COMMONWEALTH BUREAU OF CENSUS AND STATISTICS

CAPITAL AND MAINTENANCE EXPENDITURE BY PRIVATE BUSINESSES IN AUSTRALIA

JULY 1953 TO JUNE 1959

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 last six months of 1958 and the corresponding expenditure which they anticipated making during the first six months of 1959.

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 practicable to include all private industry in the survey. The fields of private industry excluded from the survey 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 a half-yearly period).

(b) Organisations "exempted" from Pay-roll Tax such as religious or benevolent institutions.

(c) Rural. (Table 4 however gives certain particulars derived from the annual landholders' returns for one State).

(d) Professional businesses (accountants, trade associations, consultant engineers etc.). Their capital expenditure 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 [illegible] completeness in these industrial fields.

5. The coverage of the statistics has been reduced by successive rises in the Pay-roll Tax exemption limit, and there are some resulting 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:-

1953-54	1954-55	1955-56	1956-57	1957-58	1958-59
82%	79%	79%	80%	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. Apart from other considerations, changes in coverage are modified by the supplementary collection (see 3(a) above). However, examination of the capital expenditure by businesses exempted from Pay-roll Tax by the raising of the exemption limit in September, 1954, and September, 1957, suggests that on these particular occasions the effects of these changes on capital expenditure coverage were similar to their effects on coverage in terms of employment.

Industrial Dissection

6. Returns are obtained on a State basis and businesses are classified according to their predominant activity in each State. Since the second half of 1954 certain large organisations, having extensive operations in more than one industry, have supplied information for their separate industries, and it has no longer been necessary to classify the whole of their organisation according to their predominant activity.

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 oversea 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, 1953 to December 1958, together with anticipated expenditure for January to June, 1959. 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 January, 1953, to December, 1958, frequently over-estimated their anticipated expenditure on new building.

10. As Table 1 indicates, the total of new capital expenditure for the half year July to December, 1958, was £174.2 million of which £60.5 million was spent on new buildings and structures and £113.7 million on other new capital equipment. Compared with expenditure in the previous half year this represented an increase in expenditure of 9 per cent on buildings, 7 per cent on other equipment and 8 per cent on total buildings and equipment. The increase in expenditure on new buildings and structures is much smaller than the increase of 22 per cent which had been anticipated by businessmen at the beginning of the period, but the increase in expenditure on other capital equipment was only a little lower than the 6 per cent rise anticipated. The total increase of 8 per cent compares with an anticipated total increase of 12 per cent.

11. The table also indicates that businessmen expect that in the current half year January to June, 1959, expenditure will rise by 12 per cent to a total of £195.8 million. However, the expenditure pattern is unusual in that the whole of the increase in expenditure anticipated is in other capital equipment, which is expected to rise by 19 per cent to £134.9 million, while expenditure on new buildings and structures is expected to remain practically unchanged at £60.9 million.

12. In interpreting the 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, 1953, TO JUNE, 1959.

(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	1953-54	1954-55	1955-56	1956-57	1957-58	1958 January to June	1958-59 July to December	1958-59 January to June
	Percentage							
Business field covered (a)	82%	79%	79%	80%	77%	77%	77%	77%
	£ million							
Capital Expenditure on-	Actual Expenditure							Anticipated (b)
New Buildings and Structures	57.6	76.9	109.6	135.0	r119.6	r 55.6	60.5	60.9
Other New Capital Equipment	167.4	175.1	194.8	210.7	r214.2	r105.8	113.7	134.9
Total New Capital Expenditure	225.0	252.0	304.4	345.7	r333.8	r161.4	174.2	195.8

B. ANTICIPATED AND ACTUAL PERCENTAGE CHANGE IN CAPITAL EXPENDITURE
(Change from Actual Expenditure in Previous Half Year)

Capital Expenditure on :-	1953-54 July to Dec. (c)	1953-54 Jan. to June	1954-55 July to Dec. (c)	1954-55 Jan. to June	1955-56 July to Dec.	1955-56 Jan. to June	1956-57 July to Dec. (d)	1956-57 Jan. to June	1957-58 July to Dec. (d)	1957-58 Jan. to June	1958-59 July to Dec.	1958-59 Jan. to June
	PERCENTAGE											
New Buildings and Structures- anticipated (b)	+14	-16	+48	+22	+46	+18	+26	0	r+12	-2	r+22	+1
actual	+5	-2	+21	+23	+30	-3	+16	[illegible]	r+2	r-13	r+9	(e)
Other Capital Equipment- anticipated (b)	+8	-7	+1	0	-2	+5	+4	-5	+8	r-1	r-5	+19
actual	+11	-4	0	+14	+4	+1	+11	-4	r+8	r2	-7	(e)
Total New Capital Expenditure- anticipated (b)	+9	-1	+13	+7	+13	+10	12	-3	+10	-1	r.12	+12
actual	+9	-4	+5	+16	+12	+1	14	r5	+6	r6	+8	(e)

(a) Employment of businesses covered as a percentage of total [illegible] employment excluding rural industry and private domestic service. Changes in 1954-55 and 1957-58 are due to rises in the Pay-roll Tax exemption limit and in 1956-57, to inclusion of the construction industry and certain businesses not paying Pay-roll Tax (see paragraphs 3 and 5).

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

(c) Actual expenditure in the periods July to December, 1953-54, and July to December, 1954-55, covers a slightly lower proportion of businesses than the estimate of expenditure anticipated at the beginning of the period, due to changes in the Pay-roll Tax exemption limit.

(d) The actual percentage changes for July to December, 1956-57, and July to December, 1957-58, have been shown here on the same coverage basis as the anticipated change for those periods.

(e) Not yet available.

(r) Revised.

TABLE 2 : NEW CAPITAL EXPENDITURE BY INDUSTRY GROUPS

JULY, 1953, TO JUNE, 1959.

(By private businesses subject to Pay-roll Tax, excluding rural industries-
See introductory note on industrial field covered)

Particulars	1953-54	1954-55	1955-56	1956-57	1957-58	1958 Jan. to June	1958-1959 July to Dec.	1958-1959 Jan. to June
	Percentage							
Business Field Covered (a)	82%	79%	79%	80%	77%	77%	77%	77%
	£ million							
Industry Group	Actual Expenditure							Anticipated (b)
Manufacturing								
Engineering and vehicles (c)	r44.4	47.9	69.3	74.0	r63.6	r30.6	35.2	47.8
Textiles and clothing	7.8	7.7	9.5	8.1	16.3	9.6	7.9	6.0
Food, drink and tobacco	r25.4	28.7	32.1	36.1	r30.3	r15.0	17.2	15.7
Paper and printing	8.3	11.6	12.8	12.0	r9.8	r5.0	5.7	10.4
Chemicals and oil refining (d)	43.9	38.4	20.2	19.6	23.9	12.6	13.7	12.3
Other manufacturing (e)	r17.3	23.2	25.8	31.0	34.9	16.3	14.1	15.3
Total Manufacturing	147.1	157.5	169.7	180.8	r178.8	r89.1	93.8	107.5
Non-Manufacturing								
Mining	10.7	10.1	13.8	21.7	17.8	7.8	7.7	11.2
Transport (f)	13.6	23.0	22.1	26.9	24.6	12.2	10.8	24.1
Wholesale and retail trade	39.2	r44.2	66.0	69.9	r65.1	r29.8	37.2	34.8
Other non-manufacturing (g)	14.4	r17.2	32.8	46.4	r47.5	r22.5	24.7	18.2
Total Non-Manufacturing	77.9	94.5	134.7	164.9	r155.0	r72.3	80.4	88.3
All Industries	225.0	252.0	304.4	345.7	r333.8	r161.4	174.2	195.8

(a) Employment of businesses covered as a percentage of total private employment excluding rural industry and private domestic service. Changes in 1954-55 and 1957-58 are due to rises in the Pay-roll Tax exemption limit and, in 1956-57, to the inclusion of the construction industry and certain businesses not paying Pay-roll Tax (see paragraphs 3 and 5).

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

(c) Founding, engineering, metalworking, ship and vehicle manufacturing and repair.

(d) Manufacture of chemicals, fertilizers, drugs, cosmetics and refining of petroleum.

(e) Sawmilling, furniture, paints, soap, explosives, 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. Construction industry is included as from 1956-57 when expenditure for that industry was estimated as £4.3 million for the financial year.

(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, 1953, to December, 1958, together with the anticipated expenditure for January to June, 1959. In reading this table attention should be paid to the changes in coverage referred to in paragraphs 3 and 5.

14. The rise in total new capital expenditure for the half year July to December, 1958, occurred in both manufacturing and non-manufacturing industries but particularly in the latter (manufacturing industries rose 5 per cent from £89.1 million to £93.8 million and non-manufacturing industries rose by 11 per cent from £72.3 million to £80.4 million). For the current half year January to June, 1959, however, the greater increase is anticipated by manufacturers; they expect an increase of 15 per cent to £107.5 million while non-manufacturers expect an increase of 10 per cent to £88.3 million.

15. In the manufacturing sector the largest increases in expenditure in the half year July to December, 1958, occurred in engineering and vehicles (£30.6 million to £35.2 million) and food, drink and tobacco (£15.0 million to £17.2 million). Falls in textiles and clothing (£9.6 million to £7.9 million) and "other manufacturing" (£16.3 million to £14.1 million) partly offset the rises. In the following half year the 15 per cent. increase anticipated for manufacturing industries is due almost entirely to engineering and vehicle manufacturing (£35.2 million to £47.8 million) and to paper and printing (£5.7 million to £10.4 million). Of the other four manufacturing groups, the mixed "other manufacturing" group expected a small increase, while textiles and clothing; food, drink and tobacco, and chemicals and oil refining expected moderate declines.

16. In the non-manufacturing sector, the increase in the half year July to December, 1958, was due to the sharp increase in expenditure by wholesale and retail traders (£29.8 million to £37.2 million) and to a lesser extent to the expenditure in the "other non-manufacturing group" (£22.5 million to £24.7 million). Declines occurred in the other two industries, transport (£12.2 million to £10.8 million) and mining (£7.8 million to £7.7 million). If business anticipations are realised, the movement in all four industries will be reversed in the current half year. Both mining and transport expected increased expenditure while the other two groups expected a fall. The increase in expenditure expected by the transport industry (£10.8 million to £24.1 million) dominates the overall increase by non-manufacturing industry.

REPAIR AND MAINTENANCE EXPENDITURE

Table 3 shows estimated expenditure on repair and maintenance of buildings and of other capital equipment since July, 1953, by businesses covered in this survey.

TABLE 3 : REPAIR AND MAINTENANCE EXPENDITURE JULY, 1953, TO DECEMBER, 1958.

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

Particulars	1953-54	1954-55	1955-56	1956-57	1957-58	1958 Jan. to June	1958 July to Dec.
	Percentage						
Business Field Covered (a)	82%	79%	79%	80%	77%	77%	77%
	£. million						
Buildings and Structures	23.2	25.5	25.9	r28.1	r25.1	r12.9	12.8
Other Capital Equipment	110.7	121.4	139.0	157.2	r152.6	r76.7	77.1
Total	133.9	146.9	164.9	r185.3	r177.7	89.6	89.9

(a) Employment of businesses covered as a percentage of total private employment excluding rural industry and private domestic service. Changes in 1954-55 and 1957-58, are due to rises in the Pay-roll Tax exemption limit and, in 1956-57, to the inclusion of the construction industry and certain businesses not paying Pay-roll Tax. (See paragraphs 3 and [illegible]

(r) Revised.

Although returns of investment expenditure are not available for Australia as a whole, particulars for one State are available for some of the items covered in preceding tables of this Bulletin. The annual census of farms in New South Wales provides the following figures as to the amount of expenditure on new buildings and structures on farms and repairs to farm buildings and structures in recent years:-

TABLE 4 : NEW SOUTH WALES - RURAL HOLDINGS

(Expenditure on New Buildings, Structures and Repairs thereto)

Year ended 31st March	Buildings completed during year		Other new Structures (Fences, Dams, Silos, etc.)	Total of the Foregoing	Repairs to Buildings and Structures
	New Dwellings	Other new Buildings (including alterations and additions)			
	£. million				
1954	5.8	4.9	5.7	16.4	5.6
1955	6.0	4.2	4.5	14.7	5.2
1956	5.3	4.1	3.6	13.0	4.6
1957	4.4	4.3	3.2	11.9	4.4
1958	4.9	3.8	4.4	13.[illegible]	5.3

COMMONWEALTH BUREAU OF CENSUS AND STATISTICS

CANBERRA. A.C.T. 29TH APRIL, 19[illegible]

NEW CAPITAL AND MAINTENANCE EXPENDITURE, JANUARY, 1953 TO JUNE, 1959 - HALF YEARLY

(Supplement to be read in conjunction with report issued 29th April, 1959.
Details for 1947-1952 are shown on supplement issued 25th October, 1956).

1. CAPITAL EXPENDITURE (See Tables 1 and 2)

	Actual Expenditure												Anticipated 1959
	1953		1954		1955		1956		1957		1958		
	1st Half	2nd Half	1st Half	2nd Half	1st Half	2nd Half	1st Half	2nd Half	1st Half	2nd Half	1st Half	2nd Half	1st Half
Manufacturing													
Engineering and vehicles	25.2	22.3	22.1	20.8	27.1	33.5	35.8	38.8	35.2	33.0	30.6	35.2	47.8
Textiles and clothing	3.3	3.2	4.6	3.9	3.8	4.6	4.9	3.9	4.2	6.7	9.6	7.9	6.0
Food, Drink, Tobacco	14.3	13.4	12.0	13.6	15.1	15.7	16.4	19.1	17.0	15.3	15.0	17.2	15.7
Paper, Printing	3.9	3.6	4.7	5.2	6.4	6.7	6.1	5.2	6.8	4.8	5.0	5.7	10.4
Chemicals and Oil Refining	11.9	24.9	19.0	22.0	16.4	12.4	7.8	10.1	9.5	11.3	12.6	13.7	12.3
Other Manufacturing	9.5	8.1	9.2	10.8	12.4	12.4	13.4	15.1	15.9	18.6	16.3	14.1	15.3
Total Manufacturing	68.1	75.5	71.6	76.3	81.2	85.3	84.4	92.2	88.6	89.7	89.1	93.8	107.5
Non-Manufacturing													
Mining	7.4	5.1	5.6	4.8	5.3	7.3	6.5	11.1	10.6	10.0	7.8	7.7	11.2
Transport	5.2	5.5	8.1	7.9	15.1	11.5	10.6	14.9	12.0	12.4	12.2	10.8	24.1
Wholesale and Retail Trade	17.0	21.6	17.6	20.5	23.7	31.8	34.2	36.0	33.9	35.3	29.8	37.2	34.8
All Other	7.2	6.9	7.5	6.9	10.3	15.9	16.9	23.0	23.4	25.0	22.5	24.7	18.2
Total Non-Manufacturing	36.8	39.1	38.8	40.1	54.4	66.5	68.2	85.0	79.9	82.7	72.3	80.4	88.3
All Industries - Building	27.8	29.1	28.5	34.5	42.4	55.1	54.5	69.6	65.4	64.0	55.6	60.5	60.9
Other	77.1	85.5	81.9	81.9	93.2	96.7	98.1	107.6	103.1	108.4	105.8	113.7	134.9
Total	104.9	114.6	110.4	116.4	135.6	151.8	152.6	177.2	168.5	172.4	161.4	174.2	195.8

2. ANTICIPATED EXPENDITURE (See Table 1)

	1953 1st Half	1953 2nd Half	1954 1st Half	1954 2nd Half	1955 1st Half	1955 2nd Half	1956 1st Half	1956 2nd Half	1957 1st Half	1957 2nd Half	1958 1st Half	1958 2nd Half	1959 1st Half
All Industries - Building	31.1	31.8	33.9	42.1	42.0	62.1	65.1	68.4	69.4	73.3	63.0	67.6	60.9
Other	69.2	82.9	79.8	82.5	82.3	91.4	101.8	101.9	102.6	111.3	107.3	113.9	134.9
Total	100.3	114.7	113.7	124.6	124.3	153.5	166.9	170.3	172.0	184.6	170.3	181.5	195.8

3. REPAIR AND MAINTENANCE EXPENDITURE (See Table 3)

	1953 1st Half	1953 2nd Half	1954 1st Half	1954 2nd Half	1955 1st Half	1955 2nd Half	1956 1st Half	1956 2nd Half	1957 1st Half	1957 2nd Half	1958 1st Half	1958 2nd Half	1959 1st Half
All Industries - Building	11.9	11.8	11.4	12.3	13.2	12.8	13.1	14.0	14.1	12.2	12.9	12.8	n.a.
Other	55.3	54.4	56.3	58.2	63.2	66.5	72.5	76.4	80.8	75.9	76.7	77.1	n.a.
Total	67.2	66.2	67.7	70.5	76.4	79.3	85.6	90.4	94.9	88.1	89.6	89.9	n.a.

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CANBERRA, A.C.T. 30TH APRIL, 1959.