Australian Bureau of Statistics

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PRIVATE NEW CAPITAL EXPENDITURE, AUSTRALIA
ACTUAL AND EXPECTED EXPENDITURE TO JUNE 1991
DECEMBER QUARTER 1989 SURVEY, PRELIMINARY

PHONE INQUIRIES
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NOTE: The preliminary estimates are based on responses from about 75% of the sample of businesses selected in the survey. Accordingly, the estimates may be subject to 'non-response bias'. This is minimised by ensuring that responses are obtained from the largest businesses. However, there has been a tendency for preliminary estimates to be subsequently revised upwards.

MAIN FEATURES

December Quarter 1989

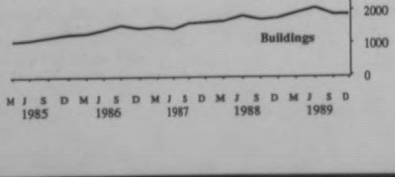
The preliminary estimate of new capital expenditure for the December quarter 1989 is $7,826m. When the estimates are seasonally adjusted and converted to a constant price basis this represents a 4% decline between the September and December quarter estimates. This is the second consecutive quarter that new capital expenditure has declined. Details by type of asset are as follows.

% change on September qtr 1989

	Bldgs	*Equip*	*Total*
Current Prices			
– Original	+18	+6	+10
– Seasonally Adjusted	+2	-5	-2
Average 1984-85 Prices			
– Seasonally Adjusted	0	-6	-4

The seasonally adjusted series at average 1984-85 prices are shown graphically below.

SEASONALLY ADJUSTED SERIES
AT AVERAGE 1984-85 PRICES



Expected New Capital Expenditure 1989-90

In the December quarter survey, businesses estimated that expected new capital expenditure for 1989-90 would be $30,156m. Expectations derived from December quarter surveys in previous years have on average slightly understated the actual expenditure which has occurred. Applying the *average*, *minimum* and *maximum* realisation factors for the past 5 years (from Table 4) results in the following changes over the expenditure for 1988-89.

% change 1989-90 (adjusted estimate) over 1988-89 (actual)

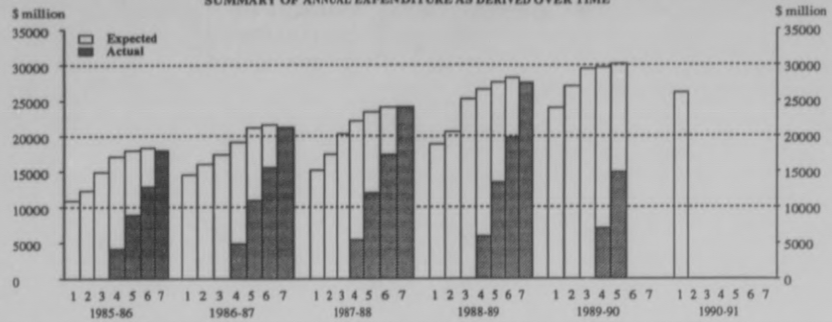
	Avg	*Min*	*Max*
Total	+11	+7	+14
By Asset			
Buildings	+16	+9	+19
Equipment	+9	+5	+12

As a result of the lower than usual increase in business expectations between the September and December quaters surveys the percentage changes shown in the above table are significantly lower than those derived from the September quarter 1989 survey, particularly for expenditure on *buildings*, and the *manufacturing* and *other industries* categories. Actual results will depend on a number of factors, including prevailing economic circumstances.

Expected New Capital Expenditure 1990-91

The first estimate of expected new capital expenditure for 1990-91 is $26,122m. This represents a 9% increase on the corresponding estimate for 1989-90. Application of the relevant 5 year average realisation factors, (from Table 4 of Catalogue No. 5626.0), would indicate an increase of 33%, however, use of these averages may not be appropriate in a period of declining new capital expenditure. Extreme care should be exercised in using these figures.

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 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

EXPLANATORY NOTES

1. This publication contains preliminary estimates of actual new capital expenditure by private enterprises in selected industries in Australia for the December quarter 1989 and of expected expenditure for the 6 months ending 30 June 1990 and 12 months ending 30 June 1991 together with estimates of actual new capital expenditure for previous quarters from September Quarter 1988. 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 1990. (5626.0).

Estimates at 1984-85 prices

3. Estimates at average 1984-85 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 approximate 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 March quarter 1989 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 13-16 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 the 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.

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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)		
			1988-89				1989-90				
	1987-88	1988-89	Sept. Qtr	Dec. Qtr	March Qtr	June Qtr	Sept. Qtr r	Dec. Qtr p	6 Months to June 90	1989-90	1990-91
ORIGINAL											
Buildings and Structures	8,532	10,171	2,242	2,730	2,263	2,936	2,641	3,113	6,316	12,070	10,380
Equipment, Plant and Machinery	15,588	17,324	3,675	4,767	4,074	4,808	4,444	4,713	8,929	18,086	15,742
TOTAL NEW CAPITAL EXPENDITURE	24,120	27,495	5,917	7,497	6,337	7,745	7,085	7,826	15,245	30,156	26,122
SEASONALLY ADJUSTED											
Buildings and Structures	8,536	10,198	2,272	2,384	2,630	2,911	2,672	2,727	n.a.	n.a.	n.a.
Equipment, Plant and Machinery	15,560	17,292	3,848	4,461	4,534	4,449	4,671	4,445	n.a.	n.a.	n.a.
TOTAL NEW CAPITAL EXPENDITURE	24,096	27,490	6,121	6,845	7,164	7,360	7,344	7,173	n.a.	n.a.	n.a.

TABLE 2 - ACTUAL PRIVATE NEW CAPITAL EXPENDITURE FOR SELECTED INDUSTRIES (a) BY TYPE OF ASSET AT AVERAGE 1984-85 PRICES (c)
($ million)

Type of Asset			1988-89				1989-90	
	1987-88	1988-89	Sept. Qtr	Dec. Qtr	March Qtr	June Qtr	Sept. Qtr r	Dec. Qtr p
ORIGINAL								
Buildings and Structures	6,688	7,424	1,688	2,015	1,640	2,081	1,844	2,132
Equipment, Plant and Machinery	12,441	14,281	2,962	3,917	3,406	3,997	3,619	3,783
TOTAL NEW CAPITAL EXPENDITURE	19,129	21,705	4,650	5,932	5,046	6,078	5,463	5,915
SEASONALLY ADJUSTED								
Buildings and Structures	n.a.	n.a.	1,711	1,760	1,906	2,063	1,866	1,868
Equipment, Plant and Machinery	n.a.	n.a.	3,101	3,666	3,791	3,698	3,804	3,568
TOTAL NEW CAPITAL EXPENDITURE	n.a.	n.a.	4,812	5,425	5,697	5,761	5,670	5,436

See next page for footnotes

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

Major Industry	ACTUAL								EXPECTED p (b)		
			1988-89				1989-90				
	1987-88	1988-89	Sept. Qtr	Dec. Qtr	March Qtr	June Qtr	Sept. Qtr r	Dec. Qtr p	6 Months to June 90	1989-90	1990-91
ORIGINAL											
Finance, Property and Business Services	6,363	7,853	1,699	2,063	1,816	2,275	2,014	2,381	4,772	9,167	7,704
Mining	3,824	3,888	899	1,087	924	977	984	1,113	2,195	4,292	4,162
Manufacturing	7,070	7,605	1,603	2,016	1,793	2,192	1,934	2,243	4,493	8,670	7,513
Other Selected Industries	6,863	8,149	1,716	2,331	1,803	2,300	2,154	2,089	3,785	8,028	6,743
TOTAL SELECTED INDUSTRIES (a)	24,120	27,495	5,917	7,497	6,337	7,745	7,085	7,826	15,245	30,156	26,122
SEASONALLY ADJUSTED											
Finance, Property and Business Services	6,336	7,856	1,712	1,926	2,033	2,186	2,027	2,222	n.a.	n.a.	n.a.
Mining	3,824	3,888	913	990	995	990	998	1,014	n.a.	n.a.	n.a.
Manufacturing	7,088	7,606	1,665	1,875	2,022	2,046	2,006	2,094	n.a.	n.a.	n.a.
Other Selected Industries	6,848	8,139	1,832	2,055	2,114	2,138	2,313	1,843	n.a.	n.a.	n.a.
TOTAL SELECTED INDUSTRIES (a)	24,096	27,490	6,121	6,845	7,164	7,360	7,344	7,173	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 1984-85 TO 1988-89

Financial Year	Type of Asset		Major Industry Group				TOTAL (a)
	Buildings and Structures	Equipment Plant and Machinery	Finance, Property and Business Services	Mining	Manu-facturing	Other Selected Industries	
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	0.98	1.01	1.02	0.92	1.00	1.05	1.00
1987-88	1.00	1.05	1.09	0.92	1.00	1.09	1.03
1988-89	0.92	1.05	1.01	0.91	0.96	1.08	1.00
5 Year Average	*0.98*	*1.04*	*1.05*	*0.90*	*0.99*	*1.08*	*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 1990. (c) See paragraph 3 of Explanatatory 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 in the December quarter surveys.

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