

Service bulletin

Commercial and Industrial Machinery and Equipment Rental and Leasing

2008



Highlights

- Total operating revenues for the commercial and industrial machinery and equipment rental and leasing industry reached \$6.6 billion in 2008, up 5.4% from 2007.
- Operating expenses for the entire industry reached \$5.7 billion, up 7.9% from a year earlier. As a result, overall profit margins decreased to 13.5% from 15.4% in 2007.
- Salaries and wages accounted for the largest operating expense at 23.1%, closely followed by Cost of Goods sold, 21.8% and Amortization and depreciation at 16.8%.
- Sales to businesses made up 88.1% of the client base. The remaining 11.9% went to government organizations, public institutions, individuals and clients outside of Canada.

Statistical tables

Table 1

Summary statistics for the commercial and industrial machinery rental and leasing industry, Canada, 2008

	Operating revenue	Operating expenses	Operating profit margin	Salaries, wages and benefits	Statistical establishments
	millions of dollars		percent	millions of dollars	number
2008 ^p	6,633.7	5,741.3	13.5	1,317.8	F
2007 ^r	6,293.0	5,321.3	15.4	1,259.1	F
2006 ^r	6,013.2	5,134.5	14.6	1,224.0	5,619

Note(s): According to the North American Industry Classification System (NAICS 5324). See "Data source, definitions and methodology" at the end of tables for definition of terms. Due to rounding, components may not add to total.

Table 2

Operating expenses for the commercial and industrial machinery rental and leasing industry, Canada, 2008

	percent
Salaries and wages of employees who have been issued a T4 statement	23.1
Commissions paid to non-employees	x
Professional and business services fees	1.7
Subcontract expenses	4.3
Charges for services provided by your head office	1.0
Cost of goods sold	21.8
Office supplies	1.0
Rental and leasing	7.9
Repair and maintenance	6.9
Insurance	x
Advertising, marketing and promotions	x
Travel, meals and entertainment	1.0
Utilities and telecommunications	1.4
Property and business taxes, licenses and permits	x
Royalties, rights, licensing and franchise fees	1.0
Delivery, warehousing, postage and courier	1.1
Financial service fees	x
Amortization and depreciation of tangible and intangible assets	16.8
Bad debts	x
All other expenses	6.7
Total operating expenses	100

Note(s): According to the North American Industry Classification System (NAICS 5324). See "Data source, definitions and methodology" at the end of tables for definition of terms. Due to rounding, components may not add to total. The smallest firms, in terms of revenues earned, are not included in these estimates. These firms account for a relatively small portion of total industry revenues.

Table 3

Sales by type of client for the commercial and industrial machinery rental and leasing industry, Canada, 2008

	percent
Sales to businesses	88.4
Sales to individuals	3.4
Sales to governments, not-for-profit organizations and public institutions	5.6
Sales outside Canada (exports)	2.6
Total sales to all clients	100

Note(s): According to the North American Industry Classification System (NAICS 5324). Due to rounding, components may not add to total. The smallest firms, in terms of revenues earned, are not included in these estimates. These firms account for a relatively small portion of total industry revenues.

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 2008 was 799 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.

Even though the basic objective of the survey is to produce estimates for the whole industry--all incorporated and unincorporated businesses--not all businesses are surveyed. Rather, a sample is surveyed and the portion eligible for sampling is defined as all statistical establishments with revenue above a certain threshold. (Note: the threshold varies between surveys and sometimes between provinces in the same survey). The excluded portion represents a substantial proportion of the industry in terms of number of establishments (73%), but its contribution to the overall industry revenue is only about 12%. These excluded establishments are accounted for in the final estimates through the use of administrative data. However, only basic information is obtained from administrative sources; i.e., total revenue, expenses, depreciation and salaries, wages and benefits. Detailed characteristics such as client base, revenue by type of service, and detailed expense items are collected only for surveyed establishments.

Disclosure control

Statistics Canada is prohibited by law from releasing any data which would divulge information obtained under the Statistics Act that relates to any identifiable person, business or organization without the prior knowledge or the consent in writing of that person, business or organization. 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 86%. 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, 1997 to 2008

Table 352-0015: Commercial and industrial machinery and equipment rental and leasing, operating expenses, by North American Industry Classification System (NAICS), annual (percent), 2007 to 2008

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), 2007 to 2008

Survey(s)

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

Publications

Service Industries Newsletter, Catalogue no. 63-018-X.

Analytical paper series - Service Industries Division, Catalogue no. 63F0002X.

Release date: April 2010

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

To access this product

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