

INDUSTRIAL HEMP REGULATIONS REVIEW – 6 August 2025

Context

- Industrial hemp is defined as *Cannabis sativa* with low THC levels that is not intended to be used for psychoactive and intoxicating effects,
- Alongside a legal industrial hemp industry, we understand there is an illicit cannabis industry that is predominantly operated by organised crime. Industrial hemp and illicit cannabis are visually similar and it is difficult to identify without testing.
- The current regulatory approach for industrial hemp includes a licensing regime, approved cultivars and mandatory testing and reporting. Illicit cannabis is subject to intelligence, investigation and prosecution by Police, including aerial spraying campaigns to target outdoor cultivation. Import/export licences are required for any cannabis materials crossing the border.
- MfR has found the current licensing regime is disproportionate to the risk posed by industrial hemp, with significant costs on those regulated parties who are trying to adhere to the rules. While there are risks around exploitation for the cultivation of illicit cannabis, questions have been raised on how effective a licensing regime is in managing illicit cannabis risk.
- A range of options have been identified to address these issues. MfR is keen to understand what else could be done within these to better manage illicit cannabis risk.

Questions for discussion

- To what extent does each of the options address concerns around illicit cannabis?
- What changes could be made within the options to more effectively manage the exploitation risk?
- For Option 1 & 2, would the retention of approved cultivars strengthen the proposals?
- Are there additional opportunities outside of the industrial hemp regulatory regime that could support managing illicit cannabis risks?
- On this basis, which option/s could be progressed?

	Option overview	Controls to manage illicit cannabis
Across all options	<ul style="list-style-type: none"> THC <1%. Intended uses: Fibre, food, oil & supply of plants, seeds, and plant material to MCS. Notify Police of growing areas. 	<ul style="list-style-type: none"> Any use outside of the legal uses or THC ≥1% is illegal – Police’s powers for prosecution and destroying crops, which is the same as under the status quo. Police notification provides information about growers and planting areas, supporting Police spraying operations and enhancing the deterrent effect.
Option 1: Targeted deregulation	<ul style="list-style-type: none"> Removal of existing licensing and approved cultivar requirements. Police’s risk-based testing requirements at growers’ expense (new proposal based on feedback received) New Import/Export licence requirements: <ul style="list-style-type: none"> A declaration by the importer/exporter (new proposal based on feedback received) A fit and proper person test (Criminal Records Check) Other ongoing import/export requirements (for example, comply with Import Health Standard for seeds for sowing – including documentation and labelling requirements, or comply with importing country’s requirements) 	<ul style="list-style-type: none"> As above. Police testing requirements at growers’ expense enable Police to manage illicit cannabis based on growers’ risk profiles and intelligence, reducing funding pressures on Police and deterring exploitation. High THC cannabis seeds at the border would be managed by existing border management, supported by new regulations around hemp cultivation and new import/export licensing requirements.
Option 2: Registration	<ul style="list-style-type: none"> Registration: annually automatic registered on payment of a small filing fee (to fund the maintenance of the register only) and Criminal Records Check. Police/Medsafe’s risk-based testing requirements at growers’ expense New Import/Export licence: <ul style="list-style-type: none"> A declaration by the importer/exporter A fit and proper person test (Criminal Records Check) Other ongoing import/export requirements (IHS, importing country’s requirements) 	<p>Similar to Option 1 plus:</p> <ul style="list-style-type: none"> Better visibility of the ihemp industry through the registration. Criminal Record Check helps remove people with drug criminal history from the industry and registration, enhancing the deterrent effect. Police has a single source of information from Medsafe to support the control of illicit cannabis activities (can consider removing the Police notification requirement as it could be duplicative). The registration would impose additional costs on both industry and the regulator. Uncertain about the design and costs of a simple register. Costs on industry should be less than the current licensing costs which is ~\$167/year.
Option 3: Streamlined licensing regime	<ul style="list-style-type: none"> Licence: age, Police Criminal Records Check, licence history, high-level information of location (farm address) Removal of research and breeder licence Police/Medsafe’s risk-based testing requirements at growers’ expense (if there would be no approved cultivars) Approved cultivars for cultivation, no testing requirements; unapproved cultivars for research and breeding activities only with testing and reporting requirement prior to harvest Renewal every 3/5 years at a fee Annual updates of key information (growers, planting areas, cultivars, purposes) Suspension, revocation Offences, penalties Existing Import/Export licence for whole seeds, plant materials + other import/export requirements (IHS...) 	<p>Similar to <i>the status quo</i> (restrictions on who can grow, what plants/seeds can be cultivated, regular testing and reporting requirements, and consequences of non-compliance) plus:</p> <ul style="list-style-type: none"> Reduce some regulatory burden on industry if licence fee is not more than the current fee. Police has a single source of information from Medsafe (can consider removing the Police notification requirement as it could be duplicating the annual update requirement).