

Hon Andrew Little
Minister of Justice

Proactive release – 2020 Cannabis Referendum material for public release

Date of issue: 3 December 2019

Date of reissue: 20 April 2020

The following documents have been proactively released in accordance with Cabinet Office Circular CO (18) 4. These documents were previously published on the www.referendum.govt.nz website.

Some information has been withheld on the basis that it would not, if requested under the Official Information Act 1982 (OIA), be released. Where that is the case, the relevant section of the OIA has been noted and no public interest has been identified that would outweigh the reasons for withholding it.

No.	Document	Comments
1.	2020 Cannabis Referendum Draft Material for Public Release <i>Cabinet paper</i> Office of the Minister of Justice 25 November 2019	Some information has been withheld in accordance with section 9(2)(f)(iv) of the OIA to protect the confidentiality of advice tendered by Ministers of the Crown and officials, and 9(2)(h) of the OIA to maintain legal professional privilege. No public interest has been identified that would outweigh the reasons for withholding it.
2.	2020 Cannabis Referendum Draft Material for Public Release <i>Cabinet Minute: SWC-19-MIN-0188</i> Cabinet Office Meeting date: 25 November 2019	Released in full.
3.	Summary of current policy positions <i>Attachment to Cabinet paper</i> Office of the Minister of Justice 25 November 2019	Released in full.
4.	Cannabis Legislation and Control Bill – Draft for consultation <i>Draft Bill</i> Office of the Minister of Justice 25 November 2019	Released in full.

In Confidence

Office of the Minister of Justice

Cabinet Committee

2020 Cannabis Referendum – Draft material for public release

Proposal

1. On 17 December 2018, Cabinet agreed to hold a binding referendum at the 2020 General Election to determine whether legislative provisions for the legalisation of recreational cannabis should be adopted [CAB-18-MIN-0641.02 refers]. In May 2019, Cabinet further agreed to the parameters of the referendum including the design of the referendum question and the design of a workable regulatory model for a legal regulated recreational cannabis market [CAB-19-MIN-0198 refers].
2. The decision on whether or not to legalise and regulate recreational cannabis for personal use is an important one that has implications for New Zealand as a society, and for our communities. The Government is committed to a well-informed referendum, so that a definitive response can be given on the question of the preferred approach to recreational cannabis.
3. A Yes/No referendum question has been designed along with a first iteration of an exposure draft Bill ('draft Bill'). This version of the draft Bill (Attachment 1) is focused on the key controls and regulation of the regulated recreational cannabis market that the public will most likely interact with. An accompanying summary of current policy positions (Attachment 2) provides further context, in a format that will be more accessible to many than the draft Bill itself.
4. In the interests of transparency and open Government, and for the purposes of the cross-party group engagement also mandated by earlier Cabinet decisions, I propose the referendum question, draft Bill, and the draft Bill's accompanying summary of current policy positions be publicly released to update the electorate on the direction of travel and progress made.
5. To support and facilitate the Cross-party Working Group's engagement on this work, I propose to share the referendum question, draft Bill and the draft Bill's accompanying summary of current policy positions with them.

Executive summary

6. In order for the referendum to be effective, the public need to know what will happen afterwards. A 'No' vote would mean continuation of the status quo. In the event of a 'Yes' vote, the parties making up the Government have committed to following through with legislation that is closely modelled on a draft Bill.

The referendum question

7. The referendum question needs to convey a base level of information about the content and purpose of the draft Bill. The name of the draft Bill, the Cannabis Legalisation and

Control Bill, indicates that the personal use of recreational cannabis is moving from an illegal to a legal status, and that it will be tightly managed and controlled.

8. The proposed cannabis referendum question will be a Yes/No question asking voters: 'Do you support the proposed Cannabis Legalisation and Control Bill?'

Approach to regulation

9. To ensure the consequences of a 'Yes' vote are clear, a draft Cannabis Legalisation and Control Bill will be prepared prior to the vote. A first iteration of an exposure draft Bill has been developed. In the interests of transparency, and in line with this Government's stated policy regarding open government, I propose to publicly release this exposure draft Bill for the first cross-party meeting on the referendum, and in order to update the electorate on the direction of travel and the progress made towards developing the final draft Bill.
10. This iteration of the draft Bill provides a framework for a regulated market that encompasses the licensed sphere and the unlicensed (but still regulated) sphere. It focuses on the key areas of the recreational cannabis regime that the public will most likely interact with, and have a personal interest in. It is the provisions relating to 'home grow', retail, and consumption premises that will primarily affect those people who choose to consume recreational cannabis.
11. The draft Bill also includes a purpose statement and establishes the regulator and its functions. The remaining parts of the draft Bill, including in relation to cultivation, harvesting, processing, manufacture, compliance and aspects of enforcement, are still being developed and will be in the completed draft Bill for early 2020.
12. Market structure, and the allocation of that market, is one of the main levers for a regulatory model to reduce social harms and ensure better outcomes for our communities. When thinking about those communities that have been disproportionately affected by cannabis, data shows that the bulk of cannabis is consumed by those residing in the most deprived areas of New Zealand. Within these areas we know that Māori communities are the most disproportionately affected by cannabis related harms and convictions.
13. The regulatory model needs to reflect the Government's commitment to Māori-Crown partnerships - getting the market settings right is critical. A balance needs to be struck between creating a market model that does not encourage new uptake, but supports a price level and products sufficiently attractive to shift current consumers from the illicit market.
14. There are competing incentives of profit versus harm reduction to navigate. It is important to consider a spectrum of market allocation models to ensure the regulatory model does not perpetuate or exacerbate existing inequities.
15. Ongoing stakeholder engagement on the regulatory model is vital to ensuring a model that is workable for all and manages issues of social equity and access. Officials will continue to work with key representative groups on these outstanding matters. In early 2020, a detailed and complete exposure draft Bill will be publicly released for the electorate to consider.

Background

16. On 17 December 2018, Cabinet agreed to hold a binding referendum at the 2020 General Election to determine whether legislative provisions for the legalisation of recreational cannabis should be adopted [CAB-18-MIN-0641.02 refers].
17. On 6 May 2019, Cabinet agreed to the framing of the referendum question as a Yes/No question supported by draft legislation of a workable regulatory model for the personal use of recreational cannabis. The referendum is to offer a clear choice between the status quo where recreational cannabis is prohibited, and a legal, regulated recreational cannabis market [CAB-19-MIN-0198].
18. Cabinet further agreed that the overall structure of the regulatory model be a government-controlled regulated market for the cultivation, production, supply and use of recreational cannabis, with the size of the market limited to a level that is adequate for meeting current demand. To guide the development of the regulatory model, Cabinet agreed to primary and secondary policy objectives, as well as key regulatory settings, and that work on draft legislation for a regulatory model for personal use of recreational cannabis begin.
19. In order for the referendum to be effective, the public need to know what will happen afterwards. A 'No' vote would mean continuation of the status quo. In the event of a 'Yes' vote, all parties currently in Government will abide by the outcome of the referendum [CAB-19-MIN-0198 refers].

The referendum question

The referendum question must be accurate, impartial and understandable

20. The overarching objective of any referendum is an enduring outcome regardless of the decision. Cabinet has previously agreed to the framing of the referendum question as a Yes/No question on whether draft legislation (the 'Bill') should be enacted by a subsequent government/Parliament [CAB-19-MIN-0198 refers].
21. There is still a risk, however, that some voters may possess limited knowledge of the draft Bill. I therefore consider that the referendum question should not be completely dependent on supplementary information and needs to convey a base level of information about the content and purpose of the draft Bill. I intend to provide this via the name of the draft Bill – the Cannabis Legalisation and Control Bill.
22. This name indicates that the personal use of recreational cannabis is moving from an illegal to a legal status, and that there will be a regulatory regime around this. Although it is slightly more complex than, for example, simply the 'Cannabis Bill', I consider it gives the clearest indication of the draft Bill's purpose.
23. The proposed cannabis referendum question will be framed as follows:
Do you support the proposed Cannabis Legalisation and Control Bill?
Yes, I support the proposed Cannabis Legalisation and Control Bill
No, I do not support the proposed Cannabis Legalisation and Control Bill
24. This framing for the question, and the proposed name, has been developed by the Ministry of Justice, in consultation with the Electoral Commission, and with input from Statistics New Zealand. The Ministry also consulted with six external academics, research practitioners and

plain language experts throughout the process, including specifically on the name of the draft Bill. This provided useful refinement of the question from the perspective of workability, understandability and impartiality.

25. This framing of the question is consistent with the approach that has been taken for the question proposed for a referendum on the End of Life Choice Bill.¹ Given that both questions will be on one ballot paper, a similar format will help improve their understandability.

Effective public information will support voters to understand the draft cannabis Bill

26. I reiterate my support for an approach in the lead up to the referendum that is focused on encouraging public awareness and discussion. This will ensure the public can participate meaningfully in the referendum process and that the outcome is perceived as legitimate.
27. The public information programme I am proposing in my paper 'Provision of public information for the 2020 referendums' is to ensure that voters can be made aware of the referendum issues. These will support voters in making an informed choice about the referendum. The explanatory materials will be available online, on a standalone Govt.NZ website, in a range of languages. A summary information sheet will also be included with the Electoral Commission's enrolment update and EasyVote card mail-outs to voters.² Publicity will be placed in a range of media including print, radio, television, online, social media, billboards and bus shelters to ensure voters know how to access the explanatory materials.

Approach to regulation

28. Approval by the electorate to legalise the personal use of recreational cannabis would open the way to a new policy approach beyond mere prohibition. However, any change in this approach would be significant, and it is important that any mandate derived from the referendum is clear and unequivocal. To achieve this, Cabinet agreed it is necessary to have a fully worked-up regulatory model that would deal with the risks and provide appropriate mitigations.
29. Cabinet has agreed that the primary policy objectives to guide the development of the regulatory model for the personal use of recreational cannabis are harm reduction, and to lower the overall use of recreational cannabis over time.
30. With the agreed objectives in mind, the draft Bill attached provides a framework for a regulated market that encompasses two spheres operating in parallel:
- 30.1. the licensed sphere; and
 - 30.2. the unlicensed (but still regulated) sphere.

¹ The proposed End of Life Choice Bill referendum question/response (SOP 361) is:

Question: Do you support the End of Life Choice Act 2017 coming into force?

Response: Yes, I support the End of Life Choice Act 2017 coming into force
No, I do not support the End of Life Choice Act 2017 coming into force

² For example, Ministry of Justice, Electoral Commission's election advertising, news media coverage and other online and print sources.

31. The provisions contained within this iteration of the draft Bill are those that focus on the key areas of the recreational cannabis market that the public will most likely interact with, and have a personal interest in. Specifically these are:
- 31.1. the purpose of the Bill;
 - 31.2. the establishment and functions of the regulator;
 - 31.3. the 'home grow' provisions; and
 - 31.4. retail and consumption premises licensing requirements (including age restrictions).

Ongoing areas of policy development

32. Some parts of the draft Bill are still being developed. The remainder of the draft Bill will be completed by early 2020, including:
- 32.1. licensing requirements for cultivation, harvesting, processing and manufacturing, and the management of associated waste products;
 - 32.2. supervision, compliance and enforcement, and offences and penalties for non-compliance with the licensed and unlicensed (but still regulated) sphere, including provisions for young people; and
 - 32.3. the structure and allocation of the licensed market.

Appropriate market settings are crucial for meeting harm reduction objectives

33. Market structure, and the allocation of that market, is one of the main levers for a regulatory model to reduce social harms and ensure better outcomes for our communities. When thinking about those communities that have been disproportionately affected by cannabis, data shows that the bulk of cannabis is consumed by those residing in the most deprived areas of New Zealand. Within these areas we know that Māori communities are the most disproportionately affected by cannabis-related harms and convictions.
34. In July 2019, I directed the Ministry of Justice to undertake engagement with communities to hear perspectives on recreational cannabis in Aotearoa to inform the draft Bill. Ten wānanga were held in locations favourable to cultivation and/or where Māori experience a high level of harm related to recreational cannabis. Participants³ confirmed that cannabis use is widespread in their communities, and that the regulatory model should seek to remedy the disproportionate harms experienced within those communities under prohibition. The regulatory model needs to reflect the Government's commitment to Māori-Crown partnerships and participants asked that we ensure Māori involvement in a legal regime at every level, including governance, design, and ongoing administration.
35. A balance needs to be struck between a market structure that supports an approach to pricing and products that will not encourage new uptake, but is still sufficiently attractive to shift current consumers from the illicit market. There are competing incentives of profit versus harm reduction to navigate. In a fully competitive market, participants are primarily driven to maximise profits, so it is important to consider a spectrum of market allocation

Participants included iwi and marae representatives, frontline health, mental health, addiction and social service responders, youth advocates, academics, and those with knowledge of the current cannabis supply chain and use of cannabis for therapeutic purposes.

models to ensure the regulatory model does not perpetuate or exacerbate existing inequities.

36. Ongoing stakeholder engagement on the regulatory model is vital to ensuring a model that is workable for all and manages issues of social equity and access. Officials will continue to work with key representative groups on these outstanding matters.
37. In early 2020, a complete and detailed exposure draft Bill will be publicly released for the electorate to consider. The Bill will encompass both the licensed sphere and unlicensed but regulated sphere, including all licensing, compliance and enforcement provisions.
38. In the interests of transparency, and in line with this Government's stated policy regarding open government, I propose to publicly release this exposure draft Bill in order to update the electorate on the direction of travel and the progress made towards developing the final draft Bill. I propose that the release of the Bill coincide with the first meeting of the cross-party group.

Managing the interfaces between the recreational cannabis referendum, medicinal cannabis and industrial hemp

Current regulation of cannabis

39. Currently, cannabis is a controlled drug and prohibited plant regulated under the Misuse of Drugs Act 1975. The Act prohibits the recreational use of cannabis, in line with our international obligations under the United Nations Drug Conventions to only allow access to psychoactive substances for research and medicinal purposes.
40. The Act allows regulations for the use of cannabis for medicinal purposes, and the production of industrial hemp. Industrial hemp contains low levels of tetrahydrocannabinol (THC), the psychoactive element extracted from the cannabis plant.

Regulation of medicinal cannabis and industrial hemp

41. A medicinal cannabis scheme is currently being established. The scheme will enable domestic cultivation and manufacture of medicinal cannabis. s9(2)(f)(iv)

42. s9(2)(f)(iv)

43. The Misuse of Drugs (Medicinal Cannabis) Amendment Act 2019 provides an exception and statutory defence to the charge of possessing and using cannabis for people requiring palliation. The ongoing need for this exemption will be reviewed, commencing in late 2020.
44. The Misuse of Drugs (Industrial Hemp) Regulations 2006 regulate industrial hemp. The Industrial Hemp Regulations allow the cultivation, harvesting, and trading in industrial hemp under licence.

Clear messaging will be needed

45. It is important that there is clarity for the electorate concerning the differences between these three schemes for regulating the cannabis plant. A public release of the exposure draft Cannabis Legalisation and Control Bill (Attachment 1), along with an accompanying summary of current policy positions will help provide that (Attachment 2). Careful public messaging will be required to manage potential confusion about the draft Bill for an adult recreational cannabis scheme (which includes licensing), and the draft regulations supporting a medicinal cannabis licensing scheme, along with the existing hemp licensing scheme.
46. As is this Government's stated policy, I propose to proactively release the attached exposure draft Bill, accompanying summary of current policy positions and referendum question. Ministry of Justice officials will take on the responsibility for managing the interface between the public and this process, and will continue to liaise closely with their Ministry of Health colleagues to mitigate the associated risks where possible.

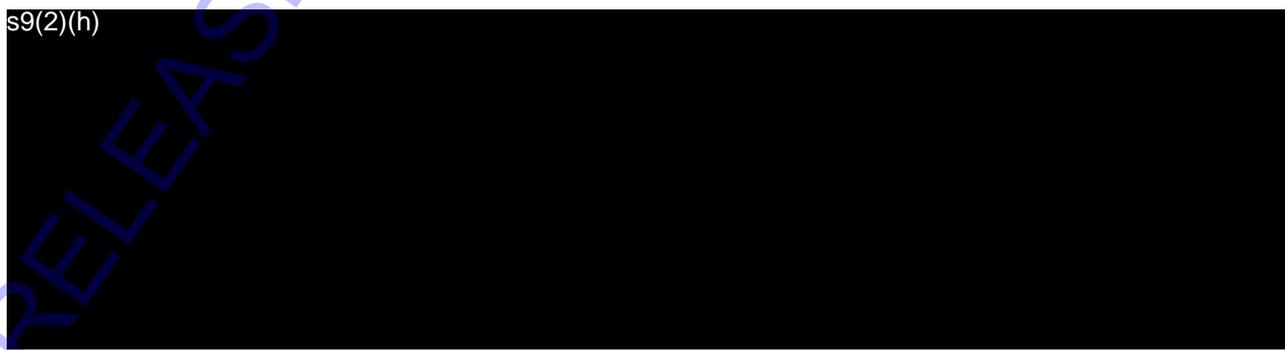
Aligning the work underway with drugged driving and workplace impairment to manage the associated risks

47. This paper focuses on the questions that immediately follow any legalisation of recreational cannabis; that is, issues of the supply, distribution, and consumption. The controls in relation to these aspects are necessary to achieve harm minimisation, which is an objective of the legalised regime. Two other risks referred to in previous Cabinet papers, those relating to the heightened risk of drugged driving, and of workplace impairment, must also be part of a total regime of best practice regulation if a decision is made by the electorate to legalise.
48. Aligning any new regulatory regimes for these risk areas are a priority once we have developed the supply, distribution, and control regime, but that work will need to be done. I have asked the Ministry of Justice to liaise with the Ministry of Business, Innovation and Employment and the Ministry of Transport over work underway to address these risks. In relation to workplace issues, I am aware the previous Government commenced work on codifying rules in relation to workplace alcohol and other drug testing, and in relation to the workplace impairment risk. It may be appropriate to retrieve and review that work as a starting point.

Consultation

49. The following government agencies have been consulted on this paper: Ministry of Health, Ministry of Foreign Affairs and Trade, New Zealand Customs, New Zealand Police, Ministry of Transport, Inland Revenue Department, Ministry of Business, Innovation and Employment, Ministry of Primary Industries, State Services Commission, the Treasury, and the Department of Prime Minister and Cabinet.

s9(2)(h)



Financial Implications

52. The proposals in this paper form part of the work programme previously agreed to by Cabinet and the public release of the referendum question, exposure draft Bill and accompanying summary of current policy positions do not constitute a request for additional funding.

Human rights

53. Establishing a minimum age of 20 to use and purchase cannabis limits the right to be free from discrimination under the New Zealand Bill of Rights Act 1990 (NZBORA).
54. I consider that the limitation is justified as it meets the Government's objective of improving the wellbeing of young people who have a greater risk of harm from recreational cannabis use. A minimum age of 20 would create social and cultural norms against use by young people and seeks to limit the supply of recreational cannabis away from those in secondary school. It also aligns with the minimum age of entry into casinos and the zero tolerance/drink driving age.
55. Crown Law Office will complete a final determination of the consistency of the Bill with NZBORA, including any limits on minimum age, once the Bill is fully drafted.

Legislative implications

56. The referendum question at the 2020 General Election asks the electorate to vote Yes/No on whether legislative provisions for the legalisation of cannabis should be adopted. The introduction of the Cannabis Legalisation and Control Bill is dependent on the outcome of that referendum. Legislative implications, if any, will commence following the 2020 General Election.

Regulatory impact analysis

57. The purpose of this proposal is to inform the public and stakeholders on the cannabis referendum question and those parts of the Cannabis Legalisation and Control Bill that the public will most interact with. The proposal provides more information on previous Cabinet decisions in May 2019 that set the policy direction and for which Regulatory Impact Analysis (RIA) was completed.
58. As per Cabinet Office requirements, a RIA and a Cost Recovery Impact Statement (CRIS) must be prepared to support the Cabinet decision on a complete proposal of the

recreational cannabis regulatory framework prior to its public release in early 2020. This RIA needs to cover policy options included in the current exposure draft of the Cannabis Legalisation and Control Bill as well as policy alternatives raised during consultations on the current draft.

Gender implications

59. In New Zealand, surveys indicate that women are much less likely to use cannabis and are less likely to report harm from cannabis use. Some research suggests that women may experience different impacts from cannabis use than men. However, further research is required to fully understand the impacts of cannabis use on women. Officials will work with the Ministry of Health and Ministry for Women to ensure that the proposed regulatory model facilitates further research to better address the needs of different groups, including women.

Disability perspective

60. The proposed model limits how people can purchase recreational cannabis, which may raise issues of access for people with disabilities. Officials are looking at wider equity of access issues as a result of external engagement with stakeholder. They will work with the Office for Disability Issues to consider issues of equal access and protections.

Publicity

61. I will make public announcements in due course about the referendum and the nature of it. My Office will provide your Offices with key points to assist with any other public statements.

Proactive Release

62. I propose to proactively release this Cabinet paper, the exposure draft Bill, explanatory material and referendum question as part of the public engagement on the recreational cannabis referendum. My Office will work with other relevant Ministers' Offices on the timing of the release.

Recommendations

The Minister of Justice recommends that Cabinet:

1. **Note** that on 17 December 2018 Cabinet agreed to hold a binding referendum at the 2020 General Election to determine whether legislative provisions for the legalisation of recreational cannabis should be adopted [CAB-18-MIN-0641.02 refers]
2. **Note** that in May 2019 Cabinet further agreed to the parameters of the referendum including the design of the referendum question and the design of a workable regulatory model for a legal regulated recreational cannabis market [CAB-19-MIN-0198 refers]

The referendum question

3. **Note** that Cabinet has previously agreed to the framing of the referendum question as a Yes/No question on whether draft legislation should be enacted by a subsequent government [CAB-19-MIN-0198]
4. **Note** that the referendum question is framed as 'Do you support the proposed Cannabis Legalisation and Control Bill?' with a Yes or No response option
5. **Agree** to a public release of the referendum question:

Do you support the proposed Cannabis Legalisation and Control Bill?

Yes, I support the proposed Cannabis Legalisation and Control Bill

No, I do not support the proposed Cannabis Legalisation and Control Bill

Approach to regulation

6. **Note** that the Cannabis Legalisation and Control Bill is a first iteration of an exposure draft Bill and is focused on the regulation of those parts of the system that the public will most interact with
7. **Note** that some parts of the draft Bill are still being developed and that the remainder of the Bill will be completed by early 2020 including:
 - 7.1. licensing requirements for cultivation, harvesting, processing and manufacturing, including the management of associated waste products;
 - 7.2. supervision, compliance and enforcement, and offences and penalties for non-compliance with the licensed and unlicensed (but still regulated) sphere, including provisions for young people; and
 - 7.3. the structure and allocation of the licensed market
8. **Note** that stakeholder engagement with the regulatory model is vital to ensuring a regime that is workable for all and that manages issues of social equity and access
9. **Note** that the accompanying summary of current policy positions (Attachment 2) for the exposure draft Bill sets out key aspects of the regulatory model and the rationale and is intended to further aid and support the understanding of the electorate

Public release

10. **Agree** to a public release of the exposure draft Cannabis Legalisation and Control Bill (Attachment 1)

11. **Agree** to the public release of the exposure draft Bill's accompanying summary of current policy positions (Attachment 2)
12. **Note** that the referendum question, exposure draft Cannabis Legalisation and Control Bill and accompanying summary of current policy positions will be shared with the Cross-party Working Group
13. **Authorise** the Minister of Justice and Parliamentary Counsel Office to make minor technical and drafting changes to the Bill prior to public release

Authorised for lodgement

Hon Andrew Little

RELEASED BY THE MINISTER OF JUSTICE



Cabinet Social Wellbeing Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

2020 Cannabis Referendum: Draft Material for Public Release

Portfolio Justice

On 20 November 2019, the Cabinet Social Wellbeing Committee:

- 1 **noted** that in December 2018, Cabinet agreed to hold a binding referendum at the 2020 General Election to determine whether legislative provisions for the legalisation of cannabis should be adopted [CAB-18-MIN-0641.02];
- 2 **noted** that in May 2019, Cabinet further agreed to the parameters of the referendum, including the design of the referendum question and the workable regulatory model for a legal regulated recreational cannabis market [CAB-19-MIN-0198];

The referendum question

- 3 **noted** that in May 2019, Cabinet agreed to the framing of the referendum question as a Yes/No question on whether draft legislation should be enacted by a subsequent government [CAB-19-MIN-0198];
- 4 **noted** that the referendum question is framed as ‘Do you support the proposed Cannabis Legalisation and Control Bill?’ with a Yes or No response option;
- 5 **agreed** to a public release of the referendum question:

Do you support the proposed Cannabis Legalisation and Control Bill?

Yes, I support the proposed Cannabis Legalisation and Control Bill

No I do not support the proposed Cannabis Legalisation and Control Bill

Approach to regulation

- 6 **noted** that the Cannabis Legalisation and Control Bill (the Bill), attached to the submission under SWC-19-SUB-0188 as attachment one, is a first iteration of an exposure draft Bill and is focused on the regulation of those parts of the system that the public will most interact with;
- 7 **noted** that some parts of the draft Bill are still being developed, and the remainder of the Bill will be completed by early 2020, including:
 - 7.1 licensing requirements for cultivation, harvesting, processing and manufacturing, including the management of associated waste products;

- 7.2 supervision, compliance and enforcement, and offences and penalties for non-compliance with the licensed and unlicensed (but still regulated) sphere, including provisions for young people; and
- 7.3 the structure and allocation of the licensed market;
- 8 **noted** that stakeholder engagement with the regulatory model is vital to ensuring a regime that is workable for all and manages issues of social equity and access;
- 9 **noted** that the accompanying summary of current policy positions for the exposure draft Bill, attached to the submission under SWC-19-SUB-0188 as attachment two, sets out key aspects of the regulatory model and the rationale and is intended to further aid and support the understanding of the electorate public release;
- 10 **agreed** to a public release of the exposure draft Bill;
- 11 **agreed** to the public release of the exposure draft Bill's accompanying summary of current policy positions;
- 12 **noted** that the referendum question, exposure draft Bill and accompanying summary of current policy positions will be shared with the Cross-party Working Group;
- 13 **authorised** the Minister of Justice and Parliamentary Counsel Office to make minor technical and drafting changes to the Bill prior to public release.

Vivien Meek
Committee Secretary

Present:

Rt Hon Jacinda Ardern
Rt Hon Winston Peters
Hon Grant Robertson
Hon Dr Megan Woods
Hon Andrew Little
Hon Carmel Sepuloni (Chair)
Hon Dr David Clark
Hon Nanaia Mahuta
Hon Stuart Nash
Hon Jenny Salesa
Hon Kris Faafoi
Hon Aupito William Sio
Jan Logie, MP

Hard-copy distribution:

Minister of Justice

Officials present from:

Office of the Prime Minister
Officials Committee for SWC
Office of the Chair

SUMMARY OF CURRENT POLICY POSITIONS

1. This document is a summary of the policy work that supports the Cannabis Legalisation and Control Bill in its present form. It sets out policy decisions made by the Government since May 2019.
2. 'Cannabis' in this document means recreational cannabis and cannabis products unless otherwise specified.

High-level policy work

3. In May 2019 Cabinet agreed that, in the event of a majority "yes" vote in the referendum, a tightly regulated approach would be taken to the cultivation, production, sale and use of cannabis in New Zealand. To guide the development of the regulatory model, Cabinet agreed to primary and secondary policy objectives, as well as key regulatory settings.

Regulatory objectives

4. The primary policy objectives agreed by Cabinet are to:
 - address the wellbeing of New Zealanders and harm reduction - the model should minimise harms associated with cannabis, such as health-related harm, social harms and harm to young people; and
 - lower the overall use of cannabis over time through education and addiction services, with a focus on lowering the use amongst young people by increasing the age of first use for those disposed to using it. Revenue raised through the regulation of cannabis should contribute to relevant health-related measures.
5. The agreed secondary policy objectives are to:
 - disempower gangs and the illegal trade in cannabis;
 - lower the prison population over time and lower the number of New Zealanders (especially Māori) whose future opportunities are negatively affected by cannabis use charges;
 - ensure product safety and control of THC levels via legislation and regulation;
 - ensure consistency with the rule of law – the model should uphold New Zealand's constitution. It should also minimise opportunities for the illicit market and be clear and easy to follow;
 - be tailored and workable for New Zealand – the model should recognise and reflect our cultural practices and the values of New Zealand society, so that it can be accepted by New Zealanders; andbe fiscally sustainable – the model should seek to fund mechanisms that directly address cannabis-related harms, while also aiming to lower use over time.

Attachment 2

Key regulatory settings

6. The key settings agreed by Cabinet are for a model that:

- establishes a minimum age of 20 to use and purchase cannabis;
- controls and regulates the potency of cannabis and cannabis products available;
- limits and regulates consumption of cannabis to private homes and specifically licensed premises;
- limits and regulates the sale of cannabis through physical stores only (not online or by remote sale);
- requires the inclusion of health and harm minimisation messaging in the marketing and retailing of cannabis;
- controls and regulates the parameters whereby small amounts of cannabis may be legally shared socially with those over the legal purchase and use age, while reinforcing penalties for individuals who share with those under the designated purchase and use age;
- establishes the regulated market controls over seed and/or plant purchase to permit private cultivation of cannabis at home, including the requirement to keep children and underage individuals safe;
- establishes the regulated market controls that would permit cannabis-infused products to be made at home, but prohibit extraction of resins and other concentrates at home;
- ensures through a state licensing regime that all stages of the supply chain are licenced and controlled;
- controls through a state licensing regime all manufacture of cannabis products, including resins and other concentrates;
- controls through a state licensing regime all commercial manufacture of cannabis-infused products, such as edibles;
- restricts marketing activities, including a ban on all advertising of cannabis products.

Detailed policy work

Overarching purpose statement for the Bill

1. The Bill will include the following draft overarching purpose statement:

“The purpose of the Act is to regulate and control the cultivation, manufacture, use and sale of cannabis in New Zealand, with the intent of reducing harms from cannabis use to individuals, families, whānau and communities, by:

- a) exercising controls over the availability of cannabis in New Zealand and deterring the illegal supply of cannabis; and*
- b) raising public awareness of the health risks associated with cannabis use; and*
- c) protecting the health and wellbeing of New Zealanders, particularly young people, through restricting their access to cannabis and prohibiting inducements to use cannabis; and*
- d) improving access to health and social services, and other whānau supports, for those who require assistance to address issues associated with cannabis use; and*
- e) providing access to a legal and quality-controlled supply of cannabis for adults who choose to use cannabis; and*
- f) limiting the public visibility of, and exposure to, cannabis use in New Zealand; and*
- g) placing controls on the potency and content of licensed cannabis; and*
- h) providing for the limited growing of cannabis for personal use, within a regulated environment; and*
- i) ensuring that responses to contraventions of the Act are proportionate, encourage compliance, and incorporate a focus on reducing overall harms”.*

The purpose statement establishes the broad objectives of the legislation; provides the framework for the Bill as a whole; and reflects the objectives of the regulation as agreed by Cabinet. Officials are providing further advice on how Treaty obligations and equity for Māori can best be reflected, following engagement with iwi and Māori groups.

Timing of introduction

2. The Bill will come into force following Royal assent.

It would be possible to introduce legislation with a delayed commencement date, allowing time for a licensed supply of cannabis to be established. However, there are risks to this

Attachment 2

approach as people may act in breach of existing prohibitive laws, while waiting for the new legislation to come into force.

Statutory review of the operation of the Act

3. The Bill will incorporate a statutory requirement for the responsible Minister to review and report on the operation of the legislation following five years of operation of the licensed regime. The review will be undertaken by an independent body of academics, scientists and researchers, including individuals with iwi and Māori expertise brought together specifically for this task.

The purpose of the review is to assess how well the regulatory approach is delivering on harm-reduction and other objectives, drawing on data and other evidence. The review will include recommendations on the potential reform of the regulatory approach if it were judged that reform could help achieve the harm-reduction objectives and other stated legislative purposes.

Definition of cannabis

4. The Bill will include a definition of cannabis that distinguishes the cannabis regime from the medicinal cannabis and hemp schemes.

Cannabis means any plant of the genus *Cannabis*, whether growing or not, and includes:

- any part of a plant of that kind, (including the phytocannabinoids produced by, or found in, the plant) regardless of whether that part has been processed or not; and
- any substance or mixture of substances that contains, or has on it, any part of that plant; and
- any substance that is identical to any phytocannabinoid produced by, or found in, a plant of that kind, regardless of how the substance was obtained; and
- any derivative of that kind; and
- a cannabis product being any product manufactured from, or containing, cannabis.

The definition excludes:

- Cannabis regulated under the medicinal and hemp schemes.

Cannabis product means any product manufactured from or containing cannabis.

Defining cannabis in this way provides an enduring definition that can cope with an evolving product market and provide clear boundaries with the hemp and medicinal regimes.

Attachment 2

Establishment and role of the regulatory authority

The Bill establishes a regulatory authority.

Objective statement of the regulatory authority

5. The Bill will include the following high-level objective statement for the regulatory authority:

“The main objective of the regulatory authority is to oversee regulation of the supply and use of cannabis in New Zealand, in a way that –

- a) promotes the wellbeing of New Zealanders; and*
- b) reduces the multiple harms associated with cannabis use; and*
- c) lowers the overall use of cannabis over time.*

When performing its functions under this Act, the regulatory authority must act in a way that furthers this objective.”

The statement makes the proposed roles and functions of the regulatory authority clear, aligning with the policy objectives agreed by Cabinet

Functions of the regulatory authority

6. The Bill will include the following list of regulatory functions:

“The regulatory authority will cooperate with any other law enforcement, regulatory or statutory agency to perform functions including (without limitation):

- a) the licensing and authorisation of controlled activities in the cannabis supply chain; and*
- b) setting the criteria and conditions for licenses and authorisations for controlled activities; and*
- c) setting limits on the allowable levels of THC and other substances in cannabis; and*
- d) monitoring and enforcing compliance with licence and authorisation conditions, including requirements for cannabis products to meet production, testing and labelling standards, quality controls, and restrictions on the operations of retailers and consumption premises; and*
- e) administering appeals from decisions of the Authority and the appeals authority; and*
- f) administering and collecting excise taxes, levies and fees charged as part of the cannabis regulatory regime; and*

Attachment 2

- g) *monitoring and enforcing compliance with legislation and regulations permitting the private cultivation (home-growing) of cannabis and provisions relating to the possession and use of cannabis; and*
- h) *developing good practice guidelines for individuals who choose to grow cannabis at home in accordance with legislative and regulatory provisions; and*
- i) *conducting (directly or indirectly) public education campaigns to:*
 - *raise public awareness of the harms associated with cannabis use and promote responsible use and help-seeking behaviours; and*
 - *raise public awareness of the law under this Act governing cannabis use in New Zealand, including what activities the law permits, restricts and prohibits including the effects of not complying with the Act; and*
- j) *collecting and analysing data, and reporting on the dynamics of the supply and demand for, and use of, cannabis in New Zealand, to ensure the regulatory regime is meeting its objectives; and*
- k) *promoting and supporting research focussed on understanding and reporting on cannabis use in New Zealand and informing evidence-based approaches to preventative and harm-reduction activities ”*

The intent is that most of these functions be undertaken by the regulatory authority. However, some functions (e.g. administration of excise taxes and some enforcement activities) may best be undertaken by state sector bodies with appropriate expertise. The allocation of enforcement roles within the regime is under consideration. Policy responsibility for the management of the legislation will sit outside of the regulatory authority, providing independent oversight of the implementation of the regulations.

Preparation of a national plan

7. The Bill will require the regulatory authority to prepare and publish a national plan setting out how it intends to give effect to the objectives of the Act.

The first national plan will be developed soon after the regulatory authority is established, with a second plan to follow a statutory review of the Act, and subsequent plans to be developed at five-yearly intervals.

Independent advisory group to be consulted on national plan

8. The Bill will provide for the establishment of an independent advisory group comprising individuals with a range of expertise in relevant areas. The regulatory authority must consult with the advisory group in the development of the national plan.

The independent advisory group will include representation of Māori and iwi interests, and the Chief Executives from the broader health, justice and social sectors, together with the population agencies.

Attachment 2

Controls in relation to licensed activities

Overarching purpose statement for the licensing regime

9. The Bill will include the following overarching purpose statement for licensed and otherwise authorised activities:

“The purpose of this Part of the Act is to contribute to harm reduction, including the harm caused by illicit supply, by establishing a regime to control the supply of cannabis in New Zealand by:

- a) establishing a licensing regime for the regulated, commercial supply of cannabis and cannabis products and related accessories;*
- b) prioritising social equity outcomes through decisions on market allocation and authorisation requirements;*
- c) setting and maintaining quality and safety standards for the licensed supply of cannabis and cannabis products and related accessories;*
- d) controlling the potency and content of licensed cannabis and cannabis products available for use;*
- e) promoting, as far as possible, equitable access to a stable supply of licensed cannabis and cannabis products available for purchase in New Zealand;*
- f) ensuring that the retail prices of licensed cannabis and cannabis products reflect a balance between the harm reduction objectives that seek to lower the overall use of cannabis, while also drawing people away from the illicit cannabis market;*
- g) supporting people to make informed decisions when purchasing cannabis and cannabis products and to understand the risks of use;*
- h) limiting the marketing, advertising and promotion of cannabis and cannabis products and accessories;*
- i) ensuring that the proceeds of cannabis sales contribute to the formal economy and are taxed appropriately.”*

A purpose statement establishes the broad objectives of the regulatory licensing regime and provides the framework for the approach to licensing. The statement incorporates a focus on achieving social equity outcomes as a part of the market allocation approach.

Controlled activities within the regulatory regime

10. The Bill will identify the following activities as requiring appropriate authorisation by the regulator:

- a) importing cannabis seeds;*

Attachment 2

- b) *cultivating and manufacturing of cannabis and cannabis products;*
- c) *production and processing of cannabis and cannabis products;*
- d) *analytical testing of cannabis and cannabis products;*
- e) *wholesaling cannabis and cannabis products;*
- f) *retailing cannabis and cannabis products to consumers;*
- g) *operating cannabis consumption premises;*
- h) *transporting cannabis and cannabis products;*
- i) *destruction of cannabis, cannabis products and raw cannabis;*
- j) *conducting research on cannabis, cannabis products and raw cannabis.*

The Bill will make it clear that these activities cannot be undertaken without the appropriate authorisation by the regulatory authority and that doing so without that authorisation will be an offence.

Establishing a state licensing system via legislation

11. The Bill will set out the types of licence available (e.g. cultivation, manufacture of products, retail), with requirements for each type of licence, and the processes for licence applications, renewal, appeals, and associated fees and charges.

The licensing regime should not create unnecessary barriers to operators entering the market, as growers, manufacturers or retailers of cannabis products. Equally, it will be important that licensed cannabis retailers are located throughout New Zealand ensuring, as far as possible, access to licensed cannabis products.

Controlling the market size

12. The Bill will limit the total amount of cannabis grown under licence, with specific numeric limits set in regulations.

Limiting the total amount of cannabis grown under licence is the most direct way of government controlling the size of the market. Setting specific limits in regulations allows adjustments over time as market demand settles.

13. The Bill will enable the licensor to have the ability to decline to issue a licence where there is a concern about oversupply.

Licences to cultivate cannabis will include a limit on the total amount of cannabis able to be produced by the licence holder, determined by the regulatory authority considering the overall market size and current cannabis production levels.

Attachment 2

14. The Bill will make it clear that the issue of a licence to cultivate cannabis does not create a permanent quota.

There will be a limit on the total cannabis production nationally, and powers to adjust the total amount of cannabis grown as the market demand settles and reduces over time. The legislation will need to be clear that the issue of a licence to cultivate cannabis does not create a permanent quota or property right.

Restrictions on the scope of activities by a single entity

15. The Bill will establish the mandatory separation of retail and on-licences (consumption premises) from wholesale licences, with the effect that no individual or commercial entity could hold a licence to cultivate and/or a licence to manufacture cannabis products, together with a licence to sell cannabis products to the public.

This approach prevents a situation arising where large-scale companies dominate the market.

Provisions to help establish a legal commercial supply of cannabis

16. The Bill will allow licenced growers to declare illicit seed for legal use for a transitional period to help establish the legal domestic market.

As part of establishing the market, growers will be able to source seed from the illicit market and make a declaration for legal use. This approach is consistent with that proposed by the medicinal regime and similar to the model adopted in Canada.

Restrictions on working in the regulated market

17. The Bill will restrict employment in the cannabis retail and on-licensed industry to those aged 20 years and older. No person aged under 20 years may hold a cannabis licence.

There will be a minimum age of 20 years old to work in the retail (including on-licence) parts of the cannabis industry or hold any cannabis licence, aligned with the minimum age for the use and purchase of cannabis. Individuals under the age of 20 years may be employed in other areas of the supply chain if the licence-holder meets specific requirements that limit the risk of harm.

18. The Bill will not automatically prevent an individual with a criminal conviction from becoming a licensee.

Prior criminal convictions will not automatically prevent people holding a licence. Such a blanket ban would limit the ability for cannabis related harms to be reduced. However, there may be some drug-related convictions that disqualify a person from holding a licence.

Attachment 2

19. The Bill will provide for a 'fit and proper person' test for licence applicants.

Every licence applicant would undergo a 'fit and proper person' test, the details of which would be set out in regulations. Where there is a justifiable reason to reject an application based on the unsuitability of an applicant, the licensing authority would have the ability to do so.

Establishing dedicated cannabis retailers

20. The Bill will set out a system that has dedicated cannabis retailers, which are only permitted to sell cannabis, cannabis products and cannabis accessories.

The Bill provides for the establishment of licensed cannabis shops to sell cannabis, but keep cannabis products from public view. These licensed retailers would only be permitted to sell cannabis and cannabis-related products. Cannabis retailers will not be able to sell alcohol or tobacco, or non-cannabis food or drinks, consistent with the harm minimisation approach.

21. The Bill will set out restrictions on the appearance of cannabis retailers, focused on minimising opportunities to entice customers, including young people, and prohibiting customers from having direct access to products.

These restrictions will be aligned with the approach to the sale of tobacco in New Zealand. However, the approach to advertising will be adjusted to account for public education, consistent with the harm reduction objective.

22. The Bill will restrict trading hours for retailers.

The Bill will create the power to set minimum and maximum trading hour limits for retailers. The approach to maximum trading hours will be similar to that applied to alcohol sales.

23. The Bill will empower the regulator to make decisions on retail outlet applications.

The regulatory authority will be given the ability to make decisions on applications to open, and locations of, retail outlets, based on criteria and licensing principles set out in legislation. These criteria will include a determination on the proposed location of the outlet, balancing risks that could arise from either an over-abundance, or an under-supply, of cannabis retailers. When making decisions, the regulatory authority will be required to consider the interests of the relevant local authority alongside other affected parties in any applications.

Attachment 2

Setting a purchase limit of 14 grams per person per day for dried cannabis, or its equivalent

24. The Bill will limit the amount of cannabis an individual can purchase per day a 14 grams of dried cannabis, or its equivalent, in line with the level consistent with the limit recommended for possession.

A limit of 14 grams per day for dried cannabis (or its equivalent) is sufficient to allow a daily and/or dependent user to purchase sufficient dried cannabis for a week in a single transaction. The inclusion of an 'or equivalent' measure allows for the identification of prescribed purchase limits for other cannabis products such as edibles and concentrates.

Setting a potency limit for all licensed products

25. The Bill will make provision for potency limits to be set for all licensed cannabis products, with those limits being set in regulations.

The regulatory authority will have the ability to limit the level of potency of cannabis products, in line with Cabinet's secondary objectives, to ensure product safety and control of THC levels through legislation and regulation.

Regulating the sale of cannabis accessories

26. The Bill will restrict the sale of cannabis accessories to licensed cannabis retailers only, with the exception of pharmacies selling accessories used for medicinal cannabis, and prohibit their sale entirely where there are reasonable grounds to consider that they will be appealing to young people.

Restricting sales of cannabis accessories to cannabis retailers will help to limit the public visibility of, and exposure to, cannabis. Existing stores that currently sell 'like' accessories can continue to do so, as long as the items are not represented in any way as being capable of being used for cannabis. There will be a prohibition on any form of cannabis accessories that are considered to be appealing to young people.

Banning advertising and restricting marketing activities

27. The Bill will prohibit the retail sale of cannabis at or below the wholesale price.

The Bill will prohibit the sale of cannabis at below cost price or in a promotional fashion (e.g. discounting, sales, special offers, and bulk purchase offers), in line with the restrictive approach taken to advertising.

28. The Bill will prohibit all advertising, including promotion and sponsorship of cannabis products and cannabis companies, and direct and indirect incentives that encourage the purchase of cannabis.

Attachment 2

The restriction on advertising will not extend to a complete ban on branding, to the extent a company will be prohibited from putting their name on a product. Companies are incentivised to produce quality products when customers know the product origins and can build trust in the product.

29. The Bill will develop regulations that set out controls and requirements around packaging and labelling, which will allow limited branding activities by a company.

The Bill will introduce requirements in regulations around packaging and labelling, including branding and physical properties (e.g. plain packaging requirements with warnings), aimed at discouraging use, providing health related information and informing consumer choice. Packaging and marketing requirements for cannabis products need to be such that those products cannot, in any way, be targeted at children and young people.

Regulating licenced consumption premises

30. The Bill will establish the parameters for the operation of licensed cannabis consumption premises, including:

- a) a requirement that the primary objective of a licensed consumption premise be the safe consumption of cannabis;
- b) a requirement that licensed consumption operators meet minimum requirements for the provision of information on safe consumption of cannabis and requirements to monitor and act appropriately to ensure that customers adhere to safe practices;
- c) minimum and maximum trading hours for licensed consumption premises;
- d) ability for local authorities to restrict trading hours for licensed consumption premises, within permitted maximum and minimum limits;
- e) restrictions on the appearance of licensed consumption premises, focused on minimising opportunities to entice customers, including young people;
- f) empowering the licensor to make decisions about licensed consumption premise applications according to criteria set out in regulations; and
- g) a prohibition on the sale and consumption of alcohol and tobacco in licensed consumption premises.

Cabinet has agreed that the regulatory model will provide for the establishment of on-licensed premises to provide safe spaces for people to use cannabis as an alternative to consuming in their home. Licensed consumption premises also provide an opportunity to promote safe consumption behaviours.

Attachment 2

Independent appeals mechanism

31. The Bill will provide for the establishment of a three-person independent appeals body (including one experienced lawyer) with responsibility for hearing appeals against the licensing/authorisation decisions of the regulator.

A small-scale appeals body will allow for relatively quick and cost-effective appeals decision-making. Subsequent rights of appeal against a determination or direction of the appeals body on a question of law will be made to the High Court.

Controls in respect of unlicensed activities

Limiting the number of plants grown at home

32. The Bill will limit the number of plants an individual aged 20 years or older could grow without a licence to two plants, (or four plants per household of two or more adults over the age of 20).

The proposal to establish a per-household limit aligns with the Canadian approach and seeks to avoid situations involving one person in a multiple occupancy dwelling growing a large number of plants.

Restrictions on the location of plants

33. The Bill will permit the growing of cannabis for personal use without a licence only if the plant is grown in an area out of public sight or not publicly accessible.

People growing at home will be required to take all reasonable steps to ensure that cannabis plants and plant material are not in an area visible or accessible from public areas.

Encouraging the responsible production of cannabis-infused products

34. The Bill will allow for an approach that encourages responsible production of cannabis-infused products supported by good practice guidelines, health promotion, awareness and education.

Ensuring a responsible approach to creating cannabis-infused products within private homes will be encouraged through good practice guidelines and raising awareness of the main risks involved in their production (quality control and potency). This information will also highlight the risks involved with dangerous manufacturing practices when manufacturing cannabis products at home.

Attachment 2

Promoting safe storage practices

35. The Bill will promote public safety messaging, education and awareness to promote and encourage safe storage practices.

The safe storage of cannabis in homes is vital to minimise the risks posed by accidental consumption by children, young people, vulnerable adults and pets. The existing offence of ill-treatment or neglect of a child, young person, or vulnerable adult under section 195 of the Crimes Act 1961 will continue to cover situations where inadequate precautions are taken, and a child, young person or a vulnerable adult is harmed.

Limiting the amount of cannabis that can be shared

36. The Bill will permit individuals to socially share (and receive) up to 14 grams of dried cannabis, or its equivalent, with a person aged 20 years or older.

The Bill will make provision for the social sharing of up to 14 grams of dried cannabis (or its equivalent) between people aged 20 years and over, and that sharing will exclude selling or gifting for promotional purposes. This aligns to the proposed purchase and public possession limit, making the law easier to comply with and enforce.

Prohibiting sale and supply of cannabis

37. The Bill will prohibit individuals without a licence from supplying over 14 grams of dried cannabis (or its equivalent), or selling any amount of cannabis, in any circumstances.

As a means of protecting the integrity of the licensed market and minimising potential harms, the non-licensed supply and sale of cannabis above social sharing limits will be prohibited.

A public possession limit

38. The Bill will limit public possession to 14 grams of dried cannabis (or its equivalent) consistent with the permitted purchase limit.

A public possession limit provides a means of addressing the risk of the non-licensed supply or sale of cannabis and reinforcing restrictions around social sharing.

39. The Bill will provide an exception for people to possess up to two cannabis plants in public in limited circumstances and if done discretely.

There may be exceptional circumstances where people will be in public possession of whole plants – for example when moving to a new house. These circumstances will be provided for within the proposed limits (up to two plants per persons aged 20 years and over, or four per household), so long as this is done discretely.

Attachment 2

Offences and Penalties

40. The Bill will include the following offences:	
Knowing sale or supply of cannabis to a person age 19 or under, except in certain limited circumstances.	In the case of an individual: up to 4 years' imprisonment. In the case of a body corporate: a fine of up to \$150,000.
Knowing sale or supply of cannabis without a licence to a person aged 20 or over, except in cases where: <ul style="list-style-type: none">- the supplier did not gain any material benefit; and- the amount supplied is 14g or under.	In the case of an individual: up to 2 years' imprisonment. In the case of a body corporate: a fine of up to \$100,000.
Knowing import of more than 14g or equivalent of cannabis without a licence.	In the case of an individual: up to 2 years' imprisonment or a fine of up to \$10,000. In the case of a body corporate: a fine of up to \$50,000.
Knowing production of cannabis oils, extracts or resins without a licence, with an exception for cannabis-infused oils/fats.	In the case of an individual: up to 2 years' imprisonment or a fine of up to \$10,000. In the case of a body corporate: \$50,000.
Knowingly growing 10 or more cannabis plants at home.	In the case of an individual: up to 3 months' imprisonment or a fine of up to \$2,000.

41. The Bill will include the following infringement offences:	
Exceeding the individual, or household, cultivation limit (up to 9 plants).	A fee of \$500 or a fine of up to \$1,000.
Growing cannabis in a public place.	A fee of \$500 or a fine of up to \$1,000.
Supply of cannabis sent through mail-order or courier.	A fee of \$500 or a fine of up to \$1,000.
Import of 14g or less of cannabis without a licence.	A fee of \$200 or a fine of up to \$500.
Growing cannabis in a publicly visible and accessible place.	A compliance notice, followed by a fee of \$200 or a fine of up to \$500.

Attachment 2

Possession of over 14g of cannabis in public.	A fee of \$200 or a fine of up to \$500.
Use of cannabis in public.	A fee of \$200 or a fine of up to \$500.

The proposed approach to non-compliance seeks to reduce cannabis-related harm (including the negative effects of involvement in the criminal justice system), while acting to disempower the illegal trade in cannabis.

Note: further work is underway regarding the approach to 14-19 year olds, and non-compliance within the licenced sphere.

Utilising tax, levies and price controls to cover costs and reduce harm

42. The Bill will introduce a progressive excise tax applied at the point of production and based on weight for raw cannabis or dried, cured cannabis, and apply a higher tax rate to more potent cannabis.

A progressive excise tax, applied according to potency levels (the higher the THC, the higher the tax), is intended to encourage the use of lower potency products. A similar progressive tax is applied to alcohol in New Zealand. Excise tax revenue will go to Government baselines.

43. The Bill will include a levy to directly fund services that will assist in reducing the harm caused by cannabis use.

A levy provides a means to directly fund services that will assist in reducing the harm cannabis causes (such as through healthcare, education, and research). A levy is a common means of ring-fencing money for harm reduction and is also applied to alcohol and gambling.

44. The Bill will set out licensing fees to be used to recover the cost of administering and monitoring the licensing regime.

Licensing fees will be set in a way that recovers the costs of the proposed licensing regime, in line with best practice cost recovery principles. This includes both the regulatory and administrative cost associated with issuing licenses and ongoing monitoring of licensees.

DRAFT FOR CONSULTATION

Cannabis Legalisation and Control Bill

DRAFT FOR CONSULTATION

STATUS OF THIS DOCUMENT

This is a current work-in-progress draft of the Cannabis Legalisation and Control Bill designed to indicate the likely framework and core legislative components of the Bill.

The Bill indicates (in italics) key areas yet to be developed.

Detailed policy and drafting work is still to be done—

- *to cover the matters identified in italics throughout the Bill;*
- *to improve the current content of the Bill;*
- *to carry out the usual legal and editorial quality assurance checks.*

RELEASED BY THE MINISTER OF JUSTICE

Hon Andrew Little

Cannabis Legalisation and Control Bill

Government Bill

Contents

		Page
1	Title	6
2	Commencement	6

Part 1

Preliminary provisions

3	Purpose	7
4	Overview	7
5	Interpretation	7
6	Transitional, savings, and related provisions	11
7	Act binds the Crown	11
8	Relationship between Act and other enactments	11

Part 2

Key regulatory roles

Cannabis Regulatory Authority [holding name only]

		11
9	Cannabis Regulatory Authority established	11
10	Main objective of Authority	12
11	Functions	12
12	Authority to prepare and publish national plans	13
13	Regular reports on national plan	13

Cannabis Advisory Committee

14	Cannabis Advisory Committee established	13
----	---	----

Part 2A

General provisions concerning cannabis

15	Limits on growing cannabis for personal use	14
----	---	----

Cannabis Legalisation and Control Bill

16	Conditions limiting place where cannabis may be grown	14
17	Person may have plants in public in course of moving	15
18	Possession limit	15
19	Purchase limit	15
20	Minimum age	15
21	Social sharing	16
22	Restrictions on place of consumption	16
23	Prohibition against selling or supplying cannabis to persons under 20 years of age	16
24	Unlicensed sale or unauthorised supply of cannabis to person 20 years or older prohibited	17
25	Supplying cannabis products by mail order or courier prohibited	17
26	Importing cannabis prohibited	17
27	Prohibition against unlicensed production from cannabis	17
Part 4		
Regulated system		
28	Purpose of Part	18
	Subpart 1—Market allocation	
29	Market allocation	19
	Subpart 2—Controlled activities	
30	Controlled activities	19
	<i>Applications for licences</i>	
31	Application for licence	19
32	Persons ineligible to be licensees	20
	Subpart 2—Controls in relation to licensed activities	
	<i>Cannabis harm, public health and safety</i>	
Part 5		
Control of cannabis products		
33	Purpose of Part	20
34	Control in relation to licensed activities	20
35	Advertising cannabis products	21
36	Exemptions from advertising prohibition for specified publications	22
37	Exemptions from advertising prohibition for retailers	22
38	Display of cannabis products in or from sales outlets, etc, generally prohibited	23
39	Use of trade marks, etc, on goods other than cannabis products, or in relation to sponsored events	23
40	Sponsoring activity involving use of trade mark, etc, of cannabis products	25
41	Sponsoring activity involving exclusive supply arrangement	25
42	Free distribution and rewards prohibited	26

Cannabis Legalisation and Control Bill

43	Arrangements conflicting with Act have no effect	26
44	Advertisements concerning harms from cannabis use not affected	27
45	Point-of-sale health information or warnings signs	27
46	Sale of cannabis products with other products prohibited	27
47	Prohibition against licensed cannabis retailer selling, supplying, etc, cannabis to persons under 20 years of age	28
48	Messages and information required for cannabis products	28

Part 6

Provisions relating to retail and consumption premises : premises operations and licence processes

Premises operations—general provisions

49	Cannabis use on consumption premises	29
50	Cannabis retail premises	29
		29
51	Authority may set trading hours	29
52	Premises must have signs displaying opening hours	29
53	Licences to be displayed in premises	30

Responsibilities of managers

54	Appointment of managers	30
55	Manager to be on duty at all times and responsible for compliance	30
56	Temporary manager	30
57	Acting manager	31
58	Notice of appointment, etc, of manager, temporary manager, or acting manager	31

Controls on consumption and retail premises' operations

59	Meaning of impaired	31
60	Sale or supply of cannabis to impaired or intoxicated people	31
61	Allowing persons to become impaired or intoxicated	32
62	Manager impaired or intoxicated while on duty	32
63	Employee impaired or intoxicated while on duty	32
64	Allowing impaired or intoxicated person on licensed premises	33
65	Allowing disorderly conduct on licensed premises	33

Application processes and criteria for issuing of retailing licences and licences to operate consumption premises

		33
66	Authority to serve application on other regulatory authorities, etc	33
67	Criteria for issue of licences	34
68	Authority may refuse licence even if application not opposed	34
69	Other discretionary conditions	34
70	Different conditions may apply to different parts of premises	35
71	Variation of conditions	35
72	Licence expires when new licence issued for same premises	35

Cannabis Legalisation and Control Bill

73	Surrender of licence	35
	<i>Temporary licences</i>	
74	Temporary licence during repairs, etc	35
	<i>Appeals</i>	
75	Cannabis Appeals Authority [<i>holding name only</i>] established	36
76	Who may appeal	36
77	Appeals by way of rehearing	36
78	Determination of appeal	36
79	Effect of appeal	36
80	Suspension of certain decisions of Authority to grant licence or manager's certificate	37
	<i>Appeals to High Court</i>	
81	Appeal against decision of appeals authority on question of law	37
82	Appeal on additional question of law	38
83	Extension of time	38
	<i>Miscellaneous provisions concerning licences</i>	
84	Authority to be notified of company name changes	38
85	Authority may issue duplicate licence or certificate	38
	Part 7	
	Physical security measures	39
	Part 8	
	Production standards	39
	Part 9	
	Testing	39
	<i>Testing and reporting</i>	
86	Annual testing for constituents	39
87	Head of Authority may require further testing	40
88	Returns and reports	40
89	Regulations for standardised packaging (including messages and information)	40
	<i>Tracing and recall</i>	
90	Application of sections 90 to 92	42
91	Tracing and recall	42
92	Regulations and notices relating to tracing and recall of cannabis and cannabis products	43

Part 10
Standards for packaging

93	Immediate container	43
94	Cannabis plant: not budding or flowering	43
95	Cannabis plant: container limit	44
96	Cannabis plant seeds: immediate container	44
97	Cannabis product labels	44
98	Dried cannabis or fresh cannabis: discrete units	44
99	Dried cannabis or fresh cannabis: not in discrete units	45
100	Cannabis plants	45
101	Cannabis plant seeds	45

Part 11
Enforcement

Powers of enforcement officers

102	Application	45
103	Powers of entry and inspection	45
104	Requirement to give identifying information	46
105	Search warrant	47
106	Purposes for which powers may be used	47
107	Duties of enforcement officers	48
108	Offences in respect of enforcement officers	48
109	Responsibility for enforcement: limitation period for commencing proceedings	48

Infringement offences

110	Infringement offences	49
111	Sections 111 and 112 deleted	49
113	Payment of infringement fees	49

Subpart 1—

Part 12
Duties, levies, and fees

Excise tax

49

Cost recovery

114	Options for cost recovery	50
115	Restrictions on levies for recovering costs	50
116	Failure to pay	50

Levy orders for funding harm reduction activities

		51
117	Levy orders	51
118	Effect of order	52

119	Contents of order	52
120	Compliance audits for levy	54
121	Power of auditors to require production of documents	55
122	Orders are confirmable instruments	56

Part 13

Other matters

Information sharing

123	Sharing of information between Authority, regulatory agencies, and overseas agencies	56
-----	--	----

Regulations

124	Regulations	57
125	Notices	58

Review of Act and related matters

126	Review of Act	59
-----	---------------	----

Amendments to other enactments

59

Consequential amendments

59

Schedule 1

60

Transitional, savings, and related provisions

Schedule 2

61

Persons ineligible to be licensees

Schedule 3

62

Health warnings

Schedule 4

63

Equivalences for cannabis products in non-dried form

The Parliament of New Zealand enacts as follows:

1 Title

This Act is the Cannabis Legalisation and Control Bill.

2 Commencement

This Act comes into force on the day after the date on which it receives the Royal assent.

Part 1

Preliminary provisions

3 Purpose

The purpose of this Act is to regulate and control the cultivation, manufacture, use, and sale of cannabis in New Zealand, with the intent of reducing harms from cannabis use to individuals, families, whānau, and communities by—

- (a) exercising controls over the availability of cannabis in New Zealand and deterring the illegal supply of cannabis; and
- (b) raising public awareness of the health risks associated with cannabis use; and
- (c) protecting the health and wellbeing of New Zealanders, particularly young people, through restricting their access to cannabis and prohibiting inducements to use cannabis; and
- (d) improving access to health and social services, and other whānau supports, for those who require assistance to address issues associated with cannabis use; and
- (e) providing access to a legal and quality-controlled supply of cannabis for adults who choose to use cannabis; and
- (f) limiting the public visibility of, and exposure to, cannabis use in New Zealand; and
- (g) placing controls on the potency and content of licensed cannabis; and
- (h) providing for the limited growing of cannabis for personal use, within a regulated environment; and
- (i) ensuring that responses to contraventions of the Act are proportionate, encourage compliance, and incorporate a focus on reducing overall harms.

This part will acknowledge the impacts of cannabis related harm and establish that Maori interests are to be considered throughout the legal regime. It may include specific provisions relating to partnership, participation, and protection under the Treaty of Waitangi (te Tiriti o Waitangi).

4 Overview

This section will give readers a high-level view of what the Bill is about and how it is structured to provide them with an easy reference guide.

5 Interpretation

- (1) In this Act, unless the context otherwise requires,—

adult means a person aged 20 years or older

advisory committee means the Cannabis Advisory Committee established by **section 14**

alcohol has the same meaning as in section 5(1) of the Sale and Supply of Alcohol Act 2012

appeals authority means the Cannabis Appeals Authority [*holding name only*] established by **section 75**

Authority means the Cannabis Regulatory Authority [*holding name only*] established by **section 9**

cannabis accessory—

- (a) means a thing, including rolling papers or wraps, holders, pipes, water pipes, bongs, and vaporizers, that is represented to be (or taken under **subsection (2)** as represented to be) used in the consumption of cannabis; but
- (b) does not include the container of a cannabis product that is in contact with cannabis, if that container is the only container of the cannabis product

Definition of cannabis

The Bill will include a definition of cannabis that distinguishes the recreational cannabis regime from the medicinal cannabis and hemp schemes.

Cannabis means any plant of the genus Cannabis, whether growing or not, and includes:

- *any part of a plant of that kind (including the phytocannabinoids produced by, or found in, the plant) regardless of whether that part has been processed or not; and*
- *any substance or mixture of substances that contains, or has in it, any part of that plant; and*
- *any substance that is identical to any phytocannabinoid produced by, or found in, a plant of that kind, regardless of how the substance was obtained; and*
- *any derivative of that kind; and*
- *a cannabis product (which is defined as being any product manufactured from, or containing, cannabis).*

The definition excludes:

- *cannabis regulated under the medicinal and hemp schemes.*
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cannabis concentrate means any preparation of cannabis where the THC content has been concentrated through a process of chemical or physical alteration

cannabis licence means a licence issued under this Act

cannabis product means any product manufactured from or containing cannabis

cannabis product advertisement—

- (a) means any words, whether written, printed, or spoken, including on film video recording, or other medium, broadcast or telecast, and any pictorial representation, design, or device, used to encourage the use or notify the availability or promote the sale of any cannabis product or to promote cannabis consumption behaviour; and
- (b) includes—
 - (i) any trade circular, any label, and any advertisement in any trade journal; and
 - (ii) any depiction, in a film, video recording, telecast, or other visual medium, of a cannabis product or a cannabis product trade mark, where in return for that depiction any money is paid, or any valuable thing is given, whether to the maker or producer of that film, video recording, telecast, or visual medium or to any other person; and
 - (iii) the use in any advertisement or promotion to the public of a cannabis product manufacturer's company name where that name or any part of that name is used as, or is included in, a cannabis product trade mark; but
- (c) does not include an advertisement in relation to medicinal cannabis; and
- (d) **advertise**, in relation to a cannabis product, has a corresponding meaning

consume,—

- (a) in relation to cannabis, includes smoking it, ingesting it orally, applying it topically, or using it in any other manner; and
- (b) in **section 59**, has the same meaning in relation to any other substance

consumption premises means a premises in respect of which a person holds a consumption premises licence authorising that person to carry on the activities authorised under **section 49**

controlled activity has the meaning given in **section 30**

distribute includes administering, giving, transferring, transporting, sending, delivering, providing, or otherwise making available in any manner, whether directly or indirectly, and offering to distribute

enforcement officer means a person authorised by the head of the Authority in accordance with this Act to act in that capacity

equivalent, in relation to a specified weight of dried cannabis, means the equivalent specified in **Schedule 4** for a cannabis product in non-dried form

infringement fee, in relation to an infringement offence, means the infringement fee specified in this Act or prescribed for the offence

infringement notice means a notice issued under **section 110(1)(b)**

infringement offence means—

- (a) an offence identified in this Act as an infringement offence;
- (b) an offence specified in regulations as an infringement offence

licence means a licence issued under this Act and that is in force

Minister means the Minister of the Crown who, under the authority of a warrant or with the authority of the Prime Minister, is responsible for the administration of this Act

plant means an entity with a singular root system (that is, 2 stalk mutant plants)

prescribed means prescribed by regulations made under this Act

public place has the same meaning as in section 2 of the Summary Offences Act 1981

standardised cannabis symbol means the symbol that must appear on the label of all cannabis products under this Act

THC means delta-9-tetrahydrocannabinol (the main psychoactive chemical in cannabis products)

THCA means delta-9-tetrahydrocannabinolic acid (a non-psychoactive chemical present in fresh, undried, cannabis plant material and some cannabis products and which may be converted to THC by processes such as drying and heating)

to smoke—

- (a) means to smoke, hold, or otherwise have control over an ignited cannabis product or plant; and
- (b) includes to smoke, hold, or otherwise have control over an ignited product or thing whose customary use is or includes the inhalation from it of the smoke produced from its combustion or the combustion of any part of it; but
- (c) does not include to hold or have control over an ignited product or thing customarily used as incense.

trade mark includes any trade mark whether or not it is registered or registrable as such under the Trade Marks Act 2002; and also includes—

- (a) any brand name;
- (b) any company name, where that name is used for advertising or promotional purposes;
- (c) any name, word, or mark that so resembles any trade mark that it is likely to be taken as, or confused with, that trade mark.

- (2) For the purposes of the definition of cannabis accessory in **subsection (1)**, a thing that is commonly used in the consumption of cannabis is taken to be rep-

resented as being for use in the consumption of cannabis if the thing is sold at the same point of sale as cannabis.

6 Transitional, savings, and related provisions

The transitional, savings, and related provisions (if any) set out in **Schedule 1** have effect according to their terms.

7 Act binds the Crown

This Act binds the Crown.

8 Relationship between Act and other enactments

This section will also provide for the relationship between the Act and the provisions of other enactments, as may be necessary. Other enactments that may be affected include—

Biosecurity Act 1993:

Food Act 2014:

Hazardous Substances and New Organisms Act 1996:

Land Transport Act 1998:

Misuse of Drugs Act 1975:

Psychoactive Substances Act 2013:

Resource Management Act 1991:

Smoke-free Environments Act 1990.

Part 2

Key regulatory roles

Cannabis Regulatory Authority [holding name only]

This Part w l set out the constitution of the Authority, including roles and responsibilities, and any principles against which the Authority will operate. It may specify the qualifications and attributes that members appointed to the Authority must have among them and who will be involved in the design and ongoing governance of the regime.

9 Cannabis Regulatory Authority established

This section establishes the Cannabis Regulatory Authority [*holding name only*].

10 Main objective of Authority

- (1) The main objective of the Authority is to oversee regulation of the supply and use of cannabis in New Zealand in a way that—
 - (a) promotes the wellbeing of New Zealanders; and
 - (b) reduces the multiple harms associated with cannabis use; and
 - (c) lowers the overall use of cannabis over time.
- (2) When performing its functions under this Act, the Authority must act in a way that furthers this objective.

11 Functions

The Authority will co-operate with any other law enforcement, regulatory, or statutory agency to perform the following functions, including (without limitation):

- (a) licensing and authorising controlled activities in the cannabis supply chain; and
- (b) setting the criteria and conditions for licences and authorisations for controlled activities; and
- (c) setting limits on the allowable levels of THC and other substances in cannabis; and
- (d) monitoring and enforcing compliance with licence and authorisation conditions and criteria, including requirements for cannabis products to meet production, testing, and labelling standards, quality controls, and restrictions on the operations of retailers and consumption premises; and
- (e) administering appeals from decisions of the Authority and the appeals authority; and
- (f) administering and collecting excise taxes, levies, and fees charged as part of the cannabis regulatory regime; and
- (g) monitoring and enforcing compliance with legislation and regulations permitting the private (home-growing) of cannabis and provisions relating to the possession and use of cannabis; and
- (h) developing good practice guidelines for individuals who choose to grow cannabis at home in accordance with legislative and regulatory provisions; and
- (i) conducting (directly or indirectly) public education campaigns to—
 - (i) raise public awareness of the harms associated with cannabis use and promote responsible use and help-seeking behaviours; and
 - (ii) raise public awareness of the law under this Act governing cannabis use in New Zealand, including what activities the law permits, restricts, and prohibits, and the effects of not complying with the Act; and

- (j) collecting and analysing data and reporting on the dynamics of the supply and demand for, and use of, cannabis in New Zealand, to ensure the regulatory regime is meeting its objectives; and
- (k) promoting and supporting research focused on understanding and reporting on cannabis use in New Zealand and informing evidence-based approaches to preventative and harm-reduction activities.

12 Authority to prepare and publish national plans

- (1) The Authority must, not later than [*time period to come*] after the commencement of this Act, prepare and publish a national plan setting out how it will give effect to the objectives of the Act.
- (2) A further national plan must be prepared and published—
 - (a) not later than [*time period to come*] after the statutory review of the operation of the Act under **section 126**; and
 - (b) every 5 years after that.
- (3) The Authority must consult the advisory committee when developing the plan.

13 Regular reports on national plan

- (1) The Authority must—
 - (a) deliver an annual report to the Minister on how it has implemented the national plan and with what outcomes:
 - (b) publish a copy of each report on an Internet site maintained by, or on behalf of, the Authority.
- (2) The Authority must ensure that the report is approved by the advisory committee before it is delivered to the Minister.

Cannabis Advisory Committee

14 Cannabis Advisory Committee established

- (1) This section establishes the Cannabis Advisory Committee.
- (2) The function of the advisory committee is to provide advice to the Authority on the development of the national plan.
- (3) The advisory committee must comprise individuals with a range of expertise in relevant areas, including representation of Māori interests, and chief executives from the health, justice, and social sectors, together with the government agencies representing the interests of specific population groups.

Part 2A

General provisions concerning cannabis

15 Limits on growing cannabis for personal use

- (1) Subject to **subsection (2)** and the requirements in **section 16**, a person aged 20 years or older may grow not more than 2 cannabis plants on a property or that part of a property in respect of which they have a qualifying legal interest.
- (2) Despite **subsection (1)**, if 2 or more persons aged 20 years or older are part of the same household, the maximum number of cannabis plants that those persons may grow on a property or that part of a property in respect of which 1 or more of those persons has a qualifying legal interest is 4 (in aggregate).
- (3) For the purposes of **subsections (1) and (2)**, a person has a **qualifying legal interest** in respect of a property or part of a property if they have a legal interest (whether as an owner, a lessee, a person with a licence to occupy, or otherwise) that includes a right to grow plants (not excluding cannabis plants) on that property for their personal use or enjoyment
- (4) A person who—
 - (a) contravenes **subsection (1)** by growing more than 2 cannabis plants or, as the case may be, **subsection (2)** by growing more than 4 cannabis plants; but
 - (b) in either case, grows less than 10 plants on the relevant property or part of the property,—commits an infringement offence.
- (5) A person who commits the infringement offence in **subsection (4)** is liable to—
 - (a) an infringement fee of \$500; or
 - (b) a fine imposed by a court not exceeding \$1,000.
- (6) A person who knowingly contravenes **subsection (1) or (2)** by growing 10 or more cannabis plants on the relevant property or part of the property, commits an offence and is liable on conviction to—
 - (a) a term of imprisonment not exceeding 3 months; or
 - (b) a fine not exceeding \$2,000.

16 Conditions limiting place where cannabis may be grown

- (1) A cannabis plant may be grown under **section 15** only if the plant is grown—
 - (a) out of public sight; or
 - (b) in an area that is not accessible from any public area.
- (2) In **subsection (1)(b)**, **public area** means—
 - (a) an area to which the public has unrestricted access:

- (b) an area used on a communal basis (for example, the grounds of a retirement village).
- (3) The Authority may issue a compliance order requiring a person who contravenes **subsection (1)** to do any specified thing for the purpose of preventing further non-compliance with that provision.
- (4) The Authority must specify a time within which the order must be complied with.
- (5) A person who breaches or fails to comply with a compliance order issued under this section commits an infringement offence and is liable to—
 - (a) an infringement fee of \$200; or
 - (b) a fine imposed by a court not exceeding \$500.

17 Person may have plants in public in course of moving

Section 16 does not prevent a person from having a cannabis plant in their possession in a public place or in public sight for the purposes, and in the course only, of transferring the plant from one place where it has been growing to another place where the person may lawfully, and intends to, grow it.

18 Possession limit

- (1) A person must not have more than 14 grams of dried cannabis (or its equivalent) in their possession in a public place.
- (2) However, **subsection (1)** does not apply to a person who has more than 14 grams of dried cannabis (or its equivalent) in their possession in a public place if it is being held for the purposes of transporting it from the person's place of permanent residence to another place where they will permanently reside.
- (3) A person who contravenes **subsection (1)** commits an infringement offence and is liable to—
 - (a) an infringement fee of \$200; or
 - (b) a fine imposed by a court not exceeding \$500.

19 Purchase limit

- (1) A person may not purchase more than 14 grams of dried cannabis (or its equivalent) per day.
- (2) A person who contravenes this section commits an infringement offence and is liable to—
 - (a) an infringement fee of \$200; or
 - (b) a fine imposed by a court not exceeding \$500.

20 Minimum age

A person must be aged 20 years or older to purchase or possess cannabis.

This subsection will detail the approach to breaches of the purchase and possession limits by people under 20 years of age.

21 Social sharing

A person may gift or provide to, or share with, another person any form of cannabis (not including a cannabis product referred to in **section 27(1)**) if—

- (a) that other person is aged 20 years or older; and
- (b) the amount is not more than 14 grams of dried cannabis (or its equivalent); and
- (c) the person does not take that action for the purpose of either obtaining a material benefit or avoiding a material detriment

22 Restrictions on place of consumption

- (1) A person must not consume cannabis in a public place or in a vehicle that is in a public place.
- (2) For the purposes of this section, a **public place** does not include a consumption premises.
- (3) A person who contravenes this section commits an infringement offence and is liable to—
 - (a) an infringement fee of \$200; or
 - (b) a fine imposed by a court not exceeding \$500.

23 Prohibition against selling or supplying cannabis to persons under 20 years of age

- (1) A person must not knowingly sell or supply cannabis to a person who is under the age of 20 years.
- (2) A person who contravenes **subsection (2)** commits an offence and is liable on conviction to—
 - (a) imprisonment for a term not exceeding 4 years; and
 - (b) in the case of a body corporate, a fine not exceeding \$150,000.
- (3) This section does not apply to a person who is a licensed cannabis retailer (*see **section 47***).

Further work is being done to determine how this offence would apply to a person who is under the age of 20 years.

24 Unlicensed sale or unauthorised supply of cannabis to person 20 years or older prohibited

- (1) A person must not knowingly sell or supply cannabis to another person aged 20 years or older unless they hold a licence authorising them to sell cannabis at retail.
- (2) **Subsection (1)** is subject to **section 21** (social sharing).
- (3) A person who contravenes this section commits an offence and is liable on conviction to—
 - (a) imprisonment for a term not exceeding 2 years; and
 - (b) in the case of a body corporate, a fine not exceeding \$100,000.

25 Supplying cannabis products by mail order or courier prohibited

- (1) A person must not supply cannabis to another person by mail or by courier delivery.
- (2) A person who contravenes this section commits an infringement offence and is liable to—
 - (a) an infringement fee of \$500; or
 - (b) a fine imposed by a court not exceeding \$500.

26 Importing cannabis prohibited

- (1) A person must not import cannabis unless they hold a licence to do so.
Offence of importing more than 14 grams
- (2) A person who knowingly imports more than 14 grams of dried cannabis (or its equivalent) without a licence commits an offence and is liable on conviction to,—
 - (a) in the case of an individual,—
 - (i) a term of imprisonment not exceeding 2 years; or
 - (ii) a fine not exceeding \$10,000; and
 - (b) in the case of a body corporate, a fine not exceeding \$50,000.
Infringement offence of importing 14 grams or less
- (3) A person who imports 14 grams or less of dried cannabis (or its equivalent) without a licence commits an infringement offence and is liable to—
 - (a) an infringement fee of 200; or
 - (b) a fine imposed by a court not exceeding \$500.

27 Prohibition against unlicensed production from cannabis

- (1) A person must not use a production method to extract resins from cannabis or to produce cannabis concentrates unless they have a licence authorising them to do so.

- (2) **Subsection (1)** does not preclude a person from making cannabis-infused products.
- (3) A person who knowingly contravenes **subsection (1)** commits an offence and is liable on conviction to,—
 - (a) in the case of an individual,—
 - (i) a term of imprisonment not exceeding 2 years; or
 - (ii) a fine not exceeding \$10,000;
 - (b) in the case of a body corporate, a fine not exceeding \$50,000.

Part 4 Regulated system

28 Purpose of Part

The purpose of this Part is to contribute to harm reduction, including the harm caused by illicit supply, by establishing a regime to control the supply of cannabis in New Zealand by—

- (a) establishing a licensing regime for the regulated, commercial supply of cannabis, cannabis products, and related accessories;
- (b) prioritising social equity outcomes through decisions on market allocation and authorisation requirements;
- (c) setting and maintaining quality and safety standards for the licensed supply of cannabis, cannabis products, and related accessories;
- (d) controlling the potency and content of licensed cannabis and cannabis products available for use;
- (e) promoting, as far as possible, equitable access to a stable supply of licensed cannabis and cannabis products available for purchase in New Zealand;
- (f) ensuring that the retail prices of licensed cannabis and cannabis products reflect a balance between the harm reduction objectives that seek to lower the overall use of cannabis and, at the same time, drawing people away from the illicit cannabis market;
- (g) supporting people to make informed decisions when purchasing cannabis and cannabis products and to understand the risks of use;
- (h) limiting the marketing, advertising, and promotion of cannabis, cannabis products, and accessories;
- (i) ensuring that the proceeds of cannabis sales contribute to the formal economy and are taxed appropriately.

Subpart 1—Market allocation

29 Market allocation

This Part will detail the approach to market allocation. The total amount of cannabis grown under licence will be limited to a level that is adequate for meeting current demand and will be able to be reduced over time. This approach seeks to balance the harm reduction imperative with the need to ensure access to a legal source of cannabis.

The mechanisms for market allocation will be in line with the purpose of the licensing regime [in section 28], including prioritising social equity outcomes.

Subpart 2—Controlled activities

30 Controlled activities

- (1) The following activities are **controlled activities** under this Act:
 - (a) importing cannabis plant seeds:
 - (b) cultivating and manufacturing cannabis and cannabis products:
 - (c) the production and processing of cannabis and cannabis products:
 - (d) analytical testing of cannabis and cannabis products:
 - (e) wholesaling cannabis and cannabis products:
 - (f) retailing cannabis and cannabis products:
 - (g) operating cannabis consumption premises:
 - (h) transporting cannabis and cannabis products:
 - (i) destruction of cannabis, cannabis products, and fresh cannabis:
 - (j) conducting research on cannabis, cannabis products, and fresh cannabis.
- (2) A person may conduct a controlled activity only if they hold the licence or other authorisation required for the activity under this Act.
- (3) A person may not hold a licence to cultivate cannabis at the same time as they hold a licence to retail cannabis.

Applications for licences

31 Application for licence

- (1) A person who is not prohibited under **section 32** may apply for a licence to carry out one or more controlled activities.
- (2) **Subsection (1)** is subject to **section 30(3)**.
- (3) An application must—
 - (a) be made to the Authority in a form or manner approved by the Authority; and

- (b) be accompanied by—
 - (i) any particulars, information, documents, or other materia required by the Authority and prescribed in the regulations; and
 - (ii) the prescribed fee.

32 Persons ineligible to be licensees

The persons described in **Schedule 2** are ineligible to be licensees under this Act.

Subpart 2—Controls in relation to licensed activities

Cannabis harm, public health and safety

Part 5 Control of cannabis products

33 Purpose of Part

This Part will—

- (a) *limit the public visibility of and exposure to cannabis, particularly in relation to young people, by—*
 - (i) *imposing controls on the marketing, advertising, or promotion of cannabis and its association through sponsorships with other products and events; and*
 - (ii) *requiring the standardised packaging (excluding messages and information) of cannabis and cannabis products; and*
- (b) *raise public awareness of the harms associated with cannabis use by requiring health messages and warnings to be displayed on, or included with, packages containing cannabis products; and*
- (c) *reduce the harmful effects of cannabis on the health of users, in particular from cannabis smoking, by monitoring and regulating the presence of harmful substances.*

34 Control in relation to licensed activities

Sections under this heading will provide for the following:

- (1) *Powers for the regulator to determine maximum limits on THC and other substances in cannabis products. The limits will be set in regulations to effectively control the potency of cannabis and cannabis products.*
- (2) *Alcohol and tobacco (within the meaning of the Smoke-free Environments Act 1990) must not be sold in any premises where cannabis is sold or consumed.*

- (3) *A cannabis retail premises must not sell food (within the meaning of the Food Act 2014) unless it also holds a consumption premises licence.*
- (4) *No person may sell a cannabis accessory unless they are authorised by a licence.*
- (5) *The purpose of consumption premises is to offer a safe space for a person to consume cannabis.*
- (6) *A person operating a consumption premises has the host responsibilities prescribed by regulations.*
- (7) *Restrictions on hours of operation – a cannabis retailer or person operating a consumption premises must not operate their premises outside the permitted hours.*
- (8) *Restrictions on employment – a person must be 20 years or older to be employed in retail premises.*
- (9) *Advertising – advertising cannabis for sale is prohibited.*
- (10) *Production standards – any cannabis produced for sale must meet the prescribed production standards.*
- (11) *Record keeping and reporting requirements – a person who has a licence or other authorisation for any controlled activity must keep the prescribed records.*

35 Advertising cannabis products

- (1) No person may, unless authorised by **section 36 or 37**, publish in New Zealand, or arrange for any other person to publish in New Zealand, a cannabis product advertisement.
- (2) A notice or sign must be treated as a cannabis product advertisement if the notice or sign—
 - (a) communicates information that is or includes cannabis product health information or warnings, cannabis product purchase age information or warnings, or both; and
 - (b) is displayed inside or at the outside of the place of business of a person who offers cannabis products for sale (whether by retail or wholesale); and
 - (c) is not required or permitted by this Act, regulations under this Act, or both.
- (3) A message must be treated as a cannabis product advertisement if the message—
 - (a) communicates information that is or includes cannabis product health information or warnings, cannabis product purchase age information or warnings, or both; and
 - (b) is not required or permitted by this Act, regulations under this Act, or both.

- (4) **Subsections (2) and (3)** do not limit the generality of **subsection (1)** or the definition of cannabis product advertisement in **section 5(3)**.

36 Exemptions from advertising prohibition for specified publications

Nothing in **section 35** applies to any of the following:

- (a) a price list given to retailers of cannabis products if the price list includes the health messages required by or under this Part
- (b) an advertisement included in any book, magazine, or newspaper printed outside New Zealand, or in any radio or television transmission originating outside New Zealand, or in any film or video recording made outside New Zealand, unless—
 - (i) the main purpose of the book, magazine, newspaper, transmission, film, or video recording is the promotion of the use of cannabis products; or
 - (ii) the book, magazine, newspaper, film, or video recording is intended for sale, distribution, or exhibition primarily in New Zealand; or
 - (iii) in the case of an advertisement in any radio or television transmission, the advertisement is targeted primarily at a New Zealand audience:
- (c) the publication by a cannabis products manufacturer of a cannabis product advertisement in a magazine that is intended for distribution only to employees of the manufacturer:
- (d) the exhibition, in any museum or art gallery, of any work or artefact:
- (e) the dissemination, broadcasting, or exhibition of any film, video or sound recording where—
 - (i) that film, video recording, or sound recording was made before [*to come*]; and
 - (ii) the cannabis product advertisement included in that film, video recording, or sound recording is in the form of a reference to, or a depiction of, a cannabis product trade mark that is only an incidental part of that film, video recording, or sound recording.

37 Exemptions from advertising prohibition for retailers

A retailer of cannabis products may do all or any of the following things:

- (a) provide, inside that retailer's place of business and on a request (however expressed) made for the purpose by a person who has asked to purchase a specified, or any available, cannabis product (in any medium but only in the form of printed, written, or spoken words) information that—
 - (i) does no more than identify the cannabis products that are available for purchase in that place and indicate their price; and

- (ii) complies with the regulations:
- (b) display inside that retailer's place of business any notice for the public that—
 - (i) does no more than indicate, using only printed or written words, the fact that, and the location or locations where, cannabis products in general are available for purchase in that place; and
 - (ii) complies with the regulations:
- (c) display the retailer's name or trade name at the outside of the retailer's place of business so long as the name is not and does not include either or both of the following:
 - (i) any word or expression signifying that any cannabis product is available in that place for purchase:
 - (ii) the trade mark of a cannabis product or the company name of a cannabis product manufacturer

38 Display of cannabis products in or from sales outlets, etc, generally prohibited

- (1) A person who offers cannabis products for sale (whether by retail or wholesale) must not allow any part of a cannabis product or cannabis package at the outside of or inside the person's place of business to be for any reason visible—
 - (a) from outside the place of business; or
 - (b) from an area inside the place of business to which members of the public are allowed access
- (2) **Subsection (1)** does not, however, apply to a cannabis product or cannabis package that is visible only to the extent that is necessary for it to be delivered—
 - (a) to the person at the place of business; or
 - (b) to its purchaser at or from the place of business.
- (3) A cannabis product or cannabis package must be treated as being visible only to the extent that is authorised under **subsection (2)(a)** if it is delivered—
 - (a) to a person and at, or from, a place specified in that paragraph; and
 - (b) using a form of visible delivery prescribed by any relevant acceptable forms of visible delivery prescribed in the regulations.
- (4) **Subsections (1) and (2)** do not apply to a cannabis product or cannabis package that is visible in a way that complies with any relevant temporary transitional exemption regulations.

39 Use of trade marks, etc, on goods other than cannabis products, or in relation to sponsored events

- (1) In this section, **non-cannabis article** means an article that is not—

- (a) a cannabis product; or
 - (b) a package or container in which a cannabis product is sold or shipped.
- (2) No person may use, other than in a private capacity, a cannabis product trade mark—
- (a) on any non-cannabis article; or
 - (b) for the purpose of advertising or identifying to the public—
 - (i) any non-cannabis article; or
 - (ii) any service, activity, or event; or
 - (iii) any scholarship, fellowship, or other educational benefit,—even though that person would, but for this Act, be entitled to use the trade mark on that article or for that purpose.
- (3) If a trade mark includes the company name, or part of the company name, of a manufacturer, an importer, or a distributor in New Zealand of any cannabis product, no person may, other than in a private capacity, use that company name for the purpose of advertising or identifying to the public—
- (a) any non-cannabis article; or
 - (b) any service, activity, or event; or
 - (c) any scholarship, fellowship, or other educational benefit,—
- even though that person would, but for this Act, be entitled to use that trade mark or company name for that purpose.
- (4) No person may distribute, sell, or offer or expose for sale any non-cannabis article that bears a trade mark of a cannabis product that is sold in New Zealand.
- (5) Nothing in **subsections (1) to (3)** applies to a trade mark or company name that, during the year ending with [*to come*], was applied to cannabis products and other articles sold at retail in New Zealand if the estimated retail value of those other articles sold during that year exceeded one-quarter of the estimated retail value of those cannabis products sold during that year.
- (6) Nothing in **subsections (1) to (3)** applies to the use, by any person (other than a manufacturer, an importer, a distributor, or a retailer of any cannabis products, or a person acting on behalf of any such manufacturer, importer, distributor, or retailer) of a trade mark or company name for any purpose (other than for application to, or for use in connection with, cannabis products or cannabis accessories) if the trade mark or company name—
- (a) was in use in New Zealand for that purpose before [*to come*]; or
 - (b) was in use for that purpose at any time before that trade mark or company name was first used, in New Zealand, for application to, or in connection with, any cannabis product or cannabis accessory.

40 Sponsoring activity involving use of trade mark, etc, of cannabis products

- (1) No person who is a manufacturer, an importer, a distributor, or a retailer of cannabis products may sponsor (within the meaning of **subsection (2)**) an organised activity that is to take place, is taking place, or has taken place, in whole or in part, in New Zealand, and that involves the use, in the name of that activity, or on or through any thing other than a cannabis product, of all or any of the following:
 - (a) a cannabis product trade mark:
 - (b) all or any part of a company name included in a cannabis product trade mark:
 - (c) 1 or more words, logos, colours, shapes, sounds, smells, or other elements of a cannabis product trade mark that as those 1 or more elements are used in the name, or on or through the thing, are likely to cause a person exposed to the name or thing to believe that the 1 or more elements are used in, on, or through it only or mainly for the purpose of advertising the product.
- (2) A person **sponsors an organised activity** for the purposes of **subsection (1)** if, and only if, the person does all or any of the following:
 - (a) organises or promotes, before the activity is to take place, or during the time that it takes place, some or all of the activity:
 - (b) makes, before the activity is to take place, or during or after the time that it takes place, any financial or non-financial contribution towards some or all of the activity:
 - (c) makes, before the activity is to take place, or during or after the time that it takes place any financial or non-financial contribution to any other person in respect of the organisation or promotion by that other person of, or the participation, by that other person, in, some or all of the activity.

41 Sponsoring activity involving exclusive supply arrangement

- (1) No person who holds a cannabis licence may sponsor (within the meaning of **section 40(2)**) an organised activity that is to take place, is taking place, or has taken place, in whole or in part, in New Zealand, and that involves an arrangement for the person to be the only person supplying cannabis products at or for the purposes of, some or all of the event.
- (2) The arrangement may be a contract, or a legally binding or other agreement, undertaking, or understanding.
- (3) **Subsection (2)** does not limit **subsection (1)**.
- (4) This section operates in parallel with (that is, is not subject to, and does not override) the Commerce Act 1986.

42 Free distribution and rewards prohibited

- (1) No manufacturer, distributor, importer, or retailer of cannabis products may free of charge or at a reduced charge,—
 - (a) distribute any cannabis product; or
 - (b) supply any cannabis product to any person for subsequent distribution; or
 - (c) in the case of a retailer, supply any cannabis product to any person for the purpose of that retailer's business.
- (2) For the purposes of **subsection (1)**, a cannabis product is distributed or supplied at a **reduced charge**—
 - (a) if the charge for the product itself is reduced; or
 - (b) if—
 - (i) the product is distributed or supplied at a charge that is not or purports not to be reduced; but
 - (ii) some other item is supplied, free or at a reduced charge, together with the product.
- (3) No person may—
 - (a) offer any gift or cash rebate, or the right to participate in any contest, lottery, or game, to the purchaser of a cannabis product in consideration for the purchase of that product, or to any person in consideration for the provision of evidence of such a purchase; or
 - (b) offer, to any retailer any gift or cash rebate, or the right to participate in any contest, lottery, or game, as an inducement or reward in relation to—
 - (i) the purchase or sale of cannabis products by that retailer; or
 - (ii) the advertising of cannabis products inside that retailer's place of business; or
 - (iii) the location of cannabis products in a particular part of that retailer's place of business.
- (4) Nothing in **subsection (2)** applies in respect of any payment or reward to any person who purchases or attempts to purchase any cannabis product—
 - (a) with the authority of the head of the Authority or of some other person authorised for that purpose by the head of the Authority; and
 - (b) for the purpose of monitoring compliance with the provisions of this Part.
- (5) A person who contravenes this section commits an offence and is liable to [*to come*].

43 Arrangements conflicting with Act have no effect

- (1) A term has no effect if—

- (a) it is expressed or implied in an arrangement of any kind in any form; and
 - (b) compliance with it would limit or prevent compliance with this Act.
- (2) The arrangement may be a contract, or a legally binding or other agreement, undertaking, or understanding.
- (3) **Subsection (2)** does not limit **subsection (1)**.
- (4) A person who is, or is claiming through or under, a party to the arrangement may (regardless of whether it is a contract) seek relief under subpart 5 of Part 2 of the Contract and Commercial Law Act 2017 (which applies with all necessary modifications) as if compliance with the term were performance, in a way that gives rise to illegality, of a provision of a contract.

44 Advertisements concerning harms from cannabis use not affected

Nothing in **sections 35 to 43** applies to a person who uses a sign, symbol, trade mark or text for the purposes of advertising services to assist in managing health-related harms.

45 Point-of-sale health information or warnings signs

- (1) A person who offers a cannabis product for sale (by retail or wholesale) must, at all times when prescribed requirements for point-of-sale health information or warnings signs applying to that person are in force under this Act, display clearly at each point of sale outside of or inside the person's place of business a sign for the public that does no more than—
- (a) communicate the message that consuming cannabis is harmful; and
 - (b) complies with the prescribed requirements.
- (2) A person who contravenes this section commits an offence and is liable on conviction to a fine of not more than [to come].

46 Sale of cannabis products with other products prohibited

- (1) This subsection applies to a cannabis product if it is—
- (a) packed together with a product that is not a cannabis product; or
 - (b) distributed or supplied, together with a product that is not a cannabis product, at a single price.
- (2) No manufacturer, distributor, importer, or retailer of cannabis products may—
- (a) distribute a cannabis product to which **subsection (1)** applies; or
 - (b) supply a cannabis product to which **subsection (1)** applies to another person for later distribution; or
 - (c) in the case of a retailer, supply a cannabis product to which **subsection (1)** applies to another person for the purpose of that retailer's business.
- (3) A person who contravenes this section commits an offence and is liable to a fine of not more than \$[to come].

47 Prohibition against licensed cannabis retailer selling, supplying, etc, cannabis to persons under 20 years of age

- (1) A person who holds a licence to sell cannabis at retail must not knowingly—
- (a) sell cannabis or a cannabis product to a person who is under the age of 20 years; or
 - (b) having sold cannabis or a cannabis product to a person of any age, deliver it or arrange for it to be delivered to a person who is under the age of 20 years; or
 - (c) supply cannabis or a cannabis product to a person who is under the age of 20 years; or
 - (d) supply cannabis or a cannabis product to a person with the intention that it be supplied (directly or indirectly) to a person who is under the age of 20 years.
- (2) A person who contravenes **subsection (1)** commits an offence and is liable on conviction to,—
- (a) in the case of an individual, [*to come*]; and
 - (b) in the case of a body corporate, a fine not exceeding [*to come*].

48 Messages and information required for cannabis products

- (1) No manufacturer, importer, distributor, or retailer may sell or offer for sale a cannabis product unless—
- (a) the package containing it displays, in accordance with regulations under this Part, as many of the following things as the regulations require:
 - (i) a message relating to—
 - (A) the harmful health, social, cultural, or economic effects, or other harmful effects, of using the product:
 - (B) the beneficial effects of stopping the use of the product or of not using the product:
 - (ii) a list of the harmful constituents, and their respective quantities, present in the product:
 - (iii) a list of the constituents, and their respective quantities, present in the product:
 - (iv) whether as part of or in addition to any message about effects, a photograph or picture relating to—
 - (A) the harmful health, social, cultural, or economic effects, or other harmful effects, of using the product:
 - (B) the beneficial effects of stopping the use of the product or of not using the product; and

- (b) if required by the regulations, the package containing the product contains a leaflet with as much of the following information as the regulations require:
- (i) information relating to—
 - (A) the harmful health, social, cultural, or economic effects, or other harmful effects, of using the product;
 - (B) the beneficial effects of stopping the use of the product or of not using the product; and
 - (ii) a list of the harmful constituents, and their respective quantities, present in the product.
- (2) In **subsection (1)**, **harmful constituent** means a substance declared by the regulations to be a harmful constituent for the purposes of that subsection.

Part 6

Provisions relating to retail and consumption premises: premises operations and licence processes

Premises operations—general provisions

49 Cannabis use on consumption premises

On any premises for which a consumption licence alone is held, the licensee may—

- (a) sell and supply non-cannabis foods and non-alcoholic beverages; and
- (b) let people consume cannabis and cannabis products there.

50 Cannabis retail premises

On any premises for which a retail licence alone is held, the licensee may sell cannabis, cannabis products, and cannabis accessories.

This part will state to what extent (if at all) a person can be licensed to operate a consumption premises and also be licensed to operate a retail premises.

51 Authority may set trading hours

The Authority may set maximum and minimum trading hours for consumption and retail premises.

52 Premises must have signs displaying opening hours

The holder of a consumption premises licence or a retail premises licence must ensure that for each principal entrance to the premises there is displayed at all

times a sign attached to the inside or outside of the premises, so as to be easily read by people immediately outside the entrance, stating the ordinary hours of business during which the premises are open for the sale of cannabis products or, as the case may be, the consumption of cannabis.

53 Licences to be displayed in premises

The holder of a consumption premises licence or a retail premises licence must ensure that at all times a copy of the licence, together with a statement of all conditions subject to which it is issued, is displayed—

- (a) attached to the inside of the premises concerned; and
- (b) so as to be easily read by people entering each principal entrance.

Responsibilities of managers

54 Appointment of managers

Every holder of a consumption premises licence or a retail premises licence must appoint a manager or managers in accordance with this Part.

55 Manager to be on duty at all times and responsible for compliance

- (1) A manager must be on duty on the premises at all times when cannabis is being sold or supplied to the public.
- (2) A manager on duty is responsible for—
 - (a) the compliance with and enforcement of—
 - (i) the provisions of this Act; and
 - (ii) the conditions of the licence for the premises; and
 - (b) the conduct of the premises with the aim of contributing to the reduction of cannabis-related harm.
- (3) At all times while the manager is on duty,—
 - (a) the full name of the manager must be prominently displayed inside the premises so as to be easily read by people using the premises; and
 - (b) the person named as manager at any time is to be treated for the purposes of this Act as the manager at that time.
- (4) At all times when cannabis is being sold or supplied on the premises, the licensee must take all reasonable steps to enable the manager to comply with this section.

56 Temporary manager

- (1) In any case where a manager is ill or is absent for any reason, or is dismissed, or resigns, the licensee may appoint as a temporary manager a person who is not then the holder of an authorisation.

- (2) The appointee must, within 2 working days after the appointment, apply for an authorisation; and, if an application is made, the temporary manager must, from the time of the appointment until the application is determined, be deemed for the purposes of this Act to be the holder of an authorisation.
- (3) If the appointee does not apply for an authorisation within that period of 2 working days, or if the application is refused, the licensee must cease to employ the appointee as a manager.

57 Acting manager

- (1) Despite any other provision of this Act, a licensee may appoint an acting manager—
 - (a) for any period not exceeding 3 weeks at any one time where a manager is unable to act because of illness or absence; and
 - (b) for periods not exceeding in the aggregate 6 weeks in each period of 12 months to enable a manager to have a vacation or take annual leave.
- (2) Every person appointed as an acting manager in accordance with this section must, while the appointment continues, be deemed for the purposes of this Act to be the holder of a manager's certificate and it is not necessary for that person to apply for or hold a manager's certificate.

58 Notice of appointment, etc, of manager, temporary manager, or acting manager

- (1) A licensee must notify the Authority of the appointment of any manager, temporary manager, or acting manager.
- (2) The Authority may, within 5 working days after receiving a notice of the appointment of any temporary manager or acting manager, notify the licensee that it does not approve the appointment.
- (3) On receiving notice under **subsection (2)**, the licensee must terminate the appointment with effect from a date not later than 5 working days after the date of the notice.

Controls on consumption and retail premises' operations

59 Meaning of impaired

A person is **impaired** within the meaning of **sections 60 to 64** if that person's mental abilities, physical capabilities, or both, are observably reduced due to the psychoactive constituents of cannabis or to any other substance consumed by the person.

60 Sale or supply of cannabis to impaired or intoxicated people

- (1) The licensee or a manager of any licensed premises who sells or supplies cannabis to an impaired or intoxicated person commits an offence.

- (2) A person who commits an offence against **subsection (1)** is liable on conviction,—
 - (a) in the case of a licensee, to either or both of the following:
 - (i) a fine of not more than \$[*to come*];
 - (ii) the suspension of the licensee's licence for a period of not more than 7 days;
 - (b) in the case of a manager, a fine of not more than \$[*to come*].
- (3) A person who is not a licensee or manager of licensed premises and who sells or supplies a cannabis product to an impaired or intoxicated person commits an offence.
- (4) A person who commits an offence against **subsection (3)** is liable on conviction to a fine of not more than \$[*to come*].
- (5) **Subsection (3)** applies irrespective of any liability that may attach to the licensee or any manager in respect of the same offence.

61 Allowing persons to become impaired or intoxicated

- (1) The licensee or a manager of any licensed premises who allows any person to become impaired or intoxicated on the premises commits an offence.
- (2) A person who commits an offence against **subsection (1)** is liable on conviction,—
 - (a) in the case of a licensee, to either or both of the following:
 - (i) a fine of not more than \$[*to come*];
 - (ii) the suspension of the licensee's licence for a period of not more than 7 days;
 - (b) in the case of a manager, a fine of not more than \$[*to come*].

62 Manager impaired or intoxicated while on duty

- (1) A manager of licensed premises who is impaired or intoxicated while on duty on the premises commits an offence.
- (2) A person who commits an offence against **subsection (1)** is liable on conviction to a fine of not more than \$[*to come*].

63 Employee impaired or intoxicated while on duty

- (1) An employee of the licensee of any licensed premises who is impaired or intoxicated while on duty on the premises commits an offence.
- (2) A person who commits an offence against **subsection (1)** is liable on conviction to a fine of not more than \$[*to come*].

64 Allowing impaired or intoxicated person on licensed premises

- (1) The licensee or a manager of any licensed premises who allows an impaired or intoxicated person to be or remain on the licensed premises commits an offence.
- (2) A person who commits an offence against **subsection (1)** is liable on conviction to a fine of not more than \$[to come].
- (3) It is a defence to a charge under **subsection (1)** if the defendant satisfies the court that, as soon as the defendant or any employee of the licensee became aware of the situation, reasonable steps were taken in respect of the impaired or intoxicated person concerned, either—
 - (a) to take the person to a place of safety on the licensed premises; or
 - (b) to remove the person from the licensed premises.

65 Allowing disorderly conduct on licensed premises

- (1) The licensee or a manager of any licensed premises who allows any violent, quarrelsome, insulting, or disorderly conduct to take place on the licensed premises commits an offence.
- (2) A person who commits an offence against **subsection (1)** is liable on conviction to a fine of not more than \$[to come].
- (3) It is a defence to a charge under **subsection (1)** if the defendant satisfies the court that, as soon as the defendant or any employee of the licensee became aware of the situation, reasonable steps were taken in respect of each person involved in the conduct concerned, either—
 - (a) to take the person to a place of safety on the licensed premises; or
 - (b) to remove the person from the licensed premises.

Application processes and criteria for issuing of retailing licences and licences to operate consumption premises

The following sections will describe the nature of a licence, including the standard duration of a licence before needing to be reviewed, and that it is not a transferable property right. They will also set out the powers of the authority to review and refuse licence applications, and the circumstances in which they may do that.

66 Authority to serve application on other regulatory authorities, etc

On receiving an application for a licence, the Authority must—

- (a) serve a copy of the application on every prescribed regulatory authority or other entity; and

- (b) ensure the application is dealt with in accordance with the prescribed procedure.

67 Criteria for issue of licences

- (1) In deciding whether to issue a licence, the Authority must have regard to the following matters:
 - (a) the purpose of this Act;
 - (b) the suitability of the applicant;
 - (c) the principles under **subpart 3 of Part 4** [*market allocation — to come*];
 - (d) the days on which and the hours during which the applicant proposes to sell cannabis;
 - (e) the design and layout of any proposed premises
 - (f) whether the amenity and good order of the locality would be likely to be reduced, to more than a minor extent by the effects of the issue of the licence:
 - (g) whether the amenity and good order of the locality are already so badly affected by the effects of the issue of existing licences that—
 - (i) they would be unlikely to be reduced further (or would be likely to be reduced further to only a minor extent) by the effects of the issue of the licence; but
 - (ii) it is nevertheless desirable not to issue any further licences:
 - (h) whether the applicant has appropriate systems, staff, and training to comply with the law:
 - (i) any matters dealt with in any report from a prescribed regulatory authority or other organisation.

Licensing decisions will be made by the Authority. However, this section will detail the interface between the Authority and the relevant local regulatory authorities and other organisations (for example, the fire service).

68 Authority may refuse licence even if application not opposed

The Authority may, having regard to any matter stated in **section 67**, refuse to issue a licence, even if no objection to the application was received from any prescribed regulatory authority or other organisation required to be notified of it.

69 Other discretionary conditions

- (1) The Authority may issue a licence subject to any reasonable conditions not inconsistent with this Act.

- (2) The generality of **subsection (1)** is not limited or affected by any other provision of this Act.

70 Different conditions may apply to different parts of premises

Any condition of a licence issued may—

- (a) apply differently to different parts of the premises;
- (b) apply differently to the same part of the premises at different times, on different days, or both.

71 Variation of conditions

- (1) The holder of a licence may at any time apply to the Authority to vary or cancel any condition of the licence.
- (2) The application must be made in the prescribed form and manner.
- (3) **Sections 66 to 70** apply, with all necessary modifications to an application under this section.

72 Licence expires when new licence issued for same premises

A licence expires when another licence of the same kind is issued for the premises concerned.

73 Surrender of licence

- (1) The holder of a licence may at any time surrender it in the prescribed manner.
- (2) The licence ceases to have effect from the date on which it is surrendered.
- (3) The surrender of a licence does not affect the licensee's liability—
- (a) to perform any obligation required to be performed by the licensee under this Act before the date on which the licence ceases to have effect; or
- (b) for any act done or default made before that date.

Temporary licences

74 Temporary licence during repairs, etc

- (1) The Authority may authorise a licensee to sell cannabis products or operate a consumption premises pursuant to the licence on or from premises other than the licensed premises concerned for any period it from time to time determines where—
- (a) the licensed premises are unfit for the sale of cannabis products or the consumption of cannabis (as the case may be) because of a fire, storm, earthquake, or other unforeseen event; or
- (b) the licensed premises are or will become unfit for the relevant purpose because of their repair, alteration, or rebuilding, or the building of additions to them; or

- (c) any other circumstances have arisen or will arise (in respect of the premises) that prevent or will prevent the sale of cannabis products or consumption of cannabis on those premises.
- (2) While an authority under **subsection (1)** is in force, this Act has effect as if—
 - (a) the licensed premises concerned were not premises; and
 - (b) the other premises were the premises to which the licence concerned relates.

Appeals

75 Cannabis Appeals Authority [*holding name only*] established

- (1) This section establishes the Cannabis Appeals Authority [*holding name only*].
- (2) The function of the appeals authority is to determine appeals against decisions of the Authority made under this Act.
- (3) The appeals authority must consist of 3 members
- (4) One member of the appeals authority must be a lawyer (as defined in section 6 of the Lawyers and Conveyancers Act 2006) of not less than 7 years' legal experience.
- (5) In performing its functions or exercising its powers under this Act, the appeals authority must—
 - (a) act independently; and
 - (b) comply with the principles of natural justice.

76 Who may appeal

Any party to proceedings before the Authority who is dissatisfied with the decision or any part of the decision may appeal to the appeals authority against the decision or any part of the decision.

77 Appeals by way of rehearing

Every appeal is by way of rehearing.

78 Determination of appeal

On hearing an appeal, the appeals authority may confirm, modify, or reverse the decision under appeal.

79 Effect of appeal

- (1) This section applies to every decision other than a decision referred to in **section 80**.
- (2) A decision to which this section applies has effect during the period allowed for filing an appeal against the decision and, if an appeal is filed against the decision, also has effect while the appeal is pending.

- (3) However, the appeals authority may, on its own initiative or on an application made for the purpose, order that a decision to which this section applies is not to have effect while the appeal is pending.
- (4) Despite **subsection (3)**, the appeals authority may not make an order under that subsection in relation to a decision made under **section [to come]** (which relates to the suspension of licences for non-compliance with public health or fire precaution requirements).
- (5) Where the appeals authority makes an order under **subsection (3)** in relation to a decision to refuse to renew, to suspend, or to cancel any licence or manager's certificate, the licence or manager's certificate must, if the appeal is not finally determined on or before the expiry of the licence or certificate, be deemed to be extended until the final determination of the appeal.

80 Suspension of certain decisions of Authority to grant licence or manager's certificate

- (1) This section applies to every decision to grant an application for a licence or a manager's certificate if—
 - (a) an objection to the application has been filed and has not been withdrawn; or
 - (b) a report has been submitted by an inspector, employee, volunteer, or contractor of Fire and Emergency New Zealand or a Medical Officer of Health recommending that the application be refused.
- (2) A decision to which this section applies has no effect during the period allowed for filing an appeal against the decision and, if an appeal is filed against the decision, also has no effect while the appeal is pending.
- (3) Where an appeal relates to a decision to which this section applies but is limited to 1 or more conditions that form part of the decision, the appeals authority may, subject to any conditions the appeals authority thinks fit to impose, order that the decision is to have effect while the appeal is pending.
- (4) An order under **subsection (3)** may only be made if the appeals authority is satisfied that all parties to the appeal agree to the order, including any conditions imposed by the appeals authority.
- (5) No appeal may be brought against a refusal to make an order under **subsection (3)**.

Appeals to High Court

81 Appeal against decision of appeals authority on question of law

- (1) A party to proceedings before the appeals authority who is dissatisfied with a determination in the proceedings as being erroneous in point of law, may appeal to the High Court on the question of law concerned.

- (2) Subject to **sections 79, 80, and 82**, every appeal under this section must be dealt with in accordance with rules of court.

82 Appeal on additional question of law

Any party other than the appellant to an appeal under **section 81** who wishes to contend at the hearing of the appeal that the determination appealed against is erroneous in point of law in relation to a question of law not set out in the notice of appeal may, within 20 working days after the date of the service on the party of a copy of the notice of appeal, lodge a notice to that effect with the Registrar of the High Court.

83 Extension of time

The High Court or a Judge of the High Court may, on the application of the appellant, or intending appellant, or any other party, extend any time prescribed or allowed under any of the provisions of **sections [to come]** for the lodging of any notice, application, or other document.

Miscellaneous provisions concerning licences

84 Authority to be notified of company name changes

- (1) If a company that holds a licence changes its name, it must notify the Authority of the change within 10 working days after the change.
- (2) If a company fails to comply with this section, every director of the company commits an offence and is liable on conviction to a fine not exceeding \$[*to come*].
- (3) It is a defence to a director charged with an offence against this section if they prove that—
- the company took all reasonable and proper steps to ensure that the section would be complied with; or
 - they took all reasonable and proper steps to ensure that the company complied with the section; or
 - in the circumstances, they could not reasonably have been expected to take steps to ensure that the company complied with the section.

85 Authority may issue duplicate licence or certificate

If the Authority is satisfied that any licence issued by the Authority has been lost or destroyed, the Authority may issue a duplicate licence or certificate to the holder.

Part 7

Physical security measures

This Part will detail the security requirements for different controlled activities.

Part 8

Production standards

This Part will detail the approach to standards of licensed cannabis production. It will include the key personnel required in production, requirements for building and equipment cleanliness, the complaint process and requirements, record keeping and reporting requirements, and the level of controls attached to different classes of licence.

Part 9

Testing

This Part will detail testing requirements for finished manufactured cannabis products and fresh cannabis prior to sale.

Including: pesticide and fumigant residues, heavy metals/toxic elements, microbial limits and the quantity of certain cannabinoids, including THC, THCA, CBD and CBDA.

Testing and reporting

86 Annual testing for constituents

- (1) This section applies to each product prescribed to be a cannabis product for the purposes of this section.
- (2) Every manufacturer and every importer of a product to which this section applies must, annually, conduct either or both of the following tests:
 - (a) a test for the constituents of each brand of the product sold by the manufacturer or importer, and the respective quantities of those constituents:

- (b) if the product is intended to be smoked, a test for the constituents of the smoke of each brand of the product sold by the manufacturer or importer, and the respective quantities of those constituents.
- (3) In this section, **product** means anything that is—
 - (a) a cannabis product of any kind; or
 - (b) cannabis products generally.
- (4) The tests must be conducted at the time and in the manner prescribed (which, in the case of tests under **subsection (2)(b)** may include a requirement for each variant of the brand to be tested separately).

87 Head of Authority may require further testing

- (1) In addition to the annual test or tests required by **section 86**, the head of the Authority may, by notice in writing to the manufacturer or importer of a product to which that section applies, require a further test or tests to be conducted.
- (2) The further test or tests must be conducted, in accordance with the regulations referred to in **section 86**,—
 - (a) in a laboratory nominated by the head of the Authority; but
 - (b) at the expense in all respects of the manufacturer or importer.
- (3) In any year, the head of the Authority must not require tests under this section in respect of more than 10% of the brands of products to which **section 86** applies and sold by a particular manufacturer or importer.

88 Returns and reports

(1)

This subsection will outline requirements for cannabis licence holders to regularly report data to the Authority, providing information on matters related to cannabis production, manufacture and sales. The purpose is to assist the Authority in their data analysis and reporting functions.

- (2) The head of the Authority—
 - (a) must take all practicable steps to ensure that the returns and reports received under **subsection (1)** are published on an Internet site maintained by or on behalf of the Authority; and
 - (b) may publish or make publicly available all or any part of those returns or reports in any other way.

89 Regulations for standardised packaging (including messages and information)

- 1) The Governor-General may, by Order in Council, make regulations for all or any of the following purposes:

- (a) prescribing for the purposes of **section** [to come] requirements, or options permitted, for all or any aspects of the appearance of a cannabis product:
 - (b) prescribing for the purposes of **section** [to come] the quantity or quantities in which a cannabis product must be packaged:
 - (c) prescribing for the purposes of **section** [to come]—
 - (i) the form, size, and content of messages and information to be displayed with, on, or in the package for a cannabis product:
 - (ii) the photographs and pictures to be displayed as part of or in addition to messages about effects relating to a cannabis product:
 - (iii) the circumstances and manner in which the messages, information, photographs, and pictures must be displayed:
 - (d) prescribing for the purposes of **section** [to come] requirements, or options permitted, for the display of the brand or company name on the package for a cannabis product, including the circumstances and manner in which the name is to be displayed:
 - (e) prescribing for the purposes of **section** [to come] requirements, or options permitted, for all or any other aspects of the appearance of the package for a cannabis product:
 - (f) providing for any other related matters contemplated by this Act, necessary for its administration, or necessary for giving it full effect.
- (2) Regulations under **subsection (1)(a) or (e)** may (without limitation) do all or any of the following:
- (a) require a cannabis product, or the package for a cannabis , to be a prescribed size and shape:
 - (b) prohibit a cannabis product, or the package for a cannabis product, from displaying any words or other marks unless they are permitted by **section 00** [to come] or the regulations:
 - (c) specify types of words or other marks that are permitted to be displayed on a cannabis product or the package for a cannabis product (for example, bar codes or marks used to record manufacturing information or to identify legitimate products or packages):
 - (d) specify requirements for the display of the permitted words or marks, including the circumstances and manner in which the words or marks are to be displayed (for example, the typeface or font, size, colour, and position of the words or marks):
 - (e) prohibit any type of feature from a cannabis product or the package for a cannabis product (for example, any feature designed to promote the product by changing the appearance of the product or package after retail sale or by it making a noise or emitting a smell).

- (3) Regulations under **subsection (1)(b)**—
- (a) may, for example, prescribe the number or weight of cannabis product that must be contained in a package; but
 - (b) must not prescribe a quantity that does not comply with **section** [*to come*].
- (4) Regulations under **subsection (1)(b)** may (without limitation) prescribe—
- (a) requirements or options for all parts of a product or a package (for example, all surfaces of a package must be a consistent drab brown colour with a matt finish):
 - (b) separate requirements or options for different parts of a product or a package (for example, any plastic or other wrapping must be consistently transparent, uncoloured, and unmarked):
 - (c) separate requirements or options for—
 - (i) different types of cannabis product:
 - (ii) the packages for different classes of cannabis product.
- (5) In this section, **appearance** includes—
- (a) anything that may affect a person’s senses; and
 - (b) any aspect of design, such as shape, size, colour, texture, or material.

Tracing and recall

90 Application of sections 90 to 92

This subpart applies to a person who—

- (a) holds a licence to carry out a controlled activity; and
- (b) is prescribed as a person to whom this subpart applies.

91 Tracing and recall

A person to whom this subpart applies must, in accordance with any regulations made under **section 89** and any notice issued under **section 125**,—

- (a) have in place procedures for—
 - (i) tracing cannabis and cannabis products; and
 - (ii) recalling cannabis and cannabis products; and
- (b) conduct simulations or other tests of those procedures; and
- (c) implement those procedures to trace and recall cannabis and cannabis products.

- 92 Regulations and notices relating to tracing and recall of cannabis and cannabis products**
- (1) The Governor-General may, by Order in Council made on the recommendation of the Minister, make regulations for all or any of the following purposes:
 - (a) specifying a person who holds a licence to carry out a controlled activity as a person to whom this subpart applies;
 - (b) setting requirements that apply to that person in relation to—
 - (i) the content of procedures referred to in **section 91(a)**; and
 - (ii) the conducting of simulations and other tests of those procedures; and
 - (iii) the implementation of those procedures to trace cannabis and cannabis products and recall cannabis and cannabis products;
 - (c) specifying matters in relation to tracing and recall that must be included (if applicable) in a cannabis control plan or a national programme.
 - (2) Before recommending the making of regulations under this section, the Minister must be satisfied that there has been appropriate consultation on the regulations in accordance with **section** [to come]
 - (3) The head of the Authority may, by notice under **section** [to come], supplement regulations made under this section.

Part 10

Standards for packaging

- 93 Immediate container**
- The immediate container in which a cannabis product, other than a cannabis plant or cannabis plant seeds, is packaged must—
- (a) be opaque or translucent; and
 - (b) prevent contamination of the cannabis; and
 - (c) in the case of dried cannabis, or a cannabis accessory that contains dried cannabis, keep the cannabis dry; and
 - (d) have a security feature that provides reasonable assurance to consumers that it has not been opened prior to receipt; and
 - (e) meet the requirements of a child-resistant package under domestic legislation; and
 - (f) not contain more than 14 grams of dried cannabis (or its equivalent).
- 94 Cannabis plant: not budding or flowering**
- A cannabis plant must not be budding or flowering at the time of packaging.

95 Cannabis plant: container limit

The container in which a cannabis plant is packaged must not contain more than 2 cannabis plants.

96 Cannabis plant seeds: immediate container

The immediate container in which cannabis plant seeds are packaged must—

- (a) keep the cannabis plant seeds dry; and
- (b) not contain more than 14 grams of dried cannabis (or its equivalent).

97 Cannabis product labels

The following information must be included on the label that is applied to any container in which a cannabis product is packaged:

- (a) the name of,—
 - (i) in the case of a cannabis plant or cannabis plant seeds, the holder of a licence for cultivation that cultivated the cannabis plant or cannabis plant seeds; or
 - (ii) in the case of any other cannabis product, the holder of a licence for processing that manufactured the product; and
- (b) the class of cannabis [ie, form] to which the cannabis that is in the immediate container belongs; and
- (c) in respect of the product,—
 - (i) the brand name; and
 - (ii) the recommended storage conditions; and
 - (iii) the packaging date; and
 - (iv) except in the case of a cannabis plant or cannabis plant seeds, either—
 - (A) the expiry date; or
 - (B) a statement that no expiry date has been determined; and
- (d) warnings as required by this Act, including—
 - (i) the health warnings set out in **Schedule 3**; and
 - (ii) any further warnings that may be prescribed.

98 Dried cannabis or fresh cannabis: discrete units

In the case of dried cannabis or fresh cannabis or a cannabis accessory that contains dried cannabis or fresh cannabis that is in discrete units, the label of any container in which the cannabis product is packaged must also include the following information:

- (a) the net weight, in grams, of dried cannabis or fresh cannabis:

- (b) the net weight, in grams, of dried cannabis or fresh cannabis in each unit;
- (c) the quantity of THC, in milligrams, in each unit, preceded by “THC per unit”.

99 Dried cannabis or fresh cannabis: not in discrete units

In the case of dried cannabis or fresh cannabis or a cannabis accessory that contains dried cannabis or fresh cannabis that is not in discrete units, the label of any container in which the cannabis product is packaged must also include the following information:

- (a) the net weight, in grams, of dried cannabis or fresh cannabis;
- (b) the percentage of THC weight over weight, preceded by “THC”.

100 Cannabis plants

In the case of a cannabis plant, the number of plants in the container must be included on the label that is applied to any container in which a cannabis product is packaged.

101 Cannabis plant seeds

In the case of cannabis plant seeds, the number of seeds in the container must be included on the label that is applied to any container in which a cannabis product is packaged.

Part 11
Enforcement

Powers of enforcement officers

102 Application

The powers given by this Part do not apply for the purposes of enforcing the provisions in **Part 2A** (which concern unlicensed activities: non-commercial growing and personal use).

103 Powers of entry and inspection

- (1) Subject to **section 102**, this section applies to a place if—
 - (a) this Act imposes duties, restrictions, or prohibitions in respect of places of a kind to which it belongs; or
 - (b) an activity in respect of which this Act imposes duties, restrictions, or prohibitions is carried out in it regularly or from time to time.
- (2) An enforcement officer may at any reasonable time enter a place if—
 - (a) they believe on reasonable grounds that it is a place to which this section applies; and

- (b) it is not a dwellinghouse or other residential accommodation, or a marae.
- (3) An enforcement officer who enters a place under **subsection (2)** may do any or all of the following things:
- (a) bring a still or video camera, a device for taking samples of air, or both, with them:
 - (b) inspect the place:
 - (c) take photographs or videos with any camera they bring with them:
 - (d) take samples of the air in the place with any device for that purpose they bring with them:
 - (e) if the enforcement officer believes on reasonable grounds that the place is a place where cannabis products are sold from time to time,—
 - (i) exercise the powers given by **section 104**:
 - (ii) inspect any advertising or display material relating to cannabis products on display in the place or on the outside of a building containing the place.
- (4) An enforcement officer exercising powers under this section may be accompanied by a constable.
- (5) **Subsection (2)** does not prevent an enforcement officer from entering a dwellinghouse or other residential accommodation—
- (a) under authority given by or under an enactment other than this section; or
 - (b) with the consent of an occupier.

104 Requirement to give identifying information

- (1) An enforcement officer who at any time believes on reasonable grounds that within the previous 14 days cannabis products have been sold, or have after they are sold been delivered, to a person younger than 20 years in or from a place where cannabis products are sold, or after they were sold (at that place or another place) are delivered, from time to time—
- (a) may while the person the officer believes on reasonable grounds to have sold or to have, after they are sold, delivered or arranged the delivery of, the products is in the place, require the person to give the officer their name and address; and
 - (b) may require a person in the place who appears to be in charge of the place or any part of it to give the officer the name and address of (or, if the address is not within the person's knowledge, the name and any other identifying information within the person's knowledge relating to) any person the officer believes on reasonable grounds to have sold, or to have after they are sold delivered or arranged the delivery of, the products other than a person in charge of the place.

- (2) An enforcement officer who suspects that a person is younger than 20 years must not under **subsection (1)(a)** require the person to give the officer their name and address unless—
 - (a) there is no other person in the place concerned who appears to be in charge of it; or
 - (b) there is another person in the place who appears to be in charge of it but the enforcement officer suspects that that person is also younger than 20 years of age.
- (3) An enforcement officer who suspects that a person is younger than 20 years of age must not under **subsection (1)(b)** require the person to give the officer the name and address of (or name and other identifying information relating to) any other person if the other person is in the place concerned and appears to be 20 years or older.

105 Search warrant

- (1) An enforcement officer may apply for a search warrant in respect of any place.
- (2) The enforcement officer must apply in the manner provided in subpart 3 of Part 4 of the Search and Surveillance Act 2012.
- (3) An issuing officer may issue a search warrant in respect of the place if satisfied that there are reasonable grounds—
 - (a) to suspect that an offence has been, is being, or will be committed against this Act; and
 - (b) to believe that there is evidential material in the place.
- (4) The provisions of Part 4 of the Search and Surveillance Act 2012 (except sections 118 and 119) apply.
- (5) In this section, **evidential material** and **issuing officer** have the meanings given by section 3(1) of the Search and Surveillance Act 2012.

106 Purposes for which powers may be used

- (1) The powers given by **section 103** must be used only for, and only to the extent necessary for, the following purposes:
 - (a) finding out whether this Act is being complied with in and in respect of the place entered:
 - (b) finding out the extent to which this Act is not being complied with in or in respect of the place entered:
 - (c) exercising the powers given by **section 104**.
- (2) The powers given by **section 104** must be used only for, and only to the extent necessary for, finding out the name and address of (or, if the address is not within the knowledge of the person asked, the name and any other identifying information within the person's knowledge relating to) a person the enforcement officer concerned believes to have sold, or to have after selling

them delivered or arranged the delivery of, cannabis products to a person younger than 20 years in or from a place where cannabis products are sold or having been sold (at that place or another place) are delivered.

- (3) This section does not prevent an enforcement officer from using in proceedings for an offence against this Act evidence obtained during the lawful exercise of any of the powers given by **sections 103 and 104**.

107 Duties of enforcement officers

- (1) An enforcement officer exercising powers under **section 103** in respect of or in a place,—
- (a) if a person in charge of the place is present on initial entry, must identify himself or herself to the person in charge as an enforcement officer; and
 - (b) if asked by a person in charge to do so, must produce to the person evidence of identity, his or her instrument of appointment as an enforcement officer, or both.
- (2) An enforcement officer exercising powers under **section 104** in respect of a person,—
- (a) must identify themselves to the person as an enforcement officer; and
 - (b) if asked by the person to do so, must produce to the person evidence of identity, their instrument of appointment as an enforcement officer, or both.

108 Offences in respect of enforcement officers

A person commits an offence, and is liable to [to come], if the person—

- (a) intentionally obstructs, hinders, or resists an enforcement officer exercising or attempting to exercise powers under **section 103 or 104**; or
- (b) intentionally fails to comply with a requirement under **section 104**; or
- (c) when required under **section 104** to give information, gives information the person knows to be false or misleading.

109 Responsibility for enforcement: limitation period for commencing proceedings

- (1) It is the duty of the head of the Authority to enforce this Part.
- (2) Every prosecution for an offence against this Part must be commenced by the head of the Authority or a person authorised by the head of the Authority.
- (3) Despite anything to the contrary in section 25 of the Criminal Procedure Act 2011, the limitation period in respect of an offence against this Part ends on the date that is 12 months after the date on which the offence was committed.

*Infringement offences***110 Infringement offences**

- (1) A person who is alleged to have committed an infringement offence may—
 - (a) be proceeded against by filing a charging document under section 14 of the Criminal Procedure Act 2011; or
 - (b) be issued with an infringement notice in accordance with **sections** [*to come*].
- (2) Proceedings commenced in the way described in **subsection (1)(a)** do not require leave of a District Court Judge or Registrar under section 21(1)(a) of the Summary Proceedings Act 1957.
- (3) *See* section 21 of the Summary Proceedings Act 1957 for the procedure that applies if an infringement notice is issued.

Further sections providing for matters that must be covered as part an infringement offences regime will be included under this heading, including who may issue infringement notices, when an infringement notice may be issued (which will deal with the legal threshold(s) for issuing infringement notices under the Act), what an infringement notice must contain, how the notice must be served and payment of infringement fee.

111 Sections 111 and 112 deleted**113 Payment of infringement fees**

All infringement fees paid in respect of infringement offences must be paid into a Crown bank account.

Subpart 1—

Part 12**Duties, levies, and fees**

Excise tax

This section will establish an excise tax, applied to fresh cannabis at the point of production, based on weight and potency. The tax will be applied on a progressive basis, according to potency levels (higher THC content cannabis will attract a higher tax).

*Cost recovery***114 Options for cost recovery**

- (1) The head of the Authority must take all reasonable steps to ensure any costs of administering this Act that are not provided for by money appropriated by Parliament are recovered in accordance with the principles in this section and the regulations.
- (2) In determining appropriate mechanisms for recovering costs of a particular function or service, the Authority must ensure it recovers any amount by which—
 - (a) the sum of—
 - (i) the costs of the function in the current year; and
 - (ii) any shortfall in the recovery of the costs in the preceding year; exceeds:
 - (b) any over-recovery of costs in respect of the preceding year.
- (3) The Authority may recover costs of administering this Act and performing and exercising the functions, duties, and powers provided for in this Act by the methods that the head of the Authority considers, on reasonable grounds, to be the most suitable and equitable in the circumstances, including any 1 or more of the following methods:
 - (a) fixed charges:
 - (b) charges fixed on an hourly or other unit basis:
 - (c) estimated charges paid before the provision of the service or performance of the function, followed by reconciliation and an appropriate payment or refund after the provision of the service or performance of the function:
 - (d) actual and reasonable charges:
 - (e) refundable or non-refundable deposits paid before provision of the service or performance of the function:
 - (f) charges imposed on users of services or third parties:
 - (g) in the case only of the head of the authority or some other head, liens on property in the possession of the Crown.

115 Restrictions on levies for recovering costs

[To come]

116 Failure to pay

- (1) If all or part of a charge under this Act or the regulations remains unpaid 20 working days after the charge was demanded in writing, the debt is taken to have been increased by the amount calculated under **subsection (2)**.

-
- (2) The amount by which an unpaid charge is taken to have increased is the sum of—
 - (a) 10% of the debt, or that part of it that remained unpaid after the expiration of the period of 20 working days referred to in **subsection (1)**; and
 - (b) for every complete period of 6 months after the end of that period during which the debt or any part of it (including any deemed increase under this section) has remained unpaid, 10% of that debt or that part.
 - (3) The Authority may waive the payment of all or any part by which the debt has increased under this section if the Authority is satisfied that the reason why the person failed or refused to pay all or any part of a debt was that there was a genuine dispute between them and the department about the person's liability to pay the debt, the amount of the debt, or both,
 - (4) In an action for recovery of the debt, the court may exercise the power of waiver contained in **subsection (3)** if it is satisfied in the terms set out in that subsection.

Levy orders for funding harm reduction activities

This section will include details on the use of funds consistent with the purposes of the Bill (see section 3).

117 Levy orders

- (1) A levy, payable to the Authority, may be imposed on licensees or any class of licensees for the purpose of fully or partly funding cannabis harm reduction activities.
- (2) A levy may be imposed by Order in Council made on the recommendation of the Minister.
- (3) The Minister may recommend making an Order in Council only if the Minister is satisfied, on the basis of information and evidence that the Minister regards as satisfactory, that—
 - (a) persons likely to be affected by the payment or collection of the proposed levy, were it to be imposed, have been consulted; and
 - (b) persons opposing the proposed levy have had a reasonable opportunity to put their views to the Minister; and
 - (c) the Minister has had regard to all views put to the Minister about the proposed levy; and

- (d) imposing the levy is the most appropriate means of funding harm reduction activities, having regard to the extent to which the levy would target—
 - (i) persons likely to benefit from those activities; and
 - (ii) persons who, by their activities or inaction, contribute to the creation, continuance, or exacerbation of the problems proposed to be resolved by those activities; and
 - (e) if the levy is imposed on quantities of a commodity imported, imposing it will not constitute a non-tariff barrier and will not be contrary to New Zealand's international legal obligations; and
 - (f) the Authority will have in place adequate systems of accounting to persons who will be responsible for paying the levy; and
 - (g) all other relevant matters known to the Minister have been properly considered.
- (4) The order is a legislative instrument and a disallowable instrument for the purposes of the Legislation Act 2012 and must be presented to the House of Representatives under section 41 of that Act.

118 Effect of order

- (1) A person responsible for paying a levy set by a levy order must pay it.
- (2) The Authority may recover a levy from a person responsible for paying it as a debt due in a court of competent jurisdiction.

119 Contents of order

- (1) A levy order must specify—
 - (a) how the levy may be spent; and
 - (b) the persons responsible for paying the levy; and
 - (c) the persons, if any, exempt from paying the levy; and
 - (d) the basis on which the amount of levy must be calculated or ascertained; and
 - (e) on the rate of levy,—
 - (i) whether there is to be a single rate or 2 or more different rates; and
 - (ii) if there are to be 2 or more different rates, the things to which the different rates apply; and
 - (iii) the maximum for each rate or rates; and
 - (iv) how the Authority must set the actual rate or rates of levy; and
 - (v) how the rate or rates of levy and variations of the rate or rates must be notified; and

- (f) when and how the levy must be paid; and
 - (g) the persons responsible for collecting the levy; and
 - (h) on the matter of a fee for recovery,—
 - (i) whether or not the persons responsible for collecting the levy are entitled to charge a fee for recovering it; and
 - (ii) if so, the amount of the fee or a means by which its amount may be calculated or ascertained; and
 - (i) for the purpose of ascertaining whether or not the order is being complied with,—
 - (i) the keeping of accounts, statements, and records of a specified class or description by all or any of the persons responsible for collecting the levy, the persons responsible for paying it, and the Authority; and
 - (ii) the retention of the accounts, statements, or records for a specified period; and
 - (j) for the purpose of resolving disputes about whether or not a person is required to pay the levy and the amount of levy a person is required to pay,—
 - (i) the appointment of arbitrators; and
 - (ii) the procedures to be followed by arbitrators; and
 - (iii) the remuneration of arbitrators; and
 - (iv) the payment of arbitration costs; and
 - (v) a right of appeal to a District Court Judge against decisions of arbitrators; and
 - (vi) the procedures governing the exercise of the right of appeal; and
 - (vii) any other matters relating to the resolution of disputes; and
 - (k) the remuneration payable to an auditor appointed under section [to come].
- (2) A levy order may specify—
- (a) the returns to be made to the Authority or some other person or body for the purpose of enabling or assisting the determination of amounts of levy payable:
 - (b) the circumstances in which, and conditions subject to which, persons may be allowed extensions of time for the payment of the levy:
 - (c) a method of paying the levy that may be used by persons who object on conscientious or religious grounds to paying the levy in the manner provided in the order:

- (d) a requirement for the payment of additional or increased amounts of levy when amounts of levy originally payable have been paid late, paid in part, or not paid at all;
 - (e) a requirement for the funds from which levy payments must be made to the Authority to be held on trust in a separate account.
- (3) A levy order may—
- (a) set a rate or rates initially at zero; or
 - (b) provide for a rate or rates to be set at zero.

120 Compliance audits for levy

- (1) This section applies while a levy order is in force.
- (2) If the Authority requests the Minister who recommended the making of the levy order to do so, the Minister may appoint 1 or more auditors to conduct an audit of the affairs of all or any of the following:
- (a) 1 or more of the persons responsible for collecting the levy;
 - (b) 1 or more of the persons responsible for paying the levy.
- (3) The purpose of the audit is to ascertain the following matters, to the extent to which they are relevant to the affairs being audited and to which it is practicable to ascertain them, and to report to the Minister on them:
- (a) the extent to which persons responsible for paying the levy are doing so and have done so;
 - (b) the extent to which appropriate amounts of levy are being and have been paid;
 - (c) the extent to which appropriate amounts of levy are being and have been collected;
 - (d) the extent to which appropriate amounts of levy are being and have been paid to the Authority by the persons collecting the levy;
 - (e) the extent to which accounts, statements, and records are being and have been kept;
 - (f) the extent to which the accounts, statements, and records kept are properly kept.
- (4) If an arbitrator has been appointed to resolve a dispute, the Minister may appoint an auditor to conduct an audit of all or any of the persons involved in the dispute.
- (5) The purpose of the audit is to ascertain the matters of fact that are in dispute, to the extent to which it is practicable to ascertain them, and report them to the arbitrator, the persons involved, and the Minister.
- (6) No person is qualified for appointment as an auditor unless the person is a qualified auditor (within the meaning of section 35 of the Financial Reporting Act 2013).

- (7) No officer or employee of any of the following may be appointed an auditor:
 - (a) the Authority;
 - (b) a person responsible for collecting the levy;
 - (c) a person responsible for paying the levy.
- (8) A person appointed as an auditor is entitled to receive from the Authority the remuneration provided for in the order.

121 Power of auditors to require production of documents

- (1) This section applies to an auditor appointed under **section [to come]**.
- (2) The Minister may authorise the auditor, for the purposes of conducting an audit, to—
 - (a) require the Authority, a person responsible for collecting the levy, a person responsible for paying the levy, or an employee or officer of any of the preceding 3 persons to produce for inspection in a reasonable period specified by the auditor documents that—
 - (i) are accounts, statements, or records; and
 - (ii) are required to be kept by this Act or a levy order; and
 - (iii) are in the possession or under the control of the Authority or person; and
 - (b) take copies of or extracts from the documents.
- (3) An authorisation under **subsection (2)** must—
 - (a) be written; and
 - (b) state the auditor's full name; and
 - (c) refer to this section; and
 - (d) state the powers conferred on the auditor; and
 - (e) state whether the powers are conferred specifically or generally.
- (4) The auditor may act under the authorisation.
- (5) The auditor must not disclose any information the auditor obtains as a result of acting under the authorisation to any other person, except that the auditor may disclose information—
 - (a) under **section [to come]**;
 - (b) to a Minister;
 - (c) to a person authorised by a Minister to receive it;
 - (d) for the purposes of a prosecution under this Act;
 - (e) for the purposes of an action for the recovery of an amount due under this Act.
- (6) The Official Information Act 1982 applies to information held by a Minister that was obtained under this section.

122 Orders are confirmable instruments

The explanatory note of a levy order made under **section [to come]** must indicate that—

- (a) it is a confirmable instrument under section 47B of the Legislation Act 2012; and
- (b) it is revoked at a time stated in the note, unless earlier confirmed by an Act of Parliament; and
- (c) the stated time is the applicable deadline under section 47C(1)(a) or (b) of that Act.

**Part 13
Other matters***Information sharing***123 Sharing of information between Authority, regulatory agencies, and overseas agencies**

- (1) The Authority may, subject to any enactment, provide to a law enforcement or regulatory agency or an overseas agency any information, or a copy of any document, that it—
 - (a) holds in relation to the performance or exercise of its functions, duties, or powers under or in relation to this Act or any other enactment; and
 - (b) considers may assist, as the case may be,—
 - (i) the law enforcement or regulatory agency in the performance or exercise of the law enforcement or regulatory agency's functions, duties, or powers under or in relation to any enactment; or
 - (ii) the overseas agency in the performance or exercise of the overseas agency's functions, powers, or duties under foreign law.
- (2) The Authority may use any information, or a copy of any document, provided to it by a regulatory agency under any enactment, or by an overseas agency, in the Authority's performance or exercise of its functions, powers, or duties under or in relation to this Act.
- (3) If **subsection (1) or (2)** applies, the Authority or regulatory agency (as the case may be) may impose conditions that it thinks fit relating to the provision of the information or document, including conditions relating to—
 - (a) the storage and use of, or access to, anything provided;
 - (b) the copying, return, or disposal of copies of any documents provided.
- (4) Nothing in this section limits the Privacy Act 1993.
- (5) This section applies despite anything to the contrary in any contract, deed, or document.

(6) In this section,—

EPA means the Environmental Protection Authority established by section 7 of the Environmental Protection Authority Act 2011

local authority has the same meaning as in section 5(1) of the Local Government Act 2002

medical officer of health—

(a) has the same meaning as in section 2(1) of the Health Act 1956; and

(b) includes the officers referred to in section 22 of that Act

overseas agency means an organisation in another country or territory that performs functions that correspond with, or are similar to any of those conferred on the Authority

regulatory agency means any of the following:

(a) the New Zealand Police:

(b) the New Zealand Transport Agency

(c) the EPA:

(d) a local authority:

(e) Fire and Emergency New Zealand:

(f) a designated agency under the Health and Safety at Work Act 2015:

(g) a medical officer of health:

(h) the Ministry of Business, Innovation, and Employment, including any statutory officer who carries out work for the Ministry:

(i) the Ministry of Health:

(j) the Ministry for Primary Industries:

(k) the Ministry of Transport:

(l) WorkSafe New Zealand.

Regulations

124 Regulations

(1) The Governor-General may, by Order in Council, on the recommendation of the Minister in accordance with **section** [to come], make regulations for all or any of the following purposes:

[list, under cross headings, to come including]:

(2) Prescribing, for the purposes of **section 45**, requirements with which point-of-sale health information or warnings signs under that section must comply.

Prescribed manner

- (a) prescribing, for the purposes of any provision of this Act that requires a thing to be done in a prescribed manner (or for the purposes of any other regulations empowered to prescribe the manner in which something must be done), the manner in which the thing must be done, including prescribing—
 - (i) by whom, when, where, and how the thing must be done;
 - (ii) the form that must be used in connection with doing the thing;
 - (iii) what information or other evidence or documents must be provided in connection with the thing;
 - (iv) requirements with which information, evidence, or documents that are provided in connection with the thing must comply;
 - (v) that fees or charges must be paid in connection with doing the thing;
 - (vi) that the Authority may determine or prescribe any of the matters under **subparagraphs (i) to (v)**.

125 Notices

- (1) The head of the Authority may issue notices that—
 - (a) set requirements or specify matters that are permitted by this Act; or
 - (b) are permitted by a provision of this Act to supplement regulations made under this Act.
- (2) The head of the Authority must not issue a notice under subsection (1)(b) unless satisfied that the notice—
 - (a) sets out matters of detail to elaborate on matters provided for in the regulations; or
 - (b) sets out procedures, methodologies, forms, or other matters of an administrative nature relating to matters provided for in the regulations; or
 - (c) sets out how requirements imposed by the regulations may or must be met; or
 - (d) otherwise supplements matters of general principle set out in the regulations.
- (3) If a notice issued under this section is inconsistent with the regulations, the regulations prevail to the extent of the inconsistency.

*Review of Act and related matters***126 Review of Act**

This section will create a statutory requirement for the responsible Minister to review and report on the operation of the legislation following five years of operation of the licensed regime.

The review will draw on data and other evidence to assess the extent to which the regulatory regime has been effective in delivering the objectives and purpose of the regime, and to make recommendations on potential reform of the regulatory approach, as appropriate.

The review will be undertaken by an independent body of academics, scientists and researchers, including individuals with iwi and Māori expertise brought together specifically for this task.

Amendments to other enactments

[To come]

Consequential amendments

[To come]

Schedule 1
Transitional, savings, and related provisions

s 6

Part 1
Provisions relating to this Act as enacted

Declaration of illicit seed

This Schedule will detail a temporary process for licensed growers to use domestically available cannabis seeds. This would help to establish a legal supply of cannabis. Once the market was established, seeds could only be sourced from a licensed supplier.

Schedule 2
Persons ineligible to be licensees

s 32

This Schedule will identify persons considered to be ineligible to be licensees. The intention is that this will include persons with certain previous convictions and persons under 20 years of age.

Schedule 3
Health warnings

s 97

RELEASED BY THE MINISTER OF JUSTICE

Schedule 4
Equivalences for cannabis products in non-dried form

s 5

This Schedule will specify equivalents for cannabis products in non-dried form. Equivalents will be developed for a range of cannabis products to identify what their possession and purchase limits would be and to aid safe consumption.
