



**Australian
Bureau of
Statistics**

PRICE INDEX OF MATERIALS USED IN HOUSE BUILDING

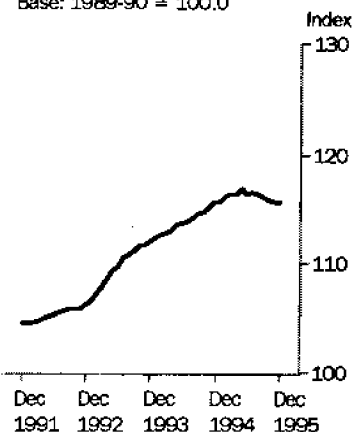
SIX STATE
CAPITAL
CITIES

EMBARGOED UNTIL 11:30AM FRI 9 FEBRUARY 1996

DECEMBER KEY FIGURES

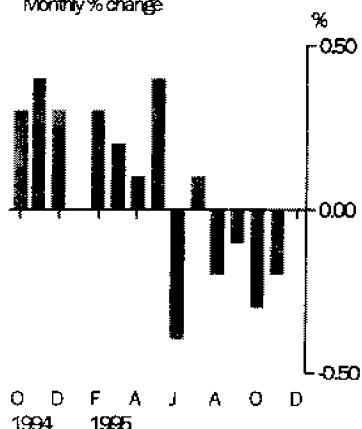
All groups

Base: 1989-90 = 100.0



All groups

Monthly % change



% change
Nov 95 to
Dec 95

% change
Dec 94 to
Dec 95

	% change Nov 95 to Dec 95	% change Dec 94 to Dec 95
Weighted average of six State capital cities	0.0	0.0
Sydney	0.0	0.3
Melbourne	0.2	-0.6
Brisbane	-0.3	-1.0
Adelaide	0.0	-0.9
Perth	-0.3	1.9
Hobart	-0.2	3.4

DECEMBER KEY POINTS

WEIGHTED AVERAGE INDEX

- Increases in prices for structural timber were offset by decreases in prices for aluminium windows and doors.

REBASE AND
RE-WEIGHTING OF
INDEX see "Changes
in this Issue" on Page 2

CAPITAL CITIES INDEXES

- Structural timber prices increased in Melbourne but decreased in Sydney and Perth.
- Prices for aluminium windows and doors decreased in Sydney, Melbourne and Brisbane.

INQUIRIES

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

NOTES

FORTHCOMING ISSUES

<i>ISSUE</i>	<i>RELEASE DATE</i>
January 1996	08 March 1996
February 1996	10 April 1996
March 1996	08 May 1996

CHANGES IN THIS ISSUE

Approximately every five years the index structure and weighting pattern of this and other price indexes compiled by the ABS are reviewed to ensure their relevance to current circumstances. Commencing with this issue, this index has been compiled on the basis of a revised list of items and updated weighting pattern.

The reference base of the index has been updated to 1989-90 = 100. The change in the reference base will reduce the magnitude of previously published index numbers but, apart from rounding, will not affect the movements shown by index series.

See Appendixes for further details.

W. McLennan
Australian Statistician



HOUSE BUILDING MATERIALS PRICE INDEX(a)

Period	Weighted average of six State capital cities						
	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	
1992-93	106.9	106.8	105.7	110.2	106.3	106.9	109.9
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
1994							
October	114.7	114.5	115.0	115.4	118.7	111.6	116.6
November	115.2	114.7	115.6	116.3	118.6	112.1	116.5
December	115.6	115.2	116.1	116.3	119.0	112.5	116.6
1995							
January	115.6	115.2	116.1	115.8	119.3	113.1	117.2
February	116.0	115.6	116.6	116.6	119.4	112.9	118.0
March	116.2	115.7	116.9	116.3	119.4	113.4	118.5
April	116.3	115.6	117.1	116.7	118.5	113.6	118.9
May	116.8	116.0	117.7	116.9	119.0	114.6	119.8
June	116.3	116.7	116.1	116.3	119.0	114.5	119.7
July	116.4	116.7	116.2	116.3	118.7	114.8	120.7
August	116.2	116.2	116.0	116.3	118.4	115.1	120.8
September	116.1	116.2	115.6	116.3	118.1	115.0	120.8
October	115.8	115.7	115.4	116.0	118.2	115.1	120.8
November	115.6	115.5	115.2	115.4	117.9	114.9	120.9
December	115.6	115.5	115.4	115.1	117.9	114.6	120.6

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

HOUSE BUILDING MATERIALS PRICE INDEX, Percentage Changes

Period	Weighted average of six State capital cities						
	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	
PERCENTAGE CHANGE (from previous year)							
1992-93	1.9	1.7	2.8	2.1	1.7	0.8	1.8
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
PERCENTAGE CHANGE (from corresponding month of previous year)							
1994							
October	2.9	3.5	3.4	1.6	1.4	2.8	4.1
November	3.2	3.7	3.4	2.7	1.2	3.4	3.9
December	3.3	3.9	3.7	2.6	1.4	3.6	3.9
1995							
January	3.0	3.6	3.4	2.0	1.2	4.0	3.8
February	3.2	3.7	3.7	2.4	0.8	3.9	4.7
March	3.1	3.7	3.2	2.4	1.1	3.4	4.5
April	2.8	2.8	3.3	2.2	0.3	3.6	4.6
May	3.1	3.1	3.6	2.5	0.3	4.0	5.0
June	2.4	3.0	1.9	1.8	0.3	3.5	4.4
July	2.3	2.9	1.8	1.6	0.7	3.5	5.2
August	1.8	2.2	1.3	1.6	0.0	3.1	4.6
September	1.5	2.1	0.8	1.3	-0.4	3.0	4.3
October	1.0	1.0	0.3	0.5	-0.4	3.1	3.6
November	0.3	0.7	-0.3	-0.8	-0.6	2.5	3.8
December	0.0	0.3	-0.6	-1.0	-0.9	1.9	3.4
PERCENTAGE CHANGE (from previous month)							
1994							
October	0.3	0.6	0.3	0.5	0.1	0.0	0.7
November	0.4	0.2	0.5	0.8	-0.1	0.4	-0.1
December	0.3	0.4	0.4	0.0	0.3	0.4	0.1
1995							
January	0.0	0.0	0.0	-0.4	0.3	0.5	0.5
February	0.3	0.3	0.4	0.7	0.1	-0.2	0.7
March	0.2	0.1	0.3	-0.3	0.0	0.4	0.4
April	0.1	-0.1	0.2	0.3	-0.8	0.2	0.3
May	0.4	0.3	0.5	0.2	0.4	0.9	0.8
June	-0.4	0.6	-1.4	-0.5	0.0	-0.1	-0.1
July	0.1	0.0	0.1	0.0	-0.3	0.3	0.8
August	-0.2	-0.4	-0.2	0.0	-0.3	0.3	0.1
September	-0.1	0.0	-0.3	0.0	-0.3	-0.1	0.0
October	-0.3	-0.4	-0.2	-0.3	0.1	0.1	0.0
November	-0.2	-0.2	-0.2	-0.5	-0.3	-0.2	0.1
December	0.0	0.0	0.2	-0.3	0.0	-0.3	-0.2



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

Category	November 1995	December 1995	Change
Weighted average of six State capital cities	115.6	115.6	0.0
GROUPS: Contribution to Weighted average of six State capital cities index (index points)			
Concrete mix, cement and sand	8.47	8.48	0.01
Cement products	6.75	6.76	0.01
Ceramic products(b)	15.16	15.12	-0.04
Timber, board and joinery	31.94	31.97	0.03
Steel products	5.79	5.81	0.02
Other metal products	18.12	18.04	-0.08
Plumbing products(c)	8.07	8.05	-0.02
Electrical equipment(d)	4.38	4.37	-0.01
Installed appliances	5.09	5.08	-0.01
Other materials	11.83	11.87	0.04

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

(b) Previously 'Clay bricks, tiles, etc'

(c) Previously 'Plumbing fixtures, etc'

(d) Previously 'Electrical installation materials'

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

<i>Period</i>	<i>Concrete mix, cement and sand</i>	<i>Cement products</i>	<i>Ceramic products(b)</i>	<i>Timber, board and joinery</i>	<i>Steel products</i>	<i>Other metal products</i>	<i>Plumbing products(c)</i>	<i>Electrical equipment(d)</i>	<i>Installed appliances</i>	<i>Other materials</i>
WEIGHTED AVERAGE OF SIX STATE CAPITAL CITIES										
1992-93	108.5	109.3	108.9	103.8	111.1	105.2	106.7	107.3	114.2	109.9
1993-94	112.3	110.7	109.9	115.6	113.4	105.8	109.3	103.6	119.8	112.0
1994-95	116.6	114.7	114.3	118.8	113.6	110.1	110.6	109.0	121.8	114.9
1994										
October	116.9	115.0	113.8	118.2	115.0	108.5	109.9	106.2	120.9	113.6
November	116.9	115.0	114.1	118.8	114.4	109.4	110.0	107.0	121.6	114.0
December	116.8	115.2	114.3	119.3	114.3	110.0	109.8	108.7	121.9	114.9
1995										
January	116.8	115.2	114.3	119.1	113.5	110.6	109.8	109.7	122.1	114.9
February	116.8	115.3	115.2	119.4	113.1	111.3	111.6	110.5	122.1	114.6
March	116.7	115.2	115.3	119.5	112.8	111.7	111.8	111.0	122.6	115.4
April	116.4	113.8	115.3	119.3	112.4	112.0	112.2	112.7	123.0	116.4
May	116.2	116.2	115.5	120.0	112.3	112.2	112.6	113.0	123.2	117.2
June	115.8	116.8	115.1	118.5	111.9	112.5	112.5	114.8	123.1	117.3
July	115.4	116.7	115.1	118.1	113.2	113.1	112.5	115.9	123.7	117.8
August	114.8	116.8	115.0	117.3	114.0	112.5	114.3	117.6	123.8	117.9
September	114.5	116.4	114.8	116.9	114.4	112.7	113.7	117.4	124.0	117.9
October	114.1	116.3	114.1	116.6	115.5	113.0	114.3	116.1	124.0	117.5
November	113.7	116.2	113.8	116.3	116.0	112.9	114.4	116.3	123.9	116.9
December	113.8	116.3	113.5	116.4	116.3	112.4	114.1	116.0	123.6	117.3

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

(b) Previously 'Clay bricks, tiles, etc'

(c) Previously 'Plumbing fixtures, etc'

(d) Previously 'Electrical installation materials'

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.
- 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 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.
- 5 The weighting pattern for the six State capital cities is set out in Appendix A to this publication.

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.
- 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.

EXPLANATORY NOTES

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 —	
1994-1995	115.4 (See Table 1)
1993-1994	112.0 (See Table 1)
Change in index points	3.4
Percentage change	$\frac{3.4}{112.0} \times 100 = 3.0$

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 31.97 index points to the total Weighted average of the six State capital cities index number of 115.6 for December 1995 and 0.03 index points to the net change of 0.0 index points.

FURTHER INFORMATION **16** Further information on the index is presented in the publication *Producer and Foreign Trade Price Indexes: Concepts, Sources and Methods* (6419.0).

RELATED PUBLICATIONS **17** 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)

18 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)

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 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.

APPENDIX A

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REVIEW OF THE PRICE INDEX OF MATERIALS USED IN HOUSE BUILDING

INTRODUCTION	The ABS has completed the latest review of the Price Index of Materials Used in House Building. This appendix outlines the results of the review. It sets out the index structure and weighting pattern for the rebased index and outlines the differences between the rebased and previous indexes.
SOURCE OF MATERIAL USAGE DATA	The materials included in the rebased index and the relative weights assigned to them are based on the estimated average usage of building materials used in the construction of houses in the 3 years ending June 1993. The estimates are based on material usage in houses selected to be representative of the main types (i.e. according to type of materials used and size) of houses constructed in the six State capital cities. In deriving these estimates the ABS employed the services of a consultant firm of quantity surveyors.
REGIMEN AND WEIGHTING PATTERN	Details of the new regimen and item weights are provided in the table on page 10.
MAIN FEATURES OF NEW WEIGHTING PATTERN	
NEW ITEMS	The following new items are included in the regimen: <ul style="list-style-type: none">▪ Steel house frames (excluding Perth and Hobart)▪ Termite protection (excluding Melbourne and Hobart)▪ Carpet and other floor coverings (excluding Perth and Adelaide)▪ Mirrors and other glass▪ Metal garage doors (excluding Perth)▪ Waterproofing materials▪ Other electrical equipment
DELETED ITEMS	Silica-lime bricks were found to be no longer used to any significant extent in the construction of houses in Perth and have therefore been deleted from the Perth index.
CHANGES IN THE COVERAGE OF EXISTING ITEMS	The following changes have occurred in the coverage of existing items: <p><i>Ceramic sanitaryware</i> – combines the previous components 'Toilet suites' and 'Handbasins' and extends coverage to include other ceramic products such as sinks and baths.</p> <p><i>Sheet metal sanitaryware</i> – combines the previous components 'Kitchen sinks', 'Washtroughs' and 'baths' and extends coverage to include other sheet metal products such as basins.</p> <p><i>Plastic sanitaryware</i> – combines some of the products previously included in 'Plumbing products' and covers other products such as acrylic baths, plastic cisterns, handbasins and plastic washtroughs.</p>
REFERENCE BASE	The reference base for the new index is the year 1989-90 = 100.0. The change in the reference base will reduce the magnitude of previously published index numbers but, apart from rounding, will not affect the movements shown by index series. Appendix B sets out details of how index series on the previous reference base can be converted to the new reference base, and vice versa.

APPENDIX A

COMPOSITION AND WEIGHTING IN REFERENCE BASE YEAR 1989-90

PERCENTAGE CONTRIBUTION OF ITEMS AND GROUPS		
<i>Description</i>	<i>Group to All Groups</i>	<i>Item to All Groups</i>
Timber Board and Joinery	27.20	
Structural timber		12.07
Plywood		0.60
Timber doors		2.92
Timber framed windows		1.14
Cupboards		10.47
Ceramic Products	13.54	
Clay bricks		8.93
Terracotta tiles		1.52
Ceramic tiles		3.09
Concrete, Cement and Sand	7.38	
Ready mixed concrete		6.49
Cement		0.59
Sand		0.30
Cement Products	5.94	
Fibrous cement products		1.36
Concrete tiles		4.13
Concrete bricks		0.45
Steel Products	4.88	
Steel beams and angles		1.80
Steel house frames		0.79
Steel door frames		0.15
Reinforcing steel		2.14
Other Metal Products	15.90	
Aluminium windows and doors		7.38
Metal garage doors		0.55
Metal roofing and gutters		2.33
Builders hardware		2.94
Taps and valves		1.99
Copper pipes and fittings		0.71
Plumbing Products	7.13	
Ceramic sanitaryware		1.02
Sheet metal sanitaryware		1.37
Plastic sanitaryware		1.80
Shower screens		1.51
Plastic pipes and fittings		1.43
Electrical Equipment	3.75	
Electrical cable		0.98
Switchboards and distribution boards		1.39
Other electrical equipment		1.38
Installed Gas and Electric Appliances	4.07	
Stoves		2.45
Hot water systems		1.09
Heaters		0.53
Other Materials	10.21	
Carpet		1.71
Waterproofing materials		0.47
Paint		1.30
Mirrors		0.32
Plaster products		4.29
Insulation		1.62
Termite barriers		0.50
All Groups	100.00	100.00

APPENDIX B

CHANGE IN REFERENCE BASE

1 Following the review of the Price Index of Materials Used in House Building, the reference base for the index has been updated to 1989-90 = 100.0. All index numbers in this issue are published on the new reference base.

2 The following demonstrates the method used by the ABS to calculate the conversion factors to convert index numbers from the old to the new reference base (and vice versa). The factors are shown in the table on page 12.

- All Groups index number (on 1985-86 = 100.0 base), for Sydney, for 1989-90 = 139.1.
- Factor to be used to convert All Groups index numbers for Sydney on the old reference base of 1985-86 = 100.0, to the new reference base of 1989-90 = 100.0.

$$= \frac{100.0}{139.1} = 0.71891$$

- Factor to be used to convert All Groups index number for Sydney on the new reference base of 1989-90 = 100.0 to the old reference base of 1985-86 = 100.0.

$$= \frac{139.1}{100.0} = 1.39100$$

3 To convert All Groups index numbers on the previously published reference base to the new reference base (1989-90 = 100.0), the conversion factors shown in column II of the table on page 12 should be used.

4 Similarly, to convert All Groups index numbers on the new reference base to the previously published reference base (1985-86 = 100.0), the conversion factors shown in column I of the table on page 12 should be used.

5 For further information about converting indexes to different reference bases, please contact Robert Adams on 06 252 6198.

APPENDIX B

FACTORS USED TO CONVERT ALL GROUPS INDEX NUMBERS FROM ONE REFERENCE BASE TO ANOTHER

City	<i>I</i>	<i>II</i>
	<i>From NEW reference base 1989-90 = 100.0 to OLD reference base 1985-86 = 100.0</i>	<i>From OLD reference base 1985-86 = 100.0 to NEW reference base 1989-90 = 100.0</i>
Weighted average of six State capital cities	1.35800	0.73638
Sydney	1.39100	0.71891
Melbourne	1.33500	0.74906
Brisbane	1.34100	0.74571
Adelaide	1.29700	0.77101
Perth	1.40800	0.71023
Hobart	1.28000	0.78125





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