Unified Enterprise Survey - Annual

Survey on Capital Expenditures

Revised Forecast 1999

FORM M2

Reporting Guide

General Instructions

1. Reports required

- Reports should be completed for Canadian operations and locations as described on the 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 111 to 819 are for identification purposes.

3. Returning your questionnaire

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

By Fax At: **(613) 951-0196 or 1-800-606-5393**

Statistics Canada advises you that there could be a risk of disclosure during the facsimile communication process. However, upon receipt of your facsimile, 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 or 1-800-345-2294**.

Data Sharing Agreements

To avoid duplicating survey activity, Statistics Canada has entered into the following data sharing agreements concerning this Survey.

Under section 11 of the *Statistics Act*, Statistics Canada has entered into data sharing agreements with the statistical bureaus of Newfoundland, New Brunswick, Quebec, Ontario, Manitoba, Saskatchewan, Alberta and British Columbia. Statistics Canada only enters into section 11 agreements with provincial statistical agencies which have statistic acts similar to the federal act. These agencies have the authority to collect this information and the same provisions for confidentiality and penalties for disclosure of information as the Federal Statistics Act.

Under section 12 of the *Statistics Act*, Statistics Canada has entered into data sharing agreements with the Prince Edward Island Department of the Provincial Treasury, the Nova Scotia Department of Finance, the Nova Scotia Department of Natural Resources, the Budget Planning and Economics Division of Alberta Treasury, the Northwest Territories Bureau of Statistics, the Yukon Bureau of Statistics and Natural Resources Canada. The agreements we have with these agencies require that they keep the information with any of these agencies by giving notice in writing to the Chief Statistician and by returning their letter of objection along with the completed questionnaire in the enclosed envelope.

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

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. It **includes**:

- cost of all new buildings, engineering and machinery and equipment which normally have a life of more than 1 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 your own labour force
- additions to work in progress

How to Treat Leases

- **include** assets acquired for lease to others, either as a capital lease or as an operating lease
- **exclude** assets acquired as a lessee through either a capital lease or an operating lease from others

Information for Government Departments

The following applies to government departments only

- grants and/or subsidies to outside entities (i.e. 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 (excluding 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

What is Work in Progress

Work in progress represents accumulated or accrued costs during the year on capital projects not completed and which are intended to be capitalized upon completion.

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SECTION A: Row and Column Headings

Column Headings

New Assets, Renovation, Retrofit (Column 1)

Report capital expenditures for new assets and renovations and retrofits of existing assets. 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. **Include imports of used assets** since they represent newly acquired assets for the Canadian economy.

Purchase of Used Canadian Assets (Column 2)

The object of our survey is to measure the addition 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, only transfers them within the Canadian economy. Report acquisition of used assets separately in this column.

Row Headings

Land (Row 1)

Capital expenditures for land should include all costs associated with the purchase of the land that are not amortized or depreciated. Improvements in land should be reported in Row 3.

Oil and Gas companies should include in their land expenditures

- oil and gas rights acquisition and retention costs
- cost of land and lease purchased from other

Residential Construction (Row 2)

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. Report these in Row 3.

Non-Residential Construction (Row 3)

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
- oil and 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
- exploration drilling, development drilling, production facilities, enhanced, recovery projects and natural gas and processing plants
- work in progress (see definitions, page 1)

Oil and Gas Companies

Oil and gas companies should include in their non-residential construction expenditures

- **geological and geophysical** expenditures, whether such activity is deemed exploration or development by the company.
- **exploration and development** expenditures should be included on a **gross basis** (whether capitalized or expensed) before deductions of any incentive grants, investment tax credits or insurance receipts

Geological and Geophysical Expenditures include

- seismic crew expenses, both company owned and contract
- camps, bulldozing and dirt work, flying crews in and out
- seismographs, velocity surveys, gravity meters, magnetometers
- core drilling, photogeological digital processing, magnetic playback and bottom hole contribution
- environmental studies and other similar pre-exploration expenditures

Machinery and Equipment (Row 4)

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, appliances
- 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
- work in progress (see definitions, page 1)

SECTION B: Changes in Capital Expenditure Plans

Complete this section only if this report shows significant changes from the capital expenditures reported previously on the "Forecast 1999" questionnaire. The intent of this section is to clarify the reason(s) for major changes in the capital expenditures reported and thereby reduce possible further inquiries.

SECTION C: Year 2000 Readiness

The Year 2000 problem or the "millenium bug" refers to the problems associated with computers that cannot correctly identify the year 2000.