

**STANDING COMMITTEE ON
ENVIRONMENT AND PUBLIC AFFAIRS**

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

**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
WEDNESDAY, 19 JUNE 2013**

Members

**Hon Simon O'Brien (Chairman)
Hon Stephen Dawson (Deputy Chair)
Hon Brian Ellis
Hon Paul Brown
Hon Samantha Rowe**

Hearing commenced at 10.42 am

SHARP, MR JAMES

Acting Director General, Department of Environment and Conservation, sworn and examined:

WYRE, MR GORDON

Acting Deputy Director General, Parks and Conservation, Department of Environment and Conservation, sworn and examined:

KEALLEY, MR IAN GORDON

Regional Manager, Department of Environment and Conservation, Goldfields, sworn and examined:

The CHAIRMAN: On behalf of the committee, I welcome our witnesses to the meeting. Before we begin, I ask you to take either the oath or affirmation.

[Witnesses took the oath or affirmation.]

The CHAIRMAN: You each signed a document entitled “Information for Witnesses”. Have you all read and understood that document?

The Witnesses: Yes.

The CHAIRMAN: These proceedings are being recorded by Hansard and a transcript of your evidence will be provided to you. To assist the committee and Hansard, I ask you to please quote the full title of any document you refer to during the course of the hearing, for the record. Be aware of the microphones and try to talk into them; please try to avoid covering them with papers.

I remind you that your transcript will become a matter for the public record. If for some reason you wish to make a confidential statement during today’s proceedings, you should request that the information be taken in closed session. If the committee grants a request, any public or media in attendance will be excluded from the hearing. Please note that until such time as the transcript of your public evidence is finalised it should not be made public. I advise you that publication or disclosure of the uncorrected transcript of evidence may constitute contempt of Parliament and may mean that the material published or disclosed is not subject to parliamentary privilege.

Mr Sharp, this is the first hearing of the reconstituted Standing Committee on Environment and Public Affairs. I am aware that you and other witnesses assisted our predecessors on this committee on an inquiry into the sandalwood industry. That committee tabled a report, report number 29, in November 2012, which contained some recommendations. My first question is: are you aware of that report?

Mr Sharp: Yes; I am aware of that report.

The CHAIRMAN: My second question is: what action has been taken by the department in relation to the first recommendation of that report?

Mr Sharp: By way of clarification, through the Chair, I did not appear before the previous committee. Our previous director general, now deceased, appeared and presented to that committee, and I was not part of that process. However, I have received the report; I am aware of it and aware of the submissions the department made to that committee.

I would like to respond in relation to the report. The first recommendation refers to the legislation, particularly with a view to increasing penalties. During the last election campaign the government

made a commitment to a new biodiversity act that would replace the Wildlife Conservation Act and that would deal with many of the issues that are reflected in that recommendation. Work is being done to meet the government's commitment by preparing a new biodiversity conservation act.

The CHAIRMAN: Are there any other opening remarks or observations that you would like to make at this point?

Mr Sharp: The only observation I would make is that we did make a substantial submission to the previous committee and provided some additional information that was required after the hearing, as I understand it. I would say that a lot of information provided was in there.

The CHAIRMAN: There is, and thank you for that.

I turn now to a few questions that I have, and then I will invite my colleagues to also participate.

At the DEC hearing in October last year, the former director general, Mr McNamara, advised the committee that legislative reform was a key issue in the sandalwood industry—we were all saddened to hear of his passing. He raised the issue of updating the sandalwood management plan and reforming the policy behind the legislation. What steps are being taken to update the management plan governing sandalwood and its harvesting?

[10.50 am]

Mr Sharp: There have been no specific actions taken to adopt that in the management plan. I will refer to my colleagues in a moment, but I would see that—primarily, the basis of the management plan would be greatly improved by a new biodiversity conservation act replacing the Wildlife Conservation Act as the basis for that, but can you add —

Mr Wyre: Yes, I can add to that. As Keiran advised the previous committee, the previous management plan that helped to guide the harvest management for sandalwood expired some decade ago. There would certainly be value in replacing that with a new management plan. We have had some discussions with the Forest Products Commission prior to the hearings about the possibility of updating the management plan. But as the acting director general has advised, we are now focused very much on preparing the biodiversity conservation act; getting government support and a government priority for drafting a biodiversity conservation act. One of the aspects that will be considered by government in the preparation of that biodiversity conservation act is whether management plans for harvesting wildlife or flora or sandalwood would actually become a legally binding document. One of the weaknesses of the previous management plan was that it was in no way legally binding. It was just a guide about what management approach the government agencies involved should be taking. So that is a key issue that the government needs to consider and that will be part of our submission in relation to the biodiversity conservation act.

The CHAIRMAN: Thanks for that. Has there been any further discussion taking place regarding the possibility of licensing sandalwood buyers or dealers?

Mr Wyre: I can answer that. Yes, as the acting director general said, we have prepared an internal working document that has the various changes that we would like to see in the legislation to provide services like the licensing of buyers and dealers. That is now a reference document that is going with that biodiversity conservation act preparatory material. As it currently stands, the Sandalwood Act is a very brief act; it is just a few lines. It is a major piece of work to change the Sandalwood Act to start licensing dealers and the sale of products and everything. We are still working out whether it is more appropriate to go down the path of amending the Sandalwood Act or trying to put these provisions into the proposed biodiversity conservation act.

The CHAIRMAN: You provided a submission, I recall, to the earlier committee's inquiry providing suggested options for legislative changes. I think, from memory, there were about nine options listed there, with option one being the preference. Is the reference document that Mr Wyre has just referred to a further evolution of that discussion?

Mr Sharp: It is our preferred option that the Sandalwood Act be actually repealed and you have a much more substantive—we indicated in our preferred option provisions in the Wildlife Conservation Act. This actually goes beyond that to some degree because rather than having more substantive provisions in the Wildlife Conservation Act, we were actually presenting the case that there should be a new biodiversity conservation act that replaces the Wildlife Conservation Act, which picks up those provisions. The document that Mr Wyre is referring to would be a part of that. In our submission we did say there was a preferred option—I think it was the last statement in our presentation—and we still hold to that as being the best way of moving forward.

The CHAIRMAN: Okay. This further internal reference document that you have referred to, it sounds to me like it is the next —

Mr Sharp: Iteration —

The CHAIRMAN: — iteration of this. Would you be able to make a copy of that available to the committee?

Mr Sharp: Yes, we will make that available.

The CHAIRMAN: All right, thank you. We look forward to receiving that. In previous evidence, I think sundry witnesses had observed that there is a complexity of jurisdictions here in terms of about four acts of Parliament and a couple of government agencies involved in the management of sandalwood. Can you update the committee on any discussions or advice that you have received from the State Solicitor's Office regarding the different statutes and how best to review the policy behind the legislation.

Mr Sharp: I am not aware that we have had any further advice in that regard—I do not think we have any advice in that regard. What we have been working on is how you would proceed with that preferred option in terms of progressing the new biodiversity conservation act. You are right about the four acts and several agencies; our preferred option is to reduce some of that complexity. It does not reduce it all, but it reduces some of it, basically.

The CHAIRMAN: Yes. My final question before I throw it open to my other colleagues is: is there any further action being taken by the department to address the ongoing problem of illegal sandalwood harvesting?

Mr Sharp: Yes. We have been extensively involved in activities to deal with that. I could specifically refer to Mr Kealley who has that as a direct responsibility.

Mr Kealley: There has been a lot of activity. When we were last before the committee—and even before that, there were a number of seizures. Supplementary information that came to the committee outlined the, I think, 12 seizures and investigations underway at that stage. They have progressed and we have had additional seizures and there are additional investigations underway. The inadequacy of the legislation and the fines were something that was causing us a lot of grief. We have subsequently started working much closer with the police using the Criminal Code in relation to sandalwood being stolen under the Criminal Code, and also the dealing of sandalwood being receiving under the Criminal Code.

There have been some very active developments in that space in that seven people have now been charged under the Criminal Code with either stealing or receiving offences. Six of those are in the Kalgoorlie court tomorrow and one will be in the Northern court next week. They are charges laid by the police and, of course, the Criminal Code carries substantial penalties. Stealing is seven years' jail and receiving is 14 years' jail. That has certainly caused a lot of discussion amongst the illegal sandalwood operators, and when that hits the media tomorrow in terms of who has been charged with stealing and receiving substantial quantities of sandalwood—they are of very large values—whilst there is still a legal process to be undertaken around that, evidence will be produced and, ultimately, the magistrates will make a determination in terms of those charges. It is a significant development in the management of illegal activities and pursuing of people for those illegal

activities. There were also about another eight or nine investigations that will probably lead to charges under the same areas of the Criminal Code.

The CHAIRMAN: Have those actions you have described already resulted in less illegal activity, do you think, or are likely to?

Mr Kealley: I think it has probably had two effects. Yes, there were a lot of people that thought they were going to get away with a \$200 or a \$4 000 or a \$10 000 fine who have suddenly realised they could go to jail for seven years. There were a lot of very nervous people out there who had been involved in sandalwood who had been charged and/or are under investigation. Word coming back to DEC through informants—and feedback right across the state—is that some people who were involved in sandalwood have stopped doing it pending resolution of who is going to go to jail, presumably.

The other aspect is that it has probably forced some of the activities a little deeper underground, but it certainly has slowed down that which we are aware of. It has not stopped it and that is the nature of illegal activities—even substantial fines and prosecutions do not stop people breaking the law, but of course it is now fully realised what the consequences are and they are substantially more than the fines under the other four bits of legislation.

[11.00 am]

The CHAIRMAN: That is a big development since six months ago.

Mr Kealley: It is a very big development and we will see what happens in the Kalgoorlie court tomorrow and whether they plead guilty or not guilty. One would assume that some might plead either way, but, yes, it has certainly made a lot of people think about what they are doing and it has had an impact.

Hon BRIAN ELLIS: Congratulations on your recent seizure, because you have probably achieved what the previous committee was trying to achieve when it tabled that report—to some extent anyway. I had some concerns relating to that report pointing out that the findings were so small that they may not deter the illegal trade. I was a bit concerned that we actually might increase the trade because people would be rushing in to get as much sandalwood as they could before the regulations came into effect to change it. But you have pointed out to them that they can go to jail, which is probably even better than the raising of the fine. Have you noticed since that report whether the activity has increased, until this latest seizure anyway? I was just a bit concerned that that might happen until new changes came in.

Mr Kealley: No; there was no noticeable increase in activity. Illegal sandalwood harvesting is very seasonal. People do not like being out in the outback in the middle of summer, so it has always been seasonal and activity increases from about Easter, April, through and winds down when it starts getting hot again. Now is the time of year we again start to get reports and we are monitoring offenders and working with police in terms of tracking vehicles and all of those types of things. The information that is now in the community, the greater awareness, means that we are getting a noticeable increase in the intelligence coming in to both us and the police. The police media release that came out in relation to the current charges was using the 1800 Crime Stoppers number and certainly Kalgoorlie police received calls as a result of the associated media coverage, of dobbing people in and giving information, which is, of course, the way the whole system of gathering intelligence works. I do not think there was an increase as a result of publicity associated with the level of illegal activities being reported or the value of sandalwood; it was happening anyway. While you can never define this, I would suggest at the moment that there has actually been a reduction in the amount of illegal harvesting. There are also some extremely nervous buyers around at the moment in that the receiving penalties are double the stealing penalties, which is the way magistrates like it to be, because if people did not receive, there would not be stealing. As a result of charges, one would expect that there will be additional intelligence and information flows,

particularly if someone is put in jail and they are trying to be a bit more forthcoming in terms of providing evidence against others. That is the normal investigative process.

Hon BRIAN ELLIS: I gather from what you are saying that there is still a need for the new biodiversity act—new regulations and new legislation—to cover sandalwood. It came up in the previous hearing that some of the legislation goes back to 1929, so it is about due for an upgrade. I remember the former director general saying it only become a priority in probably the last year and a half at the time of the hearing. The increase in trade means there is a requirement for an upgrade in the legislation.

Mr Sharp: The issue, I guess, is twofold. It is about an illegal activity. The concern is, particularly using the biodiversity and conservation act, to make sure of both legal and illegal activity if it continues. They come together to deal with the issue of sustainability of the sandalwood as a species. That is what we need to deal with, the sustainability issue. We need improved legislation and legislative capacity to manage the species as well as to deal with the impacts of what might be illegal or even legal activity. The report of the committee is helpful in both those directions.

Hon BRIAN ELLIS: Is it still your belief—I think it was pointed out in the previous hearing—that the operation or the management of sandalwood would be better under one department or one organisation?

Mr Sharp: Certainly if there was clearer, more concise legislation—we have suggested you do it under a revised Wildlife Conservation Act—it would be a significant improvement. There would still be other organisations involved under that outcome in terms of harvesting and sale, but certainly one piece of bolstered legislation with greater clarity would be a significant improvement of it.

Hon STEPHEN DAWSON: Thank you for the opportunity to chat to you all today. I am very pleased to hear that the Wildlife Conservation Act is about to be updated and we will finally get a new act. I know a number of ministers over the years have tried and failed. It would probably help us in our deliberations if we got a sense from you about when we might expect a new act.

Mr Sharp: I do not have in front of me the exact details of anticipated timing, but I can say it is an absolute priority of the government. The commitment was made during the election campaign and so we will be working on an introduction as soon as possible.

Hon STEPHEN DAWSON: I am pleased to hear that because it has been decided not to go ahead with a number of other commitments made during that election campaign.

The CHAIRMAN: I am sure they are all in the pipeline.

Hon STEPHEN DAWSON: I hope and trust you actually get your new act. In terms of the enforcement that has gone on in the last while, I am pleased, Mr Kealley, to hear of the court activity in Kalgoorlie tomorrow and of that in Northam. Have you been able to get extra resources to police these issues over the past few months?

Mr Kealley: Not within the department. We work with the resources we are given and have got; that is the best answer. I suppose by bringing the police in, yes, we have brought in extra resources. There was a police task force operating out of the wheatbelt associated with seizures and they have done a power of work working with DEC wildlife officers and other staff, and we have the same in Kalgoorlie. The police have really stepped up and given us access to the capabilities of the detectives working on sandalwood. These are amounts of sandalwood of substantial value, and as it said in the police media release, you are talking in excess of 100 tonnes and a value of \$1.1 million, so it is worth investing that amount of effort in chasing these illegal operators. There are no additional DEC resources. I might just say, if it is all right, that it is a matter of, I suppose, better coordination of what you have got, and you can achieve a lot more. When the illegal activity started to increase and we were getting the reports, there was greater coordination across the state. We have had meetings in Perth and briefed directors right through to the ministerial level. We have the

nature protection branch, the regional staff and the regional wildlife officers working closely together in terms of intelligence gathering and collecting of that information, whereas traditionally we would probably work in a more isolated manner, so a wildlife officer in Kalgoorlie would be progressing something, but it is now essentially coordinated and we are working with the police.

Hon STEPHEN DAWSON: Just one final question that relates to questioning from Hon Brian Ellis about the agency that will be responsible for managing sandalwood under the new act. Have conversations orally taken place with the FPC about that? Have they had input into the new bill?

Mr Sharp: The progression of the biodiversity and conservation act has not gone to that level yet. Looking at roles and responsibilities would be at a later stage.

Hon PAUL BROWN: Just going back to the court action taking place at the moment, you say that there are seven individual actions. Are they seven individuals or are they one or two individuals being prosecuted multiple times?

Mr Kealley: There are seven charges involving six individuals. That relates to a number of seizures in various locations around the state as per the recent media releases from Kalgoorlie, Menzies, Eucla and New Norcia. There is one individual who has been charged for two offences.

Hon PAUL BROWN: At this point I am not interested in names or anything, I am just interested to see where the dynamics work.

The CHAIRMAN: I think, Mr Kealley, you said proceedings would happen tomorrow in the Kalgoorlie Magistrates Court.

Mr Kealley: That is right. The charges were laid and the first hearing is in the Kalgoorlie Magistrates Court tomorrow and next week there is a hearing in Northam for one individual. So there are six people fronting Kalgoorlie court tomorrow and one in Northam next week.

Hon BRIAN ELLIS: Was that dead or green sandalwood?

Mr Kealley: Primarily green. Most of the illegal harvesting is green and this was included in the transcript or in the evidence last time. The nature of the illegal sandalwood operations is that they are chasing the absolute best quality sandalwood, I think I referred to it as creaming the country. They go out with a chainsaw and cut off the sandalwood on the ground rather than taking the roots, because they are much more time consuming to get out of the ground. They will take the best log, because that is what they get the highest price for, which is very wasteful, whereas a normal commercial operation takes as much utilisation from every possible tree as they can get and they also harvest dead wood, as do the private property licence holders, they harvest green dead wood. The preference is for dead wood because it is more sustainable than green wood, but I would suggest that almost 100 per cent, if not 100 per cent, of illegally harvested sandalwood would be the top-quality green logs in an operation that takes the cream of the crop.

Hon SAMANTHA ROWE: I just wanted to ask a question on what you think the penalties should be increased to so that they would actually become a deterrent.

Mr Sharp: I will have to throw to those who have thought more about that. I think the point that has emerged has been that if the Criminal Code becomes the basis for management, we really are in a much better position, regardless of what the penalties are set out, because you operate in a regime that I think is far more punitive and provides a greater disincentive. In terms of consideration of penalty levels, I do not know whether we had even countenanced what they would be.

Mr Wyre: There has not been any discussion on the levels. What we have had from the Premier is that he has identified penalties for threatened species of the order of \$500 000 rather than \$10 000 at the moment, so we are looking at that sort of ball park figure. The other thing that will need to be considered in terms of the completion of the biodiversity act is that commonwealth legislation in this area has differential penalties for corporations and individuals. There is no differentiation under the Wildlife Conservation Act, the Sandalwood Act or indeed the CALM act for penalties for

corporations or individuals. That is an area of law that we have not tested yet and that has not been discussed across government. Obviously when you are dealing with the quantities and values of product that we are dealing with here, that does become an issue worth considering. If there is an organised group of individuals peddling sandalwood, maybe they should get a greater penalty.

The CHAIRMAN: Presumably that would all be caught up in the context of recommendations to government for legislative change that you are working on presently.

Mr Sharp: Yes, they will be considering that.

Hon PAUL BROWN: It is my belief that the seized amounts currently do not get taken off the licensed amount, I think the 1 500 and 1 500 green. In the new act or the provisions of the act we have been provided with, will there be something in that so that seizures—that is, illegally seized—will be taken off the licensed amount?

Mr Sharp: I will throw to my colleagues, but my initial comment would be that we would go back and perhaps look at what is sustainable and that would need to be looked at under a new act and it would be picked up in that process. I guess you could make some allowance for what is taken illegally, but that would not be the basis for making that decision.

[11.15 am]

Mr Wyre: I think we have said in our evidence before that that probably would not be the case. In that way, it is penalising the people who are operating legally and legitimately by reducing their quantities that they would be dealing with.

Hon PAUL BROWN: Could that not be supplied to them as part of the 1 500 or their licence?

Mr Wyre: Yes, and we have covered that before. The problem then becomes, is there a backdoor incentive for people to operate illegally? As the acting director general was saying, over time, however, because you are depleting the wild resource, that would have a major impact on what would be available to harvest in future. It might not be an immediate thing for that particular year but looking five or 10 years in the future when there is a major revision of the wild stocks of sandalwood, obviously they would have been diminished by the illegal take and then the legal take would have to be reduced.

The CHAIRMAN: I think the 1996 Order in Council was the most recent time that a quota has been determined and publicised. That is set at 1 500 tonne of green sandalwood and 1 500 tonne of so-called deadwood. I understand that about 10 per cent of the respective quantities harvested come from areas under your jurisdiction; that is, non-FPC-managed plantations.

Mr Wyre: That is correct. The private property harvest quota is a maximum of 300 tonnes, which is 150 tonnes of dead and 150 tonnes of green.

The CHAIRMAN: Noting that that Order in Council and those figures were struck back in 1996, is that proving to be an enduringly sustainable level in your view or does it need to be adjusted upward or downward or otherwise re-visited?

Mr Sharp: I think we have indicated in our submission—I think others have as well—that there are some questions about the sustainability of that level.

The CHAIRMAN: That is what prompts my question. Are there any other observations you might like to make to the committee about that?

Mr Sharp: Our observation would be that it is important that we have a legislative basis to manage this species well. At the same time we would need to move towards an understanding of what is sustainable as we have a legislative basis for implementing a sustainable management program for it.

Hon BRIAN ELLIS: Would one of those priorities be licensing from collecting, buying to export?

Mr Sharp: Yes, absolutely.

Hon BRIAN ELLIS: The only reason I ask that is that it seems it would be a whole lot easier for you to trace all the way to the export and that means it helps sustainability as well because you know exactly what is going on.

Hon PAUL BROWN: To get the licensing for export though, would you have to be dealing with Customs to do that effectively?

Mr Sharp: Gordon has much more experience with that in terms of other species. That would be picked up under other legislation we could set under this legislative regime.

Mr Wyre: Under the commonwealth legislation as it stands at the moment, one of the standard requirements it has for wildlife products to be exported is that the state has issued an export permit for it. That currently does not apply to sandalwood because it goes out as a wood product, not as a wildlife product, but that is something that we would look at. We have a standard system. For instance, the commonwealth will not allow a wild harvested kangaroo to be exported unless there is a state export permit as well.

The CHAIRMAN: In your observation so far, is legally harvested sandalwood tending to go to the domestic market, including interstate, or is it being shipped overseas?

Mr Sharp: I will have to ask Mr Kealley to answer that but I think we would be hypothesising. I do not think we have any hard indications around that.

Mr Kealley: I think it is going to domestic and it is also being shipped to the incense market. What quantities are going in what direction is almost impossible to tell. We are certainly aware that there have been interstate transfers to ports. There is stuff going out through Fremantle in containers and sandalwood is being processed domestically as well, into sandalwood oil and other products.

The CHAIRMAN: I have one other question I would like to put to you. I note that contracts between FPC, Wescorp, Mt Romance and so on are all coming up in the next few years, about 2016.

Hon STEPHEN DAWSON: One is 2014. That was going to be my question.

The CHAIRMAN: Let us combine the question to say that we note that some key contracts are coming up in the next one to three years, which presumably will be something of a moment of truth for the sandalwood industry and its future and also for those who are responsible for regulation. Can you please comment as to what progress and planning you have made, both as an agent or as one of a number of agencies in meeting the challenges that are obviously just down the track?

Mr Sharp: There is the awareness that sandalwood is an issue. Going before a committee such as this—it has been raised and issues have been dealt with—have raised the significance. We are certainly aware of the need for the biodiversity conservation act to be enacted to give us a basis for improved management and regulation, not of the industry but of the species and therefore of the industry. I understand those contracts would be let by FPC, not let by us, but we would think that the progress that we are making would feed into some of that decision making.

Hon STEPHEN DAWSON: Would you seek to have a conversation with FPC to encourage it not to have 10-year contracts that it has had in the past?

Mr Sharp: We would be seeking to discuss the whole issue of sandalwood. I have met and discussed that with the general manager of the FPC. It is in the framework of the consideration of legislation and moving forward and that is part of those discussions taking place.

Hon PAUL BROWN: I have one minor question. You might be able to clarify it for me. FPC currently has a \$5 million subsidy to Mt Romance. It was a business incubation subsidy. Would your recommendation be that that would no longer exist or would that be something that you think FPC should continue with?

Mr Sharp: I am not aware of the basis of how that operates so I cannot really comment on that. That really would be how FPC goes about managing its contracts and its arrangements. That should be done in the context of where we are all moving forward in terms of management of sandalwood.

The CHAIRMAN: This question is possibly to Mr Kealley, noting his operational experience. Is it the case that for a landowner or occupier to take private stocks of sandalwood, they require a licence from DEC?

Mr Kealley: Yes. Under the Sandalwood Act, if you are the owner of what is referred to as alienated land, which is primarily freehold or private property but it can include other classes of land —

The CHAIRMAN: Pastoral?

Mr Kealley: No, not pastoral leases but some Aboriginal lands where management orders have been issued, delegating the responsibility for management to the Aboriginal community, for example. It is largely freehold or private property but some crown land in the goldfields also falls under that category of private property. Anyone harvesting sandalwood on private property on alienated land requires a licence.

The CHAIRMAN: Generally, is that a requirement that is observed and respected?

Mr Kealley: Yes, it is. An application process starts on 1 January every year and finishes at the end of February each year. There is a thorough assessment of those applications against the ownership of the sandalwood and the authority to harvest that sandalwood. You cannot just go and say “you have authority” without proving that. For the financial year, and that is about to happen for 2013–14, licences are issued to individuals to harvest both dead and green sandalwood from that alienated land as per their applications. Those applications are thoroughly inspected and the sandalwood in the field is thoroughly inspected. We confirm that the sandalwood that they said is there is there so there is no opportunity to launder crown land wood. We do post-harvest inspections to confirm that that sandalwood has been removed. That is the maximum of 300 tonnes, or 10 per cent of the Order in Council that we can issue licences for. Then there is reporting, returns and parallel licences to sell the sandalwood under the Wildlife Conservation Act. It is quite a tight system for the private property.

The CHAIRMAN: If a private property holder were to pull sandalwood without a licence, would that be an offence under the Sandalwood Act? Could it be characterised as theft?

Mr Kealley: Not the individual himself; you cannot steal from yourself. If somebody else went in and stole the sandalwood from private property and the owner lodged a complaint with the police, we would follow it up as theft.

The CHAIRMAN: As you described earlier, the use of police is being utilised to some strong effect. What I was getting at through the last several questions I have asked is whether we still have a problem perhaps with private property owners unlawfully taking sandalwood but only being subject to a comparative slap on the wrist by way of penalty if they are detected.

Mr Kealley: It is probably a little more complicated than if someone steals sandalwood from crown land. If they did not have a licence, we would certainly pursue them under the Sandalwood Act. If they were selling sandalwood without a licence, we could pursue them under the Wildlife Conservation Act on that basis. There have been prosecutions for people harvesting sandalwood without licences. If they overharvest—that is, harvested more than allowed under their licence—you could do that but it would probably be a little more difficult to prove theft, particularly if they were laundering crown land wood through that process. I do not think it is a major issue. There is not a lot of sandalwood left on private property in the wheatbelt. There is some around the fringes.

The CHAIRMAN: If they can get a licence, why not just do it?

Mr Kealley: That is right. They can get a licence and harvest. We also work with the private property owners to try to get them to make sure that it is sustainable. Because of the amount of resource, I would not see it as a big issue. We certainly have had issues in relation to private property activities and illegal activities but not to the extent that we know that it is happening on crown land and pastoral leases at the moment.

Mr Sharp: I wish to comment on that. The issue is that there is an incentive to make it sustainable on your private property as opposed to illegal taking because you retain the asset or potential asset.

Hon STEPHEN DAWSON: As interim report 29 was undertaken by the previous Parliament and not our current thirty-ninth Parliament, we did not have an opportunity of getting an official response from government so I may be putting you on the spot. Recommendation 2 of the interim report was that the committee proceed with an inquiry and that the inquiry should include, but not be limited to, a range of things. I am not sure if you have that in front of you.

Mr Sharp: Yes.

Hon STEPHEN DAWSON: Mr Sharp, how helpful would it be to the department if this committee were to choose to go forward with such an inquiry?

Mr Sharp: Sorry; to go forward —

Hon STEPHEN DAWSON: Recommendation 2 states that this committee in this Parliament should inquire into: the roles of the Department of Environment and Conservation and the FPC in the management and commercialisation of sandalwood; how future contracts for the harvesting, marketing and selling of sandalwood can be managed et cetera; the management of wild sandalwood, including monitoring of the resource and regeneration; the government resources required to effectively detect and prosecute the illegal harvesting of sandalwood; and review all legislation pertaining to the sandalwood industry. In light of the fact that you are looking at a biodiversity conservation act, if this committee did such a thing, would that be helpful?

Mr Sharp: In answering that, I made the assumption that that decision had been made. Sorry; that was why I posed the question that you were not proceeding, as such. I think any information that comes forward is helpful. I guess it is a matter of that timing. Whatever comes forward is useful and helpful in this process so far as being incredibly helpful, I think, in terms of both raising awareness and focussing attention. That makes sense. It would be a matter, I guess, of seeing how that timing fitted. We will be progressing, I think, as vigorously as possible to bringing forward the biodiversity conservation act from which these changes would flow. But I consider it would be valuable and helpful.

Hon STEPHEN DAWSON: Thank you.

The CHAIRMAN: I will draw this hearing to a close now, Mr Sharp, unless you or your colleagues have any other observations.

Mr Sharp: No. Thank you very much.

The CHAIRMAN: To conclude the discussion of the point just raised, the committee is very grateful to its witnesses today for assisting us with how we approach this inquiry and the recommendations of the previous committee. We are contemplating how to proceed and in which direction we should proceed. You have helped us a great deal in giving an update on all the recommendations contained in that previous report. I think members, generally, are impressed to note that the previous committee's recommendations have indeed been noticed and acted upon. That is nothing less than what we would expect but we are very pleased to see that that is the case. That will obviously have an effect on future deliberations that we will have in due course. We do appreciate your input, particularly for coming here today. Mr Kealley, you had to come from the goldfields, so we particularly thank you for that.

I think the follow-up from this hearing is that you will be providing us with an internal departmental document about the progress towards legislative changes. I think that is the only outstanding document and I do not think any questions were taken on notice. Once again, thank you very much for your assistance this morning and we bid you good day.

Mr Sharp: Thank you very much.

Hearing concluded at 11.32 am
