

## 1.1

ABSTRACT

- 1.1.1 "Construction Labour and Material Price Forecast" is the title of this research study into the temporal pattern and behaviour of a selected group of construction labour and material element prices, to determine from historic data a forecast of the most likely behaviour of the selected construction element prices in Trinidad up to the mid 1980 period.

## 1.2

MAIN CONCLUSIONS

- 1.2.1 The results of this research into construction labour and material prices indicate consistent increases in prices of both construction materials and labour. during the period 1975 to 1981.
- 1.2.1 Construction labour prices are granted by negotiated collective agreements which are initiated for three year periods, accordingly; there is a definite three year cycle in the major increases which are granted to construction operatives, and which are followed by second year and third year subcycle increases. Moreover, first year increases to construction operatives are usually higher than the second year and third year increases.
- 1.2.3 The overall average basic labour price increase during 1975 to 1981 is 232%, 265% and 347% for the sample group of Unskilled labour, Semi-skilled labour and Tradesmen according to the collective agreements examined. Alternatively, the Construction Cost Information Bulletin overall average labour price increase for the study period is 377% for Labourers and 306% for Tradesmen.
- 1.2.4 All of the twenty construction material examined in this study are typified by overall average market price increases, although, eight of the construction materials examined did experience some measure of decreases during the period 1975 to 1981. However, the decreases in construction material average market prices have been marginal except for Mild steel reinforcement bars and Drain Waste and Vent pipes in the plumbing section of the study.
- 1.2.5 Increases in the average market price of construction materials are not predetermined like labour price increases, moreover, increases in the average market price of construction materials occurred in varying percentages within each particular year of the study, with such increases following a period of shortages.

### 1.3 MAIN FORECASTS

- 1.3.1 The overall forecast of this research is that both construction labour and material prices will continue to rise during the period of projection to 1986. Moreover, construction labour prices are expected to be more consistent in their increases due to collective agreement negotiations and renegotiations.
- 1.3.2 The forecast average construction labour price to 1987 is expected to be 30%, 6% and 5% for each year of the collective agreement cycle using the lower collective agreement ranges. Alternatively; using the higher collective agreement ranges the forecasted increases is expected to be 59% (as a maximum) 18% and 12% for each year of the three year collective agreement cycle through to the year 1987.
- 1.3.3 Continued increases in the average labour price for construction workers will further demonstrate the need for skilled workers in the industry at least up to the mid 1980's. Accordingly, no decreases in construction labour prices are forecasted for the projection period to 1987.
- 1.3.4 Construction material prices are also forecast to increase during the projection period, however, the average market price of construction materials is forecasted to remain in two groupings, firstly, materials which are not expected to experience any future decreases, such as, Lumber, cement, clay bricks, concrete blocks, flush plywood doors and wash hand basins, and secondly, materials which are forecasted to experience at least temporary decreases such as formply, mildsteel reinforcement bars plastering sand, galvanise roof sheeting, paints and P.V.C. piping. The full range of construction material prices as forecasted is illustrated in Table 7.3.1.

### 1.4 MAIN RECOMMENDATIONS

- 1.4.1 A general Wage Restraint Policy is recommended as the first step in arresting the continuous rise in construction labour prices. Such a policy should be initiated not only for the construction industry but for the entire economy.
- The use of more effective production related wage incentive schemes coupled with adequate work study methods in which the unit labour of in-put is compensated for their unit level of output must be investigated as an alternative to gross collective agreement increases.
- 1.4.2 Effective policing and enforcement of the existing Price of Goods Regulations is recommended as an initial step in controlling the price of construction materials and eliminating non-regulated material price increases.

Moreover, a complete revision of the Price of Goods Regulations as amended, particularly with reference to the point of percentage mark-up additions is recommended as a further step in controlling the continuous increases in the price of construction materials.