Australian forest and wood products statistics
September and December quarters 2015

Research by the Australian Bureau of Agricultural and Resource Economics and Sciences
May 2016
Contents

Overview 3
Record Australian log harvest in 2014–15 3
Trends in wood product output 5
Consumption of wood products 6
Trade performance—September and December quarters 2015 9
Appendix A: Australian forest and wood products statistics, detailed tables 10
AFWPS summary tables 10
Resource base 10
Logs 10
Wood products 10
AFWPS imports quarterly 11
AFWPS exports quarterly 12

Figures

Figure 1 Volume of logs harvested, by forest and log type, 2004–05 to 2014–15 4
Figure 2 Log price index and value of logs harvested, by forest type, 2004–05 to 2014–15 4
Figure 3 Volume of logs harvested, by state and forest type, 2004–05 to 2014–15 5
Figure 4 Wood product output, by commodity, 2004–05 to 2014–15 6
Figure 5 Apparent consumption of wood products, by commodity, 2004–05 to 2014–15 7
Figure 6 Residential building commencements, by state and type, from December quarter 2013 to December quarter 2015 8
Figure 7 Australia's wood product imports and exports, by commodity, from December quarter 2013 to December quarter 2015 9
Volume and value of log harvest

$\uparrow 8\%$ to 27.4 million m$^3$ in 2014–15

$\uparrow 11\%$ to $2$ billion in 2014–15

The volume and value of logs harvested in Australia increased strongly in 2014–15, following a similarly robust performance the previous year.

Estimated sawnwood production

$\uparrow 16\%$ to 5.2 million m$^3$ in 2014–15

Softwood sawnwood production is estimated to have increased to the highest volume of production recorded for this commodity in Australia.

Wood-based panel production

$\uparrow 17\%$ to 1.6 million m$^3$ in 2014–15

Production of plywood, particleboard and medium density fibreboard increased in 2014–15, driven by strong domestic consumption and higher exports of wood-based panels.

Dwelling commencements

$\uparrow 118\%$ to 213 800 in 2014–15

This is the highest level of residential building commencements recorded in Australia.
Overview

This issue of the *Australian forest and wood products statistics* (AFWPS) includes updated 2014–15 data for key domestic indicators of forestry sector activity, including volume and value of logs harvested and output and consumption of wood products. This issue also provides updated quarterly data for housing commencements and wood products trade data for the September and December quarters of 2015.

Conditions continued to improve in Australia’s forestry sector in 2014–15, with log harvest and wood product output indicating a strong recovery since 2012–13. The volume of logs harvested reached 27.4 million cubic metres in 2014–15, while the value of these logs exceeded $2 billion for the first time on the back of strong growth in plantation log harvests and higher log prices. Wood product output followed similar trends to log harvest, with softwood sawnwood production and consumption reaching record levels. This was primarily driven by strong domestic demand, particularly from residential housing activity. Wood-based panel production and consumption also continued to recover from the low volumes recorded in 2012–13.

The importance of international trade to Australia’s forestry sector is highlighted by strong growth in the value of Australia’s wood product imports and exports. Export and import values in the September and December 2015 quarters were up 16 per cent and 12 per cent respectively, compared with the same period in 2014. Export growth was driven largely by a significant increase in woodchip exports. However, growth in other wood product exports, such as roundwood logs and paper manufactures, also demonstrated the ongoing competitiveness of Australia’s forestry sector in international markets.

**Record Australian log harvest in 2014–15**

The volume and value of logs harvested in Australia increased strongly in 2014–15, following a similarly robust performance in the previous year.

In 2014–15 the total volume of logs harvested in Australia reached 27.4 million cubic metres, an increase of 8.3 per cent on the 25.3 million cubic metres of the previous year. Log harvest volumes were more than 20 per cent above the low volumes of 22.6 million cubic metres recorded in 2012–13. Log harvests recovered because of growth in domestic housing demand and higher exports of several wood products, such as woodchips, roundwood logs and paper and paperboard. However, total log harvest in 2014–15 remained 3.6 per cent below the peak of 28.4 million cubic metres reached in 2007–08.

Growth in log harvest volumes was driven by a 21 per cent increase in hardwood plantation volumes, which reached almost 8.5 million cubic metres in 2014–15 (Figure 1). Most hardwood plantation logs harvested are pulps, principally for woodchip export. Only 3.2 per cent of hardwood plantation logs are classified as saw or veneer logs.

Softwood log harvest volumes also increased in 2014–15, by 4.4 per cent to almost 15.0 million cubic metres—the highest softwood harvest volume since 2007–08. Almost two-thirds of softwood logs harvested are saw and veneer logs, while the remainder are pulps used to produce woodchips or as input for domestic paper and panel production.
In contrast with growth in plantation log harvest volumes, Australia’s hardwood native log harvest declined by 0.9 per cent in 2014–15 to 3.9 million cubic metres. Native forest saw and veneer log harvest volumes remained relatively unchanged over the year, but the decline in native log harvest was attributed to lower pulplog volumes for woodchip exports.

In 2014–15 the value of logs harvested in Australia increased by 11 per cent to $2.0 billion, the highest log harvest value recorded in Australia (Figure 2). The value of hardwood plantation logs harvested increased by 29 per cent to $608 million and accounted for most of this growth. This was a result of an increase in the volume of logs and higher unit (milldoor) prices of these logs. The value of softwood logs increased by 4.6 per cent to almost $1.1 billion and accounted for more than half the total value of logs harvested in Australia. Despite a lower volume of native forest logs harvested in 2014–15, the total value of these logs increased over the year by 2.9 per cent to $361 million as a result of higher unit prices. Over the decade from 2004–05, native forest (nominal) log prices increased by around 40 per cent, exceeding growth rates in both hardwood and softwood log prices (Figure 2).

**Note:** Softwood includes native cypress pine. Log harvest includes saw and veneer logs, pulplogs and other logs such as poles, piles and fencing.
The decline in native forest harvest volumes over the decade from 2004–05 was most evident in Tasmania, with New South Wales and Victoria showing smaller declines (Figure 3). Nevertheless, Tasmania’s native forest log harvest volume recovered slightly over the two years since 2012–13, reflecting low domestic and international demand for some wood products such as woodchips, and infrastructure constraints that restricted exports.

Over the decade from 2004–05, the increase in hardwood plantation log harvest was strongest in Victoria but Western Australia remained the largest producer of these logs. Tasmania’s hardwood plantation harvest recovered over the two years to 2014–15, similar to its native forest harvest. South Australia’s hardwood plantation log harvest volumes increased significantly in 2014–15, albeit from a low base.

Softwood plantation log harvest volumes remained relatively unchanged between 2004–05 and 2014–15, reflecting the mature state of these forest resources. Nevertheless, in response to favourable market conditions in 2014–15, softwood log harvest volumes increased across all states except Tasmania, which recorded a slight decline.

Figure 3 Volume of logs harvested, by state and forest type, 2004–05 to 2014–15

Trends in wood product output

Australia’s wood product output in 2014–15 followed similar trends to log harvest. Production of sawnwood is estimated to have increased from the previous year by 5.5 per cent to 5.2 million cubic metres. Production of hardwood sawnwood is estimated to have decreased from the previous year, by 6.1 per cent to 627 000 cubic metres (Figure 4), and has halved over the decade from 2004–05. In contrast, softwood sawnwood production is estimated to have increased by 7.3 per cent in 2014–15 to a record 4.5 million cubic metres—the highest volume of production recorded for this commodity in Australia.

Note: New South Wales log harvest includes Australian Capital Territory.
Production of selected wood-based panels, which relies predominantly on the softwood plantation estate for raw material input, increased by 7.4 per cent to 1.6 million cubic metres in 2014–15. Plywood output increased by 9.1 per cent to 159 000 cubic metres, particleboard output by 5.6 per cent to 903 000 cubic metres and medium density fibreboard by 10 per cent to 523 000 cubic metres. Australia produces other wood-based panel products, for which data are not available for publication. These products include veneer (which uses both hardwood and softwood logs), hardboard and laminated veneer lumber.

Overall, paper and paperboard output increased by 3.5 per cent in 2014–15 to 3.1 million tonnes, driven by a 20 per cent increase in printing and writing paper output and a 3.4 per cent increase in packaging and industrial paper production. Partly offsetting these rises was an 11 per cent decline in newsprint production and a 1.5 per cent decline in household and sanitary paper output. Production of paper and paperboard in Australia declined slightly over the decade from 2004–05. Despite strong growth in printing and writing paper production to 470 000 tonnes in 2014–15, output remained 29 per cent below the 2004–05 level of 659 000 tonnes. Newsprint production also declined over the decade from 2004–05, by 27 per cent to 325 000 tonnes in 2014–15.

**Consumption of wood products**

Housing sector activity is a principal driver of domestic consumption of wood products. Domestic consumption of wood products was mixed in 2014–15: some commodities experienced consumption growth while others demonstrated no change or declines in consumption over the previous 12 months (Figure 5).

Following the declining trend in native forest log harvest, apparent consumption of hardwood sawnwood continued its downward trend in 2014–15. Hardwood sawnwood consumption declined to a record low of 493 000 cubic metres (down 20 per cent year-on-year and down 63 per cent from 2004–05). In contrast, there was strong demand for softwood sawnwood, buoyed by robust growth in the domestic housing construction sector. Apparent consumption of softwood sawnwood increased by 9.3 per cent to 5.1 million cubic metres in 2014–15.
In 2014–15 apparent consumption of wood-based panels in aggregate also recovered to the highest level since 2010–11, reaching 2 million cubic metres (up 11 per cent year-on-year). Most of the growth in panel consumption was driven by plywood (up 23 per cent) and medium density fibreboard (up 14 per cent). Over the decade from 2004–05, particleboard consumption remained relatively unchanged, while apparent consumption of medium density fibreboard and plywood increased by 51 per cent and 38 per cent respectively.

Apparent consumption of paper and paperboard increased by 1.9 per cent in 2014–15 to 3.6 million tonnes. However, this growth was similar to growth in Australia’s population over the year so average per person consumption of paper and paperboard remained relatively unchanged in 2014–15, at 0.15 tonnes a person.

In 2014–15 most growth in paper and paperboard consumption was attributed to packaging and industrial paper (up 7.3 per cent to 1.6 million tonnes) and to household and sanitary paper (up 4.1 per cent to 320 000 tonnes). Apparent consumption of newsprint and of printing and writing paper each declined by 3.0 per cent in 2014–15. This continued the long-term decline in consumption of these commodities from 2004–05, by 54 per cent and 18 per cent respectively.

**Housing sector activity—September and December quarters 2015**

Growth in consumption of softwood sawnwood and wood-based panels reflected strong domestic demand conditions in Australia during 2014–15. As reported in the November 2015 issue of *Australian forest and wood products statistics*, dwelling unit commencements increased by 18 per cent in 2014–15 (from 181 000 to 213 800 dwellings), with similar growth in commencements of houses and other residential buildings including units and house
conversions. This is the highest level of residential building commencements recorded in Australia.

The latest quarterly data show a continuation of the robust growth in housing sector activity that prevailed over the previous two years. The number of dwelling commencements increased by 6.5 per cent in the combined September and December quarters of 2015 compared with the corresponding quarters in 2014. Most of this growth occurred in New South Wales, Victoria, Queensland and Western Australia, which together accounted for 90 per cent of housing commencements and 93 per cent of other residential commencements (Figure 6).

The latest housing commencement data also indicate an ongoing trend away from construction of detached housing towards construction of other dwellings such as apartments and multi-unit housing. New houses continued to represent the majority (51 per cent) of total dwelling units commenced in Australia in the September and December quarters of 2015, however, this share was down from 56 per cent in the corresponding quarters in 2014. New houses accounted for the majority of dwelling unit construction in South Australia, Western Australia and Tasmania but commencements of new houses in these states declined in the September and December quarters 2015 compared with the corresponding quarters in 2014.

Overall, in the September and December quarters of 2015 the volume of new houses commenced decreased by 1.8 per cent (to 59 300) compared with the corresponding quarters in 2014. In contrast, commencements of other residential buildings increased by 17 per cent (to 56 100) over the same period. Growth in other residential building commencements in the September and December quarters of 2015 was highest in the Australian Capital Territory, Queensland, Victoria and New South Wales.

Figure 6 Residential building commencements, by state and type, from December quarter 2013 to December quarter 2015

Note: Columns represent quarterly (March, June, September and December) data. Other residential commencements calculated as total dwelling units commenced minus new houses commenced. Total residential buildings include new houses, new other residential buildings, alterations and additions and building conversions.
Trade performance—September and December quarters 2015

As reported in the November 2015 issue of *Australian forest and wood products statistics*, Australia’s trade in wood products increased in 2014–15, with the value of imports and exports rising over the year. In 2014–15 imports increased by 10 per cent to $5.1 billion and exports by 9.6 per cent to $2.8 billion, relative to 2013–14.

The quarterly trade data show a general increase in trade of most wood products in the September and December quarters of 2015, with the value of exports and imports increasing compared with the corresponding quarters in 2014 (Figure 7). Value of exports increased by 16 per cent to $1.5 billion, led by strong growth in roundwood logs, woodchips and miscellaneous forest products (including wooden doors, mouldings and parquetry flooring). This more than offset declines in exports of paper manufactures and sawnwood.

The value of wood product imports increased by 12 per cent to $2.9 billion in the September and December quarters of 2015, compared with the corresponding quarters in 2014. This was based principally on growth in imports of miscellaneous forest products, paper manufactures and paper and paperboard (Figure 7).

Australia’s trade in wood products comprises a significant amount of two-way trade, particularly in paper and paperboard. Paperboard has been Australia’s largest wood product import since December 2013. It was also the largest export in four of the past nine quarters but was supplanted in the remaining quarters by woodchip exports. From December 2013 to December 2015, packaging and industrial paper comprised the majority (73 per cent) of Australia’s paper and paperboard exports (by value). Printing and writing paper comprised 52 per cent of paper and paperboard imports.

**Figure 7 Australia’s wood product imports and exports, by commodity, from December quarter 2013 to December quarter 2015**

Note: Columns represent quarterly (March, June, September and December) data.
Appendix A: Australian forest and wood products statistics, detailed tables

AFWPS summary tables
1) Overview of the Australian forestry sector

Resource base
2) Land areas, by forest vegetation cover
3) Native forest areas, by forest type, ownership and state
4) Plantation areas, by type and state
5) Plantation establishment, by type and state

Logs
6) Logs harvested, by log type
7) Gross value of logs harvested
8a) Volume of logs harvested, by state and forest type
8b) Value of logs harvested, by state
8c) Volume of logs harvested, by state, forest and log type
9) Log price indexes, by log type
10) Gross roundwood equivalent of consumption, by wood product

Wood products
11) Production annual
12) Sawnwood production, by state
13) Sales and service income in forest product industries
14) Industry value added in forest product industries
15) Wages and salaries in forest product industries
16a) Employment in forest product industries (Labour Force survey)
16b) Employment in forest product industries (Australian Industry survey)
17) Capital expenditure in forest product industries
18) Disposal of assets in forest product industries
19) Selected price indexes
20) Apparent consumption of wood products
21) Dwelling units commenced
22) Recovered paper
23) Imports
24) Exports
25) Imports from selected countries
26) Exports to selected countries
27) Selected trade unit values
28) Imports of secondary wood products
29) Exports of secondary wood products

**AFWPS imports quarterly**

30) Imports
31) Imports selected unit values
32) Imports of sawnwood, summary
33) Imports of roughsawn softwood sawnwood
34) Imports of roughsawn hardwood sawnwood
35) Total imports of roughsawn sawnwood
36) Imports of dressed softwood sawnwood
37) Imports of dressed hardwood sawnwood
38) Total imports of dressed sawnwood
39) Imports of miscellaneous forest products
40) Imports of veneers
41) Imports of plywood, by type
42) Imports of plywood, total
43) Imports of board products, by type
44) Imports of paper and paperboard, by type
45) Total imports of paper and paperboard
46) Imports of paper manufactures
47) Imports of recovered paper
48) Imports of pulp
49) Imports of secondary wood products
AFWPS exports quarterly

50) Exports
51) Exports selected unit values
52) Exports of sawnwood, summary
53) Exports of softwood sawnwood
54) Exports of hardwood sawnwood
55) Exports of roundwood
56) Exports of railway sleepers
57) Exports of miscellaneous forest products
58) Exports of veneers
59) Exports of plywood
60) Exports of board products
61) Exports of paper and paperboard
62) Exports of paper manufactures
63) Exports of recovered paper
64) Exports of pulp
65) Exports of woodchips
66) Exports of secondary wood products