To : The Secretary Environment, Resources and Development Committee Brenton Best, Chairperson Standing Committee – Tasmanian Hemp Industry Inquiry

## RE: Submission, Tasmanian Hemp Industry Inquiry

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# This Submission is Confidential and can only be used in relation to the Standing Committee – Tasmanian Hemp Industry Inquiry

#### **Corporate Background**

Ecofibre Industries Operations Pty Ltd is Australia's largest industrial hemp production company. Ecofibre (EIO) also grows crops such as Kenaf, Flax and Sunn Hemp had has significant R&D activities including Plant Science, Material Science, Plant Breeding, Agronomic trials, harvesting and Fibre Handling and Processing activities. EIO is a subsidiary of Infinite Fibre.

Infinite Fibre (IF) is a private Australian/Swiss Joint Venture investment company formed in 2009. IF's business mandate is to meet the growing industrial needs for sustainable resources and bio-commodities to meet growing global demand. Since inception IF has made a number of strategic investments and alliances in Bio based material supply entities in a number of countries including Australia. All of these entities produce, process or value-add materials from a group of crops called "bast fibre" (e.g Hemp, Kenaf, Sun Hemp, Flax etc). IF is the first company in the world to have production in both the Northern and Southern hemispheres.

The IF mission is to become a global leader in the supply of sustainable bio-commodities produced from bast fibre crops. The first stage of this mission will be achieved by direct investment into allied entities or via the creation of new ventures with strategic partners worldwide. This network of entities share in the development of plant breeding, agronomy, field and harvest techniques, processing and other technologies, market development and market supply created by IF via it's Group members.

IF and its JV partners have a growing client data base that demand different technical grades of product. All clients have a significant interest in a sustainable bio-based

commodity supply. As with any new commodity, manufacturers need certainty of supply, price and quality before they will commit to the use of those materials. To meet supply demands IF has adopted an agricultural risk management strategy by having a number of different production areas internationally, where by crop failure in one region or hemisphere is offset by supply from another.

In the Netherlands, IF partners with Dun Agro, one of the largest producers in Europe. This JV has developed and is using state of the art processing technology that provides higher quality product at greater efficiency than traditional technology. Smaller JV entities have been formed in Thailand (Thai Hemp) Uruguay (The Latin American Hemp CO) which are presently at agricultural implementation stage. Other technical transfer and market strategic alliances exist in USA, Canada, Eastern Europe, China and Russia.

In Australia, Ecofibre Industries Operations (EIO) is seen as a key investment in the IF portfolio due to the significant achievements EIO has created by developing high yielding plant varieties, in-field processing and highly efficient material handling. EIO has also developed a relocatable mill system. This system allows EIO to offsets it's capital and supply risk by being able to efficiently relocate the mill to non-drought or climate risk affected regions. This system is unlike traditional fixed mill systems which are restricted to one location and therefore climate risk.

In other countries different systems and markets are adopted to meet the local or traditional requirements. Ultimately the IF production system is able to control the production and supply of bio-material to the benefit of both the producer and the end user meet the need for sustainable materials for use in every day consumer products.

# Company Background in Tasmania:

EIO has been involved in the research and development of industrial hemp in Tasmanian (and Australian) for over 15 years. Ecofibre has grown over 90% of the hemp crops in Tasmania over that time. Ecofibre is an original member of Hemp Co-Op of Tasmania Ltd and undertaken research projects with University of Tasmania, the Tasmanian Institute of Agricultural Research (joint venture with UTAS and DPIPWE) as well as separate DPIPWE trials. Significant results from those trials are:

- Hemp seed types grown in Tasmania provide a higher quality oil and meal profile than those from the main-land,
- Identifying variety types to suit different regions of Tasmania,
- Hemp mulch is a highly superior mulch for both domestic and commercial garden or orchid crops
- Fibre crop trials and yields match that of Europe.

Ecofibre has invested approximately \$200,000 into the production trials and value adding trials over this period. The last 5 years seed crop trials have been conducted with TFGA group members including Phil Reader. Ecofibre sells seed produced from those trials to Hemp Australia who press the seed for oil and seed meal and sell into the Australian market. Ecofibre also supplies crop stalk for Hemp Australia to bag and sell as Garden Mulch.

Ecofibre was the author of the A360 Hemp as a novel food application under ANZFA in 1999. In 1998 Ecofibre invested in the local production of a hemp ice-cream in a trial

program which was highly successful but was moth-balled due to the failure for hemp food legislation being passed in 2000.

#### **Outcomes from Research and Trials**

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.

Not enough work has been done on the fibre crop to establish any advantage other than to say yields achieved are equivalent to those in Europe and North America.

It is our view that a substantial industry could be created in Tasmania if it received similar support to other agricultural industries of the past. While private enterprise is willing to invest in the development of this industry there is also a need for Government to play a role should it decide it wants that new industry in the state.

## **Considerations for the Standing Committee:**

Demand for seed oil and meal for cosmetics and animal food already exists and it is often that Tasmanian product can't meet demand. Should the FSANZ Application A1039 be approved a considerable increase in demand would occur. If Tasmania is not in a position to meet that demand it will simply be sought elsewhere from within Australia, NZ, China or Canada.

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.

After all, Industrial Hemp has no drug value and is not truly a poison regardless of its technical scheduling. It seems that the major difficulty with removing cannabis from the Poisons list is with the taxonomic definition which encumbrances all Cannabis species rather than the species by their drug content or lack of it. It is the Drug content (THC) that is the poison, yet regardless of the lack of THC the whole species of cannabis falls under the poisons act. This can be and needs to be readdressed.

For this very purpose the UN Single Convention on Narcotic Drugs, 1961

expressly and purposefully leaves Industrial Hemp out of its scope of control and provides examples of industrial use, in paragraph 2, article 28 it says:

"This Convention should not apply to the cultivation of the cannabis plant exclusively for industrial purposes (fibre and seed) or horticultural purposes."

For further information, observe the full text of the international drug control treaties obtained from the UN website at: <a href="http://www.odccp.org">http://www.odccp.org</a>

It is our view that Industrial Hemp can be defined by the Government of any territory to suit its own need.

In most if not all other regimes world-wide industrial hemp is handled by the Agricultural department which is better equipped to deal with regulating agricultural production be it GM crops or bio-security issues. Therefore Agricultural departments do have the capability of regulating materials or crops to the relevant level for industrial hemp.

It is our view that Industrial hemp (cannabis) should be removed from the poisons list and put under the control of Primary Industries in a similar way to that of Qld and NSW. This would include:

- Introduce 3 or 5 year license system,
- Uniform testing and THC levels with other states in Australia,
- Simplified regulations in relation to handling of seed and crops,
- Hemp plant research should be included separately under special research license,
- Informed media campaign to de-bunk myths and espouse the benefits.

#### **Recommendation:**

It would seem logical that Tasmania should put together a working committee similar to that of Qld, (Industrial Hemp Advisory Committee), which oversaw the drafting of legislation in Qld. That committee was made up of State Dept of Police, Health, Attorney Generals, Primary Industries, Premiers as well as Growers representatives, Research organizations and other experts. This committee would deal with the drafting of future legislative frameworks for a Tasmanian industrial hemp industry.

Given the existing hemp legislative frameworks within Australia I believe a comprehensive outcome could be achieved in a six month period.

Thank you for the opportunity to comment.

Yours sincerely

Philip Warner Managing Director Ecofibre Industries