COMMONWEALTH BUREAU OF CENSUS AND STATISTICS

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CAPITAL AND MAINTENANCE EXPENDITURE BY PRIVATE BUSINESSES IN AUSTRALIA

JULY, 1958 TO JUNE, 1963

INTRODUCTION

General

This bulletin continues the series of half-yearly estimates of Capital and Maintenance Expenditure by Private Businesses in Australia published in earlier bulletins. In addition, it includes quarterly figures which were previously published only in "Quarterly Estimates of National Income and Expenditure". The preliminary quarterly estimates previously published for September and December quarters are revised herein in accordance with the half-yearly estimates for the six months ended December, 1962.

2. The estimates are based on returns obtained from a sample of businesses subject to pay-roll tax, supplemented by returns from other businesses not included in this sample which are known to be undertaking capital expenditure projects involving expenditure of £250,000 or more in a six-monthly period.

3. Together with data from previous surveys, the half-yearly figures in this bulletin show expenditure on building and capital equipment by these businesses during the last six months of 1962. It also shows the corresponding expenditure these businesses expected to make during the first six months of 1963 and their expenditure on repairs and maintenance for the last six months of 1962. No quarterly particulars are yet available for expenditure or anticipated expenditure during periods after December, 1962.

Industrial Field Covered

4. The survey is designed primarily to measure trends of private investment in 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.

5. 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.

6. 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

7. 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

8. "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".

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

10. 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.

11. 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

12. Part A of Table 1 shows the estimated half-yearly expenditure on new buildings and other new capital equipment from July, 1958 to December, 1962, together with anticipated expenditure for the half year ending June, 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, 1958 to December, 1962, businessmen frequently overestimated expenditure on new buildings. Part C shows the estimated quarterly expenditure on new buildings and other new capital equipment from July, 1960 to December, 1962.

13. New capital expenditure for the half-year July to December, 1962 was £267.3 million, of which £101.4 million was spent on new buildings and structures and £165.9 million on other new capital equipment. Compared with expenditure in the previous half-year, this represents an increase of 11 per cent. in total capital expenditure, and increases of 18 per cent. in expenditure on buildings and 7 per cent. in expenditure on other new capital equipment. Businessmen had expected increases of 14 per cent. in total expenditure, 24 per cent. in expenditure on buildings and 9 per cent. in expenditure on other new capital equipment.

14. Businessmen expected that in the half-year ending June, 1963 total new capital expenditure would be practically the same as in the previous half-year. Expenditure on new buildings was expected to rise by 4 per cent., and expenditure on other new capital equipment was expected to fall by 2 per cent.

15. 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 6)

PART A. - YEARLY AND HALF-YEARLY NEW CAPITAL EXPENDITURE : JULY, 1958 TO JUNE, 1963

Particulars	1958-59	1959-60	1960-61	1961-62	1962 January to June	1962 July to December	1963 January to June
Business Field Covered (a)	77%	77%	79%	79%	79%	80%	80%
	£. million						
Capital Expenditure on -	Actual Expenditure						Anticipated (b)
New Buildings and Structures	123.0	152.1	177.1	169.2	85.8	101.4	105.9
Other New Capital Equipment	242.3	294.4	315.9	326.0	154.8	165.9	161.9
Total New Capital Expenditure	365.3	446.5	493.0	495.2	240.6	267.3	267.8

(a) See paragraph 6 on page 1 of this bulletin. (b) Anticipated by businesses at the beginning of the period. See paragraph 15.

PART B. - ANTICIPATED AND ACTUAL PERCENTAGE CHANGE IN NEW CAPITAL EXPENDITURE HALF-YEARLY : JULY, 1958 TO JUNE, 1963

(Change from actual expenditure in previous half-year)

Capital Expenditure on -	1958-59 July to Dec.	1958-59 Jan. to June	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
	Percentage									
New Buildings and Structures -										
Anticipated (a)	+22	+1	+37	+13	+38	+5	+1	+12	+24	+4
Actual	+10	+1	+21	+3	+17	-4	-4	+3	+18	(b)
Other New Capital Equipment -										
Anticipated (a)	+8	+18	+17	-2	+9	+1	+4	-14	+9	-2
Actual	+9	+11	+13	+5	+10	-8	+13	-9	+7	(b)
Total New Capital Expenditure -										
Anticipated (a)	+12	+12	+23	+3	+19	+2	+3	-5	+14	..
Actual	+9	+8	+15	+4	+12	-7	+7	-5	+11	(b)

(a) Anticipated by businesses at the beginning of the period. See paragraph 15.
(b) Not yet available.

PART C. - QUARTERLY NEW CAPITAL EXPENDITURE (a) : JULY, 1960 TO DECEMBER, 1963

Capital Expenditure on -	1960-61 July to Sept.	1960-61 Oct. to Dec.	1960-61 Jan. to March	1960-61 April to June	1961-62 July to Sept.	1961-62 Oct. to Dec.	1961-62 Jan. to March	1961-62 April to June	1962-63 July to Sept.	1962-63 Oct. to Dec.
	£. million									
New Buildings and Structures	43.9	46.5	39.7	47.0	40.8	42.6	38.9	46.9	51.3	50.1
Other New Capital Equipment	82.7	82.0	70.3	80.9	87.4	83.8	68.9	85.9	77.1	88.8
Total New Capital Expenditure	126.6	128.5	110.0	127.9	128.2	126.4	107.8	132.8	128.4	138.9

(a) See paragraphs 1 to 3 on p. 1 of this bulletin.

NEW CAPITAL EXPENDITURE BY INDUSTRY GROUPS

16. Part A of Table 2 shows new capital expenditure in the principal industry groups from July, 1958 to December, 1962, together with the anticipated expenditure for January to June, 1963. Part B shows quarterly figures.

17. The rise in total new capital expenditure for the six months July to December, 1962, occurred in both manufacturing and non-manufacturing industries. Manufacturing industries rose by 7 per cent. from £134.1 million to £143.6 million, and non- manufacturing industries rose by 16 per cent from £106.5 million to £123.7 million. For the current half-year, January to June, 1963, manufacturers expected an increase of 4 per cent. from £143.6 million to £149.2 million; non-manufacturers expected a decrease of 4 per cent. from £123.7 million to £118.6 million.

18. Expenditure in manufacturing rose in the second half of 1962, except in the chemicals, textiles and clothing, and other manufacturing groups. All manufacturing groups except vehicles expected their expenditure to be higher in the first half of 1963 than in the second half of 1962. The vehicles group, where a fall was expected had a very high level of expenditure in the September quarter of 1962, and expenditure in the December quarter, although still fairly high,had already fallen slightly below the September level.

19. In the non-manufacturing sector, expenditure rose in the second half of 1962 in all groups except transport, where it did not change. A fall in expenditure in the first half of 1963 was expected in all groups except mining, where a substantial rise was expected.

TABLE 2. - NEW CAPITAL EXPENDITURE BY INDUSTRY GROUPS

(By private businesses subject to pay-roll tax, excluding rural industries - see paragraphs 1 to 6)

PART A. - YEARLY AND HALF-YEARLY NEW CAPITAL EXPENDITURE : JULY, 1958 TO JUNE, 1963

Particulars	1958-59	1959-60	1960-61	1961-62	1962 January to June	1962 July to December	1963 January to June
Business Field Covered (a)	77%	77%	79%	79%	79%	80%	80%
	£. million						
Industry Group	Actual Expenditure						Anticipated (b)
Manufacturing							
Extracting, refining, founding	78.8	91.5	106.1	55.3	26.2	30.1	31.8
Engineering (c)				37.1	16.8	19.0	20.4
Vehicles (d)				17.3	9.4	14.2	9.1
Chemicals (e)	29.5	32.4	44.3	51.1	23.8	22.2	23.5
Textiles and clothing	14.0	13.4	16.0	12.8	7.3	6.1	6.3
Food, drink and tobacco	32.8	33.4	39.0	42.3	20.2	22.6	22.8
Paper and printing	15.7	24.1	22.0	20.0	10.6	10.7	12.8
Other manufacturing (f)	25.0	30.9	40.4	38.3	19.8	18.7	22.5
Total Manufacturing	195.8	225.7	267.8	274.2	134.1	143.6	149.2
Non-manufacturing							
Wholesale and retail trade	74.4	98.7	102.4	86.5	41.4	51.3	48.2
Mining	15.3	19.7	23.3	24.0	11.8	15.3	19.1
Transport (g)	28.1	41.8	31.3	38.2	13.7	13.7	12.0
Other non-manufacturing (h)	51.7	60.6	68.2	72.3	39.6	43.4	39.3
Total Non-manufacturing	169.5	220.8	225.2	221.0	106.5	123.7	118.6
All Industries	365.3	446.5	493.0	495.2	240.6	267.3	267.8

(a) See paragraph 6 on page 1 of this bulletin. (b) Anticipated by businesses at the beginning of the period. See paragraph 15. (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 service, etc.