

**PRICE INDEXES OF MATERIALS USED IN
COAL MINING, AUSTRALIA
SEPTEMBER 1996**

EXPLANATORY NOTES

Introduction

This publication contains price indexes relating to materials used in the mining of coal in Australia. Separate indexes show movements in prices of materials used in open cut and underground coal mining operations. Each index is presented on *reference base: Year 1987-88 = 100.0*. The indexes are compiled for each month from July 1987.

2. The Appendix to the November 1988 issue of this publication contains a more detailed description of the indexes and the weights used to compile each index.

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 transportation of the coal to the rail head. Materials are defined as those consumables and replacement parts normally used up in these activities. Items of capital equipment are not included within the scope of these indexes.

Items and weights

4. These indexes are *fixed weights indexes*. The items included in the indexes were selected on the basis of the estimated average values of materials used in the operation of open cut and underground coal mines in Australia during the three years ended June 1987.

Prices

5. 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 the materials used in coal mining. In the main, prices are collected at the mid-point of each month.

6. 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 these indexes.

7. 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 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 these indexes.

8. Sometimes new discounts, or changes in the way that discounts are applied by sellers, are identified only after index numbers for a period have been published. In such cases revisions to index numbers will occur.

9. The prices used relate to specific standards or grades of materials with the aim of incorporating in the indexes price changes for representative materials of constant quality.

Index numbers

10. Index numbers for financial years are simple averages of the monthly index numbers.

11. Index numbers for the latest month and the previous month are preliminary and subject to revision. However, it may be necessary to revise index numbers for earlier periods, from time to time, where incorrect prices for those periods are detected later on.

INQUIRIES

- for further information about statistics in this publication and the availability of related unpublished statistics contact Margaret Hayes on Canberra (06) 252 5541 or any ABS State office.
 - for information about other ABS statistics and services please contact Information Services on Canberra (06) 252 6627, 252 6007 or any ABS State office.
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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 methods of mining.

13. Since the weights of the indexes are based on an average materials usage from a range of coal mines with particular characteristics, the indexes are not necessarily representative of the price movements for materials used in any particular mine.

Analysis of index changes

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. 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:

Open cut index numbers –

September 1996	120.6 (see Table 1)
less September 1995	118.6 (see Table 1)
Change in index points	2.0

$$\text{Percentage change} = 2.0 / 118.6 \times 100 = 1.7$$

16. In this publication percentage changes are shown in respect of movements between:

- consecutive financial years
- corresponding months of consecutive years
- consecutive months.

Related publications

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

Price Index of Materials Used in Building Other than House Building, Six State Capital Cities (6407.0) – issued monthly

Price Indexes of Copper Materials, Australia (6410.0) – 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

Export Price Index, Australia (6405.0) – issued monthly

Import Price Index, Australia (6414.0) – issued monthly.

18. Other ABS publications that may be of interest include:

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

19. 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 *Release Advice (1105.0)* which lists publications to be released in the next few days. The Catalogue and Release Advice are available from any ABS office.

Unpublished statistics

20. As well as the statistics included in this and related publications, the ABS has a large range of other relevant unpublished data available. Inquiries should be directed to the contact in the phone inquiries box at the front of this publication.

Symbols and other usages

- p preliminary – figures subject to revision.
- r figure or series revised since previous issue.
- nil or rounded to zero.

Electronic services

21. A large range of data is available via on-line services, diskette, magnetic tape, tape cartridge and CD ROM. For more details about our electronic data services, contact any ABS office.

W. McLennan
Australian Statistician

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

<i>Period</i>	<i>Open cut</i>	<i>Underground</i>
INDEX NUMBERS		
1993-94	116.2	121.5
1994-95	116.8	122.7
1995-96	119.8	126.4
<i>1995-96 —</i>		
July	119.2	125.1
August	118.9	126.0
September	118.6	126.1
October	118.6	126.0
November	119.2	126.0
December	120.0	126.0
January	120.1	126.4
February	121.0	126.6
March	121.1	126.7
April	120.6	126.5
May	120.5	127.4
June	120.2	127.6
<i>1996-97 —</i>		
July	118.8	130.0
August	120.0	130.1
September p	120.6	129.5

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

<i>Period</i>	<i>Open cut</i>	<i>Underground</i>
PERCENTAGE CHANGES		
<i>Change from previous year</i>		
1993-94	1.6	-0.2
1994-95	0.5	1.0
1995-96	2.6	3.0
<i>Change from corresponding month of previous year</i>		
<i>1995-96 -</i>		
July	3.3	3.7
August	2.8	4.3
September	2.2	4.1
October	2.2	3.5
November	1.7	2.5
December	2.5	2.4
January	3.2	2.8
February	3.0	2.6
March	3.2	2.4
April	2.9	2.3
May	2.4	2.9
June	1.6	2.4
<i>1996-97</i>		
July	-0.3	3.9
August	0.9	3.3
September p	1.7	2.7
<i>Change from previous month</i>		
<i>1995-96 -</i>		
July	0.8	0.4
August	-0.3	0.7
September	-0.3	0.1
October	—	-0.1
November	0.5	—
December	0.7	—
January	0.1	0.3
February	0.7	0.2
March	0.1	0.1
April	-0.4	-0.2
May	-0.1	0.7
June	-0.2	0.2
<i>1996-97 —</i>		
July	-1.2	1.9
August	1.0	0.1
September p	0.5	-0.5