

## HEMP INDUSTRY BILL 2008

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**Bill introduced on motion by Mr Steve Whan, on behalf of Mr Nathan Rees.**

### Agreement in Principle

**Mr STEVE WHAN** (Monaro—Parliamentary Secretary) [10.01 a.m.]: I move:

That this bill be now agreed to in principle.

The Hemp Industry Bill establishes a licensing scheme for the commercial production of industrial hemp in New South Wales. It will bring New South Wales into line with other States, such as Queensland and Victoria. It will allow farmers in New South Wales of good repute to grow this crop which has so many exciting applications: from building blocks to paper production. The bill is the result of extensive consultation between the Department of Primary Industries, the Attorney General's Department, New South Wales Police and New South Wales Health. At present New South Wales does not permit the commercial cultivation or supply of industrial hemp. Industrial hemp is currently classified as a prohibited plant under the Drug Misuse and Trafficking Act 1985. However, small-scale cultivation of industrial hemp for research or scientific purposes has been permitted in New South Wales since 1996.

It is now time to remove the prohibition on the commercial production of industrial hemp in this State. There is strong, and growing interest from mainstream farmers in the development of this crop on a broadacre scale. The challenge for this Government in developing an appropriate regulatory framework has been to ensure that drug law enforcement in this State is not compromised. This has been our key priority. It must be our key priority because marijuana plants—which produce the illicit drug—are visually indistinguishable from industrial hemp plants. Let me emphasise now that there is no comparison between the end use of industrial hemp and marijuana. Industrial hemp is an agricultural crop grown to extract fibre and oil and has no value as a drug. Marijuana is a prohibited drug and growing marijuana is a criminal offence in this State.

Enabling the commercial production of industrial hemp has no bearing whatsoever on the argument for legalising marijuana. The Government is developing a strong regulatory framework for the commercial production of industrial hemp to ensure continued effective drug law enforcement in New South Wales. There is substantial evidence from North America, Europe and other States in Australia that risks to drug law enforcement can be managed under an appropriately designed regulatory scheme. In New South Wales we have had the benefit also of considering various licensing schemes used in other States. We have examined models that have been tried and tested in Australia under Australian conditions.

I refer now to the detail of the bill. The bill before the House will establish a licensing scheme for the commercial production of industrial hemp in New South Wales. The scheme provides for licences to be issued to grow industrial hemp for use in manufacturing processes or for scientific and research purposes. The licensing scheme will be administered by the Director General of the Department of Primary Industries. The technical term in the bill for industrial hemp is low-THC hemp—THC stands for tetra-hydro-cannabinol, which is the psychoactive component in marijuana or high-THC hemp. Low-THC hemp is defined as any plant from the cannabis genus, which has a THC concentration in its leaves and flowering heads of up to 1 per cent. The definition captures also the seeds and products, such as oil and fibre, derived from these plants.

I point out that the proposed legislation deals only with low-THC hemp. Cannabis that is not captured by the definition of low-THC hemp will continue to be dealt with by the Drug Misuse and Trafficking Act. Under the proposed legislation a licence to cultivate or supply low-THC hemp will be able to be granted for various purposes. These purposes include commercial production; use in a manufacturing process; scientific research, instruction, analysis or study; or any other purpose prescribed by the regulations. These licences will not be granted to just any person who wants one. The bill establishes a rigorous licence application process.

Licence applications will be made to the Director General of the Department of Primary Industries. A person must be of good repute to qualify for a licence under the scheme. The applicant's character, honesty and integrity will be taken into account in determining a licence application. The bill goes further, giving the director general the power to refuse to grant a licence if a close business associate of the applicant is not of good repute. This will ensure that a shady character is not able to hide behind the veil of his or her associates. In addition, licences cannot be granted to applicants who have been found guilty of serious drug-related offences. The same applies if a close business associate of an applicant has been found guilty of a serious drug-related offence.

As I said earlier, the Government's top priority in developing this legislation has been to ensure that drug law enforcement in this State is not compromised. To satisfy this requirement, the director general will have extensive powers of investigation when he or she is considering licence applications. The bill empowers the director general to carry out all investigations and inquiries necessary to determine the application. This includes undertaking a criminal record check for the applicant and his or her close business associates. In fact, the director general must conduct a criminal record check in relation to all applicants for a licence. The applicant and the applicant's close business associates can be compelled also to produce information, records and authorities necessary for determining an application. The director general's decision in relation to a licence application will be final. The bill provides for licences to be granted for up to five years. A licence will be subject to conditions set out in the Act or regulations. A licence will also be subject to any other conditions imposed by the director general, which will be specified in the licence.

I will now deal with the important issue of enforcement and compliance. Under this bill it will be an offence to breach the conditions of a licence. It will also be an offence to cultivate or supply low-THC otherwise than in accordance with a licence. A contravention of the proposed legislation may also result in a criminal prosecution under the Drug Misuse and Trafficking Act. The bill will put in place strong investigation and enforcement powers. Police officers and inspectors appointed under the new legislation will have a range of powers to ensure that they can act quickly and decisively in response to breaches. The community will be reassured to know that police officers will automatically have the power to exercise the functions of inspectors under the new legislation. The director general or an inspector will have the power to require a person to produce information or records in connection with any matter under the Act.

Inspectors will also have powers to enter and search premises, to seize things where necessary and to question people in relation to certain matters. The director general will have the power to suspend or revoke a licence once granted if satisfied that there are grounds for doing so. These powers are essential to ensure that drug law enforcement in New South Wales is not compromised. The New South Wales Government is committed to this. The bill will remove the current power of the Director General of New South Wales Health to issue authorities for research trials of industrial hemp. This responsibility will be transferred to the Director General of the Department of Primary Industries. The bill provides for current authorities for research trials to continue until the new licensing scheme comes into operation.

I turn to the benefits of industrial hemp as a crop. As I have said, there is a strong and growing interest in the farming sector in the commercial production of hemp in New South Wales on a broadacre scale. The search for new industries within the farming sector to confront the challenges of climate change has spurred this interest, as has the search for crops that require less water and are environmental friendly. For example, I am advised that Demand Farming, a New South Wales grower cooperative backed by Elders, is ready to start planting in New South Wales. They have had three growers involved in trials in New South Wales and see significant potential for industrial hemp in this State. Demand Farming made a submission to the New South Wales Government in August 2007 urging that the commercialisation of industrial hemp be permitted in this State.

Another organisation keen to take up the opportunity is Ecofibre Australia. Ecofibre is a Queensland-based company that is looking at trialling industrial hemp varieties in New South Wales this season on a scale of 200 hectares. Ecofibre has written to the Minister for Primary Industries supporting the introduction of legislation in this State to permit the commercial production of industrial hemp. Industrial hemp is a summer annual crop that has the potential to be more water efficient than other fibre crops. It also requires the application of fewer agricultural chemicals in the production cycle than do other fibre crops. In addition, industrial hemp is a potentially useful rotation crop for farmers to have access to in their farming systems. Industrial hemp fibre has many uses, including as a component in the manufacture of paper products and textiles.

Other potential uses for the fibre include load-bearing masonry for building, insulation, and as an alternative to fibreglass. The insulation properties of the fibre mean that less energy is required for heating and cooling structures produced with hemp building blocks. Hemp seed oil can be used as a base for skin care products and paints. It is also used in dog food production. The New South Wales Government is committed to allowing farmers who meet the licence criteria to plant industrial hemp for the 2008-09 summer season. If the Hemp Industry Bill 2008 is passed by the Parliament, the New South Wales Government will aim to release draft regulations for public comment in August. Mainstream farmers are keen to get started and to enjoy the benefits that their interstate colleagues already have. Industrial hemp provides farmers with an important alternative crop to assist them to adapt to and confront the challenges of climate change. The bill will permit the commercial production of industrial hemp in this State, consistent with bordering jurisdictions, while ensuring that drug policy and law enforcement are not compromised. I commend the bill to the House.