



# The Australian Sandalwooder

**Welcome to the 18th issue of the Australian Sandalwooder, a  
produced by the Australian Sandalwood Network Inc.**

*Spring 2018*

## From the Chair

**Bruce Storer**



Hello Members,



It has been some time since we have sent out a newsletter so we apologise for that but we have been busy. Most of you would know that the Australian Sandalwood Network has been instrumental in the establishment of the Australian Sandalwood Co-Operative and we wish Dean and his Board every success with this venture.

Also, we continue to work with the state government, all be it that this is very frustrating at times. It is important that the ASN maintains a working relationship with both sides of politics and we are conversing with the Minister for Forestry and the Minister for Primary Industries and Regional Development at present. We have not given up hope of Royalties for Regions funding coming to fruition at some stage and we will continue to pursue this.

It appears the price of sandalwood has continued to increase and this is a welcome sign for our plantation wood. We recently sold remnant sandalwood for \$9,500 per tonne, the highest we have received, and I was pleased to see substantial amounts of small and traditionally valueless wood now being accepted in the market place. With all the talk of trade wars, Brexit and tariffs, sandalwood seems to be well insulated from these pressures.

Our website has needed updating for some time and we are seeking a cost effective IT provider to build a site with a new look. We would like to provide more news and updates in future and having a more interactive website would be an advantage. It would be good to have more input from members via our website.

With the inception of the Co-Op, the ASN will concentrate more on Industry wide issues in the future yet still maintain close ties with growers. Lobbying Government, forging relationships within industry and general promotion will be more of our focus. For example, we recently received a presentation from Department of Biodiversity, Conservation and Attractions (formerly DPaw) regarding licencing and transport under the new legislation. It is good to see the new legislation become law and it provides greater security for our plantations in the future.

Have a safe and happy festive season

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# Sandalwood in the News

Farm weekly April 9 2018

Although sandalwood only makes up a small part of Bruce Storers' farming enterprise, in the 15 years that he has been growing it he has seen evidence of its benefit and believes the tree has excellent potential. With his wife Beverley and his son Carl, he owns and operates a 1075 hectare property, known as Cadonia Park, with 688ha at Cunderdin and 387ha at Bencubbin. Mr Storer was a third-generation farmer when he moved from his home town of Koorda to set up his own mixed farming operation at Cunderdin in 1989.

The Storers' farming program consists of about 65 per cent cropping, 30pc livestock and 5pc sandalwood. Their 2018 cropping program will include 600ha planted to wheat, 30ha of barley with the remaining 120ha sown to lupins.

This program has been reasonably consistent over the past five years and the Store's yields have averaged around 2.4 tonnes per hectare for wheat, 2t/ha for barley and lupins coming in at 1.7t/ha. Crops are planted in a rotation with two seasons of pasture, followed by two seasons of cereals, which Mr Storer said had worked quite well for them in recent years. They have also been consistent with spreading lime on each paddock once every three years. Mr Storer said they were planning to start seeding after Anzac Day. As part of their livestock operation, the Storers have the Cadonia Park Poll Merino stud and run about 400 breeding ewes with 190 ewe hoggets, 60 Merino ram lambs and 80 wethers.

Despite primarily focussing on the more traditional facets of the farming business – crops and livestock – after much experimenting, Mr Storer has developed a strong passion for cultivating sandalwood. His experience with sandalwood began with a small area at his Cunderdin property and after obtaining a licence to harvest it, he soon realised its high value.

Rough country with harsh wadjil soils on the Bencubbin property would make it almost impossible to grow grain, but there was an abundance of healthy native sandalwood on the land and his earlier experience with the tree drove him to want to learn more about growing it.

<http://www.farmweekly.com.au/news/agriculture/general/news/sandalwood-part-of-business-plan/2757010.aspx>

Indian Express July 22, 2018

By G Subhash Chandra

**CHANNAGIRI:** The Karnataka forest department is turning to technology to prevent theft of sandalwood trees grown in various forest areas of the state. The department will begin with Mavinakatte Sandalwood Forest in Channagiri taluk of Davangere district. As per the plans, microchips will be inserted in matured sandalwood trees at different spots in a forest. This will enable forest officials to monitor the trees, and help them detect their theft and transportation.

Even if a person touches the plant, a message will be transmitted to the forest officer's cell phone.

The chips will be programmed to pick up any illegality in the forest and immediately notify the forest and police officials of the region, said Range Forest Officer B N Veeresh Naik.

Upon receiving the notification, police and forest staff will quickly reach the spot and prevent the theft.

The microchip technology is already being used by some private sandalwood planters in North Karnataka, where it has proved to be effective. "The plan is still in its initial stage. This is being formulated by the ITC cell of the Forest department located in Bengaluru," he said.

<http://www.newindianexpress.com/thesundaystandard/2018/jul/22/foresters-mull-inserting-microchips-in-sandalwood-1846733.html>

# Farewell to a pioneer, friend and mentor by Dean Butler

I was met with a gentle cool breeze and clear skies when I arrived in Koorda. It was a magnificent day to remember a remarkable man. It was moving to see quite a few familiar faces from the ASN in the crowd gathered at the church. After a touching service Bob took his last ride in his trusty Land Cruiser ute to the Koorda cemetery.

I am sure it was the smoke from the smoke ceremony performed by Mort Hansen that bought a tear to my eye. It was a fitting resting place for Bob among the birds and acacias in good sandalwood country.

It is amazing what you learn about someone at their funeral; Bob had several people speak about his life.

Neville Trainor, who knew Bob from childhood, talked about a larrikin lad with a talent for football and an interest in partying. His talent in football took him to Perth to play and his partying occasionally ended in a little bit of bother. He also wondered at the irony of Bob calling others scallywags at times. He surprised a few by completing a degree in social work. Neville also noted that Bob always applied himself fully in whatever sphere he found himself in life.

James Snell talked about Bob's work with Alcoholics Anonymous and Holyoake where he said Bob had the patience of a saint and always believed the best was possible in everyone. He recalled that Bob had helped many through their addictions, including himself. Bob extended his work life into his personal life, James was only one client who became a friend.

Geoff Woodall spoke of the time they had shared in discussion about sandalwood and his passion for the industry and environment. He talked of long phone calls discussing the ins and outs of all things sandalwood especially in the early stages of the plantation industry. He was always ready to challenge the accepted science and was ready to share what he learned.

David Wesley, (who I only knew previously as 'The Preacher') talked about Bob's life long deep spiritual connection with God. He recalled Bob's daily devotion to seeking truths and their discussions about them. David also talked about how Bob lived this out in his life, with an unending faith in God, fellow man and (sometimes misplaced) in machines. He also related how Bob marvelled at God's creation in all that he saw in nature. This explained his disinterest in guns and willingness to feed a few trees to the rabbits. David also talked about Bob's deep commitment to Ros and his family.

I have fond memories of Bob from early ASN meetings, field days, collecting nuts, planting trees etc. His passion for the sandalwood industry rubbed off on me and shaped my appreciation for farming, the community and the environment. I now understand why the financial return was not his highest concern regarding sandalwood. I will miss Bob's unending generosity, humble wisdom and unconditional friendship.

We left Bob with sprigs of sandalwood leaves and the perfume of ground sandalwood on the gentle breeze, as we remembered his remarkable life and the profound legacy he has left behind



**Bob Huxley in sandalwood plantation in East Koorda**





# Biodiversity Conservation Regulations 2018 - discussion notes for the sandalwood industry

**Background** The Biodiversity Conservation Regulations will provide new licensing arrangements for the taking, transporting, supplying, processing and dealing of sandalwood. For more information on when the new Regulations will commence, see the Factsheet – An introduction to the Biodiversity Conservation Regulations.

**Current status** The taking of sandalwood from private land and Crown land is currently managed under the Sandalwood Act 1929 and the Wildlife Conservation Act 1950 and their associated Sandalwood Regulations 1993 and Wildlife Conservation Regulations 1970. These will be repealed when the Biodiversity Conservation Act 2016 (BC Act) and its regulations commence on 1 January 2018. The taking of sandalwood on Crown land is also managed under the Forest Products Act 2000 and its regulations, which will continue to be the case. The Legislative Council Standing Committee on Environment and Public Affairs completed an inquiry into wild sandalwood harvesting in May 2014 (Report 35 – Inquiry into the Sandalwood Industry in Western Australia). It made several recommendations, including calling for an immediate review of the Sandalwood (Limitation of Removal of Sandalwood) Order 1996, and for the Government to introduce new regulatory arrangements to strengthen enforcement capabilities. A new sandalwood order was published in the Government Gazette in 2016, and the BC Act provides significant new regulatory arrangements for sandalwood in Western Australia. Proposed new arrangements

The BC Act provides new arrangements for the licensing of sandalwood so that it can be tracked from harvest through to processing. These licences will be supported by sandalwood tracking forms that accompany the sandalwood when it is transported from the place of harvest to the processor or dealer. These ensure that the legal origin of the sandalwood can be established during any inspections or compliance procedures. These new arrangements apply to specifically controlled sandalwood which is proposed to be limited in the new regulations to: (a) the wood, timber and roots of sandalwood; and (b) branches of sandalwood that have a diameter of greater than 25 millimetres at the smallest end when stripped of bark. This definition applies to native sandalwood (*Santalum spicatum*) that is taken from the wild and sandalwood that is from cultivated sources (including plantations). Transitional regulations will be made to carry forward the Sandalwood (Limitation of Removal of Sandalwood) Order 2016(2) so that it will continue to apply after the new regulations commence. What licences are required for taking sandalwood from private property?

A Flora taking (sandalwood) (private property) licence will be required to take (harvest) sandalwood on private property. It is intended that an administrative procedure will set out the application process for applying for these licences, including the date each year by which they must be submitted, information required, and the assessment process. The only exception is where sandalwood is being grown in a plantation that has been registered with the Department. In this circumstance, no licence to take will be required. A Flora supplying (sandalwood) (private property) licence will be required to authorise the sale (supply) of specifically controlled sandalwood taken from private property, including from a plantation. People who have previously been authorised to take sandalwood and are storing it to sell later (but do not hold a current licence) will need to apply for a Flora supplying (sandalwood) (private property) licence, as the new regulations require that storage of sandalwood is authorised by a licence. This will ensure that the legal origins of sandalwood can be determined when the sandalwood is eventually supplied to a processor or dealer.

# Biodiversity Conservation Regulations 2018 - discussion notes for the sandalwood industry *continued*

**How is the sandalwood taken from Crown land being managed?** Sandalwood is harvested from Crown land under forest production contracts entered with the Forest Products Commission (FPC).

**What licence is required to process sandalwood?** Sandalwood processors will need to apply for a Flora processing (sandalwood) licence to process sandalwood into oil, craftwood, chips or other products.

**What licence is required to deal in sandalwood?** A Flora dealing (sandalwood) licence is required in all situations where specifically controlled sandalwood (i.e. in the wood form) is being bought and sold. A dealer's licence is thus required when sandalwood is being bought from a person who has a licence to take sandalwood from private property, or is being supplied from a Crown land harvesting operation. Sandalwood dealers will be required to ensure any sandalwood received or sold has an appropriate sandalwood tracking form to verify its lawful origin. It will be possible to apply for, and be issued with, a combined processing and dealing licence for sandalwood, if required.

**What licences are required to export sandalwood?** A Flora (exporting) licence will be required to export specifically controlled sandalwood from Western Australia. No licence is required for the export of processed sandalwood, such as sawdust or oil.

**Sandalwood tracking forms** Sandalwood tracking forms are required to authorise the transfer of specifically controlled sandalwood whenever it is moved from one location to another. These forms will replace the STANs and d-notices currently used for private property and Crown land respectively.

The proposed fee structure for sandalwood licences is

CURRENT LICENCE	PROPOSED LICENCE	CURRENT FEE	PROPOSED FEE New licence	PROPOSED FEE Licence renewal
Sandalwood Act – Crown land licence	Flora taking (sandalwood) Crown land	No charge	\$275	-
WC Commercial purpose (sandalwood)		\$125		
Sandalwood Act licence – private property	Flora taking (sandalwood) private property	No charge	\$570 (wild source)	-
Commercial producer's licence or nurseryman's licence	Flora supplying (sandalwood) private property	\$25	\$45	\$30
None	Flora supplying (sandalwood) Crown land	n/a	\$45	\$30
None	Flora processing (sandalwood)	n/a	\$290	\$215
None	Flora dealing (sandalwood)	n/a	\$290	\$215
None	Flora exporting (sandalwood)	n/a	\$70	-

### Australian Financial Review May 13 2018

KKR has put sandalwood company Santanol Group on the market in the latest twist for the [plantation industry based in northern Australia](#). Santanol Group owns about 2000 hectares of plantations with more than 560,000 sandalwood trees in Western Australia and Queensland. Grant Samuel is advising on the sale of 100 per cent of Santanol Group in a move which comes after KKR reached a peace deal in a legal dispute with the minority shareholders who founded the company. The Santanol Group is being marketed as a vertically integrated producer of Indian sandalwood oil and timber for the global fine fragrance, cosmetics, aromatherapy and traditional markets. It expects to materially increase output as plantations mature. The assets include a timber processing facility in the WA town of Kununurra and oil distillation and refining facilities in Perth. KKR became a majority shareholder in 2013 when it funded the \$70 million acquisition of plantations controlled by Elders to add to those held by the Santanol founders.

#### Relationship soured

The relationship between the private equity giant and the minority shareholders, made up of about 20 investors led by Tony Jack and Bob Bunning, soured last year.

The minority shareholders took their grievances to the WA Supreme Court after two share issues diluted their stake in the private company. They also challenged the [appointment of receivers](#) to Santanol Pty Ltd and Berg View III Pty Ltd, the entities which own the minority stake, and gained the backing of litigation funder IMF Bentham. The legal action was launched amid attempts by insolvency firm McGrathNicol to find a buyer for the Berg View and Santanol Pty Ltd shares. KKR, as a secured creditor, had instigated the appointment of the receivers. Mr Jack said on Sunday the issues between the minority shareholders and KKR had been settled out of court. "There has been an agreement and that agreement essentially is that we will sell the business and go our own ways," he said. "We are parting on amicable terms and have agreed that the business will be sold and each of us will take our proportional ownership share out of that sale."

"The stoush over Santanol has been overshadowed by the collapse of ASX-listed sandalwood company Quintis in January. Santanol added to its plantations last year with the planting of about 100 hectares of trees and harvested about 60 hectares for processing.

Mr Jack said the minority shareholders were willing to continue managing the plantations under a new owner. He rejected concerns about the strength of the market for sandalwood timber and oil, saying Santanol had been successful in reactivating demand among perfume and cosmetics manufacturers while pricing its oil at \$US2500 to \$US3000 a kilogram.

"It has taken us 15 years as an industry to work out how to grow these trees but now that we have done that ... the long-term supply and demand outlooks are very good," Mr Jack said.

Sandalwood is parasitic and requires a host tree to thrive. Last year, Santanol conceded that about 120 hectares of experimental plantations grown without hosts on the Ord River irrigation scheme had failed and opted to have them bulldozed.

<https://www.afr.com/business/kkr-puts-sandalwood-asset-santanol-on-the-chopping-block-20180513-h1000h>

**Need to contact the Australian Sandalwood Network**

**Call Bethan on 9574 5882**

**Or email [exec@sandalwood.org.au](mailto:exec@sandalwood.org.au)**

# Taking out the planting cost for sandalwood plantations

Peter Ritson

The Carbon Neutral Charitable Fund (CNCF) has commenced a scheme to assist landowners establish biodiverse sandalwood plantations on their land. Landowners provide the land and, if necessary, fencing to protect the new trees from livestock in the early years. They must also agree to retain the plantation for a minimum 30 years. However, this does not restrict commercial harvest of forest products, including sandalwood, from the plantation by landowners in that time.

In return, landowners gain the rights to harvest and sell any sandalwood, sandalwood nuts and any other forest products. Other potential benefits for landowners include potential benefits from integrated tree planting such as shelter for livestock, erosion control and salinity mitigation.

CNCF will engage a planting contractor to establish the biodiverse sandalwood plantations. They will also undertake monitoring and reporting of carbon stored in the new growth under the Emission Reduction Fund (ERF) Farm Forestry method. For their part, CNCF acquire the carbon rights from the plantations to claim and sell any carbon credits.

Thus, for farmers and other landowners, there is no cost for the plantation establishment as this is effectively funded by entities purchasing carbon credits to offset their carbon emissions.

For biodiverse sandalwood plantations, the host species will be all local native trees and shrubs species of *Acacia* and other genera, along with the native sandalwood (*Santalum spicatum*). By restoring native forests and woodlands to lands which are often the poorest for agricultural production, there is the opportunity to diversify farm incomes through sandalwood products while helping the environment.

For an ERF carbon project, the planting designs can be block plantings or alley farming arrangements, e.g. shelterbelts up to 20 metres (2 – 6 planting rows) wide with a minimum gap of 40 metres between shelterbelts without planted trees.

The first area planted in the CNCF Biodiverse Sandalwood project was 22 hectares planted this year on Mark and Michelle Fitzpatrick's farm near Bencubbin. The late Bob Huxley provided much of the inspiration and design for the plantation and Ros Huxley ably organised and completed the establishment of the plantation.

Further information: Ray Wilson, Executive Director, CNCF; 0423 519 006, [ray@cncf.com.au](mailto:ray@cncf.com.au)

## GREAT NEWS

We have just had an email confirming the awarding of the Export Enhancement Grant to ASN.

We are much relieved as we had not received notification from DPIRD and were becoming concerned that we were not successful. We look forward to working with Western Australian Sandalwood Plantations and Ken Dods from Chemcentre in pursuit of the goals outlined in the application.

The project is called CERTIFIABLE CHEMISTRY PROMOTING SUSTAINABLE GROWTH FOR WA SANDALWOOD PLANTATION PRODUCTS and outcomes target a structured and certified development pathway delivering total product utilisation for the WA plantation sandalwood industry addressing key growth and harvest constraints in the supply chain. The project reinforces the grower-distributor-buyer relationship by addressing four key areas. **MORE TO COME SOON**



**FOR SALE    1700 West Australian Sandalwood Trees**

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For a viewing call John 0429 964 060





# Plantation WA Grown Sandalwood Tree Growth Rate and Mass

## Grant Pronk

Western Australian sandalwood (*Santalum spicatum*) has been grown in commercial plantations across the Wheatbelt for over 15 years, yet very few have been harvested. The expected outcome of these plantations is to yield valuable wood that is acceptable to the market place. The time it takes to get to this end point varies from plantation to plantation depending on a wide range of influences.

Leading up to the time of harvesting the questions of how much wood do I have and what is it worth will inevitably be asked. The amount of commercial wood is known as the total merchantable mass (TMM). The TMM relates to the part of the tree which can be sold. The TMM does not necessarily account for only the oil rich heartwood as the lower quality sapwood can also be included in the calculation if it is deemed to have a commercial value at the time of harvest.

Mass is determined by the size of the tree, in most cases this is calculated using a specific mathematical equation that utilises the stem diameter of a tree measured at a point above ground level.

In 2011 an equation developed by the Forest Products Commission (FPC) was published by the Australian Forestry journal. The equation was based on the destructive harvest and measurement analysis of 64 plantation grown Western Australian sandalwood trees ranging in age from 8 to 24 years old (*Influence of age on sandalwood (*Santalum spicatum*) oil content within different wood grades from five plantations in Western Australia - Jonathan E. Brand & Grant M. Pronk*).

The equation included all merchantable wood taken from the tree at the time of harvesting including branches and roots. This equation is still broadly used today however with increasing harvesting forecasted and associated yield measurements it is likely that further site-specific equations will be developed.

Through conducting a series of diameter measurements today's Western Australian Sandalwood grower can determine the approximate TMM and standing value of his or her plantation. This figure can be further extrapolated using a growth curve to provide an indication of the TMM at some point into the future, this can determine a forecasted harvest year.

The Australian Sandalwood Network (ASN) can assist with aligning growers with local forestry consultants to provide this service.



*Santalum spicatum* stem diameter measurement.

Author – Grant Pronk, GP Forestry

### What's Your Sandalwood Plantation Worth??

GP Forestry specialise in sandalwood plantation management and evaluations. On your plantation we will establish representative inventory plots, provide a current standing mass and projected value report. We will also provide a summary of your plantation's health and advice on the ongoing maintenance required to get the most out of your plantation.

For enquiries please call GP Forestry on

040 988 2280

