DECEMBER QUARTER 1997 5625.0

PRIVATE NEW CAPITAL EXPENDITURE

AND EXPECTED EXPENDITURE to June 1999 AUSTRALIA

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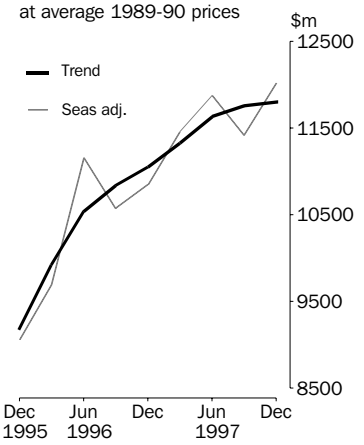
New Capital Expenditure
at average 1989-90 prices



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

DECEMBER QTR KEY FIGURES

TREND ESTIMATES (a)

	Dec 96 $m	Sep 97 $m	Dec 97 $m	% change Sep 97 to Dec 97	% change Dec 96 to Dec 97
Total new capital expenditure	11 057	11 755	11 802	0.4	6.7
Buildings and structures	3 594	3 094	2 969	–4.0	–17.4
Equipment, plant and machinery	7 463	8 661	8 833	2.0	18.4

SEASONALLY ADJUSTED(a)

	Dec 96 $m	Sep 97 $m	Dec 97 $m	% change Sep 97 to Dec 97	% change Dec 96 to Dec 97
Total new capital expenditure	10 844	11 421	12 015	5.2	10.8
Buildings and structures	3 424	2 737	3 298	20.5	–3.7
Equipment, plant and machinery	7 420	8 684	8 717	0.4	17.5

(a) At average 1989-90 prices.

DECEMBER QTR KEY POINTS

ACTUAL EXPENDITURE

- In trend terms, rates of growth in total new capital expenditure (at average 1989-90 prices) have decreased to 1.1% and 0.4% for the September and December quarters respectively. This follows a period of relatively steady growth in 1996-97 (between 2.0% and 2.8% quarterly growth).
- Seasonally adjusted estimates of expenditure on buildings and structures increased by 20.5% in the December quarter to $3,298m following a 16.7% fall in the September quarter. Expenditure on equipment, plant and machinery increased marginally over the September quarter to $8,717m.

EXPECTED EXPENDITURE

- The first estimate of expected expenditure for 1998-99 is $38,520m, 19.2% higher than the corresponding estimate for 1997-98. Expectations for equipment, plant and machinery are 28.2% higher than corresponding expectations for 1997-98 and reflect increased expectations across most industries, most notably in Mining, Manufacturing, Retail, and Transport and Storage. Expenditure on building and structures represent a 4.1% increase over the corresponding estimate for 1997-98.

NOTES

FORTHCOMING ISSUES

ISSUE (Quarter)	*RELEASE DATE*
March 1998	28 May 1998
June 1998	27 August 1998

CHANGES IN THIS ISSUE

There are no changes in this issue.

ESTIMATES OF EXPENDITURE ON EQUIPMENT

A new survey form for the collection of data was introduced from the March quarter 1996. This new form included an asset dissection of expenditure on equipment, plant and machinery.

Details for 1996–97 were published in the June quarter 1997 issue.

REVISIONS TO TREND

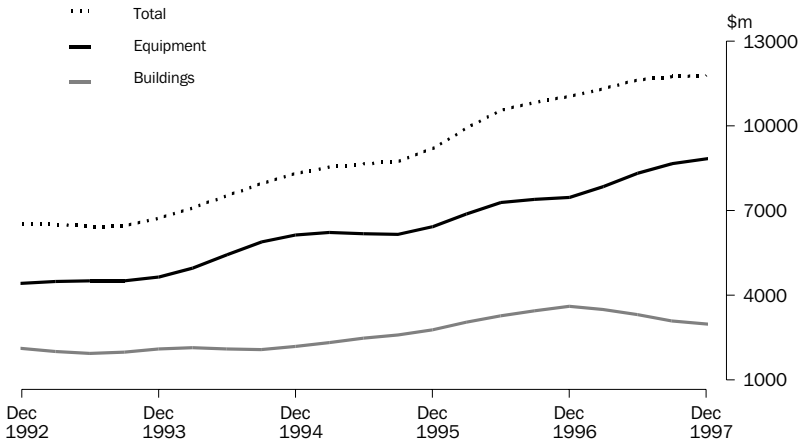
Readers should exercise care in the interpretation of the trend data as the last three observations, in particular, are likely to be revised with the addition of subsequent quarters' data. For further information, refer to Revisions to Trend Estimates on page 19.

W. McLennan
Australian Statistician

QUARTERLY TREND ESTIMATES AT CONSTANT PRICES

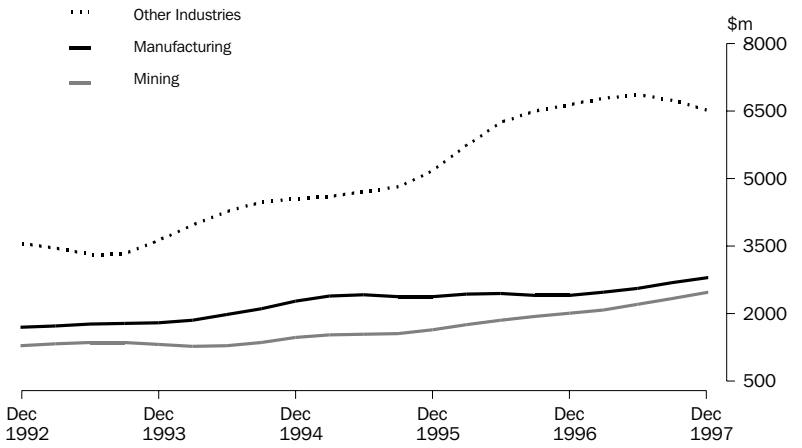
BY ASSET

For nine quarters, from December quarter 1994, growth rates for expenditure on buildings and structures were between 3.9% and 9.9%. Over the last four quarters however, growth rates have been negative with the current estimate of $2,969m being $625m (17.4%) lower than that of the December quarter 1996. Rates of growth for expenditure on equipment have decreased for the past two quarters. The current estimate of $8,833m is however $1,370m (18.4%) higher than that of the December quarter 1996.



BY INDUSTRY

Growth rates for expenditure by the Mining industry have been steady over the past two years, and have been around 6.0% for the last three quarters. The current estimate is $2,473m which is 51.4% higher than that of December quarter 1995 ($1,633m). Expenditure by the Manufacturing industry has been growing at rates between 3.9% and 4.6% over the past three quarters. This is the seventh quarter of decreasing growth rates for Other Selected industries with the last two quarters showing negative growth.

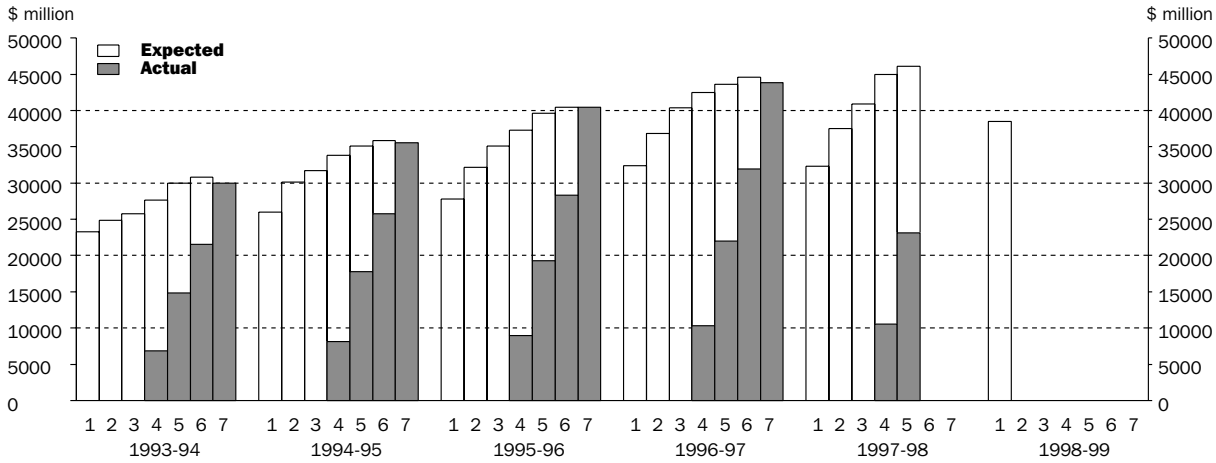


ACTUAL AND EXPECTED NEW CAPITAL EXPENDITURE

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)							
1995–96	3 709	1 294	7 345	12 348	3 816	9 163	15 146	28 124	7 525	10 457	22 491	40 473
1996–97	4 296	1 686	8 348	14 330	4 485	8 511	16 511	29 507	8 781	10 198	24 859	43 837
1996–97												
September	924	274	2 217	3 415	1 042	2 083	3 746	6 870	1 966	2 357	5 962	10 285
December	1 096	423	2 429	3 948	1 209	2 271	4 270	7 750	2 305	2 694	6 699	11 698
March	1 179	442	1 968	3 589	1 007	1 877	3 488	6 371	2 186	2 319	5 456	9 960
June	1 097	547	1 735	3 378	1 227	2 281	5 007	8 516	2 324	2 828	6 742	11 894
1997–98												
September	956	523	1 442	2 921	1 535	2 005	4 102	7 642	2 491	2 528	5 544	10 563
December	1 229	724	1 937	3 889	1 805	2 403	4 494	8 701	3 033	3 126	6 430	12 590
					ORIGINAL (Expected)(a)							
1997-98												
6 mths to Jun	2 599	955	3 862	7 416	4 226	4 236	7 043	15 505	6 825	5 192	10 905	22 921
Total 1997-98	4 783	2 202	7 241	14 226	7 566	8 644	15 638	31 848	12 349	10 846	22 879	46 074
Total 1998-99												
12 mths to Jun	4 029	1 183	7 370	12 582	6 005	7 544	12 389	25 938	10 034	8 727	19 759	38 520
					SEASONALLY ADJUSTED (Actual)							
1995–96	3 700	1 264	7 262	12 226	3 821	9 182	15 166	28 169	7 520	10 446	22 428	40 395
1996–97	4 306	1 642	8 462	14 410	4 484	8 527	16 458	29 469	8 789	10 169	24 920	43 879
1996–97												
September	1 004	167	2 294	3 466	1 055	2 247	3 838	7 140	2 059	2 414	6 133	10 606
December	979	436	2 163	3 578	1 123	2 140	3 931	7 194	2 102	2 577	6 094	10 772
March	1 219	440	2 250	3 909	1 144	2 107	4 002	7 253	2 364	2 547	6 251	11 162
June	1 103	599	1 755	3 458	1 162	2 033	4 687	7 881	2 265	2 632	6 442	11 339
1997–98												
September	1 042	460	1 478	2 980	1 555	2 163	4 209	7 926	2 597	2 622	5 687	10 906
December	1 096	729	1 737	3 562	1 677	2 267	4 138	8 081	2 773	2 996	5 875	11 644
					TREND ESTIMATES (Actual)							
1995–96	3 641	1 236	7 145	12 023	3 794	9 276	15 034	28 104	7 436	10 512	22 179	40 127
1996–97	4 328	1 646	8 486	14 460	4 582	8 570	16 450	29 603	8 910	10 216	24 936	44 063
1996–97												
September	1 028	288	2 302	3 619	1 083	2 247	3 988	7 318	2 112	2 535	6 290	10 937
December	1 077	366	2 300	3 744	1 089	2 144	3 965	7 199	2 167	2 511	6 265	10 942
March	1 105	459	2 056	3 620	1 135	2 087	4 162	7 384	2 241	2 546	6 218	11 004
June	1 117	532	1 828	3 477	1 274	2 092	4 335	7 702	2 391	2 624	6 164	11 179
1997–98												
September	1 090	578	1 649	3 317	1 468	2 152	4 330	7 950	2 558	2 730	5 979	11 267
December	1 061	623	1 552	3 236	1 666	2 217	4 231	8 114	2 727	2 840	5 783	11 350

(a) 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

Period	Total mining	Food, beverage and tobacco	Textile, clothing, footwear and leather	Wood and paper product	Printing, publishing and recorded media	Petroleum, coal, chemical and assoc. product	Non-metallic mineral product	Metal product	Machinery and equipment	Other manu-facturing	Total manu-facturing
	MINING....	MANUFACTURING.....									
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
	ORIGINAL (Actual)										
1995–96	7 525	1 895	271	1 112	673	1 719	756	2 192	1 611	227	10 457
1996–97	8 781	1 997	251	920	587	1 664	1 071	1 501	2 007	199	10 198
1996–97											
September	1 966	366	53	236	124	516	195	343	471	53	2 357
December	2 305	519	78	259	150	473	257	379	546	34	2 694
March	2 186	502	45	190	124	313	328	318	448	51	2 319
June	2 324	610	75	236	190	362	290	461	542	61	2 828
1997–98											
September	2 491	558	55	162	139	361	265	375	551	63	2 528
December	3 033	577	96	243	181	491	274	421	779	65	3 126
	ORIGINAL (Expected)(a)										
1997-98											
6 mths to Jun	6 825	1 075	98	364	282	894	369	1 005	990	113	5 192
Total 1997-98	12 349	2 210	250	768	603	1 745	908	1 801	2 320	241	10 846
Total 1998-99											
12 mths to Jun	10 034	1 831	136	613	453	1 647	621	1 955	1 324	148	8 727
	SEASONALLY ADJUSTED (Actual)										
1995–96	7 520	1 890	271	1 125	686	1 725	755	2 156	1 613	225	10 446
1996–97	8 789	1 986	249	918	586	1 648	1 067	1 512	2 006	198	10 169
1996–97											
September	2 059	391	56	233	152	470	207	381	478	47	2 414
December	2 102	501	65	253	153	430	249	392	494	40	2 577
March	2 364	542	54	216	133	367	311	391	477	57	2 547
June	2 265	553	74	216	149	381	300	349	557	54	2 632
1997–98											
September	2 597	595	58	161	170	327	281	416	559	55	2 622
December	2 773	558	81	238	185	448	265	438	706	78	2 996
	TREND ESTIMATES (Actual)										
1995–96	7 436	1 886	272	1 129	761	1 799	747	2 092	1 637	220	10 512
1996–97	8 910	2 103	248	900	582	1 615	1 066	1 601	1 973	199	10 216
1996–97											
September	2 112	499	59	242	146	442	222	467	451	48	2 535
December	2 167	509	60	232	141	424	256	389	481	47	2 511
March	2 241	534	63	223	144	385	290	362	502	49	2 546
June	2 391	561	67	203	151	363	298	382	538	55	2 624
1997–98											
September	2 558	574	59	198	167	375	286	402	599	62	2 730
December	2 727	576	65	207	179	400	268	427	650	68	2 840

(a) 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*

	OTHER SELECTED INDUSTRIES								TOTAL
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
					ORIGINAL (Actual)				
1995–96	2 158	2 004	2 673	3 299	1 856	4 513	5 987	22 491	**40 473**
1996–97	1 145	2 545	2 253	3 303	2 464	6 269	6 880	24 859	**43 837**
1996–97									
September	188	641	504	780	837	1 425	1 587	5 962	**10 285**
December	280	638	661	908	585	1 836	1 792	6 699	**11 698**
March	321	501	401	708	448	1 433	1 644	5 456	**9 960**
June	356	765	687	908	594	1 575	1 857	6 742	**11 894**
1997–98									
September	305	713	655	720	646	1 303	1 203	5 544	**10 563**
December	385	781	877	754	620	1 526	1 487	6 430	**12 590**
					ORIGINAL (Expected)(a)				
1997-98									
6 mths to Jun	476	1 505	1 247	1 670	1 200	2 288	2 519	10 905	**22 921**
Total 1997-98	1 166	2 998	2 779	3 144	2 466	5 117	5 209	22 879	**46 074**
Total 1998-99									
12 mths to Jun	562	2 440	2 881	2 648	1 936	4 712	4 581	19 759	**38 520**
					SEASONALLY ADJUSTED (Actual)				
1995–96	2 141	2 013	2 676	3 312	1 853	4 495	5 940	22 428	**40 395**
1996–97	1 162	2 554	2 225	3 335	2 441	6 317	6 887	24 920	**43 879**
1996–97									
September	173	615	542	840	781	1 412	1 769	6 133	**10 606**
December	299	557	609	759	574	1 667	1 628	6 094	**10 772**
March	368	595	471	765	517	1 789	1 746	6 251	**11 162**
June	322	787	602	971	569	1 448	1 744	6 442	**11 339**
1997–98									
September	281	683	707	778	602	1 288	1 348	5 687	**10 906**
December	411	683	810	624	610	1 386	1 350	5 875	**11 644**
					TREND ESTIMATES (Actual)				
1995–96	2 008	2 023	2 620	3 266	1 962	4 501	5 799	22 179	**40 127**
1996–97	1 284	2 504	2 279	3 345	2 328	6 272	6 899	24 936	**44 063**
1996–97									
September	359	572	601	868	615	1 449	1 827	6 290	**10 937**
December	297	595	542	814	615	1 646	1 757	6 265	**10 942**
March	297	644	536	819	569	1 658	1 695	6 218	**11 004**
June	332	694	601	843	529	1 519	1 621	6 164	**11 179**
1997–98									
September	335	714	696	791	606	1 377	1 476	5 979	**11 267**
December	354	704	780	703	631	1 280	1 331	5 783	**11 350**

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

3 ACTUAL EXPENDITURE, By Type of Asset and Industry—Constant prices(a)

	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							
1995–96	11 985	26 721	38 706	6 878	9 562	22 266	38 706
1996–97	13 702	31 009	44 711	8 098	9 818	26 796	44 711
1996–97							
September	3 257	7 031	10 288	1 798	2 232	6 259	10 288
December	3 775	7 998	11 773	2 123	2 584	7 066	11 773
March	3 463	6 709	10 172	2 035	2 247	5 890	10 172
June	3 207	9 271	12 478	2 141	2 756	7 582	12 478
1997–98							
September	2 736	8 378	11 114	2 274	2 500	6 340	11 114
December	3 600	9 392	12 992	2 745	3 079	7 169	12 992
SEASONALLY ADJUSTED							
1995–96	11 880	26 750	38 630	6 873	9 549	22 208	38 630
1996–97	13 797	30 953	44 750	8 106	9 794	26 850	44 750
1996–97							
September	3 274	7 301	10 574	1 887	2 282	6 406	10 574
December	3 424	7 420	10 844	1 935	2 473	6 436	10 844
March	3 813	7 644	11 457	2 196	2 473	6 787	11 457
June	3 286	8 589	11 875	2 088	2 566	7 221	11 875
1997–98							
September	2 737	8 684	11 421	2 372	2 589	6 459	11 421
December	3 298	8 717	12 015	2 508	2 949	6 557	12 015
TREND ESTIMATES							
1995–96	11 669	26 730	38 399	6 794	9 610	21 995	38 399
1996–97	13 840	31 015	44 856	8 215	9 842	26 798	44 856
1996–97							
September	3 454	7 384	10 839	1 939	2 398	6 501	10 839
December	3 594	7 463	11 057	2 000	2 409	6 649	11 057
March	3 484	7 846	11 330	2 073	2 469	6 788	11 330
June	3 307	8 322	11 630	2 203	2 566	6 861	11 630
1997–98							
September	3 094	8 661	11 755	2 337	2 685	6 733	11 755
December	2 969	8 833	11 802	2 473	2 801	6 528	11 802

(a) At average 1989–90 prices.

4 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)				
1994–95	7 840	9 155	9 650	9 012	10 016	9 798	9 093
1995–96	8 700	9 528	10 479	11 878	12 861	12 373	12 348
1996–97	9 559	11 643	14 017	15 056	15 633	15 769	14 330
1997–98	12 085	14 505	13 668	14 014	14 226	n.y.a.	n.y.a.
1998–99	12 582	n.y.a.	n.y.a.	n.y.a.	n.y.a.	n.y.a.	n.y.a.
			BUILDINGS AND STRUCTURES (Realisation Ratio)(a)				
1994–95	1.16	0.99	0.94	1.01	0.91	0.93	1.00
1995–96	1.42	1.30	1.18	1.04	0.96	1.00	1.00
1996–97	1.50	1.23	1.02	0.95	0.92	0.91	1.00
5 year average	1.27	1.13	1.04	0.99	0.93	0.94	1.00
			EQUIPMENT, PLANT AND MACHINERY ($ million)				
1994–95	18 176	20 814	22 085	24 832	25 072	26 027	26 467
1995–96	19 069	22 634	24 605	25 437	26 742	28 077	28 124
1996–97	22 841	25 174	26 384	27 428	27 996	28 845	29 507
1997–98	20 229	22 974	27 193	30 974	31 848	n.y.a.	n.y.a.
1998–99	25 938	n.y.a.	n.y.a.	n.y.a.	n.y.a.	n.y.a.	n.y.a.
			EQUIPMENT, PLANT AND MACHINERY (Realisation Ratio)(a)				
1994–95	1.46	1.27	1.20	1.07	1.06	1.02	1.00
1995–96	1.47	1.24	1.14	1.11	1.05	1.00	1.00
1996–97	1.29	1.17	1.12	1.08	1.05	1.02	1.00
5 year average	1.38	1.23	1.15	1.08	1.04	1.00	1.00
			TOTAL ($ million)				
1994–95	25 997	30 167	31 736	33 844	35 087	35 825	35 561
1995–96	27 769	32 161	35 084	37 315	39 603	40 450	40 473
1996–97	32 400	36 817	40 401	42 484	43 629	44 614	43 837
1997–98	32 321	37 479	40 860	44 988	46 074	n.y.a.	n.y.a.
1998–99	38 520	n.y.a.	n.y.a.	n.y.a.	n.y.a.	n.y.a.	n.y.a.
			TOTAL (Realisation Ratio)(a)				
1994–95	1.37	1.18	1.12	1.05	1.01	0.99	1.00
1995–96	1.46	1.26	1.15	1.08	1.02	1.00	1.00
1996–97	1.35	1.19	1.09	1.03	1.00	0.98	1.00
5 year average	1.35	1.19	1.12	1.05	1.00	0.98	1.00
			TOTAL (Percentage change over previous estimate for same financial year)				
1994–95	n.a.	16.0	5.2	6.6	3.7	2.1	–0.7
1995–96	n.a.	15.8	9.1	6.4	6.1	2.1	0.1
1996–97	n.a.	13.6	9.7	5.2	2.7	2.3	–1.7
1997–98	n.a.	16.0	9.0	10.1	2.4	n.y.a.	n.y.a.
1998–99	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)				
1994–95	11.8	21.5	23.0	22.3	17.0	16.2	18.6
1995–96	6.8	6.6	10.6	10.3	12.9	12.9	13.8
1996–97	16.7	14.5	15.2	13.9	10.2	10.3	8.3

(a) 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)				
1994–95	7 700	8 839	9 445	10 255	10 309	10 474	10 352
1995–96	8 975	9 964	10 721	11 185	11 160	10 978	10 457
1996–97	9 711	10 037	10 652	11 081	10 350	10 359	10 198
1997–98	7 727	8 826	10 108	10 936	10 846	n.y.a.	n.y.a.
1998–99	8 727	n.y.a.	n.y.a.	n.y.a.	n.y.a.	n.y.a.	n.y.a.
			MANUFACTURING (Realisation Ratio)(a)				
1994–95	1.34	1.17	1.10	1.01	1.00	0.99	1.00
1995–96	1.17	1.05	0.98	0.93	0.94	0.95	1.00
1996–97	1.05	1.02	0.96	0.92	0.99	0.98	1.00
5 year average	1.15	1.06	1.00	0.96	0.96	0.97	1.00
			MINING ($ million)				
1994–95	5 370	6 013	6 666	6 897	6 976	6 951	6 351
1995–96	5 541	6 720	7 472	7 627	7 764	7 788	7 525
1996–97	7 789	9 913	10 113	9 932	9 452	9 354	8 781
1997–98	8 592	9 588	11 027	11 908	12 349	n.y.a.	n.y.a.
1998–99	10 034	n.y.a.	n.y.a.	n.y.a.	n.y.a.	n.y.a.	n.y.a.
			MINING (Realisation Ratio)(a)				
1994–95	1.18	1.06	0.95	0.92	0.91	0.91	1.00
1995–96	1.36	1.12	1.01	0.99	0.97	0.97	1.00
1996–97	1.13	0.89	0.87	0.88	0.93	0.94	1.00
5 year average	1.13	1.00	0.92	0.93	0.93	0.93	1.00
			OTHER SELECTED INDUSTRIES ($ million)				
1994–95	12 947	15 116	15 624	16 692	17 803	18 400	18 857
1995–96	13 253	15 478	16 890	18 503	20 679	21 683	22 491
1996–97	14 900	16 867	19 636	21 470	23 827	24 901	24 859
1997–98	16 002	19 065	19 726	22 144	22 879	n.y.a.	n.y.a.
1998–99	19 759	n.y.a.	n.y.a.	n.y.a.	n.y.a.	n.y.a.	n.y.a.
			OTHER SELECTED INDUSTRIES (Realisation Ratio)(a)				
1994–95	1.46	1.25	1.21	1.13	1.06	1.02	1.00
1995–96	1.70	1.45	1.33	1.22	1.09	1.04	1.00
1996–97	1.67	1.47	1.27	1.16	1.04	1.00	1.00
5 year average	1.60	1.39	1.29	1.17	1.05	1.01	1.00

(a) 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.

6 RATIOS OF ACTUAL TO SHORT TERM EXPECTATION FOR SAME PERIOD(a)—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				
1995–96	0.95	0.99	1.05	0.93
1996–97	0.94	0.70	1.02	0.84
1997–98	0.95	n.y.a.	0.94	n.y.a.
5 year average	0.97	0.80	1.01	0.86
Equipment, Plant and Machinery				
1995–96	1.00	1.01	1.02	1.10
1996–97	0.97	1.08	1.06	1.11
1997–98	0.98	n.y.a.	1.13	n.y.a.
5 year average	0.98	1.01	1.09	1.08
Total				
1995–96	0.98	1.00	1.03	1.04
1996–97	0.96	0.94	1.04	1.01
1997–98	0.97	n.y.a.	1.07	n.y.a.
5 year average	0.97	0.94	1.06	1.01
TYPE OF INDUSTRY				
Mining				
1995–96	0.93	0.89	0.89	0.94
1996–97	0.84	0.80	0.87	0.87
1997–98	0.92	n.y.a.	1.02	n.y.a.
5 year average	0.88	0.79	0.91	0.87
Manufacturing				
1995–96	0.85	0.85	0.91	0.88
1996–97	0.74	0.95	0.91	0.97
1997–98	0.94	n.y.a.	1.02	n.y.a.
5 year average	0.85	0.90	0.96	0.93
Other Selected Industries				
1995–96	1.08	1.13	1.16	1.18
1996–97	1.15	0.99	1.20	1.09
1997–98	1.02	n.y.a.	1.11	n.y.a.
5 year average	1.10	1.04	1.20	1.11
Total				
1995–96	0.98	1.00	1.03	1.04
1996–97	0.96	0.94	1.04	1.01
1997–98	0.97	n.y.a.	1.07	n.y.a.
5 year average	0.97	0.94	1.06	1.01

(a) 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 (i.e. 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 7,500 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.

SURVEY METHODOLOGY
continued

5 Adjustments are included in the estimates to allow for lags in processing new businesses to the ABS business register, and the omission of some businesses from the business register. The majority of businesses affected and to which the adjustments apply are small in size. The adjustments contributed 5.2% to the current quarter's estimate of reported capital expenditure. These adjustments were introduced in the June quarter 1997 publication and have been made back to the June quarter 1987. For further information see the June quarter 1997 publication or an Information Paper — *Improvements to ABS Economic Statistics 1997* (Cat. No. 1357.0) issued on 22 August 1997.

6 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

7 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.

Period to which reported data relates

	1996–97			1997–98				1998–99			
Survey quarter	*Dec*	*Mar*	*Jun*	*Sep*	*Dec*	*Mar*	*Jun*	*Sep*	*Dec*	*Mar*	*Jun*
December 1996	Act	E1		E2							
March 1997	Act	Act	E1	E2							
June 1997	Act	Act	Act	E1		E2					
September 1997				Act	E1	E2					
December 1997				Act	Act	E1		E2			
March 1998				Act	Act	Act	E1	E2			
June 1998				Act	Act	Act	Act	E1		E2	

8 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).

9 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 1997–98 was available from the December 1996 survey as a longer term expectation (E2). It was subsequently revised in the March 1997 survey (again as a longer term expectation) and in the June 1997 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 1998 survey, will be derived by summing the actual expenditure for each of the four quarters.

SAMPLE REVISION

10 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.

11 With these revisions to the sample, some of the business units are rotated out of the survey and are replaced by others 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.

12 When the frames and samples were updated annually prior to the June quarter 1996, some data would be revised as a consequence. 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.

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,* (1292.0) and *Statistics New Zealand* (19.005.0092).

16 In order to classify new capital expenditure by industry, each statistical unit (as defined above) is classified to the 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 1997–98 based on the June 1997 survey results and compare this with 1996–97 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 goods 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.

	RELATIVE STANDARD ERROR
Total new capital expenditure:	
Mining	7.3%
Manufacturing	2.8%
Other Selected Industries	3.4%
Buildings & Structures	4.8%
Equipment, Plant & Machinery	2.7%
Total Selected Industries	2.6%

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.

SEASONAL ADJUSTMENT *continued*

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 1997 survey. Data for periods after June 1997 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.

COMPARABILITY WITH NATIONAL ACCOUNTS ESTIMATES *continued*

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:

- *Australian Business Expectations* (5250.0)
- *Australian National Accounts. National Income, Expenditure and Product* (5206.0)
- *Building Activity, Australia* (8752.0)
- *Business Operations and Industry Performance, Australia* (8140.0)
- *Directory of Capital Expenditure Data Sources and Related Statistics* (5653.0)
- *State Estimates of Private New Capital Expenditure,* (5646.0)
- *Company Profits, Australia* (5651.0)
- *Engineering Construction Activity, Australia* (8762.0)
- *Stocks and Sales, Selected Industries, Australia* (5629.0).

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

ANZSIC	Australian and New Zealand Standard Industrial Classification
n.y.a.	not yet available

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).

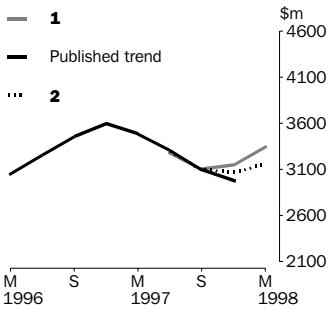
The examples in the tables below show two scenarios and the consequent revisions to previous trend estimates of capital expenditure by private businesses.

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.

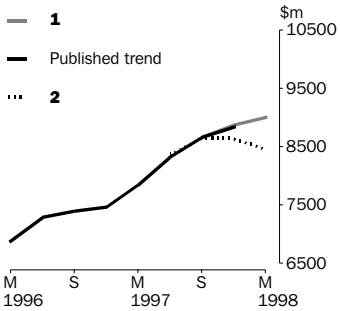
The percentages chosen are approximately the long term average movement, without regard to sign, in the seasonally adjusted series.

BUILDINGS AND STRUCTURES



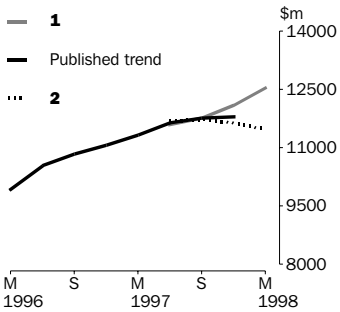
	TREND AS PUBLISHED		WHAT IF NEXT QUARTER'S SEASONALLY ADJUSTED ESTIMATE:			
			1 *rises by 6.7% on Dec 1997*		**2** *falls by 6.7% on Dec 1997*	
	$m	*% change*	*$m*	*% change*	*$m*	*% change*
1997						
June	3 307	–5.1	3 280	–5.9	3 297	–5.4
September	3 094	–6.4	3 103	–5.4	3 096	–6.1
December	2 969	–4.0	3 149	1.5	3 066	–1.0
1998						
March	—	—	3 344	6.2	3 161	3.1

EQUIPMENT, PLANT AND



	TREND AS PUBLISHED		WHAT IF NEXT QUARTER'S SEASONALLY ADJUSTED ESTIMATE:			
			1 *rises by 4.9% on Dec 1997*		**2** *falls by 4.9% on Dec 1997*	
	$m	*% change*	*$m*	*% change*	*$m*	*% change*
1997						
June	8 322	6.1	8 321	6.1	8 371	6.7
September	8 661	4.1	8 659	4.1	8 640	3.2
December	8 833	2.0	8 871	2.5	8 629	–0.1
1998						
March	—	—	9 011	1.6	8 455	–2.0

TOTAL CAPITAL EXPENDITURE



	TREND AS PUBLISHED		WHAT IF NEXT QUARTER'S SEASONALLY ADJUSTED ESTIMATE:			
			1 *rises by 4.4% on Dec 1997*		**2** *falls by 4.4% on Dec 1997*	
	$m	*% change*	*$m*	*% change*	*$m*	*% change*
1997						
June	11 630	2.6	11 587	2.3	11 682	3.1
September	11 755	1.1	11 765	1.5	11 732	0.4
December	11 802	0.4	12 085	2.7	11 630	–0.9
1998						
March	—	—	12 536	3.7	11 457	–1.5

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ISSN 1323-2568

RRP $16.00

Produced by the Australian Bureau of Statistics