

Speech by

**Hon Kim Chance MLC
Minister for Forestry**

at the

**National Oil Mallee Conference '*Integrated Mallee Farming Systems*
– *A national initiative towards a new national industry*'**

Date: Friday, 14 March 2008

Venue: The Vines Resort

Time: 9.00 am

Length: 15 minutes

Acknowledgements:

- **Mr Mike Kerkmans, President, Oil Mallee Association of WA, and members of the grower's council;**
- **Prof Syd Shea, Chairman of the Board, Oil Mallee Company.**
- **Commonwealth Government Department of Agriculture, Fisheries and Forestry for providing seed funding for this event.**

Thank you for the invitation to open this inaugural National Oil Mallee Conference. I'd like to congratulate the Oil Mallee Association (OMA) on this initiative, and the Oil Mallee Company (OMC) for organising this important gathering on their behalf.

The humble oil mallee has a lot to offer. This hardy group of native trees is well adapted to our nation's agricultural landscapes, and can provide many on and off farm benefits. They provide enormous potential as a sustainable solution to pressing environmental issues such as salinity and climate change - widely regarded as our planet's biggest economic, social and environmental challenge.

Research indicates that they are capable of reducing recharge on the area which they are planted, and if targeted to areas of risk for rising water tables (3 to 10 metres) they are an important contributor to delaying the onset of salinity. Within our agricultural landscape, oil mallees provide landscape stability, particularly in and after prolonged dry seasons such as we have experienced recently, when the effects of wind erosion may be more severe.

The Narrogin Integrated Wood Processing facility has shown that mallees can produce biomass for the production of renewable energy, eucalyptus oil and activated carbon. Research has shown the potential for mallees to produce a range of other products as well such as wood panels, transport fuels, pharmaceuticals and industrial solvents. With development of these markets, mallees have great potential to provide an additional source of income for our farmers, and provide jobs and economic resilience for our rural communities.

A major strength of the mallee industry is the passion and vision of all those involved. This has resulted in collaboration and cooperation not often experienced in other industries, resulting in some truly remarkable achievements. I would like to highlight just a few of these achievements and, by doing so, acknowledge some of the people and organisations who have worked long and hard, often without reward, to overcome risks, challenges, drought and inertia to prevail and persist.

➤ ***THE FIRST REGULAR PRODUCTION OF EUCALYPTUS OIL
BASED IN THE NORTH EASTERN WHEATBELT***

A group of six visionary landowners, we know as Kalannie Distillers, persisted and risked their own capital to build a mobile still and develop key harvest technology. Years of persistent drought have not diminished their will to provide a new and diversified industry in what must be some of the toughest climatic conditions in the country.

➤ ***THE INTEGRATED MALLEE PROCESSING CONCEPT***

Many mallee growers, the OMA and OMC, Western Power (now known as Verve Energy), Enecon and others worked together to grow resource for, design and build a demonstration plant to produce renewable energy, activated carbon and eucalyptus oil for the first time. This is the Narrogin Integrated Wood Processing plant I referred to before. Not without its challenges, this demonstration plant achieved its goals and will be an important step in turning this concept into a commercial reality.

➤ ***A STATE OF THE ART REGIONAL NURSERY NETWORK***

From Kalannie in the north to Esperance in the south east there are now many nurseries that grow quality seedlings for the industry. Not satisfied with this important role, it has often been the nurseries that have helped farmers plant their mallees and have even kept groups of mallee growers informed and supported through regional networks. For example, Keith Parnell, who built and manages a state of the art nursery in Tincurrin, also promoted the industry as a former President of the OMA.

➤ ***“SELLING CARBON CREDITS TO KYOTO”***

The first major mallee planting for carbon offsets occurred when Kansai Electric established 1,000 hectares of mallees in the Wongan Hills and Three Springs regions. Kansai Electric is the second largest power company in Japan and supplies electricity to the city of Kyoto, which lends it name to the Kyoto Protocol for climate change. Syd, I know you had a personal hand in this innovative first, as did the rest of the OMC.

➤ ***THE FIRST USE OF WA'S TREE PLANTATION AND CARBON RIGHTS ACTS***

In 2005 the Government was delighted to announce the first registration of a Tree Plantation Agreement and Carbon Rights Agreement under what I think is the best carbon offsets legislation in the country. At a small ceremony in a paddock at Vern and Shirley Shield's property near Koorda, we saw the unique event of a WA farmer and a Japanese energy producer come together to both reduce greenhouse gas emissions and salinity and provide income diversification for WA landowners. The backdrop of a grain harvester travelling up and back between 90 kilometers of superb mallee belts is a defining moment for the industry. I regret I was not able to attend on the day, but it was obvious that something special was happening in the industry – and today's conference confirms that.

➤ **VEHICLE EMISSION OFFSETS**

In yet another first for the industry, the emissions from the Government fleet, including my own car, are offset by the *Men of the Trees Carbon Neutral* program. Mike Kerkmans, the President of the OMA, has planted mallees on his property as part of this program. The Government was pleased to select this initiative as the overall 2007 winner of the State's Environment Awards. My parliamentary colleague the Minister for the Environment and Climate Change, the Hon David Templeman MLA, also awarded this initiative the first *Act Now* award at the Environment Awards held in November 2007.

➤ ***SELLING BLUE MALLEE TO NSW***

As a precursor to major new plantings in NSW, the industry, led again by Syd Shea and the OMC, established trials and arranged seedlings to be exported to the Wagga Wagga region. These seedlings included blue mallee which is a native to that region. The seed was sourced from orchards established in WA by John Bartle from the Department of Environment and Conservation. These trials allowed the *CO2 Australia Group* to establish themselves as a new and important entrant in the industry, and we will hear more from this company later in the day.

INNOVATIONS IN AGROCHAR

The industry is already working on the next major new initiative and Syd will explain more about this shortly. In our carbon poor soils and in an effort to address the ‘permanence’ issues surrounding carbon offsets and trees, there is a fantastic opportunity to grow carbon and fix it in the soil in the form of charcoal. But I won’t steal Syd’s thunder.

➤ **INDUSTRY DEVELOPMENT PLAN**

The industry is at an important juncture in its development, as signified by this gathering and your attendance here today. The OMA and Forest Products Commission (FPC), in its soon to be announced lead role in plantation and farm forestry, will soon develop a Mallee Industry Development Plan (or IDP), supported by funds through the National Action Plan for Salinity and Water Quality, and assisted by URS. This plan will help inform decisions by Government and industry to guide the next growth phase, and maximise the benefits to the community of WA. I believe this plan may well serve as a model for other parts of the country and I look forward to its completion.

My experience in the agriculture, forestry and fishing industries has shown me that getting this next phase of the industry's development right is vital. As we move from concept to commercial reality, there will be many decision points and challenges. I am reminded regularly by the community that the bluegum industry, although delivering significant economic and environmental benefits to the State, may have been even better if we had a clear industry plan at a similar stage in its development. Therefore I encourage you to participate actively with the OMA and FPC in developing the IDP.

The partnerships already developed between Government agencies, growers, research organisations and potential processors over the past years have laid a solid foundation for future development of a viable industry, which offers great scope to improve the sustainability of our farm businesses and rural landscapes. The Government looks forward to playing its role in helping you achieve your vision.

Thank you, once again, for inviting me to open the conference and I wish you all a successful time over the next two days.