



OECD SHORT-TERM ECONOMIC STATISTICS WORKING PARTY
(STESWP)

**Infra-annual statistics on capital expenditure and company profits
Questionnaire results and possible future work in this area?**

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Meeting:
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Franqueville Room
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A. INTRODUCTION

1. The primary objective of this paper is to provide the Short-term Economic Statistics Working Party (STESWP) with a summary of country replies on the questionnaire on infra-annual statistics on private new capital expenditures and company profits dispatched with the initial Working Party invitation letter in mid-January 2007, and a set of proposals for discussion at the June 2007 Working Party meeting for future work on these issues. The options for future work on these topics for which written comment is requested from STESWP delegates are outlined below in Section D.

B. BRIEF OVERVIEW OF COUNTRY REPLIES ON QUESTIONNAIRE [refer Annexes 1 and 2 for details of individual responses]

2. 31 agencies from 26 OECD member countries (which include both FSO and national bank of Germany) and from 4 Non-member countries (i.e. Brazil, Chile, China and Slovenia) replied to the questionnaire. 4 Member countries did not reply. They are Spain, France, Ireland, and Iceland.

3. 42% (13 of 31) of agencies currently conduct surveys to collect infra-annual quantitative statistics and associated metadata on private new capital expenditure, and 36% (11 of 31) of agencies currently conduct survey on company profits. 26% (8 of 31) of agencies currently use administrative data sources to obtain infra-annual quantitative statistics and associated metadata on private new capital expenditure, only Chile uses administrative sources to collect information on company profits and 28 agencies do not use any administrative sources.

4. No agencies propose over the next two years to obtain infra-annual quantitative statistics and associated metadata except possibly Canada who may conduct surveys on private new capital expenditure (including expected capital expenditure). In that country a project had been underway but was stopped due to human resources shortage. One of the major issues with this project is the availability of complete infra-annual information on capital-type projects, quarterly or monthly, to ensure complete coverage of the universe.

5. 15 agencies provided information on source title, frequency of collection, sector coverage and definition for private capital expenditure and 9 agencies for company profits. Information on private capital expenditure are collected monthly (8 agencies), quarterly (11 agencies) and 2 to 3 times a year (2 agencies). Information for company profits are collected quarterly (9 agencies) and semi-annually (1 agency). 4 agencies collect information on Private capital expenditure in respect to the whole economy but 10 other agencies collect such information for specific sectors such as non-financial corporations, manufacturing, construction, etc. 3 agencies collect information on company profits for the total economy. However, 6 agencies collect such information from partial sectors.

6. 8 agencies provided the source title for infra-annual national statistics used as inputs to gross fixed capital formation instead of private capital expenditure (NSCE) and 3 agencies for infra-annual national statistics used as inputs to gross operating surplus instead of company profits (NSCP). Information on NSCE are collected monthly (8 agencies), quarterly (2 agencies) and 2 times a year (1 agency). Information for NSCP is collected monthly (1 agency) and quarterly (3 agencies). 5 agencies collect information on NSCE for the whole economy but 3 other agencies collect such information for specific sectors such as manufacturing, energy, etc. 1 agency collects information on NSCP from total economy and 1 agency collects such information from manufacturing and services sectors.

7. 14 agencies welcomed the inclusion of an item in the agenda for the June 2007 STESWP meeting to identify and discuss benefits and possibilities for further STESWP work in these areas to harmonise

national practices. However, 9 agencies said they would not welcome, and 8 agencies provided no comments.

C. IMPLICATION FROM THE REPLIES

8. In summary, the main practices for the agencies that replied to the questionnaire comprise:

- approximately 40% of agencies currently collect infra-annual quantitative statistics on new capital expenditure or company profits, and one agency may introduce a new such survey within two years;
- 29% (9 of 31) agencies did not welcome the inclusion of this task in the agenda for the 2007 STESWP meeting to identify and discuss benefits and possibilities of further STESWP work in these areas to harmonise national practices.

9. Although the questionnaire results do not provide overwhelming support for future STESWP work on this topic, some additional observations lend support to the idea:

- 56% (5 of 9) of the agencies which did not welcome or 63% (5 of 8) of agencies that provided no comment on the inclusion of this item in the STESWP agenda currently collect some information on these topics which would therefore facilitate the sharing of information and practices in this field;
- 29% (4 of 14) of the agencies which supported this work do not currently collect any information;
- 4 agencies without special surveys and administrative sources collect some related information for capital expenditure; and
- countries which do not conduct surveys or use administrative data sources to obtain infra-annual data for capital expenditure or company profits use partially related data provided by other sources (generally other government department who may or may not run a survey) or calculate them as a residual in National Accounts.

Consequently, agencies implicated in the last three points could stand to benefit from the experience of others with established programs, including from those identified in the first point above.

D. FUTURE WORK AND PROPOSALS FOR DISCUSSION AT JUNE 2007 STESWP MEETING

10. Further discussion at the June 2007 meeting is proposed to more fully gauge the extent of Working Party support and to clarify a number of underlying issues for and against any subsequent future work. Such discussion could initially be limited to infra-annual quantitative statistics on private new capital expenditure with a goal of identifying and promoting good practices for the collection, compilation and dissemination of data and enhancing the availability of such statistics across the OECD area.

11. For the 2007 STESWP meeting, all national delegates are therefore invited to respond in writing to each of the following six issues which will also be discussed further at the meeting:

- (i) Their views as to whether it would be useful to prepare an inventory of national practices for the collection, etc., of infra-annual statistics on (private) new capital expenditure.

- (ii) Who are (and should be) the target users of infra-annual national statistics on capital expenditure (e.g. Central Banks, Treasuries, Private Sector) and what are their needs (e.g. have any NSOs ever done a needs analysis on this type of data as a short-term indicator)?
- (iii) Which sectors should be covered, e.g. total economy vs. sub-sectors or private vs. public?
- (iv) What are possible (or plausible) sources of information for various sectors, e.g. survey or administrative sources in their country?
- (v) What are the quality implications of using partially related data provided by other sources, or calculated as a residual in National Accounts, in the absence of survey or administrative data?
- (vi) What would be the preferable (or practical) definition for capital expenditure (refer to Annex 3 for an example of such a definition), and which variables should be collected?

A SUMMARY OF COUNTRY REPLIES ON THE QUESTIONNAIRE ON INFRA-ANNUAL STATISTICS ON PRIVATE NEW CAPITAL EXPENDITURES AND COMPANY PROFITS

1. The STESWP Secretariat considered infra-annual statistics on new capital expenditure and company profits as possible new areas for the Working Party to pursue in the future. A questionnaire was prepared by the Secretariat and sent to STESWP members in January 2007 to obtain summary information on national infra-annual quantitative statistics on private capital expenditures (including expected capital expenditures) and company profits that are used either as short-term indicators in their own right and/or as inputs to Gross fixed capital formation and Gross operating surplus respectively in the compilation of national accounts [refer Annex 2 for further information on questionnaire responses].

2. 31 agencies from 26 member countries (which include both FSO and national bank of Germany) and from 4 Non-member countries (i.e. Brazil, Chile, China and Slovenia) replied to the questionnaire. A list of Member countries replied to the questionnaire are: Australia (AUS), Austria (AUT), Belgium (BEL), Canada (CAN), Switzerland (CHE), Czech Republic (CZE), Denmark (DEN), Finland (FIN), German NSO (GES) and German Bundesbank (GEB), Greece (GRE), Hungary (HUN), Italy (ITA), Japan (JAP), Korea (KOR), Luxembourg (LUX), Mexico (MEX), Netherlands (NDL), Norway (NOR), New Zealand (NZL), Poland (POL), Portugal (POR), Slovak Republic (SLV), Sweden (SWE), Turkey (TUR), UK (United Kingdom), USA, and Brazil (BRA), Chile (CHL), China (CHN) and Slovenia (SLO). 4 Member countries did not reply: Spain (ESP), France (FRA), Ireland (IRL), and Iceland (ISL).

Survey question 1

3. Only 42% (13 of 31) of agencies currently conduct surveys to collect infra-annual (i.e. monthly, quarterly or six-monthly) quantitative statistics and associated metadata on private new capital expenditure. 18 agencies do not conduct any surveys. As regard to company profits, 35% (11 of 31) of agencies currently conduct survey, while 19 agencies do not conduct any surveys. No comments were provided by Canada.

	Yes	No	No comments
1. Does your agency currently <u>conduct surveys</u> to collect infra-annual (i.e. monthly, quarterly or six-monthly) <u>quantitative</u> statistics and associated metadata on:			
○ private new capital expenditure (including expected capital expenditure)	13	18	
○ company profits	11	19	CAN

Survey question 2

4. 26% (8 of 31) of agencies currently use administrative data sources to obtain infra-annual (i.e. monthly, quarterly or six-monthly) quantitative statistics and associated metadata on private new capital expenditure, while 23 agencies do not use administrative sources. With respect to company profits, only Chile uses administrative sources and 28 agencies do not use administrative source and no comments were provided by Canada and the Netherlands.

	Yes	No	No comments
2. Does your agency currently use <u>administrative data sources</u> to obtain infra-annual (i.e. monthly, quarterly or six-monthly) <u>quantitative</u> statistics and associated metadata on:			

○ private new capital expenditure (including expected capital expenditure)	8	23	
○ company profits	1	28	CAN, NDL

5. The responses to questions 1 and 2 show that 5 agencies (i.e. BEL, CHE, CHL, MEX, SLO) use both survey and administrative sources to collect information on infra-annual data for private new capital expenditure. 8 agencies (i.e. AUS, CZE, HUN, NOR, JAP, POL, SWE, UK) use only surveys. 3 agencies (i.e. CAN, KOR, NDL) use only administrative sources, and the remaining 15 agencies use neither survey nor administrative sources. With respect to company profits, CHL uses both survey and administrative sources to collect information on infra-annual data. 10 agencies (i.e. AUS, CZE, CHN, KOR, MEX, POL, POR, SLV, UK, USA) use only surveys, and the remaining 20 agencies use neither survey nor administrative sources or provide no comments. This may imply that there is no infra-annual data for capital expenditure or company profits for majority of countries. But this should not really be the case as often some partially related data are provided by other sources (generally other government departments who may or may not run a survey) or calculated as a residual in National Accounts, e.g. Germany.

Survey question 3

6. No agencies propose over the next two years to obtain infra-annual (i.e. monthly, quarterly or six-monthly) quantitative statistics and associated metadata except possibly Canada who may conduct surveys on private new capital expenditure (including expected capital expenditure). In that country a project had been underway but was stopped due to human resources shortage. One of the major issues with this project is the availability of complete infra-annual information on capital-type projects, quarterly or monthly, to ensure complete coverage of the universe.

Survey question 4

7. 15 agencies provided the source title for private capital expenditure and 9 agencies for company profits. Information on private capital expenditure are collected monthly (8 agencies), quarterly (11 agencies) and 2 to 3 times a year (2 agencies). Information for company profits are collected quarterly (9 agencies) and semi-annually (1 agency). 4 agencies collect information on Private capital expenditure in respect to the whole economy but 10 other agencies collect such information for specific sectors such as non-financial corporations, manufacturing, construction, etc. 3 agencies collect information on company profits for the total economy. However, 6 agencies collect such information from partial sectors. 11 agencies provide national definitions for private capital expenditure and 6 agencies for company profits.

	Private capital expenditure (including expected capital expenditure)	Company profits
Source title	15	9
Frequency of collection	16 (M 8; Q 11; Y 2)	9 (Q 9; Y 1)
Sector coverage	14 (T 4; others 10)	9 (T 3; others 6)
Definition	11	6

Survey question 5

8. 8 agencies provided the source title for infra-annual national statistics used as inputs to gross fixed capital formation instead of private capital expenditure (NSCE) and 3 agencies for infra-annual national statistics used as inputs to gross operating surplus instead of company profits (NSCP). Information on NSCE are collected monthly (8 agencies), quarterly (2 agencies) and 2 times a year (1 agency). Information for NSCP is collected monthly (1 agency) and quarterly (3 agencies). 5 agencies collect information on NSCE for the whole economy but 3 other agencies collect such information for specific sectors such as manufacturing, energy, etc. 1 agency collects information on NSCP from total economy

and 1 agency collects such information from manufacturing and services sectors. 5 agencies provide national definitions for NSCE and 2 agencies for NSCP.

	Name of national statistics corresponding to private capital expenditure (including expected capital expenditure)	Name of national statistics corresponding to company profits
Source title	8	3
Frequency of collection	8 (M 8; Q 2; Y 1)	3 (M 1; Q 3)
Sector coverage	7 (T 5; M/E/C 3)	3 (T 1; M&S, financial 2)
Definition	5	2

Survey question 6

9. 14 agencies welcomed the inclusion of an item in the agenda for the June 2007 STESWP meeting to identify and discuss benefits and possibilities for further STESWP work in these areas to harmonise national practices. However, 9 agencies said they would not welcome, and 8 agencies provided no comment.

	Yes	No	No comments
Would you welcome the inclusion of an item in the agenda for the June 2007 STESWP meeting to identify and discuss benefits and possibilities of further STESWP work in these areas to harmonise national practices?	KOR, FIN, GRE, NOR, NZL, SLV ¹ , JAP, BEL, CAN, NDL, CHN, ITA, UK, AUS	HUN, SLO, POL, AUT, GES, TUR, MEX, USA, LUX	CHE, CZE, DEN, GEB, POR, SWE, BRA, CHL

¹ In terms of receiving a general information on the situation in other countries, do they conduct infra-annual surveys for the purposes of quarterly national accounts compilation?

DETAILED RESPONSES TO THE QUESTIONNAIRE

	Yes	No
1. Does your agency currently <u>conduct surveys</u> to collect infra-annual (i.e. monthly, quarterly or six-monthly) <u>quantitative</u> statistics and associated metadata on:		
○ private new capital expenditures (including expected capital expenditures)	CZE, HUN, SLO, NOR, SWE, JAP ² , POL, BEL, MEX, CHE, CHL, UK, AUS	USA, KOR, BRA, DEN, POR, GEB, FIN, GRE, NZL, SLV ³ , AUT, GES, TUR, CAN, NDL ⁴ , LUX, CHN, ITA
○ company profits	USA, KOR, CZE, POR, SLV, POL, MEX, CHN, CHL, UK, AUS	BRA, DEN, GEB, SLO, HUN, FIN, GRE, NOR, NZL, SWE, JAP, AUT, GES, TUR, BEL, NDL, CHE, LUX, ITA
2. Does your agency currently use <u>administrative data sources</u> to obtain infra-annual (i.e. monthly, quarterly or six-monthly) <u>quantitative</u> statistics and		

² These surveys are used for the estimation for the Non-Residential Investment of Private Sectors for the Second Quarterly Estimates of GDP.

³ Total acquisition of fixed assets (new as well as used) in reporting quarter is surveyed in breakdown: intangible and tangible assets (also by main categories as buildings, land machinery, etc.). We do not distinguish between private and other type of capital expenditure. We would prefer to have more precise methodology to better understand what exactly is new private capital expenditure.

⁴ There is no separate, comprehensive survey on a quarterly or monthly basis into either fixed capital expenditure, or company profits. At Statistics Netherlands, capital expenditure is measured in a different manner than assumed in the questionnaire, therefore this adapted response. At the core of the measurement of capital expenditure at Statistics Netherlands, especially in the short term (monthly, quarterly), is the commodity-flow method.

In the commodity flow method, capital expenditure is measured by monitoring the sources of fixed capital. These are mainly the production and imports of capital goods. For the quarterly national accounts, limited direct information is used as well. These contain some administrative data, such as on new car licences. The main aggregates concerned are the growth of the volume of total fixed capital formation and private fixed capital formation

Recently, an experimental monthly indicator of private fixed capital formation was developed. This is based on the observation that many of the data sources for measuring fixed capital formation in the quarterly national accounts are available on a monthly frequency as well. For the computation, a state space-based interpolation model containing monthly indicators is used. This approach yields more accurate results and a very fast production process. An additional advantage is the ability of these techniques to incorporate non-conventional data such as capacity utilization and imperfect data sources such as VAT-data.

Additional information can be provided if necessary.

associated metadata on:		
o private new capital expenditures (including expected capital expenditures)	BEL, CAN ⁵ , CHE, CHL, KOR, MEX, NDL, SLO	AUT, BRA, CHN, CZE, DEN, FIN, GEB, GES, GRE, HUN, ITA, JAP, LUX, NOR, NZL, POL, POR, SLV, SWE, TUR, USA, UK, AUS
o company profits	CHL	USA, KOR, BRA, CZE, DEN, POR, GEB, HUN, SLO, FIN, GRE, NOR, NZL, SWE, SLV, JAP, POL, AUT, GES, TUR, BEL, MEX, CHE, LUX, CHN, ITA, UK, AUS

If answers to **ALL** of the above questions is “NO”, please go to Question 3 below. Otherwise, please go to Question 4.

3. Does your agency <u>propose</u> over the next two years to obtain infra-annual (i.e. monthly, quarterly or six-monthly) <u>quantitative</u> statistics and associated metadata: <i>By conducting surveys on</i>		
o private new capital expenditures (including expected capital expenditures)	CAN ⁶	CHL, DEN, GEB, FIN, GRE, NZL, POL, AUT, GES, TUR, ITA
o company profits		CHL, DEN, GEB, SLO, FIN, GRE, NZL, POL, AUT, GES, TUR, ITA
<i>By using administrative data sources for</i>		
o private new capital expenditures (including expected capital expenditures)		CHL, DEN, GEB, FIN ⁷ , GRE, POL, AUT, GES, TUR, CAN, ITA
o company profits		CHL, DEN, GEB, SLO, FIN, GRE, POL, AUT, GES, TUR, MEX, ITA

If answers in **ANY** of Questions 1, 2 and 3 is “YES”, please go to Question 4 below. Otherwise, please go to Question 5.

4. Would you please provide brief information (e.g. source title, frequency of collection, sector coverage) on existing national sources used / propose to be used to obtain infra-annual quantitative statistics and their associated metadata on:

	Private capital expenditures (including expected capital expenditures)	Company profits
Source title	KOR : Facilities investment estimation index, Value of construction completed by kind of construction and orderer, BoP CZE : Statistical survey P3-04 (from 2007 – P6-04) HUN : Investment statistics SLO : Quarterly survey on companies for compilation of value added and gross investment (=statistical survey)	KOR : Financial statement analysis USA : Quarterly Financial Report (QFR) CZE : Statistical survey P3-04 (from 2007 – P6-04) POR : Quarterly Panel of Enterprises SLV : Quarterly enterprise survey (in non- financial as well as in financial sector) POL : 1) F-01/I-01: Survey on revenues, costs,

⁵ The data relates to residential and non-residential building construction. Our administrative sources do not cover engineering construction.

⁶ The answer is “Maybe”. A project was underway but was stopped due to human resources shortage. One of the major issues with this project is the availability of complete infra-annual information on capital-type projects, quarterly or monthly, to ensure a complete coverage of the universe.

⁷ YES for private new capital expenditures

	<p>NOR: Investment statistics SWE: Business investments JAP: 1) Financial Statements Statistics of Corporations by Industry 2) Business Outlook Survey 3) Unincorporated Enterprise Survey 4) Labour Force Survey 5) Statistics on Building Construction Started POL: 1) F-01/I-01: Survey on revenues, costs, financial results and investment outlays on fixed assets. 2) I-01: Survey on investment outlays on fixed assets BEL: Value added taxes statistics on investments MEX: www.inegi.gob.mx CAN: http://www.statcan.ca/english/sdds/5016.htm http://www.statcan.ca/english/sdds/5014.htm CHE: Statistique trimestrielle de la construction de logements CHL: Construction survey UK: 1) Quarterly Capital Expenditure Inquiry 2) Quarterly surveys of transactions by insurance companies and asset financiers AUS: Survey of new fixed capital expenditure</p>	<p>financial results and investment outlays on fixed assets CHN: Profits made by the industrial enterprises above the designated size UK: 1) Quarterly Operating Profits Survey AUS: Quarterly economy wide survey</p>
Frequency of collection	<p>KOR: Monthly CZE: Quarterly HUN: Quarterly SLO: Quarterly FIN: Monthly NOR: Quarterly SWE: 3 times a year JAP: 1) & 3) Quarterly 2) Quarterly 4) & 5) Monthly POL: 1) & 2) Quarterly and 1) semi-annual BEL: Monthly & Quarterly MEX: Monthly CAN: Quarterly CHE: Quarterly CHL: Monthly UK: 1) Quarterly 2) Quarterly AUS: Quarterly</p>	<p>KOR: Quarterly USA: Quarterly CZE: Quarterly POR: Quarterly SLV: Quarterly POL: Quarterly and Semi-annual CHN: Quarterly UK: Quarterly AUS: Quarterly</p>
Sector coverage	<p>KOR: Total economy CZE: All group of Nace rev. 1.1, enterprises with 20 and more employees (since 2007 – with 250 and more employees) HUN: Over 50 empl. fullscope, below 50 sampling SLO: Non-financial corporations (s.11) NOR: Investment Statistics Manufacturing, Mining and Quarrying and Electricity Supply, Nace 10, 13-37, 40. Investment Statistics Oil and Gas Activity, Nace 11, 60.3 SWE: NACE 10-52, 60, 62-64, 65.1, 66, 70(excl. 70.204), 71-73, 74.2, 74.3, 90 JAP: 1) Non-financial corporations 2) Financial corporations 3),4) & 5) Unincorporated Enterprises POL: 1) F-01/I-01: companies with 50 and more persons</p>	<p>KOR: Total economy USA: Domestic operations of U.S. corporations that have: (1) assets of \$250,000 or more and a plurality of sales activity in manufacturing industries⁸ ; (2) assets of \$50 million or more and a plurality of sales activity in the mining, wholesale trade, or retail trade industries.⁹ CZE: All group of Nace rev. 1.1, enterprises with 20 and more employees (since 2007 – with 250 and more employees) POR: All activities, excluding NACE sections A, B, J and L. SLV: NACE: A – O (production market oriented activities) POL: companies with 50 and more persons</p>

⁸ North American Industry Classification System (NAICS) Sector 31 – 33.

⁹ NAICS Sectors 21, 42, and 44 – 45, respectively.

	<p>employed; sector coverage: non financial enterprises (Quarterly);</p> <p>2) I-01: companies with 10 and more persons employed, not covered by F-01/I-01 (Quarterly);</p> <p>1) F-01/I-01: companies with 10 to 49 persons employed; sector coverage: non-financial enterprises (semi-annual)</p> <p>BEL: Total economy</p> <p>MEX: Manufacturing</p> <p>CAN: Residential housing investment ; non-residential building investment</p> <p>CHL: Construction</p> <p>UK: 1) Private non-financial corporations 2) Insurance companies, asset financiers</p> <p>AUS: All sectors except Agriculture, forestry and fishing, Government administration and defence, Superannuation funds, Education, Health and community services, and Other services</p>	<p>employed; sector coverage; non-financial enterprises (Quarterly); companies with 10 to 49 persons employed; sector coverage: non- financial enterprises (semi-annual)</p> <p>CHN: All state-owned and non-state-owned industrial enterprises above designated size</p> <p>UK: Private non-financial corporations [excluding: Agriculture, forestry and fishing]</p> <p>AUS: All sectors except Agriculture, forestry and fishing, Government administration and defence, Superannuation funds, Education, Health and community services, Some sectors of Finance and Insurance, and Other services</p>
Definition	<p>CZE: Acquisitions of long-term tangible and intangible property: Long-term property is acquired by purchase, self-production, by gaining title to intellectual property, by free acquisition (gift), by deposition of long-term property by another person, by transfer in compliance with legal regulations or by transfer from personal use to business. Also technical improvement of small or tangible property becomes long-term intangible or tangible property.</p> <p>SLO: Gross investment (gross fixed capital formation) as defined in ESA 1995</p> <p>NOR: 1) Investment: All acquisitions of new fixed assets with a lifetime of more than one year. All acquisitions must be reported in the year/quarter they were made even if they have not been paid for or activated in the accounts. Value added tax is reported in net value, i.e. refunded VAT should not be included, but VAT that is not refunded should. Fixed assets acquired from financial leasing are included.</p> <p>2) Estimated investments: Acquisitions that the establishment plans to make in the short and medium term.</p> <p>3) Final investments: Acquisitions of machinery, means of transport, buildings or constructions, or parts of such investments that the establishment has made in a quarter. The concept of final investments does not necessarily imply that the acquired material is put to use.</p> <p>http://www.ssb.no/english/subjects/08/03/30/kis_en/ http://www.ssb.no/english/subjects/10/06/20/oljeinv_en/</p> <p>SWE: Investments in buildings and machinery, intangible investments and leasing</p> <p>JAP: Please refer to the following page of the Guide to Official Statistics in Japan at http://www.stat.go.jp/english/index/official/index.htm</p> <p>1) 11.3 2) 11.12 3) 11.114) 3.3 5) 7.3</p> <p>POL: 1) Investment outlays are financial or tangible outlays, the purpose of which is the creation of new fixed assets or the improvement (rebuilding, enlargement, reconstruction or modernization) of existing capital asset items, as well as outlays on so-called initial investments.</p>	<p>USA: The conventional accounting concept of profits is used in the QFR estimates. This differs from the concept of profits employed in the national income and product accounts. In measuring profits for national income accounting purposes, capital gains and dividends received by corporations are deducted from profits, capital losses and depletion charges are added to profit, and adjustments are made for international flows affecting profits. Also see: http://help.econ.census.gov/BHS/QFR/About.html</p> <p>CZE: Pre-tax profit/loss: According to the Chart of Accounts and Accounting procedures for Businessmen: the difference in turnovers of credit and debit sides of account class 6 – Revenues and account class 5 – Expenses (the difference in turnovers of credit and debit sides) with the exception of accounts 591 to 596.</p> <p>POR: The variable is not collected directly, but can be estimated as the difference between profits and losses. There is not any definition at this time.</p> <p>SLV: Difference between total revenues and expenses before taxation. The content in questionnaire is defined in line with company accounts.</p> <p>POL: 1) Gross financial result (profit or loss) is the financial result on economic activity, increased by extraordinary losses; 2) Net financial result (profit or loss) is derived after decreasing the gross financial result by obligatory encumbrances; 3) Gross profit: the measure of positive gross financial result expressed in terms of value (in monetary units), reflecting generally the surplus of income in relation to costs.</p> <p>AUS: - Company gross operating profits: selected items are excluded from company profits before income tax to provide a measure of underlying company profits. These items include interest income and</p>

	<p>The value is expressed at purchase prices.</p> <p>MEX: Gross fixed investment indicators</p> <p>CAN: See above link</p> <p>CHE: Nbre de permis de construire, Nbre de nouveaux logements achevés, Nbre de logements en construction</p> <p>CHL: Construction permit</p> <p>AUS: New capital expenditure refers to the acquisition of new tangible assets either on own account or under a finance lease and includes major improvements, alterations and additions. In general, this is expenditure charged to fixed tangible assets accounts excluding expenditure on second hand assets unless these are imported for the first time. [See ABS publication 5625.0, available at www.abs.gov.au]</p>	<p>expenses; depreciation and amortisation; and selected items which do not involve the production of goods and services such as net foreign exchange gains/losses, gains/losses arising from the sale of non-current assets, and net unrealised gains/losses from the revaluation of current or non-current assets.</p> <p>- Company profits before income tax: Net operating profit or loss before income tax and extraordinary items and is net of capital profits or losses arising from the sale of businesses' own capital goods and dividends received. [See ABS publication 5676.0, available at www.abs.gov.au]</p>
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5. Would you please provide brief information on **ANY OTHER** existing national infra-annual statistics that are used, in lieu of private capital expenditure (including expected capital expenditure) and company profits, as inputs to Gross fixed capital formation and Gross operating surplus respectively in the compilation of national accounts.

	Name of national statistics corresponding to private capital expenditures (including expected capital expenditures)	Name of national statistics corresponding to company profits
Source title	<p>KOR: automobile statistics</p> <p>HUN: Dwelling statistics</p> <p>SLO: Adm. Source: Value added tax declaration (collection of value of real-estate and other operating fixed assets)</p> <p>FIN: 1) Volume index of industrial output, 2) Imports and exports by main use of goods (Customs), 3) Investment survey (Confederation of Finnish Industries) which is used for comparison</p> <p>GRE: 1) Private legal building activity - Issued permits 2) External Trade –Imports on Machinery and Transport Equipment 3) Production Index in Construction (Building Activity, Civil Engineering) and Industrial Production Index 4) Public Investments Program – Expenditure Data</p> <p>NOR: 1) Building statistics. 2) Information on motor vehicle (new registrations)</p> <p>GES: Quarterly NA in Germany use an indirect approach to compile gross fixed capital formation (commodity flow method):</p> <ul style="list-style-type: none"> - Main sources GFCF equipment: production and external trade statistics; - Main sources GFCF construction: construction industry statistics. <p>ITA: Indicators measuring the disposable supply of goods (turnover + imports – exports)</p>	<p>GES: Gross operating surplus is calculated as a balancing item in the German national accounts (gross value added minus compensation of employees). Many different infra-annual statistics are used for these estimations.</p> <p>MEX: Mexican stock market http://www.bmv.com.mx/</p> <p>UK: Quarterly surveys of income and expenditure by insurance companies, self-administered pension funds and securities dealers</p>
Frequency of collection	<p>KOR: Monthly</p> <p>HUN: Monthly</p> <p>SLO: Monthly</p> <p>FIN: 1) Monthly 2) Monthly 3) Half yearly</p> <p>GRE: 1) & 2) Monthly 3) & 4) Quarterly</p> <p>NOR: 1) & 2) Monthly</p> <p>GES: Monthly and quarterly</p> <p>ITA: Monthly</p>	<p>GES: Monthly and quarterly</p> <p>MEX: Quarterly and annually</p> <p>UK: Quarterly</p>
Sector coverage	<p>KOR: total economy</p> <p>HUN: total economy</p> <p>SLO: All entities liable to pay VAT</p>	<p>GES: Whole economy</p> <p>MEX: Manufacturing and services sector</p> <p>UK: Insurance companies, self-administered</p>

	FIN: 1) All 2) All 3) manufacturing and energy NOR: 1) Complete census (register). Covering all buildings under construction (by type of building) 2) Register data GES: Whole economy ITA: Aggregation of manufactured goods	pension funds, securities dealers
Definition	SLO: Accounting standard FIN: (commodity flow -method) GRE ¹⁰ : 1) Volume of Issued Permits 2) Value of Imports on Machinery and Transport Equipment 3) Volume Index 4) Expenditure data NOR: For 1) please see: http://www.ssb.no/english/subjects/10/09/byggeareal_en/ GES: Excluding expected capital expenditure	USA: See: http://www.bea.gov/bea/dn/home/corporateprof.htm http://www.bea.gov/bea/an/0998niw/tab1-5.htm FIN: (residual)

	Yes	No	No comments
6. Would you welcome the inclusion of an item in the agenda for the June 2007 STESWP meeting to identify and discuss benefits and possibilities of further STESWP work in these areas to harmonise national practices?	KOR, FIN, GRE, NOR, NZL, SLV ¹¹ , JAP, BEL, CAN, NDL, CHN, ITA, UK, AUS	HUN, SLO, LUX, GES, POL, AUT, TUR, MEX, USA	CHE, CZE, DEN, GEB, POR, SWE, BRA, CHL

Please outline any other issues (if any) you think relevant to infra-annual economic statistics on private new capital expenditures and company profits as possible topics for future work for STESWP to harmonise national practices.

(Comments: Netherlands)

At Statistics Netherlands, capital expenditure is measured in a different manner than assumed in the questionnaire, therefore this adapted response. At the core of the measurement of capital expenditure at Statistics Netherlands, especially in the short term (monthly, quarterly), is the commodity-flow method.

¹⁰ Concerning the inputs in the compilation of Quarterly National Accounts, the following points can be made relating to existing sources and methods currently used.

Concerning the main inputs to Gross fixed capital formation:

- 1) There are no infra-annual surveys on companies currently used for private new capital Expenditure.
- 2) Administrative data are used, such as :
 - Private legal building activity based on issued permits for constructions
 - Expenditure data from the Public Investments Program of the Ministry of Economics.
- 3) In order to calculate GFCF for machinery and transport equipment with the commodity flow method, the following existing infra annual statistics are currently used:
 - External Trade statistics on imports of machinery and transport equipment
 - Industrial Production Index

Concerning the main inputs to Gross Operating Surplus in the compilation of quarterly national Accounts:

- 1) No infra annual surveys are currently available on company profits.
- 2) For the calculation of Gross Operating Surplus, a residual method is currently applied rather than data on company profits

¹¹ In terms of receiving a general information on the situation in other countries, do they conduct infra-annual surveys for the purposes of quarterly national accounts compilation?

There is no separate, comprehensive survey on a quarterly or monthly basis into either fixed capital expenditure, or company profits.

In the commodity flow method, capital expenditure is measured by monitoring the sources of fixed capital. These are mainly the production and imports of capital goods. For the quarterly national accounts, limited direct information is used as well. These contain some administrative data, such as on new car licences. The main aggregates concerned are the growth of the volume of total fixed capital formation and private fixed capital formation

Recently, an experimental monthly indicator of private fixed capital formation was developed. This is based on the observation that many of the data sources for measuring fixed capital formation in the quarterly national accounts are available on a monthly frequency as well. For the computation, a state space-based interpolation model containing monthly indicators is used. This approach yields more accurate results and a very fast production process. An additional advantage is the ability of these techniques to incorporate non-conventional data such as capacity utilization and imperfect data sources such as VAT-data.

We can supply additional information available on these subjects, if desired.

We also feel that the issue of short-term measurement of capital expenditure is eminently suited for discussion at the June STSWP-meeting.

(Comment: Mexico)

Item	Comment
1	<ul style="list-style-type: none"> • Indeed, the Institute generates and publishes statistical information on private new capital expenditures, monthly through Gross Fixed Investment Indicators of National Accounts and several administrative records. Annually, this data is collected and processed by National Economic Surveys (NES) and every 5 years, by means of the Economic Censuses. • In relation to the company profits, this data is derived from the basic items on questionnaires applied in the National Economic Surveys, monthly and annual and through Economic Censuses.
2	<ul style="list-style-type: none"> • Through administrative records (provided by the Ministry of the Economy), the Institute generates and publishes statistical information about Foreign Direct Investment (FDI). • In relation to company profits statistics, collected by administrative records, this information is not available at Institute, nevertheless more information is provided by Mexican Stock Market at www.bmv.com.mx

EXAMPLE OF DEFINITION OF CAPITAL EXPENDITURE

Definition: Capital expenditure measures the value of purchases of fixed assets, i.e. those assets that are used repeatedly in production processes for more than a year. The value is at full cost price. Sales of fixed assets are not deducted [from *OECD Glossary of Statistical Terms*].

It is measured via money spent to acquire or upgrade physical assets such as buildings and machinery. Also called capital spending or capital expense.

The most common type of capital expenditure occurs when one purchases or otherwise acquires any asset that will benefit business for more than one year. New equipment, a car, computer, office furniture, or even business real estate are the things that most commonly come to mind when one hears the words "capital asset."

Expenses that add to the value or useful life of an item of property also are considered capital expenditures. If one has a capital expenditure that pertains to a particular asset in some year after the asset is purchased, one must treat the expenditure as a separate asset and depreciate it under the rules applicable to that type of asset in the year one places the expenditure into service.

In contrast, an expense that keeps an asset in an ordinarily efficient operating condition and that does not add to its value or substantially prolong its useful life is generally considered a currently deductible repair or maintenance expense.

Deciding whether a particular item should be classified as a capital expenditure or as a currently deductible expense is not always easy, particularly if it's debatable whether the expense represents a repair, or an improvement to a capital asset.