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PRICE INDEX OF MATERIALS USED IN HOUSE BUILDING SIX STATE CAPITAL CITIES DECEMBER 1987

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ELECTRONIC SERVICES

• on VIATEL — key *656+.

• on AUSSTATS — phone (062) 52 6017.

• on TELESTATS — phone (062) 52 5404.

MAIN FEATURES

	Change between—	
	Nov. 87 and Dec. 87	Dec. 86 and Dec. 87
	%	%
Sydney	+1.1	+7.1
Melbourne	+0.9	+8.1
Brisbane	+0.9	+6.2
Adelaide	+0.5	+4.5
Perth	+0.4	+6.9
Hobart	+0.7	+4.8
Weighted average of six State capital cities	+0.8	+7.0

The main price changes between November 1987 and December 1987 were:

- Prices for copper based materials (copper pipes and fittings, and electrical cable) increased significantly in all cities, mainly as a result of continuing large increases in copper prices.
- Prices for timber windows and frames increased in Sydney, Melbourne and Brisbane.
- Prices for structural timber increased in Sydney, Melbourne and Hobart.

EXPLANATORY NOTES

Introduction

This publication contains the Price Index of Materials Used in House Building on reference base: Year 1985-86 = 100.0. The Appendix to the October 1986 issue of this publication sets out details of the composition and weighting of each index number series presented in this publication and advice to users about converting index numbers in the old series to the current reference base (1985-86 = 100.0) and converting index numbers in the current series to the old reference base (1966-67 = 100.0).

2. All index numbers for the latest month and the three previous months are preliminary and subject to revision. However, it may be necessary from time to time to revise index numbers for earlier periods if incorrect prices for those periods are detected later on.

Scope and composition

3. The index measures changes in prices of selected materials used in the construction of houses in each State capital city Statistical Division. 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 purport to 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 State capital city has an individual weighting pattern. These reflect the differences in the relative importance of different materials in the various cities.

Prices

5. Prices used relate to precise standards of each material. The aim of the index is to measure price changes for materials of constant quality.

6. In general the point of pricing is *delivered on site*, but 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 all State capital cities from representative suppliers of materials used in house building. In the main the prices are collected at the mid-point of the month to which the index relates.

7. As far as possible, *actual transactions prices* are used in this index—that is the prices actually paid by building contractors or subcontractors to materials suppliers for materials delivered on building sites. The actual price paid for anything can, of course, 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 buyers pay to sellers in exchange for materials that the ABS aims to use in compiling this price index.

8. The ABS asks respondent businesses to report details of the discounts they offer so that actual transactions prices can be calculated. However as building materials suppliers offer many different types of discounts to buyers (e.g. trade discounts, settlement discounts, quantity discounts, competitive discounts) the identification of the 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 is discovered that incorrect prices have been used in compiling the indexes, revisions to index numbers will occur in subsequent issues of this publication.

9. Sales taxes levied on building materials are included in the prices used to compile the 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 proportion of materials sold subject to sales tax at that time and the proportion of materials exempt from sales tax.

Index numbers

10. Index numbers for each of the State capital cities and for the weighted average of six State capital cities are shown in Table 1. The new index and the previous index have been linked at September 1986 and converted to a reference base: Year 1985-86 = 100.0. Any users wishing to convert index numbers prior to July 1985 to the new reference base, or to convert index numbers from October 1986 onwards to the previous reference base, should use the conversion factors given in Table A3 of the Appendix to the October 1986 issue of this publication. Index numbers for financial years are simple averages of the monthly index numbers for each period.

11. 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.

Percentage changes

12. Table 1 shows price movements expressed in terms of percentage changes. The following example illustrates the method of calculating percentage changes.

Weighted average of six State capital cities—

Index number as at July 1987	108.9
Index number as at June 1987	108.4

$$\text{Percentage change} = \frac{108.9 - 108.4}{108.4} \times 100 = +0.5\%$$

Interpretation

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.

Related publications

14. Users may also wish to refer to the following price index publications which are available on request:

Price Index of Materials Used in Building Other than House Building, Eight Capital Cities (6407.0)—issued monthly

Price Indexes of Materials Used in Manufacturing Industries, Australia (6411.0)—issued monthly

Price Indexes of Articles Produced by Manufacturing Industry, Australia (6412.0)—issued monthly

Price Indexes of Copper Materials, Australia (6410.0)—issued monthly

15. Other ABS publications which may be of interest include:

Award Rates of Pay Indexes, Australia (6312.0)—issued monthly

Average Weekly Earnings, States and Australia (6302.0)—issued quarterly

16. Current publications produced by the 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—figures subject to revision
- nil or rounded to zero
- r figures revised since previous issue

Electronic services

VIATEL. Key *656# for selected current economic, social and demographic statistics.

AUSSTATS. Thousands of up-to-date time series are available on this ABS on-line service through CSIRONET.

For further information phone the AUSSTATS Help Desk on (062) 52 6017.

TELESTATS. This service provides foreign trade statistics tailored to users' requirements.

Further information is available on (062) 52 5404.

IAN CASTLES
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TABLE 1. PRICE INDEX OF MATERIALS USED IN HOUSE BUILDING

	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Weighted average of six State capital cities
INDEX NUMBERS							
(Base of each index: Year 1985-86 = 100.0)							
1984-85	93.1	93.3	94.6	92.7	93.4	92.5	93.4
1985-86	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1986-87	106.2	105.7	104.6	105.1	106.7	105.0	105.8
<i>1986-87—</i>							
October	105.8	105.0	104.1	104.1	105.2	104.8	105.1
November	105.9	105.2	104.2	104.5	105.6	105.0	105.3
December	106.2	105.4	104.4	104.6	106.0	105.1	105.5
<i>1987-88—</i>							
January	106.1	105.7	104.8	105.2	106.7	105.2	105.8
February	106.7	106.0	105.6	105.8	107.9	105.5	106.4
March	107.7	106.3	105.9	106.3	109.0	105.6	107.1
April	108.4	108.1	105.9	106.6	109.1	106.0	107.9
May	108.4	108.1	105.9	107.0	109.7	106.4	108.0
June	108.9	108.5	106.3	107.3	109.9	106.8	108.4
<i>1987-88—</i>							
July	109.4	109.2	106.3	107.4	110.6	106.9	108.9
August	110.6	110.1	107.2	107.5	111.8	108.1	109.8
September p	111.2	110.6	107.7	107.2	111.9	108.3	110.2
October p	111.9	111.1	108.8	107.6	112.0	108.6	110.8
November p	112.5	112.9	109.9	108.8	112.8	109.3	112.0
December p	113.7	113.9	110.9	109.3	113.3	110.1	112.9
PERCENTAGE CHANGES							
Change from previous year—							
1984-85	+8.3	+8.7	+6.7	+8.5	+6.3	+11.3	+8.0
1985-86	+7.4	+7.2	+5.7	+7.9	+7.1	+8.1	+7.1
1986-87	+6.2	+5.7	+4.6	+5.1	+6.7	+5.0	+5.8
Change from corresponding month of previous year—							
<i>1986-87—</i>							
October	+6.9	+6.3	+5.0	+4.7	+6.7	+5.5	+6.3
November	+6.4	+5.7	+5.0	+5.1	+6.3	+5.3	+5.9
December	+6.4	+5.6	+5.1	+4.9	+5.9	+4.9	+5.7
<i>1987-88—</i>							
January	+5.9	+5.1	+4.9	+5.3	+6.0	+4.7	+5.5
February	+6.3	+4.8	+5.3	+5.0	+6.5	+4.6	+5.6
March	+6.8	+4.7	+4.6	+5.4	+7.6	+4.5	+5.8
April	+6.9	+6.3	+3.7	+4.8	+7.0	+4.4	+6.1
May	+6.3	+6.2	+3.9	+4.7	+7.5	+4.7	+6.0
June	+6.5	+6.2	+3.7	+5.3	+6.8	+4.5	+6.0
<i>1987-88—</i>							
July	+6.6	+6.2	+3.9	+5.1	+7.4	+4.2	+6.1
August	+7.1	+6.7	+4.5	+4.0	+8.0	+5.1	+6.4
September p	+6.1	+6.4	+4.8	+3.4	+6.8	+4.0	+5.9
October p	+5.8	+5.8	+4.5	+3.4	+6.5	+3.6	+5.4
November p	+6.2	+7.3	+5.5	+4.1	+6.8	+4.1	+6.4
December p	+7.1	+8.1	+6.2	+4.5	+6.9	+4.8	+7.0
Change from previous month—							
<i>1986-87—</i>							
October	+1.0	+1.1	+1.3	+0.4	+0.4	+0.7	+1.0
November	+0.1	+0.2	+0.1	+0.4	+0.4	+0.2	+0.2
December	+0.3	+0.2	+0.2	+0.1	+0.4	+0.1	+0.2
<i>1987-88—</i>							
January	-0.1	+0.3	+0.4	+0.6	+0.7	+0.1	+0.3
February	+0.6	+0.3	+0.8	+0.6	+1.1	+0.3	+0.6
March	+0.9	+0.3	+0.3	+0.5	+1.0	+0.1	+0.7
April	+0.6	+1.7	—	+0.3	+0.1	+0.4	+0.7
May	—	—	—	+0.4	+0.5	+0.4	+0.1
June	+0.5	+0.4	+0.4	+0.3	+0.2	+0.4	+0.4
<i>1987-88—</i>							
July	+0.5	+0.6	—	+0.1	+0.6	+0.1	+0.5
August	+1.1	+0.8	+0.8	+0.1	+1.1	+1.1	+0.8
September p	+0.5	+0.5	+0.5	-0.3	+0.1	+0.2	+0.4
October p	+0.6	+0.5	+1.0	+0.4	+0.1	+0.3	+0.5
November p	+0.5	+1.6	+1.0	+1.0	+0.7	+0.6	+1.1
December p	+1.1	+0.9	+0.9	+0.5	+0.4	+0.7	+0.8