

MINISTERIAL STATEMENT  
HON HELEN MORTON, MLC  
MINISTER REPRESENTING THE MINISTER FOR ENVIRONMENT

**RECOMMENDATIONS OF THE STANDING COMMITTEE ON ENVIRONMENT AND  
PUBLIC AFFAIRS' REPORT ON THE SANDALWOOD INDUSTRY IN WESTERN  
AUSTRALIA**

Tuesday 12 August 2014

Mr President, I would like to update the Council on the Government's response to the 11 recommendations contained in the Standing Committee on Environment and Public Affairs Report 35 – *Inquiry into the Sandalwood Industry in Western Australia*.

Firstly, I congratulate the Standing Committee on the completion of the second phase of this important inquiry and welcome the Committee's report.

Mr President, in the lead up to the State election in March 2013, the Government committed to introduce new biodiversity conservation legislation. I am pleased to advise that drafting instructions are progressing well and it is intended to introduce a Biodiversity Conservation Bill into Parliament during the current term of Government.

The new legislation may be an appropriate mechanism to address a number of the Committee's recommendations, including appropriate penalties for illegal harvesting or processing of sandalwood, and effective regulatory and enforcement powers to support a strong compliance culture.

The Committee recommended that regulation and licensing of the sandalwood industry should be in a single agency. The Government considers that this is already the case with the Department of Parks and Wildlife responsible for these elements. As a Statutory Authority, the Forest Products Commission (FPC) is responsible for the marketing and sale of the State's timber resources, including sandalwood. It is not considered necessary to change this situation.

The Committee advocated a reduction in the quantity of sandalwood harvested from both Crown and private land by recommending a review of the Sandalwood (Limitation of Removal of Sandalwood) Order 1996. The Order will be reviewed before the 2016-17 season.

The Committee also recommended that harvesting contracts include mandatory compliance with regeneration and sustainability measures. These requirements have been reviewed based on a research program spanning a number of years. The FPC currently implements a more effective mechanical procedure that annually sows more than 3.5 million seeds along 700 kilometres of cultivated rip line.

The Committee further recommended that the FPC simplify the tender process for the production of sandalwood and the FPC has committed to doing so, within State Supply requirements.

Mr President, two of the recommendations addressed market issues, including assistance for local manufacturers and the sale of seized illegally harvested sandalwood. The FPC has advised it expects that the sales strategy for 2016 onwards will continue to provide opportunities for domestic processors. The FPC and Parks and Wildlife are discussing the sale of seized sandalwood to the Commission, which would then release it in a controlled manner to avoid any adverse impacts on the market.

Overall, the Government supports the recommendations made in the Standing Committee's report and will work to implement them.

I now table the Government's response.



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**Hon Albert Jacob MLA**  
**Minister for Environment; Heritage**

Your Ref: Report 35  
Our Ref: 50-03701

Mr Grant Hitchcock  
Advisory Officer (Procedure)  
Legislative Council  
Parliament House  
PERTH WA 6000

Dear Mr Hitchcock

Thank you for the opportunity to comment on the Standing Committee on Environment and Public Affairs' Report 35 – *Inquiry into the Sandalwood Industry in Western Australia* as outlined in your email dated 6 May 2014.

The Committee inquired into:

- a) the roles of the Department of Environment Regulation, the Department of Parks and Wildlife and the Forest Products Commission in the management and commercialisation of sandalwood;
- b) how future contracts for the harvesting, marketing and selling of sandalwood can be managed to ensure that all sectors of the industry remain viable and sustainable and the returns to the State are maximised;
- c) the management of wild sandalwood, including monitoring of the resource and regeneration;
- d) the government resources required to effectively detect and prosecute the illegal harvesting and exporting of sandalwood, including the transport, storage, purchase, possession and identification of the sandalwood resource; and
- e) a review of all relevant legislation pertaining to the sandalwood industry.

An Interim Report was handed down on 27 November 2012 prior to the commencement of the Parliamentary summer recess and in the lead-up to the 2013 Western Australian State election. Following the election the Committee was re-established and continued the inquiry. We congratulate the Standing Committee on the completion of the second phase of this important inquiry into the sandalwood industry in Western Australia.

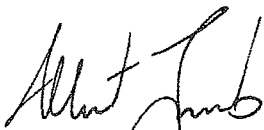
Having followed the progress of this inquiry closely, we welcome the Committee's report and support the seven findings and 11 recommendations contained in it. A more detailed response to each recommendation, which has been developed with input from the Department of Parks and Wildlife, the Forest Products Commission (FPC) and the Department of the Premier and Cabinet, is provided in Attachment 1.

There are also two areas in the report where it is suggested that more clarity could be provided to assist in resolving some of the issues that led to the establishment of this inquiry:

1. Sections 3.41 to 3.43 provide commentary from stakeholders that contain errors of fact. However, the Standing Committee did not take the opportunity to correct these errors and this could unintentionally perpetuate some views that are continuing to cause conflicts within the sandalwood industry. Specific examples include:
  - o section 3.41 refers to pastoralists that have undertaken harvesting activities for the FPC. The report could have clarified that the pastoralists are paid to work as contractors, as wild sandalwood is a State owned resource.
  - o section 3.42 refers to submissions that suggest FPC is stifling the development of the industry for its own gain. The report could have clarified that FPC is an agent of the State and is selling the State owned resource on behalf of the State; and
2. With respect to the discussion of plantation sandalwood in Sections 5.9 to 5.15, there are two distinctly different plantation resources in Western Australia. One resource is *Santalum spicatum*, which is planted in the Wheatbelt region and the second is *S. album*, which has been established in the east Kimberley. It is not clear why this section of the report focuses on the *S. album* resource when it is actually the potential of the *S. spicatum* resource that must be evaluated when considering the level of wild harvest and the industry transition that will be necessary.

If you have any enquiries regarding this response, please contact Mr Jim Sharp, Director General of the Department of Parks and Wildlife on 9219 9960 or [jim.sharp@dpaw.wa.gov.au](mailto:jim.sharp@dpaw.wa.gov.au), or Mr John Tredinnick, Director Forest Operations at the Forest Products Commission on 9363 4619 or [john.tredinnick@fpc.wa.gov.au](mailto:john.tredinnick@fpc.wa.gov.au).

Yours sincerely



Albert Jacob MLA  
**MINISTER FOR ENVIRONMENT;  
 HERITAGE**



Mia Davies MLA  
**MINISTER FOR WATER; FORESTRY**

Att.

2 JUL 2014

**ATTACHMENT 1: GOVERNMENT RESPONSE TO RECOMMENDATIONS OF THE STANDING COMMITTEE ON ENVIRONMENT AND PUBLIC AFFAIRS REPORT 35 - INQUIRY INTO THE SANDALWOOD INDUSTRY IN WESTERN AUSTRALIA**

Recommendation	Government response	Comments
<p>1. The Committee recommends that the Minister for 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.</p>	<p>Supported</p>	<p>As the 2014-15 sandalwood season begins in July, there is insufficient time for the Order to be reviewed and implemented for the coming season. Government supports a review of the Order prior to 2016. The review should consider:</p> <ul style="list-style-type: none"> <li>• future yields from plantations of Western Australian sandalwood (<i>Santalum spicatum</i>) and the need to maintain continuity of supply until these plantations produce commercial volumes of high value products; and</li> <li>• the lack of natural regeneration of wild sandalwood. Regeneration is largely dependent on harvest revenue that is used to support the FPC's successful seeding program.</li> </ul>
<p>2. The Committee recommends that the sole responsibility for regulating and licensing the sandalwood industry in Western Australia be vested in a single agency.</p>	<p>Supported</p>	<p>It is considered that the responsibilities for regulating and licensing the sandalwood industry already sit within the one agency, namely the Department of Parks and Wildlife. Parks and Wildlife is a non-commercial government department responsible for the conservation of the State's native flora, fauna and ecosystems. While the Government is considering whether to include provisions for regulating the sandalwood industry into the new Biodiversity Conservation Act (see response to recommendation 3 below), it would be most appropriate for the Department of Parks and Wildlife to continue in this role.</p>

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Recommendation	Government response	Comments
3. The Committee recommends that the Minister for Environment amends section 20 of the <i>Wildlife Conservation Act 1950</i> to provide consistency to the powers of search and seizure in commercial and residential premises or commit to clarifying these powers in the drafting of new biodiversity legislation.	Supported	The Government is currently considering its proposal for a new Biodiversity Conservation Act. One possible aspect of the proposed Act may be to include specific provisions for the harvesting of wild sandalwood. As identified by the Standing Committee, the current legislation controlling the harvesting, transport and sale of wild sandalwood requires updating. The proposed Biodiversity Act may be an appropriate means to deliver the necessary improvements, such as increasing penalties for illegal harvesting and processing and improving compliance and enforcement powers.
4: The Committee recommends that the Minister for Environment insert a power of arrest for Wildlife Officers in the drafting of new biodiversity legislation.	Supported	
5. The Committee recommends that the responsible Minister and agency place a stronger emphasis on fostering a compliance culture amongst enforcement officers supervising the sandalwood industry.	Supported in part	<p>The regulation of the sandalwood industry is carried out by wildlife officers who have received appropriate law enforcement training and already have a strong compliance culture. Parks and Wildlife has excellent working relationships with the FPC and the WA Police, and will continue to undertake joint investigations into illegal sandalwood harvesting.</p> <p>The biggest hindrance to effective regulation by Parks and Wildlife is the current lack of strong legislation and effective enforcement powers, both of which are intended to be addressed in the new biodiversity legislation.</p>

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Recommendation	Government response	Comments
<p>6. The Committee recommends that all harvesting contracts include a mandatory condition requiring contractors to comply with regeneration and sustainability measures.</p>	<p>Supported in part</p>	<p>Sandalwood contracts already require contractors to comply with sustainability measures described in the FPC's <i>Sandalwood Operations Manual</i>.</p> <p>However, the FPC does not propose to continue requirements for sowing seeds as part of contracts for integrated harvesting (i.e. production of green wood and dead wood). After many years of monitoring and research, it has been determined that regeneration is more successfully achieved by the newly developed mechanical procedure that annually sows 10 tonnes of treated seed (&gt;3.5 million seeds) in 700 kilometres of cultivated rip line. The requirement for seeding as part of integrated contracts has been phased out and only one integrated harvesting contract currently has this requirement.</p> <p>Contracts for the production of dead wood will continue to have a requirement for supplementary seeding. These contracts tend to be in more isolated areas that may not form part of the program for FPC's mechanical process.</p>

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<p>7. The Committee recommends that the Forest Products Commission (or a future responsible agency) review the documentation that it provides to prospective tender applicants in 2014 and the format in which the information is provided, with a view to simplifying the process.</p>	<p>Supported</p>	<p>The FPC has advised it will review tender documentation within the requirements of the <i>State Supply Commission Act 1991</i>. It is important for tender documents to fully describe works required under contract to ensure respondents are fully informed and understand safety, quality control and environmental compliance standards.</p> <p>Within the State Supply criteria, the FPC is investigating the possibility of several smaller parcels of harvesting work that may be suitable for Aboriginal communities, pastoralists or other regional businesses with lesser machinery and/or capital.</p> <p>It should be noted that further tenders for the harvest of sandalwood are unlikely to be issued until 2016.</p>
<p>8. The Committee recommends that the Forest Products Commission reassess the level of assistance available to local manufacturers when it considers new agreements to purchase sandalwood in 2016.</p>	<p>Supported</p>	<p>The FPC has advised it is currently planning the market distribution of the wild sandalwood harvest post 2016. It is important to note that the <i>Forest Products Act 2000</i> requires the FPC to balance the obligations of: (i) trying to make a profit; and (ii) developing local industries.</p>
<p>9. The Committee requests that the Minister representing the Minister for Environment advise the Legislative Council why Recommendation 1 of Report 29 <i>Interim Report Inquiry into the Sandalwood Industry in Western Australia</i> has not been implemented.</p>	<p>Noted</p>	<p>In the lead up to the State election in March 2013, the Government committed to introduce new biodiversity conservation legislation during the current term of government. Given that it is intended that the drafting instructions for the new biodiversity legislation will address the need for appropriate penalty provisions to provide for the effective management of the sandalwood industry, it was considered more appropriate to concentrate on introducing the new legislation rather than amending the existing <i>Wildlife Conservation Act 1950</i>.</p>



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Recommendation	Government response	Comments
<p>10. The Committee recommends that the Minister for Environment immediately review the process of auctioning illegally harvested sandalwood as outlined in section 20A of the <i>Wildlife Conservation Act 1950</i> to address the problems identified in this report.</p>	<p>Supported</p>	<p>The FPC and Parks and Wildlife are discussing the sale of seized illegally harvested sandalwood to the Commission, who would then release it in a controlled manner so as to avoid any adverse impacts on the market.</p>
<p>11. The Committee recommends that the Minister representing the Minister for Environment advise the Legislative Council of the progress of implementing the Government's commitment to replace the <i>Wildlife Conservation Act 1950</i> with new biodiversity legislation.</p>	<p>Supported</p>	<p>The Minister for Environment is pleased to advise that the preparation of drafting instructions for the new Biodiversity Conservation Bill is progressing well and it is intended to introduce the Bill into Parliament during the current term of Government. The Minister has discussed this with the Minister for Mental Health; Disability Services; Child Protection who represents him in the Legislative Council and it is understood she will table a statement in due course.</p>