



**36th Voorburg Group Meeting on Services Statistics  
Helsinki**

**Mini presentation on  
Renting and leasing of other machinery, equipment and  
tangible goods in Hungary**

**(ISIC/NACE 7730)**

21. September, 2021

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**Hungary**

- I. Macroeconomic indicators;**
- II. Data collection;**
- III. Pricing methods;**
- IV. Examples;**
- V. Summary.**

# I. Macroeconomic indicators for 77.3 Hungary, 2019

## Number of enterprises and performance indicators

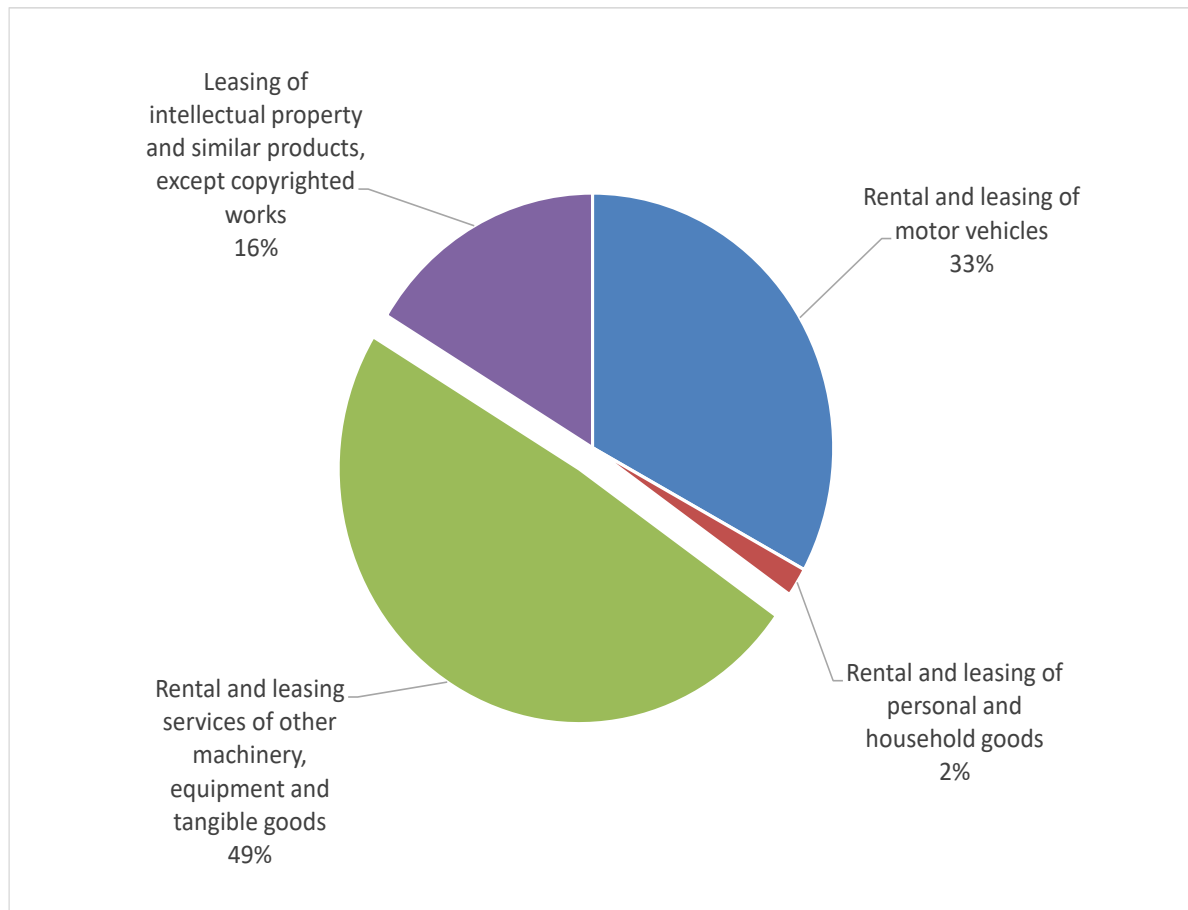
NACE Rev.2: B-J, L-N, P-S

Hungary, (2019)

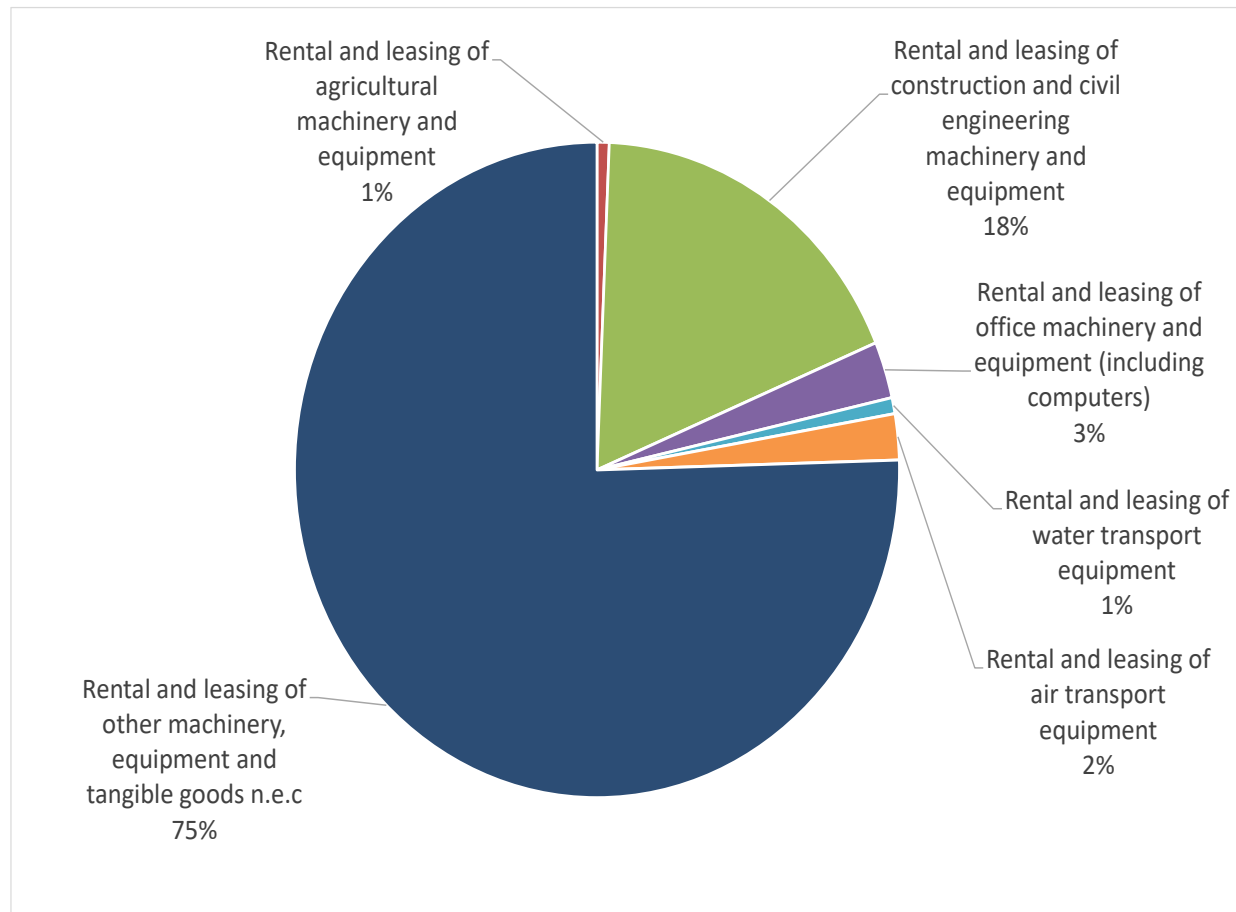
NACE Rev.2	Indicators					
	Number of enterprises	%	Turnover (1000 EUR)	%	GDP (1000 EUR)	%
<b>Total NACE'08 05-63;68-82;85-96</b>	839779	<b>100</b>	1,17613E+11	<b>100</b>	26142024205	<b>100</b>
<b>N</b>	52322	<b>6,2</b>	3708515534	<b>3,2</b>	1410344033	<b>5,4</b>
<b>77== Rental and leasing</b>	5161	<b>0,6</b>	657719460	<b>0,6</b>	284993318	<b>1,1</b>
<b>773 == Renting and leasing of other machinery, equipment and tangible goods</b>	2084	<b>0,2</b>	228357602	<b>0,2</b>	102951778	<b>0,4</b>

# *Net Turnover Structure in Hungary, 2019* *by the SBS statistics*

## **Renting and leasing activities (Turnover of N77=100%)**



### Renting and leasing of other machinery, equipment and tangible goods in Hungary, 2019



## *Macroeconomic indicators for 77.3 by employment category, Hungary, 2019*

SIZE_EMP / INDIC_SB	Number of enterprises		Turnover or gross premiums written		Value added at factor cost		Number of persons employed	
		%	mio EUR	%	mio EUR	%	persons	%
<b>Total</b>	2084	<b>100,0</b>	228358	<b>100,0</b>	102952	<b>100,0</b>	6727	<b>100,0</b>
250 persons employed or more								
From 50 to 249 persons employed								
From 20 to 49 persons employed	30	<b>1,4</b>	33952	<b>14,9</b>	12323	<b>12,0</b>	820	<b>12,2</b>
From 10 to 19 persons employed	80	<b>3,8</b>	50497	<b>22,1</b>	12266	<b>11,9</b>	1047	<b>15,6</b>
From 0 to 9 persons employed	1962	<b>94,1</b>	78724	<b>34,5</b>	41611	<b>40,4</b>	3128	<b>46,5</b>

## *The Turnover structure*

The **turnover structure** could be described as follows (with limited coverage and quality):

- ✓ **Main activity + secondary activities** – based on data of enterprises with more than 19 employees;
- ✓ **Domestic + non-domestic/export** (by residency) – based on data of enterprises performing dual accounting;
- ✓ **Data from survey + administrative data** (e.g. for enterprises with less than 5 employees) + **imputation of data** (concerning missing data).

## *II. Data collection*

**The survey frame:** the national Business Register;

**Starting date of the observation:** Q1/2014

**The observation unit:** enterprise

- ✓ with the main activity Renting and leasing of other machinery, equipment and tangible goods, 77.3
- ✓ and
- ✓ classified to different industries may be also selected, if generate significant turnover from the secondary activity related to the operations of 77.3.

**The sampling method:** cut-off is employed.

**Frequency:** quarterly survey



## *II. Specification of the service (N77.3)*

**Renting and leasing of other machinery, equipment and tangible goods** (ISIC/NACE **77.3**) industry is dominated by operations of **2 sub-categories** (product groups at 6 digit level).

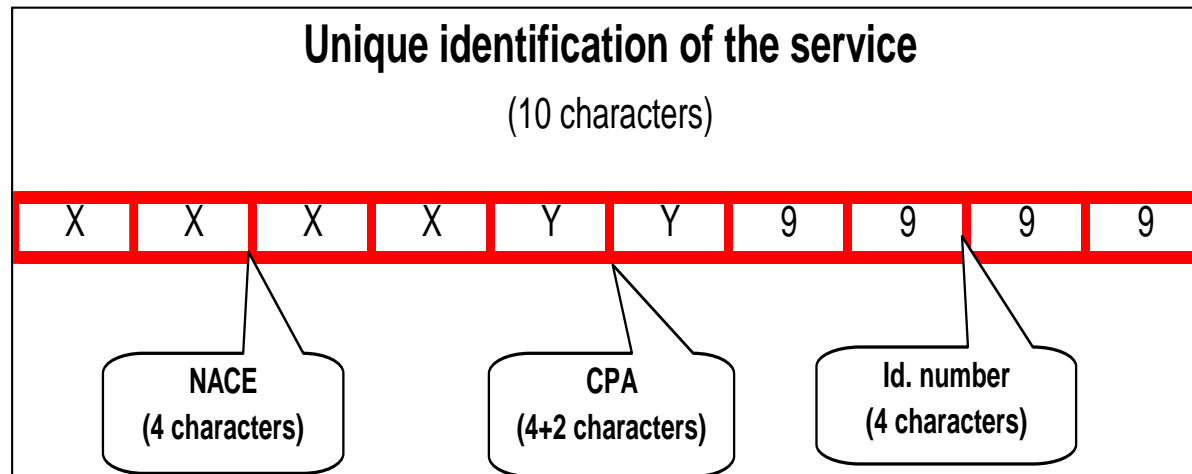
- ✓ **77.32.10** Rental and leasing services of construction and civil engineering machinery and equipment;
- ✓ **77.39.11** Rental and leasing services of railroad vehicles;
- ✓ **77.39.12** Rental and leasing services of containers;
- ✓ **77.39.13** Rental and leasing services of motorcycles, caravans and campers;
- ✓ **77.39.14** Rental and leasing services of telecommunications equipment ;
- ✓ **77.39.19** Rental and leasing services of other machinery and equipment without operator and tangible goods n.e.c

## Questionnaires

- ✓ A **“customized” questionnaire** for each respondent has been developed via telephone or email;
- ✓ As a result, **pre-printed questionnaires** are used.

Data on **domestic** and **export services** (sold to the non-resident customers) are collected on separate pages. **Turnover data** are also collected for the previous year at CPA 4 and 6 digit-level on the SPPI questionnaire.

### *Structure of the code of a representative service on the questionnaire*



## *Main fields of operations*

**The pricing unit of measure** for the selected price representative items:

HUF/day, HUF/month or EUR/day, EUR/month

The **main fields of operations**: rental and leasing of various machinery and equipment.

- ✓ In case of **77.32**: Renting different types of civil engineering machinery for a short or long time.
- ✓ In case of **77.39**: Renting different types of machinery or equipment

Service providers are asked to select the most typical types of goods and the most important price determining factors to be fill in the questionnaires as follows:

## *Renting different types of civil engineering machinery, 77.32*

**The most typical types of items:** road roller, wall support, scaffolding, crane, container



## *Renting different types of machinery or equipment, 77.39*

The most typical types of items: motor train, drilling rig, forklift, truck, backhoe loader



### *III. Main pricing methods*

**The most appropriate pricing methods** – theoretically - may be the following:

- ✓ **Unit values/average prices** for the strictly defined type of **machinery/equipment**: type, amount..., (e.g. per/piece, per/time period, per service package);
- ✓ **Contract prices** of the large and representative customers: leasing fees by type of item - taking into account the same price determining factors;
- ✓ **Model pricing** for unique or complex services.

**Second best:**

- **Average prices** for the relatively openly defined group of services;
- **Direct use of prices of repeated services** (HUF/lease/time period, EUR/lease/time period).

## *Deflators for regular use*

**In practice**, the **unit values pricing** method was considered to be the best option.

On the other hand, in special cases **the collection of leasing fees** from related companies (users of rights) **seems to be impossible**, because of the next **reasons**:

- ✓ The users of rights are mostly in Hungary non-resident companies, located usually in several European countries, or worldwide;
- ✓ Collection of data in non-national territory seems to be very difficult, sometimes impossible (other legal rules, classifications, availability of indicators, deadlines);
- ✓ Quality issues.

## *Using of available price indices as proxies*

*What pays the user of the rights (in special cases)?*

**Price = (Entry fee) + Leasing fee**

**Leasing fee** = X% of the revenue (turnover) accounted for the previous time period (year/quarter).

*How to deflate the leasing fee?*

**Deflator** = index of % \* deflator for sales

= index of % \* proxy for SPPI

PPI for the related product groups

**Recommendation:** yearly observation of percentages (%) and use PPIs as proxies for deflation.

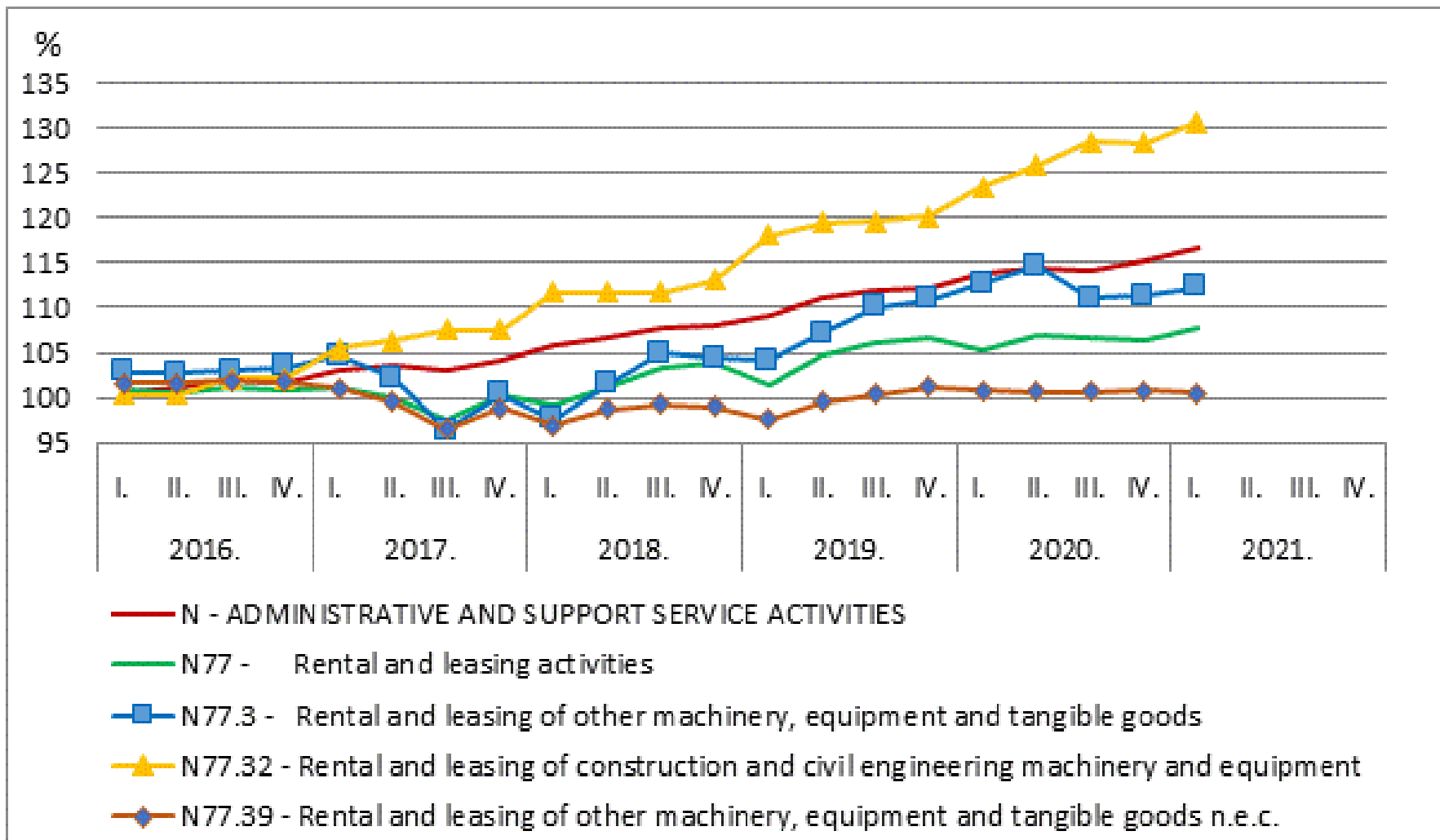
When users of rights are **non-resident**

- ✓ For **European** countries EU-level indicators, like above
- ✓ For **non-European** countries?
  - (Using of **national** indicators \* exchange rate of currency of the most important country/countries.)



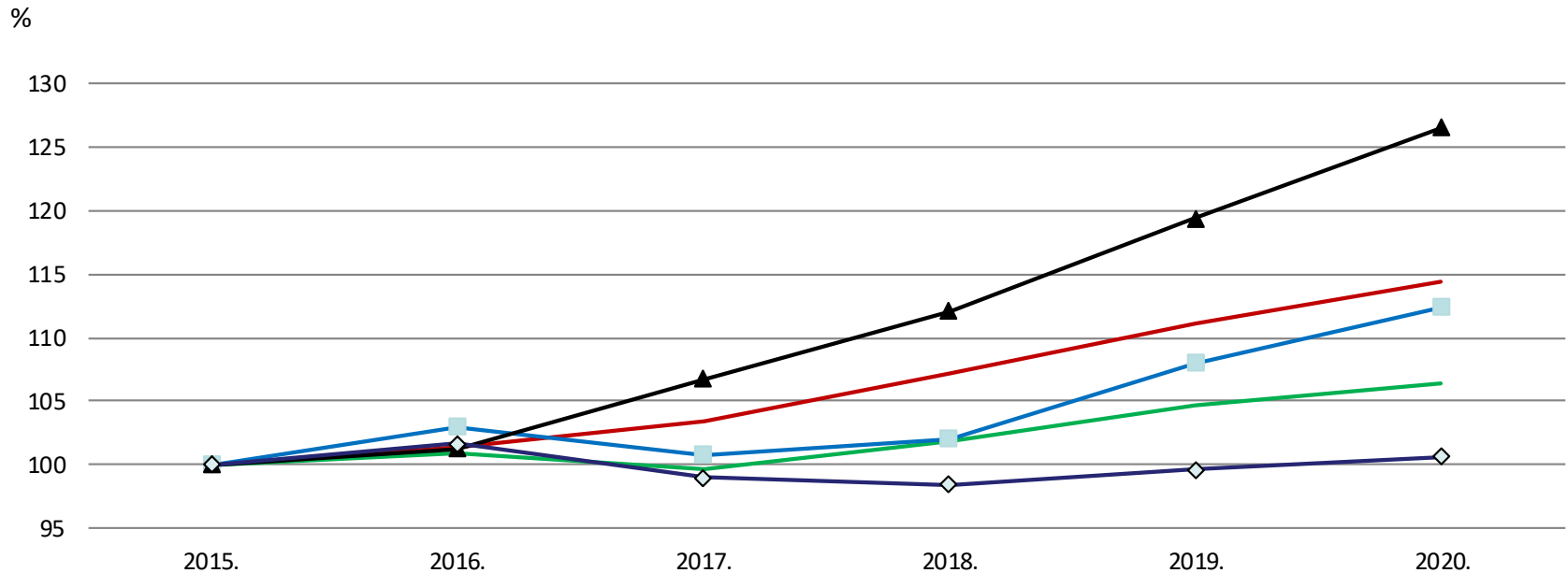


## IV. Quarterly SPPIs in Hungary for 77.3 2015=100%





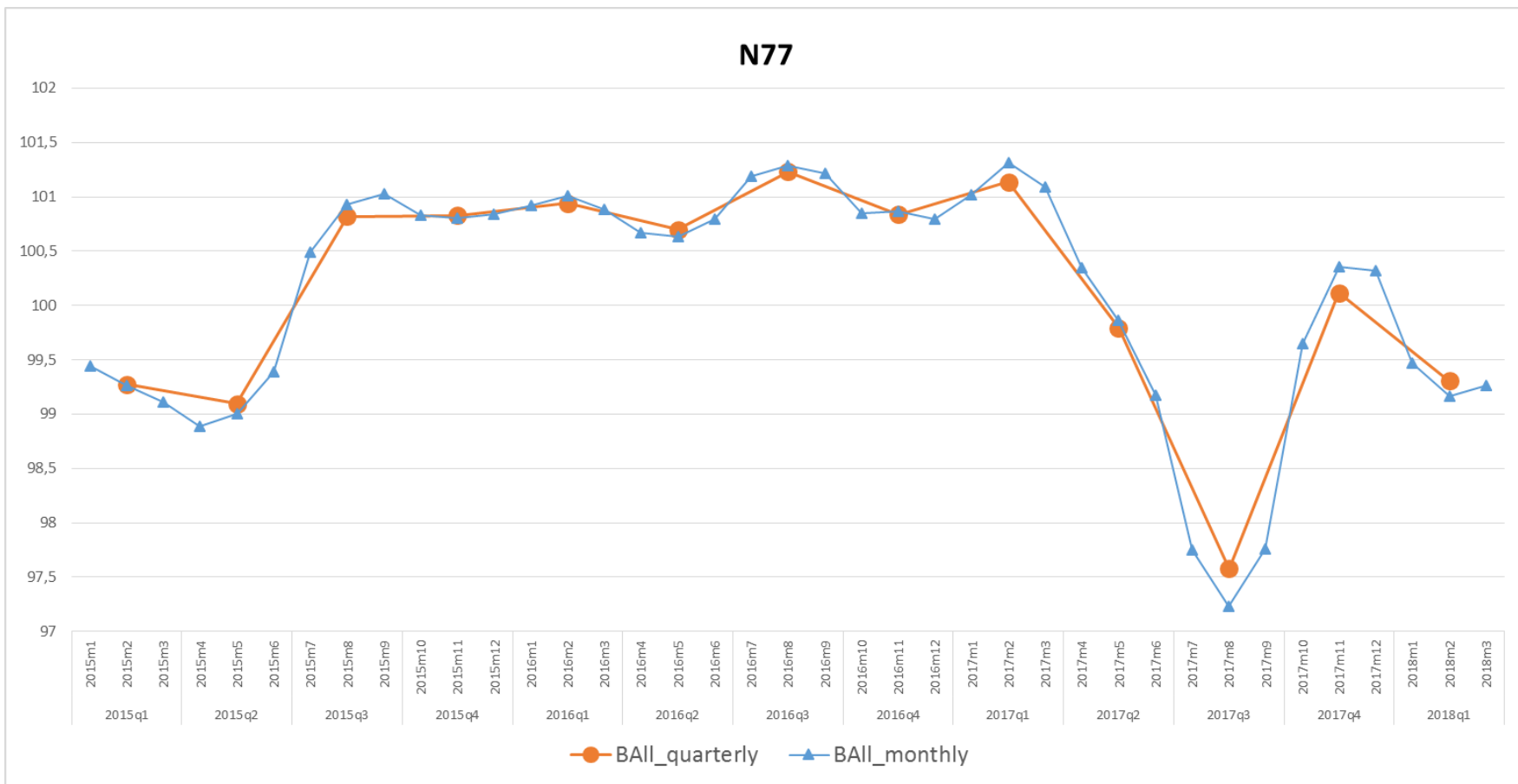
## IV. Annual SPPIs in Hungary for 77.3 2015=100%



- N - ADMINISTRATIVE AND SUPPORT SERVICE ACTIVITIES
- N77 - Rental and leasing activities
- N77.3 - Rental and leasing of other machinery, equipment and tangible goods
- ▲ N77.32 - Rental and leasing of construction and civil engineering machinery and equipment
- ◇ N77.39 - Rental and leasing of other machinery, equipment and tangible goods n.e.c.

# Quarterly and monthly SPPIs for N77

## 2015=100%



## V. Summary

### ***The main fields of operations:***

- “Rental and leasing services of construction and civil engineering machinery and equipment” (CPA'15 **7732.10**);
- “Rental and leasing services of other machinery and equipment without operator and tangible goods n.e.c.” (CPA'08 **7739.19**)
- ✓ **Domestic and non-domestic transactions** as well as turnover data are collected;
- ✓ Industry is dominated by services provided for businesses **B2B**, in many cases on the base of a lease agreement. For this reason a **B2B SPPI may be an adequate estimation for a B2All SPPI**.
- ✓ In the machine rental business usually **huge discount** are given.
- ✓ In practice, the **unit values pricing** method was considered to be the best option.

Concerning the **leasing contracts**, *especially* using of the **percentage fee** method, the data collection may be difficult ((e.g. from casinos in case of slot machines). In this case using of proxies for SPPIs could be proposed for deflation of related revenues.

**Thank you for attention!**

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