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Telecommunications industries – 2002

The data presented in this bulletin are from the Annual Survey of Telecommunications. The Bulletin presents structural and regional indicators that complement, and are used to benchmark, the current national indicators published in catalogue 56-002 XIE – Quarterly Telecommunications Statistics. The last section of the analytical section of this Bulletin provides highlights from the more recent quarterly data.

In addition to the tables provided here, special tables can be ordered on a cost recovery basis.

Introduction

The telecommunications services sector is a key component of the Information and Communications Technologies sector (ICT) as a provider of access to the network infrastructure necessary to process, transmit or receive information. The

telecommunications sector is evolving in a number of ways. In 2002:

- The wireless and reseller segments of the industry were profitable for the first time;
- Strong growth in data and high speed services revenues in the wireline industry were offset by declining revenues for traditional voice services;
- The wireless segment continued to drive growth in the sector;
- Wireless access to PSTN continues to grow;
- All segments of the sector except wireless improved their debt ratios;
- Construction drove capital expenditures;
- Employment levels and labour expense decline.

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The next sections look at some indicators of those changes.

Wireless and reseller segments profitable for the first time

The operating profits of the sector were \$4.6 billion in 2002, 10.7% higher than in the previous year. The sector's profit margin also increased to 13.8% from 12.8% the previous year. The wireline segment experienced declining profits and profit margins over 2002. While operating profits and profit margins in the wireless, reseller and satellite and other segment improved.

Operating margins ranged from 7.3% in the reseller segment to 14.5% in the wireline segment. The reduction in the wireline operating margin and the increase in the profit margins for other segments have moved all segments towards the sector average of 13.8. In comparison, the operating margin for all industries was 7.1% in 2002, 17.3% for the finance and insurance industries and 6.1% for the non-financial sectors.¹

Revenue from traditional wireline sources being replaced by growth in non-switched services

The potential for revenue growth in the wireline industry's traditional voice services markets is limited by strong competition in the long distance market, by limitations on price increases for local services, and by the high penetration of local services. In 2002, revenues from the provision of long distance services declined 4.2% and local service revenues decreased by 4.5%. In total, revenues from voice services decreased by 2.7%. As a result, voice services accounted for 64.8% of total wireline operating revenue in 2002, down from 68.1% in 1999.

Revenue from Carrier (wholesale) services also fell 19.0% in 2002 following a 3.9% decline in 2001 and a 2.5% decline in 2000. The three years of decline have resulted in wholesale carrier service revenue accounting for 13.6% of total wireline revenue, down from 18.2% in 1999.

The industry therefore had to rely on other sources of revenues for growth. The fastest growing markets for the industry in 2002 were Internet access services (223.6%), calling features (26.2%) and high speed circuit-switched services (27.1%).

The wireless segment continues to increase its importance

The wireless segment's share of the sector's revenues and employment reached 21.7% and 16.0% in 2002, up from 15.8% and 15.1% four years earlier. This trend was also observed in operating expenses (22.1% from 18.7%) and labour expenses (14.0% from 12.9%), although the increase was not as large.

The share of total operating revenues for the reseller segment fell to 2.0% in 2002, down from 3.3% in 1999. Its share of employee's fell to 2.2% in 2002 down from in 3.8% in 1999. A similar drop occurred in total operating expenses which fell to 2.1% in 2002 from 4.8% in 1999. In terms of capital expenditures, the reseller segment accounted for 0.2% in 2002, down from 2.3% in 1999.

The wireline segment also saw declines in its shares of revenues, expenses and capital expenditures, between 1999 and 2000. However, only the share of total operating revenues declined for three straight years reaching 74.3% in 2002 from 79.0% in 1999. On the other hand, the wireline segments share of total employment reached 80.3% in 2002 up from 79.5% in 1999.

1. Statistics Canada, *Financial and taxation statistics for enterprises, by NAICS, Annual, 2002*.

Wireless access to the PSTN continues to grow

The number of access paths (in voice grade equivalents) to the PSTN² surpassed 32 million in 2002, an increase of 2.8%. Wireline access to the PSTN declined by 1.7% while wireless access increased by 11.5%. Mobile connections accounted for 36.7% of all connections to the PSTN in 2002, up from 25.9% in 1999.

While most types of fixed access to the PSTN declined between 2001 and 2002, the largest declines occurred in individual and multi-party lines. The increasing popularity of high-speed Internet and mobile communications largely explains the decline in the relative importance of individual lines as a means to connect to the network.

The wireless network is also changing. In 2002, the number of analogue subscribers declined by 14.3%, while the number of digital wireless subscribers increased by 22.2%. At the end of the year, over 77.0% of all wireless subscribers were digital up from 37.5% in 1999.

The telecommunications sector improved its financial position

The debt ratio for the telecommunications sector decreased from 70.2% in 2001 to 67.1% in 2002. This trend was observed in all segments except the wireless segment. The debt ratio went from 69.2% to 64.6% in the wireline segment, from 123.2% to 108.9% in the reseller segment, from 72.9% to 66.4% in the satellite and other segment and from 71.6% to 79.8% in the wireless segment.

In 2002, the value assets in the telecommunications sector fell 2.1% to \$68.7 billion, while total liabilities declined 6.4% to \$46.1 billion. A decrease in long-term liabilities was the driving factor behind the debt reduction.

Construction investment drove capital expenditures in 2002

Investments by the telecommunications in 2002 were \$6.5 billion, a decrease of 18.0% over the previous year. This decrease followed two years of increases, 8.2% in 2001 and 23.1% in 2000. Between 2000 and 2002, investments by this sector totalled \$21.9 billion. This represents \$1.68 of investments per dollar of operating profits generated by the sector during that period and 23.0% of its operating revenues.

The wireline segment decreased total investment by 20.6%. The 34.9% decrease in machinery and equipment more than offset the 22.9% increase in construction.

On the other hand, total investment in the wireless segment increased by 2.0% in 2002, driven by the 123.7% increase in construction investment. This in turn caused the share of total investments going into the wireless network to increase in 2002. That share went from 23.8% in 2001 to 29.6% in 2002.

The telecommunications sector had declining employment and labour costs

The number of persons working in the industry fell 5.7% to 91,769 in 2002. Part-time workers represented 11.7% of the sectors workforce compared to 12.8% in 2001, 13.8% in 2000 and 13.4% in 1999. This decrease in part-time employment combined with a loss of 4.6% in full time employment resulted into an overall decrease of 5.4% in the full-time equivalent (FTE) workforce level.

Average labour costs per FTE employee increased by 7.4% to \$71,980 per employee for the telecommunications industry, driven by an increase 6.0% to \$73,743 in the wireline segment and a 20.2% increase to \$65,299 in the wireless segment.

2. The number of access paths to the public switched telephone network (PSTN) provides an indication of the level of connectivity of Canadian households, businesses and institutions. A broader measure of connectivity would include Internet access.

Labour expenses as a share of total operating expenses in the telecommunications sector remained around 21.7%. The wireline segments share fell marginally to 24.3% from 24.5% while the wireless segment's share increase to 13.8 % from 12.6%. The labour expense share for the reseller and satellite and other telecommunications segments also fell, 16.5% from 17.4% for resellers; and 16.4% from 18.3% for the satellite and other telecommunications segment.

The financial performance of telecommunications operators varied by province

In 2002, operating revenues increased at a rate above the 2.5% national average in Newfoundland and Labrador, Quebec, Manitoba, Saskatchewan, Alberta and British Columbia. Nova Scotia, New Brunswick, and Ontario all experienced declining operating revenues, with Ontario experiencing the largest absolute decline.

The 4.6 point increase of the operating profit margin (10.6% in 2002 compared to 6.0% in 2001) generated by Ontario operations was the largest of any province. The upturn can be attributed to the 6.3% reduction of operating expenses. Despite the improvement, Ontario's operating profit margin remained below the national average of 13.8%. Alberta experienced the largest decline in profit margin, going from 23.4% in 2001 to 6.4% in 2002.

Nationally, labour costs rose by 1.5% and the largest increases were experienced in Saskatchewan (14.5%) and Manitoba (10.4%). Total employment in the telecommunication sector decreased by 5.7%, with all provinces except Manitoba contributing to this trend.

Labour costs as a percent of operating revenue fell marginally to 18.7% in 2002 from 18.8% in 2001. The largest decline occurred in Newfoundland and Labrador to 14.7% from 17.1%. The next largest decline occurred in Quebec which reduced this ratio to 16.1% from 17.1%. At the other end of the spectrum, Saskatchewan increased its ratio to 29.0% from 26.2%, followed by New Brunswick which increased its ratio to 19.6% from 18.6%.

Recent trends

Operating profits in the telecommunications sector increased 23.0% in 2003 over 2002. This increase occurred even though operating revenue decreased slightly by 0.4% because operating expenses decreased by 4.2%. The wireless sector continued to drive the increased profitability as operating profits were 54.6% higher in 2003 than 2002.

The decline in wireline connections to the PSTN first experienced in 2002, continued in 2003 with a 1.3% decrease. The number of wireless subscribers continued its upward trend, increasing by 11.5% in 2003. Wireless subscribers continue towards digitization with over 84.0% of all wireless subscribers being digital at the end of 2003, up from around 77.0% at the end of 2002. This increase in wireless subscribers resulted in an increase in total teledensity to 104.6 access paths per 100 persons.

In 2003, investments in the telecommunications industry decreased by 14.9%. The decline would have been larger if not for the increase of 16.3% in the fourth quarter 2003 over the fourth quarter 2002. This was the first quarter over quarter increase since fourth quarter 2001.

Statistics Canada publishes updated information on this sector on a quarterly basis in the Daily (www.statcan.ca). Detailed results are presented in publication 56-002 XIE – Quarterly Telecommunications Statistics.

History of Survey

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

Significant technological innovations and deregulation in recent years led to the introduction of many new services and service providers necessitating changes to the 'Telephone survey', designed in 1971. The Annual Survey of

Telecommunications Service Providers was introduced in 1997 in response to these changes. The new survey focuses on providing meaningful measures of the telecommunications industry's financial performance as well as aspects of the industry's network infrastructure. In addition, statistical changes such as the introduction of the North American Industry Classification System (NAICS) and the need to harmonise the redesigned annual survey with a new quarterly survey has had an impact on the nature of the data collected.

About the data

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

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

A complete description of the survey's underlying concepts and methodology is available on Statistics Canada's web site (www.statcan.ca) under Statistical methods / Surveys / Annual Survey of Telecommunications.

For more information

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

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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

Table 1. Key operating indicators, by NAICS telecommunications industries, 2002

	5171	5172	5173	5174/9	517
Income statement					
					(\$ 000)
Operating revenue	24,663,698	7,211,298	658,638	666,143	33,199,777
Operating expenses	21,095,456	6,317,283	610,431	580,624	28,603,794
Operating profit	3,568,242	894,015	48,207	85,519	4,595,983
Operating profit margin (%)	14.5	12.4	7.3	12.8	13.8
Non-operating revenues and expenses					
Investment income	830,056	1,294	701	50,767	882,818
Gains (losses) from asset sales, for exchange, etc.	(61,949)	7,455	15,805	4,700	(33,989)
Interest expense	(2,211,764)	(281,377)	(26,301)	(45,474)	(2,564,916)
Write-offs and valuation adjustments	(1,695,549)	(492,386)	-	(13,683)	(2,201,618)
Other non-operating revenues and expenses	(331,920)	2,564	(7,226)	(7,056)	(343,638)
Other non-operating revenues and expenses - Total	(3,471,126)	(762,450)	(17,021)	(10,746)	(4,261,343)
Income tax	(993,873)	(138,388)	(5,440)	(30,754)	(1,168,455)
Net income (losses)	(896,757)	(6,823)	25,746	44,019	(833,815)
Balance sheet					
Assets	55,657,952	9,729,698	386,191	2,895,354	68,669,195
Liabilities	35,946,604	7,761,744	420,694	1,922,615	46,051,657
Equity	19,711,348	1,967,954	(34,503)	972,739	22,617,538
Employment					
					(persons)
Full-time	65,719	12,195	1,794	1,352	81,060
Part-time	7,950	2,527	201	31	10,709
Total	73,669	14,722	1,995	1,383	91,769
Total full-time equivalent employees	69,575	13,309	1,854	1,357	86,071
Labour expenses					
					(\$ 000)
Full-time	4,846,349	796,322	97,307	94,705	5,834,683
Part-time	284,343	72,736	3,263	353	360,695
Total	5,130,692	869,058	100,570	95,058	6,195,378
Average full-time remuneration (salaries, wages and benefits)	73,743	65,299	54,240	70,048	71,980
Average part-time remuneration	35,766	28,784	16,234	11,387	33,681
Revenue per employee (FTE)	354,491	541,836	355,252	490,894	385,725
Capital expenditures					
Construction	1,654,857	739,592	x	x	2,399,039
Machinery and equipment	2,673,705	1,194,949	x	x	4,131,301
Total	4,328,562	1,934,541	x	x	6,530,340
Wireline network					
					(#)
PSTN access lines	19,429,471	...	...	...	19,429,471
PSTN access lines (VGE)	20,456,287	...	...	...	20,456,287
PSTN access lines per 100 persons (VGE)					65.1
Mobile telephony					
					(subscribers)
Digital	...	9,180,837	...	...	9,180,837
Analogue	...	2,691,213	...	...	2,691,213
Total	...	11,872,050	...	...	11,872,050
Mobile telephony subscribers per 100 persons					37.8
PSTN access paths					
					(fixed or mobile)
Total					31,301,521
Total (VGE)					32,328,337
Teledensity (VGE per 100 inhabitants)					102.9

Table 2. Key operating indicators, telecommunications (NAICS 517), 1999-2002

	1999	2000	2001	2002	2000 / 1999	2001 / 2000	2002 / 2001
Income statement	(\$ 000)				(%)		
Operating revenue	28,886,184	30,661,227	32,404,226	33,199,777	6.1	5.7	2.5
Operating expenses	24,958,056	26,393,004	28,252,501	28,603,794	5.7	7.0	1.2
Operating profit	3,928,128	4,268,223	4,151,725	4,595,983	8.7	(2.7)	10.7
Operating profit margin (%)	13.6	13.9	12.8	13.8	2.2	(7.9)	7.8
Non-operating revenues and expenses							
Investment income	523,474	689,416	2,826,717	882,818	31.7	310.0	(68.8)
Gains (losses) from asset sales, for exchange, etc.	82,419	(86,710)	(194,868)	(33,989)	(205.2)	(124.7)	82.6
Interest expense	(2,052,921)	(2,496,215)	(2,729,909)	(2,564,916)	(21.6)	(9.4)	6.0
Write-offs and valuation adjustments	(360,855)	(181,113)	(1,416,449)	(2,201,618)	49.8	(682.1)	(55.4)
Other non-operating revenues and expenses	(72,517)	449,422	(395,949)	(343,638)	719.7	(188.1)	13.2
Other non-operating revenues and expenses - Total	(1,880,400)	(1,625,200)	(1,910,458)	(4,261,343)	13.6	(17.6)	(123.1)
Income tax	(1,219,951)	(1,698,709)	(1,337,602)	(1,168,455)	(39.2)	21.3	12.6
Net income (losses)	827,777	944,314	903,665	(833,815)	14.1	(4.3)	(192.3)
Balance sheet							
Assets	50,856,010	67,906,829	70,128,273	68,669,195	33.5	3.3	(2.1)
Liabilities	36,934,262	46,580,172	49,213,658	46,051,657	26.1	5.7	(6.4)
Equity	13,921,748	21,326,657	20,914,615	22,617,538	53.2	(1.9)	8.1
Employment	(persons)						
Full-time	80,682	82,650	84,934	81,060	2.4	2.8	(4.6)
Part-time	12,537	13,264	12,412	10,709	5.8	(6.4)	(13.7)
Total	93,219	95,914	97,346	91,769	2.9	1.5	(5.7)
Total full-time equivalent employees	87,735	89,229	91,022	86,071	1.7	2.0	(5.4)
Labour expenses	(\$ 000)						
Full-time	5,513,784	5,364,261	5,693,735	5,834,683	(2.7)	6.1	2.5
Part-time	481,985	427,031	408,137	360,695	(11.4)	(4.4)	(11.6)
Total	5,995,769	5,791,292	6,101,872	6,195,378	(3.4)	5.4	1.5
Average full-time remuneration (salaries, wages and benefits)	68,340	64,903	67,037	71,980	(5.0)	3.3	7.4
Average part-time remuneration	38,445	32,195	32,882	33,681	(16.3)	2.1	2.4
Revenue per employee (FTE)	329,244	343,624	356,004	385,725	4.4	3.6	8.3
Capital expenditures							
Construction	1,565,133	2,217,274	1,706,737	2,399,039	41.7	(23.0)	40.6
Machinery and equipment	4,417,175	5,147,724	6,259,866	4,131,301	16.5	21.6	(34.0)
Total	5,982,308	7,364,998	7,966,603	6,530,340	23.1	8.2	(18.0)
Wireline network	(#)						
PSTN access lines	19,187,283	19,526,878	19,809,982	19,429,471	1.8	1.4	(1.9)
PSTN access lines (VGE)	19,623,536	20,347,014	20,805,058	20,456,287	3.7	2.3	(1.7)
PSTN access lines per 100 persons (VGE)	64.3	66.1	66.9	65.1	2.8	1.2	(2.7)
Mobile telephony	(subscribers)						
Digital	2,592,725	4,444,031	7,509,895	9,180,837	71.4	69.0	22.2
Analogue	4,305,182	4,282,605	3,138,929	2,691,213	(0.5)	(26.7)	(14.3)
Total	6,897,907	8,726,636	10,648,824	11,872,050	26.5	22.0	11.5
Mobile telephony subscribers per 100 persons	22.6	28.3	34.2	37.8	25.2	20.8	10.5
PSTN access paths	(fixed or mobile)						
Total	26,085,190	28,253,514	30,458,806	31,301,521	8.3	7.8	2.8
Total (VGE)	26,521,443	29,073,650	31,453,882	32,328,337	9.6	8.2	2.8
Teledensity (VGE per 100 inhabitants)	86.9	94.4	101.1	102.9	8.6	7.1	1.8

Table 3. Key operating indicators, wireline telecommunications (NAICS 5171), 1999-2002

	1999	2000	2001	2002	2000 / 1999	2001 / 2000	2002 / 2001
Income statement							
	(\$ 000)				(%)		
Operating revenue	22,823,457	23,990,815	25,038,183	24,663,698	5.1	4.4	(1.5)
Operating expenses	18,630,395	19,398,293	20,714,465	21,095,456	4.1	6.8	1.8
Operating profit	4,193,062	4,592,522	4,323,718	3,568,242	9.5	(5.9)	(17.5)
Operating profit margin (%)	18.4	19.1	17.3	14.5	3.8	(9.4)	(16.2)
Non-operating revenues and expenses							
Investment income	499,322	656,107	2,770,065	830,056	31.4	322.2	(70.0)
Gains (losses) from asset sales, for exchange, etc.	77,052	(50,483)	(210,224)	(61,949)	(165.5)	(316.4)	70.5
Interest expense	(1,430,307)	(1,766,917)	(2,170,006)	(2,211,764)	(23.5)	(22.8)	(1.9)
Write-offs and valuation adjustments	(309,547)	(122,252)	(1,081,546)	(1,695,549)	60.5	(784.7)	(56.8)
Other non-operating revenues and expenses	26,552	349,339	(224,224)	(331,920)	1,215.7	(164.2)	(48.0)
Other non-operating revenues and expenses - Total	(1,136,928)	(934,206)	(915,935)	(3,471,126)	17.8	2.0	(279.0)
Income tax	(1,252,401)	(1,681,679)	(1,214,953)	(993,873)	(34.3)	27.8	18.2
Net income (losses)	1,803,733	1,976,637	2,192,830	(896,757)	9.6	10.9	(140.9)
Balance sheet							
Assets	41,289,708	57,424,326	55,462,755	55,657,952	39.1	(3.4)	0.4
Liabilities	26,952,736	34,737,706	38,397,081	35,946,604	28.9	10.5	(6.4)
Equity	14,336,972	22,686,620	17,065,674	19,711,348	58.2	(24.8)	15.5
Employment							
	(persons)						
Full-time	65,030	66,181	68,418	65,719	1.8	3.4	(3.9)
Part-time	9,116	9,840	9,135	7,950	7.9	(7.2)	(13.0)
Total	74,146	76,021	77,553	73,669	2.5	2.0	(5.0)
Total full-time equivalent employees	70,657	70,851	73,008	69,575	0.3	3.0	(4.7)
Labour expenses							
	(\$ 000)						
Full-time	4,603,733	4,450,042	4,758,567	4,846,349	(3.3)	6.9	1.8
Part-time	398,364	313,989	319,238	284,343	(21.2)	1.7	(10.9)
Total	5,002,097	4,764,031	5,077,805	5,130,692	(4.8)	6.6	1.0
Average full-time remuneration (salaries, wages and benefits)	70,794	67,240	69,551	73,743	(5.0)	3.4	6.0
Average part-time remuneration	43,699	31,909	34,947	35,766	(27.0)	9.5	2.3
Revenue per employee (FTE)	323,018	338,609	342,951	354,491	4.8	1.3	3.4
Capital expenditures							
Construction	1,170,679	1,308,028	1,346,894	1,654,857	11.7	3.0	22.9
Machinery and equipment	3,087,993	3,681,873	4,104,819	2,673,705	19.2	11.5	(34.9)
Total	4,258,672	4,989,901	5,451,713	4,328,562	17.2	9.3	(20.6)
Wireline network							
	(#)						
PSTN access lines	19,187,283	19,526,878	19,809,982	19,429,471	1.8	1.4	(1.9)
PSTN access lines (VGE)	19,623,536	20,347,014	20,805,058	20,456,287	3.7	2.3	(1.7)
PSTN access lines per 100 persons (VGE)	64.3	66.1	66.9	65.1	2.8	1.2	(2.7)

Table 4. Key operating indicators, wireless telecommunications (NAICS 5172), 1999-2002

	1999	2000	2001	2002	1999 / 2000	2000 / 2001	2001 / 2002
Income statement							
	(\$ 000)				(%)		
Operating revenue	4,573,894	5,369,769	5,970,199	7,211,298	17.4	11.2	20.8
Operating expenses	4,666,184	5,590,813	6,058,264	6,317,283	19.8	8.4	4.3
Operating profit	(92,290)	(221,044)	(88,065)	894,015	(139.5)	60.2	1,115.2
Operating profit margin (%)	(2.0)	(4.1)	(1.5)	12.4	(105.0)	63.4	926.7
Non-operating revenues and expenses							
Investment income	17,546	12,747	44,384	1,294	(27.4)	248.2	(97.1)
Gains (losses) from asset sales, for exchange, etc.	2,880	(33,728)	(6,986)	7,455	(1,271.1)	79.3	206.7
Interest expense	(582,588)	(675,456)	(509,151)	(281,377)	(15.9)	24.6	44.7
Write-offs and valuation adjustments	(45,834)	(22)	(86,132)	(492,386)	100.0	(391,409.1)	(471.7)
Other non-operating revenues and expenses	(78,536)	134,929	(157,233)	2,564	271.8	(216.5)	101.6
Other non-operating revenues and expenses - Total	(686,532)	(561,530)	(715,118)	(762,450)	18.2	(27.4)	(6.6)
Income tax	(10,901)	(25,986)	(137,680)	(138,388)	(138.4)	(429.8)	(0.5)
Net income (losses)	(789,723)	(808,560)	(940,863)	(6,823)	(2.4)	(16.4)	99.3
Balance sheet							
Assets	7,184,639	7,879,432	11,614,608	9,729,698	9.7	47.4	(16.2)
Liabilities	8,186,787	9,946,713	8,316,101	7,761,744	21.5	(16.4)	(6.7)
Equity	(1,002,148)	(2,067,281)	3,298,507	1,967,954	(106.3)	259.6	(40.3)
Employment							
	(persons)						
Full-time	11,103	11,648	12,480	12,195	4.9	7.1	(2.3)
Part-time	2,962	3,094	3,043	2,527	4.5	(1.6)	(17.0)
Total	14,065	14,742	15,523	14,722	4.8	5.3	(5.2)
Total full-time equivalent employees	12,308	13,528	14,040	13,309	9.9	3.8	(5.2)
Labour expenses							
	(\$ 000)						
Full-time	696,292	655,880	678,087	796,322	(5.8)	3.4	17.4
Part-time	75,573	105,875	84,742	72,736	40.1	(20.0)	(14.2)
Total	771,865	761,755	762,829	869,058	(1.3)	0.1	13.9
Average full-time remuneration (salaries, wages and benefits)	62,712	56,308	54,334	65,299	(10.2)	(3.5)	20.2
Average part-time remuneration	25,514	34,219	27,848	28,784	34.1	(18.6)	3.4
Revenue per employee (FTE)	371,620	396,937	425,228	541,836	6.8	7.1	27.4
Capital expenditures							
Construction	214,484	641,217	330,625	739,592	199.0	(48.4)	123.7
Machinery and equipment	1,159,571	1,364,445	1,565,336	1,194,949	17.7	14.7	(23.7)
Total	1,374,055	2,005,662	1,895,961	1,934,541	46.0	(5.5)	2.0
Mobile telephony							
	(subscribers)						
Digital	2,592,005	4,444,031	7,509,895	9,180,837	71.5	69.0	22.2
Analogue	4,318,313	4,282,605	3,138,929	2,691,182	(0.8)	(26.7)	(14.3)
Total	6,910,318	8,726,636	10,648,824	11,872,019	26.3	22.0	11.5
Mobile telephony subscribers per 100 persons	22.6	28.3	34.2	37.8	25.2	20.8	10.5

Table 5. Key operating indicators, reseller telecommunications (NAICS 5173), 1999-2002

	1999	2000	2001	2002	2000 / 1999	2001 / 2000	2002 / 2001
Income statement	(\$ 000)				(%)		
Operating revenue	963,502	843,249	868,364	658,638	(12.5)	3.0	(24.2)
Operating expenses	1,188,493	977,545	988,963	610,431	(17.7)	1.2	(38.3)
Operating profit	(224,991)	(134,296)	(120,599)	48,207	40.3	10.2	140.0
Operating profit margin (%)	(23.4)	(15.9)	(13.9)	7.3	32.1	12.6	152.5
Non-operating revenues and expenses							
Investment income	3,909	18,654	10,973	701	377.2	(41.2)	(93.6)
Gains (losses) from asset sales, for exchange, etc.	384	(1,859)	22,225	15,805	(584.1)	1,295.5	(28.9)
Interest expense	(21,200)	(39,389)	(30,407)	(26,301)	(85.8)	22.8	13.5
Write-offs and valuation adjustments	(306)	(8,363)	(245,219)	-	(2,633.0)	(2,832.2)	100.0
Other non-operating revenues and expenses	(17,561)	(15,266)	(10,122)	(7,226)	13.1	33.7	28.6
Other non-operating revenues and expenses - Total	(34,774)	(46,223)	(252,550)	(17,021)	(32.9)	(446.4)	93.3
Income tax	80,499	(6,127)	24,686	(5,440)	(107.6)	502.9	(122.0)
Net income (losses)	(179,266)	(186,646)	(348,463)	25,746	(4.1)	(86.7)	107.4
Balance sheet							
Assets	865,018	1,163,847	548,963	386,191	34.5	(52.8)	(29.7)
Liabilities	813,814	834,809	676,499	420,694	2.6	(19.0)	(37.8)
Equity	51,204	329,038	(127,536)	(34,503)	542.6	(138.8)	72.9
Employment	(persons)						
Full-time	3,146	3,626	2,748	1,794	15.3	(24.2)	(34.7)
Part-time	439	293	200	201	(33.3)	(31.7)	0.5
Total	3,585	3,919	2,948	1,995	9.3	(24.8)	(32.3)
Total full-time equivalent employees	3,336	3,754	2,800	1,854	12.5	(25.4)	(33.8)
Labour expenses	(\$ 000)						
Full-time	117,822	174,385	168,408	97,307	48.0	(3.4)	(42.2)
Part-time	7,116	6,176	3,198	3,263	(13.2)	(48.2)	2.0
Total	124,938	180,561	171,606	100,570	44.5	(5.0)	(41.4)
Average full-time remuneration (salaries, wages and benefits)	37,451	48,093	61,284	54,240	28.4	27.4	(11.5)
Average part-time remuneration	16,210	21,078	15,990	16,234	30.0	(24.1)	1.5
Revenue per employee (FTE)	288,820	224,627	310,130	355,252	(22.2)	38.1	14.5
Capital expenditures							
Construction	x	x	x	x	x	x	x
Machinery and equipment	x	x	x	x	x	x	x
Total	140,196	101,447	x	x	(27.6)	x	x

Table 6. Key operating indicators, satellite and other telecommunications (NAICS 5174/9), 1999-2002

	1999	2000	2001	2002	2000 / 1999	2001 / 2000	2002 / 2001
Income statement	(\$ 000)				(%)		
Operating revenue	525,331	457,394	527,480	666,143	(12.9)	15.3	26.3
Operating expenses	472,984	426,353	490,809	580,624	(9.9)	15.1	18.3
Operating profit	52,347	31,041	36,671	85,519	(40.7)	18.1	133.2
Operating profit margin (%)	10.0	6.8	7.0	12.8	(32.0)	2.9	82.9
Non-operating revenues and expenses							
Investment income	2,697	1,908	1,295	50,767	(29.3)	(32.1)	3,820.2
Gains (losses) from asset sales, for exchange, etc.	2,103	(640)	117	4,700	(130.4)	(118.3)	3,917.1
Interest expense	(18,826)	(14,453)	(20,345)	(45,474)	(23.2)	40.8	123.5
Write-offs and valuation adjustments	(5,168)	(50,476)	(3,552)	(13,683)	876.7	(93.0)	285.2
Other non-operating revenues and expenses	(2,972)	(19,580)	(4,370)	(7,056)	558.8	(77.7)	61.5
Other non-operating revenues and expenses - Total	(22,166)	(83,241)	(26,855)	(10,746)	275.5	(67.7)	(60.0)
Income tax	(37,148)	15,083	(9,655)	(30,754)	(140.6)	(164.0)	218.5
Net income (losses)	(6,967)	(37,117)	161	44,019	432.8	(100.4)	27,241.0
Balance sheet							
Assets	1,516,645	1,439,224	2,501,947	2,895,354	(5.1)	73.8	15.7
Liabilities	980,925	1,060,944	1,823,977	1,922,615	8.2	71.9	5.4
Equity	535,720	378,280	677,970	972,739	(29.4)	79.2	43.5
Employment	(persons)						
Full-time	1,403	1,195	1,288	1,352	(14.8)	7.8	5.0
Part-time	20	37	34	31	85.0	(8.1)	(8.8)
Total	1,423	1,232	1,322	1,383	(13.4)	7.3	4.6
Total full-time equivalent employees	1,417	1,209	1,302	1,357	(14.7)	7.7	4.2
Labour expenses	(\$ 000)						
Full-time	95,937	83,954	88,673	94,705	(12.5)	5.6	6.8
Part-time	932	991	959	353	6.3	(3.2)	(63.2)
Total	96,869	84,945	89,632	95,058	(12.3)	5.5	6.1
Average full-time remuneration (salaries, wages and benefits)	68,380	70,254	68,845	70,048	2.7	(2.0)	1.7
Average part-time remuneration	46,600	26,784	28,206	11,387	(42.5)	5.3	(59.6)
Revenue per employee (FTE)	370,735	378,324	405,131	490,894	2.0	7.1	21.2
Capital expenditures							
Construction	x	x	x	x	x	x	x
Machinery and equipment	x	x	x	x	x	x	x
Total	209,385	267,988	x	x	28.0	x	x

Table 7. Profit and loss statement, by province, telecommunications (NAICS 517), 2002

	Newfoundland and Labrador	Prince Edward Island	Nova Scotia	New Brunswick	Québec	Ontario
Establishments	3	2	7	4	45	77
	(\$ 000)					
Operating revenues						
Wholesale (carrier) services	16,160	4,321	x	25,948	1,316,744	893,146
Local telephony	x	x	304,303	251,791	2,491,852	4,598,862
Long distance telephony	x	19,581	155,962	131,051	1,068,811	2,688,595
Data and high speed services	x	x	x	x	700,269	1,166,690
Other telecommunications services n.e.c.	x	x	191,286	x	1,284,072	2,620,830
Telecommunications operating revenues	x	x	706,074	x	6,861,748	11,968,123
Other operating revenues	x	x	124,126	x	942,928	2,067,456
Total - Operating revenues	627,776	x	830,200	674,808	7,804,676	14,035,579
Operating expenses						
Telecommunications operating expenses	x	x	578,154	462,802	5,960,849	11,202,077
Other operating expenses	x	x	45,942	35,008	570,695	1,349,388
Total - Operating expenses	535,552	x	624,096	497,810	6,531,544	12,551,465
Operating profit	92,224	x	206,104	176,998	1,273,132	1,484,114
(%)	14.7	x	24.8	26.2	16.3	10.6
Capital expenditures						
Construction	14,348	x	29,316	55,644	459,972	959,610
Machinery and equipment	x	x	138,876	144,281	676,133	1,867,463
Total - Capital expenditures	x	14,260	168,192	199,925	1,136,105	2,827,073
% of operating revenues	x	x	20.3	29.6	14.6	20.1
Employment	(persons)					
Full-time	x	x	2,587	x	16,961	29,494
Part-time	x	x	20	x	2,794	4,761
Total - Employment	1,601	x	2,607	2,243	19,755	34,255
Labour expenses	(\$ 000)					
Salaries and wages	85,890	x	141,561	x	1,112,939	2,137,507
Benefits	6,510	x	13,604	x	140,785	242,264
Total - Labour expenses	92,400	x	155,165	132,381	1,253,724	2,379,771
% of operating revenues	14.7	x	18.7	19.6	16.1	17.0
Wireless subscribers	(#)					
Total - Mobile telephony	119,917	x	333,786	221,543	2,422,773	5,049,773
Total - Paging	10,821	3,183	27,220	18,811	686,843	766,709
Total - Other	x	x	x	x	55,114	85,189
Switches	x	x	x	x	x	304
Cell sites (Mobile telephony)	x	x	x	x	1,457	2,521
Population	(persons)					
	531,595	139,913	944,765	756,652	7,455,208	12,068,301

Table 7. (continued)

Manitoba	Saskatchewan	Alberta	British Columbia	Yukon, Nunavut, Northwest Territories	Canada	
6	6	15	21	5	191	Establishments
(\$ 000)						
x	x	x	324,960	x	3,157,214	Operating revenues
460,483	325,358	1,370,053	1,562,021	x	11,586,126	Wholesale (carrier) services
179,111	160,675	614,479	732,124	x	6,052,510	Local telephony
x	x	x	45,363	x	2,074,496	Long distance telephony
76,485	120,439	470,002	434,527	x	5,512,703	Data and high speed services
872,938	x	2,785,485	3,098,995	x	28,383,049	Other telecommunications services n.e.c.
78,832	x	484,673	765,305	x	4,816,728	Telecommunications operating revenues
951,770	885,754	3,270,158	3,864,300	x	33,199,777	Other operating revenues
						Total - Operating revenues
709,312	x	2,775,276	2,933,957	x	25,991,256	Operating expenses
16,589	x	286,422	223,975	x	2,612,538	Telecommunications operating expenses
725,901	729,361	3,061,698	3,157,932	x	28,603,794	Other operating expenses
						Total - Operating expenses
225,869	156,393	208,460	706,368	x	4,595,983	Operating profit
23.7	17.7	6.4	18.3	x	13.8	(%)
33,559	11,223	528,788	300,472	x	2,399,032	Capital expenditures
131,784	137,252	457,808	443,140	x	4,131,308	Construction
165,343	148,475	986,596	743,612	x	6,530,340	Machinery and equipment
17.4	16.8	30.2	19.2	x	19.7	Total - Capital expenditures
						% of operating revenues
(persons)						Employment
3,312	4,288	8,693	11,070	x	81,060	Full-time
50	363	1,693	951	x	10,709	Part-time
3,362	4,651	10,386	12,021	x	91,769	Total - Employment
(\$ 000)						Labour expenses
193,758	227,714	581,183	834,972	x	5,487,317	Salaries and wages
17,900	29,265	98,989	144,183	x	708,061	Benefits
211,658	256,979	680,172	979,155	x	6,195,378	Total - Labour expenses
22.2	29.0	20.8	25.3	x	18.7	% of operating revenues
(#)						Wireless subscribers
397,430	350,256	1,456,901	1,474,280	x	11,872,050	Total - Mobile telephony
x	4,564	94,819	140,544	x	1,781,178	Total - Paging
11,117	x	18,632	21,118	x	227,821	Total - Other
75	x	x	433	x	4,103	Switches
542	x	x	1,447	x	8,500	Cell sites (Mobile telephony)
(persons)						Population
1,150,848	1,011,808	3,113,586	4,141,272	100,042	31,413,990	

Table 8. Profit and loss statement, by province, by industry, 2002

	Newfoundland and Labrador	Prince Edward Island	Nova Scotia	New Brunswick	Québec	Ontario
(\$ 000)						
Total operating revenues						
Wireline (5171)	311,358	x	640,687	x	6,176,536	10,374,038
Wireless (5172)	x	x	171,730	x	1,491,452	3,028,271
Other (5173/4/9)	x	-	17,783	x	136,688	633,270
Total 517	627,776	x	830,200	674,808	7,804,676	14,035,579
Total operating expenses						
Wireline (5171)	237,698	x	505,955	x	5,247,241	8,948,274
Wireless (5172)	x	x	108,159	x	1,171,418	3,070,655
Other (5173/4/9)	x	-	9,982	x	112,885	532,536
Total 517	535,552	x	624,096	497,810	6,531,544	12,551,465
Operating profit						
Wireline (5171)	73,660	x	134,732	x	929,295	1,425,764
Wireless (5172)	x	x	63,571	x	320,034	(42,384)
Other (5173/4/9)	x	-	7,801	x	23,803	100,734
Total 517	92,224	x	206,104	176,998	1,273,132	1,484,114
(%)						
Operating profit margin						
Wireline (5171)	23.7	x	21.0	x	15.0	13.7
Wireless (5172)	x	x	37.0	x	21.5	(1.4)
Other (5173/4/9)	x	-	43.9	x	17.4	15.9
Total 517	14.7	x	24.8	26.2	16.3	10.6

Table 8. (continued)

Manitoba	Saskatchewan	Alberta	British Columbia	Yukon, Nunavut Northwest Territories	Canada	
(\$ 000)						
x	x	2,249,479	2,756,035	x	24,663,698	Total operating revenues
x	194,623	943,211	942,734	x	7,211,298	Wireline (5171)
x	x	77,468	165,531	x	1,324,781	Wireless (5172)
951,770	885,754	3,270,158	3,864,300	x	33,199,777	Other (5173/4/9)
						Total 517
(\$ 000)						
x	x	2,194,542	2,224,186	x	21,095,456	Total operating expenses
132,019	x	790,688	764,324	x	6,317,283	Wireline (5171)
x	x	76,468	169,422	x	1,191,055	Wireless (5172)
725,901	729,361	3,061,698	3,157,932	x	28,603,794	Other (5173/4/9)
						Total 517
(\$ 000)						
x	x	54,937	531,849	x	3,568,242	Operating profit
x	x	152,523	178,410	x	894,015	Wireline (5171)
x	x	1,000	(3,891)	x	133,726	Wireless (5172)
225,869	156,393	208,460	706,368	x	4,595,983	Other (5173/4/9)
						Total 517
(%)						
x	x	2.4	19.3	x	14.5	Operating profit margin
x	x	16.2	18.9	x	12.4	Wireline (5171)
x	x	1.3	(2.4)	x	10.1	Wireless (5172)
23.7	17.7	6.4	18.3	x	13.8	Other (5173/4/9)
						Total 517

Table 9. Profit and loss statement, by province, telecommunications (NAICS 517), 2001-2002

	Newfoundland and Labrador	Prince Edward Island	Nova Scotia	New Brunswick	Québec	Ontario
(\$ 000)						
Total operating revenues						
2002	627,776	x	830,200	674,808	7,804,676	14,035,579
% of total	1.9	x	2.5	2.0	23.5	42.3
2001	493,062	x	855,949	679,906	7,576,207	14,249,053
% of total	1.5	x	2.6	2.1	23.4	44.0
% change	27.3	x	(3.0)	(0.7)	3.0	(1.5)
Total operating expenses						
2002	535,552	x	624,096	497,810	6,531,544	12,551,465
% of total	1.9	x	2.2	1.7	22.8	43.9
2001	400,389	x	652,061	504,350	6,629,414	13,390,014
% of total	1.4	x	2.3	1.8	23.5	47.4
% change	33.8	x	(4.3)	(1.3)	(1.5)	(6.3)
Operating profit						
2002	92,224	x	206,104	176,998	1,273,132	1,484,114
% of total	2.0	x	4.5	3.9	27.7	32.3
2001	92,673	x	203,888	175,556	946,793	859,039
% of total	2.2	x	4.9	4.2	22.8	20.7
% change	(0.5)	x	1.1	0.8	34.5	72.8
Operating profit margin (%)						
2002	14.7	x	24.8	26.2	16.3	10.6
2001	18.8	x	23.8	25.8	12.5	6.0
% change	(21.8)	x	4.2	1.6	30.4	76.7
Capital expenditures						
2002	x	14,260	168,192	199,925	1,136,105	2,827,073
% of total	x	0.2	2.6	3.1	17.4	43.3
2001	x	15,904	197,838	179,839	1,689,247	3,688,004
% of total	x	0.2	2.5	2.3	21.2	46.3
% change	x	(10.3)	(15.0)	11.2	(32.7)	(23.3)
Total employment						
2002	1,601	x	2,607	2,243	19,755	34,255
% of total	1.7	x	2.8	2.4	21.5	37.3
2001	x	x	2,904	x	20,167	37,495
% of total	x	x	3.0	x	20.7	38.5
% change	x	x	(10.2)	x	(2.0)	(8.6)
Total labour expenses						
2002	92,400	x	155,165	132,381	1,253,724	2,379,771
% of total	1.5	x	2.5	2.1	20.2	38.4
2001	84,526	x	157,124	126,744	1,298,812	2,438,170
% of total	1.4	x	2.6	2.1	21.3	40.0
% change	9.3	x	(1.2)	4.4	(3.5)	(2.4)
Labour expenses % of operating revenue						
2002	14.7	x	18.7	19.6	16.1	17.0
2001	17.1	x	18.4	18.6	17.1	17.1
% change	(14.1)	x	1.8	5.2	(6.3)	(0.9)

Table 9. (continued)

Manitoba	Saskatchewan	Alberta	British Columbia	Yukon, Nunavut, Northwest Territories	Canada	
(\$ 000)						
						Total operating revenues
951,770	885,754	3,270,158	3,864,300	x	33,199,777	2002
2.9	2.7	9.8	11.6	x	100.0	% of total
884,713	855,994	3,073,469	3,480,650	x	32,404,226	2001
2.7	2.6	9.5	10.7	x	100.0	% of total
7.6	3.5	6.4	11.0	x	2.5	% change
						Total operating expenses
725,901	729,361	3,061,698	3,157,932	x	28,603,794	2002
2.5	2.5	10.7	11.0	x	100.0	% of Total
674,086	709,735	2,353,968	2,748,281	x	28,252,501	2001
2.4	2.5	8.3	9.7	x	100.0	% of total
7.7	2.8	30.1	14.9	x	1.2	% change
						Operating profit
225,869	156,393	208,460	706,368	x	4,595,983	2002
4.9	3.4	4.5	15.4	x	100.0	% of total
210,627	146,259	719,501	732,369	x	4,151,725	2001
5.1	3.5	17.3	17.6	x	100.0	% of Total
7.2	6.9	(71.0)	(3.6)	x	10.7	% change
						Operating profit margin (%)
23.7	18	6.4	18.3	x	13.8	2002
23.8	17	23.4	21.0	x	12.8	2001
(0.4)	3.5	(72.6)	(12.9)	x	7.8	% change
						Capital expenditures
165,343	148,475	986,596	743,612	x	6,530,340	2002
2.5	2.3	15.1	11.4	x	100.0	% of total
67,641	109,015	934,425	955,352	x	7,966,603	2001
0.8	1.4	11.7	12.0	x	100.0	% of total
144.4	36.2	5.6	(22.2)	x	(18.0)	% change
						Total employment
3,362	4,651	10,386	12,021	x	91,769	2002
3.7	5.1	11.3	13.1	x	100.0	% of Total
3,225	x	10,835	13,637	x	97,346	2001
3.3	x	11.1	14.0	x	100.0	% of total
4.2	x	(4.1)	(11.9)	x	(5.7)	% change
						Total labour expenses
211,658	256,979	680,172	979,155	x	6,195,378	2002
3.4	4.1	11.0	15.8	x	100.0	% of Total
191,633	224,431	617,449	905,696	x	6,101,872	2001
3.1	3.7	10.1	14.8	x	100.0	% of total
10.4	14.5	10.2	8.1	x	1.5	% change
						Labour expenses % of operating revenue
22.2	29.0	20.8	25.3	x	18.7	2002
21.7	26.2	20.1	26.0	x	18.8	2001
2.7	10.7	3.5	(2.6)	x	(0.9)	% change