

# 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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Jacinta Ermacora

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Bev McArthur

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Evan Mulholland

#### **PARTICIPATING MEMBERS**

Gaelle Broad

Georgie Crozier

David Ettershank

Renee Heath

Sarah Mansfield

Rachel Payne

**WITNESSES**

Emma Germano, President, and

Charles Everist, General Manager, Policy and Advocacy, Victorian Farmers Federation.

**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.

I am aware you have all appeared before us before, but we have some new participating members, so we will still go through and introduce ourselves, starting with Dr Heath.

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

**Bev McARTHUR:** Bev McArthur, Western Victoria Region.

**The CHAIR:** Georgie Purcell, Northern Victoria Region.

**Rachel PAYNE:** Rachel Payne, South-Eastern Metropolitan Region.

**The CHAIR:** And on the screen –

**Jacinta ERMACORA:** Jacinta Ermacora, Western Victoria Region.

**Sarah MANSFIELD:** Sarah Mansfield, Western Victoria Region.

**The CHAIR:** Thank you. All evidence taken is protected by parliamentary privilege as provided by the *Constitution Act 1975* and further subject to the provisions of the Legislative Council 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. You will be provided with a proof version of the transcript following this hearing, and then transcripts will ultimately be made public and posted on the committee's website.

For the Hansard record, can you please state your names and the organisation you are appearing on behalf of.

**Emma GERMANO:** Emma Germano, Victorian Farmers Federation.

**Charles EVERIST:** Charles Everist, General Manager of Policy and Advocacy, VFF.

**The CHAIR:** Beautiful. Thank you. We welcome your opening statements but ask that they be kept to a maximum of 10 minutes.

**Emma GERMANO:** Thank you very much. Good morning. Thanks for having us here today to present some of our positions on industrial hemp. It has been an interesting one to prepare for, because I was trying to work out what the question is that is actually being asked here, and I think it is really important that we are mindful of the particular role that the Victorian government has. I have seen some of the other submissions, and they go into areas that actually describe regulatory frameworks that are outside of the Victorian government's responsibility. We are really here to talk about the cultivation of hemp as a crop rather than to start talking about other regulatory bodies that step in, say, the TGA or FSANZ, in regard to THC levels in particular products that can be produced.

A lot of the submissions talk about a need to reduce the regulatory burden that growers face. None of them have been particularly clear about what those regulatory burdens are, and I think that that is probably a product of it being quite a small industry in Victoria. If we just look at the market forces, we can see that it is probably a small industry in Victoria because of this hampering or this hamstringing of the industry. Because of that regulatory burden, it is quite expensive for growers to operate within. I think that that low level of understanding of the regulatory framework plays out in some of the other submissions that you have seen – in instances where growers are interfacing with local members of local council, who also seem to have a low understanding of the regulatory framework that the production of hemp crops operates within. The VFF would be more than comfortable to see this burden of regulation relaxed for hemp crops.

I was here for the tail end of the last submission, and we can see that there is a lot of potential in the hemp crop for multiple applications, and those applications would really support sustainable agriculture in many ways as well as sustainable products for things like building. Again, I am not a hemp expert, but what I know is that the government needs to get out of the way in regard to seeing industries actually thrive and grow. We see one of those barriers as being a low level of understanding from people who would potentially like to grow these crops. I actually had the pleasure of visiting a hemp crop and a hemp grower about two years ago and thought about the opportunity to grow hemp on my own farm. Then when you start down a pathway in this framework, it is really difficult to kind of navigate. That became a barrier instantly for me. With all of the effort that you put into growing any type of crop or doing any agricultural activity, if it is particularly onerous or confusing – it is a fledging industry, and you are not sure where the market might be and you are not sure of what you are going to be able to do if you have a failed crop, in regard to talking about livestock being allowed to graze the hemp plant – it just becomes too hard, so you do not move ahead. I think that that is actually why we have probably got this industry that has not really burgeoned here in Victoria as we are seeing it starting to grow in other states and indeed as we are starting to see it grow across the European Union and in Canada.

Again, what is the role for the Victorian government with this legislative barrier that we are talking about? The first thing is, I guess: when you look at the submissions you can see that none of us are legislation experts. So this should be undertaken, looking at the regulation, seeing whether or not it is fit for purpose and understanding it from a perspective of risk and reward, the biggest issue being that hemp is still I guess being seen as a marijuana plant. As we know, it is the same family, but the THC content is different. Therefore what risk is it that we are actually trying to manage with the framework? Generally a market will either fail or it will thrive, but the things that can get in the way of that are governments. This is for me about removing the government as a barrier to allowing this industry to take off. It may or may not be successful, but it will not have that opportunity while we got that burden in place where people will not embark on investing in the industry from a growing perspective or cultivation perspective as well as a processing perspective. Again, we have got this notion of hemp being a poison or a drug. That is what actually needs to be reviewed and changed, and it will require legislative change to do so.

**The CHAIR:** Beautiful.

**Emma GERMANO:** I might leave it there.

**Charles EVERIST:** Nothing from me.

**The CHAIR:** Beautiful. Thank you. We will start with Dr Heath for questions.

**Renee HEATH:** Thank you so much, and thank you for your submission and your presentation. I guess the question I have is: some people are sort of seeking government input by way of funding. Some people are seeking the government to take their hands off and just let the industry grow itself. You are saying that you want to see government removed as a barrier, as opposed to input financially.

**Emma GERMANO:** Yes. It is an interesting question. Take agriculture away – if there is something that the government is trying to see grow for particular aims and purposes then, yes, the government can invest, but I would suggest that the first thing we actually have to do is remove the government as a barrier rather than talking about the level of investment. We would be very pragmatic at the VFF and say that the government's investment in agriculture and things that affect agriculture and regional communities is at an all-time low. So to start seeing money being carved off for specific industries I think can be problematic. Across all of the other industries, generally speaking, the industries themselves invest in research and development and extension via

levies and whatnot, and we have seen AgriFutures actually start some projects in the hemp space. So industries should take responsibility for promoting themselves but, again, you have got to remove the barriers first. To start promoting when you have got those barriers in place would not make any sense whatsoever. I would say, as the very first port of call, let us deal with that regulatory framework before we start putting taxpayer dollars into the industry because if the industry has the capacity to grow and be a commercial industry, I am sure it will take off in any case, and then it is up to individual businesses and the industry itself to promote.

Having said that, though, there is a kind of attitude that a government can have. I talk collectively about government. There is this attitude that we are still speaking about hemp and hemp production in regard to it being a drug and it being a prohibited substance and that that is the reason for the regulatory barriers. That is why I would say that the government really needs to think about the risk and reward: what is it that we are trying to prevent here by being so onerous on the production and the cultivation of hemp? If we actually look from a substance abuse perspective or a human health perspective, it is not actually at the cultivation point in the supply chain that we need to be regulating because that obviously takes away the opportunity for hemp to be used as the fibre production opportunity that has been expressed very well to the committee.

**Renee HEATH:** You mentioned cattle grazing in the area. To find out the answer to things like that, is there a bank of research? Where do you get that information?

**Emma GERMANO:** There has been one study that I have seen undertaken in Australia, which did demonstrate that there might be THC levels left in milk and that it can bioaccumulate in livestock, both flesh and products, but milk specifically. Again, it is actually the milk that needs to be regulated, which it is. FSANZ has not come up with a minimum level, which means zero THC is allowed to be in the milk or the meat products. Until it sets a low threshold, or whatever the threshold might be, essentially you would take that burden or that risk on as a grower. I would probably note that it is not very different to the way that we treat our livestock in regard to meat and milk products in regard to how you go about using antibiotics or how you go about using particular pesticides or any other products or inputs that you use on the farm; they have to be managed through your meat supply chain and your milk supply chain. Hemp should not be seen as something that is particularly different from that. I have seen submissions that talk about whether or not CBD is healthy for human consumption, and essentially that is also not what this inquiry should be trying to establish, because from 2017 hemp foods were allowed from a national perspective.

**Renee HEATH:** Thank you.

**The CHAIR:** Thanks, Dr Heath. Mrs McArthur.

**Bev McARTHUR:** Thank you, Emma, and thank you, Charles, for being here and for your submission. It seems that we are all in agreement – everybody that has come here – that the greatest barrier to entry is government itself. The regulatory burden – and I think Fiona Patten put it quite clearly that we have got licensing fees and over-regulation. We need to look at the whole of the crop and a hemp Act for starters to make sure that this industry could be viable. Moving it out of the drug area into an agriculture area would be a first step. Would you agree?

**Emma GERMANO:** It is interesting, because I think even in our submission – and I do not want to walk back from the position that we put in writing – we did say that a dedicated industrial hemp Act is something that we would support. Having said that, though, you are almost creating an industrial hemp Act because of it being mentioned in other pieces of legislation that create the barrier in the first place. It is kind of creating another piece of legislation that will be interacting with another legislative framework, which is possibly unnecessary, so it would actually just take a review. In the *Drugs, Poisons and Controlled Substances Act 1981* it talks very specifically about not being allowed to use it for livestock grazing. So in any case that would have to be reviewed, and potentially removing the barriers there would negate the need for an industrial hemp Act. We are not experts in legislation, I guess I would say. But again, it is just coming back to ‘Why is it in there in the first instance?’ As we are seeing a softening towards even marijuana and the legalisation of marijuana as a product, the hemp aspect becomes less and less of a problem, and we also need to understand the reason why it was put into the Act in the first instance, because we were growing hemp in this country and indeed in lots of other countries prior to 1937, I think it was.

**Bev McARTHUR:** In your experience across Australia in this whole space, are the other states ahead of Victoria in how they are accommodating this new agricultural crop – or not new, but reformed, rejigged?

**Emma GERMANO:** Resurgent. Yes, it does seem that Victoria is behind in regard to the data, and I think that that has been because of lagging changes to things like the amount of THC – it was at 0.035, and now it has been increased to 1 per cent in line with the other states. I think that really demonstrates how the legislative barrier is a very real barrier, because people just do not bother if it is too hard. Obviously Victoria should not be disadvantaged to other states where it is perfectly legal or perfectly fine to be doing something in another state. Why do we have these thresholds in the law, I suppose, where we are treating this product as something that is a drug? I guess the reality is – and I was thinking about it from a worst-case scenario, because we can delve into all the very specific things – in a worst-case scenario what we are ultimately trying to do is stop the general public from being able to access more drugs. That is why it is legislated this way. Moral of story: we grow hemp plants that have a THC concentration of less than 1 per cent. I think it is even less when it actually comes to the seed stock that you are planting. The worst-case scenario is that someone who is purchasing marijuana illegally is going to end up with a product that has got less THC in it, so the risks are actually quite minimal when you think about it from the entire perspective of why the barriers were put there in the first place.

**Bev McARTHUR:** And you have demonstrated personally the problem of a farmer who might have wanted to go into the industry but you just gave up because the permit system was so complicated – and you have not got time to be dealing with that sort of thing if you are busily trying to grow a crop.

**Emma GERMANO:** That is right. I think in regard to the potential applications for the hemp crop that have been demonstrated to the inquiry, feeding livestock on hemp is probably not the best and highest use for that crop. It is actually more likely to be a kind of backstop or worst-case scenario. If the crop half fails or the season does not turn out well, then I have not gone to all this expense for no reason whatsoever and at least I can feed my animals on it. As I said, whilst there is kind of science on both sides suggesting that it could be dangerous if we end up with low levels of THC accumulating into animal flesh and products, again, that can be managed by the actual management of the product. For example, I might have ewes on the property that are not going to be sent off to a meat market for many years and that might not be their ultimate purpose. Farmers are very well able to manage things like where they are grazing, what they are grazing and for what reason. Like I said, there are plenty of products that can end up bioaccumulating.

**The CHAIR:** Thanks. Thanks, Mrs McArthur. That is a good segue for my question. I am particularly interested in the use of hemp for feeding livestock. I had not heard of it before we started this inquiry. Noting what you said before that it might not be its best purpose, have you had much interest from your members who do raise animals about the potential to do this? Is there a desire for it from the farming community?

**Emma GERMANO:** Look, I would say that you do not know what you do not know. Because there is not a large industry for it, then people are not necessarily going to seek it, so it is almost like the supply will have an impact on the way that the demand happens. So we certainly do not have people saying, ‘We absolutely need to be growing hemp.’ But my understanding is that from a biomass perspective it is a very good crop and it can be very helpful in rotations on your farm in regard to weed suppression, the amount of biomass that you get off it, reduced water consumption and even the potential for carbon sequestration via the product itself also. Is there a demand? Well, they are certainly not knocking down our door looking for hemp crops for their livestock. But again, when the barrier is removed, the market will essentially dictate it. And if it is great product for that, it will ultimately be used for that.

**The CHAIR:** Beautiful. This is very specific, so it is okay if you do not know the answer, but we did have a previous witness tell us that hemp is a better alternative to hay for ruminant animals. Is that your understanding?

**Emma GERMANO:** If you get 10 different farmers in here, they will give you 10 different answers as to what is the best product for a ruminant animal because there are all sorts of factors that will impact on that. I do not think we should have to sit here and demonstrate the benefits of it because we do not go and talk about that in regard to rye-grass. We just have rye-grass, and people who want to use rye-grass use rye-grass. We actually have to understand: is the reason for the barriers a meaningful reason at this point in time, where we are up to with the need to move to different products. The diversification is always a positive thing for the market. Again, if there is no reason not to do it, then I do not think we need to express reasons why we should do it.

**The CHAIR:** Yes. Beautiful. Thank you. Ms Payne.

**Rachel PAYNE:** Thank you. And thank you for your submission and appearing today. I really appreciate it. You have made me think about the fact that it should just be treated much like any other crop, and I think that removing those barriers will eventually result in that sort of outcome. I guess I want to talk about – and you have mentioned it in conversation around looking at feed for animals – diversifying of crops and looking at how it can rejuvenate soil, carbon sequestration and rotations on the farm. On the basis of that, have your members expressed interest in that, or is it something that you see could be a really viable option for Victorian farmers?

**Emma GERMANO:** I think there is probably a point of critical mass that you have to get to before it is something that will take off. You are not about to open – well, I should not say that, because I do not actually know, but I was going to say I am not about to open a hempcrete factory if I do not know whether or not I can sauce the hemp, simply. The growers that I have spoken to do constantly talk about it being difficult and fiddly. It starts as being a passion project for a few – and we see that in a lot of different industries, a passion project for a few. Those people start establishing something and all of a sudden that can become mainstream. We are never going to be able to work it out exactly until we start, but the potential I think has been very well demonstrated, and all of those other things are problems that the market and the supply chain will sort through. Ultimately we might remove those regulatory barriers and it becomes just as easy to grow as lots of other products that you can grow, and in 10 years time we say, ‘Oh, our hemp industry didn’t take off.’ But again, that is not the fault of anybody, it is just the nature of the market. I would just suggest that farmers should be allowed to do things without the government meddling too much.

**Charles EVERIST:** Ms Payne, we do have members of the VFF who are hemp growers, but they are not members of the VFF as hemp growers, they have got diversified interests in agriculture. That is probably the sort of farmer who would be looking and is able to take the risk on this. Again, going back to the point made before, it is about giving those farmers options and choices. Obviously, with the regulatory burdens but also the relative cost of production as well, they have limited choice at the moment.

**Rachel PAYNE:** It seems as though, just from my observation, and I am sure some of my committee members will express the same, you have got those that are purely hemp farmers and want to look at the opportunity of the industry growing but also farmers there that want to look at opportunity for diversification and what would create better productivity of their farm more generally as well.

**Emma GERMANO:** I would suggest that even in regard to crop rotations you are going to see more of the diversified farmer than the ‘I am a hemp farmer only’, because you cannot continue to plant on the same ground, so you are going to be putting something else there for a rotation.

**Rachel PAYNE:** And it seems as though it can be quite useful in that respect.

**Emma GERMANO:** Yes.

**Rachel PAYNE:** You mentioned a shortage of suitable hemp varieties. Quite a few of those that have presented and submitted to the inquiry have talked about more research being needed. And from my understanding, looking at hemp varieties, seeds can be created or produced that would be better for the Victorian climate and would be less water-intensive crops. Is that something that you have seen within your remit?

**Emma GERMANO:** I guess what we see is that if you look at any particular variety or any particular crop, once there is a viable market, that research and development just happens, and it happens by itself. It happens organically. That is another unfavourable word to use here – not ‘organically’ as in without pesticides, although that is probably a market too; surely someone has told you about it. I would say that like when you look at the varieties of anything, where there is a commercial impetus to improve your productivity, increase your yields and think about diversifying growing regions, that flows on. We see that agricultural industries across the board are very willing to contribute financially and with other resources to research and development, whether it is varieties or any other factor of the crop raising that can benefit.

**Rachel PAYNE:** Great. Thank you.

**The CHAIR:** Thanks, Ms Payne. Ms Ermacora.

**Jacinta ERMACORA:** Hello, and thank you very much for your contribution. It naturally brings together a lot of what has already been said but very succinctly. Emma, I really like your risk and reward comment – I think that is a great approach and very sensible. You have kind of mentioned removing regulatory barriers rather than building a new regulatory system. I am well aware that the agriculture sector is very well experienced in supply chain accountability and reporting, so that is nothing new. I am just wondering: are you aware of any gaps in scientific knowledge that would assist in the use of hemp in agriculture?

**Emma GERMANO:** It is a good question. I have seen some of the submissions from the universities, and there was the AgriFutures piece that was done. The industry has to understand that there is an opportunity, and then I think that those gaps will become better pronounced and the investment into understanding the science and actually doing the research will flow afterwards. So no, I cannot speak to anything specifically in regard to your question, but I do think that what we have got is a crop that essentially has become wound up in criminal legislation and the medicinal industry and the way that that is regulated also. Whilst we keep treating hemp in that manner, we are not going to see the opportunities flow out of it, essentially.

**Jacinta ERMACORA:** Yes, very interesting. Thank you. The second question I have got is: presuming, say, if the regulatory system and the criminal legislation gets out of the road, would you be able to foresee any incentives or support that the agriculture industry would need, or your members would need, to help get the industry started – like a catalyst kind of thing?

**Emma GERMANO:** I guess what I would say is that we do not necessarily like it when certain things are picked and chosen, because all of a sudden you can go from the barrier that creates a distortion of the market to an incentive that creates a distortion of the market. Where we like to see investment from the government is across the board. If it is about – I do not what the particular word is, but the thing that removes the husk from inside the plant and does the thing, we would prefer to see grants into on-farm productivity infrastructure that can demonstrate a return on investment to the Victorian government, whether that is economic investment or whether that is the ability to employ people and so on and so forth. Otherwise you can end up in a position where you distort markets. So grants should be made available. There are possibly a million other fledgling industries right now that could be very meaningful to Victoria from an agricultural perspective for multiple different reasons. Again, I am probably less in favour of investing huge dollars into something that, if it is given the opportunity, if it is going to do well, will do well, because farmers are really great at taking those opportunities, as indeed is the rest of the supply chain.

**Charles EVERIST:** Ms Ermacora, I will add that I think we see that there is always a role for the Victorian government to invest in research and development, but it is critical that that is done in consultation with farmers and industry – that it is not just done purely at the whim of government but is inclusive of the views of the priorities of industry.

**Emma GERMANO:** And industry should always be investing itself. If an industry is not willing to invest, then the government should not be willing to invest. Like I said, AgriFutures have started. I think there was very good support around a production levy to actually start going into the research and development of the hemp crop, but there are other mechanisms through production levies and RD&E bodies. They are the bodies that are best placed. Often when state government gets involved we see a duplication of the work, and those funds could be better used somewhere else.

**Jacinta ERMACORA:** Thank you. Awesome. That is really, really useful. Thanks.

**The CHAIR:** Thanks, Ms Ermacora. Dr Mansfield?

**Sarah MANSFIELD:** Thank you. And thank you, Emma, for your presentation and for your submission. You have made some comments I think throughout today and in your submission around I guess some of those other barriers beyond regulation that exist for the hemp industry at the moment, including water and transport costs. I was just wondering if you could expand on that a little more – maybe, if so, how that might be different from other industries.

**Emma GERMANO:** Hemp as an industry or as a crop is going to be like every other agricultural crop in Victoria where we are seeing all sorts of barriers to production. We have got a crumbling road network across

regional Victoria that is going to impact the transportation of hemp products, just like it impacts the transportation of all the other agricultural products that we are producing. We are seeing with water the notion of buybacks being put back on the table from the Murray–Darling Basin and the impact that that is going to have on all of agriculture, particularly in the northern part of Victoria. The impact that we see in regard to difficulties with inputs from any other crop is going to be the same as the hemp industry – barriers to finding employees, barriers in accommodation out in the regions, a lack of infrastructure. Anything that impacts a farmer of any other nature – and we always have a very, very long list – is going to be impacting hemp producers as well.

I think what your question really highlights is that particularly when you are part of an industry where there is a lot of volatility and uncertainty, which is exactly what every agricultural producer in Victoria is facing right now, the likelihood of people choosing to embark on something that is a bit more experimental or a fledgling industry – it is not the time for doing that, particularly where there are a lot of barriers. I might trial a hemp crop on my farm when things are rosy and it does not really matter if that ends up being a loss of ground, and for quite a period of time, as well. So if it is a six-month crop, if I put it in and I lose all of that ground in a bad year where my other agricultural pursuits are facing higher risks, then I am very unlikely to take that risk myself, particularly when there are these barriers that are put in place. So we would just urge the government to remove the barriers and actually undertake that review of the regulation itself to understand how all of the different pieces of legislation operate within Victoria and then within the wider Australian framework, and then even beyond that in regard to having the opportunity to have an export market here if it was to take off. Get out of the way so that the industry can do it, because there are just too many reasons against why you would invest that on-farm RD – research and development – into the crop.

**Sarah MANSFIELD:** Thank you. Following on from that, some of the submissions and presenters have talked about the role of government with procurement in helping to support and provide incentive for the industry to develop. What are your views on that?

**Emma GERMANO:** I think again this is not particular to the hemp industry by any stretch; I would say it is across the board. Government has levers that it pulls that either hamper an industry, which is what we are seeing right here, and it has levers that it can pull, investments that it can make or commitments that it can make that put a fire under something and actually get it going. I am being really particular here, and I would not say it is necessarily VFF policy, but in the fiscal environment that we are in right now I would ask that the government would look at it and say, ‘Are we actually going to be investing in something that is quite a real risk?’ That again is because the industry has not been allowed to sort out its own risks and start to thrive in and of itself. Having said that, we have seen what has happened with the timber industry, where it is essentially a government decision that changes the course of something. We actually have to think about how we replace those sorts of products. And like I said, hemp is looking very promising in regard to building products and paper and all sorts of different fibres. But whilst it is being treated like it is all going to end up as cattle food if the regulations are softened, or it is all going to end up as human food – and we only take that view of it from this really very onerous kind of risk perspective – then we are taking away the opportunities for it to be developed into other products.

I would also suggest again, like I think I said from the opening, that no-one seems to understand exactly where the legislative framework burden is coming from and where the barriers are, and I would suggest that that demonstrates instantly that you need a better regulation commissioner or someone who actually looks at it, sees how it interacts with everything else and just simply sorts through it. With all due respect to all of the people who are advocating for a hemp industry, including parliamentarians, there is so much inertia. We have started it – there was an interim report put out, then that got stopped and then it got started again. It is like with all of that time and effort that everybody has put into it, someone just needs to draw the regulatory pathway and say, ‘Here’s a barrier, we can remove it; these are the actions that we need moving forward.’ And I would suggest that it is not actually industry’s role to tell everybody how to get it better. We can tell you the impacts of when it is right and when it is wrong, but it is not for us to tell you exactly how legislation should be drawn up.

**Sarah MANSFIELD:** Thank you.

**The CHAIR:** Thanks, Dr Mansfield. Bev, it is your lucky day. Tom texted me and said he does not have a question.



**Bev McARTHUR:** So I am just wondering: if we go back to if a crop failed and if there were concerns about it being used for grazing, would it be feasible to use – I think it is the Krone machine that can travel around behind a header and collect the stubble and turn it into pellets, which can be used for biomass fuel – the perhaps wasted hemp crop or even what is left after cropping?

**Emma GERMANO:** Yes, absolutely. All I would say, though, is that is going to be one of those critical mass things, because six pallets of biomass from a failed hemp crop is probably not going to generate a huge amount of power. We have just got to allow all of these things to transpire and for the market to sort it out. I actually think that as soon as the crop is given the opportunity to do so, people will be very innovative around the different usages. The notion of livestock feed – if I think about it on my farm again, and I often realise that I am probably reflective of a lot of the farm sizes and the aptitude on a farm or the capacity on a farm to take on new products – I would say it is really difficult for me to think about how to turn it into biofuel, particularly if it is a small trial-size crop. It is very easy for me just to open the gates and let the sheep in. So I think again it is kind of that backstop. I do not know enough about the industry, but again, I would not think that the livestock feed aspect of it is why people are really pushing that they would like to be able to invest in this crop and see all of its potential applications.

**Bev McARTHUR:** So just finally, going on from what you said about government getting involved, would your final line be governments are not good at picking winners in industry investment?

**Emma GERMANO:** You might be putting some words into my mouth there.

**Bev McARTHUR:** I would hate to do that.

**Emma GERMANO:** I would suggest that there is the opportunity for unintended consequences when, on a whim or because something sounds good, the government gets involved. Having said that, with the number of growers – I think we have got less than 10 growers here in Victoria, so we are probably six – we are probably not talking about huge levels of investment that are required. But again, probably a reflection of my economic ideology, you want the person to think, ‘I should be taking a risk if I’m going to be getting a reward.’ But where the government says, ‘Hey, there’s a real opportunity here for this to be used in the building industry,’ then yes, it can be supported. But we have just got to make sure that when the government gets in, it is not distorting markets or picking winners and losers based on political whims.

**Bev McARTHUR:** Excellent.

**Emma GERMANO:** Happy with that?

**Bev McARTHUR:** Very good.

**Emma GERMANO:** Got the line that you were looking for? That is great.

**Bev McARTHUR:** Very good. We were looking for that, and I got it recorded. That will be in the system.

**Emma GERMANO:** Quote, unquote, Emma Germano – got it. Yes. Thanks so much.

**The CHAIR:** Thanks, Emma and Charles, for coming along again to see us today and for your valuable contribution.

**Witnesses withdrew.**