

Survey on Capital and Repair Expenditures Actual 2012

Reporting Guide

Introduction

1. Reports Required

- Reports should be completed for Canadian activities and locations as described on the pre-printed label.

2. Dollar Amounts and Percentages

- All dollar amounts reported should be rounded to THOUSANDS OF CANADIAN DOLLARS (e.g., \$6,555,444.00 should be rounded to \$6,555);
- Percentages should be rounded (e.g., 37%, 76%, 94%);
- Your best estimates are acceptable when precise figures are not available;
- Pre-printed cell numbers are for identification purposes only.

3. Return of Questionnaire

By Mail to: Statistics Canada,
150 Tunney's Pasture Driveway, Distribution Center - SC-0702
Ottawa, Ontario K1A 0T6

By Fax at: toll free at 1-888-883-7999

Statistics Canada advises you that there could be a risk of disclosure during the facsimile or other electronic transmission. However, upon receipt of your information, Statistics Canada will provide the guaranteed level of protection afforded all information collected under the authority of the *Statistics Act*.

4. Questions?

If you have any questions, please call us toll free at 1-877-604-7828 or by e-mail at Invest@statcan.gc.ca

Data sharing Agreements

To reduce respondent burden, Statistics Canada has entered into data-sharing agreements with provincial and territorial statistical agencies and other government organizations, which have agreed to keep the data confidential and use them only for statistical purposes. Statistics Canada will only share data from this survey with those organizations that have demonstrated a requirement to use the data.

Section 11 of the *Statistics Act* provides for the sharing of information with provincial and territorial statistical agencies that meet certain conditions. These agencies must have the legislative authority to collect the same information, on a mandatory basis, and the legislation must provide substantially the same provisions for confidentiality and penalties for disclosure of confidential information as the *Statistics Act*. Because these agencies have the legal authority to compel businesses to provide the same information, consent is not requested and businesses may not object to the sharing of the data. For this survey, there are Section 11 agreements with the provincial and territorial statistical agencies of Newfoundland and Labrador, Nova Scotia, New Brunswick, Quebec, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia, and the Yukon.

Section 12 of the *Statistics Act* provides for the sharing of information with federal, provincial or territorial government organizations. Under Section 12, you may refuse to share your information with any of these organizations by writing a letter of objection to the Chief Statistician and returning it with the completed questionnaire. Please specify the organizations with which you do not want to share your data. For this survey, there are Section 12 agreements with the statistical agencies of Prince Edward Island, the Northwest Territories and Nunavut, as well as Natural Resources Canada, Industry, Canada, Environment Canada, Newfoundland and Labrador Department of Natural Resources, Nova Scotia Department of Natural Resources, New Brunswick Department of Natural Resources, Ontario Ministry of Northern Development, Mines and Forestry, Manitoba Department of Innovation, Energy and Mines, British Columbia Ministry of Energy, and British Columbia Ministry of Forests, Mines and Lands. The agreements we have with these agencies require that they keep the information confidential and use it only for statistical and research purposes.

Further to the section 12 agreement with the Saskatchewan Department of Energy and Resources, Statistics Canada is collecting the information for itself pursuant to the *Statistics Act* and on behalf of the Saskatchewan Department of Energy and Resources pursuant to The Mineral Resources Act (Saskatchewan). In this case, respondents do not have the right to object to sharing their information since the party to the Agreement is authorized by law to require the respondent to provide the information.

For agreements with provincial and territorial government organizations, the shared data will be limited to information pertaining to business establishments located within the jurisdiction of the respective province or territory.

Record linkages

To enhance the data from this survey, Statistics Canada may combine it with information from other surveys or from administrative sources.

Pre-Printed Label

Type of Ownership

- Private** – less than 50% of the voting rights are controlled by the government
Public – more than 50% of the voting rights are controlled by the government
 – specify Federal, Provincial or Municipal

Fiscal Year End

For the purpose of this survey, please report information for your **12 month fiscal period** for which the **FINAL DAY** occurs on or between April 1, 2012 - March 31, 2013.

The following are acceptable report periods for **2012**:

| | |
|--------------------------------|---------------------------------|
| May 2011 - April 2012 (04/12) | Nov. 2011 - Oct. 2012 (10/12) |
| June 2011 - May 2012 (05/12) | Dec. 2011 - Nov. 2012 (11/12) |
| July 2011 - June 2012 (06/12) | Jan. 2012 - Dec. 2012 (12/12) |
| Aug. 2011 - July 2012 (07/12) | Feb. 2012 - Jan. 2013 (01/13) |
| Sept. 2011 - Aug. 2012 (08/12) | March 2012 - Feb. 2013 (02/13) |
| Oct. 2011 - Sept. 2012 (09/12) | April 2012 - March 2013 (03/13) |

Definitions

What are Capital Expenditures?

Capital Expenditures are the **gross expenditures** on fixed assets for use in the operations of your organization or for lease or rent to others.

- Include:**
- Cost of all new buildings, engineering, machinery and equipment which normally have a life of more than one year and are charged to fixed asset accounts
 - Modifications, acquisitions and major renovations
 - Capital costs such as feasibility studies, architectural, legal, installation and engineering fees
 - Subsidies
 - Capitalized interest charges on loans with which capital projects are financed
 - Work done by own labour force
 - Acquisitions to work in progress

How to Treat Leases

Include assets acquired for lease to others, either as a capital, financial or as an operating lease

Exclude assets acquired as a lessee through either a capital, financial or an operating lease from others

Information for Government Departments

The following applies to government departments **only**:

- **Include** all capital expenditures without taking into account the capitalization threshold of your department;
- Grants and/or subsidies to outside entities (*e.g., municipalities, agencies, institutions or businesses*) are **not** to be **included**;
- Departments are requested to **exclude** from reported figures budgetary items pertaining to any departmental agency and proprietary crown corporation as they are surveyed separately;
- Federal departments are to report expenditures paid for by the department, regardless of which department awarded the contract;
- Provincial departments are to **include** any capital expenditures on construction (**exclude** outlays for land) or machinery and equipment, for use in Canada, financed from revolving funds, loans attached to revolving funds, other loans, the Consolidated Revenue Fund or special accounts.

Section A: Capital and Repair Expenditures

Column Headings

Asset Codes (Column 1)

Capital Expenditures are to be reported by asset type code. The code for each main asset type is located on page 5 and 6 of this guide. These codes are to be used in Section A, Column 1 and Section F, Column 7.

- If you have purchased more than one asset in a particular asset group, report them separately if they had a different expected useful life (Column 6), otherwise you may combine the data;
- The use of "Other" codes (*i.e. ending in 99*) is to be avoided, if possible. However, if an "Other" code is used, give a description of the asset on page 4 of the questionnaire;
- In Section A, construction and machinery and equipment type of assets are separated. This is not necessary in Section F;
- If more lines are required for Section A or F, please photocopy the relevant Section(s) and attach to the questionnaire.

New Assets (Column 2)

Report Capital Expenditures for acquisitions of new assets including the portion of work in progress for the current year. **Include imports of used assets** since they represent newly acquired assets for the Canadian economy.

Purchase of Used Canadian Assets (Column 3)

The object of our survey is to measure the acquisitions of **new** fixed assets separately from **used** fixed assets in the Canadian economy as a whole. This is because the acquisition of used assets does not increase the total inventory of fixed assets, it only transfers them within the Canadian economy. Report acquisition of used assets separately in this column.

Renovation, Retrofit, Refurbishing, Overhauling and Restoration (Column 4)

Report Capital Expenditures for existing assets being upgraded, renovated, retrofited, refurbished, overhauled or restored.

Expected Useful Life of Assets (Column 6)

Report the expected life of the asset in years.

Section A: Capital and Repair Expenditures (*continued*)

Row Headings

Land

Capital expenditures for land should **include** all costs associated with the purchase of the land that are not amortized or depreciated. Improvements of land should be reported in Non-Residential Construction.

Residential Construction

Capital expenditures incurred during the reporting period for residential structures (*on a contracted basis and/or by your own employees*).

Include the housing portion of multi-purpose projects and of townsites.

Exclude buildings that have accommodation units without self contained or exclusive use of bathroom and kitchen facilities (*e.g., some student and senior citizens residences*) and associated expenditures on services.

Non-Residential Construction

Capital expenditures incurred during the reporting period for non-residential building and engineering construction (*on a contracted basis and/or by your own employees*) whether for your own use or rent to others.

- Include:**
- Manufacturing plants, warehouses, office buildings, shopping centres, etc.;
 - Roads, bridges, sewers, electric power lines, underground cables, etc.;
 - The cost of demolition of buildings, land servicing and site preparation;
 - Leasehold and land improvements.
 - Acquisitions to work in progress;
 - Townsite facilities such as streets, sewers, stores and schools;
 - Buildings that have accommodation units without self contained or exclusive use of bathroom and kitchen facilities (*e.g., some student and senior citizen residences*) and associated expenditures on services;
 - All preconstruction planning and design costs such as engineer and consulting fees and any materials supplied to construction contractors for installation, etc.

Machinery and Equipment

Capital expenditures incurred during the reporting period for machinery and equipment, whether for your own use or for lease or rent to others.

- Include:**
- Automobiles, trucks, professional and scientific equipment, office and store furniture and appliances;
 - Computers (*hardware and software*), broadcasting, telecommunications and other information and communication technologies equipment;
 - Motors, generators, transformers;
 - Any capitalized tooling expenses;
 - Acquisitions to work in progress;
 - Progress payments paid out before delivery in the year in which such payments are made;
 - Any balance owing or holdbacks should be reported in the year the cost is incurred.

Non-Capital Repair and Maintenance Expenditures

This question represents the repair and maintenance of assets in contrast to the acquisition of assets or the renovation of assets.

- Include:**
- Gross non-capital repair and maintenance expenditures on non-residential buildings, other structures and on machinery and equipment;
 - Value of repair work done by your own employees as well as payments to persons outside your employ;
 - Building maintenance such as janitorial services, snow removal and sanding;
 - Equipment maintenance such as oil changes and lubrication of vehicles and other machinery.

Work in Progress

Work in progress represents accumulated costs since the start of capital projects which are intended to be capitalized upon completion.

Typically capital investment includes any expenditure on an asset in which its life is greater than one year. Capital items charged to operating expenses are defined as expenditures which could have been capitalized as part of the fixed assets, but for various reasons, have been charged to current expenses.

Section B: Year over Year Variation of Capital Expenditures

Complete this section **only if this report shows significant changes** in TOTAL capital expenditures over previous fiscal period. The intent of this section is to reduce possible further inquiries by clarifying the reason(s) for major changes in the capital expenditures reported.

If there has been a launch of a major project or expansion of an existing project, please provide the nature, location, and (if applicable) the name(s)/title(s) of the project in the comment section of the questionnaire.

Section C: Capacity Utilization (*Manufacturing companies only*)

Capacity utilization is the percent of maximum production that the manufacturing plant is operating at. It is calculated by taking the actual production level for an establishment (*measured in dollars or units*) and dividing it by its **capacity production** (*defined as the establishment's maximum production under normal conditions*).

To calculate **capacity production**, follow the establishment's operation practices with respect to the use of productive facilities, overtime, workshifts, holidays, etc. For example, if your plant normally operates with one shift of eight hours a day, five days a week, then capacity will be calculated subject to these conditions and not on the hypothetical case of three shifts a day, seven days a week.

Example: Plant "A" normally operates one shift a day, five days a week and given this operating pattern capacity production is 150 units of product "A" for the month. In that month actual production of product "A" was 125 units. The capacity utilization rate for plant "A" is $(125/150) * 100 = 83\%$

Now suppose that plant "A" had to open a shift on Saturdays to satisfy an abnormal surge in demand for product "A". Given this plant's normal operating schedule, capacity production remains at 150 units. Actual production has grown to 160 units, so capacity utilization would be $(160/150) * 100 = 107\%$.

Section D: Cost Components of Expenditures, 2011

This section requests a breakdown of expenditures for work performed by contractors hired by the company and for work performed by the company's own employees.

Total (column 1)

Copy **totals** from Section A, Boxes A1 + A2, E, C1 + C2 and F. These are the amounts to be divided between contractors and company's own workers.

Value of Work Performed by Contractors (column 2)

Work performed by contractors are contract billings or equivalent **including** holdbacks.

Value of Own Account Work (column 3)

In addition to own account work, **include** all materials and supplies provided free to contractors and all architects, engineering and consultants fees and similar services.

Salaries and Wages (column 4)

Show the total value of salaries and wages paid to your employees. Salaries and wages are gross earnings before deductions such as income tax and **include** incentive bonuses and vacation pay but **exclude** fringe benefits.

Materials and Supplies (column 5)

Report total cost of materials and supplies used by your own employees and those provided free to contractors relating to the expenditures reported.

Other Charges (column 6)

Examples of other charges are insurance, power, telephone and also architectural, legal, and engineering fees considered to be applicable to the expenditures reported.

Section E: Assets Acquired Under Capital or Financial Lease

Questions (1, 2 and 3) LEASING

Operating Lease

The lessor bears the risk of ownership and retains a significant "residual" economic interest in the leased property. The lessee has the right to temporary use of the property, for a term shorter than the economic life of the property, in exchange for regular payments. At the end of the lease, the lessee has the option of purchasing the property at fair market value.

Capital or Financial Lease

These leases are similar in that the lessor in effect finances the "purchase" of the leased property by the lessee and retains a security interest in the leased property. The lessee retains the leased property for substantially all of its economic life. The lessee usually has the option at the end of the lease to purchase the property at a "bargain" price.

Section F: Disposal and Sales of Fixed Assets

Selling Price (Column 8)

The total value, or the sales of fixed assets which were disposed of or sold, even if traded in for credit in the acquisition or purchase of new fixed assets. When land and buildings are sold together, please report the selling price of the land separately, along with other land sales.

Gross Book Value (Column 9)

This value should represent total capital expenditures for an asset, at and since the time of original construction or purchase, including all subsequent capital expenditures for the purpose of modernization, expansion, etc. Any subsidies received should not be subtracted.

Age (Column 10)

Report the age of the fixed asset at the time of disposal.

If you have disposed of or sold similar assets of varying ages, report them separately or combine the data and provide a weighted average for the ages.

Construction

Asset Description and Codes

The asset items and categories listed below are groupings of fixed assets generally having a similar function which can apply to various industries.

Construction structures should be classified to an asset according to its principal use unless it is a multi-purpose structure where we would like you to separate the components. The cost of any machinery and equipment which is an integral or built-in feature of the structure (*i.e. elevators, heating equipment, sprinkler systems, environmental controls, intercom systems, etc.*) should be reported as part of that structure as well as landscaping, associated parking lots, etc.

| Code | Industrial Building Construction | Code | Transportation Engineering Construction |
|------|--|------|---|
| 1001 | Plants for manufacturing | 1017 | Parking lots & parking garages |
| 1008 | Maintenance garages, workshops, equipment storage facilities | 2202 | Highways, roads, streets (include logging roads, signs, guardrails, lighting, landscaping, sidewalks, fences) |
| 1009 | Railway shops, engine houses | 2203 | Runways (include lighting) |
| 1010 | Aircraft hangars | 2204 | Rail track and roadbeds (include signals and interlockers) |
| 1021 | Farm buildings | 2205 | Bridges, trestles, overpasses |
| 1097 | Other industrial construction | 2206 | Tunnels |
| | | 2299 | Other transportation construction |
| | Commercial Building Construction | | Waterworks Engineering Construction |
| 1004 | Laboratories, research & development centres | 2401 | Reservoirs (include dams) |
| 1006 | Warehouses, refrigerated storage, freight terminals | 2402 | Trunk and distribution mains |
| 1007 | Grain elevators and terminals | 2412 | Water pumping stations and filtrations plants |
| 1011 | Service stations (include self-serve & car washes) | 2413 | Water storage tanks |
| 1012 | Automotive dealerships | 2499 | Other waterworks construction |
| 1013 | Office buildings | | |
| 1014 | Hotels, motels, convention centres | | Sewage Engineering Construction |
| 1015 | Restaurants, fast food outlets, bars, nightclubs | 2601 | Sewage treatment and disposal plants (include pumping stations) |
| 1016 | Shopping centres, plazas, malls, stores | 2602 | Sanitary & storm sewers, trunk & collection lines, open storm ditches |
| 1018 | Theaters, performing arts & cultural centres | 2603 | Lagoons |
| 1019 | Indoor recreational buildings (e.g., sport complex, clubhouse, covered stadiums) | 2699 | Other sewage system construction |
| 1022 | Bunkhouses, dormitories, camp cookeries, camps | | |
| 1202 | Student residence (exclude residential construction) | | Electric Power Engineering Construction |
| 1212 | Post offices | 2801 | Electric power construction |
| 2201 | Passenger terminals (e.g., air, boat, bus, rail, and other) | | |
| 3001 | Broadcasting and communication buildings | | Communication Engineering Construction |
| 1098 | Other commercial construction | 3002 | Cables and lines - coaxial, copper, aluminum, etc (exclude optical fibre) (e.g., aerial, underground and submarine) |
| | | 3022 | Optical fibre (e.g., aerial, underground and submarine) |
| | Institutional Building Construction | 3003 | Transmission support structures - towers, poles, conduit |
| 1201 | Schools (include technical, vocational) colleges, universities & other educational buildings | 3099 | Other communication construction |
| 1203 | Churches & other religious buildings | | |
| 1204 | Hospitals, health centres, clinic & other health care centres (exclude residential construction) | | Oil and Gas Engineering Construction |
| 1205 | Nursing homes, homes for the aged | 1002 | Oil refineries |
| 1206 | Day care centres | 1003 | Natural gas processing plants |
| 1207 | Libraries | 3201 | Gas mains and services |
| 1208 | Historical sites | 3202 | Pumping stations, oil |
| 1209 | Penitentiaries, detention centres & courthouses | 3203 | Pumping stations, gas |
| 1210 | Museums, science centres, public archives | 3204 | Bulk storage |
| 1211 | Fire stations, fire halls | 3205 | Oil pipelines |
| 1214 | Armouries, barracks, drill halls & other military type structures | 3206 | Gas pipelines |
| 1299 | Other institutional and governmental construction | 3299 | Other oil & gas facilities |
| | | | |
| | Marine Engineering Construction | | Other Engineering Construction |
| 2001 | Docks, wharves, piers, terminals (e.g., coal, oil, natural gas, containers, general cargo) | 1005 | Pollution, abatement & control |
| 2002 | Dredging and pile driving | 1020 | Outdoor recreational (e.g., parks, open stadiums, golf courses, ski resorts) |
| 2003 | Breakwaters | 1213 | Waste disposal facilities |
| 2004 | Canals and waterways | 2005 | Irrigation & land reclamation projects |
| 2099 | Other marine construction | 4999 | Other engineering construction |
| | | | |
| | | | Other Construction |
| | | 5999 | Other construction |

