COMMONWEALTH BUREAU OF CENSUS AND STATISTICS

CAPITAL AND MAINTENANCE EXPENDITURE BY PRIVATE BUSINESSES IN AUSTRALIA

JULY, 1952 TO DECEMBER, 1957

This Bulletin contains the results of a survey made in the third 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 first six months of 1957 and the corresponding expenditure which they anticipated making during the last 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 for 1954/55 and subsequent years 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 coverage was slightly higher in previous years.

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, 1952 to June, 1957, together with anticipated expenditure for July to December, 1957. As a guide in interpreting "anticipated expenditure" Part B shows anticipated and actual expenditure for each half year as a percentage change from the actual expenditure in the previous half year.

TABLE 1 : NEW CAPITAL EXPENDITURE ON BUILDINGS AND EQUIPMENT
JULY, 1952 TO DECEMBER, 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)
	1952-53	1953-54	1954-55	1955-56	1956-57	1956-57 July to Dec.	1956-57 Jan. to June	July to Dec. 1957
	£ million							
New Buildings and Structures	57.2	57.6	76.9	109.6	125.8	*63.7	62.1	69.1
Other New Capital Equipment	142.2	167.4	175.1	194.8	206.3	*108.3	98.0	106.1
Total New Capital Expenditure	199.4	225.0	252.0	304.4	332.1	*172.0	160.1	175.2

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

Capital Expenditure on -	1952-53		1953-54		1954-55		1955-56		1956-57		1957-58
	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.
	PERCENTAGE										
New Buildings and Structures											
- anticipated (a)	-2	+6	+14	+16	+48	+22	+46	+18	+26	+7	+11
- actual	-5	-5	+5	-2	+21	+23	+30	-1	+17	-3	(b)
Other Capital Equipment											
- anticipated (a)	-11	+6	+8	-7	+1	0	-2	+5	+4	-7	+8
- actual	-12	+18	+11	-4	0	+14	+4	+1	+11	-10	(b)
Total New Capital Expenditure											
- anticipated (a)	-9	+6	+9	-1	+13	+7	+13	+10	+12	-2	+9
- actual	-10	+11	+9	-4	+5	+16	+12	+1	+13	-7	(b)

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

Total new capital expenditure by private businesses in the field covered by the Survey was £332.1million in 1956-57 compared with £304.4million for the previous year - an increase of 9%. This increase is considerably less than the 21% increase which occurred in the previous year. Annual percentage increases in recent years compared with each preceding year are:

1951-52	+33%	1954-55	+12%
1952-53	+ 2%	1955-56	+21%
1953-54	+13%	1956-57	+ 9%

While the figures for the year 1956-57 show only a slackening in the rate of increase, the half-yearly figures show, for January to June, 1957, an actual decrease of 7% to £160.1million from the July to December, 1956 expenditure of £172.0million, a little more than the 2% decline which businessmen had anticipated at the beginning of the year. This down-turn, which is due almost entirely to a fall of 10% in expenditure on new capital equipment, is the first since the half year January to June, 1954. The decrease is followed, however, by an expectation of increased expenditure for the half year July to December, 1957. This increase of 9% from £160.1million to £175.2 million is divided between expenditure on new buildings (+ 11%) and on new capital equipment (+8%).

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, effect 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.

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

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							Anticipated (a)
						1956-57		
	1952-53	1953-54	1954-55	1955-56	1956-57	July to Dec.	Jan. to June	July to Dec. 1957
	£ million							
Manufacturing								
Engineering and vehicles (b)	50.4	44.5	47.9	69.3	70.5	37.9	32.6	34.9
Textiles and clothing	5.8	7.8	7.7	9.5	8.0	3.9	4.1	8.0
Food, drink and tobacco	26.5	25.5	28.7	32.1	33.3	17.0	16.3	16.3
Paper and printing	8.6	8.3	11.6	12.8	12.5	5.7	6.8	5.5
Chemicals and oil refining (c)	17.6	43.9	38.4	20.2	16.0	8.4	7.6	11.0
Other manufacturing (d)	19.3	17.1	23.2	25.8	28.2	13.8	14.4	16.5
Total Manufacturing	128.2	147.1	157.5	169.7	168.5	86.7	81.8	92.2
Non-Manufacturing								
Mining	13.7	10.7	10.1	13.8	22.9	*10.7	12.2	13.9
Transport (e)	10.7	13.6	23.0	22.1	28.7	16.7	12.0	16.3
Wholesale and retail trade	32.9	39.2	44.3	66.0	70.2	37.0	33.2	31.8
Other non-manufacturing (f)	13.9	14.4	17.1	32.8	41.8	20.9	20.9	21.0
Total Non-manufacturing	71.2	77.9	94.5	134.7	163.6	*85.3	78.3	83.0
All Industries	199.4	225.0	252.0	304.4	332.1	*172.0	160.1	175.2

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

New Capital Expenditure by Industry Groups

Table 2 shows total new capital expenditure on building, structures and equipment in the principal industry groups from July, 1952 to June, 1957 together with the anticipated expenditure for July - December, 1957.

The fall in total expenditure in the half year January to June, 1957 occurred in both manufacturing and non-manufacturing industries. The decrease from the previous half year in the manufacturing sector was 6% (£86.7million to £81.8million) while for the non-manufacturing sector it was 8% (£85.3million to £78.3 million). The anticipated rise in the second half of the year also occurs in both sectors. Manufacturing industries expect an increase of 13% to £92.2million and non-manufacturing industries an increase of 6% to £83million.

In the manufacturing sector, a fall in expenditure for the half year January to June, 1957 was mainly due to a fall from £37.9million to £32.6million in engineering and vehicles. Small falls occurred in food, drink and tobacco and chemicals and oil refining while other groups showed increases. The increase for the following half year July to December, 1957 is anticipated by all manufacturing industry groups except paper and printing (which expects a fall from £6.8million to £5.5million) and food, drink and tobacco (for which no change is anticipated.) The sharpest increases are in textiles and clothing (£4.1million to £8.0million) and chemicals and oil refining (£7.6million to £11.0million).

In the non-manufacturing sector, the fall in the half yearly figures for January to June, 1957 occurred in transport (£16.7million £12.0million) and wholesale and retail trade (£37million to £33.2million). A rise occurred in mining (£10.7million to £12.2 million), while other non-manufacturing industry groups spent the same as in the previous half year. The rise anticipated by non-manufacturing industry for July to December, 1957 occurs in all industry groups except wholesale and retail trade, the major increase being in the transport industry which anticipated an increase from £12million to £16.3million.

REPAIR AND MAINTENANCE EXPENDITURE

Table 3 shows estimated expenditure on repair and maintenance of buildings and of other capital equipment since July 1952 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 -	1952-53	1953-54	1954-55	1955-56	1956-57	1956-57 July to Dec.	1956-57 Jan. to June
	£ million						
Buildings and Structures	22.3	23.2	25.5	25.9	28.1	14.1	14.0
Other Capital Equipment	106.0	110.7	121.4	139.0	156.7	76.7	80.0
Total:	128.3	133.9	146.9	164.9	184.8	90.8	94.0

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: New Dwellings	Buildings completed during year: Other new Buildings (including alterations & additions)	Other new Structures (Fences, Dams, Silos, etc.)	Total of the Foregoing	Repairs to Buildings and Structures
	£ million				
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
1956	5.3	4.1	3.6	13.0	4.6

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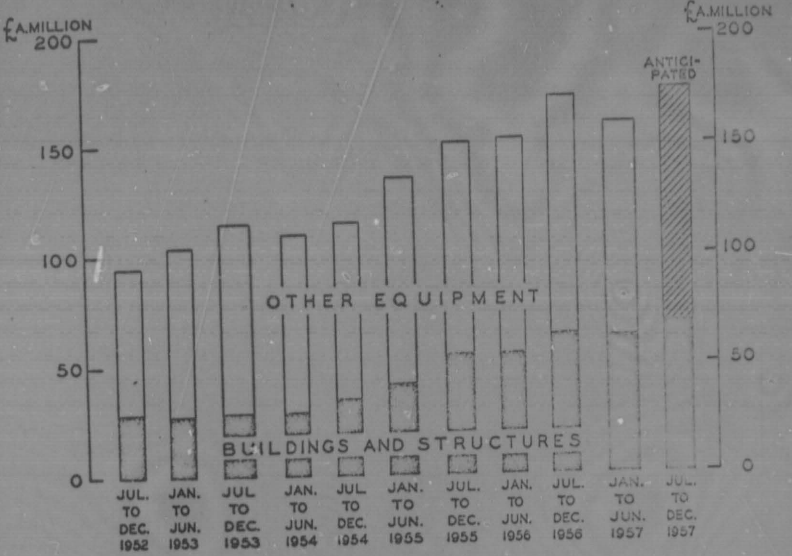
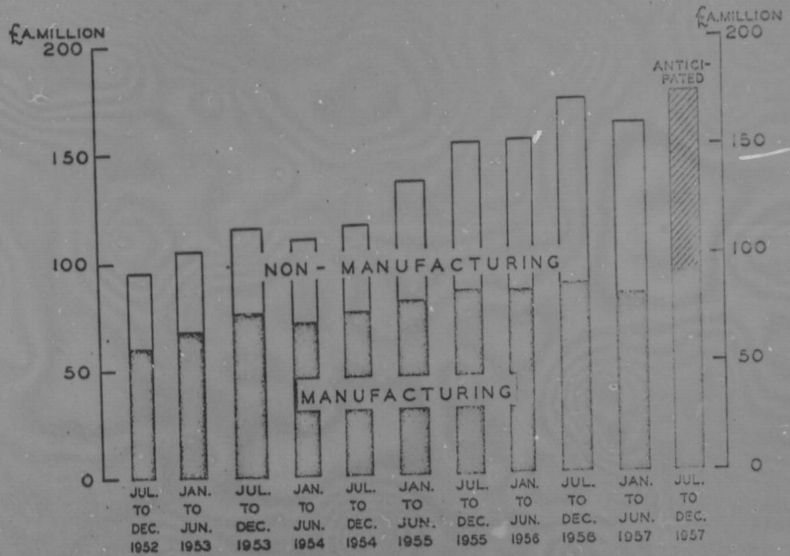
CANBERRA, A.C.T. 13TH NOVEMBER, 1957

BY PRIVATE BUSINESSES IN AUSTRALIA





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ANTICIPATED AND ACTUAL PERCENTAGE CHANGE IN CAPITAL EXPENDITURE

(CHANGE FROM ACTUAL EXPENDITURE IN PREVIOUS HALF YEAR)