



NSW Hemp Industry Taskforce

Report to the NSW Minister for Agriculture
October 2024

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Chair Foreword

The NSW Hemp Industry Taskforce has proven to be a meaningful forum to examine the barriers and challenges holding the hemp industry back from becoming a 'mainstream' crop and realising its commercial potential in NSW and, more broadly, Australia.

It is clear from Taskforce discussions that there are real opportunities and actions that government, industry, and stakeholders can take to support industry growth in NSW.

I would like to thank the Taskforce for their time and commitment to this important process. Each industry member of the Taskforce brought their unique expertise and insights to the discussion, enabling frank consideration of issues and sharing of perspectives. I would also like to thank those industry stakeholders and subject matter experts that gave their time to provide presentations and inform the discussion of the Taskforce.

The vision, objectives, and supporting actions within this report, as recommended by the industry members, are being considered as part of the development of the NSW Hemp Industry Development Plan.

I look forward to continuing to engage with stakeholders to support the growth of this emerging industry.

- Alison Bowman, A/Executive Director, Agriculture

Context



The Minister for Agriculture announced the establishment of the NSW Hemp Industry Taskforce on 8 February 2024.


The objective of the Taskforce was to explore the barriers and opportunities for growth of the industrial hemp industry in NSW and identify opportunities to streamline and improve the industrial hemp legislative framework and inform an industry development plan.

The specific role of the Taskforce was to:

- identify the short- medium- and long-term objectives of the NSW industrial hemp industry, including:
 - the role industrial hemp could play in the transition to a net zero, circular economy in NSW.
 - the supply and value chains required to support increased crop production, or other barriers to production and development in NSW.
- identifying legislative barriers to and opportunities for expanding industrial hemp production in NSW
- consider opportunities to harmonise industrial hemp regulation nationally.

In undertaking its role, the Taskforce was to consider how to balance industrial hemp legislation, industry innovation and community expectations.

See **Appendix A** for the Taskforce Terms of Reference.



Membership of the Taskforce was drawn from across the industrial hemp industry, with representatives experienced in the cultivation, processing, distribution, and use of industrial hemp products.

These members were Mr Kieren Brown, Mr Bob Doyle, Mr Rangi Faulder, Mr Andrew Kavasilas, Mr Charles Kovess, Dr Tobias Kretzschmar, Ms Klara Marosszeky, Mr Jaimie Milling, Mr Antonio Pantalone, Mr Tim Schmidt and Ms Crystal White.

The Taskforce met virtually once a month to discuss a specific meeting theme drawn from the Terms of Reference. See **Appendix B** for the Taskforce Workplan.

To inform these discussion, the Taskforce received presentations from expert stakeholders who offered technical perspectives, insight or context that supported the Taskforce's consideration of the opportunities and barriers for the industry. The Taskforce notes the value that these presentations brought to their discussions and thanks the presenters for sharing their time and expertise.

See **Appendix C** for the list of presenters.

Challenges



The Taskforce found there are key challenges limiting the potential growth and expansion of the NSW hemp industry:

- A lack of understanding of the difference between low THC industrial hemp and its components and those products derived from high THC Cannabis.
- Constraints to market entry and scaling production including finance, investment and infrastructure.
- Access to funding to support the research and data collection required to gain regulatory approval of hemp products and their use.
- Undefined market pathways and specifications to maximise the value of the whole hemp crop.
- Delays in setting hemp-product standards reducing confidence and uptake, especially for building and construction products.
- The complexity of the national legislative framework for *Cannabis* derived products and its interaction with state-based regulation for the cultivation and supply of hemp.
- Establishing and maintaining competitive advantage against products from more developed international hemp industries.

Opportunities



The Taskforce found there are key opportunities that could support the growth and expansion of the NSW hemp industry:

- Capitalising on Australia's reputation and agricultural capabilities to supply large volumes of high-quality food, fibre, cosmetic and wellness products.
- The potential of farm-based processing infrastructure and strategically located regional hubs.
- Increasing data flow and stakeholder connections across the industry to overcome limitations.
- The potential role for hemp-based products in low emissions, circular economies.
- The potential to utilise hemp as a 'green technology' for the purposes of soil remediation or stabilisation across a range of industrial and agricultural applications.

Industry Vision



Hemp is considered a mainstream crop
and a sustainable source of products in NSW.

Achieving this vision would mean that the industry has reached a maturity, with the crop considered a viable option for crop-rotation by primary producers, and there is a consistent supply and demand, with access to reliable processing infrastructure and supply chains. The Taskforce noted overcoming the key barriers and capitalising on key opportunities were essential to establishing hemp as a mainstream crop in NSW.

NSW industry objectives



The Taskforce has identified 7 key industry objectives to overcome barriers and capitalise on opportunities:

1. Develop hemp varieties suited to NSW production environments and increase access to quality local seed stock.
2. Grow processing capacity in such a way that it will support current industry needs and is readily adaptable to future growth and market opportunities.
3. Improve whole plant use and create opportunities to sell to different markets.
4. Grow consumer confidence and support the increased adoption of hemp-based products across domestic markets.
5. Make hemp a product of choice from an environmental sustainability perspective.
6. Address regulatory obstacles to accessing markets and realising the full potential value of the industrial hemp plant.
7. Ensure the legislative framework in NSW under the Hemp Industry Act is fit-for-purpose.

The following pages explore the actions that should be taken to achieve these objectives. In order to inform prioritisation, the actions have been identified as either: ● **SHORT TERM**, ● **MEDIUM TERM** or ● **LONG TERM**.

OBJECTIVE 1: Develop hemp varieties suited to NSW production environments and increase access to quality local seed stock.

Taskforce finding: To enable the growth and expansion of the NSW hemp industry will require an increased diversity of quality hemp varieties that suit a range of NSW conditions and the various end markets targeted by growers. Uptake of hemp as a crop option can be supported through the provision of targeted advice and frameworks that support the integrity of NSW crop production.

Supporting actions:

- A plant breeding program as the foundation for variety improvement to meet Australian conditions ● LONG TERM
- Regionally focused agronomic packages and supported by extension and advisory services ● SHORT TERM
- Development of hemp varieties suited to NSW production environments and increased access to quality local seed stock ● LONG TERM
- Initiatives for guaranteeing seed quality and better seed supply, such as a seed certification scheme ● SHORT TERM
- A range of measures to manage the increased risk and pressure from pests and diseases as the industry expands and grows ● MEDIUM TERM
- Capitalise on the benefits of traceability in managing risks, providing quality assurance, and proving provenance ● SHORT TERM
- Maintaining market advantage, enabled through a 'Biosecurity Framework' ● MEDIUM TERM

OBJECTIVE 2: Grow processing capacity in such a way that it will support current industry needs and is readily adaptable to future growth and market opportunities.

Taskforce finding: The growth and expansion of the industry in NSW will be hampered without increased processing infrastructure and equipment, therefore it is a priority to establish processing sites, such as regional hubs. The industry requires support to increase access to finance, grow markets and drive investor confidence in the industry.

Supporting actions:

- Increasing access to hemp processing infrastructure, either on-farm or at strategically located regional facilities ● SHORT TERM
- Implementation of sustainable growth models for processing infrastructure that can support current industry needs but are readily adaptable to future growth and market opportunities ● SHORT TERM
- The NSW Government support emerging industries, such as hemp, through procurement policies that drive innovation, adoption and greater awareness of new products. ● MEDIUM TERM

OBJECTIVE 3: Improve whole plant use and create opportunities to sell to different markets.

Taskforce finding: There is an opportunity to capitalise on NSW (and Australia's) reputation and agricultural capabilities to supply high-quality food, fibre and other products. Identifying and pursuing new, higher value markets is critical to improving whole plant use and maximising the potential of the NSW industry.

Supporting actions:

- Research and development to support harvest and processing standards for a wide range of hemp products (such as textiles, clothing, food products, paper, cosmetics and resins) ● SHORT TERM
- Increased adoption of cultivation practices to meet market specifications, especially for bast fibres, to improve whole plant use and create opportunities to sell to different markets, including for high value textiles ● LONG TERM
- Investigate data requirements and traceability options to meet various market drivers and imperatives ● SHORT TERM

OBJECTIVE 4: Grow consumer confidence and support the increased adoption of hemp-based products across domestic markets.

Taskforce finding: Increased consumer understanding and confidence in hemp products can drive the demand for hemp-based products across a wide range of markets. Greater uptake of hemp-based products across the economy can drive investor confidence and increase access to finance for the NSW industry.

Supporting actions:

- The implementation of appropriate standards for hemp-based products to grow consumer confidence and support the increased adoption of hemp-based products across domestic markets or through proactive procurement ● SHORT TERM
- Initiatives to raise awareness and educate the public on the benefits of hemp products and the range of uses for hemp-based products ● SHORT TERM
- Addressing barriers that hemp businesses currently face, including limitations related to social media and advertising, and banking ● SHORT TERM
- Improve the overall marketing of hemp-based products, for example through an industry marketing strategy ● MEDIUM TERM

OBJECTIVE 5: Make hemp a product of choice from an environmental sustainability perspective.

Taskforce finding: There are significant opportunities for the NSW hemp industry to support the shift to a low-carbon, circular economy, and meet other state priorities such as housing targets. Where possible, key learnings, data and evidence from overseas jurisdictions should be considered to support the fast-tracking of outcomes for the industry.

Supporting actions:

- Stocktake existing hemp carbon projects and identify opportunities to integrate into other industry initiatives ● SHORT TERM
- Identify potential market pathways for hemp-based products in a circular economy ● MEDIUM TERM
- Undertake research to identify potential products where hemp could be a substitute material, and how these products could be developed. ● SHORT TERM
- Undertake research to qualify the total potential for hemp as a 'green technology' ● MEDIUM TERM

OBJECTIVE 6: Address regulatory obstacles to accessing markets and realising the full potential value of the industrial hemp plant.

Taskforce finding: The complexity of the interaction between the national legislative framework for cannabis and the state-based regulation for the cultivation and supply of hemp can act as a barrier to the growth of the industry through its impact on the production, manufacture and sale of various hemp-based products into both domestic and international markets.

Supporting actions:

- Work with the Australian Government and other jurisdictions to drive consistency in how the industry is regulated and address barriers to its growth, including whole of plant use ● SHORT TERM
- Explore potential opportunities for NSW hemp licence holders should there be a change in the regulation of CBD by the Australia Government. ● LONG TERM
- Identify pathways to increase access to financial incentives that support industry to meet its objectives ● SHORT TERM
- Draw on international evidence and experience with hemp products, and prioritise research where there are gaps, to support approval of expanded uses for hemp in Australia. ● SHORT TERM
- Increase industry traceability capacity to enable easy demonstration of low-THC hemp credentials and provenance when accessing international markets. ● SHORT TERM

OBJECTIVE 7: Ensure the legislative framework in NSW under the Hemp Industry Act is fit-for-purpose.

Taskforce finding: The industry supports the intent and operation of the NSW Hemp Industry Act 2008 and the Hemp Industry Regulation 2016. However, it has identified a number of areas for improvement that would provide greater clarity, reduce administrative burden, and increase flexibility for crop management.

Supporting actions:

- Changes to the regulatory and policy framework in NSW to improve its operation and administration that deliver benefits for industry whilst balancing innovation and community expectations. ● SHORT TERM

See **Appendix D** for list of recommended changes to the regulatory and policy framework in NSW.

The Taskforce notes that:

- amendment to the *NSW Hemp Industry Act 2008* by the NSW Government will be subject to machinery of government processes.
- amendment to the Hemp Industry Regulation 2016 can be made through the staged repeal process targeting 1 September 2025.

Summary



The Taskforce has been a valuable and important forum for industry representatives to raise, discuss and consider the challenges and opportunities to the growth of the industry in NSW.

The Taskforce has articulated a vision and objectives for the NSW industry, that could be enabled through key supporting actions. Industry, government and stakeholders each have a role in contributing to the vision and objectives for the industry through their activities, projects, programs and policies.

The Taskforce looks forward to working with the Minister and NSW Government to continue to build the industry and realise its value. To this end, the Taskforce recommends that the Minister reconvenes the Taskforce biannually to monitor and report on progress toward the hemp industry vision and objectives.

Appendix A: Terms of Reference

Objective and function

This Taskforce will explore the barriers and opportunities for growth of the industrial hemp industry in NSW and identify opportunities to streamline and improve the industrial hemp legislative framework and inform an industry development plan.

Role of the Taskforce

The role of the Taskforce is to:

- identify the short, medium, and long term objectives of NSW industrial hemp industry, including (but not limited to):
 - the role industrial hemp could play in the transition to a net zero, circular economy in NSW.
 - the supply and value chains required to support increased crop production, or other barriers to production and development in NSW.
- identify legislative barriers to and opportunities for expanding industrial hemp production in NSW.
- consider opportunities to harmonise industrial hemp regulation nationally.

In undertaking its role, the Taskforce will consider how to balance industrial hemp legislation, industry innovation and community expectations.

The Taskforce will only consider the cultivation and supply of low THC hemp grown under the NSW *Industrial Hemp Act 2008*.

The Taskforce will not consider the legalisation of cannabis for recreational use.

Appendix B: Taskforce Workplan

Date	Agenda Themes
Meeting 1 - Thursday 29 February	Introductory meeting
Meeting 2 - Thursday 21 March	Market opportunities
Meeting 3 – Tuesday 23 April	Research and development priorities
Meeting 4 - Thursday 16 May	Supply and Value Chain needs
Meeting 5 - Thursday 20 June	Sustainability, carbon and circular economy
Meeting 6 - Thursday 18 July	National considerations
Meeting 7 - Thursday 29 August	Legislative Framework 1
Meeting 8 - Thursday 19 September	Legislative Framework 2

Appendix C: Presenters



Dr Olivia Reynolds, Senior Manager, Emerging Industries , AgriFutures Australia

Associate Professor Guy Roth, University of Sydney, Institute of Agriculture

Mark Skewes, Industrial Hemp Variety Trials (IHVT) National Coordinator

Mr Travis Ryan-Salter, Chief Technical Officer, Carrfields New Zealand

Mr Filip Janakievski, Senior Engineer at CSIRO, Agriculture and Food

Mr Winton Evers, EcoProfit, Carbon Accounting and Education

Mr Andrew Taylor, Circularity Program Manager, Bega Group

Dr Tona Sanchez-Palacios, Research Fellow at the School of Agricultural Sciences, Murdoch University in Western Australia

Appendix D: Recommended changes to the NSW hemp industry regulatory and policy framework

The Taskforce recommends the following improvements to the hemp legislative framework to:

- Increase flexibility and Department discretion under the Act to support growers to manage crops where they test greater than 1% THC.
- Increase flexibility for scientific research licence holders to utilise and conduct selective breeding programs with industrial hemp material that tests greater than 1% THC.
- Include an additional licence category to allow for hemp to be used in land remediation.
- Improve clarity in the legislation to reflect exemptions for low-THC hemp licence holders found in the Poisons and Therapeutic Goods Act 1966 (section 5A) and Misuse of Drugs Act NSW (section 8A).
- Improve clarity and consistency regarding the definition of 'hemp' in the Act and the Regulation. :
- Improve clarity in relation to how plant materials are considered under the regulation, by expanding the definition of 'plant' to includes clones, cuttings and tissue cultures and increase the supply pathways of genetic materials, including seed to other legitimate license holders.
- Increase flexibility and clarity for the movement of hemp leaves where it is for a legitimate purpose.
- Increase flexibility in relation to crop reporting and sampling requirements to allow for improved crop management, such as harvesting to take place at the optimal time.
- Improve clarity regarding the due date for licence annual reports.
- Improve clarity regarding the details required to be kept in the licence register.