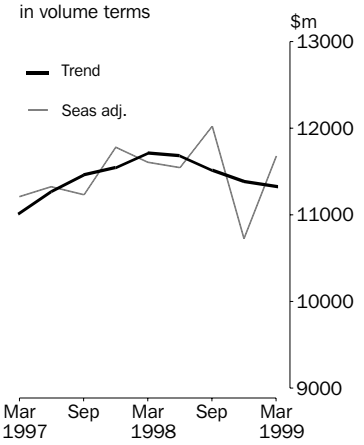
Australian Bureau of Statistics

PRIVATE NEW CAPITAL EXPENDITURE

AND EXPECTED EXPENDITURE to June 2000 AUSTRALIA

EMBARGO: 11:30AM (CANBERRA TIME) THURS 27 MAY 1999

New Capital Expenditure
in volume terms



MARCH QTR KEY FIGURES

TREND ESTIMATES (a)

	Mar 1998 $m	Dec 1998 $m	Mar 1999 $m	% change Dec 1998 to Mar 1999	% change Mar 1998 to Mar 1999
Total new capital expenditure	11 711	11 388	11 322	–0.6	–3.3
Buildings & structures	3 248	3 525	3 332	–5.5	2.6
Equipment, plant & machinery	8 466	7 838	7 987	1.9	–5.7

SEASONALLY ADJUSTED (a)

	Mar 1998 $m	Dec 1998 $m	Mar 1999 $m	% change Dec 1998 to Mar 1999	% change Mar 1998 to Mar 1999
Total new capital expenditure	11 610	10 732	11 673	8.8	0.5
Buildings & structures	3 049	3 466	3 191	–7.9	4.6
Equipment, plant & machinery	8 564	7 242	8 454	16.7	–1.3

(a) In volume terms.

MARCH QTR KEY POINTS

ACTUAL EXPENDITURE

- The trend estimate of total new capital expenditure in volume terms fell by 0.6% in the March quarter 1999, the fourth successive quarter of decline.
- The trend estimate of total expenditure for the Mining industry continued to decline, while the estimate for the Manufacturing industry was relatively unchanged from the December quarter 1998. The estimate for Other Selected industries continued to rise steadily.
- The slight fall in the March quarter 1999 trend estimate was a result of a $193m (5.5%) fall in the expenditure on buildings and structures partially offset by a $149m (1.9%) rise in the expenditure on plant, machinery and equipment.

EXPECTED EXPENDITURE

- The latest estimate for 1998-99 is $45,334m, which is 3.3% lower than the corresponding estimate for 1997-98.
- The second estimate for 1999-2000 is $32,714m, which is 21% lower than the second estimate for 1998-99. While all three major industry groupings reported declines in expectations, the most significant decrease was in Mining (42%). See comments on page 2.

■ For further information about these and related statistics, contact John Blanchette on 02 9268 4357 or any ABS office shown on the back cover of this publication.

NOTES

FORTHCOMING ISSUES

ISSUE (Quarter)	*RELEASE DATE*
June 1999	26 August 1999
September 1999	25 November 1999

CHANGES IN THIS ISSUE

There are no changes in this issue.

COMMENTS

Comments from businesses suggest that the reduction in the level of expected expenditure in 1999-2000 compared with the corresponding estimate for the previous year is due to several factors, including:

- New mining projects are being deferred because of low commodity prices.
- Work on Year 2000 compliance is diverting funds that might otherwise be spent on capital investment.
- In some industries, expenditure is reducing from high cyclical peaks.

REVISIONS TO TREND

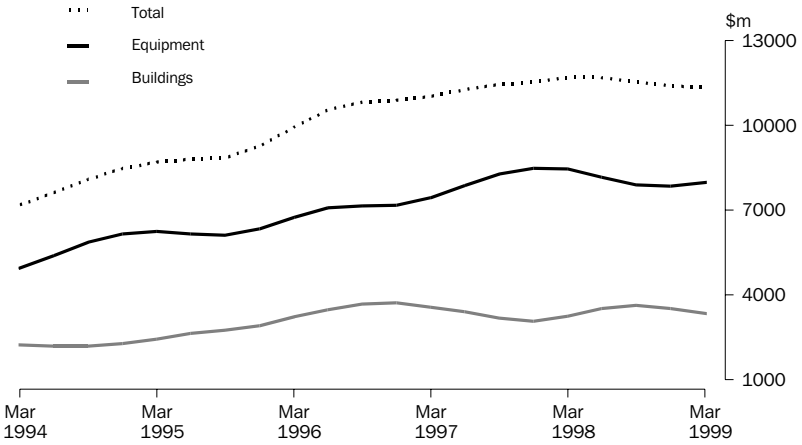
Readers should exercise care in the interpretation of the trend data as the last three observations, in particular, are likely to be revised with the addition of subsequent quarters' data. For further information, refer to Revisions to Trend Estimates on page 17.

W. McLennan
Australian Statistician

QUARTERLY TREND ESTIMATES OF CHAIN VOLUME MEASURES

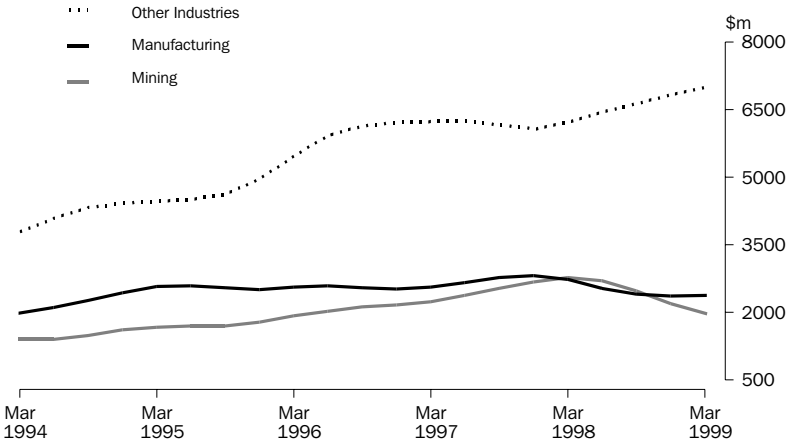
BY ASSET

Trend estimates for expenditure on buildings and structures have fallen over the past two quarters following three quarters of growth. Trend estimates for expenditure on plant, machinery and equipment rose slightly following a large seasonally adjusted increase this quarter. This followed four quarters of decreases from the March quarter 1998.



BY INDUSTRY

Trend estimates for expenditure by the Mining industry have fallen significantly over the past four quarters, with the latest estimate being 29% lower than for the March quarter 1998. Trend estimates for Other Selected industries continue to rise steadily, with growth rates of between 2% and 4% per quarter over the past five quarters, while Manufacturing trend estimates have been relatively stable for the past two quarters after being in decline from December quarter 1997.

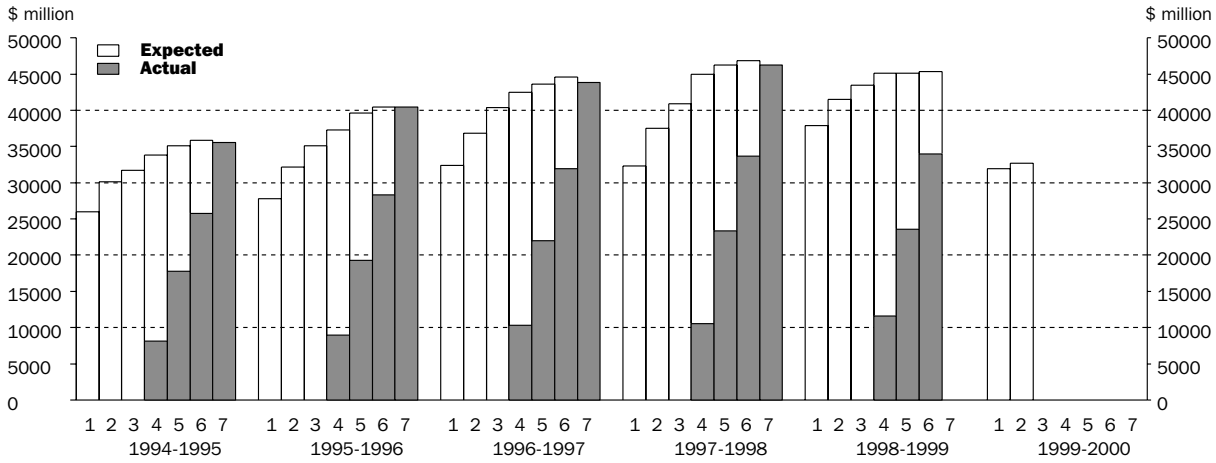


ACTUAL AND EXPECTED NEW CAPITAL EXPENDITURE

FINANCIAL YEARS AT CURRENT PRICES

EXPENDITURE

The seven estimates of actual and expected expenditure for each financial year which appear in the graph below relate to data contained in Table 4. Care should be taken when using these series and the associated realisation ratios.



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

1 ACTUAL & EXPECTED EXPENDITURE, By Type of Asset and Industry—Current prices

	BUILDINGS AND STRUCTURES				EQUIPMENT, PLANT AND MACHINERY				TOTAL CAPITAL EXPENDITURE			
Period	*Mining* $m	*Manu-facturing* $m	*Other selected indus-tries* $m	*Total* $m	*Mining* $m	*Manu-facturing* $m	*Other selected indus-tries* $m	*Total* $m	*Mining* $m	*Manu-facturing* $m	*Other selected indus-tries* $m	*Total* $m
ORIGINAL (Actual)												
1996–1997	4 296	1 686	8 348	14 330	4 485	8 511	16 511	29 507	8 781	10 198	24 859	43 837
1997–1998	4 408	2 022	6 722	13 152	6 622	8 974	17 473	33 069	11 029	10 996	24 195	46 220
1997–1998												
December	1 153	728	1 847	3 728	1 867	2 459	4 751	9 078	3 020	3 188	6 598	12 806
March	936	357	1 540	2 833	1 630	2 020	3 817	7 468	2 566	2 378	5 357	10 301
June	1 363	413	1 893	3 670	1 589	2 489	4 803	8 881	2 952	2 903	6 696	12 551
1998–1999												
September	1 412	277	2 059	3 748	1 175	2 015	4 686	7 876	2 587	2 292	6 745	11 624
December	1 519	361	2 228	4 108	890	2 180	4 796	7 867	2 409	2 542	7 024	11 975
March	1 154	253	1 693	3 100	812	2 039	4 448	7 298	1 966	2 292	6 141	10 398
ORIGINAL (Expected)(a)												
1998-1999												
3 mths to Jun	994	409	1 684	3 087	1 058	2 433	4 758	8 250	2 052	2 843	6 442	11 336
Total 1998-1999	5 078	1 301	7 663	14 042	3 936	8 667	18 688	31 291	9 014	9 968	26 351	45 334
Total 1999-2000												
12 mths to Jun	2 676	1 212	4 971	8 858	3 162	7 410	13 284	23 856	5 837	8 621	18 255	32 714
SEASONALLY ADJUSTED (Actual)												
1996–1997	4 309	1 658	8 418	14 385	4 486	8 526	16 444	29 456	8 794	10 184	24 863	43 841
1997–1998	4 412	2 011	6 761	13 184	6 645	8 964	17 467	33 076	11 057	10 975	24 228	46 260
1997–1998												
December	1 021	691	1 645	3 356	1 737	2 313	4 388	8 438	2 758	3 004	6 032	11 794
March	961	405	1 755	3 120	1 847	2 259	4 458	8 565	2 808	2 664	6 213	11 685
June	1 370	428	1 905	3 703	1 519	2 226	4 311	8 056	2 888	2 654	6 216	11 758
1998–1999												
September	1 566	238	2 167	3 970	1 179	2 176	4 939	8 294	2 745	2 413	7 106	12 264
December	1 346	388	1 989	3 723	829	2 053	4 432	7 313	2 175	2 440	6 421	11 037
March	1 183	319	1 895	3 398	919	2 277	5 193	8 389	2 103	2 596	7 087	11 787
TREND ESTIMATES (Actual)												
1996–1997	4 339	1 743	8 267	14 349	4 573	8 564	16 458	29 595	8 911	10 307	24 725	43 944
1997–1998	4 472	2 007	6 891	13 369	6 527	8 922	17 695	33 145	10 999	10 929	24 586	46 513
1997–1998												
December	997	565	1 582	3 144	1 734	2 253	4 375	8 362	2 731	2 818	5 956	11 505
March	1 109	481	1 759	3 349	1 761	2 280	4 412	8 453	2 870	2 761	6 171	11 801
June	1 314	381	1 954	3 650	1 522	2 217	4 498	8 237	2 836	2 598	6 453	11 887
1998–1999												
September	1 426	326	2 035	3 787	1 199	2 159	4 618	7 976	2 625	2 485	6 653	11 763
December	1 385	326	2 022	3 733	953	2 153	4 787	7 893	2 338	2 479	6 809	11 626
March	1 264	324	1 935	3 523	811	2 182	4 985	7 977	2 075	2 506	6 920	11 500

(a) Not directly comparable with estimates of actual expenditure due to likely over/under realisation —see paragraphs 34 and 35 of the Explanatory Notes.

2 ACTUAL & EXPECTED CAPITAL EXPENDITURE, Detailed Industries—Current prices

Period	Total mining	Food, beverage and tobacco	Textile, clothing, footwear and leather	Wood and paper product	Printing, publishing and recorded media	Petroleum, coal, chemical and assoc. product	Non-metallic mineral product	Metal product	Machinery and equipment	Other manu-facturing	Total manu-facturing
	MINING....	MANUFACTURING.....									
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
	ORIGINAL (Actual)										
1996–1997	8 781	1 997	251	920	587	1 664	1 071	1 501	2 007	199	10 198
1997–1998	11 029	2 443	289	906	796	1 595	870	1 666	2 130	301	10 996
1997–1998											
December	3 020	600	95	242	197	479	265	464	770	75	3 188
March	2 566	554	51	160	207	369	175	351	431	81	2 378
June	2 952	730	88	343	253	387	165	476	379	82	2 903
1998–1999											
September	2 587	437	74	285	190	379	129	431	303	63	2 292
December	2 409	589	58	139	188	443	148	560	369	49	2 542
March	1 966	519	65	184	181	357	101	487	355	43	2 292
	ORIGINAL (Expected)(a)										
1998-1999											
3 mths to Jun	2 052	793	55	255	207	550	124	440	373	45	2 843
Total 1998-1999	9 014	2 338	252	863	766	1 729	502	1 918	1 401	199	9 968
Total 1999-2000											
12 mths to Jun	5 837	2 352	173	692	533	1 627	500	1 140	1 495	111	8 621
	SEASONALLY ADJUSTED (Actual)										
1996–1997	8 794	1 986	248	919	585	1 652	1 068	1 512	2 015	197	10 184
1997–1998	11 057	2 435	284	894	790	1 600	876	1 688	2 101	307	10 975
1997–1998											
December	2 758	588	78	228	201	423	249	486	662	89	3 004
March	2 808	596	64	180	220	431	162	429	491	90	2 664
June	2 888	655	83	320	200	403	177	358	388	71	2 654
1998–1999											
September	2 745	468	81	291	230	362	140	477	308	57	2 413
December	2 175	577	47	131	193	390	139	589	317	58	2 440
March	2 103	557	82	208	192	418	93	594	405	47	2 596
	TREND ESTIMATES (Actual)										
1996–1997	8 911	2 103	246	900	578	1 612	1 075	1 601	1 993	198	10 307
1997–1998	10 999	2 373	287	898	798	1 599	876	1 699	2 093	307	10 929
1997–1998											
December	2 731	604	69	197	196	405	237	439	589	80	2 818
March	2 870	607	75	242	212	417	191	422	511	84	2 761
June	2 836	584	75	270	217	402	162	418	396	75	2 598
1998–1999											
September	2 625	557	71	250	211	384	146	472	332	61	2 485
December	2 338	544	69	209	202	389	128	551	335	53	2 479
March	2 075	543	68	168	195	403	104	613	362	50	2 506

(a) Not directly comparable with estimates of actual expenditure due to likely over/under realisation —see paragraphs 34 and 35 of the Explanatory Notes.

ACTUAL & EXPECTED CAPITAL EXPENDITURE, Detailed Industries—Current prices *continued*

OTHER SELECTED INDUSTRIES..... TOTAL

Period	*Construction* $m	*Wholesale trade* $m	*Retail trade* $m	*Transport and storage* $m	*Finance and insurance* $m	*Property and business services* $m	*Other services etc.* $m	*Total other selected industries* $m	***Total new capital expenditure*** $m
					ORIGINAL (Actual)				
1996–1997	1 145	2 545	2 253	3 303	2 464	6 269	6 880	24 859	**43 837**
1997–1998	1 572	2 864	2 815	3 348	2 504	6 073	5 019	24 195	**46 220**
1997–1998									
December	450	776	875	808	674	1 534	1 482	6 598	**12 806**
March	377	637	488	817	549	1 296	1 193	5 357	**10 301**
June	440	739	796	1 004	635	1 941	1 141	6 696	**12 551**
1998–1999									
September	386	695	853	1 168	613	1 418	1 612	6 745	**11 624**
December	494	685	830	1 103	743	1 713	1 456	7 024	**11 975**
March	424	621	582	940	572	1 310	1 692	6 141	**10 398**
					ORIGINAL (Expected)(a)				
1998-1999									
3 mths to Jun	389	741	633	857	635	1 458	1 728	6 442	**11 336**
Total 1998-1999	1 693	2 742	2 898	4 068	2 562	5 899	6 488	26 351	**45 334**
Total 1999-2000									
12 mths to Jun	**643**	**2 000**	**2 294**	**2 376**	**2 117**	**3 856**	**4 970**	18 255	**32 714**
					SEASONALLY ADJUSTED (Actual)				
1996–1997	1 149	2 551	2 229	3 295	2 447	6 295	6 896	24 863	**43 841**
1997–1998	1 576	2 877	2 785	3 360	2 513	6 069	5 047	24 228	**46 260**
1997–1998									
December	464	697	766	704	661	1 388	1 352	6 032	**11 794**
March	428	758	622	911	655	1 572	1 267	6 213	**11 685**
June	375	749	705	954	592	1 799	1 041	6 216	**11 758**
1998–1999									
September	395	653	903	1 290	572	1 428	1 865	7 106	**12 264**
December	508	619	726	961	730	1 550	1 327	6 421	**11 037**
March	480	737	742	1 056	683	1 589	1 801	7 087	**11 787**
					TREND ESTIMATES (Actual)				
1996–1997	1 269	2 500	2 295	3 302	2 218	6 233	6 908	24 725	**43 944**
1997–1998	1 588	2 888	2 823	3 471	2 496	5 988	5 333	24 586	**46 513**
1997–1998									
December	403	724	696	776	645	1 425	1 287	5 956	**11 505**
March	417	734	704	877	632	1 568	1 239	6 171	**11 801**
June	407	718	742	1 030	611	1 625	1 319	6 453	**11 887**
1998–1999									
September	421	679	782	1 100	624	1 582	1 464	6 653	**11 763**
December	463	664	786	1 087	665	1 540	1 604	6 809	**11 626**
March	495	679	754	1 050	705	1 528	1 708	6 920	**11 500**

(a) Not directly comparable with estimates of actual expenditure due to likely over/under realisation —see paragraphs 34 and 35 of the Explanatory Notes.

3 ACTUAL EXPENDITURE, By Type of Asset and Industry—Chain volume measures

	ASSET			INDUSTRY			
Period	*Buildings and structures* $m	*Equipment, plant and machinery* $m	*Total* $m	*Mining* $m	*Manfacturing* $m	*Other selected industries* $m	*Total* $m
ORIGINAL							
1996–1997	14 330	29 507	43 837	8 781	10 198	24 858	43 837
1997–1998	12 835	33 333	46 168	10 732	10 909	24 528	46 168
1997–1998							
December	3 645	9 206	12 852	2 956	3 176	6 720	12 852
March	2 773	7 472	10 245	2 481	2 341	5 423	10 245
June	3 538	8 839	12 377	2 822	2 843	6 712	12 377
1998–1999							
September	3 570	7 723	11 293	2 437	2 209	6 646	11 293
December	3 900	7 771	11 671	2 266	2 447	6 957	11 671
March	2 923	7 330	10 253	1 840	2 228	6 185	10 253
SEASONALLY ADJUSTED							
1996–1997	14 330	29 507	43 837	8 781	10 198	24 858	43 837
1997–1998	12 835	33 333	46 168	10 742	10 909	24 528	46 168
1997–1998							
December	3 221	8 556	11 779	2 696	2 948	6 138	11 779
March	3 049	8 564	11 610	2 710	2 629	6 273	11 610
June	3 549	8 001	11 544	2 757	2 584	6 206	11 544
1998–1999							
September	3 844	8 155	12 027	2 585	2 378	7 063	12 027
December	3 466	7 242	10 732	2 043	2 267	6 422	10 732
March	3 191	8 454	11 673	1 965	2 492	7 217	11 673
TREND ESTIMATES							
1996–1997	14 383	29 631	44 005	8 898	10 271	24 835	44 005
1997–1998	13 001	33 387	46 399	10 679	10 838	24 893	46 399
1997–1998							
December	3 064	8 482	11 548	2 671	2 807	6 073	11 548
March	3 248	8 466	11 711	2 770	2 725	6 219	11 711
June	3 517	8 161	11 682	2 704	2 535	6 444	11 682
1998–1999							
September	3 618	7 883	11 516	2 477	2 400	6 635	11 516
December	3 525	7 838	11 388	2 192	2 365	6 830	11 388
March	3 332	7 987	11 322	1 966	2 382	7 005	11 322

4 ACTUAL & EXPECTED CAPITAL EXPENDITURE, By Type of Asset—Current prices

Financial year	*12 months expectation as reported in Jan–Feb of previous financial year (Estimate 1)*	*12 months expectation as reported in Apr–May of previous financial year (Estimate 2)*	*12 months expectation as reported in Jul–Aug (Estimate 3)*	*3 months actual and 9 months expectation as reported in Oct–Nov (Estimate 4)*	*6 months actual and 6 months expectation as reported in Jan–Feb (Estimate 5)*	*9 months actual and 3 months expectation as reported in Apr–May (Estimate 6)*	*12 months actual (Estimate 7)*
BUILDINGS AND STRUCTURES ($ million)							
1995–1996	8 700	9 528	10 479	11 878	12 861	12 373	12 348
1996–1997	9 559	11 643	14 017	15 056	15 633	15 769	14 330
1997–1998	12 085	14 505	13 668	14 014	13 593	13 740	13 152
1998–1999	11 812	13 587	14 560	16 035	14 713	14 042	n.y.a.
1999–2000	9 285	8 858	n.y.a.	n.y.a.	n.y.a.	n.y.a.	n.y.a.
BUILDINGS AND STRUCTURES (Realisation Ratio)(a)							
1995–1996	1.42	1.30	1.18	1.04	0.96	1.00	1.00
1996–1997	1.50	1.23	1.02	0.95	0.92	0.91	1.00
1997–1998	1.09	0.91	0.96	0.94	0.97	0.96	1.00
5 year average	1.25	1.09	1.04	0.99	0.94	0.95	1.00
EQUIPMENT, PLANT AND MACHINERY ($ million)							
1995–1996	19 069	22 634	24 605	25 437	26 742	28 077	28 124
1996–1997	22 841	25 174	26 384	27 428	27 996	28 845	29 507
1997–1998	20 229	22 974	27 193	30 974	32 637	33 151	33 069
1998–1999	26 104	27 905	28 915	29 109	30 399	31 291	n.y.a.
1999–2000	22 657	23 856	n.y.a.	n.y.a.	n.y.a.	n.y.a.	n.y.a.
EQUIPMENT, PLANT AND MACHINERY (Realisation Ratio)(a)							
1995–1996	1.47	1.24	1.14	1.11	1.05	1.00	1.00
1996–1997	1.29	1.17	1.12	1.08	1.05	1.02	1.00
1997–1998	1.63	1.44	1.22	1.07	1.01	1.00	1.00
5 year average	1.45	1.28	1.18	1.09	1.04	1.01	1.00
TOTAL ($ million)							
1995–1996	27 769	32 161	35 084	37 315	39 603	40 450	40 473
1996–1997	32 400	36 817	40 401	42 484	43 629	44 614	43 837
1997–1998	32 321	37 479	40 861	44 988	46 229	46 892	46 220
1998–1999	37 916	41 492	43 475	45 144	45 112	45 334	n.y.a.
1999–2000	31 942	32 714	n.y.a.	n.y.a.	n.y.a.	n.y.a.	n.y.a.
TOTAL (Realisation Ratio)(a)							
1995–1996	1.46	1.26	1.15	1.08	1.02	1.00	1.00
1996–1997	1.35	1.19	1.09	1.03	1.00	0.98	1.00
1997–1998	1.43	1.23	1.13	1.03	1.00	0.99	1.00
5 year average	1.38	1.21	1.13	1.06	1.01	0.99	1.00
TOTAL (Percentage change over previous estimate for same financial year)							
1995–1996	n.a.	15.8	9.1	6.4	6.1	2.1	0.1
1996–1997	n.a.	13.6	9.7	5.2	2.7	2.3	–1.7
1997–1998	n.a.	16.0	9.0	10.1	2.8	1.4	–1.4
1998–1999	n.a.	9.4	4.8	3.8	–0.1	0.5	n.y.a.
1999–2000	n.a.	2.4	n.y.a.	0.0	n.y.a.	n.y.a.	n.y.a.
TOTAL (Percentage change over corresponding estimate for previous financial year)							
1995–1996	6.8	6.6	10.6	10.3	12.9	12.9	13.8
1996–1997	16.7	14.5	15.2	13.9	10.2	10.3	8.3
1997–1998	–0.2	1.8	1.1	5.9	6.0	5.1	5.4

(a) Ratio of actual expenditure for the financial year to each progressive estimate for the financial year. For more information see paragraphs 34 and 35 of the Explanatory Notes.

5 ACTUAL & EXPECTED CAPITAL EXPENDITURE, By Industry—Current prices

Financial year	*12 months expectation as reported in Jan–Feb of previous financial year (Estimate 1)*	*12 months expectation as reported in Apr–May of previous financial year (Estimate 2)*	*12 months expectation as reported in Jul–Aug (Estimate 3)*	*3 months actual and 9 months expectation as reported in Oct–Nov (Estimate 4)*	*6 months actual and 6 months expectation as reported in Jan–Feb (Estimate 5)*	*9 months actual and 3 months expectation as reported in Apr–May (Estimate 6)*	*12 months actual (Estimate 7)*
			MANUFACTURING ($ million)				
1995–1996	8 975	9 964	10 721	11 185	11 160	10 978	10 457
1996–1997	9 711	10 037	10 652	11 081	10 350	10 359	10 198
1997–1998	7 727	8 826	10 108	10 936	11 066	11 451	10 996
1998–1999	8 679	10 412	10 706	10 505	10 360	9 968	n.y.a.
1999–2000	8 692	8 621	n.y.a.	n.y.a.	n.y.a.	n.y.a.	n.y.a.
			MANUFACTURING (Realisation Ratio)(a)				
1995–1996	1.17	1.05	0.98	0.93	0.94	0.95	1.00
1996–1997	1.05	1.02	0.96	0.92	0.99	0.98	1.00
1997–1998	1.42	1.25	1.09	1.01	0.99	0.96	1.00
5 year average	1.25	1.13	1.04	0.97	0.98	0.97	1.00
			MINING ($ million)				
1995–1996	5 541	6 720	7 472	7 627	7 764	7 788	7 525
1996–1997	7 789	9 913	10 113	9 932	9 452	9 354	8 781
1997–1998	8 592	9 588	11 027	11 908	12 090	11 551	11 029
1998–1999	9 404	10 088	9 096	9 741	9 364	9 014	n.y.a.
1999–2000	6 526	5 837	n.y.a.	n.y.a.	n.y.a.	n.y.a.	n.y.a.
			MINING (Realisation Ratio)(a)				
1995–1996	1.36	1.12	1.01	0.99	0.97	0.97	1.00
1996–1997	1.13	0.89	0.87	0.88	0.93	0.94	1.00
1997–1998	1.28	1.15	1.00	0.93	0.91	0.95	1.00
5 year average	1.15	1.00	0.93	0.92	0.93	0.94	1.00
			OTHER SELECTED INDUSTRIES ($ million)				
1995–1996	13 253	15 478	16 890	18 503	20 679	21 683	22 491
1996–1997	14 900	16 867	19 636	21 470	23 827	24 901	24 859
1997–1998	16 002	19 065	19 726	22 144	23 074	23 889	24 195
1998–1999	19 833	20 992	23 673	24 898	25 388	26 351	n.y.a.
1999–2000	16 724	18 255	n.y.a.	n.y.a.	n.y.a.	n.y.a.	n.y.a.
			OTHER SELECTED INDUSTRIES (Realisation Ratio)(a)				
1995–1996	1.70	1.45	1.33	1.22	1.09	1.04	1.00
1996–1997	1.67	1.47	1.27	1.16	1.04	1.00	1.00
1997–1998	1.51	1.27	1.23	1.09	1.05	1.01	1.00
5 year average	1.60	1.39	1.30	1.17	1.06	1.02	1.00

(a) Ratio of actual expenditure for the financial year to each progressive estimate for the financial year. For more information see paragraphs 34 and 35 of the Explanatory Notes.

6 RATIOS OF ACTUAL TO SHORT TERM EXPECTATION FOR SAME PERIOD(a)—Current prices

Financial year	3 MONTHS ENDING..... 31 December (collected in September Survey)	3 MONTHS ENDING..... 30 June (collected in March Survey)	6 MONTHS ENDING..... 31 December (collected in June Survey)	6 MONTHS ENDING..... 30 June (collected in December Survey)
		TYPE OF ASSET		
Buildings and Structures				
1996–1997	0.94	0.70	1.02	0.84
1997–1998	0.91	0.86	0.92	0.94
1998–1999	0.87	n.y.a.	0.92	0.45
5 year average	0.93	0.82	0.97	0.89
Equipment, Plant and Machinery				
1996–1997	0.97	1.08	1.06	1.11
1997–1998	1.02	0.99	1.15	1.03
1998–1999	1.01	n.y.a.	0.97	0.50
5 year average	0.98	1.02	1.07	1.08
Total				
1996–1997	0.96	0.94	1.04	1.01
1997–1998	0.99	0.95	1.08	1.00
1998–1999	0.95	n.y.a.	0.95	0.48
5 year average	0.96	0.95	1.03	1.02
		TYPE OF INDUSTRY		
Mining				
1996–1997	0.84	0.80	0.87	0.87
1997–1998	0.92	0.85	1.02	0.84
1998–1999	0.90	n.y.a.	0.99	0.45
5 year average	0.88	0.80	0.94	0.88
Manufacturing				
1996–1997	0.74	0.95	0.91	0.97
1997–1998	0.96	0.86	1.03	0.99
1998–1999	0.84	n.y.a.	0.84	0.41
5 year average	0.84	0.90	0.93	0.95
Other Selected Industries				
1996–1997	1.15	0.99	1.20	1.09
1997–1998	1.04	1.05	1.13	1.10
1998–1999	1.02	n.y.a.	0.99	0.53
5 year average	1.07	1.06	1.14	1.12
Total				
1996–1997	0.96	0.94	1.04	1.01
1997–1998	0.99	0.95	1.08	1.00
1998–1999	0.95	n.y.a.	0.95	0.48
5 year average	0.96	0.95	1.03	1.02

(a) For more information on Realisation Ratios see paragraphs 34 and 35 of the Explanatory Notes.

EXPLANATORY NOTES

INTRODUCTION

1 This publication contains estimates of actual and expected new capital expenditure by private businesses in Australia. The series contained in this publication have been compiled from data collected in a quarterly survey of private businesses.

SCOPE OF THE SURVEY

2 This survey aims to measure the value of new capital expenditure by private businesses in Australia. Private households and public sector businesses (i.e. all departments, authorities and other organisations owned or controlled by Commonwealth, State or Local Government) are outside the scope of the survey.

3 The scope of the survey:

- includes the following Australian and New Zealand Standard Industrial Classification (ANZSIC) industries
  - Mining (Division B)
  - Manufacturing (Division C)
    - Food, beverages and tobacco (21)
    - Textiles, clothing, footwear and leather (22)
    - Wood and paper products (23)
    - Printing, publishing and recorded media (24)
    - Petroleum, coal, chemical and associated products (25)
    - Non-metallic mineral products (26)
    - Metal products (27)
    - Machinery and equipment (28)
    - Other manufacturing (29)
  - Other Selected Industries
    - Construction (Division E)
    - Wholesale trade (Division F)
    - Retail trade (Division G)
    - Transport & storage (Division I)
    - Finance and insurance (Division K)
    - Property & business services (Division L)
    - Other selected services (including electricity & gas; communication; accommodation, cafes & restaurants; cultural & recreational services; and personal services (36,37,57,71,91–93,95)
- excludes the following industries
  - Agriculture, forestry and fishing
  - Government administration & defence
  - Education
  - Health and community services

SURVEY METHODOLOGY

4 This quarterly survey is based on a stratified random sample of private business units recorded on the ABS register of businesses. The sample consists of approximately 7,700 units. The figures obtained from the selected businesses are supplemented by data from units which have large capital expenditure and/or large employment and which are outside the sample framework, or not adequately covered by it.

SURVEY METHODOLOGY
continued

5 Adjustments are included in the estimates to allow for lags in processing new businesses to the ABS business register, and the omission of some businesses from the business register. The majority of businesses affected and to which these adjustments apply are small in size. The adjustments contributed 3.3% to the current quarter's estimate of reported capital expenditure. These adjustments were introduced in the June quarter 1997 publication and have been made back to the June quearter 1987. For further information see the June quarter 1997 publication or Information paper—*Improvements to ABS Economic Statistics 1997* (Cat. no. 1357.0) issued on 22 August 1997.

6 Respondents are asked to provide data on the same basis as their own management accounts. Where a selected business unit does not respond in a given survey, an estimate is substituted. Revisions may be made to these estimate adjustments if data are provided subsequently from those businesses. Aggregates are calculated from original data using the 'number raised' estimation technique. Data are edited at both individual unit level and at aggregate level.

7 Surveys are conducted in respect of each quarter and returns are completed in the 8 or 9 week period after the end of the quarter to which the survey data relate (e.g. March quarter survey returns are compeleted during April and May). Full details of the reporting cycle are shown below.

TIMING AND CONSTRUCTION OF SURVEY CYCLE

Period to which reported data relates

	1997–1998				1998–1999				1999–2000			
Survey quarter	*Dec*	*Mar*	*Jun*	*Sep*	*Dec*	*Mar*	*Jun*	*Sep*	*Dec*	*Mar*	*Jun*
December 1997	Act	E1		E2							
March 1998	Act	Act	E1	E2							
June 1998	Act	Act	Act	E1		E2					
September 1998				Act	E1	E2					
December 1998				Act	Act	E1		E2			
March 1999				Act	Act	Act	E1	E2			
June 1999				Act	Act	Act	Act	E1		E2	

8 This survey cycle facilitates the formation of estimates of expenditure for financial years (12 months ending 30 June). For example, as the table above shows, the first estimate for 1998–1999 was available from the December 1997 survey as a longer term expectation (E2). It was subsequently revised in the March 1998 survey (again as a longer term expectation) and in the June 1998 survey as the sum of two expectations (E1 + E2). In the September and subsequent surveys the estimate is derived as the sum of actual expenditure (for that part of the year completed) and expected expenditure (for the remainder of the year). The final (or seventh) estimate from the June quarter 1999 survey, will be derived by summing the actual expenditure for each of the four quarters.

9 Businesses are requested to provide 3 basic figures each survey:

- Actual expenditure incurred during the reference period (Act)
- A short term expectation (E1)
- A longer term expectation (E2).

SAMPLE REVISION

10 Prior to the June quarter 1996 survey, the survey frames and samples were revised annually to ensure that they remained representative of the survey population. Adjustments were made to the survey estimates each quarter to reflect changes in the size of the survey frame throughout the year. From the June quarter 1996 survey, the survey frames and samples are being revised each quarter. The aim is to further improve the quality of the survey estimates by selecting a sample which will be more representative of the survey population. Additionally, the timing of sample selection will now be consistent with other ABS surveys. This will lead to greater consistency when comparing data across these surveys.

11 With these revisions to the sample, some of the business units are rotated out of the survey and are replaced by other to spread the reporting workload equitably. The rate of rotation under quarterly sample selection is slightly higher than one quarter of the previous annual rate of rotation.

12 When the frames and samples were updated annually prior to the June quarter 1996, some data would be revised as a consequence. No data revisions of this nature will be needed given quarterly updates to frames and samples. Data may be revised, however, on the basis of further processing.

STATISTICAL UNIT

13 This survey uses the Management Unit as the statistical unit. The management unit is the highest level accounting unit within a business, having regard to industry homogeneity, for which accounts are maintained. In nearly all cases it coincides with the legal entity owning the business (i.e. company, partnership, trust, sole operator, etc). In the case of large diversified businesses, however, there may be more than one management unit, each coincides with a 'division' or 'line of business'. A division or line of business is defined when separate and comprehensive accounts are compiled for it. Prior to 1989, the survey was on a different business unit basis. Further details are available on request.

CLASSIFICATION BY INDUSTRY

14 The Australian and New Zealand Standard Industrial Classification (ANZSIC) has been developed for use in both countries for the production and analysis of industry statistics. It replaced the Australian Standard Industrial Classification (ASIC) and the New Zealand Standard Industrial Classification (NZSIC).

15 For further information, users are referred to *Australian & New Zealand Standard Industrial Classification,1993, ANZIC*, (Cat. no. 1292.0) and *Statistis New Zealand* (Cat. no. 19.005.0092).

CHAIN VOLUME MEASURES

16 The chain volume measures appearing in this publication are annually reweighted chain Laspeyres indexes referenced to current price values in the chosen reference year (currently 1996–1997). Chain volume measures were introduced in September quarter 1998, replacing constant price estimates. Chain volume measures can be thought of as current price values re-expressed in (i.e. based on) the prices of the previous year and linked together to form continuous time series. Each year's quarter-to-quarter growth rates in the chain volume series are based on the prices of the previous year, except for those of the quarters of the latest incomplete year which are based upon the second most recent financial year. With each release of the June quarter issue of this publication, a new base year will be introduced and the reference year will be advanced one year to coincide with it. This means that with the release of the June quarter 1999 issue of this publication, the chain volume measures for 1998–1999 will have 1997–1998 (the previous financial year) as their base year rather than 1996–1997, and the reference year will be 1997–1998. A change in reference year changes levels but not growth rates.

CHAIN VOLUME MEASURES *continued*

17 Chain volume measures are not generally additive. In other words, component chain volume measures do not, in general, sum to a total in the way original current price components do. For capital expenditure data this means that the original chain volume estimates for industry groups will not add to total capital expenditure for Australia. However, by using the latest base year as the reference year, non-additivity does not exist for the quarters following the reference year and is relatively small for the quarters in the reference year and those immediately preceding it. For further information on chain volume measures refer to the information paper *Introduction of Chain Volume Measures in the Australian National Accounts* (Cat no. 5248.0).

DERIVATION AND USEFULNESS OF REALISATION RATIOS

18 Once actual expenditure for a financial year is known, it is useful to investigate the relationship between each of the prior 6 estimates and that actual. The resultant realisation ratios (subsequent actual expenditure divided by expected expenditure) then indicate how much expenditure was actually incurred against the amount expected to be incurred at the various times of reporting. Realisation ratios can also be formed separately for 3 or 6 month expectations as well as the 12 month E2 estimates or combinations of estimates containing at least some expectation components (e.g. 6 months actual and 6 months expected expenditure).

19 Realisation ratios provide an important tool in understanding and interpreting expectation statistics for future periods. The application of realisation ratios enables the adjustment of expectation data for known under (or over) realisation patterns in the past and hence provides a valid basis for comparison with other expectation data and actual expenditure estimates. For example, if one wished to predict actual expenditure for 1998–1999 based on the June 1998 survey results and compare this with 1997–1998 expenditure, it is necessary to apply relevant realisation factors to the expectation to put both estimates on the same basis. Once this has been done the predictions can be validly compared with each other and with previously derived estimates of actual expenditure for earlier years.

20 There are many ways in which realisation ratios can be applied to make predictions of actual expenditure for a future period. A range of realisation ratios for both type of asset and industry estimates is provided in Tables 4 and 5.

21 In using realisation ratios to adjust expectations data, attention should be paid to the range of values that has occurred in the past. A wide range of values is indicative of volatility in the realisation patterns and hence greater caution should be exercised in the application of realisation ratios. This is particularly the case with the twelve month expectations collected in the December and March surveys.

DESCRIPTION OF TERMS

22 *New capital expenditure* refers to the acquisition of new tangible assets either on own account or under a *finance lease* and includes major improvements, alterations and additions. In general, this is expenditure charged to fixed tangible assets accounts excluding expenditure on second hand assets unless these are imported for the first time.

DESCRIPTION OF TERMS
continued

23 Some estimates are dissected by type of asset:

- *Buildings and Structures*. Includes industrial and commercial buildings, houses, flats, home units, water and sewerage installations, lifts, heating, ventilating and similar equipment forming an integral part of buildings and structures , land development and construction site development, roads, bridges, wharves, harbours, railway lines, pipelines, power and telephone lines. Also includes mine development (e.g. construction of shafts in underground mines, preparation of mining and quarrying sites for open cut extraction and other developmental operations primarily for commencing or extending production). Excludes purchases of land, previously occupied buildings and speculatively built projects intended for sale before occupation.
- *Equipment, plant and machinery*. Includes plant, machinery, vehicles, electrical apparatus, office equipment, furniture, fixtures and fittings not forming an integral part of buildings, durable containers, special tooling, etc. Also includes goods imported for the first time whether previously used outside Australia or not.

RELIABILITY OF THE ESTIMATES

24 Since the estimates are based on data obtained from a sample rather than a complete enumeration, the data and the movements derived from them are subject to sampling variability; that is, they may differ from the figures that would have been obtained if all units had been included in the survey. One measure of the likely difference is given by the standard error, which indicates the extent to which an estimate might have varied by chance because only a sample of units was included. There are about two chances in three that a sample estimate will differ by less than one standard error from the figure that would have been obtained if all units had been included, and about nineteen chances in twenty that the difference will be less than two standard errors.

25 Another measure of sampling variability is the relative standard error which is obtained by expressing the standard error as a percentage of the estimate to which it refers. The relative standard error is a useful measure in that it provides an immediate indication of the percentage errors likely to have occurred due to sampling. The sample estimates of quarter to quarter movement in the value of new capital expenditure are also subject to sampling variability. The relative standard error of the estimate of movement is expressed as a percentage of the quarterly estimate of the level of capital expenditure.

	RELATIVE STANDARD ERROR
Total new capital expenditure:	
Mining	7.3%
Manufacturing	2.8%
Other Selected Industries	3.4%
Buildings & Structures	4.8%
Equipment, Plant & Machinery	2.7%
Total Selected Industries	2.6%

26 The imprecision due to sampling, which is measured by the standard error, is not the only type of inaccuracy to which the estimates are subject. Other inaccuracies, referred to collectively as non-sample error, may occur for a number of reasons, for example misreporting of data by respondents or imputation for missing respondents.

RELIABILITY OF THE ESTIMATES *continued*

27 In the design of questionnaires and in the processing of survey data every effort is made to reduce the non-sample error to a minimum.

SEASONAL ADJUSTMENT

28 The quarterly actual new capital expenditure 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.

29 Seasonal adjustment may be carried out by various methods and the results may vary slightly depending on the procedure adopted. Accordingly, seasonally adjusted statistics are in fact only indicative and should not be regarded as in any way definitive. In interpreting seasonally adjusted data it is important therefore to bear in mind the methods by which they have been derived and the limitations to which the methods used are subject.

30 At least once each year the seasonally adjusted series are revised to take account of the latest available data. The most recent reanalysis takes into account data collected up to and including the March quarter 1998 survey. Data for periods after March 1998 are seasonally adjusted on the basis of extrapolation of historical patterns. The nature of the seasonal adjustment process is such that the magnitude of some revisions resulting from reanalysis may be quite significant, especially for data for more recent quarters. Care should be exercised when interpreting quarter to quarter movements in the seasonally adjusted series in the publication, particularly for recent quarters.

31 It should be noted that the seasonally adjusted figures necessarily reflect the sampling and other errors to which the original figures are subject.

32 Details of the seasonal adjustment methods used together with selected measures of variability for these series are available on request.

TREND ESTIMATES

33 The trend estimates are derived by applying a 7–term Henderson moving average to the seasonally adjusted series. The 7–term Henderson average (like all Henderson averages) is symmetric, but as the end of a time series is approached, asymmetric forms of the average are applied. Unlike the weights of the standard 7-term Henderson moving average, the weights employed here have been tailored to suit the particular characteristics of individual series. While the asymmetric weights enable trend estimates for recent quarters to be produced, it does result in revisions to the estimates for the most recent three quarters as additional observations become available. There may also be revisions because of changes in the original data and as a result of the re-estimation of the seasonal factors. For further information, see *A Guide to Interpreting Time Series—Monitoring 'Trends': an Overview* (Cat. no. 1348.0) or contact the Assistant Director, Time Series Analysis on (02) 6252 6345.

COMPARABILITY WITH NATIONAL ACCOUNTS ESTIMATES

34 The statistics for new capital expenditure shown in this publication differ from estimates of private gross fixed capital expenditure shown in the Australian National Accounts for the following reasons:

- National Accounts estimates incorporate data from other sources as well as information from the capital expenditure survey. For example, estimates for capital expenditure on 'equipment' are based on annual statistics of depreciable assets available from the Taxation Commissioner. Quarterly estimates are interpolated between and extrapolated from the annual taxation based estimates using a variety of indicators including this survey. The ABS's quarterly Building Activity Survey and Engineering Construction Survey are the main sources for estimating the National Accounts dwelling and non-dwelling construction items respectively.
- National Accounts estimates include capital expenditure by all private businesses including units classified to agriculture, forestry, fishing and hunting and community services industries and capital expenditure on dwellings by households. Data for these sectors are excluded from this publication.
- National Accounts estimates include the value of work done on speculative construction projects as the work is put into place. The statistics in this publication, however, include full value of the speculative projects as new capital expenditure of the purchases (if in scope), when the project is sold.
- For equipment, the National Accounts estimates relate to acquisitions less disposals of all fixed tangible assets whereas the survey figures are acquisitions of new fixed tangible assets only.

35 For a more detailed explanation of the concepts and methods used in compiling the National Accounts estimates see *Australian National Accounts: Concepts, Sources and Methods* (Cat. no. 5216.0).

RELATED PUBLICATIONS

36 Users may also wish to refer the following publications:

- *Australian Business Expectations* (Cat. no. 5250.0)
- *Australian National Accounts. National Income, Expenditure and Product* (Cat. no. 5206.0)
- *Building Activity, Australia* (Cat. no. 8752.0)
- *Business Operations and Industry Performance, Australia* (Cat. no. 8140.0)
- *Company Profits, Australia* (Cat. no. 5651.0)
- *Directory of Capital Expenditure Data Sources and Related Statistics* (Cat. no. 5653.0)
- *Engineering Construction Activity, Australia* (Cat. no. 8762.0)
- *Introduction of Chain Volume Measures in the Australian National Accounts* (Cat. no. 5248.0)
- *State Estimates of Private New Capital Expenditure* (Cat. no. 5646.0)
- *Stocks and Sales, Selected Industries, Australia* (Cat. no. 5629.0).

RELATED PUBLICATIONS

37 Current publications produced by the ABS are listed in the *Catalogue of Publications and Products, Australia* (Cat. no. 1101.0). The ABS also issues, on Tuesdays and Fridays, a *Release Advice* (Cat. no. 1105.0) which lists publications to be released in the next few days. The Catalogue and Release Advice are available from any ABS office.

UNPUBLISHED DATA

38 In addition to the data contained in this publication, more detailed industry information may be made available on request. For example, data are generally available at the ANZSIC group (3 digit) level.

SYMBOLS AND OTHER USAGES

ANZSIC	Australian and New Zealand Standard Industrial Classification
n.y.a.	not yet available

EFFECT OF NEW SEASONALLY ADJUSTED ESTIMATES ON TREND ESTIMATES

TREND REVISIONS

Each time new seasonally adjusted estimates become available, trend estimates are revised (see paragraphs 28 and 33 of the Explanatory Notes).

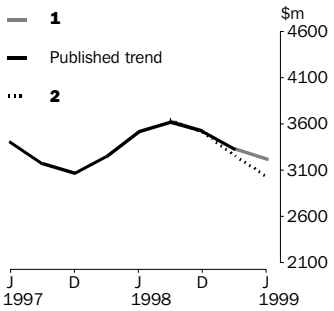
The examples in the tables below show two scenarios and the consequent revisions to previous trend estimates of capital expenditure by private businesses.

1 The June quarter seasonally adjusted estimate of chain volume measures is higher than the March quarter estimate by the percentage shown.

2 The June quarter seasonally adjusted estimate of chain volume measures is lower than the March quarter estimate by the percentage shown.

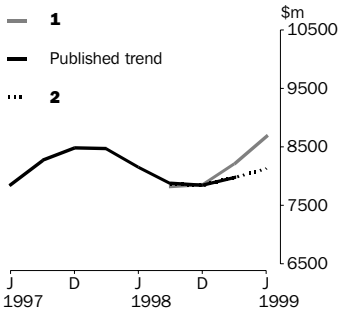
The percentages chosen are approximately the long term average movement, without regard to sign, in the seasonally adjusted series.

BUILDINGS AND STRUCTURES



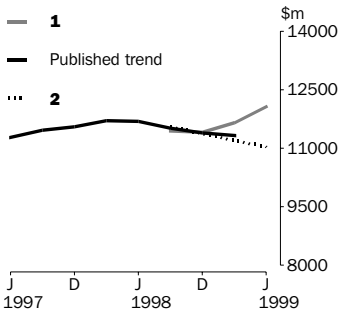
	TREND AS PUBLISHED		WHAT IF NEXT QUARTER'S SEASONALLY ADJUSTED ESTIMATE:			
			1 *rises by 6.7% on Mar 1999*		**2** *falls by 6.7% on Mar 1999*	
	$m	*% change*	*$m*	*% change*	*$m*	*% change*
1998						
September	3 618	2.9	3 628	3.1	3 644	3.6
December	3 525	–2.6	3 521	–2.9	3 515	–3.6
1999						
March	3 332	–5.5	3 335	–5.3	3 256	–7.4
June	—	—	3 217	–3.5	3 040	–6.6

EQUIPMENT, PLANT AND MACHINERY



	TREND AS PUBLISHED		WHAT IF NEXT QUARTER'S SEASONALLY ADJUSTED ESTIMATE:			
			1 *rises by 4.9% on Mar 1999*		**2** *falls by 4.9% on Mar 1999*	
	$m	*% change*	*$m*	*% change*	*$m*	*% change*
1998						
September	7 883	–3.4	7 818	–4.2	7 866	–3.6
December	7 838	–0.6	7 860	0.5	7 843	–0.3
1999						
March	7 987	1.9	8 218	4.5	7 983	1.8
June	—	—	8 675	5.6	8 135	1.9

TOTAL CAPITAL EXPENDITURE



	TREND AS PUBLISHED		WHAT IF NEXT QUARTER'S SEASONALLY ADJUSTED ESTIMATE:			
			1 *rises by 4.4% on Mar 1999*		**2** *falls by 4.4% on Mar 1999*	
	$m	*% change*	*$m*	*% change*	*$m*	*% change*
1998						
September	11 516	–1.4	11 449	–2.0	11 541	–1.2
December	11 388	–1.1	11 412	–0.3	11 380	–1.4
1999						
March	11 322	–0.6	11 646	2.1	11 204	–1.5
June	—	—	12 070	3.6	11 022	–1.6

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2562500003991
ISSN 1323-2568

RRP $16.00

Produced by the Australian Bureau of Statistics