David Lindenmayer

One Nation's forestry policy is economic vandalism

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One Nation wants to restart native forest logging in Victoria, but decades of losses, shrinking timber supply and a $402 million legal claim show why the industry ended.

One Nation has released its policy to bring back native forest logging in Victoria. The numbers don't support it.

Years of financial losses, not politics, had already put Victoria's native forest logging industry in trouble. Between 2007 and 2024, VicForests generated $1.7 billion in log sales but recorded a net loss of $59.9 million over that period, and paid just $4.6 million in dividends to the government that owned it. Victoria's Parliamentary Budget Office estimated that ending native forest logging in 2020, four years earlier than it actually happened, would have improved the state's net budget position by $191.9 million by 2030.

Many decades of over-cutting meant that there was less and less suitable timber left in Victoria's heavily degraded forests. Native forest pulp log output fell from 1.4 million cubic metres in 2008 to 107,000 cubic metres in 2023, then to zero when VicForests was wound up in 2024. This was one of the reasons VicForests had resorted to illegally cutting vast areas of forest on steep slopes it should never have logged – it had little else left.

Since 2024, the industry has been gifted $1.5 billion of taxpayer funds to exit. One Nation now wants to spend even more taxpayer dollars subsidising its return.

Then there is a second, larger bill already on the table. In 2025, the paper and pulp company Opal, a subsidiary of Japan's Nippon Paper Group, sued the Victorian government seeking $402 million in damages. Its claim rests on the Forests (Wood Pulp Agreement) Act 1996, a 34-year legislated supply contract that bound the state to deliver a minimum volume of native forest pulp logs to Opal's Maryvale Mill, regardless of whether the forests, the market, or the mill's own business still needed them.

That is the real lesson for One Nation's policy. The 1996 Act locked Victoria into a staples trap – a rigid, decades-long legislative supply commitment that couldn't adjust as fires burned through the forests it depended on, as courts found repeated breaches of logging codes, and as Australian demand for the white copy paper the Maryvale Mill once produced fell by nearly two-thirds. The mill's own former owner had promised in 2006 to shift entirely to plantation timber by 2017. It never happened – taxpayers are now left arguing in court over who pays for that broken promise.

The irony is that Victoria does not actually have a wood supply problem. Its hardwood plantations now produce up to 11 times the pulp log volume native forests were ever legislated to supply. The timber One Nation says it wants already exists – it is just not coming from the forests this policy proposes to reopen. Plantations already supply almost all of the sawn timber used in Victorian houses. Native forest logging supplied almost none of it, because 90 per cent of everything cut from Victorian forests was going into woodchips and paper pulp, not housing.

Public safety is a further reason this policy is reckless. Logged forests remain far more flammable than intact forests for up to 70 years after cutting. Reopening native forest logging means reintroducing that fire risk to regional Victoria.

Spare a thought, too, for the workers caught up in the point-scoring of this game of political football between the major parties and minor ones such as One Nation. Many workers have started new lives since the transition out of native forest logging. Promising to bring the industry back, when it survived only on enormous subsidy and has now left taxpayers fighting a $402 million legal claim, offers those workers false hope rather than a future.

Victoria has already run this experiment once, through a 34-year legislated contract that outlived the market it was built for. One Nation's policy asks taxpayers to sign up for a second one.

The views expressed in this article may or may not reflect those of Pearls and Irritations.

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