

CONSTRUCTION PRICE INDEX

(Cost Price Index for the construction of a single storey house - Input Price Index)

3rd Quarter 1998

1. Introduction

This report presents changes in the Construction Price Index (residential) during the 3rd quarter of 1998. An overview of the evolution of the index since October 1997 is also included. A detailed description of the model dwelling used for constructing the index is given at the Annex.

2. Changes in the Construction Price Index

The Construction Price Index increased by 2.5 points during the third quarter of 1998. At the end of September 1998 the index stood at 118.1 compared to 115.6 at the end of June and 116.9 at the end of July 1998.

The increase of 1.2% in July is mainly the result of wage increases in the wake of the 1998 salary compensation and higher costs of steel bars, ceramic tiles and paint.

Increases in the prices of sand, aggregates and block caused the index to move up by 0.4% in August .

The introduction of Value Added Tax (VAT) in September caused an increase in the prices of many items, the most important being sand, aggregates, block, steel bars, steel sections, paint and water tank as well as materials used in plumbing, sanitary installation and electrical installation. These increases raised the index for the month of September by 0.6%.

The index for each month compared with the corresponding month of 1997 shows increases of 2.6% for July as well as August and 2.8% for September.

3. Changes by Input Categories

Changes by input categories are shown in Tables A1 to A5 and Chart 1. It is observed that the index for the "Labour" category which maintained a constant level of 114.6 since July 1997, jumped to 117.9 in July 1998 as a result of increases in wages ranging from 2.2% to 3.3%. The level attained in July remained unchanged through August and September.

The index for the "Materials" category moved up from 116.7 in June to 117.1 in July, 118.0 in August and 119.1 in September. The increase in July was the result of higher prices of a few materials, the more important being steel bars (4-5%), ceramic tiles (10%) and paint (3-5%). The rise in August was due mainly to higher costs of sand, aggregate and block (3-6%). In September, the prices of a wide range of materials went up due mainly to the introduction of VAT. The materials that most affected the index are: sand, aggregate and block (3.8%), steel bars (2-4%), paint (2-4%), sanitary ware (2%), metallic openings (2%), panel lock (2-4%), materials used in plumbing (2-5%), materials used for electrical installation (2-5%), water tank (2%).

The other two main input categories, namely, "Hire of Plant" and "Transport" showed no changes during the 3rd quarter of 1998.

The net contributions of the input categories that have affected the index from month to month during the period October 1997 to September 1998 are shown in Table A4.

Quarterly averages of the monthly indices by input categories and the percentage changes from quarter to quarter are shown in Table A5.

4. Changes by Work Categories

Changes by work categories are shown in Tables B1 to B5. It is observed that all 19 work categories showed an increase in July, due mainly to higher wages, and also due to higher prices of steel bars, ceramic tiles and paint. The effect is more pronounced in those categories where these materials and labour have greater weights, e.g. "Site preparation, excavation and disposal, hardcore filling" (2.1%), "Reinforcement" (1.9%), "Rendering to wall and ceiling" (1.9%), "Tiling" (3.5%) and "Painting" (2.4%).

In August, the work categories which registered the most important increases were "Concrete" (0.9%), "Blockwork" (2.0%) and "Drainage" (0.7%). This was due to higher costs of sand, aggregates and block.

With the introduction of VAT in September, most work categories showed increases during this month, the main ones being "Concrete" (0.7%), "Blockwork" (1.4%), "Steel windows and doors" (1.7%), "Painting" (0.9%), "Plumbing and Sanitary Installation" (0.7%) and "Drainage" (0.8%).

Table B4 shows the net contributions of the work categories that have affected the index from month to month during the period October 1997 to September 1998.

Quarterly averages of the monthly indices by work categories and the percentage changes from quarter to quarter are shown in Table B5.

Central Statistical Office
Ministry of Economic Development, Productivity and Regional Development
Port Louis

November 1998

Cost Price Index for the construction of a single storey house (Input Price Index)
(Base : 4th Quarter 1993 = 100)

Table A3: Percentage change from corresponding month of previous year by input categories, January 1998 to September 1998

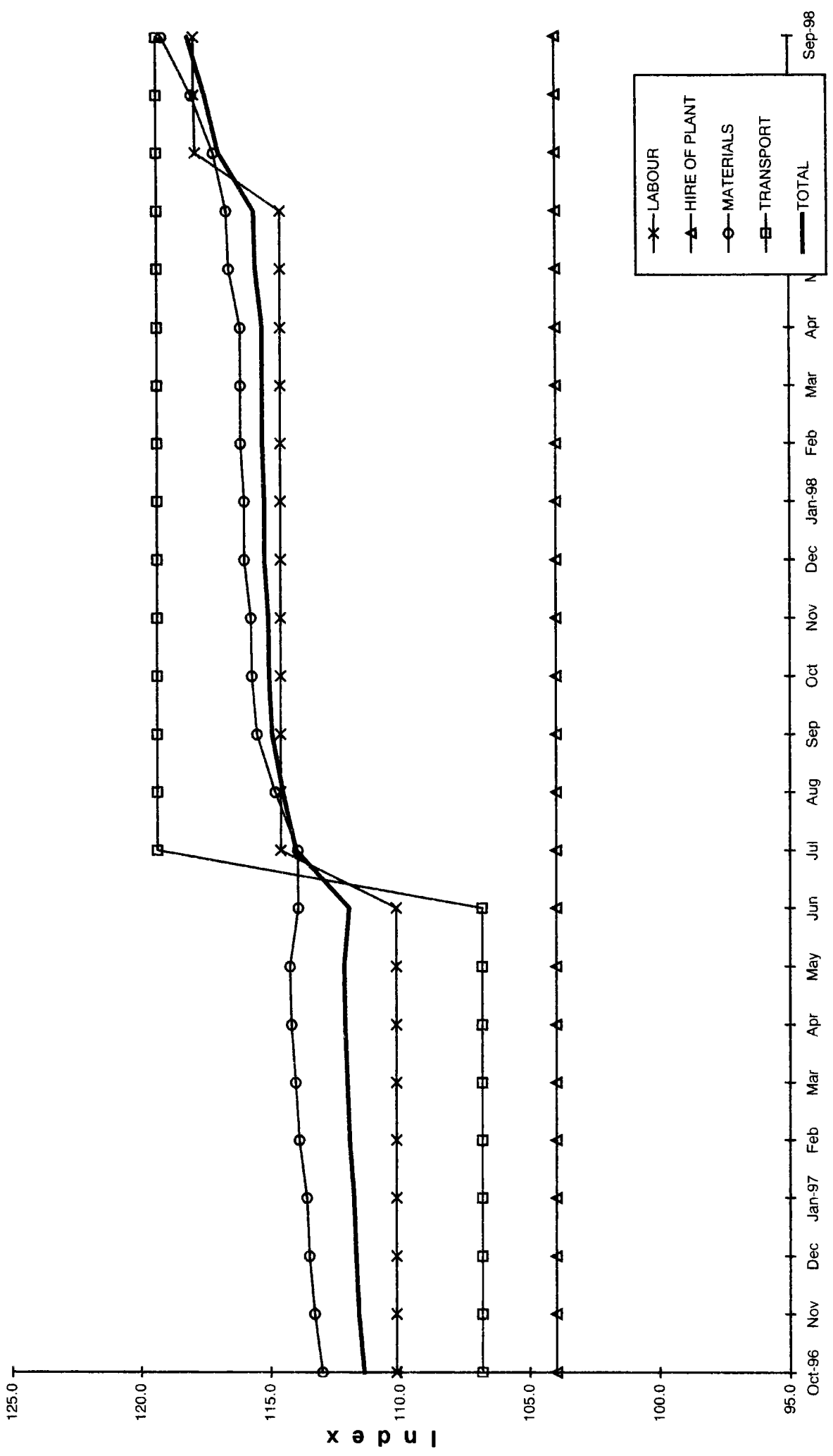
Input Categories	Weight	Jan 97 to	Feb 97 to	Mar 97 to	Apr 97 to	May 97 to	Jun 97 to	Jul 97 to	Aug 97 to	Sep 97 to
		Jan-98	Feb-98	Mar-98	Apr-98	May-98	Jun-98	Jul-98	Aug-98	Sep-98
LABOUR	32.8	4.0	4.0	4.0	4.0	4.0	4.0	2.9	2.9	2.9
HIRE OF PLANT	4.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
MATERIALS :	58.7	2.1	2.0	1.8	1.7	2.0	2.4	2.8	2.8	3.1
Hardcore (remplassage)	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cement	12.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sand	5.3	2.3	2.3	2.3	2.3	3.1	3.1	3.1	3.4	6.3
Aggregate	2.4	5.1	5.1	5.1	5.1	5.1	5.1	5.1	4.6	7.4
Block	3.9	4.5	4.5	4.5	4.5	4.5	4.5	4.5	3.6	6.0
Steel bars (armature)	5.1	0.2	0.4	0.4	0.4	0.4	4.0	5.6	5.6	2.6
Galvanised corrugated cast iron sheeting	1.5	0.5	0.5	0.5	0.5	0.5	0.0	0.0	0.0	0.0
Timber: (a) Carpentry	6.1	1.6	0.7	0.7	0.0	0.0	0.0	0.0	0.0	0.0
(b) Joinery	2.4	3.4	0.0	0.0	0.0	0.0	0.3	0.3	0.3	0.3
Steel sections & ironmongery for metal openings	4.9	4.6	5.2	5.2	4.4	7.4	7.4	7.4	7.3	6.3
Ceramic tiles	1.4	1.0	1.0	0.0	0.0	0.0	0.0	4.3	4.3	4.3
Glass,putty and oil	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Paint	1.9	5.0	5.0	5.0	5.0	5.2	5.2	7.6	7.6	9.6
Plumbing	2.1	1.7	1.1	1.1	1.1	2.1	2.1	2.4	2.9	3.7
Sanitary installation	2.0	2.8	3.1	1.3	1.3	1.6	1.1	2.1	2.1	2.8
Electrical installation	3.2	1.9	2.1	1.5	1.5	1.5	2.0	1.8	1.8	2.0
Other	2.7	4.1	4.4	4.2	4.1	2.9	4.0	4.5	4.5	4.9
TRANSPORT	4.5	11.7	11.7	11.7	11.7	11.7	11.7	0.0	0.0	0.0
OVERALL CHANGE		3.1	3.0	2.9	2.8	3.0	3.3	2.6	2.6	2.8

Cost Price Index for the construction of a single storey house (Input Price Index)
(Base : 4th Quarter 1993 = 100)

Table A5 : Quarterly average of monthly indices and percentage changes by input categories, October 1997 - September 1998

Input Categories	Weight	1997				1998				% change from previous quarter			
		4th Qr				1st Qr				4th Qr			
		4th Qr	3rd Qr	2nd Qr	1st Qr	1st Qr	2nd Qr	3rd Qr	4th Qr	1st Qr	2nd Qr	3rd Qr	4th Qr
LABOUR	32.8	114.6	114.6	114.6	117.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.9
HIRE OF PLANT	4.0	104.0	104.0	104.0	104.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
MATERIALS :	58.7	115.8	116.1	116.5	118.1	0.9	0.2	0.3	1.4	0.0	0.0	0.0	0.0
Hardcore (remplassage)	1.0	102.9	102.9	102.9	102.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cement	12.0	107.3	107.3	107.3	107.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sand	5.3	110.5	110.5	111.1	114.4	0.7	0.0	0.5	3.0	0.0	0.0	0.0	4.0
Aggregate	2.4	132.2	132.2	132.2	137.5	1.6	0.0	0.0	3.2	0.0	0.0	0.0	0.0
Block	3.9	127.9	127.9	127.9	132.0	1.5	0.0	0.0	3.2	0.0	0.0	0.0	0.0
Steel bars (armature)	5.1	125.0	125.1	125.2	127.6	2.4	0.1	0.1	1.9	0.0	0.0	0.0	0.0
Galvanised corrugated cast iron sheeting	1.5	126.3	126.3	126.3	126.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Timber: (a) Carpentry	6.1	108.7	108.7	108.7	108.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(b) Joinery	2.4	108.0	108.0	108.2	108.4	0.0	0.0	0.1	0.2	0.0	0.0	0.0	0.0
Steel sections & ironmongery for metal openings	4.9	120.0	120.4	123.0	125.1	2.7	0.4	2.1	1.6	0.0	0.0	0.0	0.0
Ceramic tiles	1.4	115.0	115.0	115.0	120.0	0.0	0.0	0.0	4.3	0.0	0.0	0.0	0.0
Glass, putty and oil	0.8	113.5	113.5	113.5	113.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Paint	1.9	132.5	136.9	137.0	141.1	1.7	3.3	0.1	3.0	0.0	0.0	0.0	0.0
Plumbing	2.1	116.1	116.3	117.1	118.7	0.7	0.2	0.7	1.4	0.0	0.0	0.0	0.0
Sanitary installation	2.0	117.2	117.5	117.9	119.6	0.2	0.3	0.3	1.5	0.0	0.0	0.0	0.0
Electrical installation	3.2	118.5	118.7	118.9	119.4	1.2	0.1	0.2	0.4	0.0	0.0	0.0	0.0
Other	2.7	114.0	115.4	115.9	117.5	1.6	1.2	0.5	1.3	0.0	0.0	0.0	0.0
TRANSPORT	4.5	119.4	119.4	119.4	119.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall index and change		115.1	115.3	115.5	117.5	0.5	0.1	0.2	1.8	0.0	0.0	0.0	0.0

Chart 1: Monthly sub-indices for the main input categories, October 1996 - September 1998



Cost Price Index for the construction of a single storey house (Input Price Index)
(Base : 4th Quarter 1993 = 100)

Table B2 : Percentage change from previous month by work categories, October 1997 - September 1998

Work Categories	Weight	1997												1998											
		Sep to		Oct to		Nov to		Dec-97 to Jan 98		Jan to Feb		Feb to Mar		Mar to Apr		Apr to May		May to Jun		Jun to Jul		Jul to Aug		Aug to Sept	
		Oct	Nov	Nov	Dec	Dec	Jan	Feb	Mar	Apr	Apr	May	May	Jun	Jun	Jul	Jul	Aug	Aug	Sept	Sept	Oct	Oct		
1. Setting up	2.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.3	0.3	0.2	
2. Setting out	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.6	0.0	0.0	0.0	
3. Temporary works	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.0	0.0	0.0	
4. Site preparation,excavation & disposal,hardcore filling	5.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.1	0.1	0.1	0.1	
5. Concrete	20.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.8	0.9	0.9	0.7	
6. Reinforcement	8.3	0.0	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.9	0.0	0.0	0.6	
7. Formwork (coffrage)	9.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9	0.0	0.0	0.0	
8. Blockwork	7.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	2.0	2.0	1.4	
9. Softwood joinery	2.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.3	0.0	0.0	0.0	
10. Ironmongery	0.9	0.0	2.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.0	0.0	0.0	
11. Steel windows & doors	5.3	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.0	0.0	0.0	0.0	0.0	2.7	0.0	0.0	0.0	0.0	0.1	0.1	0.1	1.7	
12. Rendering to wall/ceiling (crepissage)	9.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	1.9	0.2	0.2	0.2	
13. Bed & screed to floor/roof	4.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.7	0.5	0.5	0.6	
14. Tiling	2.4	0.0	0.2	0.7	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.5	0.0	0.0	0.1	
15. Glazing	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.0	0.0	
16. Painting	4.3	0.0	0.0	0.0	2.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	2.4	0.1	0.1	0.9	
17. Plumbing/sanitary inst.	5.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.0	1.3	0.2	0.2	0.7	
18. Electrical installation	5.1	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.8	0.1	0.1	0.2	
19. Drainage	2.6	0.7	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	1.1	0.0	0.0	0.0	1.1	0.6	0.7	0.8		
OVERALL CHANGE		0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.2	0.1	0.1	1.2	0.4	0.6					

Cost Price Index for the construction of a single storey house (Input Price Index)
(Base : 4th Quarter 1993 = 100)

Table B3: Percentage change from corresponding month of previous year by work categories, January 1998 to September 1998

Work Categories	Weight	Jan 97 to	Feb 97 to	Mar 97 to	Apr 97 to	May 97 to	Jun 97 to	Jul 97 to	Aug 97 to	Sep 97 to
		Jan-98	Feb-98	Mar-98	Apr-98	May-98	Jun-98	Jul-98	Aug-98	Sep-98
1. Setting up	2.9	1.5	1.5	1.5	1.4	1.5	1.2	0.7	0.7	0.9
2. Setting out	0.5	4.3	2.5	2.5	2.2	2.2	2.2	1.6	1.6	1.6
3. Temporary works	1.1	4.9	0.8	0.8	0.7	0.7	0.7	0.5	0.5	0.5
4. Site preparation,excavation & disposal,hardcore filling	5.5	3.0	3.0	3.0	3.0	3.0	3.0	2.2	2.3	2.3
5. Concrete	20.1	3.3	3.3	3.3	3.3	3.3	3.3	1.8	1.8	2.6
6. Reinforcement	8.3	2.0	2.1	2.1	2.1	2.2	4.4	4.4	4.4	2.5
7. Formwork (coffrage)	9.8	1.9	1.9	1.9	1.6	1.6	1.6	0.9	0.9	0.9
8. Blockwork	7.6	4.0	4.0	4.0	4.0	4.0	4.0	3.1	2.7	4.1
9. Softwood joinery	2.8	3.8	0.9	0.9	0.9	0.9	1.2	0.6	0.6	0.6
10. Ironmongery	0.9	3.0	3.0	3.0	3.0	3.0	3.0	2.7	2.7	2.7
11. Steel windows & doors	5.3	4.7	5.2	5.2	4.5	7.4	7.4	7.0	6.9	6.0
12. Rendering to wall/ceiling (crepissage)	9.8	3.1	3.1	3.1	3.1	3.2	3.2	2.1	2.2	2.4
13. Bed & screed to floor/roof	4.1	2.0	2.0	2.0	2.0	2.3	2.3	1.4	1.5	2.1
14. Tiling	2.4	2.9	3.0	2.5	2.3	2.3	2.3	4.6	4.6	4.7
15. Glazing	1.0	1.6	1.6	1.6	1.6	1.6	1.6	0.3	0.3	0.3
16. Painting	4.3	5.2	5.2	5.2	5.1	4.5	4.5	4.9	5.1	6.1
17. Plumbing/sanitary inst.	5.9	2.6	2.5	1.8	1.8	2.3	2.1	2.2	2.4	2.9
18. Electrical installation	5.1	2.5	2.8	2.4	2.4	2.4	2.7	2.2	2.3	2.4
19. Drainage	2.6	4.1	4.0	3.9	3.8	3.9	5.0	3.7	3.7	4.5
OVERALL CHANGE		3.1	3.0	2.9	2.8	3.0	3.3	2.6	2.6	2.8

Cost Price Index for the construction of a single storey house (Input Price Index)
(Base : 4th Quarter 1993 = 100)

Table B5 : Quarterly average of monthly indices and percentage changes by work categories, October 1997 - September 1998

Work Categories	Weight	Quarterly average				% change from previous quarter			
		1997		1998		4th Qr 97	1st Qr 98	2nd Qr 98	3rd Qr 98
		4th Qr	1st Qr	2nd Qr	3rd Qr				
1. Setting up	2.9	119.2	119.3	119.3	120.0	0.1	0.0	0.0	0.6
2. Setting out	0.5	114.4	114.4	114.4	116.2	0.0	0.0	0.0	1.6
3. Temporary works	1.1	113.9	113.9	113.9	114.5	0.0	0.0	0.0	0.5
4. Site preparation, excavation & disposal, hardcore filling	5.5	111.3	111.3	111.3	113.7	0.0	0.0	0.0	2.2
5. Concrete	20.1	113.4	113.4	113.4	115.4	0.3	0.0	0.1	1.7
6. Reinforcement	8.3	121.3	121.4	121.5	124.0	1.5	0.1	0.1	2.1
7. Formwork (coffrage)	9.8	110.3	110.4	110.4	111.4	0.0	0.0	0.0	0.9
8. Blockwork	7.6	119.8	119.8	119.8	122.8	0.8	0.0	0.0	2.5
9. Softwood joinery	2.8	109.1	109.1	109.2	109.8	0.0	0.0	0.1	0.5
10. Ironmongery	0.9	116.6	117.3	117.3	118.1	1.4	0.7	0.0	0.6
11. Steel windows & doors	5.3	119.7	120.1	122.5	124.5	2.5	0.3	2.0	1.7
12. Rendering to wall/ceiling (crepissage)	9.8	112.3	112.3	112.4	114.8	0.0	0.0	0.1	2.1
13. Bed & screed to floor/roof	4.1	110.3	110.3	110.6	112.0	0.1	0.0	0.2	1.3
14. Tiling	2.4	115.3	116.1	116.1	120.2	0.4	0.6	0.0	3.5
15. Glazing	1.0	114.3	114.3	114.3	114.6	0.0	0.0	0.0	0.3
16. Painting	4.3	122.9	124.8	124.9	128.4	0.8	1.6	0.1	2.9
17. Plumbing/sanitary inst.	5.9	115.4	115.6	116.0	118.2	0.1	0.2	0.4	1.9
18. Electrical installation	5.1	116.9	117.1	117.3	118.6	0.8	0.2	0.2	1.1
19. Drainage	2.6	114.2	114.3	114.8	117.3	1.2	0.1	0.4	2.1
Overall index and change		115.1	115.3	115.5	117.5	0.5	0.1	0.2	1.8

**Description of the model used for establishing the
Construction Price Index**

The model used is a single storey (ground floor) detached house of 108.75 square metres (1,171 square feet) in floor area measured at plinth level to the external face of the external walls.

It comprises two bedrooms, a living-dining room, a kitchen, w.c. and bathroom. The building has concrete block walls, reinforced concrete flat roof, internal flush plywood doors, glazed metal openings, screeded floor and roof, tiling to floor and walls of w.c. and bathroom and kitchen worktop; the ceilings and walls are rendered and painted both internally and externally. Plumbing, sanitary installation and electrical installation are included as well as drainage which is to be connected to the sewerage system. Site works are restricted to spreading and levelling surplus excavated material around the site.

The Index excludes the cost of the building permit and the draughtman's fee; these two items represent 0.2 % and 1.0% of the total cost respectively.

It is assumed that although the house is not constructed by a contractor, the client has recourse to the services of a foreman.