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THE GOVERNMENT REGULATION
OF THE
SANDALWOOD INDUSTRY
OF
WESTERN AUSTRALIA:
A BRIEF HISTORY

The sandalwood industry of Western Australia is now practically non-existent. It was once a thriving industry. Long stacks of sandalwood awaiting shipment were at one time a common sight on the wharves at Fremantle and at Geraldton. Men led lonely lives and encountered privations and hardships in the arid regions of Western Australia as they supplied exporters on the coast with a commodity which found a ready market in the temples and religious houses of China. In earlier times, when the tree was found in the more attractive agricultural lands nearer the coast, bullock teams used to haul wagon loads of sandalwood logs from the Great Southern through the Darling Ranges to the port of shipment. To-day, the sandalwood tree is approaching extinction. Some specimens of the tree will remain if the Forests Department's hopes are fulfilled, but as an article of commerce the tree is now of very minor importance.

The story of the geographical movement of the industry across Western Australia is the story of the rise and decline of the industry. All too commonly extinction followed exploitation. In the early days the industry was confined to what are now the wheat-growing areas of the State. Much of the wood was cut by farmers who found it growing on their holdings. There was also exploitation of the sandalwood growing on Crown lands, this cutting being under license from the government. In the last quarter of 1847 all the licenses issued for sandalwood cutting were applied for in respect of either the York or the Toodyay districts.¹ Twelve years later the industry was still based predominantly in these agricultural areas.² By the

1. G.G. 1 Oct. 1847; 11 Nov. 1847.

2. G.G. 12 June 1860; 31 July 1860.

beginning of the twentieth century the centre of gravity of the industry had moved far inland, from the agricultural areas just over the ranges to the goldfields and the sparsely settled pastoral country fringing the deserts of the interior. In 1920 over one hundred sandalwood getters were operating in each of the Kalgoorlie, Menzies and Laverton districts, 27 licensees were centred on Leonora, 18 on Boulder, 13 each on Southern Cross and Bullfinch and 27 on one or other of Norseman, Yalgoo or Lawlers. Only 33 licensees operated in the agricultural areas, and most of these were on the outskirts of the north-eastern wheatbelt - 13 in the Merredin district and 20 around Dencubbin. Seventeen years later each of the three community camps of sandalwood getters were in the Laverton-Menzies area. To-day, the handful of sandalwooders operate solely in the backblocks of places such as Laverton and Wiluna.

One might think that only the hope of considerable financial gain would induce men to engage in such a lonely and difficult occupation. In a sense, this was the case. The sandalwood trade was a lucrative one, and men were ever hopeful of reaping the benefits of a boom and receiving a large return for their labour. But it was rarely the getter who made the money. The sandalwood industry was a notable example of the phenomenon wherein middlemen profit at the expense of unorganised producers.³ Men worked in the discomfort of the outback and increased the wealth of city merchants in Western Australia, Singapore, and in China. Occasionally some one or other questioned whether this need necessarily be so. Not until well into the present century, however, did those in authority begin to devote much attention to this problem. There followed a long and complicated series of investigations and proposals and counter-proposals. Regulatory schemes, more or less imperfect, were adopted and gradually was evolved a system of controlling the industry which eliminated the abuses of earlier years. The story of the government regulation of the sandalwood trade is

3. See, for example, the comment on p. 11 of the Report of the 1922 Royal Commission on Forestry.

the story of the attempt, finally successful, to ensure a fair deal for the getter and for the community.

At the time of the first settlement at King George's Sound the sandalwood tree grew over a very wide area of the colony of Western Australia, extending as far west as the Darling Ranges. The tree is a root parasite, dependent upon certain species of host plants, of which the jam is the most suitable. It is by no means a giant. Its maximum height, in earlier years, was rarely greatly in excess of 25 feet, and to-day few specimens are found above 12 to 16 feet, with a diameter of from 6 to 8 inches. Although of small size the tree proved to be an extremely valuable asset. The wood is light yellow in colour and the heartwood is strongly aromatic. This latter property led to its extensive use by the Chinese in the manufacture of Joss sticks for burning in religious ceremonies. In addition, the suitability of the wood as a material for the carving of ornamental woodwork, trinket boxes and other such articles provided some commercial outlet for the commodity.⁴

The export of this readily available asset played an important role in the early development of the colonial economy. The first recorded export was in 1845 when four tons of sandalwood valued at £40 was despatched from the colony. Shipments increased to a peak of 1,335 tons in 1848, but then followed a slump.- only a little over 1,200 tons was exported in the following decade. In 1857 the trade began to revive and in the following years the quantity of sandalwood exported increased considerably. The colonial press congratulated the community on the continued prosperity of the industry;⁵ its optimistic outlook was fully justified: exports reached 3,000 tons in 1868 and two years later exceeded 6,000 tons. During the 1860's one-sixth of the total export income of the colony was derived from the despatch of sandalwood. Only one other commodity - wool - was more valuable.

4. Forestry in Western Australia, (Forests Department, Perth, n.d.) p. 82.

5. P.G. 4 May 1860.

The fact that the best specimens of the tree grew on the lands best suited to agricultural pursuits proved a great advantage to the new settler. Many struggling farmers eked out a bare existence on unfamiliar soils and under harsh conditions by cutting down and exporting the sandalwood that grew on their holdings. Indeed, so ready a source of assistance presented its temptations, and it was a matter for complaint in the seventies that farmers were so interested in the sandalwood trade as to neglect their real task of developing and cultivating their land. Fifteen years later a member of parliament went so far as to suggest that farmers should not be allowed to pull the sandalwood on their holdings. Abuses there certainly were, especially as much immature sandalwood must have been removed by the agriculturalist, but many years were to pass before a government decided to impose restrictions on the exploitation of sandalwood growing on private property.

Sandalwood cutting operations on Crown lands were early made the subject of government regulation. That "regulation" consisted of nothing more than the introduction of the licensing system - a favourite expedient of the colonial government. In 1847 the regulation and licensing of sandalwood cutting was separated from timber cutting. Licenses were to be issued for no shorter a period than three months in the first instance, although they were renewable from month to month after that period. The license fee was £2/10/- a month for two men.⁶ It seems that some attempted to evade these payments. An ordinance (7 Vic. No. 14) provided penalties for the cutting of sandalwood without a license.⁷ One wonders how effective were the attempts to prevent unlicensed cutting, for twelve years later there was published in the Government Gazette, "for general information", a copy of section 39 of 7 & 8 Geo. IV c. 29, providing adequate punishment for those who stole or cut sandalwood or other trees on Crown land without authority.⁸

The licensing system, the first refuge of a government ill-

6. G.G. 1 Oct. 1847.

7. G.G. 5 Feb. 1847.

8. G.G. 25 Oct. 1859.

6

equipped to deal with the problem of controlling a variety of commercial enterprises carried on over a wide area, remained the accepted approach of the authorities to the industry until the first decade of the present century. There was one variation. In 1848 the colonial government, becoming concerned as to whether it was receiving "a fair price" for sandalwood on Crown land, appointed a committee consisting of three leading officials, to investigate the matter. The committee addressed various questions to four leading citizens of the colony. Those questioned differed in their estimation of the amount of sandalwood which could be cut by two men in one month, and consequently the estimate of the revenue per ton received by the government varied. Some said the government would benefit to the extent of 5/- a ton⁹, others claimed that the correct figure was 3/4 a ton. Only one of those approached advocated the substitution of an equitable royalty charge at the port of shipment in place of the licensing system, and his views were not adopted by the committee. In view of the "existing depressed state of the industry"⁹ it deprecated the idea of any increased charges and saw no reason why the licensing system should be altered. The colonial authorities accepted this majority recommendation.¹⁰ Some years later, when the trade was more prosperous, the government did decide to impose an export duty on sandalwood. The duty was first levied early in 1861, the rate charged being 5/- a ton.¹¹ The licensing system was retained, although the fees were reduced to 2/6 a month.¹²

Early in the industry's history fears were expressed as to the possibility of the future exhaustion of supplies of sandalwood. Before 5,000 tons of the wood had been exported reference was made to its scarcity within easy distance of a port of shipment. In 1860 it was reported that the supply at Champion Bay was exhausted.¹³ The committee of the York Agricultural Society showed its concern

9. See above, p. 3.

10.

10. See CSO Records, Supplement 1848.

11. G.G. 22 Jan. 1861.

12. G.G. 1 Sept. 1863.

13. P.G. 4 May 1860

when it suggested the cultivation of the tree. ^{this brought the} ~~this, through the~~ ^{inquirer,} was a matter that might well be attended to by settlers.¹⁴
 In 1881 it was again suggested that sandalwood nuts might be planted on lands where the tree had once grown.¹⁵

The government adopted some measures aimed at the better regulation of the industry. The imposition of the export duty in 1861 was a step in that direction. In 1870 persons engaged in pulling sandalwood were notified that they must fill in the holes made in their grubbing operations.¹⁶ In 1880 a bill was introduced for the protection of immature sandalwood. The proposed legislation was shelved since it was thought that it would interfere unjustly with the owners of fee simple land and with those in the colony who held sandalwood already cut for export.¹⁷ The government returned to the problem in the following session. On 26 July 1881 the colonial secretary moved for the appointment of a select committee to consider the necessity of legislating for the protection of sandalwood of immature growth.¹⁸ The committee reported on 2 August 1881.¹⁹ Its recommendations were embodied in a bill whose second reading was moved by J.G. Lee Steere a few days later.^{20 19} It was proposed to limit the exportation of sandalwood to trees of at least 18 inches circumference at the butt.²¹ In addition, the practice of cutting the tree was to be prohibited; in future, all sandalwood had to be grubbed out completely, or "pulled" as the process is commonly termed. This bill passed the second reading, but in committee the clause imposing the 18 inches restriction was deleted.²² In its place was substituted a completely different system of restriction. The legislation as passed²³ gave the government the power to proclaim defined areas of Crown lands within which no growing sandalwood tree could be pulled. Such

14. I. 1 Feb. 1860.

16. G.G. 9 Aug. 1870.

18. Ibid.

20. Ibid., pp. 252-3.

Bay district and the northern portions of the colony, as the wood growing there was smaller than that in the south.

22. P.D. (o.s.) Vol. 6, p. 307.

23. 46 Vic. No. 3.

15. W.A. 19 Aug. 1881.

17. P.D. (o.s.) Vol. 6, p. 144.

19. Ibid., p. 182.

21. Except in the Champion

prohibition could be extended for any period thought necessary.²⁴

The government was spurred on by public opinion and proclaimed certain areas under the Act. The press supported the restrictive legislation. In 1882 the firm of J. and W. Dateman wrote to the colonial secretary with reference to "the wanton destruction of small and immature sandalwood". They urged the implementation of the Act.²⁵ In October 1882 the government notified that for a period of two years no growing sandalwood could be pulled over a large area of the colony extending from Kelmscott in the south to Wongan Hills in the north east. Early in 1883 a few hundred square miles around Albany were proclaimed, this restricted area being extended later in the year, to include large portions of the Williams and Plantagenet districts. At about the same time sandalwood pulling was prohibited over a 7,000 square mile block centred on Geraldton. Five years later a strip 80 miles wide along the routes of both the proposed Albany and Geraldton railways was also proclaimed.²⁶

It is doubtful whether these proclamations were effective as a means of preventing the pulling of immature sandalwood. John Forrest was later to refer to the Act as "a very futile one" which "had never been enforced".²⁷ Twice in 1891, in February and in December, the commissioner of Crown lands was asked whether the government intended to adopt more effective measures.²⁸ His answers did not hold out much promise of action. In March 1892 there was a short debate on a motion which asked the government to introduce remedial legislation in the following session.²⁹ No vote was taken on this motion, it lapsing with the prorogation of parliament. Early in 1893 the legislative council discussed a motion which sought government action to prohibit the pulling of sandalwood in the colony for a period of three years.³⁰ At that time the industry was in a depressed state, there being considerable stocks

24. The legislation was reserved for the royal assent on 16 September 1881; royal assent was notified to the legislative council on 24 August 1882.

25. CSO 1882/1459/156.

26. G.G. 24 Oct. 1882; 16 Jan. 1883; 4 Sept. 1883; 5 April 1888.

27. P.D. (n.s.) Vol. 3, pp. 714-5.

9

in the colony awaiting shipment. The motion was carried by six votes to three, but the government successfully opposed a move to secure the assembly's support for the council's attitude. When, in a later session in the same year, a similar motion was debated by the council, it was defeated by seven votes to six.³¹ The motion in the council had been initiated in the interests of the merchants who were holding the large stocks of sandalwood. Opposition was advanced on the ground that it was not the task of the legislature to grant "a direct aid" to men who had speculated unsuccessfully in the hope of making a quick profit for themselves, especially when others - the sandalwood pullers - would be deprived of their employment as a result. This incident is of interest because the motion, although it stemmed from purely selfish motives, was the crude forerunner of the system of government supervised restrictive pulling which, a generation or so later, was to bring about a measure of stability in the industry. In the meantime, the Forrest government acted on a promise made during the debate on this motion and at various times during the nineties proclaimed large areas in the agricultural districts under the terms of the protective legislation of 1882.³²

Following the establishment of the Woods and Forests Department - or sub-department as it, in effect, was - in 1896 some serious attention was devoted to the problem of carrying out sandalwood regeneration measures. Ednie Brown wasted little time, and he had authorised experimental work at Pingelly in 1895.³³ Two years later a small area at Meckering was fenced in order to protect a "very fine crop of young sandalwood trees". It was intended to maintain this reserve and use it to supply nuts for sandalwood planting in other parts of the colony. In the following years official reports indicated that satisfactory progress was being made in the treatment of these areas.³⁴ The death of Ednie Brown,³⁵

28. P.D. (n.s.) Vol. 1, p. 187; Vol. 2, p. 51.

29. P.D. (n.s.) Vol. 2, 762.

30. P.D. (n.s.) Vol. 3, p. 579, 705.

31. P.D. (n.s.) Vol. 4, pp. 591-3.

32. G.G. 26 April 1895; 11 Nov. 1898; 13 Sept. 1901.

33. FD 1403/52.

however, put an end to sandalwood planting operations for the time being. The appointment, in 1899, of J.M. Gregory as forest ranger in the sandalwood area did not have much effect on the sandalwood industry, especially as the post was only a temporary one.³⁶

Ednie Brown did nothing towards solving the second great problem which confronted the sandalwood industry. The periodic fluctuations in the industry had attracted frequent comment. Disastrous slump followed unhealthy boom all too frequently. There had been a most noticeable slump in 1871-2, when exports fell from 6,112 tons in 1870 to 3,366 tons in 1871. In the period 1877 to 1879 exports fell from 6,600 tons to 4,500; over the period 1884 to 1888 exports declined from 7,000 tons to an average of 4,000; and there were further slumps in 1891 and 1894. The efficient regulation of this trade in order to eliminate such violent fluctuations was obviously a matter for government. Even when the situation was referred to by means of parliamentary discussion it refused to take any action. Ednie Brown, who was essentially a forester, could scarcely be blamed for his failure to evolve some regulatory scheme during his brief period as conservator.

Ednie Brown's successor made no attempt to continue ~~xxix~~ experiments into the artificial cultivation of sandalwood. Richardson admitted that large areas had been cut over, but rejected the possibility of any shortage of sandalwood "for many years ahead", especially as fresh country was continually being tapped.³⁷ He instanced the large tract of country to be opened up by the trans-Australian railway line in support of this contention.³⁸

Throughout his period as acting-head of the Woods and Forests Department Richardson adopted an extremely pessimistic attitude towards the future possibilities of the sandalwood trade. In the long term, Richardson's fears were justified, but in the meantime his outlook was far too despairing. The sequence of trade

34. See the following Annual Reports of the Woods and Forests Department: 1897, p. 11; 1898, pp. 10-1; 1899, p. 11; 1900, p. 9.

35. On 26 Oct. 1899.

36. G.G. 15 Dec. 1899.

37. Woods and Forests Annual Report for 1909, p. 15; for 1910, p. 7.

38. Woods and Forests Annual Report, 1914, p. 7.

fluctuations continued after 1895. In 1903 the Coolgardie forest ranger reported that the industry was almost at a standstill in his district: hundreds of tons of wood were stacked awaiting a market.³⁹ Over the following five years, however, the volume of sandalwood exports gradually increased and in 1907 and again in 1908 the 9,000 ton mark was exceeded. Richardson, however, was anxious to paint as black a picture as possible. A slight falling off in exports from 1905-6 to 1906-7⁴⁰ prompted a pessimistic review of the industry's prospects. Richardson pointed out that the awakening of China involved a growing tendency to abandon some of the ancient customs of worship, and expressed the fear that a further spread of this reform movement would affect seriously Western Australia's sandalwood trade.⁴¹ Richardson was quite correct but, in this regard, in contrast to his attitude on most forestry questions, he was some years in advance of his time. The trade slackened a little in 1909, prices offered falling by 10/- a ton,⁴² followed by another drop of over £ a pound in the subsequent twelve months, by which time sandalwood was selling for £6 a ton f.o.r. Fremantle. Before the end of 1910 trade had revived, and prices were again topping £8.⁴³ Once more there came a slump which seemed to justify Richardson's pessimism. Exports fell to 3,154 tons in 1912 - the lowest figure since 1894. Recovery was more spectacular on this occasion and in June 1914 getters were receiving £9/5/- a ton f.o.r. Fremantle.⁴⁴ The quantity exported averaged over 7,000 tons per annum for the following four years for, in marked contrast to the situation obtaining in the timber industry, the sandalwood trade experienced a period of prosperity during the war. Many years were to pass before sandalwood exports fell again to the low 1912 level.

One beneficial reform was introduced during this period. In November 1908 a regulation made under the Land Act of 1898

39. Woods and Forests Annual Report (hereafter referred to as Annual Report) 1903, p. 19.

40. The decrease was a very slight one: from 177,305 cwt. valued at £71,353 to 174,002 cwts. valued at £65,058 - a decrease of only £6,295. In fact, so small and so temporary was this decline that

prescribed that all sandalwood should be subject to a royalty of 5/- a ton.⁴⁵ For the sake of convenience this royalty was to be collected by the Railways Department with the freight charges and was then to be transferred to the Woods and Forests Department.⁴⁶ The most noticeable effect of this innovation was a sharp increase in the sandalwood revenue of the department. Under the licensing system the department, in 1907, obtained £215; under the royalty system it received, in 1909, £1,390;⁴⁷ and this despite the fact that the amount of sandalwood exported in 1909 was barely half the amount exported in each of the two previous years. The imposition was followed by a great outcry on the part of those interested, but any difficulties referred to by traders were of only a temporary nature for by 1910 exports had almost recovered their 1908 position. Richardson felt that subsequent events had proved the early opposition to be unjustified, and commented that the royalty might with advantage be increased.⁴⁸ This suggestion was not acted upon for some time.

There was an immediate upsurge in the amount of sandalwood exported in the years following the conclusion of the war. In 1918-19 9,000 tons left the State, in 1919-20 14,355 tons, and in 1920-1 10,839. Never before or since has sandalwood been exported at such a rate. The new Conservator, Lane-Poole, was very concerned at this "frenzied" overcutting of sandalwood supplies and felt that the alarming rate of exploitation made it necessary to introduce some form of government regulation of the industry.⁴⁹ As a first step, a regulation was gazetted prohibiting the pulling of sandalwood unless the tree was at least 14 inches in circumference 16 inches from the ground.⁵⁰ The strict enforcement of this rule considerably hampered the pulling operations of getters, most of whom, it was stated, had not been disposed to protect smaller trees.

Far more ambitious and controversial plans were being considered

40. (cont'd.) it was not reflected in the annual export figures based on the calendar year. These showed a steady increase over the period from 1905 to 1907.

41. Annual Report, 1911, p. 7.

42. Annual Report, 1909, p. 15.

43. Annual Report, 1910, p. 7.

44. Annual Report, 1914, p. 71

45. Annual Report, 1908, p. 10; G.G. 27 Nov. 1908.

46. Annual Report, 1909, p. 15.

47. Annual Report, 1909, p. 16.

by the Conservator. He began working for the introduction of some scheme which would eliminate the trading fluctuations which had characterised the industry throughout its history. Stabilization of the sandalwood trade would serve a three-fold purpose: it would ensure continuity of employment for the getter; it would ensure that the State obtained the maximum financial benefit from a valuable forest product; and it would help to ensure continuous supplies in order that the Chinese market might be held until the State's "future plantations" were "ready to be worked over". The significance of Lane-Poole's ideas can scarcely be over-rated.⁵¹ For sixty years the sandalwood industry had suffered from alternate slumps and booms. There was only one instance on record of a plan to remedy the situation - and this was a temporary expedient, sponsored by a small group of merchants, and immediately scotched by the government. Lane-Poole meant to effect a radical departure from the long accepted policy of neglect. At last some responsible person thought seriously about the problem and determined to bring order out of chaos. It remained to be seen how successful he would be in the implementation of his plans.

On the last day of January 1920 there appeared in the West Australian an advertisement calling for tenders for a permit under timber regulation No. 14 "to cut and remove sandalwood on and from a large area of land in Western Australia". Tenders had to be submitted by 23 February 1920. Supplies of sandalwood were to be restricted to between 250 and 500 tons a month. The successful tenderer would be required to engage to pay sandalwood getters a certain price for each ton of wood delivered at Fremantle. No growing sandalwood less than 15 inches in circumference three feet from the ground was to be pulled. All sandalwood getters working on the permit area would be required to register as timber

48. Annual Report 1910, p. 7.

49. Annual Report, 1920, p. 9.

50. Ibid.

51. See FD 194/20.

workers and pay a fee of 2/6 per annua. The minister for forests, John Scaddan, supported the Conservator's proposals in a public statement explanatory of their purpose. Sandalwood getting, instead of continuing a mere speculation, was to become the means for earning a regular income.

Alas for these hopes! The Conservator's well intentioned proposals encountered a storm of opposition. The Kalgoorlie Roads Board decided to send a telegram to Mitchell, the premier, protesting against the creation of a monopoly.⁵² It opposed any alteration which would injure men then engaged in the industry. The consensus of opinion on the goldfields was that the introduction of the government's plans would "injure the men then engaged in the industry". At public meetings throughout the goldfields men declared their opposition to the government's proposals.⁵³ The returned servicemen's organisations were vocal and their attitude was all important.⁵⁴ A deputation waited on Mitchell at Kalgoorlie.⁵⁵ On the following day another deputation, including nine members of parliament, waited on Scaddan in Perth.⁵⁶ Scaddan declared his belief that this was one instance where a monopoly could well prove to be beneficial, and protested that the government was not considering any change in the condition of the getter except one for the better.⁵⁷ However, the time for the lodging of tenders was extended so that the government could give further consideration to the matter. Cabinet bowed before the storm and decided not to continue with its plan. Scaddan let there be no doubt that he remained convinced that Lane-Poole's policy was the correct one.⁵⁸

The Conservator was obliged to fall back on compromise measures. The royalty on sandalwood was increased from 5/- to £2 a ton as from 5 March 1920.⁵⁹ Executive power was used to restrict pulling operations by the simple process of refraining

52. W.A. 10 Feb. 1920. 53. W.A. 11 Feb. 1920.
54. W.A. 13 Feb. 1920. 55. W.A. 16 Feb. 1920.
56. W.A. 17 Feb. 1920. 57. W.A. 27 Feb. 1920.
58. W.A. 3 March 1920; for further examples of public agitation on this question see Kalgoorlie Miner 11 Feb. 1920 and Westralian Worker 27 Feb. and 12 March 1920.
59. FD 290/20.

from issuing new licenses.⁶⁰ It would be some time before beneficial effects would result from this policy and it was an unsatisfactory method of obtaining the end sought. At the end of April a regulation was gazetted prohibiting the removal of sandalwood under 14 inches circumference at 16 inches from the ground. Protest meetings were staged immediately. An ex-servicemen's meeting at Kalgoorlie decided to ask the Forests Department to issue licenses to all returned soldiers who wished to engage in the sandalwood industry.⁶¹ Representations by interested bodies resulted in an easing of the minimum girth restrictions.⁶²

Lane-Poole was to suffer yet another rebuff. On 8 September Mullany, a member of the group that had broken away from the Labour party in April 1917, moved in the legislative assembly for the disallowance of the 14 inches regulation. Despite Scaddan's protests the motion was passed without a division.⁶³ Advantage was taken of this debate to criticise the proposals made earlier in the year by Lane-Poole. Labour members vigorously objected to the monopolistic characteristics of the scheme envisaged by Lane-Poole. But some were prepared to advocate a possible alternative. Green suggested that a state monopoly would be advantageous.⁶⁴ Two ex-Labourites - Taylor and Foley⁶⁵ - agreed with him. These men argued that the government ought not to be satisfied with receiving £2 per ton royalty for sandalwood, and that if the industry was properly organised the Chinese merchants could be forced to pay much higher prices to the Western Australian getters. This "proper organisation" involved a state monopoly. It was, asserted Taylor, the clear duty of the government to control the sandalwood industry.⁶⁶

Lane-Poole was thinking along precisely these lines. Despite the rebuff he had experienced in February he was still convinced that it was imperative that the quantity of sandalwood cut for

60. Kalgoorlie Miner 2 Aug. 1920.

61. Ibid.

62. W.A. 17 Aug. 1920.

63. P.D. Vol. 62, pp. 514, 629.

64. Ibid., p. 519.

65. As Foley put it in an interjection: "The pullers cannot get the fullest results of their labour unless the State takes over the industry". P.D. Vol. 62, p. 619.

66. Ibid., p. 527.

export be restricted, and that without much delay, to the quantity that China could absorb, and he saw no means of achieving this desirable end other than a very close governmental supervision of the industry.⁶⁷ In May Lane-Poole gave his support to a stabilisation scheme drawn up by Drake-Brockman, who, on 31 March 1920, had been appointed as the officer ~~in charge~~^{supervising} the sandalwood industry for the Forests Department. The plan envisaged the complete control of the trade by the establishment of a government monopoly. Drake-Brockmann was sent to China to investigate marketing conditions there and, after his return, made a further report which, in Lane-Poole's opinion, should have convinced everyone of the desirability of establishing a government monopoly. The Conservator thereupon made certain definite recommendations to his minister. The public should be notified that it was the government's intention to take over the sandalwood industry; holders of stocks in Western Australia should be permitted to enter the pool on certain terms to be arranged; and £70,000 should be made available by the Treasury to meet the cost of taking over these stocks and in order to make advances against sandalwood pulled in the coming year. Lane-Poole recommended that Drake-Brockmann be appointed to take charge of the industry. Such a scheme was scarcely likely to appeal to the non-Labour Mitchell government then in office. However, Lane-Poole's ministerial head had been the leader of a Labour government which had instituted the most spectacular and controversial expansion of state enterprise in the history of Western Australia. Scaddan had not retreated altogether from his earlier ardour for state intervention and without hesitation he endorsed Drake-Brockmann's conviction that a government monopoly could be established and successfully managed. But he had some doubts as to whether the cost of the scheme, which he estimated would be "at least £100,000", could be borne by the Treasury, and as to whether the government had the staff capable of dealing

67. For material in this and following paragraphs see FD 290/20.

with the complicated business of marketing sandalwood in China. Despite these anxieties, Scaddan recommended the adoption of the scheme in his report to Cabinet. Mitchell minuted on Scaddan's recommendation: "Discuss with me." The premier was of a different persuasion from that of Scaddan. No record exists of this discussion, but later events indicate that Mitchell was able to convince Scaddan of the difficulties involved in the scheme. The cabinet did not have to make a decision on this occasion, for Drake-Brockmann reported that the opportunity of obtaining control of the stocks at Fremantle at a cheap price had been lost. He suggested alternative means of controlling the industry. Nothing came of these schemes, and Drake-Brockmann was shortly transferred from the Forests Department, becoming commissioner for the north-west as from 1 August 1921.⁶⁸

Lane-Poole refused to let the matter rest in this state of indecision. He continued to gather evidence which lent support to his plans for state control. In 1920 an officer of the Forests Department was entrusted with the task of travelling through the sandalwood country considering claims for rebates of the increased royalty on sandalwood pulled before 5 March 1920.⁶⁹ He was instructed to obtain the views of the sandalwood getters themselves on the question of how best to control the industry. It was found that the great majority desired the government to take steps to stabilize the industry in the interest of more regular employment.⁷⁰ Lane-Poole also pointed out that the average value of sandalwood per ton on importation into Hong Kong in 1919 was £44 and in 1920 £36, while its average value on exportation was £50 and £47 respectively. This fact, he claimed, clearly demonstrated that the State was not receiving its fair share of the profit on sandalwood, especially as £15 f.o.b. Fremantle was considered a boom price.⁷¹ Meanwhile, support for Lane-Poole's views was

68. Annual Report, 1922, p. 22.

69. See below, p. ; Over £4,000 was returned to getters.

70. Annual Report, 1921, pp. 11-2.

71. Ibid; Lane-Poole obtained this information from the Hong Kong Blue Books.

forth-coming from various sections of the community. For example, unemployed miners at Laverton appealed to the government to take steps to regulate the sandalwood industry in order to increase employment opportunities.

In August 1921 Lane-Poole again approached Scaddan with a proposal for a government monopoly of the industry. But the minister for forests had been brought into line with orthodox non-Labour opinion. Perhaps Mitchell's opposition to Lane-Poole's plans was due in part to a desire to limit expenditure in order that all might be concentrated on his group settlement scheme;⁷² or perhaps Mitchell's personal animosity to Lane-Poole influenced his attitude. Whatever the reasons he advanced, he had been successful in convincing Scaddan that he ought to change his mind. The minister for forests now informed Lane-Poole that he felt that the industry could be "carried on with private funds and properly controlled in the State interest without State ownership". A few months later he declared that it was not government policy to consider the establishment of a state monopoly in sandalwood, since it involved trade of rather too risky a nature. Kessell, the new Conservator, agreed with his predecessor's views on the desirability of establishing a government monopoly, but was forced to recognise that the minister was definitely oppose to the idea. Scaddan requested Kessell to continue investigations in order to see if some system of control could be evolved short of a state monopoly. Kessell obeyed the instructions of his minister, and the department soon had various schemes under consideration. The ministry could not come to a decision, however, and a long interval elapsed during which no active measures were taken by the government towards the better organisation of the industry. ~~In March 1923 cabinet finally decided upon a plan whereby the export of sandalwood might be limited and the industry controlled.~~

72. Conversely, it could be argued that since Mitchell was prepared to spend millions on ~~group~~ group settlement without receiving much benefit, he might well have authorised the expenditure of £100,000 on a venture that held out bright hopes of being a profitable one. But Mitchell did not look at the problem in this way.

The 1922 Royal Commission on Forestry⁷³ investigated the situation in the sandalwood industry. Its report vindicated Lane-Poole's efforts to reorganise the trade. It was pointed out that under the uncontrolled cutting conditions which had obtained since the foundation of the colony Western Australia had never realised its fair proportion of export value. The major firms in the sandalwood trade were "more or less intimately associated with" the Chinese and Singapore firms, and were thus only interested in the margin between the export value and the price realised in the Orient. The result of such operations, it was claimed, had been disastrous to the State and to the industry. If the government wished the community and the sandalwood getters to receive a fair deal it would have to change the whole system of trading in sandalwood. The Royal Commission advised that control of the industry be vested in the Forests Department.

In March 1923 cabinet finally decided upon a plan whereby the export of sandalwood might be limited and the industry controlled. A single permit was to be issued for the pulling and removal of sandalwood from Crown land. Each person who tendered for the permit was to state the minimum price he was prepared to guarantee sandalwood getters as well as the amount of royalty he was prepared to pay the government.⁷⁴ The story of three years earlier was repeated. Goldfields bodies protested to the government.⁷⁵ Scaddan pointed out the flaws in the arguments of these organisations. But the opposition grew. A deputation which included twentyone members of parliament waited on Mitchell. Collier, the leader of the labour party, condemned the establishment of a monopoly, but his main talking point was that the matter should be held in abeyance until parliament met. However, a minority of those present supported the government's proposals. The West Australian's argument was not so much against the scheme as against its

73. The membership of this commission included representatives of each of the three major political parties: National, Country and Labour.

74. Annual Report 1923, p. 9.

75. See W.A. 21 Mar., 26 Mar., and 28th March 1923.

implementation in the face of such opposition during the parliamentary recess. It was prepared to admit that a monopoly, "under rigid safeguards" would be preferable to the "existing ruinous system of unrestricted cutting".⁷⁶

The vigour of the opposition was sufficient to stay the government's hand and Kessell became increasingly alarmed at cabinet's procrastination. In August he warned Scaddan that the delay was creating an even more chaotic situation trade. Owing to the uncertainty as to future arrangements buyers were chary of entering into contracts.⁷⁷ The Conservator submitted for cabinet's approval recommendations for a form of government control of the industry. He proposed that persons desiring to continue pulling operations should apply to the Forests Department and that if any person pulled in excess of their average output for the previous few years their wood would be liable to confiscations. In one sense this proposal fell far below the organised marketing scheme desired by Lane-Poole and favoured by Kessell himself; in another sense, it was a crude attempt at implementing a control of the industry which was finally achieved only with the adoption of quite complicated machinery. The time was not yet ripe for the putting into effect of Kessell's plans.

In late October cabinet finally came to a decision on the tenders called almost eight months previously.⁷⁸ Amidst a conflict of opinions caused by a desire to placate the opposition so convincingly demonstrated during the debate on Collier's motion⁷⁹ and the desire to give effect to a plan which their advisers in the Forests Department thought would be workable the government arrived at a compromise which seemed to attach more importance to the former. The projected single permit system did not materialise. Instead, Licenses were issued to four firms, which were to pay royalty at the rate of £25 a ton, a rebate of £16 a ton being allowed on the

76. W.A. 29 Mar. 1923.

77. For material in this and following paragraphs see FD 920/23.

78. Annual Report, 1924, p. 8.

79. In August Collier had moved a motion asking the legislative assembly to instruct the government not to proceed with its plan to give a monopoly to a single firm.

production of satisfactory evidence that such amount had been paid the getter for wood on trucks at Fremantle. The firms' allocations were based upon their activities of previous years. The following table shows the maximum and minimum amount of sandalwood which each of the four firms was to be permitted to handle each year:-

Paterson & Co.	3,720	3,120
W. A. Sandalwood Co-op.	1,500	1,200
John Hector and Sons	600	480
Burridge and Warren	144	120
	<hr/> 5,964 <hr/>	<hr/> 4,980 <hr/>

These regulations were gazetted on 30 October 1923 and the licenses were issued as from 3 November 1923 for a period, in the first instance, of three months. Their issuance brought to a close a period of some months during which no licenses to pull sandalwood had been granted.

Once again the government's action aroused considerable opposition. Within a week Collier moved for the disallowance of the regulations.⁸⁰ He condemned the "incomprehensible manner" in which the government had handled the whole business, fulminated against the so-called monopoly proposals of the government, and aired the grievances of "citizens interested in sandalwood everywhere". Public meetings were held; a deputation waited upon the premier; John Stewart, Chairman of Directors of the Sandalwood Co-operative, complained of unfair treatment; there were other disputes between the private companies. Scaddan bore the brunt of it all, and his speech on Collier's motion evidenced his increasing annoyance at the intransigent attitude adopted by the various warring parties.⁸¹ Collier's motion was defeated, virtually on a party division,⁸² and there, for the moment, the matter rested. An improvement in the trade in sandalwood co-incided with the introduction of this restrictive system. Prices rose, and the

80. P.D. 69, p. 1364.

81. P.D. 69, pp. 1564ff.

82. P.D. 69, p. 1574.

amount of sandalwood exported in 1923-4 exceeded 14,000 tons, for the second, and the last, time in Western Australia's history. This was decidedly more satisfactory than the 4,000 tons of 1921-2 and the 7,600 tons of 1922-3. One must beware of attributing this buoyancy in the trade to the newly introduced regulations. The increase in exports was only temporary. Shipments in 1924-5 were less than one-half of those for the previous year, and the following decline was anything but temporary. Sandalwood exports never again were to approach 10,000 tons in one year, much less emulate the 14,000 tons of 1923-4. The hey-day of the industry had been and gone; the volume of shipments in the post-war period had exceeded anything ever known before - and such days were not to come again. The proponents of the restrictive permit scheme could not point to a permanent increase in the quantities of sandalwood exported as a justification for the introduction of their scheme. Nor were they required to seek such justification. By the mid-1920's it was the aim of good government, not to encourage the exportation of increasing quantities of sandalwood, but to control the operations of the industry in order that the State might obtain the maximum benefit possible from a limited asset. Judged by this criterion, the November 1923 scheme was still open to serious criticism. The system of regulation established by the government simply defined the amount of sandalwood from Crown lands which might be pulled in Western Australia in any one year within the limit of 500 tons either way, and apportioned this amount between four private firms.

Perhaps the most serious limitation in this regulatory scheme was the fact that there was no restriction on the pulling of sandalwood on private property. Moreover, since private property sandalwood escaped the £9 royalty which had to be paid in respect of Crown land sandalwood there was a distinct incentive to increase the quantity of sandalwood forthcoming from private property. Dealers in private property sandalwood took advantage of the high prices temporarily resulting from the introduction of the

government's scheme and by the same action tended to render nugatory the restrictive measures which had aimed at improving the trading position. From 1 November 1923 to 30 June 1924 2,023 tons of sandalwood claimed to have been pulled on private property were consigned from country sidings. Much of this was illegally obtained from Crown lands. So prevalent did this practice become that four additional rangers were employed in the protection of Crown sandalwood. Despite the adoption of this and other measures the Forests Department experienced considerable difficulty in checking this abuse. Owing to the stand taken by magistrates, who were most reluctant to accept the evidence of Forests Department officers that disputed sandalwood was obtained from Crown land, it was impossible to secure convictions for illegal pulling.⁸³ The Conservator also had reason to complain of an extension in the practice of pulling immature trees.⁸⁴

The slump of the mid-1920's came as no surprise to Kessell. It seemed that the government's scheme was not flawless. The four licensees themselves were far from blameless. In fact they had contributed to the unsatisfactory situation in no small measure, for there would have been no market for private property sandalwood if the exporting firms had not been prepared to buy it. Their purchases at prices which the market conditions did not justify had been largely responsible for the boom and the following slump. During the first half of 1925 the familiar story was being repeated as exports lagged behind current pulling and as stocks accumulated at Fremantle and Geraldton.⁸⁵ The Mitchell government had failed to stabilize the sandalwood industry.

The method of controlling the sandalwood industry was an important issue during the election campaign of the autumn of 1924. Labour spokesmen repeated their denunciations of the "monopoly" established by the Mitchell government and promised that a more equitable system would be ~~antixixixix~~ instituted if they were returned to power. The retiring government was defeated and the

83. Annual Report, 1924, p. 19; 1925, p. 10.

84. Annual Report, 1925, p. 13.

85. ~~IEIE~~. Ibid.

Labour party was given an opportunity to improve on Mitchell's efforts. The new premier, Collier, was soon thinking along the lines of "a complete government monopoly". In mid-January 1925 he asked Kessell to report on the prospects of effective control of the sandalwood industry by a government agency alone. Over three months later Kessell explained, in a lengthy minute, that he thought any such step as that contemplated by the premier would at that time be "in the nature of a risky experiment with public funds". The Conservator had thus retreated from the position he had held three years earlier. For the time being, Collier's plan was shelved. But 1925 saw one important innovation. Thitherto the allocation of orders for sandalwood ~~getters~~ to individual getters had been a preserve of the private trading companies, subject to general government supervision. This system had given rise to complaints. Now the Forests Department accepted the responsibility for the allocation of sandalwood orders to the men who actually pulled the tree. Two boards were established to deal with applications for orders. One, dealing with applications from men who were almost entirely dependent upon the industry for a livelihood, was composed of a nominee of the Forests Department as chairman, and two members, one a representative of the sandalwood licensees and the other of the Sandalwood Producers' Association; the second, dealing with applications from prospectors who had met with temporary bad luck and who needed additional funds in order to continue their search for gold, consisted of a nominee of the Mines Department as chairman, and representatives of the Forests Department and of the Prospectors' Sandalwood Association. These boards acted in an advisory capacity, but the Forests Department rarely departed from their proposals in the allocation of orders. One would expect that obligations of such a nature would involve the boards concerned in considerable criticism, but such does not appear to have been the case, although there were the inevitable individual grievances.

The Collier government's attitude towards the sandalwood industry was almost as productive of controversy as had been that of its predecessor. Some of those engaged in the industry expressed dissatisfaction with the restrictions imposed upon them. The Worker claimed that the government's restrictive innovations had been carried out smoothly and that most concerned were satisfied at the state of affairs;⁸⁶ other sources did not fail to point out that the Labour government so far had failed to redeem its promises; when in opposition the party had heatedly condemned the granting of monopolistic powers to the private trading firms. Nothing had been done to alter this situation.⁸⁷ Those responsible could point to some improvement in 1926 - exports had increased slightly, and one of the major headaches of the Forests Department showed signs of curing itself as the supplies of sandalwood from private property were markedly reduced.⁸⁸ But the industry was far from being stabilized. Just at this time a new factor appeared which ~~was~~ threatened to so complicate the situation that only determined action could avert a major catastrophe in the Western Australian sandalwood industry. However, good resulted, for the new menace spurred the Western Australian authorities to take steps which were greatly to the advantage of the industry; but for this threatening change the existing unsatisfactory state of affairs might have continued for some time.

In 1925 South Australia began to export sandalwood.⁸⁹ It appears a little surprising that the first exports of this commodity from this state should have been recorded at so late a date. The explanation Collier gave was that officials in South Australia knew of the existence of the tree in their state but did not know it was sandalwood until a sandalwooder from the West informed them of its value.⁹⁰ The wood was of inferior quality to that found in Western Australia, but the fact that it was offered for sale at a lower

86. Westralian Worker 3 Dec. 1926.

87. Kalgoorlie Miner 6 Mar. 1927.

88. Annual Report 1926, p. 13.

89. See Appendix

90. P.D. Vol. 80, p. 1332.

price - no royalty was payable, for the South Australian authorities had had no time to introduce regulatory schemes - secured it a growing proportion of the Chinese market. Western Australia could not afford to have its marketing arrangements disrupted. Little time was lost in approaching the South Australian government. The immediate result was an agreement which ensured a measure of control no less satisfactory than that which had been in existence in Western Australia before the entry of South Australia upon the ~~scheme~~ scene. There followed a period of stress, during which the government's scheme was bitterly criticised in some quarters. At the same time against a background of acute depression in the industry the authorities continued to work towards an improved marketing organisation, and the private trading firms carried through a long-overdue rationalisation of their activities. The result was the establishment of the most efficient marketing organisation possible - single unit control.

In January 1927 representatives of the South Australian and Western Australian governments conferred and reached agreement on a measure of joint control of sandalwood pulling.⁹¹ It was decided that for the twelve month period ending 31 January 1928 the quantity of sandalwood to be obtained for export should be limited in South Australia to 2,600 tons and in Western Australia to 5,400 tons. There was no reason to feel dissatisfied with the operation of this arrangement in the following twelve months and the agreement, slightly modified, was extended for a further period of three years. The two governments agreed to restrict the total output of sandalwood to 6,935 tons in 1928 and 7,635 tons in each of the two following years. Western Australia was to supply 4,935 tons per annum.⁹¹ Then, in 1928 the four sandalwood exporting firms combined to form the Sandalwood Merchants' Association.⁹² This was followed by the signing of a three years contract between this new organisation and the Chinese merchants for the supply of a specified amount of sandalwood.⁹³

91. Annual Report, 1927, p. 12.

92. Annual Report, 1928, p. 12.

93. W.A. 19 Feb. 1928.

A few years later the four licensees went a step further and formed a single selling agency, the Australian Sandalwood ~~Manufacturers~~ Co., Ltd.⁹⁴ Over the same years measures had been taken to curtail the exploitation of private property sandalwood. At the end of 1928 Brockway pointed out to the Conservator that the greatest difficulties in connection with the supervision of the industry stemmed from the impossibility of identifying sandalwood belonging to different persons. He accordingly advised the introduction of some system of branding Crown sandalwood as soon as it was pulled. It was decided that this measure might be adopted in respect of all sandalwood and the necessary regulation was gazetted on 8 March 1929. The Western Australian Sandalwood Merchants' Association welcomed the regulation. From 9 August 1929 a fee of £1 a ton was charged for the inspection and branding of private property sandalwood.⁹⁵ The government shortly introduced legislation to further regulate sandalwood operations on private property. The Sandalwood Control Act,⁹⁶ besides giving legislative approval to the agreement with the South Australian government, provided that not more than 10% of the sandalwood pulled in any one year within the State could come from private property. Mitchell supported the measure, claiming that it was really a development of the steps he had taken in 1923.⁹⁷ Various speakers in the council took the opportunity of pointing out the change of opinion in the Labour party attitude in the years since they had denounced the Mitchell government's "monopolistic" proclivities. The Act had a currency of only one year, but the newly formed Mitchell government extended its operation in 1930.⁹⁸ It had been intended to continue the legislation indefinitely, but a legislative councillor pointed out that the bargaining power of the government in any future conference with South Australia might be lessened if this course was adopted. The government accepted this viewpoint, and the Act's operation was limited to the end of 1934 at which time the current

94. Annual Report, 1930, p. 6.

95. PD 1302/54.

96. Collier moved the second reading of the necessary Bill on 7 November 1929; P.D. Vol 43, p. 1425.

97. P.D. Vol. 83, pp. 1427-8.

98. P.D. Vol. 85, pp. 2602-3.

agreement with the South Australian government was due for reconsideration.⁹⁹

Schemes for rationalising the industry were accompanied by a threatened near extinction of the trade itself. Exports for 1927-8 fell to below 5,000 tons - the lowest for six years. But far worse was to follow. A heartening recovery in the following year to over 7,500 tons proved to be of temporary benefit only. The discussion on the estimates for the Forests Department for 1928-9¹⁰⁰ was devoted exclusively to the problems affecting the sandalwood getters. Labour goldfields members were foremost in pleading with the government to do something for these men who were faced with the disappearance of the means of their livelihood. Governments could do little to bolster exports to a China now torn by civil war. Shipments fell drastically, to 943 tons in 1929-30 - the lowest since 1859. Huge stocks accumulated. By June 1930 7,000 tons,¹⁰¹ and a year later 8,500 tons,¹⁰² were stacked at ports and country sidings in Western Australia¹⁰³ and South Australia. Despite this almost hopeless position, 4,177 tons of sandalwood for export was pulled in 1929-30. Faced with such a situation the Forests Department had no alternative but to suspend almost entirely the issuing of further orders. The depression resulted in a record number of applications for orders to pull sandalwood being made, but the Forests Department stood firm and only 115 tons of sandalwood were pulled in Western Australia in 1930-1.¹⁰⁴

The government's rigid control policy aroused strong opposition among certain elements interested in the industry. There was great discontent in goldfields areas.¹⁰⁵ Some called for a Royal Commission to inquire into the industry.¹⁰⁶ Criticism of the government's policy was voiced at a public meeting in the Kalgoorlie Town Hall.¹⁰⁷ Those present passed a motion calling for "drastic reforms" in the administration of the industry. The only "drastic reform" specified

99. P.D. Vol. 85, pp. 2602-3.

100. P.D. Vol. 80, pp. 1326-33.

101. Annual Report 1930, p.6.

102. Annual Report 1931, p. 7.

103. It was reported in the press (W.A. 27 May 1930) in the winter of 1930 that there were 8,500 tons stacked in Western Australia and 2,500 tons in South Australia.

104. Annual Report, 1931, p. 7.

105. See W.A. 3 April 1930, 11 June 1931; Western Worker 4 April 1930

106. Kalgoorlie Miner 10 June 1931.

107. W.A. 10/5/31

was the selling of 2,000 tons of Western Australian sandalwood on the Chinese market, and the only guarantee that this "reform" was a practicable one was the evidence of one speaker, W.R. Burton, who claimed that the government trading agency would only deal with certain Chinese merchants and that others would be prepared to place orders for large quantities of sandalwood if the Western Australian authorities would supply them. It was claimed that the government monopoly was doing infinite harm to the industry and that an immediate return to unrestricted pulling and unrestricted sales would result in the industry rapidly righting itself. Burton asserted that if he were freed from the restrictions of the Forests Department and the Australian Sandalwood Co. he could immediately produce orders for the export of 2,000 tons of Western Australian sandalwood to China, and that at a most attractive price - £30 a ton f.o.b. Fremantle. Kessell prepared a minute¹⁰⁸ explaining, for the benefit of his minister, the attitude of his department. This minute appeared in the press on the same day as did a letter from A.E. Jackson, the general manager of the Australian Sandalwood Co. Both pointed out the flaws in Burton's arguments and denied that unrestricted operations would result in an improvement in the industry. The company agreed wholeheartedly with the Conservator that outside marketing could easily cause a complete collapse of the industry. Kessell was confident that Burton's claim was not made in good faith. The latter was challenged several times to produce definite evidence that he could secure the orders to which he referred, but failed to do so. Meanwhile, the government's agent in China warned Kessell that this agitation for a change in policy was seriously affecting sales and deliveries. By this time Kessell was quite sure of Burton's faithlessness. Cabinet shared Kessell's conviction and the agent was accordingly informed that the Western Australian government was not contemplating any change in policy and that no Western Australian supplies would be available except through the Australian Sandalwood Co. In a ministerial

108. See FD 970/31.

statement explanatory of Western Australia's official attitude reference was made to "disgruntled individuals" who might be working "for their own ends through the agency of citizens..not sufficiently conversant with the interests of the industry." In a letter to his South Australian counterpart Kessell described the sequence of events and explained the "Western Australian viewpoint. He deplored the fact that the agitation of malcontents had caused an unfortunate disturbance in the Chinese market at a time when a return of confidence was so badly needed, but consoled himself with the reflection that Burton's failure to produce his so-called orders had shown that genuine requirements were being met fully through the existing organisation.

Kessell was correct in drawing this conclusion from the incident. In the meantime, however, sandalwood pulling operations were still drastically curtailed and in 1931-2 only 212 tons of sandalwood were obtained from Crown lands. Unemployed sandalwood getters continued their criticisms of a policy the merits of which they might be excused for not appreciating. At the end of 1931 another sandalwood merchant, W. Skuthorpe, strongly condemned the monopolistic government trading agency.¹⁰⁹ At a public meeting held in the Kalgoorlie Town Hall on Sunday 24 January 1932 a resolution was passed urging the abolition of the £9 royalty charge on sandalwood. It was claimed that prosperity would return to the industry if this step was taken. There was a precedent for such a demand. During the serious slump of 1921-2 the Forests Department had been asked to reduce or abolish the existing royalty. The department disagreed with the contention that the puller would thus be able to obtain a better price, and the request was not entertained.¹¹⁰ The same attitude was adopted a decade later when Seaddan intimated that the government had not the slightest intention of reducing the royalty. A little later the "Western Australian Prospectors' Association and the Sandalwood Section of the Australian Workers'

109. W.A. 28 Dec. 1931.

110. Annual Report, 1922, p. 10.

Union approached the government with a compromise proposal - that the royalty due on the stocks of sandalwood at Fremantle and Geraldton should be foregone. Scaddan was sympathetically inclined towards the pullers but expressed grave doubts as to the efficacy of the proposals put forward by the men as a means of securing the end desired. It was Scaddan's opinion that they could only watch and wait for conditions to improve in China.¹¹¹

The search for an improvement in the method of organising the industry was continued. Scaddan had spoken of the possibility of some scheme being evolved which would be more satisfactory to all concerned. While on a visit to China, H.W. Gepp, the Commonwealth Consultant on Development, inquired into conditions in the sandalwood trade.¹¹² The report based on these inquiries fully justified the past action taken by the governments of South Australia and Western Australia to control the industry, and strongly urged the continuation and extension of these controls. Gepp made two specific recommendations: the immediate establishment of single unit control under the supervision of the governments of the two States; and the institution of a sales organisation also under single unit control. In May the two governments began negotiations aimed at the implementation of a scheme based on these recommendations. Within a month Scaddan was able to submit a proposed agreement to sandalwood getters. The scheme was received quite favourably,¹¹³ the main point of contention being the price to be paid to getters. This matter was settled and the agreement was signed on 21 July 1932.¹¹⁴ Gepp's recommendations were followed. The single unit control was provided by an Export Committee consisting of one representative of each government and a joint representative of the companies. Kessell was Western Australia's representative on the committee as first constituted, E.J. Field, the Director of Lands, was South Australia's representative, and A.E. Jackson was the companies' nominee. The terms of the agreement provided for a guaranteed price

111. See FD 178/32.

112. See Annual Report, 1932, pp. 8-9; FD 178/32.

113. Kalgoorlie Miner 5 July 1932.

114. Annual Report, 1932, p. 9.

per ton to sandalwooders, while the royalty was to vary on a sliding scale based on prices obtained for the commodity. The shipment of wood from the two States was to be regulated by actual sales in China, and of the total quantity shipped two-thirds was to come from Western Australia. In this State it was decided that 50% of each shipment should be supplied from accumulated stocks and 50% from new pulling.

The Forests Department felt that single unit control immediately justified itself.¹¹⁵ Sales increased, prices were buoyant, and the government received a higher rate of royalty than thitherto, exceeding £11 a ton for Western Australian wood in June 1933. By this time the amount held in Western Australia had been reduced from 8,400 tons to 3,890 tons. The rate of new pulling increased and in 1932-3 205 orders were issued for 1,230 tons of logs for export. In that year sandalwood exported exceeded 3,000 tons for the first time since 1929. The Forests Department adopted a most hopeful outlook, but its comments were unduly optimistic. Sandalwood exports have never again reached 3,000 tons, and only thrice have exceeded 2,000 tons. The decline in exports in the four years after 1932 is shown in the following table:-¹¹⁶

	Deliveries in China for six-monthly periods ending		
	S. A.	W. A.	Total
31 Dec. 1932	810	1,219	2,029
30 June 1933	649	1,110	1,759
31 Dec. 1933	569	1,086	1,655
30 June 1934	319	1,045	1,364
31 Dec. 1934	413	1,239	1,652
30 June 1935	330	855	1,185
31 Dec. 1935	534	807	1,341
30 June 1936	319	713	1,032

By 1936 the Forests Department had adopted a much more realistic attitude.¹¹⁷ It was admitted that little could be done to alter the

115. Annual Report, 1933, p. 9; ibid., 1934, p. 10; ibid., 1935, p. 9.

116. This table is taken from FD 178/32.

117. Annual Report, 1936, p. 9.

fact that consumption in China was very low as compared with the boom years immediately following the war. Extensive enquiries had confirmed that there were two major reasons for this falling off in demand. Firstly, the civil war and other internal disturbances in China had led to a reduction in the purchasing power of the community; secondly, currency troubles seriously affected trade; and thirdly, westernising influences in coastal areas had contributed to a falling off in consumption.

The fact that sandalwood exports fell off in spite of the establishment of single unit control does not mean that that control had been a failure. The falling off in sales was due to factors entirely outside the control of any person or organisation in Western Australia. Those concerned had not the slightest doubt that the export committee had performed its duties effectively. Before the expiration of the first five year agreement the committee had achieved one of its main objects: surplus stocks had been liquidated while pulling operations had been continued.¹¹⁸ The interstate agreement was renewed in 1937 for a further period of three years.¹¹⁹

Western Australia was in a worse position relative to South Australia after the renewing of the agreement. The South Australian government had been pressing for an apportionment of the orders available on a fifty-fifty basis. The Western Australian Forests Department recognised the measure of justice in this claim but was reluctant to accede to it, arguing that since the Western Australian wood was of a better quality and was more suited to the Chinese market, too great a reduction in its share of supplies would harm the common interests of both States. A compromise was effected whereby Western Australia was to supply seven-twelfths of the orders for Australian sandalwood.

Exports of sandalwood from Western Australia totalled 1,106 tons in 1938-9, the last full year before the war. In the same year the Forests Department issued 59 orders for the supply of 1,108 tons, plus an additional 70 tons from private property. These figures

118. Annual Report, 1937, p. 9.

119. In August 1934 the Queensland government had been brought into the scheme; exports from that State were very small.

compared poorly with those of a generation earlier. But behind the doubtful facade there was a much more satisfactory structure. Under the system instituted by the stabilization scheme the getter was guaranteed a return of £16 for every ton of f.a.q. sandalwood delivered in trucks at Fremantle. Exporters could claim reductions in respect of inferior quality sandalwood, an officer of the Forests Department deciding the amount of deductions. In 1928, of the total of 5,204 tons delivered for exports, dockages varying from 5/- to £4 a ton were made in respect of 235 tons which were below f.a.q. standard. The average amount received by the getter was £15.18.8½ per ton. There was a marked drop in 1931, when over one-third of the 450 tons of sandalwood delivered was inferior and the average price paid to the getter was £14.18.9. This was a temporary phenomenon, however, and in the following years the average return again closely approached the £16 limit. This steady return to the sandalwood puller, such a marked contrast to the position obtaining in previous years, provides sufficient justification for the government's action in controlling the sandalwood industry.¹²⁰

It will be remembered that Lane-Poole's three-fold plan for the stabilization of the sandalwood industry involved an attempt to propagate sandalwood artificially on a scale which would result in substantial financial benefit to the State.¹²¹ Lane-Poole and his successors were to devote much attention to this problem, but all their efforts to establish sandalwood plantations on a significant scale ended in failure.

Soon after Lane-Poole's arrival in the State parliament was informed of the new Conservator's plans in this direction.¹²² Lane-Poole looked to the increase in sandalwood royalty to provide the funds for his scheme.¹²³ In 1921-2 an expenditure of £280 was incurred on this work, including the cost of erecting a rabbit-proof fence around a 220 acre site at Bendering. Experimental plantings already carried out in this locality had demonstrated

120. The material used in this paragraph was obtained from the Annual Reports of the Forests Department.

121. See above, p.

122. P.P. Vol. 54, p. 1391.

123. FD 194/20.

that good germination was obtainable from fresh nuts without any treatment and that nuts retained their power to germinate for a period of two years. It was discovered, however, that rabbits would bite off the tops of first year seedlings when there was no other green feed available.¹²⁴ Thus early the Forests Department had reason to be apprehensive of the effects of the ravages of this pest.

The department persevered with its experimental plantings. Kessell continued Lane-Poole's work, and the department was optimistic as to results which might be expected from artificial regeneration on carefully selected areas in the eastern goldfields.¹²⁵ By 1928 over 300,000 acres in the goldfields districts had been temporarily reserved in the hope that they would provide the sandalwood plantations of the future. By that year almost 1,000 acres had been sown with sandalwood nuts. Operations were not confined to the goldfields. Some 25 acres near the Wickopin railway dam were sown in the autumn of 1929, in a district where fine specimens of sandalwood had grown in the days before the agriculturalist. Around the turn of the decade a lull was called in planting operations as the results of the experiments of the 'twenties were awaited.¹²⁶ The lull proved to be a permanent one, for it was soon demonstrated clearly that the department could not cope with the rabbit menace. By 1932 reports on the experimental sowings of the previous decade showed that, no matter whether a sandalwood plant was fenced or not, even if individual seedlings were surrounded by a wire guard, the ravages of the rabbit left only a very small percentage of surviving plants.¹²⁷ Sowing, even on an experimental scale, virtually ceased on the eastern goldfields after 1930-1. Plantings were carried out along the Great Southern Railway and in the extreme south-west where encouraging results were at first obtained, since rabbits seemed to show very little interest in the sandalwood seedling when there was an adequate supply of other green food.¹²⁸ As late as June 1938 the forester at Ludlow reported on the "most promising" results of a

124. Annual Report, 1922, p. 15.

125. Annual Reports: 1925, p. 5; 1926, p. 9.

126. P.D. Vol. 76, p. 824; Annual Reports: 1927, p. 9; 1928, p. 9; 1931, p. 13; FD 1403/52.

127. Annual Report 1932, p. 15. 128. Annual Report, 1933, p. 15.

long series of experiments carried out at that centre and testified to the "remarkable" growth of trees resulting from the 1931 sowing.¹²⁹ This optimism was premature. The Forests Department has found the task of cultivating sandalwood on a commercial scale to be impossible of achievement.

The Forests Department's administration of the sandalwood industry in the years between the war was influenced by the rapid growth to significant proportions of an oil distillation industry which used sandalwood as its raw material. Scaddan, early in the 1920's, stated that this industry had been completely unknown in Western Australia until recently.¹³⁰ It seems that he was mistaken, for there are records of sandalwood oil being exported from the colony in earlier years.¹³¹ However, during the 1920's the industry expanded to an extent which far overshadowed any previous enterprise in this sphere. The firm of Plaimar Ltd. was responsible for this development. A concern owned by C.L. Braddock later entered the industry, although on a smaller scale. A total of 3,720 lbs. of sandalwood oil was extracted locally in 1918-9, increasing to 5,572 lbs. in 1919-20. From 1921-3 to 1922-3 exports of essential oils rose in value from under £7,000 to over £20,000.¹³² This was a very small proportion of the State's total export trade, and was of slight importance when compared with sandalwood exports of £103,000 and timber exports of almost £1 million. However, the industry showed signs of progressing. The necessity of protecting supplies of raw material for what promised to become a secondary industry of some importance was fully appreciated.¹³³ Sandalwood pulling on Dorre and Bernier islands, where the wood held a higher percentage of oil than in any other area of the State, was prohibited except for distillation purposes.¹³⁴ But only a small fraction of the distillers' demands were satisfied by logs from these north west localities. Advantage ^{was taken} of the needs of the oil industry to ensure a more complete utilisation of the tree. Exporters of sandalwood

129. FD 239/31.

130. P.D. Vol. 62, p. 616.

131. See Blue Books.

132. Sandalwood oil was not always distinguished from the general category of essential oils, but most of the essential oils exported in these years was sandalwood oil.

133. Annual Report, 1923, p. 9.

134. P.D. Vol. 63, p. 1781.

logs were required to supply roots and butts for distillation: the roots and butts were to be sawn off the logs for export on their arrival at Fremantle. The distillers paid £14 a ton, with a royalty charge of 5/—, raised to £1 a ton as from 1 February 1925. In 1925-6 61,676 lbs. of oil were exported, in 1928-9 92,400 lbs., and in 1929-30 131,400 lbs. The increased demand on the part of the distillers made it necessary for the Forests Department to raise the proportion of roots and butts supplied with sandalwood logs from 12 $\frac{1}{2}$ % to 20%.¹³⁵ Despite such steps, grave doubts existed as to whether sufficient supplies of the raw material would be available in future years. Only the fact that the plant of the Braddock Essential Oil Co. was destroyed by fire prevented demand outrunning supply in 1929-30.¹³⁶ However, the pressure on supply was relieved by a decided falling off in demand as the sandalwood oil distillation industry suffered in common with other industries from the effects of the great depression of the 1930's. This setback was reflected in 1931-2 in a decline in the distillers' purchases of the raw material; the two factories had large stocks from which to effect sales and the falling off in exports did not become rapid until after this year: in 1931-2 exports of essential oils were worth almost 80% of their value in the peak year of 1929-30. Once depression had made its effects felt, recovery was long delayed. Indeed, improvement was scarcely noticeable during the 1930's. The quantity of roots and butts purchased by distillers, 1,400 tons in 1928-9, fell to 815 tons in 1931-2, and to 311 tons in 1933-4. The works were closed for the greater part of that year.¹³⁷ Only 17,700 lbs. of oil were exported in this year, and only once in the years before the war did exports exceed 30,000 lbs. In 1939 the producers were still holding fairly large stocks of oil. The war almost put an end to the industry. Exports fell away rapidly, although inflated prices were received for the limited quantities exported, there was a greatly reduced internal demand, and only 52 tons of

135. Annual Report, 1929, p. 14.

136. Annual Report, 1930, p. 7.

137. Annual Report, 1934, p. 10.

logs were distilled in 1943-4.

The sandalwood export trade was seriously disrupted during the Second World War. Four hundred tons were exported in 1941-2, and 2 tons in 1942-3, while no sandalwood at all was shipped in the two following years. With the cessation of hostilities there was a renewed demand for sandalwood. But the position was now quite different from that obtaining before the war. No longer did potential supply far exceed demand. In 1945-6 the Forests Department placed orders with 70 sandalwood getters for 1,492 tons of wood, 835 tons being for export. Only 225 tons of export logs were supplied. The slow delivery of orders was attributed to the need for sandalwood getters to re-equip themselves following the long period spent away from their vocation, and to the need to find new areas on which to operate.¹³⁸ These considerations were certainly pertinent, but there were more fundamental reasons for the difficulty of supplying orders. Despite an increase, granted in 1946, of 30/- a ton in the price paid to the getter, men were not at all eager to enter the industry. The old-timers who had engaged in the industry were a dying race. Experienced sandalwooders had left the loneliness and hardships of the outback during the war and most had little inclination to return. In place of the chronic unemployment of the inter-war period the State was now experiencing an era of unexampled prosperity with high wages offering in numerous callings in more attractive locations within the State. At the same time, the fact of the limited stocks of sandalwood left within the State - in 1949 it was estimated that there were only 20,000 tons of live sandalwood remaining in Western Australia - exerted a dampening influence on the industry. The ~~Forests Department~~

Since the Forests Department had accepted the fact that the possibility of ever growing sandalwood economically was extremely remote the task that remained for it was so to regulate the exploitation of the limited stocks of sandalwood remaining as to secure the utmost benefit therefrom to the State. This meant resolving the

138. Annual Report, 1946, p. 7.

conflicting claims of the oil distillation industry and the sandalwood export industry. It had long been the policy of the department to foster sandalwood distillation as a local secondary industry of some significance. In terms of government revenue this was not a sound policy.¹³⁹ The old system of a flat rate royalty payment on sandalwood for distillation purposes had been abandoned and in its place substituted a sliding scale system whereby royalty varied according to the quality of the raw material supplied - based on the yield of oil per ton - and the price of sandalwood oil. From 1937 to 1941 the department received from £2.16.1 to £7.11.1 a ton in royalty payments; from 1942 to April 1946 from £8 to £9.10.0 a ton; and from May 1946 to the beginning of 1949 from £19 a ton for Australian sales to £41 a ton for overseas sales. Receipts from royalty payments on sandalwood logs for export were much greater. A sliding scale system was introduced, as we have seen, in the 'thirties, and from 1938 to 1941 the royalty received per ton averaged from £12 to £14; in 1942-3 it rose to about £22. Under the new agreement with the sandalwood exporters of 1946 the department received a flat rate royalty of £9 a ton as well as a share in the profits of the trade. As a result, between 1946 and 1949 the Forests Department was receiving anything from £140 to £180 for each ton of sandalwood exported from the State. Looking to the future, if Plaimar Ltd. was supplied with 400 tons of sandalwood of normal oil content on the terms which that company had presented as being acceptable to it, the gross return to the industry would be approximately £35,000, of which the Forests Department would receive less than £8,000. On the other hand, the sale of 400 tons of sandalwood overseas would return nearly £90,000 gross, of which the Forests Department would receive £60,000. The question that had to be decided was whether there were any other factors of an importance sufficient to outweigh the considerable financial benefit which would result to the State if it was decided to cease supplying sandalwood to the oil industry. The current interstate agreement for the control of sandalwood exports

139. For the material in this paragraph see FD 779/49.

was due to expire on 31 October 1949.¹⁴⁰ It was, therefore, essential that Western Australia should waste little time in deciding upon its policy, and serious consideration was given the problem in the early months of 1949.

The necessary investigations were begun. Cabinet agreed to ask the Museum of Technology and Applied Science, in Sydney, and the Council for Scientific and Industrial Research, for their opinion as to whether sandalwood oil possessed specially valuable properties which would justify its production at a financial loss to the State. Meanwhile, against the wishes of the Forests Department, the government decided to allocate 150 tons of sandalwood to Plaimar Ltd. in order that the firm's factory might be kept in production for about three months pending a final verdict which was waiting upon advice from the two scientific authorities consulted. The former body was very interested, and recommended that the wood should not be exported for incense burning but should be conserved as much as possible; the latter gave directly contrary advice. The Conservator accepted the latter opinion and decided that since the sandalwood export business was so attractive financially, and since the quantity involved was so small - only 158 tons were exported in 1948-9 - the trade should be continued. At the end of August Stoa recommended to cabinet that the trading agreement with the Australian Sandalwood Co. and with the other state governments should be extended. The agreement was signed accordingly.

Government policy decreed that the sandalwood oil distillation industry was to be of secondary importance to the log export industry. Commercial trends supported this policy. Since 1947-8 sandalwood oil exports have never exceeded 10,000 lbs. in any one year; and since 1949-50 the total amount distilled has never exceeded 10,000 lbs. in a single years. Between August 1953 and April 1954 the demand for oil was so limited that distillers placed no orders for roots and burls.

140. In December 1947 the two other mainland states - New South Wales and Victoria - had agreed to co-operation in the control of the sandalwood export industry.

The decline in the sandalwood log export industry has been little less complete. Extremely attractive financial returns provided a strangely incongruous backdrop to the dying stages of an industry which had so long played such an important role in the development of Western Australia. The long overdue profits must have been poor consolation to those who had suffered during the depressions which had so frequently afflicted the industry during the years when they (and hundreds of others) had been engaged in sandalwood pulling. Exports increased slightly in 1949-50, and rose substantially in 1950-1, but even so, exports in the last few years have been stabilized around a mere 400 tons a year. The market in China remained limited, and prevailing conditions held out little hope of any significant and long sustained improvement. Yet, difficulty was experienced in obtaining these limited supplies. Despite increased prices - as from 1 July 1951 the getter was paid £26 per ton f.o.r. country sidings, and ~~unknown~~^{from} after 1955 a subsidy of £4 a ton was paid for any sandalwood pulled more than 100 miles from the nearest siding.¹⁴¹ very few men with the necessary bush experience had been attracted to the industry. In 1952, and again in 1953, the Conservator referred to an improvement in the labour position, but this trend was short-lived. The number of registered sandalwood getters did increase from 19 as at June 1952 to 39 a year later, and orders were filled quite easily in 1952-3, but in the following year the supply was again weak and has continued so since that date. In 1955 there were only 13 registered sandalwooders in the State. Sandalwood exports in 1957-8 were worth - a small fraction of the State's total export trade.

Little hope of conservation and regeneration remains. Certain aspects of past policy have been reversed. In May 1954 it was decided to revoke regulations made under the Forests Act which had prohibited the removal of sandalwood from various areas of the State. A few months later a final confession of failure was made in respect of the Pingelly sandalwood plantation, a project which had been

141. Annual Report, 1955, p. 13.

entered into with such enthusiasm by Ednie Brown soon after his arrival in the colony. An inspection of the plot in August 1952 had disclosed an unpromising situation. There were only 40 living sandalwood trees on the area - 20 less than in 1945 - only six being of any size and still actively growing. It was estimated that the plantation would yield about half a ton of wood.¹⁴² In February 1955 instructions were issued for the remaining sandalwood to be pulled and marketed and the area was released for alienation.¹⁴³

Sandalwood continued to contribute useful sums to Forests Department revenue. In 1946-7 sandalwood revenue totalled £93,686, in 1954-5 £53,000 and in 1957-8 £ . The contrast between the return to the department in the last mentioned year when tons were exported and the £1,185 in royalties collected in 1909-10 in which year exports totalled 8,228 tons, or with the £1,106 collected in 1918-9 when exports practically reached 9,000 tons provide a fitting commentary on the mismanagement of the industry. The history of the regulation of the sandalwood industry might be termed a success story in which success came too late. Years after the horse had gone the stable door was closed. A community's asset had been despoiled in the interests of a few merchants. Belated action ensured that the getter and the community received their just proportion of the benefit accruing from the exploitation of the last remaining sandalwood forests. Judged by export figures and by stocks remaining, the industry to-day is a sad relic of the days when it contributed much to the young colonial economy. Perhaps it is symptomatic of the greatly lessened importance of the industry that the Forests Department, in that appendix to its annual report which gives a summary of forest produce exported from Western Australia since 1828-9, no longer includes the figures for sandalwood.

142. FD 1403/52.

143. Annual Report, 1955, p. 14.

A P P E N D I X

South Australian Sandalwood.

Year	Pulled (tons)	Exports (cwt.)	Exports £
1925-6	347	6,940	10,409
1926-7	1,621	32,417	46,986
1927-8	1,292	25,834	35,712
1928-9	1,543	30,863	42,497
1929-30	2,214	44,272	55,887
1930-1	895	17,905	18,028
1931-2	543	10,856	9,642
1932-3	1,323	26,456	31,217
1933-4	1,004	20,088	25,111
1934-5	964	19,273	24,093
1935-6	805	13,047	19,572
1936-7	835	16,868	25,274
1937-8	n.a.	8,634	12,952
1938-9	n.a.	3,045	4,568
1939-40	n.a.	5,690	9,958
1940-1	n.a.	7,076	11,116
1941-2	n.a.	2,048	3,584