Australia's proposed Great Koala National Park presents market opportunity for NZ eucalypt forest growers

Over the past two years, the end of sustainable harvesting of public native forests in several Australian states has cut hardwood log supply. Two Victorian wood processors stayed in business by paying a higher cost for alternative hardwood supplies. Australia's 200,000 ha eucalypt pulp wood plantations are no substitute. This article explores how New Zealand durable eucalypt growers could investigate the potential for a log and/or timber trade with Australia.

Paul Millen

Sustainable harvesting of public native forests ends in some Australian states

When writing this article in September 2025, *ABC News* was reporting on the New South Wales (NSW) State Government's proposed boundaries for a Great Koala National Park. Their proposal added 176,000 ha of state forest to existing National Parks with an immediate ban on timber harvesting within these areas. The Government estimated 300 job losses and six of 25 mills closed. Industry representatives predicted greater job losses and negative impacts on rural economies and communities (ABC News, 2025).

A similar ban had come into effect from 1 January 2024 across the state-owned native forests of both Western Australia (WA) and Victoria. The WA ban severely impacted the log supply of two principal durable hardwoods – karri *(Eucalyptus diversicolor)* and jarrah *(E. marginata)*. Most large regional native timber mills have closed.

In Victoria, the ban substantially reduced the log supply of several hardwoods.

In Victoria, the ban substantially reduced the log supply of several hardwoods, including ironbark, box, stringybark and ash species, with many sawmills closing and hundreds of jobs lost. This was despite domestic demand for these visually attractive, strong and durable native timbers. The Victoria State Government has provided $875 million in business support and cash to transition to plantation timber. This includes funding to establish new hardwood plantations, but these will not supply sawmills in the short term.

In July this year, the Australian Federal Government's Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) published *ABARES Insights* (Issue 5), which addressed the country's native forest and wood production. Some main points of the report are summarised below:

- *There are around 131 million hectares of native forest and woodland in Australia. About 90 million hectares of native forest are on private and leasehold land, 22 million hectares are in conservation reserves and a further 10 million hectares are on multiple-use public land.*
- *Sustainable harvesting is permitted in forest designated for multiple use.*
- *About 0.05% of the total area of native forests (about 65,000 hectares) was harvested from publicly owned multiple-use forests in 2021. Furthermore, most of this area (86%) was 'selectively' harvested.*
- *The average annual volume of sawlogs, pulplogs and other hardwood products harvested from Australia's native forests during the period 2016-17 to 2020-21 was 3.9 million cubic metres. This is about a third of the 10.3 million cubic metres harvested annually during the 1996-97 to 2000-01 period.*
- *Similarly, the average annual value of the native forest harvest in Australia has reduced by over half in real terms to $416 million (in $2020-21) over the same period.*
- *In 2022-23, the total native forest harvest reduced further to 2.5 million cubic metres.*
- *Wood supply from Australia's native forests has been steadily decreasing over the last 20 years, and this trend is expected to continue after the ending of commercial wood harvesting in multiple-use public native forests in Victoria and Western Australia from 2024, and parts of South East Queensland from 2025* (ABARES, 2025).

The NSW State Government decision on a Great Koala National Park will reduce this further.

The ABARES report notes there is no data for the total annual harvest area of Australia's private native forests. But a 'comparison of volumes harvested from private native forests and multiple-use public native forests indicates that the annual area harvested is less than that on multiple-use public native forests.'

While there are around 200,000 ha of plantations in Australia, these cannot replace native forest hardwood sawlog supply because the large majority are *E. globulus/nitens* plantations. These species have poor stability, durability and finishing properties compared to the native forest species.

Gippsland Performing Arts Centre in Traralgon that features LVL manufactured with native eucalypt hardwood by Australian Sustainable Hardwoods

Gippsland native forests, hardwood processing and plantations

Victoria's harvesting ban really piqued my interest, as I have been a regular visitor to the Gippsland region southeast of Melbourne, which includes 1.4 million ha of native forest. These are diverse mixed eucalypt forests and include both coast grey box *(E. bosistoana)* and white stringybark *(E. globoidea)*, which are under genetic improvement by NZ Dryland Forests Innovation (NZDFI). Along with forests in eastern New South Wales, they make up the largest area of native temperate eucalypt forests in Australia and are home to a diversity of native fauna, including koalas. Prior to European colonisation Gippsland's forests extended continuously across 400 km of eastern Victoria from Melbourne to Mallacotta, which is the southeastern point of the Australian continent.

Less than 50% survive today as vast areas were logged in west and south Gippsland for their valuable durable hardwood and to clear land for agriculture and rural settlement. Much of the remaining forests are in public ownership, with a small percentage formerly managed by Vic Forests (a state-owned corporate entity) for sustainable harvesting to supply local hardwood sawmills. This was at least up until the end of 2023 when harvesting ended and Vic Forests ceased to exist.

I travelled to Gippsland for a week's tour to find out how the industry was adapting to the native forest harvest ban.

Last November, I travelled to Gippsland for a week's tour to find out how the industry was adapting to the native forest harvest ban. This included visiting two hardwood processing businesses; visiting forestry trials and meeting some of the region's forest growers – Gippsland has around 90,000 ha of plantations (80% radiata pine and 20% *E. globulus/nitens*), which makes it one of the larger plantation regions of Australia.

I also met members of the Gippsland Forestry Hub and gave a presentation about NZDFI's R&D programme. The Hub was established in 2018, with ongoing funding under the Australian Government's *National Forest Industries Plan: Growing a Better Australia – A Billion Trees for Jobs and Growth*. The Hub's role is to support Gippsland's forestry and timber sector to be more sustainable and support the region's economy (PF Olsen, 2023). It represents industry stakeholders that include corporate (large-scale) forest owners (HVP, Sumitomo and AKD), regional wood processors, farm forestry and local government.

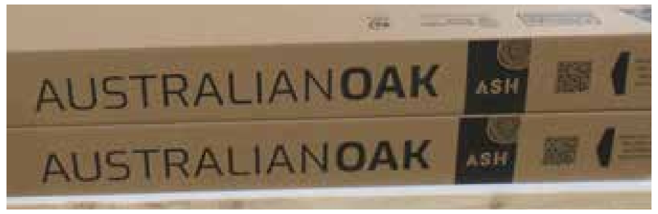
One wood processing stakeholder is Australian Sustainable Hardwoods (ASH). This privately-owned, timber mill and manufacturer has one of the largest hardwood mills in Australia, and is its largest hardwood timber manufacturer. I visited their major wood processing site at Heyfield where 13 on-site fully automated manufacturing lines add value by producing a wide range of finished hardwood products. This includes hardwood laminated veneer lumber (LVL) for large-scale commercial construction, with strength and stiffness that exceeds that of pine LVL. The following day I visited the Gippsland Performing Arts Centre, which features LVL manufactured by ASH.

ASH committed to adapting their business when the harvest ban was announced and substantial investment was made to secure alternative hardwood supplies from Tasmania and the USA. Their Tasmanian hardwood supply is from privately-owned native forest and marketed as Australian OAK, and from *E. nitens* plantation growers, with this hardwood marketed as Plantation OAK. ASH also acquired a sawmill in Tasmanian to slab logs and pack for shipping to Melbourne and then transport 220 km to Heyfield. Their USA supply is American white oak *(Quercus alba)* imported as sawn lumber for manufacturing and marketing as Glacial OAK.

These alternatives have come with a substantial increase in supply costs. The cost of the Tasmanian native forest supply landed at the Heyfield site can exceed AUD$250/m^3.

Another two stakeholders are Heartwood Plantations and Radial Timbers. These companies work as a consortium and I visited both. Since 2003, around 3,000 ha of durable hardwoods have been established by Heartwood in well-managed farm forestry plantations to create a sustainable supply for Radial's novel wood processing site at Yarram in south Gippsland. Recently commissioned, their radial sawmilling technology cuts logs into wedge-shaped lengths for resawing and produces high recovery of high-value products from small sawlogs.

While they have their plantation resource, it is not yet mature and unable to replace the supply of native hardwood logs needed for the sawmill. Therefore, logs were bought from NSW that travel up to 500 km to the sawmill. This transport cost plus log royalty increased landed at mill sawlog prices to average AUD$200/m^3. They were also evaluating if they could successfully saw and process plantation-grown *E. globulus*.



Australian Sustainable Hardwood's Australian OAK brand used for native hardwood products and Glacial OAK brand used for imported American white oak products

Radial sawn log sections at Radial Timbers mill in Yarram, south Gippsland

Yellow stringybark (E. muelleriana) *trial aged 22 years at Lardner Park near Warragul with Joanne Lewis standing at the base*

I also visited one of Heartwood Plantations sites where they are successfully growing several durable hardwood species across over 40 Gippsland sites. These are managed under pruned clear regimes and include spotted gum *(Corymbia maculata)*, yellow stringybark *(E. muelleriana)*, southern mahogany (*E. botryoides)* and silvertop ash *(E. sieberi)*. They have red ironbark *(E. tricarpa)* and coast grey box *(E. bosistoana)* in trials.

I also got to see two historical regional forestry trials planted in 1999 at Bairnsdale Airport and in 2003 at Lardner Park near Warragul. While no measurements were available, several durable hardwood species were healthy and productive that are familiar to some New Zealand farm foresters.

Just before my visit, the Hub had published a report – *A History of Plantation Species in Gippsland* (Jenkin, 2024). This gives an excellent overview of the potential forestry options and the challenges/risks faced by forest growers considering investment in large-scale plantations of novel or unproven forestry species, such as the native durable hardwood species being grown by Heartwood Plantations.

Gippsland regional planting trends

During my trip, I asked many I met about the shortage and high cost of hardwood sawlogs and whether a regional planting programme was planned given the government grants for new plantations. One of the most common responses was the risk around future harvest of eucalypt plantations providing habitat for koalas. If a koala population is present then expensive environmental controls during harvest are necessary under complex regulations. This is one of several reasons why large corporate owners already no longer re-plant *E. globulus/nitens*, and instead convert these areas to pine.

During my trip, I asked many I met about the shortage and high cost of hardwood sawlogs.

Since my visit the Hub's work has aligned with Agriculture Victoria, a government-funded agency that offers an array of forestry grants. These include: the Victorian Plantations Support Program; Victorian Trees on Farms Program; Trees on Farms Incubator program; and the Gippsland Farm Forestry Grant Program. However, there is not yet an industry-led plan to establish more durable hardwood plantations despite the growing success demonstrated by Heartwood Plantations.

Implications for New Zealand durable eucalypt growers

The first question for New Zealand growers is 'can a viable export container log trade be established based on selling New Zealand-grown durable eucalypt logs to wood processors in Victoria or NSW?'

While New Zealand has only a modest area of maturing durable eucalypt plantations and woodlots, these offer the basis for a research and development project to evaluate this market opportunity. Much of the older durable eucalypt resource is located in Northland where there is local expertise in eucalypt logging and it is well served by the Marsden Point port. In my view, this region could take the lead in developing a hardwood log supply chain economics project to evaluate the commercial logistics and economic value from New Zealand forest to Australian mill. This would include partnering with Australian sawmillers to buy logs or slabbed logs to evaluate.

Secondly, given Australia's long-term decline in native log supply, New Zealand forest growers equally have a long-term market opportunity to invest in durable eucalypt plantations to produce hardwood for export to Australia, whether in logs or sawn. As our closest neighbour, we have a long history of open trade with few barriers. Australians love their hardwoods and they are experts in hardwood processing. There is huge demand for new housing and infrastructure (e.g. Melbourne's population is already 5 million and set to grow to 8 million by 2050). Many New Zealand forestry people work in Australia and some forestry companies are already based in both countries.

NZ's durable eucalypt growers' three key advantages over Australian forest growers

1. NZDFI's tree breeding and forestry research project (Millen et al., 2018). NZDFI selected a group of eucalypt species that are fast-growing, drought-tolerant, and are among the best for producing strong, naturally durable hardwood. Over the past 17 years, NZDFI has developed a market and science-based pathway to inform New Zealand forest growers and build their confidence to establish new eucalypt forests at a scale to support future regional durable hardwood industry supply chains.

   In 2020, NZDFI launched its vision for 60,000 ha of durable eucalypts planted by 2050 in 12 regional wood supply catchments in northern and eastern New Zealand, creating regional hardwood industries worth up to $1 billion p.a. This would diversify the forestry and wood products sectors, increase exports and meet domestic demand, deliver financial and environmental outcomes to forest growers, and create new employment. This is possible because NZDFI's breeding programme started commercial production of XyloGene improved seed in 2021 that will deliver significant gains in form, productivity and wood properties.
2. The New Zealand Farm Forestry Association (NZFFA). Future multi-regional durable hardwood supply chains require investment in long-term regional planting programmes that engage many stakeholders. NZFFA's network of members has knowledge and capability that is shared and the Association's leadership supports those forest growers who want to diversify.
3. We don't have koalas in our forests!

Acknowledgements

Thanks to the following people of Gippsland for advice and/or hosting me on my travels: Lesia Goodwin, Gippsland Forestry Hub; Braden Jenkin, Sylva Systems Pty Ltd; Chris McEvoy, Radial Timbers; Tony Britton, Radial Timbers; Jon Lambert, Heartwood Plantations; Joanne Lewis, local forester; Vince Hurley, Australian Sustainable Hardwoods; Wally Notman, Department of Energy, Environment and Climate Action; and Peter Devonshire, Gippsland Agroforestry Network.

Paul Millen is Project Manager at NZDFI based in Blenheim

References

ABARES. 2025, July. Australia's Native Forests and Wood Production. *ABARES Insights*. DOI: https://doi.org/10.25814/tk7r-0f43

ABC News. 9 September 2025. *Timber Industry Counts Cost of Ban from 176,000 Hectares of Great Koala National Park*. Available at: www.abc.net.au/news/2025-09-09/nsw-timber-industry-shocked-by-logging-ban/105747810

Jenkin, B. (Sylva Systems). 2024. *A History of Plantation Species in Gippsland. Gippsland Forestry Hub*. Canberra: Australian Government Department of Agriculture, Water and the Environment. See: A-History-of-Plantation-Species-in-Gippsland.pdf

Millen, P., van Ballekom, S., Altaner, C., Mason, E., McConnochie, R., Morgenroth, J. and Murray, T. 2018. Durable Eucalypt Forests – A Multi-Regional Opportunity for Investment in New Zealand Drylands. *New Zealand Journal of Forestry*, 63: 11-23

PF Olsen. 2023. *Investing in Gippsland's Sustainable Forestry Future. Gippsland Forestry Hub*. Canberra: Australian Government Department of Agriculture, Water and the Environment. See: GFhub-Investing-in-Gippsland-final-web.pdf