Dear Sir/Ma'am,

The Committee Manager,
Economy and Infrastructure Committee
Parliament House, Spring Street
EAST MELBOURNE VIC 3002

This proposal has been prepared to outline the benefits to the State of Victoria by the Andrews Government changing the legal the legal status of hemp, reconsidering import-export regulations for this industry, and accepting hemp from a whole-of-plant approach.

BACKGROUND

The current system is a failure and it's time for an honest discussion about how we build a real industry that can bring economic benefits to the state of Victoria that is aligned with the strong agricultural products standards that Australians are proud of.

As it stands, Australia has much competition with the current from the Canadian suppliers for the Australian industry, sourcing most of the product from Colombia or pushing illegally grown product through the GMP system in Canada and then on selling to Australia.

These low-cost these low-cost environments out compete Australia in price of production, and it results in the Canadian suppliers getting a double dip on profits, which are all being passed off on to the Australian Consumer. The current model is not building strong Australian markets or companies and it is not providing the quality of product a patient truly deserves at a reasonable price.

By growing hemp at scale and permitting the extraction of safe minor cannabinoids can strengthen the Australian industry while also allowing the utilisation of the secondary plant metabolites of the plant, such as terpenes/flavonoids that become a by-product at scale.

BENEFITS OF A ROBUST HEMP INDUSTRY IN VICTORIA

It is expected that the global market could hit $18.6 billion by 2027 – almost four times the amount in 2020.[1] Only four countries account for more than half of global output. China leads the pack, followed by France, Canada and the United States.

The Victorian Government has a real opportunity to take lead in Australia as the growing hemp market offers significant economic opportunities.

[1] https://unctad.org/news/hemps-versatility-and-sustainability-offer-huge-opportunities-developing-countries#:~:text=%E2%80%9CBecause%20of%20its%20versatility%20and care%2C%E2%80%9D%20the%20report%20says.

This two-pronged approach would facilitate and support the previous plan proposed by the Andrew's government that was based on having to have a state based legal Cannabis scheme while also strengthening the industry enabling the supply of low-cost biomass into the market to create jobs in the supply chain, genetics, patient, education, and processing sector, benchmark the state of Victoria as a centre of excellence for Research, Innovation and Development.

RECOMMENDATIONS

1. Create a central processing hub and learning centre for the development of a new agricultural industry that relates to Victorian higher education facilities and Universities to future proof the industry with agricultural students.

2. Create a completely new sector of agricultural prowess and innovation and having a future view and workforce for remediating much of the states now redundant agricultural parcels such as water board land and Commonwealth land with toxicity issues.

3. Convert much of the biomass to energy by utilising pyrolysis equipment making any substances inert and easily utilised.

4. The Andrews Government to recognise that hemp can be best utilised to assist Victoria in meeting emissions reduction targets; 22TONNES OF CO2 SEQUESTERED PER ACRE

5. Hemp/Cannabis any plant grown in Victoria under 1% THC should be legal. This includes Cannabinoids, Terpenes, lignin's, pectin's, lipids, waxes, bioflavonoids, esters, this feedstock could be then directed to the Pharmaceutical, medicinal and nutraceutical space for a lower cost input then currently available. This could allow Australians to utilize the entire plant and warrant investment into the sector and create a lower cost input that all Australians could access.

6. All products over 1%THC to be regulated and licensed.

7. The changes to be managed by Victorian Agriculture as suggested in the 61 United Nations NARCOTIC DRUGS TREATY (see Appendix one).

CALL TO ACTION

We urge the Andrews Government to work closely with stakeholders in strengthening the hemp industry to create innovative, new composites and building products. Creating a completely new sector of agricultural prowess and innovation. Whilst having a future view

and workforce for remediating much of the states now redundant agricultural parcels such as water board land and Commonwealth land with toxicity issues.

In closing, the economic, health, social, and environmental benefits that would result for Victorians are immense and these could all be adopted in accordance with Article 28 or Article 23 (see appendix one). Alternatively, the Andrew's Government could easily make an amendment to the Victorian Agriculture Hemp Regulations allowing a provision of sale to Office of Drug Control manufacturers and the 67 Narcotic Drugs Regulation could be amended for manufacturers to receive biomass from Victorian Hemp Farmers.

Thank you for your time.

Regards

Mark Smith

Article 28

CONTROL OF CANNABIS

1. If a Party permits the cultivation of the cannabis plant for the production of cannabis or cannabis resin, it shall apply thereto the system of controls as provided in article 23 respecting the control of the opium poppy.

2. This Convention shall not apply to the cultivation of the cannabis plant exclusively for industrial purposes (fibre and seed) or horticultural purposes.

3. The Parties shall adopt such measures as may be necessary to prevent the misuse of, and illicit traffic in, the leaves of the cannabis plant.

Article 23

NATIONAL OPIUM AGENCIES

1. A Party that permits the cultivation of the opium poppy for the production of opium shall establish, if it has not already done so, and maintain, one or more government agencies (hereafter in this article referred to as the Agency) to carry out the functions required under this article.

2. Each such Party shall apply the following provisions to the cultivation of the opium poppy for the production of opium and to opium:

a) The Agency shall designate the areas in which, and the plots of land on which, cultivation of the opium poppy for the purpose of producing opium shall be permitted.

b) Only cultivators licensed by the Agency shall be authorized to engage in such cultivation.

c) Each licence shall specify the extent of the land on which the cultivation is permitted.

d) All cultivators of the opium poppy shall be required to deliver their total crops of opium to the Agency. The Agency shall purchase and take physical possession of such crops as soon as possible, but not later than four months after the end of the harvest.

e) The Agency shall, in respect of opium, have the exclusive right of importing, exporting, wholesale trading and maintaining stocks other than those held by manufacturers of opium alkaloids, medicinal opium or opium preparations. Parties need not extend this exclusive right to medicinal opium and opium preparations.

3. The governmental functions referred to in paragraph 2 shall be discharged by a single government agency if the constitution of the Party concerned permits it.

We Believe that
Cannabis sativa, L., is the Useful Cane and the True Hemp.
Therefore, we honor it with high honor.

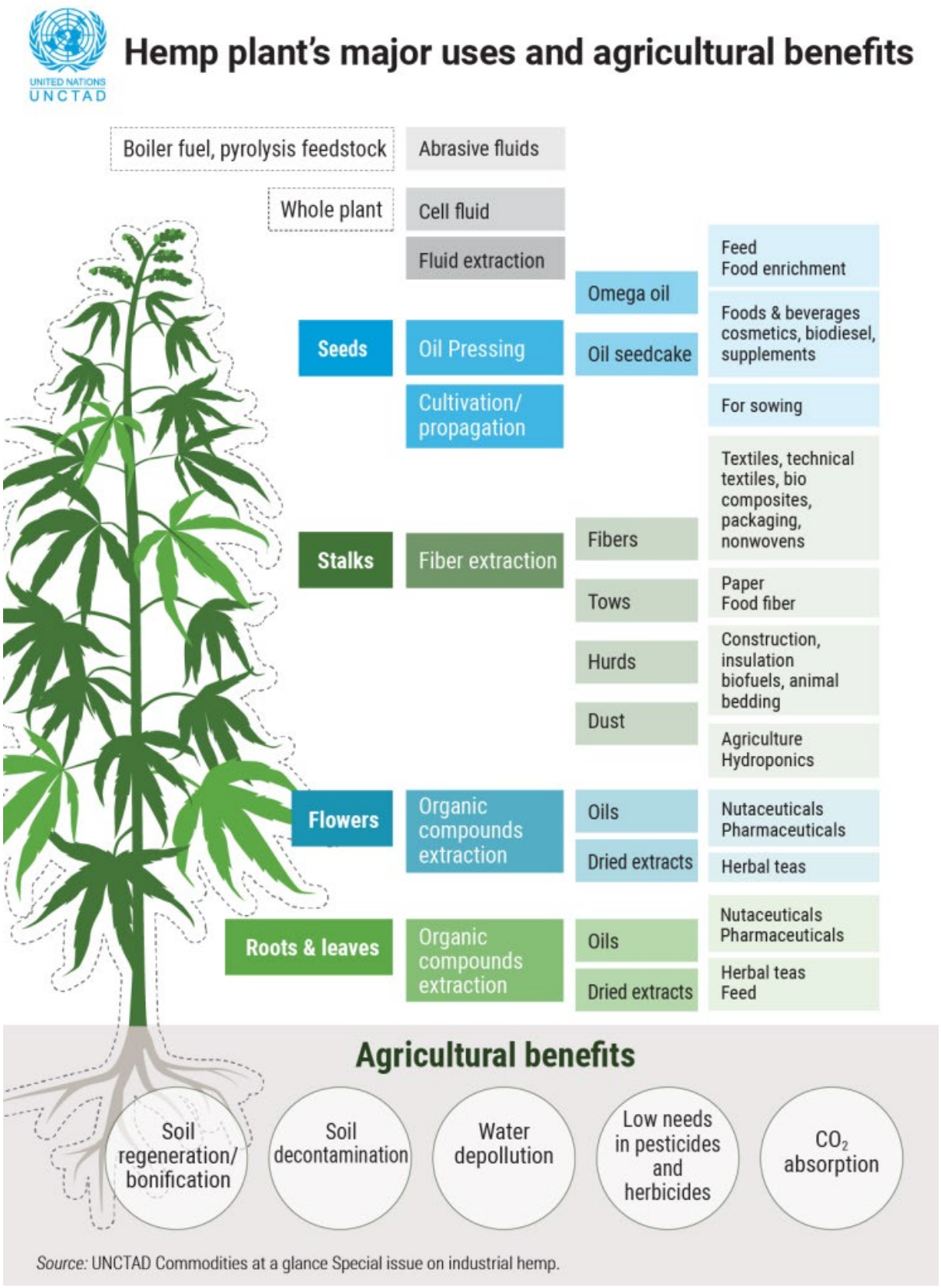
True Hemp is a restorative natural resource for all to grow, share and use.
Humanity – shares a unique history with this plant.
Therefore, we bring cannabis into our lives.

Cannabis flowers have safe and effective healing powers, some of which remain unexplained.
Therefore, we offer cannabis to ease suffering and add balance to life.

Cannabis Hemp is an intuitive sacrament we use to connect with ourselves and our community.
Therefore, we share cannabis in thanksgiving and deep respect for her resinous effect.

The virtuous cultivation and dissemination of cannabis are honorable professions.
Therefore we act with integrity and honesty to safeguard fellow Cantheists.

Inhale and pass it on.
Cannamaste. Cannamaste.



Please look at this link as it addresses most of the Inquiry's questions.

[Commodities at a glance: Special issue on industrial hemp | UNCTAD]

What is Hemp?

Hemp, or **industrial hemp**, is a botanical class of *Cannabis sativa* cultivars grown specifically for industrial or medicinal use. It can be used to make a wide range of products.[1] Along with bamboo, hemp is among the fastest growing plants[2] on Earth. It was also one of the first plants to be spun into usable fiber 50,000 years ago.[3] It can be refined into a variety of commercial items, including paper, rope, textiles, clothing, biodegradable plastics, paint, insulation, biofuel, food, and animal feed.[4][5]

Although chemotype I cannabis and hemp (types II, III, IV, V) are both *Cannabis sativa* and contain the psychoactive component tetrahydrocannabinol (THC), they represent distinct cultivar groups, typically with unique phytochemical compositions and uses.[6] Hemp typically has lower concentrations of total THC and may have higher concentrations of cannabidiol (CBD), which potentially mitigates the psychoactive effects of THC.[7] The legality of hemp varies widely among countries. Some governments regulate the concentration of THC and permit only hemp that is bred with an especially low THC content into commercial production.[8][9]

Victoria has a huge revenue opportunity, and we see hemp farmers providing the "separated" feed stock for "manufacture" of pharmaceutical products for medical companies. This revenue for the hemp farmers allows them to then create downstream investment into the many other products that can be made.

Hemp contains valuable lignin's, pectin's, terpenes, flavonoids, Cannabinoids and food, all of these production steps providing the waste stream biomass for industrial products Bast, Hurd, shiv and seed.

All products made from Hemp 1% Thc should be legal. PRODUCTION AND SEPERATION of Nutraceuticals, Terpenes, Aroma therapy products, livestock feed and many industrial products.

This would provide for the medical cannabis industry to have a local source of minor cannabinoid genetic stock without the need for high capital outlay or shipping half way across the world, providing a low cost biomass for extraction, like the rest of world does!

Building several industries at once.

The definition of "manufacture" in the Narcotic Drug Act 1967 would allow for physical isolations of cannabinoids or employment of a high temperature heating process which alters the cannabinoids from acid to neutral form. These manufacturing steps would otherwise be illegal.

However, due to the definition of "manufacture" in both the Single Convention treaty and the Narcotic Drugs Act 1967 (both previous and current version) manufacture does not include the separation of cannabis or the separation of resin (which contain the cannabinoids) from the plant. These activities are legal to perform without a Commonwealth manufacture license

just as under the Commonwealth laws now they may be performed under "production" licenses.

It is not the case (as the TGA is suggesting) that resin separations or extractions from low-THC Hemp plants comes under the definition of manufacture and therefore would require a Commonwealth manufacturing license to produce cannabinoid products such as cosmetics/nutraceuticals containing these hemp resins or extracts from hemp. The argument from the TGA is that the act of extracting the resins is changing a drug into another drug therefore it must come under the definition of manufacture.

This is clearly not the case since manufacture is all processes "**other than production"** and production includes the separation of resin as is evidenced by the definitions below, as taken from the Single Convention Treaty.

"Article 1

Definitions

n) "Manufacture" means all processes, other than production, by which drugs may be obtained and includes refining as well as the transformation of drugs into other drugs."

and production is defined as the separation of cannabis and cannabis resin from the plants from which they are obtained as below.

"t) "Production" means the separation of opium, coca leaves, cannabis and cannabis resin from the plants from which they are obtained."

And cannabis resin means the separated resin whether crude or purified obtained from the cannabis plant as below.

"d) "Cannabis resin" means the separated resin, whether crude or purified, obtained from the cannabis plant."

This means that a cannabis resin that is separated from the plant whether it is a crude resin or a purified resin is not to be considered as part of a manufacturing process thereby requiring a manufacturing license to be held for these purposes.

The act of refining (creating cannabinoid isolates) but only as a step taken beyond the purification of the resin as well as the act of transformation of drugs into other drugs (synthesising and altering compounds) from the produced resin is an act of manufacture.

Commonwealth law did not control, nor did it prohibit the licensed cultivation or production of cannabis plants for therapeutic research or therapeutic uses. Commonwealth law did, in line with the Australian Constitution, give control to the Commonwealth to allow for export licenses and permits for a number or cannabis derived products not being limited to hemp fibre and seed products.

This potential for exporting hemp flower or hemp oil/hemp extract for either medical or cosmetic purposes existed, in other states, prior to Nov 2016.

Exportable cannabis products were listed on a TGA list that covered products under the substance name as below.

"*Cannabis;*

including, but not limited to:

cannabis sativa seed; industrial hemp; hemp seed oil; hemp oil; cannabis oil; cannabis extracts; hemp extracts."

"Cannabis resin" was in the column as a different substance name to cannabis but could also be exported.

It is seen above that hemp seed oil is differentiated from hemp oil (a low-THC plant oil) and cannabis extracts is differentiated from hemp extracts (low- THC).

The export potential for medical products was removed by the Commonwealths ND Act amendments under the suggestion that this block of export would ensure a local supply would be available to satisfy the local demand firstly.

Commonwealth law does not control cosmetic products containing hemp resin/oil. These were made legal at the NSW State level upon enactment of the Hemp Act 2008.

INCONSISTENCY OF STATES

The Commonwealths TGA poisons schedule is a guide and states can choose to follow it or not. States do this by enabling the poison schedules through their state Therapeutic goods legislation or their Misuse of Drugs Act or Controlled substances act as the case may be.

When the NSW Hemp Act passed, Hemp farmers and any products coming from hemp were given exemption from the Commonwealth poisons schedule by an amendment to the NSW Poisons and Therapeutic Goods Act 1966- Sect 5A as follows..

"5A Relationship with Hemp Industry Act 2008.

Nothing in this Act or the regulations under this Act or in the Commonwealth therapeutic goods laws (to the extent they apply as a law of New South Wales) affects any provision of or made under the Hemp Industry Act 2008 or renders unlawful anything done in accordance with any such provision."

Similarly the South Australian Hemp Act gives exemption from the Commonwealth poisons schedule through their CSA and was tailored to also allow cosmetic products from low THC cannabis where the definition of hemp "cultivation" also includes to separate resins. This is not something that the Single Convention treaty or the Commonwealth has power over since a state is allowed to decide its own laws when it comes to these substances.

The USAs Hemp farm bill does the same for hemp oil products as long as they are under 0.3 percent THC in the product. This has enabled a thriving industry in hemp oil products in the USA 50 States.

The Therapeutic Goods Administration were in the past requested to install hemp type exemptions into schedule 9 of the SSUMP (poisons schedule) so that hemp products could be traded legally within states that had not enacted hemp laws. This began with a hemp fibre exemption and then a hemp seed oil exemption and an "other products" exemption whereby limits were placed on the amount of THC that could be in these "other products".

These controls are not required in the treaty and the Commonwealth cannot hold all states to these limits. These exemptions were not required to be listed to allow the beginning of production or the supply or hemp products within States that had hemp laws.

The SSUMP does not give over-arching power to the Commonwealth over States. A working example of this is where hemp seed or hemp oil products could be produced after State licenses were granted and product could then supplied within the State or to overseas countries under a Commonwealth export license. Today, a glance at schedule 9 reveals that there is no exemption listed for hemp seed itself yet hemp seed is not made illegal at the State level by the TGAs schedule 9 capture of cannabis seed. The same situation exists where extracts/resins from the cannabis plant are captured in S9 but Hemp extracts are not illegal to produce for supply in NSW or to export overseas.

Why not in Victoria?

The Commonwealths Therapeutic Goods Administration has recently proposed (by a delegate initiated decision) to remove an exemption for hemp products known as "other products". The TGA had earlier exempted these hemp products from the Poisons schedule.

Hemp farmers, hemp stores and businesses began to trade in these products and have invested heavily in some cases.

The decision to remove the exemption was not brought forward on the basis of the products exerting or potentially exerting harm. In fact it was acknowledged that no harm had been identified. Toxicology was not entered into. The fact was that the TGA had not properly followed section 52E of the TGA regulations in its consideration to raise the product back into the poisons schedule and it would have far reaching effects as a result.

This is a product type being sold around the world legally and has been traded in Australia and NSW for years and I lost my ability to trade as FOLIUM INDUSTRIES in NSW, gobsmacked by the TGAs attempt to class HEMP UNDER 1% THC among other prohibited schedule 9 controlled poisons, causing untold losses to the Hemp Industry of Australia and associated companies and we urged that the Commonwealth leaves this to the States and Territories as was the case prior. ALL TO NO AVAIL

Hunter cannabis farmers say Australia could be a world leader in medical marijuana | poll | Newcastle Herald | Newcastle, NSW

I need to take a step back and recount what occurred to me and my business partners in NSW.

Pardon the digression, as this frames the reasons why VICTORIA has the opportunity to create its own system and build a strong financial revenue return for the state as the Labour government intended back in 2014. Regaining independence and the tax benefits to come removed from the Federal Governments OVERREACH.

Before the NSW Hemp Act in 2008, licenses for the cultivation of cannabis (low THC or otherwise) for scientific research, including for therapeutic purposes, were granted in NSW under the NSW Misuse of Drugs and Trafficking Act 1985 (MDTA). These predate the Commonwealths licensing scheme for medical purposes.

The power to license prior to 2008 under the MDTA, and any licenses granted under the MDTA were transitioned over to be licenses under the NSW Hemp Act. This is stated in the reading in NSW parliament for the NSW Hemp Act 2008.

We had an exemption from the Therapeutic Goods Act NSW and also had an exemption under the Drug Misuse and Trafficking Act 1985, NSW- Sect 8A. This is the same exemption that allows the poppy farmers to be exempt under Sect 8B.

"DRUG MISUSE AND TRAFFICKING ACT 1985 - SECT 8A

8A Relationship with Hemp Industry Act 2008

(1) Nothing in this Act affects any provision of or made under the Hemp Industry Act 2008 or renders unlawful anything done in accordance with any such provision.

(2) Without limiting the generality of subsection (1), nothing in this Act renders unlawful:
(a) cultivating or supplying, or taking part in cultivating or supplying, low-THC hemp under the authority conferred by the Hemp Industry Act 2008 , or
(b) manufacturing or producing, or taking part in manufacturing or producing, low-THC hemp or anything containing low-THC hemp if that hemp was cultivated or supplied under the authority conferred by the Hemp Industry Act 2008 or under a corresponding authority, or

(c) possessing low-THC hemp or anything containing low-THC hemp if that hemp was cultivated or supplied under the authority conferred by the Hemp Industry Act 2008 or under a corresponding authority.

(3) In this section,
"corresponding authority" has the same meaning as in the Hemp Industry Act 2008 ."

This license, combined with the laws at the time would enable us to legally supply low THC material or resin to licensed NSW manufacturers to then manufacture schedule 8 nabiximols or schedule 4 cannabidiol products. It could be used for clinical trials or for patient access through category A or Category B special access schemes. We could also supply to compound chemists and hospital pharmacies. The compound chemist pathway and now

Category A has now been removed but essentially our licenses intent and abilities were removed at the Federal level.

We have a copy of a letter from Bill Turner of the newly created Office of Drug Control acknowledging that we could supply medical cannabis prior to November 1, 2016 when the Amendments to the ND Act came into effect.

Within the explanatory notes to the ND Act amendment Bill 2016, the Commonwealth had made statements and suggestions that it would need to control medical cannabis to ensure Australia was following the treaty obligations.

It was not revealed, how otherwise allowing States, like Victoria to move unilaterally, or allowing the DPI/VIC AG to continue as a controlling agency for low-THC cannabis would breach the treaty.

The Commonwealth did not revoke State poppy licenses to become a sole controlling agency, nor did the Commonwealth make significant changes to the conditions of licenses activities. Most recently, NSW DPI has control over licensing for poppy cultivation and production in NSW. The Commonwealth, as before, will act as collectors of information data for its supply to the International Narcotic Drugs Control Board (INDCB) and will continue to control the manufacture licenses and exports.

We also note that in line with the treaty, the Hemp Act has a regulation to prevent the misuse of and illicit traffic in hemp leaves/flowers. A regulation also exists to allow the leaves/flowers to be supplied for research or other bonafide purposes with permission. This would allow us to supply low THC hemp flower for university research or for direct supply to manufacturers.

Under the Single Convention on Narcotic Drugs 1961(the treaty), article 28 notes that a Country shall apply the system of controls respecting the opium poppy so to control cannabis.

Article 28

CONTROL OF CANNABIS

1. If a Party permits the cultivation of the cannabis plant for the production of cannabis or cannabis resin, it shall apply thereto the system of controls as provided in article 23 respecting the control of the opium poppy.

2. This Convention shall not apply to the cultivation of the cannabis plant exclusively for industrial purposes (fibre and seed) or horticultural purposes.

3. The Parties shall adopt such measures as may be necessary to prevent the misuse of, and illicit traffic in, the leaves of the cannabis plant.

Article 23

NATIONAL OPIUM AGENCIES

1. A Party that permits the cultivation of the opium poppy for the production of opium shall establish, if it has not already done so, and maintain, one or more government agencies (hereafter in this article referred to as the Agency) to carry out the functions required under this article.
2. Each such Party shall apply the following provisions to the cultivation of the opium poppy for the production of opium and to opium:

a) The Agency shall designate the areas in which, and the plots of land on which, cultivation of the opium poppy for the purpose of producing opium shall be permitted.
b) Only cultivators licensed by the Agency shall be authorized to engage in such cultivation.
c) Each licence shall specify the extent of the land on which the cultivation is permitted.
d) All cultivators of the opium poppy shall be required to deliver their total crops of opium to the Agency. The Agency shall purchase and take physical possession of such crops as soon as possible, but not later than four months after the end of the harvest.
e) The Agency shall, in respect of opium, have the exclusive right of importing, exporting, wholesale trading and maintaining stocks other than those held by manufacturers of opium alkaloids, medicinal opium or opium preparations. Parties need not extend this exclusive right to medicinal opium and opium preparations.

3. The governmental functions referred to in paragraph 2 shall be discharged by a single government agency if the constitution of the Party concerned permits it.

Whilst the treaty states that the functions in paragraph 2 shall be discharged by a single agency if the constitution permits it, paragraph 1 states that if a party permits the cultivation of the cannabis plant for the production of cannabis it shall establish and **maintain** one or more government agencies.

The DPI/VIC Ag is a legitimate agency under the treaty. The Hemp Act has provisions (within the Act itself and its regulations) of which are designed to screen license holders and employees, provide for security of crops and materials and stop illegal activities. It follows the same system of controls within the treaty that the Commonwealth does albeit the Commonwealths system has needed to go further since it also covers cultivation and handling of plants with high-THC which is used recreationally.

While the Commonwealth has set up a national agency through the act of convincing senators to vote for the bill to do so, it was not set up as the only (single) agency given that a provision was purposefully written into the Bill to allow these existing Hemp research licenses to continue.

The regulatory impact statement within the explanatory notes did not address the impacts that would occur if these research licenses were not allowed to continue. This is because the regulatory impact statement and explanatory notes indicated that provision was provided within the bill to allow these licenses to continue. By not writing regulations to give effect to these provisions, this amounts to the Commonwealth taking property as granted by the State, without just cause.

The Commonwealth legislation provision below (which allowed the states to cultivate poppy or cannabis plants for therapeutic research or supply) was contained within the existing

Narcotic Drugs Act 1967 version prior to November 2016. The Narcotic Drugs Act 1967 allowed the state the power to grant such licenses, just like it also allowed the states to grant licenses for the cultivation and production of opium poppy.

"7 Inconsistency with State and Territory laws

This Act, regulations under this Act and directions given under section 12 or 13 do not apply to the exclusion of any law of a State or Territory or any regulation in force under an Act except in so far as that law or that regulation is inconsistent with an express provision of this Act, those regulations or those directions."

This section 7 of the ND act was altered from November 1 with the passing of the Bill to Amend the Narcotic Drugs Act 1967.

These amendments (7 and 7A) were written in such a way that regulations could be written to allow for our licenses to legally carry on the activities described as being otherwise prohibited under 7A (1) (a) and (b).

The amendments were slated as follows.

"7 Section 7

Omit "section 12 or 13", substitute "this Act".

8 After section 7

Insert:

7A Interaction with State and Territory laws

(1) Despite section 7, Chapter 2 and section 25A of this Act, and other provisions of this Act so far as they relate to those provisions, apply to the exclusion of a law, or a provision of a law, of a State or a Territory to the extent that the law or provision purports to do one or more of the following:

- *(a) provide for the grant of a licence (however described) authorising the cultivation of cannabis plants for the purposes of producing cannabis or cannabis resin for medicinal or related scientific purposes, or otherwise authorise such cultivation;*
- *(b) provide for the grant of a licence (however described) authorising the production of cannabis or cannabis resin for medicinal or related scientific purposes, or otherwise authorise such production;*
- *(c) prohibit an activity, or prevent a person from engaging in an activity, that is authorised under Chapter 2 or section 25A of this Act, or another provision of this Act so far as it relates to Chapter 2 or section 25A.*

(2) Subsection (1) does not apply to a law, or a provision of a law, prescribed by the regulations for the purposes of this subsection.

(3) Regulations made for the purposes of subsection (2) may prescribe a law, or a provision of a law, in relation to its operation in prescribed circumstances."

Page 44 of the explanatory memorandum for the ND amendment bill contains the following relevant information to senators and the public about changes to section 7.

"Item 7 – Section 7

This item will make a minor amendment to section 7 consequential on the repeal of sections 12 and 13 by item 10 below.

Item 8 - After section 7

This item will insert a new section 7A (Interaction with State and Territory laws).

Any State or Territory law that purports to allow the cultivation of cannabis plants for the purposes of producing cannabis or cannabis resin for medicinal purposes or for research relating to medicinal cannabis, or the production of cannabis or cannabis resin for medicinal purposes or for research realign to medicinal cannabis (whether by means of the grant of a licence or otherwise) will be ineffective to the extent that it purports to do so.

State and Territory laws that authorise the manufacture of drugs (including from cannabis) would not be affected by this provision.

Regulations can be made to allow the continuation of particular State and Territory laws that would otherwise be affected by the provision to continue to operate. This can be limited to the specific circumstances set out in the regulations."

Please also see pages 99 and 100 of the explanatory memorandum to the ND amendment bill.

This contains information as was provided to senators and the public in regards to the transitional provisions within the bill. This covers provisions for manufacturing licenses under old law as well as discusses transitional regulations whereby a specified license (under old law) in force under a state immediately before the commencement of schedule 1 is taken to be a license granted under the Act as amended by the amendments in schedules 1 and 2.

Provision is also within the ND act to allow state DPI/VIC AG inspection officers to continue to monitor licensees for compliance.

The more pertinent excerpts from the explanatory notes to the ND amendment Bill 2016 are shown below.

"Schedule 3 – Transitional provisions

This Schedule contains provisions allowing the continuation of extant manufacturing licences granted under the Narcotic Drugs Act 1967 and the modification of some provisions of the Act as amended by the provisions in Schedule 1 in their application in particular circumstances.

Item 1 – Saving of manufacturing licences in force as at the commencement of Schedule 1 and applying old law to them

Item 1 will have the effect of continuing to apply the Narcotic Drugs Act as in force immediately before the commencement of Schedule 1 to licences that were in force at the commencement of Schedule 1.

This ensures that the licences to manufacture granted under section 9 of that Act and any permits granted under section 11 of that Act, as well as any directions given under Part II of that Act, will remain in effect when Schedule 1 comes into operation as if the Narcotic Drugs Act had not been amended by Schedules 1 and 2.

The holder of any such licence wishing to renew the licence at the end of the period for which it is in force under the Narcotic Drugs Act (as continued by reason of item 1) will need to apply under the Act as it is amended by the provisions in Schedule 1.

Item 2 – Transitional regulations

Item 2 creates a general regulation making power to address transitional issues and provide for the application of the amended Act in particular circumstances.

Such regulations will be able to provide that a specified licence, authorisation or permit (however described) in force under a law of a State or Territory immediately before the commencement of Schedule 1 is taken to be a licence granted under the Act as amended by the amendments in Schedules 1 and 2.

The purpose of the regulation-making power is to provide for the continuation of a small number of authorisations that have been granted under the New South Wales Hemp Act 2008 and under the New South Wales Drug Misuse and Trafficking Act 1985 allowing the cultivation of cannabis for research relating to medicinal cannabis.

Regulations made under this provision could provide that these authorisations etc. are taken to be granted under the Narcotic Drugs Act (as amended by Schedules 1 and 2). This would ensure their ongoing validity once Schedule 1 commences. Because the regulatory requirements under which the authorisations are currently operating differ from those in Schedule 1, it will be necessary to modify the operation of the amended Narcotic Drugs Act in its operation in relation to these authorisations.

The regulations would be developed in close consultation with the New South Wales Government which would include consideration of how the authorisations (as taken to be granted under the amended Narcotic Drugs Act) could continue to be subject to testing and inspection by New South Wales officers (there is provision in the Schedule 1 amendments for the Secretary to appoint State and Territory officers and employees as authorised inspectors under the Act).

Of prime importance in the development of the regulations would be to ensure that Australia fulfilled its obligations under the Single Convention.

Item 3 – Definitions

*Item 3 inserts three definitions that are used in Schedule 3 – **new law**, which means the Narcotic Drugs Act 1967 in force on and after the commencement of Schedule 1; **old law**, which means the*

Narcotic Drugs Act 1967 in force immediately before the commencement of Schedule 1; and ***commencement****, which means commencement of Schedule 1."*

The Narcotic Drugs Amendment Bill 2016 explanatory memorandum contains a regulatory impact statement that was approved as compliant by the Office of Best Practise Regulation on the 29th of January 2016 at a time that the regulations where not yet written. Interestingly the regulatory impact statement made the following point.
" While the Department had commenced developing a Regulation Impact Statement for the proposed Bill (medical cannabis regulator bill 2014), it was not possible to assess the full implications of the regulatory changes until the detail of the regulatory framework was developed." and this

"This Regulation Impact Statement (RIS) outlines the Australian Government's options for facilitating access to medicinal cannabis products for medical and scientific purposes."

This shows how the impact assessment did not assess the benefit of allowing the current research not to be wasted.

This had the affect that the regulation that may (or may not) be written to allow the 3 therapeutic licenses granted under the NSW Hemp Act to continue, were not known.

As a result the impact to these license holders operations and the benefits of faster supply of medicine was not discussed nor identified. To date we have had almost 20 months experience and could easily have begun supplying local product to manufacturers at a time that there is a current lack of local supply, with patients needing to cover the elevated costs of imported products.

On page 3 of the explanatory notes it was noted that the Commonwealth currently had laws to regulate the import, export and manufacture of cannabinoids and cannabis raw material, but that these (the Commonwealth laws) do not allow the cultivation in Australia of cannabis plants for medicinal purposes. It can be seen at this point in time we were also able to apply for a license and permits to export low THC cannabis materials, this was identified by us while considering our business plan with the following products being able to be exported.

This avenue for supply and revenue has also since been removed by the amendments made to the ND act whereby medical cannabis product may now only be exported at a later date after local supplies are satisfied.

While the Department had commenced developing a Regulation Impact Statement for the proposed Bill it was not possible to assess the full implications of the regulatory changes until the detail of the regulatory framework was developed.

"Under the United Nations Single Convention on Narcotic Drugs, 1961 (Single Convention) as amended by its 1972 amending Protocol, Australia, through the Commonwealth Government, has an obligation to carefully control, supervise and report on various stages of cannabis cultivation, production and manufacture."

Currently, States and Territories can authorise cultivation of cannabis for horticulture and industrial purposes as allowed under the Single Convention. However, if a State or Territory were to authorise cultivation for medicinal purposes, this would enliven the Commonwealth's obligations under Article 23 of the Single Convention. This would require the Commonwealth to establish an authority to regulate the cultivation of cannabis for medicinal and scientific purposes.

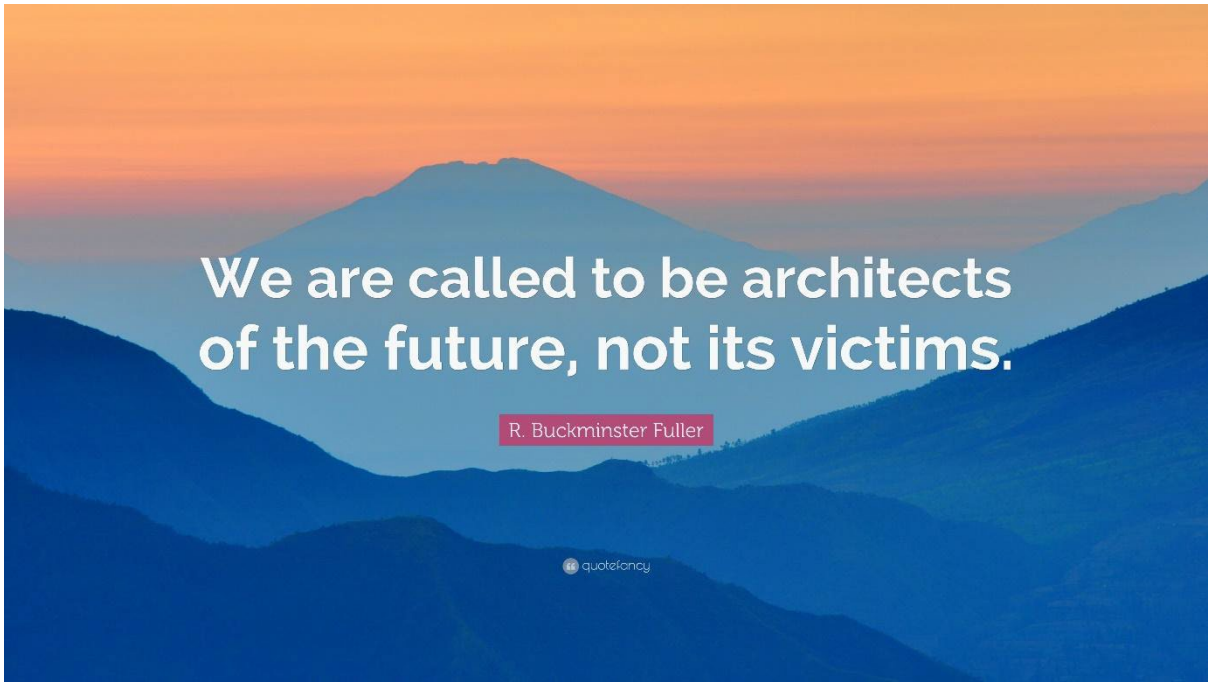
page 8. The cultivation of cannabis is not currently controlled under the Act. Refining, extraction or other processes (e.g. making extracts, tinctures, cannabis oil) from cannabis (including industrial hemp) is subject to the manufacturing controls set out in the Narcotic Drugs Act.

There is a risk that Commonwealth legislation could be inconsistent with that of the States and/or Territories. In such a case, the Commonwealth is potentially in breach of its international obligations under the Single Convention with at least one State unilaterally moving to permit cultivation of cannabis for medicinal purposes, either to supply clinical trials or to supply some form of access scheme.

Without Commonwealth regulation consistent with Australia's international obligations, States and Territories moving ahead with cultivation will affect Australia's ability to present itself as compliant with the Single Convention.

Victoria has the opportunity to re-establish the Garden State Moniker and develop and future proof Victoria with a safe alternative for most products we use everyday.

Thank you


We are called to be architects
of the future, not its victims.
R. Buckminster Fuller
quotefancy