DECEMBER QUARTER 1996 5625.0

Australian Bureau of Statistics

PRIVATE NEW CAPITAL EXPENDITURE

AND EXPECTED EXPENDITURE to June 1998 AUSTRALIA

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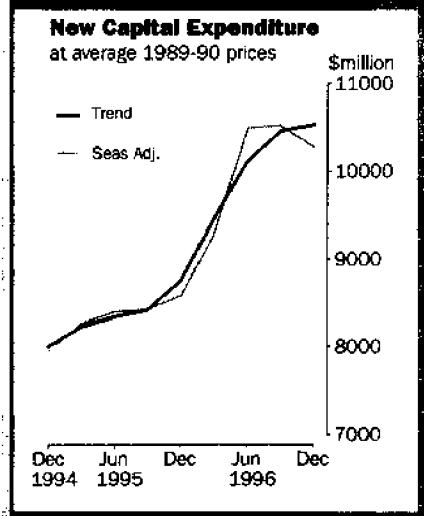


DECEMBER QTR KEY FIGURES

TREND ESTIMATES *

	Dec 95 $m	Sep 96 $m	Dec 96 $m	% change Sep 96 to Dec 96	% change Dec 95 to Dec 96
Total new capital expenditure	8 753	10 457	10 530	0.7	20.3
Buildings and structures	2 669	3 309	3 339	0.9	25.1
Equipment, plant and machinery	6 084	7 148	7 191	0.6	18.2

SEASONALLY ADJUSTED*

	Dec 95 $m	Sep 96 $m	Dec 96 $m	% change Sep 96 to Dec 96	% change Dec 95 to Dec 96
Total new capital expenditure	8 587	10 522	10 270	–2.4	19.6
Buildings and structures	2 857	3 362	3 102	–7.7	8.6
Equipment, plant and machinery	5 730	7 160	7 169	0.1	25.1

* At average 1989-90 prices.

DECEMBER QTR KEY POINTS

- Total new capital expenditure, in original current price terms, rose by 10.8% during the December quarter 1996 to reach $11,342m. This was 7.4% below expectations reported in the previous quarter, the main reason being deferral of some significant projects, particularly construction projects in the Mining and Transport and Storage industries, with some other projects running behind schedule.
- While the seasonally adjusted estimate fell by 2.4% in constant price terms, the trend for total new capital expenditure remained at levels comparable with those for the September quarter 1996, with increases of 0.9% for buildings and structures and 0.6% for equipment, plant and machinery. The trend estimate of total new capital expenditure is 20.3% above that for December quarter 1995.
- The revised estimate of capital expenditure for 1996-97, based on actual expenditure for the first half and expectations for the second half, has risen by 1.5% to $42,996m, representing an increase of 11.8% over the corresponding estimate for 1995-96.
- While expectations for 1996-97 for Mining and Manufacturing have decreased compared to the revised September results (4.4% and 3.9% respectively), expectations for Other Selected Industries increased by 6.8%, with the biggest increases being in Property and Business Services and Retail Trade.
- The first estimate of expected expenditure for 1997-98 is $34,683m. This is 10.1% higher than the first estimate for 1996-97.

INQUIRIES

For further information about these and related statistics, contact John Stamolis on 02 9268 4241.

CAPITAL EXPENDITURE NOTES

FORTHCOMING ISSUES

ISSUE (Quarter)	*RELEASE DATE*
March 1997	27 May 1997

CHANGES IN THIS ISSUE

There are no changes in this issue.

SAMPLING ERRORS

The estimates in this publication are based on a sample survey of businesses. Because data are not collected from all businesses, the published estimate and movements derived from them are subject to sampling variability. Relative standard errors give a measure of this variability and therefore indicate the degree of confidence that can be attached to the data.

Relative standard errors for some major December quarter data items are given below. There is 67% confidence that the actual value would be within one standard error of the sample estimate, and 95% confidence that it lies within two standard errors.

	RELATIVE STANDARD ERROR
Total New Capital Expenditure:	
Mining	8.1%
Manufacturing	4.5%
Other Selected Industries	4.7%
Buildings & Structures	5.7%
Equipment, Plant & Machinery	3.4%
Total Selected Industries	3.2%

REVISIONS TO TREND

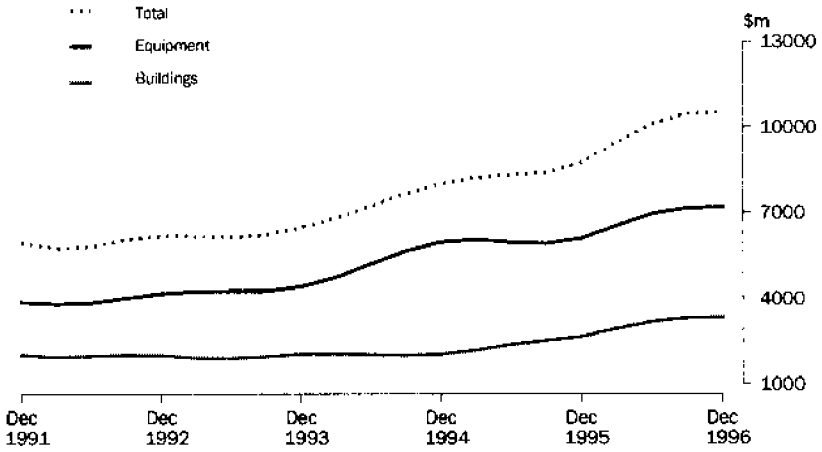
Readers should exercise care in the interpretation of the trend data as the last three observations, in particular, are likely to be revised with the addition of subsequent quarters' data. For further information, refer to Revisions to Trend Estimates on paragraph 34 of the Explanatory Notes.

W. McLennan
Australian Statistician

QUARTERLY TREND ESTIMATES AT CONSTANT PRICES

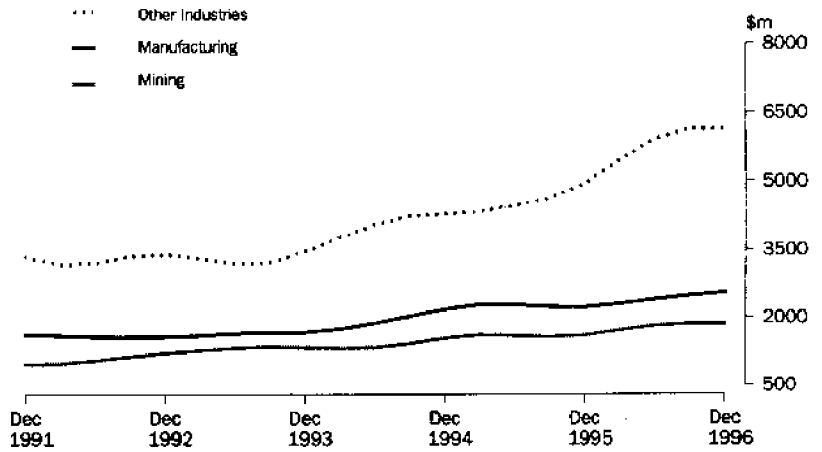
BY ASSET

The trend estimates show that the rate of growth for expenditure on buildings and structures and equipment and total capital expenditure have been decreasing for three successive quarters.



BY INDUSTRY

Trend estimates for Manufacturing show steady growth over the past four quarters with the most recent increase being 3.0% over the previous quarter to $2,549m. The December quarter estimate of $1,849m for Mining is unchanged from the September quarter. The estimate of $6,132m for Other Selected Industries is also largely unchanged.

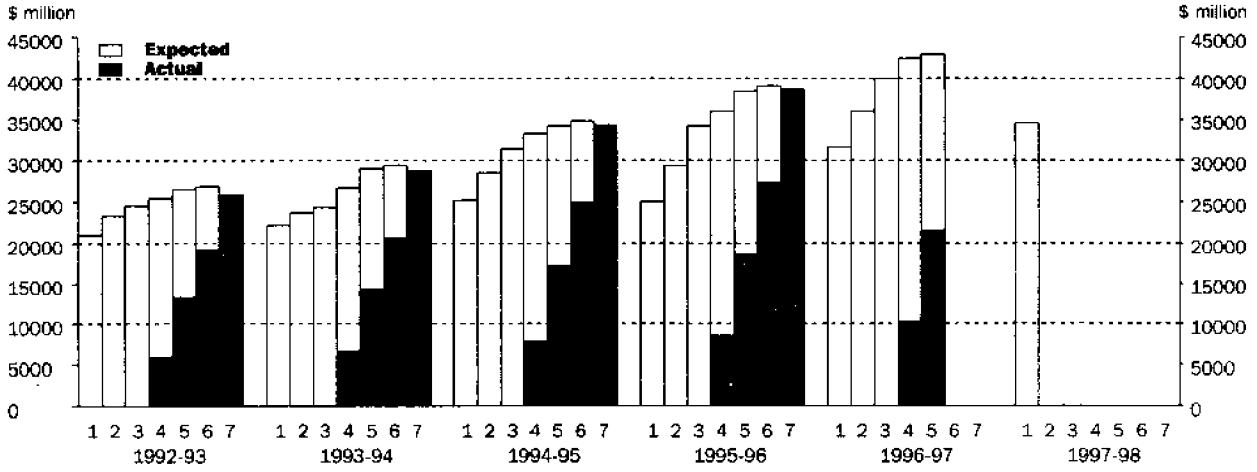


ACTUAL AND EXPECTED NEW CAPITAL EXPENDITURE

FINANCIAL YEARS AT CURRENT PRICES

EXPENDITURE

The seven estimates of actual and expected expenditure for each financial year which appear in the graph below relate to data contained in Table 4. Care should be taken when using these series and the associated realisation ratios.



EXPLANATION OF TIMING OF ESTIMATES used in construction of graph above

		COMPOSITION OF ESTIMATE		
Estimate	*Based on data reported at:*	*Data on actual expenditure*	*Data on short term expected expenditure*	*Data on long term expected expenditure*
1	Jan–Feb 5–6 months before period begins	Nil	Nil	12 months
2	Apr–May 2–3 months before period begins	Nil	Nil	12 months
3	Jul–Aug at beginning of period	Nil	6 months	6 months
4	Oct–Nov 3–4 months into period	3 months	3 months	6 months
5	Jan–Feb 6–7 months into period	6 months	6 months	Nil
6	Apr–May 9–10 months into period	9 months	3 months	Nil
7	Jul–Aug at end of period	12 months	Nil	Nil

1 ACTUAL AND EXPECTED EXPENDITURE, By Type of Asset and Industry—Current prices

	BUILDINGS AND STRUCTURES				EQUIPMENT, PLANT AND MACHINERY				TOTAL CAPITAL EXPENDITURE			
Period	*Mining* $m	*Manu-facturing* $m	*Other selected indus-tries* $m	*Total* $m	*Mining* $m	*Manu-facturing* $m	*Other selected indus-tries* $m	*Total* $m	*Mining* $m	*Manu-facturing* $m	*Other selected indus-tries* $m	*Total* $m
ORIGINAL (Actual)												
1994–95	3 201	1 060	4 368	**8 630**	3 462	8 792	13 437	**25 692**	6 664	9 852	17 805	**34 321**
1995–96	3 580	1 128	7 167	**11 875**	3 776	8 747	14 204	**26 727**	7 356	9 875	21 370	**38 601**
1995–96												
September	779	265	1 469	**2 513**	897	1 983	3 246	**6 125**	1 676	2 247	4 715	**8 638**
December	971	262	2 022	**3 256**	935	2 230	3 518	**6 683**	1 906	2 491	5 540	**9 938**
March	789	282	1 329	**2 400**	852	2 116	3 310	**6 278**	1 641	2 398	4 639	**8 679**
June	1 040	319	2 346	**3 706**	1 092	2 419	4 130	**7 641**	2 132	2 738	6 477	**11 347**
1996–97												
September	925	247	2 138	**3 310**	1 017	2 285	3 629	**6 931**	1 942	2 532	5 767	**10 241**
December	1 033	416	2 195	**3 644**	1 156	2 466	4 077	**7 699**	2 189	2 881	6 272	**11 342**
ORIGINAL (Expected)[1]												
1996-97												
6 mths to Jun	2 401	734	4 623	**7 757**	2 789	4 437	6 430	**13 655**	5 190	5 170	11 053	**21 413**
Total 1996-97	4 360	1 396	8 956	**14 711**	4 961	9 188	14 136	**28 285**	9 321	10 584	23 091	**42 996**
Total 1997-98												
12 mths to Jun	4 273	1 131	7 394	**12 798**	4 365	7 016	10 504	**21 885**	8 637	8 147	17 898	**34 683**
SEASONALLY ADJUSTED (Actual)												
1994–95	3 201	1 003	4 355	**8 560**	3 462	8 794	13 383	**25 639**	6 664	9 797	17 739	**34 200**
1995–96	3 578	1 104	7 114	**11 795**	3 780	8 767	14 250	**26 797**	7 357	9 871	21 363	**38 592**
1995–96												
September	841	234	1 559	**2 634**	906	2 115	3 281	**6 302**	1 747	2 349	4 840	**8 936**
December	846	280	1 795	**2 921**	865	2 106	3 190	**6 161**	1 711	2 385	4 984	**9 081**
March	891	296	1 357	**2 545**	970	2 371	3 830	**7 171**	1 861	2 667	5 187	**9 716**
June	1 000	294	2 402	**3 696**	1 038	2 176	3 950	**7 163**	2 037	2 470	6 352	**10 859**
1996–97												
September	1 005	191	2 334	**3 530**	1 026	2 437	3 673	**7 136**	2 030	2 628	6 007	**10 665**
December	897	428	1 918	**3 243**	1 073	2 330	3 693	**7 096**	1 969	2 758	5 611	**10 338**
TREND ESTIMATES (Actual)												
1994–95	3 220	1 025	4 433	**8 678**	3 450	8 645	13 348	**25 443**	6 670	9 670	17 781	**34 122**
1995–96	3 562	1 076	6 994	**11 632**	3 763	8 930	14 164	**26 858**	7 325	10 006	21 158	**38 490**
1995–96												
September	828	251	1 486	**2 566**	888	2 226	3 248	**6 362**	1 716	2 478	4 735	**8 928**
December	851	277	1 605	**2 734**	909	2 174	3 431	**6 514**	1 760	2 451	5 037	**9 248**
March	919	276	1 836	**3 031**	957	2 226	3 671	**6 854**	1 876	2 501	5 507	**9 885**
June	964	272	2 066	**3 302**	1 010	2 304	3 814	**7 128**	1 974	2 576	5 880	**10 430**
1996–97												
September	973	291	2 200	**3 464**	1 047	2 342	3 793	**7 182**	2 020	2 633	5 993	**10 646**
December	951	335	2 216	**3 502**	1 065	2 355	3 688	**7 109**	2 016	2 691	5 904	**10 611**

[1] Not directly comparable with estimates of actual expenditure due to likely over/under realisation —see paragraphs 19 to 22 of the Explanatory Notes.

2 ACTUAL AND EXPECTED CAPITAL EXPENDITURE, Detailed Industries—Current prices

	MINING	MANUFACTURING									
Period	*Total mining* $m	*Food, beverage and tobacco* $m	*Textile, clothing, footwear and leather* $m	*Wood and paper product* $m	*Printing, publishing and recorded media* $m	*Petroleum, coal, chemical and assoc. product* $m	*Non-metallic mineral product* $m	*Metal product* $m	*Machinery and equipment* $m	*Other manu-facturing* $m	*Total manu-facturing* $m
ORIGINAL (Actual)											
1994–95	6 664	2 043	367	765	1 125	1 758	877	1 401	1 326	191	9 852
1995–96	7 356	1 870	252	1 084	624	1 439	720	2 161	1 536	188	9 875
1995–96											
September	1 676	429	74	265	136	326	144	439	374	59	2 247
December	1 906	458	72	273	160	418	180	465	431	35	2 491
March	1 641	427	48	306	178	354	206	454	380	44	2 398
June	2 132	557	59	240	150	341	189	802	350	50	2 738
1996–97											
September	1 942	365	63	388	115	482	254	346	472	47	2 532
December	2 189	526	75	330	136	435	363	392	564	62	2 881
ORIGINAL (Expected)[1]											
1996-97											
6 mths to Jun	5 190	1 049	106	655	248	804	576	576	1 109	47	5 170
Total 1996-97	9 321	1 940	244	1 372	499	1 720	1 193	1 315	2 146	155	10 584
Total 1997-98											
12 mths to Jun	8 637	1 796	183	484	414	1 562	808	1 102	1 714	84	8 147
SEASONALLY ADJUSTED (Actual)											
1994–95	6 664	2 044	368	765	1 093	1 765	875	1 365	1 331	190	9 797
1995–96	7 357	1 867	252	1 099	639	1 440	719	2 131	1 536	188	9 871
1995–96											
September	1 747	445	76	256	166	334	151	485	384	51	2 349
December	1 711	436	62	276	167	387	172	456	389	40	2 385
March	1 861	475	56	348	190	388	203	550	405	52	2 667
June	2 037	512	58	218	116	331	193	640	358	44	2 470
1996–97											
September	2 030	378	65	375	142	494	266	383	486	40	2 628
December	1 969	502	64	334	142	402	347	386	509	72	2 758
TREND ESTIMATES (Actual)											
1994–95	6 670	2 034	364	776	1 018	1 711	859	1 360	1 350	198	9 670
1995–96	7 325	1 841	256	1 140	704	1 515	732	2 068	1 567	183	10 006
1995–96											
September	1 716	458	76	262	232	388	162	470	384	46	2 478
December	1 760	456	63	283	177	360	165	514	385	47	2 451
March	1 876	463	58	293	150	370	186	550	387	45	2 501
June	1 974	463	59	303	146	397	219	534	411	45	2 576
1996–97											
September	2 020	456	62	320	136	419	268	466	455	51	2 633
December	2 016	455	64	340	136	435	319	385	492	58	2 691

[1] Not directly comparable with estimates of actual expenditure due to likely over/under realisation —see paragraphs 19 to 22 of the Explanatory Notes.

ACTUAL AND EXPECTED CAPITAL EXPENDITURE, Detailed Industries—Current prices *continued*

Period	Construction $m	Wholesale trade $m	Retail trade $m	Transport and storage $m	Finance and insurance $m	Property and business services $m	Other services etc. $m	Total other selected industries $m	Total new capital expenditure $m
	OTHER SELECTED INDUSTRIES								TOTAL
	ORIGINAL (Actual)								
1994–95	1 484	2 571	2 044	2 580	2 124	3 298	3 705	17 805	**34 321**
1995–96	1 864	2 158	2 527	3 216	1 818	4 133	5 655	21 370	**38 601**
1995–96									
September	443	570	583	629	542	963	983	4 715	**8 638**
December	465	605	655	903	450	1 164	1 299	5 540	**9 938**
March	395	424	560	707	385	793	1 374	4 639	**8 679**
June	562	558	728	977	440	1 212	1 999	6 477	**11 347**
1996–97									
September	179	660	503	767	805	1 310	1 541	5 767	**10 241**
December	271	670	661	834	560	1 532	1 744	6 272	**11 342**
	ORIGINAL (Expected)[1]								
1996-97									
6 mths to Jun	382	981	1 154	1 502	1 624	2 241	3 170	11 053	**21 413**
Total 1996-97	832	2 311	2 318	3 103	2 989	5 083	6 455	23 091	**42 996**
Total 1997-98									
12 mths to Jun	**564**	**1 852**	**2 024**	**1 973**	2 771	**2 866**	**5 847**	**17 898**	34 683
	SEASONALLY ADJUSTED (Actual)								
1994–95	1 468	2 567	2 064	2 563	2 120	3 289	3 667	17 739	**34 200**
1995–96	1 868	2 164	2 538	3 244	1 813	4 106	5 629	21 363	**38 592**
1995–96									
September	398	559	585	702	514	979	1 103	4 840	**8 936**
December	485	499	584	762	439	1 047	1 168	4 984	**9 081**
March	473	516	679	697	437	954	1 431	5 187	**9 716**
June	512	590	690	1 084	422	1 126	1 927	6 352	**10 859**
1996–97									
September	161	646	506	863	765	1 330	1 736	6 007	**10 665**
December	283	553	589	697	548	1 374	1 568	5 611	**10 338**
	TREND ESTIMATES (Actual)								
1994–95	1 461	2 566	2 103	2 522	2 137	3 295	3 697	17 781	**34 122**
1995–96	1 787	2 175	2 483	3 176	1 911	4 126	5 501	21 158	**38 490**
1995–96									
September	423	546	579	689	506	957	1 034	4 735	**8 928**
December	479	515	619	749	442	997	1 236	5 037	**9 248**
March	481	536	652	838	444	1 035	1 520	5 507	**9 885**
June	404	578	633	899	519	1 137	1 711	5 880	**10 430**
1996–97									
September	302	602	590	875	598	1 272	1 753	5 993	**10 646**
December	233	599	559	800	634	1 400	1 684	5 904	**10 611**

[1] Not directly comparable with estimates of actual expenditure due to likely over/under realisation —see paragraphs 19 to 22 of the Explanatory Notes.

ACTUAL EXPENDITURE, By Type of Asset and Industry—Constant prices[1]

	ASSET			INDUSTRY			
Period	*Buildings and structures* $m	*Equipment, plant and machinery* $m	*Total* $m	*Mining* $m	*Manfacturing* $m	*Other selected industries* $m	*Total* $m
			ORIGINAL				
1994–95	8 561	23 845	**32 406**	6 142	8 921	17 344	**32 406**
1995–96	11 529	25 279	**36 808**	6 710	9 004	21 094	**36 808**
1995–96							
September	2 459	5 689	**8 148**	1 519	2 018	4 611	**8 148**
December	3 185	6 221	**9 406**	1 745	2 250	5 411	**9 406**
March	2 322	5 965	**8 287**	1 495	2 192	4 600	**8 287**
June	3 563	7 404	**10 967**	1 952	2 543	6 473	**10 967**
1996–97							
September	3 162	6 961	**10 123**	1 776	2 382	5 966	**10 123**
December	3 483	7 788	**11 271**	2 008	2 731	6 532	**11 271**
			SEASONALLY ADJUSTED				
1994–95	8 502	23 801	**32 303**	6 142	8 872	17 289	**32 303**
1995–96	11 450	25 345	**36 795**	6 711	8 996	21 088	**36 795**
1995–96							
September	2 578	5 849	**8 427**	1 588	2 109	4 730	**8 427**
December	2 857	5 730	**8 587**	1 563	2 155	4 870	**8 587**
March	2 472	6 818	**9 290**	1 695	2 438	5 157	**9 290**
June	3 543	6 947	**10 490**	1 865	2 294	6 331	**10 490**
1996–97							
September	3 362	7 160	**10 522**	1 860	2 472	6 190	**10 522**
December	3 102	7 169	**10 270**	1 804	2 615	5 851	**10 270**
			TREND ESTIMATES				
1994–95	8 617	23 611	**32 228**	6 148	8 752	17 328	**32 228**
1995–96	11 291	25 439	**36 730**	6 682	9 124	20 924	**36 730**
1995–96							
September	2 517	5 898	**8 415**	1 563	2 229	4 623	**8 415**
December	2 669	6 084	**8 753**	1 602	2 216	4 934	**8 753**
March	2 935	6 518	**9 453**	1 712	2 288	5 452	**9 453**
June	3 170	6 940	**10 110**	1 805	2 390	5 915	**10 110**
1996–97							
September	3 309	7 148	**10 457**	1 849	2 474	6 134	**10 457**
December	3 339	7 191	**10 530**	1 849	2 549	6 132	**10 530**

[1] At average 1989–90 prices.

ACTUAL AND EXPECTED CAPITAL EXPENDITURE, By Type of Asset—Current prices

Financial year	*12 months expectation as reported in Jan–Feb of previous financial year (Estimate 1)*	*12 months expectation as reported in Apr–May of previous financial year (Estimate 2)*	*12 months expectation as reported in Jul–Aug (Estimate 3)*	*3 months actual and 9 months expectation as reported in Oct–Nov (Estimate 4)*	*6 months actual and 6 months expectation as reported in Jan–Feb (Estimate 5)*	*9 months actual and 3 months expectation as reported in Apr–May (Estimate 6)*	*12 months actual (Estimate 7)*
				BUILDINGS AND STRUCTURES ($ million)			
1993–94	7 415	7 727	7 538	8 161	8 711	8 580	8 099
1994–95	7 763	8 637	9 204	8 666	9 509	9 271	8 630
1995–96	7 948	8 910	10 152	11 491	12 443	12 027	11 875
1996–97	9 322	11 344	14 177	14 732	14 711	n.y.a.	n.y.a.
1997–98	12 798	n.y.a.	n.y.a.	n.y.a.	n.y.a.	n.y.a.	n.y.a.
				BUILDINGS AND STRUCTURES (Realisation Ratio[1])			
1993–94	1.09	1.05	1.07	0.99	0.93	0.94	1.00
1994–95	1.11	1.00	0.94	1.00	0.91	0.93	1.00
1995–96	1.49	1.33	1.17	1.03	0.95	0.99	1.00
5 year average	1.16	1.08	1.02	0.98	0.92	0.95	1.00
				EQUIPMENT, PLANT AND MACHINERY ($ million)			
1993–94	14 724	15 911	16 798	18 448	20 307	20 849	20 628
1994–95	17 477	19 823	22 130	24 529	24 651	25 495	25 692
1995–96	17 062	20 427	24 013	24 538	26 009	27 021	26 727
1996–97	22 193	24 685	25 846	27 646	28 285	n.y.a.	n.y.a.
1997–98	21 885	n.y.a.	n.y.a.	n.y.a.	n.y.a.	n.y.a.	n.y.a.
				EQUIPMENT, PLANT AND MACHINERY (Realisation Ratio[1])			
1993–94	1.40	1.30	1.23	1.12	1.02	0.99	1.00
1994–95	1.47	1.30	1.16	1.05	1.04	1.01	1.00
1995–96	1.57	1.31	1.11	1.09	1.03	0.99	1.00
5 year average	1.36	1.22	1.12	1.05	1.02	0.99	1.00
				TOTAL ($ million)			
1993–94	22 137	23 638	24 336	26 609	29 019	29 429	28 727
1994–95	25 239	28 459	31 334	33 194	34 159	34 766	34 321
1995–96	25 011	29 358	34 165	36 028	38 451	39 047	38 601
1996–97	31 515	36 028	40 023	42 378	42 998	n.y.a.	n.y.a.
1997–98	34 683	n.y.a.	n.y.a.	n.y.a.	n.y.a.	n.y.a.	n.y.a.
				TOTAL (Realisation Ratio[1])			
1993–94	1.30	1.22	1.18	1.08	0.99	0.98	1.00
1994–95	1.36	1.21	1.10	1.03	1.00	0.99	1.00
1995–96	1.54	1.31	1.13	1.07	1.00	0.99	1.00
5 year average	1.29	1.18	1.09	1.03	0.99	0.98	1.00
				TOTAL (Percentage change over previous estimate for same financial year)			
1993–94	n.a.	6.8	3.0	9.3	9.1	1.4	–2.4
1994–95	n.a.	12.8	10.1	5.9	2.9	1.8	–1.3
1995–96	n.a.	17.4	16.4	5.5	6.7	1.5	–1.1
1996–97	n.a.	14.3	11.1	5.9	1.5	n.y.a.	n.y.a.
1997–98	n.a.	n.y.a.	n.y.a.	n.y.a.	n.y.a.	n.y.a.	n.y.a.
				TOTAL (Percentage change over corresponding estimate for previous financial year)			
1993–94	5.6	1.3	–0.8	4.5	9.6	9.6	11.1
1994–95	14.0	20.4	28.8	24.7	17.7	18.1	19.5
1995–96	–0.9	3.2	9.0	8.5	12.6	12.3	12.5

1 Ratio of actual expenditure for the financial year to each progressive estimate for the financial year. For more information see paragraphs 19 to 22 of the Explanatory Notes.

5 ACTUAL AND EXPECTED CAPITAL EXPENDITURE, By Industry—Current prices

Financial year	*12 months expectation as reported in Jan–Feb of previous financial year (Estimate 1)*	*12 months expectation as reported in Apr–May of previous financial year (Estimate 2)*	*12 months expectation as reported in Jul–Aug (Estimate 3)*	*3 months actual and 9 months expectation as reported in Oct–Nov (Estimate 4)*	*6 months actual and 6 months expectation as reported in Jan–Feb (Estimate 5)*	*9 months actual and 3 months expectation as reported in Apr–May (Estimate 6)*	*12 months actual (Estimate 7)*
				MANUFACTURING ($ million)			
1993–94	6 183	6 754	7 404	7 855	8 103	8 136	7 843
1994–95	7 129	8 339	9 013	9 797	9 785	10 004	9 852
1995–96	7 863	9 062	10 180	10 559	10 547	10 392	9 875
1996–97	9 179	9 514	10 025	11 008	10 584	n.y.a.	n.y.a.
1997–98	8 147	n.y.a.	n.y.a.	n.y.a.	n.y.a.	n.y.a.	n.y.a.
				MANUFACTURING (Realisation Ratio[1])			
1993–94	1.27	1.16	1.06	1.00	0.97	0.96	1.00
1994–95	1.38	1.18	1.09	1.01	1.01	0.98	1.00
1995–96	1.26	1.09	0.97	0.94	0.94	0.95	1.00
5 year average	1.15	1.05	0.99	0.95	0.96	0.96	1.00
				MINING ($ million)			
1993–94	6 469	6 583	6 528	6 318	6 009	6 113	5 685
1994–95	5 479	5 838	7 234	7 341	7 322	7 256	6 664
1995–96	5 389	6 701	7 536	7 577	7 621	7 658	7 356
1996–97	7 617	9 625	9 693	9 755	9 321	n.y.a.	n.y.a.
1997–98	8 637	n.y.a.	n.y.a.	n.y.a.	n.y.a.	n.y.a.	n.y.a.
				MINING (Realisation Ratio[1])			
1993–94	0.88	0.86	0.87	0.90	0.95	0.93	1.00
1994–95	1.22	1.14	0.92	0.91	0.91	0.92	1.00
1995–96	1.37	1.10	0.98	0.97	0.97	0.96	1.00
5 year average	1.11	1.03	0.92	0.92	0.92	0.94	1.00
				OTHER SELECTED INDUSTRIES ($ million)			
1993–94	9 486	10 301	10 404	12 436	14 907	15 180	15 200
1994–95	12 631	14 282	15 086	16 056	17 052	17 506	17 805
1995–96	11 759	13 595	16 448	17 892	20 284	20 998	21 370
1996–97	14 719	16 889	20 305	21 615	23 091	n.y.a.	n.y.a.
1997–98	17 898	n.y.a.	n.y.a.	n.y.a.	n.y.a.	n.y.a.	n.y.a.
				OTHER SELECTED INDUSTRIES (Realisation Ratio[1])			
1993–94	1.60	1.48	1.46	1.22	1.02	1.00	1.00
1994–95	1.41	1.25	1.18	1.11	1.04	1.02	1.00
1995–96	1.82	1.57	1.30	1.19	1.05	1.02	1.00
5 year average	1.49	1.34	1.24	1.13	1.03	1.00	1.00

1 Ratio of actual expenditure for the financial year to each progressive estimate for the financial year. For more information see paragraphs 19 to 22 of the Explanatory Notes.

RATIOS[1] OF ACTUAL TO SHORT TERM EXPECTATION FOR SAME PERIOD—Current prices

Financial year	3 MONTHS ENDING... 31 December (collected in September Survey)	3 MONTHS ENDING... 30 June (collected in March Survey)	6 MONTHS ENDING... 31 December (collected in June Survey)	6 MONTHS ENDING... 30 June (collected in December Survey)
		TYPE OF ASSET		
Buildings and Structures				
1994–95	0.93	0.78	0.93	0.84
1995–96	0.95	0.96	1.04	0.91
1996–97	0.87	n.y.a.	0.97	n.y.a.
5 year average	0.95	0.84	1.02	0.85
Equipment, Plant and Machinery				
1994–95	0.90	1.03	1.09	1.09
1995–96	0.99	0.96	1.00	1.05
1996–97	0.96	n.y.a.	1.09	n.y.a.
5 year average	0.96	0.95	1.06	1.03
Total				
1994–95	0.91	0.95	1.04	1.01
1995–96	0.97	0.96	1.01	1.01
1996–97	0.93	n.y.a.	1.05	n.y.a.
5 year average	0.96	0.92	1.05	0.98
		TYPE OF INDUSTRY		
Mining				
1994–95	0.78	0.75	0.87	0.84
1995–96	0.90	0.88	0.86	0.93
1996–97	0.82	n.y.a.	0.87	n.y.a.
5 year average	0.86	0.82	0.88	0.86
Manufacturing				
1994–95	0.80	0.95	0.96	1.01
1995–96	0.84	0.84	0.90	0.88
1996–97	0.81	n.y.a.	1.04	n.y.a.
5 year average	0.83	0.87	0.95	0.92
Other Selected Industries				
1994–95	1.03	1.07	1.18	1.10
1995–96	1.08	1.06	1.15	1.11
1996–97	1.04	n.y.a.	1.13	n.y.a.
5 year average	1.09	0.99	1.20	1.07
Total				
1994–95	0.91	0.95	1.04	1.01
1995–96	0.97	0.96	1.01	1.01
1996–97	0.93	n.y.a.	1.05	n.y.a.
5 year average	0.96	0.92	1.05	0.98

[1] For more information on Realisation Ratios see paragraphs 19 to 22 of the Explanatory Notes.

EXPLANATORY NOTES

INTRODUCTION

1 This publication contains estimates of actual and expected new capital expenditure by private businesses in Australia. The series contained in this publication have been compiled from data collected in a quarterly survey of private businesses.

SCOPE OF THE SURVEY

2 This survey aims to measure the value of new capital expenditure by private businesses in Australia. Private households and public sector businesses (ie all departments, authorities and other organisations owned or controlled by Commonwealth, State or Local Government) are outside the scope of the survey.

3 The scope of the survey:

- includes the following Australian and New Zealand Standard Industrial Classification (ANZSIC) industries
  - Mining (Division B)
  - Manufacturing (Division C)
    - Food, beverages and tobacco (21)
    - Textiles, clothing, footwear and leather (22)
    - Wood and paper products (23)
    - Printing, publishing and recorded media (24)
    - Petroleum, coal, chemical and associated products (25)
    - Non-metallic mineral products (26)
    - Metal products (27)
    - Machinery and equipment (28)
    - Other manufacturing (29)
  - Other Selected Industries
    - Construction (Division E)
    - Wholesale trade (Division F)
    - Retail trade (Division G)
    - Transport & storage (Division I)
    - Finance and insurance (Division K)
    - Property & business services (Division L)
    - Other selected services (including electricity & gas; communication; accommodation, cafes & restaurants; cultural & recreational services; and personal services (36,37,57,71,91-93,95)
- excludes the following industries
  - Agriculture, Forestry and Fishing
  - Government Administration & Defence
  - Education
  - Health and Community Services

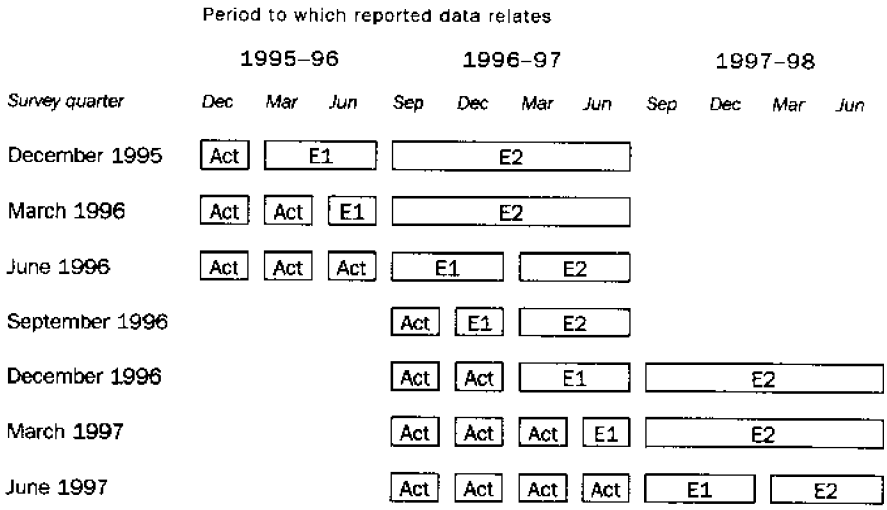
SURVEY METHODOLOGY

4 This quarterly survey is based on a stratified random sample of private business units recorded on the ABS register of businesses. The sample consists of approximately 8000 units. The figures obtained from the selected businesses are supplemented by data from units which have large capital expenditure and/or large employment and which are outside the sample framework, or not adequately covered by it.

5 Respondents are asked to provide data on the same basis as their own management accounts. Where a selected business unit does not respond in a given survey, an estimate is substituted. Revisions may be made to these estimate adjustments if data are provided subsequently from those businesses. Aggregates are calculated from original data using the 'number raised' estimation technique. Data are edited at both individual unit level and at aggregate level.

TIMING AND CONSTRUCTION OF SURVEY CYCLE

6 Surveys are conducted in respect of each quarter and returns are completed in the 8 or 9 week period after the end of the quarter to which the survey data relate (e.g. March quarter survey returns are completed during April and May). Full details of the reporting cycle are shown in the table below.



7 Businesses are requested to provide 3 basic figures each survey:

- Actual expenditure incurred during the reference period (Act)
- A short term expectation (E1)
- A longer term expectation (E2)

8 This survey cycle facilitates the formation of estimates of expenditure for financial years (12 months ending 30 June). For example, as the above table shows, the first estimate for 1996–97 was available from the December 1995 survey as a longer term expectation (E2). It was subsequently revised in the March 1996 survey (again as a longer term expectation) and in the June 1996 survey as the sum of two expectations (E1 + E2). In the September and subsequent surveys the estimate is derived as the sum of actual expenditure (for that part of the year completed) and expected expenditure (for the remainder of the year). The final (or seventh) estimate from the June quarter 1997 survey, will be derived by summing the actual expenditure for each of the four quarters.

SAMPLE REVISION

9 Prior to the June quarter 1996 survey, the survey frames and samples were revised annually to ensure that they remained representative of the survey population. Adjustments were made to the survey estimates each quarter to reflect changes in the size of the survey frame throughout the year. From the June quarter 1996 survey, the survey frames and samples are being revised each quarter. The aim is to further improve the quality of the survey estimates by selecting a sample which will be more representative of the survey population. Additionally, the timing of sample selection will now be consistent with other ABS surveys. This will lead to greater consistency when comparing data across these surveys.

10 With these revisions to the sample, some of the business units are rotated out of the survey and are replaced by other to spread the reporting workload equitably. The rate of rotation under quarterly sample selection is slightly higher than one quarter of the previous annual rate of rotation.

SAMPLE REVISION (continued)

11 Prior to the June quarter 1996, survey frames and samples were updated annually. As a consequence, some data would be revised. No data revisions of this nature will be needed given quarterly updates to frames and samples. Data may be revised however on the basis of further processing.

12 In the period between sample selection, there are changes to the survey frame. For example, businesses cease operating and businesses are newly established. The ABS produces an estimate of the contribution expected from new businesses each quarter, while allowance is made for the number of businesses in the sample which ceased trading during the quarter. The methodology for estimating change in the business population uses direct counts each quarter of new businesses added, or in the process of being added, to the ABS business register. For most quarters, the introduction of quarterly sample selection reduces the size of the adjustments needed to account for new and ceased businesses.

STATISTICAL UNIT

13 This survey uses the Management Unit as the statistical unit. The management unit is the highest level accounting unit within a business, having regard to industry homogeneity, for which accounts are maintained. In nearly all cases it coincides with the legal entity owning the business (i.e. company, partnership, trust, sole operator, etc). In the case of large diversified businesses, however, there may be more than one management unit, each coincides with a 'division' or 'line of business'. A division or line of business is defined when separate and comprehensive accounts are compiled for it. Prior to 1989, the survey was on a different business unit basis. Further details are available on request.

CLASSIFICATION BY INDUSTRY

14 The Australian and New Zealand Standard Industrial Classification (ANZSIC) has been developed for use in both countries for the production and analysis of industry statistics. It replaces the Australian Standard Industrial Classification (ASIC) and the New Zealand Standard Industrial Classification (NZSIC).

15 For more information, users are referred to *Australian & New Zealand Standard Industrial Classification, 1993, ANZSIC,* ABS Cat. No. 1292.0 and Statistics New Zealand Cat. No. 19.005.0092.

16 In order to classify new capital expenditure by industry, each statistical unit (as defined above) is classified to the Australian and New Zealand Standard Industrial Classification (ANZSIC) industry in which it *mainly* operates.

17 The total value of all new capital assets acquired by each statistical unit either on own account or under a finance lease is classified to the ANZSIC industry in which it mainly operates even though it may have activities in other industries.

CONSTANT PRICES

18 Estimates in constant prices (average 1989–90 prices) are presented, in Table 3. The deflators used to revalue the current price estimates are the same as the price deflators compiled for the national accounts aggregates 'Private gross fixed capital expenditure on non-dwelling construction' and 'Private gross fixed capital expenditure on equipment'.

DERIVATION AND USEFULNESS OF REALISATION RATIOS

19 Once actual expenditure for a financial year is known, it is useful to investigate the relationship between each of the prior 6 estimates and that actual. The resultant realisation ratios (subsequent actual expenditure divided by expected expenditure) then indicate how much expenditure was actually incurred against the amount expected to be incurred at the various times of reporting. Realisation ratios can also be formed separately for 3 or 6 month expectations as well as the 12 month E2 estimates or combinations of estimates containing at least some expectation components (e.g. 6 months actual and 6 months expected expenditure).

20 Realisation ratios provide an important tool in understanding and interpreting expectation statistics for future periods. The application of realisation ratios enables the adjustment of expectation data for known under (or over) realisation patterns in the past and hence provides a valid basis for comparison with other expectation data and actual expenditure estimates. For example, if one wished to predict actual expenditure for 1996–97 based on the June 1996 survey results and compare this with 1995–96 expenditure, it is necessary to apply relevant realisation factors to the expectation to put both estimates on the same basis. Once this has been done the predictions can be validly compared with each other and with previously derived estimates of actual expenditure for earlier years.

21 There are many ways in which realisation ratios can be applied to make predictions of actual expenditure for a future period. A range of realisation ratios for both type of asset and industry estimates is provided in Tables 4 and 5.

22 In using realisation ratios to adjust expectations data, attention should be paid to the range of values that has occurred in the past. A wide range of values is indicative of volatility in the realisation patterns and hence greater caution should be exercised in the application of realisation ratios. This is particularly the case with the twelve month expectations collected in the December and March surveys.

DESCRIPTION OF TERMS

23 *New capital expenditure* refers to the acquisition of new tangible assets either on own account or under a *finance lease* and includes major improvements, alterations and additions. In general, this is expenditure charged to fixed tangible assets accounts excluding expenditure on second hand assets unless these are imported for the first time.

24 Some estimates are dissected by type of asset:

- *Buildings and Structures*. Includes industrial and commercial buildings, houses, flats, home units, water and sewerage installations, lifts, heating, ventilating and similar equipment forming an integral part of buildings and structures , land development and construction site development, roads, bridges, wharves, harbours, railway lines, pipelines, power and telephone lines. Also includes mine development (e.g. construction of shafts in underground mines, preparation of mining and quarrying sites for open cut extraction and other developmental operations primarily for commencing or extending production). Excludes purchases of land, previously occupied buildings and speculatively built projects intended for sale before occupation.
- *Equipment, plant and machinery*. Includes plant, machinery, vehicles, electrical apparatus, office equipment, furniture, fixtures and fittings not forming an integral part of buildings, durable containers, special tooling, etc. Also includes good imported for the first time whether previously used outside Australia or not.

RELIABILITY OF THE ESTIMATES

25 Since the estimates are based on data obtained from a sample rather than a complete enumeration, the data and the movements derived from them are subject to sampling variability; that is, they may differ from the figures that would have been obtained if all units had been included in the survey. One measure of the likely difference is given by the standard error, which indicates the extent to which an estimate might have varied by chance because only a sample of units was included. There are about two chances in three that a sample estimate will differ by less than one standard error from the figure that would have been obtained if all units had been included, and about nineteen chances in twenty that the difference will be less than two standard errors.

26 Another measure of sampling variability is the relative standard error which is obtained by expressing the standard error as a percentage of the estimate to which it refers. The relative standard error is a useful measure in that it provides an immediate indication of the percentage errors likely to have occurred due to sampling. The sample estimates of quarter to quarter movement in the value of new capital expenditure are also subject to sampling variability. The relative standard error of the estimate of movement is expressed as a percentage of the quarterly estimate of the level of capital expenditure.

27 The imprecision due to sampling, which is measured by the standard error, is not the only type of inaccuracy to which the estimates are subject. Other inaccuracies, referred to collectively as non-sample error, may occur for a number of reasons, for example misreporting of data by respondents or imputation for missing respondents.

28 In the design of questionnaires and in the processing of survey data every effort is made to reduce the non-sample error to a minimum.

SEASONAL ADJUSTMENT

29 The quarterly actual new capital expenditure series in this publication are affected to some extent by seasonal influences and it is useful to recognise and take account of this element of variation.

30 Seasonal adjustment may be carried out by various methods and the results may vary slightly depending on the procedure adopted. Accordingly, seasonally adjusted statistics are in fact only indicative and should not be regarded as in any way definitive. In interpreting seasonally adjusted data it is important therefore to bear in mind the methods by which they have been derived and the limitations to which the methods used are subject.

31 At least once each year the seasonally adjusted series are revised to take account of the latest available data. The most recent reanalysis takes into account data collected up to and including the June quarter 1996 survey. Data for periods after June 1996 are seasonally adjusted on the basis of extrapolation of historical patterns. The nature of the seasonal adjustment process is such that the magnitude of some revisions resulting from reanalysis may be quite significant, especially for data for more recent quarters. Care should be exercised when interpreting quarter to quarter movements in the seasonally adjusted series in the publication, particularly for recent quarters.

32 It should be noted that the seasonally adjusted figures necessarily reflect the sampling and other errors to which the original figures are subject.

33 Details of the seasonal adjustment methods used together with selected measures of variability for these series are available on request.

TREND ESTIMATES

34 The trend estimates are derived by applying a 7-term Henderson moving average to the seasonally adjusted series. The 7-term Henderson average (like all Henderson averages) is symmetric, but as the end of a time series is approached, asymmetric forms of the average are applied. Unlike the weights of the standard 7-term Henderson moving average, the weights employed here have been tailored to suit the particular characteristics of individual series. While the asymmetric weights enable trend estimates for recent quarters to be produced, it does result in revisions to the estimates for the most recent three quarters as additional observations become available. There may also be revisions because of changes in the original data and as a result of the re-estimation of the seasonal factors. For further information, see *A Guide to Interpreting Time Series — Monitoring 'Trends': an Overview* (1348.0) or contact the Assistant Director, Time Series Analysis on (06) 252 6345.

COMPARABILITY WITH NATIONAL ACCOUNTS ESTIMATES

35 The statistics for new capital expenditure shown in this publication differ from estimates of private gross fixed capital expenditure shown in the Australian National Accounts for the following reasons:

- National Accounts estimates incorporate data from other sources as well as information from the capital expenditure survey. For example, estimates for capital expenditure on 'equipment' are based on annual statistics of depreciable assets available from the Taxation Commissioner. Quarterly estimates are interpolated between and extrapolated from the annual taxation based estimates using a variety of indicators including this survey. The ABS's quarterly Building Activity Survey and Engineering Construction Survey are the main sources for estimating the National Accounts dwelling and non-dwelling construction items respectively.
- National Accounts estimates include capital expenditure by all private businesses including units classified to agriculture, forestry, fishing and hunting and community services industries and capital expenditure on dwellings by households. Data for these sectors are excluded from this publication.
- National Accounts estimates include the value of work done on speculative construction projects as the work is put into place. The statistics in this publication, however, include full value of the speculative projects as new capital expenditure of the purchases (if in scope), when the project is sold.
- For equipment, the National Accounts estimates relate to acquisitions less disposals of all fixed tangible assets whereas the survey figures are acquisitions of new fixed tangible assets only.

36 For a more detailed explanation of the concepts and methods used in compiling the National Accounts estimates see *Australian National Accounts: Concepts, Sources and Methods* (5216.0)

RELATED PUBLICATIONS

37 Users may also wish to refer the following publications:

- *State Estimates of Private New Capital Expenditure,* (5646.0)
- *Company Profits, Australia* (5651.0)
- *Stocks, Selected Industry Sales and Expected Sales, Australia* (5629.0)
- *Australian National Accounts. National Income, Expenditure and Product* (5206.0)
- *Australian Business Expectations* (5250.0)
- *Business Operations and Industry Performance, Australia* (8140.0)
- *Engineering Construction Activity, Australia* (8762.0)
- *Building Activity, Australia* (8752.0)

RELATED PUBLICATIONS (continued)

38 Current publications produced by the ABS are listed in the *Catalogue of Publications and Products, Australia* (1101.0). The ABS also issues, on Tuesdays and Fridays, a *Release Advice* (1105.0) which lists publications to be released in the next few days. The Catalogue and Release Advice are available from any ABS office.

UNPUBLISHED DATA

39 In addition to the data contained in this publication, more detailed industry information may be made available on request. For example, data are generally available at the ANZSIC group (3 digit) level.

SYMBOLS AND OTHER USAGES

n.a.	not applicable
n.y.a.	not yet available
nec	not elsewhere classified
ANZSIC	Australian and New Zealand Standard Industrial Classification

EFFECT OF NEW SEASONALLY ADJUSTED ESTIMATES ON TREND ESTIMATES

TREND REVISIONS

Each time new seasonally adjusted estimates become available, trend estimates are revised (see paragraphs 29 and 34 of the Explanatory Notes).

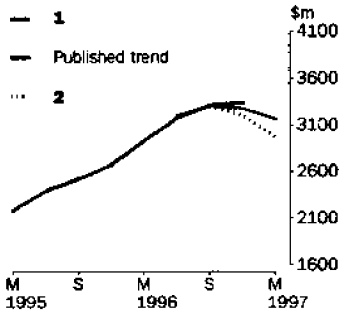
The examples in the tables below show two scenarios and the consequent revisions to previous trend estimates of capital expenditure by private businesses.

1 The March quarter seasonally adjusted estimate is higher than the December quarter estimate by the percentage shown.

2 The March quarter seasonally adjusted estimate is lower than the December quarter estimate by the percentage shown.

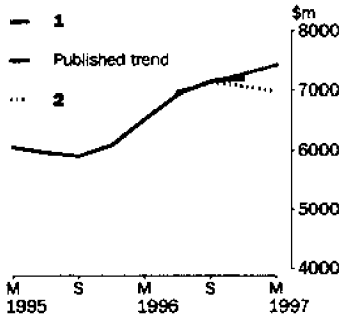
The percentages chosen are approximately the long term average movement, without regard to sign, in the seasonally adjusted series.

BUILDINGS AND STRUCTURES



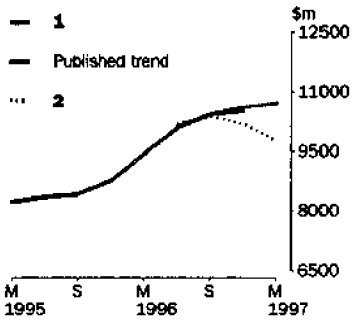
	TREND AS PUBLISHED		WHAT IF NEXT QUARTER'S SEASONALLY ADJUSTED ESTIMATE:			
			1 *rises by 6.7% on Dec 1996*		**2** *falls by 6.7% on Dec 1996*	
	$m	*% change*	*$m*	*% change*	*$m*	*% change*
1996						
June	3 170	8.0	3 184	8.5	3 200	9.0
September	3 309	4.4	3 305	3.8	3 299	3.1
December	3 339	0.9	3 276	–0.9	3 198	–3.1
1997						
March	—	—	3 152	–3.8	2 980	–6.8

EQUIPMENT, PLANT AND MACHINERY



	TREND AS PUBLISHED		WHAT IF NEXT QUARTER'S SEASONALLY ADJUSTED ESTIMATE:			
			1 *rises by 4.9% on Dec 1996*		**2** *falls by 4.9% on Dec 1996*	
	$m	*% change*	*$m*	*% change*	*$m*	*% change*
1996						
June	6 940	6.5	6 944	6.5	6 985	7.2
September	7 148	3.0	7 144	2.9	7 129	2.1
December	7 191	0.6	7 268	1.7	7 069	–0.8
1997						
March	—	—	7 430	2.2	6 972	–1.4

TOTAL CAPITAL EXPENDITURE



	TREND AS PUBLISHED		WHAT IF NEXT QUARTER'S SEASONALLY ADJUSTED ESTIMATE:			
			1 *rises by 4.4% on Dec 1996*		**2** *falls by 4.4% on Dec 1996*	
	$m	*% change*	*$m*	*% change*	*$m*	*% change*
1996						
June	10 110	7.0	10 116	7.0	10 197	7.9
September	10 457	3.4	10 450	3.3	10 422	2.2
December	10 530	0.7	10 599	1.4	10 210	–2.0
1997						
March	—	—	10 712	1.1	9 789	–4.1

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