**INDUSTRIAL HEMP BILL 2017**

**Legislative Assembly, 13 April 2017, pages 9313-5**

Second Reading

**Mr PICTON (Kaurna):**I move:

That this bill be now read a second time.

The Industrial Hemp Bill 2017 will provide for a licensing system for the new industry of industrial hemp production in South Australia. The bill being debated today started as a private member's bill in the other place from the Hon. Tammy Franks MLC, and I acknowledge her work on this bill. Since the introduction of the bill there, the government has made the decision to support the implementation of this policy. The Hon. Kyam Maher MLC, Minister for Employment and Minister for Manufacturing, has been working with Ms Franks on the bill, including on the inclusion of a number of government amendments. I understand that the bill received unanimous support in the other place.

Currently, industrial hemp may be commercially grown in all states and territories, except for the Northern Territory and South Australia. The legalisation of industrial hemp production in South Australia would open up a new avenue for the further expansion of our state's agricultural industry. According to the New South Wales parliamentary research library document, 'Hemp as food and fibre', while international hemp production in 2013 was well short of the record high of 670,000 tonnes reached in 1966, it is generally trending upwards. In 2013, China was the leading producer of hemp fibre, with 16,000 tonnes, and France was the leading producer of hemp seeds, with 48,000 tonnes.

In 2014, the US industrial hemp market was estimated to be worth at least $US620 million. This includes food and body care products, clothing, auto parts and building materials. Australia is a newer participant in the global industry but certainly a possible future force. Currently, those in South Australia who are manufacturing and selling products made from hemp are forced to source their hemp from interstate and overseas. To remedy the situation, this bill provides for a scheme for South Australia to cultivate industrial hemp, known as low THC hemp.

THC, otherwise known as delta-9-tetrahydrocannabinol, is the psychoactive compound associated with the use of cannabis as a drug in marijuana or, in some cases, used for medicinal purposes. To clarify—and this is very important—the hemp being used for this production for industrial purposes is very different from the use of cannabis for marijuana.

As mentioned previously, commercial cultivation of industrial hemp is already legal in six Australian jurisdictions: the ACT, New South Wales, Queensland, Tasmania, Western Australia and Victoria. All six of these jurisdictions now permit the cultivation, possession and supply of industrial hemp for commercial purposes. Five of these, being the ACT, New South Wales, Queensland, Tasmania and Victoria, permit the cultivation, possession and/or supply of industrial hemp for research purposes. In New South Wales and Tasmania, licences may be granted for up to five years. The remaining jurisdictions have a three-year upper limit.

**The Hon. T.R. KENYON:** Ma'am, I call your attention to the state of the house.

*A quorum having been formed:*

**Mr PICTON:** This bill provides for a licence of up to five years. The main difference between the Australian jurisdictions when defining industrial hemp in their respective acts is the amount of THC permitted. Typically, the older the legislation is, the lower the THC levels that are allowed. The more recently the legislation has been amended or updated, the more THC is permissible, with no jurisdiction exceeding the amount of 1 per cent THC. I am advised that at this level there is no likelihood of a plant creating a psychoactive effect associated with the recreational drug. The best you could hope for, I am told, is a headache.

Victoria and Western Australia set an upper limit of 0.35 per cent in the leaves and flowering heads. The ACT, New South Wales, Queensland and Tasmania set two limits: leaves and flowering heads of a plant must have less than 1 per cent, and hemp seed may only be used if supplied on the basis that it would not produce hemp plants with a concentration of THC in its leaves and flowering heads of more than 0.5 per cent. This bill provides that leaves and flowering heads of a plant must have less than 1 per cent THC and certified hemp seed must not produce hemp plants with a concentration of THC in its leaves and flowering heads of more than 0.5 per cent. This is consistent with the ACT, New South Wales, Queensland and Tasmania legislation.

Under the provisions of this bill, a licence may be granted for the cultivation and supply of low THC hemp for the purposes of commercial production, use in manufacturing processes, food production, scientific research, instruction, analysis or study, or any other purpose approved by the chief executive. The maximum penalty for breach of that licence is $15,000 or imprisonment for 12 months or both. While the number and type of conditions vary slightly between jurisdictions, this is comparable in terms of penalties.

The bill also follows the pattern of provisions already set in place in South Australia around the poppy industry. For example, the bill requires the maintenance of an industrial hemp register. This provision, resulting from a government amendment to the bill, is consistent with the requirement under division 7 of the Controlled Substances Act 1984 to establish and maintain an alkaloid poppy register. Although there is no requirement under this bill for an applicant for an industrial hemp licence to have a contract in place prior to applying for a licence, there are benefits in maintaining a record of all licences, past and present, and all locations where hemp has been grown.

Another condition common to every regime is that the applicant, and in some cases their very close associates, be a suitable person and/or a person of good repute. The government has amended this bill in the other place to provide a framework for establishing that. The bill is also in accordance with a number of commonwealth statutes that impact the cultivation, production and use of cannabis and cannabis products, including the Therapeutic Goods Act, Narcotic Drugs Act and Customs Act.

The commonwealth Narcotic Drugs Act 1967 deals with a licensing and permit scheme to regulate the cultivation of cannabis plants and the production of cannabis and cannabis resin. Cultivation, production and related activities under the scheme are for medicinal purposes or for research relating to medicinal cannabis only. This bill is also in accordance with our international obligations. As I mentioned, minister Maher introduced a number of government amendments to the bill to ensure appropriate regulatory processes and consistency with the approach for poppy cultivation that is already part of our law. These amendments were supported in the other place.

They include the inclusion of a definition of 'criminal intelligence'. The original bill referred to criminal intelligence but did not define the term itself. Secondly, the definition of 'inspector' is amended to include a police officer. Given the potential for criminal activity, it is important that police officers have the rights of an investigator, should this be appropriate. Thirdly, a new clause 3A is inserted to define the meaning of 'an associate'. The government believes that it is important that not only the applicant but also the associates of the applicant are considered in the application process to determine whether the applicant is a fit and proper person.

The amendments include the insertion of a detailed fit and proper person test, consistent with the Controlled Substances Act 1984; the amendment of provisions relating to the suspension, cancellation or renewal of a licence; the inclusion of a requirement for the chief executive to issue a certificate to inspectors; and the insertion of a new clause relating to the interaction of the industrial hemp legislation with the commonwealth Narcotic Drugs Act 1967. Should there be any inconsistency between the industrial hemp legislation and the Narcotic Drugs Act 1967, the commonwealth act takes precedence. Lastly, the requirement for the chief executive to maintain an industrial hemp register is added.

With these amendments from minister Maher in the other place, the government supports this bill and the opening up of the new industry of industrial hemp production in South Australia. This bill will give growers and manufacturers the opportunity to explore any potential benefit for the industry in South Australia. With the appropriate rules and regulations in place, our primary producers will be able to consider whether they want to become involved in the hemp sector with the potential to further develop industries through the growth and manufacturing of these products.