



Quarterly Survey of Telecommunications, 2006

Wireless Telecommunications Reporting Guide



About the Survey

The *Quarterly Survey of Telecommunications* is sent to the largest wireline and wireless (switched mobile) service providers in Canada, representing over 93% of activity by revenue in the Telecommunications Industry (NAICS 517). This survey is designed to provide comprehensive national measures to be released eight weeks after each quarter. The co-operation of each respondent is appreciated and valued in meeting these objectives.

The quarterly questionnaire consists of 10 questions: there are 3 (parallel) questions in each of the revenue and expenses sections (covering telecommunication operations, non-telecommunication operations, and, non-operating activity), and one question each on employment, capital expenditures, traffic and subscribers.

The results of this survey are published every quarter in the Statistics Canada bulletin: *Quarterly Telecommunications Statistics* (Catalogue No. 56-002-XIE) available from our internet site, www.statcan.ca (\$23 per issue/\$43 for an annual subscription).

General

- All activity occurring over the quarter (flows) should be reported in thousands, such as revenues, expenses, capital expenditures, salaries and wages (thousands of dollars), and traffic (thousands of minutes).
- All measures taken at a point of time (end of period stocks) should be reported in units or actual amounts, such as number of employees and subscribers.
- Reporting should be in accord with generally accepted accounting principles (GAAP) as set out in the Canadian Institute of Chartered Accountants (C.I.C.A.) Handbook. Please report all accounts on an accrual basis.
- Revenue reported should exclude taxes collected for government (e.g., GST, HST) and should be net of discounts, promotional offers and rebates.

1. Telecommunications Operating Revenues

Wholesale (carrier) services and transfers - services provided to other telecommunication service providers (common carriers or resellers) not for their end use and transfers from carriers or the CFA (Central Fund Administration) to maintain the PSTN.

Contribution - consists of payments from long-distance telecommunications services to cover the revenue shortfall in the provision of local/access services. Report the total amount received from the central fund or directly from other carriers.

Intercarrier settlements - the gross receipts from other telecommunication service providers for roaming and interconnection: the provision of facilities (beyond the point of interconnection) to terminate or transit calls originating in another carriers' networks. This includes transiting or transport where provided pursuant to an interconnection tariff or agreement. Interconnection occurs between local exchange carriers (LECs) and interexchange service providers, LECs and wireless service providers, and between domestic and foreign service providers.

Include system access fees you pay to other providers so your subscribers have access to their network.

Other - other services provided to telecommunication service providers not described above such as wholesale minutes (for resale) co-location, access to support structures, data base access, etc.

Retail services - telecommunications services delivered to residential or business end users (not intended for resale to other consumers).

Telecommunications carriage revenue categories have been broken down by **bandwidth** (the communication channel's throughput capacity) and the **type of switching** employed:

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

Wideband - 2-way capabilities with speed in at least one direction of greater than 64 kbps to 1.544 Mbps.

Broadband - 2-way capabilities with speed in at least one direction exceeding 1.544 Mbps.

High speed - wideband or broadband services, greater than 64 kbps.

Switched - includes circuit and/or packet switched telecommunications using the public switched telephone network (PSTN) or a TCP/IP network.

Non-switched - dedicated circuits or channels between specified points for the exclusive use of the circuit lessees or owners; the PSTN is not used for routing or switching the communication (e.g. program transmission).

Local and Long distance telephony - this questionnaire surveys companies providing **mobile telephony** accessible to the PSTN: digital and analogue cellular telecommunications, Personal Communication Services (PCS), Enhanced Specialized Mobile Radio (ESMR), and automatic mobile services.

Local telephony refers to telecommunications *within* a local calling area. This does not include the provision of calling features or one-time activation or deactivation charges (report these in 'Other telecommunications operating revenues'), or the rental of terminal equipment (see Question 2 - 'Other (non-telecommunications) Operating Revenues').

Long distance telephony refers to message toll telecommunications *between* local calling areas such as direct distance dialing, operator handled calls and calling card calls.

Access, fixed or recurring charges - a fixed amount paid for a specified period of time or for a specified amount of usage.

Air time - revenues for measured services.

Roaming and Other - roaming revenues you receive from your subscribers and local services such as 9-1-1, TDD/TY and operator services (e.g., local/long distance directory assistance). Report roaming revenues earned from telecommunications service providers in the wholesale revenue section, 1.a).

Paging, narrowband PCS (Messaging) - a mobile radio service primarily used to receive voice, text or tone messages with small radio receivers. These devices may or may not be accessed by the PSTN. Include activation fees and monthly flat and usage fees associated with the system's operations. This category includes narrowband PCS.

If the receiver rental is included in the fixed monthly fees, estimate its value, report the amount in Question 2 and adjust your response to Question 1 to reflect this estimation. Equipment rentals or sales and telephone answering services should be reported in Question 2.

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

Other narrowband revenues n.e.c. - narrowband telecommunications revenues not described elsewhere, e.g. mobile data.

High speed services (switched and non-switched) - see "bandwidth" description on page 1. Program transmission service revenues should be reported as non-switched revenues, according to the appropriate bandwidth category.

Calling features - (also referred to as optional or enhanced local services), specialized software and database applications linked to telecommunications networks such as call waiting, call forwarding, caller identification, three-way calling, speed dialing, etc.: call management services: call display, call return, call screen, call blocking, automatic call-back, etc.; and, telemessaging: call answer, extension call answer, voice mail, voice menus, etc. Portfolio services or automated short messaging services (SMS) where subscribers receive information such as news, weather, sports scores; stock quotes, etc., but cannot browse the web, are also included here.

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

Web-browsing services - these services enable a subscriber to browse the web and receive enhanced 2.5G and 3G services. The subscriber typically pays fixed monthly and/or usage charges for these services (paid to the telecom service provider rather than an internet service provider). Revenues earned from automated short message services (such as for news, stock quotes, etc.) should be reported as calling features.

Connection - non-recurring revenue earned from connecting, reconnecting or disconnecting customers to or from the PSTN (this does not include premises wiring - report as a 'Other (non-telecommunications) Operating Revenues', part 2 below).

Administrative charges - (licensing fees) - annual fees collected from subscribers to cover a service provider's licensing costs.

Other telecommunications operating revenues n.e.c. - include all other operating revenues not falling into the above categories but earned as part of the respondent's core operating activities. Please specify any large 'other' revenue items (i.e., dollar value equal to a category described above).

2. Other (non-telecommunications) Operating Revenues

This question relates to services which support core telecom activity but are not part of, or derived from, the carriage or resale of voice, data, sound or image telecommunication. These activities are typically provided by telecommunications service providers but may also be provided by companies that are not part of the NAICS telecom industries (517).

Include on-line information services, terminal equipment rentals (equipment on a customer's premises not integral to the operation of the telecommunication channels provided by the carrier), the sale of telecom goods, capital lease revenues in the sale of telecommunications goods, directory advertising or the

sale of directory databases, retail internet revenue, revenue earned for installations, customer repairs and maintenance, late payments charges, consulting, commission income, etc. Please specify any large revenue items.

Do not include revenues for the activities listed above that are earned by a non-telecommunications subsidiary or affiliated company unless that company consolidates its records with the respondent and does not maintain its own financial statements or accounts. These companies may be subject to a Statistics Canada survey appropriate for their industry.

3. Non-Operating Revenues

Include investment income (interest and dividends), net gains (losses) on the sale of assets or foreign exchange, extraordinary gains (losses), equity in net income of unconsolidated affiliates, etc.

4. Telecommunications Operating Expenses

Payments made to other carriers or to the central fund:

Contribution payments - mandated payments from long distance revenues to the central fund (including transfers from the competitive segment of your operations) or to other telecommunications service providers to underwrite local or access services.

Interconnection expense - amount you pay to other telecommunication carriers for the use of their facilities (beyond the point of interconnection) to terminate or transit calls originating in your network.

Other payments to carriers - other system capacity or equipment rentals, purchase of long distance services, network management, maintenance and repairs, billings and collections, etc., paid to carriers or resellers.

Salaries, wages and benefits - the total remuneration paid for expensed employees before deductions (the equivalent to the taxable employment income reported in Box 14 of the employees' Revenue Canada T4 slips).

This includes regular wages and salaries, overtime pay, paid leave, taxable allowances and benefits, gratuities, director's fees, vacation pay and special payments such as bonuses and commissions, retroactive and accumulated wage payments, termination/severance payments, cost of living adjustments and working owner's draws.

Benefits include employer contributions to pension plans, medical and other welfare plans, unemployment insurance, Canada and Quebec Pension Plans and workers' compensation. Do not include non-taxable benefits provided by an employer such as premiums under a private health plan, recreational facilities, moving expenses and certain employee counselling services.

Do not include payments and expenses associated with outside contract workers and employment agencies or personnel suppliers.

Depreciation and amortization - include depreciation of capital assets (buildings, structures, and machinery and equipment not allocated to cost of sales), and the amortization of intangible assets, leasehold improvements, rental assets, deferred charges, tooling and special tooling costs and one-time nature write-offs or write-downs.

Other telecommunications operating expenses n.e.c. - all other operating expenses not specified such as selling and marketing, advertising, customer servicing, billings and collections, corporate administration and general office expenses, telecommunications, postage and courier fees, travel and entertainment, professional and business fees, managements fees paid to head office or a parent company, office equipment rentals, bad debts, non-income taxes, licenses and permits, research and development, utilities, rent and similar categories to those listed above in the 'Other payments to carriers' - except made to non-telecommunication service providers, or which you yourself incur in providing telecommunications services to your customers.

5. Other (non-telecommunications) Operating Expenses

Expenses related to earning 'Other (non-telecommunications) operating revenues' - see Question 2 above.

6. Non-Operating Expenses

Interest expenses - payments for the use of funds raised through loans, bonds, short-term paper, notes and other debt instruments.

Other non-operating expenses - write-offs, write-downs and valuation adjustments, etc.; do not include income taxes.

7. Employment

Employee - any person drawing pay for services rendered or for paid absences and for whom an employer must complete a Revenue Canada T4 Supplementary Form. This includes working owners, directors, partners and other officers of incorporated businesses whether the employees' salaries and wages are expensed or capitalized. 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. Report the number of persons employed at the end of the quarter or employed for the last pay period in the quarter.

Part-time employee - an employee receiving pay for work performed or paid absence of less than 30 hours a week.

Salaries, wages and benefits - include salaries, wages and benefits of expensed *and* capitalized employees. The sum of part-time and full-time salaries and wages may not equal the amount reported in Question 4 due to the inclusion of capitalized salaries, wages and benefits (employment costs that are recorded to an asset account rather than an expense account) in this question.

8. Capital Expenditures

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

Construction includes the total cost during the quarter for buildings and engineering construction, e.g., transmission structures such as communication towers, poles, antennas, whether contracted out or built by your own employees, and whether for your own use or rent to others.

Do not include expenditures for land, but include the cost of demolition of buildings, land servicing and of site preparation, leasehold and land improvements, all pre-construction planning and design costs such as engineering and consulting fees and any materials supplied to construction contractors for installation.

Machinery and equipment includes the total cost during the quarter of all new machinery, e.g., switches, transmission equipment (transponders, cross connects, multiplexers, optical electronics, satellite earth stations) or terminal equipment, whether for your own use or for lease or rent to others. Any capitalized tooling should also be included.

Include progress payments paid out before delivery in the quarter in which such payments are made. Receipts from the sale of your own fixed assets or allowance for scrap or trade-in should not be deducted from your total capital expenditures. Any balance owing or holdbacks should be reported in the period the cost was incurred.

Non-telecom equipment used to support your telecom operations such as automobiles, trucks, professional and scientific equipment, office and store furniture and appliances, motors, generators, transformers, tools, etc., whether for your own use or for lease or rent to others, should also be included.

9. Traffic

This question measures the use of wireless networks connected to the PSTN in Canada. Minutes of **outbound calls** refers to calls originating with the respondent (including calls to destinations outside Canada) and are used to measure unduplicated activity in the wireless industry. **Billed minutes** refers to the total time that the respondent bills its subscribers - it includes outgoing or originating traffic as well as terminating traffic - for local and long distance (including international) calls.

Report traffic activity in actual minutes of air time used whether the subscriber pays a flat, fixed or measured rate, in thousands of conversation minutes. If billing increments or pulses are used to measure customer usage (the discrete time intervals telecommunication service providers use to bill customers), please convert to conversation minutes and report the traffic accordingly.

Do not report official telephone activity - unbilled telecommunications usage by telecom service providers for their internal communications or systems operations.

10. Subscribers

Report the number of 2-way handsets (cellular, PCS, ESMR and automatic mobile units), mobile data terminals, paging and fixed or mobile RCC 2-way receivers or handsets in service at the end of the quarter. Each cellular, PCS, ESMR and automatic mobile subscriber should have a unique number accessible to the PSTN.

Mobile data subscribers subscribe to data services only. If the data terminal has voice functionality, please count that subscriber as a mobile telephony subscriber, choosing the most appropriate voice spectrum band category (digital @ 800 MHz, PCS @ 2 GHz, or ESMR).

Automatic mobile telephone services are VHF and UHF services operating in the 150, 420 (Aurora) and 455 MHz range. There are no manual interventions to switch these communications.

Report figures in actual units, not in thousands. Do not include subscribers to fixed wireless services (wireless local loop) with mobile wireless subscribers.

Web subscribers - the second column refers to those mobile subscribers paying for web-browsing features at quarter end. Do not include subscribers (as part of a bundled package as a separate service) who only receive automated messages (e.g. news, sports scores, stock quotes, etc.) and cannot browse the web.