

Office of the Minister for Regulation

Office of the Associate Minister of Health

Cabinet Expenditure and Regulatory Review Committee

Addressing unnecessary regulatory burden on the hemp sector

Proposal

- 1 This paper seeks agreement to address unnecessary regulatory burden on the hemp sector by replacing the Misuse of Drugs (Industrial Hemp) Regulations 2006 (Industrial Hemp Regulations) with new 'permission regulations'.

Relation to government priorities

- 2 This work supports the Government's commitment to ensure regulatory requirements are fit for purpose, reduce unnecessary regulatory burden and maximise economic growth and productivity.

Executive Summary

- 3 New Zealand's hemp sector has promising growth potential, but the complexity of the regulatory framework is a significant barrier to the sector's growth. Hemp has low levels of delta-9-tetrahydrocannabinol (THC)¹, yet it is currently regulated under the Misuse of Drugs Act 1975 (MoDA) and the Industrial Hemp Regulations.
- 4 I consider the current regulations are imposing unnecessary costs on the sector and discouraging farmers from growing hemp, despite its potential economic and claimed environmental benefits. The regulations are now almost twenty years old and disproportionate to the risk they were created to manage.
- 5 I propose that Cabinet agree to replace the Industrial Hemp Regulations with new regulations that permit the cultivation and distribution of hemp without a licence. The new regulations would contain conditions to ensure hemp continues to be a low-risk horticultural crop, and to manage the risk of hemp being used to disguise illegal cannabis activities. These conditions include a THC threshold of less than 1%, clear limitations on what hemp can be used for, and a requirement to notify the New Zealand Police (Police) and the Ministry for Primary Industries (MPI) before cultivating hemp. Police would still have their existing tools and powers for policing illegal forms of cannabis.
- 6 I also propose removing the current restrictions on the provision of hemp plant material, hemp seeds and plants to holders of a medicinal cannabis licence, to open up new economic opportunities for the hemp sector while retaining appropriate levels of regulatory oversight. This will require changes to the Misuse of Drugs (Medicinal Cannabis) Regulations 2019. Medicinal cannabis products would remain subject to existing standards and requirements.
- 7 To continue issuing import and export licences for industrial hemp without a domestic industrial hemp licensing regime, amendments to the Misuse of Drugs Regulations

¹ The primary cannabinoid that produces a psychoactive and intoxicating effect.

1977 will also be required. These changes would ensure that only fit and proper persons can engage in the business and that sufficient information is provided to support effective border management.

- 8 The Ministry for Regulation estimates improved regulation would save compliance costs of \$80,000-160,000 per year (\$1m to \$2m in present value terms over 20 years) and the industry growth would generate a net present value benefit of \$41 million over the next 20 years.²
- 9 Police and Customs raised concerns that deregulation, combined with the potential for rapid hemp industry growth, could increase the risk of organised crime exploiting the hemp industry, and complicate the management of hemp seed imports and exports at the border. Police also raised concerns that removal of the licensing regime, together with less ongoing regulatory oversight, could be perceived to be loosening controls on illicit cannabis, potentially leading to more non-compliance. However, officials from both the Ministry for Regulation and the Ministry of Health have advised that there are a number of risk mitigants (such as the requirement to notify Police before cultivating) and limited evidence to suggest the changes will lead to a material growth in illicit cannabis activities.
- 10 I consider the conditions associated with permitting regulations are sufficient and proportionate to enable Police and Customs to continue controlling illicit cannabis and managing border risks. More importantly, there will be no changes to the existing powers or operation of Police and Customs in performing these roles.
- 11 I also acknowledge the hemp sector's desire for wider changes to other regulatory frameworks that are outside the scope of this review. I expect officials from the relevant departments to continue to engage with the sector to consider the proposals.

Background

- 12 Hemp is a versatile horticultural crop with promising growth potential. Around the world, hemp seeds and oils are processed into food products, supplements, oils, cosmetics and animal feeds; hemp stalks and fibre into textiles, clothing, rope, papers and building materials; and hemp flowers and leaves into health products. The global hemp industry is projected to grow significantly, with estimates ranging from US \$16.8 billion to US \$64.8 billion by 2030³.
- 13 In 2020, New Zealand's hemp sector was estimated to be worth \$3-5 million, primarily serving the domestic fibre and food market. Analysis commissioned by MPI estimated that the sector could grow to approximately \$30 million by 2030, and the sector's own growth estimates are even more ambitious, projecting that broad regulatory reform could lead to revenues of \$2 billion by 2030.
- 14 However, for various reasons, including regulatory barriers, the industry has contracted from \$3-5 million in 2020 to less than \$1 million⁴ in 2025. Licensed

² See Appendix 2 to the annexed Regulatory Impact Statement for the Ministry's supporting analysis.

³ Grand View Research, Market Analysis Report: [Industrial Hemp Market Size & Share | Industry Report, 2024-2030](#) and NZ Hemp Export Driven Investor Report, 2020: [FULL-REPORT-final-55.pdf](#)

⁴ This estimate is based on the current cultivated area and revenue per hectare outlined in a 2023 report by Perrin Ag commissioned by the New Zealand Agricultural Greenhouse Gas Centre: [PerrinAg_Hemp-report.pdf](#), noting that during engagement meetings, some stakeholders estimated the value of industry sales may actually be in

growing areas have decreased from approximately 4,000ha in 2019/2020 to approximately 680ha in 2023/2024 and actual growing area in 2023/2024 was only about 180 ha. General licence holders have dropped from 243 in 2019/2020 to 59 in May 2024.

- 15 Hemp is regulated because it is part of the *Cannabis sativa* plant species. Cannabis fruit, plant and seed are specified within MoDA as a Class C controlled drug and a prohibited plant. This means that all activities with any variety of cannabis (including hemp) are illegal, unless specifically provided for through licence or regulation. This regulation stems primarily from the effects THC, which is contained in cannabis. Hemp has only very low levels of THC and so its regulation is essentially an off-target effect of the broader regulation.
- 16 The Industrial Hemp Regulations were created to mitigate this off-target effect and enable a hemp sector, while ensuring that ‘other forms of cannabis are not cultivated and distributed under the guise of industrial hemp.’ The regulations provide for general licences, dealing with approved cultivars with a THC concentration generally below 0.35% but not more than 0.5%; research and breeding licences; and testing, security, record keeping, notification and reporting.
- 17 It is now widely accepted that the Industrial Hemp Regulations are out of date. There is broad support to remedy this, including the Primary Production Select Committee’s April 2025 report, which welcomed a review of the Industrial Hemp Regulations.
- 18 In addition to the Industrial Hemp Regulations, which focus primarily on hemp cultivation, hemp is also impacted by other regulatory systems (**Appendix 1**). For example, if hemp is used as food it is subject to the food regulations⁵. The importation and exportation of hemp seeds requires a licence under MoDA and its regulations⁶. Only small, consequential changes to those other regulatory systems are proposed at this stage, with no changes proposed for hemp food products under food regulations.

The proposal

- 19 I propose replacing the Industrial Hemp Regulations with new regulations (or amendments to existing Misuse of Drugs Regulations 1977) that permit dealings with controlled drugs and the cultivation of prohibited plants without the need for a licence.
- 20 The new regulations would include the following components that are designed to ensure any person could undertake the full range of activities that are currently permitted through the licensing regime, while retaining some of the existing powers and safeguards within the current Industrial Hemp Regulations.

excess of \$10 million per year.

⁵ Such as the Food Act 2014 and the Australia New Zealand Food Standards Code. The Food Standards Code prohibits Cannabis spp but makes an exception for Cannabis sativa seeds and seed products with compositional and labelling requirements, including that the plants used for food must be low-THC Cannabis sativa, defined as having no more than 1% THC in leaves and flowering heads.

⁶ A licence is required to import or export controlled drugs. Licence fees are set out in the Misuse of Drugs Regulations 1977. The current fee for an import/export licence is \$190.

- 20.1 **Hemp permission:** This would allow any person to cultivate and undertake other dealings⁷ with hemp and/or hemp products provided they complied with the conditions within the regulations and other relevant regulations. Any activity currently permitted under the Industrial Hemp Regulations with a licence would become permitted without a licence.
- 20.2 **A THC threshold for industrial hemp:** The permission would apply to cannabis plants with THC content that was less than 1% of the dry weight of the plant. This would be higher than the current 0.5% upper limit but would be in line with most Australian states and operational components of the Medicinal Cannabis Scheme relating to security, and would still allow hemp seeds and hemp seed products to be used as food under food regulations.
- 20.3 **A limitation on permitted use:** The permitted use would be broadened from fibre and seed (food and oil), to also include the supply of hemp plant material (leaf and flower) to holders of a medicinal cannabis licence. This would open a new opportunity for industrial hemp growers, while ensuring medicinal cannabis product remained subject to existing standards. The regulations would not permit the use of hemp plant material for recreational purposes.
- 20.4 **The supply of hemp seeds and plants:** This would allow the supply of unlimited numbers of hemp seeds and plants to holders of a medicinal cannabis licence for the activity of cultivation. This would be a change from the current limits of 50 seeds and 20 plants of industrial hemp to each holder of a medicinal cannabis licence.
- 20.5 **Police and MPI notification:** Persons wishing to cultivate industrial hemp would be required to have notified Police. More specifically, any unharvested plant at any property would be outside of the permissions (and therefore illegal) unless Police had been notified within the last year that the grower was intending to grow or continue to grow hemp at that property. This requirement would strengthen compliance and accountability. This information could inform Police's spraying programme for illegal cannabis and would also provide useful information for Police's control of illicit cannabis activities. In addition, growers would also be required to notify MPI about their growing so that MPI would hold information about the hemp industry and could provide guidance on trade risks from feeding hemp to animals.
- 21 The following components would be removed from the regulatory framework: general licences, research and breeding licences, approved cultivars, testing requirements, record keeping, annual reporting, growing location requirements and all offences and penalties. Police would still have their existing tools and powers for policing illicit cannabis, including in situations where the conditions of the hemp permission (including the notification requirement) had not been met.
- 22 Consequential amendments to other regulations that refer to the Industrial Hemp Regulations would be required. For example, the Medicinal Cannabis Regulations would need to be amended to enable supply of hemp plant material, seeds and plants to medicinal cannabis licence holders. Changes to the Misuse of Drugs Regulations

⁷ For example, import, export, possession, production, manufacture, procurement, supply, administration or use.

1977 (and operational changes) would be required to ensure import and export licences were still able to be issued for hemp without an industrial hemp licence. These changes would include a declaration and a Criminal Record check requirement for applicants as well as an application fee, which would ensure Medsafe could continue to recover the costs of issuing these licences.

- 23 Nothing within this proposal would remove the requirement for growers of hemp or producers of hemp products to meet other relevant regulatory requirements. Exporters would still need to meet New Zealand export requirements and the specific importing requirements of their target markets. Similarly, importers would continue to be bound by New Zealand import requirements.

Analysis

The Industrial Hemp Regulations are disproportionate to the risk they were created to manage

- 24 Cannabis is primarily regulated because it contains THC, which produces a psychoactive and intoxicating effect. However, hemp has very low levels of THC, with no discernible psychoactive or intoxicating effect. For comparison, some medicinal cannabis products contain 25-26% THC⁸ and illegal cannabis generally contains around 4.2—18.1%⁹, while the Industrial Hemp Regulations require hemp to be below 0.5% THC.
- 25 Despite this, industrial hemp growers are subject to significant compliance costs compared to growers of other horticultural crops. Ministry for Regulation officials estimate compliance can cost between \$80,000 and \$160,000 per annum across the sector. Using conservative assumptions, this is equivalent to 9-13% of annual revenue for the sector. In several cases, such as location requirements, the Industrial Hemp Regulations are more prescriptive than those in other jurisdictions, and more onerous than those for medicinal cannabis, despite medicinal cannabis carrying significantly greater risks.
- 26 The primary reason that hemp continues to be regulated is its visual similarity to illicit cannabis. The fear is that cultivation of illicit cannabis could be disguised as cultivation of hemp and the importation of illicit cannabis seeds could be disguised as the importation of hemp seeds. In other words, activities that should be lawful are being regulated to avoid unlawful activities.
- 27 While this reason for continued regulation carries some weight, as discussed further below, I believe the current approach is disproportionate to the risk.

Deregulation would deliver a range of benefits to the sector

- 28 To provide the greatest benefits for the sector, I directed the Ministry for Regulation officials to consider options for a ‘deregulation’ proposal, which would permit hemp cultivation and dealings without a licence, though subject to conditions.

⁸ Implementation of the Medicinal Cannabis Scheme in New Zealand: six emerging trends, 2024, published by the New Zealand Medical Journal.

⁹ Wilkins and Rychert, 2020, [Assessing New Zealand Cannabis Legalization and Control Bill: prospects and challenges](#).

- 29 I consider other options, such as streamlining the existing licensing regime or shifting to a registration system, would still impose unreasonable costs on the sector and hinder the sector to reach its full potential. This proposal will lower the barriers to entry for new entrants and startups, lower compliance costs on existing growers, enable more income from hemp plant material and solidify the place of industrial hemp as a viable horticultural crop within New Zealand.
- 30 In addition to savings of licensing costs mentioned in paragraph 25, the Ministry for Regulation estimates that the net benefit from an increased supply of industrial hemp following regulatory improvements is \$41 million, in present value terms over a 20-year period¹⁰.
- 31 In recommending a deregulatory approach I have considered the low risk of misuse, the commercial incentives on the sector, controls in supply chains and the existing powers to police illicit cannabis.
- 32 Officials have tested this proposal with the sector and key stakeholders, who indicated that any reduction in regulatory burden would be valuable to the sector and expressed a range of preferences for different options. Domestic-focused stakeholders expressed a preference for fewer regulatory barriers to entry, while export-focused stakeholders considered that a more robust regulatory framework was important for certainty and to manage perceived trade risks.
- 33 I also acknowledge the sector's desire for wider changes to other regulatory frameworks to unlock greater plant utilisation and new markets for hemp¹¹. I expect officials from the relevant departments to continue to engage with the sector through the policy or operational processes that relate to the sector's wider proposals.

Risks created by the proposal and mitigations

- 34 The proposal could be perceived as increasing the risk of importation of illicit cannabis seeds and cultivation of illicit cannabis because it could make those activities harder to identify and removes a layer of oversight by Medsafe.
- 35 The current licensing scheme involves Medsafe carrying out licence history and Criminal Record checks before issuing licences, checking location requirements, growers growing approved cultivars and undertaking pre-harvest testing for THC levels and Medsafe issuing import licences only to people with hemp licences. That provides some comfort for Police and Customs that seeds and crops identified as hemp really are hemp seeds and crops.
- 36 Police are concerned that the potential of a rapidly growing hemp industry with well-publicised reductions in regulatory oversight and the visual similarity between illicit cannabis and hemp) could prove very attractive to organised crime.
- 37 However, for a number of reasons, I do not believe this provides sufficient reason to continue the licensing regime:

¹⁰ See Appendix 1 to the annexed Regulatory Impact Statement for the Ministry's analysis.

¹¹ The sector's wider proposals are set out in the document Hemp Industry Strategic Proposal for Regulatory Change, 2023.

- 37.1 **Police notification:** As noted above, the proposal would require any grower of hemp to notify the Police of their activity. Although it is possible that illegal growers could notify Police that they were going to grow hemp and then use that as cover to grow illicit cannabis instead, it seems unlikely that they would want to put themselves on the Police radar in this way. The new MPI notification requirement would provide a source of information about the hemp industry and proportionate regulatory oversight of hemp cultivation.
- 37.2 **Import licence checks:** The restrictions around importation would remain the same. While Customs would no longer have the comfort that the holder of an import licence is also a licensed cultivator/distributor, there would be an additional Criminal Record check added to the import licensing process that would fill this gap. Information declared by importers could potentially be shared with Police and Medsafe to support Police operations and Medsafe management of import licences.

- 37.3 **Ineffectiveness of current regime:** There is limited evidence demonstrating the effectiveness of the current regime in controlling illicit cannabis activities.

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- 37.4 **Business incentives:** The sector and downstream supply chains have strong incentives to self-manage this risk, including to maintain social licence for their business and meet regulatory and commercial requirements of end products. Additionally, the risk of someone concealing high-THC plants within a hemp field is minimal as cross-pollination would lower the value of both crops (by impacting the purity of hemp seeds and lowering the THC in fertilised illicit cannabis, making it unattractive to recreational users).

- 38 Officials also advise that any other risks associated with hemp, such as perceived trade risks of hemp contamination in export products or the quality of hemp seeds exported from New Zealand, are already being managed under other regulatory frameworks and by supply chains.

- 39 While the new regulations would not prohibit the cultivation of hemp for domestic consumption, they would not encourage this activity. The MPI and Police notification requirements and the risk of growing hemp that accidentally exceeds the legal THC threshold due to environmental factors would discourage small cultivation.

Further opportunities to unlock the industrial hemp sector

- 40 I have heard from the industrial hemp sector that there are further opportunities to address regulatory barriers and help the sector to grow, including the ability to feed industrial hemp to animals. It is important that we consider any risks around this change, including to our primary exports. MPI has been engaging with the industrial

hemp sector regarding the proposed use of industrial hemp as a feed for animals, and the associated risks to New Zealand's trade in animal products.

Implementation

- 41 Subject to Cabinet approval, the Parliamentary Counsel Office (PCO) will be instructed to draft the necessary amendments to regulations. The Ministry of Health will work with PCO to ensure the regulations are consistent with the policy intent and are ready for submission to the Cabinet Legislation Committee (LEG) for approval and referral to the Executive Council.
- 42 Officials from the Ministry for Regulation and Ministry of Health will work together to communicate the changes to hemp growers. Agencies, including MPI, will support the sector to develop industry guidance on implementation of the changes, the legal use of hemp, trade risks from feeding hemp to animals, and compliance with other relevant regulatory requirements.
- 43 Despite the limited evidence on the deterrent effect of the current licensing regime on illicit cannabis, to address Police and Customs portfolios' concerns and align with good practice, I will direct the Ministry for Regulation to review the implementation and report back to Cabinet two years after these changes take effect.

Cost-of-living Implications

- 44 The proposal has no material cost-of-living implications.

Financial Implications

- 45 These changes will not require additional Crown funding. Medsafe is currently under-recovering the costs of the hemp licensing regime. The proposal would remove this cost pressure on Medsafe. A small number of existing Medicinal Cannabis licence holders who only grow and supply hemp for medicinal purposes would likely stop holding this licence, which would have a minor financial impact on Medsafe.
- 46 Depending on how the industry evolves and the extent of illicit cannabis activities, increased exploitation of hemp to disguise illicit cannabis could have financial implications for Police. This will be reviewed and reported back to Cabinet within two years of implementation.

Legislative Implications

- 47 The Ministry of Health is the administering agency for MoDA and secondary legislation made under it. This paper seeks agreement to replace the Industrial Hemp Regulations with new regulations and to amend the Misuse of Drugs Regulations 1977 and the Medicinal Cannabis Regulations 2019. There are no changes proposed to primary legislation within this paper.

Impact Analysis

Regulatory Impact Statement

- 48 A joint agency QA panel has reviewed the Impact Statement titled “Review the Misuse of Drugs (industrial Hemp) Regulations 2006”, produced by the Ministry for Regulation and dated October 2025. The panel considers that the Impact Statement Partially Meets the quality assurance criteria.
- 49 The Impact Statement is consulted and complete. The analysis is mostly balanced in its presentation of the information, though implementation detail would benefit from fleshed out Monitoring and Evaluation Plans. While clear, the statement could be significantly more concise.

Climate Implications of Policy Assessment

- 50 The Climate Implications of Policy Assessment (CIPA) team has been consulted and confirms that the CIPA requirements do not apply to this policy proposal, as the threshold for significance is not met.

Population Implications

- 51 The proposal has no population implications.

Human Rights

- 52 There are no New Zealand Bill of Rights Act 1990 or Human Rights Act 1993 implications arising from this proposal.

Use of external resources

- 53 No external resources have been used in the development of this proposal.

Consultation

- 54 The Ministry of Health, including Medsafe, supported the Ministry for Regulation in preparing this paper. The following agencies were consulted on this paper: the Ministry for Primary Industries, New Zealand Customs Services, the Ministry of Foreign Affairs and Trade, New Zealand Police, the Ministry of Justice, Te Puni Kōkiri, the Treasury, and the Ministry of Business, Innovation and Employment. Officials also engaged with the Parliamentary Counsel Office. The Department of Prime Minister and Cabinet has been informed.
- 55 The Ministry of Justice was concerned about the risk of criminal sanctions of accidental exceedance of THC threshold due to environmental factors. Officials advised that the proposed increase of the THC limit would reduce this risk.
- 56 Police and Customs raised concerns that deregulation combined with the potential of the hemp industry’s growth could result in more exploitation of the hemp industry by organised crime, and challenges in managing hemp import and export at the border due to the absence of a domestic licensing regime. Police also raised concerns that the

proposal could be perceived to be loosening controls on illicit cannabis and may lead to more non-compliance.

- 57 The Ministry for Regulation has reviewed these concerns and advised that conditions associated with permitting regulations are sufficient and proportionate to enable Police and Customs continue controlling illicit cannabis and managing border risks. More importantly, there would be no changes to the existing powers and operations of Police and Customs in performing these roles. The two-year review and report back will assess any unintended consequences. Customs now has no issues with the current proposal.
- 58 The Ministry for Regulation engaged online and in-person with 23 organisations and individuals from industry groups, testing laboratories, downstream users and wider primary industry. The Ministry also received 28 written submissions, and undertook additional engagement with key industry representatives.

Communications

- 59 Once Cabinet has made its decision, a press release will be published within the coming weeks. Officials from the Ministry of Health and Ministry for Regulation will undertake targeted communication with the hemp sector.

Proactive Release

- 60 I intend to proactively release this Cabinet paper alongside public announcements, subject to any appropriate redactions under the Official Information Act 1982.

Recommendations

The Minister for Regulation recommends that the Committee:

- 1 **note** that New Zealand's hemp sector has promising growth potential, but the complexity of the regulatory framework is a significant barrier to the sector's growth;
- 2 **note** that hemp is regulated under the Misuse of Drugs Act 1975 as a Class C controlled drug as well as a prohibited plant, despite its low levels of delta-9-tetrahydrocannabinol (THC), the primary cannabinoid that produces a psychoactive and intoxicating effect;
- 3 **note** that the Misuse of Drugs (Industrial Hemp) Regulations 2006 are outdated and disproportionate to the risk they were created to manage, and that there is broad support for remedying this;
- 4 **agree** to replace the Misuse of Drugs (Industrial Hemp) Regulations 2006 with new regulations (or amended regulations) to permit the activities currently requiring a licence under the Misuse of Drugs (Industrial Hemp) Regulations 2006 without a licence, pursuant to section 37 (1) (d) of the Misuse of Drugs Act 1975;
- 5 **agree** that the new regulations contain the following components:
 - 5.1 permit any person to carry out the activities currently requiring a licence under the Misuse of Drugs (Industrial Hemp) Regulations 2006 without a licence,

- provided they comply with the conditions within the new regulations and all other relevant regulations;
- 5.2 the permission applies to cannabis plants with THC content that is less than 1% of the dry weight of the plant;
- 5.3 permit the supply of hemp plant material to holders of a medicinal cannabis licence, noting that medicinal cannabis products will remain subject to the medicinal cannabis minimum quality standard;
- 5.4 allow the supply of unlimited numbers of hemp seeds and plants to holders of a medicinal cannabis licence with a cultivation activity;
- 5.5 a condition that hemp plants growing at any property will only be permitted if the Police have, within the last 12 months, been notified that the grower intended to grow, or continue to grow, hemp plants at that property; and
- 5.6 a requirement that hemp growers notify MPI of their growing at the same time as they notify Police, although that would not be a pre-condition to the hemp cultivation being permitted.
- 6 **note** that all offences and penalties currently contained within the Industrial Hemp Regulations would be removed, noting that the New Zealand Police would still have their existing tools and powers for policing illegal forms of cannabis (including hemp grown outside the conditions of the permission) under the Misuse of Drugs Act 1975;
- 7 **agree** to amend the Misuse of Drugs (Medicinal Cannabis) Regulations 2019 to enable hemp growers to supply plant material to the Medicinal Cannabis Scheme;
- 8 **agree** to amend the Misuse of Drugs Regulations 1977 to ensure import and export licences can be issued for hemp and hemp products, which will include a declaration and a Criminal Record check for applicants and an application fee to allow Medsafe to continue to recover the costs of issuing these import and export licences;
- 9 **note** that improved regulation is estimated to save compliance costs of \$80,000-\$160,000 per year or \$1m to \$2m in net present value over 20 years and generate a net present value benefit of \$41 million over the next 20 years;
- 10 **agree** to provide for transitional arrangements to continue the industrial hemp licensing regime until new regulations take effect;
- 11 **note** that the Associate Minister of Health has been delegated responsibility for amendments to secondary legislation associated with the Misuse of Drugs Act 1975 in order to address unnecessary regulatory burden on the hemp sector;
- 12 **authorise** the Ministry of Health to instruct the Parliamentary Counsel Office to draft the secondary legislation required to implement the proposals described in this paper;
- 13 **authorise** the Associate Minister of Health to make minor or technical policy decisions, including regarding consequential amendments, to support the development of these drafting instructions not inconsistent with the decisions in the paper;

- 14 **note** that nothing within this proposal will remove the requirement for growers of hemp or producers of hemp products to meet other relevant regulatory requirements;
- 15 **note** that requirements for hemp food products for sale under the Food Act 2014 and the Australia New Zealand Food Standards Code remain unchanged;
- 16 **note** that it is likely that amendments to other regulatory systems and operational changes would be required to unlock the full economic growth potential of the sector and that officials from relevant agencies will continue to engage with the sector on their wider proposals;
- 17 **invite** the Minister for Regulation to report back to Cabinet two years after these regulatory changes take effect and officials have assessed the outcomes of their implementation;
- 18 **note** that the Ministry for Primary Industries is engaging with the sector regarding the proposed use of industrial hemp as a feed for animals, and the associated risks to New Zealand's trade in animal products.

Authorised for lodgement

Hon David Seymour

Minister for Regulation
Associate Minister of Health

PROACTIVELY RELEASED



Appendix 1: Regulatory context for Industrial Hemp

Complex regulatory environment, with different regulation for different parts of plants and different products.

Red: prohibited uses

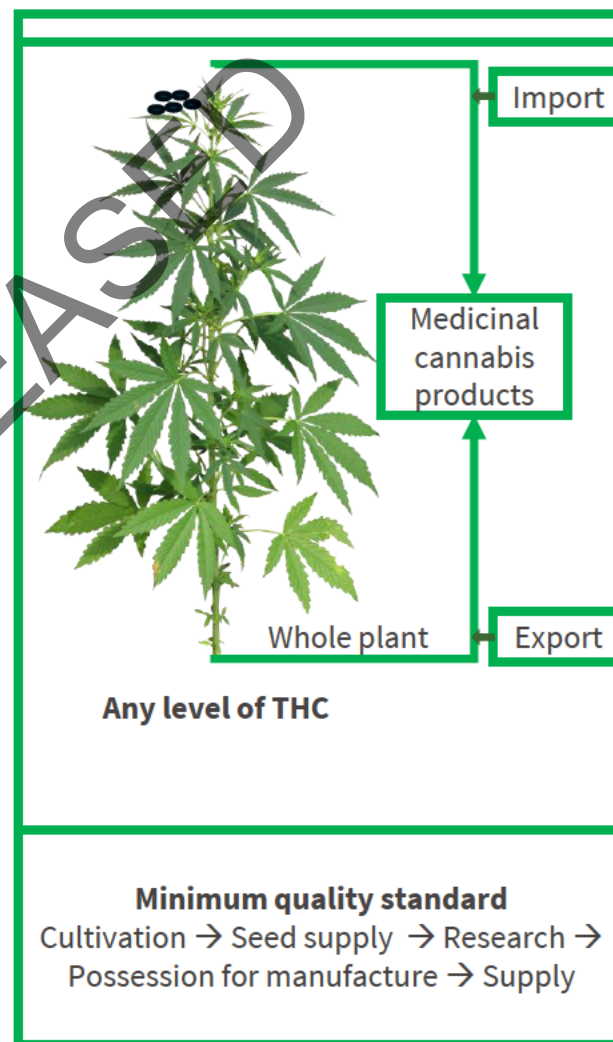
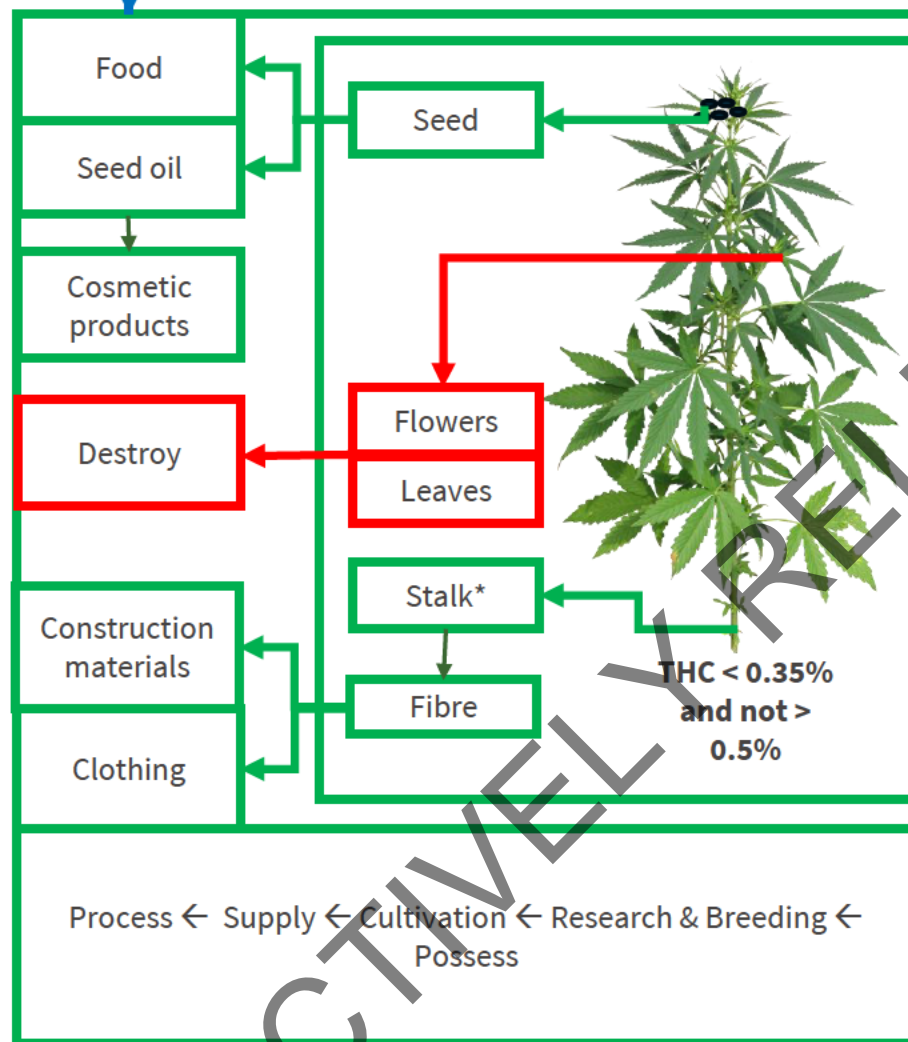
Blue: regulatory landscape

Green: industry activities

Purple: review scope

Food Act 2014 and Australia New Zealand Food Standards Code – Standard 1.4.4-6.
Hemp seed and hemp seed products as food with 1% THC limit in leaves & flowering heads and limits for THC & CBD in seed products

ACVM Act 1997
Animal feeds for non-food- and food-producing animals, pet food, and other products



Misuse of Drugs (Industrial Hemp) Regulations 2006
(licence, testing, report, notification)

Misuse of Drugs (Medicinal Cannabis) Regulations 2019

The supply of hemp flowers and leaves to medicinal cannabis
Maximum of 50 seeds and 20 plants for cultivation purposes from hemp growers to medicinal cannabis growers.

Illicit cannabis
Misuse of Drug Act 1975

Medical Products Bill
Natural health products legislation

Medicines Act 1981

Misuse of Drug Act 1975

ETS, Building Act 2004