

TRANSCRIPT

LEGISLATIVE COUNCIL ECONOMY AND INFRASTRUCTURE COMMITTEE

Inquiry into the Industrial Hemp Industry in Victoria

Melbourne – Monday 11 September 2023

MEMBERS

Georgie Purcell – Chair

David Davis – Deputy Chair

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Evan Mulholland

PARTICIPATING MEMBERS

Gaelle Broad

Georgie Crozier

David Ettershank

Renee Heath

Sarah Mansfield

Rachel Payne

WITNESS

Lyn Stephenson, President, Regenerative Hemp Victoria.

The CHAIR: I declare open the Legislative Council Economy and Infrastructure Committee's public hearing for the Inquiry into the Industrial Hemp Industry in Victoria. Please ensure that mobile phones have been switched to silent and that background noise is minimised.

I would like to begin this hearing by respectfully acknowledging the Aboriginal peoples, the traditional custodians of the various lands we are gathered on today, and pay my respects to their ancestors, elders and families. I particularly welcome any elders or community members who are here today to impart their knowledge of this issue to the committee or who are watching the broadcast of these proceedings. I also welcome any other members of the public watching via the live broadcast.

Before we begin, I will just get committee members to introduce themselves to you, starting with Dr Heath.

Renee HEATH: My name is Renee Heath, and I am a Member for Eastern Victoria Region.

Evan MULHOLLAND: Evan Mulholland, Member for Northern Metropolitan Region.

The CHAIR: Georgie Purcell, Member for Northern Victoria Region.

Rachel PAYNE: Rachel Payne, Member for South-Eastern Metropolitan Region.

Jacinta ERMACORA: Jacinta Ermacora, Member for Western Victoria Region.

Sarah MANSFIELD: Sarah Mansfield, Member for Western Victoria Region.

The CHAIR: All evidence taken today is protected by parliamentary privilege as provided by the *Constitution Act 1975* and further subject to the provisions of the Legislative Council's standing orders. Therefore the information you provide during this hearing is protected by law. You are protected against any action for what you say during this hearing, but if you go elsewhere and repeat the same things, those comments may not be protected by this privilege. Any deliberately false evidence or misleading of the committee may be considered a contempt of Parliament.

All evidence is being recorded, and you will be provided with a proof version of the transcript following this hearing. Then transcripts will ultimately be made public and posted on the committee's website. For the Hansard record, can you please state your full name and the organisation you are appearing on behalf of.

Lyn STEPHENSON: Lyn Stephenson, and I am appearing on behalf of Regenerative Hemp Victoria, of which I am President.

The CHAIR: Beautiful. Thank you. We now welcome your opening comments but ask that they be kept to a maximum of 10 minutes, just so we have plenty of time for questions.

Lyn STEPHENSON: Madam Chair and committee members, thank you for inviting me to participate in this public hearing. I would like to acknowledge the traditional owners of the land on which we meet today and pay my respects to elders past and present. Regenerative Hemp Victoria is an incorporated, non-profit, member-based organisation supporting the hemp industry in Victoria by fostering collaboration, integrity and respect not only between members but also externally. We advocate for the industry and promote sustainability and environmental and economic mindfulness to help preserve the planet for future generations. We are a member of the seven-member Australian Hemp Council, which represents the hemp industry nationally. The AHC is primarily a grower- and processor-driven and funded organisation focusing on addressing the issues impacting industry whilst engaging with government and community. We have the endorsement and support of the AHC to represent the hemp industry in Victoria, and the positions stated in our submission align with those of the AHC.

I was in the visitors gallery on the day that Rachel Payne presented her motion to establish this inquiry. Although after the debate there were no votes against the motion, during the debate there were apparent

objections, and I would like to address some of those concerns in no particular order. Firstly, that the hemp taskforce had already issued findings and its findings had no further impact on the growth of the hemp industry: there were no findings issued. The taskforce only issued an interim report, which was basically a summary of research both in Australia and overseas. Final recommendations were never forthcoming. The interim report mentioned how hemp can be utilised, not how the hemp industry can be supported.

Secondly, that the hemp industry is going backwards: it is not going backwards, although it is moving slowly. The industry is thwarted by archaic legislation. There are more conditions in the hemp licensing process in Victoria than in any other Australian state, and we are therefore non-competitive. Anyone who has a farming background would appreciate that farmers already have significant compliance challenges. Restrictions on a crop that is not a drug are the inhibitors to industry growth.

Thirdly, that if farmers wanted to grow hemp they would already be doing so – well, up front on Agriculture Victoria's website under the 'Crops and horticulture' tab are the words:

The cultivation of cannabis in Victoria is prohibited, unless otherwise approved by either the State Government or Commonwealth Government.

That is enough disincentive for anyone considering growing this non-drug crop.

Fourthly, that opening up the hemp industry in Victoria would be a back door to hard drugs: there is no evidence whatsoever that cannabis use leads to the use of hard drugs or that deregulating the hemp industry, or at least opening it further, will lead to more recreational cannabis use than already exists. Again, hemp is not a drug. Regenerative Hemp Victoria has no interest in pursuing the use of cannabis for personal recreation. Because hemp is not a drug it should be treated in the same way as, for example, non-psychedelic mushrooms – available on the open market, not constrained by licensing requirements. Mycelium fungus is currently being assessed for use in building materials. No licence is required to grow non-drug mushrooms. Hemp is widely used as a building material, and yet growing it is constrained by requirements for licences. I might just say here that hemp in buildings sequesters carbon. It has high thermal and sound insulation properties, and hemp could, and should, be utilised in public housing projects. Our food licensing covers hemp. Our national building code is the governing document for construction materials. There is sufficient legislation and red tape requiring compliance without the requirements for licensing a non-drug.

Fifthly, that hemp could somehow add to the already problematic rise in mental health issues: presumably this comment was in relation to drug use. Hemp is not a drug.

Lastly, that the hemp industry is only a fledgling industry, and if it were viable, then big business would already be involved: well, actually big business was heavily involved in demonising hemp way back in the 1930s, and we are still trying to recover.

I hope I have managed to allay the concerns that were raised in the debate. I have noted that this committee comprises a wide cross-section of people from varying political persuasions and many of you come from a farming background. Despite political differences, common themes in your published bios and/or maiden speeches include support for rural and regional communities, removing red tape and regulations that inhibit productive outcomes, attracting investment, fairness and equity, affordable housing, free market, climate change, job opportunities and ingenuity. A prospering hemp industry can contribute to all of these aspirations, and we as an industry association stand ready to work with you.

There is much to be achieved in this emerging industry. Existing hemp markets need to be strengthened and diversified, supply chains established, new products developed and market sectors captured, and they need innovation support, policy driven by hard evidence, development of industry expertise and job creation. AgriFutures, the CSIRO, various universities and the Australian Hemp Council are all making headway, as are individual hemp associations in each state, but the continued roadblocks, tangible and intangible, are hampering the industry. Hemp – non-drug cannabis – provides an opportunity for farmers to grow an alternative, sustainable crop in their rotations. It is my understanding that farmers are always seeking ways to diversify. To remove laws and regulations that inhibit productive outcomes would be a giant step towards allowing the hemp industry to become mainstream. More work is certainly needed to develop efficient processing infrastructure and supply chains.

Over 60 years ago, without any scientific basis, the United Nations single convention on narcotics, to which Australia is a signatory, included hemp in schedule IV for drugs that are:

... particularly liable to abuse and to produce ill effects.

In 2021 hemp was removed from this category. Again, hemp is not a drug. Hemp should not be included as it currently is in the *Drugs, Poisons and Controlled Substances Act 1981* in Victoria. Given that it was removed from schedule IV of the UN single convention two years ago, it is time to catch up. I query whether a separate Act is even needed given that hemp is not a drug. There are already sufficient compliance requirements in other legislation. Other industries seem to be able to deal with food laws, construction laws and workplace health and safety, to name a few, without the need for specific legislation for their particular industry. They are not constrained in the way that hemp is. Very well qualified departmental officers who are responsible for policing and enforcing the hemp regulations could be put to much better use proactively rather than reactively.

I must confess a personal annoyance and frustration that all levels of Australian governments have the propensity to be reactive rather than proactive. Investigating what occurs in other jurisdictions may well inform this committee, but rather than simply following other jurisdictions in relation to hemp, Victoria could actually take the lead, as it did in 1998 when the Kennett government supported the hemp industry in Victoria by being the first state to legislate for farmers to grow hemp. We as an association stand ready to provide further input to this inquiry in any way we can, and we thank Rachel Payne for putting forward the motion to establish it.

The CHAIR: Beautiful. Thank you very much. We will now open it up to questions from committee members, starting on the screen with Ms Ermacora.

Jacinta ERMACORA: Hello. Thank you very much for your submission and summary. I do not have any specific questions for you at this point.

The CHAIR: Thanks, Ms Ermacora. Dr Mansfield.

Sarah MANSFIELD: Thank you. Thank you for your submission and your presentation. I particularly appreciate the quite clear way you have laid out your submission, identifying different types of barriers and interventions that the state government could make to support the hemp industry. One of the things that you have raised that has not been raised as often by others is around maintaining a list of approved cultivars in the way that Canada does. Can you elaborate on this point, why that would be important and what difference it would make?

Lyn STEPHENSON: As best I can, I will. The Canadian health department, which is the governing body in Canada, has approved 13 or 14 varieties of cannabis that are certified as low THC or no THC as able to be grown in Canada without having to go through any sort of rigorous requirement for further certification. Once farmers establish themselves as hemp growers, they can use these certified cultivars without the further onerous, rigorous application.

Sarah MANSFIELD: Sure. Can you just compare that to what happens now for farmers in Victoria?

Lyn STEPHENSON: In our licence application process, we have to tell the department where we are getting the seed from. If it is a new supplier, we have to give certificates of how much THC is included in the seed and we have to tell them who the supplier is. Then once we get the seed and once we plant it, we have to notify the department that it has been planted, what variety it is and the GPS coordinates of where it is planted. Then when it has grown, we have to notify the department a month before we are due to harvest of the day that we are expecting to harvest, so that they can come and take samples of the crop and send them off to a lab in Western Australia – I do not know why we have to use Western Australia, but that is another issue; I think we should be testing it in our labs in Victoria. And so that is all of that sort of process and box-ticking, if you like, of the bureaucrats.

Sarah MANSFIELD: And every hemp farmer has to go through this process every time?

Lyn STEPHENSON: Yes.

Sarah MANSFIELD: Okay, thank you. That is really helpful. The other thing that you have mentioned in your submission is the potential to use hemp in social housing or government housing. I am curious about

whether you see that as something that could be done in the short term, or whether that is more of a long-term proposition, given where the industry is currently at?

Lyn STEPHENSON: There is a lot of hemp building going on in Australia, but not yet on the scale I think that is required for public housing. Having said that, there is quite a bit of hemp that is being imported; if we want to import, we can do it. The benefits of using hemp in social housing are the electricity charges that would be saved because its thermal properties are so good and not – I am stumbling over my words here – but not –

Rachel PAYNE: Insulated?

Lyn STEPHENSON: Yes, it has really high thermal properties and insulative properties. If we could, given that hemp is a 100- to 120-day crop, we could grow thousands of hectares almost straightaway, provided we could get a hold of seed that satisfies the department, and get it in in time for this growing season. Yes, we possibly could. Then there is the challenge of processing, which I am aware that other submissions have raised, and that is a challenge. But it is being processed, and I know that in New South Wales there is work being done on a processing mill, repurposing a cotton gin to process hemp. So it can be done, but slowly at the moment.

Sarah MANSFIELD: Okay, thank you. We have also had perhaps diverse views around where the government's role should start and end in supporting the hemp industry. There seems to be fairly unanimous support for some regulatory change – although exactly what needs to change, again there might be different views on what the priorities are – but it sounds like there is a fair bit of regulatory change that needs to happen. Beyond that, there are questions around what the government's role should be in supporting hemp. What are your views on that, beyond the regulatory changes?

Lyn STEPHENSON: I still think that the public perception that hemp is marijuana is alive and well, or unwell, and I think the state government here has done a wonderful job of educating people about how beneficial medicinal cannabis is. That has been widely publicised, and everyone accepts that now. But with hemp, it is all kind of like, 'Oh, isn't that the hippie stuff? Isn't that the drug?', so that needs to change. As I said in my opening, the Agriculture Victoria website says it is cannabis, and whoa, that issues warning bells to somebody who is trying to investigate growing hemp.

The CHAIR: Thanks, Dr Mansfield. Ms Payne.

Rachel PAYNE: Thank you, and thank you, Lyn, for your submission and thank you for your support. I really appreciate that industry have come together and seen that we are trying to make sure that that ongoing work is happening and it is front and centre in the conversation in government and in Parliament, so thank you. I would love to talk more about what you mentioned in your submission: the key elements and priorities of the potential to develop a hemp industry plan for Victoria. Would you be okay to expand on that for the committee, please?

Lyn STEPHENSON: Well, I notice that the state government funded a medicinal cannabis industry development plan, and when I looked at that plan I thought, 'All of that can apply equally, except for the medicine side of things, to hemp.' I cannot see why funding could not be allowed for that. The hemp industry does need more research, and so I think that is fundamental. There has been some criticism in the past of 'Why should the government fund this?' The taxpayer funds a lot of things, and if it is beneficial, if the research can come out with the benefits of hemp and understand what the potential is of the market, then I think it is money well spent.

Rachel PAYNE: Thank you. I guess just another thing that you raised and something that has been mentioned by many people who have made a contribution to this inquiry is around the comparisons with different states and the regulations in different states. Now, would you see benefit in there being synergy across the board with the states? Would that also impact industry in a positive way?

Lyn STEPHENSON: I would see benefit in synergy, although I think Victoria has the chance to lead in this. There was harmonisation back in February when the THC level was opened up, because we were previously 0.35 per cent and other states were 1 per cent. Going to the police commissioner for final approval, I do not understand that. It was supposed to be harmonisation, but we are still the only state that does that. The ability to transport the leaf material and stalk material from farm to processor is another. There is a grey area or a really wishy-washy area in that if it is on the road, then it is not licensed and it cannot be, so that is an issue.

Our industry as a whole through the Australian Hemp Council is looking at industry levies – the self-regulated industry levies. If we have not got harmonisation between the states, it is really hard to impose that kind of levy system. Yes, regulatory change generally – we can lead, rather than just follow.

Rachel PAYNE: Great. Thanks, Lyn.

The CHAIR: Thank you very much. Quite a few of the witnesses we have had before this committee have spoken about the stigma that is often heavily attached to hemp products. I notice that in your opening remarks you continuously stated hemp is not a drug. Do you think this is the reason for the stigma? And how can we as a committee do the work for that stigma to be overcome?

Lyn STEPHENSON: I think education is paramount. As I said with the medicinal cannabis, I think the government has managed to convince the wider voting public that medicinal cannabis has a place and is beneficial, and that it is not way out and it is not going to cause the jails to be overrun. Equally the government can educate the public on the uses and benefits of hemp and how farmers can contribute to their crop rotations by growing hemp and how we can put another industry in place. We are looking to make more money. We are looking for exports, we are looking for industry.

The CHAIR: I noticed that in your submission you spoke about the challenges facing the native timber industry in Victoria, and some other witnesses have suggested that hemp is a good opportunity for transition for an industry that we are obviously moving away from. Do you hold that view, and do you think that it is a workforce that could be easily redeployed?

Lyn STEPHENSON: I do not have firsthand knowledge of the workforce in the timber industry, but if there are workers out there who can be retrained, that is perhaps something else that government can look at. I know that government is funding retraining to varying degrees. 500 to 600 timber industry workers are just out there hanging, wondering what is going to happen with their futures. They can be retrained. We can bring a cotton gin down from New South Wales and have hubs everywhere, exactly where the timber mills are. I do not know whether the timber mills are able to be repurposed, in themselves, or whether location-wise something else could be set up next to them, as an adjunct to them or whatever. But I think there is certainly scope for re-education of timber industry workers to the hemp industry.

The CHAIR: Thank you. That is all from me. Mr Mulholland.

Evan MULHOLLAND: Thank you so much, Lyn, for your submission. In your view, what would need to change in, say, the *Drugs, Poisons and Controlled Substances Act* to cut red tape and expand industry growth?

Lyn STEPHENSON: Bit loaded, because I would just say: take hemp out of it. That is about the size of it.

Evan MULHOLLAND: Yes. That is good to know. I will note your submission says that a sort of standalone Act would be quite simple. If we were to do that – remove all the barriers – and that were to pass, do you think then the industrial hemp industry would be able to thrive and expand without taxpayer support?

Lyn STEPHENSON: I think the industry needs a certain amount of taxpayer support, be that in dollars or in kind. Certainly the government needs to support the industry by publicising what it is and changing the regulations. Part of changing the regulations would be educating people why, so that would be a great start. And other industries have been funded. The coal industry gets funded by government. The coal industry is not going to last for much longer, so there is a whole packet of money.

Evan MULHOLLAND: You say it could be a replacement for the native timber industry. What would that look like?

Lyn STEPHENSON: The timber industry has hubs of processing mills, paper – setting up similar hubs and attaching processing specific to hemp to the timber mills. I am not a construction person and I am not a scientist, but I envisage that we can utilise the existing locations for hubs of hemp and therefore the existing employment base.

Evan MULHOLLAND: I am interested in your submission talking about using hemp for things like housing or social housing as a form of insulation. What evidence is there that hemp insulation might be superior to existing insulation, and would this comply with existing regulations in that space?

Lyn STEPHENSON: I know the University of Melbourne is doing a lot of work in the hemp construction space. And they are actually running a hemp summit in a couple of weeks time. They are working on certification of building products. I think they have progressed a long way on that. The insulative aspects of it – I heard earlier Charles Kovess mention that the fellow in the UK, the building guy whose name escapes me, said that hemp is the best building product that he has come across, and that is because it has got the high thermal properties. It has got the insulation. It is termite proof. It is mould resistant. The walls breathe, and it is a healthy building rather than all of the manufactured chemicals that we have got in our buildings these days. I think for social housing it could solve a whole lot of problems.

Evan MULHOLLAND: Excellent. That is all from me. Thank you.

Lyn STEPHENSON: Thank you.

The CHAIR: Thanks, Mr Mulholland. Dr Heath.

Renee HEATH: Thank you. Thank you for your presentation and also your submission. The thing that piqued my interest most in your submission was the replacement of the native timber industry, but my colleagues have asked that so I will not put you through it again. You mentioned, before this started, industry, particularly manufacturing. Did you want to talk about that a little bit?

Lyn STEPHENSON: Yes. Australia has sent all of our manufacturing overseas, and we now import most things. This hat is an Akubra. It is hemp Akubra, and it is manufactured in Taiwan. Akubra is such an iconic brand, and it is such a shame that it cannot be manufactured here. All of the clothes that I am wearing are either imported from China or the fabric has been imported from China and manufactured here. I think it is an opening for us to re-establish our textile mills and our manufacturing capacity generally and of course create more employment.

Renee HEATH: Yes, absolutely. That is fantastic. You spoke a little bit about research. There have been some differing views, as there always are with witnesses. Some have said there is so much research done and we just need to access that; others have said that there needs to be funding into research. What specific topics within hemp do you think need more research? And do you have any access to existing research, or are there some holes that you are still seeing in that or some gaps?

Lyn STEPHENSON: A lot of the research – most of the research in fact – has been carried out overseas, and Australia has a unique climate, unique growing conditions, different soils and different ways of producing crops. I think we could do a lot to get more research done there. AgriFutures is conducting trials at the moment – three-year trials. However, Victoria has its own climate conditions and its own soil conditions. There is no reason why we could not re-establish the trials that were done in the mid-1990s in Victoria and get going once again. We have just floundered.

Renee HEATH: Thank you so much. Do you think there should be any restrictions at all on the use of hemp or growing hemp?

Lyn STEPHENSON: No, I do not.

Renee HEATH: No. I do not know, I think all the rest have been answered, so thank you.

The CHAIR: Thanks very much, Dr Heath. Ms Payne.

Rachel PAYNE: I get one more question because we have got a little bit more time, Lyn. I thought I might just touch on your experience as someone who has a hemp home. I thought it might be nice for the committee to sort of hear how that experience has been different from living in other types of homes.

Lyn STEPHENSON: Okay. I actually do not live in my hemp cottage. It is a bed and breakfast. And I established that for the sole reason of trying to educate people about what hemp is and what it is in building. So I have got hemp walls, hemp sheets on the bed, hemp body care products and hemp light fittings – as much hemp as I could include in this little cottage. What is absolutely noticeable is the lack of requirement for heating at the same level as I have in my 1890s leaky house, which just requires so much electricity to get warm. I do from time to time decide that I am going to move into my cottage. Planning laws do not allow me to do that. I

am only allowed just casual occupancy. That is another issue altogether. But, yes, it feels good. People walk into it and they go, 'Ah'; you can see them just physically relax.

Rachel PAYNE: Great.

The CHAIR: You have got time for one more.

Rachel PAYNE: Great. You have just mentioned planning laws, which is something that has come up throughout this inquiry process from, I guess, those that are trying to either establish themselves as either hobbyists in this space or those that are trying to create industry on their property that there has been a lot of resistance with council approvals and planning applications. Is this something that your members have experienced or reported on?

Lyn STEPHENSON: I have not had direct reports from members except for myself. I have gone through a 5½-year argumentative process with my local council. I have finally got through it. We went to the Ombudsman. I have been through the wringer with them. And I think it all stems from the original planner who raised the issue of, 'What are you doing there? Why are you doing it?'. He had no knowledge of what hemp was and was totally against anything that I was doing. Again, that is a psychological thing. It is subjective decision-making that impacts people trying to get on with it.

Rachel PAYNE: That is right. That is not a unique story that we have heard throughout this inquiry, so the issue around planning is something that is ongoing for many in the industry. Thanks, Lyn.

The CHAIR: Thanks, Ms Payne. Do we have any more questions from Ms Ermacora or Dr Mansfield?

Jacinta ERMACORA: All good, thank you.

Renee HEATH: I have got a question just out of morbid curiosity. Where did you get all of the bits and pieces to build your hemp home? Obviously it could not be processed here.

Lyn STEPHENSON: When I decided to buy the property, it was for the sole purpose of educating people about hemp. There was already a very rustic B & B on the place, and I knew Phil Warner, who I regard as the father of the hemp industry in Victoria. He was growing hemp in New South Wales, and he had a shed full of it, and it was all bagged up. So I brought down a semitrailer load of it and still have some of it left actually, and we used that. I got a local guy who was, I suppose, an enthusiast builder to run a workshop to build the hemp walls. So we brought more people in to try and educate them. It is amateurish construction because we were all learning, but it does the job. And it is an infill material, so it is not structural and we – I have lost the thread of what –

Renee HEATH: No, no. So you did not use the bricks that –

Lyn STEPHENSON: No. It is built in much the same way as rammed earth. So it is in formwork and then just tamped down, but it is so lightweight.

Renee HEATH: Okay. Yes, that is what we noticed this morning.

Lyn STEPHENSON: A 10-year-old child was helping in the workshop. Occupational health and safety maybe – but we only let him do what he was allowed to.

Renee HEATH: Wonderful. Thank you.

The CHAIR: Great. Thanks so much. Well, that is perfect timing, so we might leave it there. Thanks very much for your contribution today and for coming to meet with us. It was very valuable.

Witness withdrew.