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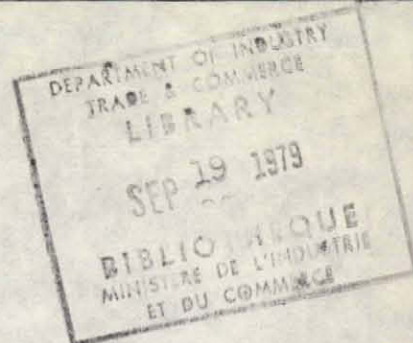
I.T.&C. LARGE FIRM SURVEY  
OF  
BUSINESS CAPITAL INVESTMENT  
CONDUCTED IN APRIL/MAY 1978

"REGIONAL SUMMARIES"

June, 1979  
Capital Expenditures Group  
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and Commerce, Ottawa

*Canada.*

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Mr. A. Skahen, Analyst, Capital Expenditures Group, was assigned the major responsibility for the preparation of this report.

Bernard Keating,  
Senior Analyst,  
Economic Analysis Branch,  
Department of Industry,  
Trade and Commerce,  
Ottawa.

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## PREFACE

In April 1979, Industry, Trade and Commerce carried out a Survey of some 300 large corporations. 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, institutions, and government departments. It should be noted that the spending patterns of the surveyed firms may differ from those of smaller companies and from the spending patterns of the sectors not covered by the Survey. Results, therefore, cannot be extended directly to the economy as a whole. However, after adjustments, the results suggest that the actual increase in the level of real business spending on new plant and equipment in the Canadian economy (excluding housing, institutions and government departments) may be in the 4-6 per cent range for 1979. A range of 3-5 per cent was indicated by this Survey last fall. This increase may be compared with an average annual increase of less than one per cent reported in the National Accounts for the period since 1975.

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. The data should be regarded as the investment intentions or plans of a sample of large firms in each region at the time of the Survey. Accordingly the upward biases of the large firms are apparent in the data presented in this report and caution is required in not interpreting these data as giving an overly buoyant capital investment picture. In addition it may be noted that 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.

The methodology by which survey data is adjusted to estimate real national growth rates has not yet been extended to make similar projections 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 April 1979 Survey results indicate additional 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\*\* now show an increase of about 25 percent for Canada. This is an upward revision of 8 percentage points from the 17 percent expected by these same firms in the October 1978 Survey. This development is a reflection of a strengthening of 1979 spending intentions as well as an underrealization of 1978 outlays. The absolute or dollar levels of spending for 1979 in all regions are above the levels reported in the previous Survey. The under-realization of 1978 outlays for Canada, is primarily due to decreased levels of spending in Quebec and Ontario. Capital spending in the Prairies and B.C. was over-realized in 1978. (See Table 1).

An increase in the investment intentions for the manufacturing sector is indicated between the October 1978 and April 1979 Surveys. Spending by manufacturing firms in 1979 on new plant and equipment is now expected to be about \$5.0 billion. This is an increase of about \$258 million from the plans reported last October with the Ontario and Quebec regions accounting for upward revisions of \$123 and \$90 million respectively.

The spending plans for 1979 of the non-manufacturing sector are now expected to reach about \$17.5 billion, an increase of about \$850 million from October plans. The Prairie and B.C. regions accounted for \$342 and \$252 million of this increase, while expected spending in Ontario in this sector showed a \$70 million decrease between surveys.

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\* See appendix 1 for details on Survey coverage.

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

The upgrading of earlier investment plans now envisaged for this year is not surprising in view of higher capacity utilization rates particularly in manufacturing. Rates of manufacturing output growth in 1978 and again in 1979 are much higher than recent historical rates. A resurgence of profits and a swing to improved competitiveness at home and abroad because of more favourable unit labour costs and a lower exchange rate for the Canadian dollar are significant background factors. This improved manufacturing outlook has been reflected in recent surveys of business attitudes.

Capital spending in the public or government portion of the business sector, i.e., crown corporation, etc., is expected to increase by about 20% in 1979 compared with about 30% for the private sector. Private spending on plant and equipment accounts for almost all of the upward revision of \$1.1 billion to investment plans between surveys. Revisions to investment intentions by the public sector were almost negligible for the period. The public portion in the Survey panel represents about 40% of total capital spending (See Tables 4 and 4.1). For 1978, both the public and private sectors indicate downward revisions (2% and 1% respectively). For 1979, the private sector indicates an 8% between survey upward revision and the public sector about a 1% upward revision.

On a regional basis the government portion of capital investments within regions in 1979 range from 22% in the Prairies to 64% in Quebec. Within the public sector, the only downward revision for 1979, took place in Ontario while for 1978 both Quebec and Ontario showed downward revisions. Within the private sector for 1979, all regions show increases in the level of spending from earlier estimates. In 1978, the Prairies and B.C. regions were the only areas in which upward revisions were indicated.

Dividing the entire Survey panel into domestic majority owned and foreign majority owned firms it was found that the former plan an increase of about 23% in their capital spending for 1979 compared with about 29% 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. Domestic firms show upward between survey revisions for 1979 and downward revision for 1978 in all areas with the exception of the Prairie region. Foreign majority owned firm's spending for 1979 in Ontario shows slight downward revisions from the October 1978 estimate, while upward revisions are in evidence in all other areas. Foreign majority owned spending in all regions, with the exception of B.C., was under-realized in 1978.

The cost adjustment factor or inflation rate used by the large firms in their capital budgets for 1979 is about 8.1% over the cost level for 1978. (See Table 2). This is an increase in relation to the 7.6% anticipated for 1979 last October. Companies with headquarters in Quebec, the Atlantic and B.C. region show between survey upward revision of expected cost factors for 1979 and 1980 while Ontario firms indicate a deceleration in the rate of increases in costs. Prairie headquartered firms are expecting about the same rate of increase as reported last October. Quebec headquartered firms reported the highest cost adjustment factors in April 1979 for 1979 and 1980 while the lowest were reported by Ontario firms. In October 1978, the Ontario firms were most pessimistic about increasing costs, so that those regional differences may be due to differences in timing of cost adjustments.



For the entire 1979-83 period, a comparison of this Survey's results with those taken in October 1978 shows a reduction in the expected level of spending in Canada for the period 1981 - 1983. Levels of investment spending in the Atlantic region indicate a strengthening of plans for this period, while for Ontario, B.C. and the Prairies the reverse is in evidence. Plans for the medium term for Quebec have not changed substantially from October 1978 levels.

For the period 1979-83, upward revisions in the level of spending for Canada were due to improved domestic market demand, carryovers, capacity requirements and increased foreign market demand as well as better estimates. These reasons for upward changes in plans hold true regionally with better rates of return also a factor in increased spending intentions for the Prairies and B.C. Companies who reduced their expected level of spending cited internal financing problems having a negative affect on plans particularly in Ontario, the Prairies, and B.C. The large firms surveyed reported that government regulations adversely affected company plans for capital spending in Quebec and Ontario.

Companies in the survey panel identified about \$5.8 billion as investments that were considered but not included in their capital budgets. Of this amount, 41% is associated with companies headquartered in the Prairie region, 29% with companies headquartered in Ontario, 17% with those headquartered in th B.C. region, 11% with companies in Quebec and 2% by Atlantic headquartered firms.

Table 1

CAPITAL INVESTMENT COMPARISONS  
OF SELECTED LARGE COMPANIES  
(Percent Changes)

	<u>1979/1978</u>	<u>Between Survey Revisions (%)</u>	
		<u>1978</u>	<u>1979</u>
Atlantic	24.7	-0.4	9.5
Quebec	18.3	-4.4	3.0
Ontario	20.1	-3.2	0.9
Prairies	16.3	1.3	6.9
B.C.	40.5	1.1	8.8
Canada	25.1	-1.8	5.1

Note: Actual 1978, and revised intentions 1979.

Table 2

REPORTED COST ADJUSTMENT FACTORS  
OF SELECTED LARGE COMPANIES

<u>Companies with H.Q. in:</u>	<u>Reported Oct. 78 for:</u>			<u>Reported Apr. 79 for:</u>	
	<u>1978</u>	<u>1979</u> (%)	<u>1980</u>	<u>1979</u> (%)	<u>1980</u>
Atlantic	7.3	6.7	6.1	8.0	6.9
Quebec	7.1	7.2	7.0	9.7	8.8
Ontario	8.0	8.1	8.0	7.3	7.5
Prairies	7.9	7.7	7.8	7.8	7.8
B.C.	7.3	7.5	7.0	7.8	7.6
All Companies	7.6	7.6	7.4	8.1	7.8

Table 3

DISTRIBUTION OF CAPITAL INVESTMENT  
BY DOMESTIC AND FOREIGN FIRMS  
WITHIN REGIONS

	Domestic		Foreign	
	1978	1979	1978	1979
	(%)		(%)	
Atlantic	82	78	18	22
Quebec	89	88	11	12
Ontario	72	73	28	27
Prairies	49	47	51	53
B.C.	59	57	41	43
Canada	68	67	32	33

Table 3.1

CAPITAL INVESTMENT COMPARISONS  
OF SELECTED LARGE COMPANIES  
(Percent Changes)

	<u>1979/1978</u>	Between Survey Revisions (%)	
		<u>1978</u>	<u>1979</u>
<u>Domestic Majority Owned</u>			
Atlantic	19.0	- 0.2	7.4
Quebec	16.7	- 4.5	3.3
Ontario	21.7	- 3.0	1.3
Prairies	10.5	6.2	5.2
B.C.	35.1	- 3.2	6.2
Canada	23.4	- 1.7	4.9
<u>Foreign Majority Owned</u>			
Atlantic	51.0	- 1.3	17.6
Quebec	30.6	- 4.0	0.8
Ontario	16.0	- 3.7	- 0.3
Prairies	21.9	- 3.0	8.5
B.C.	48.3	8.0	12.4
Canada	28.8	- 1.9	5.5

Note: Actual 1978, and revised intentions 1979.

Table 4

DISTRIBUTION OF CAPITAL INVESTMENT  
BY PUBLIC AND PRIVATE FIRMS  
WITHIN REGIONS

	<u>Public</u>		<u>Private</u>	
	<u>1978</u>	<u>1979</u>	<u>1978</u>	<u>1979</u>
	(%)	(%)	(%)	(%)
Atlantic	56	55	44	45
Quebec	69	64	31	36
Ontario	36	35	64	65
Prairies	24	22	76	78
B.C.	36	32	64	68
Canada	41	38	59	62

Table 4.1

CAPITAL INVESTMENT COMPARISONS  
OF SELECTED LARGE COMPANIES  
(Percent Changes)

	<u>1979/1978</u>	<u>Between Survey Revisions (%)</u>	
		<u>1978</u>	<u>1979</u>
<u>Public Majority Owned</u>			
Atlantic	23.2	1.5	7.9
Quebec	9.7	-5.2	1.9
Ontario	18.1	-4.5	-5.3
Prairies	10.1	2.7	5.2
B.C.	24.8	0.1	2.1
Canada	18.2	-2.4	0.7
<u>Private Majority Owned</u>			
Atlantic	26.7	-2.7	11.5
Quebec	37.6	-2.7	5.1
Ontario	21.2	-2.5	4.6
Prairies	18.2	0.9	7.4
B.C.	49.3	1.6	12.2
Canada	29.9	-1.3	8.1

Note: Actual 1978, and revised intentions 1979.

ATLANTIC REGION

- ATLANTIC REGION -

The Spring 1979 results indicate a strengthening of capital spending plans for 1979 in the Atlantic region. The 91 firms in the survey panel which invest in the Atlantic region now expect to spend about \$1.4 billion (current dollars) on new plant and equipment in 1979. The level of spending for 1979 has been increased by about \$125 million over October 1978 expectations. The current level of spending represents an increase of about \$0.3 billion or 25% from the revised level of spending for 1978. (See Table 1)

Investment intentions for 1979 in the manufacturing sector have been increased since October 1978 and are now expected to reach about \$230 million. Within the manufacturing sector the forest products and food & beverage sectors register the largest increases for 1979.

Capital spending in the non-manufacturing sector for the Atlantic is now expected to reach \$1.2 billion, up about \$100 million from October 1978 estimates. Substantial advances over 1978 were reported by oil & gas companies and electric utilities. This strength in the oil and gas sector for the Atlantic region contrasts to the weakness in this sector for Canada as a whole.

Atlantic headquartered companies account for about 60% of the total investment in the Atlantic region for 1979. These companies expect their 1979 level of spending in the Atlantic region to increase by 12%. Companies headquartered elsewhere expect their 1979 spending to increase by 49%, due mainly to large increases by the oil & gas sector as well as the forest product sector.

Private sector spending on new plant and equipment in the Atlantic region is expected to increase by 27% in 1979. The private sector accounts for \$67 million of the \$125 million upward revisions to investment plans for 1979. However, the public sector, although showing only a 23% increase in 1979, provides the larger advance in terms of dollar levels. (See Table 2)

Foreign majority owned firms expect to increase their spending in the Atlantic region by over 50% whereas domestic firms are advancing by 19%. However, foreign firms account for only about 20% of the total spending in the Atlantic region for 1978 and 1979.

In contrast to Canada as a whole, the April survey results show a strengthening of investment intentions in the Atlantic for the medium term both for the manufacturing and the non-manufacturing sector. (See Table 4)

Companies with headquarters in the Atlantic region reported considered investments of about \$100 million which were not included in their reported budgets. Government policies, exchange rates, manpower shortages, labour problems and expected sales in Canada were reported to be the major reasons affecting spending plans.

The cost adjustment factor used by Atlantic headquartered firms in their 1979 budgets of about 8.0% is about the same as the national average, however, it is considerably higher than the 6.7% anticipated in October 1978.

Table 1

CAPITAL EXPENDITURES OF SELECTED LARGE COMPANIES - 1978-1979ATLANTIC REGION

(Current \$ Millions)

	<u>1978</u>	<u>1979</u>	<u>1979/1978</u>	Year to Year	Between Survey
				Percentage	Revisions (%)
				<u>Change</u>	<u>1979</u>
				<u>1978</u>	
Manufacturing	177( 3664)	233( 5033)	31.6(37.3)	- 2.0(-6.1)	10.2(5.4)
Non-manufacturing	972(14349)	1201(17516)	23.5(22.0)	- 0.1(-0.6)	9.3(5.0)
<u>Total</u>	1149(18013)	1434(22549)	24.7(25.1)	- 0.4(-1.8)	9.5(5.1)
Atlantic Headquartered companies	758	851	12.2	- 1.3	2.4
Headquartered Elsewhere	391	583	49.1	1.3	21.7

Notes: Actual 1978 and revised intentions 1979.

These are dollar amounts reported for the years 1978-79 from the April 1979 Survey by firms who reported in both the April 1979 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

	Year to Year Percentage Change	Between Survey Revisions (%)	
		<u>1978</u>	<u>1979</u>
<u>Foreign Majority Owned</u>			
Manufacturing	38.4(33.0)	11.2(-0.1)	10.1( 0.5)
Non-Manufacturing	59.7(26.3)	- 8.4(-2.9)	22.5( 8.7)
<u>Total</u>	51.0(28.8)	- 1.3(-1.9)	17.6( 5.5)
<u>Domestic Majority Owned</u>			
Manufacturing	25.6(43.2)	-11.4(-13.1)	10.3(12.1)
Non-Manufacturing	18.3(20.6)	1.2( 0.2)	7.1( 3.8)
<u>Total</u>	19.0(23.4)	- 0.2(-1.7)	7.4( 4.9)
<hr/>			
<u>Total Government</u>			
<u>Majority Own.</u>	23.2(18.2)	1.5(-2.4)	7.9( 0.7)
<u>Total Private Majority Own.</u>			
Manufacturing	31.6(39.7)	1.0(-4.0)	8.7( 4.9)
Non-manufacturing	24.4(25.2)	- 4.3( 0.0)	13.0( 9.8)

Notes: Actual 1978 and revised intentions 1979

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

Table 3

EXPECTATIONS FOR 1979 AND 1980  
BY COMPANIES HEADQUARTERED IN THE ATLANTIC REGION

(Percent Distribution of Response)

	1979/78			1980/79		
	UP/ BETTER	NO CHANGE	DOWN/ WORSE	UP/ BETTER	NO CHANGE	DOWN/ WORSE
Canadian Sales	75.0(81.4)	25.0(13.9)	- ( 4.5)	50.0(79.1)	50.0(16.2)	- ( 4.5)
Export Sales	66.6(69.1)	33.3(20.4)	- (10.4)	66.6(65.7)	33.3(25.1)	- ( 9.0)
Profits	42.8(76.8)	57.1(12.8)	- (10.3)	42.8(74.2)	42.8(18.9)	14.2( 6.7)
Corporate Employment						
in Canada	50.0(50.0)	50.0(42.3)	- ( 7.6)	50.0(51.4)	50.0(44.8)	- ( 3.6)
Corporate Financial						
Conditions	12.5(59.5)	87.5(31.6)	- ( 8.7)	12.5(58.2)	87.5(37.0)	- ( 4.6)
Canadian Business						
Conditions	37.5(40.8)	62.5(50.6)	- ( 8.5)	25.0(42.5)	75.0(48.6)	- ( 8.7)
Foreign Investment						
Climate	50.0(25.9)	50.0(60.3)	- (13.7)	50.0(31.5)	50.0(60.0)	- ( 8.4)

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

Table 4

CAPITAL INVESTMENT INTENTIONS AND OUTLAYS  
OF SELECTED LARGE COMPANIES  
1978 - 1983

ATLANTIC REGION

(Current \$ Millions)

	1978	1979	1980	1981	1982	1983	TOTAL
Spring Survey	706	1034	964	762	633	596	4695
April 1979	(15647)	(19329)	(19495)	(19208)	(19449)	(20023)	(113151)
Fall Survey	705	955	852	674	616	594	4396
October 1978	(16002)	(18416)	(19150)	(19662)	(21141)	(22242)	(116613)

Notes: Actual 1978 and intentions 1979-1983.

Only those firms which reported for the April 1979 and October 1978 Surveys for the years 1978 - 1983 (each and every year) are used in this table.

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

QUEBEC

- QUEBEC -

The Spring 1979 Survey results, indicate a strengthening of capital spending plans for 1979 in the Quebec region compared to the October 1978 survey results. The large corporations expect their current dollar level of spending on new plant and equipment for 1979 to be \$4.9 billion. This is an increase of about \$144 million from the plans for 1979 reported by these same companies in October 1978. (See Table 1).

This level of spending for 1979 represents an 18% current dollar increase over the revised level of spending for 1978. Capital spending in manufacturing is now expected to be about \$1.0 billion, namely, an increase of about \$90 million from the plans reported last October. The expected increase in Quebec manufacturing spending at 53% over 1978 levels is well above the average increase reported for all of Canada at 37%. Primary metals, transportation equipment and "other manufacturing" indicate the strongest increases whereas forest products report a decline.

The increase in the spending plans for 1979 of the non-manufacturing sector in Quebec is below the overall increase for Quebec. Within the non-manufacturing sector, oil and gas companies and mining report the larger increases for 1979, however, in contrast to the national picture for spending in the transportation and storage sector, spending in Quebec by these companies is expected to show a decline in 1979.

Spending on plant and equipment by Quebec headquartered companies is expected to advance by 15%. Companies headquartered elsewhere which account for about 10% of total investment in Quebec expect their 1979 spending to increase by about 45%, due mainly to a 22% underrealization of 1978 plans. (See Table 1).

Whereas for Canada as a whole, private sector spending accounts for the entire upward between survey revision in investment plans for 1979, in Quebec the private sector accounts for about three-fifths of the revision of \$144 million for 1979.

Foreign owned firms investing in Quebec are recording increases of 31% for 1979 while domestic companies are advancing by 17%. (See Table 2).

Cost adjustment factors used by Quebec headquartered firms in their capital budgets for 1979 average to about 9.7% over the cost level for 1978. This increase is in contrast to the 7.2% anticipated for 1979 last October. The expected cost factors reported by Quebec headquartered companies in April 1979 are higher than those reported by companies headquartered elsewhere in Canada.

Companies headquartered in Quebec are somewhat optimistic about prospects in 1980, particularly with respect to profits and domestic sales. In comparison to the view for Canada as a whole, Quebec firms have a much more optimistic view of corporate financial conditions, but are somewhat less optimistic regarding corporate employment in Canada. (See Table 3).

For the 1981-83 period, a comparison of this Survey's results for Quebec with those of October 1978 shows that investment plans for the medium term have not changed substantially. (See Table 4). This is in contrast to the levels for Canada as a whole where a weakening of earlier investment plans is indicated.

Companies headquartered in Quebec reported considered investments of \$0.6 billion which were not included in the reported budgets. Rates of return, expected domestic sales, cash flow, economic conditions, government policies and availability of funds were reported as factors affecting spending plans.

Table 1

CAPITAL EXPENDITURES OF SELECTED LARGE COMPANIES - 1978-1979

QUEBEC

(Current \$ Millions)

	<u>1978</u>	<u>1979</u>	Year to Year	Between Survey	
			Percentage	Revisions (%)	
			<u>Change</u>	<u>1978</u>	<u>1979</u>
			<u>1979/1978</u>		
Manufacturing	651( 3664)	994( 5033)	52.7(37.3)	-16.8(-6.1)	9.9(5.4)
Non-manufacturing	3482(14349)	3896(17516)	11.8(22.0)	- 1.7(-0.6)	1.4(5.0)
<u>Total</u>	4133(18013)	4890(22549)	18.3(25.1)	- 4.4(-1.8)	3.0(5.1)
Quebec Headquartered					
companies	3738	4317	15.4	- 2.0	2.3
Headquartered Elsewhere	395	573	45.3	-22.3	8.1

Notes: Actual 1978 and revised intentions 1979.

These are dollar amounts reported for the years 1978-79 from the April 1979 Survey by firms who reported in both the April 1979 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

	Year to Year Percentage Change <u>1979/1978</u>	Between Survey Revisions (%)	
		<u>1978</u>	<u>1979</u>
<u>Foreign Majority Owned</u>			
Manufacturing	32.2(33.0)	- 0.8(-0.1)	5.9( 0.5)
Non-Manufacturing	28.9(26.3)	- 7.2(-2.9)	- 4.3( 8.7)
<u>Total</u>	30.6(28.8)	- 4.0(-1.9)	- 0.8( 5.5)
<u>Domestic Majority Owned</u>			
Manufacturing	64.5(43.2)	-23.8(-13.1)	-11.9(12.1)
Non-Manufacturing	10.7(20.6)	- 1.3( 0.2)	- 1.8( 3.8)
<u>Total</u>	16.7(23.4)	- 4.5(-1.7)	- 3.3( 4.9)
<hr/>			
<u>Total Government</u>			
<u>Majority Own.</u>	9.7(18.2)	- 5.2(-2.4)	- 1.9( 0.7)
<u>Total Private Majority Own.</u>			
Manufacturing	71.9(39.7)	- 7.8(-4.0)	8.2( 4.9)
Non-manufacturing	17.7(25.2)	- 0.6( 0.0)	- 2.6( 9.8)

Notes: Actual 1978 and revised intentions 1979

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

Table 3

EXPECTATIONS FOR 1979 AND 1980  
BY COMPANIES WITH HEADQUARTERS IN QUEBEC

(Percent Distribution of Response)

	1979/78			1980/79		
	UP/ BETTER	NO CHANGE	DOWN/ WORSE	UP/ BETTER	NO CHANGE	DOWN/ WORSE
Canadian Sales	78.2(81.4)	15.2(13.9)	6.5( 4.5)	80.4(79.1)	17.3(16.2)	2.1( 4.5)
Export Sales	71.0(69.1)	15.7(20.4)	13.1(10.4)	68.4(65.7)	18.4(25.1)	13.1( 9.0)
Profits	86.9(76.8)	6.5(12.8)	6.5(10.3)	73.3(74.2)	24.4(18.9)	2.2( 6.7)
Corporate Employment						
in Canada	46.8(50.0)	46.8(42.3)	6.3( 7.6)	40.0(51.4)	57.7(44.8)	2.2( 3.6)
Corporate Financial						
Conditions	70.4(59.5)	27.2(31.6)	2.2( 8.7)	74.4(58.2)	25.5(37.0)	- ( 4.6)
Canadian Business						
Conditions	50.0(40.8)	40.9(50.6)	9.0( 8.5)	41.8(42.5)	51.1(48.6)	6.9( 8.7)
Foreign Investment						
Climate	23.2(25.9)	66.6(60.3)	9.5(13.7)	23.8(31.5)	61.9(60.0)	14.2( 8.4)

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

Table 4

CAPITAL INVESTMENT INTENTIONS AND OUTLAYS  
OF SELECTED LARGE COMPANIES  
1978 - 1983

QUEBEC

(Current \$ Millions)

	1978	1979	1980	1981	1982	1983	TOTAL
Spring Survey	3658	4186	4290	4156	4205	4527	25022
April 1979	(15647)	(19329)	(19495)	(19208)	(19449)	(20023)	(113151)
Fall Survey	3758	4137	4284	4180	4250	4598	25207
October 1978	(16002)	(18416)	(19150)	(19662)	(21141)	(22242)	(116613)

Notes: Actual 1978 and intentions 1979-1983.

Only those firms which reported for the April 1979 and October 1978 Surveys for the years 1978 - 1983 (each and every year) are used in this table.

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

ONTARIO

- ONTARIO -

The Spring 1979 Survey results indicate a strengthening of capital spending plans for 1979 in Ontario, as is the case for Canada as a whole. The 185 firms that have capital outlays in Ontario now expect to spend about \$6.0 billion (current dollars) on new plant and equipment in 1979. This level of spending is about \$50 million more than what was anticipated in October by these same companies. This current level of spending represents an increase of \$1.0 billion or 20% from the revised level of spending for 1978. (See Table 1).

Investment intentions for 1979 in the manufacturing sector have been increased between the Fall 1978 and Spring 1979 Surveys and are now expected to be about \$2 billion. The increase at about \$125 million is the largest occurring in any region and puts 1979 spending about \$600 million over the revised 1978 level. The transportation equipment, forest products and food & beverages sectors register the stronger increases for 1979. "Other manufacturing" and primary metals also show increases, a marked improvement over the declines expected by these same firms six months earlier.

The increase in spending plans for 1979 of the non-manufacturing sector in Ontario at 12% is well below the expected percentage increase in this sector for Canada as a whole at 22%. The level of spending in the non-manufacturing sector for 1979 has been reduced by some \$70 million from October projections, the only region where downward changes occurred. Within the non-manufacturing sector, substantial advances for 1979 were reported by mining and the trade, finance & other commercial sector but these increases were outweighed by investment declines in the oil and gas sector.

Spending on new plant and equipment by Ontario headquartered companies is expected to advance by 17% in current dollars in 1979. These firms account for about four-fifths of the total investment reported for Ontario. Companies headquartered elsewhere expect their 1979 spending in Ontario to increase by 31%.

Private sector spending in Ontario accounts for the between surveys upward revision to investment plans. Private spending plans were increased by about \$171 million while public sector spending intentions were reduced by \$118 million.

Domestic firms expect to increase spending in Ontario in 1979 by upwards of 22% while foreign majority owned companies anticipate increases of 16%. Foreign firms left their Ontario spending plans relatively unchanged for 1979 (-0.3%) while foreign firms spending in Canada in total was increased by over 5% between the most recent surveys.

Cost adjustment factors used by Ontario headquartered firms in their capital budgets for 1979 average to about 7.3% over the cost level for 1978. This is down in relation to the 8.1% anticipated for 1979 last October. This expected cost factor reported by Ontario headquartered firms in April 1979 for 1979 is lower than those factors reported by companies headquartered elsewhere.

Companies with headquarters in Ontario are generally more optimistic about prospects for 1980 than they were for 1979, especially in relation to profits and corporate employment. These firms are also more optimistic regarding profit prospects and the foreign investment climate for 1980 than the national average.

For the 1981-83 period, a comparison of this Survey's results for Ontario with those of October 1978 shows a lowering of investment levels for the medium term. The same picture is true for Canada as a whole, however, the downward revisions for Canada average to about 3% while for Ontario it averages to about 5%. The non-manufacturing sector is the area of weakness both in Ontario and nationally.

Companies headquartered in Ontario reported considered investments of \$1.7 billion which were not included in the reported budgets. Of this amount, \$1.3 billion was reported by non-manufacturing firms, with the remaining \$400 million by manufacturing companies. Expected cash flow, government policies, expected sales and economic conditions, and rates of return were reported most often as the factors affecting spending plans.

Table 1

CAPITAL EXPENDITURES OF SELECTED LARGE COMPANIES - 1978-1979

ONTARIO

(Current \$ Millions)

	<u>1978</u>	<u>1979</u>	Year to Year	Between Survey	
			Percentage	Revisions (%)	
			<u>Change</u>	<u>1978</u>	<u>1979</u>
			<u>1979/1978</u>		
Manufacturing	1446( 3664)	2026( 5033)	40.0(37.3)	- 5.3(-6.1)	6.4(5.4)
Non-manufacturing	3518(14349)	3938(17516)	11.9(22.0)	- 2.3(-0.6)	- 1.8(5.0)
<u>Total</u>	4964(18013)	5964(22549)	20.1(25.1)	- 3.2(-1.8)	0.9(5.1)
Ontario Headquartered companies	3960	4649	17.3	- 3.7	0.7
Headquartered Elsewhere	1004	1315	31.0	- 1.3	1.3

Notes: Actual 1978 and revised intentions 1979.

These are dollar amounts reported for the years 1978-79 from the April 1979 Survey by firms who reported in both the April 1979 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

	<u>Year to Year Percentage Change</u>	<u>Between Survey Revisions (%)</u>	
		<u>1978</u>	<u>1979</u>
<u>Foreign Majority Owned</u>			
Manufacturing	40.9(33.0)	- 2.4(-0.1)	- 1.8( 0.5)
Non-Manufacturing	-24.0(26.3)	- 5.8(-2.9)	- 4.4( 8.7)
<u>Total</u>	16.0(28.8)	- 3.7(-1.9)	- 0.3( 5.5)
<u>Domestic Majority Owned</u>			
Manufacturing	38.8(43.2)	- 9.1(-13.1)	21.2(12.1)
Non-Manufacturing	18.3(20.6)	- 1.7( 0.2)	- 2.5( 3.8)
<u>Total</u>	21.7(23.4)	- 3.0(-1.7)	1.3( 4.9)
<hr/>			
<u>Total Government</u>			
<u>Majority Own.</u>	18.1(18.2)	- 4.5(-2.4)	- 5.3( 0.7)
<u>Total Private Majority Own.</u>	21.2(29.9)	- 2.5(-1.3)	4.6( 8.1)
Manufacturing	41.5(39.7)	- 5.6(-4.0)	6.6( 4.9)
Non-manufacturing	5.1(25.2)	0.2( 0.0)	2.5( 9.8)

Notes: Actual 1978 and revised intentions 1979.

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

Table 3

EXPECTATIONS FOR 1979 AND 1980  
BY COMPANIES WITH HEADQUARTERS IN ONTARIO

(Percent Distribution of Response)

	1979/78			1980/79		
	UP/ BETTER	NO CHANGE	DOWN/ WORSE	UP/ BETTER	NO CHANGE	DOWN/ WORSE
Canadian Sales	80.0(81.4)	15.0(13.9)	5.0( 4.5)	81.3(79.1)	14.4(16.2)	4.2( 4.5)
Export Sales	65.6(69.1)	23.9(20.4)	10.4(10.4)	64.8(65.7)	27.6(25.1)	7.4( 9.0)
Profits	77.3(76.8)	10.9(12.8)	11.7(10.3)	81.1(74.2)	11.9(18.9)	6.8( 6.7)
Corporate Employment						
in Canada	50.4(50.0)	38.8(42.3)	10.7( 7.6)	53.7(51.4)	40.4(44.8)	5.7( 5)
Corporate Financial						
Conditions	58.4(59.5)	30.5(31.6)	11.0( 8.7)	57.7(58.2)	35.3(37.0)	6.8( 4.6)
Canadian Business						
Conditions	37.1(40.8)	52.2(50.6)	10.6( 8.5)	47.2(42.5)	41.8(48.6)	10.9( 8.7)
Foreign Investment						
Climate	31.8(25.9)	56.5(60.3)	11.5(13.7)	39.7(31.5)	55.8(60.0)	4.4( 8.4)

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

Table 4

CAPITAL INVESTMENT INTENTIONS AND OUTLAYS  
OF SELECTED LARGE COMPANIES  
1978 - 1983

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ONTARIO

(Current \$ Millions)

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	1978	1979	1980	1981	1982	1983	TOTAL
Spring Survey	4231	4968	5000	5055	4872	4707	28833
April 1979	(15647)	(19329)	(19495)	(19208)	(19449)	(20023)	(113151)
Fall Survey	4383	4868	5156	5504	5213	5116	30241
October 1978	(16002)	(18416)	(19150)	(19662)	(21141)	(22242)	(116613)

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Notes: Actual 1978 and intentions 1979-1983.

Only those firms which reported for the April 1979 and October 1978 Surveys for the years 1978 - 1983 (each and every year) are used in this table.

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

PRAIRIE REGION

- PRAIRIE REGION -

The Spring 1979 Survey results indicate a further strengthening of capital investment plans in 1979 for the Prairie region. The 152 firms in the Survey panel who have capital investments in the Prairies expect to spend \$5.6 billion (current dollars) on new plant and equipment in 1979. The current level of expected spending for 1979 is about \$0.8 billion or 16% over the revised level for 1978. It is also about \$0.4 billion over the level reported in October 1978 for 1979. Spending directed to Alberta accounts for almost all of the revision between surveys, and, as expected, spending in Saskatchewan has been reduced and spending in Manitoba has remained relatively unchanged.

Investment in the manufacturing sector is expected to reach \$644 million in 1979, up 11% from the revised level for 1978. The primary metals and food & beverage sectors register the larger advances for 1979.

Non-manufacturing spending in the Prairies at \$4.9 billion for 1979 is advancing by 17% over 1978 levels. Almost all the \$0.4 billion between survey revision for the Prairies is accounted for by changes in the non-manufacturing sector, and in particular, the oil and gas sector. The trade, finance & other commercial sector as well as mining, and transportation & storage sectors show large increases for 1979.

Companies investing in the Prairies with headquarters in other provinces are increasing their investments in the Prairies at almost double the rate of Prairie firms (23.6% vs. 12.1%).

Private sector spending in the Prairies is expected to advance by 18% in 1979 while the public sector anticipates spending increases of 10%. About 80% of the total spending in the Prairies is made by the private sector.

In the Prairies, foreign majority owned firms are increasing their spending by 22% in 1979, somewhat below the 29% they plan for Canada as a whole. Domestic spending increases for 1979 in the Prairies at 10.5% is well below the national increase of 25%.

Similar to the national picture, the latest Survey results show a softening of investment intentions in the Prairies for the 1981-83 period. The oil and gas sectors account for almost all the reduction in intended investment plans.

Companies with headquarters in the Prairies are generally more optimistic with respect to prospects in 1980 than they are about 1979. Also a greater percentage of firms in the Prairie region, relative to the Canada average, are more optimistic about the corporate employment outlook.

The cost adjustment factor used by Prairie firms in their 1979 budgets has not changed substantially in the past six months and is now reported to be 7.8%.

Companies resident in the Prairies reported considered investments of \$2.4 billion which were not included in their reported budgets. Government policies, exchange rates, rates of return, expected sales and cash flow were most often given as factors affecting the level of capital investment.

Table 1

CAPITAL EXPENDITURES OF SELECTED LARGE COMPANIES - 1978-1979

PRAIRIE REGION

(Current \$ Millions)

	<u>1978</u>	<u>1979</u>	Year to Year	Between Survey	
			Percentage	Revisions (%)	
			<u>Change</u>	<u>1978</u>	<u>1979</u>
			<u>1979/1978</u>		
Manufacturing	579( 3664)	644( 5033)	11.1(37.3)	-3.8(-6.1)	3.2(5.4)
Non-manufacturing	4219(14349)	4939(17516)	17.0(22.0)	2.0(-0.6)	7.4(5.0)
<u>Total</u>	4798(18013)	5583(22549)	16.3(25.1)	1.3(-1.8)	6.9(5.1)
Prairie Headquartered companies	3030	3397	12.1	2.8	7.0
Headquartered Elsewhere	1768	2186	23.6	-1.0	6.9

Notes: Actual 1978 and revised intentions 1979.

These are dollar amounts reported for the years 1978-79 from the April 1979 Survey by firms who reported in both the April 1979 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

Year to Year  
Percentage  
Change

Between Survey  
Revisions (%)

1979/1978

1978

1979

Foreign Majority Owned

Manufacturing	5.0(33.0)	- 4.7(-0.1)	- 0.1( 0.5)
Non-Manufacturing	25.9(26.3)	- 2.6(-2.9)	10.3( 8.7)
<u>Total</u>	21.9(28.8)	- 3.0(-1.9)	8.5( 5.5)

Domestic Majority Owned

Manufacturing	35.5(43.2)	0.0(-13.1)	15.1(12.1)
Non-Manufacturing	9.2(20.6)	6.5( 0.2)	4.6( 3.8)
<u>Total</u>	10.5(23.4)	6.2(-1.7)	5.2( 4.9)

Total Government

<u>Majority Own.</u>	10.1(18.2)	2.7(-2.4)	- 5.2( 0.7)
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<u>Total Private Majority Own.</u>	18.2(29.9)	0.9(-1.3)	7.4( 8.1)
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Manufacturing	11.0(39.7)	- 3.8(-4.0)	3.3( 4.9)
Non-manufacturing	19.6(25.2)	1.8( 0.0)	8.2( 9.8)

Notes: Actual 1978 and revised intentions 1979.

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



Table 3

EXPECTATIONS FOR 1979 AND 1980  
BY COMPANIES WITH HEADQUARTERS IN THE PRAIRIE REGION

(Percent Distribution of Response)

	1979/78			1980/79		
	UP/ BETTER	NO CHANGE	DOWN/ WORSE	UP/ BETTER	NO CHANGE	DOWN/ WORSE
Canadian Sales	87.5(81.4)	10.0(13.9)	2.5( 4.5)	79.4(79.1)	15.3(16.2)	5.1( 4.5)
Export Sales	54.1(69.1)	29.1(20.4)	16.6(10.4)	56.5(65.7)	30.4(25.1)	13.0( 9.0)
Profits	68.4(76.8)	15.7(12.8)	15.7(10.3)	72.9(74.2)	18.9(18.9)	8.1( 6.7)
Corporate Employment						
in Canada	70.0(50.0)	27.5(42.3)	2.5( 7.6)	74.3(51.4)	25.6(44.8)	- ( 3.6)
Corporate Financial						
Conditions	47.5(59.5)	37.5(31.6)	15.0( 8.7)	41.0(58.2)	51.2(37.0)	7.6( 4.6)
Canadian Business						
Conditions	34.1(40.8)	58.5(50.6)	7.3( 8.5)	33.3(42.5)	58.9(48.6)	7.6( 8.7)
Foreign Investment						
Climate	12.0(25.9)	64.0(60.3)	24.0(13.7)	20.0(31.5)	64.0(60.0)	16.0( 8.4)

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

Table 4

CAPITAL INVESTMENT INTENTIONS AND OUTLAYS  
OF SELECTED LARGE COMPANIES  
1978 - 1983

PRAIRIE REGION

(Current \$ Millions)

	1978	1979	1980	1981	1982	1983	TOTAL
Spring Survey	4076	4863	4852	4810	5054	5324	28979
April 1979	(15647)	(19329)	(19495)	(19208)	(19449)	(20023)	(113151)
Fall Survey	4133	4523	4527	4869	6119	6782	30953
October 1978	(16002)	(18416)	(19150)	(19662)	(21141)	(22242)	(116613)

Notes: Actual 1978 and revised intentions 1979-1983.

Only those firms which reported for the April 1979 and October 1978 Surveys for the years 1978 - 1983 (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 Spring 1979 Survey results indicate a strengthening of capital investment plans for 1979 in the British Columbia and Northern Regions (includes the Yukon and Northwest Territories). Of the 300 firms in the survey panel, 128 report capital investments in these regions and they expect their level of spending on new plant and equipment to reach \$3.2 billion in 1979. This is an increase of about \$260 million from October expectations for 1979 and an increase of \$0.9 billion or 40% over the revised levels of spending for 1978.

Investment in the manufacturing sector in these regions is expected to reach about \$700 million in 1979, up about \$175 million from the level of spending in 1978. The forest product and primary metal sectors indicate the larger increases for 1979.

Non-manufacturing spending in the B.C. and Northern regions at \$2.5 billion for 1979 is increasing by 43% over 1978 levels.

Non-manufacturing spending on plant and equipment accounts for almost all (\$250) of the \$260 million upward revision to investment plans between surveys. This revision is mainly due to large advances by the mining and oil & gas sectors.

Companies headquartered in these regions are increasing their investment in B.C. by 43% while those companies with headquarters outside the B.C. region are spending 35% more in 1979. These are the only regions where resident firms are showing the larger advances for 1979. In the other regions, firms headquartered elsewhere recorded the larger percentage increases for 1979. About 70% of the total investment for the years 1978-79 in the B.C. and Northern regions is made by firms headquartered in these regions.

Private sector spending on new plant and equipment accounts for most of the upward revision to investment plans between surveys (\$240 of the \$260 million).

Foreign-owned firms show a somewhat higher rate of increase in capital spending in the B.C. and Northern regions than do domestic majority owned firms.

Companies headquartered in these regions show less optimism about the outlook for domestic and export sales and profits in 1980 than they do for 1979. In comparison with the responses for Canada as a whole, firms headquartered in these regions are more optimistic about corporate financial conditions in 1980, however they are less optimistic about corporate employment prospects.

For the 1981-83 period, the latest Survey results indicate a softening of earlier investment plans in the British Columbia and Northern Regions. The downward revisions are concentrated in the non-manufacturing sector, but primarily in the utilities sector.

Companies headquartered in the B.C. region reported about \$1.0 billion of considered investments which were not included in the reported budgets. Such factors as government policies, rates of return, expected cash flow, exchange rates, manpower shortages and expected economic conditions abroad were most often cited as affecting the level of spending.

Table 1

CAPITAL EXPENDITURES OF SELECTED LARGE COMPANIES - 1978- 1979

B.C. AND NORTHERN REGION

(Current \$ Millions)

	<u>1978</u>	<u>1979</u>	Year to Year	Between Survey	
			Percentage	Revisions (%)	
			Change	<u>1978</u>	<u>1979</u>
			<u>1979/1978</u>		
Manufacturing	524( 3664)	701( 5033)	33.5(37.3)	- 6.9(-6.1)	1.4(5.4)
Non-manufacturing	1777(14349)	2534(17516)	42.6(22.0)	3.7(-0.6)	11.0(5.0)
<u>Total</u>	2301(18013)	3235(22549)	40.5(25.1)	1.1(-1.8)	8.8(5.1)
B.C. Headquarterd companies	1559	2233	43.1	- 2.3	6.7
Headquartered Elsewhere	742	1002	35.0	8.9	13.6

Notes: Actual 1978 and revised intentions 1979.

These are dollar amounts reported for the years 1978-79 from the April 1979 Survey by firms who reported in both the April 1979 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

	Year to Year	Between Survey	
	Percentage	Revisions (%)	
	Change	1978	1979
	<u>1979/1978</u>	<u>1978</u>	<u>1979</u>
<u>Foreign Majority Owned</u>			
Manufacturing	25.7( 3.0)	0.2(-0.1)	-.4( 0.5)
Non-Manufacturing	54.5(26.3)	10.3(-2.9)	15.4( 8.0)
<u>Total</u>	48.3(28.8)	8.0(-1.9)	12.4( 5.5)
<u>Domestic Majority Owned</u>			
Manufacturing	38.5(43.2)	-10.9(-13.1)	2.0(12.1)
Non-Manufacturing	34.1(20.6)	- 0.5( 0.2)	7.6( 3.8)
<u>Total</u>	35.1(23.4)	- 3.2(-1.7)	6.2( 4.9)
<hr/>			
<u>Total Government</u>			
<u>Majority Own.</u>	24.8(18.2)	0.1(-2.4)	2.1( 0.7)
<u>Total Private Majority Own.</u>			
Manufacturing	33.5(29.7)	- 6.9(-4.0)	1.4( 4.9)
Non-manufacturing	58.0(25.2)	- 7.0( 0.0)	18.0( 9.0)

Notes: Actual 1978 and revised intentions 1979.

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

Table 3

EXPECTATIONS FOR 1979 AND 1980  
BY COMPANIES HEADQUARTERED IN THE B.C. AND NORTHERN REGION

(Percent Distribution of Response)

	1979/78			1980/79		
	UP/ BETTER	NO CHANGE	DOWN/ WORSE	UP/ BETTER	NO CHANGE	DOWN/ WORSE
Canadian Sales	89.2(81.4)	10.7(13.9)	- ( 4.5)	75.0(79.1)	14.2(16.2)	10.7( 4.5)
Export Sales	92.3(69.1)	3.8(20.4)	3.8(10.4)	72.0(65.7)	20.0(25.1)	8.0( 9.0)
Profits	80.6(76.8)	16.1(12.8)	3.2(10.3)	56.6(74.2)	33.3(18.9)	10.0( 6.7)
Corporate Employment						
in Canada	29.0(50.0)	64.5(42.3)	6.4( 7.6)	32.2(51.4)	64.5(44.8)	3.2( 3.6)
Corporate Financial						
Conditions	79.3(59.5)	17.2(31.6)	3.4( 8.7)	75.0(58.2)	25.0(37.0)	- ( 4.6)
Canadian Business						
Conditions	53.5(40.8)	46.4(50.6)	- ( 8.5)	40.7(42.5)	51.8(48.6)	7.4( 8.7)
Foreign Investment						
Climate	21.4(25.9)	64.2(60.3)	14.2(13.7)	21.4(31.5)	71.4(60.0)	7.1( 8.4)

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



Table 4

CAPITAL INVESTMENT INTENTIONS AND OUTLAYS  
OF SELECTED LARGE COMPANIES  
1978 - 1983

B.C. AND NORTHERN REGION

(Current \$ Millions)

	1978	1979	1980	1981	1982	1983	TOTAL
Spring Survey	2082	2888	2588	2911	3051	3139	16659
April 1979	(15647)	(19329)	(19495)	(19208)	(19449)	(20023)	(11315)
Fall Survey	2067	2645	2738	2930	3186	3399	16965
October 1978	(16002)	(18416)	(19150)	(19662)	(21141)	(22242)	(116613)

Notes: Actual 1978 and intentions 1979-1983.

Only those firms which reported for the April 1979 and October 1978 Surveys for the years 1978 - 1983 (each and every year) are used in this table.

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

APPENDIX

- APPENDIX 1 -

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., 1978 and 1979 are used. This is referred to as a 2 survey - 2 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 is only one company 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 May 1979 and the total amounts distributed by region in this report.

	<u>1978</u>	<u>1979</u>
	(\$Current Billions)	
Totals as per press release, adjusted to current \$	18.01	22.55
Amounts reported by region		
Atlantic	1.15	1.43
Quebec	4.13	4.89
Ontario	4.96	5.96
Prairies	4.80	5.58
B.C. & Northern region	<u>2.30</u>	<u>3.23</u>
Total	17.34	21.09
Difference between totals	.67	1.46
Portion of difference explained by "matching"	.49	1.18
Portion of difference explained by non-response	.18	.28

Note: Actual 1978 and revised 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).

The regional distribution as seen from both surveys is provided in the table below.

	<u>(% Distribution)</u>			
	<u>ITC Apr/May '78 Survey</u>		<u>SC PPI (Dec 78/Jan 79)</u>	
	<u>1978</u>	<u>1979</u>	<u>1978</u>	<u>1979</u>
	<u>Actual</u>	<u>Rev.</u>	<u>Prel.</u>	<u>Intention</u>
	<u>        </u>	<u>Int.</u>	<u>Actual</u>	<u>        </u>
Atlantic	6.6	6.8	6.3	6.1
Quebec	23.8	23.2	23.4	22.8
Ontario	28.6	28.3	31.8	31.8
Prairies	27.7	26.5	24.8	25.1
B.C.	<u>13.3</u>	<u>15.3</u>	<u>13.7</u>	<u>14.2</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 is, on a regional basis, 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:

	<u>ITC as a Percentage of PPI Non-Agricultural Business</u>	
	<u>1978</u>	<u>1979</u>
	(%)	(%)
Atlantic	66.0	75.1
Quebec	63.6	68.9
Ontario	56.2	60.3
Prairies	69.7	71.7
B.C.	60.5	73.5
Canada	64.9	72.5

(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	48	86	114	65	57	151
Non-manufacturing	43	49	71	87	71	147
Total	91	135	185	152	128	298

(7) The table presented in the May 30th, 1977 press release was in millions of 1978 constant dollars. For comparison purposes, Appendix 2 provides the same table in millions of current dollars. Also, Appendix 3 gives an updated version of the tables in the press release. The update takes account of late returns and revisions arising from what appeared to be anomalous figures which when checked with the companies were found to be in error.

- APPENDIX 2 -

TABLE 1

CAPITAL EXPENDITURES\* OF SELECTED LARGE COMPANIES  
FOR 1978 AND PLANS FOR 1979 -- CANADA

(Current \$ Millions)

<u>Industry</u>	1978 Preliminary figures reported in <u>October 1978</u>	1978 Final figures reported in <u>April 1979</u>	1979 Intentions reported in <u>October 1978</u>	1979 Revised Intentions reported in <u>April 1979</u>
Food & Beverages	276.2	248.8	380.3	344.1
Forest Products	916.0	909.4	1,079.4	1,155.2
Primary Metals	704.6	611.1	841.0	987.6
Chemicals	575.9	568.3	561.2	628.6
Transportation Equipment	397.0	364.4	812.1	691.5
Other Manufacturing	1,029.1	961.6	1,100.7	1,225.0
<u>Total Manufacturing</u>	3,898.8	3,663.6	4,774.7	5,032.9
Mining Companies	752.6	750.2	863.5	1,131.2
Oil & Gas Companies	3,198.7	3,322.8	3,401.7	3,719.6
Oil & Gas Pipelines	566.9	583.0	708.7	715.7
Transportation & Storage	822.0	766.3	1,268.0	1,439.3
Communications	1,894.6	1,934.6	2,130.7	2,126.3
Electric Utilities	6,206.1	6,018.6	7,035.6	6,969.5
Trade, Finance and Other	988.4	974.1	1,258.6	1,414.0
Commercial				
<u>Total Non-Manufacturing</u>	14,429.3	14,349.6	16,666.8	17,515.6
<u>TOTAL</u>	18,328.1	18,013.2	21,441.5	22,548.5

\* Only those firms which reported for the October 1978 and the April 1979 Survey for the years 1978 and 1979 are used in this table, namely 298 firms. For this reason, the results of this Survey are not directly comparable with the results of the October 1978 Survey reported in the November 13, 1978 press release.

- APPENDIX 2 -

TABLE 2

CAPITAL EXPENDITURES\* OF SELECTED LARGE COMPANIES  
FOR 1978 AND PLANS FOR 1979 -- CANADA

<u>Industry</u>	Revisions between October 1978 and April 1979 Surveys (Percent Change)		1979/78 Year to Year Percent Change	
	<u>1978</u>	<u>1979</u>	<u>Reported Oct. '78</u>	<u>Reported Apr. '79</u>
Food & Beverages	-10.0	- 9.6	37.6	38.3
Forest Products	- 0.8	7.0	17.8	27.0
Primary Metals	-13.3	17.4	19.3	61.6
Chemicals	- 1.4	12.0	- 2.6	10.6
Transportation Equipment	- 8.3	-14.9	104.5	89.7
Other Manufacturing	- 6.6	11.3	6.9	27.4
<u>Total Manufacturing</u>	- 6.1	5.4	22.4	37.3
Mining Companies	- 0.4	31.0	14.7	50.7
Oil & Gas Companies	3.8	9.3	6.3	11.9
Oil & Gas Pipelines	2.8	0.9	25.0	22.7
Transportation & Storage	- 6.8	13.5	54.2	87.8
Communications	2.1	- 0.3	12.4	9.9
Electric Utilities	- 3.1	- 1.0	13.3	15.7
Trade, Finance and Other Commercial	- 1.5	12.3	27.3	45.1
<u>Total Non-Manufacturing</u>	- 0.6	5.0	15.5	22.0
<u>TOTAL</u>	- 1.8	5.1	16.9	25.1

\* Only those firms which reported for the October 1978 and the April 1979 Survey for the years 1978 and 1979 are used in this table, namely 298 firms. For this reason, the results of this Survey are not directly comparable with the results of the October 1978 Survey reported in the November 13, 1978 press release.

These percent revisions and year-to-year percentage changes are based upon the dollar amounts reported on Table 1, Appendix 2.

- APPENDIX 3 -

TABLE 1

CAPITAL EXPENDITURES\* OF SELECTED LARGE COMPANIES  
FOR 1978 AND PLANS FOR 1979 -- CANADA

(Constant 1978 \$ Millions)

<u>Industry</u>	1978 Preliminary figures reported in <u>October 1978</u>	1978 Final figures reported in <u>April 1979</u>	1979 Intentions reported in <u>October 1978</u>	1979 Revised Intentions reported in <u>April 1979</u>
Food & Beverages	276.2	248.8	355.1	320.1
Forest Products	916.0	909.4	1,007.7	1,075.5
Primary Metals	704.6	611.1	780.1	919.4
Chemicals	575.9	568.3	519.3	581.7
Transportation Equipment	397.0	364.4	752.4	640.4
Other Manufacturing	1,029.1	961.6	1,028.5	1,142.5
<u>Total Manufacturing</u>	3,898.8	3,663.6	4,443.1	4,679.6
Mining Companies	752.6	750.2	801.4	1,041.4
Oil & Gas Companies	3,198.7	3,322.8	3,160.1	3,450.0
Oil & Gas Pipelines	566.9	583.0	655.0	663.7
Transportation & Storage	822.0	766.3	1,176.7	1,318.9
Communications	1,894.6	1,934.6	1,990.8	1,993.3
Electric Utilities	6,206.1	6,018.6	6,521.5	6,399.7
Trade, Finance and Other	988.4	974.1	1,171.4	1,310.5
Commercial				
<u>Total Non-Manufacturing</u>	14,429.3	14,349.6	15,476.9	16,177.5
<u>TOTAL</u>	18,328.1	18,013.2	19,920.0	20,857.1

\* Only those firms which reported for the October 1978 and the April 1979 Survey for the years 1978 and 1979 are used in this table, namely 298 firms. For this reason, the results of this Survey are not directly comparable with the results of the October 1978 Survey reported in the November 13, 1978 press release.



- APPENDIX 3 -

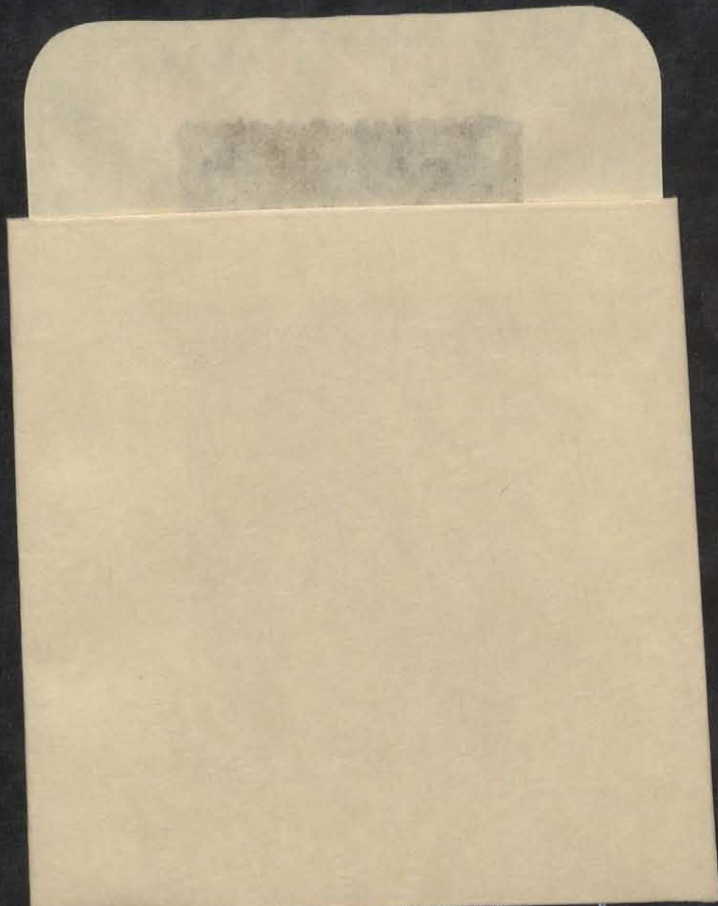
TABLE 2

CAPITAL EXPENDITURES\* OF SELECTED LARGE COMPANIES  
FOR 1978 AND PLANS FOR 1979 -- CANADA

Industry	Revisions between October 1978 and April 1979 Surveys (Percent Change)		1979/78 Year to Year Percent Change	
	1978	1979	Reported Oct. '78	Reported Apr. '79
Food & Beverages	-10.0	- 9.9	28.5	28.6
Forest Products	- 0.8	6.7	10.0	18.2
Primary Metals	-13.3	17.8	10.7	50.4
Chemicals	- 1.4	12.0	- 9.9	2.3
Transportation Equipment	- 8.3	-14.9	89.5	75.7
Other Manufacturing	- 6.6	11.0	- 0.1	18.8
<u>Total Manufacturing</u>	- 6.1	5.3	13.9	27.7
Mining Companies	- 0.4	29.9	6.4	38.8
Oil & Gas Companies	3.8	9.1	- 1.3	3.8
Oil & Gas Pipelines	2.8	1.3	15.5	13.8
Transportation & Storage	- 6.8	12.0	43.1	72.1
Communications	2.1	0.1	5.0	3.0
Electric Utilities	- 3.1	- 1.9	5.0	6.3
Trade, Finance and Other Commercial	- 1.5	11.8	18.5	34.5
<u>Total Non-Manufacturing</u>	- 0.6	4.5	7.2	12.7
<u>TOTAL</u>	- 1.8	4.7	8.6	15.7

\* Only those firms which reported for the October 1978 and the April 1979 Survey for the years 1978 and 1979 are used in this table, namely 298 firms. For this reason, the results of this Survey are not directly comparable with the results of the October 1978 Survey reported in the November 13, 1978 press release.

These percent revisions and year-to-year percentage changes are based upon the dollar amounts reported on Table 1, Appendix 3.



BD - GREY      BB - ROYAL BLUE  
BU - BLUE      BX -

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