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Television broadcasting, 2005

The statistics presented in this Bulletin are for the fiscal year ending August 31 and cover the period from 2002 to 2005. The analysis below includes other reference periods when it is useful to put the industry's recent performance in historical context.

Continued slower revenue growth for television broadcasters

The operating revenues of the television broadcasting industries¹ totalled \$5.6 billion in 2005, up 2.8% from 2004. That is the second consecutive year in which there was a significant decline in revenue growth, which was nearly 9.0% in 2003 and 4.1% in 2004. It was also the industry's smallest year-over-year revenue increase since 1997, when revenues dropped 3.0% mainly as a result of a sharp decline in funding for public and non-profit television broadcasters.

Long-term trend or blip?

Over the last few years, the industry has had to cope with some long-term trends that have affected its bottom line. The industry's modest performance in 2005 reflects those trends.

One trend concerns the subscription revenues of pay and specialty channels. The statistics for recent years clearly show that the very high growth rates observed over many years are slipping. During the last six years, the annual increase in subscription revenues shrank from a high of 22.4% in 1999 to a low of 5.2% in 2005, despite the addition of many services (from 50 in 1999 to 136 in 2005) and the growing audience share of Canadian specialty television (more than a quarter of an hour of watching time).

This loss of momentum was not unexpected. New technologies and new products often go through an initial period of accelerating growth (dynamic

1. NAICS industries: 51512 - Television Broadcasting, and 51521 - Pay and Specialty Television.

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stage), followed by a period of decelerating growth (plateau stage) and a period of stagnation (saturation stage); this is known as the "S curve" phenomenon. Pay and specialty television appear to have hit the plateau stage.

Digital technology is probably partly responsible for the decline in growth. It is enabling cable television companies to offer a wide variety of service packages and even personalized packages. This makes it easier for customers to pick only the channels they like and keep their cable bills down. However, it also reduces the revenues of content providers.

The second long-term trend relates to advertising revenue, which is also growing more slowly across the industry as a whole. To see this, we need only look at the average annual growth for the 2000-2005 period and the previous five years: 4.3% compared with 6.6%. There are at least two phenomena at work here: audience stagnation and heavier competition in the advertising market. Average weekly television viewing time has been hovering just under 22 hours since 1998, and it has been declining steadily for younger audiences. During that period, the number of conventional electronic media outlets has increased rapidly and new media have become more prominent. The inevitable result is downward pressure on advertising prices.

In many respects, what we saw in 2005 was a continuation of what we have seen over the last several years. But it was also an unusual year for the industry. The cancellation of the National Hockey League season resulted in a sharp decrease in viewing of Canadian programs and in advertising revenue.

Hockey fans were delighted to have their favourite sport back in the fall of 2006. This will undoubtedly have a beneficial impact on the industry's performance in 2006.

Conventional television hard hit

The slower growth in 2005 affected both conventional television and pay and specialty television, though the former was harder hit. The revenues of the conventional television broadcasting industry edged up just 0.6% in 2005, well below the average growth of 2.3% over the past five years.

It was a particularly difficult year for public television broadcasters, whose revenues slumped 5.2% to \$1.2 billion, mainly because of a 25.2% drop in air time sales. The cancellation of the National Hockey League season accounted for much of the slump in advertising revenue.

Private conventional television broadcasters reported revenues of \$2.2 billion in 2005, 4.0% more than in the previous year. This performance represents a recovery for the segment, which endured a year of very slow growth (+0.9%) in 2004. It is also higher than the average growth rate for the last five years (+3.2%).

Pay and specialty television draw level with private conventional television

Meanwhile, the revenues of pay and specialty channels rose 6.3% to \$2.2 billion in 2005, equalling the revenues of private conventional television for the first time.

While the pay and specialty segment outpaced conventional television by a wide margin in 2005, its 6.3% increase was considerably smaller than the growth rates observed in previous years. Its revenues have grown at an average annual rate of 11.4% in the last five years and 14.3% in the last ten years.

Nevertheless, the pay and specialty segment of the industry continued to expand its market share. Its share of television advertising revenues topped 25.0% in 2005, and its revenues now make up nearly 39.2% of the sector's total revenues, more than double their proportion ten years earlier (17.0%).

A widespread downturn

The downward trend in 2005 affected both advertising revenue and subscription revenue.

Air time sales totalled \$3.0 billion in 2005, up less than 2.0%, the first increase below that level in 10 years.

Conventional broadcasters, especially public broadcasters, were harder hit by the market's sluggishness. Air time sales for conventional television broadcasters as a whole declined slightly (-0.3%) from \$2.27 billion in 2004 to \$2.26 billion in 2005. Public broadcasters' sales dropped to their lowest level in 10 years, \$243.4 million compared with \$325.2 million in 2004.

Specialty channels fared much better, as their advertising revenues increased 8.5% to \$767.8 million in 2005. It is important to note, however, that in the previous 10 years, the segment's year-over-year growth in advertising revenue averaged just over 20% and never fell below 15.0%.

The subscription revenues of pay and specialty channels totalled \$1.4 billion, 5.2% more than in 2004. Although this is still the most dynamic market for the industry, there has been a very clear downward trend since the beginning of the decade in the pace of revenue growth.

Remaining profitable

The slower revenue growth in 2005 did not affect the profitability of private television broadcasters. The sector's profit margin (before interest and taxes) rose from 15.6% in 2004 to 18.1% in 2005, and operating profits increased from \$650.7 million to \$792.6 million (+21.8%). Pay and specialty channels accounted for nearly 70.0% of the industry's profits.

However, the overall results mask a trend that varies considerably across the major segments of the industry. The specialty channels' profit

margin climbed from 19.7% to 24.8% between 2004 and 2005, while that of conventional television broadcasters held steady at 11.0%.

Pay television remained the sector's most profitable segment in 2005. It made more than 27 cents of operating profit for each dollar of revenue, compared with just under 24 cents in 2004.

Vigorous growth for digital channels

Canadian television saw the dawn of new era in 2002, as 49 new digital channels went on the air. Their entry into the market was made possible by the growing number of subscribers to satellite television and digital cable. A few more have made their debut since then.

The new channels have attracted customers at a steady pace, and with them has come revenue for the industry. Their revenues totalled \$148.4 million in 2005, nearly triple what they were in 2002. Almost 82.0% of the segment's 2005 revenues were from subscriptions, and just over 15.0% from air time sales. However, advertising revenues have grown faster, soaring by 59.2% in 2004 and 62.4% in 2005. On the other hand, their \$22.8 million in advertising revenue made up only a tiny portion of the television advertising market.

Despite the sharp growth in revenue, digital channels have not yet attained profitability. Before interest and taxes, they lost a total of \$53.4 million in 2005, nearly 36 cents for every dollar of revenue. That is an improvement, though, over their 2004 losses of 42 cents per dollar of revenue.

Industry coverage

The statistics presented in this Bulletin are for the following categories of the 2002 North American Industrial Classification System (NAICS): Television Broadcasting (51512) and Pay and Specialty Television (51521).

Surveys

The annual surveys on which this publication is based target all organisations licensed by the Canadian Radio-Television and Telecommunications Commission (CRTC) to operate conventional radio or television programming undertakings and specialty and pay television service operators. The survey targeting conventional broadcasters is conducted jointly by Statistics Canada and the CRTC. The Broadcast Analysis Branch of the CRTC manages the survey targeting the specialty and pay television operators. Statistics from both surveys are presented here to provide a more complete picture of the structural changes affecting this sector.

Data quality

The data presented in this Bulletin are of very good quality and can be used with confidence. This assessment is based on available data accuracy measures and the judgement of the analysts involved in this survey. These statistics are, however, subject to revision. Revisions are usually the result of late receipt of information, of re-filing by respondents of previously submitted data, or of detection of errors after publication of data. They typically do not have a material impact on the preliminary results. Past revisions accounted for less than 1% of the value for key variables such as total revenues, salaries and wages and number of employees. Users interested in learning more about the concepts, methodology and data quality of the broadcasting 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 Radio and Television Broadcasting Survey (ID 2724).

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. Access to selected information on the broadcasting industries is also available through CANSIM, Statistics Canada's data base and retrieval system (table 3570001) and summary statistics are available free of charge in Canadian Statistics on our web site. For further information, contact Advisory Services Division at 1 800 263 1136, fax 1 877 287-4369, infostats@statcan.ca.

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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 *Statistics Act*
- ^E use with caution
- F too unreliable to be published

Abbreviations

- n.e.c. not elsewhere classified

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

- 51512 Television Broadcasting
- 51521 Pay and Specialty Television

Table 1 Selected financial and employment indicators - television broadcasters (NAICS 51512 and 51521)¹

	2002	2003	2004	2005	2003/ 2002	2004/ 2003	2005/ 2004
Total revenues by type of broadcaster	thousands of dollars				% change		
Private conventional television	1,900,886.7	2,102,802.4	2,122,110.0	2,207,057.4	10.6	0.9	4.0
Public and non-commercial conventional television	1,172,533.7	1,212,567.3	1,238,169.6	1,173,731.0	3.4	2.1	-5.2
Specialty television ²	1,369,773.5	1,534,539.1	1,679,571.5	1,805,936.6	12.0	9.5	7.5
Pay television ²	332,513.1	346,809.7	371,987.6	375,765.1	4.3	7.3	1.0
Total	4,775,707.0	5,196,718.5	5,411,838.7	5,562,490.0	8.8	4.1	2.8
Market share by type of broadcaster (revenue)	%						
Private conventional television	39.8	40.5	39.2	39.7	1.7	-3.1	1.2
Public and non-commercial conventional television	24.6	23.3	22.9	21.1	-5.0	-1.9	-7.8
Specialty television ²	28.7	29.5	31.0	32.5	3.0	5.1	4.6
Pay television ²	7.0	6.7	6.9	6.8	-4.2	3.0	-1.7
Total revenues by source	thousands of dollars						
Air time	2,610,631.7	2,838,616.9	2,975,960.6	3,028,986.4	8.7	4.8	1.8
Subscription	1,166,138.6	1,247,403.6	1,320,802.3	1,389,047.6	7.0	5.9	5.2
Grants	718,702.2	791,215.3	775,965.6	791,787.4	10.1	-1.9	2.0
Other	280,234.6	319,482.7	339,110.3	352,668.6	14.0	6.1	4.0
Total	4,775,707.0	5,196,718.5	5,411,838.7	5,562,490.0	8.8	4.1	2.8
Sale of airtime by type of broadcaster							
Private conventional television	1,760,729.2	1,932,584.7	1,942,964.2	2,017,797.5	9.8	0.5	3.9
Public and non-commercial conventional television	341,322.9	299,412.9	325,210.9	243,389.4	-12.3	8.6	-25.2
Specialty television ²	508,579.6	606,619.3	707,785.4	767,799.5	19.3	16.7	8.5
Pay television ²	0.0	0.0	0.0	0.0	...	...	...
Total - Sale of air time	2,610,631.7	2,838,616.9	2,975,960.6	3,028,986.4	8.7	4.8	1.8
Market share by type of broadcaster (air time)	%						
Private conventional television	67.4	68.1	65.3	66.6	0.9	-4.1	2.0
Public and non-commercial conventional television	13.1	10.5	10.9	8.0	-19.3	3.6	-26.5
Specialty television ²	19.5	21.4	23.8	25.3	9.7	11.3	6.6
Pay television ²	...	...	...	...	...	...	...

1. North American Industry Classification System 2002 (51512 - Television Broadcasting and 51521 - Pay and Specialty Television)

2. Statistics collected and published by the Canadian Radio-television and Telecommunications Commission (CRTC), Industry Statistics and Analysis, Broadcast Analysis Branch.

Table 1 Selected financial and employment indicators - television broadcasters (NAICS 51512 and 51521)¹ (cont.)

	2002	2003	2004	2005	2003/ 2002	2004/ 2003	2005/ 2004
Profit margin (PBIT) by type of broadcaster (private)							
	%						
Private conventional television	9.4	14.3	11.0	11.0	52.0	-23.3	0.3
Specialty television ²	8.2	12.6	19.7	24.8	53.8	56.3	25.9
Pay television ²	24.2	26.4	23.6	27.3	9.4	-10.8	15.6
Total	10.3	14.7	15.6	18.1	42.6	6.1	15.8
Salaries and benefits by type of broadcaster							
	thousands of dollars						
Private conventional television	521,308.2	542,415.1	559,005.7	569,914.8	4.0	3.1	2.0
Public and non-commercial conventional television	608,081.9	663,609.5	772,717.8	764,271.4	9.1	16.4	-1.1
Specialty television ²	266,239.2	288,330.4	298,473.1	312,444.6	8.3	3.5	4.7
Pay television ²	19,109.4	19,238.7	19,193.4	19,862.5	0.7	-0.2	3.5
Total	1,414,738.7	1,513,593.7	1,649,390.1	1,666,493.3	7.0	9.0	1.0
Average weekly number of employees by type of broadcaster							
	number						
Private conventional television	7,868	7,974	8,072	8,202	1.3	1.2	1.6
Public and non-commercial conventional television	9,264	9,339	9,501	9,131	0.8	1.7	-3.9
Specialty television ²	4,539	4,535	4,526	4,578	-0.1	-0.2	1.1
Pay television ²	285	311	280	290	9.1	-10.0	3.6
Total	21,956	22,159	22,379	22,200	0.9	1.0	-0.8
Programming and production expenses							
	thousands of dollars						
Private conventional television	1,140,492.6	1,208,409.3	1,277,976.8	1,323,804.4	6.0	5.8	3.6
Public and non-commercial conventional television	802,212.3	857,220.6	953,835.2	853,110.4	6.9	11.3	-10.6
Specialty television ²	802,413.8	859,291.1	907,905.0	883,762.2	7.1	5.7	-2.7
Pay television ²	187,472.7	195,548.3	220,289.9	212,135.6	4.3	12.7	-3.7
Total	2,932,591.5	3,120,469.3	3,360,006.8	3,272,812.7	6.4	7.7	-2.6

1. North American Industry Classification System 2002 (51512 - Television Broadcasting and 51521 - Pay and Specialty Television)

2. Statistics collected and published by the Canadian Radio-television and Telecommunications Commission (CRTC), Industry Statistics and Analysis, Broadcast Analysis Branch.

Table 2 Private conventional television broadcasters, revenue and expense statement, Canada, 2002 to 2005

	2002		2003		2004		2005	
	\$	%	\$	%	\$	%	\$	%
Revenue:								
Sale of air time:								
Local	348,673,736	18.3	345,528,824	16.4	367,140,098	17.3	363,250,485	16.5
National & network	1,393,675,008	73.3	1,570,034,677	74.7	1,557,338,840	73.4	1,633,688,883	74.0
Infomercials	18,380,422	1.0	17,021,248	0.8	18,485,298	0.9	20,858,149	0.9
Sale of air time - Total	1,760,729,166	92.6	1,932,584,749	91.9	1,942,964,236	91.6	2,017,797,517	91.4
Production and other:								
Syndication	39,559,488	2.1	39,884,737	1.9	41,922,936	2.0	42,574,166	1.9
Production	17,526,922	0.9	19,203,588	0.9	18,132,991	0.9	18,665,003	0.8
Other	83,071,148	4.4	111,129,360	5.3	119,089,856	5.6	128,020,735	5.8
Production and other - Total	140,157,558	7.4	170,217,685	8.1	179,145,783	8.4	189,259,904	8.6
Operating revenue - Total	1,900,886,724	100.0	2,102,802,431	100.0	2,122,110,017	100.0	2,207,057,419	100.0
Expenses:								
Program	1,140,492,564	60.0	1,208,409,316	57.5	1,277,976,784	60.2	1,323,804,417	60.0
Technical services	64,124,928	3.4	63,863,578	3.0	65,254,518	3.1	68,100,780	3.1
Sales and promotion	223,197,611	11.7	213,119,325	10.1	219,672,401	10.4	227,635,527	10.3
Administration and general	217,965,728	11.5	236,813,771	11.3	244,454,282	11.5	266,012,950	12.1
Depreciation	76,461,400	4.0	80,272,868	3.8	82,214,890	3.9	78,847,685	3.6
Operating expenses - Total	1,722,242,230	90.6	1,802,478,856	85.7	1,889,572,875	89.0	1,964,401,359	89.0
Profit before interest and taxes	178,644,496	9.4	300,323,576	14.3	232,537,141	11.0	242,656,059	11.0
Interest expense ¹	34,894,409	1.8	50,319,619	2.4	51,383,568	2.4	49,039,363	2.2
Expenses - Total	1,757,136,639	92.4	1,852,798,475	88.1	1,940,956,443	91.5	2,013,440,722	91.2
Net operating income	143,750,085	7.6	250,003,956	11.9	181,153,574	8.5	193,616,697	8.8
Other adjustments-income (expense) ²	-51,583,168	-2.7	-61,641,950	-2.9	-68,954,344	-3.2	-107,901,436	-4.9
Net income (loss) before income taxes	92,166,921	4.8	188,362,007	9.0	112,199,228	5.3	85,715,259	3.9
Provision for income taxes	269,105	0.0	13,959,338	0.7	17,092,439	0.8	24,513,217	1.1
Net income (loss) after income taxes	91,897,816	4.8	174,402,669	8.3	95,106,789	4.5	61,202,043	2.8
Salaries and other staff benefits	521,308,241	27.4	542,415,095	25.8	559,005,730	26.3	569,914,793	25.8
Number of employees (weekly average)	7,868	...	7,974	...	8,072	...	8,202	...
Stations showing profits	54	...	60	...	56	...	56	...
Stations showing losses	52	...	41	...	41	...	41	...

1. The 2002 interest data is not comparable to previous year data. As a result of re-organisations and changes in accounting practices, some respondents have not declared interest payments at the station level in 2002. They now treat this expense as a corporate expense.

2. The increase in "Other adjustments" in 2002 primarily reflects re-organization costs.

Table 3 Private conventional television broadcasters, revenue and expense statement, Atlantic provinces, 2002 to 2005

	2002		2003		2004		2005	
	\$	%	\$	%	\$	%	\$	%
Revenue:								
Sale of air time:								
Local	22,399,713	32.4	23,014,430	31.1	23,442,013	32.2	24,080,034	31.2
National & network	44,293,675	64.0	48,323,034	65.4	47,299,520	64.9	50,710,921	65.7
Infomercials	477,553	0.7	559,656	0.8	308,943	0.4	489,253	0.6
Sale of air time - Total	67,170,941	97.1	71,897,120	97.3	71,050,476	97.5	75,280,208	97.5
Production and other:								
Syndication	0	0.0	0	0.0	0	0.0	0	0.0
Production	308,128	0.4	313,062	0.4	259,908	0.4	352,686	0.5
Other	1,688,888	2.4	1,675,045	2.3	1,555,260	2.1	1,597,275	2.1
Production and other - Total	1,997,016	2.9	1,988,107	2.7	1,815,168	2.5	1,949,961	2.5
Operating revenue - Total	69,167,957	100.0	73,885,225	100.0	72,865,643	100.0	77,230,168	100.0
Expenses:								
Program	47,960,161	69.3	52,513,740	71.1	52,630,711	72.2	54,249,077	70.2
Technical services	6,092,102	8.8	5,492,931	7.4	5,151,232	7.1	4,951,767	6.4
Sales and promotion	8,957,219	12.9	8,584,757	11.6	8,403,160	11.5	9,423,777	12.2
Administration and general	10,458,277	15.1	11,413,529	15.4	11,166,072	15.3	12,413,412	16.1
Depreciation	3,123,675	4.5	2,728,977	3.7	2,397,719	3.3	2,708,813	3.5
Operating expenses - Total	76,591,434	110.7	80,733,934	109.3	79,748,895	109.4	83,746,845	108.4
Profit before interest and taxes	-7,423,476	-10.7	-6,848,709	-9.3	-6,883,252	-9.4	-6,516,678	-8.4
Interest expense	102,291	0.1	83,903	0.1	86,556	0.1	100,661	0.1
Expenses - Total	76,693,725	110.9	80,817,837	109.4	79,835,451	109.6	83,847,506	108.6
Net operating income	-7,525,768	-10.9	-6,932,612	-9.4	-6,969,808	-9.6	-6,617,338	-8.6
Other adjustments-income (expense)	-3,190,269	-4.6	-6,056,663	-8.2	-3,801,437	-5.2	-3,632,608	-4.7
Net income (loss) before income taxes	-10,716,036	-15.5	-12,989,274	-17.6	-10,771,245	-14.8	-10,249,947	-13.3
Provision for income taxes	-42,660	-0.1	-11,603	0.0	170,362	0.2	-13,515	0.0
Net income (loss) after income taxes	-10,673,376	-15.4	-12,977,671	-17.6	-10,941,607	-15.0	-10,236,432	-13.3
Salaries and other staff benefits	25,284,550	36.6	25,607,139	34.7	24,339,134	33.4	24,768,974	32.1
Number of employees (weekly average)	380	...	368	...	369	...	364	...
Stations showing profits	4	...	1	...	2	...	2	...
Stations showing losses	5	...	7	...	6	...	6	...

Table 4 Private conventional television broadcasters, revenue and expense statement, Québec, 2002 to 2005

	2002		2003		2004		2005	
	\$	%	\$	%	\$	%	\$	%
Revenue:								
Sale of air time:								
Local	95,206,768	21.1	93,523,866	19.1	102,971,738	20.4	99,079,774	19.0
National & network	268,435,014	59.6	299,097,464	60.9	296,320,490	58.7	307,399,730	59.0
Infomercials	5,779,201	1.3	5,561,614	1.1	6,409,794	1.3	6,635,553	1.3
Sale of air time - Total	369,420,983	82.0	398,182,944	81.1	405,702,022	80.3	413,115,057	79.3
Production and other:								
Syndication	35,430,619	7.9	35,507,263	7.2	38,435,383	7.6	40,652,965	7.8
Production	6,897,172	1.5	8,757,481	1.8	7,811,895	1.5	8,685,603	1.7
Other	38,593,788	8.6	48,476,591	9.9	53,050,162	10.5	58,528,652	11.2
Production and other - Total	80,921,579	18.0	92,741,335	18.9	99,297,440	19.7	107,867,220	20.7
Operating revenue - Total	450,342,562	100.0	490,924,279	100.0	504,999,462	100.0	520,982,277	100.0
Expenses:								
Program	255,030,928	56.6	256,328,258	52.2	272,627,590	54.0	286,899,287	55.1
Technical services	14,997,959	3.3	15,077,970	3.1	14,393,859	2.9	15,167,438	2.9
Sales and promotion	53,457,619	11.9	54,530,029	11.1	55,982,127	11.1	61,079,057	11.7
Administration and general	79,686,058	17.7	87,041,147	17.7	87,793,409	17.4	86,181,971	16.5
Depreciation	19,780,709	4.4	20,332,436	4.1	20,179,943	4.0	19,437,699	3.7
Operating expenses - Total	422,953,272	93.9	433,309,840	88.3	450,976,928	89.3	468,765,453	90.0
Profit before interest and taxes	27,389,290	6.1	57,614,440	11.7	54,022,534	10.7	52,216,824	10.0
Interest expense	4,599,121	1.0	5,646,533	1.2	7,643,809	1.5	7,015,495	1.3
Expenses - Total	427,552,393	94.9	438,956,373	89.4	458,620,737	90.8	475,780,948	91.3
Net operating income	22,790,169	5.1	51,967,906	10.6	46,378,725	9.2	45,201,329	8.7
Other adjustments-income (expense)	-4,522,652	-1.0	-10,647,268	-2.2	-8,559,891	-1.7	-32,913,100	-6.3
Net income (loss) before income taxes	18,267,517	4.1	41,320,638	8.4	37,818,834	7.5	12,288,229	2.4
Provision for income taxes	14,167,926	3.1	15,247,655	3.1	13,527,431	2.7	9,416,545	1.8
Net income (loss) after income taxes	4,099,590	0.9	26,072,983	5.3	24,291,403	4.8	2,871,685	0.6
Salaries and other staff benefits	142,298,188	31.6	142,817,226	29.1	148,473,966	29.4	153,717,578	29.5
Number of employees (weekly average)	2,153	...	2,120	...	2,131	...	2,271	...
Stations showing profits	19	...	21	...	21	...	16	...
Stations showing losses	8	...	5	...	5	...	10	...

Table 5 Private conventional television broadcasters, revenue and expense statement, Ontario, 2002 to 2005

	2002		2003		2004		2005	
	\$	%	\$	%	\$	%	\$	%
Revenue:								
Sale of air time:								
Local	84,052,833	10.1	91,786,198	9.9	98,803,595	10.8	97,934,520	10.5
National & network	708,264,935	84.9	779,846,604	83.9	756,737,589	82.9	775,049,062	83.1
Infomercials	8,352,329	1.0	7,561,076	0.8	7,666,451	0.8	8,446,013	0.9
Sale of air time - Total	800,670,097	95.9	879,193,878	94.6	863,207,635	94.5	881,429,595	94.5
Production and other:								
Syndication	2,187,698	0.3	3,159,265	0.3	2,385,187	0.3	1,084,520	0.1
Production	5,337,813	0.6	5,427,890	0.6	5,048,227	0.6	5,006,173	0.5
Other	26,471,583	3.2	41,585,979	4.5	42,507,286	4.7	44,854,076	4.8
Production and other - Total	33,997,094	4.1	50,173,134	5.4	49,940,700	5.5	50,944,769	5.5
Operating revenue - Total	834,667,193	100.0	929,367,012	100.0	913,148,335	100.0	932,374,364	100.0
Expenses:								
Program	476,912,684	57.1	520,592,272	56.0	567,083,327	62.1	573,330,253	61.5
Technical services	25,305,225	3.0	25,800,255	2.8	27,736,808	3.0	29,511,108	3.2
Sales and promotion	86,806,224	10.4	78,666,717	8.5	81,151,013	8.9	83,575,258	9.0
Administration and general	76,047,701	9.1	80,446,563	8.7	80,667,176	8.8	91,124,842	9.8
Depreciation	32,997,055	4.0	35,332,319	3.8	36,539,929	4.0	35,607,678	3.8
Operating expenses - Total	698,068,889	83.6	740,838,121	79.7	793,178,253	86.9	813,149,139	87.2
Profit before interest and taxes	136,598,304	16.4	188,528,891	20.3	119,970,082	13.1	119,225,225	12.8
Interest expense	24,513,449	2.9	31,902,156	3.4	33,797,008	3.7	34,933,322	3.7
Expenses - Total	722,582,338	86.6	772,740,277	83.1	826,975,261	90.6	848,082,461	91.0
Net operating income	112,084,855	13.4	156,626,735	16.9	86,173,074	9.4	84,291,903	9.0
Other adjustments-income (expense)	-22,025,668	-2.6	-24,533,061	-2.6	-37,908,573	-4.2	-69,322,146	-7.4
Net income (loss) before income taxes	90,059,187	10.8	132,093,674	14.2	48,264,501	5.3	14,969,756	1.6
Provision for income taxes	-10,031,629	-1.2	2,798,096	0.3	7,553,345	0.8	17,648,471	1.9
Net income (loss) after income taxes	100,090,817	12.0	129,295,578	13.9	40,711,156	4.5	-2,678,715	-0.3
Salaries and other staff benefits	189,079,984	22.7	200,171,647	21.5	208,354,641	22.8	211,524,802	22.7
Number of employees (weekly average)	2,680	...	2,735	...	2,864	...	2,826	...
Stations showing profits	15	...	19	...	11	...	13	...
Stations showing losses	14	...	10	...	16	...	14	...

Table 6 Private conventional television broadcasters, revenue and expense statement, Manitoba, Saskatchewan, Alberta, British Columbia, 2002 to 2005

	2002		2003		2004		2005	
	\$	%	\$	%	\$	%	\$	%
Revenue:								
Sale of air time:								
Local	147,014,422	26.9	137,204,330	22.5	141,922,752	22.5	142,156,157	21.0
National & network	372,681,384	68.2	442,767,575	72.7	456,981,241	72.4	500,529,170	74.0
Infomercials	3,771,339	0.7	3,338,902	0.5	4,100,110	0.6	5,287,330	0.8
Sale of air time - Total	523,467,145	95.7	583,310,807	95.8	603,004,103	95.5	647,972,657	95.8
Production and other:								
Syndication	1,941,171	0.4	1,218,209	0.2	1,102,366	0.2	836,681	0.1
Production	4,983,809	0.9	4,705,155	0.8	5,012,961	0.8	4,620,541	0.7
Other	16,316,889	3.0	19,391,745	3.2	21,977,148	3.5	23,040,732	3.4
Production and other - Total	23,241,869	4.3	25,315,109	4.2	28,092,475	4.5	28,497,954	4.2
Operating revenue - Total	546,709,012	100.0	608,625,915	100.0	631,096,577	100.0	676,470,610	100.0
Expenses:								
Program	360,588,791	66.0	378,975,046	62.3	385,635,156	61.1	409,325,800	60.5
Technical services	17,729,642	3.2	17,492,422	2.9	17,972,619	2.8	18,470,467	2.7
Sales and promotion	73,976,549	13.5	71,337,822	11.7	74,136,101	11.7	73,557,435	10.9
Administration and general	51,773,692	9.5	57,912,532	9.5	64,827,625	10.3	76,292,725	11.3
Depreciation	20,559,961	3.8	21,879,136	3.6	23,097,299	3.7	21,093,495	3.1
Operating expenses - Total	524,628,635	96.0	547,596,961	90.0	565,668,799	89.6	598,739,922	88.5
Profit before interest and taxes	22,080,378	4.0	61,028,954	10.0	65,427,777	10.4	77,730,688	11.5
Interest expense	5,679,548	1.0	12,687,027	2.1	9,856,195	1.6	6,989,885	1.0
Expenses - Total	530,308,183	97.0	560,283,988	92.1	575,524,994	91.2	605,729,807	89.5
Net operating income	16,400,829	3.0	48,341,927	7.9	55,571,583	8.8	70,740,803	10.5
Other adjustments-income (expense)	-21,844,579	-4.0	-20,404,958	-3.4	-18,684,443	-3.0	-2,033,582	-0.3
Net income (loss) before income taxes	-5,443,747	-1.0	27,936,969	4.6	36,887,138	5.8	68,707,221	10.2
Provision for income taxes	-3,824,532	-0.7	-4,074,810	-0.7	-4,158,699	-0.7	-2,538,284	-0.4
Net income (loss) after income taxes	-1,619,215	-0.3	32,011,779	5.3	41,045,837	6.5	71,245,505	10.5
Salaries and other staff benefits	164,645,519	30.1	173,819,083	28.6	177,837,989	28.2	179,903,439	26.6
Number of employees (weekly average)	2,655	...	2,751	...	2,709	...	2,741	...
Stations showing profits	16	...	19	...	22	...	25	...
Stations showing losses	25	...	19	...	14	...	11	...

Table 7 Pay and specialty services, historical financial performance, 2002 to 2005

	2002		2003		2004		2005	
	\$	%	\$	%	\$	%	\$	%
Revenue:								
Cable subscribers	831,993,112	48.9	829,522,275	44.1	886,929,353	43.2	928,369,928	42.6
Satellite television subscribers	334,145,446	19.6	417,881,327	22.2	433,872,920	21.1	460,677,667	21.1
Local advertising	12,401,558	0.7	14,871,200	0.8	16,291,340	0.8	16,459,668	0.8
National advertising	496,178,068	29.1	591,748,058	31.5	691,494,095	33.7	751,339,827	34.4
Other revenue	27,568,442	1.6	27,325,923	1.5	22,971,467	1.1	24,854,562	1.1
Operating revenue - Total	1,702,286,626	100.0	1,881,348,783	100.0	2,051,559,175	100.0	2,181,701,652	100.0
Expenses:								
Program acquisitions	910,530,980	53.5	972,216,904	51.7	1,041,891,794	50.8	1,012,948,703	46.4
Program investments	6,930,643	0.4	12,168,647	0.6	17,154,288	0.8	21,538,320	1.0
Program related expense	72,424,925	4.3	70,453,815	3.7	69,148,796	3.4	61,410,802	2.8
Technical services	112,539,887	6.6	121,322,540	6.4	109,910,267	5.4	103,356,374	4.7
Sales and promotion	190,679,362	11.2	175,993,287	9.4	166,715,006	8.1	172,940,869	7.9
Administration and general	177,297,872	10.4	209,708,168	11.1	194,623,056	9.5	225,492,942	10.3
Depreciation	39,391,354	2.3	34,580,417	1.8	33,943,169	1.7	34,124,683	1.6
Operating expenses - Total	1,509,795,023	88.7	1,596,443,778	84.9	1,633,386,376	79.6	1,631,812,693	74.8
Profit before interest and taxes	192,491,603	11.3	284,905,005	15.1	418,172,799	20.4	549,888,959	25.2
Interest expense	46,889,629	2.8	92,781,200	4.9	83,900,192	4.1	86,996,197	4.0
Expenses - Total	1,556,684,652	91.4	1,689,224,978	89.8	1,717,286,568	83.7	1,718,808,890	78.8
Net operating income	145,601,974	8.6	192,123,805	10.2	334,272,607	16.3	462,892,762	21.2
Adjustments	20,712,223	1.2	-3,314,360	-0.2	-29,787,376	-1.5	-54,283,620	-2.5
Net income (loss) before income taxes	124,889,751	7.3	195,438,165	10.4	364,059,983	17.7	517,176,382	23.7
Salaries - Total	285,348,614	16.8	307,569,044	16.3	317,666,512	15.5	332,307,062	15.2
Staff	4,824	...	4,846	...	4,806	...	4,868	...

Source: Canadian Radio-television and Telecommunications Commission (CRTC), Industry Statistics and Analysis, Broadcast Operations

Table 8 Specialty services, historical financial performance, 2002 to 2005

	2002		2003		2004		2005	
	\$	%	\$	%	\$	%	\$	%
Revenue:								
Cable subscribers	651,773,310	47.6	644,944,105	42.0	683,663,615	40.7	722,032,546	40.0
Satellite television subscribers	182,123,148	13.3	256,060,510	16.7	265,467,991	15.8	291,721,800	16.2
Local advertising	12,401,558	0.9	14,871,200	1.0	16,291,340	1.0	16,459,668	0.9
National advertising	496,178,068	36.2	591,748,058	38.6	691,494,095	41.2	751,339,827	41.6
Other revenue	27,297,409	2.0	26,915,231	1.8	22,654,499	1.3	24,382,724	1.4
Operating revenue - Total	1,369,773,493	100.0	1,534,539,104	100.0	1,679,571,540	100.0	1,805,936,565	100.0
Expenses:								
Program acquisitions	737,505,651	53.8	796,982,634	51.9	844,852,433	50.3	816,736,827	45.2
Program investments	829,355	0.1	687,077	0.0	2,215,913	0.1	10,005,449	0.6
Program related expense	64,078,804	4.7	61,621,381	4.0	60,836,666	3.6	57,019,935	3.2
Technical services	99,530,037	7.3	107,060,756	7.0	99,000,342	5.9	92,285,978	5.1
Sales and promotion	161,294,828	11.8	150,446,448	9.8	141,832,871	8.4	149,624,031	8.3
Administration and general	160,518,842	11.7	192,600,910	12.6	170,893,223	10.2	202,087,159	11.2
Depreciation	33,912,523	2.5	31,924,765	2.1	29,502,347	1.8	30,730,265	1.7
Operating expenses - Total	1,257,670,040	91.8	1,341,323,971	87.4	1,349,133,795	80.3	1,358,489,644	75.2
Profit before interest and taxes	112,103,453	8.2	193,215,133	12.6	330,437,745	19.7	447,446,921	24.8
Interest expense	45,178,202	3.3	89,639,282	5.8	80,800,803	4.8	82,591,631	4.6
Expenses - Total	1,302,848,242	95.1	1,430,963,253	93.3	1,429,934,598	85.1	1,441,081,275	79.8
Net operating income	66,925,251	4.9	103,575,851	6.7	249,636,942	14.9	364,855,290	20.2
Adjustments	24,262,274	1.8	-5,042,685	-0.3	-21,857,064	-1.3	-43,492,332	-2.4
Net income (loss) before income taxes	42,662,977	3.1	108,618,536	7.1	271,494,006	16.2	408,347,622	22.6
Salaries - Total	266,239,175	19.4	288,330,352	18.8	298,473,122	17.8	312,444,602	17.3
Staff	4,539	...	4,535	...	4,526	...	4,578	...

Source: Canadian Radio-television and Telecommunications Commission (CRTC), Industry Statistics and Analysis, Broadcast Operations

Table 9 Pay television, historical financial performance, 2002 to 2005

	2002		2003		2004		2005	
	\$	%	\$	%	\$	%	\$	%
Revenue:								
Cable subscribers	180,219,802	54.2	184,578,170	53.2	203,265,738	54.6	206,337,382	54.9
Satellite television subscribers	152,022,298	45.7	161,820,817	46.7	168,404,929	45.3	168,955,867	45.0
Local advertising	0	0.0	0	0.0	0	0.0	0	0.0
National advertising	0	0.0	0	0.0	0	0.0	0	0.0
Other revenue	271,033	0.1	410,692	0.1	316,968	0.1	471,838	0.1
Operating revenue - Total	332,513,133	100.0	346,809,679	100.0	371,987,635	100.0	375,765,087	100.0
Expenses:								
Program acquisitions	173,025,329	52.0	175,234,270	50.5	197,039,361	53.0	196,211,876	52.2
Program investments	6,101,288	1.8	11,481,570	3.3	14,938,375	4.0	11,532,871	3.1
Program related expense	8,346,121	2.5	8,832,434	2.5	8,312,130	2.2	4,390,867	1.2
Technical services	13,009,850	3.9	14,261,784	4.1	10,909,925	2.9	11,070,396	2.9
Sales and promotion	29,384,534	8.8	25,546,839	7.4	24,882,135	6.7	23,316,838	6.2
Administration and general	16,779,030	5.0	17,107,258	4.9	23,729,833	6.4	23,405,783	6.2
Depreciation	5,478,831	1.6	2,655,652	0.8	4,440,822	1.2	3,394,418	0.9
Operating expenses - Total	252,124,983	75.8	255,119,807	73.6	284,252,581	76.4	273,323,049	72.7
Profit before interest and taxes	80,388,150	24.2	91,689,872	26.4	87,735,054	23.6	102,442,038	27.3
Interest expense	1,711,427	0.5	3,141,918	0.9	3,099,389	0.8	4,404,566	1.2
Expenses - Total	253,836,410	76.3	258,261,725	74.5	287,351,970	77.2	277,727,615	73.9
Net operating income	78,676,723	23.7	88,547,954	25.5	84,635,665	22.8	98,037,472	26.1
Adjustments	-3,550,051	-1.1	1,728,325	0.5	-7,930,312	-2.1	-10,791,288	-2.9
Net income (loss) before income taxes	82,226,774	24.7	86,819,629	25.0	92,565,977	24.9	108,828,760	29.0
Salaries - Total	19,109,439	5.7	19,238,692	5.5	19,193,390	5.2	19,862,460	5.3
Staff	285	...	311	...	280	...	290	...

Source: Canadian Radio-television and Telecommunications Commission (CRTC), Industry Statistics and Analysis, Broadcast Operations

Table 10 Public and non-commercial television broadcasters, revenue and expense statement, Canada, 2002 to 2005

	2002		2003		2004		2005	
	\$	%	\$	%	\$	%	\$	%
Stations	20		20		19		18	
Revenue:								
Sale of air time:								
Local	19,825,604	1.7	18,349,681	1.5	18,357,417	1.5	16,202,863	1.4
National & network	321,497,317	27.4	281,063,236	23.2	306,853,493	24.8	227,186,560	19.4
Sale of air time - Total	341,322,921	29.1	299,412,917	24.7	325,210,910	26.3	243,389,423	20.7
Grants	718,702,154	61.3	791,215,288	65.3	775,965,586	62.7	791,787,375	67.5
Syndication & production revenue	9,292,456	0.8	6,810,806	0.6	7,058,598	0.6	5,324,248	0.5
Other	103,216,126	8.8	115,128,282	9.5	129,934,457	10.5	133,229,918	11.4
Operating revenue - Total	1,172,533,657	100.0	1,212,567,293	100.0	1,238,169,552	100.0	1,173,730,964	100.0
Expenses:								
Program	802,212,344	68.4	857,220,615	70.7	953,835,179	77.0	853,110,429	72.7
Technical services	76,286,614	6.5	72,453,521	6.0	77,325,028	6.2	81,936,815	7.0
Sales and promotion	84,616,885	7.2	78,359,659	6.5	86,915,671	7.0	85,077,860	7.2
Administration and general	181,027,870	15.4	187,824,469	15.5	204,223,923	16.5	184,306,283	15.7
Depreciation	105,239,198	9.0	101,725,162	8.4	107,142,475	8.7	105,029,430	8.9
Operating expenses - Total	1,249,382,912	106.6	1,297,583,426	107.0	1,429,442,277	115.4	1,309,460,818	111.6
Profit before interest and taxes	-76,849,255	-6.6	-85,016,133	-7.0	-191,272,724	-15.4	-135,729,854	-11.6
Interest expense	567,078	0.0	628,889	0.1	533,269	0.0	387,790	0.0
Expenses - Total	1,249,949,990	106.6	1,298,212,315	107.1	1,429,975,546	115.5	1,309,848,608	111.6
Net operating income	-77,416,333	-6.6	-85,645,022	-7.1	-191,805,994	-15.5	-136,117,644	-11.6
Other adjustments-income (expense)	78,559,391	6.7	83,833,485	6.9	193,902,505	15.7	138,404,748	11.8
Net income (loss) before income taxes	1,143,058	0.1	-1,811,536	-0.1	2,096,512	0.2	2,287,104	0.2
Provision for income taxes	0	0.0	0	0.0	0	0.0	0	0.0
Net income (loss) after income taxes	1,143,058	0.1	-1,811,536	-0.1	2,096,512	0.2	2,287,104	0.2
Salaries and other staff benefits	608,081,880	51.9	663,609,513	54.7	772,717,830	62.4	764,271,426	65.1
Number of employees (weekly average)	9,264	...	9,339	...	9,501	...	9,131	...

1. The 2002 interest data is not comparable to previous year data. As a result of re-organisations and changes in accounting practices, some respondents have not declared interest payments at the station level in 2002. They now treat this expense as a corporate expense.

2. The increase in "Other adjustments" in 2002 primarily reflects re-organization costs.