

**PRICE INDEX OF MATERIALS
USED IN HOUSE BUILDING**

SIX STATE
CAPITAL
CITIES

EMBARGOED UNTIL 11:30AM FRI 08 DECEMBER 1995

OCTOBER KEY FIGURES

	% change Sep 95 to Oct 95	% change Oct 94 to Oct 95
Weighted average of six State capital cities	-0.2	1.0
Sydney	-0.4	1.1
Melbourne	-0.1	0.4
Brisbane	-0.2	0.5
Adelaide	0.1	-0.4
Perth	0.1	3.1
Hobart	0.0	3.6

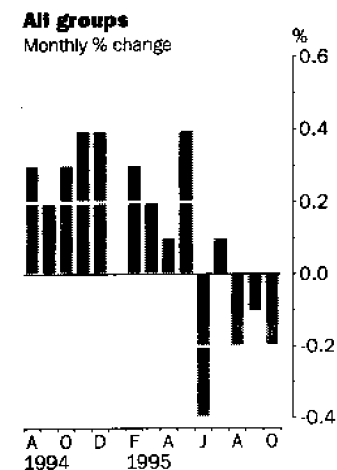
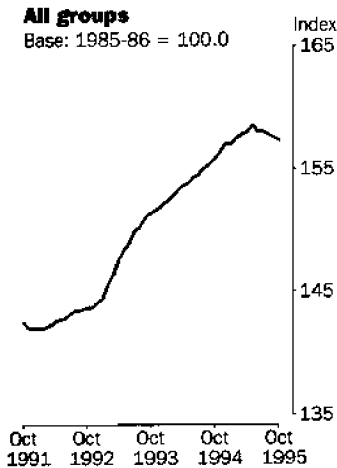
OCTOBER KEY POINTS

WEIGHTED AVERAGE INDEX

- Price decreases for structural timber and clay bricks were the major contributors to the fall in the index in October.

CAPITAL CITIES INDEXES

- Timber prices fell in Sydney and Perth, while prices increased slightly in Brisbane and Hobart.
- Prices for clay bricks decreased in Melbourne, Brisbane and Adelaide.
- Ready mix concrete prices decreased in all cities except Perth.
- Prices for plastic pipes fell in Sydney, Brisbane, Perth and Adelaide.



INQUIRIES

- For further information about these and related statistics, contact Robert Adams on 06 252 6198, or any ABS Office.

PRICE INDEX NOTES

FORTHCOMING ISSUES

<i>ISSUE</i>	<i>RELEASE DATE</i>
November 1995	12 January 1996
December 1995	9 February 1996
January 1996	08 March 1996

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CHANGES IN THIS ISSUE

There are no changes in this issue.

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W. McLennan
Australian Statistician



HOUSE BUILDING MATERIALS PRICE INDEX¹

Period	<i>Weighted average of six State capital cities</i>						
	<i>Sydney</i>	<i>Melbourne</i>	<i>Brisbane</i>	<i>Adelaide</i>	<i>Perth</i>	<i>Hobart</i>	
1992-93	145.2	148.5	141.1	147.8	137.8	150.5	140.7
1993-94	152.1	154.8	149.6	152.2	151.8	153.5	144.3
1994-95	156.7	160.0	154.7	155.4	154.1	158.7	150.2
1994							
August	155.0	158.1	152.8	153.5	153.5	157.2	147.8
September	155.3	158.3	153.1	154.0	153.8	157.1	148.2
October	155.8	159.3	153.5	154.8	153.9	157.2	149.2
November	156.4	159.5	154.3	155.9	153.8	157.9	149.1
December	157.0	160.2	155.0	156.0	154.4	158.4	149.2
1995							
January	157.0	160.2	155.0	155.3	154.7	159.2	150.0
February	157.5	160.8	155.6	156.3	154.9	159.0	151.0
March	157.8	161.0	156.1	156.0	154.8	159.6	151.7
April	157.9	160.8	156.3	156.5	153.7	160.0	152.2
May	158.6	161.4	157.1	156.8	154.3	161.4	153.4
June	158.0	162.3	155.0	155.9	154.4	161.2	153.2
July	158.1	162.3	155.1	155.9	154.0	161.6	154.5
August	157.8	161.6	154.8	155.9	153.6	162.1	154.6
September	157.6	161.6	154.3	155.9	153.2	161.9	154.6
October	157.3	161.0	154.1	155.6	153.3	162.0	154.6

¹ Base of each index: 1985-86 = 100.0

HOUSE BUILDING MATERIALS PRICE INDEX, Percentage Changes

Period	Weighted average of six State capital cities						
	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	
PERCENTAGE CHANGE (from previous year)							
1992-93	2.0	1.6	2.8	2.1	1.7	0.8	1.7
1993-94	4.8	4.2	6.0	3.0	10.2	2.0	2.6
1994-95	3.0	3.4	3.4	2.1	1.5	3.4	4.1
PERCENTAGE CHANGE (from corresponding month of previous year)							
1994							
August	3.2	3.1	3.9	1.8	3.9	2.9	3.3
September	2.9	3.1	3.6	1.3	2.4	2.9	3.6
October	2.9	3.6	3.4	1.6	1.3	2.8	4.0
November	3.2	3.6	3.4	2.7	1.2	3.5	3.9
December	3.4	3.8	3.7	2.6	1.4	3.6	3.9
1995							
January	3.1	3.6	3.4	2.0	1.2	3.9	3.8
February	3.2	3.7	3.7	2.3	0.8	3.9	4.7
March	3.1	3.7	3.2	2.4	1.0	3.4	4.5
April	2.8	2.9	3.2	2.2	0.3	3.6	4.6
May	3.1	3.1	3.6	2.5	0.3	4.1	5.1
June	2.4	3.0	2.0	1.8	0.4	3.5	4.4
July	2.3	2.9	1.8	1.6	0.7	3.5	5.2
August	1.8	2.2	1.3	1.6	0.1	3.1	4.6
September	1.5	2.1	0.8	1.2	-0.4	3.1	4.3
October	1.0	1.1	0.4	0.5	-0.4	3.1	3.6
PERCENTAGE CHANGE (from previous month)							
1994							
August	0.3	0.3	0.3	0.0	0.4	0.6	0.7
September	0.2	0.1	0.2	0.3	0.2	-0.1	0.3
October	0.3	0.6	0.3	0.5	0.1	0.1	0.7
November	0.4	0.1	0.5	0.7	-0.1	0.4	-0.1
December	0.4	0.4	0.5	0.1	0.4	0.3	0.1
1995							
January	0.0	0.0	0.0	-0.4	0.2	0.5	0.5
February	0.3	0.4	0.4	0.6	0.1	-0.1	0.7
March	0.2	0.1	0.3	-0.2	-0.1	0.4	0.5
April	0.1	-0.1	0.1	0.3	-0.7	0.3	0.3
May	0.4	0.4	0.5	0.2	0.4	0.9	0.8
June	-0.4	0.6	-1.3	-0.6	0.1	-0.1	-0.1
July	0.1	0.0	0.1	0.0	-0.3	0.2	0.8
August	-0.2	-0.4	-0.2	0.0	-0.3	0.3	0.1
September	-0.1	0.0	-0.3	0.0	-0.3	-0.1	0.0
October	-0.2	-0.4	-0.1	-0.2	0.1	0.1	0.0

HOUSE BUILDING MATERIALS PRICE INDEX, Contribution to All Groups Index¹

Category	September 1995	October 1995	Change
Weighted average of six State Capital Cities	157.6	157.3	-0.3
GROUPS: Contribution to Weighted average of six State capital cities index (index points)			
Concrete mix, cement and sand	13.41	13.37	-0.04
Cement products	9.73	9.73	0.00
Clay bricks, tiles, etc	15.21	15.12	-0.09
Timber, board and joinery	52.23	52.09	-0.14
Steel Products	5.62	5.67	0.05
Other metal products	22.26	22.30	0.04
Plumbing fixtures, etc	7.88	7.92	0.04
Electrical installation materials	3.94	3.90	-0.04
Installed appliances	7.38	7.37	-0.01
Other materials	19.89	19.83	-0.06

¹ For an explanation of this table see paragraph 15 of the Explanatory Notes



HOUSE BUILDING MATERIALS PRICE INDEX, By Materials Group¹

Period	Concrete mix, cement and sand	Cement products	Clay bricks, tiles, etc	Timber, board and joinery	Steel products	Other metal products	Plumbing fixtures, etc	Electrical installation materials	Installed appliances	Other materials
WEIGHTED AVERAGE OF SIX STATE CAPITAL CITIES										
1992-93	140.4	142.1	149.0	137.2	155.4	149.4	177.8	183.0	149.1	144.6
1993-94	145.3	143.9	150.4	152.8	158.6	150.3	182.1	176.6	156.4	147.3
1994-95	150.9	149.1	156.3	157.1	158.8	156.4	184.4	186.0	159.1	151.1
1994										
August	151.1	146.7	155.2	155.5	159.9	153.0	181.8	179.2	157.4	149.5
September	151.2	147.8	155.7	155.9	160.1	153.3	182.2	178.3	157.5	149.0
October	151.3	149.5	155.7	156.3	160.7	154.1	183.2	181.2	157.9	149.4
November	151.3	149.5	156.1	157.1	159.9	155.4	183.4	182.6	158.8	149.9
December	151.2	149.8	156.3	157.7	159.8	156.2	183.0	185.5	159.2	151.1
1995										
January	151.2	149.8	156.3	157.4	158.7	157.0	183.0	187.1	159.5	151.1
February	151.1	149.9	157.6	157.9	158.1	158.1	186.1	188.5	159.5	150.7
March	151.0	149.8	157.7	158.0	157.7	158.6	186.3	189.4	160.1	151.7
April	150.6	148.0	157.7	157.7	157.1	159.0	187.0	192.2	160.6	153.1
May	150.4	151.0	158.0	158.7	157.0	159.3	187.7	192.8	160.9	154.1
June	149.8	151.8	157.4	156.7	156.5	159.8	187.6	195.9	160.8	154.2
July	149.3	151.7	157.4	156.1	158.2	160.6	187.6	197.8	161.6	154.9
August	148.5	151.8	157.3	155.1	159.4	159.8	190.6	200.6	161.7	155.1
September	148.2	151.3	157.0	154.6	159.9	160.1	189.6	200.2	162.0	155.0
October	147.7	151.2	156.1	154.2	161.4	160.4	190.5	198.1	161.9	154.5

¹ Base of each index: 1985-86 = 100.0

EXPLANATORY NOTES

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INTRODUCTION

- 1 This publication presents index numbers measuring changes in the prices of selected materials used in the construction of houses in the Statistical Division for each State capital city — the Price Index of Materials Used in House Building. It is calculated on a reference base of 1985–86 = 100.0 for the six State capital cities.
- 2 Index numbers for the current month and the previous three months are preliminary and subject to revision.

SCOPE

- 3 A house is defined as a detached building predominantly used for long-term residential purposes and consisting of only one dwelling unit. The index does not represent buildings of any kind other than detached houses.

ITEMS AND WEIGHTS

- 4 The index is a fixed weights index. The items and weights were derived from reported values of each material used in selected representative houses constructed in or about 1985–86. Each capital city has an individual weighting pattern which reflects the differences in the relative usage of different materials in the various cities and differences in price levels between the cities.
- 5 The weighting pattern for the six State capital cities was shown in the Appendix to the October 1986 issue of this publication.

PRICE MEASUREMENT

- 6 Prices used relate to precise standards for each material. The aim of the index is to measure price changes for materials of constant quality.
- 7 In general, the point of pricing is 'delivered on site'. However, in some cases it is necessary to use the nearest realistic price available, e.g. that for materials supplied and fixed. Prices are obtained in each capital city from representative suppliers of materials used in house building. In the main, the prices are collected at the midpoint of the month to which the index relates.
- 8 As far as possible, actual transaction prices are used in this index — that is, prices actually paid by building contractors or sub-contractors to material suppliers for materials delivered on building sites. The actual price paid for anything can be described in various ways. Instead of being described as a single price (as usually happens in retail shops) a price for a building material may be described in terms of the components that make up the price — for instance 'list price plus sales tax', 'suppliers price plus freight', 'basic price less (particular types of) discount' and so on. It is these net prices that the ABS aims to use in compiling this price index.
- 9 The ABS asks respondent businesses to report details of the discounts they offer so that actual transaction prices can be calculated. However, as building material suppliers offer many different types of discounts to buyers (e.g. trade discounts, settlement discounts, quantity discounts, competitive discounts), the identification of discounts and the way in which they are applied by sellers pose considerable problems for the ABS. To the extent that discounts are identified and measured, their effects are taken into account in calculating the index. Sometimes new discounts, or changes in the way discounts are applied by sellers, are identified only after index numbers for a period have been published. In such cases, or in any other case where it has been discovered that incorrect prices have been used in compiling the indexes, revisions to index numbers will occur in subsequent issues of this publication.

PRICE MEASUREMENT (continued)

10 Sales taxes levied on building materials are included in the prices used to compile this index. Materials used in the construction of Commonwealth, State and Local Government owned houses are exempt from sales tax. At any particular time, when there is a change in the rate of sales tax on building materials, the index is calculated to take into account the proportions of materials sold subject to sales tax at that time and the proportion of materials exempt from sales tax.

INDEX NUMBERS

11 Index numbers for financial years are simple averages of the monthly index numbers.

12 The separate city indexes measure price movements within each capital city individually. They enable comparisons to be drawn between cities as to *differences in degree of price movement* from period to period. They do not measure differences in price levels between cities.

ANALYSIS OF INDEX CHANGES

13 Care should be exercised when interpreting month-to-month movements in the indexes as short-term movements do not necessarily indicate changes in trend.

14 Movements in indexes from one period to another can be expressed either as changes in 'index points' or as percentage changes. The following example illustrates the method of calculating index points changes and percentage changes between any two periods:

Weighted average of six State capital cities index numbers —

October 1995 157.3 (see Table 1)

less October 1994 155.8 (see Table 1)

Change in index points 1.5

Percentage change $\frac{1.5}{155.8} \times 100 = 1.0$

15 Table 3 provides an analysis of the contribution which selected categories of materials make to the total Weighted average of six State capital cities index. For example, Timber, board and joinery contributed 52.09 index points to the total Weighted average of the six State capital cities index number of 157.3 for October 1995 and -0.14 index points to the net change of -0.3 index points.

FURTHER INFORMATION

16 The Appendix to the October 1986 issue of this publication contains a more detailed description of the index and its relationship with previous indexes.

17 Further information on the index is presented in the publication *Producer and Foreign Trade Price Indexes: Concepts, Sources and Methods* (6419.0).

RELATED PUBLICATIONS

18 Users may also wish to refer to the following price index publications which are available from ABS Bookshops:

- *Price Index of Materials Used in Building Other than House Building, Six State Capital Cities* (6407.0)
- *Price Indexes of Materials Used in Manufacturing Industries, Australia* (6411.0).
- *Price Indexes of Articles Produced by Manufacturing Industry, Australia* (6412.0)

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RELATED PUBLICATIONS (continued)

19 Other ABS publications that may be of interest include:

- *Award rates of Pay Indexes, Australia* (6312.0)
- *Average Weekly Earnings, States and Australia* (6302.0)

20 Current publications produced by the ABS are listed in the *Catalogue of Publications and Products, Australia* (1101.0). The ABS also issues, on Tuesdays and Fridays, a *Release Advice* (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 STATISTICS

21 As well as the statistics included in this and related publications, the ABS may have other relevant unpublished data available. Inquiries should be made to Robert Adams on 06 252 6198 or to any ABS office.

SYMBOLS AND OTHER USAGES

r figure or series revised since previous issue



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