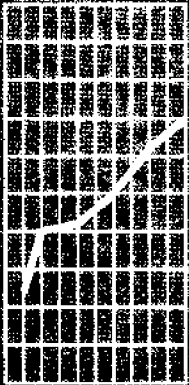




June 1996

Price Index of Western Australian Produced Hardwoods

Statistics



ABS Catalogue No. 6410.5



EMBARGOED UNTIL 11.30 AM, MONDAY 5 AUGUST 1996

**PRICE INDEX OF WESTERN AUSTRALIAN PRODUCED
HARDWOODS**

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AUSTRALIAN BUREAU OF STATISTICS

CATALOGUE NUMBER 6410.5

INQUIRIES

- *for further information about these statistics, contact Penny Tap or Mike Carter on Perth 09 360 5142.*
 - *for information about other statistics and services, please refer to the back page of this publication.*
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INTRODUCTION

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

SUMMARY OF FINDINGS

KEY FIGURES

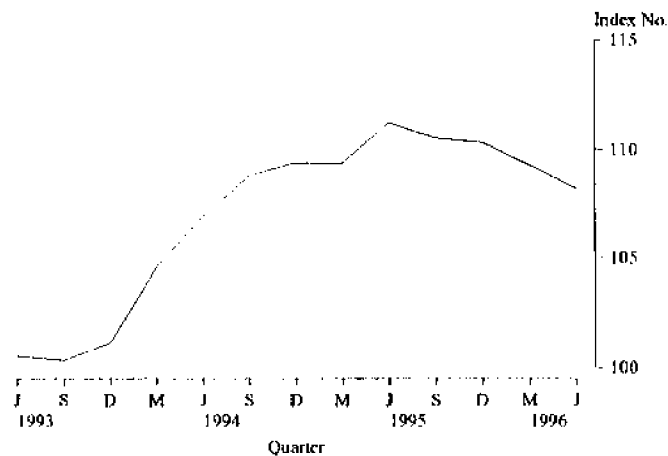
	Index Number	Index Number	Percentage change.....
	Mar qtr 96	June qtr 96	Mar qtr 96 to June qtr 96
WA Produced Hardwoods	109.3	108.2	-1.0
Green Jarrah Produced	108.5	107.4	-1.0
Green Karri Produced	104.6	103.4	-1.2
Dry Jarrah Produced	113.7	112.6	-1.0

For the year ended June quarter 1996 the WAPHI decreased by 2.7%.

PRICE INDEX OF WESTERN AUSTRALIAN PRODUCED HARDWOODS (WAPHI)

Prices for Western Australian produced hardwoods have now decreased in four consecutive quarters and is a reflection of the competitive market between sellers of hardwood timber. This competition is primarily brought about by the low number of house commencements during the year. The use by builders of competing products such as softwood may also have had an influence on hardwood prices.

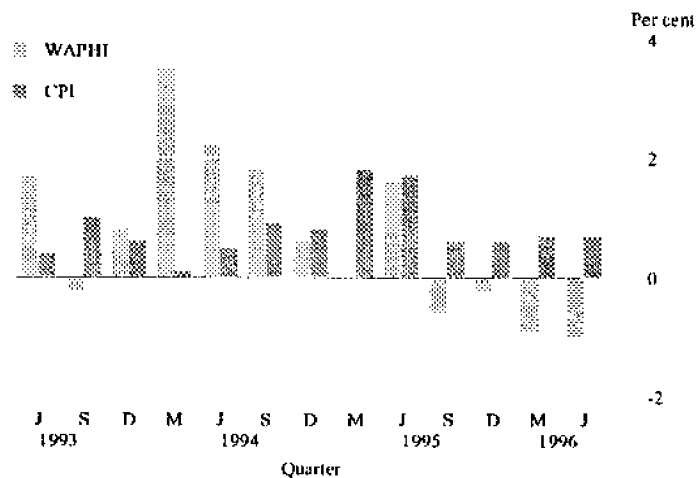
PRICE INDEX OF WESTERN AUSTRALIAN PRODUCED HARDWOODS



The index shows that price levels are now marginally lower than they were in September quarter 1994 when the index number for the WAPIII was 108.8. Over the recent quarters, the WAPIII has not displayed the same trend as the Consumer Price Index (CPI). For example, the CPI for Perth, All Groups increased by 2.6% from the June quarter 1995 to the June quarter 1996.

The graph below shows a comparison between the percentage changes for the CPI and the WAPIII since June quarter 1993.

% CHANGES IN THE PRICE INDEX OF WESTERN AUSTRALIAN PRODUCED HARDWOODS AND CONSUMER PRICE INDEX, PERTH



PRICE INDEXES OF GREEN JARRAH PRODUCED AND GREEN KARRI PRODUCED

In the period from March quarter 1996 to June quarter 1996, the indexes for both green jarrah and green karri fell by 1.0% and 1.2% respectively. This follows a decline of 0.2% and 2.4% respectively in the previous quarter. Both indexes had reached a peak in June quarter 1995.

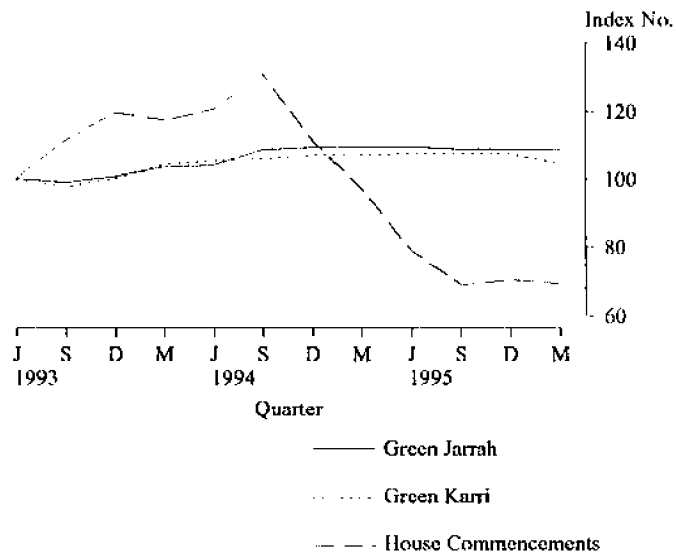
The decline in the housing industry has had a significant impact on prices for green jarrah and green karri as the greatest demand for these timbers is for roofing in house construction in Perth.

The index of house commencements for the Perth statistical division decreased 1.6% between the December quarter 1995 and the March quarter 1996 and followed a decrease of 1.9% the previous quarter. In the 12 months from March quarter 1995 to March quarter 1996 the decrease in housing commencements was 28.8%.

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

The graph below shows the changes in the number of house commencements in Perth statistical division and the movements in the indexes for green jarrah and green karri. The low number of house commencements has suppressed or decreased prices for hardwood timber while prices generally, as measured by the CPI, have increased. A close price relationship between green jarrah and green karri is also evident. 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 normally close correlation of price movements for green jarrah and green karri.

**PRICE INDEXES OF GREEN JARRAH AND GREEN KARRI, WESTERN AUSTRALIA AND INDEX OF HOUSE COMMENCEMENTS
PERTH STATISTICAL DIVISION.
BASE OF EACH INDEX : 1992-93 = 100.0**



PRICE INDEX OF DRY JARRAH PRODUCED

The index for dry jarrah fell 1.0% between March quarter 1996 and June quarter 1996 and 2.3% for the year ended June quarter 1996. The price index for dry jarrah has either remained constant or decreased in each of the last four quarters.

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 sales, the ABS does not release the index numbers.

1 PRICE INDEX OF WESTERN AUSTRALIAN PRODUCED HARDWOODS

Period	Index number	% change from previous period	% change from corresponding quarter of previous year
Financial year			
1992-93	100.0
1993-94	103.3	3.3	..
1994-95	109.7	6.2	..
1995-96	109.6	-0.1	..
Quarters			
1994-95			
March	109.4	0.0	4.6
June	111.2	1.6	4.0
1995-96			
September	110.5	-0.6	1.6
December	110.3	-0.2	0.8
March	109.3	-0.9	-0.1
June	108.2	-1.0	-2.7

¹Base of index 1992-93 = 100.0

2 PRICE INDEX OF GREEN JARRAH PRODUCED

Period	Index number ¹	% change from previous period	% change from corresponding quarter of previous year
Financial year			
1992-93	100.0
1993-94	101.8	1.8	..
1994-95	109.2	7.3	..
1995-96	108.4	-0.7	..
Quarters			
1994-95			
March	109.3	0.0	5.6
June	109.6	0.3	5.3
1995-96			
September	108.8	-0.7	0.3
December	108.8	0.0	-0.5
March	108.5	-0.2	-0.7
June	107.4	-1.0	-2.0

¹Base of index 1992-93 = 100.0

3 PRICE INDEX OF GREEN KARRI PRODUCED

Period	Index number ¹	% change from previous period	% change from corresponding quarter of previous year
Financial year			
1992-93	100.0
1993-94	101.9	1.9	..
1994-95	107.0	5.0	..
1995-96	105.7	-1.2	..
Quarters			
1994-95			
March	107.0	0.0	2.5
June	107.6	0.6	2.2
1995-96			
September	107.6	0.0	1.3
December	107.2	-0.4	0.2
March	104.6	-2.4	-2.2
June	103.4	-1.2	-3.9

¹Base of index 1992-93 = 100.0

4 PRICE INDEX OF DRY JARRAH PRODUCED

Period	Index number ¹	% change from previous period	% change from corresponding quarter of previous year
Financial year			
1992-93	100.0
1993-94	105.8	5.8	..
1994-95	112.0	5.9	..
1995-96	113.5	-1.0	..
Quarters			
1994-95			
March	110.8	-0.2	4.8
June	115.2	4.0	3.8
1995-96			
September	113.8	-1.2	2.5
December	113.8	0.0	2.5
March	113.7	-0.1	2.6
June	112.6	-1.0	-2.3

¹Base of 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 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 weights indexes. 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 or overseas.

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.

PRICE INDEX OF WEST AUSTRALIAN PRODUCED HARDWOODS COMPOSITION AND WEIGHTING IN REFERENCE YEAR 1992-93

Item	Percentage contribution
Green jarrah	33.0
Green karri	33.0
Dry jarrah	30.0
Dry karri	4.0
Total	100.0

PRICE MEASUREMENT

5 Most prices used in these indexes relate to the mid-point of each month for 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, 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 CHANGES

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:

Price Index Of West Australian Produced Hardwoods

March quarter 1996	109.3
June quarter 1996	108.2
Change in index points	-1.1
Percentage change	$\frac{-1.1}{109.3} \times 100 = -1.0\%$

NB Some percentage changes may differ from those derived from the published index numbers because of rounding.

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 Penny Tap or Mike Carter on (09) 360 5142 or to any ABS office.

SYMBOLS AND OTHER USAGES

.. not applicable
r revised





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2641050006963
ISSN 1323-0360