

MEDIA RELEASE

For immediate release

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Online Timber Auction Nets Wins for East Gippsland

VicForests today announced the results of its successful online auction, with timber processors in East Gippsland among the big winners. VicForests is a Government Business Enterprise responsible for the sale of timber from Victoria's state Forests.

Director Sales, Mr Matt Crapp commented that the auction has delivered an outstanding result for Victoria.

He said: "The results of the auction mark a significant point on the path to a sustainable and secure long term industry driven around adding value to timber harvested from Victoria's state Forests, securing regional jobs and providing a good return to the Victorian economy.

"VicForests has delivered significantly on implementing Government policy and more specifically, on the requirements of the 2002 *Our Forests Our Future* policy paper, which aimed to introduce transparent, market-based arrangements for the sale of Victoria's valuable native forest timber.

"The Victorian native timber processing industry responded to this technological development with high participation in the first two online auctions."

The majority of East Gippsland auction lots were sold to the region's existing sawmills. The auction, which closed on 2 June, offered for sale more than 700,000 cubic metres of timber. Timber won at auction includes timber lots for supply until 2015.

The winners include the regions largest sawmill Auswest Timbers Pty Ltd at Brodrigg east of Orbost. Auswest Timbers Pty Ltd were successful for large volumes of high quality logs that will supply the company's value adding investments.

Other local successful bidders were:

Hallmark Oaks Pty Ltd at Cann River
Dormit Pty Ltd at Swifts Creek
Fenning Investments Pty Ltd at Bairnsdale
Garry Brownlie at Noorinbee North
Jamieson Bros Pty Ltd at Bendoc near Cann River
John and Betty Mekken of Mectec Sawmill at Newmerella
PW Adams Pty Ltd at Nowa Nowa

The development of the auction system was completed following extensive consultation with the native timber processing industry. It is the first in its kind to be used in Australia for this purpose.

A key feature of the auction system was the inclusion of harvest and haulage costs in the displayed timber lots. Dynamic, real time data available to bidders during the auction was matched to their delivery address.

Other sawmills in East Gippsland will see no reduction in the supply of current logs until 2010 and will have other opportunities to purchase timber on the secondary market or at future auctions. Additionally, some mills also purchase timber from plantations and from interstate.

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