

Service bulletin

Commercial and Industrial Machinery and Equipment Rental and Leasing

2012



Highlights

- Operating revenue for the commercial and industrial machinery and equipment rental and leasing industry grew 9.1% in 2012 to reach \$9.2 billion. During the same period, operating expenses increased 8.4%, causing the operating profit margin to increase from 15.4% in 2011 to 16.0% in 2012.
- The growth in equipment rental and leasing services was partly the result of strong economic conditions in key client industries, such as the Canadian construction industry which is a major user of heavy equipment rentals.
- The cost of goods sold, which includes the procurement of equipment to rent and lease, made up 23.3% of all operating expenses. Followed closely in terms of relative importance were salaries, wages and benefits (21.8%) and amortization and depreciation (18.8%). Shares of the top three expenses have remained fairly stable over the years.
- Sales to other businesses comprised 89.5% of total sales in 2012, while sales to individuals, government, non-profit organizations, public institutions and clients outside the country made up the remainder.

Statistical tables

Table 1

Summary statistics for the commercial and industrial machinery rental and leasing industry, Canada, 2010 to 2012

	Operating revenue	Operating expenses	Salaries, wages and benefits	Operating profit margin
	millions of dollars			percent
2012 p	9,249.1	7,770.8	1,675.4	16.0
2011 r	8,476.5	7,170.4	1,571.9	15.4
2010 r	7,369.3	6,541.8	1,398.8	11.2

Note(s): The results in this table are for firms classified under the North American Industry Classification System (NAICS) category 5324. See "Data sources, definitions and methodology" at the end of tables for definition of terms. Due to rounding, components may not add to total. Scaling may also affect the calculation of ratios.

Table 2

Operating expenses for the commercial and industrial machinery rental and leasing industry, Canada, 2012

	percent
Salaries and wages of employees who have been issued a T4 statement	21.8
Commissions paid to non-employees	F
Professional and business services fees	1.6
Subcontract expenses	3.4
Charges for services provided by head offices	F
Cost of goods sold	23.3
Office supplies	F
Rental and leasing	8.3
Repair and maintenance	6.9
Insurance	F
Advertising, marketing and promotions	F
Travel, meals and entertainment	F
Utilities and telecommunications expenses	1.1
Property and business taxes, licences and permits	F
Royalties, rights, licensing and franchise fees	F
Delivery, warehousing, postage and courier	1.2
Financial services fees	F
Amortization and depreciation of tangible and intangible assets	18.8
Bad debts	F
All other expenses	6.8
Total operating expenses	100.0

Note(s): The results in this table are for firms classified under the North American Industry Classification System (NAICS) category 5324. Data presented in this table are from the surveyed portion only. The survey portion excludes the smallest firms in terms of revenues earned. These firms account for a relatively small portion of total industry revenues and are not included in the estimates of this table. See "Data sources, definitions and methodology" at the end of tables for definition of terms. Due to rounding, components may not add to total. Scaling may also affect the calculation of ratios.

Table 3

Sales by type of client for the commercial and industrial machinery rental and leasing industry, Canada, 2012

	percent
Sales to businesses	89.5
Sales to individuals and households	4.0
Sales to governments, not-for-profit organizations and public institutions	4.0
Sales outside Canada (exports)	2.6
Total sales to all clients	100.0

Note(s): The results in this table are for firms classified under the North American Industry Classification System (NAICS) category 5324. Data presented in this table are from the surveyed portion only. The survey portion excludes the smallest firms in terms of revenues earned. These firms account for a relatively small portion of total industry revenues and are not included in the estimates of this table. See "Data sources, definitions and methodology" at the end of tables for definition of terms. Due to rounding, components may not add to total. Scaling may also affect the calculation of ratios.

Data sources, definitions and methodology

Description

This annual sample survey collects data required to produce economic statistics for the Commercial and Industrial Machinery and Equipment Rental and Leasing industry in Canada.

Data collected from businesses are aggregated with information from other sources to produce official estimates of national and provincial economic production for this industry.

Survey estimates are made available to businesses, governments, investors, associations, and the public. The data are used to monitor industry growth, measure performance, and make comparisons to other data sources to better understand this industry.

Target population

The target population consists of all statistical establishments (sometimes referred to as firms or units) classified as Commercial and Industrial Machinery and Equipment Rental and Leasing (NAICS 5324) according to the North American Industry Classification System (NAICS) during the reference year. The Commercial and Industrial Machinery Equipment and Rental sector covers three NAICS: Construction, Transportation, Mining and Forestry Equipment Rental and Leasing Rental (NAICS 53241), Office Machinery and Equipment Rental and Leasing (NAICS 53242) and Other Commercial and Industrial Machinery and Equipment Rental and Leasing (NAICS 53249).

The Commercial and Industrial Machinery and Equipment Rental and Leasing survey covers establishments primarily engaged in renting or leasing commercial and industrial machinery and equipment, without operator. The types of establishments included in this industry group are generally involved in providing capital/investment-type equipment that clients use in their business operations. These establishments typically serve businesses and do not generally operate a retail-like or store-front facility.

The financing arm of the commercial and industrial machinery and equipment rental and leasing industry is excluded from this survey. Data for these companies are found in NAICS 52222 because of their sales financing activities.

Sampling

This is a sample survey with a cross-sectional design.

The frame is the list of establishments from which the portion eligible for sampling is determined and the sample is taken. The frame provides basic information about each firm including address, industry classification, and information from administrative data sources. The frame is maintained by Statistics Canada's Business Register Division and is updated using administrative data.

The basic objective of the survey is to produce estimates for the whole industry - incorporated and unincorporated businesses. The data come from two different sources: a sample of all businesses with revenue above or equal to a certain threshold (note: the threshold varies between surveys and sometimes between industries and provinces in the same survey) for which either survey or administrative data may be used; and administrative data only for businesses with revenue below the specified threshold. It should be noted that only financial information is available from businesses below the threshold; e.g., revenue, and expenses such as depreciation and salaries, wages and benefits. Detailed characteristics are collected only for surveyed establishments.

Prior to the selection of a random sample, establishments are classified into homogeneous groups (i.e., groups with the same NAICS codes and same geography). Quality requirements are targeted, and then each group is divided into sub-groups called strata: take-all, must-take, and take-some.

The take-all stratum represents the largest firms in terms of performance (based on revenue) in an industry. The must-take stratum is comprised of units selected based on complex structural characteristics (multi-establishment, multi-legal, multi-NAICS, or multi-province enterprises). All take-all and must-take firms are selected to the sample. Units in the take-some strata are subject to simple random sampling.

The effective sample size for reference year 2012 was 594 collection entities.

Definition

Operating revenue excludes investment income, capital gains, extraordinary gains and other non-recurring items.

Operating expenses exclude write-offs, capital losses, extraordinary losses, interest on borrowing, and other non-recurring items.

Operating profit margin is derived as follows: operating revenue minus operating expenses, expressed as a percentage of operating revenue. The derived figure excludes corporation income tax paid by incorporated businesses and individual income tax paid by unincorporated businesses. For unincorporated businesses, operating profit margin includes unpaid remuneration to partners and proprietors, which is not recorded as salaries, wages and benefits. Therefore the profit estimate will be higher in industries where unincorporated proprietorships and partnerships are significant contributors.

Salaries, wages and benefits include vacation pay and commissions for all employees for whom a T4 slip was completed. This category also includes the employer portion of employee benefits for items such as Canada/Quebec Pension Plan or Employment Insurance premiums. Salaries and wages do not include working owners' dividends nor do they include the remuneration of owners of unincorporated business. Therefore the relative level of salaries, wages and benefits will be lower in industries where unincorporated businesses are significant contributors.

An active **statistical establishment** is one production entity or the smallest grouping of production entities which produces as homogeneous a set of goods and/or services as possible; which does not cross provincial boundaries; and for which records provide data on the value of output together with the cost of principal intermediate inputs used and cost and quantity of labour resources used to produce the output.

Quality evaluation

Prior to dissemination, combined survey results are analyzed for overall quality; in general, this includes a detailed review of individual responses (especially for the largest companies), an assessment of the general economic conditions portrayed by the data, historic trends, and comparisons with other data sources.

Disclosure control

Statistics Canada is prohibited by law from releasing any information it collects which could identify any person, business, or organization, unless consent has been given by the respondent or as permitted by the Statistics Act. Various confidentiality rules are applied to all data that are released or published to prevent the publication or disclosure of any information deemed confidential. If necessary, data are suppressed to prevent direct or residual disclosure of identifiable data.

Data accuracy

Of the units contributing to the estimate, the weighted response rate was 87.3%. CVs were calculated for each estimate and are available upon request.

Related products

CANSIM

Table 352-0009: Commercial and industrial machinery and equipment rental and leasing, summary statistics, by North American Industry Classification System (NAICS), annual (5 series)

Table 352-0015: Commercial and industrial machinery and equipment rental and leasing, operating expenses, by North American Industry Classification System (NAICS), annual (percent) (21 series)

Table 352-0016: Commercial and industrial machinery and equipment rental and leasing, sales, by type of client based on the North American Industry Classification System (NAICS), annual (percent) (5 series)

Survey(s)

Definitions, data sources and methods: survey number 2441 - Annual Survey of Service Industries: Commercial and Industrial Machinery Equipment Rental and Leasing

Release date: December 2013

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
x	suppressed to meet the confidentiality requirements of the <i>Statistics Act</i>
E	use with caution
F	too unreliable to be published
*	significantly different from reference category ($p < 0.05$)

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