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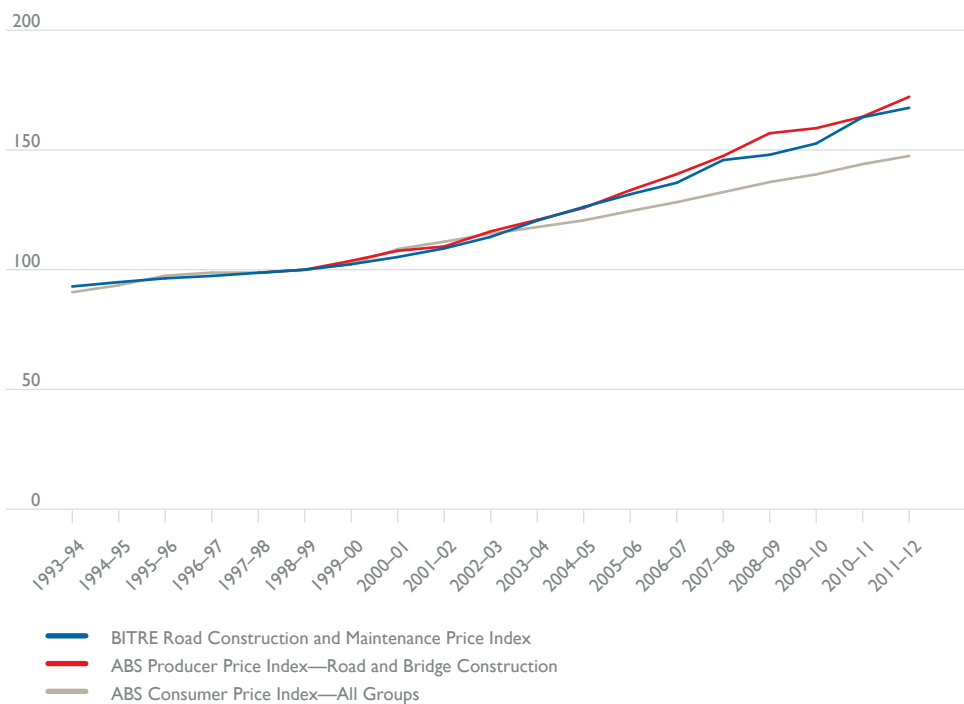
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BITRE Road Construction and Maintenance Price Index — 2012 update

At a glance

- The BITRE Road Construction and Maintenance Price Index (RCMPI) increased by 2.4 per cent, or 3.9 index points, between 2010–11 and 2011–12 (Table 1).
- The largest contributor to this change was an increase in the price of labour, which was responsible for around one half of the overall increase in the index.
- Increases in the price of concrete, sand, diesel fuel, and equipment hire/depreciation explain the remainder of the change in the index. The other inputs to the index had little or no influence on the most recent annual change.
- The RCMPI continues to be consistent with the ABS Producer Price Index for Road and Bridge Construction. Both indexes have increased at a higher rate than the ABS Consumer Price Index over the long term (Figure 1).

Figure 1: BITRE Road Construction and Maintenance Price Index, and two ABS price indexes



Source: ABS (2012a, 2012c), BITRE analysis.

Table I: BITRE Road Construction and Maintenance Price Index, and two ABS price indexes

Year	BITRE Road Construction and Maintenance Price Index	ABS Producer Price Index —Road and Bridge Construction	ABS Consumer Price Index —All Groups
1993–94	93.0		90.6
1994–95	94.8		93.5
1995–96	96.4		97.5
1996–97	97.4		98.8
1997–98	98.7	98.7	98.8
1998–99	100.0	100.0	100.0
1999–00	102.3	103.7	102.4
2000–01	105.3	107.9	108.6
2001–02	108.9	109.7	111.7
2002–03	113.7	116.0	115.0
2003–04	120.5	120.8	117.8
2004–05	126.2	125.8	120.6
2005–06	131.5	133.2	124.5
2006–07	136.3	139.9	128.2
2007–08	145.8	147.5	132.4
2008–09	148.0	157.0	136.6
2009–10	152.7	159.1	139.8
2010–11	163.7	163.9	144.1
2011–12	167.6	172.2	147.5

Source: ABS (2012a, 2012c), BITRE analysis.

Explanatory notes

The BITRE RCMPI is an input price index. As such, it uses changes in the price of various inputs to road construction and maintenance to estimate changes in the overall price of road construction and maintenance activity. It does not take account of changes in the prices charged for road construction and maintenance services. In contrast, the ABS producer price index for road and bridge construction is an output price index and so incorporates changes in profit margins by suppliers of road construction services. Despite this, differences in the values of the two indexes are small except during the period leading up to the global financial crisis (see Figure 1).

The BITRE Road Construction and Maintenance Price Index is calculated based on changes in the price of seven inputs to road construction and maintenance. These are:

- diesel fuel—measured using data obtained from the Australian Petroleum Institute;
- labour—measured using ABS data on average weekly earnings in all industries by adult males in full time employment;
- asphalt—measured using the ABS producer price index for asphalt supply;
- concrete—measured using the ABS producer price index for ready-mixed concrete;
- quarry products—measured using the ABS producer price index for sand;
- plant hire/depreciation—measured using the ABS producer price index for other goods and equipment rental and hiring; and
- other inputs—measured using the ABS producer price index for all groups.

The weights used to construct the index from the inputs above are from BTCE (1997). BITRE is currently undertaking a project to estimate updated weights which will underpin the RCMPI from 2012–13.

Abbreviations

- ABS Australian Bureau of Statistics
- BITRE Bureau of Infrastructure, Transport and Regional Economics
- BTCE Bureau of Transport and Communications Economics (now BITRE)
- RCMPI Road Construction and Maintenance Price Index

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