

CAPITAL AND MAINTENANCE EXPENDITURE BY PRIVATE BUSINESSES IN AUSTRALIA

DECEMBER QUARTER 1966 (ACTUAL)

JANUARY TO JUNE 1967 (ANTICIPATED)

INTRODUCTION

General

This bulletin contains estimates based on returns obtained from a sample of businesses subject to pay-roll tax (i.e., businesses paying more than \$400 a week wages), supplemented by returns from other businesses not subject to pay-roll tax which are known to be undertaking capital expenditure projects entailing expenditure of \$500,000 or more in a six-monthly period.

2. Annual and half-yearly figures are shown for actual and anticipated capital expenditure and for expenditure on repairs and maintenance, and in addition quarterly estimates are shown for actual capital expenditure. Preliminary estimates of actual capital expenditure for December quarter 1966, previously published in bulletin S.B. 605 of 23 February 1967, are revised in this bulletin.

Industrial Field Covered

3. This survey is designed primarily to measure trends in expenditure by private businesses on 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 are:

- (a) Businesses whose pay-roll is below the exemption limit for pay-roll tax (unless included in the supplementary collection from businesses known to be undertaking capital expenditure projects involving expenditure of \$500,000 or more in a six monthly period).
- (b) Organisations "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.

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. Since the pay-roll tax exemption limit is fixed in money terms, the coverage of the pay-roll tax field in terms of employment may vary in accordance with changes in wage-rates, etc. At the head of each column in Tables 1 (Part A), 2 (Part A) and 3 herein, employment in the field of business for which estimates of capital and maintenance expenditure are shown is expressed as a percentage of total private employment (other than rural and private domestic) plus employment in government airlines and banks. In relation to the measurement of capital and maintenance expenditure these employment percentages are shown merely as a broad indication of the extent of the field surveyed and of changes in coverage.

Industrial Dissection

6. Returns are obtained on a State basis and, in general, businesses are classified according to their predominant activity in each State. Certain large organisations having extensive operations in more than one industry supply information for their separate industries.

Scope of Estimates

7. Prior to the December quarter 1966, "New Capital Expenditure" was 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 buildings and structures and other new capital equipment, whether or not the assets are acquired during the period in which payment is made. As from the December quarter 1966, "New Capital Expenditure" also includes large items of capital equipment which are imported for the purpose of leasing to a business in Australia for a period expected to exceed one year, irrespective of whether any payment is made for such equipment by the importer (e.g. ships, oil drilling rigs etc.). Statistics for earlier periods have not been revised as the amounts involved are thought to be relatively minor. Expenditure on alterations and additions to existing buildings and structures is treated as "new capital expenditure".

8. "Repair and Maintenance Expenditure" relates to payments, during the period specified, for the repair and maintenance of capital equipment, irrespective of when the repairs, etc. were made.

9. The component "buildings and structures" covers assets such as buildings, wharves, railway and harbour construction, roads and also lifts, heating and ventilation equipment and the like forming an integral part of the structure. The component "other capital equipment" covers all machinery and equipment including vehicles, aircraft and ships, and such items as new motors, lathes, office equipment and fixtures.

10. The estimates exclude expenditure on the purchase of land, existing buildings and other structures, and second-hand equipment (unless bought from overseas suppliers).

NEW CAPITAL EXPENDITURE BY TYPE OF ASSET

11. Part A of Table 1 shows the estimated yearly expenditure on new buildings and other new capital equipment for each of the years 1960-61 to 1965-66 and estimated half-yearly expenditure for the second half of 1965-66 and the first half of 1966-67. Details of anticipated expenditure for the half year ending June 1967, are also shown. Part B shows anticipated and actual expenditure for each half 1967, are also shown. Part B shows anticipated and actual expenditure for each half year as a percentage change from actual expenditure in the previous half year. It indicates that during the period July 1962 to December 1966, businessmen frequently over-estimated expenditure on new buildings. Part C shows the estimated quarterly expenditure of new buildings and other new capital equipment from the September quarter 1964 to December quarter 1966.

12. In the interpretation of figures of anticipated expenditure it should be kept in mind that they represent the total of expenditure anticipated by individual businesses at the beginning of the half year. Subsequent changes in economic conditions may cause revision of plans and affect the timing of construction or the 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 BY TYPE OF ASSET
(by private businesses subject to pay-roll tax, excluding rural industries -
see paragraphs 1 to 5)

PART A. - YEARLY AND HALF-YEARLY NEW CAPITAL EXPENDITURE : JULY 1962 TO JUNE 1967

Particulars	1962-63	1963-64	1964-65	1965-66	1966 January to June	1966 July to December	1967 January to June
Business Field Covered (a)	76%	77%	77%	78%	78%	78%	78%
\$ million							
Capital Expenditure on -	Actual Expenditure						Antici- pated (b)
New Buildings and Structures	381.3	413.3	465.7	583.9	275.6	296.1	285.0
Other New Capital Equipment	684.3	730.2	972.5	1,177.4	574.7	589.1	527.5
<u>Total New Capital Expenditure</u>	1,065.6	1,143.5	1,438.2	1,761.3	850.3	885.2	812.5

- (a) See paragraph 5.
(b) Anticipated by businesses at the beginning of the period. See paragraph 12.

PART B. - ANTICIPATED AND ACTUAL PERCENTAGE CHANGE IN NEW CAPITAL EXPENDITURE
HALF-YEARLY : JULY 1962 TO JUNE 1967

(Change from actual expenditure in previous half-year)

Capital Expenditure on -	1962-63		1963-64		1964-65		1965-66		1966-67	
	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)	+24	+4	+32	+15	+26	+5	+34	-1	+7	-4
Actual	+18	-12	+21	-9	+16	+4	+30	-11	+7	(b)
Other New Capital Equipment - Anticipated (a)	+9	-2	+1	+4	+19	+6	+12	-4	-6	-10
Actual	+7	+6	-1	+8	+22	+8	+19	-5	+3	(b)
Total New Capital Expenditure - Anticipated (a)	+14	..	+12	+8	+21	+6	+19	-3	-2	-8
Actual	+11	-1	+7	+2	+20	+7	+23	-7	+4	(b)

- (a) Anticipated by businesses at the beginning of the period. See paragraph 12.
(b) Not yet available.

PART C. - QUARTERLY NEW CAPITAL EXPENDITURE
SEPTEMBER QUARTER 1964 TO DECEMBER QUARTER 1966

Capital Expenditure on -	1964-65				1965-66				1966-67	
	Sept. Qtr	Dec. Qtr	March Qtr	June Qtr	Sept. Qtr	Dec. Qtr	March Qtr	June Qtr	Sept. Qtr	Dec. Qtr
	\$ million									
New Buildings and Structures	105.6	123.1	98.2	138.8	149.4	158.9	118.3	157.3	147.7	148.4
Other New Capital Equipment	212.7	254.2	210.6	295.0	286.4	316.3	270.4	304.3	289.6	299.5
<u>Total New Capital Expenditure</u>	318.3	377.3	308.8	433.8	435.8	475.2	388.7	461.6	437.3	447.9

NEW CAPITAL EXPENDITURE BY INDUSTRY GROUPS

14. Part A of Table 2 shows new capital expenditure in the principal industry groups from July 1962 to June 1967, together with the anticipated expenditure for January to June 1967. Part B shows quarterly figures.

TABLE 2. - NEW CAPITAL EXPENDITURE BY INDUSTRY GROUPS

(By private businesses subject to pay-roll tax, excluding rural industries - see paragraphs 1 to 5)

PART A. - YEARLY AND HALF-YEARLY NEW CAPITAL EXPENDITURE : JULY 1962 TO JUNE 1967

Particulars	1962-63	1963-64	1964-65	1965-66	1966 January to June	1966 July to December	1967 January to June
Business Field Covered (a)	76%	77%	77%	78%	78%	78%	78%
\$ million							
Industry Group	Actual Expenditure						Anti- cipated (b)
<u>Manufacturing -</u>							
Extracting, refining foundry	114.2	99.7	118.5	174.6	93.6	107.8	85.4
Engineering (c)	77.8	88.7	108.5	121.8	59.7	64.7	69.3
Vehicles (d)	45.6	64.5	92.5	79.9	35.6	20.4	31.1
Chemicals (e)	90.2	100.8	127.0	148.9	74.6	78.2	59.4
Textiles and clothing	25.4	24.8	32.1	41.0	19.9	14.7	13.5
Food, drink and tobacco	90.4	101.1	140.7	146.9	64.8	71.5	65.8
Paper and printing	44.0	47.2	55.2	60.5	32.0	30.2	36.0
Other manufacturing (f)	83.0	77.5	96.3	111.3	55.2	56.7	45.4
<u>Total Manufacturing</u>	570.6	604.3	770.8	884.9	435.4	444.2	406.3
<u>Non-manufacturing -</u>							
Wholesale and retail trade	198.8	217.9	221.7	253.2	114.0	135.3	101.3
Mining	70.4	67.6	106.5	220.2	111.2	117.1	111.2
Transport (g)	55.6	74.2	126.8	130.7	55.4	55.4	73.2
Other non-manufacturing (h)	170.2	179.5	212.4	272.3	134.3	133.2	120.5
<u>Total Non-manufacturing</u>	495.0	539.2	667.4	876.4	414.9	441.0	406.0
<u>All Industries</u>	1,065.6	1,143.5	1,438.2	1,761.3	850.3	885.2	812.5

(a) See paragraph 5.

(b) Anticipated by businesses at the beginning of the period. See paragraph 12.

(c) Engineering, metalworking, electrical equipment.

(d) Vehicles, aircraft and ships, parts and accessories. Includes assembly and repairs.

(e) Chemicals, fertilisers, paints, explosives, cosmetics and oil refining.

(f) Sawmilling, furniture, plastics, leather, rubber, etc.

(g) Road, rail and air transport, shipping and stevedoring.

(h) Building, construction, banking, insurance, other finance and property, amusements, hotels, cafes, personal services, etc.

PAGE 2. - QUARTERLY NEW CAPITAL EXPENDITURE
SEPTEMBER QUARTER 1964 TO DECEMBER QUARTER 1966
 \$ million

Industry Group	1962-63				1965-66				1966-67	
	Sept. Str	Dec. Str	March Str	June Str	Sept. Str	Dec. Str	March Str	June Str	Sept. Str	Dec. Str
Manufacturing -										
Extracting, refining										
Founding	27.0	31.4	24.9	35.2	36.1	44.9	38.9	54.7	61.2	46.4
Engineering (a)	21.5	29.5	23.5	34.0	29.5	32.8	25.1	34.6	31.2	33.5
Vehicles (b)	23.6	26.6	16.6	25.7	21.8	22.5	19.5	16.1	9.7	10.7
Chemicals (c)	32.9	32.3	27.8	34.2	31.1	43.2	33.6	41.0	41.4	36.8
Textiles and clothing	6.3	7.3	8.6	9.9	10.7	10.4	8.7	11.2	7.1	7.6
Food, drink and tobacco	28.4	35.6	33.1	43.8	40.2	41.9	29.8	35.8	32.9	38.8
Paper and printing	10.9	15.3	11.8	17.2	13.2	15.3	13.3	18.7	12.8	17.4
Other manufacturing (d)	20.8	28.3	21.9	25.3	28.6	27.5	25.8	27.9	28.5	28.2
Total Manufacturing	171.4	205.3	168.0	225.1	211.2	238.3	193.3	242.1	224.8	219.4
Non-manufacturing -										
Wholesale and retail trade	53.8	56.2	44.7	67.0	68.1	71.1	51.6	62.4	65.3	70.0
Mining	15.8	19.7	19.7	51.2	53.1	55.9	52.7	58.2	51.8	65.2
Transport (e)	29.8	41.2	30.6	25.4	36.1	35.2	36.7	30.7	29.6	25.8
Other non-manufacturing (f)	47.8	51.9	45.8	65.1	67.3	70.7	60.6	60.6	65.5	67.6
Total Non-manufacturing	146.9	174.0	140.8	208.7	224.6	233.9	195.4	219.5	212.5	228.5
All Industries	318.3	377.3	308.8	433.8	435.8	475.2	388.7	461.6	437.3	447.9

(a) Engineering, metalworking, electrical equipment. (b) Vehicles, aircraft and ships, parts and accessories. Includes assembly and repairs. (c) Chemicals, fertilisers, paints, explosives, cosmetics and oil refining. (d) Sawmilling, furniture, plastics, leather, rubber, etc. (e) Road, rail and air transport, shipping and stevedoring. (f) Building, construction, banking, insurance, other finance and property, amusements, hotels, cafes, personal services, etc.

REPAIRS AND MAINTENANCE EXPENDITURE

15. Table 3 shows estimated expenditure on repairs and maintenance of buildings, and other capital equipment since July 1962.

TABLE 3. - REPAIRS AND MAINTENANCE EXPENDITURE BY TYPE OF ASSET
JULY 1962 TO DECEMBER 1966

(By private businesses subject to pay-roll tax, excluding rural industries - see paragraphs 1 to 5)

Particulars	1962-63	1963-64	1964-65	1965-66	1966 January to June	1966 July to December
Business Field Covered (a)	76%	77%	77%	78%	78%	78%
	\$ million					
Buildings and Structures	56.5	63.6	71.2	76.4	38.2	39.2
Other Capital Equipment	388.3	429.4	484.1	543.3	268.8	288.6
Total	444.8	493.0	555.3	619.7	307.0	327.2

(a) See paragraph 5.

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COMMONWEALTH BUREAU OF CENSUS AND STATISTICS
 CANBERRA, A.C.T.
 3 MAY 1967

NOTE. Inquiries concerning these statistics may be made in Canberra by telephoning 63 9111 Extension 2196 or in each State capital, by telephoning the office of the Bureau of Census and Statistics.