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Price Index of Western Australian Produced Hardwoods

NOTES

FORTHCOMING ISSUES

ISSUE

December 1996

RELEASE DATE

8 February 1997

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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

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SYMBOLS AND OTHER USAGES

- r figure or series revised since previous issue
- .. not applicable
- 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 Penny Tap or Bob Pearse on Perth (09) 360 5142.

P.C. Kelly
Regional Director, Western Australia

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SUMMARY OF FINDINGS

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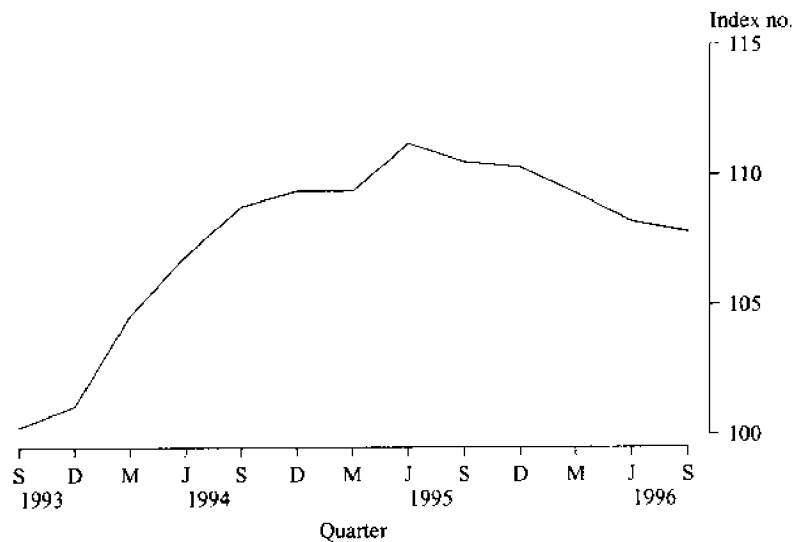
	Jun qtr 96	Sep qtr 96	Jun qtr 96 to Sep qtr 96
	Index number	Index number	% change
WA Produced Hardwoods	108.2	107.8	-0.4
Green Jarrah Produced	107.4	107.3	-0.1
Green Karri Produced	103.4	102.8	-0.6
Dry Jarrah Produced	112.6	112.1	-0.4

PRICE INDEXES

PRICE INDEX OF WESTERN AUSTRALIAN PRODUCED HARDWOODS

The Western Australian Produced Hardwood index (WAPHI) decreased by 2.4% for the year ended September quarter 1996. The index has continued to decrease since the the September quarter 1995 reflecting the fall in prices of Western Australian produced hardwoods. This has been attributed to the high level of competition between suppliers, brought about by the decline in the number of housing commencements.

Price index of WAPHI

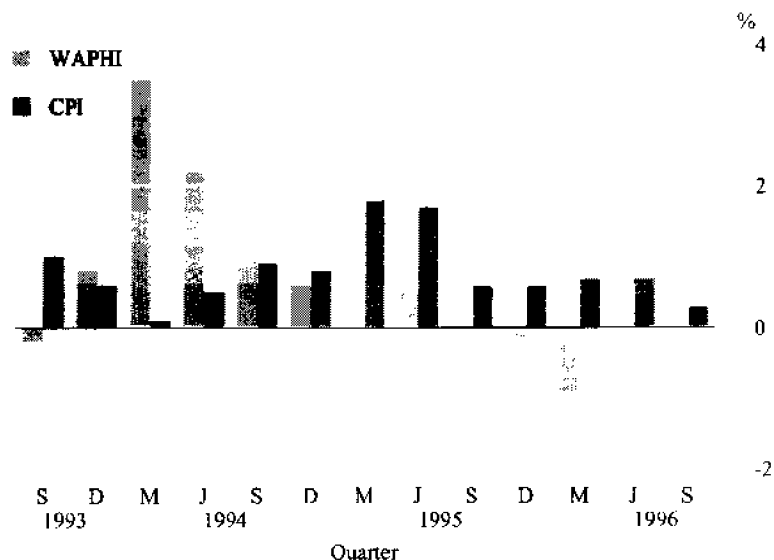


SUMMARY OF FINDINGS *continued*

Over recent quarters, the WAPHI has not displayed the same trend as the Consumer Price Index (CPI). For example, the CPI for Perth, All Groups increased by 2.3% from the September quarter 1995 to the September quarter 1996.

The graph below shows a comparison between the percentage changes for the CPI for Perth and the WAPHI since September quarter 1993.

Comparison with CPI



PRICE INDEXES OF GREEN JARRAH AND GREEN KARRI PRODUCED

The indexes for green jarrah and green karri have both fallen between the June quarter and the September quarter 1996, green jarrah by 0.1% and green karri by 0.6%. This follows decreases of 1.0% and 1.2% respectively in the previous quarter. This indicates that although prices are still falling the reductions have not been as severe as in the previous two quarters.

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 increased 0.6% between the March quarter 1996 and the June quarter 1996 and followed a decrease of 1.6% in the previous quarter. In the 12 months from June quarter 1995 to June quarter 1996 the decrease in housing commencements was 11.8%.

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

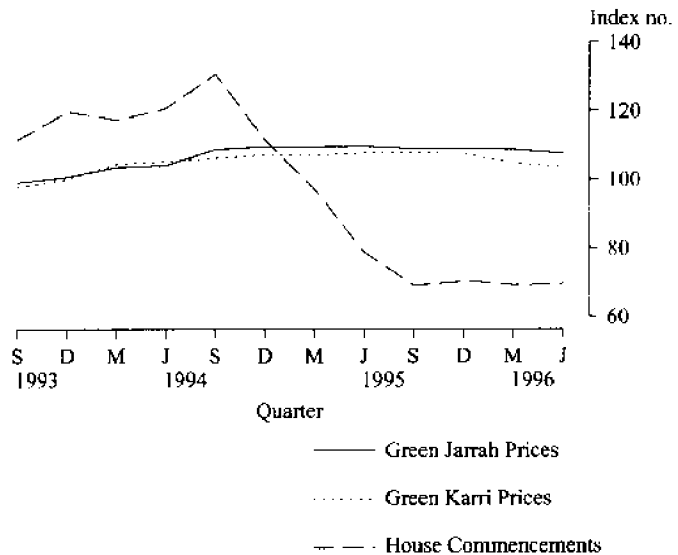
SUMMARY OF FINDINGS *continued*



The graph below shows the changes in the number of house commencements in Perth Statistical Division and the movements in the price 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 as evident from the previous graph.

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.

Comparison of timber indexes and house commencements



PRICE INDEX OF DRY JARRAH PRODUCED

The index for dry jarrah fell 0.4% between June quarter 1996 and September quarter 1996 and 1.5% for the year ended September quarter 1996. The price index for dry jarrah has either remained constant or decreased in each of the last five 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 number of producers, the ABS does not release the index numbers.

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PRICE INDEXES OF WESTERN AUSTRALIAN PRODUCED HARDWOODS

Period	Index number(a)	% change from previous period	% change from corresponding quarter of previous year
.....			
ALL HARDWOODS			
1992-93	100.0
1993-94	103.3	3.3	..
1994-95	109.7	6.2	..
1995-96	109.6	-0.1	..
1995			
September	110.5	-0.6	1.6
December	110.3	-0.2	0.8
1996			
March	109.3	-0.9	-0.1
June	108.2	-1.0	-2.7
September	107.8	-0.4	-2.4
.....			
GREEN JARRAH			
1992-93	100.0
1993-94	101.8	1.8	..
1994-95	109.2	7.3	..
1995-96	108.4	-0.7	..
1995			
September	108.8	-0.7	0.3
December	108.8	—	-0.5
1996			
March	108.5	-0.3	-0.7
June	107.4	-1.0	-2.0
September	107.3	-0.1	-1.4
.....			
GREEN KARRI			
1992-93	100.0
1993-94	101.9	1.9	..
1994-95	107.0	5.0	..
1995-96	105.7	-1.2	..
1995			
September	107.6	—	1.3
December	107.2	-0.4	0.2
1996			
March	104.6	-2.4	-2.2
June	103.4	-1.2	-3.9
September	102.8	-0.6	-4.5
.....			
DRY JARRAH			
1992-93	100.0
1993-94	105.8	5.8	..
1994-95	112.0	5.9	..
1995-96	113.5	1.3	..
1995			
September	113.8	-1.2	2.5
December	113.8	—	2.5
1996			
March	113.7	-0.1	2.6
June	112.6	-1.1	-2.3
September	112.1	-0.4	-1.5
.....			

(a) Base Index 1992-93 = 100.0

EXPLANATORY NOTES

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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. 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.

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 1992-93

.....

	<i>Contribution</i>
<i>Item</i>	%
.....	
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.

EXPLANATORY NOTES *continued*

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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. Two revisions to earlier data have been reported in this publication.

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	
June quarter	108.2
minus March quarter	<u>109.3</u>
equals Change in index points	-1.1
Change in index points x 100	<u>-1.1 * 100</u>
divided by March quarter	109.3
equals Percentage change	-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 Bob Pearse on (09) 360 5142 or to any ABS office.





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