

## ABC RURAL

# Eucalyptus kochii oil demand sees West Australian oil producer aiming to double production

ABC Mid West &amp; Wheatbelt / By Joanna Prendergast

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The oil distillery at Kalannie sits in a grain paddock. (Supplied: Ian Stanley)

Insatiable demand for an unique eucalyptus oil produced in Western Australia's wheatbelt has prompted the company behind it to double production targets and move into international markets.

Named after the tree it harvests, the Kochii Eucalyptus Oil group has increased the volume of oil produced at Kalannie from around 50 tonnes two years ago to just under 100 tonnes last financial year.

It aims to produce 250 tonnes per annum from trees grown in plantations and cyclically harvested across the wheatbelt.

The Kochii tree is unique to the WA wheatbelt, its oil is well regarded for its high cineole content, and oil industry founder and Kalannie farmer Ian Stanley believes the oil is also being acknowledged by the market for its clean and green method of steam distillation.

"We can't supply enough there's massive demand for the oil," he said.

*Eucalyptus kochii*, also known as oil mallee, is used in steaming for respiratory health, candles, soaps, and for cleaning.

**Key points:**

- Demand is continuing to grown for eucalyptus oil produced from trees unique to the WA wheatbelt
- The company behind an oil distillery at Kalannie is aiming to double its production
- Kochii Eucalyptus Oil wants to increase retail and international sales

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The Kalannie oil industry has created 15 jobs, making it one of the biggest employers in the Kalannie region.

Mr Stanley said a shipment of oil was currently on its way to America, bound for a company which was taking the oil on spec.

While he could not disclose more information about what that oil would be used for, he was excited about the potential of an American market and interest from other countries.



There is growing demand for eucalyptus oil grown in Australia. The Kochii tree is native to the WA wheatbelt, the oil can be seen as white flecks in the leaves. (ABC Rural: Jo Prendergast)

## Oil attracts premium

Mr Stanley said 99 per cent of the oil was currently was sold in bulk in 1,000 or 200 litre containers to cleaning and pharmaceutical groups, but the group was aiming to develop the retail market where oil is sold in much smaller volumes at higher prices.

"There are some traditional eucalyptus producers who have their oil on the shelves and it's difficult to make that change overnight but it definitely will be a focus of the kochii business," he said.

This follows the COVID-19 outbreak prompting a temporary boost in retail sales.

"I think in March–April we sold as much oil in small bottles on retail as we had for the entire 12 months prior to that, so there was definitely an increase in interest, I think there will be a bit of a trickle down and some of that interest will remain," Mr Stanley said.



A field day held at the Kochii oil distillery attracted a crowd of about 150 people interested in the oil mallee industry. (Supplied: Ben Madin)

Mr Stanley said the price of eucalyptus oil had increased, and the Kochii group was successfully demanding a premium for its oil.

However he said that price increase would not yet translate to an increase in the price is paid to farmers growing the eucalyptus trees, due the cost of the current harvest of older and larger trees.

"So at the moment the actual harvesting operation costing about what the oil is worth after it's extracted," he said.

"But we have to do that because the result is that we will get these beautifully coppiced trees and when we come back next time the cost of getting the tree will be a lot less, and that will be when the tree becomes profitable and that will definitely be reflected in what the grower sees."