

THE WA SANDALWOOD TASKFORCE

Advancement of Aboriginal
Economic Development Using
Wild Harvested Sandalwood

EXECUTIVE SUMMARY



Based on the opportunities to use the Western Australian wild sandalwood resource to drive economic development opportunities for Aboriginal communities and to grow Aboriginal businesses, the agreed Taskforce recommendations are:

Entry

Recommendation 1.

That Government develops materials and tools to support the education of Aboriginal communities in the sandalwood zone on the opportunities to participate in the sandalwood industry and how Aboriginal people can build capacity to do so.

Licencing

Recommendation 2.

That the Flora Taking (Sandalwood) Licence application processes be streamlined to reduce impediments to Aboriginal participation, requirements for appropriate sustainability management plans be clarified, and renewals and land access consent approvals be simplified for agreed types of applications.

Building Capacity

Recommendation 3.

That Government work in partnership with other organisations to facilitate and fund capacity building opportunities and skills development in resource level inventory, management planning and principles of sustainable silviculture in rangeland and desert environments.

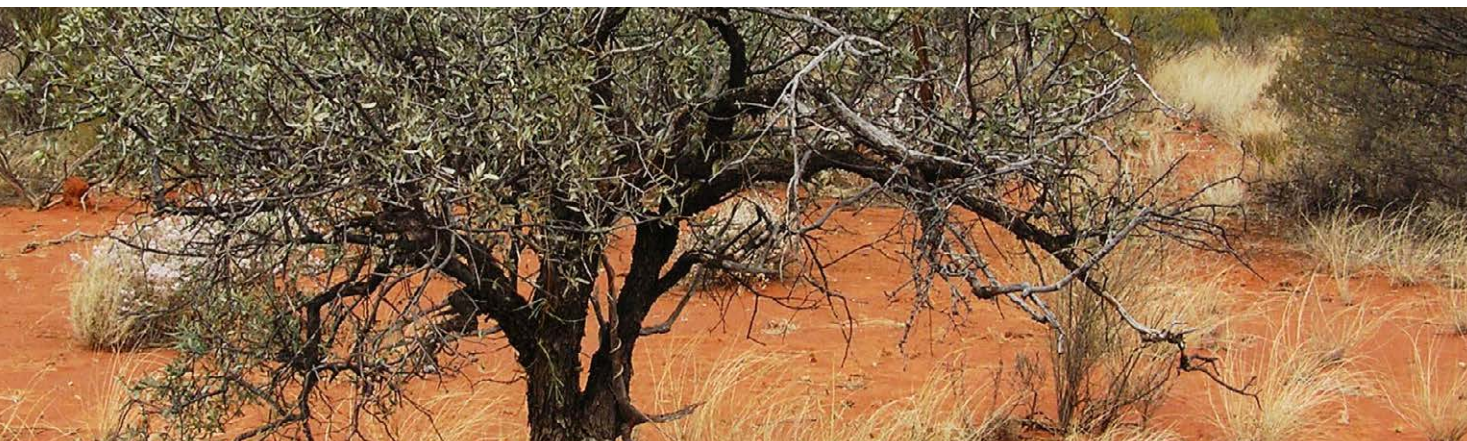
Recommendation 4.

That Government agencies facilitate enterprise development and access to capital for Aboriginal wild sandalwood harvesting businesses.

Agency Support

Recommendation 5.

That Government agency actions and resources be coordinated and aligned to support greater Aboriginal engagement in the wild sandalwood sector through targeted initiatives.



Expanding Opportunity

Recommendation 6.

That the amount of the annual quota allocated to Crown land and private land licences be increased from 10% (250 tonnes) to 20% (500 tonnes) to cater for an increase in Aboriginal groups seeking Crown land licences or successful Aboriginal applicants and operators seeking expanded sustainable harvest amounts.

Recommendation 7.

That Government agencies assist industry participants to develop market value for Aboriginal wild sandalwood goods and services through research development, branding, premiums and cultural integrity for Aboriginal product.

Aboriginal Empowerment

Recommendation 8.

That as an initial step towards implementing these recommendations, an industry advisory body for wild harvest sandalwood be established that is representative of all interests and is tasked with monitoring the implementation of the recommendations from the Taskforce, including eventual transition to an Aboriginal sandalwood industry body for groups involved in wild sandalwood management.

Future Progress

The Taskforce wishes to bring the following initiatives to the attention of the Minister as emerging matters that were considered outside the Terms of Reference but seen to be important in the wider remit of Aboriginal economic development in the sandalwood industry.

Initiative 1.

– Integrated Sandalwood Supply:

That the State Government facilitate industry discussions about marketing and supply of both plantation and wild harvest sandalwood, particularly in regard to the impact of increasing plantation wood on prices for wild harvest product and the potential for impacts on the economics of wild harvest enterprises for Aboriginal groups.

Initiative 2.

– Tenure Change for Dead Wood Collection:

That consideration be given to allowing the collection of dead sandalwood in specific jointly managed conservation reserves where clear cultural authority is evident and the likelihood of environmental impact is minimal.

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INTRODUCTION

Sandalwood

Western Australian sandalwood (*Santalum spicatum*) is a slow-growing, long-lived small woody tree or shrub that occurs naturally throughout the southern part of Western Australia and into South Australia (Map 1 over page). The history and background to the sandalwood industry is outlined in previous published histories¹. Sandalwood is a highly sought after resource for the oils contained in the heartwood. Both green (live or very recently dead) and dead wood can be harvested from the wild. Harvesting wild green sandalwood involves pulling the whole tree out of the ground to access the valuable butt and roots, which normally kills the tree. Dead standing trees may also be harvested in this manner; or dead wood can be collected where it lies².

The wild sandalwood industry is based on two main markets. The domestic production of sandalwood oil for use in perfumery, cosmetics and pharmaceuticals, and the export of sandalwood which is processed into a powdered wood blend for the agarbatti market. These markets combined generate almost \$40 million annually for the Western Australian economy³.

The Western Australian sandalwood resource is one of the world's largest wild resources that has the potential to be managed for the long-term conservation of the species and sustainability of the industry.

On 1 January 2019, the Biodiversity Conservation Act 2016 and Biodiversity Conservation Regulations 2018 (BC Regulations) were introduced, replacing the Wildlife Conservation Act 1950 and Sandalwood Act 1929 and their associated regulations. The harvest of native sandalwood is managed under this new legislation, which provides for harvest of naturally occurring (wild) sandalwood to be authorised under a licence issued by the Department of Biodiversity, Conservation and Attractions (DBCA) under the BC Regulations, or via a production contract with the Forest Products Commission (FPC) under the Forest Products Act 2000.

The Western Australian Government seeks to implement actions that will support Aboriginal economic development and greater Aboriginal involvement in the wild sandalwood industry. These actions are part of a wider State Government commitment to working with Aboriginal people for better social, economic, health and cultural outcomes.

For some Aboriginal communities, and in particular those from the Central Deserts region, the local economic and social situation is dire. The desert sandalwood industry founders and Aboriginal leaders and Elders are calling for an industry overhaul and a bold set of clear recommendations around access to, and sustainable harvesting and management of, the wild sandalwood resource.

¹ Kealley, I G (1991). The Management of Sandalwood. Wildlife Management Program Number 8. Department of Conservation and Land Management. Perth, Western Australia.

Kealley, I.G. (1989). Fragrant Harvest. Landscape, Winter 1989, 35-39.

Talbot, L.T. (1983). Wooden Gold. Early Days of the Sandalwood Industry. Forest Focus No. 30.

² Department of Parks and Wildlife WA, Working Group: Ian Herford, Martin Rayner, Ian Kealley, Kevin Morrison, Rick Dawson, May 2015. Review of the Sandalwood (Limitation of Removal of Sandalwood) Order 1996.

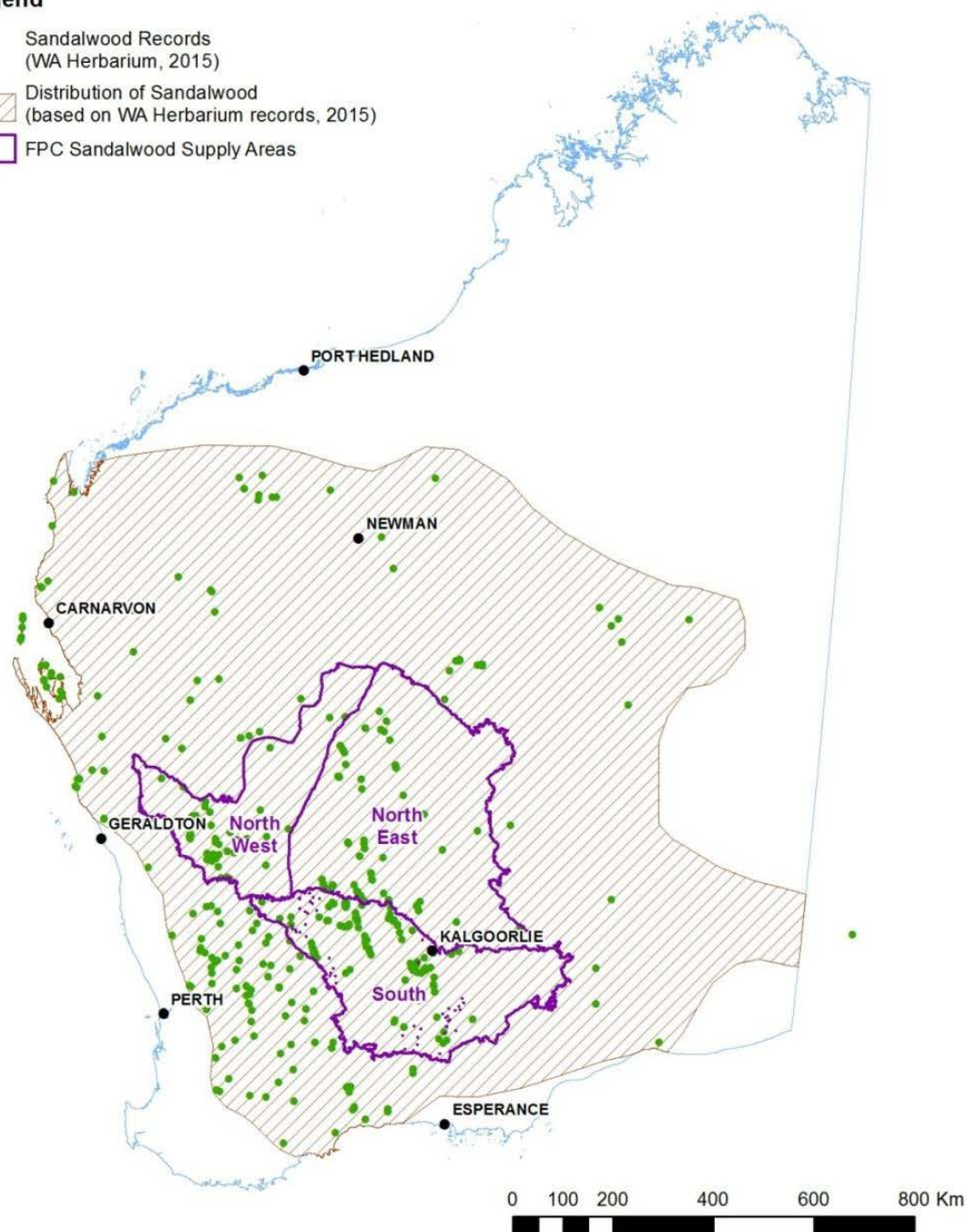
³ Forest Products Commission WA. Native Sandalwood Industry Strategy for Western Australia: Six steps for a valuable, sustainable industry in regional WA.

Map 1

Sandalwood (*Santalum spicatum*) Distribution and FPC Sandalwood Regions in Western Australia

Legend

- Sandalwood Records (WA Herbarium, 2015)
- Distribution of Sandalwood (based on WA Herbarium records, 2015)
- FPC Sandalwood Supply Areas



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April 2015

The WA Sandalwood Taskforce

A Taskforce for the advancement of Aboriginal economic development using wild harvested sandalwood has been established to provide recommendations to the Hon Dave Kelly, MLA; Minister for Forestry.

The Terms of Reference for the Taskforce are to:

1. Explore opportunities to use the Western Australian sandalwood resource to drive economic development opportunities for Aboriginal communities and to grow Aboriginal businesses;
2. Identify barriers to Aboriginal economic development in the wild sandalwood industry;
3. Ensure that the development of new business opportunities is ecologically and economically sustainable for both Government and Aboriginal stakeholders;
4. Coordinate and align Government agency actions and resources; and
5. Provide recommendations to Government to support these objectives.



Membership of the Taskforce includes two representatives of each of the following WA Government agencies:

- Department of Primary Industries and Regional Development:
 - Melissa Hartmann,
 - Mark Chmielewski.
- Forest Products Commission:
 - Andrew Lyon,
 - Annelies de Ruiter.
- Department of Biodiversity, Conservation and Attractions:
 - Fran Stanley,
 - Colin Ingram.
- Department of the Premier and Cabinet:
 - Kathryn Neville,
 - Karl Hill.

Plus a representative and a designated advisor from each of the following organisations:

- Yilka Talintji Aboriginal Corporation RNTBC;
 - Harvey Murray,
 - Ian Kealley (advisor).
- Birriliburu Dutjahn Custodians;
 - Darren Farmer,
 - Stephen Birkbeck (advisor).

The Taskforce is chaired by Melissa Hartmann (DPIRD) and supported by a process facilitator. The group has met eight times with initial meetings focussed on reviewing the terms of reference, establishing good governance procedures, identifying barriers to Aboriginal economic development in the wild sandalwood industry and prioritising issues to be addressed. Subsequent meetings focused on data and inventory of the resource, legal aspects and quota allocation options, and identifying opportunities to increase Aboriginal participation and engagement. Draft recommendations were prepared, revised and amended to arrive at the final agreed recommendations included in this report.



CONTEXT

Overall Approach

There is agreement that the Taskforce approach to greater Aboriginal participation in the wild harvest sandalwood sector be aligned to, and build upon, the key principles contained in the discussion paper called *'A Path Forward – Developing the Western Australian Government's Aboriginal Empowerment Strategy'*⁴ (the discussion paper).

- The discussion paper seeks input to enable development of a final Aboriginal Empowerment Strategy that sets out the whole of Government approach to supporting Aboriginal peoples' economic opportunities.
- Part 5 of the discussion paper is entitled *'Boosting economic opportunities across all areas of Government activity'* and provides a framework of key ideas that are relevant to the structure of the Taskforce discussions and recommendations. These key ideas are summarised as follows:
 - **Supply** – support Aboriginal people's employment and business aspirations:
 - opening horizons,
 - lowering barriers,
 - building capacity,
 - facilitating access to capital.
 - **Demand** – expand markets for Aboriginal employees and businesses:
 - direct government demand,
 - indirect and third party demand,
 - broader market stimulation.
 - **Connect** – connect Aboriginal people with employers and markets:
 - championing and promoting,
 - coordinating,
 - brokering or facilitating, alternative forms of Aboriginal economic participation and partnerships.

4 A Path Forward, dpc.gov.au. Section 5, pages 20 – 21.

Industry Setting

A PESTEL (Political, Economic, Social/Cultural, Technological, Environmental and Legal) analysis of the wild harvest sandalwood sector was generated to establish a common understanding of the current operating environment.

The identified critical factors are outlined below:

- **Political**

1. The priority factor in the political category is the strong push towards Aboriginal economic development.
2. The current Government procedure of allocating 90 per cent of the sandalwood quota to the FPC for harvest from public land⁵ under production contracts and 10 per cent for licencing take from private or Crown land is also seen as a key factor.
3. There have been changes to legislation with the introduction of the Biodiversity Conservation Act and Regulations, together with an increasing number of native title determinations on lands containing sandalwood, some of which include the right to commercial use of natural resources.

- **Legal**

4. The new legislative and licencing framework will require an education program for all stakeholders.

- **Social/Cultural**

5. Cultural integrity⁶ is one of the strongest drivers for Aboriginal involvement and economic development. The pressure for Aboriginal ownership of their own brands and equitable access to resources will intensify into the future.
6. Aboriginal communities will need significant capacity building to be able to participate effectively in the sandalwood industry through the sustainable use and management of wild sandalwood.

- **Economic**

7. Quality and sandalwood certification requirements stand out as a priority economic factor.

- **Environmental**

8. There is a gap in baseline environmental and resource data outside of the current pastoral rangelands wild harvest areas, i.e. the total and sustainable desert resource on native title and other desert Crown land is not well defined.

- **Technological**

9. Opportunities for technological innovation are limited for sandalwood supply but are significant in the resource inventory (remote sensing), processing, product development and marketing areas.

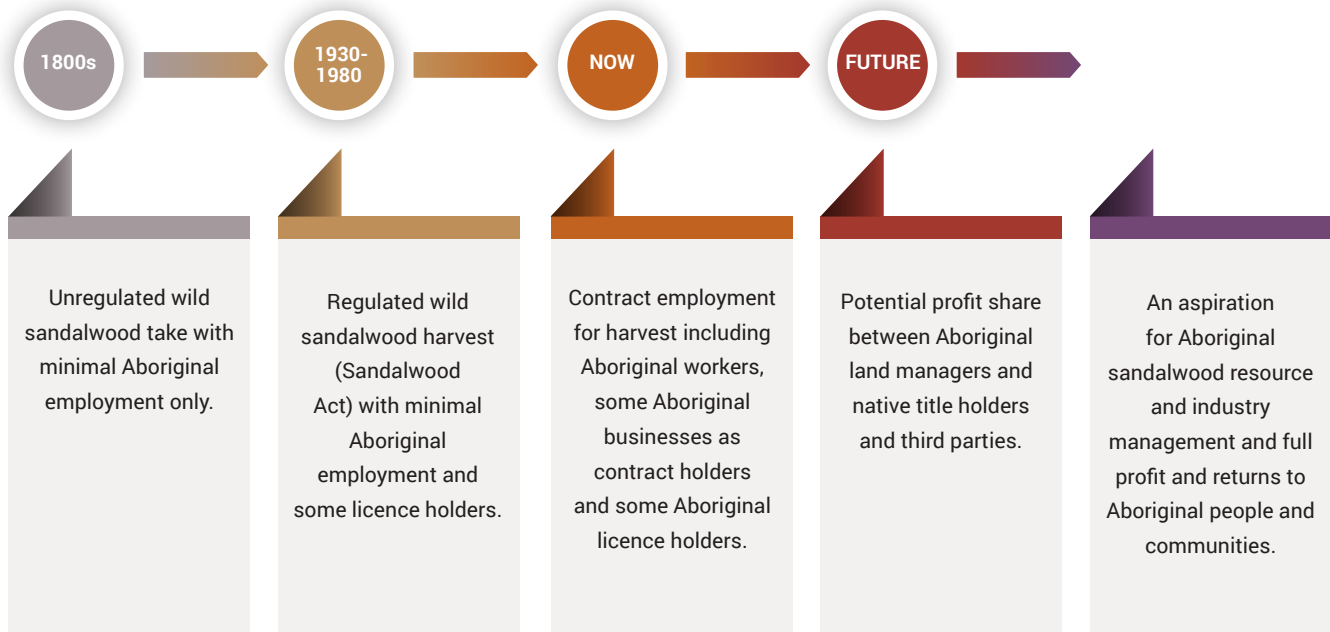
⁵ Public land is a subset of Crown land that includes State forest and timber reserves managed by DBCA under the Conservation and Land Management Act 1984, unallocated Crown land, mining leases and pastoral leases.

⁶ Cultural integrity is taken to mean 'Aboriginal people speaking for Aboriginal people and Aboriginal enterprises'

Discussion

During Taskforce discussions, the following principles were raised:

- Aboriginal participation and economic development in the wild harvest sandalwood sector can be viewed on a continuum of increasing participation and capacity for Aboriginal people:



- The wild sandalwood sector should be supported to build an integrated desert and rangelands economy including sustainable sandalwood harvest, supported by complementary initiatives such as Ranger programs and integrated land management programs.
- There is a need to focus further on measures to increase resilience, sustainability and involvement of Aboriginal communities and enterprises in the (FPC) Mulga pastoral rangelands supply areas (Map 1).
- Clarity of Agency processes is required, including an equitable whole of government approach with more consultation, a clear process for approvals by Aboriginal people⁷, affirmative action and increased inclusivity of native title stakeholders.
- The Aboriginal Ranger program is to be recognised and assisted to provide a consistent, supportive platform across all sandalwood regions in terms of integration of the sandalwood industry with environmental protection of vulnerable ecosystems and cultural protection of areas significant to Aboriginal people.
- Consideration of native title compensation implications is also required given the extent of native title recognition and the developing legal considerations around compensation for impairment of native title rights and interests.

⁷ Free, Prior and Informed Consent (FPIC), where the United Nations Declaration on the Rights of Indigenous People (UNDRIP) declares that the Indigenous people have the right to give or deny their Free, Prior and Informed Consent for projects that affect them, their rights and interests, their land and their natural resources.

RECOMMENDATIONS

Taskforce discussions on education, data and resource inventory, legal aspects of legislation, tenure and wild sandalwood management and allocation options are reflected in the recommendations developed and the future work identified. Each recommendation provides considerations for implementation actions and context. The recommendations are agreed by all members.



Entry

Addressing Term of Reference 1: (Explore opportunities to use the Western Australian sandalwood resource to drive economic development opportunities for Aboriginal communities and to grow Aboriginal businesses).

Recommendation 1.

That Government develops materials and tools to support the education of Aboriginal communities in the sandalwood zone on the opportunities to participate in the sandalwood industry and how Aboriginal people can build capacity to do so.

Considerations for Implementation

- 1.1 That Forest Products Commission, Department of Biodiversity, Conservation and Attractions, Department of Planning, Lands and Heritage, Department of Primary Industries and Regional Development, and industry stakeholders contribute to the further development and delivery of an effective framework for integrated, balanced and ongoing information, awareness and education on the current status of legislation, the wild sandalwood sector, the opportunities and capacity building available and industry requirements.
- 1.2 That Agency or contracted support be available to assist Aboriginal organisations or communities to access information, investigate and analyse the opportunities and clarify the requirements for their situation, including the level of resource inventories, management planning and initial enterprise feasibility that is needed.
- 1.3 That relevant Agencies develop clear policies and processes to ensure compliance to future act requirements of the Native Title Act in terms of wild sandalwood harvest.
- 1.4 That DBCA be encouraged to complete the sandalwood biodiversity management programme as a foundational strategic document for management of the species.

Context

- Significant changes in regard to the new Biodiversity Conservation Act and Regulations and economic conditions in recent times.
- Comments that the quality of information currently available is variable and for many Aboriginal communities, difficult to access.
- Erroneous presumptions that the knowledge is already out there in the sector and communities.
- Requirement for an integrated information and education approach for Aboriginal communities that combines the DBCA role of licencing and compliance, the DPLH role of lands and tenure; the DPIRD role of community and commercial governance, the FPC role as lead forestry agency, and Aboriginal business aspirations.
- Requirement for an ongoing source of information and point of contact about the sector.

Licencing

Addressing Term of Reference 2: (Identify barriers to Aboriginal economic development in the wild sandalwood industry).

Recommendation 2.

That the Flora Taking (Sandalwood) Licence application processes be streamlined to reduce impediments to Aboriginal participation, requirements for appropriate sustainability management plans be clarified, and renewals and land access consent approvals be simplified for agreed types of applications.

Considerations for Implementation

- 2.1 As the processes of licencing and contracting on Crown Lands increasingly converge, the Government approach to sandalwood licencing and contract information and processes be integrated between DBCA and FPC, with common flowcharts and materials that cater to all levels of literacy.
- 2.2 That clear guidelines are developed for the standard of inventory, management planning and supporting evidence that is required for a licence application.
- 2.3 That the Biodiversity Conservation Regulations be amended to enable the issuing of a licence for taking sandalwood to include Aboriginal corporations or organisations as well as individuals.
- 2.4 That the land owner consent process be streamlined to include extended or ongoing consent across a number of years.

Context

- Significant legal and procedural changes as a result of the new Biodiversity Conservation Act and Regulations.
- Licencing as a regulatory process is additionally complex where levels of literacy and capacity are lower.
- Having to work through third party entities for land access consent for annual approvals and renewals on Aboriginal Reserves often results in lengthy delays.
- Crown Land licence applications, where native title is involved, would benefit from a longer term land access consent approval procedure.
- Whilst not wishing to limit opportunities for Aboriginal entrepreneurs, including organisations in applications for licencing enables provisions for corporate accountability to be enacted and strengthens the governance foundation of potential sandalwood enterprises.

Building Capacity

Addressing Term of Reference 2: (Identify barriers to Aboriginal economic development in the wild sandalwood industry).

Recommendation 3.

That Government work in partnership with other organisations to facilitate and fund capacity building opportunities and skills development in resource level inventory, management planning and principles of sustainable silviculture in rangeland and desert environments.

Considerations for Implementation

- 3.1 That the Sandalwood Dreaming⁸ initiative be continued to provide capacity building opportunities and skills development in resource level inventory, dead wood collection and sandalwood regeneration.
- 3.2 That in native title determined areas or other Crown land areas under Aboriginal management, funded skilling and grants be made available in understanding resource level inventories, management planning, principles of sustainable silviculture and ecologically balanced landscapes.
- 3.3 That a suitable mechanism for a development fund be established to support the ongoing development of Aboriginal involvement in the wild harvest sandalwood sector.

Context

- Wild sandalwood in rangeland and desert environments is susceptible to the long term impacts of unsustainable industry practices.
- There is a significant gap in knowledge and capacity in the desert areas.
- There is strong synergy between a sustainable sandalwood industry approach, direct financial returns and the Aboriginal Ranger programs to protect and manage country.

⁸ <https://www.fpc.wa.gov.au/sandalwood/sandalwood-dreaming>.

Addressing Term of Reference 3: (Ensure that the development of new business opportunities is ecologically and economically sustainable for both Government and Aboriginal stakeholders).

Recommendation 4.

That Government agencies facilitate enterprise development and access to capital for Aboriginal wild sandalwood harvesting businesses.

Considerations for Implementation

- 4.1 That supported community based training and skilling be available for strategic planning, basic business management, financial literacy and reporting.
- 4.2 That governance training for Prescribed Body Corporates, Aboriginal community organisations and Aboriginal corporate entities be expanded to include sandalwood enterprises in recognition of governance as a critical success factor for Aboriginal participation in management of the wild sandalwood industry.
- 4.3 That those Aboriginal organisations and Aboriginal entrepreneurs able to identify and plan for an opportunity in the wild sandalwood sector be eligible for wrap-around business support systems and mentoring services.
- 4.4 That potential Aboriginal enterprises, that have completed a program of business support and mentoring, be eligible for assistance to develop a Business Case that can be used to facilitate access to private and public capital, to implement their operations and to underwrite business cash flow for the first three years of operation.

Context

- For enterprises to progress, there needs to be a base level of planning, management and financial capacity in the short term.
- For progression beyond the short term, strong governance that is based on a clear acknowledgement of Aboriginal peoples' vision and the inclusion of Aboriginal people in planning and operations is crucial.
- Similar systems of support have been successfully applied in Aboriginal managed and owned pastoral enterprises.
- Tourism WA established a successful model where regional managers operated business support offices for ecotourism initiatives.
- A clear Business Case is needed as the base document for applications to Agency funding programs and for philanthropic support.
- The development of a prospectus will assist organisations to attract investment and support from private and corporate sectors for their sandalwood enterprise or initiative.

Agency Support

Addressing Term of Reference 4: (Coordinate and align Government agency actions and resources).

Recommendation 5.

That Government agency actions and resources be coordinated and aligned to support greater Aboriginal engagement in the wild sandalwood sector through targeted initiatives.

Considerations for Implementation

- 5.1 That further opportunities be identified for internships, traineeships or secondment for Aboriginal people to agencies involved in the sandalwood sector.
- 5.2 That DBCA increases its effectiveness in compliance activities by developing dedicated information for native title holders, using dedicated staff, strengthening links, networks and liaison with Aboriginal community members as eyes on the ground, and integrating compliance activities with communities and Aboriginal Ranger programs.
- 5.3 That the Aboriginal Ranger Program support career pathways for rangers into the wild sandalwood sector, through training and mentoring initiatives.
- 5.4 That DBCA and FPC recommend and promote the provision of Aboriginal Cultural Awareness Training for operators and stakeholders in the broader wild sandalwood sector to increase Aboriginal involvement and equity.

Context

- Possibilities for internships, traineeships and secondments include the Forest Products Commission for undertaking their resource inventories, operations procedures, contractor management, harvesting and regeneration, and DBCA in resource management, planning, licencing and compliance, and DPLH and DPIRD in community and economic development.
- Extending training to contractors, processors, dealers and other harvesters is important to build understanding of the disadvantages and barriers that Aboriginal people face within the wild sandalwood industry.

Expanding Opportunity

Addressing Term of Reference 1: (Explore opportunities to use the Western Australian sandalwood resource to drive economic development opportunities for Aboriginal communities and to grow Aboriginal businesses).

Addressing Term of Reference 2: (Identify barriers to Aboriginal economic development in the wild sandalwood industry).

Addressing Term of Reference 3: (Ensure that the development of new business opportunities is ecologically and economically sustainable for both Government and Aboriginal stakeholders).

Recommendation 6.

That the amount of the annual quota allocated to Crown land and private land licences be increased from 10% (250 tonnes) to 20% (500 tonnes) to cater for an increase in Aboriginal groups seeking Crown land licences or successful Aboriginal applicants and operators seeking expanded sustainable harvest amounts.

Considerations for Implementation

- 6.1 That the allocation of the sandalwood quota be amended to provide for up to 20% to be available for the harvest of sandalwood to be licensed from Crown land and private land.
- 6.2 The consideration of the introduction of licences for Aboriginal groups or individuals in desert areas allow for greater flexibility, on a geographical basis, so the ratio of green wood: dead wood reflects the actual resource inventory of the licence area. The state wide annual production quota would remain evenly split 50:50 green wood to dead wood.
- 6.3 That the amendment to the quota allocation be phased in as applications are received and approved, with any remaining Crown land quota harvested through the FPC. This 20% amount should remain flexible into the future to cater for further industry change and any demand for additional Aboriginal group sustainable wild sandalwood harvesting licences and be reviewed, along with the overall quota, as part of the next Order in Council from July 2026.

Context

- The total current quota harvest figure will remain at 2,500 tonnes per year, being a maximum of 1,250 tonnes of green wood and a minimum of 1,250 tonnes of dead wood, for the duration of the current Order in Council, until 30 June 2026.
- In the previous 10 years, while there has been consistent undersupply of the annual sandalwood harvesting quota (shortfall range 107-899 tonnes) in response to market conditions, reallocation of quotas has not been possible which has been a major barrier to greater Aboriginal involvement. Including more quota for Aboriginal licences for native title areas will generate more flexibility and access to additional sustainable high quality resource.
- In desert areas, achieving the quota requirement for 50:50 green wood: dead wood production through normal operations is difficult.
- Additional flexibility through the change from 10% to 20% of the quota allocated to Crown land and private land will cater for increased sustainable harvest from determined native title areas. This flexibility is crucial to removing barriers and increasing Aboriginal participation and equity in the wild sandalwood industry. There will be flow on economic and social benefits to land management, ranger programs and to regional and remote communities.

Addressing Term of Reference 1: (Explore opportunities to use the Western Australian sandalwood resource to drive economic development opportunities for Aboriginal communities and to grow Aboriginal businesses).

Recommendation 7.

That Government agencies assist industry participants to develop market value for Aboriginal wild sandalwood goods and services through research and development, branding, premiums and cultural integrity for Aboriginal product.

Considerations for Implementation

- 7.1 That further progress towards Aboriginal owned and managed product be built upon the achievements and experience of the existing industry participants in each region, through strategic planning for PBCs to develop appropriate business relationships, structures, governance and resourcing.
- 7.2 That increased emphasis be placed on research, development and marketing to increase value in wild harvest sandalwood.
- 7.3 That through advice, capacity building, planning, mentoring and facilitated visit programs, Aboriginal sandalwood enterprises be encouraged to develop collaborative contract work between communities to maximise the use of knowledge, planning, equipment, facilities, training and industry advice.

Context

- The paradigm for Aboriginal access, ownership, management, approvals for access to resources, licences and commercial rights on native title lands has changed significantly.⁹
- There is an opportunity for Aboriginal people to sustainably manage and maximise the value of returns from the resource in their native title areas.
- Branding and certification of Aboriginal managed, sustainable sandalwood is the basis of a premium price for wild harvest, high quality product.
- Cultural integrity requires ethical operations, fair trade, cultural protocols and cultural ownership.
- In this environment of change, the imperative is to support industry participants to see and build on the bigger picture for the industry rather than to default to individual access to resources and licences.
- The market needs to see evidence of sustainability and cultural integrity, from the existing and potential industry participants, to achieve a premium for the Aboriginal wild sandalwood industry products.
- Key industry participants need assistance to provide leadership, vision and structure that guides the Aboriginal wild sandalwood industry as a crucial component of the integrated desert and rangelands economy.
- The initial sandalwood enterprises have spent significant capital to get to the operational stage; new entrants will have to do significant planning, often have no vehicles, equipment, processes to pay people or facilities to support remote area operations and will have other financial, resourcing and logistics challenges.
- Collaborative contract work retains employment and capital within the remote communities and contributes to the integrated desert and rangelands economy.

⁹ Taskforce majority view to retain this point; FPC noted removal.

Aboriginal Empowerment

Addressing Term of Reference 5: (Provide recommendations to Government to support these objectives).

Recommendation 8.

That as an initial step towards implementing these recommendations, an industry advisory body for wild harvest sandalwood be established that is representative of all interests and is tasked with monitoring the implementation of the recommendations from the Taskforce, including eventual transition to an Aboriginal sandalwood industry body for groups involved in wild sandalwood management.

Considerations for Implementation

- 8.1 The industry advisory body for Wild Harvest Sandalwood be recognised as having oversight for the implementation of the Taskforce recommendations for change in the wild harvest sandalwood sector.
- 8.2 A long term objective be set to replace the industry advisory body with a separate Aboriginal-run industry body.
- 8.3 That the Aboriginal-run industry body lead the process to investigate the potential for greater Aboriginal participation in and ownership of downstream activities including transportation, processing and marketing.

Context

- The industry advisory body needs to focus on:
 - Building capacity of Aboriginal land managers to unlock the value of wild sandalwood resources;
 - Facilitating more benefit from underutilised and high grade sandalwood on native title determined lands;
 - Fostering collaboration on harvesting, resource management and downstream processing;
 - Advancing Aboriginal branding and market premiums for the product.

FUTURE PROGRESS

In the course of Taskforce discussions, a number of initiatives were raised that were deemed to be important but considered outside of the Terms of Reference for the Taskforce. These initiatives are brought to the Minister's attention as emerging issues that require progress within the wider remit of economic development, economic sustainability and Aboriginal engagement.

Initiative 1. – Integrated Sandalwood Supply

That the State Government facilitate industry discussions about marketing and supply of both plantation and wild harvest sandalwood, particularly in regard to the impact of increasing plantation wood on prices for wild harvest product and the potential for impacts on the economics of wild harvest enterprises for Aboriginal groups.

Context

- There is agreement on an overall trend towards increasing plantation sandalwood product.
- Commercial plantation harvesting commenced in 2017 and is anticipated to increase substantially in the next five years, leading to a material disconnect between supply and demand.
- The Taskforce majority view is that the situation of increasing supply of plantation sandalwood is a market scenario that could affect production in the wild sandalwood sector. Demand will still be there for wild sandalwood but the price may be affected, which may introduce low viability for remote area operations and Aboriginal producers.
- The FPC noted an alternate scenario that wild sandalwood and plantation sandalwood are of such differing quality that they are not competing for the same market and should be treated as two separate products. In this scenario, the market for high grade wild sandalwood remains unchanged although it will require product differentiation from plantation sandalwood (which is consistent with other recommendations from the Taskforce).
- The Order in Council review report (OIC) recommendation 3 is to significantly reduce the quota for wild sandalwood when the plantation resource becomes available for harvest.¹⁰
- The OIC recommendation 10 is that the plantation resource should be utilised to reduce the reliance on wild-harvested trees after 2026.¹¹
- In the longer term, remaining wild harvest could be increasingly conducted as a sustainable operation under the Aboriginal business model.

¹⁰ *ibid* (2).

¹¹ *ibid* (2).

- The challenge and the risk for the wild harvest sector is to remain differentiated as a premium product and to target select premium markets.
- Certification and quality supply chain systems will be critical to maintaining the premium product status.
- An additional challenge is to increase Aboriginal involvement and fair and equitable access and economic sustainability in the face of pressure on the premium wild harvest product.
- International companies involved in the sandalwood sector need to be encouraged to respect the Nagoya Protocol which establishes a framework for researchers to access genetic resources for biotechnology research and development, in return for a fair share of any benefits from their use. Indigenous and local communities may receive benefits through a legal framework that respects the value of traditional knowledge associated with those genetic resources.

Initiative 2. – Tenure Change for Dead Wood Collection

That consideration be given to allowing the collection of dead sandalwood in specific jointly managed conservation reserves where clear cultural authority is evident and the likelihood of environmental impact is minimal.

Context

- The creation of conservation reserves under the Conservation and Land Management Act may have extinguished native title. There are some desert examples where native title has been determined to exist on surrounding lands and Aboriginal people may desire to access sandalwood within the reserve.
- The comprehensive, adequate and representative conservation reserve system protects natural, cultural, spiritual and social values, and is a primary mechanism to protect wild sandalwood in situ.
- Indigenous land use agreements (ILUA) and joint management arrangements may be negotiated between the native title holders and the State Government for conservation reserves or for former pastoral leases intended to be reserved for conservation.
- Consideration could be given to allowing the harvest of dead sandalwood from these reserves as part of the development of ILUAs or joint management agreements.
- FPC noted that this initiative is contentious as conservation through reservation is a fundamental plank of sustainability and this suggestion could be seen as contrary to good practice.

APPENDIX 1: PESTEL

A PESTEL (Political, Economic, Social/Cultural, Technological, Environmental and Legal) analysis of the wild harvest sandalwood sector

Issues raised by members of the Taskforce are outlined below. It is recognised that some of these issues do not necessarily represent the view of all Taskforce members.

Political

- The priority factor in the political category is the strong push towards Aboriginal economic development:
 - this is a major focus for current State Government Ministers,
 - it is mirrored in other sectors such as the pastoral industry and divestment of land resources to appropriate Traditional Owner groups.
- Another issue is the current Government procedure of a 90:10 allocation quota between Crown land and alienated land:
 - the allocation is a historical issue from the 1929 Sandalwood Act that has remained as a Government policy position,
 - the choice is now before Government to continue with the historical position or to support greater participation by Aboriginal people by allocating a greater proportion of the quota to Crown land.
- There have been legislative and policy changes in terms of native title determinations, changes with the new Biodiversity Conservation Act and Regulations and commercial rights to use natural resources on native title determined areas:
 - the challenge is to balance the Crown Land quota between the current FPC contracts issued; FPC private treaty contracts; and introducing an equitable native title areas' proportion,
 - it is a challenge for the State to respond to the pressures for greater Aboriginal equity and involvement within the new paradigm of sandalwood management options, either through or outside FPC contracts.

Legal

- The changing legal landscape in terms of precedents for commercial rights extending from the Native Title Act is having a major influence on the wild harvest sandalwood sector:
 - there is legal precedent now where commercial rights and use of natural resources have been determined for native title areas,
 - while not all native title determinations and agreements grant commercial rights to use natural resources and not all native title determinations are for exclusive possession, the Aboriginal native title claimants and holders have a right to be consulted and to grant approval to access resources,
 - the application of future act provisions under the Native Title Act needs to be understood by all stakeholders.
- A new legislative and licencing framework will require an education program for all stakeholders.
- The Nagoya Protocol will have a significant impact on meeting market requirements for exports of biological resources and for equity.

Social/Cultural

- Native title determinations and the changes around rights and approvals to access resources have the requirement for major input by Aboriginal communities and their claims and desires for greater industry involvement.
- Cultural integrity¹² is one of the strongest drivers for Aboriginal involvement and economic development. The pressure for Aboriginal ownership of their own brands and equitable access to resources will intensify into the future.
- Ethical operations on Aboriginal lands and in Aboriginal communities are a related aspect of the cultural integrity factor.
- Aboriginal communities will need significant capacity building to be able to participate effectively in the sustainable management of wild sandalwood and the sandalwood industry sector.

¹² Cultural integrity is taken to mean 'Aboriginal people speaking for Aboriginal people and Aboriginal enterprises' (6)

Economic

- Quality and sandalwood certification requirements stand out as a priority economic factor.
- This focus on quality and certification means compliance with the chain of custody requirements:
 - to reduce illegal wild harvest of WA sandalwood,
 - to take the quality emphasis beyond the point of processing and export, right through to the final market.
- Another high priority is the previously mentioned Aboriginal economic development, equity and employment imperatives, through the generation of direct returns to Aboriginal communities.
- The integration of increasing plantation sandalwood with the wild harvest output raises a major risk of over-supply in the future, with possible attendant impacts on demand and significantly lower prices for wild sandalwood.
- It is important for the industry to have accurate data on likely supply and demand over the next 10 years to guide industry development.

Environmental

- There is a gap in baseline environmental and resource data outside of the current pastoral rangelands wild harvest areas, i.e. the total and sustainable desert resource on native title and other desert Crown land is not well defined.
- The overarching State Management Plan for sandalwood is under development and there are large variations in the management planning that is available at the property or regional level without a clear link to State-wide species management, conservation and resource management objectives and strategies.
- At the same time, the licencing framework environment is increasing its requirements for more detail around the management of the sandalwood resource, sustainability, the regeneration of that resource and the impact of wild harvest on landscape ecology.

Technological

- Different views were expressed on the extent of changes in the technologies for harvesting, supply, processing and product development in the last 20 years.
- Opportunities for technological innovation are limited in harvest but are significant in the resource inventory (remote sensing), processing, product development and marketing areas.

