

PRICE INDEX OF MATERIALS USED IN HOUSE BUILDING

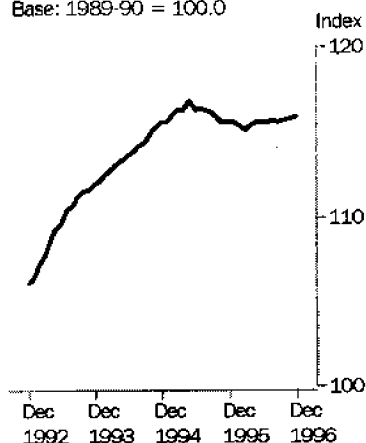
SIX STATE
CAPITAL
CITIES

EMBARGO: 11:30AM (CANBERRA TIME) MON 10 FEB 1997

DECEMBER KEY FIGURES

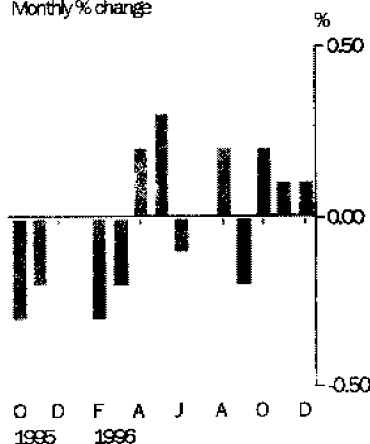
All groups

Base: 1989-90 = 100.0



All groups

Monthly % change



% change
Nov 96 to
Dec 96

% change
Dec 95 to
Dec 96

Weighted average of six State capital cities	0.1	0.3
Sydney	0.0	0.3
Melbourne	0.2	0.0
Brisbane	0.2	-0.1
Adelaide	0.0	2.1
Perth	0.0	0.3
Hobart	0.3	-0.5

DECEMBER KEY POINTS

WEIGHTED AVERAGE INDEX

- An increase in prices for structural timber was the main contributor to the increase in the index.
- This increase was partly offset by a small decrease in prices for clay bricks.

CAPITAL CITIES INDEXES

- Structural timber prices increased in Sydney, Melbourne and Adelaide, decreased in Perth and Hobart and remained unchanged in Brisbane.
- Prices for clay bricks decreased in Sydney and Adelaide, increased in Brisbane and recorded no change in Melbourne, Perth and Hobart.

INQUIRIES

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

NOTES

FORTHCOMING ISSUES

ISSUE

RELEASE DATE

January 1997

7 March 1997

February 1997

4 April 1997

March 1997

5 May 1997

CHANGES IN THIS ISSUE

There are no changes in this issue.

TIM SKINNER

ACTING AUSTRALIAN STATISTICIAN

HOUSE BUILDING MATERIALS PRICE INDEX(a)

Period	Weighted average of six State capital cities	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart
1993-94	112.0	111.3	112.1	113.5	117.1	109.1	112.8
1994-95	115.4	115.0	115.9	115.9	118.8	112.7	117.3
1995-96	115.7	115.9	115.4	115.1	118.2	114.7	120.7
1995							
October	115.8	115.7	115.4	116.0	118.2	115.1	120.8
November	115.6	115.5	115.2	115.4	117.9	114.9	120.9
December	115.6	115.5	115.4	115.1	117.9	114.6	120.6
1996							
January	115.6	115.6	115.4	114.7	118.0	114.8	121.0
February	115.3	115.5	115.1	114.4	117.9	114.5	120.6
March	115.1	115.4	114.8	114.0	118.1	114.4	120.4
April	115.3	116.0	114.9	114.2	118.3	114.1	120.9
May	115.6	116.5	115.4	113.8	118.3	114.8	120.5
June	115.5	116.1	115.0	114.1	118.3	114.8	120.5
July	115.5	116.0	114.9	114.1	119.3	114.9	120.6
August	115.7	116.1	115.1	114.5	119.6	115.0	120.5
September	115.5	115.6	114.6	114.5	119.8	115.0	120.5
October	115.7	115.7	114.9	114.7	120.3	115.1	119.8
November	115.8	115.8	115.2	114.8	120.4	115.0	119.7
December	115.9	115.8	115.4	115.0	120.4	115.0	120.0

(a) Base of each index: Year 1989-90 = 100.0

HOUSE BUILDING MATERIALS PRICE INDEX(a), Percentage Changes

Period	Weighted average of six State capital cities	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart
PERCENTAGE CHANGE (from previous year)							
1993-94	4.8	4.2	6.1	3.0	10.2	2.1	2.6
1994-95	3.0	3.3	3.4	2.1	1.5	3.3	4.0
1995-96	0.3	0.8	-0.4	-0.7	-0.5	1.8	2.9
PERCENTAGE CHANGE (from corresponding month of previous year)							
1995							
October	1.0	1.0	0.3	0.5	-0.4	3.1	3.6
November	0.3	0.7	-0.3	-0.8	-0.6	2.5	3.8
December	0.0	0.3	-0.6	-1.0	-0.9	1.9	3.4
1996							
January	0.0	0.3	-0.6	-0.9	-1.1	1.5	3.2
February	-0.6	-0.1	-1.3	-1.9	-1.3	1.4	2.2
March	-0.9	-0.3	-1.8	-2.0	-1.1	0.9	1.6
April	-0.9	0.3	-1.9	-2.1	-0.2	0.4	1.7
May	-1.0	0.4	-2.0	-2.7	-0.6	0.2	0.6
June	-0.7	-0.5	-0.9	-1.9	-0.6	0.3	0.7
July	-0.8	-0.6	-1.1	-1.9	0.5	0.1	-0.1
August	-0.4	-0.1	-0.8	-1.5	1.0	-0.1	-0.2
September	-0.5	-0.5	-0.9	-1.5	1.4	0.0	-0.2
October	-0.1	0.0	-0.4	-1.1	1.8	0.0	-0.8
November	0.2	0.3	0.0	-0.5	2.1	0.1	-1.0
December	0.3	0.3	0.0	-0.1	2.1	0.3	-0.5
PERCENTAGE CHANGE (from previous month)							
1995							
October	-0.3	-0.4	-0.2	-0.3	0.1	0.1	0.0
November	-0.2	-0.2	-0.2	-0.5	-0.3	-0.2	0.1
December	0.0	0.0	0.2	-0.3	0.0	-0.3	-0.2
1996							
January	0.0	0.1	0.0	-0.3	0.1	0.2	0.3
February	-0.3	-0.1	-0.3	-0.3	-0.1	-0.3	-0.3
March	-0.2	-0.1	-0.3	-0.3	0.2	-0.1	-0.2
April	0.2	0.5	0.1	0.2	0.2	-0.3	0.4
May	0.3	0.4	0.4	-0.4	0.0	0.6	-0.3
June	-0.1	-0.3	-0.3	0.3	0.0	0.0	0.0
July	0.0	-0.1	-0.1	0.0	0.8	0.1	0.1
August	0.2	0.1	0.2	0.4	0.3	0.1	-0.1
September	-0.2	-0.4	-0.4	0.0	0.2	0.0	0.0
October	0.2	0.1	0.3	0.2	0.4	0.1	-0.6
November	0.1	0.1	0.3	0.1	0.1	-0.1	-0.1
December	0.1	0.0	0.2	0.2	0.0	0.0	0.3

(a) Base of each index: Year 1989-90 = 100.0

HOUSE BUILDING MATERIALS PRICE INDEX, Contribution to All Groups Index(a)

Category	November 1996	December 1996	Change
Weighted average of six State capital cities	115.8	115.9	0.1
GROUPS: Contribution to Weighted average of six State capital cities index (index points)			
Concrete mix, cement and sand	8.37	8.39	0.02
Cement products	6.78	6.77	-0.01
Ceramic products(b)	15.08	15.05	-0.03
Timber, board and joinery	31.86	31.91	0.05
Steel products	5.90	5.90	0.00
Other metal products	18.19	18.20	0.01
Plumbing products(c)	7.99	8.00	0.01
Electrical equipment(d)	4.31	4.32	0.01
Installed appliances	5.28	5.29	0.01
Other materials	12.07	12.06	-0.01

(a) For an explanation of this table see paragraph 15 of the Explanatory Notes

(b) Previously 'Clay bricks, tiles, etc'

(c) Previously 'Plumbing fixtures, etc'

(d) Previously 'Electrical installation materials'



HOUSE BUILDING MATERIALS PRICE INDEX(a), By Materials Group

Period	Concrete mix, cement and sand	Cement products	Ceramic products(b)	Timber, board and joinery	Steel products	Other metal products	Plumbing products(c)	Electrical equipment(d)	Installed appliances	Other materials
WEIGHTED AVERAGE OF SIX STATE CAPITAL CITIES										
1993-94	112.3	110.7	109.9	115.6	113.4	105.8	109.3	103.6	119.8	112.0
1994-95	116.6	114.7	114.3	118.8	113.6	110.1	110.6	109.0	121.8	114.9
1995-96	113.4	116.0	113.7	116.4	115.6	112.9	113.8	115.9	124.6	117.7
1995										
October	114.1	116.3	114.1	116.6	115.5	113.0	114.3	116.1	124.0	117.5
November	113.7	116.2	113.8	116.3	116.0	112.9	114.4	116.3	123.9	116.9
December	113.8	116.3	113.5	116.4	116.3	112.4	114.1	116.0	123.6	117.3
1996										
January	113.5	116.3	113.2	116.4	116.6	112.6	114.0	115.6	124.0	117.5
February	113.0	115.9	113.2	115.8	116.4	112.7	113.2	115.4	124.7	117.7
March	112.5	115.3	113.0	115.6	116.6	112.8	113.3	115.4	124.8	117.3
April	112.3	115.3	112.7	115.7	116.6	113.8	112.6	114.9	125.1	118.2
May	111.8	115.1	113.1	116.2	116.0	113.6	114.7	115.3	126.4	117.9
June	111.5	115.0	113.0	116.0	115.6	113.1	114.9	115.3	126.9	118.3
July	112.2	116.0	113.1	116.3	115.7	112.0	114.6	115.5	127.4	118.4
August	112.1	116.5	113.0	116.2	117.9	112.3	114.8	115.6	127.6	118.7
September	111.9	116.6	112.6	115.7	118.0	112.8	113.5	115.4	127.6	118.7
October	112.1	116.5	112.5	115.9	117.9	113.4	113.6	115.2	128.0	118.9
November	112.3	116.6	113.2	116.0	118.1	113.3	113.3	114.4	128.5	119.2
December	112.6	116.5	113.0	116.2	118.1	113.4	113.4	114.6	128.6	119.1

(a) Base of each index: Year 1989-90 = 100.0

(b) Previously 'Clay bricks, tiles, etc'

(c) Previously 'Plumbing fixtures, etc'

(d) Previously 'Electrical installation materials'

EXPLANATORY NOTES

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 1989–90 = 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 the 3 years ending 1992–93. 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 is set out in Appendix A of the December 1995 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.
- 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.

EXPLANATORY NOTES

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 —

December 1996	115.9	(See Table 1)
less December 1995	115.6	(See Table 1)
Change in index points	0.3	
Percentage change	$\frac{0.3}{115.6} \times 100 = 0.3$	

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 31.91 index points to the total Weighted average of the six State capital cities index number of 115.9 for December 1996 and 0.05 index points to the net change of 0.1 index points.

FURTHER INFORMATION

16 The Appendix to the December 1995 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)

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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