



# The Australian Sandalwooder

**Welcome to the 17th issue of the Australian Sandalwooder, a  
produced by the Australian Sandalwood Network Inc.**

*Spring 2017*

## From the Chair

**Bruce Storer**

Dear Members,

It has been some time since the ASN has sent out a newsletter, so I hope this brief one finds you well and happy. There have been some significant developments for the ASN over the past twelve months and I hope this is an indication of things to come.

Firstly, our involvement with the Forest Industry Working Group (FIWG), established by the previous State Government, began as a very promising venture. Identifying the issues facing plantation sandalwood and putting forward solutions to these issues was a very constructive exercise. With the promise of Royalties for Regions funding, the ASN invested much time and effort putting forward our proposals.

We believe it is important to find out how much sandalwood (spicatum) is being grown in WA, how old is it and what condition it is in. Collating and curating a register of growers and their plantations will assist the industry and growers going forward. Also, designing a grading standard for cultivated wood. As plantation wood comes online the ASN feels it is imperative to protect Western Australia's reputation as a quality supplier of sandalwood and that a recognised standard for plantation wood is developed.

These two projects were put forward in a business case for R4R funding, via the Forest Products Commission, who chaired the FIWG. We were informed that \$100,000 had been allocated for sandalwood through the FIWG. Unfortunately, FPC have not been forthcoming with the funds promised and they do not look like doing so. We have raised our concerns about this with the new State Government and they are considering the matter. But it is very disappointing that after two years of hard work, I no longer hold any hope of the ASN seeing any of this State Government funding.

As a result of this, the ASN has decided to go down a different path. With the assistance of the Federal

Government and a group called "Farming Together", funding is available for a membership raising project as well as the formation of a Co-Operative. The first project will be a crowd funding exercise aimed at enlisting a 100 members at \$100 to form this co-operative. The second project will be the legal and structural composition and establishment of the Co-Op. Our aim is to prepare for plantation wood coming online and introduce a fair and integral selling and grading system. I believe the ASN will ultimately hold auctions of product, both seed and wood, for the benefit of growers and Co-Op members.

We are only at the preliminary stages however we wish to keep members informed about our plans and we seek your support. We will endeavour to communicate as much information to you as possible and we welcome your feedback.

Regards,  
Bruce Storer



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## The Australian Sandalwood Association future direction – Dean Butler

The ASN was established as an incorporated body for those interested in growing Australian Sandalwood (*santalum spicatum*) in a plantation environment. The ASN has provided advice on plantation design, site preparation, host tree selection, sandalwood provenance, silviculture, management issues and hosted field days with a wide range of experts in the sandalwood industry.

For many this has provided excellent advice on incorporating sandalwood into farming systems on poorer soils, revegetation projects and shelter belts. Growers range from the hobby farmer to those with commercial scale plantations. Whatever the scale of the operation the sandalwood industry is now poised to begin a new era as plantations approach maturity.

Recently the ASN executive committee has been focussing on the issues that growers will encounter over the coming years. As a result, the executive committee have been exploring the establishment of a grower's co-operative as the next phase of development. The role of a cooperative should provide:

- Development of a standardised grading system
- Transparent market pricing
- Transparent market place
- A regular marketplace for produce (nuts, wood and by products) via an auction system
- A recognised/regulated/standardised point of sale for buyers and processors
- Supply chain assurance for growers, regulators and exporters
- Smoothing demand
- A national inventory
- Marketing for growers in all states

Future opportunities may present in:

- Value adding (nut oil and wood oil processing)
- Supply chain logistics for export markets
- Plantation and Harvest contact point

## Expressions of Interest

Bob Huxley and I are acting as an agent for a buyer who wishes to source a large quantity of fresh (fresher the better) sandalwood nuts for a start-up venture. They are offering a competitive price per kilo and are looking to grow their fledgling business.

There is an opportunity for ASN members to harvest this year's nuts for delivery to depots at Toodyay, West Pingelly or Gabbin. Nuts can be delivered husk on, in sacks clearly marked with name, email address and phone number. When sufficient quantities are collected we will organise a dehushing and sorting day where any last years, defective or small ones will be removed. Payment is made on the remaining kilos.

If you would like to supply some nuts, please contact either Bob or Ros on 9684 8008. Please leave a message on the machine if we don't pick up and we will return your call.



# ASN Nut Wizard Hire

The ASN has purchased 5 'Nut Wizard' nut harvesters. These are ingeniously designed gadgets. They are truly one of those clever devices that have been invented that are simple and yet amazingly effective. I can vouch for their effectiveness in the field, takes away the stress from the back and knees. Also allows you to reach into those hard to get at spots that a rake will not get into. An excellent demonstration can be found at: <http://www.nutwizard.com/>.

The Nut Wizards are available to members for hire at \$10 per day. Includes Harvester and opener BYO Bucket. Contact Bethan Lloyd at [exec@sandalwood.org.au](mailto:exec@sandalwood.org.au) or 9574 5882 or Dean Butler 9574 4364



# Sandalwood News — For those interested, some sandalwood related news articles and media releases since the last newsletter from 2013 follow:

**WA News July 1 2015, Ray Sparvell** (<http://www.watoday.com.au/wa-news/sandalwood--world-cant-get-enough-of-was-fragrant-timber-20150701-gi2lq7.html>)

## **Sandalwood - world can't get enough of WA's fragrant timber**

Western Australia dominates the world supply of fragrant Sandalwood, but now it faces its biggest challenger yet ... itself.

Plantation sandalwood will soon be mature enough to harvest and begin to compete against wild sandalwood.

And the state government is now calling for submissions from all stakeholders in the sandalwood industry to have their say in the future of the industry.

Forestry Minister Mia Davies said the existing industry structure had been in place since 1988 and it was time to take stock.

The minister said the introduction of plantation sandalwood into the market over the next 10 years meant the industry needed to carefully manage and protect its high value wild sandalwood markets.

"Our primary focus is our wild sandalwood over the next 10 years, but we are mindful that plantation resource will become available during this time," Ms Davies said.

Campaign coordinator Peter Robertson from the Wilderness Society said the recent parliamentary inquiry into management of the sandalwood industry had called for an urgent reduction in the amount of mature sandalwood being taken from WA's rangelands.

"We have been over-exploiting this beautiful native species for decades and the outcome of this review ought to be the rapid phasing out of wild sandalwood extraction," he said

Mr Robertson said it was a tragedy how much mature sandalwood had been stripped out of large parts of southern WA and there had been very little successful regeneration of the species to even begin to make up for the loss.

"This is a classic example of an industry that has been allowed to grow for short term profit without proper assessment, management and regulation," he said.

Some 20,000 hectares of sandalwood have been planted throughout the state and each year some 2,000 tonnes of natural stands of sandalwood are harvested in WA.

The state currently produces more than 60 per cent of the world's supply of sandalwood products. Sandalwood is used in fine fragrances and the aromatherapy industries, and also in decorative carving, craft and smaller furniture pieces.

Its biggest markets are Taiwan, Hong Kong and China to meet the insatiable demand for the use of sandalwood in joss sticks. Other significant Asian markets include Malaysia, Singapore, India and Thailand.

Native WA sandalwood was first exported to China in 1844 as a powder to produce incense. At that time it was worth 50 per cent more than wool. Its peak export came in 1920 when 14,355 tonnes were exported.

WA's sandalwood industry is managed by the government's Forest Products Commission.



**ABC News 7/1/2016** (<http://www.abc.net.au/news/2016-01-07/fears-wa-wild-sandalwood-under-threat-from-over-harvesting/7073718> )

## **Fears WA sandalwood under threat despite reduced wild harvest quota**

Western Australia's peak environmental advocacy group says it holds fears for the future of the state's wild sandalwood following a new harvesting quota set by Environment Minister Albert Jacob.

Mr Jacob announced last month that the harvest quota for wild sandalwood [would be reduced by 500 tonnes per annum](#) to 2,500 tonnes over the 10 years from June 2016. The Wilderness Society said the figure remained six times the sustainable level of 200 tonnes per annum - the figure suggested by the Department of Parks and Wildlife (DPAW) at a 2012 parliamentary inquiry into the sandalwood industry.

Wilderness Society campaigner Peter Robertson said he was concerned about the lack of transparency in the lead up to the decision on the new quota. He said they would seek an independent review of the report on which the decision was based. "We're going to explore every avenue possible in terms of getting some kind of review of this ministerial decision," he said. Mr Robertson suggested that could happen either via the Environment Protection Authority (EPA) or a judicial review.

"[Mr Jacob] has clearly accepted the advice from the commercial side of Government that wants to make millions of dollars of profit out of exploiting sandalwood," Mr Robertson said. "He has refused to listen to independent expert advice saying that the current level or the level that he has proposed now is way, way about sustainable levels.

"There should've been some kind of an open, independent science-based process so that everyone could know for sure what the implications of this level of take would be on the species. "There is a lot of speculation within the Government and within Government agencies as to how much sandalwood there actually is in the wild and how it's faring."

## **Plan allows for stable industry supply: report**

The report on which Mr Jacob's decision was based shows the Forestry Products Commission's (FPC) profit from the harvesting of sandalwood in 2013-14 was \$6.09 million.

According to the report, plantations for sandalwood were planted in WA about 15 years ago. Sandalwood is ready for harvest when it is around 26 years old. The report states that a 10-year plan was adopted to "provide for the capacity to maintain a stable industry supply whilst transitioning to an increasing proportion of the total supply sources from plantations over future decades".

In a statement, Acting Environment Minister Helen Morton said the working group that undertook the review "took into account the volume of native sandalwood and future yield projects, the land base available for harvest and from which harvest is precluded, regeneration and recruitment issues, compliance and enforcement matters, together with an understanding of future supply from plantations of native sandalwood".

"The Legislative Council Standing Committee on Environment and Public Affairs inquiry into the sandalwood industry was conducted over 18 months and included extensive public submissions and consultation processes," Ms Morton said. "The working group built on the recommendations of that inquiry as accepted by Government." A tender process will begin later this month for new contractors to begin harvesting sandalwood from the end of June.

Sandalwood industry representatives have declined to comment until after the process has begun.

**ABC News 12/5/2016 Nathan Morris** (<http://www.abc.net.au/news/2016-05-12/sandalwood-industry-restructure-aboriginal-groups-feel-left-out/7406346> )

**Sandalwood industry restructure: Aboriginal groups feel left out, but FCP says opportunities exist**

**The Western Australian government is reforming the wild sandalwood industry and recently held a briefing in Kalgoorlie-Boulder for parties interested in tendering for harvesting contracts.**

However, some Aboriginal groups said they still felt locked out, although the government said there were avenues for smaller operators to enter the industry. Current contracts for the harvesting, processing, marketing and sale of wild sandalwood are due to expire at the end of June 2016.

In 2014-15, WA's wild sandalwood generated more than \$25 million in revenue for the Forest Products Commission and is, on average, worth \$11,000 per tonne.

Taking the opportunity to review past practices, the State Government is attempting to make the industry more sustainable and reign in illegal operators through a restructure. The Forest Products Commission (FCP) is the agency responsible for the harvesting and sale of WA sandalwood from Crown land, including land under pastoral lease. As part of the process, parties interested in tendering for contracts were invited to attend compulsory briefings, one of which was held in Kalgoorlie-Boulder this week.

Industry aims to create economic opportunities for all

Ben Sawyer, sandalwood manager for the FCP, said that among the aims of the industry restructure was the desire to create economic opportunities in regional Australia and have greater involvement from Aboriginal groups.

"The main aspects are improving our utilisation, which means getting more wood out of every tree that we harvest but also working towards the improvement of our environmental footprint," he said.

"It's about encouraging employment in regional communities, so having people who live in the Goldfields or in the towns surrounding, and all the way across to Carnarvon for that matter, promoting business to get involved with sandalwood, and pulling people from those local areas."

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**MEDIA RELEASE AUGUST 25 2017** (<https://www.heritageoils.com.au/green-light-for-western-australia-sandalwood> )

## **GREEN LIGHT FOR WEST AUSTRALIAN SANDALWOOD**

Western Australia has been given the go ahead on a new sandalwood project that is forecasted to earn more than 40 million in export dollars.

Dutjahn Sandalwood Oils (DSO) has announced that it will commence supply of sandalwood (*Santalum spicatum*) oil in December this year. Dutjahn Sandalwood Oils will take its first delivery of sandalwood from a 10 Year West Australian Government (FPC) supply agreement.

This supply agreement is linked to a 10% royalty into an Indigenous Foundation that is chartered to maximise Indigenous equity in the Australian sandalwood industry.

Dutjahn Sandalwood Oils has emerged as a new player in the multi-million dollar West Australian sandalwood industry. DSO is a company backed by Dutjahn Custodians, Kutkabbuba Aboriginal Corporation and the founders of W. A. Sandalwood Plantations Pty Ltd. Negotiations are underway for the company's distillation facility to be built in the heart of the WA sandalwood industry near the Kalgoorlie airport.

The distillery is expected to produce an annualised minimum 3,000kg of oil in 2018, with substantial increases forecasted in the following years. This is a win-win story for West Australia, the maturing native plantation sector and the local indigenous community.

The partnership offers a new level of security and supply to all current and future users of sandalwood oil. DSO will provide access to a full range of sustainably and ethically sourced sandalwood oils, a welcome reassurance in a market that has had its own issues of late.

WA Sandalwood Plantations' founder and Managing Director Mr Keith Drage said: *'When we met the Dutjahn Indigenous stakeholders we immediately identified with their philosophy, vision and dedication to Australian sandalwood. We both seek to reinvigorate Australian sandalwood (spicatum) oil, to assist our customers compound and communicate exceptional perfumes and active cosmeceutical bases that rightfully demand world's best practice in the supply chain.'*

The facility will employ a small team from January 2018. But this number is expected to rise during 2018 depending on the completion of the expansion. In addition the facility will supply roles for local contractors and nearly all of the distillation equipment is being made in regional WA or Perth with only the boiler being brought in from Victoria.

The project also has the support of the Western Australian Government. Minister for Indigenous Affairs and Treasurer, Ben Wyatt has welcomed the State Government's delivery of sandalwood to Dutjahn Sandalwood Oils:

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*'The McGowan Labor Government is committed to supporting Aboriginal businesses and creating jobs in Aboriginal communities. The joint venture between Dutjahn Custodians and WA Sandalwood Plantations will result in a commercial processing and marketing capability in the Goldfields, which will sustainably use the vast and pristine central desert sandalwood forests to create employment opportunities for Aboriginal people. This is a fantastic opportunity for the local Aboriginal community,' he said.*

This new venture is expected to receive the support of the global essential oil industry and sets a new benchmark for Indigenous participation and ownership in this traditional West Australian sandalwood essential oil business.

DSO Chairman, Darren Farmer, a traditional Native Title Holder from the Central Deserts of Australia said:

*'Our people trace back our link to this sacred species to the dawn of humanity. The Central Deserts are the last untapped virgin forests of Dutjahn (sandalwood). This is more than a sacred plant to the Martu and Wongi Nations, it is part of our soul and a key link to our spiritual identity'.*

David Brocklehurst, former General Manager of Mt Romance and project manager, said:

*'This is an exciting project as it is not often you get the opportunity to build a modern distillation facility with the capability to meet a significant amount of the market demand from inception. This venture will broaden the supply and give buyers, brands and the aromatherapy market a new, quality supplier. The Indigenous partnership in the business makes it a compelling story'*

**ABC News 16/6/2017** Geoff Cannon and Sebastian Neuweiler (<http://www.abc.net.au/news/2017-06-16/illegal-sandalwood-operation-busted-wa/8621770>)

## **Illegal sandalwood distilling plant uncovered in regional WA**

**Authorities have uncovered a sophisticated illegal sandalwood processing plant at a property in Western Australia.**

The Department of Parks and Wildlife worked with WA Police to pounce on the clandestine sandalwood oil distillery last week. Authorities remain tight lipped about where the illegal set-up was found, except to say it was east of Perth. The operation led to the seizure of distilling equipment and more than 6 tonnes of allegedly illegally harvested sandalwood, worth about \$260,000.



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Big rewards for big risks. The sweet smells and cosmetic properties of sandalwood oil have driven international demand and prices up to as much as \$40,000 to \$50,000 a tonne, making the native West Australian species an attractive target for criminal operations. The discovery has surprised authorities.

Department spokesman Rick Dawson said this was the first clandestine sandalwood oil plant the department had found. "We are concerned. Sandalwood belongs to the people of WA, and the Forest Products Commission harvests it in a sustainable way," he said. "What we find about these illegal activities in WA is they go in and harvest wholesale. "They don't leave any wood behind. They pretty much clear the land and decimate the area."

Managing the natural resource is challenging for the State Government department. "The department has got a great network through the Forest Products Commission, through the agriculture department and through likeminded conservationists," Mr Dawson said. "We are appealing to members of the public. These people had to have a large network themselves to harvest this sandalwood somewhere out in the Wheatbelt and bring it all to Perth. "We have anecdotal evidence that there are millions of dollars worth of illegal sandalwood and oils that is being sent out of Australia every year."

While no charges have been laid yet, the department said the penalties were severe. "The Wildlife Conservation Act has powers of search and seizure that we have been able to use to great effect and disrupt these illegal activities," Mr Dawson said. Investigations are ongoing. Members of the public with information about illegal sandalwood harvesting or processing are asked to contact the department.

**The West Australian 22/11/2017** Josh Chiat (<https://thewest.com.au/news/goldfields/kalgoorlie-sandalwood-plant-looks-to-change-perception-of-industry-ng-b88661798z>)

## **Kalgoorlie sandalwood plant looks to change perception of industry**

A key player in WA's battered sandalwood industry says a new Goldfields distillery half-owned by an indigenous company will offer a positive light at the end of the tunnel. David Brocklehurst, formerly the managing director of Denmark-based sandalwood oil mainstay Mt Romance, has been brought onboard by Dutjahn Sandalwood Oils to build a new processing plant in West Kalgoorlie.

The DSO refinery is due to open in December and hit full capacity by March, with the ability to process 240 tonnes of wild and plantation-grown Australian sandalwood, or spicatum, into 4000kg of oil with a market value of \$8 million a year. The oil is highly prized for its use in cosmetic, medical and fragrance products but the supply of raw materials is also tightly controlled.

The new enterprise is half-owned by Wheatbelt plantation growers WA Sandalwood Plantations and Dutjahn Custodians, an Aboriginal-owned business led by Wiluna-based wild sandalwood harvesters Darren and Clinton Farmer that won a 100tpa Forest Products Commission tender last year.

Wild harvesting in WA is subject to a 2500tpa quota administered by the State's Forest Products Commission and illegal harvesting can garner fines up to \$200,000 for an individual or \$1 million for a corporation under new legislation voted through Parliament last year.

That feed is being complemented by wood from WASP's plantations between Narrogin and Wongan Hills, as well as privately harvested wood from the Goldfields, including wild spicatum already being delivered from north-east of Wiluna.

Mr Brocklehurst said the facility, which was a vacant shed just two weeks ago, would likely be the fastest built of its kind in WA and generate long-term benefits for Goldfields Aboriginal people.

"I think this is the first venture in the industry where the indigenous communities have got a 50 per cent stake, not just in this facility, but also the wood coming in is theirs," he said.

"It comes in here, it gets processed, they get the market price for the wood and they get a share of profits from the oil sales, so they are major stakeholders in what is one of our most traditional industries."

WA sandalwood's reputation has been damaged this year after corporate troubles at its two biggest players, ASX-listed Quintis, which owns Mt Romance, and KKR-backed Santonol. But Mr Brocklehurst said Dutjahn Sandalwood Oils was building a sustainable business, was debt-free and would be a positive story for the sector by providing a new source of supply for export markets.