

COMMONWEALTH BUREAU OF CENSUS AND STATISTICS  
CAPITAL AND MAINTENANCE EXPENDITURE BY PRIVATE BUSINESSES IN AUSTRALIA  
JULY, 1955, TO DECEMBER, 1960

1 This Bulletin contains estimates based on returns obtained from a sample of businesses subject to pay-roll tax, supplemented (since 1956-57 inclusive) 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 the six months concerned.

2 Together with data from previous surveys, the Bulletin shows expenditure on buildings, capital equipment, repairs and maintenance by these businesses during the first six months of 1960 and the corresponding expenditure which they anticipated during the last six months of 1960.

Industrial Field Covered

3 The survey is designed primarily to measure trends of private investment in the tangible assets specified. With current statistical resources it is not practical 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 made since 1956-57 inclusive from businesses known to be undertaking capital expenditure projects involving expenditure of £250,000 or more in the six months concerned).
- (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.
- (f) The construction industry, prior to 1956-57.

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 Because of the addition to the survey of the supplementary collection on the construction industry (see paragraph 3(a) and (f) above) and because of the increase in the number of businesses exempted from pay-roll tax by the rise in the exemption limit in September, 1957, there are some discontinuities in the series shown in the tables hereunder, denoted in the tables by double lines between the vertical columns. The effect of these changes on the estimates of capital and maintenance expenditure is not precisely measurable. In the last six years, employment in the field of business for which estimates of capital and maintenance expenditure are shown expressed as percentages of total private employment, other than rural and private domestic, has been as follows:

<u>1955-56</u>	<u>1956-57</u>	<u>1957-58</u>	<u>1958-59</u>	<u>1959-60</u>	<u>1960-61</u>
79%	80%	77%	77%	77%	77%

In relation to capital and maintenance expenditure, these employment percentages give only a broad indication of the extent of the field surveyed and of changes in coverage. However, examination of the capital expenditure by businesses exempted from pay-roll tax by the raising of the exemption limit in September, 1957, suggests that the effect of this change on capital expenditure coverage was similar to its effect on coverage in terms of employment.

Industrial Disposition

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.

Terms Used

7 "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 capital equipment and the repair and maintenance of capital equipment, whether or not the assets were acquired or the repairs etc. made during the period in which the payment is made.

8 For this purpose, "new capital equipment" includes new buildings and other structures and alterations or additions to existing buildings and other structures as well as machinery, vehicles and other capital equipment. It excludes land, existing buildings and other structures acquired, and second-hand equipment (unless purchased from overseas suppliers). The term "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 term "other capital equipment" covers all machinery and equipment including vehicles, aircraft and ships, and such items as new motors, lathes, office equipment and fixtures.

NEW CAPITAL EXPENDITURE BY PRIVATE BUSINESSES IN AUSTRALIA

9 Table 1 shows in Part A the estimated expenditure on new buildings and on other new capital equipment from July, 1955, to June, 1960, together with anticipated expenditure for July to December, 1960. Part B shows anticipated and actual expenditure for each half year as a percentage change from the actual expenditure in the previous half year. It indicates that businessmen, during the period July, 1955, to June, 1960, frequently over-estimated their anticipated expenditure on new buildings.

10 As Table 1 indicates, the total of new capital expenditure for the half year January to June, 1960, was £224.2 million, of which £77.2 million was spent on new buildings and structures and £147 million on other new capital equipment. Compared with expenditure in the previous half-year, this represented increases in expenditure of 3 per cent. on buildings, 2 per cent. on machinery and equipment and 3 per cent. on total buildings and equipment. The increase in expenditure on new buildings and structures is much smaller than the increase of 13 per cent. which had been expected by businessmen at the beginning of the period; expenditure on machinery and equipment rose by 2 per cent. whereas a fall of 4 per cent. had been expected. The total increase of 3 per cent. compares with an anticipated total increase of 2 per cent.

11 Table 1 also indicates that businessmen expect that in the current half-year, July to December, 1960, their capital expenditure will rise by 20 per cent. to a total of £269.7 million. Increases of 36 per cent. and 11 per cent. respectively are expected on new buildings and on equipment.

12 In the interpretation of figures of anticipated expenditure it should be kept in mind that they represent the total of expected expenditure of individual businesses at the beginning of the half-year. Subsequent changes in economic conditions may cause revision of plans, 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 ON BUILDINGS AND EQUIPMENT

JULY, 1955, TO DECEMBER, 1960

(By private businesses subject to pay-roll tax, excluding rural industries - see introductory note on industrial field covered)

A. AMOUNT OF NEW CAPITAL EXPENDITURE

Particulars	1955-56	1956-57	1957-58	1958-59	1959-60	1959 July to December	1960 January to June	1960 July to December
	£. million							
Business field covered (a)	79%	80%	77%	77%	77%	77%	77%	77%
Capital Expenditure on -	Actual Expenditure							Anticipated (b)
New Buildings and Structures	109.6	135.0	119.6	123.0	152.1	r 74.9	77.2	106.5
Other New Capital Equipment	194.8	210.7	214.2	242.3	290.5	r 143.5	147.0	163.2
Total New Capital Expenditure	304.4	345.7	333.8	365.3	442.6	r 218.4	224.2	269.7

B. ANTICIPATED AND ACTUAL PERCENTAGE CHANGE IN CAPITAL EXPENDITURE

(Change from actual expenditure in previous half year)

Capital Expenditure on -	1955-56		1956-57		1957-58		1958-59		1959-60		1960-61
	July to Dec.	Jan. to June	July to Dec. (c)	Jan. to June	July to Dec. (c)	Jan. to June	July to Dec.	Jan. to June	July to Dec.	Jan. to June	July to Dec.
	PERCENTAGE										
New Buildings and Structures - anticipated (b)	+46	+18	+26	0	+12	- 2	+22	+ 1	+37	r+13	+38
actual	+30	- 1	+18	- 6	+ 2	-13	+10	+ 1	r+21	+ 3	(d)
Other New Capital Equipment - anticipated (b)	- 2	+ 5	+ 4	- 5	+ 8	- 1	+ 8	+18	-17	- 4	+11
actual	+ 4	+ 1	+11	- 4	+ 8	- 2	+ 9	+11	r+13	+ 2	(d)
Total New Capital Expenditure - anticipated (b)	+13	+10	+12	- 3	+10	- 1	+12	+12	+23	+ 2	+20
actual	+12	+ 1	+14	- 5	+ 6	- 6	+ 9	+ 6	+15	+ 3	(d)

(a) See paragraph 5 on page 1 of this bulletin.

(b) Anticipated by businesses at the beginning of the period.

(c) The actual percentage changes for July to December, 1956, and July to December, 1957, have been shown here on the same coverage basis as the anticipated change for those periods.

(d) Not yet available.

(r) Revised.

New Capital Expenditure by Industry Groups

13 Table 2 shows total new capital expenditure on buildings, structures and equipment in the principal industry groups from July, 1955, to June, 1960, together with the anticipated expenditure for July to December, 1960. In the reading of this table attention should be paid to the changes in coverage mentioned in paragraph 5.

TABLE 2 : NEW CAPITAL EXPENDITURE BY INDUSTRY GROUPS

JULY, 1955, TO DECEMBER, 1960

(By private businesses subject to pay-roll tax, excluding rural industries - see introductory note on industrial field covered)

Particulars	1955-56	1956-57	1957-58	1958-59	1959-60	1959 July to December	1960 January to June	1960 July to December
Business Field Covered (a)	79%	80%	77%	77%	77%	77%	77%	77%

£. million

Industry Group	Actual Expenditure						Anti- cipated (b)	
<u>Manufacturing</u>								
Engineering and vehicles (c)	69.3	74.0	63.6	78.8	91.5	r 46.0	45.5	56.9
Textiles and clothing	9.5	8.1	16.3	14.0	13.4	5.9	7.5	7.9
Food, drink and tobacco	32.1	36.1	30.3	32.8	33.4	r 15.9	17.5	23.1
Paper and printing	12.8	12.0	9.8	15.7	24.1	11.4	12.7	15.0
Chemicals and oil refining (d)	24.4	26.5	30.8	29.5	28.5	14.7	13.8	21.9
Other manufacturing (e)	21.6	24.1	28.0	25.0	30.9	14.7	16.2	22.2
Total Manufacturing	169.7	180.8	178.8	195.8	221.8*	r108.6	113.2	147.0
<u>Non-manufacturing</u>								
Mining	13.8	21.7	17.8	15.3	19.7	7.0	12.7	13.1
Transport (f)	22.1	26.9	24.6	28.1	41.8	24.9	16.9	17.8
Wholesale and retail trade	66.0	69.9	65.1	74.4	98.7	50.1	48.6	58.6
Other non-manufacturing (g)	32.6	46.4	47.5	51.7	60.6	r 27.8	32.8	33.2
Total Non-manufacturing	134.7	164.9	155.0	169.5	220.8	r109.8	111.0	122.7
All Industries	304.4	345.7	333.8	365.3	442.6	r218.4	224.2	269.7

(a) See paragraph 5 on page 1 of this bulletin.

(b) Anticipated by businesses at the beginning of the period.

(c) Extracting, refining, founding, engineering, metalworking, electrical equipment etc., 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 service, etc. The construction industry is included as from 1956-57, when expenditure by that industry was estimated as £4.3 million for the financial year.

(r) Revised.

14 The rise in total new capital expenditure for the six months January to June, 1960, occurred in both manufacturing and non-manufacturing industries, (manufacturing industries rose by 4.2 per cent, from £103.6 million to £113.2 million and non-manufacturing industries rose by 1.1 per cent, from £109.8 million to £111.0 million. For the current half-year, July to December, 1960, manufacturers expect an increase of 29.9 per cent, from £113.2 million to £147.0 million; non-manufacturers expect an increase of 10.5 per cent, from £111.0 million to £122.7 million.

15 Small rises occurred in the first half of 1960 in all manufacturing groups except engineering and vehicles and chemicals and oil refining. All manufacturing industry groups expect that their capital expenditure will be higher in the second half of 1960 than in the first half. The largest increases are expected by the engineering and vehicles industry group (£11.4 million); and the chemicals and oil refining industry group (£8.1 million).

16 In the non-manufacturing sector large rises in the first half of 1960 in capital expenditure by the mining and the other non-manufacturing groups were partly offset by a large fall in expenditure by the transport group and a small fall in expenditure by the wholesale and retail trade group. The latter group expects a large rise in its capital expenditure during the second half of 1960 from £48.6 million to £58.6 million.

REPAIRS AND MAINTENANCE EXPENDITURE

17 Table 3 shows estimated expenditure on repair and maintenance of buildings and other capital equipment since July, 1955, by businesses covered in this survey.

TABLE 3 : REPAIRS AND MAINTENANCE EXPENDITURE  
JULY, 1955, TO JUNE, 1960

(By private businesses subject to pay-roll tax, excluding rural industries - see introductory note on industrial field covered)

Particulars	1955-56	1956-57	1957-58	1958-59	1959-60	1959 July to December	1960 January to June
Business Field covered (a)	79%	80%	77%	77%	77%	77%	77%
£. million							
Buildings and Structures	25.9	28.1	25.1	26.0	27.8	213.7	14.1
Other Capital Equipment	139.0	157.2	152.6	158.8	165.5	280.7	84.8
<u>TOTAL</u>	164.9	185.3	177.7	184.8	193.3	294.4	98.9

(a) See paragraph 5 on page 1 of this bulletin.

(r) Revised.

RURAL INDUSTRIES

18 Previous bulletins have contained certain particulars of expenditure provided from the annual census of farms in New South Wales. Comparable particulars are not available for the latest years, and the table is discontinued as from this bulletin.