

**PRICE INDEX OF MATERIALS USED IN HOUSE BUILDING, SIX STATE CAPITAL CITIES AND CANBERRA, OCTOBER 1988**

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• about *these statistics* and the availability of *related unpublished statistics* — contact Peter Sturgeon on Canberra (062) 52 6198 or any ABS State office.  
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**MAIN FEATURES**

**Change between—**

|                                              | Sep. 88<br>and<br>Oct. 88 | Oct. 87<br>and<br>Oct. 88 |
|----------------------------------------------|---------------------------|---------------------------|
|                                              | %                         | %                         |
| Weighted average of six State capital cities | +1.0                      | +11.6                     |
| Sydney                                       | +1.9                      | +12.8                     |
| Melbourne                                    | +0.7                      | +11.1                     |
| Brisbane                                     | +0.9                      | +11.9                     |
| Adelaide                                     | +0.3                      | +9.9                      |
| Perth                                        | +0.6                      | +11.1                     |
| Hobart                                       | +0.9                      | +8.7                      |
| Canberra                                     | +1.0                      | +11.2                     |

In terms of their contribution to the change of +1.2 index points in the index for the weighted average of the six State capital cities the main price changes were for:

- cupboards and built-in furniture (+0.29 index points) - prices increased in all cities except Perth (unchanged).
- clay bricks (+0.18 index points) - prices increased in all cities except Melbourne and Perth (unchanged).
- baths (+0.11 index points) - prices increased in all cities.
- aluminium windows and doors (+0.09 index points) - prices increased in all cities except Adelaide (no change).
- sinks (+0.08 index points) - prices increased in all cities.

**EXPLANATORY NOTES**

**Introduction**

1. This publication contains the Price Index of Materials Used in House Building on reference base: Year 1985-86 = 100.0 for the six State capital cities and 1986-87 = 100.0 for Canberra. The Appendix to the October 1986 issue of this publication contains a more

detailed description of the index and its relationship with previous indexes.

**Scope and composition**

2. The index measures changes in prices of selected materials used in the construction of houses in each 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**

3. 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. These reflect the differences in the relative usage of different materials in the various cities and differences in price levels between the cities.

4. The weighting pattern for Canberra was shown in the Appendix to the February 1988 issue of this publication.

**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 each capital city 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',

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 financial years are simple averages of monthly index numbers for each period. 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.

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 1988:                                                | 120.5 |  |
| Index number as at June 1988:                                                | 119.7 |  |
| $\text{Percentage change} = \frac{120.5 - 119.7}{119.7} \times 100 = +0.7\%$ |       |  |

#### 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.

#### Unpublished statistics

17. 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 the contact in Phone Inquiries box at the front of this publication.

#### Symbols and other usages

|   |                                         |
|---|-----------------------------------------|
| p | preliminary—figures subject to revision |
| — | nil, or rounded to zero                 |
| r | figures revised since previous issue    |

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

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TABLE 1. PRICE INDEX OF MATERIALS USED IN HOUSE BUILDING

| Weighted<br>average of<br>six State<br>capital cities | Sydney | Melbourne | Brisbane | Adelaide | Perth | Hobart | Canberra      |
|-------------------------------------------------------|--------|-----------|----------|----------|-------|--------|---------------|
| INDEX NUMBERS                                         |        |           |          |          |       |        |               |
| Base Year: 1985-86=100.0                              |        |           |          |          |       |        | 1986-87=100.0 |
| 1985-86                                               | 100.0  | 100.0     | 100.0    | 100.0    | 100.0 | 100.0  | n.a.          |
| 1986-87                                               | 105.8  | 106.2     | 105.7    | 104.6    | 105.1 | 106.7  | 105.0         |
| 1987-88                                               | 113.8  | 114.8     | 114.3    | 112.0    | 110.8 | 114.2  | 110.7         |
| 1987-88—                                              |        |           |          |          |       |        |               |
| August                                                | 109.8  | 110.6     | 110.1    | 107.2    | 107.5 | 111.8  | 104.8         |
| September                                             | 110.2  | 111.2     | 110.6    | 107.7    | 107.2 | 111.9  | 108.3         |
| October                                               | 110.8  | 111.9     | 111.1    | 108.8    | 107.6 | 112.0  | 108.6         |
| November                                              | 112.0  | 112.5     | 112.9    | 109.9    | 108.8 | 112.8  | 109.3         |
| December                                              | 112.9  | 113.7     | 113.9    | 110.9    | 109.3 | 113.3  | 110.1         |
| January                                               | 113.8  | 114.5     | 114.7    | 112.6    | 110.2 | 113.8  | 110.8         |
| February                                              | 114.7  | 115.3     | 115.0    | 113.9    | 112.5 | 114.8  | 110.9         |
| March                                                 | 116.1  | 117.1     | 116.8    | 114.5    | 113.5 | 115.9  | 112.3         |
| April                                                 | 117.4  | 119.4     | 117.6    | 116.1    | 114.1 | 116.8  | 113.1         |
| May                                                   | 118.8  | 120.6     | 119.2    | 117.8    | 115.1 | 117.8  | 114.3         |
| June                                                  | 119.7  | 121.4     | 120.3    | 118.4    | 116.1 | 118.9  | 115.4         |
| 1988-89—                                              |        |           |          |          |       |        |               |
| July p                                                | 120.5  | 121.9     | 120.8    | 119.3    | 117.3 | 120.2  | 116.5         |
| August p                                              | 121.5  | 122.8     | 121.6    | 120.0    | 117.2 | 122.8  | 116.3         |
| September p                                           | 122.4  | 123.8     | 122.6    | 120.7    | 118.0 | 123.7  | 116.9         |
| October p                                             | 123.6  | 126.2     | 123.4    | 121.8    | 118.3 | 124.4  | 119.1         |
| PERCENTAGE CHANGES                                    |        |           |          |          |       |        |               |
| Change from previous year                             |        |           |          |          |       |        |               |
| 1985-86                                               | +7.1   | +7.4      | +7.2     | +5.7     | +7.9  | +7.1   | +8.1          |
| 1986-87                                               | +5.8   | +6.2      | +5.7     | +4.6     | +5.1  | +6.7   | +5.0          |
| 1987-88                                               | +7.6   | +8.1      | +8.1     | +7.1     | +5.4  | +7.0   | +5.4          |
| Change from corresponding month of previous year      |        |           |          |          |       |        |               |
| 1987-88—                                              |        |           |          |          |       |        |               |
| August                                                | +6.4   | +7.1      | +6.7     | +4.5     | +4.0  | +8.0   | +5.1          |
| September                                             | +5.9   | +6.1      | +5.4     | +4.8     | +3.4  | +6.8   | +4.0          |
| October                                               | +5.4   | +5.8      | +5.8     | +4.5     | +3.4  | +6.5   | +3.6          |
| November                                              | +6.4   | +6.2      | +7.3     | +5.5     | +4.1  | +6.8   | +4.1          |
| December                                              | +7.0   | +7.1      | +8.1     | +6.2     | +4.5  | +6.9   | +4.8          |
| January                                               | +7.6   | +7.9      | +8.5     | +7.4     | +4.8  | +6.7   | +5.3          |
| February                                              | +7.8   | +8.1      | +8.5     | +7.9     | +6.3  | +6.4   | +5.1          |
| March                                                 | +8.4   | +8.7      | +9.9     | +8.1     | +6.8  | +6.3   | +6.3          |
| April                                                 | +8.8   | +10.1     | +8.8     | +9.6     | +7.0  | +7.1   | +6.7          |
| May                                                   | +10.0  | +11.3     | +10.3    | +11.2    | +7.6  | +7.4   | +7.4          |
| June                                                  | +10.4  | +11.5     | +10.9    | +11.4    | +8.2  | +8.2   | +8.1          |
| 1988-89—                                              |        |           |          |          |       |        |               |
| July p                                                | +10.7  | +11.4     | +10.6    | +12.2    | +9.2  | +8.7   | +9.0          |
| August p                                              | +10.7  | +11.0     | +10.4    | +11.9    | +9.5  | +9.8   | +7.6          |
| September p                                           | +11.1  | +11.3     | +10.8    | +12.1    | +10.1 | +10.5  | +7.9          |
| October p                                             | +11.6  | +12.8     | +11.1    | +11.9    | +9.9  | +11.1  | +8.7          |
| Change from previous month                            |        |           |          |          |       |        |               |
| 1987-88—                                              |        |           |          |          |       |        |               |
| August                                                | +0.8   | +1.1      | +0.8     | +0.8     | +0.1  | +1.1   | +1.1          |
| September                                             | +0.4   | +0.5      | +0.5     | +0.5     | -0.3  | +0.1   | +0.2          |
| October                                               | +0.5   | +0.6      | +0.5     | +1.0     | +0.4  | +0.1   | +0.3          |
| November                                              | +1.1   | +0.5      | +1.6     | +1.0     | +1.1  | +0.7   | +0.6          |
| December                                              | +0.8   | +1.1      | +0.9     | +0.9     | +0.5  | +0.4   | +0.7          |
| January                                               | +0.8   | +0.7      | +0.7     | +1.5     | +0.8  | +0.4   | +0.6          |
| February                                              | +0.8   | +0.7      | +0.3     | +1.2     | +2.1  | +0.9   | +0.1          |
| March                                                 | +1.2   | +1.6      | +1.6     | +0.5     | +0.9  | +1.0   | +1.3          |
| April                                                 | +1.1   | +2.0      | +0.7     | +1.4     | +0.5  | +0.8   | +0.7          |
| May                                                   | +1.2   | +1.0      | +1.4     | +1.5     | +0.9  | +0.9   | +1.1          |
| June                                                  | +0.8   | +0.7      | +0.9     | +0.5     | +0.9  | +0.9   | +1.0          |
| 1988-89—                                              |        |           |          |          |       |        |               |
| July p                                                | +0.7   | +0.4      | +0.4     | +0.8     | +1.0  | +1.1   | +1.0          |
| August p                                              | +0.8   | +0.7      | +0.7     | +0.6     | +0.3  | +2.2   | -0.2          |
| September p                                           | +0.7   | +0.8      | +0.8     | +0.6     | +0.3  | +0.7   | +0.5          |
| October p                                             | +1.0   | +1.9      | +0.7     | +0.9     | +0.3  | +0.6   | +0.9          |

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