

Your ref: Petition 152  
Our ref: A2517522  
Enquiries: Mr Greg McAuliffe, ph 6552 4457

Mr Mark Warner  
Committee Clerk  
Standing Committee on Environment and Public Affairs  
Legislative Council  
Parliament House  
PERTH WA 6000

Dear Mr Warner

*Mark,*

### **INQUIRY INTO THE SANDALWOOD INDUSTRY IN WESTERN AUSTRALIA**

Thank you for the opportunity to provide comment to the Standing Committee on Environment and Public Affairs Inquiry into the Sandalwood Industry in Western Australia.

The Department of Regional Development and Lands (RDL) administers Western Australia's Crown Land under the *Land Administration Act 1997*. A major proportion of this land comprises pastoral leases in the State's Rangelands, which RDL also administers.

The Government has initiated a Rangelands Reform Program funded by Royalties for Regions to identify and implement measures to address the substantial and long term decline in the financial and social capital of the pastoral industry and the condition of the Western Australian pastoral rangelands, identified as key issues within separate industry reviews in 2009.

The Program also seeks to create an enabling environment for the growth of sustainable, economically diverse rangeland communities through a combination of land tenure reform, encouragement of new investment opportunities and land uses, and the identification of measures to restore the rangeland's productive capacity and ecological values.

Within Rangelands Reform, the Department of Agriculture and Food WA (DAFWA) leads an Economic Development Working Group (EDWG) comprising Government agencies with regulatory responsibilities, or a significant policy footprint, in the rangelands. As part of this process DAFWA has commissioned the consultancy firm URS Australia (URS) to investigate and report on sustainable land use and economic development opportunities in the Western Australian rangelands. The findings and recommendations of this consultancy will contribute to the articulation of a Government vision for the rangelands which is shared by rangeland communities.

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Rangelands Reform is currently involved in work to identify sustainable economic development opportunities, and the terms of reference for this work explicitly include sandalwood. RDL is aware from various sources that the bulk of sandalwood harvested comes from pastoral leases on the rangelands.

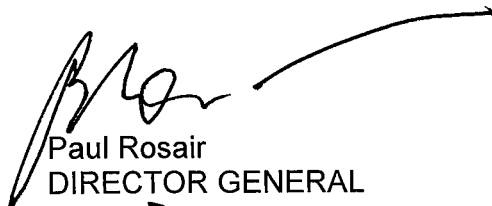
Pastoral leaseholders are understandably keen to have greater access to returns from harvesting wild sandalwood. However, it must be noted that pastoral leaseholders hold a right to graze livestock on public land but that the terms of their lease explicitly prohibit the sale of any product of non-pastoral activity except under permit. Any measures to transfer ownership of sandalwood, or elevated rights to harvest sandalwood, to pastoral leaseholders would likely constitute an elevation of their property rights and would possibly be anti-competitive. More importantly, given the value of the commodity, this kind of action may have implications for the sustainability of the (sandalwood) resource.

Under the current arrangements sandalwood harvesting contracts are awarded through both private treaties and as a result of competitive tender processes. The *Forest Products Act 2000* enables the Forest Product Commission to negotiate contracts by private treaty and almost half of the contracts are a product of private treaty negotiations. Pastoral leaseholders have the right to tender for contracts to harvest sandalwood through a competitive process, and their location could afford them a competitive advantage in this tendering process.

RDL acknowledges the merits of the current arrangements governing the sandalwood harvest in protecting the sustainability of the resource while providing pastoral leaseholders the opportunity to participate and derive economic benefit.

For further inquiries please contact Mr Greg McAuliffe, Senior Policy Officer, Strategic Policy and Projects, Department of Regional Development and Lands on telephone 08 65524457.

Yours sincerely



Paul Rosair  
DIRECTOR GENERAL

22 <sup>ND</sup> October 2012

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