



COMMUNICATIONS BRANCH

Level 1, 117 Great Eastern Highway
RIVERVALE WA 6103
Phone: +61 8 9475 8882
Fax: +61 8 9475 8899
Email: jonathan.smith@fpc.wa.gov.au

Media statement

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Sawlog supply has met contract specifications

The Forest Products Commission (FPC) has rejected assertions by Gunns Limited that it failed to meet contract specifications in relation to the supply of native timber sawlogs.

FPC Executive Manager Operations, Gavin Butcher, said he sympathised with the plight of Gunns which last week announced plans to close its Yarloop sawmill in December.

“We have a proud association with Gunns however, the company is wrong to blame the FPC for the decision to close Yarloop because we are meeting the terms of the sale contract,” he said.

Mr. Butcher said the minimum specifications for jarrah first and second grade sawlogs in the contract, which was signed off by sawmilling companies in 2004, are the same as specifications in previous contracts.

“All logs supplied must be a minimum length of 2.1m with a minimum diameter under bark of 200mm. Any logs deemed by the sawmiller to be below specification are inspected under an independent adjudication process.

“If a log does not meet specifications the sawmiller's account is credited the full cost of the log,” said Mr. Butcher.

When the State Government banned the logging of old growth forests in 2001, the industry understood that the supply of native timber sawlogs could come only from regrowth forest and consequently, the average log diameter would be smaller, Mr. Butcher said.

“However, the impact of those changes on the industry has been greater than predicted.

“Sawmillers are also finding it hard to operate profitably in a competitive world market. Log costs and costs and production expenses have risen at a greater rate than average selling prices, which are affected by imported timber and timber products and substitutes.

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“There is an ongoing imperative for companies to upgrade sawmills in preparation for an increase in smaller sized logs as Whittakers has done at its Greenbushes sawmill,” Mr. Butcher said.

Mr. Butcher said it was up to the timber industry to work with the FPC and Government to manage the current difficulties appropriately.

“It should be remembered that timber from well managed forests is a renewable resource and it would be a great pity if the native forest industry in Western Australia were to shrink when the world is at last starting to understand the value of renewable and sustainable industries.” Mr. Butcher said.

Media contact:

JONATHAN SMITH
COMMUNICATIONS BRANCH

Phone: 9475 8882

Mobile: 0408 944 760