

Survey on Capital Expenditures

Preliminary Estimate for 2009 and Intentions for 2010

Reporting Guide

General Instructions

1. Reports Required

- Reports should be completed for Canadian operations 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 055 to 872 are for identification purposes

3. Return of Questionnaire

By Mail to: Investment and Capital Stock Division,
 Statistics Canada,
 Ottawa, Ontario K1A 0T6

By Fax at: (613) 951-0196 or toll free at 1 800 606-5393

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 at (613) 951-9815, toll free at 1 800 345-2294 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 must 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.

The shared data will be limited to business establishments located within the jurisdiction of the respective province or territory.

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, Environment Canada, the Newfoundland and Labrador Department of Mines and Energy, the Nova Scotia Department of Natural Resources, the New Brunswick Department of Natural Resources, the Ontario Ministry of Northern Development and Mines, Manitoba Science, Technology Energy and Mines and the British Columbia Ministry of Energy, Mines and Petroleum Resources.

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

Paragraph 12(2)(b) of the *Statistics Act* states that respondents cannot object to the sharing of their information with organizations that are authorized by law to require the respondent to provide the same information.

For this survey, agreements exist under paragraph 12(2)(b) with the Canadian Radio-television and Telecommunications Commission (CRTC) and the Saskatchewan Department of Energy and Mines. More precisely, section 37 of the *Telecommunications Act* provides the authority for the CRTC to require this information. The Saskatchewan Department of Energy and Mines requires this information pursuant to the Saskatchewan *Mineral Resources Act* and only data from business establishments located in Saskatchewan will be shared with it.

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, 2009 - March 31, 2010 for 2009 and April 1, 2010 - March 31, 2011 for 2010.

The following are acceptable report periods for **2009**:

May	2008	-	April	2009	(04/09)
June	2008	-	May	2009	(05/09)
July	2008	-	June	2009	(06/09)
Aug.	2008	-	July	2009	(07/09)
Sept.	2008	-	Aug.	2009	(08/09)
Oct.	2008	-	Sept.	2009	(09/09)
Nov.	2008	-	Oct.	2009	(10/09)
Dec.	2008	-	Nov.	2009	(11/09)
Jan.	2009	-	Dec.	2009	(12/09)
Feb.	2009	-	Jan.	2010	(01/10)
March	2009	-	Feb.	2010	(02/10)
April	2009	-	March	2010	(03/10)

The following are acceptable report periods for **2010**:

May	2009	-	April	2010	(04/10)
June	2009	-	May	2010	(05/10)
July	2009	-	June	2010	(06/10)
Aug.	2009	-	July	2010	(07/10)
Sept.	2009	-	Aug.	2010	(08/10)
Oct.	2009	-	Sept.	2010	(09/10)
Nov.	2009	-	Oct.	2010	(10/10)
Dec.	2009	-	Nov.	2010	(11/10)
Jan.	2010	-	Dec.	2010	(12/10)
Feb.	2010	-	Jan.	2011	(01/11)
March	2010	-	Feb.	2011	(02/11)
April	2010	-	March	2011	(03/11)

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, additions 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
- additions 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*) and/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

Sections A and C: Capital Expenditures

Report the value of the projects expected to be put in place during the year. **Include** the **gross expenditures** (*including subsidies*) on fixed assets 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 labour force.

New Assets, Renovation, Retrofit (Column 1), includes both existing assets being upgraded and acquisitions of new assets

The following explanations are NOT applicable to government departments:

- **include** - Capitalized interest charges on loans with which capital projects are financed
- **exclude** - If you are capitalizing your leased fixed assets as a lessee in accordance with the Canadian Institute of Chartered Accountants' recommendations, please **exclude** the total of the capitalization of such leases during the year from capital expenditures

Leases

In accordance with the recommendations of the Canadian Institute of Chartered Accountants, leases are divided into two types, operating and capital. **For the present, purchases of all capital assets whether for own use or for lease to others, either as a capital lease or as an operating lease should be reported in the appropriate place in Columns 1 or 2 Sections A and C. Assets acquired as a lessee through either a capital lease or operating lease from others should not be reported in these columns.**

New assets acquired by means of a capital lease **from others** should **not** be **included** in Section A and C Columns 1 or 2.

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

- 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 their department, regardless of which department awarded the contract
- provincial departments are to **include** any capital expenditures on construction (**exclude** *outlays for land*) and/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

Purchase of Used Canadian Assets (Column 2)

Definition: Used fixed assets may be defined as existing buildings, structures or machinery and equipment which have been previously used by another organization in Canada that you have acquired during the time period being reported on this questionnaire.

Explanation: The objective of our survey is to measure gross annual new acquisitions to fixed assets separately from the acquisition of gross annual used fixed assets in the Canadian economy as a whole.

Hence, the acquisition of a used **fixed Canadian asset** should be reported separately since such acquisitions would not change the aggregates of our domestic inventory of fixed assets, it would simply mean a transfer of assets within Canada from one organization to another.

Imports of used assets, on the other hand, should be **included** with the new assets (*Column 1*) because they are newly acquired for the Canadian economy.

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.

Definitions

Land (Row 1)

Capital expenditures for land should **include** all costs associated with the purchase of the land that are not amortized or depreciated.

Residential Construction (Row 2)

Report the value of residential structures **including** the housing portion of multi-purpose projects and of townsites with the following EXCEPTIONS:

- buildings that have accommodation units without self-contained or exclusive use of bathroom and kitchen facilities (*e.g., some student and senior citizen residences*)
- the non-residential portion of multi-purpose projects and of townsites
- associated expenditures on services

The exceptions should be **included** in the appropriate construction (*e.g., non-residential*) asset.

Non-Residential Construction (Row 3) (excluding land purchase and residential construction)

Report the total cost incurred during the year of building and engineering construction (*contract and by own employees*) whether for your own use or rent to others. **Include** also:

- the cost of demolition of buildings, land servicing and of site-preparation
- leasehold and land improvements
- townsite facilities, such as streets, sewers, stores, schools
- oil or gas pipelines, **including** pipe and installation costs
- all preconstruction planning and design costs such as engineering and consulting fees and any materials supplied to construction contractors for installation

Machinery and Equipment (Row 4)

Report total cost incurred during the year of all new machinery, 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 year 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 year the cost is incurred.

Include:

- automobiles, trucks, professional and scientific equipment, office and store furniture and appliances
- computers (*hardware and software*), broadcasting, telecommunication and other information and communication technology equipment
- motors, generators, transformers
- any capitalized tooling expenses
- 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

Section B: Capacity Utilization (Manufacturing Companies only)

Capacity use (*utilization*) is calculated by taking the actual production level for an establishment (*production can be measured in dollars or units*) and dividing it by the establishment's capacity production level.

Capacity production is defined as maximum production attainable under normal conditions.

To calculate capacity production, follow the establishment's operating 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 use for plant "A" is $(125/150) * 100 = 83\%$.

Now suppose that Plant "A" had to open for 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 use would be $(160/150) * 100 = 107\%$.

Section D: 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.