

TRANSCRIPT

LEGISLATIVE COUNCIL ECONOMY AND INFRASTRUCTURE COMMITTEE

Inquiry into the Industrial Hemp Industry in Victoria

Melbourne – Monday 11 September 2023

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Rachel Payne

WITNESSES

Matt Lowe, Deputy Secretary and Chief Executive Officer,

Sarah-Jane McCormack, Executive Director, Agriculture Policy and Programs, and

Trevor Pisciotta, Executive Director, Animal Welfare Victoria, and Executive Director, Agriculture Regulatory Policy, Agriculture Victoria, Department of Energy, Environment and Climate Action.

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 will begin by getting committee members to introduce themselves to you, in the room and then on the screen, starting with Dr Heath.

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

Bev McARTHUR: Bev McArthur, Member for Western Victoria Region.

The CHAIR: Georgie Purcell, Northern Victoria Region.

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

Tom McINTOSH: Tom McIntosh, Eastern Victoria Region.

Sarah MANSFIELD: Sarah Mansfield, Western Victoria Region.

Jacinta ERMACORA: Jacinta Ermacora, Western Victoria Region.

The CHAIR: Thanks very much for coming along today.

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'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. 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, could you all please state your name and the organisation you are appearing on behalf of.

Matt LOWE: Fantastic. Matt Lowe. I am the Chief Executive of Agriculture Victoria.

Sarah-Jane McCORMACK: Sarah-Jane McCormack. I am the Executive Director responsible for Agriculture Policy and Programs, also in AgVic.

Trevor PISCIOTTA: And Trevor Pisciotta. I am the Executive Director of Animal Welfare Victoria and Agriculture Regulatory Policy, also in AgVic.

The CHAIR: Beautiful. Thank you very much. We now welcome your opening comments, but we ask they are kept around 10 minutes, just to allow plenty of time for questions.

Visual presentation.

Matt LOWE: Thank you, Chair, and thank you everyone. It is a pleasure to be here today to talk about hemp. It is an area that the Department of Energy, Environment and Climate Action, and by virtue Agriculture Victoria, has worked in for a long time, so we are really pleased to have the opportunity to be able to talk a bit about it. Before I start I would just like to acknowledge traditional owners of the lands which we are meeting on as well, pay my respects to elders past, present and emerging and acknowledge we are on Wurundjeri country.

I just thought I would do a quick overview of Agriculture Victoria and how we intersect with the hemp industry. Obviously our overall mission is about supporting the agriculture sector in Victoria and, as part of our agriculture strategy or the Victorian government's agriculture strategy, supporting it to be strong, innovative and sustainable. Here are a few key areas that Agriculture Victoria is responsible for in Victorian government. Maintain effective biosecurity – that has been a key focus for us, particularly with the increase in emergency animal disease risk but also significant plant diseases that affect the plant industry, such as varroa. The recent floods have been a key focus for us in supporting communities to recover from natural disasters. We create and enforce legislation, and that is a really important role that we undertake and that intersects, for example, with a key mandate around improving animal welfare as well.

I think probably the last one that I will just dwell on is enhancing the productivity and sustainability of the agriculture sector, and we do that in a number of ways, from research which is looking at essentially applied research into how we can introduce new concepts and new techniques into the agriculture sector to support its productivity or sustainability. We then look at how to make that commercially available to farmers or make that available to farmers and then support farmers to adopt new techniques as well. In terms of enhancing productivity and supporting the growth of the sector, connecting producers with markets, whether it is export markets or whether it is local markets, is also a really important focus for us. In terms of how that intersects with the hemp sector, we have a role and have played a role in legislation and regulation. My colleague Trevor will talk a bit more to that. We have played a role in research, partnering with RDCs such as AgriFutures to trial varieties of hemp in the Victorian context, and we have looked at industry development through the taskforce process that was held under the previous Parliament as well. I will now hand over to Trevor to take us through the next section of the presentation. Thanks.

Trevor PISCIOTTA: Thanks, Matt. In terms of the legislative framework for industrial hemp cultivation, part IVA of the *Drugs, Poisons and Controlled Substances Act* provides the authority framework for industrial hemp, and there are associated regulations that sit under that Act, mainly to do with the setting of fees associated with services. Importantly, the Minister for Agriculture has responsibility for that part of the Act, and Agriculture Victoria supports her in overseeing that part of the Act. As you would be aware, most of the rest of the Act is administered by the Minister for Health and the Minister for Mental Health and is the responsibility of the Victorian Department of Health. In a lot of ways the hemp legislation under part IVA of the Act operates very similarly to a standalone Act, with the separation of these ministerial and departmental responsibilities, compared to the rest of the Act. If you look at the section, you will see it has many of the features common to a standalone Act, such as definitions, roles et cetera. In relation to administering part IVA of the Act, Agriculture Victoria has two primary roles, and that is to undertake the day-to-day authorising activities as well as to provide any associated policy advice to the Minister for Agriculture.

I might just go to the next slide, thanks, Ben. As I just said, one of the key roles is around the granting of authorities. An authority application is required to enable anyone to grow industrial hemp, and there are three main processes or components of the application process. There is a fit and proper person test, including national police history check and referral to Victoria Police. There is the need to confirm that the proposed activities are for commercial or research activity related to non-therapeutic use, so we seek an outline of applicant's proposed activities, such as the business or research plan. Confirming that the proposed location is suitable in relation to security – and these are pretty basic requirements that there are lockable gates and that there are locked seed storage areas. In some cases there may be a site inspection, but often it is a desktop review. And then finally there is just the need to pay an application or renewal fee for a three-year authority. There are conditions imposed by that authority that require an authority holder to notify Agriculture Victoria if they have planted a crop and of their proposed harvest dates, and this allows us to plan and undertake the

sampling of each crop to confirm that it is under the relevant THC threshold. They are required to keep certain records in relation to seed stocks, sale of seed and visitor logs and to provide an annual report to Agriculture Victoria. They are required to maintain some low-level security requirements, again, such as just locking gates to cultivation areas and seed storage areas, and then are required to pay sampling and laboratory fees when those audits are undertaken to confirm the THC levels.

On the next slide we just have a bit of a summary of the similarities and differences across different jurisdictions, and I think really what you can see is a lot of similarity. All jurisdictions have THC thresholds harmonised at 1 per cent in terms of the maximum allowable THC for industrial hemp. Authorities or licences are issued for three- or five-year terms. Fees range somewhat. You can see in Tasmania there are no fees charged, and relatively high fees in Queensland, with Victoria sitting at the lower end of the scale. All states and territories have a fit and proper person test as part of the application process, and all states require sampling and testing to confirm that THC levels are met. I might hand over to Sarah-Jane.

Sarah-Jane McCORMACK: Thank you. Next slide, please, if that is okay. This slide just steps through what the Victorian industrial hemp industry looks like at the moment. There are 42 authorities here in Victoria and six growers in the most recent season. You will see here this graph, which is also in our submission that we have made, steps through how the area planted compares with other jurisdictions as well. What we have seen – and this graph starts from 2017 following the approval for hemp seed for food consumption in 2017; that is where we have taken this information to present what the areas looked like growing over time – over time is a shift from some seed varieties into fibre varieties as well, but this just gives you a bit of a snapshot of how we in Victoria compare to other states and territories as well.

I might skip along to the next slide, if that is okay, which talks a little bit about our research. Again, in the submission that we have made we have included some reports from some of the early research that has been undertaken. AgVic has partnered with AgriFutures to undertake industrial hemp variety trials. We have just completed the second year of those trials and we are into a third year as well, and as part of that we are looking at seed varieties and some fibre and dual crop varieties as well. This is happening out in Hamilton at the Agriculture Victoria's SmartFarm. As part of that there have been reports that are being released to show some of the early indications of the findings from that research, and there have been field days hosted as well to share some of the information coming through. Some of the data is there, but as I said we have also included in the submission the full reports that have been generated from the first two years of those research trials. We do not have anyone here on the panel today from our AgVic research team, but we are certainly happy to take questions on notice if there is an interest there.

I might just skip along to the next slide, if that is okay, touching on, as Matt mentioned, Agriculture Victoria provided the secretariat function to the industrial hemp taskforce, which was established by the then Minister for Agriculture back in 2019. Again, the interim report of the taskforce is available online, but we have also provided it as part of the submission. The terms of reference for the taskforce are really around looking at information on industry issues, where there might be barriers and opportunities and also looking at what was going on in other jurisdictions at the time, both in terms of other states and territories here in Australia but overseas as well. The interim findings report, which was released in 2020, did outline some of those initial findings, and since then we have continued to build on some of those early findings, including through the industrial hemp variety trials and the research that I just spoke to. I think that is probably it. The last slide is just some further contact details for us on the panel.

The CHAIR: Beautiful. Thanks very much. We will start with questions from Ms Payne.

Rachel PAYNE: Sure, thank you. Thank you for your submission and presenting today. I am just curious with the process around AgVic's role in inspecting crops and taking samples to analyse the THC. Are there any other crops that AgVic does that with?

Matt LOWE: That is a good question. I do not think there are. Certainly the way we inspect hemp crops obviously is quite defined, so there would not be any analogies that I am aware of in that regard.

Rachel PAYNE: Okay. That is just in relation to ensuring that that THC limitation is upheld?

Matt LOWE: Yes.

Rachel PAYNE: To the best of your knowledge, is that always the case?

Matt LOWE: I might check with Trev, but I do not believe we have had any incidence.

Trevor PISCIOTTA: Yes, I am not aware, and there are two measures that are used. The final product needs to have under 1 per cent THC, but there is also a requirement that growers ensure that the seed that they use comes from hemp that has less than 0.5 per cent THC. That provides a bit of a buffer, because while genetics are the primary determinant, environmental considerations can also lead to greater levels of THC. So I think as long as those requirements are being met, generally, we find that it is under that 1 per cent.

Rachel PAYNE: Okay, excellent. Some of the submissions that we have had presented here in the last two public hearings have talked about lab testing done in WA. Why is that?

Matt LOWE: The lab testing? Look, I am not 100 per cent sure, but often it would be in relation to a laboratory's capability. We tend to have a national suite of laboratories that have particular capabilities in particular things, so it might just be that laboratory's capability.

Rachel PAYNE: Okay, no problem. Just on the seeds, I note that you talk here about 1 per cent of THC being suitable for processing only and that seed from those crops must not be used for sowing. Why is that?

Trevor PISCIOTTA: Sorry?

Rachel PAYNE: The samples must not exceed 1 per cent THC, and then crops containing between:

... 0.5 to 1 per cent THC are suitable for processing only and seed from these crops must not be used for sowing.

Does that mean that seeds have to be imported or that people can use their own seeds for further production?

Trevor PISCIOTTA: Generally a grower will have a variety of crops, and some of those crops will be under 0.5 per cent THC, so they are suitable for sowing. That is because after it is sown, you could end up with a higher THC level. That is actually to avoid the wastage that would occur if they were to plant, say, a 0.8 per cent THC seed and then they end up with a crop that exceeds the 1 per cent and they are unable to process it.

Rachel PAYNE: Okay, no problem. Just on the seeds and the work that has been done, I note that it has been mentioned today around Hamilton SmartFarm, which you have talked about. There was also a conversation around SuniTAFE, which may not have received funding to do the seed development research. Do you envisage that if there is an agreement on suitable seeds for the Victorian landscape, there may not be that necessary testing regime if certain seeds are, I guess, approved by the department or by the government?

Matt LOWE: What I understand is that a range of climatic conditions can also affect THC production in the crop. It is hard to speculate that we would get to that point, but I guess the end point would be having genetics that are basically not producing THC such that you have got a crop therefore that is at no risk of producing a crop that is above 1 per cent THC. I guess if we were able to get to that end point, then you can imagine a world where that would be possible.

Rachel PAYNE: That would be ideal, yes. And just one more question, if I may. Thank you, Chair. Many who have contributed to the inquiry have suggested hemp be removed from the *Drugs, Poisons and Controlled Substances Act* – generally just removed. Does the department have a position on this?

Matt LOWE: Legislation in general is a matter for government. I guess in thinking about that, what we would ask is: what additional benefit would it provide? As you have heard from Trevor, essentially, the way part 4 of the Act is constructed now, it effectively functions as a standalone piece of legislation. So the question would be: what additional benefit does it provide?

Rachel PAYNE: Okay, thank you.

The CHAIR: Beautiful. Thanks, Ms Payne. I note on your slide before with the comparison of licence fees that there was relative similarity across other states, but something that has consistently come through is that it is just another barrier to moving forward for someone who might want to move into the hemp space. Has there ever been consideration put into removing the licence fees in Victoria, as was done in Tasmania?

Matt LOWE: We look at a range of factors when imposing particular obligations on an industry. We try to calibrate it such that the regulatory burden is appropriate and the subsequent financial burden is appropriate to the harm and the industry we are managing. In setting those fees, while I cannot speak to the specifics, I certainly can talk to the process that we go through, which is about thinking about consistency with other jurisdictions and trying to make sure that there is not an unnecessary burden or barrier to uptake but also matching it with, say, the inspection fees. There is simply a regulatory cost that we carry to undertake those inspections as well, so we try to make sure that we are covering costs but not making money associated with that. Do you want to add to that, Trev?

Trevor PISCIOTTA: No, I think that is right, and I think in setting fees we would also look at whether they are set at levels that are anticipated to be an unnecessary barrier to market entry and therefore that having a range of unintended consequences, including encouraging non-compliance with the regulatory regime. While I was not involved in the setting of fees, I imagine that they were the kinds of matters that were considered in coming up with those figures, with the determination made that they are not operating as an unnecessary barrier to market entry.

The CHAIR: Okay. This might be another question for you, Trevor. We have had a number of witnesses talk about how hemp could be used as feed for livestock, particularly if it were, say, damaged crop that could not fulfil another purpose, but there are obviously restrictions if these animals are going to be used for meat. Has there been any work done to remove the barriers to allow hemp to be used as a livestock feed?

Trevor PISCIOTTA: Not that I am aware of – not any work specifically looking at that issue. Obviously there are currently requirements around when it is permitted to use hemp for food-processing animals, and that relates to harvested or treated hemp stalks, with all leaves, flowering heads and seeds removed; denatured industrial hemp seed; or oil or meal from denatured industrial hemp seed. I am aware of some research undertaken recently in stockfeed trials with sheep in WA. I think further research was recommended to explore cannabinoid deposition and clearance rates from animal tissues – so trying to understand what happens when you feed livestock hemp, even with relatively low THC levels, and the extent to which that is passed on through meat. I think there is still more work to be done.

The CHAIR: Okay. And is the department doing that work, did you say?

Trevor PISCIOTTA: No, I am not aware of any work that AgVic is doing at the moment; I am aware of work in WA.

Matt LOWE: That was WA, sorry.

The CHAIR: Okay.

Matt LOWE: But as a general rule I think it is really important to be mindful of what we are feeding our livestock animals to ensure that they are fit for production, and it is not having an animal health and welfare but also not having a supply chain impact as well. For example, in the dairy space, when we are doing the asparagopsis trials around methane reduction, we are thinking about not just whether it reduces methane, we are thinking about how it affects the animal's health and welfare and we are thinking about how it affects, say, milk production and those sorts of things as well.

The CHAIR: Yes. Sorry, just because I am not an expert in any way on this, are there limitations to feeding hemp products to livestock if they are not going to be used for that purpose? For example, I have 15 sheep and I am a vegan, so I am never going to send them to the slaughterhouse. Could I feed my sheep hemp products, or would that be illegal?

Matt LOWE: You can only feed them what it is legal to feed on the hemp side, so basically what Trev ran through is what you cannot feed your sheep, those products.

The CHAIR: All right. Just one final question: we heard from Fiona Patten this morning, who was obviously on the hemp taskforce, and she expressed that she felt there had been a bit of a dragging of the feet by the government and the department on implementing some of the things that they found through the process of that piece of work. One of the things that she touched on that I asked her about was there has been quite a

high turnover of agriculture ministers over the past few years. Do you think that that has impacted the work in this space by the constant changing of who is responsible for this piece of work?

Matt LOWE: That is a great question for a departmental official. What I would say is that all the agriculture ministers that I have had the privilege to serve under have all been incredibly focused on driving an agenda around industry growth and emerging industries, and each minister has definitely ensured that we are on task in terms of looking at the hemp industry as well.

The CHAIR: Yes, I am absolutely not asking for criticism of the ministers, but obviously when new ministers come in they must get across the portfolios and pick up the pieces of work that have been done, so I guess I was keen to know if you think it could have caused delays.

Matt LOWE: No.

The CHAIR: Okay. Mrs McArthur.

Bev McARTHUR: So why have there been delays?

Matt LOWE: I would say that there have not been delays. Thinking about the interim report, which we can point to, and some of the areas where that report focused its effort – and I might ask Sarah-Jane to make some more detailed comments on that – but, for example, aligning the THC level in legislation to be consistent with other jurisdictions was an area that the taskforce made comment on, and we have subsequently worked to implement that recommendation through legislative amendments that were made in the Parliament in the last term of Parliament.

Sarah-Jane McCORMACK: That is right, and I think the other one also was pointing to opportunities for better research and information being in the public domain. Since then we have obviously had the opportunity to partner with AgriFutures around the research trials, so I think that is another really key space that we have continued to grow our understanding and knowledge and have information out there. The other thing that is also noted in the interim report was that at least in that first year of the taskforce's consideration it was during late 2019 and then into 2020, and obviously there was a schedule of activities planned for 2020 meetings, which COVID at the time slowed down as well, so that is probably the other thing that was noted in the taskforce report.

Bev McARTHUR: What would we do if we did not have COVID to blame for everything? It seems to be the regular excuse wheeled out for every delay or obstacle in government. All the industry people that have reported to us have said basically the main problem is the barriers to entry that government create for this industry. You are saying that you do not think there are barriers to entry, especially in Victoria?

Matt LOWE: No, we are not saying that at all. What we are saying is that there are barriers to entry, but those barriers are around regulating the harms that are associated with producing that particular crop or the risks associated with producing that particular crop, so that is why you regulate – to ensure that you are managing the risks or harms.

Bev McARTHUR: We do not mind regulation if it is going to be for a specific health purpose, but, for instance, the application document is so onerous that basically most farmers would give up before they even started. Why can't you streamline that process?

Matt LOWE: We are always open to hearing feedback about how we can streamline our processes.

Bev McARTHUR: Well, there you are. You have got it – fix up the application form.

Matt LOWE: I guess just as a further point on that, it is incumbent on us, though, as the regulator to ensure that we are asking those who do want to produce that crop to ensure that they are subject to a fit and proper person test: they are in a position and they have got all the procedures and controls in place such that they are an appropriate person to be able to produce that crop.

Bev McARTHUR: So would you be happy if we moved all hemp agriculture out of the poisons department and into the ag department?

Matt LOWE: The way the Act currently works, essentially, for hemp – that is how it works currently. Did you want to add to that at all, Trev?

Trevor PISCIOTTA: Yes. Thanks, Matt. I might just add: the other thing is the authority framework for the industrial hemp also facilitates legitimate hemp production without the risk of the enforcement approach that would be applied to the broader prohibitions on cannabis production. Part of it is about separating out what is legitimate industrial hemp production from illicit activities that would otherwise be the subject of oversight by other authorities. The regulatory scheme in a way actually creates the opportunity for this market and industry to exist separate from other activities that are currently illicit or much more tightly regulated.

Bev McARTHUR: Yes, well, we seem to be able to manage to regulate the poppy industry appropriately, don't we?

Trevor PISCIOTTA: We do. I would say the level of regulatory oversight of the poppy industry far exceeds that of industrial hemp because of the nature of the product.

Bev McARTHUR: Yes, absolutely it does, but you can do it.

Trevor PISCIOTTA: You can do it, yes.

Bev McARTHUR: Yes.

Matt LOWE: One of the other features, for example, just to pick up on Trev's point, is ensuring that police do not confuse an industrial hemp crop with an illicit crop. We provide information on all of those authorities to the police to ensure that. I had a colleague telling me in New Zealand unfortunately there were instances of police destroying industrial hemp crops because of confusion with other crops.

Bev McARTHUR: So is it your job to educate the police force?

Matt LOWE: Make sure that they are aware of where it is grown, absolutely.

Bev McARTHUR: You have got six producers, it appears, in Victoria at the moment, is that correct? What would happen if this industry got off the ground and you had 500 producers? Could you manage to inspect them and regulate them and do their fit and proper person tests et cetera?

Trevor PISCIOTTA: The fit and proper person test is a pretty standard test across a range of regulatory regimes and is in my experience pretty efficiently implemented. There are standard processes for engagement with national police check databases and with the commissioner of Victoria Police. The advantage of having a more or less cost-recovered approach to the rest of the regulatory activities is that we can scale our resources if there is increased demand. We charge what we charge for an authority fee and for an inspection, and if that was to increase dramatically we could increase our resourcing to address the increased demand.

Bev McARTHUR: The price would come down, wouldn't it? If you get 600 producers as opposed to six, it will be cheaper to regulate them.

Trevor PISCIOTTA: I would need to think through –

Bev McARTHUR: Economies of scale et cetera.

Trevor PISCIOTTA: Potentially. If there was a significant step change in industry size, we could have a look. Obviously the time taken to attend a site and gather the sample for the testing and the time taken to assess an application will remain relatively static, but it is about whether there are any efficiencies through a significantly increased market size.

Bev McARTHUR: You said also that part of the department's job is connecting industries with markets. How have you gone with the hemp industry?

Matt LOWE: The particular focus for this one in the hemp industry is really about ensuring that farmers are aware of the varieties that are available and then researching varieties that might be more applicable in the Victorian context. That is at the start, if you like, of our supporting the industry growth chain. In terms of the

broader market, I guess we are often guided by where there is demand and where industry is looking to take its market. For example, Table Grapes at one point was looking to export to Japan, so we worked a lot with Table Grapes up in the Sunraysia and with Japan to then open up that market. That took numbers of years – we are talking half a decade – for that to happen. We are often guided by industry in terms of their objectives for how they want to grow their industry and what markets they want to approach, and then obviously there is a question about whether that is a fit for ag or whether that is a fit for another part of government in terms of that market growth.

Bev McARTHUR: Okay. I think we are moving over to Dr Heath.

The CHAIR: Thank you, Dr Heath.

Renee HEATH: Thank you for your presentation. Similar to Ms Payne's question, is hemp the only crop that requires a locked gate?

Matt LOWE: That is a good question. I am not sure off the top of my head.

Trevor PISCIOTTA: I mean, the only other one would be poppies, which require quite a high level of security given the nature of those substances, and I imagine any other crops that are grown for kind of pharmaceutical uses, but I am speculating somewhat.

Renee HEATH: Yes, okay. No worries. And you mentioned before about the harms associated – you know, why we need regulation is due to the harms associated with particular crops. What are the harms associated with hemp crops?

Matt LOWE: So the harms that we are regulating against I guess are the above 1 per cent THC crops and the potential for people to, if you like, exploit the regulations. So that is the key thing. We are wanting to keep, if you like, the industry in a lower kind of level of regulation, the industrial hemp space, rather than have it regulated in another way with a stricter set of requirements.

Renee HEATH: Do you see any risks associated with scaling back the regulations on hemp?

Matt LOWE: I guess the risks would be around, you know, potentially then having producers exploit the use of growing industrial hemp but growing other crops with higher levels of THC concentration. So that would be a key risk, which would undermine, I guess, the regulatory regime that we are overseeing, and that is how we are calibrating our regulation with the inspections and the fit and proper person test and those sorts of things. Do you want to add to that at all, Trev?

Trevor PISCIOTTA: Maybe the only thing I would add is it would potentially – the risk then if you have kind of unintended outcomes, if you have people kind of exploiting the more lax regulatory structure, is you get a reduced level of confidence in the industry and you end up essentially with a kind of regulatory pendulum. So instead of carving out this particular area of low-THC hemp for a relatively light regulatory touch, you end up with it all being treated as a controlled substance, which I think would be a less desirable kind of policy outcome.

Renee HEATH: Thank you. Thanks, Chair.

The CHAIR: Thanks, Dr Heath. Dr Mansfield.

Sarah MANSFIELD: Thank you. And thank you for your submission and presentation. I was interested in your comments about the legislation we have currently essentially acting as a standalone Act. We have had multiple submissions and presentations calling for the establishment of a standalone hemp Act. I am curious about why you think there might be those calls and why we perhaps – I mean, what I am taking from what you are saying is we do not necessarily need that.

Matt LOWE: I think it is hard for me to speculate on why other people might want that. I guess what I would say, as I said earlier, is that the question is: what extra value does it add? And so that would be the question, I think, when people are making those presentations, maybe to just ensure the inquiry has clarity on.

Sarah MANSFIELD: Thank you. And I think it sort of ties in with my next question, which again goes to some of the things that you have put in your presentation that perhaps contrast with what we have heard from quite a number of the presenters and in the submissions, and that is around the difference between Victoria and other jurisdictions. And your submission sort of points out that in terms of regulation there are not really significant differences between the jurisdictions, yet what we have heard is that in Victoria potential growers face a whole range of regulatory barriers compared to other states. Again I am just interested in your comments on that.

Matt LOWE: Maybe a couple of comments on that. Certainly it is our view, based on the analysis that we have done and based on the process we went through in amending the legislation, that our regime is consistent with other regimes across Australia. It is relatively new – some of the amendments that we made, including the 1 per cent adjustment that we made relatively recently – so it could be a recency issue that people might have with the consistency of our regime as well. But I would be speculating on that.

Sarah MANSFIELD: Yes, that is possible, because there were a number of arguments put up around that 1 per cent, and we need to get into line with other states. So it sounds like that might not necessarily be, at least from your perspective, a change that is required. Other things that were brought up were just even things like the application forms being quite confusing in Victoria and the number of steps that you have to go through to get a licence being a bit more of a burdensome process for potential growers compared with New South Wales. But again, is that something you feel there is a difference in? Would you have a view on that?

Matt LOWE: I think we are always open to thinking about ways we can adjust our application process, our regulatory process, to get to the same outcome but make it easier for applicants. I think I have heard from a number of panel members today that that does seem to be a source of pain for applicants –

Bev McARTHUR: We have asked for a proforma sample, so we will give it to you.

Matt LOWE: Fantastic. Look, I am not sure, but I am certainly aware of the feedback from panel members today.

Sarah MANSFIELD: Thank you. And again, a number of the presenters have basically identified the regulatory environment as being one of the major handbrakes to the industry expanding in Victoria. Given the analysis you have presented – perhaps there are other views about that – you are suggesting that maybe there is not any major regulatory difference in Victoria compared to other states. What do you think the other reasons might be for the industry being smaller in Victoria?

Matt LOWE: That is a really good question. I would say in Victoria probably another factor could be its geography and its climatic conditions. When we think about agriculture in Victoria we think about what we are strong at and what we are suited to growing, and we are blessed in Victoria to have a range of different geographies and climates that mean that we can grow a range of different crops in Victoria, but that could be – and I am again speculating – one barrier for Victoria that is different from other states and territories which are making more headway. Then an approachable market is sometimes a barrier. Farmers are often quite responsive to a market they can access, and they will often be interested. They will make a balanced assessment of whether the opportunity for them is commensurate with, if you like, the barriers they need to overcome, whether it is their own capacity and capability or whether it is regulatory barriers to then putting the crop in the ground. So farmers will be making assessments of the opportunity associated with putting that crop in the ground and accessing a particular market versus the regulatory barriers. But again, I would just be speculating based on how we know farmers work in general. Did you want to say anything more on that, SJ?

Sarah-Jane McCORMACK: No. I think that is a good summary.

Sarah MANSFIELD: Thank you. And have I have got time for just one more question?

The CHAIR: Yes, one more.

Sarah MANSFIELD: One of the submissions today suggested that it would be helpful to have a list of approved cultivars so that potential growers do not necessarily have to go through quite as many steps every single time they make an application. Is that something the department has considered doing?

Matt LOWE: We have not explicitly considered doing it, but I can see, given the uncertainty, particularly associated with managing for THC levels, how farmers would be attracted to that.

Sarah MANSFIELD: Thank you.

The CHAIR: Thanks, Dr Mansfield. Mr McIntosh.

Tom McINTOSH: I think most of my questions have actually been asked, around cost and regulation and whatnot, around the table, so I will leave it as it is. Thank you, and thanks for ensuring we have got an appropriately run and regulated industry where required and for managing some of the conversations around poppy and hemp and regulation and deregulation as they swirled around. I am not sure where some of the table were sitting on some of those, but we got through. So thank you.

The CHAIR: Thanks, Mr McIntosh. Ms Ermacora.

Tom McINTOSH: I think Jacinta has left the meeting. She had to jump in the car.

The CHAIR: Okay, no problem. Yes, Ms McArthur, you can.

Bev McARTHUR: How interested is the department of agriculture in hemp, industrial hemp?

Matt LOWE: Industrial hemp? We are interested in the opportunities it affords for our farmers. It is a relatively – I think 169 hectares of plantings versus say pulses, which is around 50,000 hectares in Victoria. So we do tend to calibrate our work associated with the interest and the size of an industry in Victoria.

Bev McARTHUR: Okay, thank you.

The CHAIR: Thanks, Mrs McArthur. Ms Payne, with another question?

Rachel PAYNE: You have sort of touched on it, looking at the other states, but you have just got to look at this graph and see that New South Wales and Tasmania are ahead of Victoria in leaps and bounds: what is going on there? Why do you think that is the case? Is it that there is not synergy there between the regulations, or do you think that they are just better climates to grow in? It seems as though we have got parts of Victoria that would be extremely similar to environmental areas in New South Wales, Tasmania and the like.

Matt LOWE: Yes, I think it is really hard for me to speculate on that, I am sorry. I think the regulatory regime is comparable in both Tasmania and New South Wales to what we have got in Victoria, so whether there is just an element of catch-up that needs to happen to kind of then –

Bev McARTHUR: It might be catch-up from the department, though, mightn't it?

Matt LOWE: I think we have caught up, and it is probably the farmers and producers looking at the different requirements and seeing that they are comparable. I really would be speculating, I think.

Rachel PAYNE: Yes. We have heard from the Victorian Farmers Federation today, and one of the main points they raised was the risk versus reward for hemp. You have outlined that there is a certain amount of risk with this crop that is still considered under the *Drugs, Poisons and Controlled Substances Act*. But we also know that very low THC hemp has a very low harm profile, and the rewards are it cleans your soil, soil regeneration, carbon sequestration, crop diversification for farmers. So it does not seem like it is quite adding up there, and I am just wondering how we open up that conversation more?

Matt LOWE: I think, again, one of the things that we are really guided by is industry's goals in terms of what it wants to do and where it wants to take its particular product.

Bev McARTHUR: It wants to expand exponentially, we have heard that.

Matt LOWE: I think one of the things that we do find effective more generally is making producers aware of (1) the opportunity and (2) the benefits that are associated with particular crops. So I talked about the research side, which is getting the right crops; the extension side is kind of extending that out to farmers, ensuring they are aware of the opportunity.

Rachel PAYNE: Yes.

Bev McARTHUR: Tell us how you do that.

Matt LOWE: That can be everything from working with peak bodies to working one on one with farmers or farmer groups. One of the best ways to get farmers interested in new technology or new products is to have their neighbour over the other fence interested in it, using it, talking about it. Peer-to-peer learning in farming groups is really important. A lot of our focus in the extension space is actually getting good farmers to talk to other farmers in a region.

Bev McARTHUR: How has that gone if we have only got six producers?

Matt LOWE: It has gone great in other sectors – say, for example, our BestWool/BestLamb extension area.

Bev McARTHUR: But hemp?

Matt LOWE: It has not been a focus yet.

Bev McARTHUR: Oh, you have not embarked on it yet?

Matt LOWE: No, no.

Bev McARTHUR: Oh, okay.

Rachel PAYNE: I would challenge that it is a new and emerging industry, because it is such an ancient industry and it is re-emerging. I think that with the change from the total ban of hemp, it is sort of re-emerging back to potentially offering a viable future by way of sustainability and the like. A few that have presented in this process have made comment that particularly the building industry is ready to expand into this space, but they are importing hemp. I think that is a real shame for Victorians. How do we try and match that up as a committee? What do we consider here?

Bev McARTHUR: Or what do you consider?

Matt LOWE: What would we consider? Again, I think farmers are pretty receptive to market signals. If (1) there is significant demand for a particular product demand and (2) it is at a pricepoint that farmers are going to be attracted to and it is a pricepoint that is better than, say, canola or another crop that they might be considering putting in, it is really about making sure that farmers a lot of the time have access to that information and they understand the market that they can approach.

The CHAIR: Okay. I do not think we have any further questions, so thanks very much for coming along today and speaking with us. We really appreciate you making the time to do so.

Committee adjourned.