

**FOREST PRODUCTS COMMISSION — SANDALWOOD  
WATER FOR FOOD PROGRAM**

*Statement by Minister for Water*

**MS M.J. DAVIES (Central Wheatbelt — Minister for Water)** [12.13 pm]: In December last year, I travelled to China to visit sandalwood factories and meet with buyers of Western Australian sandalwood. I also met with a number of groups interested in the opportunities associated with the state government's Water for Food project.

The sandalwood sold by the Forest Products Commission accounts for approximately 60 per cent of the world's legal sandalwood supply and generates some \$16 million in revenue. China is currently experiencing growth in sandalwood products for use in religious and cultural practices. Many thousands of people are employed across the industry in Asia, which is dependent on a consistent supply of Western Australian sandalwood products. Following the recent parliamentary inquiry into sandalwood, it was important to assure distributors and retailers of a sustainable supply of WA sandalwood into the future.

My first stop was Xiamen, home to a number of sandalwood factories including the Bee Chin Heong Arts and Craft Co, FPC's largest agent in China and worldwide. It employs 300 people and has 40 retail outlets. Approximately 50 people attended a meeting in Xiamen and another 50 in Guangzhou where I confirmed the Western Australian government's commitment to the industry. I was able to hear directly the concerns of buyers and distributors about options for our supply strategy, the sustainability of wild sandalwood and the illegal import of sandalwood into China. Business operators from Taiwan, Malaysia and Hong Kong also made the journey to attend these meetings. Some of the businesses have been purchasing sandalwood from Western Australia since the 1800s when the industry was established. It was an opportunity to develop my knowledge of the breadth and depth of the distribution network and sale of sandalwood that comes from the wheatbelt and goldfields of WA.

I also met with the CEO of the Department of Commerce of Guangdong Province, who reinforced the enormous opportunity that exists for Western Australia in developing and nurturing business relationships with China. I took the opportunity to discuss the projects related to the WA government's Water for Food project. In Beijing I met with Mr Wang Wenbiao, chairman of the board of Elion Resources Group, and his senior executives.

Following a discussion on Water for Food and the opportunities that exist for dry-land farming and investment in agriculture in rural WA, I visited the Kubuqi Desert in Inner Mongolia. It was well worth the effort to see firsthand the ecological approach to the challenges in this desert region. I was also able to visit nurseries, greenhouses, plantations and sand dunes undergoing rehabilitation for irrigation methods on a large scale. The work being done to rehabilitate land and turn it to productive use was very impressive. For example, in order to use salinity-impacted land, licorice is grown as both a commercial pharmaceutical and for sand dune stabilisation. It is extremely salt tolerant.

As Minister for Water, I extended an invitation for representatives from those groups that I met with to visit Western Australia and look at some of the exciting work that we are undertaking with Water for Food. Some of those groups have taken us up on that offer and have recently visited Mowanjum Aboriginal community in the West Kimberley and Woodie Woodie, east of Marble Bar. I thank the Forest Products Commission, the Department of Water and the Department of State Development for their assistance in organising this trip. I table the itinerary.

[See papers 2661 and 2662.]