



## MINISTER FOR ENVIRONMENT; WATER

Our Ref: 42-14996

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

Dear Mr/Ellis *Brian*

Thank you for your letter dated 28 May 2012 regarding Petition number 152 – Sandalwood Industry, tabled by the Hon Wendy Duncan MLC in the Legislative Council on 20 March 2012, seeking my comments on the terms of the petition and the submissions.

You have raised a number of matters that relate to the responsibilities of the Department of Environment and Conservation (DEC) and also to the Forest Products Commission (FPC). My response addresses DEC's responsibilities and sandalwood harvest management generally. Questions relating to the activities of the FPC, which has the prime responsibility for contract sandalwood harvest management on pastoral leases, should be addressed to the Minister for Forestry, Hon Terry Redman MLA.

Australian sandalwood *Santalum spicatum* is a native tree, found in semi-arid areas of Western Australia to the south of a line east from around Exmouth, that is harvested for its oil and aromatic wood. It is a slow-growing species and harvesting kills the tree as it is normally pulled from the ground by the roots. The native sandalwood population is significantly reduced from its pre-European settlement level of abundance and natural range as a result of past harvesting and poor recruitment. Sustainable harvesting requires careful management and consideration of re-establishment and retention of seed stocks. Successive governments have recognised naturally occurring native sandalwood to be a State resource where it occurs on Crown land and to require sustainable harvesting controls where it occurs on private land. As pastoral leases are Crown land, the property in naturally occurring sandalwood on these leases rests with the Crown.

The harvesting and sale of sandalwood on Crown land are currently managed by the FPC under arrangements in place pursuant to the *Forest Products Act 2000*. Under agreement with DEC, the FPC issues harvesting contracts to sandalwood pullers to harvest up to a total of 1,350 tonnes of green, and 1,350 tonnes of dead, sandalwood annually. These figures have been established to restrict the total annual harvest to within the 1,500 tonne annual limit for green sandalwood and 1,500 tonne annual limit for dead sandalwood established under the *Sandalwood Act 1929* Order in Council (1996).

Under FPC contracting arrangements, parties are engaged to pull sandalwood with allocated quotas. Sandalwood pullers can be pastoralists who apply to the FPC for a quota where they are successful in receiving an allocation. Sandalwood pullers operating on Crown land, including pastoral leases, are required to deliver all pulled sandalwood to a marketing agent selected by the FPC.

The FPC has in place arrangements to identify and harvest sandalwood on mining leases over Crown land. I also understand that while the FPC can enter into arrangements to harvest sandalwood from private land, they have not done so to date. The FPC has advised DEC that external auditors have certified all sandalwood planning, harvesting and silvicultural activities against ISO 14001.

Sandalwood pulling is also subject to licensing under the provisions of the *Sandalwood Act 1929* and the *Wildlife Conservation Act 1950* which are administered by DEC. DEC regulates the harvesting and sale of sandalwood on private property, with the FPC operating harvest controls through contracting arrangement on Crown land, as outlined above.

The demand for sandalwood has seen the price per tonne rise in recent years and this has resulted in an increase in suspected illegal harvesting. The legislation covering sandalwood (the *Sandalwood Act 1929*, the *Conservation and Land Management Act 1984*, the *Wildlife Conservation Act 1950* and the *Forest Products Act 2000*) is not ideal for efficient sandalwood management and there is scope for increasing penalties in particular for unauthorised harvesting. Consideration is being given to improvements to the legislative regime governing sandalwood.

Pastoral leases under the *Land Administration Act 1997* principally allow the lessee to undertake pastoral activities on the Crown land and to undertake management of the leased area as necessary to pursue the pastoral activity. As sandalwood on Crown land is a Crown resource, pastoral lessees do not have a right to the sandalwood on their leases.

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While Diversification Permits can be issued to pastoral lessees for diversification that is secondary to the pastoral purpose and special leases can be issued by the Minister for Lands for specific activities, such as tourism developments, there is no current provision for allocating sandalwood harvest rights to pastoral lessees other than as a contract-for-harvest arrangement through the FPC.

The Southern Rangelands Pastoral Advisory Group, established by the Minister for Agriculture and Food and chaired by Hon Wendy Duncan MLC, noted that the economic potential for pastoral lessees in the area from their pastoral enterprises continues to be poor, due primarily to depressed markets for rangelands sheep products. The group recommended that the Government should *"Encourage and support opportunities for industry and market development"*.

Sandalwood has proven difficult to regenerate after harvesting, with much of the already limited natural regeneration eaten by herbivores including feral goats. The FPC has attempted to improve regeneration through conditions placed on harvest contractors requiring seed planting and goat control.

The proposal to allow pastoralists to harvest and market sandalwood would involve transfer of a resource, which currently brings significant revenue to the State, to pastoral lessees. Significant policy change would be required to transfer the right to harvest sandalwood to pastoral lessees, or to provide some form of exclusivity to harvest contracts on pastoral leases to the lessees. Such a transfer would also require the maintenance of a strict regulatory regime as it could lead to over-harvesting and reduce the species to near extinction in pastoral areas within a few years in the absence of such a regime. While sandalwood has a very high current market value, a relaxation of current sustainable harvest quotas would likely lead to both over-harvesting and also to price falls until a new harvest shortage resulted.

In June 2010 Austoils applied to DEC for a five year licence to take 500 tonnes of sandalwood per year from mining tenements and sought to harvest 1,000 tonnes in 2010-2011. Such quantities are well in excess of the amounts available under the Order in Council and equate to unsustainable levels of harvesting. The licence applications were declined. The FPC has the legal ability and appropriate arrangements to harvest sandalwood on mining tenements on Crown land. As the availability of sandalwood is limited, Austoils has been advised to discuss their proposals with the FPC.

In relation to private land, DEC inspects each property that is the subject of an application to pull sandalwood. Inspecting officers verify the land status and the existence of the sandalwood claimed to be available. Green sandalwood trees with a trunk diameter of less than 400mm in circumference, when measured over the bark at a point 150mm above the ground level, are considered unsuitable for harvesting.

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Trees larger than this size are available for harvesting and DEC requires, as a licence condition, the retention of at least 10 per cent of trees over the minimum size on each property, to provide for long-term species survival. Licences are issued subject to a number of additional conditions, including a requirement to submit returns on the sandalwood harvested.

Sandalwood is a limited resource and care is required to ensure that it is managed in a sustainable manner.

There has been considerable private investment in plantation sandalwood on agricultural lands over the past 20 years. The value of this private resource will most likely be influenced by any changes in the availability of natural stands of native sandalwood.

I trust this information is of assistance to the Standing Committee.

Yours sincerely



**HON BILL MARMION MLA  
MINISTER FOR ENVIRONMENT; WATER**

25 JUN 2012

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