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• In association with Australian Forest Growers

This report examines long term trends in stumpage—the price of wood in standing trees. It focuses on stumpage of publicly owned radiata pine sawlogs in South Australia. The report also presents recent price trends for selected forest products, and stumpage received by small-scale growers around Australia.

Stumpage: South Australia (SA)

The total area of plantations in SA is around 118,500 hectares. Of the total, 90 per cent is softwood, radiata pines. About 70 per cent of the resource is publicly owned. The percentage of the publicly owned resource was even higher in the past. Hence it is likely that stumpage for public pine logs has held a dominating influence on stumpage for similar logs sold by private growers in SA. It is also likely that stumpage for small-scale growers will be generally lower than that for the public grower, but long term trends in stumpage will be similar for both types of growers.

Prior to corporatisation on 1 January 2001, ForestrySA was a business unit of SA State government department, and set stumpage for a number of long term supply agreements sourced from State forests. The stumpage takes account of demand-supply factors, and it is announced before the start of each financial year. Stumpage is quoted by ten size classes, defined mainly by small end diameters (SED) of sawlogs (table 1).

1: ForestrySA stumpage, by pine sawlog class

Class	SED mm	Stumpage	
		1999-2000 \$/cu. m	2000-01 \$/cu. m
1	Under 150	16.84	17.52
2	150–200	18.66	19.42
3	200–250	29.17	30.35
4	250–300	38.87	40.44
5	300–350	48.60	50.57
6	350–400	58.24	60.60
7	400–450	66.90	69.61
8	450–500	73.90	76.89
9	500–550	76.02	79.10
10+	Above 550	78.15	81.32

Source: Mr Lew Parsons, Manager, Roundwood Sales, SE, ForestrySA.

Long term trends

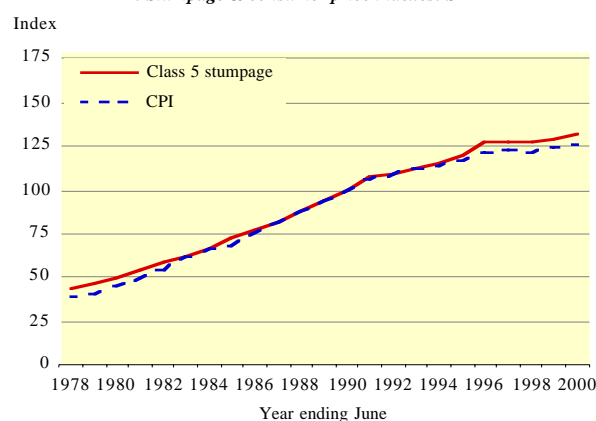
An examination of the stumpage data for the ten classes of logs from 1977-78 to 2000-01 revealed two features. First, stumpage had a steady rising trend over the years, but the rise was subdued in the 1990s. Second, stumpage for each class held its relative position fairly constant against stumpage for other classes. Consequently, the relative change in stumpage for any one class reflects the changes in stumpage for all classes of logs.

Class 5 logs are the ‘average’ sawlogs. They account for the largest percentage of total sawlog production. Hence, for further analyses of long term trends, stumpage for class 5 was chosen to represent changes in stumpage for all classes of logs. To facilitate the analyses, stumpages for class 5 logs were converted into an index, with stumpage of \$36.91/cu. m for 1989-90 (base year) equal to 100 index points.

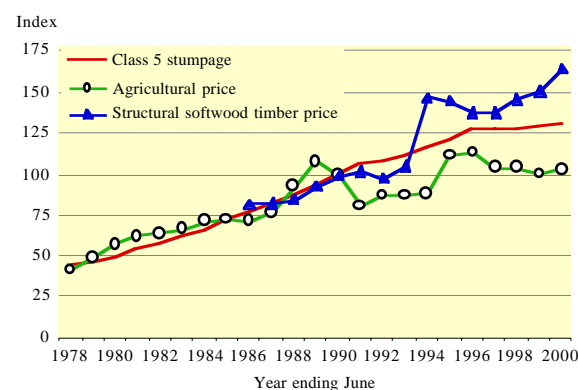
Three kinds of analyses were carried out as described below.

1. Changes in the stumpage index were compared with changes in the Australian Bureau of Statistics (ABS) consumer price index (CPI) for Adelaide, the capital city of SA. The comparison showed that sawlog stumpage has maintained its value in real terms in the past 22 years (figure A).

A: Stumpage & consumer price indexes: SA



B: Stumpage, agricultural price & timber price indexes: SA



2. The stumpage index was compared with the ABARE index of ‘total prices received’ by SA farmers for conventional agricultural products (index re-based to: 1989-90=100). The comparison is of interest to current and prospective farm forest growers. As farm resources can

be used for agricultural and log production purposes, farmers ask, 'How have agricultural prices fared in contrast to log prices?' Figure B answers the question: it shows that agricultural prices have increased over the years, but they fell relative to stumpage in the 1990s. Agricultural prices were also comparatively more volatile.

Recent projections by World Bank suggest that agricultural prices will fall relative to timber prices in world markets during 2000–2010. If the projections are proven true and SA reflects them, then the 1990s trend of agricultural prices falling relative to stumpage in the State will continue for another ten years.

3. Pine sawlogs are a raw material for production of softwood sawnwood, and the construction industry is a major user of the sawnwood. Because of the linkage the stumpage index was compared with the ABS index of prices of softwood structural timber used in house building in Adelaide. (The timber price index data were available from 1985-86.) As figure B shows softwood structural timber prices also have a rising trend, but in recent years they have increased relatively more than the stumpage.

Main points

- Stumpage set by ForestrySA for radiata pine sawlogs have maintained their values in real terms.
- The stumpage rose relative to the combined prices of agricultural products in the State, but fell relative to the prices of softwood structural timber.
- Although no evidence has been presented here, it is likely that stumpage for radiata pine sawlogs sold by private growers in the State will have long term trends similar to those for the public grower.

3: Stumpage case studies

Region/ State	Period	Type of log	Stumpage	Comments
N-E Victoria	June–July 2000	Pine: Sawlogs Caselogs	\$17/t \$13/t	Second thinning, age 22: 380 t, 72 km to mill 990t, 15 cm SED, 20–160 km to mill
Victoria	November 2000	Cypress sawlogs	\$53.50/t	Cypress (<i>Cupressus macrocarpa</i>): 182 t, age 78, clearfell, 0.1 ha, good form, some fluting of butt logs, good growth, high rainfall, red soils, 25 km to mill, \$70/t *
S-W Western Australia	March– May 2000	E. globulus pulplogs	\$20.30/cu. m	6,000 cu. m, thinnings, 50 ha, age 9-10, 80 km to mill, \$47.20/cu. m *
Southern Midlands, Tasmania	October 1999– September 2000	Native forest E. obliqua/ ovata: Sawlogs Pulplogs E. delegatensis: Sawlogs Pulplogs	\$20/cu. m \$7/t \$30/ cu. m \$11/t	E. obliqua (browntop stringybark), E. ovata (swamp or black gum) 250 cu. m, sawlog category 8, 45 km to mill 5,000 t, 45 km to mill E. delegatensis (whitetop stringybark) 150 cu. m, 'run of bush' sawlogs, 50–90 km to mill 3,000 t, 150 km to woodchip mill

* Mill door price. SED, Small end diameter of logs.

For further information and feedback, contact: Dr U.N. Bhati, Department of Forestry, The Australian National University, Canberra ACT 0200; fax (02) 6125 0746; e-mail: un.bhati@anu.edu.au. Previous market reports and information on the project are available on website: www.anu.edu.au/forestry/info/marketreport/index.html.

Price trends: selected products

In response to feedback, this issue of the market report introduces a new regular feature—a table showing recent price trends for selected forest products trading on international markets (table 2). Although not all Australian forest growers have access to international markets, these prices provide another indication of trends in world wood markets. The report thus expands its coverage of market information from stumpage at one end to forest products at the other.

2: FOB price trends: Australian exports and imports, years ending September

Exports	Unit	1999	2000p
Roundwood:			
Softwood pulpwood	\$/cu. m	84	10
Woodchips:			
Hardwood	\$/bdt	149	141
Softwood	\$/bdt	142	140
Imports			
Sawnwood, New Zealand radiata pine:			
Roughsawn	\$/cu. m	478	493
Dressed	\$/cu. m	459	504

p, Preliminary. bdt, 'Bone dry' tonne.

Source: ABARE, *Australian Forest Products Statistics*.

Stumpage: small-scale growers

ANU Forestry has collected information on actual stumpage recently received by small-scale growers in various regions of Australia. As the collected information was insufficient for deriving averages and trends, it is presented in case study format in table 3. Users should exercise due care in using it for assessing stumpage for a particular situation.