

EXPLANATORY STATEMENT

Narcotic Drugs (Licence Charges) Act 2016

Narcotic Drugs (Licence Charges) Amendment (Cannabis) Regulations 2018

The *Narcotic Drugs (Licence Charges) Act 2016* (the Act) enables the Commonwealth to impose charges on licences granted under the *Narcotic Drugs Act 1967* (the ND Act) and that are in force within a specified period.

Section 9 of the Act provides that the Governor-General may make regulations, not inconsistent with the Act, prescribing matters required or permitted to be prescribed by the Act or necessary or convenient to be prescribed for carrying out or giving effect to the Act.

The ND Act regulates the cultivation of cannabis plants for the production of cannabis and cannabis resin for medicinal and scientific purposes and the manufacture of drugs, such as morphine, of which Australia is the world's leading supplier for raw materials, as well as the manufacture of medicinal cannabis products.

The ND Act implements the medicinal cannabis framework in Australia. The framework authorises the lawful cultivation of cannabis plants and production of cannabis and cannabis resins in Australia in order to provide Australian patients with access to medicinal cannabis for therapeutic purposes. A person must be granted a licence under the ND Act in order to lawfully cultivate cannabis plants and produce cannabis or cannabis resin for medicinal or research purposes.

There are two types of cannabis licence under the ND Act. The first type authorises the cultivation of cannabis for the production of cannabis or cannabis resin for subsequent manufacture into medicinal cannabis products. The second authorises cultivation and production for research purposes. The imposition of licence charges forms part of the cost recovery arrangement in relation to the administration of the medicinal cannabis framework.

The purpose of the *Narcotic Drugs (Licence Charges) Amendment (Cannabis) Regulations 2018* (the Regulations) is to update the licence charges imposed on a medicinal cannabis licence and a cannabis research licence from the commencement date of the Regulations. The licence charge for both types of licences increases from \$27,360 to \$27,380. This change reflects the original level of licence charges under the 2016 agreed cost recovery arrangement.

No consultation was deemed necessary as the increase in the charge is minimal and the amount of licence charge reflects the original level of licence charge under the cost recovery arrangement. The increased charge applies from the commencement date of the Regulations and applies to all cannabis licences granted from that date. Applicants for a licence that have not yet been granted the licence prior to the commencement date of the Regulations will be advised of the changes to the level of licence charges as soon as the amendments are in place.

Details of the Regulations are set out in the [Attachment](#).

The Act specifies no conditions that need to be satisfied before the power to make the Regulations may be exercised.

The Regulations are a legislative instrument for the purposes of the *Legislation Act 2003*.

The Regulations commence on the day after it is registered on the Federal Register of Legislation.

Authority: Section 9 of the
Narcotic Drugs (Licence Charges) Act 2016

Details of the *Narcotic Drugs (Licence Charges) Amendment (Cannabis) Regulations 2018*

Section 1 – Name

This section provides for the Regulations to be referred to as the *Narcotic Drugs (Licence Charges) Amendment (Cannabis) Regulations 2018*.

Section 2 – Commencement

This section provides for the Regulations to commence on the day after it is registered on the Federal Register of Legislation.

Section 3 – Authority

This section provides that the Regulations are made under the *Narcotic Drugs (Licence Charges) Act 2016*.

Section 4 – Schedules

Section 4 provides that each instrument that is specified in a Schedule to this instrument is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this instrument has effect according to its terms.

Schedule 1 Amendments

Narcotic Drugs (Licence Charges) Regulation 2016

These amendments correct the amount of licence charge for a medicinal cannabis licence and a cannabis research licence.

Item 1- Paragraph 6(a), 6(b), and 6(c)

Item 1 corrects the amount of licence charge for a medicinal cannabis licence (paragraph 6(a)), a commercial cannabis research licence (paragraph 6(b)) and a non-commercial cannabis research licence by omitting “\$27, 360” and substituting “\$27,380” in each of those paragraphs.

Section 6 of the *Narcotic Drugs (Licence Charges) Regulation 2016* specifies the amount of charge payable by a cannabis licence holder for a particular period while the licence is in force. There are two types of cannabis licences under the *Narcotic Drugs Act 1967* (the ND Act), one is a medicinal cannabis licence and the other is a cannabis research licence. Section 6 further classifies cannabis research licences into a commercial cannabis research licence and a non-commercial research licence which are defined under section 54A of the *Narcotic Drugs Regulation 2016*.

Item 2 – At the end of the instrument

Item 2 adds section 7. Section 7 provides that the amendment to section 6 (Item 1 refers) applies in relation to licences granted under the *Narcotic Drugs Act 1967* on or after the commencement of this section.

Statement of Compatibility with Human Rights

Prepared in accordance with Part 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*

Narcotic Drugs (Licence Charges) Amendment (Cannabis) Regulations 2018

The *Narcotic Drugs (Licence Charges) Amendment (Cannabis) Regulations 2018* (the Regulations) is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

Overview of the Legislative Instrument

These Regulations are made under section 9 of the *Narcotic Drugs (Licence Charges) Act 2016*. The purpose of the Regulations is to correct the level of licence charges imposed on a medicinal cannabis licence and a cannabis research licence to make them consistent with the agreed cost recovery arrangement.

The imposition of licence charges, in addition to the payment of fees, forms part of the cost recovery arrangement in relation to the administration of the medicinal cannabis framework in Australia.

Human rights implications

The Regulations only relate to a minor correction of the level of licence charges imposed in relation a medicinal cannabis licence or a cannabis research licence granted under the *Narcotic Drugs Act 1967* and do not engage any of the applicable rights or freedoms.

Conclusion

This legislative instrument is compatible with human rights as it does not raise any human rights issues.

Greg Hunt, Minister for Health and Minister for Sport