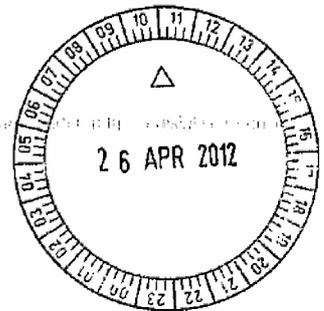


Hon **Wendy Duncan** MLC

Member for Esperance, Forest Product | Minister for Forestry, with Portfolio Responsibility for Regional Development | Independent | www.wendyduncan.com.au



Our ref: 1204241DLH

Hon Brian Ellis MLC
Chairman
Standing Committee on Environment and Public Affairs
Parliament House
PERTH WA 6000

Dear Mr Ellis *Brian*

RE: Petition No 152 – Request for a Royal Commission into the Forest Product Commission

Thank you for your letter of 22 March 2012, acknowledging receipt of the above petition and inviting me to provide a written submission regarding issues related to it.

Please find attached my submission, which outlines the existing structure of the Western Australian sandalwood industry and outlines concerns regarding its management.

Yours sincerely

A handwritten signature in black ink, appearing to read "Wendy Duncan".

Hon Wendy Duncan MLC
Member for Mining and Pastoral

PUBLIC



**SUBMISSION TO THE STANDING COMMITTEE ON ENVIRONMENT AND PUBLIC AFFAIRS REGARDING
PETITION 152: REQUEST FOR A ROYAL COMMISSION INTO THE FOREST PRODUCTS COMMISSION**

Background.

Since 1929, the Western Australian Sandalwood Act has been the framework for the administration of the sandalwood industry in WA. It is currently implemented and administrated by the Department of Environment and Conservation (DEC), which is the body responsible for issuing of licences, including those to the Forest Products Commission (FPC).

Under the Act, the Governor by Order in Council has the ability to limit and restrict the quantity of *Santalum spicatum* that may be pulled or removed from Crown land and private property. The current order limits wild harvesting to a total of 1500 tonnes of green and 1500 tonnes of dead material per financial year.

In 2000 the Forest Products Act was passed and harvest of all forest products on Crown land became the responsibility of the FPC. The FPC has an export licence for 1000tonnes/annum of unprocessed sandalwood (expiry 2016).

The *WA Sandalwood Industry Development Plan 2008-2020* states that the managed population of wild *S. Spicatum* from the WA rangeland had been fairly constant for many years, at about 2000t/year of logs, in accordance with past management plans, and that about 1300 tonnes was green wood and 700 tonnes dead wood, though the proportion of each varied from year to year.

More recently, the better grade of product has been diverted to the Mt Romance Australia and Paperbark Essential Oils companies, with Mt Romance having a contract for 300t of unclean logs, 200t of butts and roots and 50t of small green logs. This contract expires in 2016.

Wescorp Sandalwood Pty Ltd is the world specialist in *Santalum spicatum* sandalwood. It processes and markets over 2,000 tonne of Western Australian sandalwood per annum. It is the agent for the FPC for processing and marketing all of the WA Government's sandalwood.

It produces approximately 1500 tonne of powdered sandalwood of various values per annum which are exported directly to the agarbatti industry in suitable regions of the world. The balance is sold as pre-grind with very little being exported as "raw" sandalwood. Wescorp Sandalwood only sells the *Santalum spicatum* species wood; pre-grind; powder and oil. Wescorp on-sells the product to buyers in countries like Taiwan, Hong Kong and Singapore, basically as material for the incense trade.

New Mountain Sandalwood Pty Ltd is a manufacturer, brand owner, and marketer of finished sandalwood products to Australian retailers and distributors overseas. Wescorp Pacific Sandalwood Pty Ltd specialises in all other *Santalum* sandalwood other than *spicatum*. This merchant company trades in *Santalum lanceolatum*, *yasi* and *austrorcaledonicum*.

Plantation sandalwood is not covered by the Act, except in that wood from plantations must be identified as such so that it is not confused with wild stock. This involves licensing/registration of plantations producing sandalwood for traceability purposes.

The petition presented to the Legislative Council of the Parliament of Western Australia, on behalf of Keith Mader, has called for an investigation of FPC's management of the sandalwood industry.

My major concern is that mismanagement of the State's existing sandalwood will result in plundering of stocks and an industry that is not sustainable. Sandalwood is being illegally harvested and such harvesting is out of the control of the bodies charged with administration of the Act. Replanting and regeneration of harvested areas will not be occurring where illegal harvesting has taken place.

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