

**Australian
Bureau of
Statistics**

September 1997

EMBARGO: 11.30 AM (CANBERRA TIME) FRI 21 NOV 1997

Price Index of Western Australian Produced Hardwoods

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
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NOTES

FORTHCOMING ISSUES

ISSUE

December 1997

RELEASE DATE

22 December 1997

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

INQUIRIES

For information about other ABS statistics and services, please refer to the back of this publication.

For further information about these statistics, contact Bob Pearse on Perth (08) 9360 5147.

M. A. Konrath
Regional Director, Western Australia

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SUMMARY OF FINDINGS

KEY FIGURES

PRICE INDEX NUMBERS

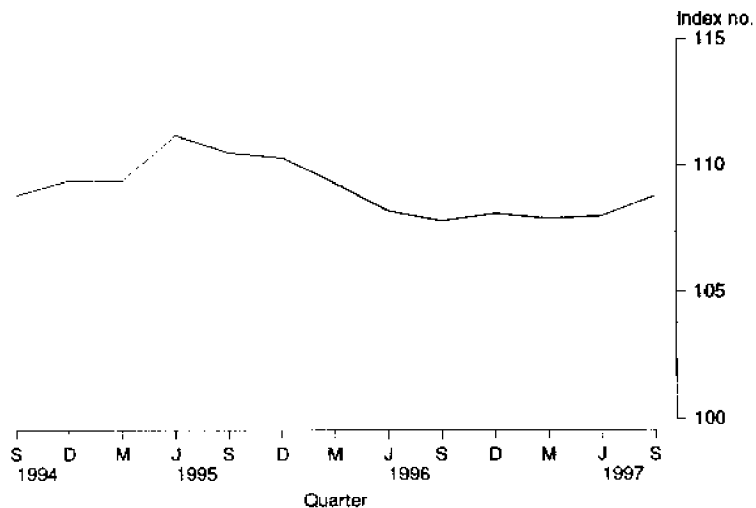
	June qtr 97	Sept qtr 97	June qtr 97 to Sept qtr 97
	Index number	Index number	% change
WA Produced Hardwoods	108.0	108.8	0.7
Green Jarrah Produced	107.3	106.6	-0.7
Green Kari Produced	100.8	101.2	0.4
Dry Jarrah Produced	113.8	115.7	1.7

PRICE INDEXES

PRICE INDEX OF WESTERN AUSTRALIAN PRODUCED HARDWOODS

The Western Australian Produced Hardwoods Index (WAPHI) increased by 0.7% for the September quarter 1997. This is the most significant quarterly increase since June quarter 1995. For the year ending September quarter 1997, the index increased 0.9%. Prices had been relatively stable in the year to June quarter 1997, after significant decreases between June quarter 1995 and June quarter 1996.

Price index of WAPHI

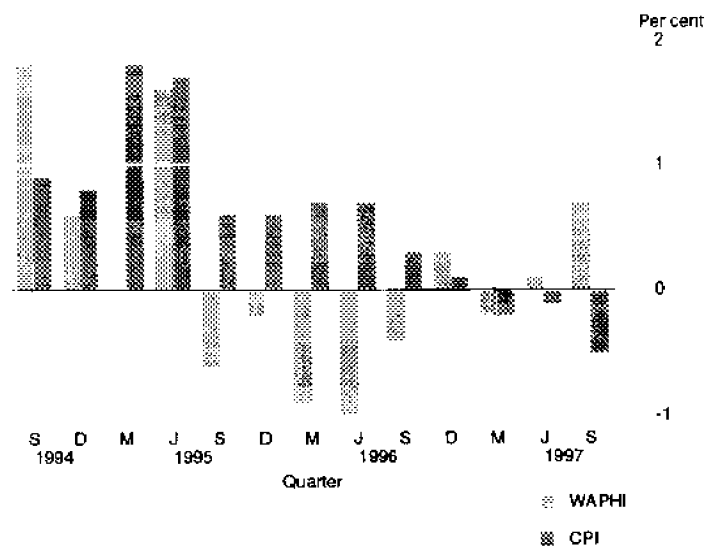


SUMMARY OF FINDINGS *continued*

The WAPHI does not always display the same trend as the Consumer Price Index (CPI). For example, the CPI for Perth, All Groups decreased by 0.7% from the September quarter 1996 to the September quarter 1997; mortgage interest charges being one the major contributors to the decreases over recent quarters.

The graph below shows a comparison between the percentage changes for the CPI for Perth and the WAPHI since September quarter 1994.

Comparison of WAPHI with CPI



PRICE INDEXES OF GREEN JARRAH AND GREEN KARRI PRODUCED

The index for green jarrah has decreased in the September quarter by 0.7%. This is the same decrease as experienced in the previous quarter. However, the index for green karri increased in the September quarter 1997 by 0.4% following a decrease of 0.5% in the June quarter. Over the twelve months ended September quarter 1997 green jarrah and green karri have decreased 0.7% and 1.6% respectively.

The decline in the residential building industry has had a significant impact on prices for green jarrah and green karri over the last 18 months, as the greatest market for these timbers is for roofing.

The index of new residential approvals for the Perth Statistical Division increased 27.3% between the March and June quarters of 1997, the most significant quarterly increase since June quarter 1994, however, this was followed by a decrease of 7.5% between June quarter and September quarter 1997. In the 12 months to September quarter 1997 the residential approvals index increased 3.7%.

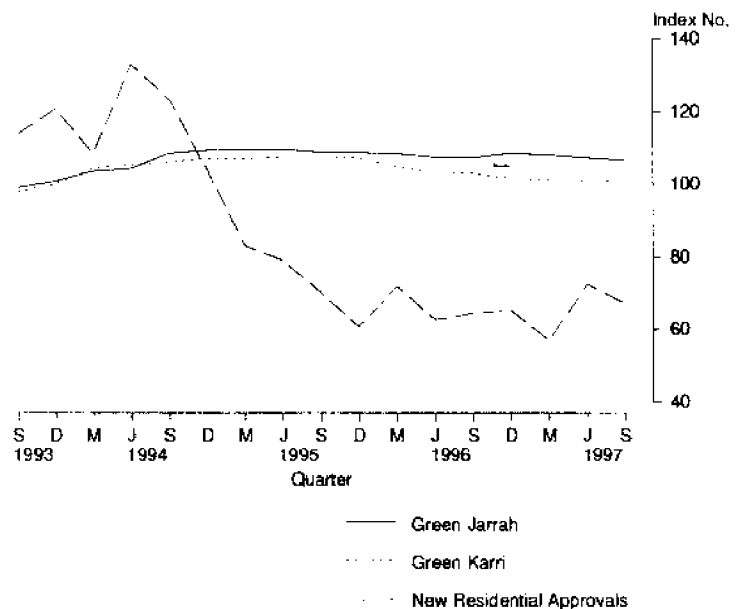
Another significant use of green hardwoods is for railway sleepers and crossing timber.

SUMMARY OF FINDINGS *continued*

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

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. However, prices for interstate sales and exports of green jarrah and green karri 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



PRICE INDEX OF DRY JARRAH PRODUCED

The index for dry jarrah increased by 1.7% between June quarter 1997 and September quarter 1997. This is the fourth consecutive quarterly increase for this product. In the twelve months to September quarter 1997 the increase has been 3.2%.

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.

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PRICE INDEXES OF WESTERN AUSTRALIAN PRODUCED HARDWOODS

<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			
1993-94	103.3	..	3.3
1994-95	109.7	..	6.2
1995-96	109.6	..	-0.1
1996-97	108.0	..	-1.5
1996			
September	107.8	-2.4	-0.4
December	108.1	-2.0	0.3
1997			
March	107.9	-1.3	-0.2
June	108.0	-0.2	0.1
September	108.8	0.9	0.7
GREEN JARRAH			
1993-94	101.8	..	1.8
1994-95	109.2	..	7.3
1995-96	108.4	..	-0.7
1996-97	107.8	..	-0.6
1996			
September	107.3	-1.4	-0.1
December	108.6	-0.2	1.2
1997			
March	108.1	-0.4	-0.5
June	107.3	-0.1	-0.7
September	106.6	-0.7	-0.7
GREEN KARRI			
1993-94	101.9	..	1.9
1994-95	107.0	..	5.0
1995-96	105.7	..	-1.2
1996-97	101.6	..	-3.9
1996			
September	102.8	-4.5	-0.6
December	101.6	-5.2	-1.2
1997			
March	101.3	-3.2	-0.3
June	100.8	-2.5	-0.5
September	101.2	-1.6	0.4
DRY JARRAH			
1993-94	105.8	..	5.8
1994-95	112.0	..	5.9
1995-96	113.5	..	1.3
1996-97	113.0	..	-0.4
1996			
September	112.1	-1.5	-0.4
December	112.9	-0.8	0.7
1997			
March	113.0	-0.6	0.1
June	113.8	1.1	0.7
September	115.7	3.2	1.7

(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

	Contribution
Item	%

Green jarrah	27
Green karri	27
Dry jarrah	44
Dry karri	2
Total	100

PRICE MEASUREMENT

5 Most prices used in these indexes related to the mid-point of each month for 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 sawmillers 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 sawmiller'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 sawmiller'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,

EXPLANATORY NOTES *continued*

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.

WAPHI	
September quarter 1997	108.8
<i>minus</i> September quarter 1996	<u>107.8</u>
<i>equals</i> Change in index points	1.0
Change in index points x 100	<u>1.0 * 100</u>
<i>divided by</i> March 1996	107.8
<i>equals</i> Percentage change	0.9

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)
- Dwelling Unit Commencements (8741.5)
- 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 Bob Pearse on (08) 9360 5147 or to any ABS office.

For more information . . .

The ABS publishes a wide range of statistics and other information on Australia's economic and social conditions. Details of what is available in various publications and other products can be found in the ABS Catalogue of Publications and Products available from all ABS Offices.

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