

PRICE INDEX OF MATERIALS USED IN HOUSE BUILDING

SIX STATE
CAPITAL
CITIES AND
CANBERRA

EMBARGOED UNTIL 11:30AM THURS 19 JANUARY 1995

NOVEMBER KEY FIGURES

	% change Oct 94 to Nov 94	% change Nov 93 to Nov 94
Weighted average of six State capital cities	0.4	3.2
Sydney	0.1	3.6
Melbourne	0.5	3.4
Brisbane	0.7	2.7
Adelaide	-0.1	1.2
Perth	0.4	3.5
Hobart	-0.1	3.9
Canberra	0.1	1.5

NOVEMBER KEY POINTS

WEIGHTED AVERAGE INDEX

- Increased prices for timber were the major contributor to the increase in the index.
- Higher world prices for copper resulted in further increases in copper based building materials.

CAPITAL CITIES INDEXES

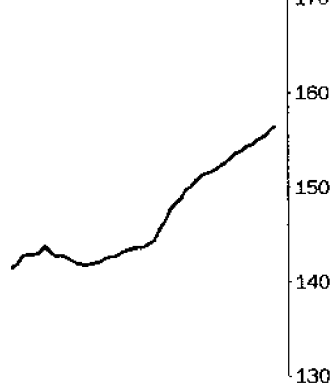
- Timber prices increased in Sydney, Melbourne, Brisbane and Perth.
- Prices for copper pipe increased in all cities.

All groups

Base: 1985-86 = 100.0

Index
170
160
150
140
130

Nov 1990 Nov 1991 Nov 1992 Nov 1993 Nov 1994

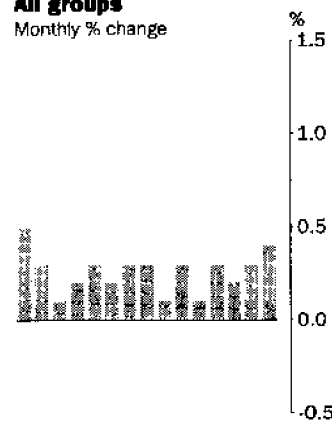


All groups

Monthly % change

%
1.5
1.0
0.5
0.0
-0.5

S N J M M J S N
1993 1994



INQUIRIES

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

PRICE INDEX NOTES

FORTHCOMING ISSUES

ISSUE

RELEASE DATE

December 1994

10 February 1995

January 1995

10 March 1995

February 1995

7 April 1995

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CHANGES IN THIS ISSUE

There are no changes in this issue.

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RICHARD MADDEN
ACTING AUSTRALIAN STATISTICIAN

1

HOUSE BUILDING MATERIALS PRICE INDEX¹

Period	<i>Weighted average of six State capital cities</i>							
	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Canberra ²	
1991-92	142.4	146.1	137.3	144.7	135.5	149.3	138.3	140.3
1992-93	145.2	148.5	141.1	147.8	137.8	150.5	140.7	143.2
1993-94	152.1	154.8	149.6	152.2	151.8	153.5	144.3	150.5
1993								
September	150.9	153.5	147.8	152.0	150.2	152.7	143.1	149.3
October	151.4	153.8	148.4	152.4	151.9	152.9	143.4	149.8
November	151.6	153.9	149.2	151.8	152.0	152.6	143.5	150.2
December	151.9	154.3	149.5	152.0	152.2	152.9	143.6	150.4
1994								
January	152.3	154.7	149.9	152.2	152.9	153.2	144.5	150.7
February	152.6	155.1	150.1	152.8	153.7	153.0	144.2	151.5
March	153.1	155.3	151.3	152.4	153.2	154.4	145.1	151.3
April	153.6	156.3	151.4	153.2	153.3	154.5	145.5	151.4
May	153.8	156.5	151.6	153.0	153.9	155.1	146.0	151.6
June	154.3	157.6	152.0	153.1	153.8	155.7	146.8	151.6
July	154.5	157.7	152.3	153.5	152.9	156.2	146.8	151.6
August	155.0	158.1	152.8	153.5	153.5	157.2	147.8	151.4
September	155.3	158.3	153.1	154.0	153.8	157.1	148.2	151.8
October	155.8	159.3	153.5	154.8	153.9	157.2	149.2	152.2
November	156.4	159.5	154.3	155.9	153.8	157.9	149.1	152.4

¹ Base of each index: 1985-86 = 100.0

² Base of index: 1986-87 = 100.0



HOUSE BUILDING MATERIALS PRICE INDEX, Percentage Changes

Period	Weighted average of six State capital cities							
	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Canberra	
PERCENTAGE CHANGE (from previous year)								
1991-92	0.2	0.3	-0.6	2.0	-0.5	0.4	3.1	2.9
1992-93	2.0	1.6	2.8	2.1	1.7	0.8	1.7	2.1
1993-94	4.8	4.2	6.0	3.0	10.2	2.0	2.6	5.1
PERCENTAGE CHANGE (from corresponding month of previous year)								
1993								
September	5.2	4.3	6.6	3.5	10.9	1.9	2.0	4.8
October	5.4	4.5	6.7	3.7	12.4	2.1	2.1	5.1
November	5.5	4.7	7.2	3.1	12.3	1.9	2.5	5.6
December	5.4	5.1	6.8	3.1	12.1	1.8	2.3	5.7
1994								
January	5.5	5.3	6.8	2.9	12.1	1.9	2.7	5.8
February	4.9	4.9	5.7	3.1	10.9	1.7	2.4	5.9
March	4.6	4.2	5.8	2.7	9.9	2.2	3.1	5.7
April	4.1	3.4	4.8	2.8	9.5	2.0	3.0	5.1
May	3.7	2.8	4.8	2.7	7.3	2.2	3.3	4.2
June	3.7	3.3	4.5	2.6	6.1	2.6	3.7	3.6
July	3.1	2.7	3.8	2.1	4.0	2.4	2.8	2.1
August	3.2	3.1	3.9	1.8	3.9	2.9	3.3	1.4
September	2.9	3.1	3.6	1.3	2.4	2.9	3.6	1.7
October	2.9	3.6	3.4	1.6	1.3	2.8	4.0	1.6
November	3.2	3.6	3.4	2.7	1.2	3.5	3.9	1.5
PERCENTAGE CHANGE (from previous month)								
1993								
September	0.5	0.1	0.5	0.8	1.6	0.0	0.0	0.0
October	0.3	0.2	0.4	0.3	1.1	0.1	0.2	0.3
November	0.1	0.1	0.5	-0.4	0.1	-0.2	0.1	0.3
December	0.2	0.3	0.2	0.1	0.1	0.2	0.1	0.1
1994								
January	0.3	0.3	0.3	0.1	0.5	0.2	0.6	0.2
February	0.2	0.3	0.1	0.4	0.5	-0.1	-0.2	0.5
March	0.3	0.1	0.8	-0.3	-0.3	0.9	0.6	-0.1
April	0.3	0.6	0.1	0.5	0.1	0.1	0.3	0.1
May	0.1	0.1	0.1	-0.1	0.4	0.4	0.3	0.1
June	0.3	0.7	0.3	0.1	-0.1	0.4	0.5	0.0
July	0.1	0.1	0.2	0.3	-0.6	0.3	0.0	0.0
August	0.3	0.3	0.3	0.0	0.4	0.6	0.7	-0.1
September	0.2	0.1	0.2	0.3	0.2	-0.1	0.3	0.3
October	0.3	0.6	0.3	0.5	0.1	0.1	0.7	0.3
November	0.4	0.1	0.5	0.7	-0.1	0.4	-0.1	0.1

HOUSE BUILDING MATERIALS PRICE INDEX, Contribution to All Groups Index¹

Category	October 1994	November 1994	Change
Weighted average of six State Capital Cities	155.8	156.4	0.6
GROUPS: Contribution to Weighted average of six State capital cities index (index points)			
Concrete mix, cement and sand	13.69	13.69	0.00
Cement products	9.62	9.62	0.00
Clay bricks, tiles, etc	15.09	15.12	0.03
Timber, board and joinery	52.80	53.07	0.27
Steel Products	5.65	5.62	-0.03
Other metal products	21.43	21.61	0.18
Plumbing fixtures, etc	7.61	7.62	0.01
Electrical installation materials	3.57	3.59	0.02
Installed appliances	7.19	7.23	0.04
Other materials	19.18	19.24	0.06

¹ For an explanation of this table see paragraph 15 of the Explanatory Notes

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 and Canberra — the Price Index of Materials Used in House Building. It is calculated on a reference base of 1985–86 = 100.0 for the six State capital cities and 1986–87 = 100.0 for Canberra.

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 or about 1985–86. 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 was shown in the Appendix to the October 1986 issue of this publication. The weighting pattern for Canberra was shown in the Appendix to the February 1988 issue.

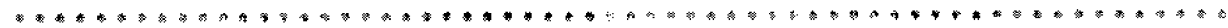
PRICE MEASUREMENT

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.



PRICE MEASUREMENT (continued) **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.

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 —

November 1994	156.4	(see Table 1)
less November 1993	151.6	(see Table 1)
Change in index points	4.8	
Percentage change	$\frac{4.8}{151.6} \times 100 = 3.2$	

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 53.07 index points to the total Weighted average of the six State capital cities index number of 156.4 for November 1994 and 0.27 index points to the net change of 0.6 index points.

FURTHER INFORMATION **16** The Appendix to the October 1986 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 and Canberra* (6407.0)
- *Price Indexes of Materials Used in Manufacturing Industries, Australia* (6411.0).
- *Price Indexes of Articles Produced by Manufacturing Industry, Australia* (6412.0)

RELATED PUBLICATIONS (continued)

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 *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

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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