

C. SANDALWOOD - STATE OF THE INDUSTRY.

Sandalwood may be obtained from Crown lands only by persons holding a Forest Produce (Sandalwood) License. Licenses are issued without fee for periods of three months. Every license to cut and remove sandalwood is issued subject to the payment by the licensee of a royalty of £2/-/- per ton, ^{per ton} cleaned, for all sandalwood obtained thereunder, and a license must be held by every person cutting, cleaning or removing Sandalwood.

The royalty is collected by the Railway Department as the Sandalwood is being loaded into trucks.

Periodical returns of Sandalwood collected are furnished to this department by the Railway Department, who receive a commission of 5% on all royalty collected on Sandalwood obtained from Crown lands.

It sometimes happens that royalty is collected on Sandalwood obtained from private property, and in such cases a refund is made to the owner of the royalty in full, the Railway Department having agreed to waive their claim to commission on such royalty collected.

The taking of Sandalwood from a considerable area in the Murchison district is prohibited unless the sandalwood is to be used for distillation purposes within the State, and a permit, granting to the holder the exclusive right to take such Sandalwood, has been issued.

There is no restriction as to what shall be done with Sandalwood obtained from other parts of the State, and the bulk of it is exported to China, when the market is favourable.

No Sandalwood licenses have, for some time, been issued, except to those ^{who} ~~to~~ had already made the industry their means of livelihood, except with regard to certain classes of individuals whose applications for licenses may be treated as special cases deserving exceptional consideration. These

classes of persons consist of -

- (1) Returned Soldiers suffering from gas effects and who require open air work.
- (2) Miners suffering from lung trouble.
- (3) Prospectors requiring temporary licenses to pull, clean or cart sandalwood.

No more than two quarterly licenses may be issued to any person at one time, so that in the event of any change being made in the control of the industry, not more than six months licenses will have to be considered.

Special cases are kept down to a minimum so that the number of those engaged in Sandalwood getting may be kept within reasonable bounds, and the over-cutting which occurred during the last year or two may be obviated as far as possible.

As from the 1st March, 1920, the royalty on Sandalwood was increased from 5/- per ton to £2/-/- per ton, and that rate of royalty is still payable, as stated above.

Owing to the fact that the market has been overstocked for many months, and there is practically no demand for Sandalwood, the industry at the present time is at a very low ebb.

During the year ended the 30th June, 1921, 6,953 tons of Sandalwood passed over the railways and 10,839 tons were exported.

During the current financial year, however, the position of the trade has become very unsatisfactory, and upon personal enquiry being made amongst those actually engaged in the getting of sandalwood (pullers, cleaners and carters), it was found that the majority desired Government control with a view to stabilising the industry, maintaining more uniform prices and constant employment at a fair rate of remuneration. Under the present system neither the Government nor the sandalwood worker derives the benefit from the industry which they should obtain.

The annual demand for sandalwood in China absorbs about 6,000 tons. 80% of all Sandalwood used in China comes from Western Australia, and 90% of it is shipped through the port of Hong Kong, some being trans-shipped from Singapore. The balance of her supplies reach China from the other States of Australia, India and from the islands of Java and North Borneo and from Siam, Indo-China, etc.

The Western Australian Sandalwood is sold at prices far below those paid for supplies from the other sources mentioned.

Western Australian Sandalwood is not graded at all until it reaches China, and consequently has an unattractive appearance on arrival. It would probably not pay to grade the wood in Western Australia, although small trial parcels of first-class graded wood might pave the way to grading on a larger scale, if found successful. The general appearance of shipments, however, would be greatly improved if the percentage of small wood in each cargo were reduced to a minimum. It is considered that if no wood under 4" diameter were pulled, and of course shipped, the prices would improve, especially if the output were restricted.

Chinese firms, purchasing lots of up to 100 tons in China from the British import firms (the bulk of the import business is in the hands of about 4 British firms), see to the proper cleaning and grading of the Sandalwood, logs being divided into about 3 classes according to quality, and the balance of the produce is divided into small pieces, smaller pieces, chips and sawdust. Chips are small pieces of wood under about 2 lbs. which get broken off during handling and shipping. Each buyer is obliged to take his share of the chips, but gets them for half the price of the rest of the wood. The logs are cut into lengths of about 3 feet, scraped free of all sapwood, made perfectly smooth and then varnished. These logs are then put up in bundles of about

200 lbs. and tied up in bamboo matting ready for shipment to smaller merchants in other parts of China.

It will thus be seen that Hong Kong is the chief distributing centre, as well as the chief receiving centre for Sandalwood in China.

A considerable quantity is also sent to Shanghai, but Shanghai imports include a good deal of wood which has been re-exported from Hong Kong.

There is an average loss of wood between Australia and the place of sale of about 2%.

The Chinese merchants sell the graded Sandalwood, chips, sawdust, etc. in small quantities to retail shops. In these shops Sandalwood may be bought in the form of small pieces, chips of all sizes, joss sticks, and in various manufactured forms such as trinket boxes, fans, beads, etc. Some shops sell nothing but Sandalwood in its various forms. Others sell it as one of many lines.

Joss sticks are of various sizes and Sandalwood is only one of the many ingredients comprising the material from which they are made. These materials include bamboo core, blue or red pigment and certain medicinal herbs and barks. It would not pay to manufacture joss stocks in Australia, chiefly because labour is so much more expensive than in China.

From imports and exports returns it would appear that in normal times about ²⁰⁰⁰~~200,000~~ tons of Sandalwood are imported into Singapore annually, and about the same quantity is exported. In 1920 over 90% of the wood brought into this port came from Australia, and the bulk of the Sandalwood exported went to Hong Kong, the balance being sent to India and adjacent countries.

Various proposals have been put forward with a view to stabilising the industry, including the formation of a Government monopoly. Full details of the manner in which this monopoly might be conducted were worked out by Mr. Drake

Brockman, who was sent on a special mission to China and Singapore for the purpose of gleaning all details of the trade from the other end. The government, however, has decided that the trade is of a nature too risky to engage in, and is, therefore, not prepared to take over the handling of Sandalwood as a monopoly. Other proposals for the improvement of the position in which the Sandalwood industry now stands are under consideration.