



Reporting Guide for the 2006 Annual Return of Broadcasting Distribution Licensee (Revised)

This Reporting Guide is to assist in the completion of the **revised** Annual Return of "Broadcasting Distribution" Licensee (Form no 5-5300-53.1).

Survey Objective

This survey collects financial and operating data for the statistical measurement and analysis of the broadcasting distribution industry. These data will be aggregated to produce national and regional estimates of the performance of your industry. Those estimates are used by the regulator and policy departments, the private sector, international organizations, academics, analysts and the general public to better understand this sector's contribution to the Canadian economy. Selected results will be published in Statistics Canada Catalogue No. 56-001.

Confidentiality Statement

This survey is conducted under the authority of the Statistics Act, Revised Statutes of Canada 1985, Chapter S19. Completion of this questionnaire is a legal requirement under this Act. Statistics Canada is prohibited by law from publishing or releasing any statistics which would divulge information obtained from this survey relating to any identifiable business without the previous written consent of that business. The data on this questionnaire will be treated in confidence, used for statistical purposes and published in aggregate form only. The confidentiality provisions of the Statistics Act are not affected by the Access to Information Act or any other legislation. Please note that Statistics Canada does not share any individual responses with the Canada Customs and Revenue Agency.

Agreements and Regulations

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

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

Change of Ownership

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

Completion of the Return

Please note that the reporting to Statistics Canada and the CRTC have been integrated and simplified. The revised reporting procedures are outlined below.

In past years, licensees were asked to complete:

- a detailed Annual Return for each class 1 or 2 licensed broadcasting distribution undertaking not exempted by the CRTC from this requirement (to satisfy CRTC regulations);
- a combined report for all class 3 systems not exempted by the CRTC from this requirement (to satisfy CRTC regulations);
- a simplified combined provincial report for class 2 or 3 systems exempted from this requirement by the CRTC (to satisfy the requirements of Statistics Canada).

The relevant reports were combined by Statistics Canada to produce aggregate statistics for the industry.

For the 2006 broadcasting year, the requirements of both organizations are merged and licensees are asked to complete **a single Annual Return that combines all licensed undertakings located within a province, whether these undertakings are exempted or not to file a Return with the CRTC.** For example, a licensee that operates 15 undertakings in two Provinces would be required to submit two Provincial reports.

These revised procedures apply to the portion of Annual Return shared by Statistics Canada and the CRTC. It has been notably simplified compared to the previous class 1 or 2 detailed Annual Returns. It now consists of the following sections:

- **Licensee information (page 2)** – This section collects contact information and management certification. You need only complete one per licensee.
- **International payments and receipts (page 3)** – This section collects payments to, and receipts from, non-residents programming and others services. Please report for all systems, exempted or not to file a Return with the CRTC. You need only complete one per licensee.
- **Summary revenues and expenses (page 4)** – This section collects revenues and expenses by type. It has been made simpler by combining basic and non-basic programming services and by reducing the amount of information collected.

- **Employment information (page 5)** - This section collects labour cost and employment information. This section has been made simpler by combining basic and non-basic services.
- **Summary of fixed assets (page 5)** - This section collects the value of assets by type. This section has been made simpler by combining basic and non-basic services.
- **Affiliation payments and subscribers (page 6)** - This section collects data on payments made to Canadian and non-Canadian pay and specialty programming undertakings. Note that these questions now pertain to payments made for all pay and specialty programming services whether offered in your basic or non-basic tier (s).
- **Cable access and subscribers (page 6)** – This section collects information on the number of subscribers to your basic programming services, the number of homes passed by (with access to) your network in the province and the total number of homes in your licensed area(s).
- **Internet access services (page 6)** - This section collects information on the number of subscribers to your Internet access services, the number of homes passed where (with access to) Internet service is available and the revenues generated by the provision of Internet services.
- **Digital television (page 6)**- This section collects information on the number of subscribers with a digital set-top box, the number of homes passed where (with access to) digital service is available and the revenues generated by the provision of programming services to subscribers with a digital set top box.
- **Video-on-demand (page 6)** - This section collects information on the number of homes passed where (with access to) video-on-demand service is available.
- **Telephone services (page 6)** - This section collects information on the number of subscribers to your telephone services, the number of homes passed where (with access to) telephone service is available and the revenues generated by the provision of telephone services.

Please note that the CRTC requires licensees to continue filing information for each class 1 or class 2 licensed undertaking it operates for the following type of information, unless it has been exempted from doing so by a specific decision:

- financial contribution to the creation and production of Canadian programming;
- community programming hours and direct operating expenses;

Separate forms are provided in this package for you to complete if this requirement applies to your organization. Instructions appear on the form.

The reporting period to be covered by this Annual Return is the broadcasting year, that is, the 12-month period from September 01, 2005 to August 31, 2006.

If your organization operates different types of broadcasting distribution undertaking(s), a separate Annual Return must be completed to report the specific results of each type (cable, DTH, MDS). Annual Returns specific to programming undertakings (e.g.: Conventional television, radio, specialty television) must also be completed and are available from Statistics Canada at the address on page 2 of this guide.

Important: If you are missing any of the forms mentioned above, please contact Statistics Canada at the address listed on page 2 of this guide.

Subject to (i) and (ii) below, please enclose three copies of the licensee's audited Financial Statement for the 12 month period ending August 31, 2006 **three completed copies of this Return and one completed copy of CRTC forms:**

- subject to (ii) below, all licensees must file **audited** financial statement at the licensee level for the 12 months period ending August 31. **(See the attached Appendix)**
- other than licensees who are public companies, all licensees of cable undertaking having no single undertaking of more than 6000 subscribers at August 31, 2006 may, in lieu of audited financial statements, file non-audited financial statements at the licensee level for the 12 month period ending August 31. **(See the attached Appendix)**

The return is to be typed or legibly written. A postage paid addressed envelope is enclosed for your convenience. If you have any queries regarding this questionnaire, please contact the:

Unit Head
 Broadcasting Section,
 Science, Innovation and Electronic Information Division,
 Statistics Canada,
 100 Tunney's Pasture Driveway
 Ottawa, Canada, K1A 0T6.
 Telephone: (613) 951-0390, Facsimile: (613) 951-9920.
 E-mail: dany.gravel@statcan.ca

CRTC and STC File Numbers

The CRTC and STC file number should be entered at the bottom of all pages, so that these pages can be related to the broadcasting distribution licensee. The CRTC file number is the seven-digit number to the right of the word "CRTC File" on the cover page, the STC file number is the four-digit number to the right of the word STC on the cover page.

CRTC Licence Fees

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

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

Enquiries pertaining to licence fees should be referred to Lise Parent, telephone (819)997-4384, facsimile (819)953-5107 or by e-mail: lise.parent@crtc.gc.ca

Definitions

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

Broadcasting Distribution Undertaking – includes cable distribution undertakings, direct-to-home (DTH) satellite distribution undertakings and radio communication distribution undertakings that provide a broadband subscription-based service comparable to that provided by Cable distribution undertakings.

Reporting unit – is the smallest unit capable of reporting revenues, expenses, profits and assets on behalf of the undertaking. A reporting unit may consist of (a) a single broadcasting distribution undertaking or (b) a combination of broadcasting distribution undertakings systems operated as a single unit or entity.

SECTION “1” – LICENSEE (COMPANY) INFORMATION

Page 2: Licensee Information

On this page please report the basic contact changes of ownership (if any) within the period starting September 01, 2005 to August 31, 2006. Please do not forget to complete the management certification section.

Page 3: International Payment and Receipts

Please report all commercial, financial, professional, technical, administrative and management services, royalties, patents, copyrights, advertising, commissions, salaries, insurance premiums and claims, equipment rentals, computer services and all other receipts from and payments to non-residents for services which are directly remitted or charged to accounts. Merchandise exports and imports, travel and freight and shipping transactions are to be omitted. All amounts are to be reported net of withholding taxes.

Line 4 The European Union, excluding the United Kingdom and France, consists of Austria, Belgium, Denmark, Finland, Germany, Greece, The Republic of Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.

Line 6 Organization for Economic Cooperation and Development (OECD) countries, excluding Japan, United States and European Union are: Australia, Iceland, New Zealand, Mexico, Norway, Switzerland, Turkey and Korea.

SECTION “2” SYSTEM INFORMATION

Pages 4 to 6 are for the reporting of information relating to the provision of services. Please complete **a single** section 2 that **combines** all licensed undertakings located within a province, whether these undertakings are exempted or not to file with the CRTC. If your organization operates undertakings in three Provinces, you should return two completed section 2.

Page 4: Summary of revenues and expenses

Column 1 Revenues & expenses for basic and non-basic programming services should be reported in this column.

Column 2 Revenues & expenses for exempt programming services such as classified advertising, teleshopping/general services, and infomercials, should be reported in this column. The detailed revenue by type should be reported in the “EXEMPT PROGRAMMING” section at the bottom of page 4.

Column 3 Revenues & expenses for non-programming services such as channel lease, internet access services and telephony should be reported in this column. The detailed revenue by type should be reported in the “NON-PROGRAMMING SERVICES” section at the bottom of page 4.

Column 4 In this column please report the total of all the services by revenue and expenses category (the sum of columns 1, 2 and 3).

Gross revenue from exempt programming and non-programming services

The detailed revenues reported here should equal the totals reported in the summary section (column 2 & 3).

Total Remuneration

Line 1 “Salaries and Wages” should include payments for regular hours worked, overtime, vacation and holidays, commissions paid to staff under the sales and promotion category, fringe benefits and director’s fees.

Line 2 “Average number of employees” should be the typical weekly average of full and equivalent part-time employees. Where there are part-time employees include them as equivalent full-time employees by calculating their work time in proportion to a typical full week’s work.

Line 3 “Fringe benefits” should include the taxable items shown on employees’ T4 form such as profit sharing and bonus arrangements, the cost to the employer of providing retirement pensions to employees, whether or not under the Canada Pension Plan, Quebec Pension Plan or other government pension plans and the cost of providing benefits such as group medical, group life, employment insurance, workers’ compensation and other employee benefits. Do not include the value of board and lodging or other payments in kind.

Summary of fixed assets

Please note that the cost related to the installation of new subscriber drops and devices and/or the rebuilding/replacement of existing ones are to be dealt with in all case as capital expenditures. This may not reflect the company’s tax or corporate practice, but is required for uniformity of reporting by all licensees. These costs will include:

- a) where licensee makes his own installation, the costs for labour and material (electronic equipment, miscellaneous hardware and wire); and

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- b) where the licensee engages a contractor or other agent to make the installation, the amount paid or payable to such agent.

The costs of disconnections and reconnections of existing subscriber drops and the cost of complete removal of the service from any premises should be treated as expenses of the year in which they are incurred. (Amounts received from the subscribers for original connections or for reconnections are to be included in the licensee's current income.)

Affiliation payments and subscribers

Report the amounts paid to program suppliers under the terms of the Program Affiliation Agreement along with the number of subscribers for Canadian or non-Canadian Pay services.

Cable

- Line 1** Direct subscribers - Household units billed directly by the licensee. Each household unit to which the basic service is provided and for which the unit is billed directly for the service would be counted as one direct subscriber regardless of the number of additional outlets installed on the premises.
- Line 2** Indirect subscribers - Subscribers such as the owner or operator of a hotel, hospital, nursing home or other commercial or institutional premises to which service is provided by a licensee. Each apartment in an apartment building where cost of basic service is included in tenant's rent would be counted as one indirect subscriber. Each hotel, hospital, nursing home or other commercial or institutional premises would be counted as one, regardless of the number of outlets (rooms) installed.
- Line 3** Households with access to cable - Household units to which your signals are available irrespective of whether or not the household subscribes (homes passed).
- Line 4** Households in licensed area - The total number of household units in the licensed area irrespective of whether these are passed by the undertaking's terrestrial or over-the-air distribution facilities. The number should include all households in the area (i.e. apartments plus other single households).

Internet - Cable modem, satellite or MDS

- Line 1** Subscribers to high speed Internet access services - The number of subscribers to retail Internet access services with this company and its affiliate.
- Line 2** Revenues from high speed Internet access services - The amount before taxes that the licensee and its affiliates, charged and billed directly its retail Internet subscribers for the year.
- Line 3** Households with access to high speed Internet - Household units that could subscribe to your Internet service if they so wished..

Digital Television

- Line 1** Subscribers to digital services - Subscribers that have a digital set-top box, whether or they subscribe to one or many digital channels..
- Line 2** Revenues from digital services - Revenues earned from the provision of programming services to subscribers that have a digital set-top box.
- Line 3** Households with access to digital services - Household units that could subscribe to your digital television service if they so wished.

Video on demand

Household with access to Video-on-demand - Household units that could purchase video-on-demand if they chose to subscribe to your digital service.

Telephone

- Line 1** Subscribers to telephone services by cable - The number of subscribers to your telephone services (IP or switched)
- Line 2** "Revenues from telephone services - The amount before taxes that the licensee and its affiliates, charged and billed directly its telephone service customer.
- Line 3** Households with access to telephone services - Household units that could subscribe to your telephone service if they so wished.

APPENDIX

1. Audited Financial Statements:

Licensees of cable undertakings having at least one undertaking with more than 6,000 subscribers as at August 31 of the annual return year being filed, must file audited financial statements along with the annual return.

