AUSTRALIAN BUREAU OF STATISTICS
Canberra

CATALOGUE NO. 5625.0 EMBARGOED UNTIL 11.30 A.M. 3 MARCH 1988

PRIVATE NEW CAPITAL EXPENDITURE, AUSTRALIA
DECEMBER QUARTER 1987 SURVEY, PRELIMINARY

PHONE INQUIRIES • *about these statistics*—contact Paul Sullivan on Canberra (062) 52 5623 or any ABS State office.
• *about* **other statistics** *and* **ABS services**—contact **Information Services** on Canberra (062) 52 6007, 52 6627, 52 5402 or any ABS State office.

MAIL INQUIRIES • *write to* **Information Services,** ABS, P.O. Box 10, Belconnen, A.C.T. 2616 or any ABS State office.

ELECTRONIC SERVICES • on **VIATEL** — key *656#. • on **AUSSTATS** — phone (062) 52 6017. • on **TELESTATS** — phone (062) 52 5404.

MAIN FEATURES

December Quarter 1987

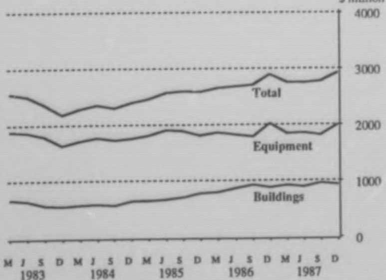
In current price original terms the preliminary estimate of new capital expenditure is $6,315m. When expressed in seasonally adjusted average 1979-80 price terms this represents an increase of 5% over the September quarter 1987 estimate.

In summary the data in this publication show

	% Change on September qtr 1987		
Current Prices	*Buildings*	*Equip-ment*	*Total*
—Original	+14	+18	+17
—Seasonally Adjusted	-1	+11	+7
Average 1979-80 Prices			
—Seasonally Adjusted	-3	+10	+5

The seasonally adjusted average 1979-80 price series is shown graphically below.

SEASONALLY ADJUSTED SERIES AT AVERAGE 1979-80 PRICES



1987-88 Expenditure

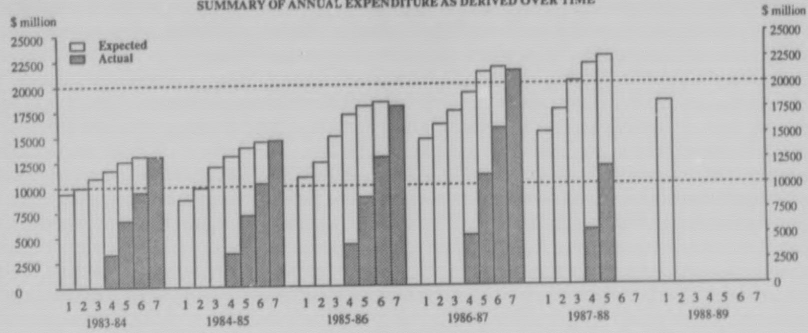
In the December quarter survey businesses estimated that expenditure in 1987-88 would be $22,609m. This represents a 3% increase on their expectations for the same period reported in the September quarter 1987 survey. Expectations derived from December quarter surveys in previous years have on average slightly understated the actual expenditure which has occurred. Applying the minimum, average and maximum realisation factors from the past 5 years (from Table 4) yields the following changes over expenditure for 1986-87.

	% Change 1987-88 (adjusted estimate) over 1986-87 (actual)		
	Average	*Min*	*Max*
Total	+8	+6	+12
By Asset			
Buildings	+15	+11	+18
Equipment	+4	+1	+7
By Industry			
Finance	+34	+29	+42
Mining	-1	-2	+4
Manufacturing	+6	+3	+7
Other	-2	-7	+5

1988-89

The first estimate of expected new capital expenditure in 1988-89 is $18,140m. This expectation represents a 19% increase over the corresponding estimate for 1987-88. Application of the relevant 5 year average realisation factors indicates an increase of 15% over 1987-88. However, extreme care should be exercised in using these figures as experience shows that the realisation factors have varied greatly over time. The actual expenditure which is incurred in 1988-89 will depend on a number of factors, including prevailing economic circumstances.

GRAPH 1: PRIVATE NEW CAPITAL EXPENDITURE, AUSTRALIA
SUMMARY OF ANNUAL EXPENDITURE AS DERIVED OVER TIME



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 begining 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

EXPLANATORY NOTES

This publication contains preliminary estimates of actual new capital expenditure by private enterprises in selected industries in Australia for the December quarter 1987 and of expected expenditure for the 6 months ending 30 June 1988 and 12 months ending 30 June 1989 together with estimates of actual new capital expenditure for previous quarters from September quarter 1986. The statistics have been compiled on the basis of the initial 75 per cent of returns received and are subject to revision when final estimates are compiled on the basis of a more complete response. The sampling standard error for the preliminary estimate of the level of total actual new capital expenditure is approximately 3 per cent. The standard error of the quarter to quarter movement in total new capital expenditure is also about 3 per cent (expressed as a percentage of the level estimate).

2. It is anticipated that final estimates will be published in April (5626.0).

Estimates at average 1979-80 prices

3. Estimates at average 1979-80 prices are presented, by type of asset, in both original and seasonally adjusted terms in Table 2. The deflators used to revalue the current price estimates are the price deflators compiled for the new fixed assets component of the national accounts aggregates 'Private gross fixed capital expenditure on non-dwelling construction' and 'Private gross fixed capital expenditure on equipment'.

Seasonal adjustment

4. The 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. At least once each year the seasonally adjusted series are re-analysed to take into account the latest available data. The most recent re-analysis takes into account data collected up to and including the June quarter 1987 survey. Details of seasonal adjustment methods used for capital expenditure are available on request.

Realisation ratios and adjusted estimates of expenditure

5. The realisation ratios shown in Table 4 and the adjusted estimates of expenditure shown in the Main Features have been derived in a similar manner to those contained in previous publications. For details of the methodology used in this derivation see paragraphs 21-24 of Catalogue No. 5626.0.

Further information

6. For further information on the industry classification, reliability, definition of terms, scope of this series and a full discussion of the concept of standard error, together with estimates of standard errors, see the latest issue of Catalogue No. 5626.0.

Unpublished data

7. This publication contains only limited industry data. More detailed industry data may be made available on request.

Related publications

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

Symbols and other usages

p preliminary—figure or series subject to revision.
r figure or series revised since previous issue
n.a. not available

9. Where figures have been rounded, discrepancies may occur between the sums of the component items and the totals.

W. McLENNAN
Acting Australian Statistician

TABLE 1 - ACTUAL AND EXPECTED PRIVATE NEW CAPITAL EXPENDITURE FOR SELECTED INDUSTRIES (a) BY TYPE OF ASSET
($ million)

Type of Asset	ACTUAL								EXPECTED p (b)		
			1986-87				1987-88				
	1985-86	1986-87	Sept. Qtr	Dec. Qtr	March Qtr	June Qtr	Sept. Qtr	Dec. Qtr p	6 Months to June 88	1987-88	1988-89
ORIGINAL r											
Buildings and Structures	5,649	7,026	1,756	1,948	1,537	1,784	1,954	2,220	4,185	8,359	6,323
Equipment, Plant and Machinery	12,219	14,235	3,197	4,068	3,076	3,895	3,465	4,095	6,691	14,250	11,817
TOTAL NEW CAPITAL EXPENDITURE	17,868	21,261	4,953	6,016	4,613	5,679	5,419	6,315	10,876	22,609	18,140
SEASONALLY ADJUSTED r											
Buildings and Structures	5,661	7,045	1,766	1,698	1,792	1,788	1,953	1,938	n.a.	n.a.	n.a.
Equipment, Plant and Machinery	12,234	14,230	3,222	3,858	3,559	3,592	3,509	3,881	n.a.	n.a.	n.a.
TOTAL NEW CAPITAL EXPENDITURE	17,896	21,275	4,988	5,556	5,351	5,380	5,462	5,819	n.a.	n.a.	n.a.

TABLE 2 - ACTUAL PRIVATE NEW CAPITAL EXPENDITURE FOR SELECTED INDUSTRIES (a) BY TYPE OF ASSET
AT AVERAGE 1979-80 PRICES (c)
($ million)

Type of Asset			1986-87				1987-88	
	1985-86	1986-87	Sept. Qtr	Dec. Qtr	March Qtr	June Qtr	Sept. Qtr	Dec. Qtr p
ORIGINAL								
Buildings and Structures	3,130	3,587	916	1,001	783	887	r 957	r 1,063
Equipment, Plant and Machinery	7,344	r 7,514	1,764	r 2,158	1,586	r 2,006	r 1,788	r 2,099
TOTAL NEW CAPITAL EXPENDITURE	10,474	r 11,101	2,680	r 3,159	2,369	r 2,893	r 2,745	r 3,162
SEASONALLY ADJUSTED								
Buildings and Structures	n.a.	n.a.	921	873	913	889	r 957	r 928
Equipment, Plant and Machinery	n.a.	n.a.	1,778	r 2,013	1,835	r 1,850	r 1,810	r 1,990
TOTAL NEW CAPITAL EXPENDITURE	n.a.	n.a.	2,699	r 2,886	2,748	r 2,739	r 2,767	r 2,918

See next page for footnotes

TABLE 3 - ACTUAL AND EXPECTED PRIVATE NEW CAPITAL EXPENDITURE BY MAJOR INDUSTRY GROUP
($ million)

	ACTUAL								EXPECTED p (b)		
			1986-87				1987-88				
Major Industry	*1985-86*	*1986-87*	*Sept. Qtr*	*Dec. Qtr*	*March Qtr*	*June Qtr*	*Sept. Qtr*	*Dec. Qtr p*	*6 Months to June 88*	*1987-88*	*1988-89*
					ORIGINAL r						
Finance, Property and Business Services	3,633	4,461	1,071	1,243	987	1,160	1,277	1,670	*2,656*	*5,603*	*4,294*
Mining	2,796	3,639	870	965	859	945	953	1,033	*2,112*	*4,098*	*3,209*
Manufacturing	5,255	6,355	1,444	1,773	1,384	1,755	1,695	1,721	*3,406*	*6,822*	*5,489*
Other Selected Industries	6,185	6,806	1,568	2,036	1,383	1,818	1,494	1,890	*2,701*	*6,086*	*5,147*
TOTAL SELECTED INDUSTRIES (a)	17,868	21,261	4,953	6,016	4,613	5,679	5,419	6,315	*10,876*	*22,609*	*18,140*
					SEASONALLY ADJUSTED r						
Finance, Property and Business Services	3,643	4,472	1,073	1,178	1,158	1,063	1,274	1,582	n.a.	n.a.	n.a.
Mining	2,807	3,648	877	871	953	947	959	933	n.a.	n.a.	n.a.
Manufacturing	5,248	6,356	1,450	1,622	1,614	1,669	1,713	1,572	n.a.	n.a.	n.a.
Other Selected Industries	6,198	6,799	1,588	1,885	1,626	1,700	1,517	1,733	n.a.	n.a.	n.a.
TOTAL SELECTED INDUSTRIES (a)	17,896	21,275	4,988	5,556	5,351	5,380	5,462	5,819	n.a.	n.a.	n.a.

TABLE 4 - RATIO (d) OF ACTUAL PRIVATE NEW CAPITAL EXPENDITURE TO EXPECTED (e)
PRIVATE NEW CAPITAL EXPENDITURE FOR FINANCIAL YEARS 1982-83 TO 1986-87

	Type of Asset		*Major Industry Group*				TOTAL (a)
Financial Year	*Buildings and Structures*	*Equipment Plant and Machinery*	*Finance, Property and Business Services*	*Mining*	*Manu-facturing*	*Other Selected Industries*	
1982-83	0.93	1.03	1.07	0.88	0.98	1.09	1.00
1983-84	0.97	1.06	1.12	0.87	0.96	1.17	1.04
1984-85	0.99	1.07	1.13	0.87	0.99	1.14	1.05
1985-86	0.97	1.01	1.03	0.88	1.00	1.04	1.00
1986-87	0.99	1.01	1.03	0.92	1.00	1.05	1.01
5 Year Average	*0.97*	*1.04*	*1.07*	*0.88*	*0.99*	*1.10*	*1.02*

(a) Excludes public sector and all enterprises classified to agriculture, forestry, fishing and hunting, community services and construction. (b) Expected by businesses in January-February 1988. (c) See paragraph 3 of Explanatory Notes. (d) See paragraph 5 of Explanatory Notes. (e) Consists of actual expenditure for the six months to December and expected expenditure for the six months to June as reported by business in the Decembersurveys.

Recommended retail price : $2.00