

**PRICE INDEX OF MATERIALS
USED IN HOUSE BUILDING**

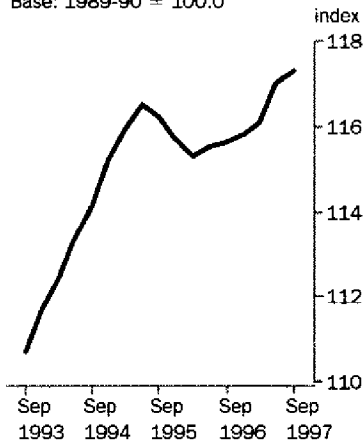
SIX STATE
CAPITAL
CITIES

EMBARGO: 11:30AM (CANBERRA TIME) MON 20 OCT 1997

SEPTEMBER QTR KEY FIGURES

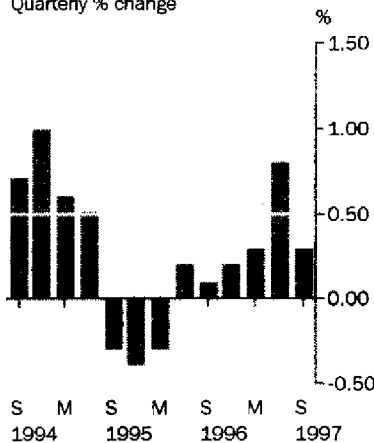
All groups

Base: 1989-90 = 100.0



All groups

Quarterly % change



	<i>% change Jun Qtr 97 to Sep Qtr 97</i>	<i>% change Sep Qtr 96 to Sep Qtr 97</i>
Weighted average of six State capital cities	0.3	1.5
Sydney	0.4	1.6
Melbourne	0.3	1.0
Brisbane	0.3	2.1
Adelaide	0.7	2.3
Perth	0.2	0.9
Hobart	0.2	-0.2

SEPTEMBER QTR KEY POINTS

WEIGHTED AVERAGE INDEX

- The increase in the index was mainly due to a rise in prices for softwood.
- Small decreases in a range of other materials partially offset the increase in the index.

CAPITAL CITIES INDEXES

- Softwood prices increased in all cities except Hobart.

INQUIRIES

- For further information about these and related statistics, contact Robert Adams on 02 6252 6198, or any ABS Office.

NOTES

FORTHCOMING ISSUES

ISSUE (Quarter)

RELEASE DATE

December 1997

27 January 1998

March 1998

20 April 1998

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CHANGES IN THIS ISSUE

Commencing with this issue, the frequency of compilation and publication of the producer and international trade price indexes has been reduced from monthly to quarterly.

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W. McLennan

Australian Statistician

HOUSE BUILDING MATERIALS PRICE INDEX(a)

Period	Weighted average of six State capital cities	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart
1993-94	112.0	111.3	112.1	113.5	117.1	109.1	112.8
1994-95	115.4	115.0	115.9	115.9	118.8	112.7	117.3
1995-96	115.7	115.9	115.4	115.1	118.2	114.8	120.7
1996-97	116.1	116.3	115.3	115.3	120.6	115.3	120.1
1993							
September	110.7	110.3	110.3	112.7	114.4	108.4	111.7
December	111.7	110.7	111.7	113.4	117.2	108.5	112.1
1994							
March	112.4	111.4	112.7	113.7	118.2	109.1	113.0
June	113.3	112.7	113.6	114.2	118.5	110.2	114.2
September	114.1	113.6	114.4	114.6	118.3	111.4	115.3
December	115.2	114.8	115.6	116.0	118.8	112.1	116.6
1995							
March	115.9	115.5	116.5	116.2	119.4	113.1	117.9
June	116.5	116.1	117.0	116.6	118.8	114.2	119.5
September	116.2	116.4	115.9	116.3	118.4	115.0	120.8
December	115.7	115.6	115.3	115.5	118.0	114.9	120.8
1996							
March	115.3	115.5	115.1	114.4	118.0	114.6	120.7
June	115.5	116.2	115.1	114.0	118.3	114.6	120.6
September	115.6	115.9	114.9	114.4	119.6	115.0	120.5
December	115.8	115.8	115.2	114.8	120.4	115.0	119.8
1997							
March	116.1	116.0	115.1	115.4	120.8	115.3	120.1
June	117.0	117.3	115.8	116.5	121.5	115.8	120.1
September	117.3	117.8	116.1	116.8	122.4	116.0	120.3

(a) Base of each index: 1989-90 = 100.0

HOUSE BUILDING MATERIALS PRICE INDEX, Percentage Changes

Period	<i>Weighted average of six State capital cities</i>	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart
PERCENTAGE CHANGE (from previous year)							
1993-94	4.8	4.2	6.1	3.0	10.2	2.1	2.6
1994-95	3.0	3.3	3.4	2.1	1.5	3.3	4.0
1995-96	0.3	0.8	-0.4	-0.7	-0.5	1.9	2.9
1996-97	0.3	0.3	-0.1	0.2	2.0	0.4	-0.5
PERCENTAGE CHANGE (from corresponding quarter of previous year)							
1993							
September	4.8	4.3	6.5	3.1	10.0	1.8	1.9
December	5.5	4.7	6.9	3.3	12.3	2.0	2.3
1994							
March	5.0	4.7	6.1	2.9	11.0	2.0	2.7
June	3.8	3.2	4.7	2.7	7.6	2.3	3.3
September	3.1	3.0	3.7	1.7	3.4	2.8	3.2
December	3.1	3.7	3.5	2.3	1.4	3.3	4.0
1995							
March	3.1	3.7	3.4	2.2	1.0	3.7	4.3
June	2.8	3.0	3.0	2.1	0.3	3.6	4.6
September	1.8	2.5	1.3	1.5	0.1	3.2	4.8
December	0.4	0.7	-0.3	-0.4	-0.7	2.5	3.6
1996							
March	-0.5	0.0	-1.2	-1.5	-1.2	1.3	2.4
June	-0.9	0.1	-1.6	-2.2	-0.4	0.4	0.9
September	-0.5	-0.4	-0.9	-1.6	1.0	0.0	-0.2
December	0.1	0.2	-0.1	-0.6	2.0	0.1	-0.8
1997							
March	0.7	0.4	0.0	0.9	2.4	0.6	-0.5
June	1.3	0.9	0.6	2.2	2.7	1.0	-0.4
September	1.5	1.6	1.0	2.1	2.3	0.9	-0.2
PERCENTAGE CHANGE (from previous quarter)							
1993							
September	1.4	1.0	1.7	1.3	3.9	0.6	1.1
December	0.9	0.4	1.3	0.6	2.4	0.1	0.4
1994							
March	0.6	0.6	0.9	0.3	0.9	0.6	0.8
June	0.8	1.2	0.8	0.4	0.3	1.0	1.1
September	0.7	0.8	0.7	0.4	-0.2	1.1	1.0
December	1.0	1.1	1.0	1.2	0.4	0.6	1.1
1995							
March	0.6	0.6	0.8	0.2	0.5	0.9	1.1
June	0.5	0.5	0.4	0.3	-0.5	1.0	1.4
September	-0.3	0.3	-0.9	-0.3	-0.3	0.7	1.1
December	-0.4	-0.7	-0.5	-0.7	-0.3	-0.1	0.0
1996							
March	-0.3	-0.1	-0.2	-1.0	0.0	-0.3	-0.1
June	0.2	0.6	0.0	-0.3	0.3	0.0	-0.1
September	0.1	-0.3	-0.2	0.4	1.1	0.3	-0.1
December	0.2	-0.1	0.3	0.3	0.7	0.0	-0.6
1997							
March	0.3	0.2	-0.1	0.5	0.3	0.3	0.3
June	0.8	1.1	0.6	1.0	0.6	0.4	0.0
September	0.3	0.4	0.3	0.3	0.7	0.2	0.2

HOUSE BUILDING MATERIALS PRICE INDEX(a), Contribution to All Groups Index

Category	June Qtr 1997(b)	September Qtr 1997(b)	Change
Weighted average of six State capital cities	117.0	117.3	0.3
GROUPS: Contribution to Weighted average of six State capital cities index (index points)			
Concrete mix, cement and sand	8.49	8.51	0.02
Cement products	6.77	6.75	-0.02
Ceramic products	15.14	15.22	0.08
Timber, board and joinery	32.11	32.22	0.11
Steel products	5.95	5.95	0.00
Other metal products	18.35	18.39	0.04
Plumbing products	8.20	8.32	0.12
Electrical equipment	4.36	4.34	-0.02
Installed appliances	5.32	5.34	0.02
Other materials	12.26	12.28	0.02

(a) For an explanation of this table see paragraph 15 of the Explanatory Notes

(b) Base of each index: 1989-90 = 100.0

HOUSE BUILDING MATERIALS PRICE INDEX(a), By Materials Group

WEIGHTED AVERAGE OF SIX STATE CAPITAL CITIES.....

<i>Period</i>	<i>Concrete mix, cement and sand</i>	<i>Cement products</i>	<i>Ceramic products</i>	<i>Timber, board and joinery</i>	<i>Steel products</i>	<i>Other metal products</i>	<i>Plumbing products</i>	<i>Electrical equipment</i>	<i>Installed appliances</i>	<i>Other materials</i>
1993-94	112.3	110.7	109.9	115.6	113.4	105.8	109.3	103.6	119.8	112.1
1994-95	116.6	114.7	114.3	118.8	113.6	110.1	110.6	109.0	121.9	114.9
1995-96	113.4	116.0	113.7	116.4	115.6	113.0	113.9	116.0	124.6	117.7
1996-97	112.8	116.6	113.1	116.2	118.3	113.6	114.4	115.1	128.7	119.5
1993										
September	111.6	109.8	109.8	112.8	112.3	105.6	108.2	105.4	118.0	111.1
December	111.1	110.5	109.6	114.8	112.5	105.8	109.9	103.1	120.3	112.0
1994										
March	111.8	111.0	109.9	116.7	114.5	105.6	109.6	102.7	120.3	112.3
June	114.7	111.5	110.3	118.0	114.3	106.3	109.4	103.0	120.4	112.8
September	116.6	112.9	112.8	117.8	114.5	107.8	109.0	104.8	120.5	113.4
December	116.9	115.1	114.1	118.8	114.6	109.3	109.9	107.3	121.5	114.2
1995										
March	116.8	115.2	114.9	119.3	113.1	111.2	111.1	110.4	122.3	115.0
June	116.1	115.6	115.3	119.3	112.2	112.2	112.4	113.5	123.1	117.0
September	114.9	116.6	115.0	117.4	113.9	112.8	113.5	117.0	123.8	117.9
December	113.9	116.3	113.8	116.4	115.9	112.8	114.3	116.1	123.8	117.2
1996										
March	113.0	115.8	113.1	115.9	116.5	112.7	113.5	115.5	124.5	117.5
June	111.9	115.1	112.9	116.0	116.1	113.5	114.1	115.2	126.1	118.1
September	112.1	116.4	112.9	116.1	117.2	112.4	114.3	115.5	127.5	118.6
December	112.3	116.5	112.9	116.0	118.0	113.4	113.4	114.7	128.4	119.1
1997										
March	113.0	116.9	113.0	115.8	118.7	114.1	113.6	114.8	129.5	119.2
June	113.9	116.5	113.7	116.9	119.1	114.3	116.3	115.5	129.3	121.1
September	114.2	116.2	114.3	117.3	119.1	114.6	117.9	115.0	130.0	121.3

(a) Base of each index: 1989-90 = 100.0

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 — the *Price Index of Materials Used in House Building*. It is calculated on a reference base of 1989–90 = 100.0 for the six State capital cities.

SCOPE

2 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

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 the 3 years ending 1992–93. 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.

4 The weighting pattern for the six State capital cities is set out in Appendix A of the December 1995 issue of this publication.

PRICE MEASUREMENT

5 Prices used relate to precise standards for 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'. 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.

7 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.

8 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 may occur in subsequent issues of this publication.

9 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.

EXPLANATORY NOTES

INDEX NUMBERS

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

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.

REVISIONS

12 In cases where more complete information is obtained after index numbers for a period have been published, or it is discovered that incorrect prices have been used in compiling the indexes, revisions to index numbers may occur in subsequent issues of this publication.

ANALYSIS OF INDEX CHANGES

13 Care should be exercised when interpreting quarter-to-quarter 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 —

September Quarter 1997	117.3 (See Table 1)	
less September Quarter 1996	115.6 (See Table 1)	
Change in index points	1.7	
Percentage change	1.7	
	<hr style="width: 50px; margin: 0;"/>	
	115.6	x 100 = 1.5

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 32.22 index points to the total Weighted average of the six State capital cities index number of 117.3 for the September Quarter 1997 and 0.11 index points to the net change of 0.3 index points.

FURTHER INFORMATION

16 The Appendix to the December 1995 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* (6407.0)
- *Price Indexes of Materials Used in Manufacturing Industries, Australia* (6411.0)
- *Price Indexes of Articles Produced by Manufacturing Industry, Australia* (6412.0).

EXPLANATORY NOTES

RELATED PUBLICATIONS

continued

19 Other ABS publications that may be of interest include:

- *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 *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

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 02 6252 6198 or to any ABS office.

SYMBOLS AND OTHER USAGES

r revised





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