



Service bulletin

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Highlights

- ▶ In 2004, the telecommunications industry contributed \$24.8 billion (1997 constant dollars) to Canadian gross domestic product (GDP), accounting for 2.4% of total economy GDP. (STC, CANSIM II Table 379-0018).
- ▶ In total, the industry generated revenues of \$34.1 billion in 2004, up 4.1% from 2003.
- ▶ The wireless segment has been sustaining the telecommunications industry's revenue since the beginning of the decade and 2004 was no exception. Revenues in the wireless segment jumped 17.5% to \$9.5 billion in 2004, fuelled by a 12.7% gain in subscribers and a 3.0% increase in revenue per subscriber.
- ▶ In contrast, operating revenues for the wireline segment edged down 0.6% from 2003 to \$23.3 billion, the fourth consecutive year-over-year decline.
- ▶ The number of public-switched telephone network (PSTN) lines fell 1.2% between the last quarter of 2003 and the same period in 2004. This was the 12th consecutive year-over-year quarterly decline.
- ▶ At the same time, the number of mobile subscribers surpassed 14.9 million at the end of the fourth quarter, a 12.7% jump from the same quarter of 2003. The mobile telephone penetration rate was 46.5 per 100 inhabitants at the end of 2004, almost 5 points above the level at the end of 2003.
- ▶ The wireless segment was also the most profitable of the industry. The operating profit margin for the wireless segment last year was 26.4%, compared with 19.5% in 2003 and just 0.6% in 2001. In the case of the wireline segment, the profit margin in 2004 was 19.3%, compared with 18.8% in 2003 and 17.0% in 2001.
- ▶ Capital expenditures by the telecommunications services industry rose 12.2% to \$5.5 billion in 2004, the first annual gain since the \$7.7 billion peak in 2001. Both wireline and wireless segments contributed to the overall increase in 2004.

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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 figures
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
FTE	Full-time equivalents
VGE	Voice-grade equivalents

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

517	Telecommunications
5171	Wired Telecommunications
5172	Wireless Telecommunications
5173	Telecommunication Resellers
5174	Satellite Telecommunications (including Satellite Resellers)
5179	Other Telecommunications Services

Analytical overview

National and industry indicators

The telecommunications industry's **operating revenues** were \$8.7 billion in the fourth quarter of 2004 – an increase of 5.1% over the fourth quarter of 2003. Facilities-based wireline telecommunications services accounted for 67.2% of total industry operating revenues, while wireless, resellers, satellite, and other services accounted for 32.8% of the fourth quarter total. The share of wireline carriers vis-à-vis wireless service providers and resellers continues to be dominant, but has gradually declined from its share of 78.6% in the fourth quarter of 1999 (Figure 1).

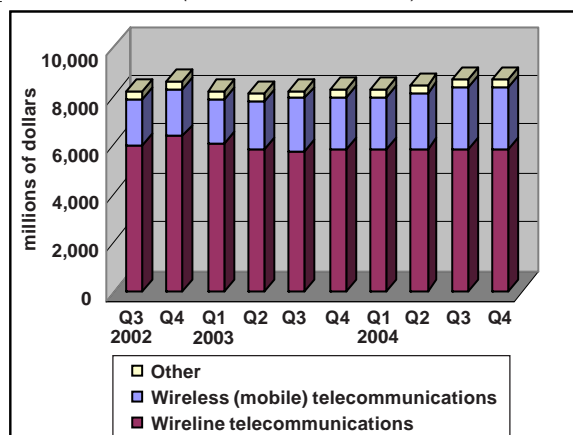
Operating revenues in the wireline industry totalled \$5.9 billion in the fourth quarter, an increase of 1.0% from the previous year. **Operating revenues in the wireless industry** have been far more buoyant than in the wireline industry. At \$2.5 billion this quarter, operating revenues are up 16.0% from what was reported one year ago.

Operating profit was \$1.6 billion in the fourth quarter, or 18.7% of operating revenues. Returns varied widely, however, depending on the telecommunications industry. The operating profit for wireline carriers was 16.9 cents on each revenue dollar, just under the 17.5% average for the 2000-2003 period. Wireless carriers reached a profit of 23.3 cents on each revenue dollar, a performance that is in sharp contrast to the previous three years when the combined operating profits for the 2000-2003 period were \$2.59 billion or 12.6% of wireless operating revenues. The reseller, satellite and other industries (NAICS 5173, 4 and 9, respectively) had an estimated operating profit amounting to 15.3 cents on each dollar earned this quarter.

Capital expenditures for the telecommunications industry reached \$1.7 billion, 6.6% lower than what was reported in the fourth quarter of last year. The wireline and wireless industries had capital outlays of \$1.215 billion and \$445 million, respectively, representing 20.8% and 17.7% of fourth quarter operating revenues (Figure 2). Despite the fourth quarter decrease, 2004 was the first year with an annual increase in capital expenditures since 2001.

Figure 1.

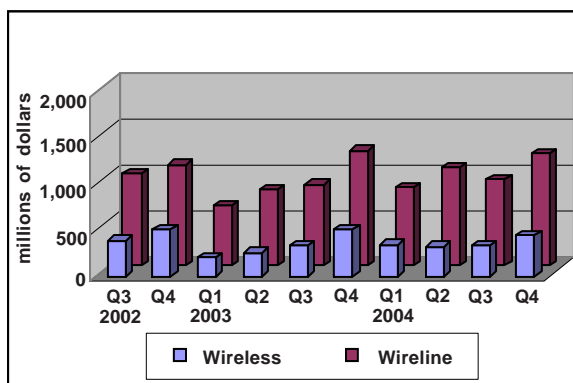
The share of wireline carriers vis-à-vis wireless service providers and resellers has increased over the fourth quarter 2003. (Revenues \$8.71 billion)



Source: Quarterly telecommunications statistics.

Figure 2.

Investments by the industry were down 6.6% in the fourth quarter of 2004 from the previous year. (Capital expenditures \$1.66 billion)

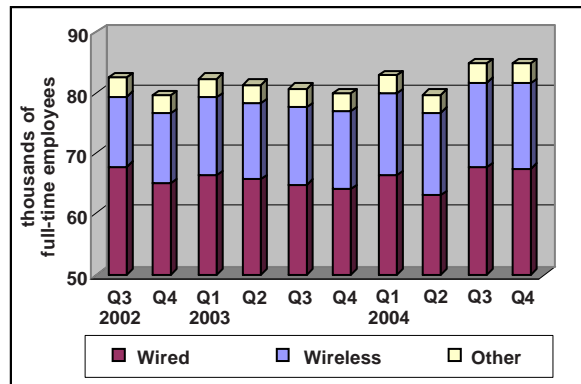


Source: Quarterly telecommunications statistics.

Figure 3.

Full-time employment in the telecommunications industries has increased by 6.1% since fourth quarter, 2003.

There were 84,817 full-time employees this quarter, a 6.1% increase from the fourth quarter of 2003. (Figure 3). Since the fourth quarter last year, employment in the wireline industry increased by 3,445 full-time positions, and the wireless industry gained 1,278 full-time employees. **Average annual labour costs** (wages, salaries and benefits) per employee (full-time equivalent) were \$79,456 for the wireline industry and \$69,824 for the wireless industry.



Source: Quarterly telecommunications statistics.

Public-switched telephone network (PSTN) **wireline access** was 18.9 million lines at the end of the fourth quarter, a decrease of 1.2% from last year's level. This was the twelfth consecutive quarter of year-over-year decline in wireline access. Since the fourth quarter of 2001, the last period to register an increase in access lines, PSTN wireline access has decreased 4.2%. Residential lines accounted for 66.0% of the total and business lines represented 34.0% of PSTN lines (Text Table 1).

Each **ISDN (Integrated Service Digital Network) line** is capable of providing multiple access paths to the PSTN, based on their enhanced bandwidth. With ISDN lines converted to their voice-grade bandwidth equivalents (ISDN BRA = 2 lines, ISDN PRA = 23 lines), total fixed access this quarter was 19.6 million lines, a 1.2% decrease from what was reported one year ago.

Text table 1. PSTN Network infrastructure - Wired access

PSTN access	Fourth quarter, 2004		
	Residential	Business	Total
Wired access lines (NAICS 5171)			
Individual lines	12,241,682	2,749,862	14,991,544
Party lines	45,022	957	45,979
ISDN BRA	44	53,992	54,036
ISDN PRA	...	29,190	29,190
Public telephones	...	151,137	151,137
Centrex	...	2,476,498	2,476,498
Official lines	...	411,393	411,393
Other	-	328,984	328,984
Undercoverage estimate	202,423	240,376	442,799
Total - Wired access lines	12,489,171 (66.0%)	6,442,389 (34.0%)	18,931,560 (100.0%)
Total voice-grade equivalents	12,489,215 (63.6%)	7,138,561 (36.4%)	19,627,776 (100.0%)

Source: Quarterly telecommunications statistics, 4th quarter, 2004.

Fourth quarter mobile telephony subscribers were up 12.7% from last year. At quarter end, there were 14.9 million subscribers, or 46.5 subscribers per 100 inhabitants. Since the first quarter of 1999, the number of mobile telephony subscribers has increased by 164.1%.

Teledensity measures the penetration of telecommunications services in a given population. For the wireline and wireless industries, there were 61.3 and 46.5 access paths (VGE) per 100 inhabitants, respectively. Total teledensity per 100 inhabitants was 107.8 in the fourth quarter, an increase of 3.4 % from last year's fourth quarter figure (Text table 2).

Text table 2. PSTN Network infrastructure - Total access

Teledensity	
Total PSTN access	33,836,884
Total PSTN access (VGE)	34,533,100
Wired access (VGE) per 100 inhabitants	61.3
Wireless access (VGE) per 100 inhabitants	46.5
Total PSTN (VGE) per 100 inhabitants	107.8

Source: Quarterly telecommunications statistics, 4th quarter, 2004.

Paging subscriptions have been decreasing over the last few years, perhaps due to the strong growth in cellular telecommunications, considered to be a substitute for paging. There were 1.1 million pagers in service in the fourth quarter, down from 1.3 million subscribers in the fourth quarter of 2003 (-12.9%).

Long distance **traffic** is nearly completely undertaken via wireline access, which was 13.97 billion minutes this quarter an increase of 6.0% from the fourth quarter last year. Mobile telephony is still primarily used for local communication. However, long distance wireless usage has increased by 7.0% to an average of 84 long distance minutes per subscriber. Total billed minutes rose substantially compared to the fourth quarter of 2003 (21.3%) to 12.8 billion.

Readers should note that wherever possible, survey undercoverage estimates have been included in the industry tables. Please see the *Concepts and methodology* section for further detail.

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**Telecommunications industry
(NAICS 517)**

Summary tables

Table 1. Summary of operating indicators, NAICS 517, quarterly, 2004

	First quarter		Second quarter		Third quarter		Fourth quarter		Year to date	
		04/03 %		04/03 %		04/03 %		04/03 %		04/03 %
Financial indicators (\$000)										
Operating revenues	8,246,153	1.0	8,464,579	4.7	8,674,128	5.5	8,706,880	5.1	34,091,739	4.1
Operating expenses	6,569,414	(2.2)	6,626,823	0.0	6,570,517	1.3	7,082,060	5.0	26,848,815	1.0
Operating profit	1,676,739	15.6	1,837,755	25.6	2,103,611	21.5	1,624,819	5.4	7,242,924	17.1
% of operating revenues	20.3	14.5	21.7	20.0	24.3	15.1	18.7	0.3	21.2	12.5
Capital expenditures ¹	1,198,117	40.6	1,403,060	29.7	1,283,472	4.4	1,660,296	(6.6)	5,544,946	12.2
Employment (persons)										
Full-time	82,938	0.6	79,778	(2.0)	84,830	5.1	84,817	6.1	...	...
Part-time	<u>11,322</u>		<u>11,633</u>		<u>10,749</u>		<u>10,158</u>		...	...
Total	94,259		91,411		95,579		94,975		...	...
% of national industrial employment ²	0.712		0.661		0.700		0.700		...	...
Total (full-time equivalents - FTE)	86,987		83,606		89,270		88,535		...	...
Labour costs (\$000)										
Average labour costs (\$) per FTE employee (annualized)	1,646,149		1,675,123		1,654,901		1,759,757		6,735,930	
	75,696		77,876		76,597		77,336		...	...
PSTN access paths (fixed and mobile)										
Total	32,667,575	4.0	32,745,453	3.8	33,234,661	4.1	33,836,884	4.5	...	...
Total (voice-grade equivalents - VGE)	33,368,158	3.9	33,443,547	3.7	33,934,358	4.0	34,533,100	4.4	...	...
Teledensity (VGE per 100 inhabitants)	105.0	3.0	105.0	2.8	106.2	3.0	107.8	3.4	...	...

Due to rounding, figures may not sum exactly to totals.

1. Comprises 5171 (Wireline) and 5172 (Wireless) only.
2. Survey of Employment, Payrolls and Hours (SEPH). The target population is composed of all employers in Canada, except those in agriculture, fishing and trapping, private households services, religious organizations and military personnel of defence services. For further information see Statistics Canada catalogue no. 72-002-XIB.

Table 2A. Summary of operating indicators, (NAICS 5171, 5172, 5173, 4, 9), first quarter, 2004

NAICS industries	5171	5172	5173, 4, 9	517
thousands of dollars				
Operating revenues¹				
Telecommunications operating revenues	F	1,998,515	..	..
Other operating revenues ²	F	113,903	..	..
Undercoverage estimate	E	<u>34,796</u>	<u>316,101</u>	<u>E</u>
Total		5,782,838	2,147,214	316,101
% of NAICS 517		70.1	26.0	3.8
Operating expenses				
Telecommunications operating expenses		4,015,649	1,390,712	..
Other operating expenses		476,840	210,436	..
Undercoverage estimate		<u>184,968</u>	<u>28,782</u>	<u>262,027</u>
Total		4,677,457	1,629,930	262,027
% of NAICS 517		71.2	24.8	4.0
Operating profit				
		1,105,380	517,284	54,074
% of operating revenues		19.1	24.1	17.1
Non-operating revenues and expenses (survey units only)				
Non-operating revenues		55,692	X	..
Non-operating expenses				
Interest expenses		217,549	78,479	..
Other		<u>48,951</u>	<u>X</u>	..
Total		266,500	X	..
Net income before taxes				
		894,572	259,075	..
EBITDA ³		2,096,338	879,330	..
Capital expenditures				
		846,845	351,272	..
% of operating revenues		14.6	16.4	..
Employment (persons)				
Full-time		66,342	13,506	3,090
Part-time		<u>8,159</u>	<u>2,923</u>	<u>240</u>
Total		74,500	16,429	3,330
% of national industrial employment		0.563	0.124	0.025
Total (full-time equivalents - FTE)		69,483	14,367	3,137
Labour costs				
Full-time		1,283,886	235,779	49,900
Part-time		<u>60,787</u>	<u>15,037</u>	<u>760</u>
Total		1,344,673	250,816	50,660
Average labour costs (\$) per FTE employee (annualized)		77,411	69,829	..

1. Some data available in previous issues of this publication can no longer be published due to reporting and classification problems. Some of these statistics may be made available if the classification and reporting problems can be resolved.

2. Other includes: terminal equipment rentals; sale of telecommunications goods; directory services; retail internet access; installations; customer repairs and maintenance, etc.

3. EBITDA - Earnings before interest, taxes, depreciation and amortization.

Table 2B. Summary of operating indicators, (NAICS 5171, 5172, 5173, 4, 9), second quarter, 2004

NAICS industries	5171	5172	5173, 4, 9	517
thousands of dollars				
Operating revenues				
Telecommunications operating revenues	F	2,152,570	..	..
Other operating revenues ¹	F	135,527	..	..
Undercoverage estimate	F	<u>37,690</u>	<u>324,515</u>	<u>F</u>
Total	5,814,277	2,325,787	324,515	8,464,579
% of NAICS 517	68.7	27.5	3.8	100.0
Operating expenses				
Telecommunications operating expenses	4,024,826	1,393,261	..	..
Other operating expenses	483,541	245,772	..	..
Undercoverage estimate	<u>185,622</u>	<u>29,463</u>	<u>264,339</u>	<u>479,423</u>
Total	4,693,989	1,668,496	264,339	6,626,823
% of NAICS 517	70.8	25.2	4.0	100.0
Operating profit				
	1,120,288	657,291	60,176	1,837,755
% of operating revenues	19.3	28.3	18.5	21.7
Non-operating revenues and expenses (survey units only)				
Non-operating revenues	64,829	X	..	..
Non-operating expenses				
Interest expenses	229,826	77,126	..	..
Other	<u>138,892</u>	<u>X</u>	..	..
Total	368,718	X	..	..
Net income before taxes				
	816,399	422,904	..	..
EBITDA ²	2,119,506	1,019,520	..	..
Capital expenditures				
	1,070,759	332,301	..	..
% of operating revenues	18.4	14.3	..	..
Employment (persons)				
Full-time	63,135	13,670	2,973	79,778
Part-time	<u>8,420</u>	<u>2,966</u>	<u>247</u>	<u>11,633</u>
Total	71,555	16,636	3,220	91,411
% of national industrial employment	0.518	0.120	0.023	0.661
Total (full-time equivalents - FTE)	66,070	14,519	3,017	83,606
Labour costs				
Full-time	1,311,279	236,609	50,823	1,598,712
Part-time	<u>60,953</u>	<u>14,699</u>	<u>758</u>	<u>76,411</u>
Total	1,372,233	251,309	51,581	1,675,123
Average labour costs (\$) per FTE employee (annualized)	80,173	69,530	..	77,876

1. Other includes: terminal equipment rentals; sale of telecommunications goods; directory services; retail internet access; installations; customer repairs and maintenance, etc.

2. EBITDA - Earnings before interest, taxes, depreciation and amortization.

Table 2C. Summary of operating indicators, (NAICS 5171, 5172, 5173, 4, 9), third quarter, 2004

NAICS industries	5171	5172	5173, 4, 9	517
thousands of dollars				
Operating revenues				
Telecommunications operating revenues	F	2,302,805	..	..
Other operating revenues ¹	F	166,060	..	..
Undercoverage estimate	<u>F</u>	<u>40,667</u>	<u>332,591</u>	<u>F</u>
Total	5,832,004	2,509,532	332,591	8,674,128
% of NAICS 517	67.2	28.9	3.8	100.0
Operating expenses				
Telecommunications operating expenses	3,913,046	1,432,293	..	..
Other operating expenses	456,073	295,962	..	..
Undercoverage estimate	<u>179,889</u>	<u>31,066</u>	<u>262,188</u>	<u>473,143</u>
Total	4,549,008	1,759,321	262,188	6,570,517
% of NAICS 517	69.2	26.8	4.0	100.0
Operating profit				
	1,282,996	750,211	70,404	2,103,611
% of operating revenues	22.0	29.9	21.2	24.3
Non-operating revenues and expenses (survey units only)				
Non-operating revenues	74,294	X	..	..
Non-operating expenses				
Interest expenses	232,263	71,804	..	..
Other	<u>131,879</u>	<u>X</u>	..	..
Total	364,142	X	..	..
Net income before taxes				
	993,148	558,566	..	..
EBITDA ²	2,298,824	1,110,853	..	..
Capital expenditures				
	939,160	344,312	..	..
% of operating revenues	16.1	13.7	..	..
Employment (persons)				
Full-time	67,598	14,071	3,161	84,830
Part-time	<u>7,549</u>	<u>2,972</u>	<u>228</u>	<u>10,749</u>
Total	75,147	17,043	3,389	95,579
% of national industrial employment	0.550	0.125	0.025	0.700
Total (full-time equivalents - FTE)	70,944	15,113	3,213	89,270
Labour costs				
Full-time	1,276,129	246,519	50,009	1,572,658
Part-time	<u>63,169</u>	<u>18,258</u>	<u>816</u>	<u>82,243</u>
Total	1,339,298	264,778	50,826	1,654,901
Average labour costs (\$) per FTE employee (annualized)	78,572	69,719	..	76,597

1. Other includes: terminal equipment rentals; sale of telecommunications goods; directory services; retail internet access; installations; customer repairs and maintenance, etc.

2. EBITDA - Earnings before interest, taxes, depreciation and amortization.

Table 2D. Summary of operating indicators, (NAICS 5171, 5172, 5173, 4, 9), fourth quarter, 2004

NAICS industries	5171	5172	5173, 4, 9	517
thousands of dollars				
Operating revenues				
Telecommunications operating revenues	F	2,326,991	..	..
Other operating revenues ¹	F	150,961	..	..
Undercoverage estimate	E	<u>40,817</u>	<u>333,847</u>	<u>E</u>
Total	5,854,264	2,518,769	333,847	8,706,880
% of NAICS 517	67.2	28.9	3.8	100.0
Operating expenses				
Telecommunications operating expenses	4,117,321	1,622,844	..	..
Other operating expenses	556,567	276,123	..	..
Undercoverage estimate	<u>192,437</u>	<u>34,135</u>	<u>282,633</u>	<u>509,205</u>
Total	4,866,325	1,933,102	282,633	7,082,060
% of NAICS 517	68.7	27.3	4.0	100.0
Operating profit				
	987,938	585,667	51,214	1,624,819
% of operating revenues	16.9	23.3	15.3	18.7
Non-operating revenues and expenses (survey units only)				
Non-operating revenues	58,949	X	..	..
Non-operating expenses				
Interest expenses	227,599	97,023	..	..
Other	<u>1,151,673</u>	<u>X</u>	..	..
Total	1,379,272	X	..	..
Net income before taxes				
	-332,385	327,734	..	..
EBITDA ²	2,030,289	967,296	..	..
Capital expenditures				
	1,214,874	445,422	..	..
% of operating revenues	20.8	17.7	..	..
Employment (persons)				
Full-time	67,530	14,127	3,160	84,817
Part-time	<u>6,733</u>	<u>3,209</u>	<u>216</u>	<u>10,158</u>
Total	74,263	17,336	3,376	94,975
% of national industrial employment	0.547	0.128	0.025	0.700
Total (full-time equivalents - FTE)	70,207	15,126	3,203	88,535
Labour costs				
Full-time	1,385,309	247,686	53,616	1,686,610
Part-time	<u>54,909</u>	<u>17,512</u>	<u>726</u>	<u>73,147</u>
Total	1,440,219	265,197	54,342	1,759,757
Average labour costs (\$) per FTE employee (annualized)	79,456	69,824	..	77,336

1. Other includes: terminal equipment rentals; sale of telecommunications goods; directory services; retail internet access; installations; customer repairs and maintenance, etc.

2. EBITDA - Earnings before interest, taxes, depreciation and amortization.

Table 2E. Summary of operating indicators, (NAICS 5171, 5172, 5173, 4, 9), year to date, 2004

NAICS industries	5171	5172	5173, 4, 9	517
thousands of dollars				
Operating revenues				
Telecommunications operating revenues	F	8,780,881	..	..
Other operating revenues ¹	F	566,451	..	..
Undercoverage estimate	F	<u>153,970</u>	<u>1,307,054</u>	<u>F</u>
Total	23,283,383	9,501,302	1,307,054	34,091,739
% of NAICS 517	68.3	27.9	3.8	100.0
Operating expenses				
Telecommunications operating expenses	16,070,842	5,839,110	..	..
Other operating expenses	1,973,021	1,028,293	..	..
Undercoverage estimate	<u>742,917</u>	<u>123,445</u>	<u>1,071,187</u>	<u>1,937,549</u>
Total	18,786,780	6,990,848	1,071,187	26,848,815
% of NAICS 517	70.0	26.0	4.0	100.0
Operating profit				
	4,496,603	2,510,454	235,868	7,242,924
% of operating revenues	19.3	26.4	18.0	21.2
Non-operating revenues and expenses (survey units only)				
Non-operating revenues	253,764	X	..	..
Non-operating expenses				
Interest expenses	907,237	324,432	..	..
Other	<u>1,471,395</u>	<u>X</u>	..	..
Total	2,378,632	X	..	..
Net income before taxes				
	2,371,735	1,568,280	..	..
EBITDA ²	8,544,958	3,977,000	..	..
Capital expenditures				
	4,071,638	1,473,308	..	..
% of operating revenues	17.5	15.5	..	..
Employment (persons)				
Full-time	67,530	14,127	3,160	84,817
Part-time	<u>6,733</u>	<u>3,209</u>	<u>216</u>	<u>10,158</u>
Total	74,263	17,336	3,376	94,975
% of national industrial employment	0.547	0.128	0.025	0.700
Total (full-time equivalents - FTE)	70,207	15,126	3,203	88,535
Labour costs				
Full-time	5,256,604	966,593	204,349	6,427,546
Part-time	<u>239,818</u>	<u>65,506</u>	<u>3,060</u>	<u>308,385</u>
Total	5,496,422	1,032,100	207,409	6,735,930
Average labour costs (\$) per FTE employee (annualized)	79,456	69,824	..	77,336

1. Other includes: terminal equipment rentals; sale of telecommunications goods; directory services; retail internet access; installations; customer repairs and maintenance, etc.

2. EBITDA - Earnings before interest, taxes, depreciation and amortization.

Table 3. Summary of analytical indicators, NAICS 5171, 5172, quarterly, 2004¹

NAICS industries	5171				5172			
	I	II	III	IV	I	II	III	IV
Financial								
Operating revenue per capita (\$)	181.92	182.51	182.56	182.72	67.55	73.01	78.55	78.61
Operating profit (% of operating revenues)	19.1	19.3	22.0	16.9	24.1	28.3	29.9	23.3
Average revenue per long distance minute (cents) ²	F	F	F	F	12.90	13.01	14.65	13.27
Average revenue per local minute (cents)	...	...	...	...	14.51	13.88	14.13	13.84
Capital expenditures per capita (\$)	26.64	33.61	29.40	37.92	11.05	10.43	10.78	13.90
Capital expenditures (% of operating revenues)	14.6	18.4	16.1	20.8	16.4	14.3	13.7	17.7
Employment/Labour								
Industry employment as a % of national industrial employment ³	0.563	0.518	0.550	0.547	0.124	0.120	0.125	0.128
Revenue per FTE employee (\$)	83,227	88,002	82,206	83,386	149,451	160,187	166,049	166,521
PSTN access paths per FTE employee ⁴	279	292	272	274	945	947	942	985
Average labour costs (\$) per FTE employee (annualized)	77,411	80,173	78,572	79,456	69,829	69,530	69,719	69,824
Labour costs as a % of operating revenues	23.3	23.6	23.0	24.6	11.7	10.8	10.6	10.5
Teledensity (VGE)								
PSTN access paths per 100 inhabitants	62.3	61.8	61.6	61.3	42.7	43.2	44.6	46.5
Traffic^{2, 5}								
Local minutes per subscriber	...	...	...	...	710	797	789	777
Local minutes per capita	...	...	...	...	302	343	350	360
Long distance minutes per access path (VGE) ⁴	719	714	714	744	78	86	90	84
Long distance minutes per capita	428	422	421	436	33	37	40	39

1. Some data available in previous issues of this publication can no longer be published due to reporting and classification problems. Some of these statistics may be made available if the classification and reporting problems can be resolved.
2. Long distance minutes include domestic and international calls originating in Canada and toll-free calls for wireline carriers, and billed minutes for wireless carriers.
3. Survey of Employment, Payrolls and Hours (SEPH). The target population is composed of all employers in Canada, except those in agriculture, fishing and trapping, trapping, private households services, religious organizations and military personnel of defence services. For further information see Statistics Canada catalogue no. 72-002-XIB.
4. Excludes official lines
5. Calculations do not include undercoverage estimates.

**Wired telecommunications carriers
(NAICS 5171)**

Tables and graphs

Table 4. Operating revenues, NAICS 5171, quarterly, 2004¹

Wired telecommunications (NAICS 5171)	First quarter		Second quarter		Third quarter		Fourth quarter		Year to date	
	\$000	04/03 %	\$000	04/03 %	\$000	04/03 %	\$000	04/03 %	\$000	04/03 %
Telecommunications operating revenues										
Carrier services										
Contribution	F		F		F		F		F	
Interconnection	F		F		F		F		F	
Circuit rentals	F		F		F		F		F	
Other	E		E		E		E		E	
Total	F	F	F	F	F	F	F	F	F	F
Voice services										
Local telephony	F	F	F	F	F	F	F	F	F	F
Long distance telephony	F	F	F	F	F	F	F	F	F	F
Calling features	F	F	F	F	F	F	F	F	F	F
Connection	E	F	E	F	E	F	E	F	E	F
Total	F	F	F	F	F	F	F	F	F	F
Data and high speed services										
Narrowband packet-switched	F		F		F		F		F	
High speed switched ²	E		E		E		E		E	
Total	F	F	F	F	F	F	F	F	F	F
Non-switched services (private lines)										
Narrowband	F		F		F		F		F	
High speed	E		E		E		E		E	
Total	F	F	F	F	F	F	F	F	F	F
Other telecommunications services	E		E		E		E		E	
Total	F	F	F	F	F	F	F	F	F	F
Other operating revenues										
Terminal equipment rentals	F		F		F		F		F	
Sale of telecommunications goods	F		F		F		F		F	
Directory services	F		F		F		F		F	
Retail Internet services	F		F		F		F		F	
Other services n.e.c.	E		E		E		E		E	
Total	F	F	F	F	F	F	F	F	F	F
Undercoverage estimate	E		E		E		E		E	...
Total operating revenues	5,782,838	(4.2)	5,814,277	(0.0)	5,832,004	1.0	5,854,264	1.0	23,283,383	(0.6)

1. Some data available in previous issues of this publication can no longer be published due to reporting and classification problems. Some of these statistics may be made available if the classification and reporting problems can be resolved.

2. Wideband and broadband circuit- and packet-switched services.

Table 5. Operating expenses, NAICS 5171, quarterly, 2004

Wired telecommunications (NAICS 5171)	First quarter		Second quarter		Third quarter		Fourth quarter		Year to date	
	\$000	04/03 %	\$000	04/03 %	\$000	04/03 %	\$000	04/03 %	\$000	04/03 %
Telecommunications operating expenses										
Carrier services										
Contribution	44,519		38,633		38,632		38,961		160,745	
Interconnection	555,034		586,690		566,268		564,484		2,272,476	
Circuit rentals	167,705		180,771		179,455		178,926		706,857	
Other	34,995		33,981		33,128		33,490		135,594	
Total	802,253	(33.3)	840,075	(2.7)	817,483	(2.8)	815,861	2.9	3,275,672	(11.5)
Labour expenses	1,251,672	5.6	1,288,726	10.3	1,255,541	5.9	1,321,294	12.5	5,117,233	8.5
Depreciation	990,958	4.2	999,218	(0.5)	1,015,828	1.7	1,042,351	5.3	4,048,355	2.6
Other	970,766		896,807		824,194		937,815		3,629,582	
Total	4,015,649	(11.9)	4,024,826	(1.6)	3,913,046	(2.4)	4,117,321	1.4	16,070,842	(3.9)
Other operating expenses	476,840	150.7	483,541	1.7	456,073	1.5	556,567	29.8	1,973,021	27.8
Undercoverage estimate	184,968	...	185,622	...	179,889	...	192,437	...	742,917	...
Total operating expenses	4,677,457	(5.4)	4,693,989	(1.2)	4,549,008	(2.0)	4,866,325	4.1	18,786,780	(1.2)

Table 6. Financial and performance indicators, NAICS 5171, quarterly, 2004¹

Wired telecommunications (NAICS 5171)	First quarter		Second quarter		Third quarter		Fourth quarter		Year to date	
	\$000	04/03 %	\$000	04/03 %	\$000	04/03 %	\$000	04/03 %	\$000	04/03 %
Operating revenues	5,782,838	(4.2)	5,814,277	(0.0)	5,832,004	1.0	5,854,264	1.0	23,283,383	(0.6)
Operating expenses	4,677,457	(5.4)	4,693,989	(1.2)	4,549,008	(2.0)	4,866,325	4.1	18,786,780	(1.2)
Operating profit	1,105,380	1.3	1,120,288	5.4	1,282,996	13.1	987,938	(12.0)	4,496,603	1.9
% of operating revenues	19.1	5.7	19.3	5.4	22.0	12.0	16.9	(12.9)	19.3	2.5
EBITDA ²	2,096,338	2.6	2,119,506	2.5	2,298,824	7.8	2,030,289	(3.9)	8,544,958	2.3
Revenue performance³ (\$)										
Operating revenue per capita	181.92	(5.1)	182.51	(0.9)	182.56	0.1	182.72	0.1	729.71	(1.5)
Voice services revenue per PSTN line ⁴	F	F	F	F	F	F	F	F	F	F
Local revenue per PSTN line ⁴	F	F	F	F	F	F	F	F	F	F
Long distance revenue per PSTN line ⁴	F	F	F	F	F	F	F	F	F	F
Average revenue per long distance minute (cents)	F	F	F	F	F	F	F	F	F	F

1. Some data available in previous issues of this publication can no longer be published due to reporting and classification problems. Some of these statistics may be made available if the classification and reporting problems can be resolved.

2. EBITDA - Earnings before interest, taxes, depreciation and amortization.

3. Calculations do not include undercoverage estimates, and where applicable are based on voice-grade equivalent (VGE) PSTN lines.

4. Excludes official telephone lines

Table 7. Employment and labour costs, NAICS 5171, quarterly, 2004

Wired telecommunications (NAICS 5171)	First quarter		Second quarter		Third quarter		Fourth quarter		Year to date	
		04/03 %		04/03 %		04/03 %		04/03 %		04/03 %
Employment (persons)										
Full-time	66,342	(0.2)	63,135	(3.9)	67,598	4.3	67,530	5.4	...	...
Part-time	8,159	(0.4)	8,420	(1.8)	7,549	(7.1)	6,733	(13.9)	...	...
Total	74,500	(0.2)	71,555	(3.6)	75,147	3.0	74,263	3.3	...	...
% of national industrial employment	0.563		0.518		0.550		0.547		...	...
Total (full-time equivalents - FTE)	69,483	0.6	66,070	(2.8)	70,944	4.7	70,207	4.9	...	...
Revenue (\$) per FTE employee	83,227		88,002		82,206		83,386		...	...
Labour costs¹										
Full-time	1,283,886	7.1	1,311,279	10.1	1,276,129	7.0	1,385,309	18.1	5,256,604	10.5
Part-time	60,787	28.3	60,953	46.0	63,169	18.6	54,909	5.7	239,818	23.4
Total	1,344,673	7.9	1,372,233	11.4	1,339,298	7.5	1,440,219	17.5	5,496,422	11.0
Average labour costs (\$) per FTE employee (annualized)	77,411	7.3	80,173	10.8	78,572	8.0	79,456	9.0	...	...

1 Includes capitalized labour expenditures.

Table 8. Capital expenditures, NAICS 5171, quarterly, 2004

Wired telecommunications (NAICS 5171)	First quarter		Second quarter		Third quarter		Fourth quarter		Year to date	
	\$000	04/03 %	\$000	04/03 %	\$000	04/03 %	\$000	04/03 %	\$000	04/03 %
Capital expenditures	846,845	30.8	1,070,759	30.7	939,160	6.4	1,214,874	(3.1)	4,071,638	13.0
% of operating revenues	14.6	36.5	18.4	30.7	16.1	5.3	20.8	(4.1)	17.5	13.7
per capita (\$)	26.64	29.6	33.61	29.5	29.40	5.5	37.92	(4.2)	128.08	11.9

Table 9. Network infrastructure, NAICS 5171, quarterly, 2004

Wired telecommunications (NAICS 5171)	First quarter		Second quarter		Third quarter		Fourth quarter	
		04/03 %		04/03 %		04/03 %		04/03 %
Network infrastructure (access)								
PSTN access lines								
Individual lines (includes PBX)	15,108,257	(1.1)	15,015,774	(1.2)	15,054,953	(1.1)	14,991,544	(1.1)
Party lines	56,773	(9.6)	55,381	(9.5)	53,753	(9.1)	45,979	(20.3)
ISDN BRA	58,271	(10.2)	56,926	(9.5)	55,757	(8.6)	54,036	(9.2)
ISDN PRA	29,196	0.8	29,144	0.8	29,270	1.3	29,190	0.1
Public telephones	154,983	(4.3)	153,631	(4.2)	152,415	(4.2)	151,137	(4.4)
Centrex	2,501,916	(2.9)	2,501,717	(2.4)	2,483,180	(1.3)	2,476,498	(1.4)
Official lines	422,148	1.3	418,207	0.4	411,001	(1.8)	411,393	(2.6)
Other (includes mobile and WATS)	319,935	(5.8)	318,042	(4.4)	311,818	(4.6)	328,984	2.3
Undercoverage estimate	<u>442,799</u>	...	<u>442,799</u>	...	<u>442,799</u>	...	<u>442,799</u>	...
Total	19,094,278	(1.4)	18,991,621	(1.4)	18,994,946	(1.2)	18,931,560	(1.2)
Residential (%)	66.0		65.8		66.0		66.0	
Business (%)	34.0		34.2		34.0		34.0	
Total PSTN voice-grade equivalents (VGE)	19,794,861	(1.4)	19,689,715	(1.4)	19,694,643	(1.2)	19,627,776	(1.2)
Residential (%)	63.7		63.5		63.7		63.6	
Business (%)	36.3		36.5		36.3		36.4	
PSTN (VGE) per 100 inhabitants	62.3	(2.2)	61.8	(2.2)	61.6	(2.2)	61.3	(2.1)
Residential access lines (VGE) per 100 households	103		102		102		101	
Business access lines (VGE) per 100 employed persons ¹	54.3		52		52.4		52.6	
PSTN access paths (VGE) per FTE employee ²	279		292		272		274	
Total Non-PSTN lines³	318,684		317,601		317,746		318,354	

1. Employed persons from SEPH estimate of national industrial employment.

2. Excludes official telephone lines.

3. Calculations do not include undercoverage estimates.

Table 10. Long distance traffic, NAICS 5171, quarterly, 2004

Wired telecommunications (NAICS 5171)	First quarter		Second quarter		Third quarter		Fourth quarter		Year to date	
		04/03 %		04/03 %		04/03 %		04/03 %		04/03 %
Traffic statistics (thousands of minutes)¹										
Long distance traffic										
Outbound calls	9,176,739		8,966,716		8,636,103		8,980,589		35,760,147	
Toll-free calls	F		F		F		F		F	
Inbound calls to Canada	E		E		E		E		E	
Total	13,607,725	(2.2)	13,434,915	(0.4)	13,447,767	2.7	13,968,483	6.0	54,458,890	1.5
Traffic performance (minutes)¹										
Long distance traffic										
Outbound calls										
per access line (VGE) ²	485		476		458		478		1,897	
per capita	289		281		270		280		1,120	
Toll-free calls										
per access line (VGE) ²	F		F		F		F		F	
per capita	F		F		F		F		F	
Inbound calls to Canada										
per access line (VGE) ²	F		F		F		F		F	
per capita	F		F		F		F		F	
Total										
per access line (VGE) ²	719	(0.7)	714	1.1	714	3.9	744	7.2	2,891	2.8
per capita	428	(3.2)	422	(1.2)	421	1.7	436	5.1	1,707	0.5

1. Calculations do not include undercoverage estimates.

2. Excludes official telephone lines.

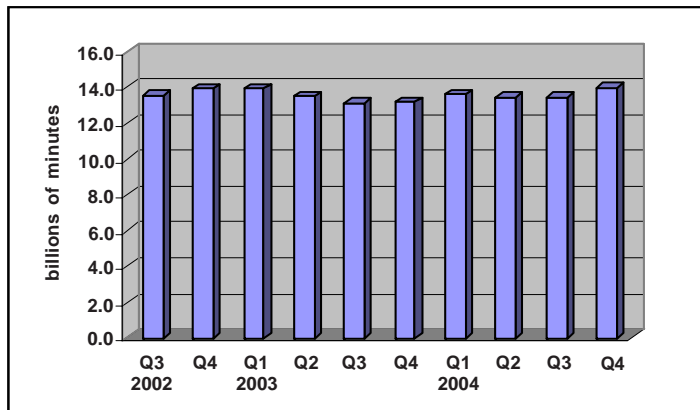


Figure 4.
Wireline traffic - Total long distance minutes
(13.97 billion)

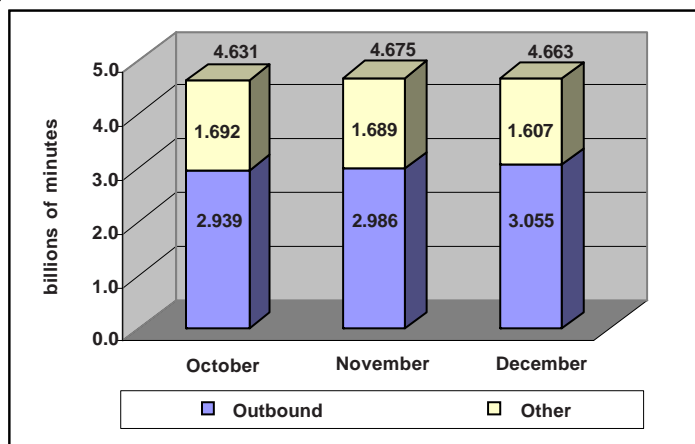


Figure 5.
Monthly wireline long distance minutes,
fourth quarter, 2004
Total outbound minutes 8.98 billion
Total other minutes 4.98 billion

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**Wireless telecommunications carriers
(NAICS 5172)**

Tables and graphs

Table 11. Operating revenues, NAICS 5172, quarterly, 2004

Wireless telecommunications (NAICS 5172)	First quarter		Second quarter		Third quarter		Fourth quarter		Year to date	
	\$000	04/03 %	\$000	04/03 %	\$000	04/03 %	\$000	04/03 %	\$000	04/03 %
Telecommunications operating revenues										
Carrier services	40,825		50,776		65,795		51,999		209,395	
Local telephony										
Fixed (recurrent services)	913,422		938,928		954,400		972,498		3,779,248	
Air time (measured services)	385,149		471,904		508,632		520,853		1,886,538	
Other	<u>92,609</u>		<u>104,274</u>		<u>116,769</u>		<u>102,489</u>		<u>416,141</u>	
Total	1,391,180	17.7	1,515,106	16.6	1,579,801	15.0	1,595,840	14.3	6,081,927	15.8
Long distance telephony										
Total	135,198	20.0	153,662	23.3	187,476	14.2	165,808	18.4	642,144	18.6
Messaging - Paging	26,746		25,118		24,049		22,763		98,676	
Other telecommunications services	<u>404,562</u>		<u>407,896</u>		<u>445,671</u>		<u>490,568</u>		<u>1,748,697</u>	
Total	1,998,515	16.1	2,152,570	16.8	2,302,805	15.1	2,326,991	15.5	8,780,881	15.9
Other operating revenues										
Undercoverage estimate	<u>34,796</u>	...	<u>37,690</u>	...	<u>40,667</u>	...	<u>40,817</u>	...	<u>153,970</u>	...
Total operating revenues	2,147,214	18.0	2,325,787	18.5	2,509,532	17.8	2,518,769	16.0	9,501,302	17.5

Table 12. Operating expenses, NAICS 5172, quarterly, 2004

Wireless telecommunications (NAICS 5172)	First quarter		Second quarter		Third quarter		Fourth quarter		Year to date	
	\$000	04/03 %	\$000	04/03 %	\$000	04/03 %	\$000	04/03 %	\$000	04/03 %
Telecommunications operating expenses										
Carrier services	78,833		77,763		86,545		78,961		322,102	
Labour expenses	243,790		245,263		256,936		258,796		1,004,785	
Depreciation	362,046		362,229		360,642		381,629		1,466,546	
Other telecommunications expenses	<u>706,043</u>		<u>708,006</u>		<u>728,170</u>		<u>903,458</u>		<u>3,045,677</u>	
Total	1,390,712	6.8	1,393,261	0.6	1,432,293	6.0	1,622,844	10.4	5,839,110	6.0
Other operating expenses	210,436	18.8	245,772	26.3	295,962	40.5	276,123	(7.7)	1,028,293	16.6
Undercoverage estimate	<u>28,782</u>	...	<u>29,463</u>	...	<u>31,066</u>	...	<u>34,135</u>	...	<u>123,445</u>	...
Total operating expenses	1,629,930	8.3	1,668,496	3.8	1,759,321	10.7	1,933,102	7.4	6,990,848	7.5

Table 13. Financial and performance indicators, NAICS 5172, quarterly, 2004

Wireless telecommunications (NAICS 5172)	First quarter		Second quarter		Third quarter		Fourth quarter		Year to date	
	\$000	04/03 %	\$000	04/03 %	\$000	04/03 %	\$000	04/03 %	\$000	04/03 %
Operating revenues	2,147,214	18.0	2,325,787	18.5	2,509,532	17.8	2,518,769	16.0	9,501,302	17.5
Operating expenses	1,629,930	8.3	1,668,496	3.8	1,759,321	10.7	1,933,102	7.4	6,990,848	7.5
Operating profit	517,284	64.7	657,291	85.6	750,211	38.5	585,667	58.1	2,510,454	58.9
% of operating revenues	24.1	39.6	28.3	56.6	29.9	17.6	23.3	36.3	26.4	35.2
EBITDA ¹	879,330	27.9	1,019,520	41.0	1,110,853	22.8	967,296	28.7	3,977,000	29.7
Revenue performance (\$) ²										
Operating revenue per capita	67.55	16.9	73.01	17.5	78.55	16.7	78.61	15.0	297.72	16.5
Local revenue per subscriber	103.01	4.4	110.71	4.1	111.48	2.5	107.56	1.4	432.76	3.1
Average revenue per local minute (cents)	14.51	(3.6)	13.88	(3.8)	14.13	(5.4)	13.84	(5.9)	14.08	(4.7)
Long distance revenue per subscriber	10.01	6.4	11.23	10.0	13.23	1.8	11.18	5.1	45.65	5.5
Average revenue per long distance minute (cents)	12.90	(5.5)	13.01	0.2	14.65	(4.4)	13.27	(1.8)	13.50	(3.0)
Paging revenue per subscriber	31.48	1.5	30.86	0.7	30.90	(1.9)	31.01	(1.5)	124.25	(0.3)

1. EBITDA - Earnings before interest, taxes, depreciation and amortization.

2. Calculations do not include undercoverage estimates.

Table 14. Employment and labour costs, NAICS 5172, quarterly, 2004

Wireless telecommunications (NAICS 5172)	First quarter		Second quarter		Third quarter		Fourth quarter		Year to date	
	\$000	04/03 %	\$000	04/03 %	\$000	04/03 %	\$000	04/03 %	\$000	04/03 %
Employment (persons)										
Full-time	13,506	4.8	13,670	8.0	14,071	9.5	14,127	9.9	...	...
Part-time	<u>2,923</u>	23.2	<u>2,966</u>	31.1	<u>2,972</u>	23.5	<u>3,209</u>	28.2	...	...
Total	16,429	7.7	16,636	11.5	17,043	11.7	17,336	12.9	...	...
% of national industrial employment	0.124		0.120		0.125		0.128		...	...
Total (full-time equivalents - FTE)	14,367	5.1	14,519	8.0	15,113	10.0	15,126	8.5	...	...
Revenue (\$) per FTE employee	149,451		160,187		166,049		166,521		...	...
Labour costs (\$000)¹										
Full-time	235,779	16.1	236,609	13.5	246,519	5.3	247,686	12.0	966,593	11.5
Part-time	<u>15,037</u>	21.7	<u>14,699</u>	14.1	<u>18,258</u>	13.3	<u>17,512</u>	(6.5)	<u>65,506</u>	9.0
Total	250,816	16.4	251,309	13.5	264,778	5.8	265,197	10.6	1,032,100	11.4
Average labour costs (\$) per FTE employee (annualized)	69,829	10.8	69,530	7.9	69,719	3.6	69,824	3.2	...	...

1 Includes capitalized labour expenditures.

Table 15. Capital expenditures, NAICS 5172, quarterly, 2004

Wireless telecommunications (NAICS 5172)	First quarter		Second quarter		Third quarter		Fourth quarter		Year to date	
	\$000	04/03 %	\$000	04/03 %	\$000	04/03 %	\$000	04/03 %	\$000	04/03 %
Capital expenditures	351,272	71.7	332,301	26.5	344,312	(0.7)	445,422	(14.8)	1,473,308	10.2
% of operating revenues	16.4	45.5	14.3	6.7	13.7	(15.7)	17.7	(26.6)	15.5	(6.2)
per subscriber (\$)	25.88	52.3	24.16	12.9	24.18	(11.4)	29.88	(24.4)	104.10	(1.0)
per capita (\$)	11.05	70.0	10.43	25.4	10.78	(1.6)	13.90	(15.6)	46.16	9.3

Table 16. Network infrastructure, NAICS 5172, quarterly, 2004

Wireless telecommunications (NAICS 5172)	First quarter		Second quarter		Third quarter		Fourth quarter	
		04/03 %		04/03 %		04/03 %		04/03 %
Network infrastructure (access)								
Mobile subscribers	13,573,297	12.7	13,753,832	12.0	14,239,715	12.1	14,905,324	12.7
Mobile telephony penetration per 100 inhabitants	42.7	11.8	43.2	11.1	44.6	11.2	46.5	11.5
PSTN access paths per FTE employee	945		947		942		985	
Paging subscribers	1,230,065	(14.1)	1,194,217	(13.8)	1,158,653	(13.0)	1,114,360	(12.9)
Paging penetration per 100 inhabitants	3.9	(13.3)	3.7	(15.9)	3.6	(14.3)	3.5	(12.5)

Table 17. Traffic statistics, NAICS 5172, quarterly, 2004

Wireless telecommunications (NAICS 5172)	First quarter		Second quarter		Third quarter		Fourth quarter		Year to date	
		04/03 %		04/03 %		04/03 %		04/03 %		04/03 %
Traffic statistics (thousands of minutes)¹										
Billed minutes										
Local	9,586,840		10,912,044		11,181,087		11,526,922		43,206,893	
Long distance	<u>1,048,018</u>		<u>1,180,675</u>		<u>1,279,761</u>		<u>1,249,257</u>		<u>4,757,711</u>	
Total	10,634,858	22.6	12,092,719	21.3	12,460,848	21.4	12,776,179	21.3	47,964,604	21.6
Traffic performance (minutes)¹										
Local minutes per subscriber	710	8.4	797	8.1	789	8.5	777	7.6	3,073	8.2
Long distance minutes per subscriber	78	13.0	86	8.9	90	5.9	84	6.3	338	8.3
Billed minutes per subscriber	787	8.7	884	8.3	879	8.3	861	7.5	3,411	8.2

1. Calculations do not include undercoverage estimates.

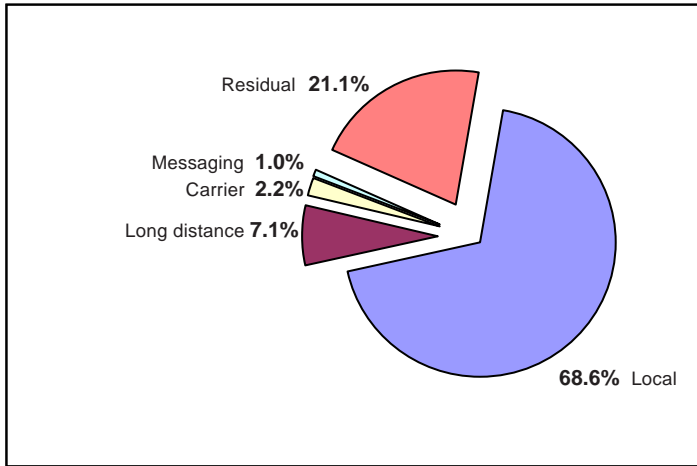


Figure 6.
Wireless telecommunications operating revenue shares
(Revenues \$2.33 billion)

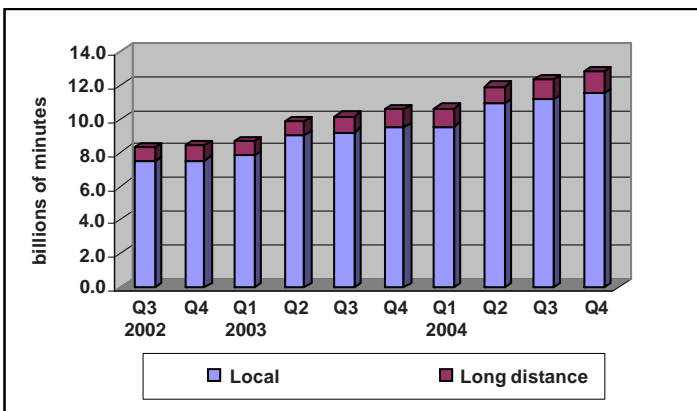


Figure 7.
Wireless traffic billed minutes
(12.8 billion)

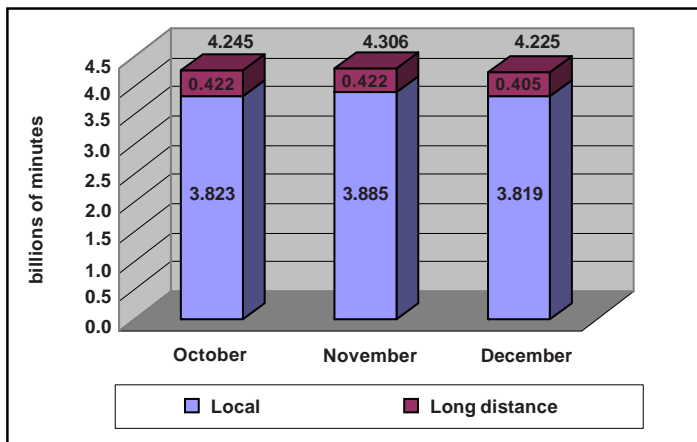


Figure 8.
Monthly wireless billed minutes,
fourth quarter, 2004
Wireless billed minutes increased to 12.8 billion
in the fourth quarter of 2004, an increase of 21.3%
from the fourth quarter last year.
The majority of these were local minutes (11.5 billion)

**Resellers, satellite, and other telecommunications
(NAICS 5173, 5174, 5179)**

Undercoverage estimates

Table 18. Undercoverage estimates, NAICS 5173, 4, 9, quarterly, 2004

Resellers, satellite, and other telecommunications (NAICS 5173, 5174, 5179)	First quarter	Second quarter	Third quarter	Fourth quarter	Year to date
Financial indicators (\$000)					
Operating revenues	316,101	324,515	332,591	333,847	1,307,054
Operating expenses	262,027	264,339	262,188	282,633	1,071,187
Operating profit margin	54,074	60,176	70,404	51,214	235,868
% of operating revenues	17.1	18.5	21.2	15.3	18.0
Employment (persons)					
Full-time	3,090	2,973	3,161	3,160	...
Part-time	<u>240</u>	<u>247</u>	<u>228</u>	<u>216</u>	...
Total	3,330	3,220	3,389	3,376	...
% of national industrial employment	0.025	0.023	0.025	0.025	...
Total (full-time equivalents - FTE)	3,137	3,017	3,213	3,203	...
Labour costs (\$000)					
Full-time	49,900	50,823	50,009	53,616	204,349
Part-time	<u>760</u>	<u>758</u>	<u>816</u>	<u>726</u>	<u>3,060</u>
Total	50,660	51,581	50,826	54,342	207,409

Concepts and methodology

Survey objectives

The quarterly survey of telecommunications service providers (NAICS 517) serves to measure the industry's financial performance, aspects of its network infrastructure, and industry operating characteristics relating to employment, capital expenditures and traffic activity. The survey improves on the monthly survey it replaces by: expanding survey coverage to include the major alternative wireline carriers and the wireless industry; providing undercoverage estimates for those units that make up the industry but are not included in the survey (resellers, satellite and small wireline and wireless service providers); using concepts consistent with the redesigned annual survey introduced in 1997; and, reducing reporting burden on respondents who had previously submitted twelve reports each year.

Survey coverage

The quarterly survey covers the largest establishments primarily engaged in the provision of telecommunications services and which operate telecommunications facilities (wired and wireless providers). There are 21 companies included in the survey representing every province and territory. Not surveyed are companies providing reselling, satellite and other services n.e.c. Activities for these companies are estimated based on annual surveys.

Industrial classification

Telecommunications service providers are classified to one of the five North American Industry Classification System (NAICS) telecommunications industries (Wired, Wireless, Resellers, Satellite and Other¹). Released in May, 2003, NAICS 2002 is the most up-to-date industry classification in use, and was jointly developed by

Canada, the United States and Mexico. Reporting units are classified according to the activity in which they are primarily engaged and the main technology they employ. This system has been updated from the 1997 NAICS. For further details about NAICS and for industry concordance between NAICS and the CSIC at all levels, consult the Statistics Canada publication 12-501-XPE.

Survey methodology

The quarterly survey collects data from the largest companies corresponding to NAICS industries 5171 (Wired) and 5172 (Wireless), reflecting approximately 98.0% of revenue activity for these industries and 93.9% of revenue activity for the telecommunications industry overall (NAICS 517) (see Table A). The annual survey, a census of telecommunications service providers, is used to produce undercoverage estimates for those units that are not surveyed in the quarterly, so that total industry activity can be estimated. NAICS telecommunications industries 5173, 5174 and 5179 are not surveyed because their respondents are generally smaller, and the few that are larger tend to dominate their industries, which would pose disclosure problems if they were to be included.

Variables which may be subject to wide variation from period to period, such as capital expenditures and non-operating revenues and expenses, were not estimated for non-surveyed units. In addition, these activities tend to be less significant the smaller the establishment (which is typical of the non-surveyed industries), such that the survey values for these variables are good proxies for total industry aggregates.

1. NAICS 5171

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

NAICS 5172

The wireless telecommunications industry comprises establishments engaged in operating and maintaining switching and transmission facilities to provide direct communications via the airwaves, including cellular, personal communications services (PCS), enhanced specialized mobile radio (ESMR), and messaging (paging).

NAICS 5173

A telecommunications service provider is a reseller if it is primarily engaged in purchasing access and network capacity from owners and operators of telecommunications networks and reselling telecommunications services to their clients.

NAICS 5174

The satellite industry comprises establishments primarily engaged in operating, maintaining and providing access to fixed and mobile satellite telecommunications facilities for the transmission of voice, data, text, sound and full motion videos. Resellers of satellite communications are also included.

NAICS 5179

The 'Other telecommunications' industry includes companies providing telecommunications services not covered by the industries described above (e.g., telemetry, satellite tracking, radar stations operations).

Coverage rates for the 2004 Quarterly survey are calculated by determining how much of total industry activity is attributed to the current quarterly respondents, using the most recent annual data available (2002), taking into consideration buy-outs, mergers and consolidations since 2002, and applying these ratios to the current quarterly data. The table below indicates coverage rates for operating revenues with respect to each NAICS industry. Undercoverage rates for other variables are similar to the rates presented here.

Table A - Coverage rates for operating revenues

NAICS	Coverage %	Undercoverage %	Total %
5171	97.6	2.4	100.0
5172	98.4	1.6	100.0
5173,4,9	-	100.0	100.0
517	93.9	6.1	100.0

Undercoverage estimates for access lines are not adjusted between quarters because the observed growth in surveyed units (large incumbents and entrants) is not expected to be replicated by non-surveyed units (small, often rural, service providers). The undercoverage estimate simply reflects the number of access lines of the non-surveyed units for the most recent annual data available. Mobile subscriber undercoverage has not been adjusted between quarters, not because non-surveyed units are thought to be static, but because these units constitute such a small share of the industry that any change attributable to them would be negligible.

Quality and limitations of data

When Statistics Canada receives the completed quarterly questionnaires, they are checked for consistency with previous returns. All unusual occurrences are queried for confirmation and clarified with the respondents concerned. The data are almost always actual amounts, but where circumstances necessitate, best estimates are used from the respondents or derived by Statistics Canada based on the respondent's historical records and current industry trends.

The quarterly survey of telecommunications service providers is not a sample survey and therefore sampling errors do not occur. Non-sampling errors, however may occur. There are potentially four sources of non-sampling error that can be identified in any given survey: coverage error, response error, non-response error and processing error. Unlike sampling error, non-sampling error is not readily quantified. *Coverage error* results from inadequate representation of the intended population. This error may occur during selection of the survey population, or during data collection and processing. There is no evidence of significant coverage error in the 2004 Quarterly Survey of Telecommunications.

Response error may be due to many factors, including faulty design of the questionnaire, interviewers' or respondents' misinterpretation of questions, or respondents' faulty reporting. Frequent changes in company personnel may also lead to response error. The quarterly survey has several features that help respondents to complete the questionnaire, including logic and consistency checks, and a glossary of terms and concepts. Responses are compared from quarter to quarter and any significant deviations are queried by analysts to ensure their accuracy. However, even with these checks, the accuracy of data depends on the respondent's willingness to consult their records.

Non-response error occurs because not all potential respondents cooperate fully. This has not been a concern with the quarterly survey. *Processing errors* may also occur during coding, entry, editing and tabulation of the data. In this survey, procedures for quality control were used during the processing of data, as indicated above, to keep such errors to a minimum.

Revisions

Revisions are necessary as more complete data become available. The nature of the telecommunications industry is such that respondents often contact Statistics Canada to update their data or to report errors in data they had previously reported. Revisions are made each quarter to reflect these changes or corrections in the data. The most recent release of quarterly telecommunications data should always be consulted for the most accurate information.

Readers should note that some revisions have been made to reflect new accounting guidance and industry practice, as well as mergers and consolidations between companies. Communication between Statistics Canada and various companies resulted in improved allocation of wired operating expenses; and wireless operating revenues and expenses.

For more information, or to enquire about the concepts, methods and data quality, please contact Advisory Services Division at 1 800 263-1136; Facsimile 1 877 287-4369; infostats@statcan.ca.

Standards of service to the public

Statistics Canada is committed to serving its clients in a prompt, reliable and courteous manner and in the official language of their choice. To this end, the Agency has developed standards of service which its employees observe in serving its clients. To obtain a copy of these service standards, please contact Statistics Canada toll-free at 1 800 263 1136. The service standards are also published on www.statcan.ca under About Statistics Canada > Providing services to Canadians.

Note of appreciation

Canada owes the success of its statistical system to a long-standing partnership between Statistics Canada, the citizens of Canada, its businesses, governments and other institutions. Accurate and timely statistical information could not be produced without their continued cooperation and goodwill.

The development of Statistics Canada's Telecommunications Statistical Infrastructure Program benefited from the advice and financial support of the Spectrum, Information Technologies and Telecommunications Sector, Industry Canada.

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Glossary of terms

Advanced services ratio. The ratio of operating revenues from software enhanced telecommunications services (e.g., calling features), services supporting internet and packet-switched communications, and other high speed applications (switched and non-switched services), and traditional telephony (local and long distance voice, connection and narrowband non-switched or private line services). (*Rapport des services de pointe*)

Alternative providers of long distance services. Non-incumbent (entrant) facilities-based and non-facilities-based (resellers) companies providing long distance telecommunications services. (*Autres fournisseurs de services intercirconscriptions*)

Average labour costs per FTE employee (annualized). Total industry labour costs (wages, salaries and benefits paid to full-time and part-time employees) divided by the number of full-time equivalent employees. This calculation is a moving average, such that previous quarter data is included in the current quarter calculation, and adjusted to arrive at an annual estimate. The first quarter estimate is multiplied by four, the second quarter estimate is calculated by summing labour costs for the first two quarters divided by the average number of FTE employees for both quarters, and multiplying that result by two, etc. (*Coûts moyens de la main-d'oeuvre par employés à plein temps ou l'équivalent (annualisés)*)

Average revenue per long distance minute. Long distance operating revenues divided by long distance outbound minutes (including toll-free). (*Revenu moyen par minute de service interurbain*)

Broadband access. High capacity two-way links between end-user and suppliers networks (central offices) such as hybrid-fibre-coaxial-cable systems, fibre-to-the-curb and fibre-to-the-home systems for residential users, with speed in one direction exceeding 1.544 Mbps. (*Accès à large bande*)

Calling Features. Specialized software and database applications linked to telecommunications networks such as call waiting, call forwarding, caller identification, three way calling, speed dialing, etc.; call management services: call display, call return, call screen, call blocking, automatic call-back, etc.; and, tele-messaging: call answer, extension call answer, voice mail, voice menus, etc. These features are commonly offered on a per-use, or on fixed monthly charge basis. Calling features are also referred to as optional or enhanced local services). (*Options de gestion*)

Calls/messages, Outbound. Calling/messaging units originating in Canada and terminating in Canada, the United States, and overseas (foreign countries other than the United States). (*Appels ou messages de départ en provenance du Canada*)

Calls/messages, Incoming/Inbound. Calls/messages from either the United States or overseas (foreign countries other than the United States) and terminating in Canada. (*Appels ou messages d'arrivée internationaux à destination du Canada*)

Capital expenditures per subscriber. Dollar amount of wireless capital expenditures for every wireless subscriber. (*Dépenses en immobilisations par abonnés*)

Carrier services. Services provided to other telecommunication service providers (common carriers or resellers). This includes contribution, interconnection and other services provided to telecommunications service providers such as co-location, access to support structures, data base access, the recovery of start-up costs, other unbundled elements associated with the provision of dial tone, etc. (*Services aux entreprises de télécommunications*)

Cellular telecommunications. A telecommunications system that uses radio frequencies in the 800 MHz (megahertz) frequency band to provide mobile access to the PSTN (public switched telephone network). Cellular telecommunication can use either analogue or digital transmission technology over a multi-cell architecture. (*Cellulaire de télécommunications*)

Circuit. A facility consisting of the equipment and apparatus required to form a path suitable for the transmission of voice, text, audio, video or data communication between telephones and other communication equipment in the telecommunications network. (*Circuit*)

Connection. The one-time activation of telecommunications subscribers by connecting or reconnecting them to the PSTN. This does not include premises wiring. (*Connexion*)

Contribution. Payments (per minute or per circuit) derived from domestic and international long-distance telecommunications revenues to cover the revenue shortfall in the provision of local/access services. (*Contribution*)

Conversation minutes. The actual elapsed period in minutes a respondent's switches, circuits, lines or groups of lines are in use, or in the case of rebillers, the actual conversation time their customers use for calls and messages. Billing increments other than conversation time were converted to conversation minutes and reported by respondents accordingly. (*Minutes de conversation*)

Data and high speed services. This includes all wideband and broadband services (greater than 64 kbps), as well as narrowband packet-switched services. Wholesale internet services are not reported separately, and are included here. (*Services de données et à haute vitesse*)

Dispatch services. Non-switched services provided by radio common carrier (RCC) license holders for the provision of radio communications services (e.g., dispatch services for taxis or field service personnel, mobile data for police departments, etc.). (*Service de dépêche*)

Earnings before interest, taxes, depreciation and amortization (EBITDA). For this survey, this is calculated by summing operating profit and depreciation. (*Bénéfices avant intérêts, impôts, dépréciation et amortissement (BAIDA)*)

Employee. Any person drawing pay for services rendered or for paid absences and for whom an employer must complete a Canada Customs and Revenue Agency T4 Supplementary Form. This includes full-time (work performed or paid absence of 30 or more hours in a typical work week) and part-time employees (work performed or paid absence of less than 30 hours a week), working owners, directors, partners and other officers of unincorporated businesses. It excludes owners or partners of unincorporated businesses, the self employed, unpaid family workers, persons outside Canada and casual workers for whom a T4 is not required. (*Employés*)

Enhanced specialized mobile radio (ESMR). A telecommunications system that uses radio frequencies primarily in the 800 MHz frequency band to provide mobile dispatch services and mobile access to the wireline PSTN. ESMR uses digital transmission technology over a multi-cell network architecture. Its activity is reported as part of mobile telephony. (*Services de radiocommunications mobiles spécialisés (SRMS)*)

Establishment. A telecommunications service provider which is an operating entity capable of reporting basic elements of financial and network statistics, such as revenues, (wireless) operated. (*Établissement*)

Facilities-based operator. A telecommunications service provider that owns or operates any transmission facility (wire, cable, radio, optical, or other electromagnetic system, or any similar technical system) for the transmission of

intelligence (signs, signals, writing, images, sounds or intelligence of any nature) between network termination points. (*Fournisseurs de télécommunications exploitant leurs propres installations*)

Fixed wireless. The use of radio frequencies for the provision of telecommunication services from a fixed place. This is used for access to the PSTN in remote areas or for alternative access to the PSTN in built-up areas. In these circumstances, fixed wireless is known as wireless local loop (WLL). Fixed wireless can use either digital or analogue transmission technology. (*Sans fil fixe*)

Fringe benefits. Employer contributions to pension plans, medical and other welfare plans, unemployment insurance, Canada and Quebec Pension Plans and workers compensation. Not included are non-taxable benefits provided by an employer such as premiums under a private health plan, recreational facilities, moving expenses and certain employee counselling services. Reported with **Labour costs.** (*Avantages sociaux*)

Full-time equivalent (FTE) employees. Full-time employees plus part-time employees converted to full-time equivalents. For this survey, this is calculated by dividing total part-time labour costs by the average full-time salary (full-time labour costs divided by full-time employees). (*Employés à plein temps ou l'équivalent (EPT)*)

Interconnection. Services and facilities beyond the point of interconnection (such as switching and aggregation) to terminate traffic on behalf of an originating telecommunications service provider. This includes transiting or transport where provided pursuant to an interconnection tariff or agreement. Interconnection occurs between local exchange carriers (LEC s) and interexchange service providers (IXC s), including alternative providers of long distance services (APLDS), LEC s and wireless service providers (WSP s), and between domestic and foreign service providers. (*Interconnexion*)

Labour costs. The total remuneration paid to employees before deductions (the equivalent to the taxable employment income reported in Box 14 of the employees Canada Customs and Revenue Agency T4 slips). This includes regular wages and salaries, overtime pay, paid leave, taxable allowances and benefits, gratuities, director's fees, vacation pay and special payments such as bonuses and commissions, retroactive and accumulated wage payments, termination/ severance payments, cost of living adjustments and working owner's draws, for expensed or capitalized labour. This also includes fringe benefits (see **Fringe benefits**). Readers should note that the amount reported as part of Operating expenses may differ from what is reported in the labour cost section, since the latter may include payments for labour that are capitalized. (*Coûts de la main-d'oeuvre*)

Local switched telecommunications. The switching and transmission of voice, data, image and video messages over the PSTN within local calling areas. (*Télécommunications commutées locales*)

Long-distance switched telecommunications. The switching and transmission of voice, data, image and video messages over the PSTN between local calling areas. (*Télécommunications commutées interurbaines*)

Messaging. An interactive telecommunications service that provides for information interchange among users by means of store-and-forward, electronic mail, or message-handling functions such as paging and narrowband PCS. Telephone answering services are not included. (*Messagerie*)

National industrial employment. Total national employment from Statistics Canada's Survey of Employment, Payrolls and Hours (SEPH). The target population is composed of all employers in Canada, except those in agriculture, fishing and trapping, private households services, religious organizations and military personnel of defence services. This figure does not include self-employment. For further information see Statistics Canada Catalogue No. 72-002-XPB. (*Emploi industriel national*)

Narrowband PCS. A telecommunication system that uses radio frequencies in the 900 MHz frequency band to provide one or two-way messaging services. This service uses digital transmission technology with radio frequency channels of 50 kHz (kilohertz) or less. (*Bande étroite (SCP)*)

Net income before taxes. Total revenues (operating revenues plus non-operating revenues) less total expenses (operating expenses plus non-operating expenses). (*Revenu net avant impôt*)

Network access service. Primary connection to a company owned network for the purpose of telecommunications, regardless of the physical characteristics of the link. This includes individual and party line circuits; trunks connecting company facilities with switching devices located on customers' premises; licensed radio-telephones; primary connections within networks (i.e., drops); WATS; and primary special services circuits. (*Services d'accès au réseau*)

Non-switched telecommunications. Dedicated communication lines or paths between specified points for the exclusive use of the lessees or owners typically not involving the PSTN for routing or switching the communication, e.g., private voice and data networks linking multiple business locations, dedicated links for transferring high-resolution video, etc. (*Télécommunications sans commutation*)

Non-PSTN lines. Telecommunications lines not connected to the PSTN, e.g., non-switched transport services such as low-speed data links for automated teller machines; private voice and data networks linking multiple business locations; and dedicated links for transferring high-resolution video. Analogue lines (voice, sub-voice) are typically used for alarm monitoring, traffic control, point-of-sale terminals, etc. (*Télécommunications sans commutation*)

Operating profit. Total operating revenues less total operating expenses. (*Bénéfice d'exploitation*)

Operating revenue per capita. Industry operating revenue per person based on the quarterly population estimate. (*Revenus d'exploitation par personne*)

Packet switched telecommunications. Voice, data or video telecommunications that are divided into packets of fixed or variable length to be routed along non-reserved circuits to their destination. Each packet is addressed and numbered so it can be routed to its proper destination and reassembled in its proper sequence upon its arrival. These packets typically follow various routes depending on what is available at the time, which maximizes the network's operating efficiency. (*Commutation par paquets*)

Paging. A one-way telecommunications system that provides signaling or information transfer by such means as tone, tone-voice, tactile, or optical read-out. Analogue or digital transmission technology may be used. (*Radiomessagerie*)

Paging revenue per subscriber. Paging revenues per paging subscribers (does not include undercoverage estimate). (*Revenus de messagerie par abonné*)

Personal communications services (PCS). Mobile telecommunications using radio frequencies in the 1900 MHz frequency band connected access to the PSTN. PCS uses digital transmission technology over a multi-cell network architecture. (*Services de commutations personnelles (SCP)*)

Public switched telephone network (PSTN). The worldwide dial-up telephone network (switching, circuits, transmission and access services), or a portion of that network, used to establish voice and non-voice (text, audio, video or data) communications carried over a path initially established using normal telephone signaling and ordinary switched long-distance telephone circuits. (*Réseau téléphonique public commuté (RTPC)*)

PSTN, Centrex access lines. A business telephone service offered by a service provider that permits direct inward dialing to a customer's extensions, transfer of incoming calls from one extension to another, and

identification of extension telephones for billing of long-distance calls. Centrex is based on switching equipment usually located on the service providers premises. (*Lignes d'accès Centrex (RTPC)*)

PSTN, Individual access line. A subscriber line arranged to serve one main telephone. This includes PBX (private branch exchange) lines for businesses that have corresponding dedicated ports in the telephone exchange equipment. (*Ligne d'accès individuelle (RTPC)*)

PSTN, ISDN access line (Integrated services digital network). A high capacity digital line the equivalent of 2 (BRA) or 23 (PRA) voice grade lines. These are counted as single lines despite their greater capacity. See voice-grade equivalents for a measure that is frequently used to take into account the enhanced capacity of these lines. (*RTPC, Réseau numérique d'intégration de services (RNIS)*)

BRA (Basic rate access) access lines deliver two 64 kbps channels (B channels) and one 16 kbps channel (D channel) over a standard twisted-pair loop. The 64 kbps channels are capable of transmitting voice or data simultaneously while the D channel transmits call control messages and packet data at 9.6 kbps. (*Accès à débit de base ADB*)

PRA (Primary rate access) lines can transmit at 1.544 Mbps (T1 trunk facility) consisting of 23 64 kbps B channels and one 64 kbps D channel. The B channels carry voice and data at 64 kbps while the D channel carries out-of-band signaling for one or more primary rate links. (*Accès à débit primaire ADP*)

PSTN access paths per FTE employee. Access lines for the wireline industry and mobile subscribers for the wireless industry, per full-time equivalent employee in the respective industries. (*Voies d'accès RTPC par employé à plein temps ou l'équivalent*)

PSTN, Other access lines. Wireline access lines not specified by any of the defined categories (individual, ISDN, public, centrex) such as WATS, Mobile access lines (this is not the same as mobile telephony subscribers). (*Autres accès (RTPC)*)

PSTN, Party access line. A subscriber line arranged to serve two or more main telephones (e.g., residential party lines). (*Partagés (RTPC)*)

PSTN, Public telephones. Coin or card payphones including semi-public phones (payphones available to the public on a restricted basis owing to their location, e.g., those on private premises such as restaurants). (*Téléphones publics (RTPC)*)

Reseller. A telecommunications service provider primarily engaged in purchasing access and network capacity from owners and operators of telecommunications networks and reselling telecommunications services to their clients. Resellers may own some network facilities such as switching equipment or apparatus to manipulate and control intelligence but do not operate or maintain a full network, nor own transmission facilities such as wire, cable, radio or optical systems. (*Revendeur*)

Retail internet services. The value reported in these quarterly reports represents only a small part of retail internet services in Canada, as most telecom companies have subsidiary companies or separate operating divisions (ISP's - Internet Service Providers), which are not telecommunications industries according to the North American Industry Classification System (NAICS). (*Services Internet de détail*)

Revenue per FTE employee. Total operating revenues per full-time equivalent employee. (*Revenu par employé à plein temps ou l'équivalent*)

Satellite, fixed. Communications via satellite transmission in which the terrestrial terminal points are fixed. (*Satellite (Fixe)*)

Satellite, mobile. Communications via satellite transmission in which the terrestrial terminal point can be mobile. (*Satellite (Mobile)*)

Subscriber. A customer of a wireline or wireless telecommunications service provider having unique access to the PSTN. (*Abonné*)

Switching equipment. Digital and analogue equipment and related software used to switch traffic over the PSTN. PBX's used as public switches are included whereas PC's used as switches are excluded. (*Équipement de commutation*)

Telecommunications. Any transmission, emission or reception of signs, signals writing images, sounds or intelligence of any nature, by wire, radio, visual or other electro-magnetic system. (*Télécommunications*)

Telecommunications, wireline (wired). Establishments primarily engaged in operating and maintaining switching and transmission facilities to provide direct communications via land lines, microwave, or a combination of land lines, microwave and satellite link-ups. (*Télécommunications par fil*)

Telecommunications, wireless. Establishments engaged in operating and maintaining switching and transmission facilities to provide direct communications via the airwaves. (*Télécommunications sans fil*)

Telecommunications, other. Establishments primarily engaged in providing specialized telecommunications services such as satellite tracking, communications telemetry and radar station operation. The includes establishments primarily engaged in providing satellite terminal stations and associated facilities connected with one or more terrestrial systems and capable of transmitting telecommunications to, and receiving telecommunications from, satellite systems. (*Autres services de télécommunications*)

Teledensity. A measure of the number of phone lines (fixed access lines and mobile subscribers) per 100 of population. Between 40 and 50 lines per 100 of population indicates fairly good density. The OECD average was 48.9 in 1997. Teledensity is a measure of a country's economic development. (*Télédensité*)

Telemetry. The measurement or recording of an activity from a distance by monitoring equipment connected to a telecommunications network. (*Téléométrie*)

Telephone. A compact unit containing the parts necessary for the transmission and reception of speech and for ringing or signalling the party called, and which can be interconnected to any other such unit in the general telephone network. (*Téléphone*)

Terminal equipment. Equipment on customer premises connected to telecommunications lines: e.g., PBX's not used for public switching, telephone sets, routers, modems in customer sites, key systems, etc. (*Équipement de terminal*)

Voice services. Services generally associated with voice communication, narrowband or voice-grade communication, including voice telephony, fax, PSTN access, etc. (*Services de transmission de la voix*)

Voice-grade. A voice-grade access line can transmit voice or data at 64 kbps. They also transmit communications in an audio frequency range between 300 and 3000 Hz, typical of the human voice. (*Qualité téléphonique*)

Voice-grade equivalents ('B channel' equivalents). Refer to how many voice-grade lines would be needed to provide the same or equivalent bandwidth to the line in question. ISDN BRA lines (bandwidth = 144 kbps) are the equivalent of 2 voice-grade lines while ISDN PRA (bandwidth = 1.544 Mbps) are the equivalent of 23 voice-grade lines. (*Équivalent qualité téléphonique (équivalent « canal B »)*)

Wide area telephone service (WATS). Service provided by a telephone company enabling a subscriber to dial certain distant exchanges on either a flat rate or a measured time charge basis. (*Services interurbain planifié (WATS)*)

Wideband. Telecommunications of bandwidth greater than 64 kbps up to and including 1.544 Mbps. A telecommunications path with 2 way capabilities with speed in at least one direction fitting the criteria described above. (*Large bande*)

Wireless broadband services. A multipoint telecommunications systems that use radio frequencies to allow the transmission and/or reception of information such as multimedia, data, and video over radio frequency channels of 50 kHz or greater (e.g., LMCS). Either digital or analogue transmission technology is used. (*Service sans fil à large bande*)