AHC
Australian Hemp Council

BRIEFING August 2026

Building Australia's Hemp Economy

Investors Guide to the Senate inquiry

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HempTODAY

OVERVIEW

From inquiry to industry. Industrial hemp has rarely received such thorough public examination as it did during Australia's 12-month Senate inquiry.

What began as a parliamentary review of opportunities for the hemp sector evolved into something more valuable: a national conversation among growers, processors, manufacturers, researchers, builders, exporters, investors and policymakers about how to build a competitive hemp industry.

A full picture of Australian hemp

Over the course of the inquiry, 71 written submissions, three public hearings and extensive evidence from across the value chain produced one of the most comprehensive assessments yet of Australia's industrial hemp sector.

Equally important was the quality of the discussion. Witnesses moved well beyond the familiar arguments about hemp's environmental benefits or agronomic potential. Instead, they focused on the practical questions that determine whether industries succeed: processing infrastructure, product standards, manufacturing capacity, investment, export markets, research priorities, government procurement, regulatory certainty and market demand.

Common conclusions

Again and again, participants returned to the same conclusion: Australian hemp needs markets, manufacturing and coordinated investment capable of transforming an agricultural crop into an industrial supply chain.

That reality mirrors the conclusions reached in the

"Growers are ready. Markets are emerging. This is an industry of the future; an exciting Australian industry ready to scale."

Maxine Shea
Executive Committee Member
iHemp NSW; Founder, Hemp Collective

last year's *Australia & New Zealand Hemp Report*. Rather than revisiting the industry's fundamentals, this briefing examines what the Senate inquiry adds to the conversation. The result is a roadmap showing where government, industry and investors are beginning to align.

What's next

Australian hemp enters this next phase with significant advantages. It possesses world-class agricultural expertise, sophisticated food and export industries, respected research institutions, abundant land, and growing interest in low-carbon construction, advanced manufacturing and sustainable materials. The inquiry demonstrates that policymakers increasingly view hemp not as a niche crop but as a platform connecting those sectors through regional manufacturing, value-added processing and export-oriented production.

Hard work ahead

That does not mean success is guaranteed. Processing capacity remains limited, regulations remain fragmented, and end markets must continue to develop. But the inquiry makes one point unmistakably clear: the debate has shifted from whether industrial hemp deserves a place in Australia's economy to how that industry should be built.

For investors, that distinction matters. Emerging industries rarely succeed because of a single breakthrough. They succeed when policy, research, manufacturing capability and market demand begin moving in the same direction. The Senate inquiry suggests that Australia has entered that stage.

"We've got to get jobs and industry out of the cities and into the bush, where it can be done more effectively."

Phil Warner, Managing Director, Warner Research Institute

ROADMAP

The Senate inquiry accepts most of the advances sought by stakeholders. The result is a roadmap for investors keen to capitalize on the key signals:

01 Regulatory certainty is growing

The committee recommends reducing regulatory burdens, streamlining licensing, recognizing state licences nationally, developing a national hemp framework and considering a Commonwealth definition of industrial hemp based on a one percent THC threshold. Together, these measures provide investors with a clearer pathway toward a more predictable and consistent regulatory environment for long-term investment.

02 Hemp as a broad platform

The report reinforces the industry's own message that hemp should be viewed as a manufacturing platform rather than simply another crop. Throughout the inquiry, the focus shifted toward processing, advanced materials, construction, food products, carbon applications and industrial manufacturing, reflecting a broader vision for value creation across the supply chain.

03 Markets are driving the conversation

Perhaps the strongest business signal in the report is its emphasis on market development rather than simply increasing production. The committee recommends government procurement policies that explicitly consider hemp-based products, recognizing that sustainable demand—not acreage alone—is what ultimately attracts private investment.

"As a consumer of potential materials coming from the industry, it is also important to highlight that the government needs to be present there, and not just the federal government but state governments."

Dr. David Fleming Muñoz
Professor of Agricultural and Resource Economics, La Trobe University

04 The value chain is taking shape

For the first time, Parliament examined Australia's hemp industry as an integrated ecosystem, spanning genetics, farming, processing, manufacturing, construction, food, research and exports. The report gives investors a much clearer understanding of where businesses fit within the broader value chain and where investment opportunities are emerging.

05 A growth story in manufacturing

The committee repeatedly identifies downstream processing and manufacturing as Australia's greatest opportunity. Research priorities are expanded beyond agronomy to include processing infrastructure and the broader industrial supply chain, reinforcing that long-term value will be created through downstream processing, product development and branded manufacturing.

06 The government as catalyst

Rather than viewing government primarily as a funding source, the report positions government as a creator of market conditions. Procurement policies, national standards, coordinated regulation and strategic research all help reduce uncertainty while encouraging private-sector investment and industry growth.

07 Assets in carbon

The report recognizes that hemp's value extends beyond environmental benefits. By recommending formal measurement of the carbon-carrying capacity of hemp construction products, the committee acknowledges carbon as an emerging commercial attribute. While the report stops short of recommending carbon-credit methodologies, it strengthens hemp's position within Australia's developing low-carbon economy.

June 17, 2026

Chinese-backed venture, planned hemp block maker win $6.5M grants in Australia

08 A consensus vision for hemp

One of the inquiry's most striking findings was the degree of consensus across growers, processors, manufacturers, researchers and industry organizations. The committee's recommendation to establish a national taskforce reflects that growing alignment and signals an industry increasingly capable of coordinating long-term development around common priorities.

"I do believe we need to have one national voice... I do acknowledge those potential missed opportunities for us as an industry."

Matthew Lariba-Taing, President
Australian Hemp Council

09 Commercial scale is in sight

The report reflects an industry that has largely moved beyond demonstrating hemp's potential. The committee's recommendations focus on removing barriers to scale through regulatory reform, market development, standards, processing capability and coordinated research. For investors, the emphasis has shifted from proving concepts to expanding viable businesses.

10 Innovation is accelerating

The committee recommends that AgriFutures Australia establish a comprehensive industrial hemp research and development program covering plant breeding, processing infrastructure and the entire supply chain.

"Hemp is another option for producers in those regions as we become more and more irrigated."

Nathan Calman, CEO
TasFarmers

11 High-value markets are emerging

Rather than competing primarily as a commodity producer, Australia is increasingly positioning itself around higher-value opportunities in sustainable manufacturing, advanced materials, construction systems, specialty foods and export-oriented innovation. The inquiry provides a clearer picture of where Australia's competitive strengths are likely to emerge within the global hemp economy.

12 Credibility is growing

Perhaps the inquiry's most important outcome is institutional rather than regulatory. Through its recommendations covering regulation, procurement, building standards, research and national coordination, the Senate has provided one of the strongest parliamentary endorsements yet of Australia's industrial hemp sector.

13 Support for regional development

Hemp's potential to support regional economic development through processing hubs and manufacturing is recognised. The emphasis, however, is on creating favourable policy conditions rather than establishing direct funding or grant programs.

14 Public understanding is maturing

The report acknowledges that misunderstanding and stigma continue to impede industry growth. It calls on payment providers, advertisers, and online platforms to recognise hemp businesses as legitimate enterprises while encouraging broader public and institutional understanding of the industry.

"The opportunity for regional development is great here."

Professor Monika Doblin, Professor
La Trobe University

June 29, 2026

[Australian state's hemp plan envisions private investors backing industrial buildout]

The Senate inquiry leaves one important question unresolved: how Australia should ultimately define and regulate industrial hemp.

For all the agreement reached during the Senate inquiry, one question remains unresolved: should industrial hemp continue to be regulated within Australia's drug-control framework, or should it finally be treated solely as an agricultural crop?

That issue surfaced repeatedly throughout the inquiry. Many stakeholders argued that uncertainty over hemp's legal status continues to complicate investment, product development and interstate commerce long after the industry established itself as a legitimate agricultural sector.

The committee acknowledges those concerns but stops short of recommending sweeping legislative change. Instead, it advises the Government to examine the implications of adopting a Commonwealth definition of industrial hemp based on a 1% THC threshold, recognizing that such a move would have consequences for other legislation, including the National Poisons Standard.

The Australian Greens take the debate considerably further.

Their dissent argues that the evidence gathered during the inquiry already justifies legislative action. It proposes a timetable for adopting a national definition of industrial hemp, removing hemp from the National Poisons Standard and transferring responsibility from health and drug-control agencies to the Department of Agriculture, Fisheries and Forestry.

The committee did not endorse those proposals. Even so, the dissent crystallizes a broader sentiment expressed across many submissions: that industrial hemp has outgrown the legal framework created for narcotics. Whether that transition occurs incrementally through regulatory reform or through comprehensive legislation is likely to become the industry's next major policy debate.

"Hemp is a nexus of all the things the government really wants to support."

Tim Crow, Founder
Hemp Harvests

WINNERS

The committee's recommendations shift the industry's centre of gravity away from acreage and toward value-added manufacturing. Key winners:

01 Investors

The investment conversation moves from policy uncertainty toward execution, market development and scale. Few recommendations provide direct funding, but almost every recommendation reduces investment risk through clearer regulation, stronger standards, government procurement, coordinated research and national leadership.

02 Construction industries

For manufacturers, clearer standards reduce the risk of investing in production capacity and product development. For architects, engineers, builders and developers, nationally recognized standards make hemp materials easier to specify with confidence. Instead of being treated as niche or experimental products, hemp-based construction materials move closer to becoming mainstream options for commercial and residential projects.The report calls for hemp-based products to be incorporated into the National Construction Code, backed by formal product standards, fire testing, carbon-performance measurement and official recognition of hempcrete. It also recommends government procurement policies that explicitly consider hemp-based products, creating potential demand from public-sector projects.

"We're working on getting hemp in the National Construction Code."

David Brian, President
Victorian Hemp Association

"Hemp can be used as a substitute for concrete, insulation batts, wall panels, and other building materials and has already been utilised in both private and public building projects."

– Committee finding

03 Fibre processors

Lower regulatory risk makes it easier to justify investment in decortication, fibre refinement and regional processing hubs. The committee repeatedly identifies Australia's lack of processing infrastructure as one of the industry's greatest constraints while recommending research, national coordination and stronger market development.

04 Universities & researchers

Research increasingly focuses on solving commercial problems rather than simply proving hemp's potential. AgriFutures is specifically asked to establish a comprehensive industrial hemp research and development program extending beyond agronomy into processing and the wider supply chain.

05 Food makers

Exporting hemp food products should become easier while stronger national recognition reduces uncertainty. Food already enjoys Australia's most mature hemp market.The report further improves the environment by recommending simpler export arrangements and broader market development, helping companies expand beyond domestic sales.

06 Equipment suppliers

Capital spending increasingly shifts from experimental purchases to industrial-scale production equipment. As processing plants become economically viable, demand rises for harvesting equipment, drying systems, balers, decorticators, fibre-cleaning machinery and manufacturing equipment.

July 9, 2026

South Australia expands hemp trials in search for most water-efficient varieties

07 Exporters

Exporters gain a more predictable regulatory pathway and stronger government recognition of international market opportunities. The report recommends removing unnecessary export licensing for hemp foods while supporting broader export development.

08 Growers

Instead of asking "Can I grow hemp?" growers increasingly ask "Who is buying it?" Growers gain from lower regulatory costs, mutual recognition of licences across state borders and the possibility of a national 1% THC definition. Perhaps more importantly, government support for processing and end markets could create more stable demand for crops rather than encouraging speculative planting.

09 Animal nutrition sector

Regulatory clarity could revive one of hemp's earliest commercial success stories. The committee urges the APVMA to simplify approvals and publish clear guidance for hemp-based feed and nutritional products..

10 State governments

State agencies spend less time maintaining different regulatory systems and more time supporting industry development. National coordination reduces duplication while allowing states to participate in a harmonised regulatory system.

Investment index

Market segment	Demand	Policy support	Capital required	Investment readiness
Building materials	★★★★★	★★★★★	$$$	★★★★★
Hemp foods & ingredients	★★★★★	★★★★★	$$	★★★★★
Regional decortication hubs	★★★★★	★★★★★	$$$$$	★★★★☆
Animal bedding	★★★★☆	★★★★☆	$$	★★★★☆
Primary fiber processing	★★★★☆	★★★★☆	$$$	★★★★☆
Carbon markets & services	★★★★☆	★★★★☆	$$	★★★★☆
Seed genetics & breeding	★★★☆☆	★★★★☆	$$$	★★★★☆
Animal nutrition (feed and food)	★★★☆☆	★★★☆☆	$$	★★★☆☆
Hemp cannabinoids	★★☆☆☆	★★☆☆☆	$$$	★☆☆☆☆

Demand: Assesses the size and growth potential of the addressable Australian and export markets over the next five to ten years; **Policy support**: How well current government policies—or the Senate inquiry's recommendations, if implemented—support commercial development. **Capital required**: Relative level of investment required to establish a commercially viable business.

The Senate inquiry identifies the A$10 million animal nutrition market as one of the sectors most likely to benefit from regulatory reform.

While a relatively small segment of Australia's hemp industry, before intervention by the Australian Pesticides and Veterinary Medicines Authority (APVMA) in 2024, hemp-based livestock feed and companion-animal products were generating an estimated A$10 million (US$6.5 million) in annual retail sales and experiencing strong growth. Subsequent uncertainty over product classification and approval requirements sharply disrupted that market, prompting animal nutrition to feature prominently in industry submissions to the inquiry.

The report indicates that industry engagement with the APVMA has already produced some progress. The committee now recommends that the authority clarify the requirements for hemp-based products to qualify as "excluded nutritional or digestive products" and simplify the application process. It also calls on the APVMA to assist producers in preparing applications and publish clear, accessible guidance.

These are primarily administrative measures, but their commercial effect could be significant. Clearer rules and more direct assistance could lower compliance costs, reduce uncertainty and help businesses return products to market, particularly smaller companies developing hemp-based feed, pet food and nutritional supplements.

The recommendation reflects the committee's view that animal nutrition is an established market constrained by regulation rather than a speculative opportunity. If the APVMA follows through, the sector could regain momentum and again become an important outlet for Australian hemp grain and processing by-products.

"Exporting grain production ... is looking like a very promising market for us."

Simon Cabout, R&D Project Manager
Midlands Seed Ltd

OUTLOOK

Australia's principal challenge is building institutions to make hemp thrive. Three possible scenarios following the Parliamentary inquiry:

SCENARIO 1: Governments move quickly to implement the committee's recommendations

National agreement is reached on a 1% THC definition, licensing becomes more consistent across jurisdictions, export requirements are simplified, and hemp products begin appearing in government procurement programs. AgriFutures launches an expanded research agenda while building standards for hemp construction products move steadily toward national recognition.

These reforms create confidence that attracts private investment. New processing hubs become viable because manufacturers can invest knowing regulatory settings are becoming more predictable and end markets are expanding. Regional supply chains strengthen as growers increasingly plant against contracts instead of speculation. Australia's hemp industry emerges as a coordinated manufacturing sector rather than a collection of isolated agricultural enterprises.

SCENARIO 2: Implementation unfolds steadily as progress varies by region and market segment

Some recommendations are adopted quickly while others become tied up in consultations, standards development and negotiations between federal and state governments. Research expands, licensing becomes somewhat simpler and additional processing projects move ahead, but progress varies by

July 27, 2026

['Australia has the potential to become world leader' if government will support hemp]

"One of the reasons we've included workforce in our strategic plan is that we feel that is an oppor-tunity right across the board."

Anne Gigney, Executive Officer
Tasmanian Hemp Association

region and market segment.

Successful regional clusters emerge where growers, processors and manufacturers develop together, while other regions continue waiting for investment. Construction materials, hemp foods and industrial fibre all expand, but Australia's competitive advantage depends increasingly on execution rather than policy alone. By the end of the five-year period, the industry is larger, more coordinated and considerably more investable, although many opportunities remain only partially realised.

SCENARIO 3: Governments put off tough decisions, leaving investors cautious, progress to stakeholders

The greatest risk is not that the recommendations are rejected, but that they remain largely unimplemented. Governments endorse the report in principle while delaying difficult regulatory decisions, funding priorities and national coordination. State-by-state differences continue, processing investment remains cautious, and standards development advances only slowly.

Under this scenario, Australia's industry still grows, supported by committed entrepreneurs and niche markets, but expansion remains fragmented. Hemp continues to demonstrate technical and environmental advantages without achieving the scale needed to compete broadly across construction, manufacturing and export markets. The inquiry becomes an important reference document rather than the catalyst it was intended to be.

August 5, 2026

[New South Wales hemp-building investment bolsters state's position as Australia's leader]

Australia's next investment frontier: The Senate inquiry suggests hemp's environmental credentials could underpin new opportunities.

As demand grows for carbon removal, regenerative agriculture and low-emission building materials, hemp is positioned to compete in markets where environmental performance itself creates value.

The report highlights hemp's ability to improve soil health, suppress weeds, reduce water use and pesticide requirements, and fit naturally into circular manufacturing because virtually every part of the plant can be used. It also emphasizes hemp's potential to sequester carbon rapidly during growth and store it for decades in products such as hempcrete.

Perhaps the inquiry's most forward-looking recommendation is its call for formal measurement of the carbon carrying capacity of hemp-based construction products. The committee recognizes that credible data and standardized methodologies will be essential if Australia is to capitalize on emerging carbon markets and low-carbon construction.

The report also identifies biochar as a promising environmental application. Although discussed only briefly, hemp-derived biochar could create additional value from biomass while contributing to soil improvement and long-term carbon storage, aligning with the report's broader vision of a circular, zero-waste industry.

Taken together, the inquiry points toward an important shift: hemp should be viewed not only as a source of fibre, grain and construction materials, but also as the foundation for businesses built around carbon accounting, environmental certification, biochar, regenerative agriculture and other climate-focused services. For investors, those emerging environmental markets may ultimately prove as significant as the traditional hemp value chain.

"If we can embody that carbon and prove that we've embodied that carbon, we can then monetise those channels."

Andi Lucas, President
Tasmanian Hemp Association

Not all of the hemp industry's obstacles come from government: The invisible barrier of digital discrimination

One of the Senate inquiry's more unusual recommendations recognizes that payment providers, online advertisers and social media platforms can be just as influential as regulators in determining whether hemp businesses succeed. The committee calls on those companies to review their policies and ensure that legitimate hemp enterprises are treated as legal businesses rather than being automatically associated with cannabis or narcotics.

Evidence presented during the inquiry suggested that the problem extends well beyond advertising. Businesses reported having payment accounts frozen, online stores restricted and social media campaigns blocked simply because they used the word "hemp." Others described being unable to market products through mainstream digital platforms despite operating entirely within Australian law.

The committee acknowledges that technology companies have legitimate responsibilities to reduce harm online. However, it concludes that those safeguards should not prevent lawful businesses from participating in the digital economy. Hemp, it notes, is a legal product and businesses should not face unnecessary barriers to selling, advertising or accepting payments because of outdated perceptions.

The recommendation is significant because it expands the definition of regulatory reform. Success will depend not only on government agencies simplifying rules, but also on banks, payment processors and technology platforms recognizing industrial hemp as a distinct agricultural and manufacturing sector.

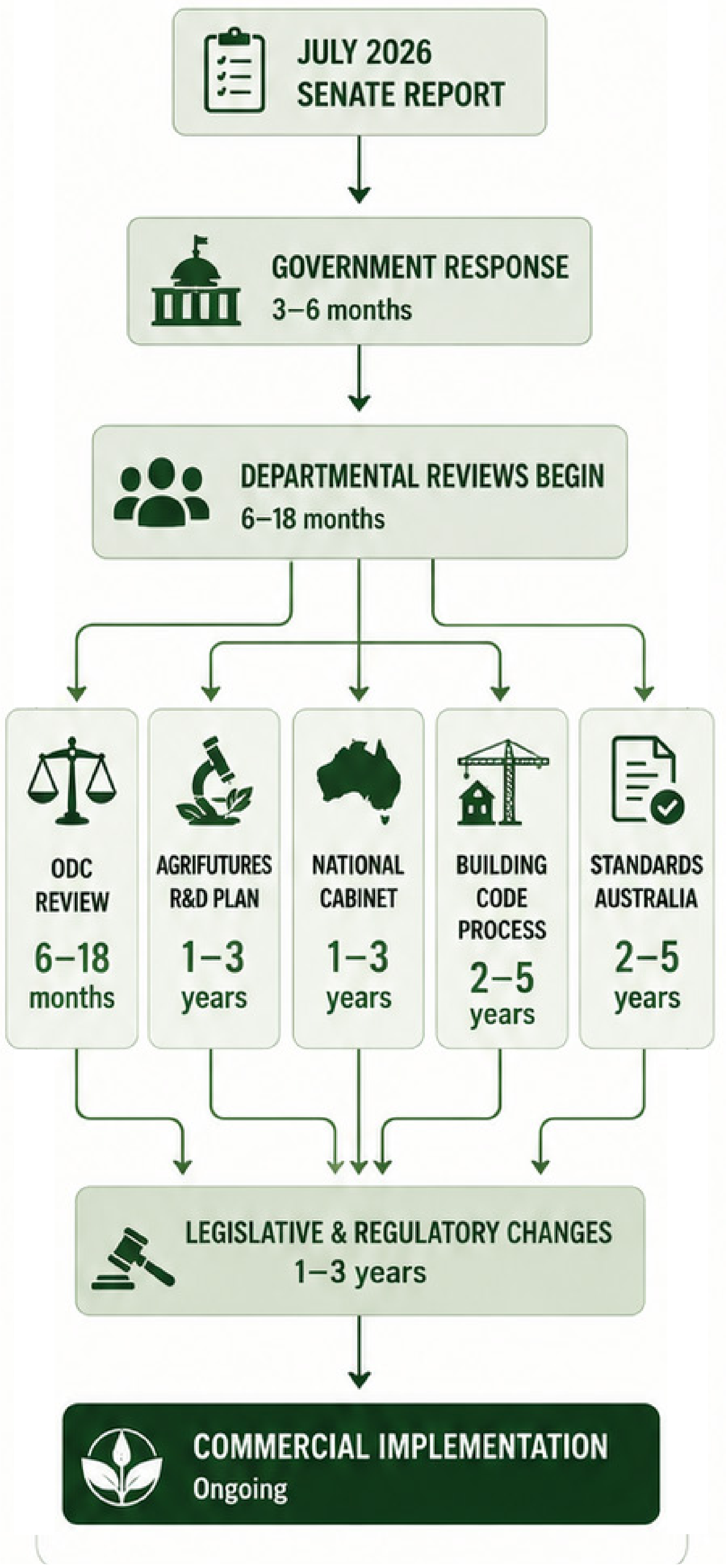
AIHC

Join AHC in Geelong to continue the conversation

The conversation now moves from the committee room to the conference floor. The Australian Industrial Hemp Conference, Sept. 21–23 in Geelong, offers industry-leading growers, manufacturers, investors and policymakers the next major opportunity to build on the Senate inquiry's momentum, strengthen partnerships and help shape the sector's next phase of growth.

The publication of the Senate report should not be viewed as the finish line.

Much of the committee's agenda can advance through departmental decisions, regulatory reform and standards development without major new legislation. The pace of progress will depend less on parliamentary debate than on sustained coordination between government, regulators, industry and research organisations.



Australia's open inquiry system nurtures emerging industries such as hemp, and gives stakeholders a seat at the policy table.

The Senate inquiry into Australia's hemp industry illustrates the country's distinctive parliamentary approach to policy development.

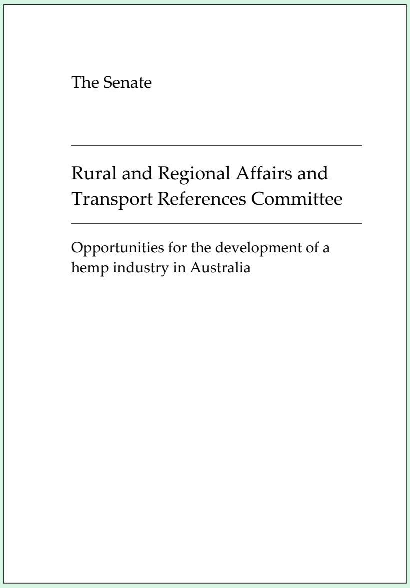
Rather than drafting legislation behind closed doors, Senate committees are first tasked with gathering evidence, testing competing ideas and identifying practical solutions before making recommendations to government. In the case of hemp, that process unfolded over 12 months through written submissions, public hearings in Tasmania, Victoria and Canberra, and extensive questioning of witnesses from across the sector.

A defining feature of the Australian system is its transparency. Nearly every submission, hearing transcript and supporting document is published online, allowing anyone to follow the evidence, evaluate competing viewpoints and understand how the committee reached its conclusions. The resulting record becomes a valuable resource not only for policymakers but also for businesses, investors, researchers and other jurisdictions examining similar issues.

Senate committees are typically bipartisan, with members from multiple political parties working together to assess evidence and develop recommendations. While they do not make law, their reports frequently shape subsequent legislation, regulatory reform and government policy.

The hemp inquiry demonstrates how Australia uses this process to build informed consensus around emerging industries before major policy decisions are taken.

Get the inquiry report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Opportunities for the development of a hemp industry in Australia

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Australian Hemp Council

The Australian Hemp Council is the national peak body representing growers, processors and manufacturers across the country, coordinating policy engagement, promoting industry standards and supporting the development of a competitive hemp sector.

RESEARCH & ANALYSIS

HempToday is an international B2B media platform providing news, market intelligence and analysis for the global hemp industry, with a focus on fiber, hurd, grain and sustainability. It serves decision-makers through reporting, directories, events and sector-specific publications.