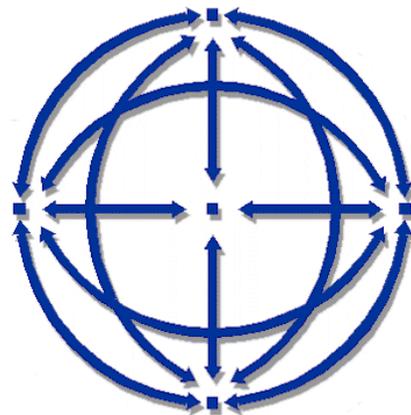


Latest Developments in the Canadian Economic Accounts

Changes to the flows and stocks of fixed capital



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- . 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 *Statistics Act*
- ^E use with caution
- F too unreliable to be published
- * significantly different from reference category ($p < 0.05$)

Published by authority of the Minister responsible for Statistics Canada

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Changes to the flows and stocks of fixed capital

Statistics Canada will release revised estimates of investment flows, consumption of fixed capital (CFC) and capital stocks on November 27, 2014 for reference years 1961 to 2013. Non-residential estimates will be available by industry, by asset, and by geographical breakdown for the main variables (investment, end-year gross stock, depreciation and net stock) using three depreciation methods. The revised estimates will be based on an updated depreciation profile and service life model; in addition, the classification of capital stock will be based on the final demand classification used for the input-output (IO) tables.

This release will also publish estimates of residential investment, CFC (consumption of fixed capital) and capital stock by province, with expanded asset detail and asset-specific depreciation profiles.

Perpetual Inventory Method

The value of capital stock is estimated using the perpetual inventory method (PIM) whereby investment flows are accumulated and depreciated over time, giving rise to a stock of assets. In particular, the PIM (perpetual inventory method) uses a time series of investment flows, asset lives and prices, and assumptions regarding methods of depreciation and discard patterns when developing estimates of the market value of non-residential and residential capital stock.

Given the integrated nature of the CSMA (Canada's System of macroeconomic accounts), it is important that the investment flows that act as an input to the PIM (perpetual inventory method) reflect CSMA (Canada's System of macroeconomic accounts) concepts, methods and balancing (specifically those used to estimate the IO tables and the income and expenditure accounts). As the IO final demand table contains the most detailed investment flows within the CSMA (Canada's System of macroeconomic accounts), the redesigned capital stock program will improve coherence by directly linking investment flows by industry and asset to those at the final demand level of the IO tables. The investment flows from the Provincial and Territorial Economic Accounts will be used in years when the IO tables are unavailable.

Asset lives and depreciation profiles for non-residential investment are being updated to incorporate results from a study previously conducted by Statistics Canada in which responses from the Capital and Repair Expenditures Survey related to 'expected useful life of asset' and 'price' were used to develop depreciation rates. Asset prices have also been revised to align more closely with the price methodology employed in the CSMA (Canada's System of macroeconomic accounts).

Dissemination

Data will be released henceforth via four CANSIM tables, for the time period 1961 to date. Although the first three tables will contain the eight flows and stocks variables—investment, end-year gross stock, linear depreciation and net stock, hyperbolic depreciation and net stock, and geometric depreciation and net stock—on a current dollar, constant dollar and chained Fisher basis, the combination of industries, assets and geography will vary.

Table 1
Flows and stocks of fixed capital by CANSIM table

CANSIM Table	Title	Geography	Industries	Assets
031-0005	Flows and stocks of fixed non-residential capital, by industry and asset	Canada, provinces and territories	57 detailed industry level	4 assets: Building; engineering; machinery and equipment; intellectual property products
031-0006	Flows and stocks of fixed non-residential capital, by industry and asset	Canada	19 higher level industries	16 assets
031-0007	Flows and stocks of fixed non-residential, total all industries, by asset	Canada, provinces and territories	Total	16 assets
031-0008	Flows and stocks of fixed residential capital	Canada, provinces and territories	-	2 assets

Source: Statistics Canada

The revised estimates for the flows and stocks of fixed, non-residential and residential capital will contain different aggregations than those that are currently published. For residential capital, estimates of investment, CFC (consumption of fixed capital) and capital stock will be available for both new residential construction and alterations and improvements, whereas previously there was only a combined estimate. As a result of the direct industry/asset link of the revised estimates for non-residential investment to the final demand IO tables, estimates will be available at a higher industry level and will have less asset detail than previously. However, this industry/asset link will improve the precision of the estimates released of the flows and stocks of fixed non-residential capital.