

12 MAY 1971

CAPITAL EXPENDITURE BY PRIVATE BUSINESSES IN AUSTRALIA
MARCH QUARTER 1971 (PRELIMINARY)

Reference No. 5.7

This bulletin contains preliminary estimates of new capital expenditure by private businesses in the March quarter 1971, as well as figures for earlier periods for comparison. These preliminary estimates may be revised in a further bulletin which will be published in July 1971.

2. Seasonally adjusted estimates of new capital expenditure are shown in Table 1. Details of the methods used in seasonally adjusting these and other series are given in "Seasonally Adjusted Indicators 1970" (Reference No. 1.10) issued on 29 June 1970.
3. Estimates of capital expenditure are based on returns obtained from a sample of businesses subject to pay-roll tax, supplemented by returns from other businesses which are known to be undertaking capital expenditure projects involving expenditure of \$500,000 or more in a six-monthly period. To allow prompt publication, these preliminary estimates have been compiled using the initial 70-75% of returns received and are expanded by a different method from that employed in preparing the revised estimates for the full business field covered. As a consequence of these differences in bases, the preliminary estimates have, in previous years, persistently understated capital expenditure as measured by the revised quarterly estimates for the same quarter. Amended procedures, designed to offset the understatements, have been introduced in recent quarters. Despite the use of these improved procedures, differences will occur between the preliminary quarterly estimates and the revised quarterly estimates, owing to sampling variability between the two estimates.
4. 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 errors of the preliminary estimates 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". 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 March quarter 1971 preliminary estimate of total capital expenditure is \$709 million with a standard error of approximately 2 per cent, which means that there are 2 chances in 3 that a complete collection would give an estimate within the range of approximately \$695 million to \$723 million, and 19 chances in 20 that the estimate would be within the range of \$681 million to \$737 million.
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 indicated by the results of comparable complete collections, is given by the standard error of the estimate of movement. This is expressed as a percentage of the level of the current quarterly estimate. For example, the preliminary estimate shows a decrease of \$90 million between the December 1970 and the March 1971 quarters. If the standard error of movement were 2 per cent, then there would be 2 chances in 3 that the decrease would be between \$76 million, and \$104 million, and 19 chances in 20 that the decrease would be between \$62 million and \$118 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. Further information relating to the basis of the statistics is contained in the bulletin "Capital and Maintenance Expenditure by Private Businesses in Australia" (Reference No. 5.8), for the December quarter 1970, issued on 20 April 1971.

TABLE 1. - NEW CAPITAL EXPENDITURE BY TYPE OF ASSET

DECEMBER QUARTER 1968 TO MARCH QUARTER 1971

(\$ million)

Capital expenditure on -	1968-69			1969-70				1970-71		
	Dec. qtr	March qtr	June qtr	Sept. qtr	Dec. qtr	March qtr	June qtr	Sept. qtr	Dec. qtr	March qtr(a)
New buildings and structures (b)										
Original	234.9	160.7	238.9	220.0	263.3	179.1	269.2	254.6	316.9	279.2
Seasonally adjusted (c)	207.5	191.6	233.0	219.8	231.4	213.3	263.0	254.7	277.9	332.4
Other new capital equipment (d)										
Original	340.3	279.1	353.3	339.7	381.8	348.5	422.5	405.3	482.3	429.9
Seasonally adjusted (c)	315.1	319.0	329.0	350.5	352.3	398.1	393.5	418.7	444.3	491.0
Total new capital expenditure										
Original	575.2	439.8	592.2	559.7	645.1	527.6	691.7	659.9	799.2	709.1
Seasonally adjusted (c)	518.2	515.0	562.5	570.8	578.2	618.2	657.2	674.0	714.6	831.1

(a) Subject to revision. (b) Includes assets such as buildings, wharves, railway and harbour construction, roads and also lifts, heating and ventilation equipment and the like forming an integral part of the structure. (c) See paragraph 2 above. (d) Includes all machinery and equipment including vehicles, aircraft and ships and such items as law mowers, lathes, office equipment and fixtures.

TABLE 2. - NEW CAPITAL EXPENDITURE BY INDUSTRY

DECEMBER QUARTER 1968 TO MARCH QUARTER 1971

(\$ million)

Industry group	1968-69			1969-70				1970-71		
	Dec. qtr	March qtr	June qtr	Sept. qtr	Dec. qtr	March qtr	June qtr	Sept. qtr	Dec. qtr	March qtr(a)
Manufacturing -										
Extracting, refining, founding	41.9	28.5	36.4	40.2	46.9	39.6	56.5	59.2	76.5	74.6
Engineering (b)	40.2	29.3	43.3	40.3	40.8	33.1	48.5	38.6	30.7	34.5
Vehicles (c)	12.0	11.2	15.7	13.9	14.0	12.0	15.7	16.0	27.7	16.9
Chemicals (d)	42.8	27.9	39.3	34.5	36.9	34.1	33.9	33.3	35.9	22.0
Textiles and clothing	12.0	8.8	13.6	12.3	16.2	14.6	17.1	11.7	13.6	13.7
Food, drink and tobacco	35.8	30.6	32.3	34.8	41.4	27.5	36.9	32.3	39.0	36.1
Paper and printing	17.0	14.9	19.3	18.5	18.4	17.8	21.1	17.2	28.2	22.5
Other manufacturing (e)	30.0	31.3	32.5	29.0	43.0	35.0	41.7	35.3	37.2	38.6
Total manufacturing	231.7	192.5	238.6	223.5	257.6	213.7	273.4	243.6	296.8	258.9
Non-manufacturing -										
Wholesale and retail trade	81.7	55.3	83.5	82.6	103.1	65.2	99.8	92.1	102.5	82.2
Mining	122.1	100.0	122.2	122.7	134.1	107.5	168.9	150.7	203.6	137.5
Transport (f)	44.6	27.8	47.8	45.7	50.6	56.9	42.5	56.6	60.0	52.2
Other non-manufacturing (g)	95.1	74.2	100.1	85.2	99.7	83.3	107.1	116.9	136.3	127.3
Total non-manufacturing	343.5	257.3	353.6	336.2	387.5	313.9	418.3	416.3	502.4	450.2
ALL INDUSTRIES	575.2	439.8	592.2	559.7	645.1	527.6	691.7	659.9	799.2	709.1

(a) Subject to revision. (b) Engineering, metalworking, electrical equipment. (c) Vehicles, aircraft and ships, parts and accessories. Includes assembly and repairs. (d) Chemicals, fertilisers, paints, explosives, cosmetics and oil refining. (e) Sawmilling, furniture, plastics, leather, rubber, etc. (f) Road, rail and air transport, shipping and stevedoring. (g) Building, construction, banking, insurance, other finance and property, amusements, hotels, cafes, personal services, etc.

J. P. O'NEILL

ACTING COMMONWEALTH STATISTICIAN

COMMONWEALTH BUREAU OF CENSUS AND STATISTICS

CANBERRA, A.C.T. 2600

13 MAY 1971

NOTE. Inquiries concerning these statistics may be made in Canberra by telephoning 490211 extension 523 or, in each State capital, by telephoning the office of the Bureau of Census and Statistics.