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PARLIAMENT OF TASMANIA

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**House of Assembly Standing Committee on Environment,  
Resources and Development**

**Report No. 1 of 2013**

# **Inquiry into the Tasmanian Industrial Hemp Industry**

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*Brought up by Mr Best and ordered by the  
House of Assembly to be printed*

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## **MEMBERS OF THE COMMITTEE**

Mr Best (Chair)  
Mr Booth  
Mrs Petrusma  
Mr Rockliff  
Mr Sturges

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## 1 REFERENCE TO COMMITTEE

- 1.1 A motion in the House of Assembly that an inquiry be conducted to report upon the Tasmanian industrial hemp industry was resolved on Wednesday , 14<sup>th</sup> March 2012, to refer such inquiry to the House of Assembly Standing Committee on Environment, Resources and Development as follows:-

*Resolved, 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 a 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.*
- (3) Further, separate and additional to sections (1) and (2) above, that 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, and any opportunities or solutions required to encourage a viable industrial hemp industry and associated value-adding opportunities in Tasmania with particular reference to:-*
  - (a) any matters impacting upon the production and value adding of industrial hemp in Tasmania;*
  - (b) identification of any commercial impediments, as well as any regulatory impediments at local, state or federal government level impacting upon the establishment, appropriate development and maintenance of a wider industrial hemp industry; and*
  - (c) any other issues incidental thereto.*

## 2 CONDUCT OF THE INQUIRY

- 2.1 The Committee resolved at its first meeting in relation to this Reference, to invite by way of advertisement on the Parliament of Tasmania Internet page and in the three daily regional newspapers, interested persons and organisations to make a submission to the Committee in relation to the Terms of Reference.
- 2.2 In addition to such general invitation, the Committee directly invited a number of persons and organisations to provide the Committee with any information they deemed to be relevant to the inquiry.
- 2.3 The Committee has to date received 27 submissions and in addition, many documents have been provided as exhibits.
- 2.4 The Committee has carefully considered the receipt of all submissions.
- 2.5 All submissions were received and taken into evidence, thus informing the Committee's deliberations.
- 2.6 The submissions received, taken into evidence and ordered by the Committee to be published and reported are listed at Appendix 'A.' Such documents have been published by order of the Committee pursuant to Standing Order 363 and are tabled herewith.
- 2.7 The Committee has met on twelve occasions in relation to this Reference.
- 2.8 The 'default' position for the Committee hearing evidence is to examine witnesses in public. The Committee has resolved to hear evidence *in camera* on two occasions. The Committee has resolved not to publish or report the transcripts of evidence heard *in camera*.

- 2.9 Documents tabled by witnesses in the course of the hearings and resolved to be reported by the Committee appear in Appendix 'B'. The Minutes of the meetings of the Committee held in relation to this Reference appear in Appendix 'C.'

### **3 SUMMARY OF FINDINGS**

The Committee finds that the evidence received from hemp industry participants shows that the most lucrative market for industrial hemp is its use in food products.

The Committee finds that the ban on the use of hemp in food is impeding the development of the industrial hemp industry in Tasmania.

The Committee finds that evidence provided by industry participants indicates there may potentially be viable hemp fibre based value-adding opportunities for Tasmanian growers.

The Committee finds that there are issues with the economies of scale required to commercialise hemp fibre value-adding opportunities.

The Committee finds that growth of hemp fibre value-adding opportunities should be left to the market.

The Committee finds that there is unlikely to be a viable industrial hemp industry in Tasmania unless restrictive regulatory impediments are removed.

The Committee finds that removal of regulatory impediments would potentially allow the industry to develop and expand in an organic way, based on market forces.

The Committee finds that there should be as few regulatory restrictions as possible.

The Committee finds that the current licensing system for industrial hemp, including the licence conditions imposed, is onerous and unnecessarily restrictive, thereby imposing additional costs and stifling industry development.

The Committee finds that the need for a licence for each stage of production is unnecessary regulation.

The Committee finds that the need to renew licences annually is excessive regulation.

The Committee finds that the conditions relating to crop placement are overly restrictive.

The Committee finds that the licensing system should be simplified so that industrial hemp crops are treated similarly to other farm crops. Such a system should require growers to notify and register their intention to grow low THC industrial hemp, including where and when, to facilitate random testing of THC levels.

The Committee finds that the Department of Health and Human Services is not the best placed agency to regulate the industrial hemp industry in the long term; rather the Committee finds that the Department of Primary Industries, Parks, Water and Environment would be the most appropriate body to regulate the industry.

The Committee finds that the level of THC permitted in industrial hemp grown in Tasmania is a restrictive regulatory barrier, which potentially increases costs for growers as they are required to source very low level THC strains of industrial hemp.

The Committee finds that the allowable THC content in grown plant material in Tasmania should be 1%, from hemp seed certified to produce plants with no more than 0.5% THC.

The Committee finds that the allowable THC content in grown material should be standardised across jurisdictions at the upper level of 1%, from hemp seed certified to produce plants with no more than 0.5% THC.

The Committee finds that industrial hemp below the threshold of 1% THC in grown plant material should be removed from regulation under the Poisons Act 1971 and the Misuse of Drugs Act 2001.

The Committee finds that the regulation of industrial hemp under the Poisons Act 1971 is likely to be hindering the development of the industry.

The Committee finds that low THC industrial hemp should not be regulated under the Poisons Act 1971 and should not be listed as a prohibited plant if it meets or is below the allowable THC threshold for low THC industrial hemp.

The Committee also finds that low THC industrial hemp should not be subject to the Misuse of Drugs Act 2001.

The Committee finds that the Federal Government should consider the removal of low THC industrial hemp from Schedule 9 of the Standard for the Uniform Scheduling of Medicines and Poisons.

The Committee finds that the existing testing of crops for THC content is creating a potentially undue regulatory and financial burden for industrial hemp industry participants.

The Committee finds that a simpler THC testing system should be investigated, whereby growers pay a small levy to fund random testing of a percentage of the



total Tasmanian industrial hemp crop, as part of a simpler, more streamlined and less onerous notification/registration system.

The Committee finds that, from the evidence available, there are no public health and safety reasons why low THC hemp should not be approved for use in food.

The Committee finds that the Legislative and Governance Forum on Food Regulation should accept the recommendation made by FSANZ, which recommends that it be permitted and concludes there are no public health and safety reasons for continuing the ban on the use of low THC hemp in food.

The Committee finds that, on the evidence available, approving the use of low THC hemp in food would not lead to the normalization of the use of cannabis.

The Committee finds that it is a highly contradictory position that low THC hemp seed oil can be used in food products in New Zealand, while the Legislative and Governance Forum on Food Regulation, of which New Zealand is a member, continues to ban the use of low THC hemp in food products in Australia.

The Committee finds that a significant impediment to a viable industrial hemp industry is over regulation of the industry.

The Committee finds that a simple notification/registration system, as recommended by the Committee, coupled with removal of the ban on the use of low THC hemp in foods, may enable the industry to achieve the critical mass required to attain the economies of scale needed to develop an economically viable, growing and sustainable industrial hemp industry.

The Committee finds that the evidence presented by industry participants shows that industrial hemp is a valuable addition in crop rotations.

The Committee finds that in the evidence presented to the Committee that ingestion of hemp foods may result in a positive reading in road-side saliva drug-tests.

The Committee finds that such positive readings raise the issue of residual threshold levels and that this issue should be addressed by the relevant authorities having alternative methods of testing and measuring for actual impairment.

## **4 SUMMARY OF RECOMMENDATIONS**

### **Recommendation 1**

*The Committee recommends that the State Government lobby the Legislative and Governance Forum on Food Regulation for the removal of the ban on the use of low THC hemp in food.*

### **Recommendation 2**

*The Committee recommends that a simpler regulatory regime be introduced, for example, one that is a notification/registration system, where a grower simply registers on a database where and when the grower intends to grow a low THC industrial hemp crop, and pays a levy to cover the costs of random testing of industrial hemp crops for THC levels.*

### **Recommendation 3**

*The Committee recommends, as part of a new, streamlined notification/registration system, that restrictions on where industrial hemp crops can be grown be removed.*

### **Recommendation 4**

*The Committee recommends that the Department of Primary Industries, Parks, Water and Environment be given responsibility for regulating the industry.*

### **Recommendation 5**

*The Committee recommends that the allowable THC content in grown material in Tasmania should be 1%, from hemp seed certified to produce plants with no more than 0.5% THC.*

### **Recommendation 6**

*The Committee recommends that there should be a consistent THC threshold for low THC industrial hemp across all Australian jurisdictions, that being the upper limit of 1% in grown plant*

*material, grown from seed stock certified to produce plants containing no more than 0.5% THC content.*

**Recommendation 7**

*The Committee recommends that low THC industrial hemp (that is industrial hemp containing not more than 1% THC) should be removed from regulation under the Poisons Act 1971 and should not be subject to the Misuse of Drugs Act 2001.*

**Recommendation 8**

*The Committee recommends that low THC industrial hemp that meets or is below the allowable THC threshold should not be regulated under the Poisons Act 1971 and should not be subject to the Misuse of Drugs Act 2001.*

**Recommendation 9**

*The Committee recommends that the State Government investigate (as part of the simplified grower notification/registration system recommended above) the potential of a simpler testing regime, whereby growers pay a small levy to fund the random testing of a percentage of the total Tasmanian industrial hemp crop.*

## 5 INTRODUCTION

- 5.1 The evidence received by the Committee was overwhelmingly supportive of an industrial hemp industry in Tasmania. This included support from current and prospective hemp industry participants, government departments and other public respondents.
- 5.2 The following comments provide a snapshot of the support for the industrial hemp industry:

*The farming of Industrial Hemp in Tasmania would be a very welcome industry and is possibly long overdue. .... Properly planned and managed it could become a very profitable industry and might help to replace existing failing industries.<sup>1</sup>*

*Tasmania is the ideal place for a hemp food based industry.<sup>2</sup>*

*....Hemp's very strong credentials are as a new crop in the enterprise mix of Tasmanian farms. ....Such an addition represents a highly valuable extension to farm options.<sup>3</sup>*

*The crop is a valuable enhancement to any rotational farming practices and can provide the basis for a number of value-add industries.....<sup>4</sup>*

*.....the TFGA is proactively committed to supporting any changes for growers that will maximize and expand the potential of industrial hemp to be a highly profitable, competitive, reliable and widely grown crop.<sup>5</sup>*

*The submission is the result of a collaborative effort by the Departments of Primary Industries, Parks, Water and*

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<sup>1</sup> Heloise Parry, Submission Page 1

<sup>2</sup> Dr Andrew Katelaris, Submission Page 2

<sup>3</sup> Tasmanian Irrigation Pty Ltd, Submission, Page 3

<sup>4</sup> Industrial Hemp Association of Victoria, Submission, Page 1

<sup>5</sup> Tasmanian Farmers and Graziers Association, Submission, Page 3

*Environment, Health and Human Services, Police and Emergency Management, and Economic Development, Tourism and Arts. .... The submission reflects the Tasmanian Government's support for the development of a commercial hemp industry in the State....*<sup>6</sup>

- 5.3 Industrial hemp can be, and already is, grown in Tasmania, under a regulatory and licensing regime established under the Poisons Act 1971, and administered by the Department of Health and Human Services.
- 5.4 As a crop, industrial hemp is well suited to Tasmanian conditions. Its growing period is relatively short, extending from spring to the end of summer, it requires little irrigation, performs best with well-drained roots and grows best in temperate climates.
- 5.5 In almost all instances, industrial hemp is commercially grown to harvest for its fibre or for its seed. This is because the hemp varieties that are best for fibre harvest are different from those varieties that are grown for seed production. There are also differences in the length of growing seasons between industrial hemp varieties grown for fibre and those grown for seed, in addition to differing harvest requirements for each by-product.
- 5.6 There appeared broad recognition that industrial hemp grown for seed was a much more viable cropping option than that of growing industrial hemp for fibre production. Evidence was also provided to the Committee that the quality of Tasmanian hemp seed was very high and provided competitive yields:

*The economies of scale achievable in Tasmania are likely to be too low to support a hemp industry focused on low-value products such as fibre or oil for cosmetics.*<sup>7</sup>

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<sup>6</sup> Whole-of-Government Submission, Cover Letter, Page 1

<sup>7</sup> Whole-of-Government Submission, Page 1

**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 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.<sup>8</sup>

Tasmania has a unique advantage and position regarding the marketing of hemp based foods mainly due to its "Clean Green Image". It also has a unique advantage due to the quality of hemp seed it produces. Present yields of seed can be competitive with existing crops and return a good margin to the grower, however ongoing trials of agronomic practices are always needed. It is understood (like any new crop) yields will continue to increase as plant selection and other agronomic aspects are undertaken.<sup>9</sup>

Tasmania growing conditions are well suited to the production of hemp seed varieties and processing companies regard Tasmanian seed as a quality product.<sup>10</sup>

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<sup>8</sup> Ross, Hansard. 24 July 2012, Page 2

<sup>9</sup> Ecofibre Industries, Submission, Page 3

<sup>10</sup> Whole-of-Government Submission, Page 5

## 6 TERM OF REFERENCE (A)

- 6.1 Term of reference (a) requires the Committee to inquire into and report upon “any matters impacting upon the production and value adding of industrial hemp in Tasmania”.
- 6.2 There are two distinct products from industrial hemp, hemp seed and hemp fibre, and different factors affect the capacity to value add with each product.

### **Factors impacting on Value-Adding Opportunities for Hemp Seed**

- 6.3 The key matter put forward in the evidence that was impacting on the value-adding and therefore growth in production of industrial hemp was that of the ban on the use of hemp in food for human consumption.
- 6.4 Evidence provided to the Committee indicated that the use of hemp seed and related products in food was the most valuable market for hemp.

*The industrial hemp seed has a variety of value adding options, the simplest and possibly most effective is to produce a high value, high quality end-product with a growing market nationally and internationally...that being to de-hull and package the product in the form of seeds, milk, energy bars, butter, sauces and healthy ice creams, for the health food industry and, as awareness grows, the mainstream food market.<sup>11</sup>*

*I am the applicant for the current FSANZ application 1039 to have hemp seed accepted as human food in Australia. We are amongst the last counties on Earth to take this step.*

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<sup>11</sup> Raymond Rankin and Beatrice Kuyumgian-Rankin, Submission, Page 2



.....Tasmania is the ideal place for a hemp food based industry.<sup>12</sup>

The hemp enterprise profile prepared by Macquarie Franklin concluded that a viable Tasmanian hemp industry would most likely need to focus on the potential high value human consumption segment of the market. ....Without access to a domestic human consumption market, the Tasmanian industry is unlikely to realize any significant commercial expansion.<sup>13</sup>

**Mr BOOTH** - How rapidly do you think you would get grower returns and industry take-up were the regulations through FSANZ and so forth changed to allow its production, its growing for food production in particular?

**Ms STEPHENSON** - ....Food would give farmers a more immediate return. ....Once it is approved I think there is a massive market. There is a very large - very, very large - food producer in Australia interested in including hemp seed in their products and they are working - and this is on a confidential basis. I could give you the name of the hemp industry person who is involved in those negotiations separately but this is a cereal food breakfast cereals, muesli bars, health foods, all of that sort of thing, a very, very large company.<sup>14</sup>

Regarding the food, I will say very briefly that we feel legislation is essential to open up the industry itself because it gives the farmers a guaranteed market for their crop. As you

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<sup>12</sup> Dr Andrew Katelaris, Submission, Page 2

<sup>13</sup> Whole-of-Government Submission, Page 1

<sup>14</sup> Stephenson, Hansard, 10 July 2012, Page 50

know, they cannot be expected to plant unless there is a guaranteed market for the crop.<sup>15</sup>

- 6.5 It was also noted that Tasmania is a highly suitable environment for the growing of hemp seed for food, and produced a high quality seed product:

*With oil seed, Tasmania's colder climate produces a better omega and acid balance than those produced say in Queensland or New South Wales. Canada is like that. At 40 degrees latitude it has been proven that we produce better oil for the food side of the industry. We can provide a better class of oil so that is why, from an entry level, Tasmania has looked at the oil side of things.*<sup>16</sup>

*Tasmania has several advantages. Firstly, it is in the latitude of where there's a lot of pre-existing European varieties, so you don't need to do a lot of adaptation. The European varieties have been well stabilised so we won't have troubles with drifting up of THC levels in the plants. In some of the semi-tropical varieties we are using in northern New South Wales the amount of background work hasn't been done and it's a little more challenging. Secondly, there's not a lot of quantitative data but it is fairly clear that seed crops grown in the more temperate areas produce a higher oil percentage. We haven't methodically examined that but it's fairly obvious in the literature, so not only is it ideally suited to existing cultivars but it's also likely to produce a slightly richer seed.*<sup>17</sup>

- 6.6 The value of hemp seed for its use in food products is primarily because of its nutritional benefits. This aspect was highlighted by

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<sup>15</sup> Rankin, Hansard, 10 July 2012, Page 55

<sup>16</sup> Brandt and Lisa Teale, Hansard 10 July 2012, page 12

<sup>17</sup> Katelaris, Hansard, 10 July 2012, Page 32

a number of respondents, who also included various research articles on the nutritional values of hemp:

*Really, from my studies, I can't over emphasize the benefits of hemp seed as a balanced, nutritional and complete food.<sup>18</sup>*

*Federal government figures indicate that up to 90% of Australian school children do not receive an optimal daily intake of omega 3 and this could impact on their intellectual development. Hemp seed is amongst the most nutritionally balanced foods available.<sup>19</sup>*

*The food is a very obvious and simple market with huge potential nationally and internationally, simply because of its omega-3 profile and its ability to supply a highly digestible protein and all the essential aminos.<sup>20</sup>*

- 6.7 Therefore, the current ban on the use of hemp in food was seen as the key impediment to value adding for the Tasmanian industrial hemp industry:

*The fact that FSANZ, Food Safety Australia and New Zealand, as the federal regulator, does not permit cultivation of hemp in Australia for any purpose other than fibre, means farmers are unable to fulfil local and overseas market expectations. It also means a wide range of other products (oil, protein, cosmetics, seeds etc) that can increase returns at farm gate are ruled out of play. This is a severe constraint and makes production less economically viable.*

*..... Removal of prohibitions on production of hemp seed and oil products (excluding whole and viable seed) will*

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<sup>18</sup> Ibid, Page 27

<sup>19</sup> Dr Andrew Katelaris, Submission, Page 2

<sup>20</sup> Rankin, Hansard, 10 July 2012, Page 55

*provide Tasmanian farmers with a greater range of potential products to market*<sup>21</sup>

- 6.8 The ban on the use of hemp in food is a federal regulatory matter and is further discussed in Section 5.

## **Findings**

- 6.9 **The Committee finds that the evidence received from hemp industry participants shows that the most lucrative market for industrial hemp is its use in food products.**
- 6.10 **The Committee finds that the ban on the use of hemp in food is impeding the development of the industrial hemp industry in Tasmania.**

***Recommendation 1 – The Committee recommends that the State Government lobby the Legislative and Governance Forum on Food Regulation for the removal of the ban on the use of low THC hemp in food.***

## **Factors Impacting on Value Adding Opportunities for Hemp Fibre**

- 6.11 There are a number of other value adding opportunities for industrial hemp that were noted in the evidence received by the Committee. These related to the growing of industrial hemp crops for the purposes of harvesting hemp for its fibre.
- 6.12 There are a number of products that can be produced from hemp fibre, or that have hemp fibre as a component, including cordage (rope and twine), clothing fabrics, specialty papers, biocomposites, industrial textiles, insulation, building materials and even various biofuels.
- 6.13 While hemp is considered to have “outstanding value-adding potential”<sup>22</sup>, respondents noted there are a number of issues with

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<sup>21</sup> Tasmanian Farmers and Graziers Association Submission, Page 5

<sup>22</sup> Whole-of-Government Submission, Page 10

developing these value adding opportunities. The Committee noted evidence that while there might be a significant number of value-added products that could be developed from hemp fibre, there are a number of commercial realities that inhibit the growth of the hemp fibre industry.

- 6.14 These include the nature of hemp fibre's high bulk-to-weight ratio which result in high unit costs for transport, the scale and significant cost of purpose built infrastructure investment required, the need for cultivation to be undertaken on a broad acre basis on similar lines as that for other crops, the lack of markets for the end-products and the level of entrenched international competition.

- 6.15 The Whole of Government submission noted:

*.....the scale of production required to make harvesting, transporting and processing of hemp fibre was unlikely to be achievable because.....of the significant unit costs in relation to transporting hemp;.....processing of hemp fibre is technically complex and requires significant investment in infrastructure;.....processing also requires a large volume of dry hemp material ... .. minimum scale is about 2,500 hectares; and.....to achieve a viable gross margin..... production needs to be on a broad acre basis similar to other crops.<sup>23</sup>*

- 6.16 There is already a significant level of low cost competition in the international hemp fibre market. The Whole of Government submission stated:

*The global market for hemp fibre is dominated by countries such as China, North Korea, Romania and Russia which have low labour costs and or high levels of subsidization. These countries have been producing hemp fibre for many decades*

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<sup>23</sup> Whole-of-Government Submission, Page 6-7

*and have well established infrastructure and technical capability.<sup>24</sup>*

- 6.17 The Committee noted that there may be greater value-adding opportunities for high value innovative or niche products that do not compete with low-value hemp fibre products, given that there is already significant international, low-cost competition in these markets.
- 6.18 One such innovative use presented to the Committee is the use of hemp fibre as an additive in plastic materials. Mr Mike Turner, International Director of Environex, noted that his company was researching the use of industrial hemp in polymer materials, which may have uses for the building and construction industries and the international and national defence markets:

*While I have no experience in the farming (growing or harvesting) of industrial hemp over the last three years we have been involved in a project researching the use of industrial hemp (in various forms because of the natural long molecular chain providing a very high strength capability, heat tolerance and some flame retardancy) as a formulation additive to polymer materials.*

*The primary task of this project has been to identify pathways for the innovative use of industrial hemp as an additive for polymer profile and injection moulded component strengthening.....*

*The Strategic Perspective of this Industrial Hemp Project is to research and develop the use of industrial hemp as a long strand natural fibre mixed with a plastic profile or injection moulded component material formulation to specifically enhance the tensile, bending and impact absorption qualities of those products to give a sustainable end use capability for*

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<sup>24</sup> Ibid, Page 7

*the building, construction and defence national/international markets.<sup>25</sup>*

6.19 Mr Turner noted that there are a number of impediments to innovative projects such as that being undertaken by Environex:

*1. The lack of available assistive funding from State or Federal Government agencies for the research and development of such innovative, problem solving products (AusIndustry have no funding nor does the Tasmanian Department of Economic Development, Tourism and the Arts) so as innovative Tasmanian SMEs have little in the way of spare cashflow to fund the necessary R&D (and thereby help overcome the technical risks) the usual conjunctive pathways via Cooperative Research Centres and publicly funded research centres has been closed for SMEs.*

*The Tasmanian growers of hemp are offering keen assistance with the provision of trial materials but it is the lack of liquidity coupled with costs and overheads that preclude SME attraction into critical commercialisation support roles. Unfortunately the Federal Government R&D Tax concession rebate does not assist the plight of SMEs (and the paperwork is horrendous) as it only becomes available in the following financial year and therefore the SME must have adequate cash reserves to remain viable during the intervening period – hence the need for grant money.*

*2. The Intellectual Property Protection issue is a major concern for SMEs where although a publicly funded research facility charges ‘commercial’ rates for any research and development work it is standard procedure for that facility to demand ownership of the generated IP and to then license the use of that IP by the SME with usually an attached royalty*

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<sup>25</sup> Environex, Submission, page 1

arrangement. Here in Tasmanian this is viewed by SMEs as a 'grab' by Uni Tas and CSIRO which is very difficult to negotiate otherwise so Tasmanian tend to go to the mainland for conjunctive research operations where more SME positive negotiations tend to obtain.

3. Then there is the cost of Patent Protection which the Tasmanian hemp industry end product manufacturing SME would need for the developed innovative hemp based products to forestall competitive products from taking newly established markets and end user clients (the industry would need an intellectual problem solving edge as a critical success factor to compete with the Bass Strait higher market entry imposts/costs) while the future ongoing international maintenance costs of such Patents would be met by the inflow of cash from product sales and perhaps territory licensing arrangements.

4. Potential Product Launch and associated Marketing Costs are a commercial impediment especially where a new product requires engineering trials and certification to obtain market credibility and for potential end users to be enticed to take up such a product. The previous Tasmanian EMAS Program would have been of some assistance with the actual marketing side (unfortunately that program no longer has funding) but it was of no help with Certification costs, the Austrade Export Marketing Development Grant could possibly be of assistance with export operations but it is very much subject to their assessor's interpretation of 'allowable expenditures' and then is only generally provisioned back into the SME cashflow during next financial year.<sup>26</sup>

## Findings

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<sup>26</sup> Environex, Submission, page 3



- 6.20 **The Committee finds that evidence provided by industry participants indicates there may potentially be viable hemp fibre based value-adding opportunities for Tasmanian growers.**
- 6.21 **The Committee finds that there are issues with the economies of scale required to commercialise hemp fibre value-adding opportunities.**
- 6.22 **The Committee finds that growth of hemp fibre value-adding opportunities should be left to the market.**

## 7 TERM OF REFERENCE (B)

- 7.1 Term of reference (b) requires the Committee to inquire into and report upon its “identification of any commercial impediments, as well as any regulatory impediments, at local, state or federal government level impacting upon the establishment, appropriate development and maintenance of a wider industrial hemp industry.

### **Regulatory Impediments for the Tasmanian Industrial Hemp Industry**

- 7.2 The evidence received by the Committee on this specific matter highlighted a number of concerns with the regulatory regime for hemp, including:
- the licensing and regulatory regime;
  - the allowable maximum level of THC;
  - the regulation of industrial hemp under the Poisons Act 1971;
  - the testing regime; and
  - the prohibition on the use of hemp in food.

### **Licensing and Regulation of the Industrial Hemp Industry**

- 7.3 A significant amount of evidence was submitted on the current licensing regime for hemp. The majority of commentary provided indicated that the licensing regime was too onerous and imposed undue burdens that stifled the industry’s development by acting as a significant deterrent to potential growers:

*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.<sup>27</sup>

Annual crop licensing and compliance impose unnecessarily burdensome red tape requirements on farmers. Despite the fact that industrial hemp is 'not a drug or poison', the regulatory regime surrounding hemp production is even more stringent than that in place for growing opium poppies. Currently, the hemp licence agreement includes twenty one clauses and provisions; whereas the far less complex commercial poppy growers licence has only twelve clauses and provisions.

..... The hemp licence agreement provisions encompass a number of irrelevant, contradictory and duplicative clauses, as well as requirements around matters that are not within the expertise of the regulators.<sup>28</sup>

- 7.4 The following is an example that shows the licence conditions for growing industrial hemp in Tasmania:

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<sup>27</sup> Davis, Hansard, 24 July 2012, Page 11

<sup>28</sup> Tasmanian Farmers and Graziers Association Submission, Page 7-8



POISONS ACT 1971 (SECTION 52)

LICENCE NO: IndustrialHemp S52- [REDACTED]

SAMPLE

### LICENCE TO GROW OR CULTIVATE A PROHIBITED PLANT

[REDACTED] in Tasmania is hereby licensed to grow *Cannabis sativa* on land at:

Location Reference: [REDACTED]

Grower:

Area: Not exceeding an aggregate of 8 hectare;

Cultivar: Certified variety Crag industrial *Cannabis sativa* seed sourced from [REDACTED]

subject to the following terms and conditions:

1. Any *Cannabis sativa* material harvested from the *Cannabis sativa* crop, other than stem material, shall be delivered to [REDACTED] in compliance with the terms of a current wholesale licence, for the supply of *Cannabis sativa* seed and plant material, held in Tasmania.
2. The licensee shall ensure that any *Cannabis sativa* seed or plant material in their possession is kept secure. All necessary and reasonable measures shall be taken to prevent access by any person who is not authorised by the *Poisons Act 1971* or pursuant to this licence.
3. To minimise security risks, the licensee shall not undertake any action which will publicise the location of licenced *Cannabis sativa* crops.
4. The *Cannabis sativa* seed possessed and planted subject to this licence shall not include *Cannabis sativa* seed other than the varieties known and specified as shown above in regard to each crop.
5. *Cannabis sativa* shall be grown in a plot, the perimeters of which are fenced and maintained to a standard acceptable to Tasmania Police.
6. The licensee shall comply with any quarantine conditions as required by the Department of Primary Industries, Parks, Water and Environment and the Australian Quarantine and Inspection Service.
7. The *Cannabis sativa* crop shall not include any material which contains more than 0.35% w/w dry weight of delta-9-tetrahydrocannabinol. Should the *Cannabis sativa* crop be found to contain material which exceeds this stated level, the *Cannabis sativa* crop shall be destroyed in a manner approved by the Chief Pharmacist.

8. The licensee shall undertake a program of testing *Cannabis sativa* flower heads and leaf for delta-9-tetrahydrocannabinol, extractable resin, cannabinol and cannabidiol at their own expense. Material shall be analysed by a person authorised by the Chief Pharmacist. Reports of analysis shall be provided to the Chief Pharmacist immediately after they are prepared. Samples shall be taken from each *Cannabis sativa* crop by a person approved by the Chief Pharmacist. Samples shall be taken during development of the flowering heads and at seed development and at any other time directed by the Chief Pharmacist.
9. The licensee shall ensure that at harvest all parts of the *Cannabis sativa* plants, except for seed and stem, are destroyed in a manner approved by the Chief Pharmacist.
10. The licensee shall ensure that any future regrowth of *Cannabis sativa* plants at listed growing sites shall be notified to the Chief Pharmacist and destroyed in a manner approved by the Chief Pharmacist.
11. The licensee shall make the following records within one day of each event to which the record relates and keep them for a period of not less than two years from the date of the last entry:-
- details pertaining to the receipt of seed, including date and quantity;
  - details pertaining to planting, including quantity of seed used, location and area planted and quantity of seed remaining;
  - results and certificates of all analyses;
  - removal of any plant material from sites;
  - unauthorised destruction or removal of, or interference with, any seed or plant or the land or its surroundings; and
  - details of the nature and quantity of material harvested.
12. The licensee shall provide a copy of each record to the Chief Pharmacist on request.
13. The licensee shall allow a Police Officer or a person appointed as an Inspector under the *Poisons Act 1971* to inspect at any time any growing site or any *Cannabis sativa* material or seed in their possession.
14. Unless otherwise authorised under the *Poisons Act 1971* or approved by the Chief Pharmacist, no persons other than the licensee and those listed below shall engage in the cultivation of a *Cannabis sativa* crop or have access to the harvested seed or material:
- [REDACTED]
  - [REDACTED]
  - [REDACTED]
  - [REDACTED]
15. Clause 14 does not apply to an authorised visitor who accompanies a person specified in that clause for the purpose of examining the crop for bona fide industrial, advisory or research objectives. The licensee must authorise each visiting person before the visit takes place. The licensee must maintain a record of authorised visitors who examine the *Cannabis sativa* crop including details of the name of the authorised visitor, the name of the person authorised under clause 14 who accompanies the visitor, the date of the visit and the purpose of the visit. The record shall be kept for 2 years and shall be made available at any time to an inspector.
16. The Tasmania Police Drug Investigation Services and the Chief Pharmacist shall be immediately informed of any theft, loss or unauthorised destruction of seed or material or any attempted interference with the project.
17. The licensee shall provide a *Cannabis sativa* harvest report to the Chief Pharmacist before 31 May 2012.

18. Any *Cannabis sativa* material, remaining seed or prohibited substances contained in oil or residues shall be removed from the sites and disposed of as directed by the Chief Pharmacist by 30 April 2012.

19. All *Cannabis sativa* seed is to be obtained by the licences for planting from [REDACTED]. Any *Cannabis sativa* seed which is held subject to this licence shall be stored in a secure enclosure which is approved by Tasmania Police.

20. No *Cannabis sativa* seed shall be planted after 28 February 2012.

21. All *Cannabis sativa* seed which is harvested from crops shall be immediately delivered to and held by [REDACTED].

22. *Cannabis sativa* seed, being part of a prohibited plant, shall not be supplied to any person unless the supply is first authorised in writing by the Chief Pharmacist, Department of Health and Human Services.

23. This licence expires on 31 December, 2012

Dated this 17th day of November 2011

.....  
**Jim Galloway**  
**Deputy Chief Pharmacist**  
**Delegate**  
**Section 52 of the Poisons Act 1971**

7.5 The following is an example that shows the licence conditions for growing opium poppies in Tasmania:

**GENERAL CONDITIONS AND RESTRICTIONS**

The licensee shall not grow or cultivate *Papaver Somniferum* unless:-

1. (a) the Licensee has entered into a written agreement with TASMANIAN ALKALOIDS (in this licence referred to as 'the Company') under which the Company shall take possession of all poppy material immediately upon harvest of the crop; and  
(b) the Licensee provides to the Poppy Advisory and Control Board, the written agreement for examination at the time of making the licence application.
2. *Papaver somniferum* is grown in paddocks or on properties, the perimeters of which are entirely fenced to a standard acceptable to the Minister for Health (in this licence referred to as 'the Minister').
3. *Papaver somniferum* is planted before Friday, 30 November 2012 or such other date as the Minister may determine, from seed supplied by the Company.
4. *Papaver somniferum* is only grown during the currency of the agreement entered into between the Licensee and the Company.
5. Provided that paragraph 3 is satisfied, the whole of the crop grown under this licence is harvested and delivered to the company before Tuesday, 30 April 2013 or such other date as the Minister may determine.
6. The Licensee takes steps within 7 days after harvesting the crop or by an earlier date specified by the Minister to ensure that any poppy material remaining on the land on which the crop was grown is destroyed by burning, slashing, cultivating or in a manner specified by the Minister, or in any such other manner as the Minister may consider appropriate.
7. If the Company has advised that it will not harvest a crop, the Licensee takes steps to destroy that crop before a date specified by the Minister, by such means as the Minister may consider appropriate.
8. Any regrowth of poppy from seed from any previous year shall be destroyed by spraying, cultivating or in such other manner as the Minister directs.
9. The Licensee takes reasonable steps to ensure that the Company notifies the Minister in writing in respect of each of the following matters:-
  - (a) A notice in respect of the planting of the seeds within 14 days thereof together with information as to the number of acres or hectares planted and the place at which those seeds are planted; and
  - (b) Within 21 days of the harvesting of the crop a notice advising –
    - (i) that all the crop has been harvested and the date on which the harvesting was completed;
    - (ii) the date of delivery of the crop to the Company; and
    - (iii) the weight of the crop so delivered (including the weight of all seed and straw [which includes capsule] harvested).
10. The Licensee allows any inspector authorised under the Poisons Act 1971, to inspect, at any time, the crop or the land on which the crop is to be grown or from which it has been harvested and to take such measurements and conduct such tests and examinations there as they might see fit.
11. The Licensee, upon the loss or damage to any crop or part of a crop, whether willfully or accidentally, notifies the Chairman, Poppy Advisory and Control Board and Tasmania Police of that fact irrespective of whether the loss or damage occurs from the field before or after harvest.
12. The Licensee takes all reasonable steps to ensure that livestock are not exposed to poppy plants, poppy stubble or crop regrowth. In the event of inadvertent exposure, the Licensee makes sure that a minimum three (3) week post grazing withholding period is observed before those exposed livestock are offered for sale.

7.6 The Tasmanian Farmers and Graziers Association highlighted a number of specific issues with the current licensing system:

*Below are listed inequitable burdens and challenges which exist in comparison with other alternative rotational crops at this stage in the industries development;*

- Provisions and licence to grow, administrative arrangements and responsibility rest with hemp growers in comparison with the poppy licence, where it rests with the poppy field officers on behalf of the poppy grower and poppy company.*
- Sample testing of hemp crop is expensive: as a guide, basic sampling tests can cost about \$600 each. For poppies, this is arranged through PACB (Poppy Advisory and Control Board) at grower expense.*
- Clause 3 of the licence is unnecessary as the ‘security risks’ appear to be perceived and not real for low THC hemp crops which are potentially destined with pending federal legislation changes in the future for food processing and supermarkets. Placing a restriction on the grower to not “publicise” the location appears to be an unnecessary control. A poppy growing licence does not include this provision.*
- Clause 5 refers to adequate farm fencing and a standard of maintenance ‘acceptable to Tasmanian Police’. This appears to be an unnecessary impediment and cost given low THC hemp is neither a drug or poison and likely in the future to be grown for use in food with pending federal legislative FSANZ changes. In any case, it is not clear what expertise the Tasmanian police have with respect to either fence construction or maintenance.*
- Clause 6 appears to be unnecessary. There is no apparent reason to specifically nominate quarantine conditions in a dedicated hemp crop growing licence.*



- *Clauses 7-10 are regulations surrounding the seed being grown and purchased from a supplier actually being true to type. Tasmania limits the maximum concentration of THC in a crop to 0.35% other states allow 1.0% THC in a crop. There is no scientific reason for this differential; and uniformity between states needs consideration in the challenge to ease the regulatory burden which again puts Tasmanian farmers at a commercial disadvantage.*
- *It is apparent with the increase in scientific understanding of the biochemistry and confidence in crop THC variance, understanding of appropriate processing of hemp seeds and maximum levels for THC specified in the proposed Food Standards Code changes. The production licensing arrangements (Clauses 7-10) need amendment to reduce complexity and recognise overall reduced risk to consumers.*
- *Overall, revision and simplification is needed with respect to the stringent requirements and prerequisite qualifications for people who apply to grow hemp and authorisations for handling seeds and complicated record keeping relating to specific cultivation and visitation events.*

*Whilst these barriers remain they will act as a deterrent to potential crop investment. These licence conditions place an unnecessarily restrictive and unfair red tape burden on Tasmanian farmers. The consequent cost burden this imposes inhibits initial and early grower entry and industry expansion.<sup>29</sup>*

**7.7** Some respondents asserted that constantly changing licence conditions created difficulties for growers:

*Growers are experiencing difficulties with meeting the changing conditions imposed by the licensing body. Currently*

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<sup>29</sup> Tasmanian Farmers and Graziers Association Submission, Page 8

there are 22 conditions on the licence. Some of these such as "nearness to and within visual sight of a public thoroughfare" are very difficult to meet due to cropping rotations and lay of the land. Opium poppies do not have these sorts of restrictions. Conditions on handling/storage/transportation of seed is unrealistic for primary producers and their staff/contractors. Conditions when production occurs on leased land is complex and differs from poppy production on the same land.<sup>30</sup>

- 7.8 It was also noted that licences were required to be renewed on an annual basis which created an administrative burden for the industry:

**Mr STURGES** - .....could you comment on the licensing system and the regulations that you think are impeding the growth of the industry in this state?

**Mr WARNER** - The period to which the licence is given is good for everybody not to have to repeat the same paperwork every 12 months. Essentially, most of the growers that are involved already have sufficient licences with poppies, or gun licences, or whatever. You do not have to renew your gun licence every year. There are lots of licences that you do not have to repeat every year.

Unfortunately for the Health Department, they can only repeat it every year; that is their mandate, they have to do that. Really the reason for renewal of licences every year is just a hangover from the way the pharmaceutical industry is regulated rather than an agricultural industry. It is less work for government and less work for the grower. You are cutting your costs of licensing by two thirds - a good economic thing

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<sup>30</sup> Industrial Hemp Association of Tasmania, Submission, Page 2

to do if you can do it. That falls in line with most other states and regions rather well. They tend to give three yearly and in some cases five yearly licence. If the licence is breached in some form then the licence can be taken away.<sup>31</sup>

- 7.9 The need for different licences for each stage of production was also raised as an unnecessary regulatory burden, that added to the administrative costs of those in the industry:

.....Very quickly, in the relation to the additional paperwork to having seed, for example, you grow a crop, you have a licence to grow a crop but you do not have to have a licence, or you should not have to have to have a licensed subcontractor come in there and spray it or harvest it, or transport it for that matter. They are all acting as a subagent of your licence. The same should go with cleaning and to even some extent storage. At present almost anybody who touches it - if this was a drug, the Health Department has to work within the act it is in and its protocols. Because it treats the seed like a drug it cannot delineate in certain areas. Even though it is being held or processed or cleaned by a processor or a cleaner, they also have to have a licence even though they do not own the seed and they are performing a service. In most other states it is recognised those entities are subcontractors or service providers therefore do not have to hold a licence because they are working under the licence of the person who has supplied the seed who has a licence.

It reduces the amount of paperwork that has to be administered and the cost. It works adequately in other states and would overcome a whole lot of additional paper-trail problems. That is to do with all the subcontracted services that are basically issued. We have to have people who have

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<sup>31</sup> Warner, Hansard, 10 July 2012, Page 38

licences when they really do not need to have them. In Queensland or New South Wales, we don't have that problem.<sup>32</sup>

Hemp Australia Pty Ltd supports a limited licensing regime for industrial hemp and recommends a major broadening of exemptions. Under present auditing and operating requirements, licences (and associated police checks) are required by the farmer, the carrier to the cleaner, the seed cleaner, the seed storer, the carrier to the downstream processor, the end-product producer, and the seed-waste disposal carrier. That's seven licences and many police checks (with their associated costs) just for one audited trail.

We are concerned that the unnecessary multi-licence situation that currently exists does not present professionally to our existing and prospective customer base, which is intended to include national and multi-national food companies

We advise the committee that a rational licensing regime is one in which the owner of the seed is the sole licence holder, with all handling, transport and storage deemed to be under the auspices and direction of the licence holder, and that the requirement for licensing ends when the seed is deemed to be rendered unviable (usually in the production process). At the cropping phase, the grower can be deemed to be the owner of a crop in the field. Licensing changes hands when the product is sold off-farm. In the above-mentioned audit trail, this recommendation would reduce the requirement for seven licenses to just two.<sup>33</sup>

7.10 Other specific licence conditions that respondents noted were stifling industry development included restrictions relating to

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<sup>32</sup> Warner, Hansard, 10 July 2012, page 39

<sup>33</sup> Hemp Australia Pty Ltd, Submission Page 2-3

where a hemp crop may be grown. Respondents also highlighted that these restrictions do not even apply to poppy crops. Currently hemp crops cannot be grown within 5 km of a school, or within sight of a road, which restricts the amount of viable land for hemp crops. There are also restrictions placed on the type of fencing that can be used for hemp crops.

*Onerous rules currently prohibit hemp from being grown in sight of a road and less than 5klm from schools or other public buildings. This is crazy when I have seen poppy plantations in roadside paddocks and low THC hemp has virtually no psychoactive ingredient whereas poppies are full of it! This has to be changed.<sup>34</sup>*

*At present, opium can legally be grown in paddocks beside public roads and highways, and even on school farms as both an income-earner and an educational tool. Industrial hemp (a non-drug crop) is NOT allowed to be grown within sight of a public road and NOT within five (5) kilometers of any school. These factors are restricting the development of a Tasmanian hemp industry. Hemp Australia has had to refuse approaches by farmers on the basis that the cropping paddock is within sight of a road.<sup>35</sup>*

*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*

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<sup>34</sup> Estelle Ross, Submission, Page 2

<sup>35</sup> Hemp Australia Pty Ltd, Submission, Page 3

*talking about electric fencing and a lot of things that may or may not be relevant or important.*<sup>36</sup>

7.11 The Committee questioned Departmental representatives on some of these matters and the following exchange took place:

**Ms PETRUSMA** - John, in regards to fence lines, a lot of people and even the TFGA have commented about fence lines about it having to be so far away, why is there a difference between poppies and hemp crops? Is it more the plants or is it to keep it away from the public view?

**Mr ARNOLD** - In reality there isn't a difference. We will inspect a site, we will make a comment on fencing requirements and we will pass on that information to the Department of Health. It is a newer industry and certainly when the poppy industry commenced there were slightly different inspection details with the poppy crops. I think for any developing industry they are things that we probably need to take into consideration at the commencement but long-term I don't see any significant difference between the way we regulate poppies and the way we regulate hemp.

**Mr ROCKLIFF** - Just on that, we had some evidence from a few people around some of those differences, so-called regulations. One of them was the distance from public buildings. Is that a key difference between poppies and hemp?

**Mr ARNOLD** - Was that specifically relating to a school?

**Mr ROCKLIFF** - Yes, I think one of them -

**Mr ARNOLD** - Five kilometres from a school was mentioned and that was included in some of the paperwork that was available. That has since been reviewed and it's been

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<sup>36</sup> Davis, Hansard, 24 July 2012, Page 10

*removed. It was never our intention. It wasn't put in there on our behalf.*<sup>37</sup>

- 7.12 It was also noted that having the Department of Health and Human Services administer the licensing system for hemp when it is an agricultural crop may be sub-optimal:

*The present licensing structure in Tasmania is handled in the main by the Tasmania Health Department. The present licensing system is constrained by the practice used by the Health Department to license pharmaceuticals, it doesn't allow for the complexities and variances of Agriculture. Further the understanding of practices of Agriculture are not the nature or business of the Health Department so unfortunately, there is only a vague understanding of the needs of Growers and down-stream handling or value adding. It is somewhat unfair to expect the Health Department to have an agricultural empathy when it is not their business.*

*Despite the difficulties the Tasmanian Health Department does a very good job given their departmental undertaking, with the limited resources at their disposal. This is especially so as they are bound to treat and administer licenses for agriculture under a pharmaceutical licensing system, which is a misfit to say the least.*<sup>38</sup>

- 7.13 The regulatory, licensing and other structures in place that are used to regulate the poppy industry were raised as a possible means of achieving a better regulatory outcome for the industry:

*It is advantageous that Tasmania has an alkaloid industry, with poppy crop guidelines able to be partly adopted for growing industrial hemp.*<sup>39</sup>

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<sup>37</sup> Arnold, Hansard 17 August 2012, Page 8-9

<sup>38</sup> Ecofibre Industries, Submission, Page 3

<sup>39</sup> Hemp Australia Pty Ltd, Submission, Page 3

The Poppy Industry Advisory Board (PACB) which is administered by the Tasmanian Department of Justice would in our view be the most appropriate regulatory body.<sup>40</sup>

Tasmania Police has stated that if the industry grows, a regulatory framework such as that employed by the Tasmanian poppy industry may be required.<sup>41</sup>

**Mr ROCKLIFF** - There are only four or five growers, but if it was to expand would you see a greater role for, say, the PACB or police? I know at the moment you're also involved with the poppy industry in terms of monitoring - all stakeholders are.

**Mr ARNOLD** - I think if it grew to the size of the poppy industry we would need a similar regulatory arrangement that we have for poppies.<sup>42</sup>

- 7.14 The Whole-of-Government submission argued that the licensing and regulatory framework does not stifle industry development, and uses the poppy industry as an example of an industrial crop that has been successfully developed under this structure:

*Whilst production licenses contain conditions, including the need for secure fencing, police checks and that growers not publicise the location of crops, these conditions are not likely to inhibit the growth of the industry. To date, all legitimate applicants have been granted licenses and there is no charge for issuing licenses.<sup>43</sup>*

*To date all legitimate applicants in Tasmania have been granted licences. The existing regulatory and licensing structure does not limit the growth of scheduled plant*

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<sup>40</sup> Poppy Growers Tasmania Inc, Submission, Page 1

<sup>41</sup> Arnold, Hansard 17 August 2012, Page 5

<sup>42</sup> Arnold, Hansard 17 August 2012, Page 11

<sup>43</sup> Whole-of-Government Submission, Page 8



*product industries, as has been demonstrated by the continued growth of the poppy industry in the State.<sup>44</sup>*

7.15 The Whole-of-Government submission also provided the following information on how the licensing regime operates:

*Licenses to import, grow, manufacture and process hemp are granted by the Department of Health and Human Services (DHHS) under Ministerial delegation with the cooperation of Tasmania Police and the Department of Justice, in accordance with the provisions of the Poisons Act 1971.*

*The conceptual framework for grower licensing is as follows:*

- *Grower obtains approval of proposed crop location (site security assessment) from Tasmania Police*
- *Grower completes police check*
- *Grower forwards application for licence to DHHS*
- *Grower receives licence from DHHS to grow Industrial Hemp*
- *Crop planting*
- *Crop testing/random sampling by the Poppy Advisory Control Board (PACB)*
- *Crop harvesting*
- *Residue removal*
- *Seed separation*
- *Processing and/or sale*

*... ..Applications for a licence to the DHHS must include the grower's name, property identification, location, total are of hemp to be planted, the variety and details of the wholesaler to whom the harvested seed will be supplied.*

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<sup>44</sup> Ibid, Page 4

A 1:25 topographical map (or hand drawn map) must accompany the application to ensure a speedy assessment, showing:

- The property location
- Proposed production area
- Fence lines
- Roads
- Residences
- Storage facilities
- GPS coordinates for the paddocks intended for hemp production (Hemp production sites need to be endorsed by Tasmania Police)

If the applicant is not the owner of the property, evidence from the owner must be provided indicating consent to the use of their property for the cultivation of hemp.

Tasmania Police process National and State police checks for the purposes of hemp growing applications. These requests are generally processed within 14 working days.

In addition, Tasmania Police checks proposed growing sites. Consideration is given to site security, and Tasmania Police may recommend the planting of screening crops if a hemp crop is to be grown in a publicly prominent position. This may help the grower from instances of theft.

... .. The time taken to process the licence can vary and may be delayed if all the necessary details are not provided, or if police approval and clearance has not been obtained.

Wholesalers and/or manufacturers intending to process hemp must also obtain the appropriate licence and undergo a police check.<sup>45</sup>

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<sup>45</sup> Whole-of-Government Submission Page 3-4

- 7.16 The Whole-of-Government submission also noted the fees associated with the issue of licences:

*Currently DHHS does not charge for the issuing of growers' licences under Section 52 of the Poisons Act. Other licence applications attract different fees depending on the nature of the application. The application fee currently charged by DHHS does not represent the actual administrative and time cost of processing. Some jurisdictions charge up to \$600 for the initial application for a hemp licence. Fees are set in accordance with the Fee Units Act and are gazette on 1 July each year.*

| Type of Licenses                                 | Fee   |
|--|-------|
| Grower   | Nil   |
| Wholesaler                                       | \$84  |
| Manufacturer of narcotic (Schedule 8) substances | \$490 |

*All applications are required to provide a complete police check before licences can be approved. Applications from individuals who have not previously applied for a poppy or hemp licence will be asked to provide a National Police Record Check (currently at a cost of \$45). Subsequent applications will usually only require a Tasmania Police Record Check. Crops undergo routine inspections (free of charge) by PACB field officers at least twice during the growing season. A third visit is made near flowering time to collect random samples for laboratory analysis. The cost of these analyses is borne by the crop licence holder as the commercial rate of the testing laboratory. As a guide the test usually costs about \$600.<sup>46</sup>*

- 7.17 Ms Mary Sharpe, the Chief Pharmacist, provide the following information on licensing requirements and costs with other

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<sup>46</sup> Whole-of-Government Submission, Page 4-5

jurisdictions, noting that Tasmanian requirements are quite modest in comparison:

*If Western Australia and Victoria are taken as examples, the requirements for a licence are far more extensive and have significant costs when compared to Tasmania. For example, the application in Western Australia runs to five pages. The information required to be provided there by the grower is far more extensive than required in Tasmania. There are also further requirements with regard to the addition of other persons to a licence, as well as grower declarations relating to the seed and requests for analysis.*

*The process in WA comes under the Department of Agriculture and each step imposes significant costs on the growers. In Western Australia, an application for a licence costs \$310; for renewal, \$124; for an inspection, \$126 an hour plus hire car costs of \$100 a day plus travel costs; testing for THC, first sample, \$275 and subsequent, \$132. Compare that to Tasmania where the licence is nil cost, inspection and sampling is nil and testing, in the bills we have seen this year, is \$260. These are the only costs and I have copies of the West Australian licences for the committee's information.<sup>47</sup>*

## **Findings**

- 7.18 The Committee finds that there is unlikely to be a viable industrial hemp industry in Tasmania unless restrictive regulatory impediments are removed.**
- 7.19 The Committee finds that removal of regulatory impediments would potentially allow the industry to develop and expand in an organic way, based on market forces.**
- 7.20 The Committee finds that there should be as few regulatory restrictions as possible.**

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<sup>47</sup> Sharpe, Hansard 17 August 2012 Page 3

- 7.21 The Committee finds that the current licensing system for industrial hemp, including the licence conditions imposed, is onerous and unnecessarily restrictive, thereby imposing additional costs and stifling industry development.
- 7.22 The Committee finds that the need for a licence for each stage of production is unnecessary regulation.
- 7.23 The Committee finds that the need to renew licences annually is excessive regulation.
- 7.24 The Committee finds that the conditions relating to crop placement are overly restrictive.
- 7.25 The Committee finds that the licensing system should be simplified so that industrial hemp crops are treated similarly to other farm crops. Such a system should require growers to notify and register their intention to grow low THC industrial hemp, including where and when, to facilitate random testing of THC levels.
- 7.26 The Committee finds that the Department of Health and Human Services is not the best placed agency to regulate the industrial hemp industry in the long term; rather the Committee finds that the Department of Primary Industries, Parks, Water and Environment would be the most appropriate body to regulate the industry.

***Recommendation 2 – The Committee recommends that a simpler regulatory regime be introduced, for example, one that is a notification/registration system, where a grower simply registers on a database where and when the grower intends to grow a low THC industrial hemp crop, and pays a levy to cover the costs of random testing of industrial hemp crops for THC levels.***

***Recommendation 3 – The Committee recommends, as part of a new, streamlined notification/registration system, that restrictions on where industrial hemp crops can be grown be removed.***

***Recommendation 4 – The Committee recommends that the Department of Primary Industries, Parks, Water and Environment be given responsibility for regulating the industry.***

#### ***Allowable THC Content for Industrial Hemp***

- 7.27 A number of respondents noted that the allowable THC content for industrial hemp grown in Tasmania is lower than that permitted in some other jurisdictions.
- 7.28 There are actually two relevant THC thresholds for low THC industrial hemp;
- the THC content of the low THC industrial hemp plant from which seeds are harvested for further cultivation, and
  - the THC content allowable in grown plant material cultivated from low THC industrial hemp seeds.
- 7.29 In Queensland, New South Wales and the ACT industrial hemp grown for seed or fibre must not exceed 1% THC in the leaves and flowering heads of the grown plant material, and may only be grown from hemp seed certified to produce plants with no more than 0.5% THC. The difference recognises that the leaves and flowering heads of plants grown using certified hemp seed may have more than 0.5% THC because of environmental conditions beyond a grower's control.<sup>48</sup>
- 7.30 Victoria, Tasmania and Western Australia only allow up to 0.35% THC in grown plant material.

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<sup>48</sup> FSANZ 7 December 2011, [24-11] APPLICATION A1039 LOW THC HEMP AS A FOOD, Supporting Document 5 Australian and New Zealand Hemp Regulations, Page 1-2, available at [http://www.foodstandards.gov.au/code/applications/documents/A1039\\_SD5.pdf](http://www.foodstandards.gov.au/code/applications/documents/A1039_SD5.pdf)

- 7.31 In Victoria, industrial hemp may be cultivated from seed harvested from low THC Cannabis, with low THC Cannabis defined as containing no more than 0.35% THC in the leaves and flowering heads of the grown plant material.<sup>49</sup>
- 7.32 In Western Australia, industrial hemp may be cultivated from industrial hemp seed which is certified to be from industrial hemp plants that contain no more than 0.35% in the leaves and flowering heads.<sup>50</sup>
- 7.33 Tasmania allows the growing of industrial hemp plant material of up to 0.35% THC of dry weight.<sup>51</sup> While there is no specific limit applied to the industrial hemp seeds from which industrial hemp is grown in Tasmania, it is likely, however, that the 0.35% THC threshold for grown plant material acts as a default limit from which Tasmanian growers source their industrial hemp seed stock.
- 7.34 Neither South Australia nor the Northern Territory permits the commercial cultivation of low THC industrial hemp.
- 7.35 As detailed above, there is a range across jurisdictions of the allowable THC content applied to seed stock of 0.35%-0.5%, and for the grown plant material from such seed stock, 0.35%-1.0%.
- 7.36 The lower allowable THC content in Tasmania was seen by a number of respondents as being an overly restrictive regulatory barrier:

*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?*<sup>52</sup>

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<sup>49</sup> Ibid, Page 2

<sup>50</sup> Ibid, Page 3

<sup>51</sup> Ibid, Page 2

<sup>52</sup> Ross, Hansard, 24 July Page5

- 7.37 The TFGA noted that these discrepancies actually increased costs for local growers:

*.....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.<sup>53</sup>*

- 7.38 The Committee was informed that consistency between jurisdictions regarding the allowable THC content would provide advantages for Tasmanian industrial hemp growers:

**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.<sup>54</sup>

- 7.39 The Chief Pharmacist, Ms Mary Sharpe, from the DHHS, was able to provide some history behind how the THC threshold in Tasmania was determined:

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<sup>53</sup> Davis, Hansard, 24 July 2012, Page 11

<sup>54</sup> Davis, Hansard, 24 July 2012, Page 12



*The 0.35 per cent THC content is middle-range when compared to other jurisdictions. Some are lower at 0.1 and others are higher at 0.5. There is a historical basis for this 0.35. Tasmania was the first jurisdiction to license Cannabis sativa growing for industrial hemp. At that time the legislation in other jurisdictions did not have the means to allow for the growing of a prohibited substance and Tasmania was able to issue those initial licences as a way had already been facilitated through the licensing of Papaver somniferum for the poppy industry. This occurred in 1991 and the European standard for such crops was 0.3 per cent. The 0.35 per cent was set as it gave a slightly higher margin of safety given there was no way at that time to know what level of THC to expect in these crops.*<sup>55</sup>

- 7.40 Ms Sharpe also noted that the threshold had not caused any apparent problems to date for the industry:

*Over time other jurisdictions have been able to allow for the growing of crops when new acts have been proclaimed or old acts revised. Some jurisdictions adopted the Tasmanian level, others a lower level and others a slightly higher level. No crop to date has needed to be destroyed due to testing above 0.35 per cent and there has been no request received to increase that level.*<sup>56</sup>

## **Findings**

- 7.41 **The Committee finds that the level of THC permitted in industrial hemp grown in Tasmania is a restrictive regulatory barrier, which potentially increases costs for growers as they are required to source very low level THC strains of industrial hemp.**

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<sup>55</sup> Sharpe, Hansard 17 August 2012, Page 3

<sup>56</sup> Sharpe, Hansard 17 August 2012, Page 4

- 7.42 The Committee finds that the allowable THC content in grown plant material in Tasmania should be 1%, from hemp seed certified to produce plants with no more than 0.5% THC.
- 7.43 The Committee finds that the allowable THC content in grown material should be standardized across jurisdictions at the upper level of 1%, from hemp seed certified to produce plants with no more than 0.5% THC.
- 7.44 The Committee finds that industrial hemp below the threshold of 1% THC in grown plant material should be removed from regulation under the Poisons Act 1971 and the Misuse of Drugs Act 2001.

***Recommendation 5 – The Committee recommends that the allowable THC content in grown material in Tasmania should be 1%, from hemp seed certified to produce plants with no more than 0.5% THC.***

***Recommendation 6 – The Committee recommends that there should be a consistent THC threshold for low THC industrial hemp across all Australian jurisdictions, that being the upper limit of 1% in grown plant material, grown from seed stock certified to produce plants containing no more than 0.5% THC content.***

***Recommendation 7 – The Committee recommends that low THC industrial hemp (that is industrial hemp containing not more than 1% THC) should be removed from regulation under the Poisons Act 1971 and should not be subject to the Misuse of Drugs Act 2001.***

***Regulation of Hemp under the Poisons Act 1971***

- 7.45 A number of inquiry respondents commented in their evidence that regulation of industrial hemp under the Poisons Act 1971 represented a significant regulatory barrier to the industry's development.

The fact that production of industrial hemp is regulated under the Tasmanian Poisons Act 1971 even though hemp is not a drug or poison contributes to confusion and often negative perception surrounding this crop; and this in turn has led to an increase regulatory burden for farmers.

Removal of the unnecessary inhibitory regulatory constraints would provide a decrease in production costs, an increase in crop profitability, increase in ease of farm management, likely increase in crop rotational compatibility and an increase in the cultivation experience by growers selecting to invest in growing hemp to meet domestic and export market opportunities. Any reduction in impediments would reduce production costs, support total state production and supply of seed or stem and therefore expedite attracting investment in both the production and processing sectors.<sup>57</sup>

As it can be recognised I would urgently recommend that it be removed from the 1971 Poisons Act thus negating the amount of red tape experienced by current growers. If enough seed could be grown here to satisfy the demand of hopefully many more growers here in Tasmania we would not need to import it and thus this would bypass the current regulations required by NSUSMP for importing seed. If Tasmanian growers are using only seed actually produced here than surely it could be proved that it has no psychoactive content in which case it could be removed from NSUSMP and hence from the 1971 Poisons Act .

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<sup>57</sup> Tasmanian Farmers and Graziers Association Submission Page 3

*Removing all these restrictions and treating industrial hemp as any other crop would vastly improve the likelihood of farmers growing it as a viable rotation crop in the future.<sup>58</sup>*

*While the non toxic industrial hemp continues to be administered under the Tasmanian Poisons Act, growers/contractors/processors will always experience difficulties while being involved with this enterprise. By definition, industrial hemp has THC levels in the leaf of less than .35% and has no mind altering or toxic properties so therefore is neither a poison nor a drug. Hemp seed has no THC whatsoever. Due to it being classed as a poison under the Act, it will always experience restrictions in the market place.<sup>59</sup>*

- 7.46 The Whole-of-Government submission provided evidence on the regulation of industrial hemp under the Poisons Act 1971:

*The Poisons Act 1971 defines ‘Indian Hemp’ (described as any plant or part of a plant of the genus Cannabis) as a “prohibited plant”. The growing of a prohibited plant is not permitted except in accordance with a licence granted by the Minister responsible for the Act.*

*Section 52 of the Poisons Act allows the Minister to grant a license to grow or cultivate a prohibited plant.*

*The listing of indian hemp in Schedule 8 of the Tasmanian Poisons List allows licenses to be issued to obtain seed, to grow crops and for the harvested seed to be held by licensed manufacturers or wholesalers. The licensee can then grow and trade hemp seed products.*

*The seed, once it is subject to a process that causes denaturation, is no longer restricted under the Poisons Act*

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<sup>58</sup> Estelle Ross, Submission, Page 3

<sup>59</sup> Industrial Hemp Association of Tasmania, Submission, Page 2

*and Regulations. Similarly, the oil once it is below the required 50mg/kg THC content in the Standard for Uniform Scheduling of Medicines and Poisons (SUSMP) is also exempt.*

*The remaining products (fibre and stalk) of a low THC crop are not subject to any restrictions or scheduling once the seed is removed and can be used for any products that the grower wishes.<sup>60</sup>*

- 7.47 Contrary to some of the evidence received by the Committee, the Whole-of-Government submission indicated that having industrial hemp regulated under the Poisons Act actually facilitates the growing of industrial hemp, rather than inhibiting it:

*The existing ability to licence low THC hemp under the Poisons Act 1971 allows farmers to grow this crop, subject to meeting licensing and growing conditions... .If hemp seed was not included in the Poisons List as a Schedule 8 substance, the plant would remain prohibited and subject to controls and offence provisions under the Misuse of Drugs Act 2001. It is because the hemp seed is a Schedule 8 substance in the Tasmanian Poisons List that the issuing of licences to trade in seed can continue.*

*Cannabis Sativa is a prohibited plant in all jurisdictions and the only way to allow the growing of low THC is to license these crops.<sup>61</sup>*

- 7.48 The Committee questioned departmental representatives about industrial hemp being regulated under the Poisons Act 1971, and comparison with arrangements in other states, and the following exchange took place:

**Mr ROCKLIFF** - Mary, you mentioned in your opening statement - and some evidence we have had suggests that it

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<sup>60</sup> Whole-of-Government Submission, Page 2

<sup>61</sup> Ibid, Page 8

should be taken out of the bailiwick of the health department and put into primary industries, economic development or somewhere, as it might be in Western Australia or New South Wales - your view was that it doesn't matter what department it is but all these things still have to be ticked off. Are you happy with that being the main department here in control of it?

**Ms SHARPE** - If you want to grow hemp you are going to have to licence it. Currently we issue the licences under the Poisons Act and that is how the legislation is set up in Tasmania.

**Ms PETRUSMA** - Other states have it under agriculture?

**Mr ROCKLIFF** - They have a separate act.

**Ms SHARPE** - Some have a separate act. Each jurisdiction has different types of poisons acts. For example, our Poisons Act was altered when poppies first came on the scene to allow for the growing of a prohibited crop. At the moment, if you wanted to grow poppies in Victoria, you couldn't because their Poisons Act doesn't allow for it and it would have to be amended. That is why hemp was first grown here, apparently, in 1990 or whenever it was the first crops were grown. Since then other jurisdictions have allowed for the growing but they have either amended their drugs and poisons act or set up a separate act to license. But no matter what, at the commonwealth level it is still a prohibited plant schedule 9. Whatever a jurisdiction does with it, it is going to have to license it in some way, whether it be under a hemp act, a poisons act, a misuse of drugs act, or whatever.

**Ms PETRUSMA** - Are you saying it would probably be cheaper to stay under the Poisons Act like in other states?

*Ms SHARPE - I can't comment on that. It shouldn't make any difference. It might make them more expensive, we don't charge for the licences, I don't know.*<sup>62</sup>

## **Findings**

- 7.49 **The Committee finds that the regulation of industrial hemp under the Poisons Act 1971 is likely to be hindering the development of the industry.**
- 7.50 **The Committee finds that low THC industrial hemp should not be regulated under the Poisons Act 1971 and should not be listed as a prohibited plant if it meets or is below the allowable THC threshold for low THC industrial hemp.**
- 7.51 **The Committee also finds that low THC industrial hemp should not be subject to the Misuse of Drugs Act 2001.**
- 7.52 **The Committee finds that the Federal Government should consider the removal of low THC industrial hemp from Schedule 9 of the Standard for the Uniform Scheduling of Medicines and Poisons.**

***Recommendation 8 – The Committee recommends that low THC industrial hemp that meets or is below the allowable THC threshold should not be regulated under the Poisons Act 1971 and should not be subject to the Misuse of Drugs Act 2001.***

## **Testing for THC Content**

- 7.53 Testing of hemp crops to determine if the fibre or seed is within the allowable THC content threshold is conducted just prior to harvest. This testing is not carried out in Tasmania. This is considered by some respondents to present an additional regulatory and financial burden for the industry:

***Mr ROCKLIFF - Who undertakes that testing?***

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<sup>62</sup> Sharpe, Hansard 17 August 2012, Page 14

**Mr HARMSSEN** - As far as I know it is tested on the mainland. It used to be tested in Tasmania.

**Mr ROCKLIFF** - And that is overseen by some sort of regulatory authority to check out that it is the right level?

**Mr HARMSSEN** - I would say the health department is still behind that.

**Mr ROCKLIFF** - In Tasmania?

**Mr HARMSSEN** - That probably will come out later but it is something that is still holding the whole program -

**Mr STURGES** - An impediment to the business.

**Mr ROCKLIFF** - A financial impost.

**Mr HARMSSEN** - Yes, that's right.<sup>63</sup>

Impediments like the THC testings are costs to a farmer.<sup>64</sup>

7.54 The Committee noted that some respondents considered that there needs to be a testing facility available in Tasmania:

**Mrs TEALE** - Can I also say that regarding the THC testing - that was another question you asked - when we originally started, the food labs at New Town were trying to do the trials. They didn't keep their food standards up to date. Our parent company now works in Western Australia and because of the number they arrange the THC testing on behalf of our farmers here under their contracts, so they have a bulk testing but it goes to Western Australia. It shouldn't need to be like that; we should be able to do it somewhere locally here.

**Mr ROCKLIFF** - And that costs \$600?

**Mrs TEALE** - It doesn't in Western Australia.

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<sup>63</sup> Harmsen, Hansard 10 July 2012, Page 2

<sup>64</sup> Lisa Teale, Hansard 10 July 2012, Page 13



**CHAIR** - How involved would it be to test here?

**Mrs TEALE** - They just need to get a biostandard in from Sigma Pharmaceuticals; a THC standard. It lasts approximately five years.

**CHAIR** - And the testing equipment and so forth?

**Mrs TEALE** - It should already be at the labs, I should imagine.<sup>65</sup>

7.55 The Chief Pharmacist, Ms Mary Sharpe, provided the following details on testing:

*Testing is only carried out once in the life of the crop just prior to harvest. This is facilitated for the growers currently by PACB inspectors, who sample the plant and send it to WA. This is currently at no cost to the grower.*

*.....We understand from the paperwork we have seen the cost of the tests done in Perth for Tasmanian growers is currently \$260, not the large figures quoted in Hansard. Any facility here undertaking testing would be charging a similar cost. Given there is no licence cost, this is the only cost required by licence requirements. As I have said before, West Australian growers also have to pay a collection cost, as do Victorian growers, as well as a testing fee.<sup>66</sup>*

7.56 Ms Sharpe noted the following reasons why testing was not conducted in Tasmania:

*The lack of facilities here to test is not a result of government direction, but possibly economic factors. For a facility to undertake the analysis is more than just testing the THC present but requires full quality standards to be undertaken to determine purity, that is, the THC percentage.*

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<sup>65</sup> Brandt and Lisa Teale, Hansard 10 July 2012, Page 15

<sup>66</sup> Sharpe, Hansard 17 August 2012, Page 3

*A facility would need NATA accreditation to undertake the testing for THC, and we understand no facilities are accredited in Tasmania for this testing. Of course there are facilities accredited for other forensic testing. To set up a facility to test for THC purity, not just its presence, would be expensive and may not be viable on an economy-of-scale basis. Of course if facilities were prepared to do this, the crops could be tested here.*<sup>67</sup>

- 7.57 Further evidence provided to the Committee contented that there was no need to establish a testing facility in Tasmania as the service was already provided on a commercially competitive basis in Australia:

**CHAIR** - *How difficult or complex is it in Tasmania, for example, to set up a testing lab to test for levels of THC in hemp?*

**Dr KATELARIS** - *I don't think you have to establish one. What we have tended to do in New South Wales is that you can send it from state to state, just depending on who is giving the most competitive service, but commercial and public service to assay THC are very freely available.*<sup>68</sup>

- 7.58 The Committee also noted a discrepancy in the evidence received regarding the cost of testing, with some respondents quoting \$600, and Departmental representatives quoting \$260:

*Cost of infield THC testing is at present around \$600 (according to DPIPW Legislative control document Feb 2012), although as Ecofibre Industries has contracted the growers they have been able to get a lower rate due to multiple testing requests. We believe that at present these tests are sent to Western Australia.*

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<sup>67</sup> Sharpe, Hansard 17 August 2012, Page 3

<sup>68</sup> Katelaris, Hansard 10 July 2012, Page 28

... .... There is need to identify a facility in Tasmania that can provide a costeffective THC test to enable testing of fresh samples, rather than specimens having to travel across the country. Also the \$600 fee seems exorbitant for a crop which has been grown from an already certified low-THC seed.<sup>69</sup>

... .... testing, in the bills we have seen this year, is \$260.

... .... We understand from the paperwork we have seen the cost of the tests done in Perth for Tasmanian growers is currently \$260, not the large figures quoted in Hansard.<sup>70</sup>

**Ms PETRUSMA** - As you've seen from reading the Hansard, everyone has been saying that it usually costs \$600 to have a test. Do you know where that misinformation has come from?

**Ms DICKINSON** - No, I don't. I've got an invoice that was sent to a grower - that's where I got my \$260 from for this year.

**Ms PETRUSMA** - Right.

**Ms DICKINSON** - So, I don't know if it is something of an urban myth.

**Ms PETRUSMA** - It has come up quite a few times. So it's definitely \$260 -

**Ms DICKINSON** - That was what was on the invoice that was sent to a grower.<sup>71</sup>

## Findings

- 7.59 **The Committee finds that the existing testing of crops for THC content is creating a potentially undue regulatory and financial burden for industrial hemp industry participants.**
- 7.60 **The Committee finds that a simpler THC testing system should be investigated, whereby growers pay a small levy to fund random testing of a percentage of the total Tasmanian industrial hemp**

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<sup>69</sup> Hemp Australia Pty Ltd, Submission Page 3

<sup>70</sup> Sharpe, Hansard, 17 August 2012, Page 3

<sup>71</sup> Dickinson, Hansard 17 August 2012, Page 8

crop, as part of a simpler, more streamlined and less onerous notification/registration system.

***Recommendation 9 – The Committee recommends that the State Government investigate (as part of the simplified grower notification/registration system recommended above) the potential of a simpler testing regime, whereby growers pay a small levy to fund the random testing of a percentage of the total Tasmanian industrial hemp crop.***

#### ***Removal of the Prohibition on Hemp in Food***

7.61 The current ban on the use of hemp seed products in food has been clearly identified in the evidence received by the Committee as a primary impediment to value-adding opportunities for the Tasmanian industrial hemp industry. The following comments echo the concerns expressed by a number of inquiry respondents:

*The main regulatory impediment is the refusal of government health authorities to allow this emerging food industry to gain acceptance by ignoring the vital evidence of scientists within these food authorities.....the main impediment to all growers is Federal government disregard of scientific evidence provided by its own food standards authorities.<sup>72</sup>*

*At a federal level, the limitations placed on hemp products are also an impediment to the growth of this industry. The federal regulator Food Safety Australia and New Zealand (FSANZ) does not permit cultivation of hemp in Australia for any purpose other than fibre. This is despite the fact that the same regulator permits production and sale of a wide range of other products (oil, protein, cosmetics, seeds etc) in New Zealand. There is no rational reason for this restriction; and no science*

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<sup>72</sup> Frits and Patsy Harmsen, Submission, Page 2

at all behind it. A full range of hemp products are widely produced, sold and consumed in other countries

*This is a severe constraint which limits a potential farm income streams and makes production less economically viable..<sup>73</sup>*

*At present, hemp seed (in any form) or hemp oil cannot be used in food in Australia as it is prohibited under the Australia New Zealand Food Standards Code. However, use of hemp oil has been permitted in NZ since 2002 under the New Zealand Food (Safety) Regulations. This restricts potential income streams to Australian farmers and hence limits financial sustainability of the crop.*

*... The TFGA is aware that a previous application in 2002 was rejected by health ministers. Ministers were concerned that the availability of hemp foods may send a confused message to consumers about the acceptability and safety of illicit cannabis and pose problems for drug enforcement agencies. Therefore, the prohibition on all cannabis species remains in the Code.*

*There is no logical reason for this anomaly, and federal regulators should move as a matter of priority to bring jurisdictional conditions into alignment.<sup>74</sup>*

- 7.62 The Committee noted evidence that there were no public health and safety issues related to the use of foods containing hemp:

*The case for hemp as a legal food has already been established. There is really no need for any further evidence because that is already available. That has been provided by FSANZ on two occasions now when they reached the*

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<sup>73</sup> Tasmanian Farmers and Graziers Association Submission, Page 4

<sup>74</sup> Ibid, Page 6

conclusion there is no reason to keep hemp as a food on the banned list. I quote:

*There are no public health and safety concerns associated with the use of food products containing derivatives of industrial hemp, provided there is compliance with the proposed maximum levels for THC in hemp seed, oil derived from hemp seed, and other products derived from industrial hemp.*

*I do not want to labour the point or tell you what you already know because I know you would have looked at those documents, but I wonder how many times we have to say the same thing.*

*The case for hemp to be treated fairly or on its merits is my next point. Poppy seeds can be eaten whole or milled. It is the green poppy flower pod that is used to make the drug opium. The seeds for eating, and the latex for drug making, come from the same plant. There is no confusion, misapprehension or perception that Australians will be confused or misguided in their use of the poppy plant and the seed displayed on the supermarket shelf purchased for baking or decoration purposes.*<sup>75</sup>

- 7.63 The role of the ban as a key impediment to industry growth was discussed in Section 4.
- 7.64 The ban is imposed at a Federal level and, as such, Tasmania is unable to regulate this aspect of the industry on its own.
- 7.65 The removal of this ban is the subject of an application currently before Food Standards Australia New Zealand (FSANZ). FSANZ have already previously approved an application for the use of

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<sup>75</sup> Carter, Hansard, 10 July 2012, Page 65

hemp seed products in food in 2002 however, this decision was not accepted by the relevant Ministerial Council at the time.

7.66 Again, FSANZ has approved the current application for the use of hemp seed in food. FSANZ approved the application for the following reasons:

- *The variation to the Code to permit the sale of foods derived from low THC hemp seed was approved based on the best available scientific evidence, for the following reasons:*
- *A detailed risk assessment has not identified any public health and safety concerns associated with the consumption of hemp foods.*
- *The variation offers the best balance between the potential benefits to consumers and industry and potential costs for government and law enforcement agencies.*
- *The variation is consistent with the section 18 objectives of the FSANZ Act.*
- *The variation is based on appropriate risk management measures for matters considered to be within the scope of considerations that FSANZ can take account of when developing a food regulatory measure.<sup>76</sup>*

7.67 The Legislative and Governance Forum on Food Regulation (FoFR), which comprises the Federal, State, Territory and New Zealand Ministers has deferred a decision on whether to accept the FSANZ recommendation.

7.68 FoFR has requested that FSANZ review the draft variation to Standard 1.4.4 resulting from Application A1039 – Low THC Hemp

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<sup>76</sup> Food Standards Australia, Approval Report – Application A1039 Low THC Hemp as a Food, Page 35, available at [http://www.foodstandards.gov.au/code/applications/documents/A1039\\_AppRL.pdf](http://www.foodstandards.gov.au/code/applications/documents/A1039_AppRL.pdf)

as a food. FoFR has also referred the matter to the Standing Council on Police and Emergency Services in relation to law enforcement issues and has requested that the Food Regulation Standing Committee explore the potential issues related to the marketing of food containing low THC hemp.

7.69 The FoFR remains concerned that:

- The use of low THC hemp in food may undermine drug reduction strategies by contributing to a public perception that low levels of cannabis are acceptable and safe to consume;
- It may introduce a level of doubt and complexity for roadside drug testing; and
- It would generate an additional burden for regulatory agencies in distinguishing between high and low THC hemp.

7.70 FSANZ has until 31 October 2013 to review its decision, and may confirm, amend or withdraw its recommendation to allow low THC hemp in food.

## **Findings**

7.71 **The Committee finds that, from the evidence available, there are no public health and safety reasons why low THC hemp should not be approved for use in food.**

7.72 **The Committee finds that the Legislative and Governance Forum on Food Regulation should accept the recommendation made by FSANZ, which recommends that it be permitted and concludes there are no public health and safety reasons for continuing the ban on the use of low THC hemp in food.**

7.73 **The Committee finds that, on the evidence available, approving the use of low THC hemp in food would not lead to the normalization of the use of cannabis.**

7.74 **The Committee finds that it is a highly contradictory position that low THC hemp seed oil can be used in food products in New**



**Zealand, while the Legislative and Governance Forum on Food Regulation, of which New Zealand is a member, continues to ban the use of low THC hemp in food products in Australia.**

**Commercial Impediments for the Tasmanian Industrial Hemp Industry**

- 7.75 The evidence received by the Committee showed that despite sustained attempts over the past 20 years to establish an economically viable, robust and sustainable industrial hemp industry, these efforts have not proved to be particularly successful. The industry remains very small and only semi-commercial, and has been unable to achieve the level of organization and the economies of scale that would underpin its continued growth, despite the best efforts of those in the industry.
- 7.76 The Whole-of-Government submission to the Committee's inquiry provides a valuable insight to these efforts and the commercial impediments industry participants have faced:

*In the past industrial hemp was viewed with considerable scepticism by mainstream farmers because of overly optimistic claims, the difficulty in attracting producers, and lack of willingness and capacity to grow crops of sufficient scale to justify investment. Some industry proponents suggest that views are changing as farmers look for viable crop alternatives in their framing rotations.*

*Trial plantings of industrial hemp in the early 1990's in Tasmania focused on the potential of hemp fibre as a paper pulp alternative. Information from these trials led to the conclusion that the scale of production required to make harvesting, transporting and processing of hemp fibre economically viable was unlikely to be achievable, primarily because:*

- a) *the significant unit costs in relation to transporting hemp considering its very low weight per unit of volume. Anecdotal evidence suggests that as a general rule, milling facilities need to be within 50km of the crops;*
- b) *processing of hemp fibre is technically complex and requires significant investment in infrastructure, including processing and storage facilities and purpose build harvesting equipment;*
- c) *processing also requires a large volume of dry hemp material as bast fibre is recovered at a rate of 35-40 per cent of the stem. Anecdotal evidence suggested the minimum scale is about 2,500 hectares. Australia's only hemp fibre processing mill was recently built in the Hunter Valley in NSW; and*
- d) *to achieve a viable gross margin, evidence suggests that production needs to be on a broad acre basis similar to other crops such as cotton, soybean and sorghum.*<sup>77</sup>

7.77 Some of these assertions were reiterated by other inquiry respondents:

*Fibre production requires different machinery, a lot more input. You are looking at mills to separate fibres and that is a very expensive process.*<sup>78</sup>

7.78 The Whole-of Government submission goes on to suggest that because of these, and other factors, hemp seed appears to present the most viable industrial hemp opportunities:

*For these reasons, opportunities for industrial hemp in Tasmania relate to seed rather than fibre production. Hemp seed can be harvested using standard equipment, and*

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<sup>77</sup> Whole-of-Government Submission, Page 6-7

<sup>78</sup> Brandt and Lisa Teale, Hansard, 10 July 2012, Page 12

*transport is less costly because of the lower bulk-to-value ratio. Harvest waste can also be used as mulch but is usually burnt or dug in to improve soil quality.*

*In addition, research suggests that growing hemp for seed and seed oil products offers greater market potential and requires significantly less investment in infrastructure. Hemp seed oil extraction involves cold pressing seed; a process similar to that used for olive oil.<sup>79</sup>*

- 7.79 The Whole-of Government submission also notes a significant contrast to the poppy industry, the development of which is often used as a point of comparison for how the industrial hemp industry could be developed, and also notes the significant work needed to develop markets for hemp products:

*.....Unlike the poppy industry which developed in Tasmania because of strong global demand, the hemp sector is driven by producers looking for a market. For the sector to reach a viable commercial scale there would need to be considerable investment in the development of markets and distribution channels.<sup>80</sup>*

- 7.80 However, as noted in the discussion on the regulatory regime above, it appears that one of the key commercial impediments is the regulatory burden, both real and perceived.
- 7.81 The perception of an overly onerous regulatory burden has the effect of stifling growth, and if this were to be remedied, the industry may be able to achieve the critical mass that would enable it to overcome the commercial issues associated with the economies of scale required to promote an economically viable and sustainable industry.

## Findings

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<sup>79</sup> Whole-of-Government Submission, Page 7

<sup>80</sup> Ibid, Page 7

- 7.82 The Committee finds that a significant impediment to a viable industrial hemp industry is over regulation of the industry.
- 7.83 The Committee finds that a simple notification/registration system, as recommended by the Committee, coupled with removal of the ban on the use of low THC hemp in foods, may enable the industry to achieve the critical mass required to attain the economies of scale needed to develop an economically viable, growing and sustainable industrial hemp industry.

## 8 TERM OF REFERENCE (C)

8.1 Term of reference (c) requires the Committee to report on any other incidental matters. The main areas of interest outside of production and value adding impediments and commercial and regulatory barriers were:

- the advantages in using hemp in crop rotations; and
- road side drug testing issues.

### **The Advantages of Industrial Hemp in Cropping Rotations**

8.2 Much of the evidence submitted to the Committee commented on the advantages of using hemp in cropping rotations:

*... .. hemp has its place as a rotational crop, and that's one of the best advantages from a farming perspective, then they're usually harvesting and turning that in and then replanting quite soon afterwards.<sup>81</sup>*

*It is a complementary crop which fits well in a sustainable cropping rotation regime.<sup>82</sup>*

*Hemp is considered a sound rotational crop for mixed farming systems and is well suited to organic agriculture because of its ability to improve soil structure and low herbicide, fungicide and insecticide requirements.<sup>83</sup>*

*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.<sup>84</sup>*

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<sup>81</sup> Brandt and Lisa Teale, Hansard, 10 July 2012, Page 15

<sup>82</sup> Industrial Hemp Association of Tasmania, Submission, Page 2

<sup>83</sup> Whole-of –Government Submission, Page 5

<sup>84</sup> Davis, Hansard 24 July 2012, Page 7

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.<sup>85</sup>

It is an ideal rotational crop because of its short growing season. If you are growing for fibre, for example, you have a 90-day cycle between planting and harvest. All your winter grain crops can grow in rotation with that. You can keep growing. It has been done.<sup>86</sup>

Hemp is used more as a rotational crop to improve soil quality for the next grain or seed that goes in it.<sup>87</sup>

.....as a rotation, it is an excellent plant. It has a good tap root. It is a good feeder of nitrogen so it acts as a good rotation between lucerne, which is a nitrogenous plant, and then hemp, and then if you put on, say, winter oats those two seasonal crops would benefit from the lucerne originally, and then you can go back to lucerne again, or to some other legume crop to get the nitrogen back in. Or, of course, if you are looking at lesser nitrogenous crops there might be the requirement for some nitrate fertilisers to be put on. Some farmers were doing that because they were not in a rotation with a legume crop. However, they are all saying that when the plant drops its leaf - of course, the leaf is not of great value at the moment in terms of fibre because they are looking for the fibre in the hurd for those other sort of purposes - the plant is very good. It is quite dense and it grows to such a good height and has a fairly dense canopy it is a great weed suppressant, and so a lot of the farmers were saying they didn't require any cultivation for the next crop. They just sowed the next crop straight in because, apart from being a

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<sup>85</sup> Davis, Hansard 24 July 2012, Page 13

<sup>86</sup> Rankin, Hansard 10 July 2012, Page 57

<sup>87</sup> Lisa Teale, Hansard 30 October 2012, Page 27-28

*weed suppressant, it leaves the soil friable so they do not have to put another cultivation thing in, which reduces fossil fuels and compaction. It is just a win, win, win, this one.*<sup>88</sup>

*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.....*<sup>89</sup>

## **Findings**

- 8.3 The Committee finds that the evidence presented by industry participants shows that industrial hemp is a valuable addition in crop rotations.**

## **Roadside Drug Testing**

- 8.4** One of the concerns raised by inquiry respondents was the issue of roadside drug testing and the potential of testing positive to THC as a result of consuming foods that contain hemp products.

*There is a big concern that if people eat hemp food they may show a false positive on saliva testing and then additional expense will be incurred to verify that or not. My response to that is firstly saliva testing is not well accepted around the world as a reliable form of drug screening. We much prefer the New Zealand model of testing for impairment, whichever that is to be done, rather than testing for the presence of drugs and, thirdly, and most importantly, we've got some of the saliva tests and we did a test where people swabbed themselves, obtained a negative result, ate substantial quantities of hemp food and after swabbing again it was still negative.*<sup>90</sup>

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<sup>88</sup> Carter, Hansard 10 July 2012, Page 68

<sup>89</sup> Oldfield, Hansard 24 July 2012, Page 29

<sup>90</sup> Katelaris, Hansard, 10 July 2012, Page 29

The Tasmania Police submission to Foods Standards Australia New Zealand in relation to application A1039, Low-THC Hemp As Food, raised concerns about the lack of experimental data concerning the consumption of low-THC food products and the potential for a person to test positive for an illicit substance when subjected to an oral fluid test. This concern has been raised by a number of police jurisdictions including New South Wales, Queensland, Western Australian and South Australia. FSANZ is currently undertaking further consultation in police jurisdictions in relation to the application.<sup>91</sup>

**Ms SALTER** - As you are aware, we provided a submission to the application for food. We recognised in that submission that what we were raising sat slightly outside the scope of FSANZ, in that they were looking to determine the safety of low-THC products for food. This has been raised on a number of occasions about the potential for someone to consume a low-THC product, have some of the THC dust on the product and then been potentially able to test positive when an oral fluid test is applied. Our concern there is that potential for testing positive to something that somebody may claim to have ingested legally in that it was a low-THC food product that they ingested. FSANZ admitted in its assessment of the application that there is limited experimental data in relation to testing of low-THC food products and testing positive in oral fluid tests. All states are a little bit different, but in this state if somebody tests positive to an oral fluid test they would then be subjected to a blood test to confirm or otherwise. We would then assume that if it truly was ingested at very low levels of THC - the blood tests are slightly less sensitive than urine tests - we would assume that if a person

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<sup>91</sup> Arnold, Hansard 17 August 2012, Page 5-6



had consumed what would be a recommended maximum daily dose of the low-THC product then it would come back as negative.

**Ms PETRUSMA** - How sensitive are the saliva tests? What sort of level can they pick up?

**Ms SALTER** - Apparently they are very sensitive.

**Ms PETRUSMA** - So even a 0.01 per cent or something like that?

**Ms SALTER** - FSANZ did some investigation of the test and said that if there was a maximum proposed level of THC for hemp seed oil at 10 milligrams per kilogram, given that the saliva swabs generally are testing positive at 5 nanograms per millilitre, they felt you could consume 0.005 mls of oil at 10 milligrams per kilogram of THC and that would trigger a positive result. Most of the research we could find related to the ingestion of oil rather than seed product, and obviously that makes some differences in terms of what residue is left in the mouth.

**Ms PETRUSMA** - So is it higher in seed product or the oil?

**Ms SALTER** - It is that potential that if there is more of the THC on the product then you will retain that in your mouth and -

**Mr ARNOLD** - Once again, we are not trying to be obstructive. We are pointing out that if you test positive to a fluid test then that involves us taking you into custody for a blood test and it may all be for no particular reason because of the level. We think that needs to be addressed at some point.

**Ms SALTER** - We are searching for some clarity around this in terms of the testing. FSANZ is working with a number of police jurisdictions at this moment because a number have

raised concerns through submission to FSANZ. Some of those have been raised individually by the policing jurisdictions and some of them have been raised as whole-of-government submissions. But FSANZ is certainly working with all police jurisdictions at the moment to try to get greater clarity around this issue.

**Ms PETRUSMA** - In some states they have different saliva testing kits. Is their tolerance a bit different, a bit less or more?

**Ms SALTER** - I am not entirely sure but I am aware that in some jurisdictions they use purely the saliva test. So you would be tested with an oral swab and then they could use a different mechanism of testing saliva and indicating what illicit substance you may have ingested. We don't use that.<sup>92</sup>

- 8.5 A number of respondents noted that this issue has been one of the factors that have contributed to hemp seed products continuing to be banned from food. It has been asserted that this matter should not be an issue and should not be a factor in determining if hemp seed products should be able to be used in food:

*There has been a series of unreasonable delays caused, firstly, by the ministerial council wanting to see it face-to-face and then a last-minute intervention by police and policy with their concerns about saliva testing.*<sup>93</sup>

**Mr KAVASILAS** - Saliva testing has been raised by police. There has been some collusion between several police jurisdictions and that's the line they're toeing, that hemp seed food will further compound the saliva tests or people will be caught and tested and show positive and will say they've had some

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<sup>92</sup> Arnold, Salter, Hansard 17 August 2012, Page 11-12

<sup>93</sup> Katelaris, Hansard 10 July 2012, Page 31

hempseed oil or something similar and it will tie up the court system or something like that, they are all talking about.

**Mr BOOTH** - Okay, thank you; I haven't got your report in front of me.

**Ms PETRUSMA** - Andrew, the Tasmania Police did make a submission to FSANZ - Food Standards Australia New Zealand - on exactly what you said. Are you aware of any other police jurisdictions in Australia that are saying the same thing?

**Mr KAVASILAS** - Yes. In Mr Arnold's evidence, he says that South Australia, Queensland, Western Australia and New South Wales also have raised these concerns. Mr Arnold says Tasmania Police have not stated that they are unsupportive of the industry, but they sent in an unsupportive submission to FSANZ.<sup>94</sup>

*I have scrutinised all of the submissions made to FSANZ and the only opposition is police and basically using the saliva testing excuse*<sup>95</sup>

8.6 In approving the current application for use of hemp in food  
FSANZ noted the following with respect to drug testing:

*In respect of drug testing, the FSANZ assessment concluded that the consumption of hemp foods is unlikely to adversely impact on urine drug testing. FSANZ also examined the concerns that were raised regarding the possible adverse impact of consumption of hemp foods on oral fluid drug testing. There is limited evidence on this subject. FSANZ extrapolated the results of an unpublished study and this exercise suggested that this concern is unlikely to eventuate;*

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<sup>94</sup> Kavasilas, Hansard 30 October 2012, Page 9-10

<sup>95</sup> Kavasilas, Hansard 30 October 2012, Page 12

*however this evidence is suggestive only, rather than being definitive.*<sup>96</sup>

## **Findings**

- 8.7     **The Committee finds that in the evidence presented to the Committee that ingestion of hemp foods may result in a positive reading in road-side saliva drug-tests.**
- 8.8     **The Committee finds that such positive readings raise the issue of residual threshold levels and that this issue should be addressed by the relevant authorities having alternative methods of testing and measuring for actual impairment.**

**Parliament House  
HOBART  
16 October 2013**

**Mr. Brenton Best MP  
CHAIR**

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<sup>96</sup> Food Standards Australia, Approval Report – Application A1039 Low THC Hemp as a Food, Page 4, available at [http://www.foodstandards.gov.au/code/applications/documents/A1039\\_AppRL.pdf](http://www.foodstandards.gov.au/code/applications/documents/A1039_AppRL.pdf)

## 9 APPENDICES

### Appendix A - Submissions

| No. | Name, Position and Organisation   | Date submitted   |
|-----|---|------------------|
| 1   | Mrs Heloise Parry   | 4 April 2012     |
| 2   | Ms Estelle Ross   | 11 April 2012    |
| 3   | Ms Brenda Goddard   | 16 April 2012    |
| 4   | Mr Alan Cordell   | 13 April 2012    |
| 5   | Mr Brett Elliott,<br>Executive Director<br>First Planet Pty Ltd   | 18 April 2012    |
| 6   | Dr Andrew Kaletaris   | 18 April 2012    |
| 7   | Mr Fritz and Mrs Patsy Harmsen<br>Tasmanian Hemp Company  | 22 April 2012    |
| 8   | Mr Chris Buza<br>Manager Communications<br>Tasmanian Irrigation   | 23 April 2012    |
| 9   | Dr Bruce Kimberley Lowndes<br>John From Movement  | 23 April 2012    |
| 10  | Karen Adams<br>Near and Far   | 24 April 2012    |
| 11  | Phil Warner<br>Managing Director<br>Ecofibre Industries   | 27 April 2012    |
| 12  | James Graham  | 25 April 2012    |
| 13  | Brian Hinson  | 25 April 2012    |
| 14a | Brandt and Lisa Teale<br>Hemp Australia Pty Ltd   | 24 April 2012    |
| 14b | Lisa Teale<br>Hemp Australia Pty Ltd  | 30 October 2012  |
| 14c | Lisa Teale<br>Hemp Australia Pty Ltd  | 19 February 2013 |
| 15  | Adrian Francis K. Clarke<br>Director<br>Textile and Composite Industries Pty Ltd                            | 26 April 2012    |
| 16a | Lyn Stephenson<br>President<br>Industrial Hemp Association of Victoria                                      | 27 April 2012    |
| 16b | Lyn Stephenson<br>President<br>Industrial Hemp Association of Victoria                                      | 19 February 2013 |
| 17  | Beatrice Kuyumgian-Rankin<br>President<br>Maia Kaletaris<br>Secretary<br>Industrial Hemp Association of NSW | 27 April 2012    |
| 18  | Stuart Carter   | 27 April 2012    |
| 19  | Nick Steel<br>Policy and Advocacy Manager<br>Tasmanian Farmers and Graziers Association                     | 27 April 2012    |
| 20  | Raymond Rankin and Beatrice Kuyumgian-Rankin<br>Hemp Gallery Australia                                      | 27 April 2012    |

|    |  |                |
|----|--|----------------|
| 21 | Kim Evans<br>Secretary<br>Department of Primary Industries, Parks, Water and Environment<br>whole-of Government submission | 3 May 2012     |
| 22 | Klara Marosszeky<br>Manager<br>Australian Hemp Masonry Company   | 12 May 2012    |
| 23 | Lisa Yeates  | 17 May 2012    |
| 24 | Phil Reader<br>President<br>Peter Simmul<br>Secretary<br>Industrial Hemp Association of Tasmania                           | 24 April 2012  |
| 25 | Andrew Kavasilas   | 3 July 2012    |
| 26 | Mike Turner<br>International Director<br>Poly Marketing Pty Ltd T/A Envorinex  | 13 July 2012   |
| 27 | Keith Rice<br>Chief Executive<br>Poppy Growers Tasmania Inc  | 29 August 2012 |

## **Appendix B –Documents Received**

1. Documents tabled by Mr Brandt and Ms Lisa Teale from Hemp Australia Pty Ltd at the public hearing 10 July 2012:
  - Opening Statement to the House of Assembly Standing Committee on Environment, Resources and Development’s Hemp Industry Inquiry;
  - Email exchange between Mr Mike Turner, Environex, and Mr Brandt Teale, Hemp Australia Pty Ltd;
2. Recipe for sweet hemp treats, tabled by James Graham at the public hearing 10 July 2012.
3. Email communication between Estelle Ross and Jonathon Kite from Food Standards Australia, tabled by Estelle Ross at the public hearing 24 July 2012.
4. Report to the Standing Committee on Environment, Resources and Development regarding the Tasmanian Hemp Industry Inquiry – July 2012, Industrial Hemp Association of Tasmania, tabled by Phil Reader at the public hearing 24 July 2012.
5. An Australian Role Model Industrial Hemp Plan, tabled by Dr. Bruce Kimberley Lowndes at the public hearing 24 July 2012
6. Hemp History, tabled by Alan Cordell at the public hearing 24 July 2012.
7. Documents tabled by Ms Mary Sharpe from the Department of Health and Human Services at the hearing public hearing 17 August 2012:
  - Statement to House of Assembly Standing Committee Hemp Inquiry;
  - Application for a Licence to Grow Industrial Hemp (in Tasmania);
  - Sample Licence to Grow or Cultivate a Prohibited Plant (in Tasmania);
  - General Conditions and Restrictions (for growing poppies);
  - Conceptual Framework for Narcotic Regulatory Activity;
  - Conceptual Framework for Grower Licensing;
  - Copy of webpage entitled “Industrial Hemp Scheme” published by the WA Department of Agriculture and Food;
  - Notes to Assist in Applying for an Industrial Hemp License (in WA);
  - Form entitled “Notification of Sowing of Industrial Hemp” issued by the WA Department of Agriculture and Food;
  - Form entitled “ Application for a Licence under the Industrial Hemp Act 2004 of Western Australia”;
  - Form entitled “Adding a New Relevant Person to an Existing Licence under the Industrial Hemp Act 2004 of Western Australia”;
  - Form entitled “Adding a New Premises to an Existing License Under the Industrial Hemp Act 2004 of Western Australia”;
  - Form entitled “Grower Declaration and Request for Seed Analysis” issued by the WA Department of Agriculture and Food.
8. Documents tabled by Inspector John Arnold from the Department of Police and Emergency Management at the hearing public hearing 17 August 2012:
  - Statement by the Department of Police and Emergency Management;

- Copy of Examiner article from 16 February 2012 entitled :No Action on Hemp Growing”;
  - Form entitled “Industrial Hemp Site Check”, issued by the Department of Police and Emergency Management.
9. Documents tabled Ms Cheryle Hislop from the Department of Primary Industries Parks Water and Environment at the hearing public hearing 17 August 2012:
    - Opening Statement;
    - An updated version of “Enterprise Profile – Hemp” prepared by Macquarie Franklin Pty Ltd;
    - Updated versions of the gross margin analysis provided in the whole-of-Government submission to the Inquiry.
  10. Department of Economic Development Tourism and the Arts Opening Statement for the Standing Committee – Tasmanian Industrial Hemp Industry Inquiry, tabled by Ms Kate Dickinson at the public hearing 17 August 2012.
  11. Documents tabled by Ms Lisa Teale at the public hearing 24 October 2012:
    - Second Submission, Tasmanian Hemp Industry Inquiry, Hemp Australia;
    - Modern Uses for Hemp.
  12. Letter from the Hon Jason Clare MP to the Chair, Standing Committee on Environment Resources and Development, dated 17 May 2013.
  13. Letter from the Hon Shayne Neumann MP to the Chair, Standing Committee on Environment Resources and Development, dated 22 May 2013.
  14. Letter from Sid Sidebottom MP to the Chair, Standing Committee on Environment Resources and Development, dated 28 May 2013.
  15. Letter from Senator the Hon Joe Ludwig to the Chair, Standing Committee on Environment Resources and Development, dated 2 June 2013.



## **Appendix C – Minutes**

**Thursday 29 March 2012**

The Committee met at 1.00pm in Committee Room 1  
Parliament House

### **Members Present**

Mr Best (Chair)  
Mr Booth  
Mrs Petrusma  
Mr Rockliff (proxy for Mr Ferguson)

The Committee received an apology from Mr Sturges.

### **Confirmation of Minutes**

The Minutes of the meeting held on 20 September last were read and adopted as an accurate record (Mrs Petrusma).

### **Advertisement**

The draft advertisement having been previously circulated by the Secretary was taken into consideration by the Committee.

The Committee deliberated.

*Resolved*, that Friday, 27 April next be the closing date for submissions (Mr Rockliff).

*Ordered*, that the draft advertisement be adopted and placed in the three major daily newspapers on Saturday, 31 March next, and in the next issue of Tasmanian Country (Mr Booth).

### **Invitation for Submissions**

*Ordered*, that the Secretary write to the following persons and organisations:

- Ian Chamley;
- Brandt and Lisa Teale;
- Peter Simmul;
- Frits and Patsy Harmsen;
- Phil Warner;
- Industrial Hemp Association of Tasmania;
- Tasmanian Farmers and Graziers Association;

- Near and Far;
- Department of Primary Industries, Parks, Water and Environment;
- Department of Health and Human Services; and
- Department of Police and Emergency Management (Mr Rockliff).

### **Research**

*Resolved*, that the Parliamentary Research Service prepare a background paper on the positive and negative aspects of the Industrial Hemp Industry, including, but not limited to, analysis of the industry and regulatory arrangements in Canada and New Zealand, and the potential for proliferation of industrial hemp as a weed (Mr Booth).

### **Adjournment**

At 1.24pm the Committee adjourned until a date and time to be fixed.

## **Tuesday 22 May 2012**

The Committee met at 1.03 p.m. in Committee Room 2 Parliament House

### **Members Present**

Mr Best (Chair)  
Mr Booth  
Mrs Petrusma  
Mr Sturges  
Mr Rockliff (proxy for Mr Ferguson)

### **Confirmation of Minutes**

The Minutes of the meeting held on 29 May last were read and adopted as an accurate record (Mr Rockliff).

### **Receipt of Submissions**

*Ordered*, that submissions 1 to 20 and 24 be received and taken in to evidence (Mr Rockliff).

### **Receipt of late Submissions**

*Ordered*, that submissions 21 to 23 which were received after the closing date for submissions, be received and taken into evidence (Mr Sturges).

### **Future Meetings**

The Committee discussed future meetings of the Committee.

The Committee agreed that the Committee Secretary coordinate dates for future meetings to hear witnesses.

*Resolved*, that persons and organisations that have made a submission be invited to appear before the Committee, for a maximum of 30 minutes, at a date and time to be fixed (Mr Booth).

### **Adjournment**

At 1.15 p.m. the Committee adjourned until a date and time to be fixed.

## **TUESDAY, 10 JULY 2012**

The Committee met in Committee Room 2, Parliament House, Hobart at 10:00 a.m.

Members Present:

Mr Best (Chair)  
Mr Sturges  
Mr Rockliff

An apology was received from Mrs Petrusma

### **WITNESSES**

The following witnesses were called, made the Statutory Declaration and were examined by the Committee in public:-

Frits Harmsen, Tasmanian Hemp Company; and  
Patsy Harmsen, Tasmanian Hemp Company

The witnesses withdrew.

### **WITNESSES**

The following witnesses were called, made the Statutory Declaration and were examined by the Committee in public:-

Brandt Teale, Hemp Australia Pty Ltd; and  
Lisa Teale, Hemp Australia Pty Ltd

### **PAPERS**

The witnesses tabled the following papers:-

- (1) Opening Statement to the House of Assembly Standing Committee on Environment, Resources and Development's Hemp Industry Inquiry; and
- (2) Email exchange between Mike Turner, Environex, and Brandt Teale, Hemp Australia Pty Ltd.

The witnesses withdrew.

**WITNESS** The following witness was called, made the Statutory Declaration and was examined by the Committee in public:-

Brian Hinson

The witness withdrew.

**WITNESS** The following witness was called, made the Statutory Declaration and was examined by the Committee in public:-

James Graham

**PAPERS** The witness tabled the following paper:-

- (1) Recipe for sweet hemp tarts

The witness withdrew.

**SUSPENSION OF SITTING** At 11:45 a.m. the meeting was suspended until 12:04 p.m.

**WITNESS** The following interstate witness was called, appeared via phone, and was examined by the Committee in public:-

Dr Andrew Katelaris

The witness withdrew.

**WITNESS** The following interstate witness was called, appeared via phone, and was examined by the Committee in public:-

Phil Warner, Managing Director, Ecofibre Industries

The witness withdrew.

**SUSPENSION OF  
SITTING**

At 1:00 a.m. the meeting was suspended until 2:05 p.m.

Members Present:

Mr Best (Chair)  
Mr Booth (by phone)  
Mr Rockliff

**WITNESS**

The following interstate witness was called, appeared via phone, and was examined by the Committee in public:-

Adrian Clarke, Director, Textile and Composite Industries Pty Ltd

The witness withdrew.

**WITNESS**

The following interstate witness was called, appeared via phone, and was examined by the Committee in public:-

Lyn Stephenson, President, Industrial Hemp Association of Victoria

The witness withdrew.

**WITNESS**

The following interstate witnesses were called, appeared via phone, and were examined by the Committee in public:-

Beatrice Kuyumgian-Rankin, President, Industrial Hemp Association of NSW; and  
Raymond Rankin

The witnesses withdrew.

**WITNESS**

The following interstate witness was called, appeared via phone, and was examined by the Committee in public:-

Stuart Carter

The witness withdrew.

**WITNESS** The following interstate witness was called, appeared via phone, and was examined by the Committee in public:-

Klara Marosszeky, Manager, Australian Hemp Masonry Company

The witness withdrew.

**ADJOURNMENT** At 4:25 p.m. the Committee adjourned until 11 a.m. on 24 July 2012.

Confirmed,

### **TUESDAY, 24 JULY 2012**

The Committee met in the Conference Room, Henty House, Launceston at 11:03 a.m.

Members Present:

Mr Best (Chair)  
Mrs Petrusma  
Mr Booth  
Mr Sturges  
Mr Rockliff

**WITNESSES** The following witness was called, made the Statutory Declaration and was examined by the Committee in public:-

Estelle Ross

**PAPERS** The witness tabled the following paper:-

Email communication between Estelle Ross and Jonathon Kite from Food Standards Australia.

The witness withdrew.

**WITNESSES** The following witnesses were called, made the Statutory Declaration and were examined by the Committee in public:-

Jan Davis, CEO, Tasmanian Farmers and Graziers Association (TFGA); and  
Nick Steel, Policy and Advocacy Manager, TFGA

The witnesses withdrew.

**WITNESS**

The following witnesses were called, made the Statutory Declaration and were examined by the Committee in public:-

Phil Reader, President, Industrial Hemp Association of Tasmania; and  
Peter Simmul, Secretary, Industrial Hemp Association of Tasmania

**PAPERS**

The witnesses tabled the following paper:-

Report to the Standing Committee on Environment, Resources and Development regarding the Tasmanian Hemp Industry Inquiry – July 2012.

The witnesses withdrew.

**WITNESS**

The following witnesses were called, made the Statutory Declaration and were examined by the Committee in public:-

Chris Oldfield, Chief Executive, Tasmanian Irrigation; and  
Chris Buza, Manager Communications, Tasmanian Irrigation

The witnesses withdrew.

**CONFIRMATION  
OF MINUTES**

The minutes of the meeting held on 22 May and 10 July last were read and adopted as an accurate record (Mr Rockliff).

**RECEIPT OF  
ADDITIONAL  
INFORMATION**

*Ordered*, that the additional information provided by Ms Estelle Ross (Submission No. 2) and Mr Brian Hinson (Submission No. 13), with the exception of the confidential information provided by Mr Hinson, be received and taken into evidence (Mr Booth).

**RECEIPT OF LATE  
SUBMISSIONS**

*Ordered*, that submissions 25 (Mr Andrew Kavasilas) and 26 (Mr Michael Turner) be received and taken into evidence (Mr Booth)

|                                   |   |
|-----------------------------------|---|
| <b>PAPERS</b>                     | <i>Ordered</i> , that the papers tabled at the meeting held on 10 July last be received and taken into evidence (Mr Booth).   |
| <b>PUBLICATION OF SUBMISSIONS</b> | <i>Ordered</i> , That the written submissions made by the witnesses appearing at this hearing and the hearing of 10 July last and previously submitted to the Committee be published on the Committee's web page (Mr Booth).  |
| <b>FUTURE MEETINGS</b>            | <p>The Committee discussed future meetings of the Committee.</p> <p>The Committee agreed that the Committee Secretary coordinate dates for future meetings to hear witnesses.</p> <p><i>Resolved</i>, that officers from the Department of Primary Industries, Parks, Water and Environment, the Department of Economic Development, Tourism and the Arts, the Department of Police and Emergency Management and the Department of Health and Human Services be invited to appear before the Committee concurrently, at a date and time to be fixed (Mr Sturges).</p> <p><i>Resolved</i>, that those persons and organisations that have made late submissions, were unavailable for other hearings or wish to give further evidence be invited to appear before the Committee at a date and time to be fixed (Mr Booth).</p> |
| <b>REQUEST FOR SUBMISSION</b>     | <i>Ordered</i> , that the Secretary write to the Tasmanian Poppy Growers Association requesting that they provide a written submission to the Committee (Mr Sturges).   |
| <b>SUSPENSION OF SITTING</b>      | <p>At 1:13 a.m. the meeting was suspended until 2:03 p.m.</p> <p>Members Present:</p> <p style="padding-left: 40px;">Mr Best (Chair)<br/>Mrs Petrusma<br/>Mr Booth<br/>Mr Sturges<br/>Mr Rockliff</p>   |
| <b>WITNESS</b>                    | The following witness was called, made the Statutory Declaration and was examined by the Committee in public:-  |



Kim Lowndes

**PAPERS**

The witness tabled the following paper:-

An Australian Role Model Industrial Hemp Plan

The witness withdrew.

**WITNESS**

The following witness was called, made the Statutory Declaration and was examined by the Committee in public:-

Alan Cordell

**PAPERS**

The witness tabled the following paper:-

Hemp History.

The witness withdrew.

**ADJOURNMENT**

At 3:03 p.m. the Committee adjourned until a date and time to be fixed.

**Thursday, 17 August 2012**

The Committee met in Committee Room 2, Parliament House, Hobart at 12:30 p.m.

Members Present:

Mr Best (Chair)

Mr Rockliff

Mrs Petrusma

An apology was received from Mr Sturges

**WITNESSES**

The following witnesses were called, made the Statutory Declaration and were examined by the Committee in public:-

Department of Primary Industries, Parks, Water and Environment:

- Cheryle Hislop, Plant Industry Analyst.

Department of Economic Development, Tourism and the Arts:

- Kate Dickinson, Project Manager, Food and Agribusiness Sectors, Trade and Migration; and
- Carole Rodger, Assistant General Manager, Food and Agribusiness Sectors, Trade and Migration.

Department of Health and Human Services:

- Mary Sharpe, Chief Pharmacist; and
- James Galloway, Deputy Chief Pharmacist.

Department of Police and Emergency Management:

- Debra Salter, Manager, Executive Support and Secretariat Unit; and
- Inspector John Arnold, Drug Investigations Services Southern District.

## PAPERS

The witnesses tabled the following papers:-

- (3) Statement to House of Assembly Standing Committee Hemp Inquiry - DHHS;
- (4) Application for a Licence to Grow Industrial Hemp (in Tasmania);
- (5) Sample Licence to Grow or Cultivate a Prohibited Plant (in Tasmania);
- (6) General Conditions and Restrictions (for growing poppies);
- (7) Conceptual Framework for Narcotic Regulatory Activity;
- (8) Conceptual Framework for Grower Licensing;
- (9) Copy of webpage entitled “Industrial Hemp Scheme” published by the WA Department of Agriculture and Food;
- (10) Notes to Assist in Applying for an Industrial Hemp License (in WA);
- (11) Form entitled “Notification of Sowing of Industrial Hemp” issued by the WA Department of Agriculture and Food;
- (12) Form entitled “ Application for a Licence under the Industrial Hemp Act 2004 of Western Australia”;
- (13) Form entitled “Adding a New Relevant Person to an Existing Licence under the Industrial Hemp Act 2004 of Western Australia”;
- (14) Form entitled “Adding a New Premises to an Existing License Under the Industrial Hemp Act 2004 of Western Australia”;
- (15) Form entitled “Grower Declaration and Request for Seed Analysis” issued by the WA Department of Agriculture and Food;

- (16) Statement by the Department of Police and Emergency Management;
- (17) Copy of Examiner article from 16 February 2012 entitled :No Action on Hemp Growing”;
- (18) Form entitled “Industrial Hemp Site Check”, issued by the Department of Police and Emergency Management;
- (19) DPIPWE Opening Statement;
- (20) An updated version of “Enterprise Profile – Hemp” prepared by Macquarie Franklin Pty Ltd;
- (21) Updated versions of the gross margin analysis provided in the whole-of-Government submission to the Inquiry; and
- (22) DEDTA Opening Statement for the Standing Committee – Tasmanian Industrial Hemp Industry Inquiry.

The witnesses withdrew.

At 1.50p.m. Mr Booth took his seat.

**PUBLICATION OF  
SUBMISSION**

*Ordered*, that submission number 21 be published on the Committee’s web page (*Mrs Petrusma*).

**EVIDENCE**

*Ordered*, that the papers tabled this day and at the meeting held on 24 July last be received and taken into evidence (*Mr Rockliff*).

At 2:04 p.m. the Committee adjourned until a date and time to be fixed.

**TUESDAY, 30 October 2012**

The Committee met in Committee Room 3, Parliament House, Hobart at 10:00 a.m.

Members Present:

Mr Best (Chair)  
Mr Sturges  
Mrs Petrusma  
Mr Rockliff (via phone)  
Mr Booth (via phone)

**WITNESSES** The following witness was called, appeared by phone, made the Statutory Declaration and was examined by the Committee in public:-

Mike Turner, ENVORINEX

The witnesses withdrew.

**WITNESS** The following interstate witness was called, appeared via phone, and was examined by the Committee in public:-

Andrew Kavasilas, Vitahemp Pty Ltd

The witness withdrew.

**WITNESS** The following witness was called, appeared by phone, made the Statutory Declaration and was examined by the Committee in public:-

Lisa Yeates

The witness withdrew.

**WITNESSES** The following witness was called and was examined by the Committee in public:-

Lisa Teale, Hemp Australia Pty Ltd

**PAPERS** The witnesses tabled the following papers:-

- (1) Second Submission, Tasmanian Hemp Industry Inquiry;  
and
- (2) Modern Uses for Hemp

The witnesses withdrew.

**CONFIRMATION OF MINUTES** The minutes of the meeting held on 24 July and 17 August last were read and adopted as an accurate record (Mrs *Petrusma*).

**PUBLICATION OF SUBMISSIONS** Ordered, that submission numbers 23, 25 and 26 be published on the Committee's web page (Mr *Booth*).

**EVIDENCE**

*Ordered*, that the submission made by the Poppy Growers Association of Tasmania be received and taken into evidence (Mr Rockliff).

*Ordered*, that the papers tabled this day be received and taken into evidence (Mrs Petrusma).

**SITE VISITS**

The Committee discussed potential site visits to inspect industrial hemp farms, structures built using hemp as a component of construction and hemp processing facilities.

**COMMITTEE TO  
SEEK ADDITIONAL  
INFORMATION**

*Resolved*, that the Committee write to the Federal Minister for Health seeking written advice on the Minister's position regarding the current application before Food Standards Australia seeking to permit the use of products from low THC hemp as food (Mr Rockliff).

*Resolved*, that the Committee write to the Federal Shadow Minister for Health seeking written advice on the Shadow Minister's position regarding the current application before Food Standards Australia seeking to permit the use of products from low THC hemp as food (Mr Rockliff).

*Resolved*, that the Committee write to Food Standards Australia New Zealand requesting that an officer be made available to provide evidence on the current application before Food Standards Australia seeking to permit the use of products from low THC hemp as food, at hearing to be held on a date and at a time to be fixed.

At 12:20 p.m. the Committee adjourned until a date and time to be fixed.

**TUESDAY, 19 March 2013**

The Committee met in Committee Room 3, Parliament House, Hobart at 1:00 p.m.

Members Present:

Mr Best (Chair)

Mr Sturges

Mr Rockliff

Apologies were received from *Mrs Petrusma* and *Mr Booth*

**CONFIRMATION  
OF MINUTES**

The minutes of the meeting held on 30 October last were read and adopted as an accurate record (*Mr Sturges*).

**EVIDENCE**

*Ordered*, that the supplementary submissions made by Hemp Australia Pty Ltd and the Industrial Hemp Association of Victoria be received and taken into evidence (*Mr Rockliff*).

**FUTURE  
DIRECTION OF  
THE INQUIRY**

*Resolved*, that the Secretary would commence drafting a draft report.

*Resolved*, that the Secretary would draft a statement to be published on the Committee's website informing interested parties of the Committee's progress.

At 1:17 p.m. the Committee adjourned until a date and time to be fixed.

**Friday, 16 August 2013**

The Committee met in Committee Room 2, Parliament House, Hobart at 11:15 a.m.

Members Present:

Mr Best (Chair) (by phone)  
Mr Booth (by phone)  
Mr Rockliff (by phone)  
Mrs Petrusma

An apology was received from *Mr Sturges*

**CORRESPONDENCE**

*Resolved*, that the following correspondence be received and taken into evidence:

- Letter from the Hon Jason Clare MP;
- Letter from the Hon Shayne Neumann MP;
- Letter from Sid Sidebottom MP; and

- Letter from Senator the Hon Joe Ludwig (*Mrs Petrusma*).

#### **DRAFT REPORT**

The Committee considered the draft report.

*Resolved*, that the Secretary redraft the report to include the findings and recommendations as discussed by the Committee (Mr Best).

At 1:30 p.m. the Committee adjourned until a date and time to be fixed.

### **Tuesday, 17 September 2013**

The Committee met in Committee Room 3, Parliament House, Hobart at 1:06 p.m.

Members Present:

Mr Best (Chair)  
Mrs Petrusma  
Mr Rockliff  
Mr Sturges

An apology was received from Mr Booth.

#### **MINUTES**

The minutes of the meeting held on 19 March last were read and adopted as an accurate record (Mr Sturges).

The minutes of the meeting held on 16 August last were read and adopted as an accurate record (Mr Rockliff).

#### **DRAFT REPORT**

The Committee discussed the draft Hemp Industry Report. The Committee agreed that Members would provide proposed amendments to the draft report to the Committee Secretary and these would be considered at the Committee's next meeting.

#### **NEXT MEETING**

*Resolved*, That the Committee next meet at 1.00 p.m., Thursday 26 September next (Mr Best).

At 1:24 p.m. the Committee adjourned until a 1.00 p.m., Thursday 26 September next.

**Thursday, 26 September 2013**

The Committee met in Committee Room 2, Parliament House, Hobart at 1:05 p.m.

Members Present:

*Mr Best (Chair)*  
*Mr Booth*  
*Mrs Petrusma*  
*Mr Rockliff*

An apology was received from Mr Sturges.

**DRAFT REPORT**

The draft Hemp Industry Report, having been circulated to the Members of the Committee, was considered.

Chapter 1 – Reference to the Committee

Paragraph 1.1 read and agreed to.

Chapter 2 – Conduct of the Inquiry

Paragraphs 2.1 to 2.9 read and agreed to.

Chapter 3 – Summary of Findings

Postponed until Findings agreed.

Chapter 4 – Summary of Recommendations

Postponed until Recommendations agreed.

Chapter 5 – Introduction

Paragraphs 5.1 to 5.4 read and agreed to.

Paragraph 5.5 read.

Amendment made.

Paragraph 5.5 as amended agreed to.

Paragraph 5.6 read and agreed to.



## Chapter 6 – Term of Reference (A)

Paragraphs 6.1 to 6.10 read and agreed to.

Recommendation 1 read and agreed to.

Paragraphs 6.11 and 6.12 read and agreed to.

Paragraph 6.13 read.

Amendment made.

Paragraph 6.13 as amended agreed to.

Paragraphs 6.14 to 6.18 read and agreed to.

Paragraph 6.19 read.

Amendment made.

Paragraph 6.19 as amended agreed to.

Paragraph 6.20 read.

Amendment made.

Paragraph 6.20 as amended agreed to.

Paragraph 6.21 read.

Amendment made.

Paragraph 6.21 as amended agreed to.

Paragraph 6.22 read.

Amendment made.

Paragraph 6.22 as amended agreed to.

## Chapter 7 – Term of Reference (B)

Paragraph 7.1 read and agreed to.

Paragraph 7.2 read.

Amendment made.

Paragraph 7.2 as amended agreed to.

Paragraph 7.3 read and agreed to.

Paragraph 7.4 read.

Amendment made.

Paragraph 7.4 as amended agreed to.

Paragraph 7.5 read.

Amendment made.

Paragraph 7.5 as amended agreed to.

Paragraph 7.6 to 7.9 read and agreed to.

Paragraph 7.10 read.

Amendment made.

Paragraph 7.10 as amended agreed to.

Paragraph 7.11 to 7.12 read and agreed to.

Paragraph 7.13 read.

Amendment made.

Paragraph 7.13 as amended agreed to.

Paragraph 7.14 to 7.18 read and agreed to.

Paragraph 7.19 read.

Amendment made.

Paragraph 7.19 as amended agreed to.

Paragraph 7.20 read.

Amendment made.

Paragraph 7.20 as amended agreed to.

Paragraph 7.21 read.

Amendment made.

Paragraph 7.21 as amended agreed to.

Paragraph 7.22 read and agreed to.

Paragraph 7.23 read.

Amendment made.

Paragraph 7.23 as amended agreed to.

Paragraph 7.24 read and agreed to.

Paragraph 7.25 read.

Amendment made.

Paragraph 7.25 as amended agreed to.

Paragraph 7.26 read.

Amendment made.

Paragraph 7.26 as amended agreed to.

Recommendations 3 and 4 read and agreed to.

Recommendation 5 read.

Amendment made.

Recommendation 5 as amended agreed to.

Paragraph 7.27 to 7.28 read and agreed to.

Paragraph 7.29 read.

Amendment made.

Paragraph 7.29 as amended agreed to.

Paragraphs 7.30 to 7.34 read and agreed to.

Recommendation 6 read and agreed to.

Paragraphs 7.35 to 7.40 read and agreed to.

Paragraph 7.41 read.

Amendment made.

Paragraph 7.41 as amended agreed to.

Paragraph 7.42 read and agreed to.

Paragraph 7.43 read.

Amendment made.

Paragraph 7.43 as amended agreed to.

Paragraphs 7.44 to 7.52 read and agreed to.

Recommendation 7 read and agreed to.

Recommendation 8 read.

Amendment made.

Recommendation 8 as amended agreed to.

Recommendation 9 read and agreed to.

Paragraph 7.53 read and agreed to.

Paragraph 7.54 read.

Amendment made.

Paragraph 7.54 as amended agreed to.

Paragraphs 7.55 to 7.56 read and agreed to.

Paragraph 7.57 read.

Amendment made.

Paragraph 7.57 as amended agreed to.

Paragraph 7.58 read and agreed to.

Paragraph 7.59 read.

Amendment made.

Paragraph 7.59 as amended agreed to.

Paragraph 7.60 read.

Amendment made.

Paragraph 7.60 as amended agreed to.

Recommendation 10 read and agreed to.

Paragraphs 7.61 to 7.66 read and agreed to.

Consideration of the remainder of the draft report postponed until the next meeting of the Committee.

**ADJOURNMENT** At 2:15 p.m. the Committee adjourned until 11.00 a.m., Thursday 3 October next.

#### **Thursday, 3 October 2013**

The Committee met in Committee Room 2, Parliament House, Hobart at 11:11 a.m.

Members Present:

Mr Best (Chair) (by phone)

Mrs Petrusma

Mr Rockliff (by phone)

Mr Sturges

An apology was received by Mr Booth, noting he would join the meeting at a later time.

Mr Booth joined the meeting by phone at 11.23 a.m.

**MINUTES** The Minutes of the meetings held on 17 September and 26 September last were read and adopted as an accurate record (Mrs Petrusma).

**DRAFT REPORT** The draft Hemp Industry Report was further considered.

## Chapter 7 – Term of Reference (B)

Paragraph 7.67 to 7.81 read and agreed to.

Paragraph 7.82 read.

Amendment made.

Paragraph 7.82 as amended agreed to.

Paragraph 7.83 read.

Amendment made.

Paragraph 7.83 as amended agreed to.

The Committee noted that paragraphs 7.35 to 7.52 had been moved to precede paragraphs 7.27 to 7.34.

New paragraphs 7.27 to 7.52 read and agreed to.

The Committee noted that due paragraphs 7.35 to 7.52 being moved to precede paragraphs 7.27 to 7.34, Recommendations 6 through 9 were renumbered to become Recommendations 5 through 8.

New Recommendations 5 through 8 read and agreed to.

## Chapter 8 – Term of Reference (C)

Paragraph 8.1 read.

Amendment made.

Paragraph 8.1 as amended agreed to.

Paragraph 8.2 read.

Amendment made.

Paragraph 8.2 as amended agreed to.

Paragraph 8.3 read.

Amendment made.

Paragraph 8.3 as amended agreed to.

Paragraph 8.4 to 8.8 read and agreed to.

#### Chapter 4 – Summary of Recommendations

Chapter 4 read and agreed to.

#### Chapter 3 – Summary of Findings

Consideration of Chapter 3 postponed until the next meeting of the Committee to allow Chapter 3 to be amended to include the Committee's Findings, as agreed by the Committee at this and the previous meeting.

**MEDIA RELEASE** The Committee agreed that the Committee Secretary draft a media statement regarding the Committee's report into the Tasmanian Industrial Hemp Industry which would be released once the report is tabled.

**EVIDENCE** *Resolved*, that the submissions, exhibits and tabled documents received and taken into evidence by the Committee be reported (Mrs Petrusma).

*Resolved*, that the transcripts of evidence taken *in camera* not be reported (Mr Sturges).

*Resolved*, that the submissions that had not previously been published, those being submissions 1, 3, 5, 10, 14b, 14c, 16b and 27, be published once the report is tabled (Mr Booth).

**ADJOURNMENT** At 11:50 a.m. the Committee adjourned until 1.00 p.m., Wednesday 16 October next.

#### **Wednesday, 16 October 2013**

The Committee met in Committee Room 2, Parliament House, Hobart at 1:02 p.m.

Members Present:

Mr Best (Chair)  
Mrs Petrusma  
Mr Rockliff  
Mr Sturges

An apology was received from Mr Booth.

**MINUTES**

The Minutes of the meeting held on 3 October last were read and adopted as an accurate record (Mr Sturges).

**DRAFT REPORT**

The draft Hemp Industry Report, as amended, was further considered.

*Resolved*, That the draft Report be the Report of the Committee (Mrs Petrusma).

The Committee extended its thanks to Mr Hennessy for his work as Committee Secretary on this reference.

**MEDIA RELEASE**

The Committee agreed to the release of the media statement drafted by the Committee Secretary.

**ADJOURNMENT**

At 1:08 p.m. the Committee adjourned *sine die*.