
Steve Harrison\(^1\)

This book’s painstaking analysis arises from the author’s many years of involvement in forest policy in government agencies and through her own doctoral research. The book is crammed with information about the personalities and policies in the evolution of forestry nationally and in the Australian states. It pinpoints the many agencies and personalities involved in contentious forestry issues, particularly since the 1960s. It brings together the relationship between the many inquiries into logging of native forests: the National Forest Policy Statement, the Resource Assessment Commission inquiry into the Australian timber industry, Regional Forest Agreements, and the Productivity Commission forestry inquiry. And it sheds valuable insights into the role that forest policies have played in politics, including the downfalls of Paul Keating, Mark Latham, and West Australia Premier Charles Court.

Dr Ajani makes clear her personal views about the forest industry: ‘My biases show throughout the book. I personally favour processing over exporting raw materials. I also privilege the environment, a loser in Australia’s two centuries of fabulous wealth creation’ (p.5). Elsewhere in the book, Ajani notes her involvement with key protagonists in the environmental movement, and her confrontations with government bureaucrats. The view is strongly and repeatedly advanced that plantations can meet all of Australia’s forest-product needs, and there is no need for continued logging of native forests for woodchip production. It is argued convincingly that forest policy in Australia is irrational and fails to recognise the current realities of the industry. The arguments presented certainly challenge the reader with a pro-logging stance on native forests to defend their case.

The focus is on forestry in New South Wales, Victoria and Tasmania — the states which are still engaged in logging native forests for woodchip export — and on the federal government’s support for this highly profitable but wasteful and destructive activity. It is noted that there has never been woodchip exporting from Queensland, and that the Court government put a stop to this activity in Western Australia.

Following a short introduction, the book is launched with a chapter titled ‘Keating’s Grenade’. After a fiasco concerning what new areas of native forest should be protected, the then Prime Minister Paul Keating declared that

---

\(^1\) School of Natural and Rural Systems Management, University of Queensland.
native-forest woodchip exports not covered by a regional forest agreement would be cut by 20 per cent per year to nil in 2000. After having battled to gain control of the forestry scene nationally, the federal government extracted itself (to the extent possible) from involvement in forest regulation, handing control back to the states through RFAs. Keating saw forestry as facing intractable problems, and a no-win area for the federal government.

The rest of the book is divided into four sections: softwood plantations; political alliances; ‘multiple abuse’; and hardwood plantations as the future of forestry.

In Part 1, the decision in the 1960s to promote government-owned plantations of exotic softwood (with first plantings were nearly a century earlier) to secure a future timber supply for construction and woodchip in Australia is examined in detail.

In Part 2, it is explained why the trade union movement aligned itself with the forest industry (for job security), and the state forest services (interested in maintaining their territory). The environmental movement was seen as the common enemy by each of these stakeholder groups, which did not understand or accept that softwood and hardwood plantation could serve the industry’s purpose just as well as native forests.

Part 3 severely criticises the Resource Assessment Commission investigation into forest management, and the Industry Commission inquiry into value adding. With reference to the RAC view that plantations would make slow progress in replacing native forests as a timber source, it asks: ‘How could the Commission get it so wrong?’ (p.160).

Instead of rolling up its sleeves and engaging in thoughtful forest-industry policy work, the Industry Commission presented its trademark ‘off the rack’ economically rational free-market recommendations … It wanted export controls on unprocessed wood abolished and public plantations privatized … both recommendations were made in ignorance of the stockpile reality, which itself was a symptom of state government irrationalism. (p.172)

Reaching agreement on forecasts for future timber supply and demand has proved impossible, with ‘inflated projections of future wood consumption’ (p.196) to promote the picture of forthcoming shortage and the need for accelerated planting, in the face of increasing use of substitutes for wood-based products. While researchers have noted the difficulty in obtaining information from timber processors, it is demonstrated that other forestry stakeholders are equally unwilling to share information. Various research consultancies — for example, by the ANU, and the forest school at Melbourne University — have
involved non-disclosure clauses, such that it has not been possible to validate
the conclusions drawn.

In Part 4, it is argues that no other Australian industry has surpassed, over
a three-decade period, the native-forest chip exporters’ financial result. Apparently, woodchip exporters rarely report their profit result, masking this
information by integrating it with profits of other business activities. The arguments that woodchipping takes place to make use of sawlog industry waste
is shown to be specious, in that 80 to 90 per cent of the hardwood logging from
native forests is for chiplogs. The National Forest Policy Statement is viewed as
‘a political document riddled with incoherence and contradictions’ (p.230). The
author observes that:

The forest industry … has predicted a global wood shortage for decades,
but the price trends keep denying its arrival … The point of the
smoke-and-mirrors forest industry behaviour is to create expectations
of future wood shortages to keep public resources available for logging
and encourage … planting more trees. (p.251)

The resulting lower log prices increases forest industry competitiveness
against substitute products. Ajani concludes that Australia does not have a wood
shortage but, rather, a shortage of processing investment.

The final chapter summarises the implications for future forest policy. Logging
of native forests will be consigned to history and — as Ajani persuasively
advocates — government, industry and the union movement will have to update
their thinking to embrace the new reality. It is concluded that commodity wood
production should be shifted to plantations, and that further processing of
plantation resources should take place in Australia.

What The Forest Wars does well is to sound an alarm at the high rate of
logging of native forests for woodchip, with very large profits to the timber
companies, little sharing of the resource rents to the wider community,
unnecessary market competition for plantation hardwoods, and loss of large
areas of native forest in New South Wales, Victoria and Tasmania. Certainly, the
large volumes of hardwood plantation timber now becoming available from
managed investment schemes (viewed as tax-minimisation schemes) can make
possible ‘virtually the end of native forest logging’. (p.309)

What the book does less well is to argue that sustainable logging of native
forests is not possible, except perhaps for minor speciality logging (surely a form
of high-grading!), in part due to competitive pressures to increase the logging
rate. This argument fails to recognise the role of state forest agencies in tree
marking for sawlogs from State Forests, which has been increasingly based on
good science. It is implied that wisdom lies with the environmental movement,
but not with government agencies. Carbon sequestration benefits are advanced
as an argument for not logging native forests, without acknowledging that protected native forests make little if any net contribution to carbon sequestration. In the battle for hearts and minds, the political power of residents in large cities to impose conservation decisions over native forests will progressively gain ascendancy over the lobbying power of politicians in marginal rural electorates to maintain logging of native forests.

The argument for further wood-processing in Australia must also be viewed with caution, in that it fails to recognise the nature of comparative advantage and the benefits of trade. In that the hourly wage rate in Australia approximates the weekly wage rate in China, and Australia is not a leader in wood-processing technology, there are limits to the extent to which taxpayer support for domestic value-adding is justified.

This book provides a wealth of information about the history and evolution of forest policy in Australia, by a writer who has a long history of interest and involvement in forest policy. While forestry may be about growing trees, this book brings out to a remarkable degree that forestry is also very much about people. There is room for disagreement over some issues, but the book must surely be essential reading for anyone with an interest in forest policy in Australia — in the timber industry, government agencies, research institutions, and the trade union movement.