GIPPSLAND FORESTRY HUB: BARRIERS TO NEW PLANTATIONS IN GIPPSLAND

Purpose

The Gippsland Forestry Hub commissioned this study to identify why investment in new private timber plantations in Gippsland has remained low, despite national grant programs and emerging carbon market opportunities. The project draws on interviews with local governments, forest managers, and agencies, supported by financial analysis and case studies, to identify barriers and recommend policy reforms.

Key Findings

PLANTATION ESTABLISHMENT IS VERY LIMITED

Across Gippsland's six local government areas (LGAs), there has been minimal new plantation development over the past five years. Most councils reported few or no Plantation Development Notifications, reflecting low investor confidence and structural barriers rather than a lack of policy interest.

HIGH LAND PRICES UNDERMINE FINANCIAL VIABILITY

Financial modelling indicates new plantations are typically viable only when land prices are below $13,000 per hectare to achieve a 7% internal rate of return. Median farmland values in most Gippsland LGAs exceed this threshold, significantly reducing investment attractiveness. Existing landowners are better positioned, as they avoid land acquisition costs and can leverage government grants and carbon income.

PLANNING AND REGULATORY COMPLEXITY IS A MAJOR DETERRENT

Victoria's plantation approval processes are more complex and costly than those in NSW and Tasmania. In East Gippsland, additional permit requirements for plantations over 100 hectares doubled establishment costs and added more than 18 months to project timelines, leading investors to seek opportunities interstate.

REGULATORY UNCERTAINTY INCREASES INVESTMENT RISK

Unlike other states, Victoria does not provide a guaranteed right to harvest plantations, increasing sovereign and regulatory risk for investors. The termination of Regional Forest Agreements has further increased compliance costs, particularly for large or environmentally sensitive sites.

COMMUNITY ATTITUDES ARE MIXED AND HIGHLY LOCALISED

Community perceptions of plantation forestry vary widely and fall into five broad groups, ranging from strong support for integrated land management and climate action to concern over hazards, agricultural displacement, and visual amenity. This diversity highlights the need for targeted, place-based engagement strategies rather than a one-size-fits-all approach.

COUNCIL CAPACITY AND EXPERIENCE VARIES SIGNIFICANTLY

Some LGAs, particularly Latrobe and Wellington, have stronger forestry experience due to existing industry presence. Others have limited in-house forestry expertise and rely heavily on referrals to state agencies, contributing to inconsistent advice and longer approval timelines.

Key Policy Implications

- Streamlining approvals through a **tailored development pathway** for plantation projects could materially reduce costs and delays.
- Updating the **Code of Practice** and moving toward a **state-managed regulatory model**, similar to NSW and Tasmania, would improve consistency and investor confidence.
- Removing unnecessary local policy barriers, such as area-based permit thresholds, would reduce regulatory burden without compromising environmental safeguards.

Conclusion

Without targeted regulatory reform, plantation expansion in Gippsland is unlikely to accelerate. Addressing land economics, approval complexity, and regulatory certainty—while engaging communities in a nuanced and localised way—is critical to unlocking future private investment in the region's plantation sector.