

# Chapter 21

## COMMERCE

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# Chapter 21

## COMMERCE

Commerce makes an important contribution to the Tasmanian economy. In terms of Gross Domestic Product, the contribution of wholesale and retail trade is surpassed only by public administration, defence and community services, and manufacturing. But employment in commerce has grown much more slowly in Tasmania than in Australia as a whole in the 1980s.

The term 'commerce' is usually taken to cover wholesale and retail trade, and financial services such as banking and insurance. In terms of broad Australian Standard Industrial Classification (ASIC) division, the industries covered by 'commerce' are usually taken to be wholesale and retail trade (Division F), and finance, property and business services (Division I). At the two-digit ASIC sub-division, 'commerce' is taken to be wholesale trade (47), retail trade (48), finances and investment (61), insurance and services to insurance (62), and property and business services (63).

### 21.1 COMMERCE IN THE 1980s

*(This section has been contributed by Dr Alf Hagger.)*

#### 21.1.1 Relative Importance

On the latest figures (1988-89), commerce contributes 17.1 per cent to Tasmania's Gross Domestic Product (GDP). Wholesale and retail trade contributes 12.8 per cent, and finance, property and business services 4.2 per cent.

In terms of GDP contribution, wholesale and retail trade is the State's third most important



*In 1929, Wilson Street in Burnie was a centre of commercial activity.  
Photo: The Advocate*

broad ASIC sub-division (industry). Only the sub-divisions public administration, defence and community services (19.8 per cent GDP contribution) and manufacturing (also 19.8 per cent GDP contribution) are more important.

The finance, property and business services sub-division is at the other end of the scale. The only ASIC sub-divisions with a smaller GDP contribution are mining, recreation, personal and other services, and general government.



Wholesale and retail trade plays much the same role in the Tasmanian economy as it does in the Australian economy as a whole. In 1988-89 wholesale and retail trade contributed 15.2 per cent to Australia's GDP, compared with 12.8 for Tasmania.

The position of finance, property and business services is quite different. In 1988-89 finance contributed 8.7 per cent to Australia's GDP. The Tasmanian figure was only 4.2 per cent. In terms of GDP contribution, therefore, finance is roughly 100 per cent more important to the Australian economy than it is to the Tasmanian.

### 21.1.2 Growth

The best measure of growth in Tasmania's commerce sector would be the average annual percentage increase in the real, that is net of inflation, GDP of wholesale and retail trade, and finance, property and business services combined. Unfortunately no such measure can be calculated because there is no industry breakdown for Tasmania's real GDP.

The next best measure is the rate of growth of employment in the sector. Between August 1980 and August 1989 the average annual percentage increase in employment in wholesale and retail trade was 1.55 per cent per annum. The figure for finance, property and business services was 0.58 per cent per annum and the figure for commerce as a whole was 1.26 per

cent per annum. Over the same period, aggregate employment increased at the rate of 1.28 per cent per annum. Thus employment in finance, property and business services has increased less rapidly than aggregate employment. As a consequence, the industry's share of aggregate employment has declined. On the other hand employment in wholesale and retail trade has increased broadly in line with aggregate employment with the result that the industry's share of aggregate employment is roughly the same now as it was ten years ago.

Comparisons with the nation as a whole are also of interest. Since 1980 commerce has grown much more rapidly in the country as a whole than in Tasmania. Between August 1980 and August 1989 employment in wholesale and retail trade grew at an average rate of 2.6 per cent per annum in Australia compared with Tasmania's 1.6 per cent per annum. For finance, property and business services the comparison was 0.8 per cent per annum for Australia, and 0.6 per cent per annum for Tasmania.

During the 1980s female employment grew much more rapidly than male. In the commerce sector the growth rate of female employment over the period August 1980 to August 1989 was seven per cent per annum for wholesale and retail trade and 3.3 per cent per annum for finance, property and business services. The corresponding figures for male employment were 2.3 per cent per annum and 1.1 per cent per annum.

## 21.1 PROFESSIONAL AND BUSINESS SERVICES INDUSTRIES, TASMANIA, 1987-88

Industry	Enterprises	Employment	Wages and salaries (\$m)	Turn-over (\$m)	Net operating surplus/person employed
Legal services	86	1 280 (a)	11 (b)	56	15 200
Accounting services	120	988 (a)	7 (b)	33	8 100
Real estate agents	90	508 (c)	9	27	7 900
Architectural services	78	283	4	11	5 900
Surveying services	21	155	3	5	3 400
Engineering & technical services	77	264	5	15	10 000
Computing services	13	82	2	5	7 000
Advertising services	31	248	5	43	2 000
Debt collecting & credit reporting services	18	68	1	3	14 900
Pest control services	7	26	- (d)	1	10 100
Cleaning services	80	1 161	8	13	1 200
Security/protection and business services n.e.c.	15	171	3	6	6 000

(a) Includes employment of service enterprises dedicated to legal or accounting enterprises.

(b) Does not include wages and salaries of employees and proprietors of dedicated legal or accounting services enterprises.

(c) Excludes those working purely on commission.

(d) Estimate from the survey too unreliable for most statistical purposes.



### 21.1.3 Regional Distribution

Recent Tasmanian Development Authority calculations based on the Australian Bureau of Statistics' integrated register of businesses show that, relative to population, the distribution of the commerce sector between regions is far from uniform.

For example, Burnie-Devonport's share of the State's retail and wholesale establishments is about 15 per cent higher than its share of the State's population. So is Launceston's. On the other hand, Hobart's establishment share is slightly below its population share.

In the case of financial establishments, both Hobart and Launceston have an establishment share some 25 per cent higher than their population share. On the other hand, Burnie-Devonport's establishment share is well below its population share.

Marked departures from uniformity exist even for highly aggregated regions.

In the case of wholesale and retail trade, for example, the North-West and West Coast regions have an establishment share around five per cent higher, and the North-North-East region an establishment share a little over seven

per cent higher than the respective population shares. On the other hand, in the case of the Southern region the establishment share is some seven per cent below the population share.

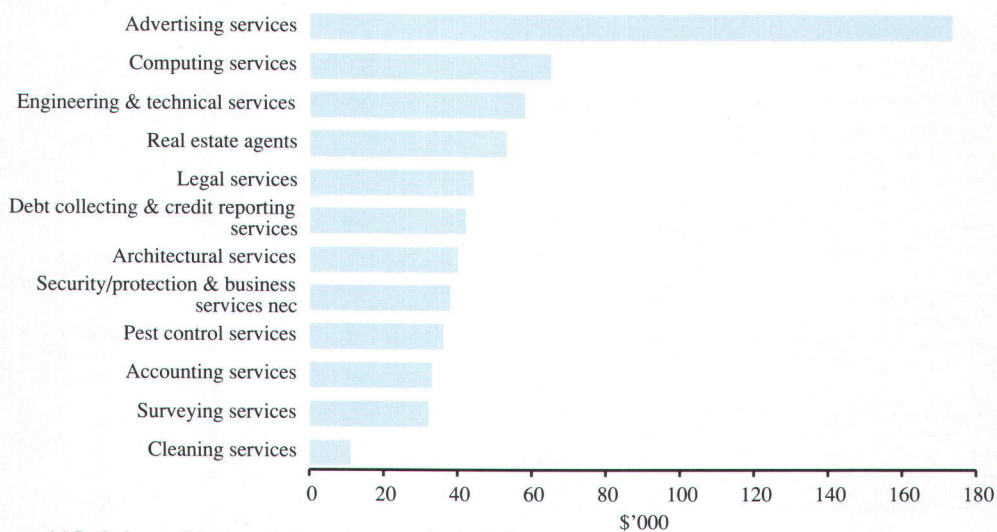
In finance, property and business services, the Southern region has an establishment share around 11 per cent higher, and the North-North-East region an establishment share one per cent higher than the respective population shares. By contrast, the North-West and West Coast regions' establishment share is around 23 per cent below the population share.

## 21.2 PROFESSIONAL AND BUSINESS SERVICES INDUSTRIES

**In 1987, professional and business services industries in Tasmania employed about 5200 people, approximately 1.7 per cent of the total Australian employment of about 310 000 in the industries.**

The legal services industry (including dedicated secretarial etc. services) had the larg-

**TURNOVER PER EMPLOYMENT, BY INDUSTRY, TASMANIA, 1987-88 (a)**



(a) Includes working proprietors, partners and principals.



est employment, 1280, followed by the cleaning service industry with 1161.

The industry with the largest turnover per employment (that is, working proprietors, partners and principals, and employees) was the advertising industry (\$173 000), a long way ahead of the computing industry (\$65 000). The smallest turnover per employment was cleaning (\$11 000).

## 21.3 MOTOR VEHICLE HIRE AND TRAVEL AGENCY INDUSTRIES

**An important part of the Tasmanian economy deals with tourism service industries of various types. Two that are important are the motor vehicle hire industry and the travel agency industry.**

A survey conducted in 1986-87 of service industries gives important information on a number of relevant characteristics. The value of the motor vehicle hire industry to Tasmania - in terms of employment, and wages and salaries - is almost twice that of the travel agency industry. There were 209 people employed in the motor vehicle hire industry and 91 in the travel agency industry. The value of wages and salaries for the motor vehicle hire industry was \$2.7 million, and for the travel agency industry the value was \$1.4 million.

### 21.2 TRAVEL AGENCIES AND MOTOR VEHICLE HIRE INDUSTRIES, 1986-87

	Enter-prises	Employ-ment	Wages and salaries (\$m)	Turn-over (\$m)
Travel Agencies -				
Tasmania	23	91	1.4	2.6
Australia	1 494	11 632	191.5	428.8
Per cent	1.5	0.8	0.7	0.6
Motor Vehicle Hire -				
Tasmania	17	209	2.7	15.3
Australia	281	3 173	54.8	288.8
Per cent	6.0	6.6	4.9	5.3

## 21.4 INSURANCE INDUSTRY

### 21.4.1 Insurance in the 1980s

#### Premiums

Insurance is a fact of life in today's society: most people, organisations and employers feel that the usually small amount of money paid periodically is worth the peace of mind that insurance cover brings. In addition, there is sometimes a legal obligation to insure, such as in the case of workers' compensation.

Often the first insurance people buy is motor vehicle insurance. Because cars are popular - most households have at least one - and because the cost of motor vehicle replacement and repairs are so high, motor vehicle insurance is an important part of the insurance industry. In 1988, Tasmanians paid \$33.6 million in motor vehicle insurance premiums. This was two per cent of the Australian total of \$1712 million. The next biggest category of premiums paid was employers' liability (workers' compensation). Tasmanian employers spent \$26.5 million or 6.5 per cent of the Australian total. The reason for this high percentage Tasmanian contribution is that in other States, such as Queensland, workers' compensation premiums are a State government monopoly.

#### Claims

In Tasmania, motor vehicle insurance had the highest percentage of claims incurred relative to

### 21.3 EARNED PREMIUMS, PRIVATE SECTOR, DIRECT UNDERWRITERS, YEAR ENDED DECEMBER 1988

Class of insurance	Tasmania (\$m)	Australia (\$m)	%
Fire	5.9	352.6	1.7
Houseowners and householders	15.0	596.5	2.5
Contractors	0.4	28.5	1.2
Marine	3.5	202.4	1.7
Motor vehicle	33.6	1 712.0	2.0
Compulsory third party	-	131.5	-
Employers' liability	26.5	405.2	6.5
Public liability	4.6	421.7	1.1
Other	11.1	622.3	1.8
Total	100.6	4 472.7	2.2



premiums, 85.4 per cent in 1988. This was followed by workers' compensation at 84.6 per cent of premiums.

**21.4 CLAIMS RELATIVE TO PREMIUMS,  
PRIVATE SECTOR, DIRECT  
UNDERWRITERS,  
YEAR ENDED DECEMBER 1988**

<i>Class of insurance</i>	<i>Tasmania (\$m)</i>	<i>%</i>
Fire	4.0	68.6
Houseowners and householders	10.7	71.2
Contractors	0.2	55.1
Marine	2.3	63.8
Motor vehicle	28.7	85.4
Compulsory third party	-	-
Employers' liability	22.4	84.6
Public liability	2.0	44.4
Other	6.7	60.1
Total	77.0	76.5

### 21.4.2 Superannuation

In June 1986, the Industrial Relations Commission ruled that it had the authority to arbitrate on superannuation claims. Since that time the level of coverage of employer-funded superannuation has increased. And over the past three years the effect of the three per cent superannuation ruling has been felt by employers and employees in most industry sectors.

In August 1983, a survey showed that 46.2 per cent of full-time employees were receiving a superannuation benefit. In August 1989 this proportion had increased to 54.7 per cent. Part-time employees also increased their cover, from 7.9 to 16.5 per cent over the same period.

For 1987-88, it was estimated that the total cost to Australian employers of providing superannuation benefits to employees was \$6.7 billion. This compares with \$5.5 billion for 1986-87. The cost to private sector employers in 1987-88 was \$2.97 billion compared with public sector contributions of \$3.72 billion.

In Tasmania in 1987-88, the private sector contributed \$65 million towards superannuation benefits for employees, up from \$49 million in 1986-87. Comparable figures for the public sector were \$78 and \$83 million, respectively. This

apparent drop in superannuation funding for the public sector is a result of changes in actuarial advice to contributing employers which can vary the amount put into superannuation funds from year to year.

In 1987-88, the average cost of superannuation per employee for private sector employers in Tasmania was \$639 compared with \$492 in 1986-87. Costs for public sector employers were \$1438 and \$1551 respectively. Superannuation made up 3.1 per cent of total labour costs per employee for private sector employers in Tasmania in 1987-88 compared with 5.7 per cent for public sector employers.

Results of a survey conducted in November 1988 show that of the estimated 7.30 million persons aged between 15 and 74 who were employed, 3.75 million (51 per cent) were covered by a superannuation scheme. A further 70 100 people, not employed in November 1988, had superannuation cover.

Amongst full-time workers, 63 per cent of males and 47 per cent of females had superannuation coverage. Fifty-seven per cent of employed persons aged between 25 and 64 had superannuation coverage. The highest coverage, 61 per cent, was for employed persons aged 45 to 54.

Industries with the highest proportion of full-time workers covered by superannuation were communications (93 per cent), mining (88 per cent), electricity, gas and water (88 per cent), and public administration and defence (83 per cent). Industries with less than 50 per cent coverage were recreation, personal and other services (34 per cent), agriculture, fishing, forestry and hunting (38 per cent), and wholesale and retail trade (45 per cent).

Occupation groups with a high proportion of full-time workers covered by superannuation were professionals (69 per cent), para-professionals (63 per cent), plant and machine operators and drivers (58 per cent), managers and administrators (55 per cent) and tradespersons (54 per cent).

Sixty-two per cent (3.14 million) of full-time employees had superannuation coverage. Of these, 68 per cent of males and 49 per cent of females were covered and 62 per cent were in the private sector.

Employers paid all contributions towards a scheme for 14 per cent of their full-time employees. The contributions paid by full-time



## The Hobart Stock Exchange\*

### Foundations

Without doubt it was the considerable mineral wealth of Tasmania that led to the founding of the Hobart Stock Exchange in February 1882. There were not enough industrial concerns to warrant a centre for trading, and in any case they were mostly small and privately owned, and therefore, unsuitable for public listing. But with mining it was different: there was a speculative element in it, a fascinating elan which made it so attractive.

No organisation could have got off to a more propitious start. The new exchange certainly did not sell itself cheap. It was obviously only too well aware of the considerable prestige of the great London Stock Exchange as well as those of the principal cities of Australia. There were initially but twelve members. Membership was fixed at 20 guineas - quite a sum for those days. There was one call per day,

promptly at 11 a.m., and transactions were strictly superintended.

It was an auspicious start and the brokers, both Hobart and interstate, responded with enthusiasm. They had reason to, for one of them disclosed confidentially to some of his friends that his turnover for several years exceeded that of the Colony's total revenue. The first decade of its life was one of which the youthful exchange was proud and its contribution to the economic life of Tasmania was recognised by the Parliament when it was recognised specifically as an incorporated body in November 1891.

In the 1890s the famous mountain-of-tin company, Mount Bischoff Tin Mining, attracted world-wide attention. It was paying at one period twenty shillings per share per month as a dividend. The shares rose to £100 each, and during its life the total dividend distribution exceeded £2 500 000.

In 1892 the exchange purchased the building known as Drysdale House in Collins Street. Membership of the exchange now stood at 90 members, and the purchase price of membership was 200 guineas. The whole climate was charged with enthusiasm; in the mining section alone there were more than 20 companies paying regular dividends.

### Troublesome Times

The year 1892 saw the start of a disastrous depression in Australia which lasted well into 1894. Tin prices fell from £150 to £75 a ton, and silver prices, formerly 4/6 an ounce, dropped to 2/-. As the Tasmanian mining industry had a heavy dependence on each of these two metals the effect on the Hobart exchange was serious and transactions slowed to a trickle. Other Tasmanian exchanges at Launceston, Queenstown and Zeehan suffered as well.

But the exchange's problems did not end there, for the rich gold finds at Coolgardie and Kalgoorlie in Western Australia diverted attention from dealings in metals in Hobart. Business slumped and a number of brokers forfeited their seats, so that from a floating number of 80, the exchange dropped to some 40 members with only a few trading actively.



The Macquarie Street, Hobart, headquarters of the Australian Stock Exchange Limited.  
Photo: Tasmaphotographics



## The Hobart Stock Exchange - continued

### *The Exchange's Homes*

The exchange took the drastic action of selling its property. The new owner was Mr George Adams of Tattersalls fame, and he bought the property for £4 300. The exchange, however, rented a room from the new owner and continued to function on the same site. The exchange stayed at that site for 40 years. There then followed several moves but on 12 December 1988 the Hobart Stock Exchange moved to new premises in Macquarie Street, just opposite the Tasmanian Museum and Art Gallery.

*\* This article is taken from The Hobart Stock Exchange, 100 years: 1882 to 1982.*

### *New Technology\*\**

While the Hobart Stock Exchange had a long and proud history, in 1987 together with the five other State exchanges it amalgamated into a single nationwide exchange now known as the Australian Stock Exchange Limited.

To keep abreast of new technology, the ASX undertook a massive modernisation of its computer hardware and systems as well as support services.

The computer based Australian Stock Exchange Automated Screen Trading System (SEATS) was introduced in 1987. This also brought with it the need for new settlement procedures between brokers irrespective of their geographical location. The Broker Broker Settlement System (BBS) now enables brokers prompt settlements irrespective of their business location. Additionally, the FAST (Flexible Accelerated Security Transfer System) has been launched to reduce delays in the processing of trades which is the initial stage of the ASX's development of a modern and internationally competitive settlement system.

There are now no technical barriers to ASX's extension into international trading.

*\*\*This update was provided by the Australian Stock Exchange Limited.*

employees varied from between \$10 and \$24 for 38 per cent of contributors, and \$25 and over for 34 per cent of contributors. Twenty-three per cent paid between two and under four per cent of their earnings as their own contribution to a scheme; 31 per cent paid between four and under six per cent; and 13 per cent paid between six and under 10 per cent. The average weekly contribution, paid by an estimated 2.96 million persons aged 15 to 74, was \$28.

Of the 3.36 million employees covered by a superannuation scheme, 80 per cent reported that their scheme was provided by their current employer.

## 21.5 PRICES AND PRICE INDEXES

**We are all acutely aware of price increases in the retail sector and the resultant reduction in our purchasing power. Continual price rises are greeted as the 'norm' and we are all experiencing a seemingly endless increase to our weekly shopping bill.**

We can take little comfort in the fact that this upward movement of prices is occurring in most countries throughout the world. It is important that we maintain some measure of this continual price spiral.

There are a number of methods of measuring the overall movement in prices, the most common being the use of a retail price index. A retail price index enables us to compare the changing cost over time of a constant 'basket' of goods and services, the 'basket' representing a high proportion of the normal purchases of a specified community. Retail price indexes go back as far as the year 1901.

### 21.5 RETAIL PRICE INDEX NUMBERS, SIX STATE CAPITAL CITIES COMBINED

Year	Index number
1901	47
1911	53
1921	90
1951	167
1981	926
1988(a)	1 594

(a) Weighted average of eight capital cities.



The retail price index most commonly used is the Consumer Price Index.

### 21.5.1 Consumer Price Index

This is the householder's guide to price changes. It measures quarterly changes in the price of goods and services that account for a high proportion of expenditure by metropolitan wage and salary households. It is made up of eight main groups of expenditure items: food, clothing, housing, household equipment and operation, transportation, tobacco and alcohol, health and personal care, and recreation and education. Each of these groups is indexed separately for specific purposes or as is the usual practice, grouped together as a summary of the changes in prices affecting the wage earner's weekly expenditure.

#### 21.6 CONSUMER PRICE INDEX, HOBART

Group	1980-81	1988-89
Food	100.0	181.5
Clothing	100.0	173.3
Housing	100.0	176.7
Household equipment and operation	100.0	179.3
Transportation	100.0	199.0
Tobacco and alcohol	100.0	226.7
Health and personal care	100.0	164.6
Recreation and education	100.0 (a)	165.9
All groups	100.0	185.3

(a) March quarter 1982 = 100.00.

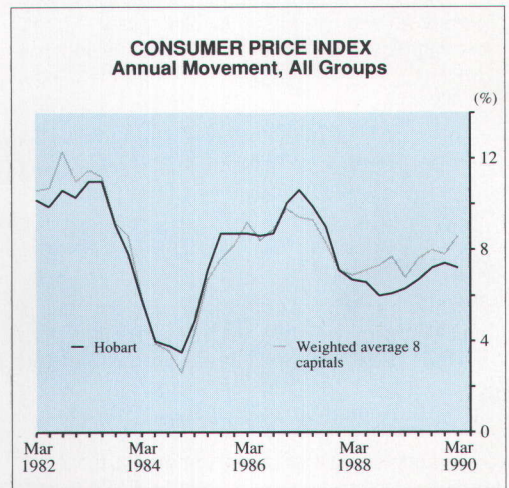
All eight groups have shown steep increases during the 1980s - the increase of the weighted average for all groups was 85.3 per cent. Since 1980-81, the groups showing the greatest increase in Hobart were tobacco and alcohol (126.7 per cent), and transportation (99 per cent), while the health and personal care group (64.6 per cent) recorded the smallest increase.

The Consumer Price Index, (CPI), does not measure the 'cost of living'. It measures price changes in a 'basket of goods' that represent much of a wage and salary earner's expenditure. Expenditure patterns will vary from household to household just as standards of living vary considerably.

However, it is the most accurate measure of inflation as meaning an upward trend in the general internal price structure of an economy. To be strictly correct, though, no one index can be

regarded as the correct measure of inflation. That is why a number of indexes have been constructed, such as indexes of building materials and materials used in the manufacturing industry.

How then, has Hobart compared with mainland capital cities in recent years? The CPI increased in Hobart by 14 per cent between December 1987 and December 1989. The corresponding increase for the weighted average of all eight capital cities was 16 per cent. Hobart has, with the exception of the March quarter 1989, recorded a lower CPI increase than the eight capital cities in every quarter since December 1987.



### 21.5.2 Food Prices

Increases in food prices affect us all. The weekly supermarket visit never fails to surprise with an increase for one or two of our favourite delicacies. The food group of the CPI recorded an increase of 81.5 per cent between 1980-81 and 1988-89 in Hobart. The 1980s saw increases of over 100 per cent for such staples as bread, milk and butter, around 150 per cent for onions, and over 200 per cent for corn based breakfast cereal.

During 1988 the Tasmanian Government initiated an inquiry into retail prices in Tasmania, particularly in relation to other Australian States. This inquiry conducted by the Prices Inquiry Board concentrated on the retail prices of food and groceries and found that food prices in Hobart were eight per cent higher than the average of mainland capital cities. The board concluded that this difference was excessive and unreasonable and mainly due to higher petrol



prices, freight and distribution costs, advertising costs, payroll tax and the concentration of ownership of the food and grocery industry, in Tasmania.

### 21.7 AVERAGE RETAIL PRICES OF SELECTED FOOD ITEMS, HOBART (a) (b) (cents)

Item	Unit	1979	1989	Change (%)
Groceries, etc. -				
Bread, ordinary white sliced	680 g	57	120	111
Flour, self-raising	2 kg	110	203	85
Tea	250 g	80	152	90
Coffee, instant	150 g	270	485	80
Sugar	2 kg	85	206	142
Rice	1 kg	78	115	47
Breakfast cereal, corn based	500 g	82	253	209
Peaches, canned	825g	76	183	141
Potatoes	1 kg	40	83	108
Onions	1 kg	53	133	151
Dairy produce, etc. -				
Butter	500 g	95	198	108
Margarine, table, poly-unsaturated	500 g	92	145	58
Eggs	1 doz (52 g min.)	139	229	65
Bacon, rashers, pre-pack	250 g	150	292	95
Milk, fresh, cartons, delivered	2-600 ml	49	120	145
Meat-				
Beef-				
Rump steak	1 kg	580	985	70
Silverside, corned	1 kg	380	633	67
Lamb-				
Leg	1 kg	333	470	41
Loin chops	1 kg	349	582	67
Pork, leg	1 kg	415	667	61

(a) The table units are not necessarily those for which the original price data were obtained; in such cases, prices have been calculated for the table unit.

(b) Prices are the averages of the recorded prices for the four quarters of each calendar year.

### 21.5.3 House Prices

House prices have experienced an unprecedented upward movement in the 1980s with most parts of Australia being affected to a greater or lesser degree.

Hobart has been no exception with price increases of 21.8 per cent for established houses and 20.4 per cent for construction of project

homes in the three year period from September 1986 to September 1989.

The increase in Hobart is however, dwarfed in comparison to that recorded for the same three year period in Sydney. Sydney recorded a massive 88.3 per cent price increase for established houses and a price increase of 50.7 per cent for the construction of project homes.

This increase in the cost of housing along with the higher mortgage interest rate levels of recent years has significantly increased the burden of house purchase or construction.

### 21.8 HOBART HOUSE PRICES

Quarter/Year	Estab- lished house prices (index numbers)	Annual increase (%)	Project home prices (index numbers)	Annual increase (%)
	Sept. 1986	100.0	..	100.0
1987	102.5	2.5	104.8	4.8
1988	111.6	8.9	111.2	6.1
1989	121.8	9.1	120.4	8.3

### 21.5.4 Price of Building Materials

The price in Hobart of materials used in house building rose by 28.7 per cent between March 1986 and March 1990. This price movement was lower than that recorded for the weighted average of the six State capital cities of 35.8 per cent.

This same trend was evident in a companion survey which estimates the prices of materials used in constructions such as office blocks, car parks, flats and units, and supermarkets. Information from this survey, known as the 'other than house building materials' survey, showed a price increase of 29.2 per cent for Hobart compared with 37.5 per cent for the six State capital cities.

In this survey, information on the prices of a number of common construction materials are collected. These prices, which include those of ready mixed concrete, structural steel and aluminium windows, move in relation to such things as the price of raw materials, labour, and market forces. As these invariably change over



time, it is useful for those involved in the construction industry to know of this movement, especially with construction projects which require a long period of months or years to complete. To cover these variations, 'rise and fall' clauses are inserted in building contracts. Often these clauses are based on information from these surveys.

### 21.9 SELECTED CONSTRUCTION MATERIALS PRICES, HOBART

Year ended	Per cent variation		
	Ready mixed concrete	Structural steel	Aluminium windows
March 1985	4.7	3.1	6.0
1986	8.8	23.3	6.8
1987	3.1	3.7	8.9
1988	-0.1	7.6	12.4
1989	10.9	12.7	5.6
1990	6.2	5.1	0.5

In Hobart, in the period March 1989 to March 1990 the price of ready mixed concrete increased by 6.2 per cent, structural steel by 5.1 per cent, and aluminium windows by 0.5 per cent.

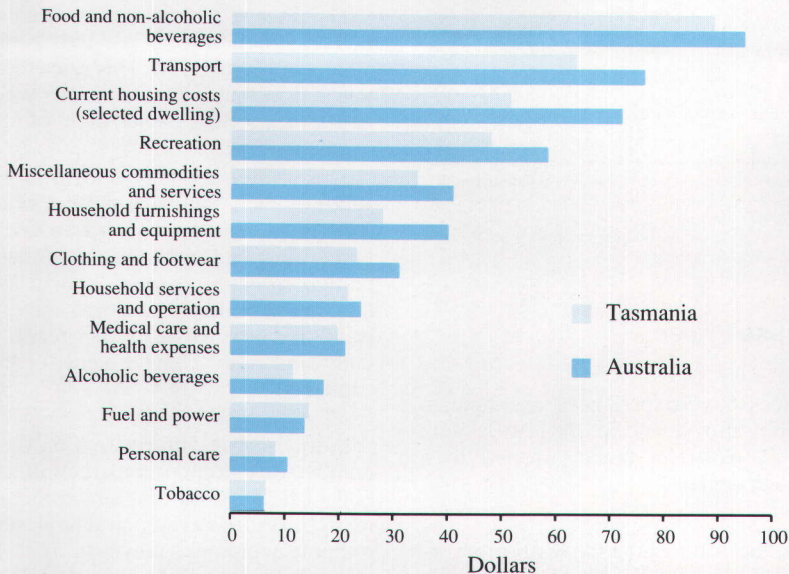
### 21.6 HOUSEHOLD EXPENDITURE

Recent information from an Australia-wide survey of household expenditure for the last half of 1988 shows Tasmanian households spent an average of \$420.52 on commodities and services. For all Australian States and Territories the average was \$506.87.

Food, transport and housing were the major expenditure areas. Together for Tasmania, they totalled 48.5 per cent of all expenditure, which was slightly more than the equivalent percentage expenditure for Australia, 47.9 per cent.

The biggest single weekly expenditure difference between Australian and Tasmanian house-

### AVERAGE WEEKLY HOUSEHOLD EXPENDITURE BY MAJOR EXPENDITURE AREAS, (July - December, 1988)





holds was on current housing costs, \$51.51 for Tasmanian households and \$72.07 for Australian households. This was due to a number of factors, principally the lower cost of housing, and the larger percentage of households, relative to other States, of people who own their own home.

The next biggest expenditure difference was in the area of household furnishings and equipment. Tasmanians spent \$28.09 on average, whereas Australian households spent \$40.08.

Only in two areas, fuel and power, and tobacco products did Tasmanians on average spend more than the average for Australia.

Information from an earlier survey in 1984 together with the 1988 survey information enables a number of comparisons to be made. The percentage difference in the total of average expenditures was 34.8 per cent, from \$311.90 in 1984 to \$420.52 in 1988.

The biggest percentage points increases were in medical care and health expenses (73.8 per cent), and household services and operation (65.1 per cent). The smallest percentage change was 0.1 per cent for clothing and footwear.

### 21.10 HOUSEHOLD EXPENDITURE, TASMANIA

Commodity or service	1984 (\$)	1988 (\$)	Change (%)
Current housing costs (selected dwellings)	39.04	51.51	31.9
Fuel and power	10.91	14.54	33.3
Food and non-alcoholic beverages	62.80	89.06	41.8
Alcoholic beverages	9.45	11.61	22.9
Tobacco	5.56	6.60	18.7
Clothing and footwear	23.18	23.20	0.1
Household furnishings and equipment	23.93	28.09	17.4
Household services and operation	13.16	21.73	65.1
Medical care and health expenses	11.40	19.81	73.8
Transport	47.59	63.64	33.7
Recreation	41.01	47.96	16.9
Personal care	5.70	8.43	47.9
Miscellaneous commodities and services	18.17	34.35	89.0
Total	311.90	420.52	34.8

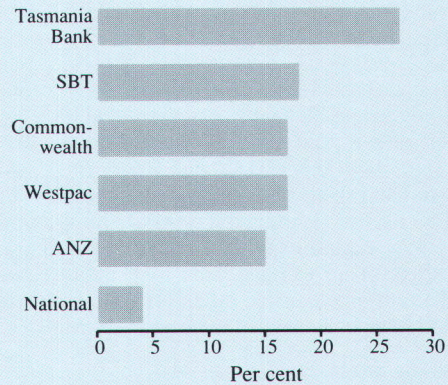
### Tasmania Bank\*

On 1 September 1987 the Tasmania Bank was created. Its creation arose out of a merger between two of Tasmania's - and Australia's - oldest financial institutions, the Launceston Bank for Savings (established in 1835), and the Tasmanian Permanent Building Society (established in 1858).

As at 31 August 1989, the Tasmania Bank had 40 branches, more than 700 staff (including part-time staff) and assets of more than \$800 million. Liabilities were approximately \$760 million.

In terms of bank deposits in Tasmania, the Tasmania Bank held 27 per cent of the total, the largest proportion of any bank in Tasmania.

### COMBINED TASMANIAN BANK DEPOSITS



The Tasmania Bank comprises a number of divisions, Community Banking, Wholesale Banking, Treasury, and Finance and Administration. Community Banking is the foundation and, in many ways, the main public face of the organisation. It encompasses the branch network, electronic banking facilities, and marketing and advertising activities. The Wholesale Banking division concentrates on the government, business, corporate, and rural sectors and their banking needs. The Treasury division has state of the art telecommunication and computing links with mainland and overseas financial markets. These facilities have proved especially useful to Tasmanian importers and exporters.

\* This was taken from the Tasmania Bank, Annual Report.



## 21.7 PRIVATE NEW CAPITAL EXPENDITURE

Capital expenditure is often a useful way of anticipating economic trends, especially if the capital expenditure can be matched against that which is necessary to maintain existing levels of production and employment. It is also a useful barometer of individuals' and enterprises' perceptions about future economic trends in their industry, that is, their perception of profitability some time in the future.

Private new capital expenditure refers to non-government money spent on the acquisition of new tangible assets. It includes money spent on all new buildings and structures, and on new plant, machinery, tools, vehicles, office equipment and furniture. It does not, however, include houses built by speculative builders, or money spent on renovations.

In the past few years, private new capital expenditure in Tasmania has been at a fairly low level with a peak of \$210 million in the June quarter 1989. This was about 2.7 per cent of total Australian private new capital expenditure. In the following two quarters there was a slump in private new capital expenditure. The main reasons for this appear to have been high interest rates and a protracted airline pilots' dispute, which resulted in business scaledowns and bankruptcies.

### 21.11 CAPITAL EXPENDITURE, TASMANIA

Quarter	Expenditure (\$m)	% of Aust. total
1986 - March	77	1.8
June	91	1.7
September	87	1.6
December	120	1.9
1987 - March	83	1.7
June	117	1.9
September	130	2.8
December	102	1.6
1988 - March	109	2.0
June	120	1.8
September	127	2.1
December	200	2.7
1989 - March	198	3.1
June	210	2.7
September	95	1.3
December	130	1.7

## 21.8 REFERENCES

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