

PUBLIC

THE PARLIAMENTARY STANDING COMMITTEE ON ENVIRONMENT RESOURCES AND DEVELOPMENT MET AT HENTY HOUSE, CHARLES STREET, LAUNCESTON ON TUESDAY 24 JULY 2012.

TASMANIAN HEMP INDUSTRY

Ms ESTELLE ROSS WAS CALLED, MADE THE STATUTORY DECLARATION AND
WAS EXAMINED.

CHAIR (Mr Best) - Thank you for your submission and for being here today. Whatever evidence you provide today is protected by parliamentary privilege but if you repeat comments outside we cannot provide that protection for you. If you have something of a sensitive nature you think may involve a third party, if you indicate it to me we can discuss it and then go into camera.

Ms ROSS - I thought about doing a preamble but thought it was a waste of time, having had the hearing in Hobart a lot of people already realised a lot of what is involved. I think most of you would probably realise that hemp is such a fantastic product and we can make so many different things from it. In the paper the day after the hearings in Hobart it was mentioned, and I quote:

The standing committee was told that industrial hemp has no drug consequences and the government was breaching the UN convention by keeping the state Poisons Act as a controlling legislation for industrial hemp to stand the industry's development.

Since that hearing, has any one of you obtained legal advice as to whether we are in breach of that or not and, if so, if something could be done about it maybe we could shortcut everything and hemp could just be used as food straightaway.

CHAIR - That might be something that the committee would deliberate upon. At this stage we are basically gathering evidence and I think we note that also throughout that particular hearing questions were asked of witnesses if they, in fact, had legal advice to the effect of that article that you are referring to from the United Nations.

Ms ROSS - This was the only bit. I did not hear the rest of it.

CHAIR - Sure, that is okay. I cannot flag the deliberations of the community but I know that is something that has been highlighted.

Mr STURGES - Chair, if I may, I took note of the evidence that was provided by that witness. It is on *Hansard* too, by the way. I think the Chair indicated that. I will be, through the deliberations, talking to my colleagues about whether or not we possibly do need to take legal advice around that. But the purpose is to get evidence from witnesses like yourself and we will deliberate on that and determine what further information we require.

PUBLIC

Ms ROSS - I e-mailed Jonathon Kite of FSANZ last night regarding this matter and he said, 'the UN convention issue was noted in the FSANZ assessment report. I have produced the text below' - and this is the information that he gave me - 'noted the comments of some letters in relation to this issue but did not offer any further interpretation of the applicability of the conventions as it was not considered appropriate for FSANZ to do.' But I am wondering why it was not considered appropriate because surely that should have been the big part of their assessment report, I would have thought. It would overrule everything else if it was proved that they had contravened it. I would like to make that important point.

Everybody knows that Canada has been producing hemp since about the 1990s and I wondered if any of your select committee have contacted anybody in the Canadian government as to whether it is still viable or not.

CHAIR - We are the ones gathering the evidence. It is fine if you want to ask us questions.

Ms ROSS - Yes, but surely it would be commonsense that you find out as much as you can yourself if you come and sit in the committee.

CHAIR - Yes. We have received evidence from witnesses that have indicated to us and I guess the best thing we could do is provide you with a transcript rather than we answer your questions about evidence that we have already received.

Ms ROSS - I e-mailed the Canadian Minister for Agriculture, Gerry Ritz, and I received an e-mail back from him dated 5 July. I have a photocopy for you which you are welcome to have.

Ms PETRUSMA - You have already sent us a copy of this.

Ms ROSS - That was via Bryan Green, I think. I did not know if he was going to send it or not. He told me he would, but I did not know if he had or not.

CHAIR - That was sent to me.

Ms ROSS - They do say that although it received some industry funding, back in 2010, it still continues to be financially viable and they have increased the acreage. It says, 'For example, in 2011, acreage under industrial hemp in Canada was estimated to reach more than 35 000 acres from over 26 000 acres in 2010. Furthermore, in 2011, exports of hemp seed and hemp products were valued at more than \$11.17 million Canadian, up from \$10.3 million in 2010. I thought that was an important point.

Mr ROCKLIFF - Estelle, you have obviously done a lot of research and a lot of work and I have noticed a lot of letters to the paper over a number of years on this subject. I think the strength of industrial hemp crop is the wide variety of hemp product uses. Perhaps Tasmania's limitation is our economies of scale on that bulk use. Perhaps commodity might not be our niche. But of all the variety of uses where do you see our niche market for Tasmania?

Ms ROSS - Talking to some of the growers it seems that Tasmania is more suited to hemp seed production rather than the fibre and there are so many things you can make from the

PUBLIC

seed itself. You can make milk, you can make flour, you can make ice cream and fruit bars, you name it, you can make it. I believe they said that there is already processing equipment here in Tasmania for that. What was the first part of your question?

Mr ROCKLIFF - The crux of my question was: where do you see Tasmania's niche market opportunities given that we would have limiting factors in terms of economies of scale for perhaps fibre, perhaps not?

Ms ROSS - There is nothing wasted. You can use every single part of it. You can even use it in - on the mainland they use it for sewage treatment plants. When the effluent comes out of the sewage treatment plant they put it through what you would call wetlands and that takes up all the toxins. Also it was used after Chernobyl, after the nuclear disaster, to rehabilitate all the land around and it would be brilliant for revegetating and detoxifying all the mining waste in the north-west, the mining areas in Tasmania as well and that sort of thing.

In his e-mail to me last night Jonathon Kite of FSANZ also said that they have - I will just read it:

FSANZ's preferred position put forward to the assessment report was to approve hemp foods.

So I presume it is moving now on to the next stage, which will be going to the Council of Australian Governments Legislative and Governance Forum on Food Regulation - can we just call it 'forum' please. Now, it is most important, as I understand it, agricultural and health ministers from each state in Australia, plus their equivalents in New Zealand are going to be on the board, plus I believe - is it the Prime Minister as well, is she on this forum as well? - because it is most important that the Tasmanian people immediately write to all our counterparts in the other states and say, 'It was passed back in 2002. It was approved, there was nothing wrong with it then, nothing has changed since then, can you please pass it now. We have wasted 10 years of productivity.' Can I just make sure that you do that?

CHAIR - My understanding is that the government or the minister has written to FSANZ and put in a supportive submission to have the food aspect regulated so that it would be legal. I would be surprised if we would not declare it.

Ms ROSS - Have you heard how far it has actually got? Has it got as far as the forum?

CHAIR - We had some detailed information from one of the witnesses when we last met, and I am trying to think of the fellow's name now - Dr Andrew Kataris, who had been heavily involved with the federal inquiry and he spoke quite positively that he felt that it had been delayed for a number of reasons but that he thought that it was starting to draw to its conclusion and he was expecting some sort of outcome.

Ms ROSS - It is really the only country in the western world that doesn't allow it as food, it just seems ridiculous, especially as you can use the oil in New Zealand, and New Zealand is part of FSANZ. It just seems totally ridiculous.

PUBLIC

Mr BOOTH - Chair, those e-mails, Estelle, that you said you received last night, if they have any of the information that you quoted from it might pay to table them for the committee if you have spare copies.

Ms ROSS - It's on my computer at home, so you are welcome to have it anyway.

Mr BOOTH - Yes, if you can spare it. It just may be valuable for the committee if there is something in there that is official from FSANZ, for example.

Ms ROSS - I will sort it out in a minute if you don't mind.

CHAIR - Just to clarify for you, the clerk has provided some information here:

It was resolved in the House of Assembly that:

(1) the state's position to be advocated nationally through the Food Standards Australia and New Zealand mechanism is that the sale of hemp as food should be allowed in the upcoming year;

(2) the minister commits that following a national resolution has been achieved to move at the earliest opportunity to amend the Poisons Act 1971;

and (3), which is in relation to us here participating in this:

(3) in addition to sections (1) and (2) above, the terms of reference are sent to the House of Assembly Standing Committee on Environment, Resources and Development to inquire into and report upon the current state of Tasmania's hemp industry; any opportunities or solutions required to encourage a viable industrial hemp industry and associated value-adding opportunities in Tasmania, with particular reference to any matters impacting upon the production and value-adding of industrial hemp in Tasmania; identification of any commercial impediments as well as any regulatory impediments at local, state and federal government level impacting upon the establishment, appropriate development and maintenance of a wider industrial hemp industry; and any other issues incidental thereto.

On some of those points we are yet to hear from the police department and others in regard to those impediments.

Ms ROSS - My next one was I also discovered when I went on the internet last night, and I was very concerned to hear that Monsanto and several Dutch companies are already trying to patent certain varieties of the seed itself and if we don't hurry up and get in, they are going to start doing it so that we can't even use it. There should be no more delay. We really have to move this thing on.

I have got, which I can let you have after, the actual website. It is a great, long article but it is incredibly scientific. It puts all the names of the people who are researching around the world, exactly what research they are doing, all the different patents and that sort of

PUBLIC

thing. It would be really important and I can give you that at the end of the meeting as well, if you like, if that is any help.

As to impediments to doing more in Tasmania, there are several things that I think we should consider. I was thinking that at the moment you can't import seed because of this SUSMP. Is that right, you can't import hemp seed into Australia because it -

CHAIR - I think you can but there is a process of application.

Ms ROSS - I was thinking that if we could grow enough of our own hemp seed here in Tasmania and use that seed to provide other Tasmanian growers then that would actually bypass the need to go through the strict protocols because we would know that it was low in THC anyway, wouldn't we? Can I suggest that?

As I understand it, for some reason we are only allowing hemp seed to be grown here with a THC value of 0.35 whereas mainland states are allowing up to 1 per cent, can that not be changed without altering any laws or anything? Why are we different? If they can grow it in mainland states why are we restricting it to the 0.35 here?

Mr BOOTH - I think it is to do with the poppy industry, something to do with the UN conventions with regard to other drugs. It is one of the things that we have to look at in terms of trying to remove those impediments.

Ms ROSS - Yes, but poppies are nothing to do with hemp, are they?

Mr BOOTH - No.

Mr STURGES - If I may, for my benefit, that is why it is important that we go through this inquiry and take evidence from people like you and others who are involved in the industry. We have quite a deal of detail in relation to Canada, their production rates, the countries to whom they export, their top 10 countries, all of that stuff is actually here in a paper that has been prepared. Any additional information certainly helps us in our deliberation, including the THC level.

Ms ROSS - Yes, and there was also something I read, I think it was in the paper, that hemp cannot be grown on a roadside or within five kilometres of a public building, which, again, is absolutely absurd when you consider you drive along there are poppies, a glorious sight, right at the side of the road and they have are more potent, why is that? It is crazy. Can that be altered as well, please?

CHAIR - These are the restrictions we are looking at.

Mr BOOTH - Just to clarify it, the role of this committee is to look at removing all these impediments and try to establish a commercial and viable hemp industry in Tasmania. They are the areas we are very interested in - people who have concerns about how an industry could not start, then we look at removing them and also if there are issues, for example weed infestation or other matters, we are interested in that as well.

Ms ROSS - I also read somewhere that on the mainland the police are becoming very agitated about the fact that you can't tell industrial hemp from the marijuana variety. I

PUBLIC

have challenged that because I found a very interesting article on Wikipedia and it has pictures of the different varieties. Industrial hemp is the tall, leggy one. We need to educate not only the police but also the general public. You start talking to people about hemp and they start sniggering and say, 'Oh, marijuana'. There has to be a very good education program, whether in the media - there has to be some way that the general public knows there is a complete and utter difference between the two because that would solve a lot of problems as well. I don't think they can be concerned about marijuana being hidden in an industrial hemp crop because the cross-pollination would stop the marijuana from being viable.

We have to get on and do it quickly because every month we lose - companies such as Monsanto are going to come in and start wrecking the place anyway, putting all their patents on things. With the loss of employment here in Tasmania, just think of all the value-added from the hemp oil and hemp seed. That guy, Paul Benhaim, in northern New South Wales, I think. He has started making energy bars in the UK back in 1990 and it's world famous now. He is going to get into ice-cream; there are all sorts of things you could do.

CHAIR - The *Hansard* from the last hearing is on the parliamentary website so you might find that interesting because we had quite a lot of detail on a lot of the subjects you've raised today.

THE WITNESS WITHDREW.

PUBLIC

Ms JAN DAVIS, CHIEF EXECUTIVE OFFICER, AND **Mr NICK STEEL**, POLICY AND ADVOCACY MANAGER, TASMANIAN FARMERS AND GRAZIERS ASSOCIATION, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

CHAIR - Thank you very much to Jan and Nick for the Farmers and Graziers' submission, which is very helpful indeed. I know you have had some experience with these committees but for the purpose of process I need to advise that any evidence you provide today is protected by parliamentary privilege but whatever you repeat outside the committee hearing is not covered. If there is anything you might consider to be of a sensitive nature, commercial-in-confidence or may affect a third party, indicate to me, as chair, and we will clear the room and go in camera and that evidence becomes information to the committee members only and would not be publicised.

Do you wish to speak about the Farmers and Graziers' interest in this commercial opportunity for hemp or do you want the committee to ask questions - we are at your call as to how you would like to proceed?

Ms DAVIS - Thank you, chair, for your advice and the opportunity to address the committee. We have made detailed submissions, and I am not going to speak to those at length because I am sure you are all across those issues. I have looked at the submissions that you have already had that have been made available. We are certainly not here to talk to you about technical issues because that is not our field of expertise.

I will make a couple of opening remarks and then we would be happy to take questions or comments from you. Our issue is making sure that farmers in Tasmania have the opportunity to develop another part of a diversified cropping enterprise, a farming enterprise. Hemp is a fabulous crop, not only for market opportunities and the potential it offers us to grow another industry in Tasmania, but also in terms of cropping rotations. It is a really good addition to our farming enterprises. We believe hemp has the opportunity, given the right environment - and I mean environment in terms of regulation rather than productive environment - to be our next poppy industry, and we believe Tasmanian farmers can produce a world-class product that would meet worldwide demand.

The situation we face at the moment is that regulation is strangling us, and our ability to produce and then compete with other states of Australia, let alone our international competitors, is being hampered by those regulations which we think and believe - and you have heard from others also - are unnecessary and unproductive.

My final comment will be to make the point that we are world leaders in growing opium poppies, which are clearly a drug. There are 12 conditions on a poppy licence; there are 21 conditions on a hemp licence. I think that speaks for itself in that this is over-regulated and unnecessary scaremongering by people who have an agenda that is not conducive to the development of what could be a fabulous industry for Tasmanian agriculture.

PUBLIC

Mr ROCKLIFF - Jan, this has been on the agenda for quite some time, for a number of years there have been discussions from various quarters. What do you think is the main obstacle or block as to why the industry has not progressed from its trial stage, as such?

Ms DAVIS - Twenty-one licence conditions. There are two issues that we are dealing with. One of them is within the jurisdiction of the state and the other is not. The one that is not is obviously not within your remit, and that is the capacity of farmers to produce product for other than fibre purposes. I know you have heard evidence about that at length so I am not going to spend any time talking about that, I would like to concentrate on the things that are within your remit.

The biggest issue that we are dealing with is the blurring of the line between drug and crop. All the regulations that flow from that are a reflection of either ignorance or wilful disregard of the fact that industrial hemp is not a drug. The fact that it is regulated by the police, the chief pharmacist and all those background elements through the situation result in licence requirements that make it impossible for farmers to really be competitive and to focus on this as a long-term investment.

Ms PETRUSMA - So if we took the 21 regulations down to 12, would that be okay?

Ms DAVIS - In an ideal world we believe that the regulations for growing hemp, recognising that there are sensitivities, should be no more stringent than those for growing poppies. If we had mirror regulations we could live with that. We have shown we can live with that because we grow a lot of poppies and we do it really well, so ideally that would be where we would end up. We think that if we had a situation like that you could address the sensitivities that some sectors of the bureaucracy and the legislature have, and some sections of the community, but you could also provide an environment that was conducive to cropping.

Mr BOOTH - Jan, you just said that industrial hemp is not a drug, but you have suggested it be controlled in the same way as poppies. Why would you want to do that?

Ms DAVIS - If I had a magic wand I'd have an environment where it was just another crop like wheat or any other crop.

Mr BOOTH - That is the point I am making. The committee actually is looking at removing impediments, not imposing them. It just seems to suggest that it be controlled in the same way as poppies would be somewhat counterintuitive and I would like to explore that a little further.

Ms DAVIS - We recognise there are sensitivities and we recognise that the ability we would have to push it beyond that level of regulation would be quite limited. If this committee has the capacity to bring that to fruition then in our view, realistically, this is like growing wheat.

Mr BOOTH - We need to know because the make-up of this committee actually does reflect the make-up of parliament in that sense, so that if the committee makes a recommendation to parliament, then it is likely - not certain because obviously parliament has to make the final decision - but if you look at the terms of reference we are seriously interested in trying to remove impediments, not impose them, so I am just

PUBLIC

asking you to be very careful about what you suggest because it could be that the committee then reads that you want to have it controlled. I want to make sure that we are clear on this. If your view is that it should be like wheat then you should tell the committee that.

Ms DAVIS - Ideally, best-case scenario we should have no regulation on the crop; worst-case scenario it should be no more regulated than poppies. That is our position.

Mr BOOTH - With regard to food, even though that is a federal responsibility, the committee still has the ability to make recommendations. I am sure we will be considering that because it seems from the evidence that that is a very important and critical part of getting an industry going for everybody's sake and we want to create the opportunities right across the board. Although you say you do not want to comment on that, do you have a position that we should be removing all of those impediments, and allow them to be used as a food stuff as it is in other countries?

Ms DAVIS - Absolutely. FSANZ is the Australian and New Zealand regulator and hemp is available for all parts of its product use in New Zealand. I wouldn't have thought there was any difference between Australian and New Zealand consumers. We should have access to the same products; as consumers we should have access to all of those products. Certainly we know that through all sorts of means and opportunities that does happen, but it is illegal at the moment. From a farming perspective the only way to make crops as financially viable as we can possibly do that is to be able to use all of them, so we want to be able to use the seed, the fibre and any other part of the product that we can use to make that a valuable proposition for our farmers.

Mr BOOTH - So from the TFGA's point of view you see no sensible reason why there should be any regulation for this crop beyond wheat or any other similar non-drug type crop?

Ms DAVIS - Absolutely, Mr Booth, and we have made repeated submissions to both the state and federal government and we have written to the opposition and to the Greens and put that position on a number of occasions, with not a lot of response apart from some support from the opposition to our position. It is just another crop and the discussions that we have had, particularly with the people from the Department of Justice and the Department of Health, show a total lack of understanding, whether it be deliberate or inadvertent, of the way in which our industry operates and the fact that this is just another crop.

Mr BOOTH - We understand you want all impediments removed, but are there any downsides that you see for the industry? We did have some mention, but I haven't been able to find evidence of this at this point in time, of weed infestation in Canada and so forth.

Ms DAVIS - Volunteer weeds - after you have removed the crop, the bits that pop up here and there. There has been a lot of talk about that. I have looked at a fair bit of the literature and the work that we have done in researching our submission shows that in the early days of the hemp industry that may have been an issue, but certainly with modern farming practices and the sorts of experiences we've had with things such as poppy crops, I don't believe it would be an issue for us. I haven't seen any evidence in the literature or the people we've spoken to overseas or in other states that would cause it to be a concern.

PUBLIC

other than, as you would with any crop, if there are volunteers afterwards. You don't want them because they are going to contaminate whatever is beyond that crop system.

Mr BOOTH - So the TFGA sees no impediments to this industry becoming broad-scale across Tasmania. There are no weed issues or other issues you can think of that would prevent or at least cause concern to the TFGA?

Ms DAVIS - There are no issues that we believe government should be concerned about, nor farmers. We've looked at the production of hemp in other states of Australia and I don't understand why it is an issue here when it isn't an issue in other states. We have looked at the production and circumstances in which production happens in other countries and it is not an issue there. It seems to be unique to Tasmania and we don't understand it or support it.

Mr STURGES - You've provided a very comprehensive submission so I don't intend to go through that, other than acknowledge you have listed what you refer to as the 'inequitable burdens and challenges which exist in comparison with the alternative rotation crops'. That is very informative and I thank you for that. At the end of that you go on to say:

These licence conditions place a unnecessarily restrictive and unfair red-tape burden on Tasmanian farmers. The consequence cost burden this imposes inhibits initial and early grower entry and industry expansion.

Would you care to expand on what some of those costs are? I am keen to see primary industry flourish in Tasmania and I would be interested to know what those cost impediments are.

Ms DAVIS - First of all, the conditions around the licence are such that there are burdens that are unnecessary. The licence requires testing regularly - I know you have heard evidence from others about this - and that testing isn't done in the state; it is done offshore and is considerably expensive. It is done far more frequently than a normal cropping situation would require.

Mr BOOTH - No other crop would require drug testing, would it?

Ms DAVIS - No. Looking at the licence, there are several points during the cropping cycle where you'd need to get that testing done and we can't see any reason for that; it doesn't seem to add any value.

Mr STURGES - These are the comments I want to get on record.

Ms DAVIS - Things such as you can't grow it in sight of a road, which in Tasmania makes it very challenging for us because of our topography and the way farms are laid out. If you cannot grow hemp within sight of a road, particularly on the north-west, that rules out three-quarters of most farms. If you have to have particular sorts of fencing that are inspected by the police - I don't know who made police the fencing experts in Tasmania - there are costs involved in that because they are talking about electric fencing and a lot of things that may or may not be relevant or important.

PUBLIC

Mr STEEL - We have members who grow hemp and give us a good description of what they have to go through to get a hemp licence compared to a poppy licence. The cost to proceed with that is that they have to get approved seed and they need a licence to get that seed onto their property. Compared to a poppy grower, their processor does all that for them, so there's that link with the processor which the hemp growers miss out on. The fencing is another requirement.

Ms DAVIS - There's a requirement that anybody who is going to be in that crop needs to be listed on the licence. If you are using harvest contractors, and when we get scale we will be, we don't know who the harvest contractors are going to be so they could possibly be listed on the licence. I couldn't legally walk into a paddock where there is a hemp crop because I am not listed on their licence. We can't legally hold field days because people are not listed on the licence. There is a requirement that farmers can't publicise the location of crops. That has been interpreted in some cases as preventing us from having field days. There is a requirement for the police to do a whole bunch of stuff that will inevitably, in time, bring cost as we move to a more user-pays world. So there is all this stuff that you have deal with that just, honestly, makes it so hard that most of our guys - there are a few diehards who persist because they are going to do it come hell or high water - but to look at it as part of a normal farming operation most of our guys wouldn't go near it.

Mr STURGES - Too hard.

Ms DAVIS - It is too hard.

Mr STURGES - Chair, can I just finish. I didn't want to put you on the spot with that question but I am quite serious when I say I want to see primary industry flourish in Tasmania. I want to see this as our niche in the state. If there are any other cost issues when you go away it would be appreciated if you could send it to the committee because I think they are important things that we need to consider.

Ms DAVIS - Mr Sturges, there is one and I can't put a figure on this because we haven't really been able to get commercial-scale information, and that is the fact that the THC allowable content in Tasmania is lower than in any other place and that means that the varieties that are commercially available for most producers are not suitable to Tasmania so that limits our capacity to use the best productive varieties and also presumably, and again I can't cost it at this stage, there are layers in additional cost because the less frequently used a variety is the more expensive it is likely to be. If you look at just that one alone, there are costs there that are unquantifiable at this stage but are pretty obvious if you think through the logic of how business works.

Mr STURGES - Yes, and those costs flow through to the end product.

Ms DAVIS - They do, and no processor or purchaser of product is going to pay Tasmanians more because our costs are higher. We have to compete in a marketplace with others that have a lower cost burden and have less difficulties in terms of the general challenges we face like freight and access to the markets where the processing will take place.

Mr STURGES - If there are any other issues I will be very keen to get them.

PUBLIC

Ms DAVIS - We could do that.

Mr STURGES - Thank you.

Ms PETRUSMA - Jan, what level of THC would you like to see? At the moment it is 0.35, would you like it up to the 1 per cent of other states?

Ms DAVIS - We would like to see some consistency across the states, not only from our point of view because it makes production easier but to give the processors a consistent product because that is what they are going to be looking for, too. And obviously at any initial stage of an industry's growth they are going to be buying product from several areas and if they can get consistent product that makes their jobs easier, too, and our job is to make their jobs easier.

Ms PETRUSMA - Currently, where do your hemp producers get their seed from? Is there a particular state or country?

Mr STEEL - It is mainly through either Queensland or New South Wales.

Ms PETRUSMA - My other question is, in your submission on page 6 you talk about the value of the poppy industry where you say it contributes around \$100 million to \$120 million per annum, how much do you reckon our hemp industry would be worth potentially in Tasmania?

Mr STEEL - Currently?

Ms PETRUSMA - What is your potential?

Ms DAVIS - At least poppies or bigger.

Ms PETRUSMA - It could be up to a \$120 million industry.

Ms DAVIS - Absolutely, particularly if we can deal with the issue that Mr Booth raised and that is the use of the whole crop rather than just the fibre. There are so many pressures on industry at the moment to be looking for alternative sources of fibre and I know masonry, paper, building projects and a whole range of things, let alone materials and textiles, can be made out of hemp fibre but if you add to that the food grade products that can be made from hemp oil and hemp seed, you are starting to really expand that range of products to the point where - for poppies we have really only the one market whereas for hemp we have the range of markets that you could possibly have plus we have the important productive advantage of it being a good rotational crop.

Mr STURGES - Again, for the record, there is significant interest from your membership to get involved in the production of hemp?

Ms DAVIS - Absolutely. We have buyer interest, we have customer interest and we have grower interest. And at this point in time, it is not commercially viable for us to grow.

PUBLIC

Ms PETRUSMA - Just on that, how many of your members would you say have indicated that they would grow hemp if the licensing conditions and everything were changed, do you have any idea?

Ms DAVIS - We haven't asked that specific question. But, on the basis of our experience, if it were simply another rotational crop, anybody who grows poppies would be looking at growing hemp. As we expand our irrigation, particularly into areas like the Midlands, hemp is a good crop in the Midlands area, whereas in some parts of the Midlands poppies are bit problematic. We would certainly be looking at expansion into some of those newer areas as well.

Ms PETRUSMA - Would getting the food labelling be a definite requirement or would you just go down the fibre production path if you did not get the food labelling?

Ms DAVIS - To us, the biggest hurdle at the moment is the licensing requirements because nobody is going to look at a crop that is so difficult to grow. There are some who would choose to grow it specifically for fibre. That would be a good start, particularly if you looked at the rotational benefits in a productive sense. But if we can get that food issue sorted out, it immediately becomes a much more attractive product.

Mr BOOTH - But even so, if it could be simply deregulated, if you like and available, you would like to see the same terms as whereby a grower goes to a seed company or wherever and buys some seed and goes off and sows it and grows it and does whatever they like, just like they do with wheat, barley or oats or grass or anything else?

Ms DAVIS - Absolutely, Mr Booth. Some farmers may choose to grow it, not as a commercial crop at all but simply for its rotational benefits in terms of a farming enterprise mix. At the moment, we are prevented from doing that, even though it is one of the best crops to grow as a fallow crop.

Mr ROCKLIFF - A green-manuring crop.

Ms DAVIS - Yes and farmers can't do that.

Mr BOOTH - From the TFGA's point of view then, effectively what you are saying is, that you don't support the contention that, I think, the police have used as an excuse, that people might somehow grow a smokeable plant in amongst their hemp. What do you have to say in regard to that from the TFGA's point of view?

Ms DAVIS - Anybody who knows anything about botany knows that, in actual fact, the last place you would think about growing an illicit crop is in the middle of an industrial hemp crop because -

Mr BOOTH - Are you saying the police don't know anything about botany?

Ms DAVIS - The police don't know a lot about fencing either but they seem to have control over regulations.

Laughter.

PUBLIC

Ms DAVIS - The risk is that the industrial hemp crop would weaken the yields of the illicit crop. That is the last place you would want to be. Similarly, the last place you would want an illicit crop is somewhere at the moment where, potentially, you have police clod-hopping around the place, looking at the crop that is being grown. So, no, there is no justification for those comments and they reflect, as I have said previously, ignorance, whether it be wilful or inadvertent.

CHAIR - Are there any final comments that you would like to make? I think you have covered it pretty well.

Ms DAVIS - There is one closing comment, Chair, and I thank you for the opportunity. Tasmanian farmers do a fabulous job in growing everything they grow. They have extraordinarily sophisticated business enterprises that need to be able to access the best cropping and other elements to make them financially viable. There is no reason for this crop to be any more highly regulated than most crops. Certainly, the opportunities for Tasmania, economically and in terms of more viable farming operations, are enormous. The continued focus on risks that, in other jurisdictions, both nationally and internationally, have been proven to be non-existent, I think, is a very sad thing for Tasmania in terms of our economic development.

Ms PETRUSMA - Jan, on page 9, I noticed you have that the government should consider investment in a dedicated industry development officer. What benefits do you see that role as having for your industry? What specifically are you saying there?

Ms DAVIS - Industry extension activity is always important with a new crop and we would like to see investment in that for the pure benefit of extending to farmers the production regimes and the best methods of growing. I was actually being somewhat Machiavellian in that suggestion, which may surprise some, in that I believe that the biggest benefit that would come from such a role would be informing those within government about the fact that this is just another crop, and getting over some of those mindset barriers, if you wish, that exist within some parts of the bureaucracy. So I see it as a two-way thing.

CHAIR - Thank you very much.

Ms DAVIS - It was a pleasure, thank you for your time.

THE WITNESSES WITHDREW.

PUBLIC

Mr PHIL READER, PRESIDENT, AND **Mr PETER SIMMUL**, SECRETARY, INDUSTRIAL HEMP ASSOCIATION OF TASMANIA, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

CHAIR - Thank you very much for your information to the committee. As a matter of process I advise that you are protected by parliamentary privilege whilst with the committee, however for anything you may say outside the committee meeting you will not have that same protection. If there are any matters you might think are of a sensitive nature, commercial-in-confidence or damage a third party in some way, we ask that you raise that with the Chair and we will go in camera and hear that evidence which will be for the committee only and not made public.

It is a very interesting topic of investigation that this committee has been tasked with and we thank you for your attendance, and maybe you would like to give an overview and then the committee will ask questions.

Mr SIMMUL - I would like to say one thing: I have brought this bottle in, which is a product of New Zealand - and people who have been to New Zealand would have seen it. This is hemp seed oil and you can consume it in New Zealand but once you come into the boundaries of Australia it becomes an illegal product for human consumption, and that is why I haven't taken the lid off.

Laughter.

CHAIR - We have heard evidence that a lot of the products are available here but not for human consumption, but obviously it doesn't necessarily prevent people from doing so, so I guess that makes the law a bit strange in that regard.

Mr READER - Mr Chairman, I would like to thank the committee for the opportunity for us to present before you. I would like to introduce ourselves so that you know what our history and background is. I am not only the president of the Industrial Hemp Association of Tasmania, but a farmer at Bishopsbourne near Longford involved with livestock, poppy growing, industrial hemp growing and a variety of different vegetable seeds. Also off the farm I have a fair involvement on committees in most of those industries and am also involved with weeds, in research on a state and national basis.

Mr BOOTH - Did you say weeds?

Mr READER - Weeds, yes, and I have been on committees on a national basis with regard to research on vegetables as well, so I come from a background that is a bit more diverse than just as a farmer.

Mr SIMMUL - I've worked for the Department of Primary Industries in the field of vegetable research for around about 44 years. I did three years with the university as well. In that time I worked with all aspects of research, including irrigation, variety selection and densities. In fact, anything you can think of that would enhance the production of a vegetable crop, I have worked on, plus every vegetable that is currently available in the supermarket. We also worked on poppies and industrial hemp. In the sixties I was very closely allied to Stephen King, who was using government facilities to

PUBLIC

develop the poppy industry. In 1990, when the Tasmanian Hemp Company began developing an industrial hemp industry, I was in there with a watching brief and in 1995 I was asked to become more involved and have been involved since then, also growing crops on a research farm as well as on private property and attending conferences interstate. So the knowledge that we have collectively here of industrial hemp is quite extensive.

Mr READER - We're not going to go over a lot of the issues that no doubt you have heard about the benefits of hemp and what have you, but just some of the advantages that we see. At this particular time I might add that we have been concentrating on growing seed in this state because we don't have the infrastructure to handle fibre, so we've concentrated on seed production, both seed for on-growing the crop and also for oil pressing. Where at this time there is a big advantage for this industry is the fact that we can have a Tasmanian product. The oil is pressed and the only facility available at this particular time suitable for pressing the seed for oil is in Victoria, and that is something that can be done in this state. From the analysis of the oil that has been growing here compared with what has been grown on the mainland in trials, it is of a higher quality because of our latitude and our climate. So there is big potential for branding it Tasmanian and for the whole industry being based here in that regard. That is where we are talking about with oil.

There are a lot of spin-offs from that as well in industries that might not have been mentioned, particularly in aquaculture. At this time they are trying to source feed for Atlantic salmon production and where they need omega 3 they are using in their feed other fish oil to produce the feed. Because hemp is high in omega 3 as a key component, there has been ongoing work done with regard to that being used for downstream processing in the aquaculture industry, so that is something that can be explored. I am sure the committee is aware that the aquaculture industry is extremely large in Tasmania and a vital part.

Without going into all the things like the plastics industry and concrete, insulation, building materials and that sort of thing, there are other issues with being used as a phytoremedial crop. That is, that it can be used and grown where there has been contamination from chemicals and things like that. It is found that that can be grown to take that out, clean up the soil and then be destroyed as a crop afterwards. There are some different things there.

Mr SIMMUL - It is also a carbon sequestration bank and once you have produced something with it and you lock it up, it is locked up. If you look at the production from any given area then if you compare that to timber it would be manyfold. Plus timber production ties land up for something between 20 and 40 years, whereas a hemp crop will tie it up for something in the order of three to six months.

Mr BOOTH - What is the tonnage of dry-weight equivalent on the same ground as opposed to timber? Do you have that information in your head, Peter?

Mr SIMMUL - The hemp crop would produce somewhere between 15 and 18 tonnes of dry matter.

Mr BOOTH - Per hectare?

PUBLIC

Mr SIMMUL - Yes, per hectare. The figures for timber would vary with the type of timber and density that's grown. If you're looking at 1 100 stems of timber to the hectare, it would still take you somewhere in the order of 30 years to produce a crop that has a value other than for pulping. With hemp, you would be able to use it straight away, within three to six months.

Mr BOOTH - So that 15-20 is three to six months' production as opposed to, say, an annual? You only get the crop once a year, presumably?

Mr SIMMUL - No, you can do better than that. You could sow a hemp crop in July-August and grow it for, say, 90-100 days, then harvest it off as a fibre crop and re-sow the same area again without detrimental effect to the soil and get another yield off that same area. If your yield is 15-18 tonnes in your first fibre take, the second one could be the same or you could turn it into a seed crop where you would probably get half the tonnage of fibre and quite a viable seed crop off the top of it.

Mr ROCKLIFF - Phil, I'm interested in the potential returns to growers. We can ease back all the restrictions and regulations to a sensible level but at the end of the day the farmers have to be able to make a buck out of it. Do you have any gross margin figures at present? I would be interested in some of the figures and the costs of the impediments you currently have to go through in terms of testing and the like. If they were taken off, what would the difference be in terms of that gross margin? I am happy to get the figures later on.

Mr READER - I'd be prepared to provide more detailed figures. We have prepared a copy of more details to present to the committee, which I will table now, and it has some of those figures in there. Obviously, because we are not in a commercial situation at this stage, it's extremely hard to get definitive figures. We know what it's costing us to grow now and the current situation on an average of what is achievable - although because we have been doing trial work we're below these yields, but potentially we envisage we'll be able to have a yield of a tonne of seed to the hectare and that is quite achievable as an average. Our current figures at this particular stage, we are being paid \$2.50 a kilo for that seed. It is \$2 500 a hectare.

Mr BOOTH - Is that off irrigated ground or category 1 soil?

Mr READER - That is not category 1, but has been universal - these are figures based off my own crop which would be in category 2 and 3. That is the norm in the cropping areas. Some of it, depending on the year, has been irrigated and some has not. We are still coming back - depending on seasonal conditions and where it's being grown, we think those sorts of yields are going to be achievable. Our biggest problems at this stage are, for the things we're developing through, apart from the legislative costs you're talking about we need to do more research to improve our drying, harvesting and cleaning techniques because that's where our costs are coming at the moment. It is a chicken-and-the-egg sort of thing - we're not getting enough return; we have been doing it all out of our pockets for the last seven years in a commercial sense. This is about half a dozen growers who are involved within the state, in the northern half of the state up to the north-west. All that has come out of our own pockets at this particular stage.

PUBLIC

Mr ROCKLIFF - What you're saying is that if the impediments on regulation were lifted you might be able to divert some of those savings towards further research and development?

Mr READER - Definitely, and also expand the product and make more use of the other things we are doing.

Coming back to your figure there, if things are relaxed, and I am talking about not only within the state but if it becomes acceptable as food with no restrictions whatsoever, then we are looking at similar returns to what we get for poppies per hectare because of the increase in value because obviously more people are going to be able to make use of it because at the moment it is not allowed to be used for human consumption.

Mr BOOTH - And more value-adding. It would be fair to say it is a high value for human consumption.

Mr READER - Yes, so we are looking at similar sort of figures realistically based on what we have actually grown that that can be achieved, but the one big benefit about it is that it is not as risky a crop to grow as what poppies are because it is easier to establish. You asked about irrigation, it is a crop that can be grown without irrigation and if you have a dry year and a shortage of water the crop will not die like lot a lot of other things that will die if it hasn't got water; it will hang in there but probably not be quite as good but it can grow under those sorts of conditions.

Mr SIMMUL - If I can add to that, the gross return at the moment would be \$2.50 per kilo from your seed crop and approximately \$1 per kilo for your fibre crop. That is how it is working out at the moment with what we are doing. That is the gross figure. Of course there are costs involved in getting it to that point. You mentioned the soil category; there is very little soil category 1 in Tasmania but anything up to category 4 will produce hemp quite well and in fact any free-draining soil will produce hemp very well with a minimum of inputs including irrigation. The beautiful thing about hemp is, you can grow hemp on a piece of ground until the ground is so dry that the crop is wilting, then put water back on it and it picks up and goes away again.

Mr BOOTH - It has a drought tolerance.

Mr SIMMUL - It has a drought tolerance.

Mr BOOTH - Thank you for that, Peter, because this evidence, of course, will stand the time of history or whatever so it is important that we get all this stuff and that is why I was asking about the irrigation to make sure that it was clear what sort of expectations people could assume to get out of going into an industry like that and make sure it was based on different types of soil types and so forth. Thanks for that evidence.

Peter, you mentioned there before that you have been involved in agricultural research and I think you mentioned that you have been involved in basically every vegetable that you might possibly eat these days. In terms of a crop and the potential of a crop, can you give us a comment with regard to the potential for hemp as an industry in Tasmania, in your view, as somebody who has been through developing other crops and developing other vegetables or at least working on high production and so forth?

PUBLIC

Mr SIMMUL - As Phil says, it's chicken and egg. To get an industry going that has a viable return to a grower, there has to be confidence in that industry. The confidence would come from regular supply that is unrestricted. Once there is a regular supply, a lot of people will look at it and say, 'What can I do with this crop?' If it can be approved for food that is a big plus because with the hemp plant, the whole of the hemp plant has a value, right from the tip to the bottom of the root system. What you have is the seed, which can be used for regenerating a future crop and, in talking to Ecofibre Industries in Queensland, they are very keen to use Tasmania as the source of seed production, which in itself would be quite a significant industry.

Mr BOOTH - Some form of incrementalist approach would work, would it? If we were unable for some reason to change the federal regulations with regard to using it as food for humans, if we removed all of the impediments that stop you growing it just as a commercial fibre crop in Tasmania, how beneficial would that be? Is that worth pursuing or do you need the lot to make the industry viable?

Mr SIMMUL - Ideally, it has to be approved for food because the people who are buying seed oil at the moment, particularly where we are promoting the Tasmanian brand, even though it is not official - and I just digress there for a moment - the association is now proposing to develop a Tasmanian brand so that any hemp seed oil that is sold that is produced in Australia would have its own state's brand on it, with Tasmania probably being the forerunner in this. So that mixing of oil being produced in other states would be less likely to occur because we would know how much seed oil is being produced and we would be approving that sale, even though it is not official, but within the circle of the association, everybody would know. If anybody wanted to check the bona fides of that oil, all they have to do is contact the association.

Mr BOOTH - Could that oil that you have brought in that bottle, if you had Tasmanian produced seed here, grown under the current licence conditions, could that be exported to New Zealand and turned into oil and sold as oil in a bottle over there for food consumption for humans?

Mr READER - Yes.

Mr BOOTH - Although it is banned for human consumption in Tasmania, as long as you cart the seed over the border into New Zealand and get the oil out? What about if you did the oil extraction here, could you ship it to New Zealand and turn it into food, ice-cream and so forth over there?

Mr SIMMUL - Yes. It is like Canada produces all the product that the United States consumes and even though the authorities in America, the drug enforcement agency, impounded 400 tons of seed oil, after the court hearing it was released and sold.

Mr READER - But obviously, the cost of doing that is prohibitive, so we cannot develop an industry on that basis because in New Zealand they can grow their crop and produce it on the spot a lot cheaper and be more competitive, particularly with the value of the dollar than us doing that.

PUBLIC

Mr BOOTH - Yes, it is just that I thought I would mention it to raise the stupidity of the regulation that bans it from food but you can eat it over the fence.

Mr SIMMUL - We do wonder about the trans-Tasman agreement sometimes.

Mr ROCKLIFF - Phil, I am interested in the economic side of things. How long have you been growing it in terms of trial?

Mr READER - We have been growing it for about seven years in a commercial sense. It has been grown in smaller areas and like that, as Peter said, it grows close on 20 years. But we made a decision there after a forum that was organised by the TFGA, seven or eight years ago, that we would give it a commercial trial and see if we could do it. We have currently been growing on average around 30 to 35 hectares total a year in the north of the state.

Mr ROCKLIFF - Right. What difference, in terms of increased yield or quality, have you noticed in terms of when you first planted a crop seven years ago to now in terms of economic practices that have improved or whatever the case may be? Has there been a noticeable percentage increase in yield, whether it be quality or production over that time?

Mr READER - At this stage, we have not increased the yield, but what we have done is, because of the trials we have been doing, it has been restrictive on yield, obviously, because we were having controls in there which upset the yield. But we have a lot better handle now on the growing of it, the fertilisation and nutrition of the crop as well as irrigation and effects and that sort of thing. That is why, in my previous statement, where an average yield that we can achieve on that. It has gone a long way. We can go a lot further with research on that. At the moment, we have had no external money at all from anywhere; it has all been done within the industry, the growers themselves and those associated with the growers to try to get to this stage. That is why these regulatory restrictions are making it very difficult to see our way ahead now and that is why I cannot emphasise enough those issues that we are talking about. We have known that it has changed in the time. In the seven years we have been growing it, the regulations have changed and made it harder, have not made it easier. That is what concerns us, that we find that, instead of legislators or administrators of the industry or whatever, coming out and saying, what can we do to help you, we get over one hurdle and there is another hurdle put in front of us.

Mr ROCKLIFF - Are you saying, it is harder in a regulatory sense, now, than it was seven years ago?

Mr READER - Yes, that is correct. There have been some changes between what has been on the licence, but also the legislative controls that are laid down have changed. For instance, there was a version of legislative controls in September 2011 which was put out by the Department of Primary Industries, Parks, Water and Environment at that time. Then another version came out in February this year which changed them again - there were other subtle changes. That just gives an example of what has happened over time.

Some things that I have mentioned have been raised before which are not shown on the licence but when you apply for a licence these are things that we are asked to conform

PUBLIC

with. Originally we could grow next to the road - that is no longer the case, as has been pointed out previously, you are not allowed to be within sight of a road. The other thing was with regard to public buildings being five kilometres from the edge of the road.

Ms PETRUSMA - Why was that change brought in?

Mr READER - I have no idea why that change was brought in.

Ms PETRUSMA - Do you know approximately how long ago it came in?

Mr READER - I know the last change came in, in the last couple of years, the legislative controls.

Mr STURGES - The TFGA spoke in some detail about the regulatory impediments in relation to cropping hemp on an industrial basis, and you have touched on that. For the record, I am interested to hear what sort of cost impediments there are in relation to - and I am talking cost impediments - setting up an industrial hemp crop as opposed to a wheat crop, a barley crop, or whatever else, as Jan was talking about before? From your experience, what impediments, from a cost basis, do you see exist at the moment, with the current regulatory framework? Just some examples.

Mr SIMMUL - There are licensing issues, which comes back to confidence. If you have to be licensed to grow it and then licensed to process it, licensed to store it and licensed to transport it, then there is a lack of confidence. People say, 'This is too much trouble, I can do something else'.

Mr BOOTH - How long does it take to get the licence - to get all the ducks in a row - if you decided to grow a hemp crop in Tasmania now?

Mr SIMMUL - Where do you start?

Mr READER - Just indicative. We have good cooperation with staff members within the chief pharmacist office who write the licences. I probably streamline the system a little because of my involvement and people know me in there. You ring to make an application and fill the details in but before we are granted a licence we have to have an end buyer for our product, and that is a restriction on the industry itself in that we cannot do anything speculative or in-trial work because unless we have, and it is noted on the licence, who we are actually supplying that seed to, they won't issue a licence. You have to get those ducks in a row. With the actual writing of the licence you obviously have to give your location and have a police check, and things like that.

There is another impediment with regard to police checks, particularly on leased land. Where with poppies you have no problem if you are leasing the land in getting a licence if you personally pass all the requirements, for hemp, the landowner of that land has to give written approval and he or she has to go through a national police check as well. This can create all sorts of problems when you are leasing land and have an absentee landowner, but that is a licence requirement that is not necessary for poppies, for instance. That is an example of some of the issues with regard to that.

PUBLIC

Mr STURGES - I am very keen to get some of these things on the record. TFGA mentioned fencing, other resourcing-type issues that they would not have to provide for with a 'normal' crop? Is there anything you can think of that are additional costs in that regard to a primary producer kicking off and getting involved in this?

Mr READER - It's a huge time factor for a start. The physical cost comes in the testing of the product, why it has to go to Western Australia for testing, it cannot be done anywhere else; that is a cost. If you have to fence that varies depending where you are and what sort of relationship you have with the police concerned. It is a huge cost to the government as well because you have so many different agencies involved in the growing of hemp, like the Department of Health and Human Services. When you have applied for the licence it then has to be inspected by the drug squad. That wastes time that they don't have to come out to say whether it is suitable or it isn't suitable when you give the location.

Mr ROCKLIFF - Are these the same officers who inspect poppy crops as well?

Mr READER - No, this is the police drug squad.

Mr ROCKLIFF - What about the Poppy Advisory Control Board?

Mr READER - That is the next step; the Poppy Advisory Control Board monitor the crop as well. They also have to check where the site is going to be and also they monitor the crop as it is being grown for crop invasions and that sort of thing. So it is hard to put an actual dollar figure on the cost of it. All those things add up and, as Peter said, that lack of confidence in doing that is an impediment for farmers taking it up even if there is a dollar to be made in it.

Mr SIMMUL - If you look at it from the point of view that there are \$2 500 for your hectare if you get your one tonne of seed from your hectare. You then have to transport that somewhere and that is a cost. Then it has to be dried because there has to be around about 10 per cent or 11 per cent dryness and there is a cost in drying it. Then there is a cleaning cost. If you see what this mulch looks like when it first comes off a header, it is quite dirty so it has to be cleaned. Then sometimes it has to be graded because you have a lot of small trash in there. Then it goes to the next phase of storage where it has to be held and then there is the processing after that. Sure you can get your \$6 000 or \$7 000 per hectare in the form of oil, but it has cost quite a bit to get there.

The farmers then have to obtain licences if they want to store it, process it or do anything with it. There is a system of licences and that is not counting the THC testing before that. By the time you have taken all these costs out you are starting to look at a low cost and the option for farmers to make this work is to do a lot of on-farm work. That is where the saving is and that is where the confidence would develop in the industry.

Mr BOOTH - Is that \$2 500 based on commercial oil or -

Mr SIMMUL - The \$2 500 is just seed.

Mr BOOTH - Would it be more valuable if you were processing it for human consumption?

PUBLIC

Mr SIMMUL - Off a tonne of seed you would convert that by cold pressing to approximately 30 per cent oil, so that is 300 litres. The oil at that stage would possibly have a value of between \$20 and \$25 per litre.

Mr READER - At this particular stage, as a grower you then need another licence, facilities and everything like that to get to that stage. I cannot see under the current regime how we can do that. We cannot work on doing that if we do not have an end buyer on our licence, so we are restricted. We cannot speculate in that area and trial that area ourselves because of that restriction in the licensing.

Mr BOOTH - You have heard what the TFGA had to say with regard to restrictions or impediments to growing this crop. Is it your view, as the Industrial Hemp Association, that you would like to see it treated in exactly the same way as barley or wheat or any other crop?

Mr SIMMUL - That is our proposal.

Mr BOOTH - You have grown it for many years, Phil?

Mr READER - Yes, we've grown it for about seven years.

Mr BOOTH - Is there anything you've seen in your experience as a grower that would suggest there should be any regulation of any sort?

Mr READER - None whatsoever. We are not against registering the paddock, if authorities wished that to be the case, then they know exactly where it's being grown. That's not an issue if that's what they require. For something that isn't a drug - the UN says that industrial hemp is not a drug - why should we have regulations to that extent?

One other thing we haven't touched on is that when we harvest the seed crop we are left with the stubble. We have been doing work on it for garden mulch, vineyards et cetera. We have had some research work done on that and the benefits of it. It is restrictive in that, because of the regulations, if there is one seed in that mulch and we sell it to home gardeners and that seed grows, we are liable and they are liable under the current regulations because that is perceived as a drug plant. You can understand the implications. You make every endeavour that that not happen but if one seed happened to get through in that mulch that was viable then the implications are huge.

Mr SIMMUL - Even though there's no drug in it.

Ms PETRUSMA - What level of THC would you like to see?

Mr SIMMUL - I was involved with the original conference in 1998 when they were discussing with the Department of Health and Human Service what standards should be set. The DPI was proposing somewhere between 2 and 3 per cent of THC. The chief pharmacist at the time looked around the globe and adopted the Swiss model, which was 0.35 per cent in plant material in general and 50 parts per million in the seed. That is where that came from.

Ms PETRUSMA - Where would you like it to be?

PUBLIC

Mr SIMMUL - I would say anything between 1 and 2 per cent should be okay because the mechanisms to determine what's in them are a bit vague anyway. The precision is not yet there to work out exactly what the content is.

Ms PETRUSMA - Have you spoken to any aquaculture producers in this state about their using the oil?

Mr READER - Informal discussions to get an indication of where their feed sources were coming from and the make-up of it.

Mr STURGES - Would it be fair to say they are fairly positive discussions?

Mr READER - Yes, and you only have to go to recent research the CSIRO has done on canola. They have been trying to develop canola that contains omega-3 and one of their targeted industries was aquaculture - and that has only just been released. They are trying to get it into another plant to get into that industry, but we already have it in a plant and we can't get it in.

Mr STURGES - It seems a nice fit with the growing aquaculture industry.

Mr READER - And that's where the implications are, the fact that it is a drug. The aquaculture industry can't be seen to be feeding their fish with something that, according to the regulations, is a drug in the Poisons Act.

Ms PETRUSMA - You said you have about half-a-dozen members at the moment.

Mr READER - We have more members than that but we have about half-a-dozen growers each year.

Ms PETRUSMA - Do you have any idea of how the number of growers will increase in this state?

Mr READER - There has been a lot of interest shown at meetings in the north and south of the state recently, but it comes back to seeing a viable future for it and a good return. We have had no opposition to the actual crop itself and growing the crop. So far as farmers are concerned it is a matter of getting through the rubbish so they can see it is viable. If there is an option there, they will take it up because there is a shortage of crops out there. Regardless of everything, there is a shortage of crops out there that can be grown at this particular stage to make money. It could potentially be huge for improved employment within the state for downstream processing, not just in the farming sector but in downstream processing, which a lot of industries haven't got.

Mr BOOTH - Have you looked at the value of this as a crop for producing paper or textiles, for example? Can you give us a snapshot of the competitiveness of growing hemp for paper rather than plantation trees?

Mr SIMMUL - The actual figures themselves are difficult to come up with because the machinery required to turn hemp fibre into paper is a different kind of machinery. It needs to be far more precise, far stronger because of the nature of the bast and hurd fibre.

PUBLIC

In fact you wouldn't do it. You wouldn't do it as a mainstream paper manufacturer but you could do it as an additive to substitute for the strengthening agents that are currently used to strengthen newsprint paper.

CHAIR - Are you familiar with the decorticator?

Mr SIMMUL - Yes, I am.

CHAIR - Have you seen trials of that machine in operation?

Mr SIMMUL - I have actually seen it in Tasmania. The pilot plants were brought here some years ago and that work still continues. It is mainly directed from Victoria through Adrian Clarke of Fibrenova.

Mr ROCKLIFF - Does that have potential, do you think, because it appears from the evidence we took last time that the decorticator technology has been developed in Victoria and the capital required to get it set up is a lot less by millions of dollars?

CHAIR - The university's was \$200 000.

Mr SIMMUL - There are countries still decorticating and commercially producing linen and various textile-type products. I am sure if you went over there and bought a second-hand one you could probably make it work here very cheaply.

CHAIR - Would a decorticator open up other opportunities for paper?

Mr SIMMUL - Not only paper, it would open up opportunities in many different directions.

CHAIR - That would then reverse the information about the use of the bast or the hurd?

Mr SIMMUL - Absolutely. I started to say there were four main components of the plant. You have the seed, the stem, the leaves - which can be used for dye production and a few things, but we will ignore the leaves. The stem when decorticated has a bast fibre, which is the bark, from which you make clothing, rope or sails. Then you have the hurd fibre, which is the pithy material in the centre. That has tremendous absorbency qualities and people have used it for horse bedding, dog bedding or specialist animal bedding and the absorbency is unsurpassed by any other material and it is natural.

CHAIR - As the association, do you think that there would be good reason, say, for government to become involved in perhaps some sort of decorticator developed here for the industry? Would you like to make some recommendation to the committee about the establishment of this sort of equipment where hemp could then be used in textiles or paper?

Mr SIMMUL - Absolutely. I evaluated 16 different varieties of industrial hemp over the last 10 years. Some of those varieties are very good for fibre and the decorticator would determine which ones because you can get the micron size of the fibre from hemp. It varies from 6 microns up to probably about 25 microns, so a machine with support from the state government would be an absolutely vital introduction to helping this move on.

PUBLIC

Mr ROCKLIFF - Peter, with your experience in the poppy industry in its infancy with Stephen King, I am interested to know of the synergies between the poppy industry and the hemp industry in terms of industries, for want of a better word, seeing eye to eye. Perhaps historically it has not always been the case because of some fear of perception internationally and a threat to the poppy industry licensing et cetera. My understanding is that now, however, that has dissipated quite substantially or with no issues at all. Is this correct? Can you confirm that my perceptions are right?

Mr SIMMUL - I can advise you that some of the senior administrators from the Drug Enforcement Agency in the United States came to Tasmania and asked me to give them a guided tour of the hemp sites in Tasmania. Once they saw what was going on and the discussions we had, they seemed to relax quite a bit. There seemed to be something going on there that I could not understand.

Mr BOOTH - But was that because they felt that they were contained or that they could monitor them or that there was not an issue because of the shape of the plant or the different look of it or something?

Mr SIMMUL - I do not know. The fear of volunteer plants has been raised from time to time. I have been producing ministerial briefs since around 1997 or 1998 to the Minister for Primary Industries and this question did come up on two occasions. Our experience with volunteer hemp plants is that it would not be much of an event at all because our wildlife, the browsing ones, love industrial hemp. They will eat a paddock. There was a five hectare paddock down at Natone that when it reached six inches in height, attracted the wallabies and the rabbits and the possums. It began at about 70 plants to the square metre and there was one plant per square metre when I arrived down there three weeks later. In fact, the crop was turned in very shortly after that. It is an illicit crop or is administered under the Poisons Act, so what happened to all the plants? If you went down and had a look you could see that it was all browsed off. But an argument was suggested that maybe someone went in and cut them all.

Mr READER - You raised this question earlier with regard to weeds. In our climate, young seedlings will not stand a run of frosts and that is why we cannot grow it continuously in this state, which is a good thing too.

Mr BOOTH - You were saying you can keep growing on the same ground for many years. What is the end game with that? Can you do it for five years or seven years in the same paddock?

Mr SIMMUL - We do not know because we need the research to confirm that.

Mr BOOTH - What is it your best judgment?

Mr SIMMUL - I would say there is no end game. I would suggest that with proper management you would be able to grow it indefinitely on the same area.

Mr BOOTH - Can you harvest your own seed and keep on resowing it or do you end up with some genetic deterioration?

Mr SIMMUL - I would suggest there would be some deterioration.

PUBLIC

Mr BOOTH - Currently?

Mr SIMMUL - There is none at the moment that is obvious.

Mr BOOTH - So the yields are just as high, year in and year out, by using your own seed of the same crop on the same ground?

Mr READER - But ideally for farm best practice you work in a rotation; you do not continuously grow in the same paddock. As far as seed is concerned you do not keep on degenerating with the same. You select and have a program in place and that is another restriction because of the licensing, so we cannot do that. You keep the highest quality. It is just a matter of farm best practice, rather than what can be done.

Mr BOOTH - So there is no aspect of this industry that you could see as a negative and something that the government should be engaged in controlling or impeding in any way?

Mr SIMMUL - I do not think so. For the mulch, there was some research done and continued on orchards at the Grove Research Station. I went down and had a look at this. They had six different kinds of mulches around the apple trees. The hemp mulch was approximately 30 centimetres in depth and when you check the worm activity around the fruit trees, the best mulch before hemp had approximately 100 worms in a square metre of mulched area dug down to the soil level. When you went to the hemp one, when we got to 1 000 we gave up and there were three kinds of worms there.

Mr READER - Some of this work has been quantified by Sally Bound of the university too.

Mr SIMMUL - Also they had preliminary results on the fruit and the appearance of the tree, and the trees looked greener, seemed to be stronger and the yield of fruit was 18 per cent higher and 15 per cent better in quality.

Mr BOOTH - We'd better all start eating it.

CHAIR - Are there any other final comments that you would like to make? We do appreciate the contribution that you have made today.

Mr SIMMUL - I would like to see the state government become proactive in assisting with the development of this industry, particularly in areas of field research where we are looking at probably varieties, the yield of seed and the value of that seed in terms of its content, and also that they put some effort into producing machinery or researching machinery that can move this thing forward. I have been involved with the poppy industry, the onion industry, Chinese cabbages - there are about eight crops that I have been involved with - that government has put quite a bit of resource into. Sugar beet is another one. With sugar beet we had 22 sites over Tasmania for three years to try to get an industry going. Those kinds of crops, sure, they have been good and some of them have been very good and some not so good, but hemp is one in the 'very good' categories, in my opinion, and it needs some support to get it going.

Mr BOOTH - Just to confirm, you are saying it is about 30 per cent oil yield by weight?

PUBLIC

Mr SIMMUL - Yes.

Mr BOOTH - So that would be a pretty good biodiesel.

Mr SIMMUL - And it can all be done organically with a minimum of chemical input.

Mr READER - My final comment to finish up on is that so far we have estimated that the Tasmanian farmers in the last seven years have invested themselves over \$500 000 in this industry, contractors, feed suppliers and things associated with the industry - in excess of \$1 million. That is out of their own pockets; they have been prepared to invest to try to get this up. That is without their time, I might add.

CHAIR - Thank you very much.

Mr SIMMUL - Thank you for the opportunity.

THE WITNESSES WITHDREW.

PUBLIC

Mr CHRIS OLDFIELD, CHIEF EXECUTIVE, AND **Mr CHRIS BUZA**, MANAGER COMMUNICATIONS, TAS IRRIGATION, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

CHAIR - Thank you very much for being here today and for your submission. I know that you are a bit of a seasoned performer with the sort of committees that government forms from time to time, but I just need as a matter of process to remind you that anything you say today is protected by parliamentary privilege, but for anything that is repeated outside of here we cannot provide that protection. If there is anything of a sensitive nature that you would like us to be informed about but that could compromise a third party or be commercial-in-confidence then we would ask that you advise the Chair and we will go in camera and that information will just be for the committee's ears and not be made public.

Mr OLDFIELD - Thank you. I am chief executive of Tasmanian Irrigation and prior to that I was chief executive of the Tasmanian Farmers and Graziers Association.

I don't consider myself, and I am sure my colleague doesn't consider himself, to be an expert anywhere near the level of Mr Reader or his colleagues when it comes to the technicalities of hemp. What we do understand, however, is the need of farmers to develop alternative crops in this state, and that became evident to me during my time at the TFGA and, more importantly, with Tasmanian Irrigation.

We spend a lot of time and effort in helping farmers understand what they can do with the water that they will be purchasing through our schemes. We are very reluctant because we just don't have the knowledge, nor is it our role, to tell people what to grow but when we go to the various regions to establish our schemes, we do it through a series of irrigator committees, and unless we have that committee support in those regions we don't develop schemes.

In some of the regions we have been to in recent times, farmers have a very clear vision of what they want to do with the water and what opportunities there are for new crops, or perhaps augmenting existing crops. Quite often we get told by farmers, 'We know the idea to buy water is good, we just don't know what to do with it'. So in the last year or so, I think Tasmanian Irrigation has transformed to some degree from being a little like a construction authority that just built schemes and left it to farmers, to where we are now of trying to provide some resources and helping the farming community make decisions, or least give them the tools to make decisions, on what they may grow. We spend some time and effort investigating alternative crops for the state and clearly hemp is one of those that we have had submissions on from farmers for some time.

We know that Tasmania is well-suited to growing hemp and we believe that it would add a really good alternative crop for our farmers to consider. The growing season of about 90 days is well-suited to rotational farming and we know that hemp uses, we think, about two to three megalitres per hectare, which probably puts it on par with poppies, certainly a lot less than dairy, but still a reasonable amount of water. The price that water is now being sold for in the state would indicate that you have to be assured that you get a reasonable economic return.

PUBLIC

One of the reasons we value our water so highly is that if water is given its true value then you will grow crops that are in accordance with the value of the water. So our farmers in this state are not going to buy water off Tasmanian Irrigation for \$1 100 a megalitre and go and run dry sheep - it is not going to work. They are going to look for crops that they can generate a return from and get value for their water, and we believe that hemp is certainly one of those crops.

We understand that the yields that are available in seed production, and it is seed production that we know the most about, can be up to two tonnes per hectare, at least a tonne a hectare, and the gross margins at that level in Tasmania make it comparable with grass seeds and other crops of a similar nature, and therefore we can see that economically it has some value.

It is not our role to be experts in this but in the reading we have done, we can see that in the majority of the western world, that industrial hemp for food production is permitted. It is therefore somewhat unclear to us why it is not permitted in Australia, and again that is simply a handicap that our Tasmanian farmers have to deal with, and they have enough handicaps now to deal with, let alone that. So we think it is quite discriminatory at the moment.

When it comes to levels of THC, we are not experts on that. We understand the concern that the illegal and the industrial hemp look similar, so maybe there is an argument for still licensing growers - and that is for people smarter than me to sort it out. I think the basis of our submission is that we want to see our farmers have the widest range of alternative crops. We are spending a lot of time investigating them and here we have one on our doorstep that seems to be viable. I believe that the controls we have in this state that I have seen first-hand in relation to poppies have given this state a reputation for rigour when it comes to policing somewhat controversial crops. I can't understand why that wouldn't happen with hemp as well.

From a farming point of view, we think it is a good thing for helping to add value to Tasmania's water, which is what we're about, developing our economy through water. We ask that the government consider the position that we adopt an international standard when it comes to food production for hemp, and we would welcome it as one of the tools that our farmers can utilise. We are not experts in this, it is a brief submission, but we just don't see the reasons this isn't allowed at the moment.

Mr ROCKLIFF - Essentially what you're saying is, with hemp being allowed to be included without the regulations in the enterprise mix for farmers, it increases the competition for land and the opportunity for farmers, in terms of your ability to sell water in those regions it would boost confidence to be able to sell the water to farmers. I know that is a big capital investment but -

Mr OLDFIELD - It is. I think two years ago the TIDB, as we then were, probably saw ourselves as a bit of a construction authority almost - we build the schemes and let other people sort them out. That is not what we now see ourselves as. We think we have to work closer with farmers to help them understand where they can find new enterprises for their operations. We are now seeing our main aim as developing the economy through the application of water in agriculture. We don't simply say, 'Here's the water,

PUBLIC

make up your own mind', we are trying to provide some resource so that farmers understand what they can grow. If it is another crop that offers another alternative and there are strong markets, that seems to tick all the boxes for us. We are continually looking for new products and new crops but here we have one on our doorstep that offers them something else to consider. I don't think it's right that we go and tell people what to grow, we are not experts in that, but I think giving the farmers the opportunity is the right thing.

CHAIR - Following on from where we finished off with the last witnesses, there are obviously two levels of issue here: there is the regulatory issue and all the imposing matters but we have also heard about the need for support for the development of industry through research and maybe equipment for processing that would open a whole range of opportunities for hemp. Do you have a view about any of those matters?

Mr OLDFIELD - I do. Particularly in some agricultural research here in the last year or so with the refocusing of TIA - I think TIA has always been very good at doing research for farmers but what they perhaps haven't been very good at is communicating that. There is a fine line between holding a farmer's hand and simply giving him the opportunity. From what I heard from Mr Reader before - and I have known him for some years - clearly field trials, assistance from TIA and the department is required, but farmers will figure this out for themselves fairly quickly. We think about two-three hectares, we think we know the yields and the gross margins. From what we know, it looks like an attractive crop but it is up to farmers to make the determination. What we are asking for is that the restrictions that are prohibiting the determination being made are removed.

Mr BOOTH - It would have its own organic growth, basically - if you lift the restrictions and let the market get on with it, let the farmers grow it if they want to, let them figure out the costs.

Mr OLDFIELD - Absolutely, and they'll figure it out.

Ms PETRUSMA - Where do you see the ideal parts of the state for hemp?

Mr OLDFIELD - It depends. When you start to add water you open up those opportunities. If you say it's going to have a similar geographic spread to poppies, some years ago you would have said the Midlands wouldn't have been growing poppies because dry land is unreliable, you can't get contracts. What we do in providing water through our schemes is providing surety. I would see the scenario of hemp as being similar to poppies. Where you have a farmer growing dryland poppies at the moment, he might be able to provide a crop three or four years out of five; what he can't do is go into a contract for five years because he won't have the water. What we do by coming into an area is to offer that surety. It doesn't mean in the case of the Midlands where someone has a 3 000 hectare farm they're going to irrigate 3 000 hectares. They might have 100 hectares of river flats that they regularly crop and by applying water to that limited part of their farm they now have surety of going into five-year contracts. From what I understand, where you can grow poppies you will be able to grow hemp. Certainly in the Midlands it opens up some opportunities.

Ms PETRUSMA - Have you had farmers already indicate to you that if there was less regulation they would definitely be interested in growing hemp?

PUBLIC

Mr OLDFIELD - In our conversations we had moving around and talking to farmers, yes. I think farmers clearly want a range of products; markets move independently. This is another one and it's up to them to choose, but it's the element of choice that is important to farmers.

Mr ROCKLIFF - In research and development, has there been some involvement of the Wealth from Water program funding into your organisation. It might just help members if you explain that.

Mr OLDFIELD - Sure. Wealth from Water was set up independently to us initially. It was run out of the Department of Primary Industries with input from DED and TIA. In the recent state budget the state government announced that a lot of the functions of Wealth from Water would roll into Tasmanian Irrigation, certainly for the next 12 months. We have been given one staff member from DPIWE, one staff member from DED and we have provided a team leader, so we are ensuring that the Wealth from Water program has sufficient resources to continue, at least until the end of the year, and last week they ran three regional seminars that were very well attended. We will continue down that path of helping farmers understand soil types, microclimates, what crops might be available and we also have some extra resources now to try to attract some additional investment at the same time.

We have called it an Irrigation Development Unit. It is a bit like a business development unit. We are not trying to encroach on the ground of DED or anything like that, but we do have a bit of a focus on ensuring that when people make investment decisions in water that they are making the right decisions because the sorts of schemes we are involved with, those opportunities probably will not come about again for another generation. We would hate to see farmers now miss out and think, 'Well I wish I had thought about water five years ago,' so the resources we now have in-house we hope will work closely with farmers to make that decision. That is why I said it is a bit different to where we were initially simply building schemes, we now are going to provide a resource.

CHAIR - I think you are a victim of the fact that we very much covered this issue pretty comprehensively.

Mr OLDFIELD - I'm pleased about that.

CHAIR - The thing is that we do appreciate your support and the interesting thing you have added is the fact that looking for crops heightens the need for us to think about that in a bit more detail. Unless there was anything final, we would like to thank you very much.

Mr OLDFIELD - Thank you.

THE WITNESSES WITHDREW.

PUBLIC

Mr KIM LOWNDES WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

CHAIR (Mr Best) - Welcome, Kim. Whatever information you provide to us today is protected by parliamentary privilege. If there is something of a sensitive nature that may impinge on a third party or some commercial-in-confidence information you may want to talk to us about, could you indicate that to me and it can be heard in camera. If you repeat anything outside the committee you don't have parliamentary privilege. Would you like to speak to your submission?

Mr LOWNDES - I am very impressed that you folks are here today. It gives me a spark of hope for the future of Tasmania and the future of this industry, which commonsense dictates should be progressed and promoted aggressively. I would like to let you know why I am here today and what my function is. I have a handout, which Mr Hennessey was kind enough to say I could give to each of you. It is a brief, specific addressing of each of the specific questions asked from a point of view. Pass this around, if you could. I think the most valuable use of the minutes that I have been allocated is to give you my opening comment here and then after the opening comment, request that you take a few moments to browse through that and then you may have a question.

I apologise to my father, who is not with us, that I did not bring his book with me. My wife of 43 years and I and our two sons spent approximately 25 years out of Australia, travelling all over the world. My father is probably the main reason I am here today in terms of this specific situation. Arthur George Lowndes was a Commander of the British Empire, a war hero, returned from New Guinea, and was sent off to the Middle East and they say I was conceived in a wool press in Currabubula in mid New South Wales in the forties during a one week break that he had. When I was 13 at Sydney Grammar School, carrying a .303 rifle over my shoulder with the bolt in the pocket, on the way home in the train, a little different from today, at that time the curriculum for study for geography was a book called *The World Pattern*, parts 1 and 2. I found it in a box where it had been for about 30 years and I forgot to bring it. So, dad, I apologise. The *World Pattern*, part 1 and 2 was the prescribed curriculum when I was 13 for study in school regarding geography.

Dad was responsible for starting the rice industry in Australia with an American by the name of Chase in Humpty Doo, some time ago. He was responsible for starting the macadamia industry in terms of a viable industry with Sir James Vernon who was then chairman of the CSR. Father was an agricultural and irrigation consultant at that time and he went into Queensland and acquired vast tracts of land in his name which were transferred to CSR to start the macadamia nut industry, which we did not have here. We had little pockets of macadamia growth, the Australian bush nut, but you have to wait seven years for fruit and so it took a lot of capital to do such and it takes a lot out of the soil.

Father taught me one thing, if nothing else, and that is that Australia was a vast, barren land that was eroding away before the Rocky Mountains and Colorado were even formed and that for this very vast, barren and arid land of ours with the climate it had, we had difficulty in locating sustainable crops and we had an absolute responsibility to take care of this land.

PUBLIC

I went on to become a spiritual minister and philosopher. I am a writer, an author and a poet. I do not have any financial vested interest. I am not a grower. I am not involved in the industry. I am strictly here as an Australian grandfather with 40-year-old sons and a father who taught me about sustainability. When I look at the hemp product, as one of my sons, who is lecturing at university here today and a graduate of the university here and others around the world, explained to me, 'Dad, you have to bring to the point of sustainability because the hemp plant puts more back into the soil than it takes out. With these vast tracts of cleared land that we have in this state, even though it is a very short growing period that the hemp may have, it is certainly an industry that should be promoted.'

Two points I would address is, firstly, that there has been tremendous fear in our social structure and culture over the last 50 years or so in regard to the failed war and prohibition basically against cannabis which I had never hear of in my days of schools or up into the twenties. Until we focus upon defusing the negative aspects that are constantly fed to the public through the media, regarding cannabis, we will continue to have fear which affects the promotion and the future of the industrial hemp industry.

To me, commonsense dictates that you cannot fix one end of the problem without addressing the other. Obviously, in our culture, you are not going to be able to decriminalise cannabis overnight but we certainly can take hemp immediately out from a classification in the drug area. Obviously a solicitor is needed to advise upon the legislative aspects, which was one of the last questions, I believe, addressed in the reference. Specifically as to what legislation can be changed and can be altered to work on a parallel path, as I would see it, towards defusing the hysteria regarding cannabis, walking towards an eventual state of decriminalisation with appropriate and intelligent rules in place similar to what are applied to alcohol and cigarettes.

In America, for example, I have to note that there are now more marijuana medical dispensary units in the area of Los Angeles than there are Kentucky Fried takeaway outlets. When you think about that for a moment and think about the mixture of the population of Los Angeles, to think that there could be more of anything other than a gun shop, these medical marijuana dispensing outfits, there are more of those than there are Kentucky Fried chicken outlets.

Mr BOOTH - Is that because of the Kentucky Fried chicken?

Laughter.

Mr LOWNDES - I will refrain from that. We had a lot of bad humour in California about a certain pack you would ask for when going into a Kentucky Fried chicken and one was called a Hilary but I won't attempt to describe it any further.

In raising two sons through university in America and here, I have to say that I think the basic difference we have in Australia compared to America is that we attempt to teach our children how to think, whereas in America we are taught directly what to think. And when complaining to one of the principals over there about the education, basically you are told the focus is on attempting to civilise the children because we don't have a male and a female parent in the same home. The children are feeling very disenfranchised

PUBLIC

from the adult community through the culture and the different ends of the culture and all I can say as a philosopher and as one who has observed our human activities around the globe, prohibition needs to be removed intelligently and sensibly. The defusing needs to start and I believe that this committee has an incredible opportunity to put together basically what is said there in the summary sheet. That is not just a plan for Tasmania; I was in your chair I would take the opportunity to put together the template of a master plan to become the role model for the entire continent of Australia.

I would work towards making relationships with my equivalents on a state-for-state basis and also at the federal level to bring in a plan that could be applied to all states. We have tremendous unemployment problems here. This is a very labour-intensified employment opportunity and, of course, it is very capital intensified. The only way you can intelligently focus on the true capital application is to have the research done in the countries where they are growing hemp properly and where they have a sustainable industry that is in place and learn from what they are doing. Then we need to make the decisions about what product we should make and what capital equipment do we need to make, where is the budget, what are the projections. We are not looking at something like a macadamia nut where you have six to seven years to wait for a harvest because you can have a harvest by the end of the year.

On behalf of father I had to say those words. He was also chairman of the Australian Broadcasting Commission for a 16-year period and as a political scientist he was chairman of the Australian Institute of Political Science where he had regular meetings in Canberra year after year which we would attend and dignitaries from all over the world would come. As the eldest son I have had a fairly unusual experience because of the family which I grew up in and the explorations around the world. When I met my father at the age of six he said two things to me: 'Get out of my wife's bed and call me sir'. That was a very military upbringing and very different to raising two sons in California. I know you have looked at a poem written by myself and, hopefully, you have viewed the DVD movie, *The Billion Dollar Crop*, which it certainly is.

CHAIR - We have had some evidence about the regulatory framework of growing hemp versus poppies. I think there was something like 21 licensing restrictions on hemp and 12 on poppies. Would you like to comment about that?

Mr LOWNDES - With the poppy fields that we drive by between here and St Helens, in 15 years of doing that back and forwards I haven't seen anyone jumping over the fences. Here we have a federal government that is in the process of handing out a billion dollars to the largest poppy grower in the world, which is the largest producer of the American habits of heroin and all the other things that are produced, so to me that is another example of fear through the bureaucracy of having to cater to the various vested interests.

I'm a great believer in law enforcement and I am not here to promote the smoking of marijuana; I am here to promote the industrial production of hemp. Here in the *Examiner* we read an article a few weeks ago and there is a police officer who is making a statement and the *Examiner* published it. The statement was:

We cannot possibly grow hemp because if we do they will be climbing over the fences, they will be picking the leaves, they will be rolling it up with

PUBLIC

marijuana, they will be selling them in bags and there will be shootings in the street.

Every police officer knows and anybody who is out there in the world who drinks alcohol knows the difference between a beer and a whisky. The 20 per cent or whatever percentage of the population that uses cannabis know the difference between what gives them whatever it is they get from cannabis - versus hemp which will just give them a headache. Again we can only look to our culture and the years of negative programming in that area. It is a major obstacle to overcome. Prohibition doesn't work, it hasn't worked and it cannot work. We do not want to end up like America, two and a half million people in jail for cannabis-related crime. Seventy per cent of all arrests in Australia last year, including Tasmania, were cannabis-related. We have 20 000 police officers in Australia, we are worried about money and yet on the news the night before last an embarrassed police officer had to admit that as a result of less police on the road crime has gone down in all categories in Tasmania.

If we have a situation where a policeman states something as foolish as that, which he shouldn't say - he is good at his job but he is not good in stating things such as that - the newspaper shouldn't be publishing it. Therefore there is a promotion or an advertising program that needs to be done between the political parties and all the various vested interests. Of course law enforcement has a vested interest because if you did decriminalise marijuana overnight, what would you do with the 70 per cent arrests you didn't have. Maybe you would have to activate your policing to other areas.

CHAIR - We do appreciate this. You have no vested interests, as you say, other than your interest in the -

Mr LOWNDES - The truth is what I'm trying to approach always.

CHAIR - One of the other areas we have heard evidence about - we have these issues of two levels: one is the regulatory impediments on growing and the other is developing the industry with support from government for research and maybe facilities that would assist in production of hemp into different viable products as well as food. We would be interested in any comments you may wish to make about that. Do you think there's a role for government to be supportive?

Mr LOWNDES - I don't think it's a matter of a role for government, with due respect; I think it is a matter of responsibility. I think the absolute, ultimate buck in responsibility starts and stops with the government. The government has the position of power from which to be the cohesive force that pulls the different factions in together and gets some commonsense back into the equation, specifically in that area. It is up to the political body to go out to the market. Being a complete outsider to all this, I do not know what the status of the current industry is or what the areas of action are as a result of these reference feedbacks to you, where it goes from here, but certainly co-ops do work. I have spent a lot of time in the islands. In fact, I was in New Guinea when I was 12 through 18 with my father when we were putting in the first irrigation system for the first tea plantations. We introduced the growing of tea to New Guinea for the first time, when the Mau Mau were busily cutting off the heads of the whites, so we go back a long way in these different experiences and seeing them, and co-ops do work. I would go to each one of the hemp growers in the state, identify them - you know who they are because

PUBLIC

they've had to get their licensing. I would approach them on the basis of putting some form of informal co-op together, of which government would form a part. Ideally I would see a situation where you had an interstate co-op at a political level, an interstate co-op at a grassroots growers' level and then with a federal support to that combination of the political force and the growing force. You have to go out and address the advertising, work with law enforcement and the church and remove the fear from the church because it has been a big blockage to it. That has to be confronted. There has to be education to each one of those groups. If the government is in a position to do that - they are not going to listen to me.

Mr STURGES - I will just make a comment on the paper you have provided today. It is interesting that your penultimate comment makes mention of treating hemp the same as wheat or wool. You weren't here this morning but the Tasmanian Farmers and Graziers Association was saying the same thing, so it is interesting you have brought the same conclusion to the table.

Mr LOWNDES - Intelligently, why wouldn't we? Unfortunately, we know why and that is what we have to overcome.

Mr STURGES - I think, more broadly, you have touched on the issue of education and awareness and that, too, has come through the inquiry to date that we need to make people aware more broadly and educate them in relation to the difference between a marijuana and an industrial hemp crop.

Mr LOWNDES - To do that you have to get the newspapers on side, and education, because they tend to publish - they all have their vested interests. It is very difficult when we grow up in a system where you have to network and yet, if you step right out of the network, you don't have the influence, so I attempt to do it through my poetry.

Mr STURGES - Yes, I have read your poem.

Mr LOWNDES - And I was amazed that you allowed me to come here after having read the poem. That's given me great inspiration.

Laughter.

Mr LOWNDES - It's one thing to get all these accolades on the internet that say, 'Lowndes, you're a Tasmanian laureate, you're the first Tasmanian poet laureate'. There are three books out there and they are having great acceptance. The boys looked at my letter and said, 'Dad, they're not going to want to talk to you'.

Mr STURGES - This is democracy at work.

Laughter.

Mr LOWNDES - Yes, we took the demon out of the theocracy.

Mr BOOTH - You'll be pleased to know that you'll be published shortly on the internet

PUBLIC

Laughter.

Mr LOWNDES - All right, we took the demon out of the theocracy, that is what we did.

Mr BOOTH - You will be pleased to know that you will be published shortly on the internet as well with your submission.

Laughter.

Mr BOOTH - Your submission will be up on the internet shortly because we have taken that in as evidence and will be published so your poem will be available for all there, Kim.

I want to ask you a question: is it implicit in your support for the industrial hemp industry that in fact cannabis be decriminalised rather than legalised?

Mr LOWNDES - I think it has to be defused as a gradual step. If I understand the question, my response is: eventually it will be removed from prohibition. That is the history of the world, it will happen eventually and it will revert back to where it was in the days where it is separated from hemp and there is a distinction. But because we have had such negative programming for the last 50 years towards it. I went to Hearst Castle; does anybody here know who Randolph Hearst was?

Members - Yes.

Mr LOWNDES - We have been to Hearst Castle and that man owned the forests, he owned the newspapers and he owned the printing presses and he had to get anything that could possibly be a threat, which was hemp, removed so he started this campaign and he had the money and the press to do it so I would think that the first step is to start to defuse it by stopping the negative campaigning which is done through law enforcement and through the press and through other areas and focus upon those and then, over a gradual period, I think intelligent guidelines have to be introduced for the eventual decriminalisation. Decriminalisation is legalisation, one and the same, but then it comes back to usage and application.

Alcohol is not a criminal event and it is a legal event but it also has its controls and rules. It is a little sad in a way, at St Helens we are a small community, and we have the St Helens regatta and it is totally a mums and dads and kids thing and yet here is the man, he has the Glock and he has all the gear around his waste and a sniffer dog- well, this is just mums and dads and kids at the St Helens regatta, this is a little overkill, folks. It is just constantly being pushed upon the public as to which way we think.

Mr BOOTH - Are you suggesting then that the association between marijuana and hemp has caused the regulatory control of industrial hemp irrationally?

Mr LOWNDES - I can't think of any other reason, Chairman, I really can't.

Mr BOOTH - I just wanted to clarify that for the record of *Hansard*.

Mr LOWNDES - If you were to take the complexity of the marijuana THC out of the equation totally, I believe there would never have been any reactions to growing hemp at all, any more than there was in America when it was law and you had to grow it and you

PUBLIC

would be subsidised for growing it and, again, that is something that we should do here, to start an industry of this nature, particularly when there is such a fast recovery time to get to a point of income versus the macadamia nut, an extreme example perhaps, but it is a fast recovery time and it is sustainable.

Mr BOOTH - You talked about your experience overseas with irrigation in New Guinea and various other things, have you seen industrial hemp growing in other countries there that you can talk to the committee about? Have you got any experience with that?

Mr LOWNDES - No. In the tropics there is even a greater fear towards marijuana than there is here and yet, if you were in New Guinea everybody needs their outlet apparently. If in New Guinea, it is the buai which rots your teeth. It is the betelnut that they chew and that is a slight hallucinogenic. If you are in Vanuatu in the chain of the New Hebrides islands, then it is the kava and the politicians are here and the chiefs are here but what is unique about Vanuatu is the chiefs can call the prime minister over here to do the kava with them at the kava ceremony. I don't really want to go near any of those things but I would stand up for the right for you to put into your body what you need.

And one other thing I must mention also is that in California and in other states of America now they have recognised that the medicinal use of marijuana is so self-evident that in retirement centres they are not focused around it but it is legal in the retirement centres because of recognition in the medical and health areas. And in the point that you bring forward there it is the focus, I think, if we direct it more towards the proven use in the health and medical areas and get away from the fear. A quick example, there is an elderly man I know, a war vet in St Helens, he was growing marijuana in the loft above his house and they are all common walls. So the local doctor, I will not use names here, but two of our local doctors gave letters, saying marijuana helps this man's medical conditions and he should have it. They were licensed doctors, they were prepared, they had the courage to put their licences on the table, if you like and put it in writing. But when he went in front of the magistrate, yes, we recognise it has medicinal, yes, we recognise that the medical fraternity accept that, but it is illegal, I am sorry.

Mr BOOTH - All right. We might have to broaden our terms of reference.

Laughter.

CHAIR - I think we want to get this thing sorted out, so we won't think too far over these other boundaries. Kim, thank you very much. Is there any final comment that you would like to make to the committee and also, just before you do, all of the *Hansard* that we have from witnesses is on the parliamentary website and I think we are going to put all the submissions on the parliamentary website as well. But are there any further comments that you might like to make?

Mr LOWNDES - Just in closing, are you aware what hemp in America stands for, those four letters? America has a population of about 300 million. Hemp: 'help end marijuana prohibition.'•

THE WITNESS WITHDREW.

PUBLIC

Mr ALAN CORDELL WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

CHAIR - Thank you, Mr Cordell. You are the last witness today. We have had some interesting contributions in Hobart and today. I take, from looking here, that you have an interest in the commercialisation of the hemp industry. Any information that you provide to the committee, because we have *Hansard*, so you are covered by parliamentary privilege, but if there are sensitive issues that you wish to raise concerning third parties or anything of that nature, which may be commercial in confidence as well, if you indicate to me, as Chair, those matters can be dealt with in camera, rather than defaming somebody.

You may wish to make a general contribution.

Mr CORDELL - I brought along information which is something you probably all know, but this is condensed and requires a bit of reading. The first thing I would like to present to the committee is a matter you know all about. You probably do, but it is Hemp Australia and it is available but it is in a condensed form, so it is easy to read and easy to understand. One finds something like 2 000 varieties of the cultivar and only about 10 per cent of them are capable of creating hallucinations. The thing that gets me is that everybody knows it but nothing is being done. I wonder what's gone wrong with Tasmania. We don't seem to have the initiative any more. My people came here in 1808 and they were farmers. They farmed south of New Norfolk, at Gretna.

The cultivar that we are talking about, industrial hemp, has been grown for the past 10 000 years. The oldest proof is some fabric from 8 000 BC found in Turkey. Hemp fabric from this era was also found in Taiwan. The Egyptians spun hemp from about 4 000 BC and it was introduced into Europe about 1 800 BC. It was the primary source of fibre for making clothing, shoes, ropes et cetera.

I joined the naval college when I was 13 and one of the things we first did was learn knots and splices with rope and hemp was the number one rope. When Sir Joseph Banks came out he introduced a cultivar from New Zealand but it was found not to be satisfactory. After some research he found this industrial hemp and decided to grow a variety called *cannabis sativa* which is the kind most used worldwide for growing industrial hemp. In about the 1840s in the Hunter Valley there was a farm of 400 hectares devoted to the growing of hemp. Hemp was used not only by the Royal Navy for ropes, it was also used for sails and uniforms. It was used for clothing. A man-of-war required lots and lots of rope and sails and it was only superseded in part by cotton. Interestingly, during the reign of Queen Victoria drug versions of the plant were widely used by women including the Queen herself, to stop the discomfort of period pain.

During the war the United States government encouraged farmers to grow industrial hemp for parachutes, clothing et cetera. It was also encouraged in Tasmania during World War II and I think we have gone backwards since then. I think we have gone backwards since 1901 and federation. Doesn't Tasmania have a bill of rights or something like that? If we haven't, we ought to. I think we are too reliant on the federal

PUBLIC

government. We need a federal government when there's a war or something like that but when it comes to state facilities Tasmania seems to be backward. One of our sins, of course, is farming. As I say I am descended from a lot of farmers, but I also have a farm of my own in north Lilydale. On the bottom of the farm the alluvial soil can grow almost anything and on the top of the farm there is an elevation of about 400 metres. There is a paddock of what they call [inaudible] and it wasn't very productive, but it wouldn't grow grass. If I was allowed to grow hemp there it would improve the soil. It is easy to grow; it doesn't require a great deal of water, so farmers should be allowed to put it in their farms without all these jolly regulations. I think that is what is stopping farmers today from exerting their creativity.

Tasmania has a lot of creative people. Tasmanian seems to attract creative people, including Mr Booth; you weren't Tasmanian born, were you?

Mr BOOTH - No, New South Wales.

Mr CORDELL - New South Wales.

Mr CORDELL - The Ford company, way back, wanted something more solid than ordinary plastic. They knew that in the 1940s they produced a vehicle prototype with a body comprising hemp-cellulose plastic and apparently this could withstand 10 times greater force than steel could without denting. It is still banned in the United States. Why it should be banned there, goodness only knows.

Mr BOOTH - The cars would last too long.

Laughter.

Mr CORDELL - The Tasmanian government should exert their rights as a state. When I first starting paying income tax I paid it to the Tasmanian government and that was in the 1940s or early 1950s; the Tasmanian government collected income tax. Now we seem to be so reliant upon the federal government and we are not exerting, as I see it, our rights in accordance with any agreement that was made between the states that formed the commonwealth in 1901. We surely still have a right. We do not have to be tied to the mainland when it comes to it. There is a figure of 1.0 or something which apparently Tasmania sticks to. It is not necessary I do not think. Industrial hemp should be allowed to be farmed in the same way as trees are farmed and grass, wheat, oats - and cannabis.

Laughter.

Mr CORDELL - No, it would make a farmer's life so much easier. For goodness sake, the way hemp is going at the moment, it is harder bureaucratic-wise to grow hemp than to grow poppies and it is absolutely ridiculous. It is a setback for our farmers. Tasmania has great resources and it deserves more independence. We have gas and oil in Bass Strait. We have a copper mine down at Queenstown which has been going for over 100 years and you can bet your bottom dollar there are lots and lots of minerals still to be found around Tasmania. If you look at the map of Tasmania when it is time for the weather and so much is covered in bush, with all due respect -

Laughter.

PUBLIC

Mr CORDELL - No, let us be honest. We have the timber industry, or at least we had the timber industry. I have a small business in Lilydale where three or four years ago I was selling diesel and petrol and I would get a couple of trucks a day. I would be selling 1 000 litres or more to a log truck. Now I do not get one in a month. I have given away selling fuel because there nothing in it, but that is by the way. But the fact is that sales are robbing people and just drop to nothing. People went out of logging and into to carting gravel and stones and things like that because they could no longer make a living out of trees.

We have or had that industry. We have farmers in Tasmania who are quite fantastic innovators. They have had to innovate to make a quid and they have not helped lately by the Tasmanian government.

It was not so long ago that I remember Mr Bartlett talking about Tasmania being a food bowl for Australia. We are so fortunate here. We have the water, we have the land and we have the facilities. We have the people who are the human element. A lot of our people, the innovative people, seem to graduate, as it were, to Tasmania. I am talking about people like you, sir. Old hands and new hands, we have been attracting very entrepreneurial people. The human aspect of it is very important.

Looking around, there is so much more land that has been brought into cultivation, but gorse is a problem. In fact, it is all over the state. That can be controlled. There can be work there for people to get rid of the gorse. People, once again, getting work and rural land being brought into production. Gorse covers so much land. A lot of land has gone back to bush or semi-bush which was cultivated a century ago. If you look around on the roads through Lilydale, for instance, you will see new growth, new bush, acres and acres of it. There is lots of land that could be developed. Fortunately we have the water board, a plus for the Tasmanian government by establishing this board under very good people. Just recently a new area was opened up and made more productive by the addition of water. We have that. We have the soil, we have the water and then we have the fishing industry, the mining industry - copper, zinc, lead, you name it. We probably have uranium. We probably have thorium, which could be used in the future for atomic purposes. Let us face it, we should be talking about nuclear generation. I know that is not popular with Mr Booth -

Mr BOOTH - It might be outside the terms of reference too.

Mr CORDELL - It might be another outlet which we could be thinking about. Half the world's advanced population have nuclear power plants and even Japan, against all that furore by the people, are going back to nuclear power, something which we should think about.

Mr CORDELL - I did take from *Tas Country* that you were down south saying industrial hemp is unfairly labelled, so you know all about that.

There was something which I think you may or may not have come across. Way back on 14 March the industrial hemp debate goes to state parliament. Mr Hennessy has told me that everybody generally was in favour of growing hemp. We have a parliament down

PUBLIC

there and ages ago a plot of land had been growing hemp and someone was trying to tell the government that it is okay and so many years later in March of this year the industrial hemp debate goes to state parliament. I wonder, when everybody apparently is in favour of growing hemp, why was it turned down at that stage. Jeremy Rockliff said the time has come for action to enable farmers to grow the crop which is currently on the poisons list. Well, I mean, industrial hemp on the poisons list! In the olden days it was said that they had to grow 80 acres of hemp to furnish a Royal Navy battleship. Now with modern methods of growing and varieties and all that sort of stuff, about 10 times that amount can be grown. We don't have battleships with sails nowadays but you can just imagine as a comparison.

CHAIR - Mr Cordell, you raised the question about that particular debate in parliament. In regard to that particular debate, the state's position to be advocated nationally through Food Standards Australia and New Zealand is that the sale of hemp as food should be allowed in the upcoming year; that the minister commits, following a national resolution being achieved, to move at the earliest opportunity to amend the Poisons Act 1971; that this Environment, Resources and Development Committee inquire into and report upon the current state of Tasmania's hemp industry, any opportunities or solutions required to encourage a viable industrial hemp industry and associated value-adding opportunities in Tasmania in regard to matters impacting upon production and value-adding of industrial hemp, and identification of any commercial impediments and regulatory impediments at local, state or federal government level impacting upon the establishment of appropriate development and maintenance of the wider industrial hemp industry and any other issues incidental thereto.

I think I am accurate in saying that as a result of that debate in parliament the various parties agree that this is something we really need to inquire into to get all of the information. I must say that we have had some interesting information.

Mr CORDELL - At the same time I cannot see why you parliamentarians cannot make a decision here and now, there and then, in Hobart. You are representing the people. Apparently we all know how good industrial hemp is.

Mr STURGES - Dare I say, Alan, had we made that decision there and then we would not have had the benefit of your submission and evidence today, so we are much more enlightened.

Mr CORDELL - As I said before, Tasmania has the facility to attract entrepreneurial type people and Jan Davis, of Farmers and Graziers, is another example.

CHAIR - She was here this morning.

Mr CORDELL - A very astute woman, a good businesswoman and a good observer is virtually running the TFGA. In the TFGA, farmers were frustrated at the failure of politicians and bureaucrats. Are you gentlemen of the baby boomer generation by any chance? God bless you and all the best, but there are good ones and bad ones in every generation.

Laughter.

PUBLIC

Mr CORDELL - So farmers are frustrated at the failure of politicians and bureaucrats to grasp the argument that industrial hemp crops are harmless. We have Jan Davis talking about that and I think that was printed in the Tas Farmers and Graziers weekly magazine - *Tas Country*. People were invited to put their views in and there were a couple of interesting ones:

The state government is supporting federal moves to allow hemp in food, but will not change state laws, which have been called the most restrictive in the world.

There you go, that is an example. Why should we in Tasmania be shackled by the environmental minister of the federal government? Have they the right to dictate to Tasmania what is best for Tasmanians. I really don't know. In war time, in cases of emergency, then sure, but I think state rights are being eroded. As regards the GST I maintain that Tasmania has all the resources necessary if the resources were allowed to develop. If I may:

Earlier this month Ms O'Byrne said the government was fully behind moves to remove the prohibition on using low THC hemp products as food, a change she said that would open new markets for growers.

Goodness gracious. For years commercial growers in Tasmania have called on the state government to remove these restrictive laws. We ought look after our farmers. We ought give them every benefit that the state government can give them. They are the soul of the country. Tasmania has the water too.

'There are some restrictions in New Zealand, for example, but they are not as restrictive as they are here,' said Phil Reader of Bishopsbourne. 'You only need one licence to grow it, process it and do whatever with it.'

As I say I think it should be allowed to be grown as just another crop, just as trees are allowed to be grown as a crop. There is no reason to my mind why a harmless cultivar of cannabis is not treated like an ordinary crop, as it has been in the past and in other countries, but not in Tasmania.

If we didn't have restrictions we would be able to have seeds available. Food Standards of Australia and New Zealand ruled rule hemp safe for human consumption in 2002, but the federal health minister -

Once again I cannot see why Tasmania or any other state should have to bow to the federal man. I cannot see a state not being more independent than they are now, particularly Tasmania. New Zealand accepted it for food consumption, but the federal minister and the majority of state health ministers rejected it. Tasmania supported it and still does. Somebody who was invited to make a comment didn't say anything very nice about politicians and bureaucrats in Tasmania.

CHAIR - Thank you, Mr Cordell, for your interesting and sometimes amusing contribution.

Mr CORDELL - I must say I feel very privileged to be able to present my opinion in front of parliamentarians.

PUBLIC

THE WITNESS WITHDREW.