



COMMONWEALTH BUREAU OF CENSUS AND STATISTICS.

CAPITAL AND MAINTENANCE EXPENDITURE BY AUSTRALIAN BUSINESSES
1947 TO DECEMBER, 1955.

This Bulletin contains the results of a survey made in the latter part of 1955 together with comparable data obtained from previous surveys.

It relates to expenditure on buildings, capital equipment, repairs and maintenance by most private businesses during the first six months of 1955 and the corresponding expenditure which they anticipated making during the second six months of 1955.

By definition, the items of expenditure here covered are:- buildings and other structures as well as machinery, vehicles and other capital equipment. "Expenditure" is defined as payments made (or anticipated to be made) during the specified periods.

Industrial Field Covered -

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 embrace all private industry in the survey. Therefore the figures do not show the total of all private investment on the specified items. But some indication of the extent of the field surveyed is given by the fact that the figures relate to private businesses employing approximately 80 per cent. of total private employees.

The survey is based on sampling procedures. The private businesses covered by it are selected from the lists of these subject to Pay Roll Tax.

These lists exclude all businesses whose pay roll is below the taxable limit as well as "exempt" bodies such as religious, benevolent and similar organisations.

Rural holdings and farms are not included in the survey because of the practical difficulties involved in securing adequate coverage with present statistical facilities. But certain particulars derived by Census methods for one State are shown in Table 4 hereof.

Government airlines and banks are included but other governmental undertakings are excluded from the survey.

Commencing with this survey (relating to the year 1955) all gas and electricity undertakings have been excluded because of the extent of transfers of such undertakings to the Governmental sector. Likewise professional businesses are now excluded because the small amount of their capital expenditure did not affect trends and the work involved did not warrant their continued collection.

The figures published herein are on a comparable basis throughout the period covered (1947-1955) but are not on a basis comparable with figures contained in previous surveys.

Terms Used -

The term "new buildings" includes structures and covers private construction work on assets such as buildings, wharves, roads, lifts, heating and ventilation equipment etc. The term, "other new capital equipment" covers all machinery and equipment including vehicles, aircraft and ships, and such items as new motors, lathes, office equipment and fixtures. Installation costs are included.

NEW CAPITAL EXPENDITURE.

Table I shows the estimated expenditure on new buildings and on other new capital equipment from the beginning of 1947 to the 30th June, 1955, together with anticipated expenditure for the second half of 1955. As a guide to the probable accuracy of "anticipated expenditure", the anticipated and subsequent actual expenditure for each year is shown in the table.

TABLE 1: NEW CAPITAL EXPENDITURE ON BUILDINGS AND EQUIPMENT
1947 TO THE 31ST DECEMBER, 1955.

(By private businesses subject to payroll tax - excluding rural industries. See introductory note on Industrial Field Covered)

	1947	1948	1949	1950	1951	1952	1953	1954	1954 2nd Half	1955 1st Half	1955 2nd Half
	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.
<u>New Buildings and</u>											
Structures (a)											
Anticipated (b)	-	26.0	25.2	35.4	47.7	60.1	59.8	69.9	38.1	38.4	60.6
Actual (c)	15.6	19.9	23.8	31.3	46.8	60.4	53.9	57.0	30.6	39.6	-
<u>Other New Capital</u>											
Equipment (a)											
Anticipated (b)	-	67.2	71.3	86.8	118.8	136.9	126.0	135.9	68.9	73.6	85.5
Actual (c)	54.2	67.0	75.7	93.1	125.2	138.2	136.5	137.4	68.3	84.9	-
<u>Total New Capital</u>											
Expenditure (a)											
Anticipated (b)	-	93.2	96.5	122.2	166.5	197.0	185.8	205.8	107.0	112.0	146.1
Actual (c)	69.8	86.9	99.5	124.4	172.0	198.6	190.4	194.4	98.9	124.5	-

(a) Revised.

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

(c) As reported at end of the relevant period.

The new private capital expenditure on buildings, structures and equipment (£124.5 million) in the first half of 1955 was 26% higher than in the first half of 1954. For the second half of 1955, businessmen have anticipated that their corresponding expenditure will be £146.1 million - 17% higher than for the first half of the year.

While the corresponding expenditure declined in 1953 and showed only a 2% increase in 1954, the survey indicates that a very sharp increase was expected for 1955. If the expenditure anticipated by businessmen for the second half of 1955 was in fact realised, the total new private capital expenditure for 1955 will have been 39% higher than it was in 1954 and could be compared with the large increase that occurred in 1951 when actual expenditure was 38% higher than in the previous year.

The expenditure anticipated for the second half of 1955 should be interpreted with caution however, because almost all of the increase anticipated is in respect of new building expenditure, which businessmen have found to be especially difficult to forecast. Generally, as the table shows, the tendency over the years has been for actual expenditure on new buildings to fall short of that anticipated, while actual expenditure on other new capital equipment has more frequently been in excess of that anticipated. However, exceptions have occurred. The actual expenditure on new buildings in the first half of 1955 was slightly greater than the anticipated expenditure. In the first half of 1955, actual expenditure on other new capital equipment was 15% higher than anticipated, but in the previous half year actual expenditure had been slightly below that anticipated.

It appears that, while capital expenditure on new buildings and other new capital equipment rose together in the first half of 1955 and, judging from businessmen's anticipations, expenditure on new buildings has continued to rise, expenditure on the other new capital equipment may have levelled off in the second half of the year. Expenditure on new buildings rose from £30.6 million in the second half of 1954 to £39.6 million in the first half of 1955 and is expected by businessmen to rise by a further 46% to £60.6 million in the second half. Over the same period, expenditure on other new capital equipment rose from £68.3 million to £84.9 million while £85.5 million expenditure was anticipated.

New Capital Expenditure by Industry Groups -

Table 2 shows total new capital expenditure on buildings, structures and equipment in the chief industry groups from 1947 to 30th June, 1955 together with the anticipated expenditure for the second half of 1955. The industrial classification used was revised in 1954, and the figures for 1954 may not be entirely comparable with earlier figures.

TABLE 2 : NEW CAPITAL EXPENDITURE BY INDUSTRY GROUPS

(By private businesses subject to payroll tax - excluding rural industries. See introductory note on industrial field covered)

	Actual										Anticipated (b)
	1947	1948	1949	1950	1951	1952	1953	1954	1954 2nd Half	1955 1st Half	1955 2nd Half
	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.
Manufacturing											
Engineering and vehicles	17.9	21.6	24.1	26.9	40.7	49.2	47.6	42.9	(a) 20.8	27.1	40.4
Textile & Clothing	4.2	6.2	7.2	6.7	8.7	6.3	6.5	8.5	3.9	3.8	4.6
Food, drink, tobacco	7.9	8.2	10.9	15.0	17.8	23.8	27.8	25.6	13.8	13.1	16.4
Paper, printing	5.0	6.8	9.1	11.4	14.1	13.3	7.5	9.9	5.2	6.4	7.3
Other manufacturing (a)	10.4	11.0	13.5	19.7	27.6	29.5	24.8	28.4	15.2	16.4	16.5
Total Manufacturing (a)	45.4	53.8	64.8	79.7	108.9	122.1	114.2	115.3	58.7	68.8	85.2
Non-Manufacturing											
Mining	2.1	3.3	4.5	6.8	10.8	13.7	12.5	10.4	4.8	5.3	7.6
Transport	4.7	6.5	7.2	6.8	10.2	10.8	10.6	16.0	7.9	17.2	10.7
Wholesale and retail trade	12.7	17.7	16.1	20.9	29.1	36.8	39.0	38.2	20.6	23.0	29.7
All other (a)	4.9	5.6	6.9	10.2	13.0	15.2	14.1	14.5	8.0	10.2	12.9
Total Non-Manuf. (a)	24.4	33.1	34.7	44.7	63.1	76.5	76.2	79.1	46.8	55.7	60.9
All Industries (a)	69.8	86.9	99.5	124.4	172.0	198.6	190.4	194.4	105.5	124.5	146.1

(a) Revised.

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

The 26% increase in private capital expenditure in the first half of 1955 over the previous half year is spread generally through all the industrial groups covered except the textile and clothing manufacturing group. The increase is most marked in the engineering and vehicle manufacturing industry and the transport industry which latter is estimated to have expended £17.2 million in the first half of 1955, compared to £7.9 million in the second half of 1954. The 17% increase in anticipated total new capital expenditure for the 2nd half of 1955 is also fairly general, the largest increases being in the engineering industry which anticipated spending £40.4 million in the second half of 1955, compared to £27.1 million in the first half of 1955 - an increase of 49%. An exception is the transport industry where lower capital expenditure is anticipated. The variability of new capital expenditure in the transport industry is mainly in air transport.

REPAIR AND MAINTENANCE EXPENDITURE

Table 3 shows estimated expenditure on repair and maintenance of buildings and of other capital equipment since the beginning of 1947 by businesses covered in this survey.

TABLE 3 : REPAIR AND MAINTENANCE EXPENDITURE

(By private businesses subject to payroll tax - excluding rural industries. See introductory note on industrial field covered)

	1947	1948	1949	1950	1951	1952	1953	1954	1954		1955
									1st Half	2nd Half	
	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.
Buildings and Structures	10.0	10.2	11.6	12.3	20.7	21.7	23.7	23.7	11.4	12.3	13.2
Other Capital Equipment	45.9	49.4	55.2	61.5	82.8	102.2	109.7	114.5	56.3	56.2	64.4
Total (a)	55.9	59.6	66.8	73.8	103.5	123.9	133.4	138.2	67.7	70.5	77.6

(a) Revised.

RURAL INDUSTRIES

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
£ million

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)			
1951	2.4	2.2	2.5	7.1	4.1
1952	4.3	3.7	5.1	13.1	6.8
1953	5.5	4.3	5.4	15.2	6.7
1954	5.8	4.9	5.7	16.4	5.6

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