



To	Hon David Seymour, Minister for Regulation		
Title	Review of the Industrial Hemp Regulations	Number	MFR2025-154
Date	4 July 2025	Priority:	High
Action Sought	Decisions by 7 July 2025	Due Date	7 July 2025
Copy to	Hon Simeon Brown, Minister of Health		
Contact Person	Paul Delahunty – DCE, Reviews & System Capability	Phone	s 9(2)(a)
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Attachments	Appendix 1: Draft Cabinet paper Appendix 2: Regulatory Context for Industrial Hemp Appendix 3: Stakeholder list	Security Level	IN CONFIDENCE

Note: Appendices 1 and 2 have been proactively released and available at:
<https://www.regulation.govt.nz/about-us/our-publications/information-release-addressing-unnecessary-regulatory-burden-on-the-hemp-sector/>

Executive Summary

1. This report provides you with a summary of the analysis undertaken by the Ministry for Regulation (the Ministry) on the review of the Misuse of Drugs (Industrial Hemp) Regulations 2006 (Industrial Hemp Regulations). The Ministry was directed to focus analysis on a deregulatory option only, with the aim that changes would be in effect by early September 2025.
2. The Industrial Hemp Regulations are out of date and impose burdensome requirements for growers. We found that the current Industrial Hemp Regulations were disproportionate to the risk they were trying to manage, being that industrial hemp is used as a guise for illicit cannabis cultivation and require changes.
3. The deregulatory option would see the Industrial Hemp Regulations revoked and the Misuse of Drugs Regulations 1977 amended to introduce new regulations to allow for legitimate use of industrial hemp activities without a licence. Activities with industrial hemp would be considered illegal without these regulations. We propose the regulations include the following conditions:
 - i. an upper limit on THC content of not more than 1%;
 - ii. a limitation on intended use of industrial hemp including for seed, seed oil, fibre, and supply of hemp plant material to the Medicinal Cannabis Scheme; and



- iii. requirement to notify industrial hemp planting to New Zealand Police.
- 4. While there are limitations to our analysis, it is likely that the benefits of reform outweigh the costs of implementation.
- 5. In our engagement, industry stakeholders indicated that any reduction in regulatory burden would be of value to the industry. However, they reiterated that the scope of this review and any potential changes were narrower than the changes needed to enable the industry. Stakeholders expressed concerns about the timeframe and limited opportunities for engagement to consider the current proposals, as well as the importance of considering changes carefully.
- 6. We heard support for the range of options presented from different stakeholders, which reflected the drivers for different kinds of businesses in the sector.
- 7. We have provided a draft Cabinet Paper for your consideration to seek agreement to the changes for implementation by early September 2025 [**Appendix 1**]. The Minister of Health has indicated his preference that the Cabinet Paper be a joint paper and has directed his officials to provide further advice on the rationale for the proposed THC threshold. This advice is to be provided to the Minister of Health by 10 July 2025, which has implications on timing for consideration by Cabinet.
- 8. We understand that the benefits of change would largely be experienced next year. There are risks in implementation by early September 2025, including in agencies ability to give effect to the changes and for clear guidance to be developed. We can provide advice on alternative implementation timeframes if preferred.
- 9. Given few countries have deregulated industrial hemp, and the short timeframe for policy development, we propose a report back to Cabinet in two years to monitor for any unintended consequences.



Recommended Action

We recommend that you:

- a **note** that you previously agreed in principle to use secondary legislation to remove or reduce licensing requirements on the industrial hemp sector *Noted*
- b **note** that the Ministry was directed to focus analysis on a deregulation option only, and for any changes to have effect by early September 2025 *Noted*
- c **note** that we have found that the Industrial Hemp Regulations are disproportionate to the risk that they are trying to manage and are restricting economic opportunities, and that change is needed *Noted*
- d **note** that the Ministry did not undertake a full analysis of all proposed options for change, as directed *Noted*
- e **agree** to progress changes to revoke the Misuse of Drugs (Industrial Hemp) Regulations 2006 and amend the Misuse of Drugs Regulations 1977 to permit legitimate uses of industrial hemp without a licence *Agree / Disagree*
- f **note** that the draft Cabinet paper proposes new regulations permitting use in certain circumstances with the following design features: *Noted*
 - i. an upper limit on THC content of not more than 1%
 - ii. a limitation on intended use being that the purpose of cultivating industrial hemp is for seed, seed oil, fibre, and supply of hemp plant material to the Medicinal Cannabis Scheme;
 - iii. requirement to notify industrial hemp planting to New Zealand Police
- g **note** that officials from the Ministry of Health are developing further advice on any changes required to the Misuse of Drugs Regulations 1977 to support controlled drug import/export licences to continue to be issued for industrial hemp and are preparing advice on the rationale for the proposed increase to a 1% THC threshold *Noted*



- h **note** that stakeholders have expressed concerns with the scope and timeframes for the review, the importance of considering changes carefully, and the limited opportunities to consider the current proposals *Noted*
- i **note** that the draft Cabinet paper proposes a report back to Cabinet two years after the regulatory changes take effect to assess the outcome of implementation and any unintended consequences *Noted*
- j **note** there are risks in achieving the proposed implementation timeframe of 8 September 2025 and that changes would largely only benefit the 2026 growing season *Noted*
- k **agree** to receive advice on alternative implementation timeframes *Agree / Disagree*
- l **agree** to forward this briefing and draft Cabinet paper to the Minister of Health *Agree / Disagree*
- m **agree** to engage with the Minister of Health on any outstanding policy matters, and roles and responsibilities to progress this paper *Agree / Disagree*

Proactive Release Recommendations

- n **agree** that the Ministry for Regulation release this briefing – with redactions where there are reasons to do so as defined in the Official Information Act 1982 – once the associated Cabinet paper has been considered by Cabinet, and the decisions announced publicly *Agree / Disagree*

s 9(2)(a)

Dr Peter Clark
Manager, Regulatory Reviews
Ministry for Regulation
Date: 03 July 2025

Hon David Seymour
Minister for Regulation

Date:



Purpose of Report

1. This paper provides you with a summary of the analysis on the review of the Misuse of Drugs (Industrial Hemp) Regulations 2006 (Industrial Hemp Regulations) undertaken by the Ministry for Regulation (the Ministry), and provides a draft Cabinet Paper for your review.

Background

2. The industrial hemp industry is seeking to grow and has wide aspirations for the sector. Their 2023 document 'Hemp Industry Strategic Proposal for Regulatory Change' sets out a range of regulatory changes needed to meet their aspirations.
3. On 29 January 2025, you agreed in principle to a targeted review that would use secondary legislation to remove or reduce licensing requirements on the industrial hemp sector [MFR2025-001 refers]. We note that some of the industries' proposals were out of scope with this course of action.
4. On 4 June 2025, the Ministry was directed to focus analysis on a deregulatory option only, that brought any regulatory changes into effect by 1 September 2025, before the next industrial hemp growing season. On 24 June, this was extended to 8 September to enable longer stakeholder consultation.
5. On 27 June 2025, the Minister of Health, Hon. Simeon Brown, received advice from his officials on policy areas that require further analysis, including the rationale for the proposed THC threshold. He has indicated his preference that the Cabinet paper be a joint paper.

Context

6. Industrial hemp (*Cannabis sativa L.*) is a versatile agricultural crop that can be used for different purposes. For example, hemp seeds and seed oils can be processed into food products, supplements, oils, cosmetics and animal feeds; hemp stalks and fibre into textiles, clothing, rope, papers and building materials; and hemp flowers and leaves into health products.
7. Hemp, medicinal cannabis, and illicit recreational cannabis (marijuana) all come from the cannabis plant (*Cannabis sp.*), and it is challenging to tell them apart visually. Hemp, however, has much lower levels of delta-9-tetrahydrocannabinol (THC), the primary cannabinoid that produces the psychoactive and intoxicating effect, compared to other cannabis cultivars. In New Zealand, THC content for industrial hemp is generally below 0.35% and not more than 0.5%.



The domestic sector is small but has growth potential

8. The New Zealand industrial hemp industry is small, with only around 180 hectares cultivated as of 30 June 2024. In other jurisdictions, the industry is much larger.¹ Despite being a small industry, hemp has been identified as a growth sector for New Zealand with potential economic benefits.
9. In 2020 the sector was estimated to be worth around \$3-5 million, noting that based on the 2024 cultivated area, the industry's current value has likely reduced to less than \$1 million.² Analysis commissioned by the Ministry for Primary Industries estimates that the sector could grow to approximately \$25 million by 2030.

A range of regulation applies to industrial hemp and subsequent products

10. All cannabis plant material is captured under the Misuse of Drugs Act 1975 (MoDA) as a Class C controlled drug as well as a prohibited plant. This means, by default, all activities involving any variety of cannabis, including industrial hemp, are illegal unless specifically provided for through regulation.
11. The Misuse of Drugs (Industrial Hemp) Regulations 2006 (Industrial Hemp Regulations) enables the hemp industry by allowing for cultivation and dealings with hemp through a licensing regime, as well as imposing specific testing, record keeping, notification and reporting requirements on licence holders. The Ministry of Health (MoH) is responsible for administering the MoDA and its regulations. Medsafe, a business unit within MoH, is the regulator of the licensing system.
12. These regulations were developed almost 20 years ago when there was significant stigma around all cannabis varieties, with the purpose of managing the risk of illicit cannabis being cultivated and distributed under the guise of industrial hemp.
13. A range of different regulatory systems also apply for the different products industrial hemp can be used to produce. Notable examples include the Food Act 2014 (Food Act), Australia New Zealand Food Standards Code (Food Standards Code), Medicines Act 1981, MoDA, Misuse of Drugs Regulations 1977, Misuse of Drugs (Medicinal Cannabis) Regulation 2019 (Medicinal Cannabis Regulations) and Agricultural Compounds and Veterinary Medicines Act 1997 (ACVM Act) [**Appendix 2**]. Note that the scope of this review is limited to the Industrial Hemp Regulations and the provision of hemp plant material to Medicinal Cannabis Licence holders under the Medicinal Cannabis Regulations only.

¹ In Australia, 2,300 ha were planted in 2023-2024 season,¹ in the European Union 33,030 ha in 2022,¹ and in China ~38,000 ha in 2024.

² Facilitating growth in the New Zealand Hemp Industry, 2021, prepared for the Ministry for Primary Industries, noting some stakeholders estimate the industry sales value could be more than \$10 million per year.



The current level of regulation is disproportionate to the risks posed

Risks associated with industrial hemp are low

14. With a low level of THC, industrial hemp is considered as having no psychoactive and intoxication effect. However, its close resemblance to high-THC cannabis poses an enforcement risk of illicit cannabis cultivation being concealed within legitimate hemp operations.
15. We found that there is generally a low risk of industrial hemp being used to conceal illicit cannabis because:
 - i. the industry has incentives to maintain social licence;
 - ii. cross-pollination between high and low-THC plants can lower the value of both crops;
 - iii. hemp businesses have a public presence to some degree, and are more likely to attract scrutiny and attention, discouraging illegal operations;
 - iv. controls in the supply chain contribute to ensuring limits of THC content are met (such as by food manufacturers or exporters); and
 - v. tools under other legislation such as MoDA that control illegal cannabis activities.
16. Since the scheme came into force in 2006, the incidence of non-compliance with the Industrial Hemp Regulations has been very low, with no revocations of licences having occurred to date. Inadvertently exceeding THC limits has occurred infrequently.³ It should be noted that there is currently one situation where charges under the Misuse of Drugs legislation have been laid by New Zealand Police against a person who holds licences under the Industrial Hemp Regulations, for which the outcome is pending.
17. There are market failures relevant to hemp cultivation and production, but in our view these may not need intervention by government. These include:
 - i. **Information asymmetries** around THC content, for example between food manufacturers and growers, growers and seed suppliers, and growers and investors or financial services providers. However, these can be managed by the market or explicit legislation of industrial hemp.
 - ii. There are **negative externalities** from industrial hemp, for example, visual or odour nuisance, or pollen drift which can cause the unintended cross-pollination of cannabis species (potentially affecting medicinal cannabis crops or the purity of other hemp crop varieties). These can be managed by the industry.

³ There were 12 adverse test results (of more than 0.35% THC) in the last 6 years under general licences.



The Industrial Hemp Regulations impose perceived high costs

18. Despite only managing a low risk, the Industrial Hemp Regulations impose the costs of licence fees, testing, and compliance on the industry⁴. We understand that the economic costs and regulatory restrictions have discouraged farmers from choosing industrial hemp as a rotational crop despite its economic potential and claimed environmental benefits. We heard that some growers only participate in hemp cultivation because another party (for example, a seed exporting company) manage the administrative work on their behalf.
19. The licensing regime also imposes costs for Medsafe as the current fees recovered do not fully cover their costs.⁵

The current level of regulation is disproportionate to the low risk

20. Despite the low risks, the level of restrictions within the current regulations are high. Restrictions including prohibiting certain persons who wish to enter a legal business from doing so to grow hemp for fibre or food and imposing impractical and burdensome growing location requirements are disproportionate.
21. The Industrial Hemp Regulations are also disproportionate when compared with other similar legislation, for example:
 - i. The Industrial Hemp Regulations are more onerous than the Medicinal Cannabis Regulation in some areas, such as record keeping requirements, despite the lower risk of the plants.
 - ii. In certain international jurisdictions, there are less onerous requirements around growing location or eligibility for licences.

Hemp growers are not able to maximise the economic potential of hemp

22. Under current regulations, hemp can only be grown for fibre, seed (food) and (seed) oil. It cannot be grown for plant material (leaves and flowers), which holds the majority of the cannabinoids (CBD) and other potentially valuable compounds from the plant and which currently must be destroyed.⁶ We heard from industry that the supply of hemp plant material to the Medicinal Cannabis Scheme as ‘starting material’ could generate significant income for growers and help absorb any regulatory costs.
23. The cultivation and dealing with hemp and other cannabis plants for medicinal purposes are currently managed under the Medicinal Cannabis Regulations.

⁴ Some stakeholders estimated the total compliance costs could be in the range of \$50,000-100,000 per year across the sector.

⁵ Each year, Medsafe collects ~\$14,000 from licence fees.

⁶ There is some evidence that cannabis plants with lower THC level tend to have a higher CBD content.



Opportunities for more proportionate regulation

24. The Ministry undertook initial analysis on options that would enable growth in the industrial hemp sector while ensuring relevant risks are proportionately managed. These options were to be assessed against criteria of proportional, efficient, effective, and flexible.
25. The four options initially identified were:
 - i. **Option 1** - the status quo
 - ii. **Option 2** – Retain the licencing regime with improvements.
 - iii. **Option 3** – Revoke the licensing regime and replace with a registration requirement.
 - iv. **Option 4** – Revoke the Industrial Hemp Regulations in full and exempt industrial hemp activities through enabling regulations (the deregulation option).⁷
26. As we were directed to only further develop the deregulation option, a full analysis of all options was not completed.
27. The Ministry engaged online and in-person with a range of industry stakeholders, testing laboratories and downstream users [**Appendix 3**]. We also received 28 written submissions.
28. We also worked closely with MoH, including Medsafe, and engaged with the Ministry for Primary Industries (MPI), Ministry of Justice (MoJ), New Zealand Police, Te Puni Kōkiri, and New Zealand Customs Service on different aspects of Option 4.

Further analysis on Option 4 - Revoke the Industrial Hemp Regulations and exempt industrial hemp activities through enabling regulations

29. Option 4 would revoke the Industrial Hemp Regulations in full to remove the licensing system and amend the Misuse of Drugs Regulations 1977 to permit activities with industrial hemp.
30. The amendments required would include a range of components, which are set out in the next sections with supporting analysis.

A THC threshold for the definition of industrial hemp

31. A THC threshold helps distinguish low-risk industrial hemp and other forms of cannabis. The current regulations specify this as generally below 0.35% and no more than 0.5%. There is no international consensus on a specific THC limit for hemp, though 1% is often cited as the threshold for intoxicating effects.⁸ Increasing this threshold to no more than 1% would align with regulation in most Australian

⁷ MoDA requires enabling regulations to allow activities with industrial hemp. Without enabling provisions, activities with industrial hemp (cannabis) would be considered illegal.

⁸ Brownlee, 2018, New Zealand's industrial hemp industry, University of Otago.



states, the Food Act and Food Standards Code. This would enable more cultivars to be grown and provide growers with a safety buffer for THC levels, though we understand that there is a relatively low risk of unintentionally cultivating crops with >1% THC.

32. Some stakeholders were concerned about increasing the threshold due to potential impacts on hemp and hemp product export. We note the current threshold is already higher than that in several other countries⁹, and exports would continue to need to meet the requirements of the importing nation. Therefore, these export implications could continue to be managed by the supply chain and the proposed exemption conditions.
33. We recommend increasing the THC threshold to no more than 1%.

Purpose of cultivation – seed, seed oil, fibre and supply of hemp biomass to the Medicinal Cannabis Scheme

34. Hemp would continue to be grown for seed, seed oil and fibre. To further support industry growth, we propose hemp plant material would be permitted to be supplied to medicinal cannabis manufacturers/suppliers as ‘starting material’, provided they meet relevant Minimum Quality Standards and any other requirements under the Medicinal Cannabis Regulations.¹⁰
35. A range of changes to Medicinal Cannabis Regulations are needed to enable the supply and create a level playing field for current and future Medicinal Cannabis Licence holders for cultivation and supply activities.
36. The use of hemp plant material for any other purposes should continue to be prohibited to avoid unintended consequences. Hemp plant material may be misused for recreational purposes (for example, smoking), as has happened in other jurisdictions. As an example, hemp plant material was sold in ‘cannabis light’ shops as a result of deregulating industrial hemp in Italy in 2017. This was overturned in April 2025 resulting in all uses of hemp plant material being banned in Italy.
37. We recommend that the purpose of hemp cultivation and dealings be expanded but limited to those for seed, seed oil, fibre, and supply of plant material into the Medicinal Cannabis Scheme.

Notification to New Zealand Police

38. The regulations would retain a requirement for cultivators to notify New Zealand Police after industrial hemp is planted. This would provide information to support New Zealand Police operations to manage illicit cannabis, including preventing accidental spraying of legitimate hemp crops as part of operations to eradicate illicit cannabis. New Zealand Police and some industry stakeholders indicated

⁹ For example the United Kingdom (0.2%), Canada (0.3%) or the European Union (0.3%).

¹⁰ These include requirements regarding contamination and pesticide use.



support for the retention of this requirement. New Zealand Police will still have their existing tools and powers for policing illegal forms of cannabis under MoDA and other relevant legislation.

Licensing requirements, offences and penalties

39. We propose removing all other licensing requirements (such as testing prior to harvest, record keeping, annual report, offences and penalties). Any use of industrial hemp outside the proposed uses would be deemed illicit, and existing powers and tools under MoDA and other relevant legislation would apply.

Import, export licences for hemp

40. Hemp seeds and hemp plant material are controlled drugs under MoDA. This means a licence to import or export controlled drugs is required under the Misuse of Drugs Regulations 1977 in order to import or export these materials.
41. Under the status quo, Medsafe relies on the industrial hemp licence to issue an import/export licence, including assurance of the suitability of the exporter/importer and the legitimacy of hemp or hemp products.
42. Changes to the Misuse of Drugs Regulations 1977 as well as operational changes would be needed to enable import/export licences to be issued without the assurance from an industrial hemp licence.

Our assessment

43. Our assessment shows that Option 4 (deregulation) would be **more proportionate, more efficient and more flexible** than the status quo.
44. With the conditions proposed in the exemption regulations, incentives for industry to comply, downstream product regulatory controls and existing New Zealand Police powers, this option would still be **effective** at managing the relevant risk (i.e. risk that illicit cannabis is cultivated under the guise of industrial hemp).
45. The additional costs of this option are:
 - i. cost to industry and regulators to develop guidance to navigate the changes;
 - ii. cost to industry if they opt to establish a voluntary register;
 - iii. potentially costs for additional testing for some downstream products if customers seek to compensate for the reduction in mandatory testing;
 - iv. societal costs if illicit cannabis activities increase or if there is misuse and diversion of hemp plant material; and
 - v. minor loss of revenue from industrial hemp and medicinal cannabis licence fees to the regulator (which is perfectly offset by the benefit to industry of not having to pay these fees).



46. The benefits include:

- i. removing licensing and compliance costs from industry and enabling more freedom and flexibility in growing and processing hemp and hemp products, supporting the industry's aspiration to grow;
- ii. increased revenue to growers by supplying hemp plant material into the Medicinal Cannabis Scheme;
- iii. removing costs to the regulator from administering the scheme;
- iv. potential for greater supply of hemp products and a decrease in end product price due to industry growth and enhanced competition, which benefits consumers; and
- v. potential increase in innovation due to lower research and development costs and access to a larger array of cultivars. These benefits are expected to grow over time as effects of research and development accumulate.

47. While it is difficult to estimate how much the hemp industry would grow as a result of this proposal, it is likely that the benefits outweigh the costs of implementation. The costs that have not been incorporated include costs to the industry if any trade and market access risks are realised (discussed below).

There are some risks to be managed

Perceived trade and market access risks

48. Some industry stakeholders were concerned that removing regulatory oversight may compromise export reputation of high-quality hemp seed. They were concerned that without appropriate management, inexperienced growers may compromise seed purity through cross-pollination risks. This risk is currently managed through grower communication within the small industry as well the New Zealand Seed Crop Isolation Distance (SCID) Scheme which is managed by Asure Quality. Industry could also establish their own hemp-specific register and could provide guidance on on-farm practices, including the benefits of the SCID scheme, suitable cultivars, and importance of industry communication to manage this risk.

49. Further concerns were raised around a potential elevated risk to trade and market access of primary produce exports from livestock that may have ingested industrial hemp. Although no changes to the ACVM act are being proposed, concerns were raised that uncontrolled hemp cultivation could pose risks to New Zealand's animal product exports if animals ingest hemp—intentionally or accidentally. This could affect market access where importing countries prohibit cannabis/hemp in food and detect residues during testing. This risk could be managed by suitable on-farm practices and management of animal input, with potential further guidance from MPI.



50. Simultaneously increasing the THC threshold, removing the licensing regime and approved cultivar processes, together with limited monitoring, may be perceived negatively by our trading partners. This risk could continue to be managed by the supply chain, and by exporters managing the quality of their products to ensure they meet importing countries requirements. The ability to continue to issue controlled drug import/export licences could also mitigate this risk for those materials (seed and plant material) that are exported as controlled drugs.
51. We heard that there may be follow-on risks to the reputation of the current Medicinal Cannabis Product export market if hemp plant material from a deregulated environment is supplied to the Medicinal Cannabis Scheme. We note that products manufactured using hemp plant material would still need to meet the Medicinal Cannabis Regulations Minimum Quality Standard, and that this may only be a perception risk that could be managed through appropriate communications.

Unintended consequences

52. We note that under the deregulatory option, New Zealand would be one of only a few jurisdictions that have no licencing regime for industrial hemp¹¹. This means there are few international examples to draw on to identify unintended consequences that may arise.
53. There are some potential unintended consequences:
 - i. banking and access to finance for growers. Growers may be viewed as higher risk customers to banks and financial institutes as a result of deregulation of the hemp industry;
 - ii. opportunistic players could use this opportunity to grow illicit cannabis and claim this to be industrial hemp; and
 - iii. any other unintended consequences that have not been identified in the time available.
54. To monitor unintended consequences, we propose a report back to Cabinet two years after the regulatory changes take effect, which could include assessment of implementation and any increased risk of illicit cannabis cultivation.

Reception by stakeholders

55. Stakeholders reiterated that the scope of this review is far narrower than the changes needed to enable the industry. The industry saw the economic opportunities from hemp plant material and uses for animal feed are significant and can absorb any regulatory costs, but broader regulatory changes would be required to achieve this. Stakeholders did however indicate that any reduction in

¹¹ Switzerland and Uruguay are jurisdictions which do not have licencing regimes.



regulatory burden would be of value to the industry, and would help reduce the stigma around hemp.

56. Stakeholders also noted it was difficult to identify their preferred option given the limited details provided on all options and the time for consultation. The industry representative groups were not able to present an organisational preference as they had insufficient time to consult their members.
57. We heard support across the full range of options for change presented from different stakeholders. This included support for a streamlined licensing system (Option 2), a registration scheme (Option 3) or full deregulation (Option 4). We also heard support for retaining approved cultivars within Options 3 and 4. The difference in views reflected the drivers on different kinds of businesses in the sector. For example, domestic-focused stakeholders expressed a preference for fewer regulatory barriers to entry, while export-focused stakeholders considered that a more robust regulatory framework is important for certainty and to manage perceived trade risks.
58. There was some support for enabling hemp plant material for supply to the Medicinal Cannabis Scheme, and the economic opportunities this could provide, however follow-on risks to the reputation of the current Medicinal Cannabis Product export market were also noted. This risk would be reduced under Option 2 or a carefully designed Option 3.
59. Throughout our engagement, stakeholders reiterated that this review was a ‘1 in 20 year’ opportunity, with a strong desire to ensure that changes were considered carefully and worked through closely with the sector. We heard anecdotal evidence that there were unintended consequences arising from the development of the Medicinal Cannabis Regulations at speed, which took multiple years to remedy.

We recommend that change is needed

60. When considering the option between maintaining the status quo and deregulation (Option 4), the benefits of reform are greater than the status quo.
61. Note that this recommendation reflects the analysis undertaken based on the course of action directed in the timeframe available.

Implementation

62. The attached draft Cabinet paper (**Appendix 1**) seeks Cabinet’s approval for proposed policy changes to deliver Option 4 (deregulation option) and approval to issue the Parliamentary Counsel Office (PCO) with drafting instructions.
63. If Cabinet agrees to revoke the Industrial Hemp Regulations and amend the Misuse of Drugs Regulations 1977 to include new regulations and enable import/export licences for hemp and hemp products, then MoH, with the Ministry’s support as



required, will lead drafting instructions to Parliamentary Counsel Office (PCO), as per the timeline below.

64. As the responsible Minister for MoDA and the associated regulations, we understand that the Minister of Health has agreed that his officials will lead the issuance of drafting instructions to PCO and intend to lead the drafting of the legislative changes Cabinet paper.
65. The table below outlines the next steps which would see implementation of the deregulation option, if agreed, in effect by 8 September 2025.

Action	Date
Ministerial and Agency consultation on Draft Cabinet paper	7/9 July – 14 July
ECO	Wednesday 23 July
Drafting instructions issued to PCO	Monday 28 July
CBC	Wednesday 1 September
Cabinet and Executive Council, changes come into effect	Monday 8 September

66. For changes to come into effect on 8 September 2025, a waiver for the 28-day rule would be required. Approval would be sought in the legislative changes Cabinet paper. The reason for waiving the 28-day rule would be to ensure that changes are in effect before the hemp growing season. Note that industry have indicated that any changes now would not benefit this year's growing season.

A slower implementation timeline could be considered

67. Any changes are only likely to provide benefit to the sector next year. Industry have noted that implementation of any changes this year would have minimal impact for the upcoming growing season as business planning for this has already begun. Medsafe has noted that most licences are up for renewal in October / November. Licence holders need to apply at least 30 days prior, meaning licence holders must start preparation well in advance of 1 September.
68. There are risks to achieving implementation in the above timeframe. These include:
 - i. time needed to deliver drafting instructions and to draft the Order;
 - ii. changes coming into effect without guidance available from industry or the current regulator. This could cause industry uncertainty, with stakeholders not understanding their new obligations. Responding to regulated parties' enquiries and concerns would likely be resource intensive for the current regulator; and



- iii. if industry want to pursue an industry-led register for growers' details (such as cultivars and growing location), then they would need time to set this up.
- 69. We heard from stakeholders that any changes would need to be signalled by March/April 2026 to allow sufficient time for industry to adjust prior to the 2026 planting season, noting that the time required to adjust to any changes would be dependent on the scale of change from the status quo.
- 70. To manage the risks associated with guidance not being available prior to changes coming into effect, the Ministry can propose an alternative timeframe if directed.

Next steps

- 71. We recommend you engage with the Minister of Health to confirm the roles and responsibilities for the Cabinet paper, including whether this will be a joint paper, and who will lead Ministerial consultation.
- 72. We will reflect your decisions on this briefing and address your feedback in the draft Cabinet paper.
- 73. We recommend you provide a copy of this briefing and draft Cabinet Paper to the Minister of Health for their feedback.

Appendix 3

List of stakeholders who attended engagement meetings:

1. New Zealand Hemp Industries Association
2. Aotearoa Hemp Alliance
3. NZ Medicinal Cannabis Council
4. Natural Health Products NZ
5. Puro NZ
6. ESR
7. Ora Pharm
8. Naativv Bio Science
9. Midlands NZ
10. Hark and Zander
11. Hill labs
12. Cawthron
13. The Brothers Green
14. Hemp Central
15. DCANZ
16. Seed & Grain NZ and its members
17. Luisetti Seeds NZ
18. Hemp NZ
19. Hemp Connect
20. Rubisco
21. Three individuals