valuation adjustments	-1,416,449	-4,061,618	-27,617	-37,975	...	...	...
Other non-operating revenues and expenses	-395,951	-282,973	999,119	-1,331,144	...	...	...
Total non-operating revenues and expenses	-1,910,568	-5,956,129	-897,279	-2,366,581	...	...	...
Income tax	-1,337,602	-1,163,323	-980,781	-1,075,656	...	...	...
Net income (losses)	905,896	-2,571,605	4,314,661	3,927,611	...	...	...
Balance sheet							
Assets	70,102,344	68,600,337	67,271,110	63,681,020	-2.1	-1.9	-5.3
Liabilities	49,202,774	47,483,080	37,639,005	38,094,597	-3.5	-20.7	1.2
Equity	20,899,570	21,117,257	29,632,105	25,586,423	1.0	40.3	-13.7
Labour expenses	6,091,202	6,042,159	6,161,094	6,199,173	-0.8	2.0	0.6
Full-time	5,683,324	5,682,855	5,832,389	5,895,446	0.0	2.6	1.1
Part-time	407,878	359,304	328,705	303,727	-11.9	-8.5	-7.6
Average remuneration (salaries, wages and benefits)	62,751	66,949	69,778	69,602	6.7	4.2	-0.3
Full-time	67,117	71,406	74,692	74,107	6.4	4.6	-0.8
Part-time	32,915	33,690	32,194	31,928	2.4	-4.4	-0.8
Revenue per employee (FTE)	356,538	392,629	395,185	402,364	10.1	0.7	1.8
Capital expenditures	7,964,152	6,521,840	4,321,702	..	-18.1	-33.7	..
Construction	1,705,950	2,395,677	1,215,954	..	40.4	-49.2	..
Machinery and equipment	6,258,202	4,126,163	3,105,748	..	-34.1	-24.7	..
	number						
Employment (persons)	97,070	90,250	88,296	89,066	-7.0	-2.2	0.9
Full-time	84,678	79,585	78,086	79,553	-6.0	-1.9	1.9
Part-time	12,392	10,665	10,210	9,513	-13.9	-4.3	-6.8
Total full-time equivalent employees	90,755	84,617	82,487	83,651	-6.8	-2.5	1.4
Wireline network							
PSTN access lines	19,809,982	19,274,015	19,055,056	18,804,002	-2.7	-1.1	-1.3
PSTN access lines (VGE)	20,805,058	20,300,831	20,067,563	19,762,389	-2.4	-1.1	-1.5
PSTN access lines per 100 persons (VGE)	66.8	64.5	63.2	61.6	-3.4	-2.0	-2.5
Mobile telephony (subscribers)	10,648,824	11,872,050	13,227,851	14,888,766	11.5	11.4	12.6
Mobile telephony subscribers per 100 persons	34.2	37.7	41.6	46.4	10.2	10.3	11.5
PSTN access paths							
Fixed or mobile	30,458,806	31,146,065	32,282,907	33,692,768	2.3	3.7	4.4
Fixed or mobile (VGE)	31,453,882	32,172,881	33,295,414	34,651,155	2.3	3.5	4.1
Teledensity (VGE per 100 inhabitants)	101.0	102.2	104.8	108.0	1.2	2.5	3.1

1. NAICS 517 - Telecommunications (excluding NAICS 5175 - Cable and Other Program Distribution)

Table 3 Key operating indicators, Wired Telecommunications Carriers (NAICS 5171), 2001 to 2004

	2001	2002	2003	2004	2002 / 2001	2003 / 2002	2004 / 2003
	thousands of dollars				% change		
Income statement							
Operating revenue	25,038,183	24,737,457	22,923,707	22,705,751	-1.2	-7.3	-1.0
Operating expenses	20,714,465	21,216,917	18,428,947	17,595,496	2.4	-13.1	-4.5
Operating profit	4,323,718	3,520,540	4,494,760	5,110,255	-18.6	27.7	13.7
Operating profit margin (%)	17.3	14.2	19.6	22.5	-17.9	38.0	14.8
Non-operating revenues and expenses							
Investment income	2,770,065	855,928	235,751	152,893	...	...	...
Gains (losses) from asset sales, for exchange, etc.	-210,224	-25,117	430,604	226,826	...	...	...
Interest expense	-2,170,006	-2,169,800	-2,371,585	-1,051,073	...	...	...
Write-offs and valuation adjustments	-1,081,546	-3,555,549	-27,101	-37,975	...	...	...
Other non-operating revenues and expenses	-224,224	-271,255	1,021,704	-1,216,258	...	...	...
Total non-operating revenues and expenses	-915,935	-5,165,793	-710,627	-1,925,587	...	...	...
Income tax	-1,214,953	-988,741	-757,423	-796,087	...	...	...
Net income (losses)	2,192,830	-2,633,994	3,026,710	2,388,581	...	...	...
Balance sheet							
Assets	55,462,755	55,615,153	54,020,629	46,441,757	0.3	-2.9	-14.0
Liabilities	38,397,081	37,389,143	28,546,335	26,739,778	-2.6	-23.7	-6.3
Equity	17,065,674	18,226,010	25,474,294	19,701,979	6.8	39.8	-22.7
Labour expenses	5,077,805	4,988,374	5,067,140	4,962,602	-1.8	1.6	-2.1
Full-time	4,758,567	4,705,158	4,808,221	4,730,988	-1.1	2.2	-1.6
Part-time	319,238	283,216	258,919	231,614	-11.3	-8.6	-10.5
Average remuneration (salaries, wages and benefits)	65,475	68,873	72,606	72,641	5.2	5.4	0.0
Full-time	69,551	72,946	76,855	76,036	4.9	5.4	-1.1
Part-time	34,947	35,728	35,822	37,988	2.2	0.3	6.0
Revenue per employee (FTE)	342,951	361,738	347,692	347,896	5.5	-3.9	0.1
Capital expenditures	5,451,713	4,322,722	3,007,243	..	-20.7	-30.4	..
Construction	1,346,894	1,653,001	952,618	..	22.7	-42.4	..
Machinery and equipment	4,104,819	2,669,721	2,054,625	..	-35.0	-23.0	..
	number						
Employment (persons)	77,553	72,429	69,790	68,317	-6.6	-3.6	-2.1
Full-time	68,418	64,502	62,562	62,220	-5.7	-3.0	-0.5
Part-time	9,135	7,927	7,228	6,097	-13.2	-8.8	-15.6
Total full-time equivalent employees	73,008	68,385	65,931	65,266	-6.3	-3.6	-1.0
Wireline network							
PSTN access lines	19,809,982	19,274,015	19,055,056	18,804,002	-2.7	-1.1	-1.3
PSTN access lines (VGE)	20,789,046	20,300,831	20,067,563	19,762,389	-2.3	-1.1	-1.5
PSTN access lines per 100 persons (VGE)	66.8	64.5	63.2	61.6	-3.4	-2.0	-2.5

Table 4 Key operating indicators, Wireless Telecommunications Carriers (NAICS 5172), 2001 to 2004

	2001	2002	2003	2004	2002 / 2001	2003 / 2002	2004 / 2003
	thousands of dollars				% change		
Income statement							
Operating revenue	5,970,199	7,211,298	8,304,772	9,478,099	20.8	15.2	14.1
Operating expenses	6,058,264	6,317,283	6,832,018	7,493,745	4.3	8.1	9.7
Operating profit	-88,065	894,015	1,472,754	1,984,354	1,115.2	64.7	34.7
Operating profit margin (%)	-1.5	12.4	17.7	20.9	926.7	42.7	18.1
Non-operating revenues and expenses							
Investment income	44,384	1,294	28,669	59,699	...	...	...
Gains (losses) from asset sales, for exchange, etc.	-6,986	7,455	136,913	-27,478	...	...	...
Interest expense	-509,151	-281,377	-271,914	-308,698	...	...	...
Write-offs and valuation adjustments	-86,132	-492,386	-3	0	...	...	...
Other non-operating revenues and expenses	-157,233	2,564	253	-94,058	...	...	...
Total non-operating revenues and expenses	-715,118	-762,450	-106,082	-370,535	...	...	...
Income tax	-137,680	-138,388	-155,044	-212,360	...	...	...
Net income (losses)	-940,863	-6,823	1,211,628	1,401,459	...	...	...
Balance sheet							
Assets	11,614,608	9,729,698	10,738,510	14,590,335	-16.2	10.4	35.9
Liabilities	8,316,101	7,761,744	7,342,570	9,395,780	-6.7	-5.4	28.0
Equity	3,298,507	1,967,954	3,395,940	5,194,555	-40.3	72.6	53.0
Labour expenses	762,829	869,058	910,175	1,025,747	13.9	4.7	12.7
Full-time	678,087	796,322	844,661	958,690	17.4	6.1	13.5
Part-time	84,742	72,736	65,514	67,057	-14.2	-9.9	2.4
Average remuneration (salaries, wages and benefits)	49,142	59,031	59,114	59,519	20.1	0.1	0.7
Full-time	54,334	65,299	67,079	68,331	20.2	2.7	1.9
Part-time	27,848	28,784	23,356	20,929	3.4	-18.9	-10.4
Revenue per employee (FTE)	425,228	541,836	612,040	631,410	27.4	13.0	3.2
Capital expenditures	1,895,961	x	x	..	x	x	..
Construction	x	x	x	..	x	x	..
Machinery and equipment	x	x	x	..	x	x	..
	number						
Employment (persons)	15,523	14,722	15,397	17,234	-5.2	4.6	11.9
Full-time	12,480	12,195	12,592	14,030	-2.3	3.3	11.4
Part-time	3,043	2,527	2,805	3,204	-17.0	11.0	14.2
Total full-time equivalent employees	14,040	13,309	13,569	15,011	-5.2	2.0	10.6
Mobile telephony (subscribers)	10,648,824	11,872,050	13,227,851	14,888,741	11.5	11.4	12.6
Mobile telephony subscribers per 100 persons	34.2	37.7	41.6	46.4	10.2	10.3	11.5

Table 5 Key operating indicators, Telecommunications Resellers (NAICS 5173), 2001 to 2004

	2001	2002	2003	2004	2002 / 2001	2003 / 2002	2004 / 2003
	thousands of dollars				% change		
Income statement							
Operating revenue	868,584	658,858	743,268	816,947	-24.1	12.8	9.9
Operating expenses	989,183	610,651	655,892	728,598	-38.3	7.4	11.1
Operating profit	-120,599	48,207	87,376	88,349	140.0	81.3	1.1
Operating profit margin (%)	-13.9	7.3	11.8	10.8	152.5	61.6	-8.5
Non-operating revenues and expenses							
Investment income	10,973	701	179	101	...	...	...
Gains (losses) from asset sales, for exchange, etc.	22,225	15,805	1,051	-45	...	...	...
Interest expense	-30,407	-26,301	-55,445	-30,363	...	...	...
Write-offs and valuation adjustments	-245,219	0	-513	0	...	...	...
Other non-operating revenues and expenses	-10,122	-7,226	-30,395	-29,330	...	...	...
Total non-operating revenues and expenses	-252,550	-17,021	-85,123	-59,637	...	...	...
Income tax	24,686	-5,440	-11,964	-21,266	...	...	...
Net income (losses)	-348,463	25,746	-9,711	7,446	...	...	...
Balance sheet							
Assets	548,963	386,191	480,591	412,332	-29.7	24.4	-14.2
Liabilities	676,499	x	x	x	x	x	x
Equity	-127,536	x	x	x	x	x	x
Labour expenses	171,708	100,672	112,320	135,908	-41.4	11.6	21.0
Full-time	x	x	x	x	x	x	x
Part-time	x	x	x	x	x	x	x
Average remuneration (salaries, wages and benefits)	58,186	50,386	50,188	51,247	-13.4	-0.4	2.1
Full-time	x	x	x	x	x	x	x
Part-time	x	x	x	x	x	x	x
Revenue per employee (FTE)	x	x	x	x	x	x	x
Capital expenditures	x	x	x	..	x	x	..
Construction	x	x	x	..	x	x	..
Machinery and equipment	x	11,310	60,333	..	x	433.4	..
	number						
Employment (persons)	2,951	1,998	2,238	2,652	-32.3	12.0	18.5
Full-time	x	x	2,071	x	x	x	x
Part-time	x	x	167	x	x	x	x
Total full-time equivalent employees	x	x	x	x	x	x	x

Table 6 Key operating indicators, Satellite and Other Telecommunications (NAICS 5174 and 5179), 2001 to 2004

	2001	2002	2003	2004	2002 / 2001	2003 / 2002	2004 / 2003
	thousands of dollars				% change		
Income statement							
Operating revenue	480,610	615,439	625,878	657,329	28.1	1.7	5.0
Operating expenses	441,598	530,354	488,047	470,439	20.1	-8.0	-3.6
Operating profit	39,012	85,085	137,831	186,890	118.1	62.0	35.6
Operating profit margin (%)	8.1	13.8	22.0	28.4	70.4	59.4	29.1
Non-operating revenues and expenses							
Investment income	1,187	50,648	41,377	21,735	...	...	...
Gains (losses) from asset sales, for exchange, etc.	117	4,700	4,035	20,774	...	...	...
Interest expense	-20,345	-45,474	-48,416	-61,833	...	...	...
Write-offs and valuation adjustments	-3,552	-13,683	0	0	...	...	...
Other non-operating revenues and expenses	-4,372	-7,056	7,557	8,502	...	...	...
Total non-operating revenues and expenses	-26,965	-10,865	4,553	-10,822	...	...	...
Income tax	-9,655	-30,754	-56,350	-45,943	...	...	...
Net income (losses)	2,392	43,466	86,034	130,125	...	...	...
Balance sheet							
Assets	2,476,018	2,869,295	2,031,380	2,236,596	15.9	-29.2	10.1
Liabilities	1,813,093	x	x	x	x	x	x
Equity	662,925	x	x	x	x	x	x
Labour expense	78,860	84,055	71,459	74,916	6.6	-15.0	4.8
Full-time	x	x	x	x	x	x	x
Part-time	x	x	x	x	x	x	x
Average remuneration (salaries, wages and benefits)	75,609	76,344	82,042	86,809	1.0	7.5	5.8
Full-time	x	x	x	x	x	x	x
Part-time	x	x	x	x	x	x	x
Revenue per employee (FTE)	x	x	x	x	x	x	x
Capital expenditures	x	x	10,562	..	x	x	..
Construction	6,006	x	4,563	..	x	x	..
Machinery and equipment	x	x	5,999	..	x	x	..
	number						
Employment (persons)	1,043	1,101	871	863	5.6	-20.9	-0.9
Full-time	x	x	861	x	x	x	x
Part-time	x	x	10	x	x	x	x
Total full-time equivalent employees	x	x	x	x	x	x	x

Table 7 Profit and loss statement, by province, Telecommunications (NAICS 517¹), 2004

	Newfoundland and Labrador	Prince Edward Island	Nova Scotia	New Brunswick	Québec	Ontario
Number of establishments	8	4	14	7	44	88
	thousands of dollars					
Operating revenues	649,491	111,988	813,224	680,042	7,295,311	14,257,996
Operating expenses	520,532	x	658,021	550,442	6,142,216	11,456,108
Telecommunications operating expenses	469,378	x	599,096	x	5,098,818	9,508,124
Other operating expenses	51,154	x	58,925	x	1,043,398	1,947,984
Operating profit	128,959	x	155,203	129,600	1,153,095	2,801,888
Operating profit margin (%)	19.9	x	19.1	19.1	15.8	19.7
Labour expenses	95,308	x	165,133	147,953	1,367,902	2,573,526
Salaries and wages	76,518	x	x	x	1,231,260	2,322,707
Benefits	18,790	x	x	x	136,642	250,819
Percentage of operating revenues	14.7	x	20.3	21.8	18.8	18.0
Capital expenditures	..	..	..	..	..	..
Construction	..	..	..	..	..	..
Machinery and equipment	..	..	..	..	..	..
Percentage of operating revenues	..	..	..	..	..	..
	number					
Employment (persons)	1,584	x	2,698	2,383	17,636	32,639
Full-time	x	x	2,683	2,377	15,055	29,168
Part-time	x	x	15	6	2,581	3,471
Wireless subscribers						
Total - Mobile telephony	155,792	x	408,745	266,915	2,725,328	6,454,243
Total - Paging	8,850	x	19,529	13,649	305,343	482,238
Total - Other	33,461	19	1,626	x	19,094	55,257
Switches	x	x	x	x	x	225
Cell sites (Mobile telephony)	x	x	x	x	3,094	6,317
Population (persons)	517,112	137,762	938,821	752,313	7,566,136	12,454,171

1. NAICS 517 - Telecommunications (excluding NAICS 5175 - Cable and Other Program Distribution)

Table 7 Profit and loss statement, by province, Telecommunications (NAICS 517¹), 2004 (continued)

	Manitoba	Saskatchewan	Alberta	British Columbia	Yukon, Nunavut, Northwest Territories	Canada
Number of establishments	12	8	20	32	10	247
	thousands of dollars					
Operating revenues	1,066,290	925,218	3,729,983	3,974,867	153,716	33,658,126
Operating expenses	759,849	778,415	2,492,219	2,722,339	x	26,288,278
Telecommunications operating expenses	x	x	2,286,578	2,504,804	x	22,579,363
Other operating expenses	x	x	205,641	217,535	5,003	3,708,915
Operating profit	306,441	146,803	1,237,764	1,252,528	x	7,369,848
Operating profit margin (%)	28.7	15.9	33.2	31.5	x	21.9
Labour expenses	x	316,504	617,692	665,923	x	6,199,173
Salaries and wages	x	238,046	522,783	559,571	x	5,416,304
Benefits	x	78,458	94,909	106,352	x	782,869
Percentage of operating revenues	x	34.2	16.6	16.8	x	18.4
Capital expenditures	..	..	..	..	..	..
Construction	..	..	..	..	..	..
Machinery and equipment	..	..	..	..	..	..
Percentage of operating revenues	..	..	..	..	..	..
	numbers					
Employment (persons)	x	4,804	11,166	11,821	x	89,066
Full-time	x	4,235	9,380	10,884	x	79,553
Part-time	x	569	1,786	937	x	9,513
Wireless subscribers						
Total - Mobile telephony	483,006	427,351	1,876,379	2,023,986	x	14,888,766
Total - Paging	19,094	2,648	75,948	110,479	x	1,042,272
Total - Other	12,186	x	17,438	19,554	x	166,443
Switches	x	x	11	50	x	2,517
Cell sites (Mobile telephony)	x	x	2,714	2,414	x	16,305
Population (persons)	1,173,358	995,351	3,215,869	4,215,695	103,411	32,069,999

1. NAICS 517 - Telecommunications (excluding NAICS 5175 - Cable and Other Program Distribution)

Table 8 Profit and loss statement, by province, by industry, 2004

	Newfoundland and Labrador	Prince Edward Island	Nova Scotia	New Brunswick	Québec	Ontario
thousands of dollars						
Total operating revenues						
Wireline (5171)	305,733	79,708	558,242	x	5,551,478	9,452,475
Wireless (5172)	x	x	237,228	158,075	1,582,176	4,100,539
Other (5173, 5174, 5179)	x	x	17,754	x	161,657	704,982
Total 517¹	649,491	111,988	813,224	680,042	7,295,311	14,257,996
Total operating expenses						
Wireline (5171)	x	x	x	446,909	4,515,173	7,009,685
Wireless (5172)	59,982	x	x	98,334	1,548,962	3,787,837
Other (5173, 5174, 5179)	x	x	8,960	x	78,081	658,586
Total 517¹	520,532	x	658,021	550,442	6,142,216	11,456,108
Operating profit						
Wireline (5171)	x	x	x	x	1,036,305	2,442,790
Wireless (5172)	x	x	x	59,741	33,214	312,702
Other (5173, 5174, 5179)	x	x	8,794	x	83,576	46,396
Total 517¹	128,959	x	155,203	129,600	1,153,095	2,801,888
percentage						
Operating profit margin						
Wireline (5171)	x	x	x	x	18.7	25.8
Wireless (5172)	x	x	x	37.8	2.1	7.6
Other (5173, 5174, 5179)	x	x	49.5	x	51.7	6.6
Total 517¹	19.9	x	19.1	19.1	15.8	19.7

1. NAICS 517 - Telecommunications (excluding NAICS 5175 - Cable and Other Program Distribution)

Table 8 Profit and loss statement, by province, by industry, 2004 (continued)

	Manitoba	Saskatchewan	Alberta	British Columbia	Yukon, Nunavut, Northwest Territories	Canada
thousands of dollars						
Total operating revenues						
Wireline (5171)	x	x	x	2,477,546	x	22,705,751
Wireless (5172)	x	x	1,422,108	1,305,457	x	9,478,099
Other (5173, 5174, 5179)	19,261	12,477	x	191,864	x	1,474,276
Total 517¹	1,066,290	925,218	3,729,983	3,974,867	153,716	33,658,126
Total operating expenses						
Wireline (5171)	x	x	x	x	x	17,595,496
Wireless (5172)	x	x	767,948	710,672	x	7,493,745
Other (5173, 5174, 5179)	x	x	x	x	x	1,199,037
Total 517¹	759,849	778,415	2,492,219	2,722,339	x	26,288,278
Operating profit						
Wireline (5171)	x	x	x	x	x	5,110,255
Wireless (5172)	x	x	654,160	594,785	x	1,984,354
Other (5173, 5174, 5179)	x	x	x	x	x	275,239
Total 517¹	306,441	146,803	1,237,764	1,252,528	x	7,369,848
percentage						
Operating profit margin						
Wireline (5171)	x	x	x	x	x	22.5
Wireless (5172)	x	x	46.0	45.6	x	20.9
Other (5173, 5174, 5179)	x	x	x	x	x	18.7
Total 517¹	28.7	15.9	33.2	31.5	x	21.9

1. NAICS 517 - Telecommunications (excluding NAICS 5175 - Cable and Other Program Distribution)

Table 9 Profit and loss statement, by province, Telecommunications (NAICS 517¹), 2003/2004

	Newfoundland and Labrador	Prince Edward Island	Nova Scotia	New Brunswick	Québec	Ontario
thousands of dollars						
Total operating revenues						
2004	649,491	111,988	813,224	680,042	7,295,311	14,257,996
Percentage of total Canada	1.9	0.3	2.4	2.0	21.7	42.4
2003	611,605	109,009	833,005	683,130	7,358,161	13,427,305
Percentage of total Canada	1.9	0.3	2.6	2.1	22.6	41.2
Percentage change	6.2	2.7	-2.4	-0.5	-0.9	6.2
Total operating expenses						
2004	520,532	x	658,021	550,442	6,142,216	11,456,108
Percentage of total Canada	2.0	x	2.5	2.1	23.4	43.6
2003	501,672	x	615,529	503,913	5,980,708	11,352,664
Percentage of total Canada	1.9	x	2.3	1.9	22.6	43.0
Percentage change	3.8	x	6.9	9.2	2.7	0.9
Operating profit						
2004	128,959	x	155,203	129,600	1,153,095	2,801,888
Percentage of total Canada	1.7	x	2.1	1.8	15.6	38.0
2003	109,933	x	217,476	179,217	1,377,453	2,074,641
Percentage of total Canada	1.8	x	3.5	2.9	22.2	33.5
Percentage change	17.3	x	-28.6	-27.7	-16.3	35.1
Operating profit margin (%)						
2004	19.9	x	19.1	19.1	15.8	19.7
2003	18.0	x	26.1	26.2	18.7	15.5
Percentage change	10.6	x	-26.8	-27.1	-15.5	27.1
Capital expenditures						
2004	..	..	..	..	..	..
Percentage of total Canada	..	..	..	..	..	..
2003	x	14,705	x	33,320	879,702	2,042,507
Percentage of total Canada	x	0.3	x	0.8	20.4	47.3
Percentage change	..	..	..	..	..	..
Total employment						
2004	1,584	x	2,698	2,383	17,636	32,639
Percentage of total Canada	1.8	x	3.0	2.7	19.8	36.6
2003	1,526	x	2,725	2,345	19,157	33,423
Percentage of total Canada	1.7	x	3.1	2.7	21.7	37.9
Percentage change	3.8	x	-1.0	1.6	-7.9	-2.3
Total labour expenses						
2004	95,308	x	165,133	147,953	1,367,902	2,573,526
Percentage of total Canada	1.5	x	2.7	2.4	22.1	41.5
2003	91,918	x	168,090	147,060	1,405,497	2,372,214
Percentage of total Canada	1.5	x	2.7	2.4	22.8	38.5
Percentage change	3.7	x	-1.8	0.6	-2.7	8.5
Labour expenses % of operating revenue						
2004	14.7	x	20.3	21.8	18.8	18.0
2003	15.0	x	20.2	21.5	19.1	17.7
Percentage change	-2.4	x	0.6	1.1	-1.8	2.2

1. NAICS 517 - Telecommunications (excluding NAICS 5175 - Cable and Other Program Distribution)

Table 9 Profit and loss statement, by province, Telecommunications (NAICS 517¹), 2003/2004 (continued)

	Manitoba	Saskatchewan	Alberta	British Columbia	Yukon, Nunavut, Northwest Territories	Canada
	thousands of dollars					
Total operating revenues						
2004	1,066,290	925,218	3,729,983	3,974,867	153,716	33,658,126
Percentage of total Canada	3.2	2.7	11.1	11.8	0.5	100.0
2003	978,506	882,568	3,403,614	4,155,233	155,489	32,597,625
Percentage of total Canada	3.0	2.7	10.4	12.7	0.5	100.0
Percentage change	9.0	4.8	9.6	-4.3	-1.1	3.3
Total operating expenses						
2004	759,849	778,415	2,492,219	2,722,339	x	26,288,278
Percentage of total Canada	2.9	3.0	9.5	10.4	x	100.0
2003	678,633	741,160	2,926,313	2,908,700	x	26,404,904
Percentage of total Canada	2.6	2.8	11.1	11.0	x	100.0
Percentage change	12.0	5.0	-14.8	-6.4	x	-0.4
Operating profit						
2004	306,441	146,803	1,237,764	1,252,528	x	7,369,848
Percentage of total Canada	4.2	2.0	16.8	17.0	x	100.0
2003	299,873	141,408	477,301	1,246,533	x	6,192,721
Percentage of total Canada	4.8	2.3	7.7	20.1	x	100.0
Percentage change	2.2	3.8	159.3	0.5	x	19.0
Operating profit margin (%)						
2004	28.7	15.9	33.2	31.5	x	21.9
2003	30.6	16.0	14.0	30.0	x	19.0
Percentage change	-6.2	-0.6	137.1	5.0	x	15.3
Capital expenditures						
2004	..	..	..	..	..	..
Percentage of total Canada	..	..	..	..	..	..
2003	143,581	89,610	527,804	361,907	x	4,321,702
Percentage of total Canada	3.3	2.1	12.2	8.4	x	100.0
Percentage change	..	..	..	..	x	..
Total employment						
2004	x	4,804	11,166	11,821	x	89,066
Percentage of total Canada	x	5.4	12.5	13.3	x	100.0
2003	3,177	4,846	9,784	10,367	x	88,296
Percentage of total Canada	3.6	5.5	11.1	11.7	x	100.0
Percentage change	x	-0.9	14.1	14.0	x	0.9
Total labour expenses						
2004	x	316,504	617,692	665,923	x	6,199,173
Percentage of total Canada	x	5.1	10.0	10.7	x	100.0
2003	203,547	273,373	660,292	781,017	x	6,161,094
Percentage of total Canada	3.3	4.4	10.7	12.7	x	100.0
Percentage change	x	15.8	-6.5	-14.7	x	0.6
Labour expenses % of operating revenue						
2004	x	34.2	16.6	16.8	x	18.4
2003	20.8	31.0	19.4	18.8	x	18.9
Percentage change	x	10.4	-14.6	-10.9	x	-2.6

1. NAICS 517 - Telecommunications (excluding NAICS 5175 - Cable and Other Program Distribution)