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I.T.&C. LARGE FIRM SURVEY  
OF  
BUSINESS CAPITAL INVESTMENT  
CONDUCTED IN OCTOBER 1978

"REGIONAL SUMMARIES"

December, 1978  
Capital Expenditures Group  
Department of Industry, Trade  
and Commerce, Ottawa

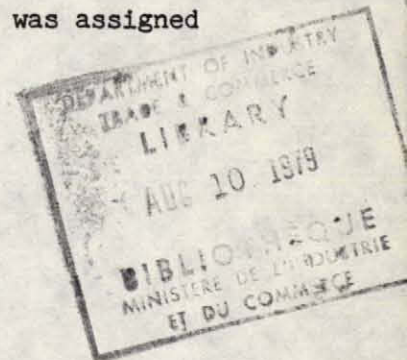
*Canada*

ACKNOWLEDGMENTS

We are grateful to the many business executives who entrusted their forward plans to us and took time to discuss relevant matters with us, thereby making this Survey possible.

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## PREFACE

In October 1978, a Survey by Industry, Trade and Commerce of some 300 large corporations was carried out. Companies covered account for about two-thirds of Canada's non-agricultural business outlays on new plant and equipment. Sectors excluded are housing, agriculture and fishing. Since spending patterns of large corporations differ from those of smaller companies and industry sectors not covered by the Survey, the results of the Survey cannot be extended directly to the economy as a whole. However, after adjustments, the results suggest a level of real business investment (less housing) in new plants and equipment for 1979 above the level of 1978 probably in the 3 - 5% range. This compares with an expected increase of about 2% for 1978 and 1.7% in 1977, on a National Accounts basis.

It must be stressed that the regional data contained in this report are not adjusted in the manner that the national results were handled in the concluding sentences of the above paragraph. Therefore, the data should be regarded as the investment intention or plans of a sample of large firms in each region at the time of the Survey. In other words, these investment projections may be altered depending upon changing domestic and foreign market conditions, financial circumstances, labour disputes, the degree of uncertainty in the investment climate, etc.

No expertise has yet been accumulated on forecasting the level of real business investment (less housing) at the regional level. Nevertheless, the raw data are very useful to show differences in trends in past outlays and investment intentions at the regional level, and factors underlying them.

## CAPITAL INVESTMENT SPENDING

### IN THE REGIONS\*

#### - OVERVIEW -

The October 1978 Survey results indicate that there is a strengthening of capital spending plans for 1979. The year to year percent changes in total capital spending (1979/78) by the large business firms in current dollars\*\* show an increase of about 16 percent for Canada. This is an upward revision of 9 percentage points from the 7 percent reported in the April 1978 Survey. This development is a reflection of a strengthening of 1979 spending intentions as well as a softening of 1978 outlays. With the exception of Quebec, the absolute or dollar levels of spending for 1979 in all regions are above the levels reported in the previous Survey. However, for 1978 the reported levels are below those reported earlier for all regions. (See Table 1).

All regions (Quebec excepted) show an acceleration in year to year spending intention for 1979, compared with the previous year. The British Columbia region stands out as an area of notable strength, while Ontario and the Atlantic regions show increases more or less in line with the average. For Quebec and the Prairies, however, increases below the overall average are indicated (See Table 1).

The cost adjustment factor or inflation rate used by the large firms in their capital budgets for 1979 is about 7.6% over the cost level for 1978. This is a slight improvement from the 7.8% reported for 1978 capital costs in this latest Survey. Companies with headquarters in the Atlantic and Prairie regions show a deceleration of expected cost

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\* See appendix for details on Survey coverage.

\*\* Unless otherwise stated, dollar levels and percent changes are based on current dollars.

increases while the B.C. region and Quebec indicate an acceleration in the rate of increases in costs. Ontario headquartered companies reported the highest cost adjustment factor for 1979 i.e. 8.1%, unchanged from the 1978 factor used. (See Table 2).

Dividing the entire Survey panel into domestic majority owned and foreign majority owned firms it was found that the former plan increase of about 15% in their capital spending for 1979 compared with about 18.5% for foreign owned firms. Domestic majority owned firms represent about two-thirds of total capital spending reported by the Survey Panel while foreign owned firms account for the remaining third (See Tables 3 and 3.1). On a regional basis, the proportion of investment in a region associated with domestic majority owned firms ranges from a high of 88% in Quebec for 1979 to 47% in the Prairies. The levels of investment for 1978 and 1979 reported for Quebec by foreign as well as domestic firms represent a reduction from earlier levels. However, investment levels by domestic firms for 1978 in the Prairies show a 11% reduction while foreign firms report a 4% increase in the Prairies.

Capital spending in the public or government portion of the business sector, i.e., crown corporation, etc., is expected to increase by about 14% in 1979 compared with about 18% for the private sector. The public portion in the Survey panel represents about 40% of total capital spending (See Tables 4 and 4.1). On a regional basis the government portion of capital investments within regions in 1979 range from 24% in the Prairies to 65% in Quebec. For 1978, both the public and private sectors indicate downward revision of about 4%, while for 1979, the private sector indicates a 10% between survey upward revision and the public sector a 2% downward revision. Within the public sector, the largest downward revision for 1979, took place in Quebec while for 1978 it was in the Prairies. For Ontario, between survey upward revisions were reported for both 1978 and 1979.



Within the private sector for 1979, the level of spending in the Quebec region has been reduced from earlier estimates. In 1978, the Atlantic region was the only area in which upward revisions were indicated.

For the entire 1978-82 period, a comparison of this Survey's results with those taken in April 1978 shows a strengthening of investment for the medium term in Canada as a whole. However, regionally, levels of investment in Quebec and the Atlantic region indicate a weakening of spending plans for this period, while for Ontario, the Prairies and B.C. region a strengthening is in evidence.

Companies in the survey panel identified about \$6.8 billion as investments that were considered but not included in their capital budgets. Of this amount, 43% is associated with companies headquartered in the Prairie region, 24% with companies headquartered in Ontario, 19% with those headquartered in th B.C. region, 14% with companies in Québec and 0.5% by Atlantic headquartered firms.

Table 1

CAPITAL INVESTMENT COMPARISONS  
OF SELECTED LARGE COMPANIES  
(Percent Changes)

	<u>1978/1977</u>	(%)	<u>1979/1978</u>	<u>Between Survey Revisions (%)</u>	
				<u>1978</u>	<u>1979</u>
Atlantic	12.7		14.8	-0.7	19.9
Quebec	16.5		9.0	-6.7	-11.5
Ontario	2.7		15.2	-2.2	8.1
Prairies	7.8		9.4	-3.4	7.2
B.C.	9.0		28.0	-8.4	6.4
Canada	10.6		16.2	-3.8	4.9

Note: Actual 1977, preliminary actual 1978, and intentions 1979.

Table 2

REPORTED COST ADJUSTMENT FACTORS  
OF SELECTED LARGE COMPANIES

	<u>1978</u>	(%)	<u>1979</u>
<u>Companies with H.Q. in:</u>			
Atlantic	7.3		6.7
Quebec	7.1		7.2
Ontario	8.1		8.1
Prairies	8.4		7.7
B.C.	7.3		7.6
All Companies	7.8		7.6



Table 3

**DISTRIBUTION OF CAPITAL INVESTMENT  
BY DOMESTIC AND FOREIGN FIRMS  
WITHIN REGIONS**

	Domestic		Foreign	
	<u>1978</u>	<u>1979</u>	<u>1978</u>	<u>1979</u>
	(%)		(%)	
Atlantic	82	80	18	20
Quebec	87	88	13	12
Ontario	72	73	28	27
Prairies	50	47	50	53
B.C.	57	56	43	44
Canada	68	67	32	33

Table 3.1

**CAPITAL INVESTMENT COMPARISONS  
OF SELECTED LARGE COMPANIES  
(Percent Changes)**

	<u>1978/1977</u>	1979/1978	Between Survey Revisions (%)	
			<u>1978</u>	<u>1979</u>
	(%)		(%)	
<u>Domestic Majority Owned</u>				
Atlantic	11.8	10.0	- 0.4	18.1
Quebec	17.0	7.3	- 5.3	-11.2
Ontario	8.7	16.8	- 0.9	9.5
Prairies	0.7	13.3	-10.8	1.2
B.C.	13.6	21.1	- 5.6	4.8
Canada	12.5	15.1	- 3.9	3.3
<u>Foreign Majority Owned</u>				
Atlantic	17.5	40.3	- 2.3	28.0
Quebec	12.2	23.2	-16.7	-13.8
Ontario	-10.0	11.2	- 5.5	4.4
Prairies	14.6	6.2	3.9	13.4
B.C.	2.8	38.1	-12.2	8.7
Canada	6.9	18.5	- 3.6	8.3

Note: Actual 1977, preliminary actual 1978, and intentions 1979.

Table 4

DISTRIBUTION OF CAPITAL INVESTMENT  
BY PUBLIC AND PRIVATE FIRMS  
WITHIN REGIONS

	Public		Private	
	1978	1979	1978	1979
	(%)	(%)	(%)	(%)
Atlantic	57	57	43	43
Quebec	69	65	31	35
Ontario	38	38	62	62
Prairies	27	24	73	76
B.C.	37	34	63	66
Canada	42	40	58	60

Table 4.1

CAPITAL INVESTMENT COMPARISONS  
OF SELECTED LARGE COMPANIES  
(Percent Changes)

	1978/1977	1979/1978	Between Survey Revisions (%)	
			1978	1979
	(%)	(%)	(%)	(%)
<u>Public Majority Owned</u>				
Atlantic	22.4	15.7	-3.7	19.0
Quebec	20.7	1.2	-4.2	-16.6
Ontario	14.1	19.5	3.2	9.1
Prairies	-2.2	7.8	-12.5	-3.4
B.C.	12.4	23.0	-4.4	-2.3
Canada	14.5	14.1	-3.6	-1.8
<u>Private Majority Owned</u>				
Atlantic	2.2	13.7	3.4	21.2
Quebec	7.7	27.1	-12.0	-0.4
Ontario	-3.0	12.8	-5.1	7.4
Prairies	11.6	10.0	0.0	11.2
B.C.	7.2	30.7	-10.4	11.5
Canada	8.1	17.6	-4.0	9.8

Note: Actual 1977, preliminary actual 1978, and intentions 1979.

**ATLANTIC REGION**

- ATLANTIC REGION

The October 1978 Survey results, in relation to the Atlantic region, indicate that there is a strengthening of capital spending for 1979. Of the approximately 300 large corporations in the Survey panel, about three-tenths have capital investment in the Atlantic region. Their expected level of spending on new plant and equipment for 1979 is about \$1.3 million. This is an increase of about \$0.2 million in current dollar terms or 15% from the revised level of spending for 1978. This is to be compared with a current dollar increase of 13% for 1978 reported in the most recent Survey.

The cost adjustment factor, or inflation rate, used by companies with headquarters in the Atlantic in their capital budgets for 1979 is about 6.7% over the cost level for 1978. After discounting for the increase of the cost of capital goods, the 15% current dollar increase in planned capital outlays for 1979 translates into an expected volume increase of about 7%, if present spending plans are realized.

An analysis of the 15% current dollar increase for 1979 reveals that the capital spending for manufacturing is expected to increase by 18% following a 24% advance in 1978 while non-manufacturing spending is expected to increase by 14% after 11% in 1978. However, compared with the returns from a similar Survey carried out in April 1978, the levels of total investment for 1978 and 1979 represent revisions of about -1% and +20% respectively. (See Table 1).

Domestic market demand, better estimates and carryovers were the reasons most frequently given for higher than expected outlays. For those companies which reported downward revisions, better estimates, market demand, internal financing problems, rates of return and excess capacity were the main reasons cited.

In the manufacturing sector, the largest dollar value increases from 1978 to 1979 were reported by food and beverage companies. "Other manufacturing" companies indicated a relatively large percentage increase for 1979. Within non-manufacturing, oil and gas companies are showing substantial increases for 1979. On the other hand, mining and communication companies indicate declines.

Of the total investment for 1979 in the Atlantic region, about 66% is associated with companies headquartered in the Atlantic region - down from the 70% in 1978. These companies expect their 1979 spending to increase by 8% while those headquartered elsewhere expect a 30% advance.

Apportioning the investment into that associated with domestic majority owned and foreign majority owned firms, it was found that the latter plan increases of about 40% in their capital spending for 1979 compared with about 10% for domestic owned firms. Similarly, in 1978, foreign firms were indicating the larger increases with an advance of 18% versus 12% for domestic owned firms. (See Table 2).

Capital spending in the public or government portion of the business sector in the Atlantic region, i.e., crown corporations, is expected to increase by 16% in 1979 compared with about 14% for the private sector. For 1978 the public portion shows an advance of 22% compared with about 2% for the private sector (See Table 2).

Companies with headquarters in the Atlantic region are somewhat less optimistic about 1979 than they were for 1978 regarding profits and corporate financial conditions. Relative to the Canada average, firms in the Atlantic region are more optimistic regarding Canadian sales and the foreign investment climate for 1979 but somewhat less optimistic with respect to their 1979 financial condition. (See Table 3).

For the 1978-82 period, a comparison of this Survey's results with those taken in April 1978 show a modest decrease in the level of investment (See Table 4). The changes appear to have taken place primarily in the communications and oil and gas sectors which offset increases in forest products and trade, finance and other commercial.

Companies with headquarters in the Atlantic region reported considered investments of about \$32 million which were not included in their reported budgets. Expected sales in Canada, expected cash flow, exchange rates and expected economic conditions in Canada were reported as factors affecting spending plans.

Table 1

CAPITAL EXPENDITURES OF SELECTED LARGE COMPANIES - 1977-1979

ATLANTIC REGION

(Current \$ Millions)

	<u>1977</u>	<u>1978</u>	<u>1979</u>	Year to Year Percentage Change		Between Survey Revisions (%)	
				<u>1978/1977</u>	<u>1979/1978</u>	<u>1978</u>	<u>1979</u>
Manufacturing	144( 3430)	179( 3894)	211( 4734)	24.4(13.5)	18.1(21.5)	- 4.0(-6.6)	40.8(9.2)
Non-manufacturing	836(13369)	925(14693)	1057(16879)	10.7( 9.9)	14.2(14.8)	- 0.1(-3.0)	16.5(3.7)
<u>Total</u>	979(16799)	1104(18587)	1269(21613)	12.7(10.6)	14.8(16.2)	- 0.7(-3.8)	19.9(4.9)

Notes: Actual 1977, preliminary actual 1978 and intentions 1979.

These are dollar amounts reported for the years 1977-79 from the October 1978 Survey by firms who reported in both the April 1978 and October 1978 Surveys of Capital Investment.

For comparison purposes, figures for Canada are provided in round brackets.



Table 2

CAPITAL INVESTMENT COMPARISONS OF SELECTED LARGE COMPANIES

ATLANTIC REGION

(Percent Changes)

	<u>1978/1977</u>	<u>1979/1978</u>	<u>Between Survey Revisions (%)</u>	
			<u>1978</u>	<u>1979</u>
<u>Foreign Majority Owned</u>				
Manufacturing	29.8(14.9)	42.6(31.9)	- 5.8(-5.9)	46.2(10.8)
Non-Manufacturing	10.2( 2.9)	38.6(11.2)	0.3(-2.3)	17.3( 6.8)
<u>Total</u>	17.5( 6.9)	40.3(18.5)	- 2.3(-3.6)	28.0( 8.3)
<u>Domestic Majority Owned</u>				
Manufacturing	21.0(11.8)	0.9( 9.3)	- 2.7(-7.5)	35.9( 6.8)
Non-Manufacturing	10.8(12.6)	11.1(16.1)	- 0.1(-3.3)	16.4( 2.8)
<u>Total</u>	11.8(12.5)	10.0(15.1)	- 0.4(-3.9)	18.1( 3.3)
<hr/>				
<u>Total Government</u>				
<u>Majority Own.</u>	22.4(14.5)	15.7(14.1)	- 3.7(-3.6)	19.0(-1.8)
<u>Total Private Majority Own.</u>	2.2( 8.1)	13.7(17.6)	3.4(-4.0)	21.2( 9.8)
Manufacturing	20.1(15.9)	23.5(27.8)	- 4.8(-6.4)	39.5(14.0)
Non-manufacturing	- 4.6( 4.8)	9.0(12.8)	7.7(-2.8)	13.2( 7.7)

Notes: Actual 1977, preliminary actual 1978 and intentions 1979

For comparison purposes, figures for Canada are provided in round brackets.

Table 3

EXPECTATIONS FOR 1978 AND 1979  
BY COMPANIES HEADQUARTERED IN THE ATLANTIC REGION

(Percent Distribution of Response)

	1978/77			1979/78		
	UP/ BETTER	NO CHANGE	DOWN/ WORSE	UP/ BETTER	NO CHANGE	DOWN/ WORSE
Canadian Sales	85.7(73.1)	14.2(18.3)	- ( 8.4)	85.7(74.5)	14.2(19.0)	- ( 6.4)
Export Sales	87.5(66.8)	- (19.0)	12.5(14.0)	62.5(67.8)	25.0(20.1)	12.5(12.0)
Profits	75.0(63.3)	25.0(12.8)	- (23.7)	33.3(67.9)	33.3(17.7)	33.3(14.3)
Corporate Employment						
in Canada	42.8(40.8)	50.0(45.5)	7.1(13.6)	42.8(43.2)	57.1(49.4)	- ( 7.3)
Corporate Financial						
Conditions	57.1(47.7)	28.5(35.4)	14.2(16.7)	28.5(52.2)	57.1(37.6)	14.2(10.0)
Canadian Business						
Conditions	42.8(31.7)	50.0(46.6)	7.1(21.5)	35.7(32.5)	57.1(53.7)	7.1(13.7)
Foreign Investment						
Climate	66.6(30.8)	33.3(55.6)	- (13.5)	66.6(30.0)	33.3(58.6)	- (11.2)

Notes: For comparison purposes, figures for Canada are provided in round brackets.

Table 4

CAPITAL INVESTMENT INTENTIONS AND OUTLAYS  
OF SELECTED LARGE COMPANIES  
1977 - 1982

ATLANTIC REGION

(Current \$ Millions)

	1977	1978	1979	1980	1981	1982	TOTAL
Fall Survey	820	955	1160	1025	868	929	5757
October 1978	(15790)	(17442)	(19764)	(20427)	(21011)	(22492)	(116926)
Spring Survey	745	993	970	1123	900	1001	5732
April 1978	(15986)	(18131)	(19019)	(19570)	(19580)	(20242)	(112528)

Notes: Actual 1977, preliminary actual 1978 and intentions 1979-1982.

Only those firms which reported for the October 1978 and April 1978 Surveys for the year 1977 - 1982 (each and every year) are used in this table.

For comparison purposes, figures for Canada are provided in brackets.

**QUEBEC**

- QUEBEC -

The October 1978 Survey results, in relation to the Quebec region, indicate that there is a weakening of capital spending plans for 1979. Of the approximately 300 large corporations in this Survey panel, about two-fifths have capital investment in the Quebec region. Their expected level of spending on new plant and equipment for 1979 is about \$4.7 billion. This is an increase of about \$0.4 billion in current dollar terms or 9% from the revised level of spending for 1978. This is to be compared with a current dollar increase of 17% for 1978 reported in the most recent Survey.

The cost adjustment factor, or inflation rate, used by companies with headquarters in Quebec, in their capital budgets for 1979 is about 7.2% over the cost level for 1978. After discounting for the increase of the cost of capital goods, the 9% current dollar increase in planned capital outlays for 1979 (reported by the large firms in the panel) translates into an expected volume increase of about 2%, if present spending plans are realized.

An analysis of the 9% current dollar increase for 1979 reveals that the capital spending for manufacturing is expected to increase by 10% following a 23% advance in 1978 while non-manufacturing spending is expected to increase by 9% for 1979 after 15% in 1978. However, compared with the returns from a similar Survey carried out in April 1978, the levels of total investment for 1978 and 1979 represent revisions of about -7% and -12% respectively. (See Table 1).

Better estimates, domestic demand, carryovers and government regulations were the reasons most often given by companies that reported lower than expected outlays. On the other hand, these same reasons were cited by companies who revised their spending upward.

In the manufacturing sector, primary metals, transportation and food and beverages indicate the strongest increases for 1979 whereas "other manufacturing" and chemicals report declines. Within non-manufacturing, oil and gas companies report the largest increase for 1979. Transportation and storage and trade, finance and other commercial indicate declines.

Of the total investment for 1979 in Quebec, about 89% is associated with companies headquartered in Quebec, the same percentage as in 1978. These companies expect an overall increase of about 10% in 1979 with those headquartered elsewhere advancing by about 5%.

Relating the investment to that associated with domestic majority owned and foreign majority owned firms, it was found that the former plan increases of about 7% in their capital spending for 1979 compared with about 23% for foreign-owned firms. This represents a reversal from 1978 when domestic owned firms provided the major impetus with an increase of 17% compared with 12% for foreign-owned firms. (See Table 2).

Capital spending in the public or government portion of the business sector in Quebec, i.e., crown corporations, etc., is expected to increase by 1% in 1979 compared with about 27% for the private sector. For 1978 the public portion shows an advance of 21% compared with about 8% for the private sector (See Table 2).

Companies with headquarters in Quebec are somewhat more optimistic about 1979 than they were for 1978, particularly in relation to profits, Canadian and export sales, and corporate financial conditions. In comparison to the present distribution of responses for Canada at large, Quebec headquartered companies have a much more optimistic view of the foreign investment climate and corporate financial conditions but are less optimistic with regards to their corporate employment in Canada (See Table 3).

For the 1978-82 period, a comparison of this Survey's results with those taken in April 1978 shows a weakening of investment plans (See Table 4). The changes appear to have taken place primarily in the oil and gas and transportation and storage sectors.

Companies with headquarters in Quebec reported considered investments of \$1.0 billion which were not included in the reported budgets. Expected sales in Canada, expected economic conditions in Canada, government policies, expected rates of return, and exchange rates were cited as factors affecting spending plans.



Table 1

CAPITAL EXPENDITURES OF SELECTED LARGE COMPANIES - 1977-1979

QUEBEC

(Current \$ Millions)

	<u>1977</u>	<u>1978</u>	<u>1979</u>	Year to Year Percentage Change		Between Survey Revisions (%)	
				<u>1978/1977</u>	<u>1979/1978</u>	<u>1978</u>	<u>1979</u>
Manufacturing	637( 3430)	781( 3894)	861( 4734)	22.6(13.5)	10.2(21.5)	-13.8(-6.6)	-10.5(9.2)
Non-manufacturing	3052(13369)	3517(14693)	3828(16879)	15.2( 9.9)	8.8(14.8)	- 5.0(-3.0)	-11.8(3.7)
<u>Total</u>	3689(16799)	4298(18587)	4689(21613)	16.5(10.6)	9.0(16.2)	- 6.7(-3.8)	-11.5(4.9)

Notes: Actual 1977, preliminary actual 1978 and intentions 1979.

These are dollar amounts reported for the years 1977-79 from the October 1978 Survey by firms who reported in both the April 1978 and October 1978 Surveys of Capital Investment.

For comparison purposes, figures for Canada are provided in round brackets.

Table 2

CAPITAL INVESTMENT COMPARISONS  
OF SELECTED LARGE COMPANIES

QUEBEC

(Percent Changes)

	Year to Year Percentage Change		Between Survey Revisions (%)	
	<u>1978/1977</u>	<u>1979/1978</u>	<u>1978</u>	<u>1979</u>
<u>Foreign Majority Owned</u>				
Manufacturing	14.8(14.9)	20.7(31.9)	-11.6(-5.9)	2.6(10.8)
Non-Manufacturing	9.7( 2.9)	25.6(11.2)	-21.3(-2.3)	-25.3( 6.8)
<u>Total</u>	12.2( 6.9)	23.2(18.5)	-16.7(-3.6)	-13.8( 8.3)
<u>Domestic Majority Owned</u>				
Manufacturing	26.4(11.8)	5.6( 9.3)	-14.7(-7.5)	-15.9( 6.8)
Non-Manufacturing	15.6(12.6)	7.6(16.1)	- 3.5(-3.3)	-10.4( 2.8)
<u>Total</u>	17.0(12.5)	7.3(15.1)	- 5.3(-3.9)	-11.2( 3.3)
<hr/>				
<u>Total Government</u>				
<u>Majority Own.</u>	20.7(14.5)	1.2(14.1)	- 4.2(-3.6)	-16.6(-1.8)
<u>Total Private Majority Own.</u>	7.7( 8.1)	27.1(17.6)	-12.0(-4.0)	- 0.4( 9.8)
Manufacturing	14.7(15.9)	44.9(27.8)	-15.0(-6.4)	10.2(14.0)
Non-manufacturing	3.7( 4.8)	15.7(12.8)	-10.0(-2.8)	- 7.4( 7.7)

Notes: Actual 1977, preliminary actual 1978 and intentions 1979

For comparison purposes, figures for Canada are provided in round brackets.

Table 3

EXPECTATIONS FOR 1978 AND 1979  
BY COMPANIES WITH HEADQUARTERS IN QUEBEC

(Percent Distribution of Response)

	1978/77			1979/78		
	UP/ BETTER	NO CHANGE	DOWN/ WORSE	UP/ BETTER	NO CHANGE	DOWN/ WORSE
Canadian Sales	75.0(73.1)	16.6(18.3)	8.2( 8.4)	83.3(74.5)	16.6(19.0)	-( 6.4)
Export Sales	64.1(66.8)	12.8(19.0)	23.0(14.0)	73.6(67.8)	15.7(20.1)	10.5(12.0)
Profits	60.4(63.3)	10.4(12.8)	29.1(23.7)	75.0(67.9)	16.6(17.7)	8.3(14.3)
Corporate Employment						
in Canada	35.4(40.8)	45.8(45.5)	18.7(13.6)	39.5(43.2)	54.1(49.4)	6.2( 7.3)
Corporate Financial						
Conditions	57.4(47.7)	34.0(35.4)	8.5(16.7)	68.0(52.2)	27.6(37.6)	4.2(10.0)
Canadian Business						
Conditions	40.4(31.7)	34.0(46.6)	25.5(21.5)	40.4(32.5)	48.9(53.7)	10.6(13.7)
Foreign Investment						
Climate	40.4(30.8)	40.0(55.6)	20.0(13.5)	45.0(30.0)	45.0(58.6)	10.0(11.2)

Note: For comparison purposes, figures for Canada are provided in round brackets.

Table 4

CAPITAL INVESTMENT INTENTIONS AND OUTLAYS  
OF SELECTED LARGE COMPANIES  
1977 - 1982

QUEBEC

(Current \$ Millions)

	1977	1978	1979	1980	1981	1982	TOTAL
Fall Survey	3437	4037	4283	4535	4354	4405	25050
October 1978	(15790)	(17442)	(19764)	(20427)	(21011)	(22492)	(116926)
Spring Survey	3386	4276	4958	4991	4680	4457	26748
April 1978	(15986)	(18131)	(19019)	(19570)	(19580)	(20242)	(112528)

Notes: Actual 1977, preliminary actual 1978 and intentions 1979-1982.

Only those firms which reported for the October 1978 and April 1978 Surveys for the year 1977 - 1982 (each and every year) are used in this table.

For comparison purposes, figures for Canada are provided in brackets.

**ONTARIO**

- ONTARIO -

The October 1978 Survey results, in relation to the Ontario region, indicate there is a strengthening of capital spending plans for 1979. Of the approximately 300 large corporations in the Survey panel, about three-fifths have capital investments in the Ontario region. Their expected level of spending on new plant and equipment for 1979 is about \$5.8 billion. This is an increase of about \$0.8 billion in current dollar terms or 15% from the revised level of spending for 1978. This is to be compared with a current dollar increase of 3% for 1978 reported in the most recent Survey.

The cost adjustment factor, or inflation rate, used by companies with headquarters in Ontario in their capital budgets for 1979 is about 8.1% over the cost level for 1978. After discounting for the increase of the cost of capital goods, the 15% current dollar increase in planned capital outlays for 1979 translates into an expected volume increase of about 7%, if present spending plans are realized.

An analysis of the 15% current dollar increase for 1979 reveals that the capital spending for manufacturing is expected to increase by 25% following a 7% decline in 1978 while non-manufacturing spending is expected to increase by 7% for 1979 after 7% in 1978. However, compared with the returns from a similar Survey carried out in April 1978, the levels of total investment for 1978 and 1979 represent revisions of about -2% and 8% respectively. (See Table 1).

Improved market demand, better estimates, carryovers and capacity requirements were the reasons most often given by companies that reported higher than expected outlays. On the other hand, companies that reported downward revisions in their outlays indicated that this was due to weak market demand, better estimates, carryovers and internal financing problems.

Within manufacturing, transportation equipment and food and beverage companies register the strongest increase for 1979 while other manufacturing and primary metals show declines. In non-manufacturing, industries reporting substantial advances for 1979 include electric utilities and trade, finance and other commercial while the oil and gas sector (i.e. companies and pipelines) is weak.

Of the total investment for 1979 in Ontario, about 78% is associated with companies headquartered in Ontario, down slightly from the 79% in 1978. These companies expect an overall increase of 13% in 1979 with those headquartered elsewhere advancing by 25%.

Dividing the investment into that associated with domestic majority owned and foreign majority owned firms, it was found that the former plan increases of 17% in their capital spending for 1979 compared with about 11% for foreign owned firms. This represents an improvement from 1978 when domestic owned firms shows an increase of 9% compared with a 10% decline for foreign owned firms. (See Table 2).

Capital spending in the public or government portion of the business sector in Ontario, i.e. crown corporations, etc., is expected to increase by 20% in 1979 compared with about 13% for the private sector. For 1978 the public portion registers an advance of 14% compared with about a 3% decline for the private sector. (See Table 2).

Companies with headquarters in Ontario are generally more optimistic about prospects in 1979 than they were for 1978, especially in relation to profits. While these firms are more optimistic regarding profit prospects for 1979 than suggested by the national average, they are somewhat less optimistic in relation to all other aspects, e.g., sales, corporate financial conditions, etc. (See Table 3).



For the 1978-82 period, a comparison of this Survey's results with those taken in April 1978 shows a strengthening of investment plans (See Table 4). The changes appear to have taken place primarily in the electric utility and transportation equipment sectors as well as in forest products and primary metals.

Companies with headquarters in Ontario reported considered investments of \$1.6 billion which were not included in the reported budgets. Government policies (at all levels), expected sales and economic conditions (both domestic and foreign), exchange rates, and rates of return were reported as the main factors affecting the current level of spending.

Table 1

CAPITAL EXPENDITURES OF SELECTED LARGE COMPANIES - 1977-1979

ONTARIO

(Current \$ Millions)

	<u>1977</u>	<u>1978</u>	<u>1979</u>	Year to Year Percentage Change		Between Survey Revisions (%)	
				<u>1978/1977</u>	<u>1979/1978</u>	<u>1978</u>	<u>1979</u>
Manufacturing	1616( 3430)	1507( 3894)	1887( 4734)	-6.8(13.5)	25.2(21.5)	- 8.2(-6.6)	13.1(9.2)
Non-manufacturing	3258(13369)	3501(14693)	3887(16879)	7.4( 9.9)	11.0(14.8)	0.6(-3.0)	5.7(3.7)
<u>Total</u>	4874(16799)	5008(18587)	5774(21613)	2.7(10.6)	15.2(16.2)	- 2.2(-3.8)	8.1(4.9)

Notes: Actual 1977, preliminary actual 1978 and intentions 1979.

These are dollar amounts reported for the years 1977-79 from the October 1978 Survey by firms who reported in both the April 1978 and October 1978 Surveys of Capital Investment.

For comparison purposes, figures for Canada are provided in round brackets.

Table 2

CAPITAL INVESTMENT COMPARISONS  
OF SELECTED LARGE COMPANIES

ONTARIO

(Percent Changes)

	<u>1978/1977</u>	<u>1979/1978</u>	<u>Between Survey Revisions (%)</u>	
			<u>1978</u>	<u>1979</u>
<u>Foreign Majority Owned</u>				
Manufacturing	- 1.9(14.9)	40.4(31.9)	-10.4(-5.9)	8.8(10.8)
Non-Manufacturing	-20.4( 2.9)	-34.4(11.2)	3.5(-2.3)	- 8.3( 6.8)
<u>Total</u>	-10.0( 6.9)	11.2(18.5)	- 5.5(-3.6)	4.4( 8.3)
<u>Domestic Majority Owned</u>				
Manufacturing	-12.6(11.8)	4.9( 9.3)	- 5.0(-7.5)	21.7( 6.8)
Non-Manufacturing	14.9(12.6)	19.4(16.1)	0.1(-3.3)	7.4( 2.8)
<u>Total</u>	8.7(12.5)	16.8(15.1)	- 0.9(-3.9)	9.5( 3.3)
<hr/>				
<u>Total Government</u>				
<u>Majority Own.</u>	14.1(14.5)	19.5(14.1)	3.2(-3.6)	9.1(-1.8)
<u>Total Private Majority Own.</u>	- 3.0( 8.1)	12.8(17.6)	- 5.1(-4.0)	7.4( 9.8)
Manufacturing	0.3(15.9)	25.7(27.8)	- 8.4(-6.4)	13.4(14.0)
Non-manufacturing	- 5.7( 4.8)	1.4(12.8)	- 2.1(-2.8)	1.7( 7.7)

Notes: Actual 1977, preliminary actual 1978 and intentions 1979.

For comparison purposes, figures for Canada are provided in round brackets.

Table 3

EXPECTATIONS FOR 1978 AND 1979  
BY COMPANIES WITH HEADQUARTERS IN ONTARIO

(Percent Distribution of Response)

	1978/77			1979/78		
	UP/ BETTER	NO CHANGE	DOWN/ WORSE	UP/ BETTER	NO CHANGE	DOWN/ WORSE
Canadian Sales	74.6(73.1)	16.1(18.3)	9.2( 8.4)	72.3(74.5)	19.2(19.0)	8.4( 6.4)
Export Sales	67.0(66.8)	22.0(19.0)	11.0(14.0)	66.0(67.8)	22.0(20.1)	12.0(12.0)
Profits	62.0(63.3)	11.6(12.8)	26.3(23.7)	71.0(67.9)	14.8(17.7)	14.0(14.3)
Corporate Employment						
in Canada	40.7(40.8)	43.8(45.5)	15.3(13.6)	43.8(43.2)	46.9(49.4)	9.2( 7.3)
Corporate Financial						
Conditions	42.3(47.7)	40.0(35.4)	17.6(16.7)	48.0(52.2)	41.0(37.6)	10.8(10.0)
Canadian Business						
Conditions	28.3(31.7)	50.3(46.6)	21.2(21.5)	32.5(32.5)	50.7(53.7)	16.6(13.7)
Foreign Investment						
Climate	25.3(30.8)	60.5(55.6)	14.0(13.5)	25.3(30.0)	63.3(58.6)	11.2(11.2)

Note: For comparison purposes, figures for Canada are provided in round brackets.

Table 4

CAPITAL INVESTMENT INTENTIONS AND OUTLAYS  
OF SELECTED LARGE COMPANIES  
1977 - 1982

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ONTARIO

(Current \$ Millions)

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	1977	1978	1979	1980	1981	1982	TOTAL
Fall Survey	4551	4674	5217	5606	5848	5691	31587
October 1978	(15790)	(17442)	(19764)	(20427)	(21011)	(22492)	(116926)
Spring Survey	4563	4740	4843	4919	5035	5264	29364
April 1978	(15986)	(18131)	(19019)	(19570)	(19580)	(20242)	(112528)

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Notes: Actual 1977, preliminary actual 1978 and intentions 1979-1982.

Only those firms which reported for the October 1978 and April 1978 Surveys for the years 1977 - 1982 (each and every year) are used in this table.

For comparison purposes, figures for Canada are provided in brackets.

**PRAIRIE REGION**

- PRAIRIE REGION -

The October 1978 Survey results, in relation to the Prairie region, indicate that there is a strengthening of capital spending plans for 1979. Of the approximately 300 large corporations in this Survey panel, about one-half have capital investments in the Prairie region. Their expected level of spending on new plant and equipment for 1979 is \$4.8 billion. This is an increase of about \$0.4 billion in current dollar terms or 9% from the revised level of spending for 1978. This is to be compared with a current dollar increase of 8% for 1978 reported in the most recent Survey.

The cost adjustment fact, or inflation rate, used by companies with headquarters in the Prairies in their capital budgets for 1979 is about 7.7% over the cost level for 1978. After discounting for the increase of the cost of capital goods, the 9% current dollar increase in planned capital outlays for 1979 translates into an expected volume increase of about 2%, if present spending plans are realized.

An analysis of the 9% current dollar increase for 1979 reveals that the capital spending for manufacturing is expected to increase by 12% following a large gain of 48% in 1978 while non-manufacturing spending is expected to increase by 9% in 1979 after 4% in 1978. However, compared with the returns from a similar Survey carried out in April 1978, the levels of total investment for 1978 and 1979 represent revisions of about -3% and +7% respectively. (See Table 1).

Upward revisions are due mainly to better estimates, domestic market demand, rates of return, and capacity requirements. Those companies who revised their spending plans downward cited such reasons as poor market demand, better estimates and government regulations.

Within manufacturing, food and beverage and "other manufacturing" companies register the greatest gains for 1979. On the other hand, after large advances in 1978, reductions are occurring in forest products and chemicals. In non-manufacturing, trade, finance, and other commercial and mining companies show the greatest gains in 1979 while reductions in spending are in evidence for oil and gas companies and oil and gas pipelines.

Of the total investment for 1979 in the Prairie region, about 59% is associated with companies headquartered in the Prairies, down slightly from the 60% in 1978. These firms expect to increase their spending in 1979 by about 7% while companies headquartered elsewhere expect to advance by 14%.

Relating the investment to that associated with domestic majority owned and foreign majority owned firms, it was found that the former plan increases of 13% in their capital spending for 1979 compared with about 6% for foreign owned firms. This represents a reversal from 1978 when foreign owned firms provided the major impetus with an increase of 15% compared with 1% from domestic owned firms. (See Table 2).

Capital spending in the public or government portion of the business sector in the Prairies, i.e. crown corporations, etc., is expected to increase by 8% in 1979 compared with about 10% for the private sector. For 1978 the public portion shows a decline of 2% compared with about a 12% increase for the private sector. (See Table 2).

With the exception of the outlook for export sales, companies with headquarters in the Prairies are generally more optimistic with respect to prospects in 1979 than they were about 1978. An above average percentage of firms, in relation to Canada, are less optimistic regarding the outlook for profits and export sales for 1979. On the other hand, a greater percentage of firms in the Prairies region, relative to the Canada average, are more optimistic regarding their corporate employment outlook for 1979. (See Table 3).



For the 1978-82 period, a comparison of this Survey's results with those taken in April 1978 shows a strengthening of investment plans (See Table 4). The changes appear to have taken place primarily in mining and chemicals with substantial increase by oil and gas companies.

Companies with headquarters in the Prairies reported considered investments of \$2.9 billion which were not included in the reported budgets. Government policies, exchange rates, expected sales and expected cash flow were reported as the major factors affecting the level of investment.

Table 1

CAPITAL EXPENDITURES OF SELECTED LARGE COMPANIES - 1977-1979

PRAIRIE REGION

(Current \$ Millions)

	<u>1977</u>	<u>1978</u>	<u>1979</u>	Year to Year		Between Survey	
				Percentage		Revisions (%)	
				Change		1978	1979
				<u>1978/1977</u>	<u>1979/1978</u>		
Manufacturing	363( 3430)	540( 3894)	606( 4734)	48.5(13.5)	12.2(21.5)	0.0(-6.6)	11.0(9.2)
Non-manufacturing	3727(13369)	3871(14693)	4224(16879)	3.8( 9.9)	9.1(14.8)	-3.9(-3.0)	6.7(3.7)
<u>Total</u>	4090(16799)	4411(18587)	4830(21613)	7.8(10.6)	9.4(16.2)	-3.4(-3.8)	7.2(4.9)

Notes: Actual 1977, preliminary actual 1978 and intentions 1979.

These are dollar amounts reported for the years 1977-79 from the October 1978 Survey by firms who reported in both the April 1978 and October 1978 Surveys of Capital Investment.

For comparison purposes, figures for Canada are provided in round brackets.

Table 2

CAPITAL INVESTMENT COMPARISONS  
OF SELECTED LARGE COMPANIES

PRAIRIE REGION

(Percent Changes)

	<u>1978/1977</u>	<u>1979/1978</u>	<u>Between Survey Revisions (%)</u>	
			<u>1978</u>	<u>1979</u>
<u>Foreign Majority Owned</u>				
Manufacturing	67.0(14.9)	- 0.8(31.9)	11.2(-5.9)	23.9(10.8)
Non-Manufacturing	6.0( 2.9)	8.0(11.2)	2.1(-2.3)	11.1( 6.8)
<u>Total</u>	14.6( 6.9)	6.2(18.5)	3.9(-3.6)	13.4( 8.3)
<u>Domestic Majority Owned</u>				
Manufacturing	-30.3(11.8)	144.5( 9.3)	-50.6(-7.5)	-22.4( 6.8)
Non-Manufacturing	1.8(12.6)	10.1(16.1)	- 9.0(-3.3)	2.9( 2.8)
<u>Total</u>	0.7(12.5)	13.3(15.1)	-10.8(-3.9)	1.2( 3.3)
<hr/>				
<u>Total Government</u>				
<u>Majority Own.</u>	- 2.2(14.5)	7.9(14.1)	-12.5(-3.6)	- 3.4(-1.8)
<u>Total Private Majority Own.</u>	11.6( 8.1)	10.0(17.6)	0.0(-4.0)	11.2( 9.8)
Manufacturing	49.3(15.9)	12.0(27.8)	0.0(-6.4)	11.1(14.0)
Non-manufacturing	6.4( 4.8)	9.5(12.8)	0.0(-2.8)	11.2( 7.7)

Notes: Actual 1977, preliminary actual 1978 and intentions 1979.

For comparison purposes, figures for Canada are provided in round brackets.

Table 3

EXPECTATIONS FOR 1978 AND 1979  
BY COMPANIES WITH HEADQUARTERS IN THE PRAIRIE REGION

(Percent Distribution of Response)

	1978/77			1979/78		
	UP/ BETTER	NO CHANGE	DOWN/ WORSE	UP/ BETTER	NO CHANGE	DOWN/ WORSE
Canadian Sales	76.7(73.1)	11.6(18.3)	11.6( 8.4)	77.2(74.5)	13.6(19.0)	9.0( 6.4)
Export Sales	56.0(66.8)	28.0(19.0)	16.0(14.0)	52.0(67.8)	28.0(20.1)	20.0(12.0)
Profits	65.9(63.3)	13.6(12.8)	20.4(23.7)	59.0(67.9)	20.4(17.7)	20.4(14.3)
Corporate Employment						
in Canada	54.1(40.8)	39.5(45.5)	6.2(13.6)	60.4(43.2)	35.4(49.4)	4.1( 7.3)
Corporate Financial						
Conditions	53.1(47.7)	25.5(35.4)	21.2(16.7)	51.0(52.2)	34.0(37.6)	14.8(10.0)
Canadian Business						
Conditions	20.5(31.7)	48.7(46.6)	30.7(21.5)	25.6(32.5)	58.9(53.7)	15.3(13.7)
Foreign Investment						
Climate	34.7(30.8)	52.1(55.6)	13.0(13.5)	30.4(30.0)	56.5(58.6)	13.0(11.2)

Note: For comparison purposes, figures for Canada are provided in round brackets.

Table 4

CAPITAL INVESTMENT INTENTIONS AND OUTLAYS  
OF SELECTED LARGE COMPANIES  
1977 - 1982

PRAIRIE REGION

(Current \$ Millions)

	1977	1978	1979	1980	1981	1982	TOTAL
Fall Survey	3995	4275	4635	4693	5027	6234	28859
October 1978	(15790)	(17442)	(19764)	(20427)	(21011)	(22492)	(116926)
Spring Survey	4292	4439	4364	4391	4687	5045	27218
April 1978	(15986)	(18131)	(19019)	(19570)	(19580)	(20242)	(112528)

Notes: Actual 1977, preliminary actual 1978 and intentions 1979-1982.

Only those firms which reported for the October 1978 and April 1978 Surveys for the years 1977 - 1982 (each and every year) are used in this table.

For comparison purposes, figures for Canada are provided in brackets.

**B.C. AND NORTHERN REGION**

- B.C. AND NORTHERN REGION -

The October 1978 Survey results, in relation to the British Columbia and Northern Region (including the Yukon and Northwest Territories), indicate that there is a strengthening of capital spending plans for 1979. Of the approximately 300 large corporations in this Survey panel, about two-fifths have capital investments in the B.C. region. Their expected level of spending on new plant and equipment for 1979 is \$3.0 billion. This is an increase of about \$0.7 billion in current dollar terms or 28% from the revised level of spending for 1978. This is to be compared with a current dollar increase of 9% for 1978 reported in the most recent Survey.

The cost adjustment factor, or inflation rate, used by companies with headquarters in the B.C. region in their capital budgets for 1979 is about 7.6% over the cost level for 1978. After discounting for the increase of the cost of capital goods, the 28% current dollar increase in planned capital outlays for 1979 translates into an expected volume increase of 19%, if present spending plans are realized.

An analysis of the 28% current dollar increase for 1979 reveals that the capital spending for manufacturing is expected to increase by 23% following a 21% advance in 1978 while non-manufacturing spending is expected to increase by 30% for 1979 after 6% in 1978. However, compared with the returns from a similar Survey carried out in April 1978, the levels of total investment for 1978 and 1979 represent revisions of about -8% and +6% respectively. (See Table 1).

Market demand, better estimates, carryovers and rates of return were the reasons most often given by companies that reported lower than expected outlays. On the other hand, these same reasons were cited by companies who revised their spending upward.

All industry groups within manufacturing show increases for 1979, with forest products and primary metals registering the largest dollar level advances. Within non-manufacturing, electric utilities, the oil & gas sector and trade, finance & other commercial show large gains for 1979; transportation and storage companies display a decline while investment by mining companies remains weak.

Of the total investment for 1979 in the B.C. region, about 73% is associated with companies headquartered in the B.C. region, up slightly from the 72% in 1978. These companies expect an overall increase of about 30% in 1979 with those headquartered elsewhere advancing by about 24%.

Dividing the investment into that associated with domestic majority owned and foreign majority owned firms, it was found that the former plan increases of 21% in their capital spending for 1979 compared with about 38% for foreign owned firms. This represents a reversal from 1978 when domestic owned firms provided the major impetus with an increase of 14% compared with 3% for foreign owned firms. (See Table 2).

Capital spending in the public or government portion of the business sector in the B.C. region, i.e., crown corporations, etc., is expected to increase by 23% in 1979 compared with about 31% for the private sector. For 1978 the public portion shown an advance of 12% compared with about 7% for the private sector. (See Table 2).

Companies with headquarters in the B.C. region are more optimistic about the outlook for export sales, profits and corporate financial conditions for 1979 than they were for 1978. However, in comparison with the responses for Canada at large, B.C. headquartered firms are less optimistic about the 1979 outlook for Canadian sales, corporate employment, and the foreign investment climate (See Table 3).



For the 1978-82 period, a comparison of this Survey's results with those taken in April 1978 shows a strengthening of investment plans (See Table 4). The changes appear to have taken place primarily in forest products and trade, finance & other commercial.

Companies with headquarters in the B.C. region reported considered investments of \$1.3 billion which were not included in the reported budgets. Government policies, expected sales and economic conditions (both in Canada and abroad), expected cash flow and exchange rates were the reasons most often cited as factors affecting the level of spending.

Table 1

CAPITAL EXPENDITURES OF SELECTED LARGE COMPANIES - 1977- 1979

B.C. AND NORTHERN REGION

(Current \$ Millions)

	<u>1977</u>	<u>1978</u>	<u>1979</u>	Year to Year		Between Survey	
				Percentage		Revisions (%)	
				<u>Change</u>	<u>Change</u>	<u>1978</u>	<u>1979</u>
			<u>1978/1977</u>	<u>1979/1978</u>			
Manufacturing	463( 3430)	560( 3894)	687( 4734)	20.9(13.5)	22.8(21.5)	- 4.6(-6.6)	19.0(9.2)
Non-manufacturing	1671(13369)	1767(14693)	2291(16879)	5.7( 9.9)	29.6(14.8)	- 9.5(-3.0)	3.2(3.7)
<u>Total</u>	2133(16799)	2326(18587)	2978(21613)	9.0(10.6)	28.0(16.2)	- 8.4(-3.8)	6.4(4.9)

Notes: Actual 1977, preliminary actual 1978 and intentions 1979.

These are dollar amounts reported for the years 1977-79 from the October 1978 Survey by firms who reported in both the April 1978 and October 1978 Surveys of Capital Investment.

For comparison purposes, figures for Canada are provided in round brackets.

Table 2

CAPITAL INVESTMENT COMPARISONS  
OF SELECTED LARGE COMPANIES

B.C. AND NORTHERN REGION

(Percent Changes)

	<u>1978/1977</u>	<u>1979/1978</u>	<u>Between Survey Revisions (%)</u>	
			<u>1978</u>	<u>1979</u>
<u>Foreign Majority Owned</u>				
Manufacturing	- 7.5(14.9)	25.3(31.9)	- 6.5(-5.9)	4.5(10.8)
Non-Manufacturing	6.0( 2.9)	41.5(11.2)	-13.6(-2.3)	9.7( 6.8)
<u>Total</u>	2.8( 6.9)	38.1(18.5)	-12.2(-3.6)	8.7( 8.3)
<u>Domestic Majority Owned</u>				
Manufacturing	45.7(11.8)	21.3( 9.3)	- 3.6(-7.5)	29.4( 6.8)
Non-Manufacturing	5.4(12.6)	21.1(16.1)	- 6.3(-3.3)	- 1.8( 2.8)
<u>Total</u>	13.6(12.5)	21.1(15.1)	- 5.6(-3.9)	4.8( 3.3)
<hr/>				
<u>Total Government</u>				
<u>Majority Own.</u>	12.4(14.5)	23.0(14.1)	- 4.4(-3.6)	- 2.3(-1.8)
<u>Total Private Majority Own.</u>				
<u>Majority Own.</u>	7.2( 8.1)	30.7(17.6)	-10.4(-4.0)	11.5( 9.8)
Manufacturing	20.9(15.9)	22.8(27.8)	- 4.6(-6.4)	19.0(14.0)
Non-manufacturing	0.6( 4.8)	35.3(12.8)	-13.5(-2.8)	7.8( 7.7)

Notes: Actual 1977, preliminary actual 1978 and intentions 1979.

For comparison purposes, figures for Canada are provided in round brackets.

Table 3

EXPECTATIONS FOR 1978 AND 1979  
BY COMPANIES HEADQUARTERED IN THE B.C. AND NORTHERN REGION

(Percent Distribution of Response)

	1978/77			1979/78		
	UP/ BETTER	NO CHANGE	DOWN/ WORSE	UP/ BETTER	NO CHANGE	DOWN/ WORSE
Canadian Sales	50.0(73.1)	45.8(18.3)	4.1( 8.4)	60.0(74.5)	32.0(19.0)	8.0( 6.4)
Export Sales	76.0(66.8)	12.0(19.0)	12.0(14.0)	84.6(67.8)	7.6(20.1)	7.6(12.0)
Profits	66.6(63.3)	13.3(12.8)	20.0(23.7)	70.9(67.9)	19.3(17.7)	9.6(14.3)
Corporate Employment						
in Canada	30.0(40.8)	56.6(45.5)	13.3(13.6)	22.5(43.2)	67.7(49.4)	9.6( 7.3)
Corporate Financial						
Conditions	46.4(47.7)	32.1(35.4)	21.4(16.7)	58.6(52.2)	34.4(37.6)	6.8(10.0)
Canadian Business						
Conditions	46.1(31.7)	42.3(46.6)	11.5(21.5)	25.9(32.5)	66.6(53.7)	7.4(13.7)
Foreign Investment						
Climate	27.2(30.8)	63.6(55.6)	9.0(13.5)	18.1(30.0)	63.6(58.6)	18.1(11.2)

Note: For comparison purposes, figures for Canada are provided in round brackets.

Table 4

CAPITAL INVESTMENT INTENTIONS AND OUTLAYS  
OF SELECTED LARGE COMPANIES  
1977 - 1982

B.C. AND NORTHERN REGION

(Current \$ Millions)

	1977	1978	1979	1980	1981	1982	TOTAL
Fall Survey	2066	2252	2901	2915	3078	3244	16456
October 1978	(15790)	(17442)	(19764)	(20427)	(21011)	(22492)	(116926)
Spring Survey	2046	2454	2723	2885	3022	3124	16254
April 1978	(15986)	(18131)	(19019)	(19570)	(19580)	(20242)	(112528)

Notes: Actual 1977, preliminary actual 1978 and intentions 1979-1982.

Only those firms which reported for the October 1978 and April 1978 Surveys for the year 1977 - 1982 (each and every year) are used in this table.

For comparison purposes, figures for Canada are provided in brackets.

**APPENDIX**

- APPENDIX -

Survey of Business Capital Investment - Nature and Coverage of the Data

(1) All of the tables which contain regional data incorporate "matched" company data because of the variation in the number of firms reporting in each year and in different surveys. Matching allows for consistency in making comparisons because only the data of those companies which have reported in the last two surveys for specified years, e.g., 1977, 1978 and 1979 are used. This is referred to as a 2 survey - 3 year matched panel.

The above system of matching is applied separately for each of the investment categories specified on a regional table. Hence it is clear that the regional totals obtained on a matched sample basis will not necessarily add to the matched Canada total.

(2) The problem of companies in the Survey not reporting their regional distribution of expenditures is minimal. There are only two companies in the latest survey that did not report any investment on a regional basis. The following table provides a reconciliation between the total dollar amounts reported in our Press Release of November 13, 1978 and the total amounts distributed by region in this report.

	<u>1978</u>	<u>1979</u>
	(\$Current Billions)	
Totals as per press release	18.59	21.61
Amounts reported by region		
Atlantic	1.10	1.27
Quebec	4.30	4.69
Ontario	5.01	5.77
Prairies	4.41	4.83
B.C. & Northern region	<u>2.33</u>	<u>2.98</u>
Total	17.15	19.54
Difference between totals	1.44	2.07
Portion of difference explained by "matching"	1.16	1.63
Portion of difference explained by non-response	.28	.44

Note: Preliminary actual 1978 and intentions 1979.

(3) The fact that companies reported on a corporate rather than on an establishment basis would definitely affect the sectoral breakdown of both the regional and Canada distribution, i.e., whether outlays were categorized as coming under manufacturing, resource industries, etc. Therefore, the IT&C sectoral coverage cannot be properly related to the PPI survey because the investment data collected on a corporate basis are allocated to the various industrial sectors according to the company's main line of business.

(4) The question has arisen as to how the overall regional distribution of expenditures of the IT&C large firm survey would compare to the regional distribution as reported in the Statistics Canada Public and Private Investment survey for business (excluding housing).

As may be seen, the regional picture afforded is very much the same for both surveys.

(% Distribution)

	<u>ITC Oct '78 Survey</u>		<u>SC PPI (Mid-Year)</u>	
	<u>1977</u> Actual	<u>1978</u> Prel. Actual	<u>1977</u> Prel. Actual	<u>1978</u> Revised Intention
Atlantic	6.2	6.4	5.9	6.3
Quebec	23.4	25.1	23.4	23.9
Ontario	30.9	29.2	32.1	31.6
Prairies	25.9	25.7	25.2	24.2
B.C.	<u>13.5</u>	<u>13.6</u>	<u>13.4</u>	<u>14.0</u>
	100.0	100.0	100.0	100.0

(5) The question has also arisen as to how representative the reported spending by the large firms in the ITC survey, on a regional basis, is of that reported in the full Public and Private Investment survey reported by Statistics Canada for the comparable sector, i.e. the business capital investment sector which excludes housing.

The regional coverage is as follows:

ITC as a Percentage of PPI Non-Agricultural Business

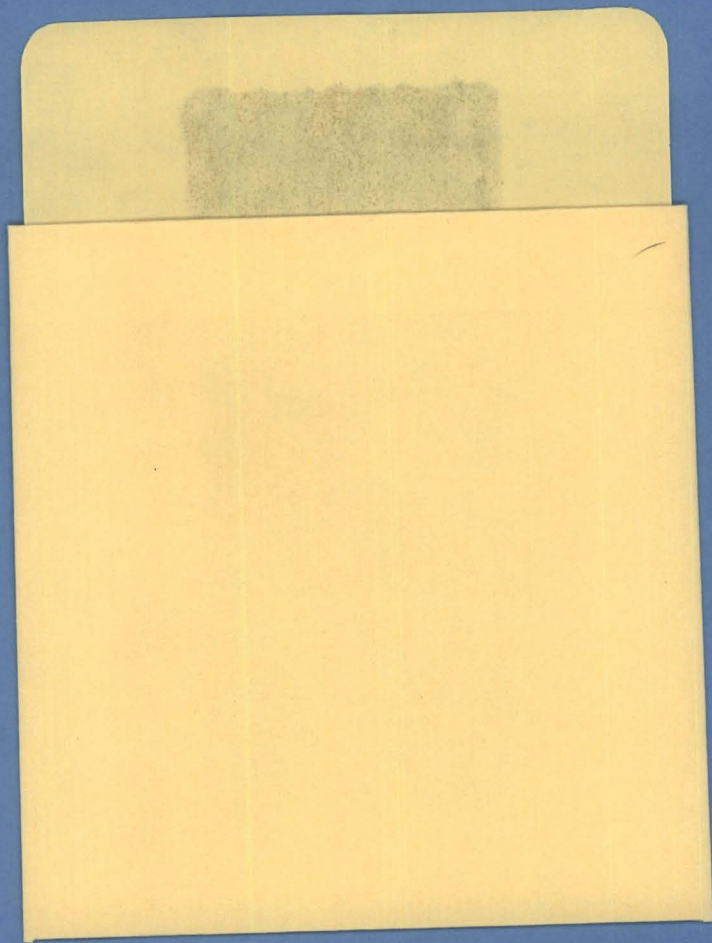
	<u>1977</u>	(%)	<u>1978</u>
Atlantic	65.7		63.0
Quebec	61.8		64.2
Ontario	59.8		56.6
Prairies	63.7		65.0
B.C.	62.6		59.2
Canada	66.0		66.4

(6) The question has arisen as to the number of companies who reported spending on a regional basis in the IT&C Survey. The following table provides a breakdown of the number of reporting companies between manufacturing and non-manufacturing. As the companies in the Survey panel



are the larger ones, they tend to have investments in more than one region and as such the figures for Canada are not the sum of the regions.

	<u>Atlantic</u>	<u>Quebec</u>	<u>Ontario</u>	<u>Prairies</u>	<u>B.C.</u>	<u>Canada</u>
Manufacturing	45	83	110	58	54	148
Non-manufacturing	37	44	66	78	59	150
Total	82	127	176	136	113	298



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