

Standing Committee on Environment and Public Affairs — Thirty-fifth Report — “Inquiry into the Sandalwood Industry in Western Australia” — Motion

Resumed from an earlier stage of the sitting.

Hon SIMON O'BRIEN: I certainly lend my support to the motion put forward by Hon Stephen Dawson, and in doing so I would like to compliment him as the Deputy Chair of the Standing Committee on Environment and Public Affairs and thank him for the very good work that he has done in this inquiry, together with other activities on the committee. That cooperation extends to the other members of the committee—Hon Brian Ellis, Hon Samantha Rowe and Hon Paul Brown. We have a good committee that works together very well as we examine matters that are brought to our attention in a number of ways, not the least of which is petitions from members of the public. It is a very good thing that this house has a committee that is charged with the responsibility of doing something about petitions that are tabled in this place. I hear other places may not necessarily do that, where a petition is a way of making a point and where its merit is measured by how many signatures are on it and how much attention it attracted when it was tabled somewhere. Our tradition is better and I hope we retain a better practice than that. That might be the subject of further discussion that we can all participate in and that I would like to initiate in due course, about the sorts of petitions we entertain and which may be brought to this house of Parliament, but more of that on another occasion.

This inquiry had its genesis in the last Parliament when a petition was received by and referred to the then committee. I thank members of that previous committee for their earlier work in addressing this issue. That committee reported to the Parliament in November 2012 and made some recommendations that in due course became the terms of reference for this current inquiry. At length, after doing all the things that Hon Stephen Dawson indicated, we have this report before the chamber and we are very pleased with it.

This matter has raised a lot of interest across Western Australia. I hope the committee's report meets the needs of Western Australians from all corners of the state who are interested in the future of our sandalwood industry. The report deals with several main areas, most specifically, with native wild sandalwood. The committee's recommendations were made very much with the concerns of the previous committee in mind, which we adopted and commend to the government for action. In part, our findings and recommendations are in some places couched in terms that ask why something has not been done before now on some of the recommendations we have brought forward and on some of the recommendations that the previous committee brought forward in November 2012. Perhaps there are reasons why that has not happened and why there has not been action—perhaps there has been action, which is being worked through and is imminent. We are aware, for example, that a lot of work has gone into the biodiversity legislation and that it takes a lot of time for these things to come to fruition, but there are a couple of important things that we bring to the government's attention now, because they need action, in our view, which should be expedited. I hope the government will not take the line of saying that it will pick this up in its review of legislation in due course, because by then we will be further down the track, and in a few more years someone who is chairing some successor committee to this one will ask why the hell something was not done about the sustainability of our sandalwood industry back in 2014 when it was again brought to the government's attention. We do not want that, and I am sure we will not have that from the government. What we need, which we have noted is beyond due, is contained at recommendation 1, which reads —

The Committee recommends that the Minister for the Environment immediately review the *Sandalwood (Limitation of Removal of Sandalwood) Order 1996* with a view to reducing the quantity of sandalwood that may be harvested from both Crown and private land.

If we want to make sure that Western Australia has a sustainable sandalwood industry that relies, as it must, on native Western Australian sandalwood, we also want to commend to the government's immediate attention the long overdue requirement that the penalties under the old Sandalwood Act 1929, which would have been innovative and necessary when it was established back then to safeguard the sandalwood industry, are well out of date and actually counterproductive. That is why we are seeing, together with the rise in the value of sandalwood and sandalwood products, an increase in criminal behaviour. The system has been shown as having some inadequacies in dealing with that challenge. The report contains a series of recommendations that the committee has put forward that are intended to counter that. We look forward to some legislative changes in future.

I will not canvass the rest of the recommendations just now, but I commend them to the chamber. It is interesting, as our standing orders evolve, that normally these reports would have sat on the notice paper for months, if not years, and the government would have had plenty of time to consider its response. However, it has had only five minutes to consider its response to this report, so I do not know how the government is placed to respond today or whether it wants to defer its response. Under our standing orders, the government officially has two months to respond to these recommendations. Perhaps it might want to defer that response or seek that the

chamber give it a little time before it responds to the question currently before us, as well as providing a more detailed response in due course. That would probably be a reasonable thing. I hope the government comes back with—I hope this is relayed to the ministers in this place who have representative capacities with ministers in the other place—some action on a couple of these things, pronto: penalties and the removal of the Sandalwood (Limitation of Removal of Sandalwood) Order 1996. We need some confidence that the government is moving on those things right now and not relying on some ongoing review of legislation that never seems to come to fruition. I have made that point twice, and I think from the responses I have seen from ministers in the chamber that that has been taken on board, so I will not raise the point again. Perhaps we need to revisit our standing orders about timing for the consideration of these reports.

In conclusion, having thanked my colleagues on the committee, I also thank our committee staff. They are a good team and they are valued by all of us. I would also like to thank witnesses who have assisted the committee over time. We have a great deal of expertise in this matter in Western Australia. We are world leaders and, given the right tools to keep doing the job, we can have a very viable sandalwood industry into the future.

Hon HELEN MORTON: I rise to respond on behalf of the Minister for Environment, plus give some personal views. I make the comment that I concur with a number of the issues in the thirty-fifth report of the Standing Committee on Environment and Public Affairs, and will go on to talk about my involvement in the sandalwood industry. The information that has come through the committee report is something that my family and I have personally experienced. A good example of how confusing the way the act is currently managed is that both the Minister for Agriculture and Food and I, representing the Minister for Environment, were tossing up who would respond on behalf of the government. That in itself is an example of why this issue needs to be sorted out quickly. Nevertheless, I am able to make a general comment on behalf of the government and also give a commitment that when further information, which I will talk about shortly, about the government's position across all those recommendations is known, I will be happy to make a ministerial statement on behalf of the minister responsible at that time.

As Hon Simon O'Brien indicated, this debate is taking place in quite a short time frame from when the report was tabled; however, the formal part of my response from the Minister for Environment is that drafting instructions are currently being prepared for the new biodiversity conservation bill that will replace the Wildlife Conservation Act 1950 and improve penalties in relation to sandalwood. The new legislation will include appropriate powers for wildlife officers to effectively manage and regulate the sandalwood industry, as well as provide more realistic penalty provisions commensurate with the profits to be made from illegal sandalwood harvesting and processing. However, I recognise that other recommendations probably require a more fulsome response and I will endeavour to get that from the Minister for Environment and make a ministerial statement on the matter in due course.

In the meantime I would like to make some additional comments from a personal perspective. For around about 20 years my husband and I had a pastoral property in the lower east Murchison called Lake Barlee. In the time we had that property we had a series of contracts to pull more than 1 000 tonnes of sandalwood from that property, neighbouring properties and land owned by the government—crown land. It started off quite small. In the beginning the contracts were for 10 or 12 tonne lots and it was a bit of a side product to whatever else we were doing on the property. But as the dogs were having a bigger effect on sheep than we had hoped and our flocks were declining, we decided to attempt to make sandalwood a more substantial part of our income from that property and so it became quite large. Occasionally—not often—I went up to the property and assisted with it and I greatly enjoyed it. It was fabulous. The odour from broken dead sandalwood sticks was beautiful. It would not matter if the wood was hundreds of years old, the broken dead sandalwood sticks had such a beautiful perfume and it would keep me going all day. All of our children were involved in the process as well. They made pocket money for the year at boarding school et cetera, so for lots of reasons the sandalwood industry has assisted us greatly.

Occasionally we would come across great big stands of sandalwood and we named one particular place on our property "sandalwood city" because there was so much dead sandalwood. The trees were so big and very different to most of the sandalwood on the property, but the dead trees would be pulled out. I agree with the comments about the risks to the sustainability of the industry because we also pulled green trees. We would get a much better price at market for green wood. When we began pulling sandalwood the Forest Products Commission wanted only trees of a certain size and not the limbs and twiggy bits of trees, so we would leave that stuff behind on the ground. Subsequently, in later years, when it became profitable to collect those small pieces we would go back to those places—and I will mention that shortly.

Later on, the contracts contained a requirement—I am interested to read some of the comments about the requested requirements—that for every green tree pulled out, we would have to plant something like three lots of 10 seeds a certain distance from where the green tree was pulled out, and there was a process that had to be followed. Whenever I went to assist my husband and the other people helping him, my job was to come behind

them with the seeds collected from underneath trees and plant them. Replanting the seeds was always a requirement written into the contract. I mentioned earlier that some years later we would go back and collect the twigs and smaller bits that had not been previously useful to the Forest Products Commission and when we went back we could see the seedlings that were starting to come through and we knew that that process was creating some regeneration. I also know that it takes a very long time for those trees to grow to a size that will in any way replace the trees that we pulled.

In the beginning our contract was to only collect sandalwood and put it on pallets. The sandalwood that was produced had to have no bark on it. When we were collecting the sandalwood on a small scale, my husband had created a chain mechanism that went around and around in circles, which took the bark off while he poked the stick into it. That did not work when the contracts got larger. We then used a big tumbler and we would load truckloads of sandalwood into it at one time and the tumbling took the bark off. We also used a process that put in water with the sandalwood, but as the process became more sophisticated we did the tumbling, which did not require any water. Water was difficult to access and most of it was salt water.

The sophistication of production increased. The size and the bins that were required as part of the contracts and the grading of the sandalwood increased, and by the time that contract and our interest in collecting sandalwood finished, we were very proficient at collecting, grading and sorting it into the required types. We also had a separate contract to transport the sandalwood. My husband would be pulled up frequently by the police and transport officers and be asked to show the contract docket he had for collecting the sandalwood; so the police were out and about checking to see whether sandalwood was legally collected.

Hon Simon O'Brien: When was this?

Hon HELEN MORTON: We sold that property in 2005 or 2006—I think it was the year after I became a member of Parliament; we had contracts right up until then.

My husband had to carry the documentation that showed he was a legal contractor and transporter of sandalwood all the time. There was also another level of checking when he took the sandalwood to where he sold it or had it weighed. I cannot remember the name of that place, but it was the organisation responsible for exporting sandalwood. At that stage we were concerned because the sandalwood was being sold partly for export and partly to Mt Romance. It was very hard to buy sandalwood at that time and on many occasions a number of people tried to catch us out—we did not know whether they were real or not—asking to purchase sandalwood on the black market. Of course, we did not partake in any of that. My experience of the sandalwood industry has left me with the impression that there is quite a lot of regulation, but I am interested to hear if more can be done to address the sustainability of it in particular.

Hon DAVE GRILLS: I thank Hon Simon O'Brien and the Sanding Committee on Environment and Public Affairs for the thirty-fifth report, "Inquiry into the Sandalwood Industry in Western Australia", and I thank Hon Stephen Dawson for the motion. I would like to speak about my dealings with sandalwood, which began when I first went to the goldfields as a police officer in Leonora. In the goldfields at that time people did not consider the taking of sandalwood as necessarily a crime and, unfortunately, it was not treated as a crime. But I thought that it was and continued to investigate instances of it because people who had sandalwood on their properties wanted the theft of their sandalwood to cease. We worked through it until I went to the Kalgoorlie Police Station, where I became a crime prevention and diversity officer, and I was again approached by the same people. I brought the matter to the attention of the officer in charge of detectives at the police station and was told that it was not an offence; but we pushed on with it with the then Department of Environment and Conservation. A young lady who worked with DEC was keen to pursue the matter and we would go with her when she would go out to issue DEC warrants. The Department of Environment and Conservation warrants were much easier to execute than police warrants and on one occasion when we were serving a warrant, we took a truck, front-end loader and a lot of gear from an illegal sandalwood operation. Illegal sandalwood operations are quite big and sneaky. Unfortunately, when they pull the sandalwood, it is pulled out from the stump with a chain, and that is the end of that. We kept working on it. I remember raising it with Wendy Duncan when she was in this place. I would like to thank Wendy Duncan for the work that she did on the theft of sandalwood. Her brother has a station with some sandalwood on it.

I would like to thank the committee and the people who are looking to bring this industry together. People do not think about sandalwood, but it smells beautiful, it is a wonderful product and most people like it. If we do not look after it, protect it and keep it safe, we will say, "Remember when we had sandalwood and we used to be able to smell it on our skin? Wasn't it a great thing? Now we make it out of chemicals or something else." It is not the same. I thank the committee and everybody who has put a bit of effort into this report. It is worthwhile. Sandalwood is one of the great commodities that we have. I hope we can look forward to some more work being done on it and that it becomes a good, profitable industry.

Hon MARK LEWIS: I will leave the regulatory and policing issues, which go to the heart of the report of the Standing Committee on Environment and Public Affairs, as they were most eloquently put by Hon Simon O'Brien and Hon Stephen Dawson. I would like to make some observations about the ongoing sustainability or otherwise of sandalwood from the perspective of the ability of pastoral lessees to create a revenue stream. I will conclude by making some suggestions about how we might ensure that ongoing sustainability. I note that the report really focused on the policing issues and the stealing and criminal matters around that. I thought I would add a bit to that.

I will also take your advice, Madam Chair, because I am going to quote from my notes, which includes a quote from a research paper entitled "The effects of management regime and host species on Sandalwood (*Santalum spicatum*) recruitment near Paynes Find Western Australia". It is from the Department of Conservation and Land Management. The author of that paper, Jonathan Brand, stated —

The lack of natural recruitment of —

Sandalwood —

... at Ninghan and other regions in Western Australia is a concern for the conservation of this species. Poor seed dispersal and grazing appear to be important factors limiting recruitment. The results from this study indicate that de-stocking combined with planting seeds next to suitable host species will dramatically improve —

Sandalwood —

... recruitment ... in semi-arid regions of Western Australia.

We heard Hon Helen Morton say that people do have a responsibility to replant. That is probably a very good summary. As I said, I have been in the sandalwood game for nearly 12 years, both on the native and Indian sandalwood side. I would see that quote as a fairly fair summary of where we are at from a sustainability perspective.

Going forward, we need to retool the pastoral industry to take advantage of native sandalwood. A number of programs are in place. The Forest Products Commission is doing a fair bit of work in the native seed area. The point that I would like to make is that for years we have had a huge population of goats and kangaroos, which has been stifling recruitment. There is an expression called "total grazing pressure". Obviously, the pastoralists control their own domestic livestock but it has been very difficult to control kangaroos and goats. Coincidentally, because of the wild dog issue, we are seeing a huge recruitment in the area north of Kalgoorlie, which is where Hon Helen Morton's former property is located. That is specifically due to the effect of total grazing pressure. As the dogs go about reducing to almost zero not only the sheep but also the roos and the goats, we have seen a significant rise in the recruitment of young sandalwood seedlings. They are the seedlings that we need to get through to maturity so we have an ongoing sustainable industry and an ongoing revenue stream from this very valuable product. It will get only more valuable in the future. My suggestion from a management perspective is to look to the ongoing total grazing pressure and the management of that total grazing pressure going forward. I think the government, particularly the government departments that have a revenue stream from this product, needs to think about a way to retool and equip the industry to reduce the total grazing pressure and increase the recruitment of sandalwood going forward. We can use a number of techniques. A lot of work has been done through the Gascoyne–Murchison strategy on total grazing management yards. These are very low–cost yards that allow pastoralists to basically control all grazing stock. In fact, we need to extend it a little and use these yards to control wild dogs, but that is another story.

As I said, the departments that are now getting the revenue stream should be working in a cooperative way with pastoralists through some sort of grant or subsidy-based system to roll out total grazing management yards right through the more valuable sandalwood areas. It will not cost a lot of money. The revenue stream that these departments are generating will more than accommodate the costs of subsidising the rollout of total grazing management yards.

On the other side of it, there are areas in which the Murchison vermin fence will make a complete cell and we will hopefully have total control of wild dogs. We can also roll out a parallel system in that area that I have just been enunciating. That will become almost a pilot area. Hopefully, someday down the track, we will have a similar vermin control system in the Kalgoorlie goldfields area and we will have an opportunity to do likewise.

I hope that the departments that have to take up the recommendations of this report will read the very good speeches that have been made here today and take members' comments on board. Hopefully, we can have a sustainable native sandalwood industry in the future.

Hon KEN BASTON: The Standing Committee on Environment and Public Affairs' thirty-fifth report is an excellent report. I was reading through its recommendations. I commend the members of that committee.

Obviously, they are very keen gentlemen and have put together an excellent report. The sandalwood issue has been around for a long time. We have heard on the news only lately that people have been caught with sea container loads full of sandalwood. As the report says, it has been exported since the nineteenth century. The Sandalwood Act was passed in 1929 and the Wildlife Conservation Act was passed in 1950. The government has given an undertaking to amend the Wildlife Conservation Act, as everyone knows, and I believe that is in the drafting stage.

Hon Mark Lewis touched on the Gascoyne–Murchison strategy. I guess it goes back to a committee that I was on—the wool market task force committee. When the wool market collapsed in the pastoral area, one of the alternatives looked at was sandalwood. We discussed whether to give the rights to harvest sandalwood to the leaseholder of the pastoral lease. In other words, certainly there would still be control of how much tonnage they could cut, but at least the leaseholders still had some control of it. At present a pastoral lessee has the lease, but has only the grazing rights; he does not have the rights to the sandalwood or to protect the sandalwood. People can arrive on the property, pull the sandalwood and leave. The Gascoyne–Murchison strategy in the early 2000s tried to approach the issue again. From memory, sandalwood was worth somewhere in the order of \$17 000 a tonne and it was thought that if every pastoral lease had a percentage of the tonnage, people who had sandalwood could have the right to pull it. I applied once for a sandalwood licence—I think it was for 10 tonnes—and I must admit that when I found out the work involved in taking all the bark off and sorting it by size, the wool market must have gone up! I did not get the 10 tonnes out of the ground.

Hon Simon O'Brien: You should have got on to the Mortons; they have pulled plenty!

Hon KEN BASTON: Very tough crew! Hon Simon O'Brien touched on hoping that something comes out of this report. One of the two things I picked up from him—he made three points but I missed one—was about the penalties. Under the act the maximum penalty is only a \$200 fine. When someone is dealing with something worth \$17 000 a tonne, they will risk the \$200; that is almost the cost of a licence.

Just before Easter I visited Mount Romance, which is TFS's factory out of Albany. TFS has some 5 000 hectares of Indian sandalwood in Kununurra in the Ord. I visited the factory first and then I visited Kununurra. The oil product was being syphoned into 60-litre drums. One drum of oil is worth in the order of \$12 000, and that is for scented oil et cetera. I visited the sandalwood farm up in Kununurra and I saw the nursery. TFS is a big employer and very well advanced. Its trees have been in for more than 10 years and just on 15 years. When TFS went up to Kununurra, it thought it would be to be able harvest its sandalwood after 10 years. That will not be the case; it will be 15 years, which is just about up so this year it will start harvesting.

Hon Simon O'Brien: Even that seems a very short time given the time it takes for native wood to mature.

Hon KEN BASTON: It is compared with wild sandalwood, which takes 100 years to bring back. This Indian sandalwood is, of course—we look at 15 years as being a long time—an investment for our grandchildren rather than an investment for ourselves. However, I believe that product is going very well and, of course, TFS is looking for more land to expand so that it has that rollover from year to year. TFS employs about 140 people in Kununurra in the off-season and when it starts harvesting it will employ 400 people. It is a valuable industry for Kununurra.

One of the things nobody has mentioned, of course, is that sandalwood needs a host. It is a parasitic tree; it needs to latch onto another tree to survive. It is the same with the wild sandalwood and the Indian sandalwood at Kununurra. Of course, about five different varieties of trees are grown as the parasitic tree onto which it latches. At various stages the growers have to cut that down and move it out. It is a very difficult product to grow, but the rewards are great. We can balance off wild sandalwood. I think it is important to keep that going. I would like to see more of that handed over to the rangelands as the cheapest guardian. For government to go out and do it would cost a fortune. I think there is merit in looking at people on that land becoming guardians of the rangelands. If the Minister for Forestry were to comment on this report, I would be happy to deliver a ministerial statement in this place. We changed the rules, because for a couple of years when I came to this place, Ray Halligan used to take up Halligan's half-hour and do one of these reports —

Hon Simon O'Brien: Given the interest in this matter, by way of example, we need a bit more time on some occasions.

Hon KEN BASTON: I total agree with Hon Simon O'Brien; we need more time for these very important reports. We used to talk in 10-minute intervals and everyone stood up one by one and away it went. Hon Ray Halligan took some time and he probably caused the change that came about. I thank the house for this and I look forward to further response from the minister who is particularly involved.

Hon SIMON O'BRIEN: If there are no further speakers, could I have a couple of minutes?

The CHAIR: You may have five minutes.

Hon SIMON O'BRIEN: I thank the Committee of the Whole House for that courtesy. I want to make one or two further points as I was a bit rushed to complete my remarks. Again, we probably need to revisit the time allocation for these, but that is something for another day.

I made passing reference to some good news about the future of the sandalwood industry in Western Australia, which is that we have a great deal of experience. The sandalwood industry was the first real export industry that was developed in this great exporting jurisdiction and indeed it was probably our only source of income right at the start of colonisation, even before we got into the export of horses and certainly long before the export of our minerals. As we have heard from some very interesting contributions from members, we have all had a lot of exposure to sandalwood in one way or another over the years. Hon Stephen Dawson and Hon Samantha Rowe would agree with me that we also have a lot of expertise available to us. I think we were all impressed by a chap called Ben Sawyer, who is with the Forest Products Commission. He is something of an expert on sandalwood and typical of the sorts of assets that we have to contribute in this state to the future of the industry. We have other areas of high-end technological expertise in the development of plantation wood synthetics and a range of other downstream processes. From the Operation Woylie activity and the regeneration activity we heard from Hon Helen Morton right through to the laboratory activities, we have a lot of knowledge and expertise. In Western Australia we are world leaders in sandalwood in many respects. It would be a pity if we did not have the sustainability of supply, because all that would be wasted and there would be further pressures on other forms of sandalwood in other places that probably cannot withstand it.

In addition to offering that well-meant compliment to those who are at the cutting edge in this field, I also want to comment about the context in which we have raised some recommendations around the future of training and operations of officers of the former Department of Environment and Conservation, now Department of Parks and Wildlife. In the contributions that we received from witnesses, as members see reflected in the committee's recommendations, we formed the view that all our officers are doing good work but we need to make sure that they are given the tools necessary to do the job.

The report refers to powers, training and so on. None of this is intended in any way as a criticism of the officers who are in the field. I hope they receive this report with its recommendations, which call for some sweeping changes in some areas, as a support of what they are doing. When I hear Hon Dave Grills talk about officers from the then Department of Environment and Conservation getting serious and enlisting some support from police in regional and remote areas, it shows that there is a willingness to do the job, and that is why it is important that we equip our officers with the appropriate instruments to get on and do it.

With those few words, I commend everyone in the government agencies involved, whether it be the Forest Products Commission, the Department of Parks and Wildlife or, historically, the Department of Environment and Conservation and the Department of Conservation and Land Management, for the job that they have done over the years and we look forward to working with them into the twenty-first century.

Question put and passed.