COMMONWEALTH BUREAU OF CENSUS AND STATISTICS

CAPITAL AND MAINTENANCE EXPENDITURE BY PRIVATE BUSINESSES IN AUSTRALIA

JULY, 1951 TO JUNE, 1957

This Bulletin contains the results of a survey made in the first quarter of 1957 together with comparable data for previous surveys.

It relates to expenditure on buildings, capital equipment, repairs and maintenance by most private businesses during the last six months of 1956 and the corresponding expenditure which they anticipated making during the first six months of 1957.

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 the total number of employees in private employment, excluding rural industry and private domestic service.

The industrial dissection and the quality of the estimates generally have been improved, especially since the second half of 1954. In particular, certain large organisations having extensive operations in more than one industry are now supplying information on an industry basis so that it is no longer necessary to classify the whole of the organisation according to its predominant activity.

The survey is based on sampling procedures. The private businesses covered by it are selected from the lists of those 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. Professional businesses (accountancy firms, trade associations, consultant engineers, etc.) are excluded because their capital expenditure is too small to effect trends and the work involved in their collection is not warranted.

Terms Used -

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.

The term "buildings and structures" covers private construction work on assets such as buildings, wharves, roads, lifts, heating and ventilation equipment, etc. 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. Installation costs are included as part of capital expenditure.

NEW CAPITAL EXPENDITURE BY PRIVATE BUSINESSES IN AUSTRALIA

Table 1 shows in Part A the estimated expenditure on new buildings and on other new capital equipment from July, 1951 to December, 1956, together with anticipated expenditure for January to June, 1957. As a guide in interpreting "anticipated expenditure" part B shows anticipated and actual expenditure for each half year as a percentage of the actual expenditure in the previous half year.

1038.

TABLE 1 : NEW CAPITAL EXPENDITURE ON BUILDINGS AND EQUIPMENT

JULY, 1951 TO JUNE, 1957.

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

A. VALUE

Capital Expenditure on -	Actual Expenditure							Anticipated (a)
						1956		
	1951-52	1952-53	1953-54	1954-55	1955-56	Jan. to June	July to Dec.	Jan. to June 1957
	£ Million							
New Buildings and Structures	56.9	57.2	57.6	76.9	109.6	54.5	62.5	67.7
Other New Capital Equipment	137.7	142.2	167.4	175.1	194.8	98.1	107.9	98.2
Total New Capital Expenditure	194.6	199.4	225.0	252.0	304.4	152.6	170.4	165.9

B. ANTICIPATED AND ACTUAL EXPENDITURE SHOWN AS A PERCENTAGE OF ACTUAL EXPENDITURE IN THE PREVIOUS HALF - YEAR

Capital Expenditure on -	1951-52		1952-53		1953-54		1954-55		1955-56		1956-57	
	July to Dec.	Jan. to June	July to Dec.	Jan. to June	July to Dec.	Jan. to June	July to Dec.	Jan. to June	July to Dec.	Jan. to June	July to Dec.	Jan. to June
	Percentage											
New Buildings and Structures												
- anticipated (a)	125	115	98	106	114	116	148	122	146	118	126	108
- actual	127	118	95	95	105	98	121	123	130	99	115	(b)
Other New Capital Equipment												
- anticipated (a)	101	114	89	106	108	93	101	100	98	105	104	91
- actual	103	117	88	118	111	96	100	114	104	101	110	(b)
Total New Capital Expenditure												
- anticipated (a)	107	114	91	106	109	99	113	107	113	110	112	97
- actual	109	117	90	111	109	96	105	116	112	101	112	(b)

(a) Anticipated at the beginning of the period. (b) Not yet available.

Total new capital expenditure by private business in the field covered by the survey was £152.6 million for January - June, 1956 and £170.4 for July - December, 1956. If the anticipated expenditure for January - June, 1957 is realised, the total capital expenditure for 1956-57 will be £336.3 million, an increase of 10 per cent. over the previous year. Successive annual rates of increase since the 33% increase from 1950-51 to 1951-52 are 2%, 13%, 12%, 21%.

Half-yearly figures show that although expenditure of £170.4 million for July - December, 1956 was 12 per cent. more than for the previous half year (almost exactly as anticipated), a decrease of nearly 3 per cent. to £165.9 million has been anticipated for January - June, 1957. This is the first anticipated decrease in total new capital expenditure since that for January - June, 1954. The anticipated decrease in total is entirely due to an expected fall of 9 per cent. in expenditure on new capital equipment other than building from £107.9 million to £98.2 million. An increase of 8 per cent. from £62.5 million to £67.7 million is anticipated for new building - the smallest increase anticipated since January to June, 1953.

As table 1 shows, businessmen have frequently over-estimated their anticipated expenditure on new building while they have frequently under-estimated expenditure on other new capital equipment.

In interpreting the figures of anticipated expenditure it should be [illegible] in mind that they represent the total of expected expenditure of individual busin[illegible] at the beginning of the half year. Subsequent changes in economic conditions m[illegible] cause revision of plans, effect the timing of construction or deliveries of equi[illegible] or their cost. On occasions individual plans may prove to be collectively beyo[illegible] capacity of the economy.

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)

Industry Group	Actual Expenditure						
						1956	
	1951-52	1952-53	1953-54	1954-55	1955-56	Jan. to June	July to Dec.
	£ Million						
Manufacturing							
Engineering and vehicles (b)	43.6	50.4	44.5	47.9	69.3	35.8	37.[illegible]
Textiles and clothing	8.3	5.8	7.8	7.7	9.5	4.9	3.[illegible]
Food, drink and tobacco	21.1	26.5	25.5	28.7	32.1	16.4	17.[illegible]
Paper and printing	16.0	8.6	8.3	11.6	12.[illegible]	[illegible]	5.7
Chemicals and oil refining (c)	9.1	17.6	43.9	38.4	20.[illegible]	7.8	8.[illegible]
Other manufacturing (d)	24.1	19.3	17.1	23.2	25.8	13.[illegible]	13.[illegible]
Total Manufacturing	122.2	128.2	147.1	157.5	169.7	84.4	86.[illegible]
Non-Manufacturing							
Mining	12.8	13.7	10.7	10.1	13.8	6.5	9.[illegible]
Transport (e)	10.3	10.7	13.6	23.0	22.1	10.6	16.[illegible]
Wholesale and retail trade	33.6	32.9	39.2	44.3	66.0	34.2	37.[illegible]
Other non-manufacturing (f)	15.7	13.9	14.4	17.1	32.8	16.9	20.[illegible]
Total Non-manufacturing	72.4	71.2	77.9	94.5	134.7	68.2	83.7
All Industries	194.6	199.4	225.0	252.0	304.4	152.6	170.[illegible]

(a) Anticipated at beginning of period.
(b) Founding, engineering, metalworking, ship and vehicle manufacturing and [illegible]
(c) Manufacture of chemicals, fertilisers, drugs, cosmetics and refining of [illegible] petroleum.
(d) Sawmilling, furniture, paints, soap, explosives, plastics, leather, rubbe[illegible]
(e) Road, rail and air transport, shipping and stevedoring.
(f) Building, banking, insurance, other finance and property, amusement, ho[illegible] cafes, personal service, etc.

New Capital Expenditure by Industry Groups

Table 2 shows total new capital expenditure on building, structures a[illegible] equipment in the principal industry groups from July, 1951 to December, 1956 to[illegible] with the anticipated expenditure for January - June, 1957.

The non-manufacturing sector showed a 23 per cent. increase in the se[illegible] half of 1956 compared to an increase of only 3 per cent. by the manufacturing [illegible] For January to June, 1957, however, expectations are higher in manufacturing i[illegible] which anticipate a 5 per cent. increase from £86.7 to £90.7 million compared [illegible] per cent. decrease to £75.2 million for non-manufacturing industries from the [illegible] exceptionally high July to December 1956 expenditure of £83.7 million.

In the manufacturing sector, comparing July - December, 1956 with the [illegible] previous half-year, all industries except textiles and clothing, and paper and [illegible] increased their new capital expenditure. Only the food, drink and tobacco manufacturing industry group anticipated decreased expenditure for January - Ju[illegible] Major increases occur in the engineering and vehicles, and textiles and clothing[illegible]

Following increased expenditure in July - December, 1956 in all groups [illegible] non-manufacturing industry, all groups except mining anticipate decreased expend[illegible] for January - June, 1957. These decreases are anticipated throughout all secti[illegible] the transport and wholesale and retail trade groups.

REPAIR AND MAINTENANCE EXPENDITURE

Table 3 shows estimated expenditure on repair and maintenance of buildings and of other capital equipment since July, 1951 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)

Expenditure on -	1951-52	1952-53	1953-54	1954-55	1955-56	1956 Jan. to June	1956 July to Dec.
	£ Million						
Buildings and Structures	22.4	22.3	23.2	25.5	25.9	13.1	14.1
Other Capital Equipment	94.3	106.0	110.7	121.4	139.0	72.5	76.7
Total:	116.7	128.3	133.9	146.9	164.9	85.6	90.8

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: New Dwellings	Buildings completed during year: Other new Buildings (including alterations and additions)	Other new Structures (Fences, Dams, Silos etc.)	Total of the Foregoing	Repairs to Buildings and Structures
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
1955	6.0	4.2	4.5	14.7	5.2

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