

# **PRICE INDEX OF WESTERN AUSTRALIAN PRODUCED HARDWOODS**

EMBARGO: 11:30AM (CANBERRA TIME) FRI 21 JAN 2000

## **C O N T E N T S**

	<i>page</i>
Notes .....	2
Summary of findings .....	4
Price Indexes of Western Australian Produced Hardwoods .....	7
Explanatory Notes .....	8

- For further information about these and related statistics, contact Bob Pearce on Perth (08) 9360 5147 or any ABS office shown on the back cover of this publication.

## NOTES

### FORTHCOMING ISSUES

#### ISSUE

March 2000

#### RELEASE DATE

18 April 2000

.....

### ABOUT THIS PUBLICATION

This publication, prepared by the Australian Bureau of Statistics on behalf of the Western Australian Department of Conservation and Land Management and the Forest Industries Federation (WA) Inc, presents index numbers measuring changes in prices of Western Australian sawn hardwood timber.

The Price Index of Western Australian Produced Hardwoods (WAPHI) measures the change in prices of Western Australian sawn hardwoods. Individual price indexes are also published for each of the major hardwood timbers produced and sold by the Western Australian timber industry, namely:

- Green jarrah
- Green karri
- Dry jarrah

.....

### SYMBOLS AND OTHER USAGES

r	figure or series revised since previous issue
..	not applicable
n.a.	not available
—	nil or rounded to zero

Colin Nagle  
Regional Director, Western Australia

**C O N T E N T S**

		Page
<b>COMMENTARY</b>		
	Summary of findings .....	4
<b>TABLES</b>		
<b>1</b>	Price Indexes of Western Australian Produced Hardwoods .....	7
<b>INFORMATION</b>		
	Explanatory notes .....	8

## SUMMARY OF FINDINGS

### KEY FIGURES

#### PRICE INDEX NUMBERS

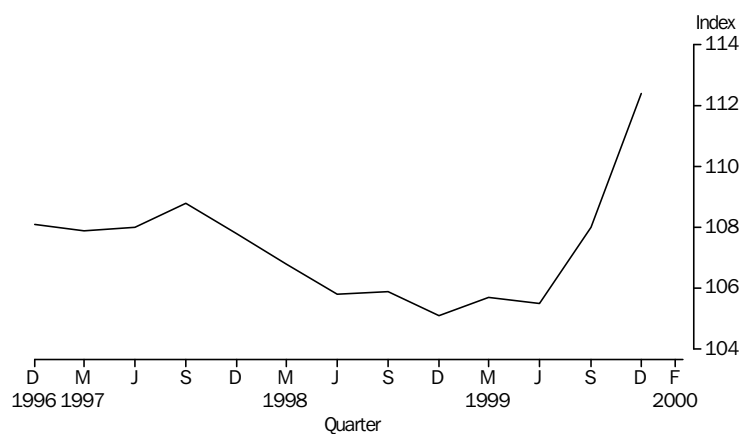
	Sept qtr 99	Dec qtr 99	Sept qtr 99 to Dec qtr 99
	Index number	Index number	% change
WA Produced Hardwoods	108.0	112.4	4.1
Green Jarrah Produced	101.9	108.7	6.7
Green Karri Produced	96.0	102.6	6.9
Dry Jarrah Produced	120.5	120.9	0.3

### PRICE INDEXES

#### PRICE INDEX OF WESTERN AUSTRALIAN PRODUCED HARDWOODS

The Western Australian Produced Hardwoods Index (WAPHI) increased by 4.1% between the September quarter and December quarter 1999; the most significant quarterly increase since this series began in 1992 and similar to increases reported in the previous series in 1988 and 1989. However, reference should be made to Explanatory Note 10 before interpreting quarter to quarter movements. For the year ending December quarter 1999, the index increased 6.9%.

Price index of WAPHI

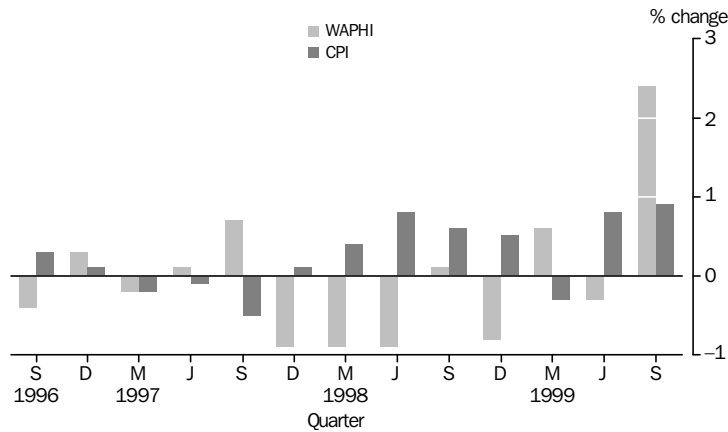


**SUMMARY OF FINDINGS** *continued*

The WAPHI does not always display the same trend as the Consumer Price Index (CPI). Although the CPI for Perth, All Groups and the WAPHI increased by 1.9% and 2.0% respectively between the September quarter 1998 and the September quarter 1999 the trends were quite dissimilar in the year ended September 1998 when the CPI increased 1.8% and the WAPHI decreased 2.7%.

The graph below shows a comparison between the quarterly percentage changes for the CPI All Groups for Perth and the WAPHI since September quarter 1996.

Comparison of WAPHI with CPI



**PRICE INDEXES OF GREEN JARRAH AND GREEN KARRI PRODUCED**

From the September quarter to the December quarter 1999, the index for green jarrah increased 6.7% and the index for green karri increased by 6.9%. Both represent the largest quarterly increases recorded in this series. Over the twelve months ended December quarter 1999 the indexes for green jarrah and green karri have increased by 8.1% and 8.6% respectively, the largest annual increases for this series since December 1994. The increase in prices this quarter may be attributable to a significant increase in activity in the residential building industry in recent quarters. A major market for jarrah and karri timbers remains the roofing of residential buildings.

An indicator of the increased activity in the building industry is the index of new residential approvals for the Perth Statistical Division. This index increased 6.3% between the June quarter 1999 and September quarter 1999 and followed an increase of 19.7% from the March quarter 1999 to June quarter 1999. Significant increases were also recorded in the first two months of the December quarter 1999.

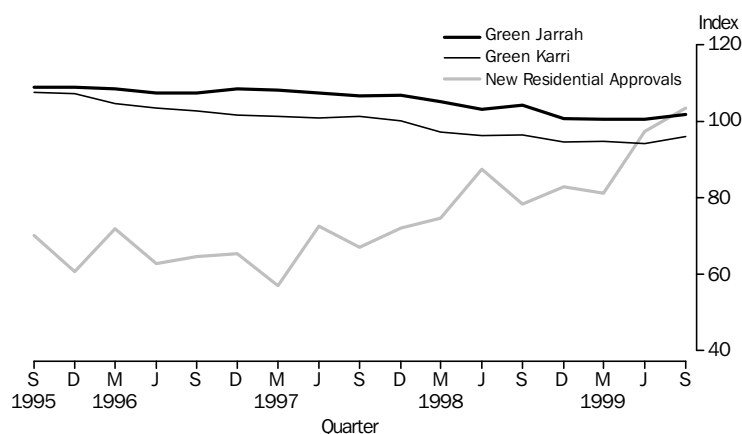
## SUMMARY OF FINDINGS *continued*

Below is a graph comparing the movement in new residential building approvals with green jarrah and karri price movements. It should be recognised, however, that building approvals data may not reflect the timing or level of actual building activity.

Another use of green hardwoods is for railway sleepers and crossing timber.

Generally, suppliers revise the prices of jarrah and karri to the local market at the same time, usually applying a uniform percentage price change to the same size, length and stress grade of hardwood timber, irrespective of variety. Prices for interstate sales and exports of green jarrah and green karri, however, are sometimes independently determined and this can affect the price movements of the two species in the index.

Comparison of timber indexes with new residential approvals September quarter 1995 to September quarter 1999



### PRICE INDEX OF DRY JARRAH PRODUCED

The index for dry jarrah increased by 0.3% between September quarter 1999 and December quarter 1999 following an increase of 3.3% the previous quarter. In the twelve months to December quarter 1999, prices have increased 4.6%.

### PRICE INDEX OF DRY KARRI PRODUCED

Although an index of dry karri is compiled by the ABS and the price movements are included in the compilation of the Price Index of Western Australian Produced Hardwoods, because of the limited number of producers and the small volumes sold, the ABS does not release the index numbers.

<i>Period</i>	<i>Index number(a)</i>	<i>% change from corresponding quarter of previous year</i>	<i>% change from previous period</i>
ALL HARDWOODS			
<b>1996-97</b>	108.0	...	-1.5
<b>1997-98</b>	107.3	...	-0.6
<b>1998-99</b>	105.6	...	-1.6
<b>1998</b>			
September	105.9	-2.7	0.1
December	105.1	-2.5	-0.8
<b>1999</b>			
March	105.7	-1.0	0.6
June	105.5	-0.2	-0.3
September	108.0	2.0	2.4
December	112.4	6.9	4.1
GREEN JARRAH			
<b>1996-97</b>	107.8	...	-0.6
<b>1997-98</b>	105.4	...	-2.2
<b>1998-99</b>	101.4	...	-3.8
<b>1998</b>			
September	104.2	-2.3	1.0
December	100.6	-5.8	-3.5
<b>1999</b>			
March	100.5	-4.5	-0.1
June	100.5	-2.6	0.0
September	101.9	-2.2	1.4
December	108.7	8.1	6.7
GREEN KARRI			
<b>1996-97</b>	101.6	...	-3.9
<b>1997-98</b>	98.7	...	-2.9
<b>1998-99</b>	95.0	...	-3.7
<b>1998</b>			
September	96.5	-4.6	0.2
December	94.5	-5.7	-2.1
<b>1999</b>			
March	94.8	-2.5	0.3
June	94.3	-2.1	-0.5
September	96.0	-0.5	1.8
December	102.6	8.6	6.9
DRY JARRAH			
<b>1996-97</b>	113.0	...	-0.4
<b>1997-98</b>	114.7	...	1.5
<b>1998-99</b>	115.8	...	1.0
<b>1998</b>			
September	114.0	-1.5	-0.3
December	115.6	1.3	1.4
<b>1999</b>			
March	116.8	1.8	1.0
June	116.6	2.0	-0.2
September	120.5	5.7	3.3
December	120.9	4.6	0.3

(a) Base Index 1992-93 = 100.0

## EXPLANATORY NOTES

### INTRODUCTION

**1** This publication presents index numbers measuring changes in prices for sawn timber produced from Western Australian produced hardwoods. They are calculated on the reference base 1992–93 = 100.0

### SCOPE

**2** The scope of the index is Western Australian produced sawn hardwood timber sold by Western Australian mills and merchants within Western Australia, interstate and overseas. Timber used for veneer, woodchips, particle board and posts and poles is not included.

### ITEMS AND WEIGHTS

**3** The indexes are fixed weight indexes. For the period prior to March quarter 1997, the items included in the index were selected and allocated value weights on the basis of sawn timber sold during 1992–93 to final users in Western Australia and merchants interstate and overseas. From March quarter 1997, the items included in the index and their value weights were based on sawn timber sold during 1995–96 valued at December 1996 prices.

**4** Many of the selected items carry not only the weight of directly priced timbers, but also the weight of other timbers whose prices are considered to move similarly to those of the directly priced timbers.

### COMPOSITION AND WEIGHTING IN REFERENCE YEAR 1995–96

<i>Contribution</i>	
<i>Item</i>	<i>%</i>
Green jarrah	27
Green karri	27
Dry jarrah	44
Dry karri	2
<b>Total</b>	100

### PRICE MEASUREMENT

**5** Most prices used in these indexes related to the mid-point of each month of the quarter up until the June quarter 1997. From the September quarter 1997 prices relate to the mid-point of the quarter. Prices are obtained from a representative sample of sawmills and timber merchants (including exporters). The point of pricing is the last sale before final use; handling and delivery costs are included for local sales, if incorporated in the merchant's or sawmill's price. For example, the price of timber sold to builders is the delivered on site price. Interstate sales are normally priced ex-mill and for exports, the price is generally free on board (fob).

**6** As far as possible, actual transaction prices are used in the indexes. These are the prices *actually* paid by builders, joinery workshops, furniture manufacturers and other purchasers of the timber. The actual price paid can be described in various ways. For example, a price for a sawmill's or merchant's product may be described in terms of the components that make up the price, such as 'list price less (particular types of) discount'. It is these *net* prices that buyers pay to sellers that the ABS aims to use in compiling these price indexes.

**7** Price series relate to goods of fixed specifications with the aim of incorporating in the index, price changes for representative articles of constant



quality (eg. size, dimensions, stress grade). Consistent with this approach, prices in general relate to a standard representative set of transactions (in terms of quantity, delivery arrangements, destination, etc.) in order to avoid variations in price that are attributable solely to a changing mix of transactions over time.

## INDEX NUMBERS

**8** The index numbers for financial years are simple averages of the relevant quarterly index numbers.

## REVISIONS

**9** Index numbers for the current quarter and the previous quarter are preliminary and subject to revision. From time to time, index numbers for earlier periods may also be revised. This will occur whenever the ABS obtains more complete information or discovers that incorrect prices have been used.

## ANALYSIS OF INDEX CHANGE

**10** Care should be exercised when interpreting quarter-to-quarter movements in the indexes as short term movements do not necessarily indicate changes in trend.

**11** 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.

DRY  
JARRAH

	December quarter 1999	120.9
<i>minus</i>	September quarter 1999	<u>120.5</u>
<i>equals</i>	<b>Change in index points</b>	0.4
	Change in index points x 100	<u>0.4 x 100</u>
<i>divided by</i>	September quarter 1999	120.5
<i>equals</i>	<b>Percentage change</b>	0.3

## RELATED PUBLICATIONS

**12** Users may also wish to refer to the following publications which are available from ABS Bookshops.

- Consumer Price Index, Eight Capital Cities (6401.0)
- House Price Index (6416.0)
- Building Approvals, Western Australia (8731.5)
- Building Activity, Western Australia (8752.5)

**13** Current publications produced by the ABS are listed in the *Catalogue of Publications and Products* (1101.0). The ABS also issues, twice weekly, a *Release Advice* (1105.0) which lists publications to be released in the next few days. The catalogue and release advice are available from ABS offices.

## UNPUBLISHED STATISTICS

**14** 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 (08) 9360 5147 or to any ABS office.





## SELF-HELP ACCESS TO STATISTICS

<i>CPI INFOLINE</i>	For current and historical Consumer Price Index data, call 1902 981 074 (call cost 75c per minute).
<i>DIAL-A-STATISTIC</i>	For the latest figures for National Accounts, Balance of Payments, Labour Force, Average Weekly Earnings, Estimated Resident Population and the Consumer Price Index call 1900 986 400 (call cost 75c per minute).
<i>INTERNET</i>	<a href="http://www.abs.gov.au">www.abs.gov.au</a>
<i>LIBRARY</i>	A range of ABS publications is available from public and tertiary libraries Australia-wide. Contact your nearest library to determine whether it has the ABS statistics you require.

## WHY NOT SUBSCRIBE?

<i>PHONE</i>	+61 1300 366 323
<i>FAX</i>	+61 3 9615 7848

## CONSULTANCY SERVICES

ABS offers consultancy services on a user pays basis to help you access published and unpublished data. Data that is already published and can be provided within 5 minutes is free of charge. Statistical methodological services are also available. Please contact:

<i>INQUIRIES</i>	<i>City</i>	<i>By phone</i>	<i>By fax</i>
	Canberra	02 6252 6627	02 6207 0282
	Sydney	02 9268 4611	02 9268 4668
	Melbourne	03 9615 7755	03 9615 7798
	Brisbane	07 3222 6351	07 3222 6283
	Perth	08 9360 5140	08 9360 5955
	Adelaide	08 8237 7400	08 8237 7566
	Hobart	03 6222 5800	03 6222 5995
	Darwin	08 8943 2111	08 8981 1218

*POST* Client Services, ABS, PO Box 10, Belconnen ACT 2616

*EMAIL* [client.services@abs.gov.au](mailto:client.services@abs.gov.au)



2641050012995  
ISSN 1323-0360

RRP \$15.00