



Reference No. 5.8

CAPITAL EXPENDITURE BY PRIVATE BUSINESSES IN AUSTRALIA  
DECEMBER QUARTER 1973 (ACTUAL)  
JANUARY TO JUNE 1974 (ANTICIPATED)

EXPLANATORY NOTES

This bulletin contains estimates of capital expenditure based on returns obtained from a sample of businesses subject to pay-roll tax (i.e., businesses paying more than \$400 a week in wages), supplemented by returns from other businesses not subject to pay-roll tax which are known to be undertaking capital expenditure projects entailing expenditure of \$500,000 or more in a six-monthly period.

2. This bulletin contains estimates of actual and anticipated new capital expenditure by industry group (see Table 1) and by type of asset for selected industry groups (see Tables 2 and 3). Preliminary estimates of actual capital expenditure for the December quarter 1973, previously published in bulletin (Reference No. 5.7) of 5 March 1974 are revised in this bulletin.

3. As the estimates are derived from returns received from a sample of businesses, they may differ from the results which would have been obtained by a comparable complete collection. A measure of the likely difference is given by the standard error of the estimates. The standard error of the revised quarterly estimates of actual capital expenditure is approximately 1.5 per cent for the total value for Australia and 2 per cent for the totals of the manufacturing and non-manufacturing industries. The standard error for the individual industry groups varies between 2 and 7 per cent for the manufacturing industries and between 1 and 4 per cent for non-manufacturing. There are about 2 chances in 3 that a sample estimate will differ from results which would be obtained from a comparable complete collection by less than 1 standard error, and 19 chances in 20 that the difference would be less than 2 standard errors. For example, the December quarter 1973 revised estimate of total capital expenditure is \$907 million with a standard error of approximately 1.5 per cent, which means that there are 2 chances in 3 that a complete collection would give an estimate within the range of approximately \$893 million to \$921 million, and 19 chances in 20 that the estimate would be within the range of \$879 million to \$935 million.

4. The revised estimates differ to some extent from the corresponding preliminary estimates published on 5 March 1974 due to sampling variability between the two estimates. Also the receipt, after publication of the preliminary estimates, of additional returns from businesses not subject to pay-roll tax (see paragraph 1 above) may result in the revised estimates being higher than the preliminary estimates. The standard errors of the preliminary estimates, which are based on returns from 70-75 per cent of the businesses included in the sample, vary from quarter to quarter but are approximately 2 per cent for 'Total All Industries' and 2.5 per cent for 'Total Manufacturing' and 'Total Non-Manufacturing'. As can be seen by reference to paragraph 3, the revised estimates, being based on returns from the full sample, have a lower sampling error.

5. The standard errors of the estimates, quoted above, relate to the level of the estimates of capital expenditure. The sample estimates of quarter to quarter movement in the value of capital expenditure (i.e. the difference between the estimates for the current quarter and those for the preceding quarter) are, likewise, subject to sampling variability. A measure of the likely difference between the sample estimate of movement, and the movement which would be indicated by the results of comparable complete collections, is given by the standard error of the estimates of movement. This is expressed as a percentage of the level of the current quarterly estimate. For example the revised estimates show an increase of \$162 million between the September and December quarters of 1973. If the standard error of movement were 1.5 per cent, then there would be 2 chances in 3 that the increase would be between \$148 million and \$176 million and 19 chances in 20 that the increase would be between \$134 million and \$190 million. The standard errors of estimates of quarter to quarter movement in the value of capital expenditure have not yet been calculated, but these errors can in most cases be taken to be slightly less than the standard errors of the estimates of the level of capital expenditure.

6. Seasonally adjusted estimates of new capital expenditure are shown in Tables 2 and 3. Details of the methods used in seasonally adjusting these series together with selected measures of variability are shown in *Seasonally Adjusted Indicators 1973* (Reference No. 1.10).

### Scope and coverage

7. This survey is designed primarily to measure *trends* in expenditure by private businesses on the tangible assets specified. With current statistical resources it is not practicable to include all private industry in the survey. The fields of private industry excluded are:

- (a) Businesses whose pay-roll is below the exemption limit for pay-roll tax (unless included in the supplementary collection from businesses known to be undertaking capital expenditure projects involving expenditure of \$500,000 or more in a six-monthly period).
- (b) Organisations 'exempted' from pay-roll tax such as religious or benevolent institutions.
- (c) Rural industries.
- (d) Certain businesses such as accountants, trade associations, consultant engineers, etc. Capital expenditure by these businesses is considered too small to affect trends.
- (e) Gas and electricity manufacturing and distribution.

8. Although governmental undertakings in general are excluded from the survey, government airlines and banks are included for the sake of completeness in these industrial fields.

9. Employment in the field of business for which estimates of capital expenditure are shown expressed as a percentage of total private employment (other than rural and private domestic) plus employment in government airlines and banks is approximately 78%. In relation to the measurement of capital expenditure this employment percentage is intended to be a broad indication of the extent of the field covered.

### Industrial dissection

10. Returns are obtained on a State basis and, in general, businesses are classified according to their predominant activity in each State. Certain large organisations having extensive operations in more than one industry supply information for their separate industries.

### Description of terms

11. 'New capital expenditure' is defined as being the total payments met from any source (including receipts from insurance claims, from the sale of existing assets, and trade-in allowances) by businesses, during the period specified for the purchase and/or installation of new buildings and structures and other capital equipment whether or not the assets were acquired during the period in which payment is made. New capital expenditure also includes the value of large items of capital equipment imported for the purpose of leasing (e.g. ships, oil drilling rigs, etc.) to a business in Australia for a period expected to exceed one year, irrespective of whether any payment is made for such equipment by the importer.

12. The component 'Buildings and structures' covers assets such as buildings, wharves, railway and harbour constructions, roads and also lifts, heating and ventilation equipment and the like forming an integral part of the structure.

13. The component 'Other capital equipment' covers all machinery and equipment, including vehicles, aircraft and ships, and such items as new motors, lathes, office equipment and fixtures.

14. The estimates *exclude* expenditure on the purchase of land, existing buildings and other structures, and second-hand equipment (unless bought from overseas suppliers).

15. 'Anticipated expenditure' represents the total of new capital expenditure anticipated by individual businesses at the beginning of the half-year. Subsequent changes in economic conditions may cause revision of plans and affect the timing of construction or the deliveries of equipment, or their cost. On occasions individual plans may prove to be collectively beyond the capacity of the economy. For comparison, Table 2 includes a series showing actual expenditure and expenditure anticipated by businesses at the beginning of each period.

TABLE 1. - NEW CAPITAL EXPENDITURE BY INDUSTRY GROUP - ACTUAL AND ANTICIPATED

	Manufacturing								Non-manufacturing					Total manufacturing and non-manufacturing	
	Extracting refining founding	Engineering (a)	Vehicles (b)	Chemicals (c)	Textiles and clothing	Food, drink, and tobacco	Paper and printing	Other manufacturing (d)	Total manufacturing	Wholesale and retail trade	Mining	Transport (e)	Other non-manufacturing(f)		Total non-manufacturing
\$ million															
Actual expenditure															
Quarter ended -															
1971-72 -															
September	84.3	36.5	15.2	30.5	10.2	39.9	19.3	34.7	270.6	89.4	240.4	92.3	142.5	564.6	835.2
December	95.8	47.5	19.8	28.4	12.6	45.7	25.3	38.4	313.5	98.8	245.6	83.3	154.9	582.6	896.1
March	62.5	34.6	14.7	21.0	10.4	37.3	22.0	31.2	233.7	67.3	195.6	40.0	124.7	427.6	661.3
June	66.8	46.4	16.6	23.5	12.3	50.2	26.6	36.9	279.3	103.0	192.0	58.3	166.3	519.6	798.9
1972-73 -															
September	52.3	34.6	17.2	24.6	11.8	45.6	24.4	34.5	245.0	112.3	114.7	52.9	164.1	444.0	689.0
December	51.7	40.0	22.1	33.1	12.7	60.6	16.6	37.8	274.6	110.0	127.7	42.9	176.1	456.7	731.3
March	37.0	32.0	22.1	20.3	8.8	51.7	17.1	35.7	224.7	90.5	92.1	23.6	140.1	346.3	571.0
June	42.1	50.1	27.2	26.7	11.1	60.4	15.8	47.5	280.9	111.8	120.8	47.0	176.4	456.0	736.9
1973-74 -															
September	38.0	39.0	22.4	27.1	11.1	50.9	19.5	45.9	253.9	109.9	108.3	80.8	192.0	491.0	744.9
December	43.2	52.6	26.6	39.7	17.1	69.2	26.5	58.8	333.7	153.6	151.2	59.3	209.6	573.7	907.4
6 months ended -															
June	79.1	82.1	49.3	47.0	19.9	112.1	32.9	83.2	505.6	202.3	212.9	70.6	316.5	802.3	1,307.9
December	81.2	91.6	49.0	66.8	28.2	120.1	46.0	104.7	587.6	263.5	259.5	140.1	401.6	1,064.7	1,652.3
Anticipated expenditure (g)															
6 months ended -															
June 1974	114.2	123.5	49.6	67.2	28.6	129.6	55.8	132.1	700.6	254.2	342.8	138.7	465.3	1,201.0	1,901.6

(a) Engineering, metalworking, electrical equipment. (b) Vehicles, aircraft and ships, parts and accessories. Includes assembly and repairs. (c) Chemicals, fertilisers, paints, explosives, cosmetics and oil refining. (d) Sawmilling, furniture, plastics, leather, rubber etc. (e) Road, rail and air transport, shipping and stevedoring. (f) Building, construction, banking insurance, other finance and property, amusements, hotels, cafes, personal services, etc. (g) Anticipated by businesses at the beginning of the period. See explanatory notes, paragraph 15, page 2.

TABLE 2. - NEW CAPITAL EXPENDITURE BY SELECTED INDUSTRY GROUP AND TYPE OF ASSET ACTUAL AND ANTICIPATED (a) EXPENDITURE 1971-72 TO 1973-74 ORIGINAL AND SEASONALLY ADJUSTED SERIES AND PERCENTAGE CHANGE IN SEASONALLY ADJUSTED SERIES (b)

Period	New building and structures				Other new capital equipment				Total new capital expenditure				
	Manu- facturing	Mining (c)	Other industries	All industries	Manu- facturing	Mining (c)	Other industries	All industries	Manu- facturing	Mining (c)	Other industries	All industries	
ORIGINAL SERIES (\$ million)													
1971-72: July to Dec.	Antic.	152.2	238.6	363.9	754.7	457.7	275.6	307.7	1,041.0	609.9	514.2	671.6	1,795.7
	Actual	135.4	233.6	336.1	705.1	448.7	252.4	325.1	1,026.2	584.1	486.0	661.2	1,731.3
Jan. to June	Antic.	128.4	204.5	334.8	667.7	412.5	197.4	188.4	798.3	540.9	401.9	523.2	1,466.0
	Actual	105.2	156.1	293.6	554.9	407.8	231.5	266.0	905.3	513.0	387.6	559.6	1,460.2
1972-73: July to Dec.	Antic.	112.6	126.4	424.2	663.2	425.7	165.1	266.5	857.3	538.3	291.5	690.7	1,520.5
	Actual	108.2	113.4	369.0	590.6	411.4	129.0	289.3	829.7	519.6	242.4	658.3	1,420.3
Jan. to June	Antic.	125.7	128.8	428.8	683.3	405.1	139.7	238.1	782.9	530.8	268.5	666.9	1,466.2
	Actual	103.7	97.0	332.3	533.0	401.9	115.9	257.1	774.9	505.6	212.9	589.4	1,307.9
1973-74: July to Dec.	Antic.	145.3	127.8	473.7	746.8	454.9	168.0	327.3	950.2	600.2	295.8	801.0	1,697.0
	Actual	132.8	117.7	427.2	677.7	454.9	141.8	377.9	974.6	587.7	259.5	805.1	1,652.3
Jan. to June	Antic.	171.1	158.7	518.7	848.5	529.6	184.1	339.5	1,053.2	700.7	342.8	858.2	1,901.7
SEASONALLY ADJUSTED SERIES (\$ million)													
1971-72: July to Dec.	Antic.	148.3	230.1	353.1	731.4	453.2	279.0	289.5	1,018.9	602.4	510.7	644.8	1,752.8
	Actual	128.8	225.0	313.9	667.4	441.0	252.0	311.6	1,001.9	568.2	472.9	623.1	1,670.6
Jan. to June	Antic.	130.9	210.8	345.0	688.2	418.4	195.9	201.5	815.9	548.3	404.1	545.2	1,502.6
	Actual	112.1	165.5	315.6	593.4	414.5	232.9	276.0	927.6	528.3	402.7	593.3	1,519.5
1972-73: July to Dec.	Antic.	110.0	121.9	411.5	642.9	421.9	166.9	249.8	838.2	532.4	289.5	662.3	1,483.6
	Actual	102.8	108.5	345.2	559.3	405.2	129.5	276.9	811.2	505.3	236.1	620.5	1,371.9
Jan. to June	Antic.	127.8	132.7	441.8	704.1	410.8	138.7	255.5	800.9	537.5	270.0	695.6	1,503.5
	Actual	109.4	100.9	357.2	564.5	407.8	115.3	268.6	792.9	519.1	217.8	627.7	1,355.1
1973-74: July to Dec.	Antic.	142.1	123.2	459.4	724.0	451.0	169.7	306.2	928.6	594.0	293.8	767.5	1,655.5
	Actual	124.8	112.7	399.6	641.1	446.3	140.4	361.2	948.9	569.5	259.6	757.6	1,591.1
Jan. to June	Antic.	173.7	163.5	534.4	874.2	537.0	182.9	365.0	1,077.6	709.2	344.7	895.6	1,950.4
PERCENTAGE CHANGE (b)													
1971-72: July to Dec.	Antic.	..	+19	+10	+10	+5	+15	+1	+6	+4	+16	+6	+8
	Actual	-13	+16	-2	..	+2	+4	+9	+4	-2	+7	+2	+3
Jan. to June	Antic.	+2	-6	+10	+3	-5	-22	-35	-19	-4	-15	-13	-10
	Actual	-13	-26	+1	-11	-6	-8	-11	-7	-7	-15	-5	-9
1972-73: July to Dec.	Antic.	-2	-26	+30	+8	+2	-28	-9	-10	+1	-28	+12	-2
	Actual	-8	-34	+9	-6	-2	-44	..	-13	-4	-41	+5	-10
Jan. to June	Antic.	+24	+22	+28	+26	+1	+7	-8	-1	+6	+14	+12	+10
	Actual	+6	-7	+3	+1	+1	-11	-3	-2	+3	-8	+1	-1
1973-74: July to Dec.	Antic.	+30	+22	+29	+28	+11	+47	+14	+17	+14	+35	+22	+22
	Actual	+14	+12	+12	+14	+9	+22	+34	+20	+10	+19	+21	+17
Jan. to June	Antic.	+39	+45	+34	+36	+20	+30	+1	+14	+25	+33	+18	+23

(a) Anticipated by businesses at the beginning of the period. See explanatory notes, paragraph 15, page 2. (b) Change from seasonally adjusted actual expenditure preceding period. (c) The seasonal analysis of the series 'Anticipated new capital expenditure by the mining industry' shows only an insignificant seasonal pattern.

TABLE 3. - NEW CAPITAL EXPENDITURE BY SELECTED INDUSTRY GROUP AND TYPE OF ASSET ACTUAL EXPENDITURE SEPTEMBER QUARTER 1971 TO DECEMBER QUARTER 1973 ORIGINAL AND SEASONALLY ADJUSTED SERIES AND PERCENTAGE CHANGE IN SEASONALLY ADJUSTED SERIES (a)

Quarter	New buildings and structures				Other new capital equipment				Total new capital expenditure			
	Manu- facturing	Mining	Other industries	All industries	Manu- facturing	Mining	Other industries	All industries	Manu- facturing	Mining	Other industries	All industries
ORIGINAL SERIES (\$ million)												
1971-72: September	64.9	117.0	162.7	344.6	205.7	123.4	161.5	490.6	270.6	240.4	324.2	835.2
December	70.5	116.6	173.4	360.5	243.0	129.0	163.6	535.6	313.5	245.6	337.0	896.1
March	49.2	81.4	125.6	256.2	184.5	114.2	106.4	405.1	233.7	195.6	232.0	661.3
June	56.0	74.7	168.0	298.7	223.3	117.3	159.6	500.2	279.3	192.0	327.6	798.9
1972-73: September	50.0	50.4	178.4	278.8	195.0	64.3	150.9	410.2	245.0	114.7	329.3	689.0
December	58.2	63.0	190.6	311.8	216.4	64.7	138.4	419.5	274.6	127.7	329.0	731.3
March	44.9	41.2	143.1	229.2	179.8	50.9	111.1	341.8	224.7	92.1	254.2	571.0
June	58.8	55.8	189.2	303.8	222.1	65.0	146.0	433.1	280.9	128.8	335.2	736.9
1973-74: September	53.2	51.7	200.4	305.3	200.7	56.6	182.3	439.6	253.9	108.3	382.7	744.9
December	79.6	66.0	226.8	372.4	254.2	85.2	195.6	535.0	333.8	151.2	422.4	907.4
SEASONALLY ADJUSTED SERIES (\$ million)												
1971-72: September	67.7	120.7	159.5	346.9	214.5	131.1	157.4	502.4	282.9	247.7	316.5	849.9
December	61.1	104.3	154.4	320.5	226.5	120.9	154.2	499.5	285.3	225.2	306.6	820.7
March	59.2	94.6	154.9	312.3	208.4	124.1	123.0	461.7	268.8	221.5	278.9	773.5
June	52.9	70.9	160.7	281.1	206.1	108.8	153.0	465.9	259.5	181.2	314.4	746.0
1972-73: September	52.4	51.9	174.3	280.3	203.8	68.9	145.9	419.9	256.8	118.4	319.5	700.7
December	50.4	56.6	170.9	279.0	201.4	60.6	131.0	391.3	249.5	117.7	301.0	671.2
March	54.0	47.9	176.4	279.0	202.7	55.3	128.3	389.3	258.1	104.2	305.8	667.2
June	55.4	53.0	180.8	285.5	205.1	60.0	140.3	403.6	261.0	113.6	321.9	687.9
1973-74: September	55.9	53.2	195.4	306.7	209.9	60.6	175.6	449.8	266.5	119.9	370.1	757.4
December	68.9	59.5	204.2	334.4	236.4	79.8	185.6	499.1	303.0	139.7	387.5	833.7
PERCENTAGE CHANGE (Seasonally adjusted series)												
1971-72: September	-10	+25	-1	+5	+3	+1	+7	+4	..	+9	+3	+5
December	-10	-14	-3	-8	+6	-8	-2	-1	+1	-9	-3	-3
March	-3	-9	..	-3	+8	+3	-20	-8	-6	-2	-9	-6
June	-11	-25	+4	-10	-1	-12	+24	+1	-3	-18	+13	-4
1972-73: September	-1	-27	+8	..	-1	-37	-5	-10	-1	-35	+2	-6
December	-4	+9	-2	..	-1	-12	-10	-7	-3	-1	-6	-4
March	+7	-15	+3	..	+1	-9	-2	-1	+3	-11	+2	-1
June	+3	+11	+2	+2	+1	+8	+9	+4	+1	+9	+5	+3
1973-74: September	+1	-2	+8	+7	+2	-4	+25	+1	+2	-5	+15	+9
December	+23	+12	+5	+9	+13	+32	+6	+11	+14	+17	+5	+10

(a) Change from seasonally adjusted actual expenditure in preceding period

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NOTE. Inquiries concerning these statistics may be made in Canberra by telephoning Mr W.A. Pattinson on 49 0211 extension 523 or, in each State capital by telephoning the office of the Australian Bureau of Statistics.