



## **MEDIA RELEASE**

**For immediate release**

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### **New timber price review to see sawlog prices decrease**

VicForests has put in place a new procedure to review the price of native forest sawlog, the first impact of which will be a small decrease in the price of sawlog, which takes effect from 1 January 2006.

Sawlogs are expected to decrease in price by between 1% and 2%.

VicForests' will use the Timber Market Survey as the basis of the new 6 monthly Price Review Mechanism. The Survey is undertaken annually by independent company URS, and is an important and well regarded measure of changes in the market value of sawn timber in Australia.

"VicForests is aware that our customers have a need for clarity in the way in which price review occurs," said David Pollard, CEO.

"The change is not expected to have a major impact on sawmillers. It is however important that we put in place a system that provides a transparent method for the establishment of timber prices and which allows VicForests to take a whole-of-industry approach," he said.

"VicForests has tried to be more responsive to its customers need for legitimate pricing based on well respected information and we believe that the new Price Review Mechanism will deliver this. Our customers understand and know better than anyone what the condition of the market is," he said.

"Price review is a routine business exercise that is undertaken on a six-monthly basis until such time as we can reliably correlate auction results with administered prices. The current review reflects the significant downturn in the housing market in Australia and the fact that, as a result, the timber market is under pressure," Mr Pollard said.

VicForests sawlog price lists will be updated during December to reflect the new price levels and are available at [www.vicforests.com.au](http://www.vicforests.com.au).

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