COMMONWEALTH BUREAU OF CENSUS AND STATISTICS

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CAPITAL AND MAINTENANCE EXPENDITURE BY PRIVATE BUSINESSES IN AUSTRALIA

JUNE QUARTER, 1963 (ACTUAL)

JULY TO DECEMBER, 1963 (ANTICIPATED)

INTRODUCTION

General

This bulletin contains estimates based on returns obtained from a sample of businesses subject to pay-roll tax (i.e., businesses paying more than £200 a week in wages), supplemented by returns from other businesses not subject to pay-roll tax which are known to be undertaking capital expenditure projects entailing expenditure of £250,000 or more in a six-monthly period.

2. Annual and half-yearly figures are shown for actual and anticipated capital expenditure and for expenditure on repairs and maintenance, and in addition quarterly estimates are shown for actual capital expenditure. Preliminary estimates of actual capital expenditure for March and June quarters, 1963, previously published in bulletin S.B. 288 of 14th August, 1963, are revised in this bulletin. In the past a less detailed industry dissection has been shown for quarterly estimates than for half-yearly figures. Commencing with this bulletin, estimates as from March quarter, 1963, are shown in the same industry detail as the half-yearly estimates.

Industrial Field Covered

3. This survey is designed primarily to measure trends in expenditure by private businesses on the tangible assets specified. With current statistical resources it is not practicable to include all private industry in the survey. The fields of private industry excluded are:

(a) Businesses whose pay-roll is below the exemption limit for pay-roll tax (unless included in the supplementary collection from businesses known to be undertaking capital expenditure projects involving expenditure of £250,000 or more in a six monthly period).

(b) Organizations "exempted" from pay-roll tax such as religious or benevolent institutions.

(c) Rural.

(d) Certain businesses such as accountants, trade associations, consultant engineers, etc. Capital expenditure by these businesses is considered too small to affect trends.

(e) Gas and electricity.

4. Although governmental undertakings in general are excluded from the survey, government airlines and banks are included for the sake of completeness in these industrial fields.

5. Since the pay-roll tax exemption limit is fixed in money terms, the coverage of the pay-roll tax field in terms of employment may vary in accordance with changes in wage-rates, etc. At the head of each column in Tables 1 (Part A), 2 (Part A) and 3 herein, employment in the field of business for which estimates of capital and maintenance expenditure are shown is expressed as a percentage of total private employment (other than rural and private domestic). In relation to the measurement of capital and maintenance expenditure, these employment percentages are shown merely as a broad indication of the extent of the field surveyed and of changes in coverage.

Industrial Dissection

6. Returns are obtained on a State basis and, in general, businesses are classified according to their predominant activity in each State. Certain large organizations having extensive operations in more than one industry supply information for their separate industries.

Scope of Estimates

7. "New Capital Expenditure" is defined as total payments from any source (including receipts from insurance claims and trade-in allowances) by businesses, during the periods specified, for the purchase or installation of new buildings and structures and other new capital equipment, whether or not the assets are acquired during the period in which the payment is made. Expenditure on alterations and additions to existing buildings and structures is treated as "new capital expenditure".

8. Similarly "Repair and Maintenance Expenditure" relates to payments, during the periods specified, for the repair and maintenance of capital equipment, irrespectiv of when the repairs, etc. were made.

9. The component "buildings and structures" covers assets such as buildings, wharves, roads and also lifts, heating and ventilation equipment and the like forming an integral part of the structure. The component "other capital equipment" covers all machinery and equipment including vehicles, aircraft and ships, and such items as new motors, lathes, office equipment and fixtures.

10. The estimates exclude expenditure on the purchase of land, existing buildings and other structures, and second-hand equipment (unless bought from overseas suppliers).

NEW CAPITAL EXPENDITURE BY TYPE OF ASSET

11. Part A of Table 1 shows the estimated yearly and half-yearly expenditure on new buildings and other new capital equipment from July, 1959 to June, 1963, together with anticipated expenditure for the half year ending December, 1963. Part B shows anticipated and actual expenditure for each half year as a percentage change from actual expenditure in the previous half year. It indicates that during the period July, 1959 to June, 1963, businessmen frequently over-estimated expenditure on new buildings. Part C shows the estimated quarterly expenditure on new buildings and other new capital equipment from March quarter, 1961 to June quarter, 1963.

12. New capital expenditure for the half-year January to June, 1963 was £264.2 million, of which £89.1 million was spent on new buildings and structures and £175.1 million on other new capital equipment. Compared with expenditure in the previous half-year, this represents a decrease of 1 per cent. in total capital expenditure, resulting from a decrease of 12 per cent. in expenditure on buildings and an increase of 6 per cent. in expenditure on other new capital equipment. Businessmen had expected no change in total expenditure, an increase of 4 per cent. in expenditure on buildings and a decrease of 2 per cent. in expenditure on other new capital equipment.

13. Businessmen expected that in the half-year ending December, 1963 total new capital expenditure would be 12 per cent. greater than in the preceding half-year. Expenditure on new buildings was expected to rise by 34 per cent., and expenditure on other new capital equipment was expected to rise by 2 per cent.

14. In the interpretation of figures of anticipated expenditure it should be kept in mind that they represent the total of expenditure expected by individual businesses at the beginning of the half-year. Subsequent changes in economic conditions may cause revision of plans and affect the timing of construction or deliveries of equipment, or their cost. On occasions, individual plans may prove to be collectively beyond the capacity of the economy.

TABLE 1. - NEW CAPITAL EXPENDITURE BY TYPE OF ASSET

(By private businesses subject to payroll tax, excluding rural industries - see paragraphs 1 to 5)

PART A. - YEARLY AND HALF-YEARLY NEW CAPITAL EXPENDITURE : JULY, 1959 TO DECEMBER, 1963

Particulars	1959-60	1960-61	1961-62	1962-63	1962 July to December	1963 January to June	1963 July to December
[illegible] (a)	77%	79%	79%	80%	[illegible]	80%	80%
	$ m[illegible]						
Capital Expenditure on -	Actual Expenditure						Anticipated (b)
New Buildings and Structures	[illegible]2.1	177.1	165.2	190.5	101.4	89.1	118.0
Other New Capital Equipment	294.4	315.9	326.0	341.0	165.9	175.1	178.1
Total New Capital Expenditure	446.5	493.0	495.2	531.5	267.3	264.2	296.1

(a) See paragraph 5. (b) Anticipated by businesses at the beginning of the [illegible]. See paragraph 14.

PART B. - ANTICIPATED AND ACTUAL [illegible] CHANGE IN NEW CAPITAL [illegible] HALF-YEARLY : JULY, [illegible] TO DECEMBER, 1963

Change from actual expenditure in previous half-[illegible]

Capital Expenditure on -	1959-60 July to Dec.	1959-60 Jan. to June	1960-61 July to Dec.	1960-61 Jan. to June	1961-62 July to Dec.	1961-62 Jan. to June	1962-63 July to Dec.	1962-63 JAN to June	1963-64 July to Dec.
	Per cent								
New Buildings and Structures -									
Anticipated (a)	+37	+13	+38	+5	+[illegible]	12	24	+4	+34
Actual	+21	+3	+17	-4	-[illegible]	-3	18	-12	(b)
Other New Capital Equipment -									
Anticipated (a)	+17	-2	+9	+1	[illegible]	-14	9	-2	+2
Actual	+13	+5	+10	-8	+11	-9	7	-6	(b)
Total New Capital Expenditure -									
Anticipated (a)	+23	+3	+19	+2	[illegible]	5	14	..	+12
Actual	+15	+4	+12	-7	[illegible]	5	11	-1	(b)

(a) Anticipated by businesses at the beginning of the period. See paragraph 14.
(b) Not yet available.

PART C. - QUARTERLY NEW CAPITAL EXPENDITURE : MARCH QUARTER, 1961 TO JUNE QUARTER, 1963

Capital Expenditure on -	1960-61 March Qtr.	1960-61 June Qtr.	1961-62 Sept. Qtr.	1961-62 Dec. Qtr.	1961-62 March Qtr.	1961-62 June Qtr.	1962-63 Sept. Qtr.	1962-63 Dec. Qtr.	1962-63 March Qtr.	1962-63 June Qtr.
	£ million									
New Buildings and Structures	39.7	47.0	40.8	42.6	38.9	46.9	51.3	50.1	40.5	48.6
Other New Capital Equipment	70.3	80.9	87.4	83.8	68.9	85.9	77.1	88.8	81.7	93.4
Total New Capital Expenditure	110.0	127.9	128.2	126.4	107.8	132.8	128.4	138.9	122.2	142.0

NEW CAPITAL EXPENDITURE BY INDUSTRY GROUPS

15. Part A of Table 2 shows yearly and half-yearly new capital expenditure in the principal industry groups from July, 1959 to June, 1963 together with the anticipated expenditure for July to December, 1963. Part B shows quarterly figures.

16. Comparing the six months January to June, 1963 with the preceding six months decreases of 1 per cent. occurred in total capital expenditure in both the manufacturing and non-manufacturing sectors. Expenditure in manufacturing decreased from £143.6 million to £141.7 million and in non-manufacturing from £123.7 million to £122.5 million. For the current half-year, July to December 1963, manufacturers expected an increase of 12 per cent. from £141.7 million to £158.5 million and non-manufacturers also an increase of 12 per cent. from £122.5 million to £137.6 million.

17. In the manufacturing sector, expenditure increased in the first half of 1963 in all groups except Extracting, refining and founding and Vehicles, where large decreases occurred, and in Food, drink and tobacco where there was no change. In the second half of 1963, large increases in expenditure were expected in the Engineering, Vehicles and Chemicals industries and a smaller increase was expected in the Food, drink and tobacco group; the remaining industries expected small decreases or no change.

18. In the non-manufacturing sector, the main features of expenditure in the first half of 1963 was the decrease in Wholesale and retail trade and the increase in Mining. In the second half of 1963, greater expenditure was expected for all groups except Mining.

TABLE 2. – NEW CAPITAL EXPENDITURE BY INDUSTRY GROUPS

(By private businesses subject to pay-roll tax, excluding rural industries – see paragraphs 1 to 5)

PART A. – YEARLY AND HALF-YEARLY NEW CAPITAL EXPENDITURE : JULY, 1959 TO DECEMBER, 1963

Particulars	1959-60	1960-61	1961-62	1962-63	1962 July to December	1963 January to June	1963 July to December
Business Field Covered (a)	77%	79%	79%	80%	80%	80%	80%
	£. million						
Industry Group	Actual Expenditure						Anticipated (b)
Manufacturing							
Extracting, refining, founding	91.5	106.1	55.3	57.1	30.1	27.0	26.8
Engineering (c)			37.1	38.9	19.0	19.9	22.8
Vehicles (d)			17.3	22.8	14.2	8.6	14.4
Chemicals (e)	32.4	44.3	51.1	45.1	22.2	22.9	30.2
Textiles and clothing	13.4	16.0	12.8	12.7	6.1	6.6	6.3
Food, drink and tobacco	33.4	39.0	42.3	45.2	22.6	22.6	24.1
Paper and printing	24.1	22.0	20.0	22.0	10.7	11.3	11.1
Other manufacturing (f)	30.9	40.4	38.3	41.5	18.7	22.8	22.8
Total Manufacturing	225.7	267.8	274.2	285.3	143.6	141.7	158.5
Non-manufacturing							
Wholesale and retail trade	98.7	102.4	86.5	98.1	51.3	46.8	53.5
Mining	19.7	23.3	24.0	35.2	15.3	19.9	17.6
Transport (g)	41.8	31.3	38.2	27.8	13.7	14.1	18.4
Other non-manufacturing (h)	60.6	68.2	72.3	85.1	43.4	41.7	48.1
Total Non-manufacturing	220.8	225.2	221.0	246.2	123.7	122.5	137.6
All Industries	446.5	493.0	495.2	531.5	267.3	264.2	296.1

(a) See paragraph 5. (b) Anticipated by businesses at the beginning of the period. See paragraph 14. (c) Engineering, metalwork, electrical equipment. (d) Vehicles, aircraft and ships, parts and accessories. Includes assembly and repairs. (e) Chemicals, fertilizers, paints, explosives, cosmetics and oil refining. (f) Sawmilling, furniture, plastics, leather, rubber, etc. (g) Road, rail and air transport, shipping and stevedoring. (h) Building, construction, banking, insurance, other finance and property, amusement, hotels, cafes, personal services, etc.

PART B. - QUARTERLY NEW CAPITAL EXPENDITURE :

MARCH QUARTER, 1961 TO JUNE QUARTER, 1963

Industry Group	1960-61		1961-62				1962-63			
	March Qtr.	June Qtr.	Sept. Qtr.	Dec. Qtr.	March Qtr.	June Qtr.	Sept. Qtr.	Dec. Qtr.	March Qtr. (a)	June Qtr. (a)
Manufacturing										
Extracting, refining, founding									12.1	14.9
Engineering (b)	18.6	25.2	23.2	26.2	18.2	24.8	24.1	25.0	9.1	10.8
Vehicles (c)	3.9	4.9	3.5	4.4	3.8	5.6	8.0	6.2	3.9	4.7
Chemicals (d)	10.0	10.9	12.6	14.7	11.8	12.0	9.8	12.4	10.3	12.6
Textiles and clothing									3.1	3.5
Food, drink and tobacco	28.1	32.3	29.9	25.6	26.0	31.9	27.3	30.8	11.2	11.4
Paper and printing									5.0	6.3
Other manufacturing (e)									10.5	12.3
Total Manufacturing	60.6	73.3	69.2	70.9	59.8	74.3	69.2	74.4	65.2	76.5
Non-manufacturing										
Wholesale and retail trade	21.1	23.5	22.5	22.6	18.5	22.9	25.2	26.1	22.4	24.4
Mining									8.6	11.3
Transport (f)	28.3	31.1	36.5	32.9	29.5	35.6	34.0	38.4	7.1	7.0
Other non-manufacturing (g)									18.9	22.8
Total Non-manufacturing	49.4	54.6	59.0	55.5	48.0	58.5	59.2	64.5	57.0	65.5
All Industries	110.0	127.9	128.2	126.4	107.8	132.8	128.4	138.9	122.2	142.0

(a) See paragraph 2. (b) Engineering, metalworking, electrical equipment. (c) Vehicles, aircraft and ships, parts and accessories. Includes assembly and repairs. (d) Chemicals, fertilizers, paints, explosives, cosmetics and oil refining. (e) Sawmilling, furniture, plastics, leather, rubber, etc. (f) Road, rail and air transport, shipping and stevedoring. (g) Building, construction, banking, insurance, other finance and property, amusement, hotels, cafes, personal services, etc.

REPAIRS AND MAINTENANCE EXPENDITURE

19. Table 3 shows estimated expenditure on repairs and maintenance of buildings, and other capital equipment since July, 1959.

TABLE 3. - REPAIRS AND MAINTENANCE EXPENDITURE BY TYPE OF ASSET

JULY, 1959 TO JUNE, 1963

(By private businesses subject to pay-roll tax, excluding rural industries - see paragraphs 1 to 5)

Particulars	1959-60	1960-61	1961-62	1962-63	1962 July to December	1963 Jan. to June
Business Field Covered (a)	77%	79%	79%	80%	80%	80%
	£. million					
Buildings and Structures	27.8	27.9	28.2	28.2	13.7	14.5
Other Capital Equipment	165.5	178.9	190.2	194.2	95.3	98.9
Total	193.3	206.8	218.4	222.4	109.0	113.4

(a) See paragraph 5.

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COMMONWEALTH BUREAU OF CENSUS AND STATISTICS

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NOTE: Inquiries concerning these statistics may be made in Canberra by telephoning 70413 Extension 202, or in each State capital, by telephoning the office of the Bureau of Census and Statistics.