Revisited Sector Paper

For Rental and Leasing Services

24th Voorburg Group Meeting

Fred Barzyk

Oslo, Norway
September 14th to 18th, 2009

Classification – by Industry

Level	ANZSIC	ISIC 4.0	NACE Rev.2	NAICS 2007
General	Division L – Rental, Hiring and Real Estate Services	Division 77 Rental and leasing activities	77 Rental and leasing activities	Group 53 Real Estate and Rental and Leasing
First main level of detail	Sub division 66 – Rental and Hiring Services (except Real Estate) • 661 Motor Vehicle and Transport Equipment Rental and Hiring • 662 Farm Animal and Bloodstock Leasing • 663 Other Goods and Equipment Rental and Leasing • 664 Non-financial intangible assets (except copyrights) leasing	• 771 Renting and leasing of motor vehicles • 772 Renting and leasing of personal and household goods • Renting and leasing of other machinery, equipment and tangible goods • Leasing of intellectual property and similar products, except copyrighted works	77.1　Renting and leasing of motor vehicles 77.2　Renting and leasing of personal and household goods 77.3　Renting and leasing of other machinery, equipment and tangible goods 77.4　Leasing of intellectual property and similar products, except copyrighted works	532 Rental and Leasing Services • 5321 Automotive Equipment Rental and Leasing • 5322 Consumer Goods Rental • 5323 General Rental Centres • 5324 Commercial and Industrial Machinery and Equipment Rental and Leasing 533 Lessors of Non-Financial Intangible Assets (Except Copyrighted Works)

Classification – by Commodity

Level	CPC -Ver.2	CPA 2008	NAPCS – Ver 0.1
General	Division: 73 - Leasing or rental services without operator	77 Rental and leasing services	Real estate and rental and leasing services
Main sub-group	731 - Leasing or rental services concerning machinery and equipment without operator	77.1 Rental and leasing services of motor vehicles	532001 Rentals and operating leases of automobiles, trucks and other road transportation vehicles, and motor homes, travel trailers and campers
	732 - Leasing or rental services concerning other goods	77.2 Rental and leasing services of personal and household goods	532002 Rentals and operating leases of consumer goods
		77.3 Rental and leasing services of other machinery, equipment and tangible goods	532003 Rentals and operating leases of office machinery, furniture and equipment
			532004 Rentals and operating leases of commercial and industrial machinery and equipment, other than office equipment, without operator
	733 - Licensing services for the right to use intellectual property and similar products	77.4 Licensing services for the right to use intellectual property and similar products, except copyrighted works	511031.1 - Packaged software publishing
			533005.2.1 - Licensing of patented inventions
			533005.2.2 - Licensing of rights to use trademarks
			533005.1 - Franchisor services
			533005.3 - Licensing of subsoil assets
			533005.2.3 – Licensing of industrial designs
			533005.2.4 – Licensing of integrated circuit topographies

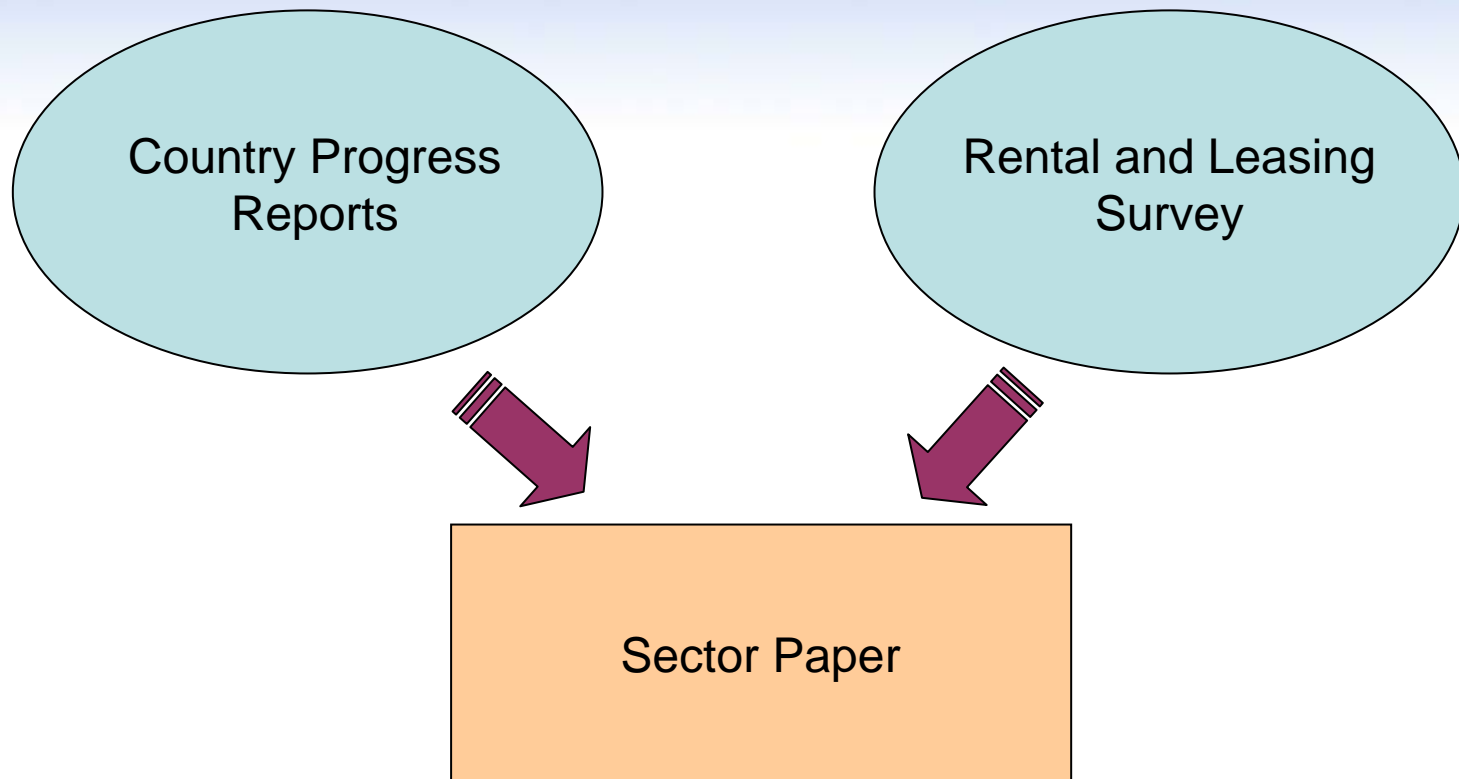Statistics Canada • Statistique Canada

Issues in classification

Operating versus Financial Leasing

- *1993 SNA, <u>operating leasing</u> is defined as the activity of renting out machinery or equipment for specified periods of time which are shorter than the total expected service lives of the machinery or equipment.*

- *Form of production in which the owner, or lessor, provides a service to the user, or lessee, the output of which is valued by the rental which the lessee pays to the lessor.*

- *<u>Financial leasing</u>, is not a process of production but a method of financing the acquisition of fixed assets.*

Country Progress on Rental and Leasing Services

Country Progress Reports

Rental and Leasing Survey

Sector Paper

Statistics Canada • Statistique Canada

Country Progress Reports Results

ISIC Subgroups fro ISIC Division 77: Rental and leasing activities	Number of countries producing SPPI	Number of countries producing turnover data
ISIC 7710 Renting and Leasing of Motor Vehicles	8	18
ISIC 7721 Renting and Leasing of Recreational and Sports Goods	2	15
ISIC 7722 Renting and Leasing of Video Tapes and Disks	1	15
ISIC 7729 Renting and Leasing of Other Personal and Household Goods	2	15
ISIC 7730 Renting and Leasing of Other Machinery, Equipment, and Tangible Goods	9	17

Statistics Canada • Statistique Canada

Survey results

- 20 countries replied,

- 20 countries produce turnover for at least one segment of the rental and leasing services industry

- 14 out of 20 produce and SPPI for at least one segment of the rental and leasing services industry

Statistics Canada • Statistique Canada

Turnover - Results

- Virtually all countries collect turnover data for at least one segment of industry

- Survey/census is most popular, with some administrative data

- Minimum level of detail collected – by industry

- Half of countries have sub-annual programs

Statistics Canada • Statistique Canada

Turnover - considerations

- Separating out the operating and the financial lease revenues (activity) is necessary BUT can be difficult to do

Statistics Canada • Statistique Canada

24/09/2009

SPPI - Results

- 14 out of 20 countries have an SPPI for a least one segment or sector of the industry

- "Direct Use of Repeated Services", employed by almost all countries (transactions prices)

- Unit values approach is popular

Statistics Canada • Statistique Canada 24/09/2009

SPPI Considerations (1)

- Quality adjustment

  - Quality of service *only?* What about quality of asset rented or leased?

  ⇒ Double counting for deflation and thefore productivity?

  ⇒ Proxy for the cost of capital to business (Canada)

Statistics Canada • Statistique Canada

SPPI Considerations (2)

- Treatment of financial leases

  - <u>Financial leases should not be included</u> for the rental and leasing service industry

  - Financial lease are really loans, therefore should use FISIM approach

Statistics Canada • Statistique Canada

SPPI Considerations (3)
Other development options - coverage

Rental and Leasing Category or Sub-sector	Sector/end user		
	Households/Consumers	**Business and government**	**Foreign**
Industrial machinery and equipment	Not applicable	Applicable (SPPI)	Applicable (SPPI)
Automotive or motor Vehicles	Applicable (CPI as proxy?)	Applicable (SPPI)	Applicable (CPI as proxy and SPPI)
Personal and household or consumer goods	Applicable (CPI as proxy?)	Not applicable	Applicable (CPI as proxy?)
Non-financial intangible assets or intellectual property (excluding copyrighted works)	Not applicable	Applicable (SPPI)	Applicable (SPPI)

Statistics Canada • Statistique Canada

Questions?

Statistics Canada • Statistique Canada