

## Latest Developments in the Canadian Economic Accounts

### Quarterly estimation of investments of the oil and gas extraction industry



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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<sup>s</sup> value rounded to 0 (zero) where there is a meaningful distinction between true zero and the value that was rounded
- <sup>P</sup> preliminary
- <sup>r</sup> revised
- X suppressed to meet the confidentiality requirements of the *Statistics Act*
- <sup>E</sup> 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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# Quarterly estimation of investments of the oil and gas extraction industry

In recent years, the exploration, development and production activities of the Canadian oil and gas extraction industry have experienced significant growth. Investment in this industry is highly concentrated in engineering construction and in exploration and evaluation, two key investment components of gross domestic product (GDP). Business investment in these components accounts for approximately 6% of total GDP. Capital expenditures in the oil and gas extraction industry can change rapidly, so in order to properly capture these changes, Statistics Canada has implemented a quarterly survey which collects capital expenditure data for this industry which are then used in the compilation of quarterly investment statistics.

## Quarterly investment estimation in the Canadian System of Macroeconomic Accounts

On an annual basis, the investment components of GDP are benchmarked to the Input-Output (IO) Tables for the years which the IO tables are available. The investment from the IO tables incorporates the results from the *Annual Capital and Repair Expenditures Survey* to which System of National Accounts (SNA) adjustments are applied to develop an investment estimate consistent with SNA concepts. Beyond the IO years, data from the *Annual Capital and Repair Expenditures Survey* are the data source.

Indicators that are used include material costs from the *Industrial Product Price Index*, labour costs from the *Survey of Employment, Payrolls and Hours*, capital spending for non-financial enterprises from the *Quarterly Financial Survey* and results from various monthly surveys, such as the *Monthly Survey of Manufacturing* which measures the value of construction materials produced and sold. The movement of these indicators helps establish the quarterly movement of investment.

Results from the new *Quarterly Survey of Capital Expenditures – Oil and Gas Activities* are now employed as primary indicators for estimating quarterly investment in engineering construction and in exploration and evaluation. This survey allows Statistics Canada to incorporate the rapidly changing investment by this industry on a quarterly basis, improving the accuracy of the estimate. Due to the GDP compilation process—the additional indicators employed and the seasonal adjustment—those growth rates of investment may differ from the survey's.

## Survey background

The *Quarterly Survey of Capital Expenditures – Oil and Gas Activities* collects information on the capital expenditures of the oil and gas extraction industry. The target population are those businesses within NAICS 211113 (conventional oil and gas extraction) and NAICS 211114 (non-conventional oil extraction). A sub-sample of the units in those industries that receive the *Annual Capital and Repair Expenditures Survey* are selected for this survey, which collects information on the unit's current and previous quarter's capital expenditures.

The survey provides indicators of investment in exploration and evaluation, machinery and equipment, and non-residential structures at the national level. On occasion, some respondents may be unable to respond or may be late in responding. In such cases, missing data are imputed based on historical information, such as data from the previous year or intentions provided for the year. Other sources of information are also used, for example, quarterly financial reports.

**Table 1**  
**Survey of capital expenditures – Oil and gas activities (growth rate)**

	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter	Fourth quarter
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	q 2013	q 2013	q 2013	q 2014	q 2014	q 2014	q 2014
	percent change						
Capital expenditure	-23.6	22.2	9.1	0.3	-14.5	16.6	6.9
<b>Source:</b> Statistics Canada							

## Dissemination

The results from the *Quarterly Survey of Capital Expenditures – Oil and Gas Activities*, including updated figures, will be available on CANSIM later this year (2015).