AUSTRALIAN BUREAU OF STATISTICS

CANBERRA

CATALOGUE NO. 5625.0

EMBARGOED UNTIL 11.30 A.M. 4 DECEMBER 1986

PRIVATE NEW CAPITAL EXPENDITURE, AUSTRALIA SEPTEMBER QUARTER 1986 SURVEY, PRELIMINARY

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NOTE: Estimates in this publication differ from similar estimates in the National Accounts because of differences in scope and concept as indicated in paragraph 30 of the June 1986 issue of Catalogue No. 5626.0. In addition, seasonally adjusted estimates for total all industries differ because the estimates in this bulletin are formed by the addition of seasonally adjusted component industry estimates, whereas the National Accounts estimates are adjusted at the total all industries level (separately for new and second hand asset series).

June quarter 1986 estimates have been revised due to the annual sample revision and to incorporate revisions provided by businesses. The resulting changes have not greatly affected the estimates of total expenditure, but have had a greater impact on some component estimates. Care should therefore be exercised in interpreting March to June movements in component estimates.

MAIN FEATURES

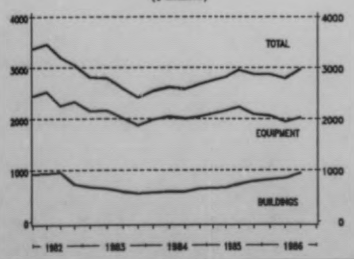
Actual Expenditure

The preliminary estimates of expenditure for the September quarter 1986, showing changes on the June quarter are:

	Sept. Qtr $m	*Change on June Qtr* %
Current Prices		
—Original	5,283	—
—Seasonally Adjusted	5,395	+10
Average 1979-80 Prices—seasonally adjusted		
—Buildings	944	+12
—Equipment	2,029	+4
—Total	2,973	+7

The movements in the estimates of expenditure at average 1979-80 prices seasonally adjusted over the last five years are shown in the graph below.

SEASONALLY ADJUSTED SERIES
AT AVERAGE 1979–80 PRICES
($ million)



Total seasonally adjusted expenditure, at average 1979-80 prices, has risen to a level comparable to the September quarter last year. It is being driven by a strong increase in expenditure on buildings which is now at a level comparable to that early in 1982.

Expected expenditure for the December quarter (in current prices) is $6,059m. Historically, expectations are not fully realised. If the average realisation factor for previous years is applicable this year, expenditure could be expected to be in the order of $5,750m. When seasonally adjusted this would represent an increase of one per cent before any allowance is made for price changes. Consequently the strong real increase in expenditure in the September quarter may not carry through into the next quarter.

Expected expenditure (see graph on page 2)

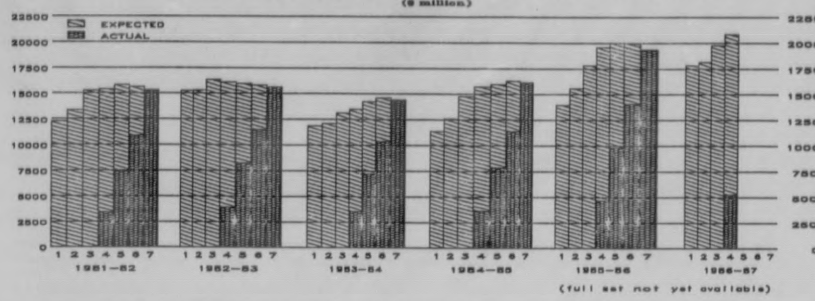
In the September quarter survey, businesses estimated that expenditure in 1986-87 will be $20,801m, which is a 6% rise in the estimate made in the June quarter survey.

Expectations derived in this way have on average understated the actual expenditure which has occurred, but the difference has varied considerably over the years and between industries. Applying the minimum, average and maximum realisation factors for the past 5 years (from Table 4) yields the following estimates of adjusted expenditure for 1986-87:

	%Change 1986-87 (adjusted estimate) over 1985-86 (actual)		
	average	*min*	*max*
Total	+9	+4	+15
By asset			
Buildings	+16	+7	+27
Equipment	+5	+1	+13
By industry			
Finance	+12	+1	+26
Mining	+27	+22	+36
Manufacturing	+3	—	+7
Other	-1	-9	+10

The actual expenditure which is made in 1986-87 will depend on a large number of factors, including prevailing economic circumstances.

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



EXPLANATION OF TIMING OF ESTIMATES USED IN CONSTRUCTION OF GRAPH ABOVE

Estimate	Based on data reported at–	Composition of Estimate: Data on actual expenditure	Data on short term expected expenditure	Data on long term expected expenditure
1	Jan–Feb 5–8 months before period begins	nil	nil	12 months
2	Apr–May 2–5 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 fixed capital expenditure by private enterprises in selected industries in Australia for the September quarter 1986 and of expected expenditure for the 9 months ending 30 June 1987 together with estimates of actual new fixed capital expenditure for previous quarters from June quarter 1985. 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 fixed capital expenditure is approximately 4 per cent. The standard error of the quarter to quarter movement in total new fixed capital expenditure is also about 4 per cent (expressed as a percentage of the level estimate).

2. It is anticipated that final estimates will be published in January (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 reanalysis takes into account data collected up to and including the December quarter 1985 survey.

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 the June 1986 issue of Catalogue No. 5626.0. For details of the methodology used in this derivation see paragraphs 12-14 of that issue.

Note that the realisation ratios are formed from division of actual expenditure for the year by the sum of actual, short term expected and long term expectations from the relevant September quarter surveys. Latest available data is used.

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 June 1986 issue of Catalogue No. 5626.0 published on 22 October 1986. Details of seasonal adjustment methods used for capital expenditure are available on request.

Related publications

7. 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

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

IAN CASTLES
Australian Statistician

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

	Actual								*Expected p (b)*		
			1984-85	*1985-86*				*1986-87*			
Type of Asset	*1984-85*	*1985-86*	*June Qtr*	*Sept. Qtr*	*Dec. Qtr*	*March Qtr*	*June Qtr*	*Sept Qtr p*	*3 Months to Dec. 86*	*6 Months to June 87*	*Total 1986-87*
					ORIGINAL						
Buildings and Structures	4,062	5,696	1,128	1,206	1,608	1,272	1,610	1,747	*1,891*	*2,981*	*6,619*
Equipment, Plant and Machinery	12,085	13,648	3,608	3,447	3,534	3,014	3,654	3,536	*4,167*	*6,479*	*14,183*
Total New Capital Expenditure	16,147	19,342	4,736	4,653	5,142	4,286	5,262	5,283	*6,059*	*9,460*	*20,801*
					SEASONALLY ADJUSTED						
Buildings and Structures	n.a.	n.a.	1,096	1,248	1,393	1,492	1,575	1,810	n.a.	n.a.	n.a.
Equipment, Plant and Machinery	n.a.	n.a.	3,254	3,498	3,412	3,460	3,341	3,585	n.a.	n.a.	n.a.
Total New Capital Expenditure	n.a.	n.a.	4,351	4,746	4,805	4,952	4,917	5,395	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)

			1984-85	*1985-86*				*1986-87*
Type of Asset	*1984-85*	*1985-86*	*June Qtr*	*Sept. Qtr*	*Dec. Qtr*	*March Qtr*	*June Qtr*	*Sept Qtr p*
				ORIGINAL				
Buildings and Structures	2,521	r 3,156	677	700	902	693	r 861	**911**
Equipment, Plant and Machinery	r 8,306	r 8,294	r 2,391	r 2,200	r 2,168	r 1,795	r 2,131	**2,002**
Total New Capital Expenditure	r 10,827	r 11,450	r 3,068	r 2,900	r 3,070	r 2,488	r 2,992	**2,913**
				SEASONALLY ADJUSTED				
Buildings and Structures	n.a.	n.a.	658	724	781	813	r 843	**944**
Equipment, Plant and Machinery	n.a.	n.a.	r 2,156	r 2,233	r 2,093	r 2,061	r 1,947	**2,029**
Total New Capital Expenditure	n.a.	n.a.	r 2,814	r 2,957	r 2,874	r 2,874	r 2,790	**2,973**

See next page for footnotes

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

	Actual								*Expected p (b)*		
			1984-85	*1985-86*				*1986-87*			
Major Industry	*1984-85*	*1985-86*	*June Qtr*	*Sept. Qtr*	*Dec. Qtr*	*March Qtr*	*June Qtr*	*Sept Qtr p*	*3 Months to Dec. 86*	*6 Months to June 87*	*Total 1986-87*
						ORIGINAL					
Mining	2,014	2,668	510	557	697	654	760	831	*1,033*	*1,789*	*3,653*
Manufacturing	3,516	4,956	1,035	1,129	1,315	1,059	1,453	1,353	*1,584*	*2,429*	*5,367*
Finance, Property and Business Services	6,962	7,221	2,133	1,938	1,903	1,582	1,798	1,939	*2,249*	*3,587*	*7,775*
Other Selected Industries	3,654	4,497	1,058	1,029	1,226	991	1,251	1,159	1,192	1,655	4,006
Total Selected Industries (a)	16,147	19,342	4,736	4,653	5,142	4,286	5,262	5,283	6,059	9,460	20,801
						SEASONALLY ADJUSTED					
Mining	n.a.	n.a.	506	572	611	745	755	853	n.a.	n.a.	n.a.
Manufacturing	n.a.	n.a.	1,007	1,148	1,204	1,179	1,431	1,371	n.a.	n.a.	n.a.
Finance, Property and Business Services	n.a.	n.a.	1,859	1,982	1,882	1,837	1,564	1,984	n.a.	n.a.	n.a.
Other Selected Industries	n.a.	n.a.	979	1,044	1,108	1,191	1,166	1,187	n.a.	n.a.	n.a.
Total Selected Industries (a)	n.a.	n.a.	4,351	4,746	4,805	4,952	4,917	5,395	n.a.	n.a.	n.a.

TABLE 4 - ACTUAL PRIVATE NEW CAPITAL EXPENDITURE AS A PERCENTAGE OF EXPECTED PRIVATE NEW CAPITAL EXPENDITURE, AS REPORTED IN SEPTEMBER QUARTER SURVEYS (d).

	Type of Asset		*Major Industry Group*				*Total (a)*
Financial Year	*Buildings and Structures*	*Equipment Plant and Machinery*	*Mining*	*Manu-facturing*	*Finance, Property and Business Services*	*Other Selected Industries*	
1981-82	.93	1.02	.99	.93	1.05	1.02	1.00
1982-83	.92	.99	.93	.94	.97	1.04	.97
1983-84	1.01	1.09	.90	.92	1.17	1.24	1.07
1984-85	1.09	1.01	.89	.94	1.07	1.14	1.03
1985-86	1.03	.97	.93	.99	.94	1.10	.99
5 Year Average	*1.00*	*1.01*	*.93*	*.95*	*1.04*	*1.11*	*1.01*

(a) Excludes public sector and all enterprises classified to agriculture, forestry, fishing and hunting, community services and construction. (b) Expected by businesses in October-November 1986. (c) See paragraph 3 of Explanatory Notes. (d) See paragraph 5 of Explanatory Notes.