

**PRICE INDEXES OF MATERIALS USED IN COAL MINING, AUSTRALIA,
APRIL 1989**

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MAIN FEATURES

Change between—

Mar. 89	Apr. 88
and	
Apr. 89	Apr. 89

	%	%
Total Open Cut	+0.4	+1.1
Total Underground	—	+7.1

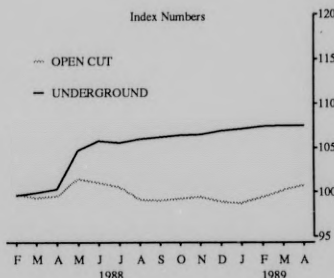
Open Cut

The increase in the index in April 1989 of +0.4% (+0.4 index points) continues the upward movement recorded over recent months. Despite these increases the index remains below the level reached in May 1988. The only significant price movement recorded in April 1989 was increased distillate prices (+0.59 index points).

Underground

There was no change in the index for April 1989.

The different movements in the two index series over the last 12 months (see graph opposite) reflect the different types of materials used and the different rates of price change in those materials. In particular, prices for many important materials used in open-cut coal mining (petroleum products, explosives and parts for mechanical equipment) have recorded a net decrease, while prices for most materials used in underground coal mining have increased.



NOTE

Explanatory Notes can be found at the back of this publication

TABLE 1. PRICE INDEXES OF MATERIALS USED IN COAL MINING
(Base of each index : Year 1987-88 = 100.0)

Period	Open Cut	Underground
	INDEX NUMBERS	
1987-88	100.0	100.0
1987-88—		
February	99.7	99.6
March	99.3	99.9
April	99.5	100.3
May	101.4	104.6
June	101.0	105.7
1988-89—		
July	100.5	105.5
August	99.1	105.9
September	99.0	106.1
October	99.2	106.3
November	99.4	106.4
December	98.9	106.8
January	98.7	107.0
February	99.4	107.3
March p	100.2	107.4
April p	100.6	107.4
PERCENTAGE CHANGES		
Change from corresponding month of previous year—		
1988-89—		
July	-0.4	+4.9
August	-1.8	+5.3
September	-0.6	+9.7
October	-0.1	+9.2
November	+0.2	+8.8
December	-0.7	+9.4
January	-1.2	+7.6
February	-0.3	+7.7
March p	+0.9	+7.5
April p	+1.1	+7.1
Change from previous month—		
1987-88—		
February	-0.2	+0.2
March	-0.4	+0.3
April	+0.2	+0.4
May	+1.9	+4.3
June	-0.4	+1.1
1988-89—		
July	-0.5	-0.2
August	-1.4	+0.4
September	-0.1	+0.2
October	+0.2	+0.2
November	+0.2	+0.1
December	-0.5	+0.4
January	-0.2	+0.2
February	+0.7	+0.3
March p	+0.8	+0.1
April p	+0.4	—

EXPLANATORY NOTES

Introduction

The indexes are designed to provide a general measure of price change for materials used in the mining of coal in Australia. The indexes have been compiled for each month from July 1987 and are presented on a reference base : Year 1987-88 = 100.0.

2. Index series are published which measure price movements in materials used in open cut and underground coal mining operations separately. The Appendix to the November 1988 issue of this bulletin contains a more detailed description of the indexes.

Scope and Composition

3. For the purposes of these indexes, coal mining operations encompass the removal of overburden, the extraction, washing and preparation of the coal and its transportation to the rail head. Materials are defined to be those consumables and replacement parts normally used up in these activities. Items of capital equipment are not included within the scope of the indexes.

Items and weights

4. The index is a fixed weights index. Items were selected and allocated weights in accordance with the estimated average values of materials used in the operation of open cut and underground coal mines in the three years ended June 1987. The weighting pattern for the indexes was included in the Appendix to the November 1988 issue of this bulletin.

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. The point of pricing is delivered on mine site or to the primary storage area for a group of mines. Prices are obtained from representative suppliers of materials used in coal mining and, in the main, prices are collected at the mid-point of the month to which the indexes relate.

7. As far as possible, actual transactions prices are used — that is the prices actually paid by coal mines to suppliers for materials delivered on mine 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 mining material may be described in terms of the components that make up the price — for instance 'list price plus sales tax', 'supplier's 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 index.

8. The ABS asks respondents to report details of the discounts they offer so that actual transactions prices can be calculated. However, as coal mining materials suppliers offer different types of discounts to buyers (for example, quantity discounts and 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 can

be measured their effects are taken into account in calculating the index.

9. 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.

10. Sales tax is included in the final price used for index calculation.

Index numbers

11. Index numbers for financial years are simple averages of monthly index numbers for each period. All index numbers for the latest month and the previous month are preliminary and subject to revision. However, it may be necessary from time to time to review index numbers for earlier periods if incorrect prices for those periods are detected later on.

12. The Open Cut and Underground indexes enable comparisons to be drawn between them as to the *differences in degree of price movement* from period to period. They do not measure differences in price levels between the two types of mining.

Percentage changes

13. The following example illustrates the method of calculating percentage changes:

Total Open Cut index number —	
January 1989	98.7
less December 1988	98.9
Change in index points	-0.2
Percentage change	$= \frac{-0.2}{98.9} \times 100$
	= -0.2%

Interpretation

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

15. The weights of the indexes are based on the average usage of materials used by a number of selected representative mines in the three years to June 1987. Since the weights are based on an average materials usage from a range of coal mines with particular characteristics, the index is not necessarily representative of the price movements for materials used in any particular mine.

Related publications

16. 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 Copper Materials, Australia (6410.0) — issued monthly

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

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

Import Price Index, Australia (6414.0) — issued quarterly

17. 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

18. 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

19. 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 the Phone Inquiries box at the front of this publication.

Symbols and other usages

- nil or rounded to zero
- n.a. not available
- p preliminary — figures subject to revision
- r figures revised since previous issue

Electronic services

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

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