COMMONWEALTH BUREAU OF CENSUS AND STATISTICS

CAPITAL AND MAINTENANCE EXPENDITURE BY PRIVATE BUSINESSES IN AUSTRALIA

JULY, 1953 TO DECEMBER, 1958

This Bulletin contains the results of a survey made in the third quarter of 1958 together with data from previous surveys.

2. It relates to expenditure on buildings, capital equipment, repairs and maintenance by most private businesses during the first six months of 1958 and the corresponding expenditure which they anticipated making during the last six months of that year.

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 embrace all private industry in the Survey. The coverage has been limited to that part of industry which is subject to Pay-roll Tax, and all businesses whose Pay-roll is below the taxable limit, as well as "exempt" bodies such as religious, benevolent and similar organizations, are therefore excluded. (See also paragraphs 8(b) and 9.)

4. 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.

5. 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. Their capital expenditure is too small to affect trends and the work involved in collecting returns from them is not warranted.

6. The coverage has been reduced by successive rises in the Pay-roll Tax exemption limit so that there are some discontinuities in the series shown in the tables hereunder. In Table 1 Part A and in Tables 2 and 3 double lines are shown between the appropriate vertical columns to indicate these discontinuities. Some indication of the extent of the field surveyed and of the changes in coverage is given in the following table which shows the employment of the businesses covered as a percentage of the total number of employees in private employment, excluding rural industry and private domestic service.

1953-54	1954-55	1955-56	1956-57	1957-58	1958-59
82%	79%	79%	80%	77%	77%

7. Approximate estimates which have been made of the capital expenditure of businesses exempted from Pay-roll Tax in September, 1954 and September, 1957 correspond broadly to the changes in coverage in terms of employment. It is estimated that the rise in the exemption limit in September, 1957, would have caused about a 3% reduction in the estimate of total capital expenditure for 1957-58.

8. (a) The industrial dissection and the quality of the estimates generally have been improved, especially since the second half of 1954. In particular, certain large organizations having extensive operations in more than one industry have since then supplied information on an industry basis, so that it is no longer necessary to classify the whole of the organization according to its predominant activity.

(b) In addition, figures for 1956-57 and subsequent periods in this statement include the expenditure of the construction industry and also the expenditure on all known projects involving capital expenditure of more than £250,000 in a half year in the industry groups covered, whether or not the businesses are subject to Pay-roll Tax. This information is not available for periods prior to 1956-57.

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9. The estimates are based on a sample of businesses subject to Pay-roll Tax and, from 1956-57 inclusive, a supplementary collection of returns from all businesses not subject to Pay-roll Tax or not selected in the sample which are known to be undertaking major projects involving capital expenditure.

Terms Used -

10. 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.

11. 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 [illegible]

12. Table 1 shows in Part A the estimated expenditure on new buildings and on other new capital equipment from July, 1953, to June, 1958, together with anticipated expenditure for July to December, 1958. 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 also shows that businessmen, during the period January, [illegible], to January, 1958, frequently over-estimated their anticipated expenditure on new building while there was a tendency to underestimate expenditure on other new capital equipment.

13. The figures in Table 1 show that total new capital expenditure in the half year January to June, 1958, was £158.5 million, 8 per cent less than the expenditure of £172.1 million in the previous half year, although businessmen at the beginning of the half year had anticipated little or no change in new capital expenditure on either new buildings and structures or on other new capital equipment. The fall in total expenditure resulted from decreases of 15 per cent in expenditure on new buildings and structures and 4 per cent in expenditure on other new capital equipment. The table indicates that businessmen expect their capital expenditure to be appreciably higher in the current half year July to December, 1958. At the beginning of this period they anticipated a 26 per cent increase over the previous half year in expenditure on new buildings and structures and a 7 per cent increase on expenditure on other equipment - an increase of 14 per cent in total. The amounts anticipated in both categories are, however, only slightly greater than expenditure in the half year ended December, 1957.

14. In interpreting the figures of anticipated expenditure it should be borne 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 DECEMBER, 1958

(By private businesses subject to payroll 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	1957-58 July to December	1957-58 January to June	July to December 1958
	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	r135.0	117.9	r63.7	54.2	68.3
Other New Capital Equipment	167.4	175.1	194.8	r210.7	212.7	r108.4?	104.3?	111.7
Total New Capital Expenditure	225.0	252.0	304.4	r345.7	330.6	r172.1?	158.5?	180.0

B. ANTICIPATED AND ACTUAL PERCENTAGE CHANGE IN CAPITAL EXPENDITURE

(Change from Actual Expenditure in Previous [illegible])

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.	1957-58 Jan. to June	1958-59 July to Dec.
	PERCENTAGE										
New Buildings and Structures - anticipated (b)	+14	+16	+48	+22	+46	+18	+20	[illegible]	r+9	r-2	+25
- actual	+5	-2	+21	+23	+30	-1	r+18	[illegible]	+1	-16	(e)
Other Capital Equipment - anticipated (b)	+8	-7	+1	0	-2	+5	+4	-2	9	+9	+7
- actual	+11	-4	0	+14	+4	+4	+11	4	9	[illegible]	(e)
Total New Capital Expenditure - anticipated (b)	+9	-1	+13	+7	+13	+10	+12	-3	r+13	r-1	+14
- actual	+9	-4	+5	+16	+12	+1	r+14	-4	+6	-6	(e)

(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 construction industry and certain businesses not paying Pay-roll Tax (see paragraphs 6 to 8).

(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 DECEMBER, 1958

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

Particulars	1953-54	1954-55	1955-56	1956-57	1957-58	1957-58 July to Dec.	1957-58 Jan. to June	July to Dec. 1958
	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)	44.5	47.9	63.3	74.0	65.5	r3[illegible]	[illegible]	[illegible]
Textiles and clothing	7.8	7.7	9.5	8.1	16.3	[illegible]	[illegible]	[illegible]
Food, drink and tobacco	25.5	28.7	32.1	36.1	20.8	r15.5	[illegible]	[illegible]
Paper and printing	8.3	11.6	12.8	12.0	9.6	[illegible]	[illegible]	5.5
Chemicals and oil refining (d)	43.9	38.4	20.2	r19.6	23.9	[illegible]	[illegible]	[illegible]
Other manufacturing (e)	17.1	23.2	25.8	31.0	[illegible]	[illegible]	[illegible]	[illegible]
Total Manufacturing	147.1	157.5	169.7	r180.8	17[illegible]	[illegible]	[illegible]	[illegible]
Non-Manufacturing								
Mining	10.7	10.1	13.8	r21.7	17.8	[illegible]	[illegible]	[illegible]
Transport (f)	13.6	23.0	22.1	26.9	24.6	[illegible]	[illegible]	13.2
Wholesale and retail trade	39.2	44.3	66.0	r69.9	63.8	[illegible]	[illegible]	37.7
Other non-manufacturing (g)	14.4	17.1	22.8	[illegible]	[illegible]	2[illegible]	14	[illegible]
Total Non-Manufacturing	77.9	94.5	134.7	r164.9	[illegible]	[illegible] 4	[illegible]	[illegible]
All Industries	225.0	252.0	304.4	r345.7	330.6	172 1	[illegible]	[illegible]

(a) Employment of businesses covered as a percentage of total [illegible] excluding rural industry and private domestic service. [illegible] 1955-56 and 1957-58 are due to rises in the Pay-roll Tax exemption [illegible] in 1956-57, to inclusion of the construction industry and certain [illegible] not paying Pay-roll Tax (see paragraphs 6 to 8).

(b) Anticipated by businesses at beginning of 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 first included as from 1956-57 when expenditure for that industry was estimated as £4.3 million for the financial year (see paragraph 8 (b)).

(r) Revised.

New Capital Expenditure by Industry Groups

15. Table 2 shows total new capital expenditure on buildings, structures and equipment in the principal industry groups from July, 1953, to June, 1958, together with the anticipated expenditure for July to December, 1958. In reading [illegible] attention should be paid to the changes in coverage referred to in paragraphs 6 to 8.

16. Nearly all the fall in total new capital expenditure in the half year January to June, 1958, occurred in non-manufacturing industries (down 15 per cent from £82.4 million to £70.2 million). Rises in total expenditure are anticipated in both sectors for the half year July to December, 1958. The increase anticipated by manufacturing industries (from £88.3 million to £99.3 million) represents a 12 per cent increase and the increase anticipated by non-manufacturing industries (from £70.2 million to £80.7 million) represents an increase of 15 per cent.

17. In the manufacturing sector the small fall in expenditure for the half year January to June, 1958, results mainly from the fall in the engineering and vehicles manufacturing industries (£33 million to £30.5 million) and a fall in "other manufacturing" (£18.6 million to £16.3 million). The falls were partly offset by rises in expenditure by the textile and clothing industry (£6.7 million to £9.6 million) and the chemicals and oil refining industry (£11.3 million to £12.6 million). In the following half year £7.5 million of the £11 million increase in expenditure anticipated by manufacturing industries occurs in engineering and vehicles (£30.5 million to £38.0 million). Other manufacturing industries anticipating rises are food, drink and tobacco (£14.5 million to £16.3 million) paper and printing (£4.8 million to £6.5 million) and chemicals and oil refining (£12.6 million to £14.9 million). Falls are anticipated in textiles and clothing (£9.6 million to £7.6 million) and "other manufacturing" (£16.3 million to £16.0 million).

18. For the non-manufacturing sector, table 2 shows that falls in expenditure for the period January to June, 1958, occurred in all groups, the most marked falls being in mining (£10.0 to £7.8 million), wholesale and retail trade (£35.0 to £28.8 million) and "other non-manufacturing" (£25.0 million to £21.4 million). All groups except "other non-manufacturing" anticipated increased expenditure for the period July to December, 1958. The outstanding increase is anticipated by wholesale and retail traders (£28.8 to £37.7 million - an increase of 31 per cent).

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 payroll tax, excluding [illegible] industries - see introductory note on industrial field covered.)

Particulars	1953-54	1954-55	1955-56	1956-57	1957-58	[illegible] July to Dec.	Jan. to June
	Percentage						
Business Field Covered (a)	82	79	79	[illegible]	[illegible]	77	[illegible]
	£. million						
Buildings and Structures	23.2	25.5	25.[illegible]	r26.0	24.8	r12.2	12.6
Other Capital Equipment	110.7	121.4	139.0	r157.[illegible]	152.8	r75.8	77.0
Total	133.9	146.9	164.9	r183.[illegible]	177.6	r[illegible]	89.6

(a) Employment of businesses covered as a percentage of total private employment excluding rural industry and private domestic service. Changes in 1954-55 and also in 1957-1958, are due to rises in the Pay-roll Tax exemption limit and, in 1956-57, to the inclusion of construction industry and certain businesses not paying Pay-roll Tax. (See paragraphs 6 to 8.)

(r) 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)

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 & 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	13.1	5.3

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