



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

EMBARGO: 11:30AM (CANBERRA TIME) FRI 20 OCT 2000

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- For more information about these and related statistics, contact Bob Pearse on Perth (08) 9360 5147 or the National Information Service on 1300 135 070.

## NOTES

### FORTHCOMING ISSUES

#### ISSUE

December 2000

#### RELEASE DATE

18 January 2001

### 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

### THE NEW TAX SYSTEM

Australian Bureau of Statistics (ABS) statistical series are being impacted to varying degrees as a result of The New Tax System (TNTS), introduced in Australia from 1 July 2000. TNTS included the removal of Wholesale Sales Tax and the introduction of a Goods and Services Tax (GST), and as a result, a wide range of ABS data series will reflect significant immediate and subsequent impacts. Please note the prices used in the compilation of the index numbers in this publication exclude GST.

### 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

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# SUMMARY OF FINDINGS

## KEY FIGURES

### PRICE INDEX NUMBERS

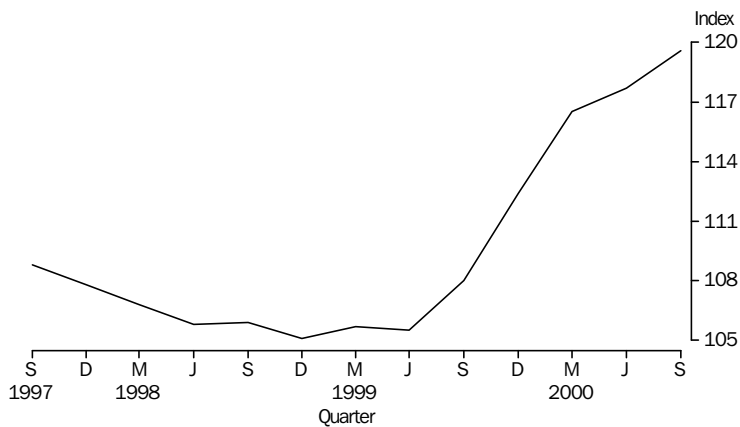
	<i>Jun qtr 00</i>	<i>Sept qtr 00</i>	<i>Jun qtr 00 to Sept qtr 00</i>
	Index number	Index number	% change
WA Produced Hardwoods	117.7	119.6	1.6
Green Jarrah Produced	112.8	115.7	2.6
Green Karri Produced	109.7	110.0	0.3
Dry Jarrah Produced	125.9	128.4	2.0

## PRICE INDEXES

### PRICE INDEX OF WESTERN AUSTRALIAN PRODUCED HARDWOODS

The Western Australian Produced Hardwoods Index (WAPHI) increased by 1.6% between the June quarter 2000 and September quarter 2000 and follows an increase of 1.0% for the previous quarter. For the year ending September quarter 2000, the index increased 10.7%.

Price index of WAPHI

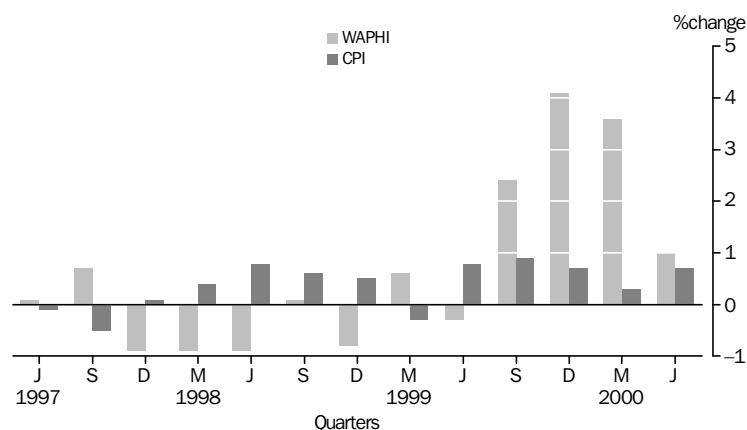


## SUMMARY OF FINDINGS *continued*

The Consumer Price Index (CPI) is commonly used as a general indicator of inflation/deflation. The WAPHI, covering prices of selected timber items only, does not always display the same trends as the CPI. By way of example, the CPI for Perth, All Groups increased 0.7% for the June quarter 2000 while the WAPHI increased 1.0%.

The graph below shows a comparison between the quarterly percentage changes for the CPI All Groups for Perth and the WAPHI since March quarter 1997.

Comparison of WAPHI with CPI



## PRICE INDEXES OF GREEN JARRAH AND GREEN KARRI PRODUCED

From the June quarter 2000 to the September quarter 2000, the index for green jarrah increased 2.6% and the index for green karri increased by 0.3%. Over the twelve months ended September quarter 2000 the indexes for green jarrah and green karri have increased by 13.5% and 14.6% respectively. The increases in prices this quarter continue to be lower than at the beginning of the year. The timber roofing frames of residential buildings remains a major market for green hardwoods.

An indicator of the fluctuations in activity in the residential building industry is the index of new residential approvals for the Perth Statistical Division. This index decreased 11.8% between the March quarter 2000 and June quarter 2000 and follows a decrease of 16.7% in March quarter 2000. Increases were experienced in the three previous quarters. The number of new housing approvals in the six months ended June 2000 was 7,437 compared to 9,179 for the six months ended December 1999.

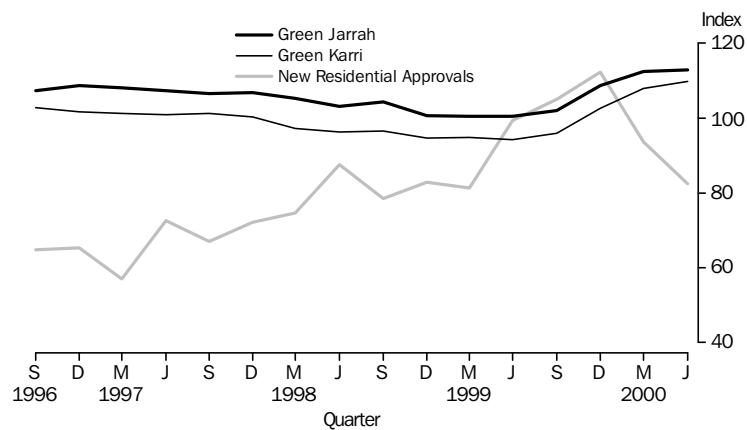
## SUMMARY OF FINDINGS *continued*

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



### PRICE INDEX OF DRY JARRAH PRODUCED

The index for dry jarrah increased by 2.0% between June quarter 2000 and September quarter 2000 following an increase of 1.0% the previous quarter. In the twelve months to September quarter 2000, prices have increased 6.6%.

### 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.

# 1

## 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			
<b>1997-98</b>	107.3	...	-0.6
<b>1998-99</b>	105.6	...	-1.6
<b>1999-00</b>	110.6	...	4.7
<b>1999</b>			
June	105.5	-0.2	-0.3
September	108.0	2.0	2.4
December	112.4	6.9	4.1
<b>2000</b>			
March	116.5	10.2	3.6
June	117.7	11.6	1.0
Sept	119.6	10.7	1.6
.....			
GREEN JARRAH			
<b>1997-98</b>	105.4	...	-2.2
<b>1998-99</b>	101.4	...	-3.8
<b>1999-00</b>	105.9	...	4.4
<b>1999</b>			
June	100.5	-2.6	0.0
September	101.9	-2.2	1.4
December	108.7	8.1	6.7
<b>2000</b>			
March	112.4	11.8	3.4
June	112.8	12.2	0.4
Sept	115.7	13.5	2.6
.....			
GREEN KARRI			
<b>1997-98</b>	98.7	...	-2.9
<b>1998-99</b>	95.0	...	-3.7
<b>1999-00</b>	100.2	...	5.5
<b>1999</b>			
June	94.3	-2.1	-0.5
September	96.0	-0.5	1.8
December	102.6	8.6	6.9
<b>2000</b>			
March	107.9	13.8	5.2
June	109.7	16.3	1.7
Sept	110.0	14.6	0.3
.....			
DRY JARRAH			
<b>1997-98</b>	114.7	...	1.5
<b>1998-99</b>	115.8	...	1.0
<b>1999-00</b>	120.6	...	4.1
<b>1999</b>			
June	116.6	2.0	-0.2
September	120.5	5.7	3.3
December	120.9	4.6	0.3
<b>2000</b>			
March	124.6	6.7	3.1
June	125.9	8.0	1.0
Sept	128.4	6.6	2.0
.....			

(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>Item</i>	<i>Contribution</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 and exclude the GST introduced in Australia from 1 July 2000. These are the prices *actually* received by sawmills and merchants from 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.



## EXPLANATORY NOTES *continued*

**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.





## FOR MORE INFORMATION...

- INTERNET* **www.abs.gov.au** the ABS web site is the best place to start for access to summary data from our latest publications, information about the ABS, advice about upcoming releases, our catalogue, and Australia Now—a statistical profile.
- LIBRARY* 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, or visit our web site for a list of libraries.
- CPI INFOLINE* For current and historical Consumer Price Index data, call 1902 981 074 (call cost 77c per minute).
- DIAL-A-STATISTIC* 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 77c per minute).

## INFORMATION SERVICE

Data which have been published and can be provided within five minutes are free of charge. Our information consultants can also help you to access the full range of ABS information—ABS user-pays services can be tailored to your needs, time frame and budget. Publications may be purchased. Specialists are on hand to help you with analytical or methodological advice.

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