Hon Andrew Little
Minister of Justice

Proactive release – 2020 Cannabis referendum: Documents relating to the public release of the exposure draft Cannabis Legalisation and Control Bill

Date of issue: Week of 27 April 2020

The following documents have been proactively released in accordance with Cabinet Office Circular CO (18) 4.

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: Exposure draft Bill and Summary of policies for public release** *Cabinet paper* Office of the Minister of Justice *20 April 2020*	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	**Summary of policies** *Attachment to Cabinet paper* Ministry of Justice *20 April 2020*	Released in full.
3	**2020 Cannabis referendum: Exposure draft Bill and Summary of policies for public release – CAB-20-MIN-0171** *Cabinet minute* Cabinet Office *Meeting date: 20 April 2020*	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. No public interest has been identified that would outweigh the reasons for withholding it.
4	**Exposure draft Cannabis Legalisation and Control Bill** *Draft Legislation* Ministry of Justice *20 April 2020*	Released in full.

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In Confidence

Office of the Minister of Justice

Chair, Cabinet Business Committee

2020 Cannabis referendum: Exposure draft Bill and Summary of policies for public release

Proposal

1. The decision on whether or not to legalise and regulate 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 cannabis referendum, to ensure a definitive response on the issue.

2. To support voter participation in the referendum at the 2020 General Election, I propose the public release of:

    2.1. the exposure draft Cannabis Legalisation and Control Bill (the Bill), and

    2.2. the Summary of policies.

Executive summary

3. Legalising the personal use of cannabis would open the way to a new policy approach beyond mere prohibition. However, such an approach would require significant change, and it is important that any mandate derived from the cannabis referendum is clear and unequivocal.

4. In May 2019 Cabinet agreed to the development of a full regulatory model for a legal cannabis regime in New Zealand guided by the primary objectives of minimising the harms associated with cannabis and lowering overall cannabis use over time. [CAB-19-MIN-0198 refers]

5. In November 2019 Cabinet agreed to the public release of an interim version of the Bill and noted that parts were still under development [CAB-19-MIN-0610 refers]. The interim Bill has been publicly available on the referendum.govt.nz website since December 2019.

6. The regulatory model has now been developed and a range of further provisions have been added to the Bill. Some of these refine and complete parts of the regime outlined in the interim version, while others set out substantial new parts of the regime. Most notably, provisions for the approach to a licenced market for the production and sale of cannabis and cannabis products.

7. Drafting is now complete, and the final version of the exposure draft Bill is attached. It sets out a Government controlled and tightly regulated regime that legalises the production, possession and use of cannabis in New Zealand for those aged 20 years

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and older. It establishes a regulatory framework that aims to reduce the harms from cannabis use to individuals, families, whānau and communities. I propose that this is the version for public release and for the electorate to consider and vote on in the cannabis referendum at the 2020 General Election.

8. A summary of policies has also been prepared to support public understanding of the proposed regime. It sets out the key features of the regulatory model and the rationale for them.

9. I propose that the final Bill and the Summary of polices are publicly released on the referendum website as soon as practicable. This will ensure effective dissemination out to voters and allow sufficient time for them to consider legalising cannabis through the proposed regime before the referendum on 19 September 2020.

Background

10. In December 2018 Cabinet agreed to hold a referendum at the 2020 General Election to determine whether legislative provisions for legalising cannabis should be adopted [CAB-18-MIN0641.02 refers].

11. Legalising the personal use of cannabis would open the way to a new policy approach beyond mere prohibition. However, such an approach would require significant change, and it is important that any mandate derived from the referendum is clear and unequivocal.

12. In May 2019 Cabinet agreed to the development of a full regulatory model for a legal cannabis regime in New Zealand that would address risks and provide appropriate mitigations. Cabinet agreed this would be set out in draft legislation for the electorate to consider and vote on in the referendum.

13. Cabinet also agreed that the regulatory model would be guided by the primary objectives of minimising the harms associated with cannabis and lowering overall cannabis use over time [CAB 19-MIN-0198 refers].

14. In November 2019 Cabinet agreed to the public release of an interim version of the exposure draft Cannabis Legalisation and Control Bill. Cabinet also agreed to the public release of the referendum question: *Do you support the proposed Cannabis Legalisation and Control Bill?*

15. The interim version of the Bill set out a regulated legal cannabis regime with an unlicensed sphere and a licensed sphere, and included foundation provisions for:

    15.1. the purpose of the Bill

    15.2. the establishment of the regulator and its functions

    15.3. controls on cannabis for personal use

    15.4. the establishment of the licenced regime, and

    15.5. controls on some licensed activities.

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16. Cabinet noted that parts of the Bill were still being developed and would be completed by early 2020 [CAB-19-MIN-0610 refers].

17. For the referendum to be effective, the public need to know what will happen afterwards. A 'No' vote would mean a 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 the Bill.

18. 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.

19. In November 2019 Cabinet also agreed that the Bill and public information about the cannabis referendum would be made available through a stand-alone website [CAB-19-MIN-0624 refers]. On 3 December the referendum.govt.nz website was launched, and the interim version of the Bill was released. It has been available for public consideration since that time.

Engagement with interested stakeholders and experts

20. In developing the proposed legal cannabis regime officials have engaged with a range of interested stakeholders and experts on cannabis and its effects on individuals, families, whānau and communities.

21. Further to engagement with communities across the country in late 2019, officials have held a series of in-depth discussions with experts in public health, pharmacology, psychology, criminology, and law. They received feedback on the interim Bill, advice on relevant research and experience within these fields, and discussed implications for the p oposed regime.

22. Insights from these engagements have informed further policy development across the proposed regime.

The regulatory regime and the Bill

The development of the regulatory regime is complete…

23. The regulatory model for a legal cannabis regime has now been developed and a range of further provisions have been added to the Bill. Some of these refine and complete parts of the regime outlined in the interim version of the Bill, while others set out substantial new parts of the regime.

24. Most notably, provisions in Part 4 set out the approach to a licensed market for the production and sale of cannabis and cannabis products. The regulatory model balances the strong public health objectives of harm reduction and lowering use while supporting the development of a legal market that is sufficiently competitive to draw cannabis consumers away from the illicit market. A cap on the quantity of cannabis supplied into the market, social equity principles embedded within the

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framework for allocating the market, and the regulator playing a central decision-making role will ensure a tightly-controlled but viable licensed market.

25. Appendix 1 lists what was provided for in the interim version of the Bill (December 2019) and what has been added in the final version (April 2020).

…and reflected in a final version of the Bill

26. Drafting is now complete, and the final version of the exposure draft Bill is included as Attachment 1. I propose that this is the version for public release and for the electorate to consider and vote on in the cannabis referendum at the 2020 General Election.

27. The Bill sets out a Government controlled and tightly regulated legal regime. It seeks to raise public awareness of the health risks associated wi h cannabis use, limit exposure to cannabis, and provide access to health and social services designed to address issues associated with cannabis use.

28. The Bill legalises the production, possession and use of cannabis in New Zealand for those aged 20 years and older and establishes a regulatory framework that aims to reduce the harms from cannabis use to individuals, families, whānau, and communities.

29. It provides for people to grow cannabis for their own use, within prescribed parameters, and for the development of a marketplace for the licensed supply of cannabis. Controls on commercial activities are intended to provide access to a legal and quality-controlled source of cannabis for people who choose to use it.

30. An accompanying document – Summary of policies – has also been prepared to support public understanding of the proposed regime and is included as Attachment 2. It summarises policy decisions made by the Government since May 2019, setting out the key features of the regulatory model and the rationale for them.

31. Additional explanatory materials are also in development and will be made available to the public. This includes a technical guide to the Bill.

32. I propose that the Bill and the Summary of policies are publicly released on the referendum website as soon as practicable.

Process between now and the referendum

Cabinet has authorised the initiation of the cannabis referendum

33. The Referendums Framework Act 2019 sets out the rules for referendums held alongside the 2020 General Election.

34. In March 2020, in accordance with these rules, the Cabinet Legislation Committee authorised the submission of the Cannabis Referendum Order 2020 to the Executive Council. The Order declares the cannabis referendum to be a referendum for the

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purposes of the Act and thereby legally initiates the cannabis referendum [CAB-20-MIN-0116 refers].

Early release will ensure voters are well-informed in time for the referendum

35. Releasing the Bill and the Summary as early as practicable will ensure effective dissemination out to voters via the referendum.govt.nz website, the Electoral Commission, and other established networks for providing public information.

36. The proposed approach aligns with the Electoral Commission's timeline for producing and sending out public information for the 2020 General Election and referendums.

37. This will allow sufficient time for voters to consider legalising cannabis through the regulatory regime set out in the Bill before the referendum on 19 September 2020.

Officials will continue to work through details

38. Officials will continue to refine details of the proposed cannabis regime and work through issues related to the interface between the regime and existing organisations, systems and process. Alignment with risk areas such drugged driving and health and safety at work are a priority.

39. The Bill, while expansive, does not address certain policy issues that have been deferred until after the referendum. For example, the interaction with current cannabis laws under the Misuse of Drugs Act 1975 (MODA), and the interface between the recreational cannabis, medicinal cannabis, and hemp regimes. How these issues are resolved will have important consequences for all three regimes if cannabis is legalised.

40. The Ministry of Justice will continue to work with partners, including the Ministry of Health, New Zealand Police, New Zealand Customs, and the Ministry for Primary Industries, on these issues.

Consultation

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

International legal issues and foreign policy implications

42. As noted by Cabinet in December 2018, as a party to the United Nations Drug Conventions, New Zealand is currently bound to prohibit the production, manufacture, export, import, distribution of, trade in and use of cannabis except when carried out for medicinal or scientific purposes [CAB-18-MIN-0641.02 refers].

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43. 9(2)(h) [redacted]

44. [redacted]

Financial implications

45. The proposal in this paper forms part of the work programme previously agreed to by Cabinet and the public release of the Bill and the Summary of policies does not constitute a request for additional funding.

46. Further advice on financial implications would need to be provided at the point a future government decides to introduce the Bill. 9(2)(f)(iv) [redacted]

Legislative implications

47. The proposal in this paper does not have any immediate legislative implications.

48. The cannabis referendum question asks voters whether or not they support the legislative provisions for the legalisation of cannabis set out in the exposure draft Cannabis Legalisation and Control Bill. As the introduction of the Bill is dependent on the outcome of the referendum, any legislative implications will not arise until following the 2020 General Election.

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Impact analysis

49. This paper proposes to release the exposure draft Cannabis Legalisation and Control Bill, alongside the Summary of policies, in order to support voter information and participation in the referendum. While these documents outline regulatory options, no decisions will be made until the result of the referendum is known. If Cabinet decides to take action following the result of the referendum, a Regulatory Impact Assessment and a Cost Recovery Impact Statement must be prepared to support the Cabinet decision.

Human Rights

50. Crown Law has provided preliminary observations on the consistency of the Bill with the New Zealand Bill of Rights Act 1990 (NZBORA).

51. 9(2)(h)

52.

53.

54.

55. If the Bill is to be introduced, the Attorney-General (advised by Crown Law) will undertake a more formal determination of its consistency with NZBORA.

Gender Implications

56. 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.

57. However, further research is required to fully understand the impacts of cannabis use on women. The regime, as proposed, facilitates the collection of data and supports research such as this. Officials will work with the Ministry of Health and Ministry for Women to ensure that the proposed regulatory model facilitates research to better address the needs of different groups, including women.

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Disability Perspective

58. Should the proposed regime be implemented, officials will consider how the wider social service sector can support people with disabilities who want to access cannabis.

Publicity

59. I will make public announcements about the referendum and the release of the Bill in due course.

60. Cabinet should note that the regulations to enable the Medicinal Cannabis Scheme come into force on 1 April 2020. New Zealanders have been confused about the differences between the two regimes. The Ministry of Justice is working closely with the Ministry of Health to ensure that public information provides clarity on the differences.

Proactive Release

61. I propose to proactively release this Cabinet paper alongside the Bill and the Summary of policies on the referendum website as part of the public information for the cannabis referendum.

Recommendations

The Minister of Justice recommends that Cabinet:

1. **Note** that in December 2018 Cabinet agreed to hold a referendum at the 2020 General Election to determine whether legislative provisions for legalising cannabis should be adopted [CAB-18-MIN0641.02 refers]

2. **Note** that in May 2019 Cabinet agreed to the development of a full regulatory model for a legal cannabis regime to be set out in draft legislation for the electorate to consider and vote on in the referendum. Cabinet also agreed that the regulatory model would be guided by the primary objectives of minimising the harms associated with cannabis and lowering overall cannabis use over time [CAB-19-MIN-0198 refers]

3. **Note** that in November 2019 Cabinet agreed to a public release of the exposure draft Cannabis Legalisation and Control Bill, noting that parts of it were still being developed and would be completed by early 2020 [CAB-19-MIN-0610 refers]

4. **Note** that this interim version of the Bill was released on 3 December 2019 on the referendum govt.nz website and has been available for public consideration since that time

5. **Note** that further policy development across the proposed regime has been informed by engagement with a range of experts on cannabis and its effects

6. **Note** that the regulatory model for a legal cannabis regime has now been developed and a range of further provisions have been added to the Bill, resulting in a final version for public consideration (Attachment 1)

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7. **Note** that a Summary of Policies has also been prepared to support public understanding of the proposed regime (Attachment 2)

8. **Note** that additional materials to summarise policy and explain the Bill are also in development and will be made available to the public

9. **Agree** to a public release of the exposure draft Cannabis Legalisation and Control Bill and the Summary of policies on the referendum.govt.nz website (Attachments 1 and 2)

10. **Note** further advice on financial implications would be provided at the point a future government decides to introduce the Bill. 9(2)(f)(iv) [redacted]

11. **Authorise** the Minister of Justice and the Parliamentary Counsel Office to make minor technical and drafting changes to the Bill prior to public release

Authorised for lodgement

Hon Andrew Little

Minister of Justice

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Appendix 1: What's new in the final version of the exposure draft Bill

Area	The interim version of the Bill…	The final version of the Bill also…
Preliminary provisions	• sets out the purpose of the Bill	• sets out where the Bill gives effect to Te Tiriti o Waitangi • sets out the definition of cannabis
The regulator	• establishes the Cannabis Regulatory Authority and sets out its objectives and functions • requires the Authority to produce a national plan • establishes the Cannabis Advisory Committee	• provides for Māori representation on the Authority • includes additional functions and requirements for the Authority and National Plan
Controls on cannabis for personal use	• sets out limits on age, possession, purchase, social sharing and places of consumption • sets out limits on number and location of plants • sets out prohibitions on certain unlicensed activities • sets out main offences and penalties for contravening	• sets out a prohibition on dangerous production methods • sets out separate offences for sale and supply, and offence for underage possession
Licenced production and sale of cannabis	• establishes a licensed market for the commercial supply of cannabis • sets out the objectives of the licensed market	• sets out the approach to regulating the licensed market, including market allocation framework, application of social equity principles, and process for licensing
Licensing	• sets out all activities subject to licensing and controls • sets out initial provisions for licence application process	• sets out classes of licences available • sets out criteria for who may hold a licence, including fit and proper person test and list of non-disqualifying convictions • sets out conditions on licences • sets out process to appeal the decisions of the Authority • sets out offences and penalties for breach of licence
Controls on cannabis and cannabis products	• sets out controls on advertising, display trademarks, sponsorship, and promotion • sets out requirements for product and health information, and warnings about harmful effects	• sets out additional details on requirements for product and health information, and warnings about harmful effects • sets out framework for restrictions on potency of cannabis products • describes classes of cannabis • sets out controls on cannabis products, including on content, method of consumption, form, shape, and appearance • sets out product approval process • sets out offences and penalties for contravening
Controls on cannabis retail	• sets out controls on cannab s retail sales, consumption premises, and promotional and advertising activities	• sets out additional controls and requirements on retail and consumption premises, including host responsibilities • sets out offences and penalties for contravening
Duties, levies and fees	• establishes parameters for cost recovery, including to provide for harm reduction activities	• establishes excise tax, levy, and licensing fees • sets out how rates are set and at what point monies are collected

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Draft Cannabis Legalisation and Control Bill
Summary of policies

This document sets out the policies that underpin the proposed model for the regulation of cannabis. An overall summary of the Bill's restrictions, objectives and controls are outlined below, followed by details of the proposed regulatory model as outlined in the draft Cannabis Legalisation and Control Bill.

The following terms have been abbreviated for ease of reading:

- 'cannabis' refers to recreational cannabis and cannabis products
- 'the Authority' refers to the Cannabis Regulatory Authority, and
- 'THC' refers to tetrahydrocannabinol, the primary psychoactive compound in cannabis.

The proposed regime restricts access cannabis

The Bill would allow people to possess and consume cannabis in limited circumstances.

A person aged 20 or over would be able to:

- buy up to 14 grams of dried cannabis (or its equivalent) per day only from licensed outlets
- enter licensed premises where cannabis is sold or consumed
- consume cannabis on private property or at a licensed premise
- grow up to two plants, with a maximum of four plants per household
- share up to 14 grams of dried cannabis (or its equivalent) with another person aged 20 or over.

An objective of the Bill is to reduce harm to people and communities

The Bill aims to reduce cannabis-related harm to individuals, families/whānau and communities by:

- raising awareness of the risks associated with cannabis use
- restricting young people's access to cannabis
- limiting the public visibility of cannabis
- requiring quality and potency standards for cannabis and cannabis products
- requiring health warnings on packaging and at the time of purchase
- improving access to health and social services, and other kinds of support for families/whānau
- making sure the response to any breach of the law is proportionate
- disempowering gangs and eliminating the illegal supply of cannabis.

The Bill aims to encourage compliance and focuses on reducing overall harm.

The proposed regime will control the production and supply of cannabis

The Bill aims to control how cannabis is produced and supplied by:

- limiting the total amount of licensed cannabis for sale

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- controlling the potency and contents of licensed cannabis and cannabis products
- making sure pricing balances the need to reduce harm with the need to draw people away from the illegal market
- setting up a licensing system under which all cannabis-related businesses must hold a licence
- regulating location and trading hours for premises where cannabis is consumed, in consultation with local communities
- banning people from importing cannabis and allowing only licensed businesses to import cannabis seeds
- separating businesses that are licensed to grow cannabis and produce cannabis products from businesses that are licensed to operate premises where cannabis can be sold and consumed.

1 Establishing the framework for legalisation and regulation

Regulatory objectives

Early decisions made by Cabinet included the following policy objectives aimed at:

- addressing the wellbeing of New Zealanders and reducing harms - the model should minimise harms associated with cannabis, such as health-related harm, social harms and harm to young people
- lowering 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, and
- ensuring that revenue raised through the regulation of cannabis contributes to relevant health-related measures.

Secondary policy objectives were also agreed by Cabinet as:

- disempowering gangs and the illegal trade in cannabis
- lowering the number of New Zealanders (especially Māori) whose future opportunities are negatively affected by cannabis use charges
- ensuring product safety and control of THC levels via legislation and regulation
- ensuring 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
- tailored and workable for New Zealand – the model should recognise and reflect the cultural practices and the values of New Zealand society, so that it can be accepted by New Zealanders, and
- being fiscally sustainable – the model should seek to fund mechanisms that directly address cannabis-related harms, while also aiming to lower use over time.

Key regulatory settings

Cabinet agreed that the key settings for a regulatory model should include:

- a minimum age of 20 years to use and purchase cannabis

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- controls on the potency of cannabis and cannabis products available
- limits on where cannabis may be consumed – only in private homes and specifically licensed premises
- sale of cannabis through physical stores only (not online or by remote sale)
- health and harm minimisation messaging in the marketing and retailing of cannabis
- limits on the social sharing of small amounts of cannabis between those over the legal age, while reinforcing penalties for individuals who share with those under 20 years
- 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
- regulated market controls that 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 licensed 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 cannabis edibles, and
- restrictions on marketing activities, including a ban on all advertising of cannabis products.

2 Overview

The proposed regulatory framework aims to reduce the harms from cannabis use to individuals, families, whānau and communities.

Purpose statement for the proposed regime

The purpose statement establishes the broad objectives of the regulatory regime, consistent with those agreed by Cabinet.

This has been identified as authorising, regulating and controlling 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 whole cannabis supply chain and 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, including the risks posed by second-hand cannabis emissions, particularly to children and young people; 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

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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 proposed regime are proportionate, encourage compliance, and incorporate a focus on reducing overall harms; and

j) ensuring that all stages of the supply chain, including the management of associated waste products, are licensed and controlled.

Definition of cannabis

A definition of cannabis has been developed, which 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:

- medicinal cannabis, which is regulated under the Misuse of Drugs (Medicinal Cannabis) Regulations 2019; and
- hemp, which is regulated under the Misuse of Drugs (Industrial Hemp) Regulations 2006.

Te Tiriti o Waitangi

Consideration has been given to provisions that recognise and respect the Crown's responsibility to give effect to Te Tiriti o Waitangi. These include requirements to ensure iwi and Māori representation in key elements of the regulatory regime (e.g. on the membership of the Advisory Committee and as part of the independent body that must be appointed to review of the operation of the legislation following five years of operation).

Recognition of the interests of Māori is provided for in other ways, including decisions on the allocation of the national annual cannabis cultivation cap.

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Commencement

Should legislation be introduced into Parliament and passed, it 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 approach as people may act in breach of existing prohibitive laws, while waiting for the new legislation to come into force.

3 Key regulatory roles and functions

Cannabis Regulatory Authority

The proposed approach provides for an oversight regulatory body, the **Cannabis Regulatory Authority** (this is a holding name). The Authority would be responsible for giving effect to the legislation and associated regulations. It would be required to do this in a manner that:

- promotes the wellbeing of New Zealanders
- reduces the multiple harms associated with cannabis use, and
- reduces the overall use of cannabis over time.

The proposed functions of the Authority would be to cooperate with any other law enforcement, regulatory or statutory agency to (without limitation):

a) establish and monitor a cannabis cultivation cap; and

b) license and authorise controlled activiti s in the cannabis supply chain; and

c) set the criteria and conditions for licences and authorisations for controlled activities; and

d) set limits on the allowable leve s of THC and other substances in cannabis and cannabis products; and

e) monitor and enforce 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

f) implement dec sions made in appeals from decisions of the Authority and the appeals authority; and

g) administer and collect excise taxes, levies and fees charged as part of the cannabis regulatory regime; and

h) monitor and enforce compliance with legislation and regulations permitting the private home-grow ng of cannabis and provisions relating to the possession and use of cannabis; and

i) develop good practice guidelines for individuals who choose to grow cannabis at home in accordance with legislative and regulatory provisions; and

j) conduct (directly or indirectly) public education campaigns to -

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i. raise public awareness of the harms associated with cannabis use, including harms presented to children and young people by second-hand cannabis emissions and promote responsible use and help-seeking behaviours; and

ii. raise public awareness of the law under legislation governing cannabis use in New Zealand, including what activities the law permits, restricts, and prohibits, and the effects of not complying with it; and

k) collect and analyse 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

l) promote and support research focused on understanding and reporting on cannabis use in New Zealand and informing evidence-based approaches to preventative and harm reduction activities; and

m) regulate cannabis production and marketing; and

n) regulate cannabis accessories and certain substances added to cannabis; and

o) facilitate a whole of government approach to addressing non compliance that is health-based and focused on harm reduction, in particular in relation to young people.

The intent is that most of these functions be undertaken by the Authority. However, some functions (e.g. administration of excise taxes and some enforcement activities) could be undertaken by existing State sector bodies with appropriate expertise.

Preparation of a national plan

The regime provides for the Authority to prepare and publish a national plan, setting out how it intends to give effect to the main objectives and the purposes of the legislation. The national plan must include:

- a public health, drug education and treatment services strategy, designed to reduce the harm caused by cannabis use; and
- an approach for determining the national annual cultivation cap.

The first national plan would be developed soon after the Authority was established, with a second plan to follow a statutory review of the Act (five years after the introduction of the licensed regime), and subsequent plans to be developed at five-yearly intervals.

The Authority would be required to report annually to the responsible Minister on how it has implemented the national plan and the outcomes achieved. This report would be published and available to the public.

Public health, drug education and treatment services strategy

As noted above, the national plan would be required to include a public health, drug education and treatment services strategy, referred to as the 'harm reduction strategy'.

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The intention is that the harm reduction strategy includes:

- public health promotion initiatives designed to prevent and reduce harms from cannabis consumption
- the development and delivery of drug education programmes focused on addressing harmful cannabis use
- engagement with commissioning agencies familiar with treatment services for those experiencing harm from cannabis and their families and whānau
- the evaluation approach and timeframes for reporting on the outcomes of drug education and treatment services and programmes, and
- independent scientific research on matters associated with cannabis use, including the impacts on different cultural groups.

The strategy would be required to reflect and address regional variances in service delivery need and approach, and the Authority would be required to consult appropriately to reflect regional and cultural interests and seek the input of individuals and agencies with relevant expertise.

The strategy would be fully costed and these costs would be met through a levy to be paid by licensed cannabis producers (see ***Duties, levies and fees*** section of this document).

The proposed requirement to develop a national plan and a harm reduction strategy is intended to promote transparency and accountability within the Authority, and to ensure that a wide range of expertise is available to the Authority and informs a planned approach.

Cannabis Advisory Committee

A Cannabis Advisory Committee, consisting of individuals with expertise in a range of relevant areas including iwi and Māori representation with appropriate expertise, and relevant expertise from the health, justice and social sectors would be established as a part of the regime.

The functions of the Advisory Committee have been identified as providing advice to the Authority on:

- the development of the national plan, including the harm reduction strategy
- the annual report on the national plan
- reviewing and setting of THC potency limits on cannabis products
- setting and a locating the annual cultivation cap on licensed cannabis production
- developing the harm reduction criteria used across the licensing regime, and
- any other matters on which the Authority seeks advice.

The responsible Minister could also seek advice from the Advisory Committee on specific issues.

Cannabis Appeals Authority

The regime would also include a three-person appeals body (including one experienced lawyer) to be appointed by the responsible Minister. The Appeals Authority would be responsible for hearing appeals against the licensing/authorisation decisions of the regulator.

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A small-scale appeals body allows 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 could be made to the High Court.

4 Proposed restrictions on cannabis use

Age limit

The purchase and possession of cannabis would be limited to people aged 20 years or older.

Purchase limit of 14 grams per day

The amount of cannabis that an individual could purchase per day would b restr cted to 14 grams of dried cannabis or its equivalent. This is consistent with the proposed limit for public possession.

The purchase limit of 14 grams per day for dried cannabis (or its equivalent) is sufficient to allow a daily and/or dependent user to purchase enough dried cannabis for a week in a single transaction. This policy is intended to ensure equitable access to a licensed supply of cannabis, particularly for people who live in geographically isolated regions and those w th mobility issues.

The inclusion of an 'or equivalent' measure allows for the identification of prescribed purchase limits for other cannabis products such as edibles and concentrates.

Possession limit of 14 grams per day

Public possession of cannabis is limited to 14 grams of dried cannabis (or its equivalent) consistent with the proposed purchase limit.

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

Social sharing

An individual would be permitted to socially share (and receive) up to 14 grams of dried cannabis (or its equivalent) with a person ag d 20 years or older.

'Sharing' excludes selling or gifting for promotional purposes, or for any other material benefit. This aligns to the proposed purchase and public possession limit, making the law easier to comply with and enforce.

Equivalent amounts of 14 grams of dried cannabis in non-dried from

Equivalences would be established across cannabis classes based on conversions of 14 grams of dried cannabis (e g. 14 grams of dried cannabis is equivalent to 70 grams of fresh cannabis, or 210 grams of cannabis edibles).

This information will assist consumers to understand the purchase, public possession and social sharing limits.

Places of consumption

The consumption of cannabis would be restricted to private residences or licensed consumption premises. It prohibits the consumption of cannabis in a public place or in a vehicle that is in a public place. This approach helps to reduce the public visibility of cannabis consumption.

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Exposing a person aged 19 years or younger to cannabis emissions (smoke or vape) would be prohibited.

Consumption premises are intended to provide a safe place for people to consume cannabis, particularly if they reside with children and young people, or are otherwise not permitted to consume cannabis in their place of residence.

Importing and exporting cannabis

The regime prohibits people from importing or exporting cannabis. The only exception is where a person holds a cannabis production licence with a nursery authorisation, which enables them to import cannabis seed.

5. Growing cannabis for personal use

A person aged 20 years or older would be permitted to grow cannabis for personal use.

Limiting the number of plants grown

An individual aged 20 years or older would be permitted to grow two plants without a licence, or four plants per household of two or more adults aged 20 years or older.

This position seeks to avoid situations involving one person in a multiple occupancy dwelling growing a large number of plants.

Plant limits have been developed on the basis of information about the current levels of consumption by regular cannabis consumers and data on the yield of cannabis plants in New Zealand.

Restrictions on location of plants

Cannabis plants may only be grown for personal use without a licence if the plant is grown in an area out of public sight or not publicly accessible.

Home production of cannabis-infused products

The proposed regime allows for the production of cannabis-infused products without a licence. This means that people will be able to produce cannabis-infused products (e.g. cannabis edibles) at home as long as they do not use dangerous production methods.

Home production of concentrates

The proposed regime prohibits the use of dangerous methods to produce concentrates without a licence.

This provision draws a bright line around production methods that can cause immediate harm (e.g. using dangerous solvents). Dangerous production methods are defined as the use of organic solvents such as butane or propane which will be specified in regulations.

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6. Enforcement of general provisions

Policy decisions provide for a range of offences and penalties to be applied to breaches of the general provisions – these include the use of fees, fines and, in the most serious cases, terms of imprisonment.

Infringement offences:	
Exceeding the per person limit on growing cannabis (more than two plants)	A fee of $500 or a fine of up to $1,000
Exceeding the per household limit on growing cannabis (more than four plants)	A fee of $500 or a fine of up to $1,000
Growing more than four plants on a property (when only four plants are permitted)	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 or export of cannabis	A fee of $200 or a fine of up to $500
Growing cannabis in a place that is both publicly visible and publicly accessible	A compliance notice, followed by a fee of $200 or a fine of up to $500
Purchasing more than 14 grams of cannabis in a day	A fee of $200 or a fine of up to $500
Possession of more than 14 grams 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

Infringement offence for underage possession

The policy includes an infringement offence of 'possession of cannabis by a person aged 19 years or under'.

The proposed penalty is an infringement fee of $100 and a fine of up to $200, with the option of a health-based compliance condition that may be carried out as an alternative to paying the fee or fine.

An infringement offence is standard for straightforward low-level offending. It entails minimal contact with the justice system and cannot lead to a criminal conviction. This response offers an alternative to paying a fee or fine, and seeks to address the offending behaviour and prevent reoccurrence.

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Infringement offence for exposing a person aged 19 years or younger to cannabis emissions

It would also be an offence to expose a person aged 19 years or younger to the emissions of smoking or vaping.

The proposed penalty is a fee of $500 or a fine of up to $1,000, with the option of a compliance condition requiring engagement with an appropriate support service (e.g. parenting or family/whānau support services and health-based services). This offers an alternative to paying a fee or fine, and seeks to address the offending behaviour and prevent reoccurrence.

Offences for breaches:	
Sale or offer to sell cannabis to a person aged 19 years or younger	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
Unauthorised sale or offer to sell cannabis	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
Supply or offer to supply cannabis to a person aged 19 years or younger	Fine of up to $5,000
Unauthorised supply of more than 14 grams of cannabis to a person aged 20 years or older	Fine of up to $3,000
Knowing import or export of cannabis	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
The dangerous produc ion of concentrates without a licence with an exception for cannabis-infused products	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 grow ng 10 or more cannabis plants	In the case of an individual: up to 3 months' imprisonment or a fine of up to $2,000

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7 Licences and authorisation of activities

Overarching purpose statement for the proposed licensing regime

An overarching purpose statement is proposed to guide all decisions related to licensed and otherwise authorised activities:

> …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 promoting, as far as possible, equitable access to a stable supply of licensed cannabis and cannabis products available for purchase in New Zealand.

Establishing a licensing system via legislation

The regime provides for a licensing system for the classes of licence available and the controlled activities that are permitted under each class of licence. It includes the r quirements for each class of licence, and the processes for licence applications, renewal, appeals associated fees and charges.

Controlled activities within the regulatory regime

The licensing system is intended to regulate all parts of a commercial licensed cannabis market, from seeds and growing stock through to the sale to end-users. The proposed model identifies 11 controlled activities that are prohibited unless undertaken by those with the appropriate licence or authorisation.

These 11 controlled activities fall under one of three licence types - a production licence, a testing licence or a distribution licence.

Controlled activities that fall within a **production licence** are:

- a nursery activity – importing seed, growing, selling, supplying growing stock to licence holders;
- a micro-cultivation activity – small-scale cannabis cultivation;
- a cultivation activity – large-scale cannabis cultivation;
- a processing activity – processing, packaging and labelling of cannabis;
- a wholesaling and distribution activity;
- a nursery retail a tivity – selling cannabis seeds and growing stock to the public;
- a research activity – research and development of cannabis; and
- a destruction ctivity – safe and secure destruction of cannabis.

Controlled activities that fall within a **distribution licence** are:

- a retai activity; and
- a consumption premises activity.

Controlling the market through separation of activities

The proposed regime requires the mandatory separation of the retail licensed section of the market (distribution licences) from the wholesale cultivation and processing section of the market

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(production licences). The effect is that no individual or commercial entity can hold a production licence together with a distribution licence.

An individual or commercial entity may hold a production licence with a cultivation activity authorisation or a micro-cultivation authorisation but cannot hold both.

A testing licence must be held by an authorised analytical testing laboratory and must be an independent third party to any other licensed entity within the licensing system.

Controlling the market size through a cannabis cultivation cap

It is proposed that a limit is placed on the total amount of cannabis that may be g own under licence, which can then be supplied for sale in the licensed market. This is achieved through the application of a cannabis cultivation cap (the cap). The Authority would be required to consult with the Cannabis Advisory Committee for input when setting the cap.

The policy approach requires the Authority to administer the cap in line with the objectives of harm reduction and lowering use. The Authority can set and amend the level of the cap by way of regulations and notice in the Gazette.

Allocating the cannabis cultivation cap

It is proposed that the cap would be allocated by the Authority to production licence holders with either a cultivation activity authorisation or a micro-cultivation activity authorisation. The Authority would set an annual cap and determine the share of the c p to be allocated to cultivation activity and to micro-cultivation activity.

Production licence holders with a cultivation activity authorisation or a micro-cultivation activity authorisation would have an allocation of the cap that they are permitted to sell or supply to licensed entities with a processing activity authorisation.

Cultivation activity authorisations are designed for large-scale growers; micro-cultivation activity authorisations are designed for small-scale growers.

Production licences with micro cultivation activity authorisations are intended to provide for the benefits of commercial cannabis production to be accessed by small-scale operators and across multiple regions. Micro-cult vators will be required to meet and comply with the same controls as larger operators.

Competition and the cannabis cultivation cap

It is recommended that no production licence holder with a cultivation activity authorisation may have an allocation of more than 20 percent of the cultivation cap. This is to ensure a competitive market with no single entity dominating a part of the cannabis supply chain.

Where there is greater demand for the cultivation share of the cap than available, the Authority would consider applications in line with principles of social equity.

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This means that the Authority would consider the degree to which the application will achieve:

- the representation of, or partnership with, those disproportionately impacted and harmed by prohibition, including Māori and people from economically deprived areas
- the generation of social benefit and building of community partnerships by engagement with individuals, whānau, and communities in the design and delivery of their activities, and
- the promotion of employment opportunities and career pathways in the cannabis industry for Māori and those from economically deprived areas.

The Authority may also have regard to any other factor that supports the Authority in performing its functions in accordance with its objectives and the purposes of the regulatory model.

Declaration of cannabis seed

As part of the process to establish the licensed market, it is proposed that entities with nursery, cultivation, micro-cultivation and research authorisations be permitted to use seeds already in their possession after declaring them through a declaration process. Entities with the required authorisation will only be eligible for a single declaration, which can occur after a licence is obtained.

The seeds would be declared to the Authority who will have power to accept, decline or alter the number of seeds used by licence holders. The declaration process will be allowed for a transitional period to help establish the supply chain.

Licensing requirements

The proposed regime includes a number of requirements that individuals and entities must meet in order to be issued a licence:

- all licence holders must have an approved 'responsible person' at all times whose role is to control the activities for which the licence is held, and to communicate with the Authority on behalf of the entity
- a cannabis production licence holder or a cannabis testing licence holder must have, at all times, one individual approved as a 'key person' for each authorised activity at each location operated under the licence, and
- a cannabis distribution licence holder must have, at all times, at least one individual approved as a 'duty manager' for each premises operated under the licence.

Fit and proper person test

The proposed regulatory regime requires the Authority to apply a 'fit and proper person test' to licence applicants (in all categories) and those individuals responsible for authorised operations under the licence.

The fit and proper person test consists of three core elements:

- a *capability assessment* - capability to comply with licence conditions and financial requirements to obtain the fit and proper person status
- *areas where the regulator cannot apply discretion* - disqualifying conditions (e.g. previous licence revocations and undischarged bankrupts); disqualifying convictions (specified, serious and relevant offences); and convictions that would not, on their own, disqualify the person, and

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- *areas where the regulator can apply discretion* – all other factors or convictions that can be considered to determine suitability.

The Authority would have the ability to use police vetting as a component of the fit and proper person test.

The approach does not automatically prevent an individual with a criminal conviction from holding a licence, or be responsible for authorised activities. Some serious convictions will automa ically disqualify a person from participating if the conviction occurred in the ten years preceding the individual's application. Those on Corrections-managed orders or sentences at the time of their application will also be automatically disqualified from participating. Convictions that would not, on their own, disqualify a person as fit and proper have been identified as:

a) Convictions eligible under the clean slate scheme - the Criminal Records (Clean Slate) Act 2004 b) Convictions for **cannabis** possession and use (for personal use) – Misuse of Drugs Act 1975, section 7 c) Convictions for possession of utensils – Misuse of Drugs Act 1975, section 13(1)(a)	d) Convictions for cultivation of prohibited plant **cannabis only** – Misuse of Drugs Act 1975, section 9 e) Convictions for sale and supply and possession to supply, **cannabis only**, adults only Misuse of Drugs Act 1975, section 6(1)(c)-(f) f) Convictions committed outside of New Zealand, which would fall under (a) to (e) above.

Inclusion of other serious convictions

The proposed fit and proper person test includes a range of automatically disqualifying convictions. These capture serious offending in categories relevant to a person's fitness to hold a licence or to exercise rights under that licence, serious violent offending, serious dishonesty offences, gang-related offences, and serious drug off nding.

Corrections-managed sentences or orders capture those who are currently being monitored by Corrections, such as those who are on parole, on home detention, or are subject to community-based sentences, extended supervision orders, or public protection orders. People on Corrections-managed orders are not eady to take on additional responsibilities under a tightly-managed regulatory regime.

It is proposed that th following convictions would automatically disqualify a person as being fit and proper to participate:

- convictions under the proposed Cannabis Legalisation and Control Bill
- convictions for import/export of cannabis or cannabis products
- convictions for an offence relating to sale and supply of cannabis to a person 19 years or younger
- convictions for dealing in controlled drugs (except cannabis), including possession to supply
- convictions for participation in a criminal group
- convictions relating to money laundering, and

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- convictions committed outside of New Zealand, which would fall under the above criteria.

Restrictions on working in the regulated market

The policy proposes a minimum age requirement of 20 years or over in order to work in the retail (including on-licence) and consumption premises parts of the cannabis industry or hold any cannabis licence.

Individuals under the age of 20 years could be employed in other areas of the supply chain if the licence holder meets specific requirements.

Regulating licensed retail and consumption premises

The proposed regulatory regime provides for the establishment of licensed cannabis retailers and consumption premises. These premises will sell cannabis and provide a safe space for the consumption of cannabis. The model establishes a number of requirements as to how these licence holders must conduct their activities, what they are permitted to do and what is prohibited.

Retail and consumption premises requirements and restrictions

The regime would place restrictions on the appearance of cannabis retail and consumption premises, focused on minimising opportunities to entice customers, including young people, prohibiting customers from having direct access to products prior to purchase, and keeping cannabis products from the public view.

Individuals aged under 20 years would be prohibited from entering retail or consumption premises.

Licence holders would have duties and obligations placed on them, consistent with the harm-reduction objectives, specifically to:

- display and provide information on legal provisions and minimising the harms associated with cannabis use
- adhere to restrictions on the display of high-potency products, and
- meet host responsibility requirements, including the management of impaired persons.

The Authority would have the power to make decisions on applications to open, and locations of, retail and consumption outlets, based on the criteria and licensing principles set out in legislation.

In doing so, the Authority would be required to balance the risks that could arise from either an over-abundance, or an under-supply, of cannabis retailers. When making decisions, the Authority would be required to consider the interests of the relevant local authority alongside other affected parties in any applications.

The Authority would have the power to set minimum and maximum trading hour limits for distribution licences. The approach to maximum trading hours is similar to that applied to alcohol sales.

The proposed approach would require the Authority to have regard to the following, when making decisions regarding applications for retail or consumption premises:

- consider not-for-profit applicants that can demonstrate a commitment to delivering social benefit to the community or communities
- apply the national plan produced

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- have regard to the contents of any local/territorial licensed premises policy
- apply the principles of any local/territorial licensed premises policy
- take into account the following matters:
  - (i) the days on which and the hours during which the applicant proposes to sell cannabis
  - (ii) the design and layout of any proposed premises
  - (iii) whether the applicant has appropriate systems, staff, and training to comply with the law
  - (iv) any information received from a regulatory agency or other organisation
- take into account any submissions received.

Specific requirements for retail premises

Under the proposed regulatory regime, licensed cannabis retailers would only be permitted to sell cannabis and cannabis-related products. This means they would not be permitted to sell alcohol or tobacco, or non-cannabis food or drinks, consistent with the harm-reduction objectives of the regime.

Retail restrictions regarding point of sale information and advertising and marketing are aligned with the approach to the sale of tobacco in New Zealand. However, the approach to advertising will be adjusted to provide for public education, consistent with the harm-reduction objectives.

Specific requirements for consumption premises

Proposed requirements for the operation of consumption premises include compulsory host responsibility training to be enforced through a mix of education provisions, fines and the potential for licences to be suspended or revoked.

Policy proposals establish the parameters for the operation of licensed cannabis consumption premises that seek to balance the need to ensure that the premises are an attractive and accessible proposition for cannabis users, and a viable commercial proposition for licence holders. These parameters include:

- a requirement that the primary objective of a licensed consumption premises be the safe consumption of cannabis;
- a requirement that licensed consumption premises operators meet minimum requirements for the provision of information on safe consumption of cannabis and requirements to act appropriately to ensure that customers adhere to safe practices;
- minimum and maximum trading hours;
- ability for local authorities to recommend trading hours within legislated maximum and minimum limits;
- restrictions on the appearance of the premises, focused on minimising opportunities to entice customers, including young people;
- empowering the regulator to make decisions about applications according to criteria set out in regulations; and
- a prohibition on the sale and consumption of alcohol and tobacco, and
- a requirement to provide food and water.

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These provisions allow for two models of consumption premises to operate:

- *BYO cannabis consumption premises* - offering commonplace activities and a limited range of food and drink – designed to encourage people to stay and consume cannabis in a safe, controlled environment; and
- *combined cannabis retail/consumption premises* – offering a more restricted range of food and drink (and the ability to BYO cannabis).

While the primary purpose of a consumption premises is the consumption of cannabis, th availability of food and water helps to ensure that consumers are inclined to remain on site until the immediate effects of cannabis wear off. At the same time, restrictions placed on the sale of food and beverages seek to ensure that consumption premises do not become de facto restaurants.

The proposed restrictions concerning the types of food and drink that may be sold by consumption premises would be tighter for those premises that hold both retail and consumption authorisations.

Consumption premises must comply with the Smokefree Environments Act 1990. Smoking and vaping cannabis in indoor areas of a consumption premises is prohibited

Banning advertising and restricting marketing activities

The regulatory regime prohibits the retail sale of cannabis at or below the wholesale 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.

The regime prohibits all advertising, including promotion and sponsorship of cannabis products and cannabis companies, and direct and indirect incentiv s that encourage the purchase of cannabis. The restriction on advertising does not extend to a complete ban on branding, to the extent a company is not prohibited from putting their name on a product. This ensures companies are incentivised to produce quality products in order to build brand loyalty and trust.

The regime prohibits the display of cannabis products in or from retail outlets along with the use of cannabis trade marks on non-cannabis products and vice versa.

8 Security, testing and recordkeeping

Recordkeeping

All licence holders would be required to keep records detailing all cannabis purchased, sold, supplied or destroyed at every point of the supply chain. This provides for an auditable account of the cannabis market and reduces the risk of cannabis being diverted from the legal to the illicit market, and to support the intent of the cannabis cultivation cap in controlling the levels of supply.

Records would also be used by the Authority to ensure regulatory compliance, which includes requirements on products and quality control. The Authority may request independent verification of the records. The Authority may also publish data and records to the public.

Security

Each licence holder must ensure the security of their cannabis and cannabis products, including the safety, security and surveillance of any site at which controlled activities are undertaken.

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Regulations may be prescribed for security measures that must be met by licence holders, including preventing unauthorised access, systems to detect and manage unauthorised intrusions and ensuring the safety of employees, customers and the community.

Regulations may also be prescribed for containment that must be met by licence holders, including requirements to prevent animals from entering areas where cannabis and cannabis products are present.

Testing

Under the proposed regulatory regime, cannabis and cannabis products may not be sold or otherwise marketed for recreational use unless tested by an authorised analytical testing laboratory.

The independent testing laboratory would be required to comply with qual ty standards and requirements specified in regulations, including (without limitation) accreditation through a specified accrediting programme (whether national or international).

Cannabis and cannabis products must be tested for their cannabinoid profile levels and consistency, and for contaminants, including pesticide and fumigant residues, heavy metals, toxic elements, microbial limits, and the quantity of certain cannabinoids, including THC, THCA, CBD, and CBDA.

All cannabis and cannabis products would be subject to tracing and may be recalled by the Authority.

9 Classes of cannabis products

The regulatory model identifies classes of cannabis that may be produced and sold by licence holders:

- dried cannabis
- fresh cannabis
- cannabis plant
- cannabis seed
- cannabis extract
- cannabis edible
- cannabis topical – solid, and
- cannabis topical – liquid.

If legislation is introduced, only fresh and dried cannabis, cannabis plants and seeds would be approved by the Authority for production and sale immediately following the introduction of the regime. Over time, the Authority could recommend the regulations be amended to provide for additional classes of cannabis to be approved (or not approved) for production and sale.

A phased approach to the approval of classes of cannabis reflects an intent to establish a licensed supply of cannabis as quickly as possible, following any enactment of legislation. A focus on dried cannabi , cannabis plants and seeds is likely to satisfy initial demand, while also supporting home-growing provisions. It will allow the Authority time to better understand the nature of the New Zealand marketplace and to draw on insights from international jurisdictions around cannabis product innovation and consumption risks.

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Prohibited products

It is proposed that the following forms of cannabis and cannabis products be explicitly prohibite within the regulatory regime:

- the production and sale of cannabis products containing substances (e.g. alcohol or tobacco) known to be harmful or that have unknown interactions with cannabis
- the production and sale of cannabis products that use higher risk modes of consumption (e.g. injectables, suppositories and sterile products for the eyes, ears or nose)
- cannabis-infused beverages
- cannabis products that contain anything that enhances the psychoactive or addictive effects of cannabis
- the production and sale of dried cannabis and fresh cannabis products containing roots and stems of the plant (as this can distort the THC content of the package)
- the production and sale of cannabis products intended for consumption by animals
- the production and sale of cannabis products that are deemed 'novel' and worsen cannabis harms in the community, and
- any cannabis product of a cannabis class that is not approved for sale.

The regime allows for further cannabis and cannabis product restrictions to be made in regulations.

Prohibition on products that are appealing to children and young people

The proposed regulatory regime would place a specific prohibition on the sale of cannabis products that are deemed by the Authority to be appealing to children and/or young people, with the Authority making determinations on a case-by-case basis. This discretion provides the Authority with the flexibility to respond to new product developments.

Specific controls on cannabis edibles

The regime provides for a definition of 'cannabis edible':

> Cannabis that is intended to be consumed in the same manner as a food, but does not include dried cannabis, fresh cannabis, cannabis plants or cannabis seeds. It must be solid at room temperature.

This definition ensures that cannabis edibles are fully regulated under the cannabis regulatory regime, achieving regulatory separation from the conventional food safety system under the Food Act 2014 and p eserving the integrity of New Zealand's conventional food safety system (including Trans-Tasman arrangements).

Cannabis-infused beverages would be excluded on the basis that they would likely contribute to significant product diversification (i.e. fail the 'novelty' test, referred to below in the approvals process)

Restrictions on range of edibles available

All licensed cannabis edibles permitted under the cannabis regulatory regime would be subject to existing safety and suitability requirements for food that are applied by regulations to cannabis edibles. This will help ensure that cannabis edibles are safe and suitable for human consumption.

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Other proposed restrictions on cannabis edibles include:

- restricting permitted cannabis edibles to baked products that do not require refrigeration or heating
- prohibiting the addition of nutritive substances or novel foods
- prohibiting the manufacture of cannabis edibles and food in the same premises, and
- prohibiting the sale or use of cannabis and cannabis products for animal consumption.

10 Cannabis product approvals

Product approval powers

A broad product control framework has been developed for the regime, including:

a. the production and sale of certain classes of cannabis to be approved or prohibited through regulation

b. all facets of cannabis products, including their content, method of consumption, form, shape and appearance to be regulated, and

c. provisions for the Authority to stop the sale, or recall of cannabis products found to be harmful and request additional information about products from the producer.

A cannabis products approval process has been developed, as follows:

a) all classes of cannabis will be deemed by the Authority as presenting either:

   i. an '**elevated risk'** - classes of cannabis that present additional risks to create harm or present additional regulatory challenges to the Authority; or

   ii. a '**standard risk'** – classes of cannabis that present no additional risks of cannabis-related harm.

   Edible cannabis has been classified as an elevated risk product. The Authority will make decisions about the risk level of other classes following the referendum.

b) all products will be required to meet the standards as specified in regulations

c) products in a 'standard risk' class of cannabis will be subject to a product notification scheme prior to sale and verified for compliance with the regime

d) products in an 'elevated risk' class of cannabis (e.g. edibles) will be subject to pre-market approval from the Authority, before they enter the marketplace

e) all proposed products will be subject to a 'novel cannabis product' test to prohibit the sale of products that have never been used in New Zealand before, unless assessed as helping to reduce overall cannabis-related harm, and

f) the Authority will have broad powers to stop the sale of, or recall, products found to be harmful and request additional information about products from the cannabis licence holder.

Appendix A provides a diagram illustrating the approval process.

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False, misleading or therapeutic claims prohibited

The regulatory regime would prohibit false, misleading or therapeutic claims about cannabis being made in any form by/within retail and consumption premises.

Regulating the sale of cannabis accessories

The regulatory regime would restrict the sale of cannabis accessories to licensed cannabis retailers only, the exception being pharmacies selling accessories used for medicinal cannabis.

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 could continue to do so, as long as the items are not represented in any way as being capable of being used for cannabis.

11 Potency

Controls on potency for all licensed products

The proposed approach makes provision for maximum potency limits to be set in regulations for each class of cannabis.

The forms of controls on potency would be determined according to cannabis classes:

- fresh and dried cannabis – THC strength by percentage; and
- all other cannabis classes and sub-classes (e.g. cannabis edibles and extracts) – THC content by weight.

Adopting these simple metrics will assist consumers to make informed decisions about consumption.

Potency limits

Policy proposals include indicative THC limits for each class of cannabis. Should the legislation be introduced, the Authority would review these potency limits against the criteria set out below, and consult with the Cannabis Advisory Committee before making a recommendation to the responsible Minister.

The indicative potency limits are:

- ***fresh and dried cannabis*** – maximum potency limit of 15% THC
- ***edibles*** - maximum potency level of 5mg of THC per package
- ***cannabis extract*** – maximum potency limit of 10mg of THC per unit and 1000mg per package
- ***cannabis topical –*** maximum potency limit of 1000mg per package.

Criteria to be considered

The Authority must consider the following criteria when recommending potency limits:

- reducing problematic use, especially for Māori
- preventing over-consumption
- providing choice, and

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- creating potency limits with reference to potency levels found in cannabis from the illicit market.

Prescribing criteria in legislation provides for a more transparent process for setting and reviewing potency limits. Policy proposals also require the Authority to consult with the Cannabis Advi ory Committee, ensuring consideration of a wide range of expertise is applied, and additional transparency in the process.

12 Product labelling and packaging

The proposed regime includes a set of requirements for packaging for all cannabis products. All cannabis products, other than cannabis plants and seeds, must meet requirements of a child-resistant package under domestic legislation.

Provision is made for regulations to be made regarding packaging. These may include requirements that the package must:

- be opaque or translucent
- prevent contamination of the cannabis
- in the case of dried cannabis, or a cannabis accessory that contains dried cannabis, keep the cannabis dry
- have a security feature that provides reasonable assurance to consumers that it has not been opened prior to receipt
- meet the requirements of a child-resistant package under domestic legislation, and
- not contain more than 14 grams of dried cannabis (or its equivalent).

Cannabis seeds must be packaged in an immediate container that keeps the seeds dry and not contain more the 14 seeds.

Further proposals require that all cannabis products be labelled and the information the label must contain includes:

- name of a prescribed holder of a licence
- the class of cannabis to which the cannabis that is in the immediate container belongs
- in respect of the product, any additional prescribed information
- warnings as required by this Act, including—

  (i) the health warnings and

  (ii) any furthe warnings that may be prescribed
- a statement declaring that the cannabis contained in the product represents a certain amount of the possession limit (such as a percentage), in a prescribed manner and form
- the prescribed standardised cannabis symbol, and
- name of the licensed producer.

Labelling to include potency information

The regulatory regime includes a requirement for all licensed products to clearly label:

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- product potency and cannabinoid content; and
- product equivalencies expressed in terms of the daily purchase limit (14 grams of dried cannabis).

This will assist cannabis consumers to make informed choices and contribute to an understanding of potency and purchase limits.

13 Duties, levies and fees

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

Policy proposals provide for an excise tax and a levy to be applied at the point of processing when cannabis is packaged and labelled for end-sale. All cannabis must be packaged and labelled before it is sold or supplied for retail sale.

The use of excise and a levy as a means of managing price is preferable to setting minimum or maximum prices. This is because the revenue goes to the Crown and can be redistributed to areas of need, including harm-reduction activities.

The final decision-making authority for setting excise, levy and licensing fee rates will sit with the responsible Minister with agreement from the Minister of Finance.

Excise

It is proposed that excise be calculated based on the weight of cannabis and the weight of potency and tailored for different classes of cannabis:

- the weight of cannabis means the total weight of cannabis in grams in a class of cannabis
- the weight of potency means the total weight of THC in milligrams in a class of cannabis (milligram of THC).

The excise is intended to ensure that the price of cannabis remains at a level consistent with the purpose of regulatory regime.

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.

Harm-reduction levy

It is proposed that a levy is used to directly fund services that will assist in reducing the harm caused by cannabis use.

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

Cost recovery through fees

The proposed approach includes licensing fees to be used to recover the cost of administering and monitoring the licensing regime in line with best practice cost recovery principles. This includes both the regulatory and administrative costs associated with issuing licences and ongoing monitoring of

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licensees.

14 Enforcement of licensed activities

Responding to breaches of licensed cannabis regime

Appendix B lists the proposed legislative penalties that would be applied in response to non-compliant conduct in the licensed cannabis regime. Two custodial offences are proposed – selling cannabis in excess of quota and selling cannabis to an unlicensed entity. These offences have been assessed as causing significant harm and seriously undermining the licensed regime.

Cross-government harm-reduction approach

The proposed regulatory regime includes a function confirming the Authority's mandate to facilitate a cross-government approach to addressing non-compliance that is health-based and focused on harm reduction.

This approach enables a range of responses to be adopted in response to non-compliance, including the provision of assistance to comply with the regime, use of non-legis ative tools (e.g. suspension of licence) and court-imposed sanctions for breaches.

Non-legislative options will be developed by the Authority and may include education approaches, warnings, temporary or permanent licence suspensions and financial penalties.

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Appendix A

Approval of new cannabis products

The Authority approves classes of cannabis to be sold under licence and assesses each class as either a 'standard risk' or an 'elevated risk'

Producers manufacture products within an approved class, and in accordance with requirements set out in regulations

Elevated risk

The Authority applies a pre-market approval process to all new products

The Authority assesses the 'novelty' of the product in the context of the New Zealand cannabis market (including the illicit market):

- products that are assessed as 'novel', but likely to contribute to reduced harms may be approved
- products that are assessed as 'novel' and unlikely to reduce harm would be prohibited

Once approved, products are available for supply to authorised retailers

Standard risk

Information is submitted to the Authority – and subject to a minimum notification period

Products are available for supply to authorised retailers

Authority has ability to recall any product

The following products will be prohibited outright:

- × cannabis-infused beverages
- × products containing substances designed to increase the psychoactive or addictive effects of cannabis
- × packaged dried and fresh cannabis containing plant roots or stems
- × products containing substances known to be harmful or to have harmful interactions with cannabis
- × products designed for higher risk modes of consumption (e.g. injectables and suppositories)

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Appendix B

Offences and penalties applicable to the licensed cannabis regime

Offence	*Penalty*
A licence holder failing to notify the authority of changing company shareholding or name	A fine not exceeding $10,000
A licence holder failing to notify the authority of a change in beneficial ownership	A fine not exceeding $10,000
Inclusion of false information in licence application	A fine not exceeding $50,000
Knowingly applying for licence when prohibited	A fine not exceeding $5,000
Breach of conditions of licence (not otherwise provided for)	A fine not exceeding $5,000
Selling cannabis accessories without a licence	A fine not exceeding $1,000
A licence holder importing, manufacturing, distributing, selling, or displaying for sale a prohibited or unauthorised cannabis product	A fine of not more than $50,000
Employing an unauthorised person	A fine not exceeding $4,000
Failure to meet record-keeping obligations	A fine not exceeding $500,000, suspension of the licence holder's licence for not more than 7 days, or both
Failing to terminate the employment of appointment of a key person, acting duty manager, or duty manag r who was not approved by the authority	A fine not exceeding $5,000
Failing to appoint a temporary duty manager when required	A fine not exceeding $5,000
Selling or supplying cannabis above annual cu tivation cap	A fine not exceeding $500,000, a term of imprisonment not exceeding 6 months, or both
A licence holder selling or supplying cannabis to an unlicensed entity	A fine not exceeding $500,000, a term of imprisonment not exceeding 2 months, or both
Failure to meet record-keeping obligations	A fine not exceeding $500,000, suspension of the licence holder's licence for not more than 7 days, or both
Sale or supply to impair d people	In the case of a licence holder, a fine not exceeding $10,000, the suspension of the licence for a period of not more than 7 days, or both In the case of a manager, a fine not exceeding $10,000 In the case of another employee, a fine not exceeding $2,000
Adver ising cannabis products	In the case of a manufacturer, importer, or distributor, a fine not exceeding $720,000

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	In the case of a licence holder (other than the holder of a micro-cultivation licence) a fine not exceeding $240,000 In the case of a holder of a micro-cultivation licence, a fine not exceeding $60 000 In any other case, a fine not exceeding $60,000
Displaying cannabis or cannabis products from outside sales outlet	A fine not exceeding $10,000
Use of trade marks, etc, on goods other than cannabis products, or in relation to sponsored events	In the case of a manufacturer, importer, or distributor, a fine not exceeding $720,000 In the case of a licence holder (other than the holder of a micro-cultivation licence) a fine not exceeding $240,000 In the case of a holder of a micro-cultivation licence, a fine not exceeding $60,000 In any other case, to a fine not exceeding $60,000
Use of non-cannabis trademarks on cannabis products or accessories	
Sponsoring any activity involving the use of trade marks, etc, of cannabis products	
Using vending machine to sell cannabis	
Sponsoring activity involving exclusive supply arrangement, 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.	
Free distribution and rewards prohibited	
Not displaying required point-of-sale health information or warnings signs	A fine not exceeding $2,000
Sale of cannabis products with other products	In the case of an offence involving the supply of a cannabis product with alcohol or tobacco, a fine not exceeding $10,000 and suspension of the licence holder's licence for a period not exceeding 7 days In the case of any other product, a fine not exceeding $4,000
Not displaying messages and information required for cannabis products	A fine not exceeding $2,000
Making false, misleading or therapeutic claims about cannabis	A fine not exceeding $5,000 and suspension of the licence holder's licence for a period not exceeding 7 days
Selling cannabis remotely	In the case of a licence holder, a fine not exceeding $10,000 In any other case, a fine not exceeding $5,000
Presenting cannabis product for sale that may be attractive to children	An individual - a fine not exceeding $5,000 In any other case, to a fine not exceeding $10,000
Feeding cannabis or cannabis products to animals	A fine not exceeding $5,000
Use of unlicensed premises as place for general consumption of cannabis or cannabis products	A fine of not more than $20,000

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Employing persons aged 19 years or younger to sell or supply cannabis or cannabis product	A fine not exceeding $5,000
Operating outside approved trading hours	A fine not exceeding $10,000
Failing to display licences at premises	A fine not exceeding $1,000
Sale or supply of cannabis to impaired people	In the case of a licence holder, a fine not exceeding $10,000, the suspension of the licence for a period of not more than 7 days, or both In the case of a manager, a fine not exceeding $10,000 In the case of an employee, a fine of up to $2,000
Allowing consumption of cannabis on retail premises	In the case of a licence holder, a fine not exceeding $20,000, suspension of licence for not mo e than 7 days, or both In the case of a manager, a fine not exceeding $20 000
Allowing individuals aged 19 years or younger to enter or consume cannabis on a retail or consumption premises	In the case of a licence holder, to a fine not exceeding $10,000, the suspension of the licence for a period of not more than 7 days, or both In the case of a manager, a fine not exceeding $10,000 In the case of an employee, a fine of up to $2,000
Breaching authority rules about host responsibility	A fine not exceeding $2,000
Manager affected by substances while on duty	A fine not exceeding $5,000
Employee affected by substances whi e on duty	A fine of not more than $5,000
Allowing an impaired person on retail premises	A fine of not more than $5,000
Allowing disorderly conduct on licensed premises	A fine of not more than $5,000
Allowing consumption of alcohol or tobacco in consumption premises	A fine not exceeding $5,000
Allowing a person to cons me cannabis at retail only premises	In the case of a licence holder, a fine not exceeding $20,000, suspension of licence for not more than 7 days, or both In the case of a manager, a fine not exceeding $20,000
A licensed cannabis retailer selling, supplying, etc, cannabis to persons aged 19 years or younger	A fine not exceeding $50,000 and suspension of the licence holder's licence for a period not exceeding 7 days
Selling a non-approved cannabis product	A fine not exceeding $20,000

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Selling cannabis with alcohol or tobacco	A fine not exceeding $10,000, suspension of the licence holder's licence for not more than 7 days, or both
Selling to an individual in excess of daily purchase limit	A fine not exceeding $10,000, suspension of the licence holder's licence for not more than 7 days, or both
Selling cannabis with other products (excluding alcohol or tobacco)	A fine not exceeding $4,000
Employing persons aged 19 years or younger	A fine not exceeding $4,000
Producing or selling cannabis edibles that do not comply with the Act, regulations or rules	A fine not exceeding $5,000
Not following restrictions on cannabis edibles	A fine not exceeding $5,000
Failing to comply with recall or cessation of sale notices	A fine not exceeding $5,000
Producing or selling cannabis that exceeds its permitted potency level or other constituent limits	A fine not exceeding $10,000
Sale of novel or harmful cannabis products	A fine not exceeding $5,000
Sale or supply of prohibited additions to cannabis or cannabis products	A fine not exceeding $5,000
Producing or selling unclassified cannabis products	In the case of a licence holder, a fine not exceeding $20,000, suspension of licence for not more than 7 days, or both
Producing or selling cannabis products with substances that enhance effects of cannabis	A fine not exceeding $5,000
Breaching cannabis method production controls	A fine not exceeding $5,000
Selling cannabis products without proper labelling and packaging	In the case of a licence holder with a processing activity authorisation, a fine not exceeding $10,000 In the case of a licence holder with a retail activity authorisation, a fine not exceeding $4,000 In the case of a licence holder who packaged the cannabis product, a fine not exceeding $2,000
Manufacturing food in a cannabis production facility	A fine not exceeding $5,000, suspension of the licence holder's licence for a period not exceeding 7 days, or both
Offences in respect of enforcement officers	Imprisonment for a term not exceeding 3 months or to a fine not exceeding $2,000
Person must hold licence to conduct controlled activity	A fine not exceeding $100,000

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CAB-20-MIN-0171

Cabinet

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: Exposure Draft Cannabis Legalisation and Control Bill and Summary for Public Release

Portfolio **Justice**

On 20 April 2020, Cabinet:

1 **noted** that in December 2018, Cabinet agreed to hold a referendum at the 2020 General Election to determine whether legislative provisions for legalising cannabis should be adopted [CAB-18-MIN0641.02];

2 **noted** that in May 2019, Cabinet agreed:

2.1 to the development of a full regulatory model for a legal cannabis regime to be set out in draft legislation for the electorate to consider and vote on in the referendum;

2.2 that the regulatory model would be guided by the primary objectives of minimising the harms associated with cannabis and lowering overall cannabis use over time;

[CAB-19-MIN-0198];

3 **noted** that in November 2019, the Cabinet Social Wellbeing Committee agreed to a public release of the exposure draft Cannabis Legalisation and Control Bill (the Bill), noting that parts of it were still being developed and would be completed by early 2020 [SWC-19-MIN-0188]

4 **noted** that the interim version of the Bill, referred to in paragraph 3 above ,was released on 3 December 2019 on the referendum.govt.nz website and has been available for public consideration since that time;

5 **noted** that further policy development across the proposed regime has been informed by engagement with a range of experts on cannabis and its effects;

6 **noted** that the regulatory model for a legal cannabis regime has now been developed and a range of further provisions have been added to the Bill, resulting in a final version for public consideration (Attachment 1 to the paper under CBC-20-SUB-0035);

7 **noted** that a Summary of policy positions has also been prepared to support public understanding of the proposed regime (Attachment 2 to the paper under CBC-20-SUB-0035);

8 **noted** that additional materials to summarise policy and explain the Bill are also in development and will be made available to the public;

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9 **agreed** to a public release of the exposure draft Cannabis Legalisation and Control Bill and the Summary of policies on the referendum.govt.nz website (Attachments 1 and 2 referred to above);

10 **noted** that:

10.1 further advice on financial implications would be provided at the point a future government decides to introduce the Bill;

10.2 9(2)(f)(iv) [redacted]

11 **authorised** the Minister of Justice and the Parliamentary Counsel Office to make minor technical and drafting changes to the Bill prior to public release.

Michael Webster
Secretary of the Cabinet

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PCO 22159/24.0
Drafted by Parliamentary Counsel
EXPOSURE DRAFT FOR
REFERENDUM

Cannabis Legalisation and Control Bill

Exposure Draft for Referendum

Explanatory note

General policy statement

This exposure draft of the proposed Cannabis Legalisation and Control Bill (the **Bill**) provides a regulatory framework to legalise and control the production, possession and use of cannabis in New Zealand for people 20 years and over.

The overarching objective of the regulatory regime is to reduce the harms associated with cannabis use experienced by individuals, families, whānau, and communities in New Zealand.

The harm-reduction objective is reflected in measures to—

- raise public awareness of the risks associated with cannabis consumption and improve access to health and other relevant support services; and
- restrict young people's access to cannabis and limit public visibility to cannabis; and
- provide access to a legal and quality-controlled supply of cannabis for adults (aged 20 years and over) who choose to consume cannabis; and
- place controls on the potency and content of licensed cannabis and regulate the whole supply chain to deter the illegal supply of cannabis; and
- provide for the limited home-growing of cannabis for personal use; and
- encourage compliance with the legislation and ensure that responses to breaches are proportionate and incorporate a focus on reducing overall harms.

The purchase, possession, and consumption of cannabis will remain illegal for people aged 19 years and under.

Definition of cannabis

The Bill establishes a definition of cannabis that distinguishes the proposed regime from the medicinal cannabis and hemp schemes.

Cannabis Regulatory Authority

The Bill creates a new regulatory body, the Cannabis Regulatory Authority (the **Authority**), with responsibility for implementation of the regime in a way that promotes the well-being of New Zealanders, reduces the multiple harms associated with cannabis use, and reduces the overall use of cannabis over time.

The Authority's functions include—

- establishing a cap to limit the amount of cannabis available for sale in the licensed market; and
- licensing and authorising controlled activities at each stage of the cannabis supply chain; and
- setting potency limits through controls on the amount of THC (tetrahydrocannabinol – the main psychoactive compound in cannabis) permitted in cannabis products; and
- administering and collecting excise taxes, levies, and fees; and
- promoting responsible cannabis consumption and use through raising public awareness of harms, developing good practice guidelines, and monitoring and enforcing compliance with regulatory requirements.

The Authority will produce a national plan every five years, setting out how it intends to give effect to the main objective and purposes of the legislation, including a public health, drug education, and treatment service strategy designed to support the development and delivery of appropriate services and programmes.

The Authority will be supported by a Cannabis Advisory Committee, comprising individuals with knowledge in a range of relevant areas including from the health, justice, and social sectors and from young people, iwi, and Māori. The Committee will provide an independent stream of advice to the Authority on key elements of the regime.

What does the regime permit individuals to do?

The Bill permits the possession and consumption of cannabis within a tightly-controlled framework. A person aged 20 years or over may—

- buy up to 14 grams of dried cannabis (or its equivalent) per day from a licensed outlet; and
- enter licensed premises where cannabis is sold or consumed; and
- consume cannabis on private property or at a licensed premise; and
- grow up to two plants, with a maximum of four plants per household; and
- share up to 14 grams of dried cannabis (or its equivalent) with another person aged 20 or over.

Establishing a licensed supply of cannabis

The Bill provides for the development of a commercial supply of cannabis, produced and supplied under licence. All aspects of the cannabis supply chain are regulated, from seeds and growing stock through to retail sale.

All licence applicants must be aged 20 years or older and will be required to meet a core set of requirements, including a fit and proper person test and police vetting. The fit and proper test has three elements:

- *a capability assessment* – assessing ability to comply with conditions and financial requirements; and
- *disqualifying conditions* – such as serious previous convictions, previous license removal, and undischarged bankrupts; and
- *non-disqualifying convictions* – less serious convictions that will not, on their own, disqualify a person from holding a licence.

Licensed cannabis retailers and consumption premises

The Bill provides for the establishment of licensed cannabis retail outlets. These outlets will only be permitted to sell cannabis and cannabis-related products.

The Bill also permits the establishment of cannabis consumption premises, intended to provide a safe place for people to consume cannabis. Consumption premises may operate on a BYO cannabis basis or as a combined cannabis retail/consumption premise, and will be permitted to sell a limited range of food and drink.

Classes of cannabis products and potency

The regulatory model identifies classes of cannabis that may be produced and sold by licence holders (dried cannabis, fresh cannabis, cannabis plants, cannabis seeds, cannabis extracts, cannabis edibles, and cannabis topicals (solid and liquid)). Maximum potency limits are established for classes of cannabis and will be subject to review by the Authority and approval by the responsible Minister.

Other controls on the licensed production and sale of cannabis

The Bill places a range of controls on the licensed production and sale of cannabis, including—

- restrictions on marketing, and a ban on advertising cannabis; and
- strict requirements for the packaging and labelling of products; and
- a prohibition on online sales; and
- tight cannabis product controls, including prohibitions on some forms of products; and
- security, testing, and recordkeeping requirements for all licence holders.

Use of excise, levies and fees

An excise tax and levy will be applied when cannabis is packaged and labelled for retail. This will assist to manage the price of retail cannabis.

The levy will be used to directly fund services that will assist in reducing the harm caused by cannabis use (as identified in the harm reduction strategy).

Enforcement provisions

The Bill establishes a framework of offences and penalties to support provisions and restrictions in the licensed and unlicensed spheres, incorporating the use of fees, court-imposed fines and, in the most serious cases, terms of imprisonment.

Clause by clause analysis

Clause 1 is the Title clause.

Clause 2 is the commencement clause.

Part 1
Preliminary provisions

Clause 3 provides an outline of the Bill.

Clause 4 sets out the purpose of the Bill.

Clause 5 indicates how the Bill recognises and respects the Crown's responsibility to take appropriate account of Te Tiriti o Waitangi.

Clause 6 is the interpretation clause. It sets out the defined terms used in the Bill.

Clause 7 concerns the relationship of the Bill with the Food Act 2014 and the Agricultural Compounds and Veterinary Medicines Act 1997.

Clause 8 indicates that the transitional, savings, and related provisions are set out in *Schedule 1*.

Clause 9 provides that the Bill is to bind the Crown.

Part 2
Key regulatory roles

Part 2 sets out the key regulatory roles and functions.

Part 3
General provisions concerning personal use of cannabis

Part 3 sets out provisions concerning the personal use of cannabis.

Part 4
Licences and activity authorisations

Part 4 concerns the licensing of controlled activities in the cannabis supply chain.

Part 5
Control of cannabis products

Part 5 establishes controls on licensed cannabis products.

Part 6
Provisions relating to retail sale and consumption premises: premises operations and licence processes

Part 6 sets contains controls on retail sale and consumption premises.

Part 7
Security and containment of cannabis and cannabis products

Part 7 establishes physical security arrangements.

Part 8
Production standards

Part 8 relates to production standards.

Part 9
Testing

Part 9 sets out testing and reporting requirements and provisions for tracing and recalling cannabis and cannabis products.

Part 10
Standards for packaging

Part 10 establishes standards for packaging.

Part 11
Enforcement

Part 11 sets out enforcement powers, including the powers of enforcement officers.

Part 12
Duties, levies, and fees

Part 12 provides for the imposition of duties, levies, and fees.

Part 13
Other matters

Part 13 covers other matters, including information sharing, regulation making powers, future review of the Bill, and amendments to other enactments.

Hon Andrew Little

Cannabis Legalisation and Control Bill

Exposure Draft for Referendum

Contents

		Page
1	Title	12
2	Commencement	12
	Part 1 **Preliminary provisions**	
3	Overview of Act	12
4	Purpose	15
5	Te Tiriti o Waitangi	15
6	Interpretation	16
7	Relationship with Food Act 2014 and Agricultural Compounds and Veterinary Medicines Act 1997	21
8	Transitional, savings, and related provisions	21
9	Act binds the Crown	21
	Part 2 **Key regulatory roles**	
	Cannabis Regulatory Authority	
10	Cannabis Regulatory Authority established	21
	Authority's main objective and functions	
11	Main objective of Authority	21
12	Functions	22
13	Authority must prepare and publish national plan	23
14	Regular reports on national plan	23
15	Register of licence holders	24
16	Local licensed premises policies	24

Cannabis Advisory Committee

17 Cannabis Advisory Committee established 24
18 Functions of advisory committee 24
19 Membership, procedures, etc of advisory committee 25
20 Advisory committee: reporting 25

Harm reduction strategy

21 Process for developing harm reduction strategy 26

Cannabis cultivation cap

22 Cannabis cultivation cap 26

Part 3
General provisions concerning personal use of cannabis

Subpart 1—Growing cannabis for personal use

23 Purpose and application of subpart 27
24 Limits on individuals growing cannabis for personal use 27
25 Maximum number of plants that can be grown on property for personal use 27
26 Conditions limiting place where cannabis may be grown 28
27 Compliance order may be issued by authorised enforcement officer 28
28 Prohibition on growing cannabis in public place 28

Subpart 2—Possession, purchase, age, place, sale, supply and sharing restrictions

29 Possession limit for persons aged 20 years or older 29
30 Person may have cannabis plants or larger quantities of cannabis in public in course of moving 29
31 Purchase limit for persons aged 20 years or older 29
32 Minimum age to possess cannabis is 20 years 30
33 Infringement notice under **section 32(2)** may include condition 30
34 Social sharing 30
35 Prohibition against supplying cannabis to person aged 19 years or younger 30
36 Restriction on supply of cannabis to persons aged 20 years or older 31
37 Restrictions on place of consumption 31
38 Prohibition on sale of cannabis or cannabis products to persons aged 19 years or younger 31
39 Sale of cannabis or cannabis products 31
40 Supplying cannabis products by mail order or courier prohibited 32
41 Prohibition on importing or exporting cannabis 32
42 Prohibition against dangerous methods of unlicensed processing of cannabis concentrates 32
43 Offence to expose persons aged 19 years or younger to cannabis emissions 33
44 Infringement notice under **section 43(2)** may include condition 33

Subpart 3—Procedure for infringement offences

45 Interpretation 33
46 Proceedings for infringement offences 33
47 Who may issue infringement notices 34
48 When infringement notice may be issued 34
49 Infringement notice may be revoked 34
50 What infringement notice must contain 34
51 How infringement notice may be served 35
52 Payment of infringement fees 35
53 Reminder notices 35
54 Forfeiture for infringement offence 35
55 Amendment to Summary Proceedings Act 1957 36
56 Amendment to Oranga Tamariki Act 1989 36

Part 4
Licences and activity authorisations

57 Purpose of Part 36

Subpart 1—Controlled activities

58 Types of controlled activity 36
59 Person must hold licence to conduct controlled activity 37
60 Exceptions from **Part 3** for certain licence holders and others 37
61 Types of licences 38

Cannabis production

62 Nursery activity 38
63 Cultivation activity 39
64 Micro-cultivation activity 39
65 Processing activity 40
66 Wholesale and distribution activity 40
67 Nursery retail activity 41
68 Research activity 41
69 Destruction activity 42

Cannabis testing

70 Testing activity 42

Cannabis distribution

71 Retail activity 42
72 Consumption premises activity 43

Subpart 2—Licence applications

Eligibility requirements

73 Individuals who are eligible to hold licences 43
74 Bodies corporate and partnerships that are eligible to hold licences 43
75 Eligibility of responsible person 44

76	Duty to have responsible person	44
77	Role of responsible person	44
	Applications for licences	
78	Application for licence	44
79	Initial assessments of licence applications	46
80	Authority may inspect proposed locations	46
	Fit and proper person assessment	
81	Certain persons ineligible to be fit and proper person	46
82	Fit and proper person assessment	46
83	Certain convictions not determinative	47
84	Authority may consider information from other sources	48
	Additional criteria for assessing cannabis production licence applications	
85	Additional criteria for assessing cannabis production licence applications	48
86	Authority may assess applications against each other in certain cases	49
	Additional criteria for assessing cannabis testing licence applications	
87	Additional criteria for assessing cannabis testing licence applications	49
	Additional criteria for assessing cannabis distribution licence applications	
88	Additional criteria for assessing cannabis distribution licence applications	49
89	Authority may consult affected local persons and groups	50
90	Public may make submissions on applications	50
	Authority may approve or decline application	
91	Authority may approve or decline application	51
92	Conditions of licences	51
	Subpart 3—Issue of licences	
93	Issue of licence	52
94	Duration of licence	52
95	Renewal of licence	53
96	Replacement of responsible person	53
	Licence variations at request of licence holder	
97	Certain changes not to be made without approval of Authority	53
98	Changes of contact details	54
99	Notification of Authority by entity of changes in company shareholding or name	54

100	Notification of Authority by beneficial owner of shares of changes in shareholding	55
101	Variation to licensed premises during repairs, etc	55
	Voluntary surrender of licence	
102	Licence holder may surrender licence	56
	Subpart 4—Suspension and revocation of licences	
103	Variation of licence	56
	Suspension of licences	
104	Suspension of licence	57
105	Duration of suspension	58
106	Effect of suspension	58
	Immediate suspension of licence or authorisation in interests of public safety	
107	Immediate suspension of licence or authorisation in interests of public safety	59
108	Procedure for suspending licence or authorisation under **section 107**	59
109	Term of immediate suspension	60
	Cancellation of approval of responsible person or key person	
110	Cancellation of approval of responsible person	60
111	Cancellation of approval of key person or duty manager	60
	Revocation of licence	
112	Revocation of licence	61
113	Duty to surrender licence	62
114	Revocation of authorisation as key person or duty manager	62
115	Record of suspensions and revocations	62
	Subpart 5—Adverse decisions	
116	Adverse decisions	63
117	Internal review of decision of Authority	63
118	Notice of decision on internal review	64
119	Effect of notice of decision	64
120	Stay of reviewable decision on internal review	64
	Subpart 6—Appeals	
121	Cannabis Appeals Authority	65
122	Who may appeal	65
123	Appeals by way of rehearing	65
124	Determination of appeal	66
125	Effect of appeal	66
126	Prohibition on inclusion of false information in licence application	66
127	Knowingly applying for licence when prohibited	66

128	Breach of conditions of licence	66
129	Selling cannabis accessories without a licence	66
130	Offences related to prohibited and unauthorised cannabis products	66
131	Suspension of certain decisions of Authority to grant licence or manager's certificate	67

Subpart 7—Miscellaneous provisions

Restrictions on who may be employed

132	Restrictions on who may be employed	67

Record-keeping obligations

133	Licence holder must keep records	68
134	Authority may request independent verification of records	68
135	Records relating to cannabis cultivation	68
136	Records relating to cannabis research	69
137	Records relating to cannabis processing	69
138	Records relating to cannabis wholesaling and distribution	69
139	Records relating to cannabis retailing	70
140	Records relating to cannabis testing	70
141	Records relating to cannabis destruction	70
142	Failure to meet record-keeping obligations	70

Key persons and duty managers

143	Duty to have key persons or duty managers	71
144	Roles of key persons and duty managers	71
145	Licence holder obligated to ensure duty manager working at premises at all times when premises operating or open to public	71
146	Eligibility of key person	72
147	Eligibility of duty manager or acting duty manager	72
148	Application for approval of key person or duty manager	72
149	Authority may approve or decline person as key person or duty manager	73
150	Replacement of key person or duty manager	74
151	Temporary duty manager	74
152	Acting duty manager	74

Offences

153	Offence to sell or supply cannabis in excess of annual cultivation cap	75
154	Offence to sell or supply cannabis to unlicensed entity	75

Part 5
Control of cannabis products

155	Authority may publish information and other data	75
156	Sale or supply to impaired people	76
157	Advertising cannabis products	76

158	Exemptions from advertising prohibition for specified publications	77
159	Exemptions from advertising prohibition for retailers	78
160	Display of cannabis products in or from sales outlets, etc, generally prohibited	79
161	Use of trade marks, etc, on goods other than cannabis products, or in relation to sponsored events	80
162	Prohibition on use of non-cannabis trademarks on cannabis products or accessories	81
163	Sponsoring activity involving use of trade mark, etc, of cannabis products	81
164	Using a non-cannabis trademark with cannabis	82
165	Using vending machine to sell cannabis	82
166	Sponsoring activity involving exclusive supply arrangement	82
167	Free distribution and rewards prohibited	83
168	Arrangements conflicting with Act have no effect	84
169	Advertisements concerning harms from cannabis use not affected	84
170	Point-of-sale health information or warnings signs	84
171	Sale of cannabis products with other products prohibited	85
172	Messages and information required for cannabis products	85
173	False, misleading or therapeutic claims prohibited	86
174	Selling cannabis remotely	86
175	Presenting for sale cannabis product that may be attractive to children	87
176	Prohibition on feeding of cannabis or cannabis products to animals	87
177	Use of unlicensed premises as place for general consumption of cannabis or cannabis products	87

Part 6
Provisions relating to retail sale and consumption premises: premises operations and licence processes

Premises operations—general provisions

178	Application of Part 6	88
179	Use of consumption premises for consumption of cannabis and cannabis products	88
180	Other requirements for consumption premises	88
181	Cannabis retail premises	88
182	Authority may set trading hours	88
183	Licences to be displayed in premises	89

Controls on consumption and retail premises' operations

184	Meaning of impaired	89
185	Sale or supply of cannabis to impaired people	89
186	Offence to allow consumption of cannabis on retail premises	90
187	Offence to employ or to allow persons 19 years old or younger to enter or consume cannabis on retail or consumption premises	90

188	Authority may issue rules about host responsibility	91
189	Manager affected by substances while on duty	91
190	Employee affected by substances while on duty	91
191	Allowing impaired person on premises with retail activity authorisation	92
192	Allowing disorderly conduct on licensed premises	92
193	Prohibition against allowing consumption of alcohol or tobacco in consumption premises	92
194	Penalty for offence under **section 193**	92
195	Prohibition against licensed cannabis retailer selling, supplying, etc, cannabis to persons under 20 years	92
196	Selling non-approved cannabis product or cannabis or cannabis products from unlicensed source	94
197	Selling cannabis or cannabis products with alcohol or tobacco	94
198	Selling cannabis or cannabis products in excess of daily purchase limit to individuals	94
199	Selling cannabis with products other than alcohol or tobacco	95

Part 7
Security and containment of cannabis and cannabis products

200	Licence holders must ensure security of cannabis and cannabis products	95
201	Authority may prescribe rules for security and containment	95

Part 8
Production standards

202	Authority may make rules	95
203	Risk assessment levels for cannabis and cannabis products	98
204	Restriction on distribution of elevated risk products	98
205	Requirement for notification before first New Zealand release of standard risk product	98
206	Authority may require licence holder to supply information	98
207	Cannabis edibles must comply with Act, regulations, and rules	98
208	Restrictions on cannabis edibles	98
209	Authority may stop sale of or recall cannabis products	99
210	Offence to produce or sell cannabis that exceeds its permitted potency level or other constituent limits	99
211	Prohibition on sale of novel or harmful cannabis products	99
212	Sale or supply of certain kinds of cannabis or cannabis product prohibited	100
213	Offence to produce or sell unclassified cannabis products	100
214	Offence to produce or sell cannabis products with substances that enhance effects of cannabis	100
215	Production and sale of certain cannabis products prohibited	101

216	Prohibition or sale of cannabis products without proper labelling and packaging	101
217	Food may not be processed in cannabis facility	101
218	Authority may make rules about cultivation, processing, and production	102

Part 9
Testing

Testing and reporting

219	Testing cannabis and cannabis products	102
220	Head of Authority may require further testing	103
221	Returns and reports	103
222	Regulations for standardised packaging (including messages and information).	104

Tracing and recall

223	Application of section 224	105
224	Tracing and recall	105
225	Regulations and notices relating to tracing and recall of cannabis and cannabis products	106

Part 10
Standards for packaging

226	Packages	106
227	Cannabis plant: not budding or flowering	106
228	Cannabis plant: container limit	107
229	Cannabis seeds: immediate container	107
230	Cannabis product labels	107
231	Cannabis plants	107
232	Cannabis seeds	108

Part 11
Enforcement

Subpart 1—Enforcement powers in relation to **Part 3**

233	Application	108
234	Warrantless power to search persons for cannabis and cannabis products if specified offence suspected	108
235	Power of inspection to check whether cannabis is grown for personal use in contravention of Act in cases where offence is suspected	108
236	Cannabis, cannabis products, and cannabis containers may be seized in course of search	109
237	Power to search container or pockets of persons	109
238	Warrant to search dwellinghouse, marae, etc	110
239	Requirement to give identifying information	110
240	Destruction of cannabis or cannabis products	110

Subpart 2—Powers of enforcement officers in relation to this Act (other than **Part 3**)

Powers of enforcement officers

241 Application 111
242 Powers of entry and inspection 111
243 Requirement to give identifying information 112
244 Search warrant 112
245 Purposes for which powers may be used 113

Subpart 3—Miscellaneous

Enforcement officers

246 Duties of enforcement officers 113
247 Offences in respect of enforcement officers 114
248 Responsibility for enforcement: limitation period for commencing proceedings 114

Forfeiture

249 Forfeiture generally 114
250 Forfeiture of motor vehicles, ships, or aircraft, etc 115
251 Machinery provisions 115

Acquittals

252 Effect of acquittal 115

Presumptions

253 Presumptions that enforcement officer may rely on 116
254 Presumption in legal proceedings 116

Part 12
Duties, levies, and fees

Excise duties

255 Excise duties 116

Cost recovery

256 Regulations relating to fees, charges, and costs 116
257 Specified persons must pay levies 117
258 Particulars of regulations made under **section 257** 118
259 Unpaid levies are debts due to Authority 118

Levy regulations for funding harm reduction strategy

260 Levy regulations for funding harm reduction strategy 119
261 Levies for cannabis-related purposes 120
262 Levy regulations are confirmable instruments 120
263 Excise duties in respect of cannabis 120

Part 13
Other matters

Information sharing

264 Sharing of information between Authority, regulatory agencies, and overseas agencies 122

Regulations

265 Regulations 123
266 Notices 125

Review of Act and related matters

267 Review of Act 126

Amendments to other enactments

268 Amendments to Customs and Excise Act 2018 126
269 Amendments to Excise and Excise-equivalent Duties Table 128

Schedule 1 131
Transitional, savings, and related provisions

Schedule 2 132
Cannabis production licences: Restricted activity combinations

Schedule 3 133
Persons ineligible to be fit and proper persons

Schedule 4 135
Cannabis Appeals Authority

Schedule 5 141
Health warnings

Schedule 6 142
Equivalences for cannabis products in non-dried form

Schedule 7 143
Classes of cannabis and cannabis products that licence holders may sell

Schedule 8 144
Potency limits for cannabis that may be sold

Schedule 9 145
Provisions relating to imposition and payment of cannabis levies

Schedule 10 148
Rates for each class of cannabis and cannabis products

The Parliament of New Zealand enacts as follows:

1 Title

This Act is the Cannabis Legalisation and Control Act **2020**.

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 Overview of Act

(1) This Act legalises the production, possession, and use of cannabis in New Zealand, for those aged 20 years or older.

(2) The broad objectives of the Act are set out in **section 4**.

(3) A definition of cannabis, for the purposes of the Act, is set out in **section 6**, and it excludes—

- (a) hemp, which is regulated under the Misuse of Drugs (Industrial Hemp) Regulations 2006; and
- (b) medicinal cannabis, which is regulated under the Misuse of Drugs (Medicinal Cannabis) Regulations 2019.

(4) This Act is divided into 13 Parts.

(5) This Part (**Part 1**) sets out several preliminary provisions, including the purpose and interpretation provisions.

(6) **Part 2** sets out the key regulatory roles and functions.

(7) **Part 3** sets out provisions concerning the personal use of cannabis, including—

- (a) limits on growing cannabis for personal use:
- (b) limits on personal possession:
- (c) the prohibition of cannabis consumption in a public place:
- (d) prohibitions regarding the sale and supply of cannabis:
- (e) the use of infringement notices.

(8) **Part 4** concerns the licensing of controlled activities in the cannabis supply chain, including provisions that set out—

- (a) definitions of controlled activities:
- (b) licence eligibility requirements:
- (c) licence application processes and criteria:
- (d) a fit and proper persons test:

(e) provisions for the variation, suspension, revocation, and cancellation of licences:

(f) licence appeal processes.

(9) **Part 5** establishes controls on licensed cannabis products, including—

(a) prohibitions on advertising:

(b) controls on use of trademarks and sponsorship:

(c) labelling and information requirements:

(d) prohibition on cannabis products deemed attractive to children:

(e) prohibition on feeding cannabis or cannabis products to animals.

(10) **Part 6** sets out controls on retail sale and consumption premises, including—

(a) restrictions on activities permitted on premises:

(b) trading hours:

(c) responsibilities of managers:

(d) approaches to impairment and host responsibilities.

(11) **Part 7** establishes physical security arrangements.

(12) **Part 8** relates to production standards, including—

(a) the ability of the Authority to make rules regulating—

(i) the production, marketing, and packaging of cannabis and cannabis accessories:

(ii) the creation of standards for cannabis products and approval processes:

(iii) the assessment and review of the potency limits for different classes of cannabis:

(b) restrictions on the production of cannabis edibles:

(c) a prohibitions on production, sale, or supply of certain kinds of cannabis or cannabis products:

(d) prohibition on the processing of food in a cannabis facility.

(13) **Part 9** sets out testing and reporting requirements and provisions for tracing and recalling cannabis and cannabis products.

(14) **Part 10** establishes standards for packaging.

(15) **Part 11** sets out enforcement powers, including the powers of enforcement officers.

(16) **Part 12** provides for the imposition of duties, levies, and fees.

(17) **Part 13** covers other matters, including—

(a) information sharing:

(b) regulation making powers:

(c) future review of the Act:

(d) amendments to other enactments.

(18) The schedules cover the following matters:

(a) **Schedule 1** sets out transitional, savings, and related provisions:

(b) **Schedule 2** sets out restrictions on holding combinations of authorisations for the production of cannabis:

(c) **Schedule 3** deals with persons ineligible to hold a licence:

(d) **Schedule 4** establishes the Cannabis Appeals Authority:

(e) **Schedule 5** sets out the health warnings to be included with cannabis and cannabis products:

(f) **Schedule 6** establishes equivalences for cannabis products in non-dried form:

(g) **Schedule 7** sets out the classes of cannabis that a licence holder may sell:

(h) **Schedule 8** concerns the potency limits for cannabis that may be sold:

(i) **Schedule 9** sets out provisions relating to imposition and payment of cannabis levies:

(j) **Schedule 10** sets out the rates applicable to certain classes of cannabis and cannabis products.

(19) The main provisions of this Act that give effect to the objective of protecting children and young people from the harms of cannabis are set out in the following sections:

(a) **section 4(b)**, which states that one of the ways the purpose of the Act will be given effect is by raising public awareness of the health risks associated with cannabis use, including the risks posed by second-hand cannabis emissions to children and young people:

(b) **section 12(j)**, which provides that a function of the Authority is to raise public awareness of the harms associated with cannabis use (including harms presented to children and young people by cannabis emissions) and to promote responsible use and help-seeking behaviours:

(c) **section 19(2)**, which provides for the interests of children and young people to be represented by the membership of the Cannabis Advisory Committee:

(d) **section 29**, which establishes 20 years as the minimum age for the possession of cannabis:

(e) **section 175**, which prohibits a licence holder from presenting a cannabis product for sale that may be attractive to children or young people:

(f) **section 226**, which sets standards for the packaging of products, including child resistant containers.

4 Purpose

The purpose of this Act is to authorise, regulate, and control the cultivation, processing, 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 whole cannabis supply chain and availability of cannabis in New Zealand and eliminating the illegal supply of cannabis; and

(b) raising public awareness of the health risks associated with cannabis use, including the risks posed by second-hand cannabis emissions, particularly to children and young people; and

(c) protecting the health and well-being 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; and

(j) ensuring that all stages of the supply chain including the management of associated waste products are licensed and controlled.

5 Te Tiriti o Waitangi

(1) The main provisions of this Act that recognise and respect the Crown's responsibility to give effect to the principles of Te Tiriti o Waitangi are—

(a) **section 11**, which requires the Authority to operate in a way that allows it to develop meaningful relationships with iwi and Māori representatives with appropriate expertise, to give effect to the required functions:

(b) **section 19(2)**, which requires the membership of the advisory committee to include iwi and Māori representation with appropriate expertise:

(c) **section 267**, which requires a 5-year review of the Act to be undertaken by an independent body that includes iwi and Māori representation with appropriate expertise.

(2) Other provisions of the Act that recognise the interests of Māori in the context of the regulation of cannabis include—

(a) **section 85**, which relates to how the amount of licensed cannabis that may be cultivated within the annual cultivation cap may be allocated, and requires the Authority to have regard to applications that realise the following social equity principles:—

(i) representing or partnering with communities disproportionately harmed by cannabis, including Māori and people from economically deprived areas; and

(ii) the generation of social benefit and build community partnerships by engaging individuals, whānau, and communities in the design and delivery of their authorised activities; and

(iii) the promotion of employment opportunities and career pathways in the cannabis industry for Māori and people from economically deprived areas; and

(b) **section 202**, which relates to the manner in which the Authority must set the maximum potency limits for licensed cannabis products, and provides that these limits should aim to minimise problematic use, especially for Māori; and

(c) **sections 260 and 263**, which require the Crown, when setting the harm reduction levy and excise duties, to have regard to the extent to which the levy and the excise duties share the costs associated with cannabis use and its regulation in an equitable and non-regressive manner among those who buy, sell and produce cannabis.

6 Interpretation

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

additive means any non-cannabis derived substance added (directly or indirectly) to cannabis to achieve a specific technical or functional purpose during processing, storage, or packaging

adult means a person aged 20 years or older

advisory committee means the Cannabis Advisory Committee established by **section 17**

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 established by **section 121**

Authority means the Cannabis Regulatory Authority established by **section 10**

cannabis—

(a) means any plant of the genus *Cannabis*, whether growing or not, and includes—

(i) 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

(ii) any substance or mixture of substances that contains, or has in it, any part of a plant of that kind; and

(iii) 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

(iv) any derivative of cannabis; and

(b) includes any substance or derivative specified in **paragraph (a)** that is contained in a cannabis product; but

(c) excludes any substance regulated under an enactment regarding the medicinal use of cannabis or the use of hemp

cannabis accessory—

(a) means a thing that is represented to be (or taken under **subsection (2)** as represented to be) used in the consumption of cannabis, including rolling papers or wraps, holders, pipes, water pipes, bongs, and vaporizers; 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

cannabis concentrate means any preparation of cannabis where the THC content has been concentrated through a process of chemical or physical alteration

cannabis edible—

(a) means cannabis that is—

(i) consumed in the same manner as food; and

(ii) is sold at room temperature; but

(b) does not include fresh cannabis, dried cannabis, cannabis plants, or cannabis seeds

cannabis extract—

(a) means any substance that is produced using processes that extract oils from cannabis plants that have a high THC content; but

(b) excludes any cannabis topical or cannabis edible

cannabis plant means a plant, including a seedling or sprout, that belongs to the genus *Cannabis*

cannabis product means any product processed from or containing cannabis that is packaged and labelled for sale to a consumer

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—

(i) encourage the use of cannabis or a cannabis accessory; or

(ii) notify the availability of cannabis or a cannabis accessory; or

(iii) promote the sale of cannabis or a cannabis accessory; or

(iv) promote cannabis consumption behaviour; and

(b) includes—

(i) any trade circular, any label and any advertisement in any trade journal that does any of the things referred to in **paragraph (a)(i) to (iv)**; and

(ii) any depiction in a film, video recording, telecast, or other visual medium, of a cannabis product or a cannabis accessory 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 or a cannabis accessory processor's company name where that name or any part of that name is used as, or is included in, a cannabis product or cannabis accessory trade mark

cannabis seed means a seed of a cannabis plant

cannabis topical means cannabis that is intended to be consumed by application to a person's skin or exterior

CBD means cannabidiol

CBDA means cannabidiolic acid (present in fresh, undried, cannabis plant material and some cannabis products and which may be converted to CBD by processes such as drying and heating)

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 193**, has the same meaning in relation to any other substance

consumption premises means premises in respect of which a person holds a consumption premises licence authorising that person to carry on the activities authorised under **section 72**

controlled activity has the meaning given in **sections 58 and 62 to 72**

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

dried cannabis means any part of a cannabis plant that has been subjected to a drying process

emissions, in relation to smoking or vaping cannabis, means the smoke or aerosolised vaping substance produced by using cannabis or a cannabis product, whether by inhaling, exhaling, or otherwise

enforcement officer means—

(a) a constable within the meaning of section 4 of the Policing Act 2008; or

(b) another person or class of persons authorised by the head of the Authority in accordance with this Act to act in that capacity; or

(c) any other person or class of persons authorised by the head of the Authority to exercise particular powers under this Act

equivalent, in relation to a specified weight of dried cannabis, means the equivalent specified in **Schedule 6** for a cannabis product in non-dried form

fees framework means the framework determined by the Government from time to time for the classification and remuneration of statutory and other bodies in which the Crown has an interest

fresh cannabis—

(a) means freshly harvested cannabis buds and leaves; but

(b) does not include any cannabis plant material that can be used to grow cannabis

growing stock means cannabis seeds and cannabis plants, but does not include cannabis plants that are budding or flowering

infringement fee has the meaning given in **section 45**

infringement notice means a notice issued under **section 48**

infringement offence has the meaning given in **section 45**

ingredient means any non-cannabis derived substance that is added to retail cannabis to achieve a desired effect and includes all additives

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

liquid containing cannabis means a substance with cannabis in it that—

(a) is liquid at room temperature; and

(b) is not the result of an extraction or concentration process

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

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

Public Service has the same meaning as in section 27 of the State Sector Act 1988

regulations means regulations made under this Act

smoke or **smoking**—

(a) means smoking, holding, or otherwise having control over an ignited cannabis product or cannabis plant; and

(b) includes smoking, holding, or otherwise having control over an ignited product or thing whose customary use is or includes the inhalation from it of the emission produced from its combustion or the combustion of any part of it; but

(c) does not include holding or having control over an ignited product or thing customarily used as incense

solid containing cannabis means cannabis that—

(a) is in solid form at room temperature; and

(b) is not the result an extraction or concentration process

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)

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

vape or **vaping** means inhaling or exhaling vapour from cannabis or a cannabis product, whether or not a device (for example, a vaporiser, bong, or other accessory) is used

weight of potency means the total weight of THC, taking into account the maximum content of THC that would be obtained if THCA was converted into THC (expressed in milligrams or grams).

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

7 Relationship with Food Act 2014 and Agricultural Compounds and Veterinary Medicines Act 1997

(1) Nothing in the Food Act 2014 or the Agricultural Compounds and Veterinary Medicines Act 1997 or any regulations made under either of those Acts, or any standards referred to in either of those Acts, applies to cannabis or cannabis products.

(2) However, regulations made under this Act may apply provisions of any of the following to the cultivation or processing of cannabis and cannabis products:

(a) the Food Act 2014 or the Agricultural Compounds:

(b) the Veterinary Medicines Act 1997:

(c) regulations made under either of those Acts:

(d) standards referred to in either of those Acts.

8 Transitional, savings, and related provisions

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

9 Act binds the Crown

This Act binds the Crown.

Part 2
Key regulatory roles

Cannabis Regulatory Authority

10 Cannabis Regulatory Authority established

This section establishes the Cannabis Regulatory Authority in the Public Service.

Authority's main objective and functions

11 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 well-being of New Zealanders; and

(b) reduces the multiple harms associated with cannabis use; and

(c) reduces 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.

(3) The Authority must operate in a way that allows it to develop meaningful relationships with iwi and Māori representatives with appropriate expertise to give effect to the required functions.

12 Functions

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

(a) establishing and monitoring the cannabis cultivation cap in accordance with **section 22**; and

(b) licensing and authorising controlled activities in the cannabis supply chain; and

(c) setting the criteria and conditions for licences and authorisations for controlled activities; and

(d) setting limits on the allowable levels of THC and other substances in cannabis and cannabis products; and

(e) 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

(f) implementing decisions made in appeals from decisions of the Authority and the appeals authority; and

(g) administering and collecting excise taxes, levies, and fees charged as part of the cannabis regulatory regime; and

(h) 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

(i) developing good practice guidelines for individuals who choose to grow cannabis at home in accordance with legislative and regulatory provisions; and

(j) conducting (directly or indirectly) public education campaigns to—

(i) raise public awareness of the harms associated with cannabis use, including harms presented to children and young people by second-hand cannabis emissions, 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

(k) 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

(l) 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; and

(m) regulating cannabis production and marketing; and

(n) regulating cannabis accessories and certain substances added to cannabis; and

(o) facilitating a whole of government approach to addressing non-compliance that is health based and focused on harm reduction, in particular in relation to young people.

13 Authority must prepare and publish national plan

(1) The Authority must, not later than 6 months after the commencement of this Act, prepare and publish a national plan setting out how it will give effect to its main objective and the purposes of this Act.

(2) The national plan must include a public health, drug education, and treatment services strategy in accordance with **section 21** (the **harm reduction strategy**).

(3) The national plan must include a strategy for determining the cultivation cap in accordance with **section 22**.

(4) A further national plan must be prepared and published not later than 6 months after the statutory review of the operation of the Act under **section 267** and at intervals of 5 years after that.

(5) The Authority must develop the national plan in consultation with the advisory committee.

14 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; and

(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.

15 Register of licence holders

The Authority must develop and maintain a register of licence holders that contains such information as is prescribed by regulations made under **section 265**.

16 Local licensed premises policies

(1) The Authority must prepare a local licensed premises policy for the territory of each district and city council.

(2) Each local licensed premises policy must provide guidance relating to the location and operating hours for premises operating under a cannabis distribution licence within the territory.

(3) In preparing each local licensed premises policy, the Authority must take into account the following factors:

- (a) the characteristics of the territory and parts of the territory:
- (b) the locations of kindergartens, early childhood centres, schools, tertiary institutions, places of worship, parks, sports facilities, swimming pools, playgrounds, and other community facilities:
- (c) the cumulative effect of the presence or absence of other licensed premises in the same territory or part of the territory:
- (d) whether the amenity and good order of the territory would be likely to be reduced, to more than a minor extent, by the effects of premises operating under a cannabis distribution licence.

(4) A local licensed premises policy may provide differently for different parts of the territory to which it relates.

(5) A local licensed premises policy may apply to 1 or more parts of the territory to which it relates.

(6) The Authority must consult with local persons and groups who will or may be affected by, or have an interest in, the local licensed premises policy.

(7) Part 6 of the Local Government Act 2002 applies to a policy made under this section.

Cannabis Advisory Committee

17 Cannabis Advisory Committee established

This section establishes the Cannabis Advisory Committee.

18 Functions of advisory committee

The functions of the advisory committee are—

- (a) to provide advice to the Authority on the following matters:
  - (i) the development of the national plan:
  - (ii) the annual report on the national plan:

(iii) reviewing and setting the THC limits for each class of cannabis:

(iv) the setting and allocation of the annual cultivation cap on licensed cannabis production:

(v) developing the harm reduction criteria used across the licensing regime:

(vi) any other matters relating to the regulatory regime and its operation within the expertise of the advisory committee and on which the Authority seeks the committee's advice; and

(b) to provide advice to the Minister on any matters relating to the regulatory regime and its operation within the expertise of the advisory committee and on which the Minister seeks the committee's advice.

19 Membership, procedures, etc of advisory committee

(1) The advisory committee must comprise members who, between them, have the range of expertise necessary for the committee to perform its advisory functions under this Act.

(2) The membership must include iwi and Māori representation with appropriate expertise, and representation of the interests of specific population groups, including children and young people, together with expertise from the health, justice, and social sectors.

(3) No person who has a direct interest in the cannabis industry regulated under this Act may be appointed as a member of the advisory committee.

(4) A person has a direct interest if they—

(a) are an individual who holds a licence for a controlled activity; or

(b) are a director, partner, or the key person or responsible person of an entity that holds a licence for a controlled activity; or

(c) have a direct financial interest in relation to a business carried on under a licence for a controlled activity; or

(d) have any other interest, financial or otherwise, that could reasonably be regarded as likely to influence them in the performance of their role as a member of the advisory committee.

20 Advisory committee: reporting

(1) The advisory committee may report directly to the Minister.

(2) The advisory committee must annually provide the Minister with a written report of its operations.

Harm reduction strategy

21 Process for developing harm reduction strategy

(1) The Authority must develop and publish a harm reduction strategy as part of each national plan.

(2) The harm reduction strategy must include—

(a) measures to promote public health by preventing and minimising the harm from cannabis use; and

(b) the development and delivery of drug education programmes focussed on addressing harmful cannabis use; and

(c) engagement with commissioning agencies with treatment of those experiencing harm from cannabis and their families and whānau; and

(d) the evaluation approach and timeframes for reporting on the outcomes of the drug education programmes and treatment services; and

(e) independent scientific research associated with cannabis use including (for example) longitudinal research on the social and economic impacts of cannabis use, particularly the impacts on different cultural groups.

(3) Variations in needs between regions must be taken into account in developing the harm reduction strategy and the strategy must accommodate those differences as the Authority considers necessary to meet its objective.

(4) In developing the harm reduction strategy, the Authority must—

(a) consult the persons and organisations that the Authority considers to be representative of regional and cultural interests; and

(b) seek the input of persons and organisations with expertise relevant to the focus of the strategy.

Cannabis cultivation cap

22 Cannabis cultivation cap

(1) The Authority must set an annual cultivation cap by notice in the *Gazette* after having regard to the purposes of this Act and the objectives and functions of the Authority.

(2) The annual cultivation cap sets the total quantity of dried cannabis (or its equivalent) for sale or supply by holders of a cannabis production licence with a cultivation activity authorisation or a micro-cultivation activity authorisation to holders of a cannabis production licence with a processing activity authorisation.

(3) The Authority may adjust the annual cultivation cap by notice in the *Gazette* after having regard to the purposes of this Act and the objectives and functions of the Authority.

(4) The Authority must, when it sets an annual cultivation cap, determine which share of the cap will be allocated amongst holders of a cannabis production licence with a cultivation activity authorisation and which share will be allocated amongst holders of a cannabis production licence with a micro-cultivation activity authorisation.

(5) After setting an annual cultivation cap and determining which share of the cap will be allocated amongst holders of a cannabis production licence with a micro-cultivation activity authorisation, the Authority must, by notice in the *Gazette*, set an annual micro-cultivation cap that applies to all holders of a cannabis production licence with a micro-cultivation activity authorisation.

Part 3
General provisions concerning personal use of cannabis

Subpart 1—Growing cannabis for personal use

23 Purpose and application of subpart

(1) The purpose of this subpart is to set out the conditions under which the personal use and growing of cannabis is lawful.

(2) This Part applies subject to **section 60** (which creates certain exemptions for licence holders and others).

24 Limits on individuals growing cannabis for personal use

(1) A person may grow not more than 2 cannabis plants on a property or part of a property in respect of which they have a qualifying legal interest.

(2) A person who contravenes **subsection (1)** by growing more than 2 cannabis plants commits an infringement offence and is liable to—

(a) an infringement fee of $500; or

(b) a fine imposed by the court not exceeding $1,000.

(3) A person who contravenes **subsection (1)** by knowingly growing 10 or more cannabis plants commits an offence and is liable on conviction to—

(a) imprisonment for a term not exceeding 3 months; or

(b) a fine not exceeding $2,000.

(4) For the purposes of this section, a person has a qualifying legal interest 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) for their personal use.

25 Maximum number of plants that can be grown on property for personal use

(1) The maximum number of plants that can be grown on a property is 4.

(2) If more than 4 cannabis plants are grown on a property, there is a contravention of **subsection (1)**, and the following persons commit an infringement offence:

(a) an occupier of the property:

(b) the owner of the property, if the property is unoccupied.

(3) A person who commits an infringement offence specified in **subsection (2)** is liable to—

(a) an infringement fee of $500; or

(b) a fine imposed by the court not exceeding $1,000.

(4) Despite **subsection (2)**, an infringement notice may be issued under **section 48** to only 1 person in relation to an act or acts alleged to constitute 1 contravention of **subsection (1)**.

26 Conditions limiting place where cannabis may be grown

(1) A cannabis plant may be grown under **section 24** only if the cannabis 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 an area to which the public has unrestricted access.

27 Compliance order may be issued by authorised enforcement officer

(1) An authorised enforcement officer may issue a compliance order requiring a person who contravenes **section 26(1)** to do any specified thing for the purpose of preventing further non-compliance with that provision.

(2) The order must specify a time within which it must be complied with.

(3) An order must be addressed to—

(a) an occupier of the property:

(b) the owner of the property, if the property is unoccupied.

(4) An owner or occupier 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 the court not exceeding $500.

(5) Despite **subsection (4)**, an infringement notice may be issued under **section 48** to only 1 person in relation to an act or acts alleged to constitute 1 contravention of **subsection (4)**.

28 Prohibition on growing cannabis in public place

(1) A person who grows 1 or more cannabis plants in a public place commits an infringement offence.

(2) A person who contravenes **subsection (1)** commits an infringement offence and is liable to—

(a) an infringement fee of $500; or

(b) a fine imposed by the court not exceeding $1,000.

Subpart 2—Possession, purchase, age, place, sale, supply and sharing restrictions

29 Possession limit for persons aged 20 years or older

(1) A person aged 20 years or older must not have more than 14 grams of dried cannabis (or its equivalent) in their possession in a public place or in a vehicle that is in a public place.

(2) 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 the court not exceeding $500.

(3) This section is subject to **section 30** and to **section 60** (which creates certain exemptions for licence holders and others).

(4) In this section, **public place** includes—

(a) premises with a retail authorisation; and

(b) consumption premises.

30 Person may have cannabis plants or larger quantities of cannabis in public in course of moving

(1) **Section 29(1)** does not prevent a person from having a cannabis plant in their possession in a public place or in a vehicle in a public place for the purposes of, 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.

(2) **Section 29(1)** does not apply to a person who has cannabis in their possession in a public place or in a vehicle in a public place if it is being held for the purposes of transporting it from the person's place of residence to another place where they will permanently reside.

31 Purchase limit for persons aged 20 years or older

(1) A person aged 20 years or older may not purchase more than 14 grams of dried cannabis (or its equivalent) per day.

(2) 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 the court not exceeding $500.

32 Minimum age to possess cannabis is 20 years

(1) A person must not possess cannabis, unless they are 20 years or older.

(2) A person who contravenes **subsection (1)** commits an infringement offence and is liable to—

(a) an infringement fee of $100; or

(b) a fine imposed by the court not exceeding $200.

33 Infringement notice under section 32(2) may include condition

(1) An enforcement officer may include the condition specified in **subsection (2)** in an infringement notice issued to a person for an infringement offence under **section 32**.

(2) The enforcement officer may require the person to engage with a support service within a period prescribed in the notice.

(3) If the condition is fulfilled and the relevant person or organisation specified in the infringement notice is notified in the prescribed manner and within the prescribed period that the condition has been fulfilled,—

(a) the infringement fee is waived; and

(b) the infringement notice is to be treated as revoked.

34 Social sharing

(1) A person may not gift, share with, or otherwise supply or offer to supply to another person any form of cannabis unless—

(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—

(i) obtaining the ownership or possession of or control over any property, or any privilege, service pecuniary advantage, benefit, or valuable consideration, directly or indirectly; or

(ii) avoiding a material detriment.

(2) To avoid doubt, it is not lawful for a parent, guardian, or caregiver of a person aged 19 years or younger to gift, share with, or otherwise supply or offer to supply to the person any form of cannabis.

35 Prohibition against supplying cannabis to person aged 19 years or younger

(1) A person must not supply, or offer to supply, cannabis to a person aged 19 years or younger.

(2) A person who contravenes **subsection (1)** commits an offence and is liable on conviction, to a fine not exceeding $5,000.

(3) In proceedings for an offence against **subsection (2)**, it is a defence if the defendant proves that they had reasonable grounds to believe the recipient to be a person aged 20 years or older.

36 Restriction on supply of cannabis to persons aged 20 years or older

(1) A person must not supply, or offer to supply, more than 14 grams of cannabis to a person aged 20 years or older.

(2) A person who contravenes **subsection (1)** is liable on conviction to a fine not exceeding $3,000.

37 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 authorised by a licence.

(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 the court not exceeding $500.

38 Prohibition on sale of cannabis or cannabis products to persons aged 19 years or younger

(1) A person must not sell or offer to sell cannabis or a cannabis product to a person aged 19 years or younger, knowing that the person is 19 years or younger or being reckless as to whether that is the case.

(2) A person who contravenes **subsection (1)** commits an offence and is liable on conviction to—

(a) in the case of an individual, a term of imprisonment not exceeding 4 years:

(b) in any other case, a fine not exceeding $150,000.

39 Sale of cannabis or cannabis products

(1) A person must not sell or offer to sell cannabis or a cannabis product without holding a licence authorising the person to do so.

(2) A person who contravenes **subsection (1)** commits an offence and is liable on conviction to—

(a) in the case of an individual, a term of imprisonment not exceeding 2 years; or

(b) in any other case, a fine not exceeding $100,000.

40 Supplying cannabis products by mail order or courier prohibited

(1) A person must not supply cannabis products to another person by mail or any other delivery service, except as authorised by regulations.

(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 the court not exceeding $1,000.

41 Prohibition on importing or exporting cannabis

(1) A person may not import or export cannabis.

Offence of importing or exporting cannabis

(2) A person who knowingly imports or exports cannabis 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; or

(b) in any other case, a fine not exceeding $50,000.

Infringement offence of importing or exporting cannabis

(3) A person who imports or exports cannabis commits an infringement offence and is liable to—

(a) an infringement fee of $200; or

(b) a fine imposed by the court not exceeding $500.

42 Prohibition against dangerous methods of unlicensed processing of cannabis concentrates

(1) A person must not use a dangerous production method to separate resins from cannabis to produce cannabis concentrates.

(2) To avoid doubt, **subsection (1)** does not preclude a person from making cannabis-infused products if the person does not use a dangerous production method.

(3) For the purpose of **subsections (1) and (2)**, a dangerous production method is a production method that uses any prescribed organic solvent to extract resin or produce cannabis concentrates.

(4) A person who contravenes **subsection (1)** by knowingly using a dangerous production method 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; or

(b) in any other case, a fine not exceeding $50,000.

43 Offence to expose persons aged 19 years or younger to cannabis emissions

(1) A person who smokes or vapes cannabis must not expose a person aged 19 years or younger to the emissions of that smoking or vaping.

(2) A person who contravenes **subsection (1)** commits an infringement offence and is liable to—

(a) an infringement fee of $500; or

(b) a fine imposed by the court, not exceeding $1,000.

44 Infringement notice under section 43(2) may include condition

(1) An enforcement officer may include the condition referred to in **subsection (2)** in an infringement notice issued to a person for an infringement offence under **section 43**.

(2) The enforcement officer may require the person to engage with a support service within a period prescribed in the notice.

(3) If the condition is fulfilled and the relevant person or organisation specified in the infringement notice is notified in the prescribed manner and within the prescribed period that the condition has been fulfilled,—

(a) the infringement fee is waived; and

(b) the infringement notice is to be treated as revoked.

Subpart 3—Procedure for infringement offences

45 Interpretation

In this subpart,—

infringement fee means an infringement fee specified in **sections 24(2), 25(3), 27(4), 28(2), 29(2), 31(2), 32(2), 37(3), 40(2), 41(3), or 43(2)**

infringement offence means an infringement offence specified in **sections 24(2), 25(3), 27(4), 28(2), 29(2), 31(2), 32(2), 37(3), 40(2), 41(3), or 43(2)**.

46 Proceedings for infringement offences

(1) A person who is alleged to have committed an infringement offence may—

(a) be proceeded against by the filing of a charging document under section 14 of the Criminal Procedure Act 2011; or

(b) be issued with an infringement notice under **section 48**.

(2) Proceedings commenced in the manner described in **subsection (1)(a)** do not require the 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.

47 Who may issue infringement notices

Every enforcement officer or class of enforcement officers authorised by the Authority for the purpose may issue infringement notices under this Act.

48 When infringement notice may be issued

An enforcement officer may issue an infringement notice to a person if the enforcement officer believes on reasonable grounds that the person is committing, or has committed, an infringement offence.

49 Infringement notice may be revoked

(1) The enforcement officer who issued the infringement notice or any other enforcement officer may revoke an infringement notice before—

(a) the infringement fee is paid; or

(b) an order for payment of a fine is made or deemed to be made by a court under section 21 of the Summary Proceedings Act 1957.

(2) An infringement notice is revoked by giving written notice to the person to whom it was issued that the notice is revoked.

(3) The revocation of an infringement notice under this section is not a bar to any other enforcement action against the person to whom the notice was issued in respect of the same matter.

50 What infringement notice must contain

An infringement notice must be in the form prescribed in regulations and must contain the following particulars:

(a) details of the alleged infringement offence that fairly inform a person of the time, place, and nature of the alleged offence:

(b) the amount of the infringement fee:

(c) the address of the enforcement authority:

(d) how the infringement fee may be paid:

(e) the time within which the infringement fee must be paid:

(f) a summary of the provisions of section 21(10) of the Summary Proceedings Act 1957:

(g) a statement that the person served with the notice has a right to request a hearing:

(h) a statement of what will happen if the person served with the notice neither pays the infringement fee nor requests a hearing:

(i) any other matters prescribed in regulations.

51 How infringement notice may be served

(1) An infringement notice may be served on the person who the enforcement officer believes on reasonable grounds is committing or has committed the infringement offence by—

(a) delivering it to the person or, if the person refuses to accept it, bringing it to the person's notice; or

(b) leaving it for the person at the person's last known place of residence with another person who appears to be of or over the age of 14 years; or

(c) leaving it for the person at the person's place of business or work with another person; or

(d) sending it to the person by prepaid post addressed to the person's last known place of residence or place of business or work; or

(e) sending it to an electronic address of the person in any case where the person does not have a known place of residence or business in New Zealand.

(2) Unless the contrary is shown—

(a) an infringement notice (or a copy of it) sent by prepaid post to a person under **subsection (1)** is to be treated as having been served on that person on the fifth working day after the date on which it was posted; and

(b) an infringement notice sent to a valid electronic address is to be treated as having been served at the time the electronic communication first enters an information system that is outside the control of the enforcement authority.

52 Payment of infringement fees

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

53 Reminder notices

A reminder notice must be in the form prescribed in regulations, and must include the same particulars, or substantially the same particulars, as the infringement notice.

54 Forfeiture for infringement offence

(1) If an infringement notice is issued to a person in respect of any infringement offence, any cannabis, cannabis product, or cannabis accessory in respect of which the infringement offence is committed is forfeited to the Crown on the earliest of the following to occur:

(a) the infringement fee for the offence is paid:

(b) a copy of a reminder notice in respect of the infringement offence is filed, or a reminder notice is deemed to have been filed, in a court under

section 21 of the Summary Proceedings Act 1957 before the close of the date that is 6 months after the date on which the offence is alleged to have been committed:

(c) the enforcement agency and the person enter into an arrangement under section 21(3A) of the Summary Proceedings Act 1957 allowing the person to pay the relevant infringement fee by instalments:

(d) the person is found guilty of, or pleads guilty to, the infringement offence.

(2) A court may order that any cannabis, cannabis product, or cannabis accessory used in respect of the commission of an infringement offence be forfeited to the Crown if—

(a) proceedings for an infringement offence are commenced by the filing of a charging document under section 14 of the Criminal Procedure Act 2011; and

(b) a person is found guilty of, or pleads guilty to, the infringement offence.

55 Amendment to Summary Proceedings Act 1957

(1) This section amends the Summary Proceedings Act 1957.

(2) In section 2(1), definition of **infringement notice**, after paragraph (je), insert:

(jf) section 48 of the Cannabis Legalisation and Control Act [*year*]; or

56 Amendment to Oranga Tamariki Act 1989

(1) This section amends the Oranga Tamariki Act 1989.

(2) In section 272(3), insert:

(bb) an infringement offence against the Cannabis Legalisation and Control Act **2020**:

Part 4
Licences and activity authorisations

57 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 promoting, as far as possible, equitable access to a stable supply of licensed cannabis and cannabis products available for purchase in New Zealand.

Subpart 1—Controlled activities

58 Types of controlled activity

(1) The following types of activity are controlled activities:

(a) a nursery activity:

(b) a micro-cultivation activity:

(c) a cultivation activity:

(d) a processing activity:

(e) a wholesaling and distribution activity:

(f) a retail activity:

(g) a consumption premises activity:

(h) a nursery retail activity:

(i) a research activity:

(j) a testing activity:

(k) a destruction activity.

(2) An activity that is authorised by **Part 3** (for example, an individual growing 1 or 2 plants for personal use in a permitted place, or social sharing permitted by **section 34**) is not a controlled activity for the purposes of this Part.

59 Person must hold licence to conduct controlled activity

(1) A person may carry out a controlled activity only if they hold a licence under this Act that authorises them to do so.

(2) A person who carries out a controlled activity without a licence under this Act that authorises them to do so commits an offence and is liable on conviction to a fine not exceeding $100,000.

(3) No proceeding may be brought under this section if proceedings have already been brought or an infringement notice has been issued under **Part 3** in relation to the same act or omission.

60 Exceptions from Part 3 for certain licence holders and others

(1) **Section 29(1)** does not apply to a licence holder, or employees or agents of the licence holder, while cannabis or a cannabis product is being transported in the course of business authorised by the licence.

(2) **Sections 31 and 32** do not make it unlawful for a person aged 19 years or younger to possess, purchase, or receive cannabis in the course of business if they are employed or engaged in the cultivation, processing, or distribution of cannabis or a cannabis product, if the activity is authorised by an appropriate licence.

(3) **Sections 24 to 26** do not apply in relation to a licence holder, or employees or agents of the licence holder, if cannabis is grown in the course of business, being an activity authorised by an appropriate licence.

(4) **Sections 34, 36, and 40** do not apply in relation to the supply of cannabis by or to any licence holder, their employees, or agents in the course of business, being an activity authorised by an appropriate licence.

(5) **Section 41** does not apply in relation to the importation of cannabis seeds under a nursery activity authorisation under this Act.

61 Types of licences

(1) A person may hold only one of the following types of licence at any time:

(a) a cannabis production licence, which authorises the licence holder to carry out one or more of the following classes of activity:

(i) a nursery activity:

(ii) a cultivation activity:

(iii) a micro-cultivation activity:

(iv) a processing activity:

(v) a wholesale and distribution activity:

(vi) a nursery retail activity:

(vii) a research activity:

(viii) a destruction activity:

(b) a cannabis testing licence, which authorises the licence holder to carry out 1 or more of the activities described in **section 70**:

(c) a cannabis distribution licence, which authorises the licence holder to carry out a retail activity, a consumption premises activity, or both.

(2) A cannabis production licence may only authorise the licence holder to carry out a combination of activities if that combination of activities is not prohibited under **Schedule 2**.

(3) A person who holds a licence under this Act must conduct their activities under the licence in a manner that is consistent with the objectives of the Act.

Cannabis production

62 Nursery activity

(1) A **nursery activity** means any activity listed in **subsection (2)** that is done for a purpose relating to the supply of growing stock for cultivation within the licensing regime.

(2) The activities permitted under a nursery activity authorisation are to—

(a) grow, supply, and sell growing stock to a person who holds a cannabis production licence with a cultivation activity authorisation, a micro-cultivation activity authorisation, a nursery retail authorisation, or a processing activity authorisation:

(b) carry out research and testing incidental to the cultivation of growing stock:

(c) import and supply seeds to a person who holds a cannabis production licence with a cultivation activity authorisation, a micro-cultivation

activity authorisation, a processing activity authorisation, or a nursery retail activity authorisation:

(d) supply growing stock to a person who holds a cannabis production licence with a destruction activity authorisation:

(e) destroy growing stock in accordance with regulations made under **section 265**.

63 Cultivation activity

(1) A **cultivation activity** means any activity listed in **subsection (2)** that is done for a purpose relating to the cultivation of cannabis for sale or supply.

(2) The activities permitted under a cultivation activity authorisation are to—

(a) purchase growing stock from a person who holds a cannabis production licence with a nursery activity authorisation:

(b) cultivate cannabis:

(c) carry out research and testing incidental to the cultivation of cannabis:

(d) sell and supply fresh cannabis and dried cannabis to a person who holds a cannabis production licence with a processing activity authorisation:

(e) supply cannabis to a person who holds a cannabis production licence with a destruction activity authorisation:

(f) destroy cannabis in accordance with regulations made under **section 265**.

64 Micro-cultivation activity

(1) A **micro-cultivation activity** means any activity listed in **subsection (2)** that is done for a purpose relating to the small-scale cultivation of cannabis for sale or supply.

(2) The activities permitted under a micro-cultivation activity authorisation are to—

(a) purchase growing stock from a person who holds a cannabis production licence with a nursery activity authorisation:

(b) cultivate cannabis up to the maximum amount permitted for the holder of a cannabis production licence with a micro-cultivation activity authorisation under regulations:

(c) carry out research and testing incidental to the cultivation of cannabis:

(d) sell and supply fresh cannabis and dried cannabis to a person who holds a cannabis production licence with a processing activity authorisation:

(e) supply cannabis to a person who holds a cannabis production licence with a destruction activity authorisation:

(f) destroy cannabis in accordance with regulations made under **section 265**.

65 Processing activity

(1) A **processing activity** means any activity listed in **subsection (2)** that is done for a purpose relating to the processing, packaging, and labelling of cannabis for sale or supply.

(2) The activities permitted under a processing activity authorisation are to—

(a) purchase growing stock from a person who holds a cannabis production licence with a nursery activity authorisation:

(b) purchase dried cannabis and fresh cannabis from a person who holds a cannabis production licence with a cultivation activity authorisation or a micro-cultivation activity authorisation:

(c) carry out research and testing incidental to the processing of cannabis and cannabis products:

(d) produce cannabis and cannabis products:

(e) package and label cannabis and cannabis products for sale and distribution to—

(i) a person who holds a cannabis production licence with a wholesale activity authorisation:

(ii) a person who holds a cannabis production licence with a nursery retail activity authorisation:

(iii) a person who holds a cannabis distribution licence with a retail activity authorisation:

(f) supply cannabis and cannabis products to a person who holds a cannabis production licence with a destruction activity authorisation:

(g) destroy cannabis and cannabis products in accordance with regulations made under **section 265**.

66 Wholesale and distribution activity

(1) A **wholesale and distribution activity** means any activity listed in **subsection (2)** that is done for a purpose relating to the distribution of processed cannabis and cannabis products for sale or supply.

(2) The activities permitted under a wholesale and distribution activity authorisation are to—

(a) purchase packaged and labelled cannabis and cannabis products from a person who holds a cannabis production licence with a processing activity authorisation:

(b) sell and distribute packaged and labelled cannabis and cannabis products to a person who holds a cannabis distribution licence with a retail activity authorisation:

(c) supply cannabis to a person who holds a cannabis production licence with a destruction activity authorisation:

(d) destroy cannabis in accordance with regulations made under **section 265**.

67 Nursery retail activity

(1) A **nursery retail activity** means any activity described in **subsection (2)** that is done for a purpose relating to the sale of cannabis seeds and growing stock to the public.

(2) The activities permitted under a nursery retail activity authorisation are to—

(a) purchase growing stock from a person who holds a cannabis production licence with a nursery activity authorisation or a processing activity authorisation:

(b) sell growing stock to the public in accordance with any packaging and labelling requirements of this Act or regulations made under it:

(c) supply growing stock to a person who holds a cannabis production licence with a destruction activity authorisation:

(d) destroy growing stock in accordance with regulations made under **section 265**.

68 Research activity

(1) A **research activity** means any activity listed in **subsection (2)** that is done for a purpose relating to the research and development of cannabis and cannabis products.

(2) The activities permitted under a research activity authorisation are to—

(a) cultivate cannabis:

(b) produce cannabis and cannabis products:

(c) test, on humans only, samples of cannabis and cannabis products:

(d) supply samples of cannabis, including growing stock, and cannabis products to a person who holds a cannabis production licence with a nursery activity authorisation, a cultivation activity authorisation, a micro-cultivation activity authorisation, or a processing activity authorisation:

(e) supply cannabis to a person who holds a cannabis production licence with a destruction activity authorisation:

(f) destroy cannabis in accordance with regulations made under **section 265**.

(3) A research activity authorisation does not permit a licence holder to cultivate or produce cannabis or cannabis products for sale or supply except to the extent provided for in **subsection (2)(d)**.

69 Destruction activity

(1) A **destruction activity** means an activity described in **subsection (2)** that is done for a purpose relating to the safe and secure destruction of cannabis and cannabis products in accordance with regulations made under **section 265**.

(2) The activities permitted under a destruction activity authorisation are to—

(a) obtain cannabis and cannabis products from any other person:

(b) destroy cannabis and cannabis products in accordance with regulations made under **section 265**.

Cannabis testing

70 Testing activity

(1) A **testing activity** means any activity listed in **subsection (2)** that is done for a purpose relating to the testing and verifying of cannabis and cannabis products.

(2) The activities permitted under a cannabis testing licence are to—

(a) alter the chemical or physical properties of cannabis by any means:

(b) certify the quality, quantity, and potency of cannabis and cannabis products before they are made available to the public:

(c) carry out any testing of cannabis or cannabis products required by the Authority under this or any other enactment:

(d) supply cannabis to a person who holds a cannabis production licence with a destruction activity authorisation:

(e) destroy cannabis in accordance with regulations made under **section 265**.

Cannabis distribution

71 Retail activity

(1) A **retail activity** means any activity listed in **subsection (2)** that is done for a purpose relating to the sale of processed cannabis and cannabis products to the public.

(2) The activities permitted under a retail activity authorisation are to—

(a) purchase packaged and labelled cannabis and cannabis products from a person who holds a cannabis production licence with a processing activity authorisation, a wholesale and distribution activity authorisation, or a nursery retail authorisation:

(b) sell cannabis products to the public:

(c) sell cannabis accessories:

(d) sell growing stock:

(e) supply cannabis to a person who holds a cannabis production licence with a destruction activity authorisation:

(f) destroy cannabis in accordance with regulations made under **section 265**.

72 Consumption premises activity

(1) A **consumption premises activity** means any activity described in **subsection (2)** that is done for a purpose relating to the provision of public premises for the consumption of cannabis.

(2) The activities permitted under a consumption premises activity authorisation are to—

(a) provide a space for the on-site consumption of cannabis and cannabis products, including cannabis and cannabis products obtained elsewhere:

(b) supply cannabis to a person who holds a cannabis production licence with a destruction activity authorisation:

(c) destroy cannabis in accordance with regulations made under **section 265**.

Subpart 2—Licence applications

Eligibility requirements

73 Individuals who are eligible to hold licences

An individual is eligible to hold a licence if the individual—

(a) has completed an application for the licence; and

(b) is 20 years or older; and

(c) is a fit and proper person, as assessed by the Authority; and

(d) resides in New Zealand; and

(e) is not ineligible to hold a licence under **section 81**.

74 Bodies corporate and partnerships that are eligible to hold licences

A body corporate or partnership (an **entity**) is eligible to hold a licence if—

(a) an application for the licence has been completed for the entity by a person authorised to do so; and

(b) every director or partner of the entity is 20 years or older; and

(c) every director or partner of the entity is a fit and proper person, as assessed by the Authority; and

(d) the body corporate is incorporated in New Zealand or all the partners of the partnership reside in New Zealand; and

(e) the entity is entitled to use the location or locations specified in the application for the licence for the types of licensed activity sought; and

(f) the entity has nominated 1 or more individuals to be responsible persons, being individuals who are eligible under **section 75**; and

(g) 1 or more directors or partners of the entity have the expertise, and the entity has the resources,—

(i) to comply with the obligations this Act and the regulations made under it impose on the holder of a licence for the types of licensed activity sought; and

(ii) to carry out the types of licensed activity for which the licence is sought.

75 Eligibility of responsible person

An individual is eligible to be approved under this Act as a responsible person if the individual—

(a) is authorised by the entity concerned to control the activities for which the licence is sought or obtained, and to communicate with the Authority on behalf of the entity; and

(b) is familiar with, and has the expertise to comply with, the obligations that this Act and the regulations made under it impose on the holder of a licence for a licensed activity; and

(c) is 20 years or older; and

(d) is a fit and proper person, as assessed by the Authority; and

(e) resides in New Zealand.

76 Duty to have responsible person

A licence holder that is an entity must have, at all times, at least 1 individual approved under this Act as a responsible person.

77 Role of responsible person

The role of the responsible person is to control the activities for which the licence is held, and to communicate with the Authority on behalf of the entity.

Applications for licences

78 Application for licence

(1) A person who is eligible to hold a licence under **section 73 or 74** may apply to the Authority for one of the licences described in **section 61**.

(2) The application must be made in the manner approved by the Authority.

(3) The applicant must provide the following:

(a) the name, address, and contact details of the applicant:

(b) in the case of an entity,—

(i) the name of every director or partner; and

(ii) the name, address, and contact details of a person nominated to be a responsible person:

(c) the type of licence and, if relevant, authorisations for classes of activity sought:

(d) a declaration from each person nominated to be a responsible person that they are eligible under **section 75**:

(e) the prescribed fee (if any).

(4) The application must also include the following information for each type of licence and, if relevant, authorisations for each class of activity for which an authorisation is sought:

(a) the following information about the proposed location or locations to be used for the activity:

(i) a description:

(ii) the address:

(iii) the geographical co-ordinates:

(iv) a plan or map, if required to identify a location:

(b) the details of the proposed arrangements for physical and procedural security, including containment measures, and the security of staff members, at the proposed location or locations for each type of licence or authorisation for a class of activity sought:

(c) the details of standard operating procedures for each type of licence or authorisation for a class of activity sought, including for—

(i) tracking and recording any starting material, cannabis-based ingredient, or cannabis product:

(ii) securely destroying waste material:

(d) the place where records required by this Act will be kept:

(e) adequate additional information to enable the Authority to assess whether the applicant is eligible to hold a licence or an authorisation for the activity.

(5) An application for a cannabis production licence with a cultivation activity authorisation or a micro-cultivation activity authorisation must include information about the proposed annual production of the applicant.

(6) The Authority may, at any time, require the applicant to provide any additional information it considers necessary to assist it in determining the application.

(7) The applicant must pay the prescribed fee (if any) for the application.

(8) An applicant may withdraw their application at any time before the Authority makes a decision on it but the application fee is not refundable.

79 Initial assessments of licence applications

(1) On receipt of an application, the Authority must check whether the application appears to be in order.

(2) If the application does not appear to be in order, the Authority must return the application to the applicant and advise them that—

(a) the application is incomplete and will need to be amended and resubmitted; or

(b) the applicant or a director or partner of the applicant does not appear to be eligible to hold the licence sought; or

(c) the proposed responsible person of the applicant does not appear to be eligible for the position, in which case a new responsible person must be found by the applicant and the application amended and resubmitted.

80 Authority may inspect proposed locations

The Authority may inspect every proposed location specified in an application to ensure that it will have adequate security and containment arrangements.

Fit and proper person assessment

81 Certain persons ineligible to be fit and proper person

The persons described in **Schedule 3** are ineligible to—

(a) hold a licence under this Act; or

(b) be the director or partner of an entity that holds a licence under this Act; or

(c) be the responsible person for an entity that holds a licence under this Act; or

(d) be the key person for an authorised activity at a location associated with a cannabis production licence; or

(e) be a duty manager or an acting duty manager for a premises operated under a cannabis distribution licence.

82 Fit and proper person assessment

(1) The Authority must assess whether a person is fit and proper person for the purpose of a licence application or other purpose specified in this Act in accordance this section.

Disqualifying factors

(2) If the Authority determines that any of the factors in **Schedule 3** apply, the person is disqualified from being a fit and proper person for the purposes of this Act.

Capability assessment

(3) The Authority must take into account whether the person can demonstrate the following:

(a) the capability to comply with licence conditions:

(b) the expertise and knowledge to effectively exercise the rights under the licence or authorisations sought:

(c) the capability to comply with financial requirements of the licence or authorisations:

(d) if the person intends to rely on third parties to meet the requirements in **paragraphs (a) to (c)**, that they have adequate systems and processes to manage those third parties.

Discretionary assessment

(4) The Authority may take into account any other previous or current factor or conviction it considers relevant.

(5) In exercising its discretion under **subsection (4)**, the Authority must consider—

(a) the relevance of the factor or conviction to the type of licence application or other purpose for which the Authority is assessing whether the person is a fit and proper person; and

(b) the seriousness or nature of the factor or conviction; and

(c) the recency of the factor or conviction; and

(d) the person's age at the time of the factor or conviction; and

(e) any recidivism or other patterns of behaviour involved; and

(f) where appropriate, any proof of rehabilitation.

83 Certain convictions not determinative

The following convictions, on their own, do not disqualify a person from being assessed as a fit and proper person under this Act:

(a) a conviction for cannabis possession or use under section 7 of the Misuse of Drugs Act 1975:

(b) a conviction for possession of cannabis utensils under section 13(1)(a) of the Misuse of Drugs Act 1975:

(c) a conviction for cultivation of a prohibited cannabis plant under section 9 of the Misuse of Drugs Act 1975:

(d) a conviction for the sale and supply or possession to supply cannabis to persons over the age of 18 under section 6(1)(c) to (f) of the Misuse of Drugs Act 1975:

(e) a conviction for an offence committed outside of New Zealand where, if the offence had occurred in New Zealand, the person would have been prosecuted under **paragraphs (a) to (d)**.

84 Authority may consider information from other sources

(1) The Authority may, in assessing whether a person is fit and proper person for the purposes of this Act, consider any relevant information received from any source, whether in response to a request from the Authority or unsolicited.

(2) The Authority must, before assessing whether a person is a fit and proper person for the purposes of this Act, obtain a Police vet from the New Zealand Police Vetting Service of that person, and take the Police vet information into account in its assessment.

Additional criteria for assessing cannabis production licence applications

85 Additional criteria for assessing cannabis production licence applications

(1) In assessing an application for a cannabis production licence with a cultivation activity authorisation or a micro-cultivation activity authorisation, the Authority must have regard to the factors set out in **subsection (2) or (3)** for the activity authorisation sought.

(2) For a cultivation activity authorisation, the factors are the degree to which the application will achieve the following principles:

(a) representing or partnering with communities disproportionately harmed by cannabis, including Māori and people from economically deprived areas:

(b) the generation of social benefit and building of community partnerships by engagement with individuals, whānau, and communities in the design and delivery of their activities:

(c) the promotion of employment opportunities and career pathways in the cannabis industry for Māori and those from economically deprived areas.

(3) For a micro-cultivation activity authorisation, the factors are—

(a) the micro-cultivation cap set in accordance with **section 22**:

(b) the geographical spread of existing and prospective micro-cultivators within New Zealand.

(4) In assessing an application for a cannabis production licence with a cultivation activity authorisation or a micro-cultivation activity authorisation, the Authority may have regard to any other factor that supports the Authority in performing its functions in accordance with its objectives and the purposes of this Act.

86 Authority may assess applications against each other in certain cases

(1) The Authority may, at any time, request applications for a cannabis production licence with a cultivation activity authorisation by notice in the *Gazette* that sets out the date by which applications must be received by the Authority.

(2) The Authority may, when assessing applications received during the period between the notice in the *Gazette* and the closing date for applications, compare applications against each other when determining—

(a) whether to issue a licence to a particular applicant; or

(b) the annual production cap of a particular applicant, expressed as a percentage of the total annual cultivation cap set under **section 22**.

Additional criteria for assessing cannabis testing licence applications

87 Additional criteria for assessing cannabis testing licence applications

The Authority may only issue a cannabis testing licence to an applicant which meets the standards and requirements for an accredited laboratory prescribed by regulation.

Additional criteria for assessing cannabis distribution licence applications

88 Additional criteria for assessing cannabis distribution licence applications

In assessing an application for a cannabis distribution licence, the Authority must—

(a) prioritise, where practicable, not-for-profit applicants that can demonstrate a commitment to delivering social benefit to the community or communities in which the applicant intends to operate:

(b) apply the national plan produced under **section 13**:

(c) have regard to the contents of any local licensed premises policy:

(d) take into account the following factors relating to the proposed location or locations of the premises:

(i) the characteristics of the locality or part of the locality:

(ii) the locations of kindergartens, early childhood centres, schools, tertiary institutions, places of worship, parks, sports facilities, swimming pools, playgrounds, and other community facilities:

(iii) the cumulative effect of the presence or absence of other licensed premises in the same locality:

(iv) 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:

(v) whether the amenity and good order of the locality are already so badly affected by the effects of the issue of existing licences that

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 it is nevertheless desirable not to issue any further licences in the locality:

(e) take into account the following matters:

(i) the days on which and the hours during which the applicant proposes to sell cannabis:

(ii) the design and layout of any proposed premises:

(iii) whether the applicant has appropriate systems, staff, and training to comply with the law:

(iv) any information received from a regulatory agency or other organisation within the meaning of **section 264(6)**:

(f) take into account any submissions received under **section 90**.

89 Authority may consult affected local persons and groups

In assessing an application for a cannabis distribution licence, the Authority may consult local persons and groups who may be affected by, or have an interest in, the issue of a licence if—

(a) the principles of this Act, regulations made under it, and the national plan produced under **section 13** provide insufficient guidance to the Authority; or

(b) no local licensed premises policy has been developed for the relevant locality under any enactment or that the local licensed premises policy provides insufficient guidance to the Authority; or

(c) the Authority forms the opinion that it requires the views of interested local persons and groups in order to fully assess the application.

90 Public may make submissions on applications

(1) The Authority must, within 10 working days of receiving an application, ensure that notice of the application in the prescribed form is—

(a) attached in a conspicuous place on or adjacent to the location or locations to which the application relates; and

(b) published on an Internet site maintained by or on behalf of the Authority.

(2) The Authority must have regard to those people who make submissions on a licence application if they have a greater interest in the application than the public generally.

(3) A submission must be in writing and filed with the Authority within 15 working days after notification of the application is published in accordance with **subsection (1)**.

(4) No submission may be made in relation to a matter other than—

(a) a matter specified in **section 78, 85(2), or 88**; or

(b) a matter referenced in the relevant local licensed premises policy.

Authority may approve or decline application

91 Authority may approve or decline application

(1) The Authority must decline an application if the Authority is not satisfied that the applicant, any directors or partners of the applicant, and any nominated responsible person is fit and proper.

(2) The Authority may approve an application if the Authority—

(a) is satisfied that the applicant is eligible to hold the licence sought; and

(b) in the case of an application from an entity, approves at least 1 nominated individual as a responsible person; and

(c) is satisfied that the activities for which the licence is sought are intended to be done for the proper purpose of those activities; and

(d) is satisfied that every proposed location specified in the application has plans to provide for adequate security and containment arrangements as described in the application; and

(e) forms the view, after considering all applicable criteria in **sections 85 to 89**, that it is appropriate to issue the licence to the applicant.

(3) The Authority may approve an application in whole or in part, and with or without conditions as the Authority sees fit.

(4) The Authority may refuse to issue a licence, even if no objection to the application was received from any person.

(5) If the Authority declines an application, the Authority must notify in writing the applicant of—

(a) the decision and the reasons for the decision; and

(b) the applicant's right to have the decision reviewed under **section 116**; and

(c) the applicant's right to appeal against the decision under **section 122**; and

(d) the process to be followed for an appeal under **section 122**.

92 Conditions of licences

(1) Any condition of a licence issued may—

(a) apply differently to different parts of a location:

(b) apply differently to the same part of the location at different times, on different days, or both.

(2) In the case of an application for a cannabis production licence with a cultivation activity authorisation, the Authority may approve or vary the proposed annual production of the applicant.

(3) The Authority may not issue a cannabis production licence with a cultivation activity authorisation that entitles the licence holder to supply or sell more than 20% of the annual cultivation cap share allocated to holders of cannabis production licences with a cultivation activity authorisation under **section 22**.

(4) An authorisation to undertake a controlled activity is an authorisation to undertake all of the activities permitted under that authorisation unless specified otherwise by the Authority as a condition of the licence.

Subpart 3—Issue of licences

93 Issue of licence

(1) The Authority must, as soon as practicable after approving a licence application, issue a licence to the licence holder that states the following:

(a) the name of the licence holder:

(b) if the licence is issued to an entity, the name of every director, partner, and responsible person:

(c) the type of licence approved, and each class of activity authorised under that licence:

(d) for each class of activity authorised under that licence, each location where any cannabis, constituents intended to be part of a cannabis product, or cannabis product may be stored and, if applicable, cultivated, produced, or processed (including secure destruction of any waste material), and the key person (if required) for each location:

(e) the period for which the licence is in force:

(f) in the case of a cannabis production licence with a cultivation activity authorisation, the annual production cap of the licence holder, expressed as a percentage of the total annual cultivation cap set under **section 22**:

(g) in the case of a cannabis production licence with a micro-cultivation activity authorisation, the annual production cap of the licence holder prescribed by regulations:

(h) in the case of a cannabis production licence with a processing activity authorisation, the class or classes of cannabis that the licence holder is authorised to produce:

(i) any conditions imposed by the Authority.

(2) The Authority must issue the licence in the prescribed manner.

94 Duration of licence

(1) A licence is in force for the period stated in the licence.

(2) The stated period must not exceed,—

(a) for a cannabis production licence, 5 years:

(b) for a cannabis testing licence, 1 year:

(c) for a cannabis distribution licence, 1 year.

95 Renewal of licence

(1) If an application for the renewal of a licence is made no earlier than 90 days, and no later than 30 days, before the expiry of the licence, the licence continues in force until the application for renewal is determined.

(2) This Act applies to an application for a renewal of a licence as if it were an application for a new licence except that, in the case of an application for the renewal of a cannabis distribution licence, the Authority is not required to assess any of the additional criteria in **sections 87 and 88**.

(3) A licence issued on an application under this section—

(a) must be treated as a licence issued under **section 93**; and

(b) starts when the earlier licence expires.

96 Replacement of responsible person

(1) This section applies if there is no responsible person in respect of a licence held by a body corporate or a partnership because the individual who was the responsible person has—

(a) died, become incapacitated, or for any other reason has become incapable of holding the position of responsible person; or

(b) ceased to be a responsible person as a result of a cancellation of approval under **section 110**.

(2) The licence holder must, as soon as practicable, seek the Authority's approval for an eligible person to replace the individual who has ceased to be a responsible person.

Licence variations at request of licence holder

97 Certain changes not to be made without approval of Authority

(1) A licence holder must not change any of the following matters without the prior approval of the Authority:

(a) the composition of the board of directors of the body corporate or partners of the partnership:

(b) the locations specified in the licence:

(c) anything at the locations specified in the licence that materially affects a location's security or containment arrangements:

(d) the activities, or types of activity, authorised by the licence:

(e) any responsible person:

(f) for a cannabis production licence with a processing activity authorisation, the class or classes of cannabis that the licence holder is entitled to produce.

(2) An approval under this section must be sought by a written application, in a form provided by the Authority, that—

(a) includes the new information for the matters sought to be changed that would be required in an application for a licence; and

(b) includes information about the existing licence; and

(c) is made at least 60 days before a proposed change is to take effect.

(3) The Authority must consider whether the application satisfies the requirements of this Part that relate to the matters that are sought to be changed.

(4) If the Authority approves a change described in any of **subsection (1)(c) to (f)**, the Authority must issue a replacement licence to reflect the approved change.

(5) Prescribed fees are payable if the application is for—

(a) the addition of 1 or more new types of controlled activity authorisation to the licence; or

(b) a change of location used for a type of controlled activity; or

(c) any change relating to a location used for a type of controlled activity, if the Authority is satisfied that the change affects the location's security or containment arrangements.

98 Changes of contact details

The licence holder must give the Authority notice of the following changes no later than 10 working days after the change is made:

(a) a change in the place where a licence holder's records are kept:

(b) a change in the contact details or address of a licence holder, director or partner of a licence holder, or responsible person for a licence holder.

99 Notification of Authority by entity of changes in company shareholding or name

(1) An entity that holds a licence and is not party to a listing agreement with a stock exchange must notify the Authority of any change in the shareholding of the entity.

(2) An entity that holds a licence and is party to a listing agreement with a stock exchange must notify the Authority of any change in the shareholding of the entity whereby any person becomes the holder of at least 20% of the shares, or of any particular class of the shares, issued by the entity, if that person did not

hold at least 20% of the shares or of that class of the shares when the licence was issued to the entity.

(3) Any notice required by **subsection (1) or (2)** must be given within 10 working days after the board of the entity becomes aware of the change to which it relates.

(4) Where an entity that holds a licence changes its name, it must notify the Authority of the changes within 10 working days after the change.

(5) If an entity fails to comply with any of **subsections (1) to (4)**, every director of the entity commits an offence and is liable on conviction to a fine not exceeding $10,000.

(6) It is a defence to a director charged with an offence against this section relating to a failure to comply with one of its provisions if he or she proves that—

(a) the entity took all reasonable and proper steps to ensure that the provision concerned would be complied with; or

(b) he or she took all reasonable and proper steps to ensure that the entity complied with the provision; or

(c) in the circumstances he or she could not reasonably have been expected to take steps to ensure that the entity complied with the provision.

(7) In this section, **stock exchange** has the same meaning as in section 2(1) of the Companies Act 1993.

100 Notification of Authority by beneficial owner of shares of changes in shareholding

(1) Any person on whose behalf any shares are held by any other person in any entity that holds a licence must notify the Authority if, after the licence is issued to the entity, the number of shares held changes so that the shareholding reaches at least 20% of the shares, or of any particular class of the shares, issued by the entity.

(2) The notice must be given within 10 working days after the person required to give it becomes aware that the number of shares has reached at least 20% of the shares, or of any particular class of the shares, issued by the entity.

(3) If a person required to give a notice under **subsection (1)** fails to comply with **subsection (1) or (2)**, he or she commits an offence and is liable on conviction to a fine not exceeding $10,000.

101 Variation to licensed premises during repairs, etc

(1) The Authority may authorise the holder of a cannabis distribution licence 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.

Voluntary surrender of licence

102 Licence holder may surrender licence

(1) A licence holder may, at any time, surrender the licence to the Authority, in which case the licence expires on the date on which the licence is received by the Authority.

(2) A licence holder may, at any time, surrender an authorisation for a controlled activity, in which case—

(a) the authorisation expires on the date on which notice of the surrender is received by the Authority; and

(b) the Authority must issue a replacement licence.

(3) A person who has surrendered a licence or an authorisation must, as soon as practicable, ensure the safe disposal of any cannabis or cannabis products in their possession which they are no longer authorised to possess in accordance with—

(a) any instructions given to them in writing by the Authority; or

(b) regulations made under **section 265**.

Compare: 20/139

Subpart 4—Suspension and revocation of licences

103 Variation of licence

(1) The Authority may, by notice to the licence holder, vary the licence by imposing 1 or more new conditions if satisfied on reasonable grounds that the licence holder has breached any condition of the licence or provision of this Act and any enactment made under it.

(2) The notice must be given in the manner specified by the Authority and provide the following information:

(a) the start date of the variation to the licence (which must not be less than 5 working days before the date on which the notice is given to the licence holder):

(b) the breach that has occurred:

(c) the corrective action to be taken to remedy or mitigate the breach:

(d) the right of the licence holder to apply for a review of the variation under **section 116** and the time within which the licence holder may apply for a review.

Suspension of licences

104 Suspension of licence

(1) The Authority may, by notice to the licence holder, suspend a licence if satisfied on reasonable grounds that—

(a) the licence holder has provided any false information in the application for the licence or for a change to the licence; or

(b) the licence holder has breached any condition of the licence or provision of this Act and any enactment made under it; or

(c) a director or partner of a licence holder that is an entity, or the licence holder, has ceased to be a fit and proper person within the meaning of **section 82**; or

(d) a key person, a duty manager, an acting duty manager, or responsible person authorised under this Act in relation to the licence has ceased to be a fit and proper person within the meaning of **section 82**; or

(e) in the case of the holder of a cannabis distribution licence with a consumption premises activity authorisation, the licence holder's operations under a risk-based measure (within the meaning of the Food Act 2014) have been suspended, or the licence holder's risk-based measure under that Act has been cancelled.

(2) The Authority may suspend—

(a) the licence of a licence holder; or

(b) an authorisation for a controlled activity under the licence of a licence holder.

(3) The notice must be given in the manner prescribed by the Authority and provide the following information:

(a) the start date of the suspension (which must not be less than 5 working days before the date on which the notice is given to the licence holder):

(b) the end date of the suspension (which must not be more than 30 days after the start date):

(c) the false information that was provided, the breach that has occurred, or the person who has ceased to be a fit and proper person:

(d) the corrective action to be taken to remedy or mitigate the false information or breach (if any), or the person to be replaced within the entity:

(e) if the Authority is not suspending the licence in whole, the authorisation for a controlled activity under the licence which is being suspended:

(f) the right of the licence holder to apply for a review of the suspension under **section 116** and the time within which the licence holder may apply for a review.

(4) The notice must also state that—

(a) the Authority will, unless the suspension is cancelled on review, keep a record of the suspension:

(b) the record will be taken into account in the consideration of any future application that involves the licence holder, any directors or partners of the licence holder, or any individual who is a responsible person or key person for the licence.

105 Duration of suspension

(1) The period of suspension starts on the day stated in the notice.

(2) The period of suspension ends on the date stated in the notice unless at any time during that period the Authority, by notice to the licence holder,—

(a) extends that period by a further period of no more than 30 days; or

(b) substitutes an earlier end date for the period.

(3) The Authority may, under **subsection (2)**, substitute an earlier date only if satisfied that the licence holder has taken the corrective action stated in the notice given under **section 104(3)(d)** or that the action is not, or is no longer, required.

106 Effect of suspension

(1) While the licence, or an authorisation for a controlled activity under the licence, of a licence holder is suspended, the licence holder—

(a) is not authorised to carry out any authorised activity under that licence or authorisation without the prior written permission of the Authority; but

(b) may tend growing cannabis and, if necessary, harvest it, if those are authorised activities under the licence; and

(c) may tend to existing stock in the form of fresh or dried cannabis or cannabis products, if those are authorised activities under the licence.

(2) A permission given under **subsection (1)(a)** may be subject to any stated restrictions or conditions, or both.

Immediate suspension of licence or authorisation in interests of public safety

107 Immediate suspension of licence or authorisation in interests of public safety

(1) If the circumstances described in **subsection (2)** apply, the Authority may, by notice in writing to the licence holder concerned, immediately suspend—

(a) the licence of that licence holder; or

(b) an authorisation for a controlled activity under the licence of that licence holder.

(2) The circumstances referred to in **subsection (1)** are that—

(a) the Authority considers that—

(i) the licence holder or a director or partner of the licence holder, a responsible person of the licence holder, a key person of the licence holder, or a duty manager or acting duty manager of the licence holder is no longer a fit and proper person within the meaning of **section 82** to operate a controlled activity; and

(ii) the interests of public safety, or the need to ensure that the public is protected from serious criminal activity, would seem to require immediate suspension of the licence or authorisation for a controlled activity under that licence; or

(b) the licence holder, a director or partner of the licence holder, a responsible person for the licence holder, a key person of the licence holder, or a duty manager or acting duty manager of the licence holder has been charged with any offence that is of such a nature that the interests of public safety, or the need to protect the public against serious criminal activity, would require that a person convicted of committing such an offence not operate a controlled activity.

108 Procedure for suspending licence or authorisation under section 107

(1) If the Authority suspends a licence or an authorisation under a licence under **section 107**, the notice must be given in the manner specified by the Authority and—

(a) inform the licence holder of the grounds of the suspension; and

(b) advise the licence holder—

(i) that the suspension has effect on and after the day on which the notice was received by the person, or any later date that is specified in the notice; and

(ii) that the licence holder may make submissions on the matter to the Authority; and

(iii) that the licence holder may apply for a review of the decision under **section 116**; and

(iv) of the time within which the licence holder may apply for a review of the decision under **section 116**.

(2) The Authority must, as soon as practicable, consider any submissions on the matter made by the licence holder and notify the licence holder of the result of the consideration.

109 Term of immediate suspension

(1) A suspension under **section 107** may take effect either immediately or on and after any date that the Authority may specify.

(2) The Authority may at any time withdraw a suspension imposed under **section 107**.

(3) If any suspension has been imposed in respect of a person to whom **section 107(2)(b)** applies, the suspension ceases immediately if—

(a) the charge is withdrawn in circumstances where it is not replaced with another charge based on the same circumstances; or

(b) the person is found not guilty of the offence charged.

Cancellation of approval of responsible person or key person

110 Cancellation of approval of responsible person

(1) The Authority may cancel the approval of an individual given under **section 91** if the Authority is satisfied that the individual—

(a) has ceased to be eligible to be a responsible person under **section 75**; or

(b) has breached a provision of this Act or a condition of the licence.

(2) Before cancelling the approval of an individual, the Authority must—

(a) notify the individual of the proposal to cancel the approval; and

(b) notify the licence holder of the proposal to cancel the approval; and

(c) give the individual and the licence holder an opportunity to make submissions on the proposal within 10 working days; and

(d) take into account any submissions received within that period.

111 Cancellation of approval of key person or duty manager

(1) The Authority may cancel the approval of an individual given under **section 149** if the Authority is satisfied that the individual—

(a) has ceased to be eligible to be a key person under **section 146** or a duty manager or acting duty manager under **section 147**; or

(b) has breached a provision of this Act or a condition of the licence.

(2) Before cancelling the approval of an individual, the Authority must—

(a) notify the individual of the proposal to cancel the approval; and

(b) notify the licence holder of the proposal to cancel the approval; and

(c) give the individual and the licence holder an opportunity to make submissions on the proposal within a reasonable period; and

(d) take into account any submissions received within that period.

Revocation of licence

112 Revocation of licence

(1) The Authority may, by notice to the licence holder, revoke the licence of the licence holder if satisfied on reasonable grounds that—

(a) the licence holder has, within any period during which the licence holder's licence was suspended, failed to take any corrective action stated in a notice given under **section 104(3)**; or

(b) the licence holder, or a director or partner of the licence holder, has ceased to be a fit and proper person within the meaning of **section 82**; or

(c) the licence holder has knowingly provided any false information in the application for the licence or for a change to the licence; or

(d) the licence holder has deliberately breached a condition of the licence imposed under this Act; or

(e) in the case of the holder of a cannabis distribution licence with a consumption premises activity authorisation, the licence holder's operations (if any) under a risk-based measure (if any) within the meaning of the Food Act 2014 have been suspended, or the licence holder's risk-based measure under that Act has been cancelled.

(2) The Authority may revoke—

(a) the licence of a licence holder; or

(b) an authorisation for a controlled activity under the licence of a licence holder.

(3) The notice must provide the following information:

(a) the date on which the revocation takes effect (which must not be before the 14th day after the date on which the notice is given to the licence holder):

(b) the reasons for the revocation:

(c) if the Authority is not revoking the licence in whole, the authorisation for a controlled activity under the licence which is being revoked:

(d) the right of the licence holder to apply for a review of the revocation.

(4) The notice must also state that—

(a) the Authority will, unless the revocation is cancelled on review, keep a record of the revocation; and

(b) the record will be taken into account in the consideration of any future application that involves the licence holder, any directors or partners of the licence holder, or any individual who is a responsible person for the licence.

113 Duty to surrender licence

(1) As soon as the revocation of a licence or an authorisation under a licence takes effect, the person who held that licence must surrender the licence to the Authority.

(2) In the case of a revocation of a controlled activity authorisation under a licence, the Authority must issue a replacement licence that reflects the revocation.

(3) For the purposes of this Act, the revocation of a licence takes effect on the date stated under **section 112(3)(a)** unless the licence holder concerned applies for a review in accordance with **section 116**, in which case it takes effect if and when notice is given, under **section 116**, that the decision to revoke has been confirmed.

(4) As soon as practicable after the revocation of a licence or an authorisation, the person who held the licence or authorisation must ensure the safe disposal of any cannabis or cannabis products in their possession which they are no longer authorised to possess in accordance with—

(a) any instructions given to them in writing by the Authority; or

(b) regulations made under **section 265**.

114 Revocation of authorisation as key person or duty manager

The Authority may, by notice to the licence holder and to the individual concerned, revoke the authorisation of an individual as a key person or a duty manager if satisfied on reasonable grounds that the individual has ceased to be a fit and proper person within the meaning of **section 82**.

115 Record of suspensions and revocations

(1) The Authority must keep a record of every suspension and revocation of a licence that has not been overturned on review.

(2) The Authority may, to the extent that it is relevant to do so, use the record—

(a) to determine the eligibility of an applicant for a licence; and

(b) to take into account the suitability of a person as a licence holder or as a responsible person.

Subpart 5—Adverse decisions

116 Adverse decisions

(1) The following persons may apply to the chief executive of the Authority for a review of a decision of the Authority:

(a) a person who the Authority has determined is not fit and proper for the purposes of this Act:

(b) a person who the Authority has refused to approve as a key person, duty manager, or acting duty manager under **section 149**, and the relevant licence holder:

(c) a person in respect of whom the Authority has cancelled their approval as a key person, duty manager, or acting duty manager under **section 111**, and the relevant licence holder:

(d) a licence applicant whose application has been denied:

(e) a licence holder whose application for a renewal has been denied:

(f) a licence holder whose application for a change to their licence has been denied:

(g) a licence holder whose licence has been varied under **section 103**:

(h) a licence holder whose licence has been suspended under **section 104**:

(i) a licence holder whose licence has been immediately suspended under **section 107**:

(j) a licence holder whose licence has been revoked under **section 112**.

(2) The person must apply no later than 10 working days after the date on which notice of the adverse decision is given to them.

(3) The application must be made in the manner and form required by the Authority.

(4) The application must be accompanied by the prescribed fee.

117 Internal review of decision of Authority

(1) Upon receiving a request for a review of a decision, the Authority must review the decision—

(a) as soon as practicable; and

(b) within 10 working days after the application for the review of an adverse decision is received.

(2) No individual who was involved in the original decision may be involved in the review of the decision.

(3) The Authority may—

(a) confirm or vary the original decision; or

(b) set aside the original decision; or

(c) set aside the original decision and substitute another decision that the Authority considers appropriate.

(4) The Authority may seek further information from the applicant, and if it does—

(a) the period specified in **subsection (1)(b)** ceases to run until the applicant provides the information to the Authority; and

(b) the applicant must provide the information within the period (not less than 5 working days) specified by the Authority in the request for information.

(5) If the applicant does not provide the further information within the required time, the Authority may make a decision on the basis of the information held by the Authority.

(6) If the adverse decision is not varied or set aside within the period specified in **subsection (1)(b)**, the decision is to be treated as having been confirmed by the Authority.

118 Notice of decision on internal review

(1) As soon as practicable after making a decision in accordance with **section 116**, the Authority must give the applicant in writing—

(a) the decision on the internal review; and

(b) the reasons for the decision.

(2) A notice under **subsection (1)** has effect as soon as it is given to the person.

119 Effect of notice of decision

In the period starting on the day on which an application for review of the revocation of a licence is lodged and ending at the end of the day on which the application is withdrawn or determined, the applicant—

(a) is not authorised to carry out any authorised activity under that licence; or

(b) in the case of a revocation of a particular controlled activity authorisation under a licence, is not authorised to carry out that controlled activity; but

(c) may tend growing cannabis and, if necessary, harvest it, if those are authorised activities under the licence.

120 Stay of reviewable decision on internal review

(1) If an application is made for an internal review of a decision to issue a notice, the Authority may stay the operation of the decision.

(2) The Authority may stay the operation of a decision—

(a) on the Authority's own initiative; or

(b) on the application of the applicant for review.

(3) The Authority must make a decision on an application for a stay within 3 working days after the Authority receives the application.

(4) If the Authority has not made a decision on an application under **subsection (2)(b)** within the time set out in **subsection (3)**, the Authority is to be treated as having made a decision to grant a stay.

(5) A stay of the operation of a decision pending a decision on an internal review continues until the reviewer has made a decision on the review.

Subpart 6—Appeals

121 Cannabis Appeals Authority

(1) The Cannabis Appeals Authority is established and operates under **Schedule 4**.

(2) The appeals authority sits as a judicial authority to hear and determine appeals under **section 122**.

(3) In hearing and determining an appeal, the appeals authority has all the duties, functions, and powers that the Authority had in respect of the same matter.

(4) Proceedings before the appeals authority must not be held invalid for want of form.

122 Who may appeal

(1) Subject to **subsection (2)**, 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 within 20 working days of the date on which the person is notified of the decision.

(2) A person who has a right under **section 116** to apply for a review of an adverse decision of the Authority may not appeal against that decision or any part of the decision if they have previously exercised that right and the Authority has given notice of its decision on the review.

(3) The appeal must be—

(a) made in the manner and form required by the Authority; and

(b) be accompanied by the prescribed fee.

123 Appeals by way of rehearing

Every appeal is by way of rehearing.

124 Determination of appeal

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

125 Effect of appeal

(1) This section applies to every decision other than a decision referred to in **section 122**.

(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 **section 107**.

(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.

126 Prohibition on inclusion of false information in licence application

A person who applies for a licence, knowing that information in the application is false, commits an offence and is liable on conviction to a fine not exceeding $50,000.

127 Knowingly applying for licence when prohibited

A person who applies for a licence knowing that he or she is prohibited from doing so, commits an offence and is liable on conviction to a fine not exceeding $5,000.

128 Breach of conditions of licence

A licence holder who acts in breach of the conditions of their licence commits an offence and is liable on conviction to a fine not exceeding $5,000.

129 Selling cannabis accessories without a licence

A licence holder who sells a cannabis accessory without authorisation to do so under the licence commits an offence and is liable on conviction to a fine not exceeding $1,000.

130 Offences related to prohibited and unauthorised cannabis products

(1) Every licence holder commits an offence if the licence holder—

(a) imports, processes, distributes, or displays for sale a prohibited or unauthorised cannabis product; or

(b) sells a prohibited or unauthorised cannabis product; or

(c) otherwise than in accordance with regulations made under this Act, imports, processes, distributes, displays for sale, or sells to any person a prohibited or unauthorised cannabis product.

(2) A licence holder who commits an offence against **subsection (1)** is liable on conviction to a fine not exceeding $50,000.

131 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 a regulatory agency within the meaning of **section 264(6)**.

(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) If 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)**.

Subpart 7—Miscellaneous provisions

Restrictions on who may be employed

132 Restrictions on who may be employed

(1) A licence holder may not employ any person in a position that they are ineligible to hold under this Part.

(2) A licence holder who contravenes **subsection (1)** commits an offence and is liable on conviction to a fine not exceeding $4,000.

Record-keeping obligations

133 Licence holder must keep records

(1) A licence holder must keep records as required by this Act and any regulations made under this Act.

(2) The licence holder and every employee or agent of the licence holder must give an enforcement officer who inspects a location all reasonable assistance to access records required under this Act and any regulations made under it.

(3) The licence holder and every employee or agent of the licence holder must—

(a) give an enforcement officer who inspects a location all reasonable assistance to copy records; and

(b) permit the enforcement officer to remove the records from the location to make copies of, or extracts from, the records.

(4) The licence holder must keep records of—

(a) the amount of cannabis, cannabis products, and constituents intended to be part of a cannabis product that the licence holder destroys; and

(b) the method of destruction.

134 Authority may request independent verification of records

The Authority may request independent verification of any records of a licence holder by a person prescribed by the Authority.

135 Records relating to cannabis cultivation

(1) **Subsection (1)** applies to the holder of a cannabis production licence with—

(a) a nursery activity authorisation; or

(b) a cultivation activity authorisation; or

(c) a micro-cultivation activity authorisation.

(2) The licence holder must keep records of the following:

(a) the amount of cannabis cultivated:

(b) the amount of cannabis maintained for the purpose of propagation:

(c) the amount of cannabis produced and stored:

(d) the amount of cannabis supplied or sold within New Zealand to another licence holder:

(e) the amount of cannabis destroyed or disposed of:

(f) a failure by the licence holder, in any season, to sow cannabis seeds intended for sowing:

(g) a failure of any cannabis seeds sown by the holder to germinate, or of any crop of cannabis plants to attain maturity, for any reason:

(h) any other prescribed matters relating to the things specified in **paragraphs (a) to (g)**.

(3) The holder of a cannabis production licence with a nursery activity authorisation must keep records of—

(a) the amount of cannabis seeds imported; and

(b) the amount of growing stock possessed.

136 Records relating to cannabis research

The holder of a cannabis production licence with a research activity authorisation must keep records of—

(a) the amount of each type of cannabis and cannabis product supplied or administered:

(b) the amount of cannabis, constituents intended to be part of a cannabis product, and cannabis products possessed:

(c) any other prescribed matters relating to the things specified in **paragraphs (a) and (b)**.

137 Records relating to cannabis processing

The holder of a cannabis production licence with a processing activity authorisation must keep records of the following:

(a) the amount of cannabis and cannabis products possessed after processing:

(b) the amount of each type of cannabis and cannabis product supplied, sold, or otherwise administered:

(c) the amounts of constituents intended to be part of a cannabis product possessed:

(d) any destruction of any cannabis, cannabis product, and constituent intended to be part of a cannabis product:

(e) samples of any packaging and labelling used for cannabis:

(f) any other prescribed matters relating to the things specified in **paragraphs (a) to (e)**.

138 Records relating to cannabis wholesaling and distribution

The holder of a cannabis production licence with a wholesaling and distribution activity authorisation must keep records of the following:

(a) the amount of cannabis, cannabis products, and constituents intended to be part of a cannabis product supplied or sold:

(b) the amount of cannabis, cannabis products, and constituents intended to be part of a cannabis product possessed:

(c) any other prescribed matters relating to the things specified in **paragraphs (a) and (b)**.

139 Records relating to cannabis retailing

The holder of a cannabis distribution licence with a retail activity authorisation must keep records of the following:

(a) the amount of cannabis and cannabis products possessed:

(b) the amount of cannabis and cannabis products sold:

(c) any other prescribed matters relating to the things specified in **paragraphs (a) and (b)**.

140 Records relating to cannabis testing

The holder of a cannabis testing licence must keep records of the following:

(a) the amount of cannabis and cannabis products possessed:

(b) the amount of cannabis, cannabis products, and constituents intended to be part of a cannabis product returned to licence holders:

(c) the amount of cannabis, cannabis products, and constituents intended to be part of a cannabis product destroyed:

(d) any other prescribed matters relating to the things specified in **paragraphs (a) to (c)**.

141 Records relating to cannabis destruction

The holder of a cannabis production licence with destruction activity authorisation must keep records of the following:

(a) the amount of cannabis and cannabis products possessed:

(b) the amount of cannabis and cannabis products destroyed:

(c) any other prescribed matters relating to the things specified in **paragraphs (a) and (b)**.

142 Failure to meet record-keeping obligations

A licence holder who fails to meet their record keeping obligations under this Act commits an offence and is liable on conviction to either or both of the following:

(a) a fine not exceeding $500,000:

(b) suspension of the licence holder's licence for a period not exceeding 7 days.

Key persons and duty managers

143 Duty to have key persons or duty managers

(1) A cannabis production licence holder or a cannabis testing licence holder must have, at all times, 1 individual approved under this Act as a key person for each authorised activity at each location operated under the licence.

(2) A cannabis distribution licence holder must have, at all times, at least 1 individual approved under this Act as a duty manager for each premises operated under the licence.

144 Roles of key persons and duty managers

(1) The role of a key person is to manage the day-to-day activities permitted by an authorisation at a location operated under a cannabis production licence or a cannabis testing licence.

(2) The role of a duty manager at a premises operated under a cannabis distribution licence is to be responsible for—

(a) 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.

145 Licence holder obligated to ensure duty manager working at premises at all times when premises operating or open to public

(1) The holder of a cannabis distribution licence must ensure that sufficient individuals have been approved under this Act as duty managers to provide that a duty manager is working at each premises operated under a cannabis distribution licence at all times when the premises are operating.

(2) A duty manager must be working at a premises operated under a cannabis distribution licence at all times when cannabis is being sold or supplied to the public or the premises are open for the consumption of cannabis by members of the public.

(3) At all times while the duty manager is working,—

(a) the full name of the duty 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 duty manager at any time must be treated for the purposes of this Act as the duty manager at that time.

(4) At all times when cannabis is being sold, supplied, or consumed on the premises, the licence holder must take all reasonable steps to enable the duty manager to comply with this section.

(5) A licence holder or duty manager who contravenes this section commits an offence and is liable on conviction to a fine not exceeding $5,000.

146 Eligibility of key person

An individual is eligible to be approved under this Act as a key person for an authorisation under a cannabis production licence if the individual—

(a) is authorised by the entity concerned to manage the day-to-day activities at a location for which the licence is sought or obtained, and to communicate with the Authority on behalf of the entity in respect of that location; and

(b) is familiar with, and has the expertise to comply with, obligations that this Act and regulations made under it may impose on the holder of a licence for the types of licensed activity that will occur at the location and for which the individual is the key person; and

(c) is 20 years or older; and

(d) is a fit and proper person, as assessed by the Authority; and

(e) resides in New Zealand.

147 Eligibility of duty manager or acting duty manager

An individual is eligible to be approved under this Act as a duty manager or an acting duty manager for a premises operated under a cannabis distribution licence if the individual—

(a) is authorised by the entity concerned to be responsible, at a premises operated under the licence, for—

(i) compliance with, and enforcement of, the provisions of this Act and any conditions of the licence for the premises; and

(ii) the conduct of the premises with the aim of contributing to the reduction of cannabis-related harm; and

(b) is familiar with, and has the expertise to comply with, obligations that this Act and regulations made under it impose on the holder of a licence for the types of licensed activity that will occur at the location and for which the individual is the key person; and

(c) is 20 years or older; and

(d) is a fit and proper person, as assessed by the Authority; and

(e) resides in New Zealand.

148 Application for approval of key person or duty manager

(1) A licence holder must notify the Authority of the appointment of any key person, duty manager, temporary duty manager, or acting duty manager and forward to the Authority evidence that the person is eligible for the position under **section 146 or 147**, as appropriate.

(2) The licence holder must provide the following information:

(a) the name, address, and contact details of the licence holder:

(b) the name, address, and contact details of each individual nominated to be a key person, duty manager, temporary duty manager, or acting duty manager:

(c) for a cannabis production licence or a cannabis testing licence, the controlled activity and location for which the individual is nominated to be a key person:

(d) for a cannabis distribution licence, the premises for which the individual is nominated to be a duty manager:

(e) a declaration from each person nominated to be a key person that they are eligible under **section 146**:

(f) a declaration from each person nominated to be a duty manager or acting duty manager that they are eligible under **section 147**.

(3) The Authority may, within a reasonable period after receiving the application, require the licence holder or an individual who is the subject of the application to provide any additional information it considers necessary to assist it in determining the application.

149 Authority may approve or decline person as key person or duty manager

(1) The Authority may, within a reasonable period after receiving a notice of an appointment under **section 148**, approve the appointment of a key person, duty manager, or acting duty manager if the Authority is satisfied that the individual who is the subject of the notice is a fit and proper person.

(2) The Authority may, within a reasonable period after receiving notice of the appointment of a key person, a duty manager, or an acting duty manager, notify the licence holder that it does not approve the appointment.

(3) If the Authority declines an application, the Authority must notify in writing the licence holder and the individual who is the subject of the notice of—

(a) the decision and the reasons for the decision; and

(b) the licence holder's and the individual's right to have the decision reviewed under **section 116**; and

(c) the licence holder's and the individual's right to appeal against the decision under **section 122**; and

(d) the process to be followed for an appeal under **section 122**.

(4) The Authority must, as soon as practicable after approving an individual as a key person or duty manager, issue a certificate to the licence holder that states the following:

(a) the name of the licence holder:

(b) for a cannabis production licence or a cannabis testing licence, the controlled activity and location for which the individual is a key person:

(c) for a cannabis distribution licence, the premises for which the individual is a duty manager:

(d) the date from which the approval is granted.

(5) The Authority must issue the certificate in the prescribed manner.

(6) On receiving notice under **subsection (2)**, the licence holder must terminate the appointment with effect from a date not later than 5 working days after the date of the notice.

(7) A licence holder who contravenes **section 148(1)** commits an offence and is liable on conviction to a fine not exceeding $5,000.

150 Replacement of key person or duty manager

(1) This section applies if there is no key person or duty manager in respect of an authorised activity at a location operated under a cannabis production licence or a premises operated under a cannabis distribution licence because the individual who was the key person or duty manager has—

(a) died, become incapacitated, or for any other reason has become incapable of holding the position of key person or duty manager; or

(b) ceased to be a key person or duty manager as a result of a cancellation of approval under **section 111**.

(2) The licence holder must, as soon as practicable, seek the Authority's approval for an eligible person to replace the individual who has ceased to be a key person or duty manager in accordance with **section 148**.

151 Temporary duty manager

(1) In any case where a duty manager is ill or is absent for any reason, or is dismissed, or resigns, the licence holder may appoint as a temporary duty manager an individual who is not then the holder of an approval under **section 149**.

(2) The licence holder must notify the Authority of any appointment of a temporary duty manager.

(3) The licence holder must, within 5 working days, replace the temporary duty manager with an acting duty manager or duty manager who is eligible to be appointed to that role under **section 149**, and notify the Authority accordingly.

(4) A licence holder or duty manager who contravenes this section commits an offence and is liable on conviction to a fine not exceeding $5,000.

152 Acting duty manager

Despite any other provision of this Act, a licence holder may appoint an acting duty manager—

(a) for any period not exceeding 3 weeks at any one time if a duty 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 duty manager to have a vacation or take annual leave.

Offences

153 Offence to sell or supply cannabis in excess of annual cultivation cap

(1) A person who holds a cannabis production licence with a cultivation activity authorisation or a micro-cultivation activity authorisation must not sell or supply cannabis to any person in excess of the annual cultivation cap associated with the licence.

(2) A person who fails to comply with **subsection (1)** commits an offence and is liable on conviction,—

(a) in the case of an individual, to a fine not exceeding $500,000, a term of imprisonment not exceeding 6 months, or both; or

(b) in any other case, to a fine not exceeding $500,000.

154 Offence to sell or supply cannabis to unlicensed entity

(1) A person who holds a cannabis production licence with a cultivation activity authorisation or a micro-cultivation activity authorisation must not sell or supply cannabis to any person other than the holder of a cannabis production licence with a processing activity authorisation.

(2) A person who fails to comply with **subsection (1)** commits an offence and is liable on conviction,—

(a) in the case of an individual, to a fine not exceeding $500,000, a term of imprisonment not exceeding 2 months, or both; or

(b) in any other case, to a fine not exceeding $500,000.

Part 5
Control of cannabis products

155 Authority may publish information and other data

(1) The Authority may, in order to give effect to the purposes of this Act, publish at any time or at regular intervals on an Internet site maintained by the Authority, a summary of data and information collected under **sections 133 to 141** or extracts from that data or both.

(2) The data or information may be published—

(a) at any time and covering any period decided by the Authority:

(b) in any format decided by the Authority.

(3) The Authority may have any data or information referred to in **subsection (1)** verified or collected by another person or organisation, before or after publication takes place.

156 Sale or supply to impaired people

(1) A licence holder or a manager of any licensed premises who sells or supplies cannabis or a cannabis product to an impaired person commits an offence.

(2) A person who commits an offence against **subsection (1)** is liable on conviction to,—

(a) in the case of a licence holder, either or both of the following:

(i) a fine not exceeding $10,000:

(ii) the suspension of the licensee's licence for a period not exceeding 7 days:

(b) in the case of a manager, a fine not exceeding $10,000.

(3) A person who is not a licence holder or manager of licensed premises and who sells or supplies cannabis or a cannabis product to an impaired person commits an offence.

(4) A person who commits an offence against **subsection (3)** is liable on conviction to a fine not exceeding $2,000.

(5) **Subsection (3)** applies irrespective of any liability that may attach to the licence holder or any manager in respect of the same offence.

157 Advertising cannabis products

(1) No person may, unless exempted under **section 158 or 159**, 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 6(1)**.

(5) Every person who contravenes **subsection (1)** commits an offence and is liable on conviction to,—

(a) in the case of a processor, an importer, or a distributor, a fine not exceeding $720,000:

(b) in the case of a licence holder (other than the holder of a micro-cultivation licence), a fine not exceeding $240,000:

(c) in the case of a holder of a micro-cultivation licence, a fine not exceeding $60,000:

(d) in any other case, to a fine not exceeding $60,000.

158 Exemptions from advertising prohibition for specified publications

(1) Nothing in **section 157** applies to any of the following:

(a) a price list given to retailers of cannabis products if the price list—

(i) complies with the regulations; and

(ii) includes the health messages required by this Act and the regulations:

(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 processor of a cannabis product advertisement in a magazine that is intended for distribution only to employees of the processor:

(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 the calendar year during which this legislation is enacted; 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; and

(iii) both the matters described in **subparagraphs (i) and (ii)** comply with the regulations:

(f) any public health messages approved by the Authority:

(g) the following actions of a licence holder who has a retail or consumption premises authorisation if done in the approved premises and in accordance with regulations:

(i) the giving of advice and recommendations about cannabis products to customers who are inside the premises, including information about the THC content of cannabis products:

(ii) the display and provision of public health messages or other messages relating to harm reduction by third parties approved by the Authority:

(iii) the display of a sample of cannabis products within the premises for the purpose of allowing customers to see and handle but not consume the cannabis products available for purchase.

(2) To avoid doubt, **subsection (1)(g)(ii)** is subject to **section 160(1)(b)** (which relates to the visibility of regulated products from within the place of business).

159 Exemptions from advertising prohibition for retailers

A licence holder who has a retail or consumption premises authorisation may do all or any of the following things:

(a) provide inside that retailers 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 product (in any medium but only in form of printed, written, or spoken words) information that—

(i) does no more than identify the cannabis products that are available for purchase 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 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 on the outside of the retailer's place of business—

(i) so long as the name is not and does not include either or both of the following:

(A) any word or expression signifying that any cannabis product is available in that place for purchase:

(B) the trade mark of a cannabis product or the company name of a cannabis product processor; and

(ii) if the retailer complies with regulations regulating the use of unsuitable names; and

(iii) if the retailer's name is displayed with the standardised cannabis symbol.

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

(1) A licence holder 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 licence holder at the place of business; or

(b) to its purchaser at or from the place of business.

(3) **Subsection (1)(b)** does not apply in respect of any cannabis product or cannabis package that is classified by the regulations as a standard risk product.

(4) 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.

(5) **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.

(6) A licence holder who contravenes **subsection (1) or (2)** commits an offence and is liable on conviction to a fine not exceeding $10,000.

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

(1) In this section and **section 162**, **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 licence holder 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 processor, an importer, or a distributor in New Zealand of any cannabis product, no licence holder 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 (4)** applies to a trade mark or company name that, during the year ending with the calendar year during which this legislation is enacted, 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 (4)** applies to the use, by any person (other than a processor, an importer, a distributor, or a retailer of any cannabis products, or a person acting on behalf of any such processor, 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 the calendar year during which this legislation is enacted; 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.

162 Prohibition on use of non-cannabis trademarks on cannabis products or accessories

No licence holder may use, other than in a private capacity, a trade mark for a non-cannabis article on—

(a) a cannabis product; or

(b) a package or container in which a cannabis product is sold or shipped.

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

(1) No person who is a processor, 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.

164 Using a non-cannabis trademark with cannabis

A person who contravenes **section 161, 162, or 163** commits an offence and is liable on conviction to,—

(a) in the case of a processor, an importer, or a distributor, a fine not exceeding $720,000; or

(b) in the case of a micro-cultivation licence holder, a fine not exceeding $60,000; or

(c) in the case of any other licence holder, a fine not exceeding $240,000; or

(d) in the case of any other person, a fine not exceeding $60,000.

165 Using vending machine to sell cannabis

A person who sells, or attempts to sell, cannabis in a vending machine commits an offence and is liable on conviction,—

(a) in the case of a processor, an importer, or a distributor, to a fine not exceeding $720,000; or

(b) in the case of a micro-cultivation licence holder, to a fine not exceeding $60,000; or

(c) in the case of any other licence holder, to a fine not exceeding $240,000; or

(d) in the case of any other person, to a fine not exceeding $60,000.

166 Sponsoring activity involving exclusive supply arrangement

(1) No person who holds a licence may sponsor (within the meaning of **section 163(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.

(5) A person who contravenes **subsection (1)** commits an offence and is liable on conviction to,—

(a) in the case of a processor, an importer, or a distributor, a fine not exceeding $720,000; or

(b) in the case of a micro licence holder, a fine not exceeding $60,000; or

(c) in the case of any other licence holder, a fine not exceeding $240,000; or

(d) in the case of any other person, a fine not exceeding $60,000.

167 Free distribution and rewards prohibited

(1) No processor, 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; or

(c) offer a cannabis product as a prize in any contest, lottery or game.

(4) Nothing in **subsection (3)** 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 Act or the regulations.

(5) A person who contravenes this section commits an offence and is liable on conviction to—

(a) in the case of a processor, an importer, or a distributor, a fine not exceeding $720,000; or

(b) in the case of a micro-cultivation licence holder, a fine not exceeding $60,000; or

(c) in the case of any other licence holder, a fine not exceeding $240,000; or

(d) in the case of any other person, a fine not exceeding $60,000.

168 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.

169 Advertisements concerning harms from cannabis use not affected

Nothing in **sections 160 to 167** 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.

170 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—

(a) complies with the prescribed requirements; and

(b) contains no other information.

(2) A person who contravenes this section commits an offence and is liable on conviction to a fine not exceeding $2,000.

171 Sale of cannabis products with other products prohibited

(1) This section applies to a cannabis product if it is—

(a) packed together with a product that is not a cannabis product or cannabis accessory; or

(b) distributed or supplied, together with a product that is not a cannabis product or a cannabis accessory, at a single price.

(2) No processor, 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 on conviction to,—

(a) in the case of an offence involving the supply of a cannabis product with alcohol or tobacco,—

(i) a fine not exceeding $10,000; and

(ii) if the offence is committed by a licence holder, suspension of the licence holder's licence for a period not exceeding 7 days; or

(b) in the case of any other offence, a fine not exceeding $4,000.

172 Messages and information required for cannabis products

(1) No processor, importer, distributor, or retailer may sell or offer for sale to the public 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:

(v) a statement, in the prescribed manner or form, of what proportion of the daily purchase limit specified in **section 31** the product represents:

(vi) a statement, in the prescribed manner or form, of how much THC and CBD the product contains; 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) A person who contravenes **subsection (1)** commits an offence and is liable on conviction to a fine not exceeding $2,000.

173 False, misleading or therapeutic claims prohibited

(1) No processor, importer, distributor or retailer may make claims in support of the consumption of cannabis or a cannabis product that—

(a) are false; or

(b) are misleading; or

(c) contain statements that cannabis or a cannabis product has a therapeutic effect or purpose; or

(d) contain statements to the effect that cannabis or cannabis products maintain or improve health.

(2) A person who contravenes **subsection (1)** commits an offence and is liable on conviction to—

(a) a fine not exceeding $5,000; and

(b) in the case of a licence holder, suspension of the licence holder's licence for a period not exceeding 7 days.

174 Selling cannabis remotely

A licence holder who sells, or attempts to sell, cannabis to a person who is not physically present in a licensed premises commits an offence and is liable on conviction,—

(a) in the case of an entity, to a fine not exceeding $10,000; or

(b) in any other case, to a fine not exceeding $5,000.

175 Presenting for sale cannabis product that may be attractive to children

A licence holder who presents a cannabis product for sale that the Authority has declared by public notice to be prohibited because it may be attractive to children commits an offence and is liable on conviction to,—

(a) in the case of an individual, a fine not exceeding $5,000; or

(b) in any other case, a fine not exceeding $10,000.

176 Prohibition on feeding of cannabis or cannabis products to animals

(1) No person may intentionally feed or otherwise administer cannabis or a cannabis product to an animal.

(2) A person who contravenes **subsection (1)** commits an offence and is liable on conviction to a fine not exceeding $5,000.

177 Use of unlicensed premises as place for general consumption of cannabis or cannabis products

(1) A person who is the occupier, or has or takes part in the care, management, or control, of any unlicensed premises commits an offence if that person allows those premises to be kept or used as a place where unreasonable general access is allowed for the consumption of cannabis or cannabis products.

(2) A person who commits an offence against **subsection (1)** is liable on conviction to a fine not exceeding $20,000.

(3) **Subsections (1) and (2)** do not apply to the consumption of cannabis or cannabis products by any person on any premises on which that person resides, whether that person is the occupier of the premises or not.

(4) In determining whether premises are a place where unreasonable general access is allowed for the consumption of cannabis, the court must consider—

(a) the amount of cannabis consumption in the premises:

(b) the degree to which the availability of access to the premises is made publicly known:

(c) whether persons are required to pay to enter the premises:

(d) the potential for harm relating to cannabis consumption that could occur on the premises:

(e) the extent to which cannabis consumption is the main activity occurring on the premises:

(f) whether other products and services are sold on the premises.

(5) A person who acts as, or as if he or she were, an occupier or a person having any part in the care, management, or control of any premises is to be treated as an occupier of the premises, but without affecting the liability of any other person.

(6) Premises may be treated as being kept or used as a place where general access is allowed for the consumption of cannabis or cannabis products even though they are open only for the use of particular people or particular classes of person, and not to all people who wish to use them.

Part 6
Provisions relating to retail sale and consumption premises: premises operations and licence processes

Premises operations—general provisions

178 Application of Part 6

This Part applies only in respect of premises operated under a consumption premises activity authorisation or a retail activity authorisation.

179 Use of consumption premises for consumption of cannabis and cannabis products

On any premises for which a consumption premises activity authorisation is held, the licence holder must allow people to consume cannabis and cannabis products there (including cannabis and cannabis products brought there from outside the premises) and the other retail activities referred to in **section 72**.

180 Other requirements for consumption premises

On any premises for which a consumption premises activity authorisation is held, the licence holder must—

(a) have food and non-alcoholic beverages available for sale; and

(b) supply water free of charge to customers.

181 Cannabis retail premises

On any premises for which a retail activity authorisation is held, the licence holder may sell cannabis products and cannabis accessories, and undertake the other activities authorised under **section 71**.

182 Authority may set trading hours

(1) The Authority may set maximum and minimum trading hours and the range of permitted hours for consumption premises and retail premises, and the licence holder may only operate in accordance with those directions.

(2) A licence holder with a consumption premises activity authorisation or retail activity authorisation who contravenes **subsection (1)** commits an offence and is liable on conviction to a fine not exceeding $10,000.

183 Licences to be displayed in premises

(1) A licence holder with a consumption premises activity authorisation or a retail activity authorisation must ensure that at all times a copy of the parts of the licence required to be displayed by the Authority, together with a statement of all conditions subject to which the licence is issued,—

(a) is displayed attached to the inside of the premises concerned; and

(b) is easily readable by people entering each principal entrance.

(2) A licence holder who contravenes **subsection (1)** commits an offence and is liable on conviction to a fine not exceeding $1,000.

Controls on consumption and retail premises' operations

184 Meaning of impaired

A person is **impaired** within the meaning of **sections 185 to 191** if that person's mental abilities, physical capabilities, or both, are observably reduced due to the consumption of cannabis or alcohol or another substance.

185 Sale or supply of cannabis to impaired people

(1) The licence holder or a manager of any premises that operates under a consumption premises activity authorisation or a retail activity authorisation who sells or supplies cannabis or a cannabis product to an impaired person, commits an offence.

(2) A person who commits an offence against **subsection (1)** is liable on conviction,—

(a) in the case of a licence holder, to either or both of the following:

(i) a fine not exceeding $10,000:

(ii) the suspension of the licence holder's licence for a period not exceeding 7 days:

(b) in the case of a manager, to a fine not exceeding $10,000.

(3) A person who is not a licence holder or manager of premises that, operates under a consumption premises activity authorisation or a retail activity authorisation and who sells or supplies cannabis or a cannabis product to an impaired person commits an offence.

(4) A person who commits an offence against **subsection (3)** is liable on conviction to a fine not exceeding $2,000.

(5) **Subsection (3)** applies irrespective of any liability that may attach to the licence holder or any manager in respect of the same offence.

186 Offence to allow consumption of cannabis on retail premises

(1) A licence holder or manager of premises operated under a retail activity authorisation only who allows a person to consume cannabis 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 licence holder to either or both of the following:

(i) a fine not exceeding $20,000:

(ii) the suspension of licence holder's licence for a period not exceeding 7 days:

(b) in the case of a manager, to a fine not exceeding $20,000.

187 Offence to employ or to allow persons 19 years old or younger to enter or consume cannabis on retail or consumption premises

(1) A licence holder or manager who operates premises under consumption premises activity authorisation or a retail activity authorisation who allows a person aged 19 years or younger to enter or to consume cannabis on the premises commits an offence.

(2) A person who commits an offence against **subsection (1)** commits an offence and is liable on conviction to,—

(a) in the case of a licence holder, either or both of the following:

(i) a fine not exceeding $10,000:

(ii) suspension of the licence holder's licence not exceeding 7 days:

(b) in the case of a manager, a fine not exceeding $10,000:

(c) in any other case, a fine not exceeding $2,000.

(3) In any proceedings for an offence against **subsection (1)**, it is a defence if the defendant proves that,—

(a) before or at the time of entry into the premises concerned, there was produced to the person in charge of the premises a document purporting to be an approved evidence of age document; and

(b) the person believed on reasonable grounds that the document—

(i) was an approved evidence of age document; and

(ii) related to the customer; and

(iii) indicated that the customer was not under the age of 20; and

(c) the person reasonably believed that the customer was not under the age of 20.

(4) In any proceedings for an offence against **subsection (1)**, it is a defence if the defendant proves that, before or at the time of entry into the consumption premises, the person who allowed the customer to enter the premises verified

the customer's age using an approved evidence of age system in the approved manner.

(5) The holder of a cannabis distribution licence must not employ a person aged 19 or younger in a premises operated under a consumption premises activity authorisation or a retail activity authorisation.

(6) A licence holder who contravenes **subsection (5)** commits an offence and is liable on conviction to a fine not exceeding $4000.

188 Authority may issue rules about host responsibility

(1) The Authority may issue rules that licence holders, managers, and employees working in a premises that operate under a consumption premises activity authorisation must comply with.

(2) Those rules may deal with the responsibility of licence holders, managers, and employees working in a consumption premises in relation to the following:

(a) purchasers or consumers of cannabis on the premises:

(b) other persons on the premises who are not purchasing or consuming cannabis on the premises:

(c) the design and operation of the premises.

(3) A licence holder or manager of premises who contravenes **subsection (1)** or allows other employees working on the premises to contravene **subsection (1)**, commits an offence and is liable on conviction to a fine not exceeding $5,000.

189 Manager affected by substances while on duty

(1) A manager of premises that operate under a consumption premises activity authorisation or a retail activity authorisation who, without reasonable excuse, is affected by alcohol, cannabis, or a drug or medicine (other than a prescribed drug or medicine that can be obtained without prescription from a pharmacy, supermarket, or other shop) while on duty, commits an offence.

(2) A person who commits an offence against **subsection (1)** is liable on conviction to a fine not exceeding $5,000.

190 Employee affected by substances while on duty

(1) An employee employed or engaged in a premises that operate under a consumption premises activity authorisation or a retail activity authorisation who, without reasonable excuse, is affected by alcohol, cannabis, or a drug or medicine (other than a prescribed drug or medicine that can be obtained without prescription from a pharmacy, supermarket, or other shop) while on duty, commits an offence.

(2) A person who commits an offence against **subsection (1)** is liable on conviction to a fine not exceeding $5,000.

191 Allowing impaired person on premises with retail activity authorisation

(1) The licence holder or a manager of any premises that operate under a retail activity authorisation only who allows an impaired person to either enter or remain on those licensed premises commits an offence.

(2) A person who commits an offence against **subsection (1)** is liable on conviction to a fine not exceeding $5,000.

(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 licence holder became aware of the situation, reasonable steps were taken in respect of the impaired 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.

192 Allowing disorderly conduct on licensed premises

(1) The licence holder or a manager of any premises that operates under a consumption premises activity authorisation or a retail activity authorisation who allows any violent, quarrelsome, insulting, or disorderly conduct to take place on those licensed premises commits an offence.

(2) A person who commits an offence against **subsection (1)** is liable on conviction to a fine not exceeding $5,000.

(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 licence holder 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.

193 Prohibition against allowing consumption of alcohol or tobacco in consumption premises

A licence holder or manager of premises operated under a consumption premises activity authorisation who allows alcohol or tobacco to be consumed on those premises commits an offence.

194 Penalty for offence under section 193

A person who commits an offence against **section 193** is liable on conviction to a fine not exceeding $5,000.

195 Prohibition against licensed cannabis retailer selling, supplying, etc, cannabis to persons under 20 years

(1) A licence holder who holds a licence authorising a retail activity or a consumption premises activity must not—

(a) sell cannabis or a cannabis product to a person aged 19 years or younger; 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 aged 19 years or younger; or

(c) supply cannabis or a cannabis product to a person aged 19 years or younger; or

(d) supply cannabis or a cannabis product to a person with the intention that it be supplied (directly or indirectly) to a person aged 19 years or younger.

(2) A licence holder who contravenes **subsection (1)** commits an offence and is liable on conviction to—

(a) a fine not exceeding $50,000; and

(b) a suspension of the licence holder's licence for a period not exceeding 7 days.

(3) In any proceedings for an offence against **subsection (1)(a), (b), or (c)**, it is a defence if the defendant proves that,—

(a) before or at the time of the sale or supply of the cannabis or cannabis product concerned, there was produced to the person who sold or supplied the cannabis or cannabis product a document purporting to be an approved evidence of age document; and

(b) the person believed, on reasonable grounds, that the document—

(i) was an approved evidence of age document; and

(ii) related to the customer; and

(iii) indicated that the customer was not under the purchase age; and

(c) the person reasonably believed that the customer was not under the purchase age.

(4) In any proceedings for an offence against **subsection (1)(a), (b), or (c)**, it is a defence if the defendant proves that, before or at the time of the sale or supply of the cannabis or cannabis product concerned, the person who sold or supplied the cannabis or cannabis product verified the customer's age using an approved evidence of age system in the approved manner.

(5) A person does not commit an offence against **subsection (1)(d)** by selling or supplying cannabis or a cannabis product to a person who then supplies the cannabis or cannabis product to a third person who is under the purchase age unless it is proved that the seller or supplier had reasonable grounds to believe that the cannabis or cannabis product was intended for a person under the purchase age.

196 Selling non-approved cannabis product or cannabis or cannabis products from unlicensed source

(1) A licence holder or the manager or a staff member of any premises that operates under a consumption premises authorisation or a retail activity authorisation who sells any cannabis or cannabis product that is not approved for sale commits an offence.

(2) A licence holder, manager, or staff member who commits an offence under **subsection (1)** is liable on conviction to,—

(a) in the case of a licence holder who operates premises under a retail activity authorisation, or the manager or a staff member of those premises, a fine not exceeding $20,000:

(b) in any other case, a fine not exceeding $50,000.

(3) A licence holder who operates premises under a retail activity authorisation, knowing that cannabis or cannabis products offered for sale at those premises were obtained from a person who was not authorised to sell or supply that cannabis or cannabis product to the licence holder, commits an offence.

(4) A licence holder who commits an offence under **subsection (3)** is liable on conviction to—

(a) a fine not exceeding $20,000:

(b) the suspension of the licence holder's licence for a period not exceeding 7 days.

197 Selling cannabis or cannabis products with alcohol or tobacco

A licence holder of any premises operating under a retail activity authorisation where cannabis is, or cannabis products are, sold together with alcohol or tobacco, or both, without reasonable excuse, commits an offence and is liable on conviction to—

(a) a fine not exceeding $10,000:

(b) suspension of the licence holder's licence for a period not exceeding 7 days.

198 Selling cannabis or cannabis products in excess of daily purchase limit to individuals

A licence holder of any premises operating under a retail activity authorisation where cannabis or cannabis product is knowingly or recklessly sold in a greater quantity than is permitted under the daily purchase limit commits an offence and is liable to—

(a) a fine not exceeding $10,000:

(b) the suspension of the licence holder's licence for a period not exceeding 7 days.

199 Selling cannabis with products other than alcohol or tobacco

A licence holder, manager, or staff member of any premises operated under a retail activity authorisation, who sells cannabis or cannabis product together with any other product (except alcohol or tobacco) commits an offence and is liable on conviction to a fine not exceeding $4,000.

Part 7
Security and containment of cannabis and cannabis products

200 Licence holders must ensure security of cannabis and cannabis products

(1) A licence holder must ensure the security of cannabis and cannabis products held by the licence holder, including (without limitation) the safety and surveillance of the premises or site on which controlled activities are undertaken.

(2) The premises or site must be designed in a manner that—

- (a) prevents unauthorised access; and
- (b) detects and manages unauthorised intrusions; and
- (c) ensures the safety of employees, customers, and the community.

201 Authority may prescribe rules for security and containment

The Authority may prescribe rules, which licence holders must comply with, for—

- (a) the security of cannabis and cannabis products; and
- (b) the containment of cannabis and cannabis products, including (without limitation) requirements to prevent animals from entering areas where cannabis or cannabis products are present.

Part 8
Production standards

202 Authority may make rules

(1) The Authority may (and in the case of **paragraph (a)(ii) and (iii)**, must) make rules covering the whole cannabis supply chain (which must be consistent with this Act) for the following purposes:

- (a) regulating cannabis production and marketing, and the manufacturing process, including (without limitation)—
  - (i) the content, form, shape, appearance, labelling, classification, risk level, manufacturing process, packaging, and form of consumption of cannabis products; and

(ii) the quality of cannabis and cannabis products (for example, their cleanliness or the quantities of microbial amounts that may be permitted in them); and

(iii) the standards that must be met during the whole supply chain for cannabis and cannabis products (for example, cultivation and processing); and

(iv) the inclusion of cannabis in other products; and

(v) the destruction of cannabis, including waste products:

(b) regulating substances added to or mixed with cannabis, including (without limitation) those that are—

(i) packaged with, or integrated in, cannabis products:

(ii) sold with or alongside cannabis products to aid the consumption of cannabis products:

(c) regulating cannabis accessories that are—

(i) packaged with cannabis:

(ii) sold while containing cannabis:

(d) establishing and operating a product approval process for—

(i) creating standards that cannabis products must meet before they may be offered for sale or otherwise released:

(ii) approving cannabis products for sale:

(e) assessing the potency of cannabis of the classes set out in **Schedule 8**:

(f) setting potency limits for the classes of cannabis specified in **Schedule 8**:

(g) reviewing cannabis potency limits.

(2) Rules made under **subsection (1)** may—

(a) apply generally to all cannabis or cannabis products; or

(b) apply to particular classes of cannabis, cannabis product, or cannabis that is a cannabis product.

(3) Before making a rule, the Authority—

(a) must publish in the *Gazette*, and on an Internet site maintained by or on behalf of the Authority, a notice of the Authority's intention to make the rules; and

(b) must give interested persons reasonable time (as specified in the notice) to make submissions on the proposed rules; and

(c) must consult the Cannabis Advisory Committee; and

(d) may consult any other persons and groups that the Authority thinks fit.

(4) The Authority must maintain a list on its Internet site of all classes of cannabis and cannabis products specified in **Schedule 7** indicating whether those products are standard risk products or elevated risk products.

(5) Before making a rule setting potency limits, the Authority must—

(a) take into account the potential of CBDA to be converted into CBD and the potential of THCA to be converted into THC, including (without limitation),—

(i) in the case of fresh or dried cannabis, the formulae set out in items 1 and 2 in **Schedule 8**:

(ii) in all other cases, the formulae set out in items 3 to 5 of **Schedule 8**; and

(b) have regard to, and give the weight that it thinks appropriate, to the following:

(i) reducing problematic use of cannabis or cannabis products, especially for Māori:

(ii) preventing over-consumption of cannabis or cannabis products:

(iii) providing choice to those who consume cannabis or cannabis products:

(iv) creating potency limits for cannabis or cannabis products with reference to potency levels found in unlawfully produced or imported cannabis or cannabis products; and

(c) consult the Minister.

(6) For the purposes of **subsection (5)(a)**—

potential of CBDA to be converted into CBD means the maximum content of CBD that would be obtained if CBDA was converted into CBD with no further degradation of CBD

potential of THCA to be converted into THC means the maximum content of THC that would be obtained if THCA was converted into THC with no further degradation of THC.

(7) A rule setting a potency level must be in the form specified in **column 3 of Schedule 8**.

(8) Rules made under this section must be made available on an Internet site maintained by or on behalf of the Authority.

(9) Rules made under this section are disallowable instruments, but not legislative instruments, for the purposes of the Legislation Act 2012 and must be presented to the House of Representatives under section 41 of that Act.

Compare: 1998 No 110 s 152A; 1989 No 80 s 18AA

203 Risk assessment levels for cannabis and cannabis products

(1) The Authority must classify each class of cannabis into the following categories:

(a) standard risk products:

(b) elevated risk products.

(2) The Authority may devise criteria to be applied in determining whether each class of cannabis is a standard risk product or a elevated risk product which may, but need not, be set out in rules made under **section 202(1)(d)**.

(3) Despite **subsections (1) and (2)**, cannabis edibles have an elevated risk status.

204 Restriction on distribution of elevated risk products

A licence holder may not distribute, sell, or supply cannabis products with an elevated risk status unless the Authority has approved them for distribution.

205 Requirement for notification before first New Zealand release of standard risk product

A licence holder who proposes to release a standard risk class cannabis or cannabis product that has not previously been sold in New Zealand for distribution, sale, or supply in New Zealand must first notify the Authority in the form and manner required by the Authority.

206 Authority may require licence holder to supply information

The Authority may require any licence holder to supply any information required by the Authority to assess whether cannabis or a cannabis product should be assessed as a standard risk product or elevated risk product.

207 Cannabis edibles must comply with Act, regulations, and rules

(1) Cannabis edibles must comply with—

(a) this Act and any regulations or rules made under it; and

(b) any provision of another enactment regarding food and food safety that the regulations apply to cannabis edibles.

(2) If a provision of this Act or of regulations or rules made under it is inconsistent with a provision in another enactment regarding food or food safety, this Act or the regulations or the rules made under it prevails.

(3) A licence holder who knowingly produces or sells cannabis edibles that contravene **subsection (1)** commits an offence and is liable on conviction to a fine not exceeding $5,000.

208 Restrictions on cannabis edibles

(1) No licence holder may process, produce, or sell cannabis products that are cannabis edibles unless those products—

(a) are baked ready to eat; and

(b) do not require refrigeration or heating; and

(c) have a water activity level of less than 0.85; and

(d) contain no additives or nutritive substances or novel foods, unless authorised by regulations; and

(e) comply with any relevant—

(i) rules made under **section 202**; and

(ii) enactments relating to food or food safety that are applied for the purposes of this section by regulations; and

(iii) restrictions or conditions imposed by the Authority.

(2) A licence holder who contravenes **subsection (1)** commits an offence and is liable on conviction to a fine not exceeding $5,000.

209 Authority may stop sale of or recall cannabis products

(1) If a cannabis product is found to be harmful, the Authority may—

(a) issue a public notice requiring all licence holders to stop the sale of the cannabis product:

(b) issue a public notice requiring the recall of the cannabis product:

(c) require all relevant licence holders or producers to provide any relevant information to the Authority about the cannabis product:

(d) specify conditions about the method by which recalled products are to be returned.

(2) A licence holder or a producer who refuses or fails to comply with a requirement under **subsection (1)** commits an offence and is liable on conviction to a fine not exceeding $5,000.

210 Offence to produce or sell cannabis that exceeds its permitted potency level or other constituent limits

A licence holder or manager who, without reasonable excuse, produces or sells a cannabis product that exceeds its permitted potency level or maximum level of any permitted constituents commits an offence and is liable on conviction to a fine not exceeding $10,000.

211 Prohibition on sale of novel or harmful cannabis products

(1) No licence holder may sell cannabis or a cannabis product of a kind that the Authority has declared by public notice to be a prohibited product on the grounds that it—

(a) is novel; and

(b) has no effect or will worsen cannabis harms in the community.

(2) A licence holder who contravenes **subsection (1)** is liable on conviction to a fine not exceeding $5,000.

212 Sale or supply of certain kinds of cannabis or cannabis product prohibited

(1) A licence holder may not produce, sell, or supply cannabis products that contain any of the following:

(a) alcohol:

(b) caffeine:

(c) nicotine:

(d) kava:

(e) tobacco:

(f) any other prescribed substance.

(2) Despite **subsection (1)**, a licence holder may produce, sell, or supply cannabis products that contain caffeine or alcohol if—

(a) the Authority has made a rule that—

(i) allows a specified cannabis product or specified class of cannabis products to contain caffeine or alcohol; and

(ii) specifies the maximum amount of caffeine or alcohol that the cannabis product or class of cannabis products may contain; and

(b) the cannabis product complies with the rule.

(3) A licence holder who contravenes **subsection (1) or (2)** commits an offence and is liable on conviction to a fine not exceeding $5,000.

213 Offence to produce or sell unclassified cannabis products

(1) No licence holder may sell a cannabis product to another person unless—

(a) the product is in a class of cannabis listed in **Schedule 7** that may be approved for sale; and

(b) that class of cannabis has been approved for sale by regulations.

(2) A licence holder who contravenes **subsection (1)** commits an offence and is liable on conviction to a fine not exceeding $20,000.

214 Offence to produce or sell cannabis products with substances that enhance effects of cannabis

(1) No licence holder, except the holder of a research licence, may produce a cannabis product knowing that it contains any additive that enhances the psychoactive or addictive effects of cannabis.

(2) A licence holder who contravenes **subsection (1)** commits an offence and is liable on conviction to a fine not exceeding $5,000.

215 Production and sale of certain cannabis products prohibited

(1) A licence holder may not knowingly produce or sell any cannabis product that contains dried cannabis or fresh cannabis if the cannabis product contains the roots or stems of the cannabis plant.

(2) A person may not produce or sell any cannabis product that may be consumed—

(a) by injection:

(b) by the use of suppositories:

(c) through the eyes, ears, or nose:

(d) by any other method prohibited by the Authority on the grounds that it is dangerous.

(3) A person who contravenes **subsection (1) or (2)** is liable on conviction to a fine not exceeding $5,000.

216 Prohibition or sale of cannabis products without proper labelling and packaging

(1) A licence holder may not sell a cannabis product that does not comply with the requirements in rules made under **sections 172, 222, and 226 to 232**.

(2) A licence holder must ensure that a label on a cannabis product sold under the licence must not contain any statement about a standard level of cannabis consumption unless it is consistent with rules made under **section 202**.

(3) A licence holder who contravenes **subsection (1) or (2)** is liable on conviction to,—

(a) in the case of a licence holder with a processing activity authorisation, $10,000:

(b) in the case of a licence holder with a retail activity authorisation, $4,000:

(c) in the case of a licence holder who packaged the cannabis product, $2,000.

217 Food may not be processed in cannabis facility

(1) No licence holder may process cannabis or a cannabis product in any part of a building or other premises that is being used for the processing of food, or for commercial food preparation.

(2) No licence holder may process food in any part of a building or other place that is used for the processing of cannabis or a cannabis product.

(3) A licence holder who contravenes **subsection (1) or (2)** is liable on conviction to either or both of the following:

(a) a fine not exceeding $5,000:

(b) suspension of the licence holder's licence for a period not exceeding 7 days.

218 Authority may make rules about cultivation, processing, and production

(1) The Authority may make rules about cultivation, processing, and production at buildings or other premises that are a licensed cannabis facility, including the following:

(a) specifying what can and cannot be cultivated, processed, or produced in the same licensed cannabis facility:

(b) imposing conditions or restrictions on the cultivation, processing, or production of different things at a licensed cannabis facility (for example, imposing restrictions on the production of medicines and cannabis products in the same facility, or requiring low and high THC products to be processed separately).

(2) Rules under **subsection (1)** may apply—

(a) generally in relation to all kinds of licensed cannabis facility or to a particular class of licensed cannabis facility or to a particular licensed cannabis facility:

(b) generally to cannabis or cannabis products or to a particular class of cannabis or cannabis product or cannabis that is a cannabis product:

(c) generally in relation to constituents of cannabis or a cannabis product or to a particular class of cannabis or cannabis product, or to a particular constituent:

(d) generally in relation to matters listed in **paragraphs (a) to (c)** or only if specified criteria apply in relation to those matters or any of them.

(3) This section does not limit the power of the Authority to make rules under **section 202**.

(4) In this section, **licensed cannabis facility** means a facility in which authorised cannabis-related operations are undertaken in accordance with a licence that the Authority has issued.

Part 9
Testing

Testing and reporting

219 Testing cannabis and cannabis products

(1) No person may sell or otherwise market cannabis or cannabis products for recreational use unless the cannabis or cannabis products are tested by an authorised analytical testing laboratory.

(2) The Authority may determine—

(a) the form that the cannabis or cannabis products must take when tested, which may include rules about the form of a representative sample of cannabis or a cannabis product:

(b) the step in the production process at which cannabis or cannabis products must be tested:

(c) the time and place at which the cannabis or cannabis product must be tested.

(3) The independent testing laboratory must comply with any quality standards and requirements that the Authority specifies, including (without limitation) accreditation through a specified accrediting programme (whether national or international).

(4) Cannabis and cannabis products must be tested for their cannabinoid profile consistency and for contaminants as specified by the Authority including (without limitation), pesticide and fumigant residues, heavy metals, toxic elements, microbial limits, and the quantity of certain cannabinoids, including THC, THCA, CBD, and CBDA.

(5) The independent testing laboratory must—

(a) keep records of the testing results in the manner and form, and for the period, that the Authority specifies; and

(b) report the results to the Authority in the manner and the form that the Authority specifies.

220 Head of Authority may require further testing

(1) In addition to the annual test or tests required by **section 219**, the head of the Authority may, by notice in writing to the processor 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 219**,—

(a) in a laboratory nominated by the head of the Authority; but

(b) at the expense in all respects of the processor 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 219** applies and sold by a particular processor or importer.

221 Returns and reports

The head of the Authority—

(a) must take all practicable steps to ensure that the returns and reports it receives 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.

222 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 requirements, or options permitted, for all or any aspects of the appearance of a cannabis product:

(b) prescribing the quantity or quantities in which a cannabis product must be packaged:

(c) prescribing—

(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 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 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 172** 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 processing 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 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 31(1)**.

(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

223 Application of section 224

Section 224 applies to a person who—

(a) holds a licence to carry out a controlled activity; and

(b) belongs to a class of persons designated under regulations made under **section 224** as a class of persons to whom this subpart applies.

224 Tracing and recall

A person to whom this section applies must, in accordance with any regulations made under **section 225** and any notice issued under **section 266**,—

(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.

225 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) designating a person who holds, or a class of persons who hold, a licence to carry out a controlled activity as a person, or class of persons, 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 224**; 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.

(3) The Authority may, by notice under **section 266**, supplement regulations made under this section.

Part 10
Standards for packaging

226 Packages

The package in which a cannabis product is packaged must—

(a) meet the requirements of a child-resistant package under domestic legislation; and

(b) not contain more than 14 grams of dried cannabis (or its equivalent); and

(c) meet any other requirements set out in an enactment (for example, requiring the package to be opaque or translucent, be able to prevent contamination of its contents, be able to keep its contents dry, or have a security feature that provides reasonable assurance to consumers that it has not been opened prior to receipt).

227 Cannabis plant: not budding or flowering

A cannabis plant must not be budding or flowering at the time of packaging.

228 Cannabis plant: container limit

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

229 Cannabis seeds: immediate container

The immediate container in which cannabis seeds are packaged must—

(a) keep the cannabis seeds dry; and

(b) not contain more than 14 grams of dried cannabis (or its equivalent).

230 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 a prescribed holder of a licence; and

(b) the class of cannabis to which the cannabis product that is in the container belongs; and

(c) in respect of the cannabis 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 seeds, either—

(A) the expiry date; or

(B) a statement that no expiry date has been determined; and

(v) a statement, in the prescribed manner or form, of what proportion of the daily purchase limit specified in **section 31(1)** the product represents; and

(vi) a statement, in the prescribed manner or form, of how much THC and CBD the product contains; and

(vii) any other information that is prescribed by regulations or rules made under this Act; and

(d) warnings, including health warnings, prescribed by regulations or rules made under this Act (see **Schedule 5**); and

(e) the prescribed standardised cannabis symbol.

231 Cannabis plants

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

232 Cannabis seeds

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

Part 11
Enforcement

Subpart 1—Enforcement powers in relation to **Part 3**

233 Application

The powers given by the provisions of this subpart apply for the purposes of enforcing **Part 3**.

234 Warrantless power to search persons for cannabis and cannabis products if specified offence suspected

(1) An enforcement officer may search a person without a warrant if the enforcement officer has reasonable grounds to suspect that the person—

(a) has committed or is committing an offence against **section 38 or 39**; and

(b) has evidential material that relates to—

(i) an offence against **section 38 or 39**; or

(ii) a suspected offence against **section 38 or 39** where evidence will be destroyed, concealed, altered, or damaged if the search is not carried out immediately.

(2) An enforcement officer who exercises a search power under **subsection (1)** must, as soon as practicable after the exercise of the power, provide a written report on the exercise of that power to a person in the enforcement officer's organisation who is designated to receive those reports.

(3) A report under **subsection (2)** must—

(a) contain a short summary of the circumstances surrounding the exercise of the power and the reasons why it was exercised:

(b) state whether any evidential material was seized or otherwise obtained as a result of the exercise of the power:

(c) state whether criminal proceedings have been brought or are under consideration as a result of the exercise of the power.

235 Power of inspection to check whether cannabis is grown for personal use in contravention of Act in cases where offence is suspected

(1) Subject to **subsections (2) and (3)**, an enforcement officer may, at any reasonable time or times, enter and inspect any place if the officer has reason-

able grounds to suspect that cannabis is being grown in that place for personal use in contravention of this Act.

(2) An enforcement officer must not enter and inspect a dwellinghouse, a marae, or a building associated with a marae, under **subsection (1)** except with—

(a) the consent of an occupier; or

(b) a warrant issued under **section 238**.

(3) If a warrant under **section 238** has been issued to an enforcement officer subject to conditions, the enforcement officer—

(a) must not enter the dwellinghouse, marae, or building associated with the marae specified in the warrant otherwise than in accordance with the conditions; and

(b) must in all other respects comply with the conditions.

(4) The provisions of subparts 1, 3, 4, 5, 6, 7, 8, and 9 of Part 4 of the Search and Surveillance Act 2012 apply.

236 Cannabis, cannabis products, and cannabis containers may be seized in course of search

(1) If any enforcement officer is searching any person, place, vehicle, or thing in relation to a suspected offence under **Part 3**, the enforcement officer may seize any cannabis, cannabis products, or containers appearing to contain cannabis or cannabis products that the officer finds in the course of their search and has reasonable grounds to believe are being kept in contravention of this Act.

(2) This section does not limit the powers of an enforcement officer under Part 4 of the Search and Surveillance Act 2012.

237 Power to search container or pockets of persons

(1) An enforcement officer may, in the circumstances set out in **subsection (2)**, search a container (for example, a bag, case, package, or parcel) in the possession of a person or the pockets of a person for the purposes of ascertaining whether cannabis or a cannabis product is present, and, if so, seizing it.

(2) The circumstances are that the enforcement officer has reasonable grounds to suspect that the person has committed or is committing an offence against—

(a) **section 29** (which sets a possession limit for a person aged 20 years or older):

(b) **section 32** (which makes it unlawful for a person aged 19 years or younger to possess cannabis):

(c) **section 35** (which relates to the supply of cannabis to a person aged 19 years or younger):

(d) **section 36** (which restricts the amount that may be supplied to a person aged 20 years or older):

(e) **section 37** (which makes the consumption of cannabis in public places unlawful).

238 Warrant to search dwellinghouse, marae, etc

(1) An issuing officer (within the meaning of section 3 of the Search and Surveillance Act 2012) may, on an application made in the manner provided by subpart 3 of Part 4 of that Act by an enforcement officer, issue a warrant authorising every enforcement officer to enter and search the dwellinghouse, marae, or building associated with a marae specified in the application.

(2) Such a warrant may be issued only if the issuing officer is satisfied that there are reasonable grounds to believe that an offence specified in **Part 3** punishable by imprisonment is being or has been committed on or in the place (being a dwellinghouse, marae, or building associated with a marae) specified in the application.

(3) Such a warrant—

(a) authorises every inspector and authorised person to enter and search the place concerned on 1 occasion within 14 days of the issue of the warrant; and

(b) may be unconditional or subject to conditions.

(4) The provisions of subparts 1, 3, 7, 9, and 10 of Part 4 of the Search and Surveillance Act 2012 apply.

239 Requirement to give identifying information

(1) If an enforcement officer has reasonable grounds to suspect that a person has committed or is committing an offence against **Part 3**, the officer may require the person to provide the officer with—

(a) the person's name, address, and date of birth; and

(b) other information specified by the officer (whether or not requested for the purpose of verifying the information referred to in **paragraph (a)**).

(2) If a person fails to comply with a requirement under **subsection (1)** or the enforcement officer has reasonable grounds to suspect that the information supplied is false or misleading, the enforcement officer may arrest the person without warrant.

240 Destruction of cannabis or cannabis products

If cannabis or cannabis products are seized by an enforcement officer, they may be destroyed by any enforcement officer if—

(a) the cannabis or cannabis product is forfeited to the Crown under any provision of this Act; and

(b) there is no requirement to keep the cannabis or cannabis product for evidential purposes in any proceedings.

Subpart 2—Powers of enforcement officers in relation to this Act (other than **Part 3**)

Powers of enforcement officers

241 Application

The powers given by this subpart apply for the purposes of enforcing the provisions of this Act (other than **Part 3**).

242 Powers of entry and inspection

(1) Subject to **section 244**, 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 they bring with them for that purpose:

(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 243**:

(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 or a marae—

(a) under authority given by or under an enactment other than this section; or

(b) with the consent of an occupier.

243 Requirement to give identifying information

(1) This section applies if an enforcement officer at any time believes on reasonable grounds that within the previous 14 days cannabis products have been sold, or have after they were sold have been delivered, to a person younger than 20 years in or from a place where cannabis products are sold, or after they are sold (at that place or another place) are delivered, from time to time.

(2) If this section applies, the enforcement officer—

(a) may, while the person the enforcement 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 specified person.

(3) An enforcement officer who suspects that a person is younger than 20 years must not under **subsection (2)(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.

(4) An enforcement officer who suspects that a person is younger than 20 years of age must not under **subsection (2)(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.

(5) In **subsection (2)(b)** a **specified person** is a person that the enforcement 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.

244 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 against this Act has been, is being, or will be committed; 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.

245 Purposes for which powers may be used

(1) The powers given by **section 242** must be used only for, and only to the extent necessary for, the following purposes:

(a) finding out whether this Act (other than **Part 3**) is being complied with in and in respect of the place entered:

(b) finding out the extent to which this Act (other than **Part 3**) is not being complied with in or in respect of the place entered:

(c) exercising the powers given by section 242.

(2) The powers given by **section 243** 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 specified person.

(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 **section 242 or 243**.

(4) In **subsection (2)**, a **specified person** is a person who 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.

Subpart 3—Miscellaneous

Enforcement officers

246 Duties of enforcement officers

(1) An enforcement officer exercising powers under **section 242** in respect of a place,—

(a) if a person in charge of the place is present on initial entry, must identify themselves 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, their instrument of appointment as an enforcement officer, or both.

(2) An enforcement officer exercising powers under **section 243** 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.

247 Offences in respect of enforcement officers

A person commits an offence, and is liable on conviction to imprisonment for a term not exceeding 3 months or to a fine not exceeding $2,000, if the person—

(a) intentionally obstructs, hinders, or resists an enforcement officer exercising or attempting to exercise powers under **section 242 or 243**; or

(b) intentionally fails to comply with a requirement under **section 243**; or

(c) when required under **section 243** to give information, gives information the person knows to be false or misleading.

248 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.

Forfeiture

249 Forfeiture generally

(1) Every person convicted of an offence against this Act must, in addition to any penalty imposed under this Act, forfeit to the Crown all articles, if any, in respect of which the offence was committed and in the possession of the person.

(2) Articles forfeited under **subsection (1)** must be sold, destroyed, or otherwise disposed of as the Minister directs.

(3) **Subsection (4)** applies if, on the conviction of any person for an offence against this Act, the Judge is satisfied that money found in the possession of that person—

(a) was received by that person in the course of or consequent upon the commission of that offence; or

(b) was in the possession of that person for the purpose of facilitating the commission of the offence.

(4) The Judge may, in addition to any other penalty imposed under this Act, order that that money be forfeited to the Crown.

(5) To avoid doubt, this section does not apply in respect of an infringement offence.

250 Forfeiture of motor vehicles, ships, or aircraft, etc

(1) This section applies if, on the conviction of any person for an offence against this Act, the court is satisfied that any motor vehicle, aircraft, or ship or boat or other vessel owned by the convicted person (whether solely or as joint tenant or tenant in common with any other person or persons) or in which the person has any interest (whether under a hire purchase agreement, leasing agreement, or otherwise) at the time of the person's conviction was used by the convicted person in the commission of that offence (whether or not the person was the driver or person in charge).

(2) If this section applies, the court must, unless in the circumstances of the case the court considers that it would be unjust to do so, order, in addition to any other penalty imposed under this Act, that the motor vehicle, aircraft, or ship or boat or other vessel be forfeited to the Crown.

251 Machinery provisions

(1) If the court is considering whether to make an order for forfeiture under **section 250**, sections 128(5), 130, and 131 of the Sentencing Act 2002 apply to the extent that they are applicable and subject to any necessary modifications.

(2) If an order for forfeiture is made under **section 250**, the following provisions of the Sentencing Act 2002 apply to the extent that they are applicable and subject to any necessary modifications and the exception in **paragraph (b)**:

(a) sections 132 to 136:

(b) section 137, except that section 137(3)(c) and (g) does not apply and, instead, any proceeds of sale remaining after payment in accordance with section 137(3)(a), (b), and (d) to (fb) must be paid into a Crown Bank Account:

(c) sections 138, 138A, and 140:

(d) section 140A (including section 140A(4), which applies despite section 137(3)(c) not otherwise being applicable):

(e) sections 141A and 142.

Acquittals

252 Effect of acquittal

(1) If any person who is charged with an offence (other than an infringement offence) is acquitted or the charge is withdrawn, any cannabis or cannabis product seized in relation to the offence—

(a) may be collected by or on behalf of the defendant within 28 days of the date of acquittal or withdrawal (as the case may be); or

(b) if not collected within that time, may be disposed of in any manner that the agency in which the relevant enforcement officer is employed or engaged directs.

(2) In **subsection (1)**, acquittal includes the dismissal of any charge.

Presumptions

253 Presumptions that enforcement officer may rely on

(1) For the purposes of this Part, an enforcement officer may treat any substance as cannabis if the enforcement officer has reasonable grounds to believe or suspect that it is cannabis.

(2) For the purposes of **subsection (1)**, an enforcement officer **has reasonable grounds to believe or to suspect that a substance is cannabis** if—

(a) the substance or the container in which the substance is found is labelled as cannabis; or

(b) the substance or the container is not labelled as cannabis, but the substance appears to be cannabis, by reason of its appearance or smell; or

(c) a person has made an admission to the enforcement officer that the substance is cannabis.

254 Presumption in legal proceedings

In any proceedings for an offence against this Act, it is not necessary for the prosecution to prove that the substance concerned contains cannabis unless at least 20 days before the part of the hearing at which the defendant is at risk of conviction, the defendant puts the question in issue by written notice to that effect served on the prosecution.

Part 12
Duties, levies, and fees

Excise duties

255 Excise duties

The excise duties in respect of cannabis are to be levied under sections 11 and **11A** of the Customs and Excise Act 2018.

Cost recovery

256 Regulations relating to fees, charges, and costs

(1) The Governor-General may, by Order in Council, make regulations for the following purposes:

(a) requiring licence holders and licence applicants to pay fees and charges to the Authority in respect of—

(i) the Authority performing or exercising a function, power, or duty under this Act or any other enactment:

(ii) an application or a request to the Authority to perform or exercise a function, power, or duty under this Act or any other enactment:

(b) prescribing the amounts of the fees and charges or the manner in which the fees and charges are calculated:

(c) authorising the Authority to require payment of the costs that the Authority incurs in respect of an application or a request.

(2) The regulations may authorise the Authority to refund or waive, in whole or in part and on any prescribed conditions, payment of any fee, charge, or cost payable in respect of any person or class of persons.

(3) The Authority may refuse to perform or exercise a function, power, or duty until the prescribed fee, charge, or cost is paid.

(4) Any fee, charge, or cost payable to the Authority is recoverable by the Authority in any court of competent jurisdiction as a debt due to the Authority.

Compare: 2011 No 5 s 67

257 Specified persons must pay levies

(1) A specified person must pay any applicable levy prescribed under this section to the Authority on behalf of the Crown.

(2) The Governor-General may, by Order in Council made on the recommendation of the Minister, prescribe annual levies that apply to specified persons or to any of their activities regulated under this Act.

(3) Levies must be prescribed on the basis that the following costs should be met fully out of the levies:

(a) a portion of the costs of the Authority in performing or exercising its functions, powers, and duties under this Act and any other enactment, where the size of the portion to be met by levies under this Act is determined by the Minister; and

(b) the costs of collecting the levy money.

(4) Levies may be prescribed on the basis that any actual cost that could have been, but has not been, recovered as a levy shortfall for a year may be recovered (along with any financing charge) over any period of up to 5 years.

(5) In this section and **section 258**, **specified person** means—

(a) a licence holder:

(b) a person in a class specified under **section 258(1)(a)**.

Compare: 2011 No 5 s 68(1)–(5)

258 Particulars of regulations made under section 257

(1) Regulations made under **section 257** may—

(a) specify the class or classes of specified persons that are required to pay a levy:

(b) specify the amount of levies, or method of calculating or ascertaining the amount of levies:

(c) include in levies, or provide for the inclusion in levies of, any shortfall in recovering the actual costs:

(d) refund, or provide for refunds of, any over-recovery of the actual costs:

(e) provide for the payment and collection of levies:

(f) provide different levies for different classes of specified persons:

(g) specify the financial year or part financial year to which a levy applies, and apply that levy to that financial year or part financial year and each subsequent financial year until the levy is revoked or replaced:

(h) include, for the first financial year to which a levy applies, the cost (which may be specified amount or an amount determined by a specified method) relating to—

(i) establishing the Authority:

(ii) the Authority performing or exercising its functions, duties, and powers under this Act or any other enactment:

(i) require payment of a levy for a financial year:

(j) provide for waivers or refunds of the whole or any part of a levy for any case or class of cases.

(2) If a licence holder undertakes more than 1 controlled activity for which different levies have been prescribed, the licence holder must pay each levy (unless the regulations provide otherwise).

(3) A levy for a financial year that starts after the Authority begins to carry out any additional function under any enactment may recover the costs of performing the function.

(4) For the purposes of **subsections (1)(i) and (3)**, a levy for a financial year may be specified in regulations that are made or come into force after, but before the end, of that financial year.

Compare: 2011 No 5 s 68(6)–(8)

259 Unpaid levies are debts due to Authority

(1) The amount of any unpaid levy is recoverable in any court of competent jurisdiction as a debt due to the Authority, or to any other person prescribed for the purposes of this subsection, on behalf of the Crown.

(2) The Authority, or any other person prescribed for the purposes of this subsection, must ensure that—

(a) each levy payment is paid into a Crown Bank Account and is separately accounted for; or

(b) by the 20th day of the month after the month in which the Authority or other person receives a levy payment, the levy payment is paid into a Crown Bank Account.

Compare: 2011 No 5 s 68(9)–(10)

Levy regulations for funding harm reduction strategy

260 Levy regulations for funding harm reduction strategy

(1) The Governor-General may, by Order in Council made on the recommendation of the Minister, make regulations that impose annual levies on cannabis (other than seeds or growing stock), payable to the Authority, on license holders or any class of license holders for the purpose of funding (in whole or in part) cannabis harm reduction activities specified in the harm reduction strategy.

(2) Before making a recommendation, the Minister must be satisfied that—

(a) persons likely to be affected by the payment or collection of a proposed levy 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) the Minister has taken into account any applicable excise duty and GST; and

(e) imposing the proposed levy is the most appropriate means of funding the harm reduction activities specified in the harm reduction strategy, having regard to the extent to which the levy—

(i) supports delivery of the harm reduction strategy over time in a manner that is sustainable financially, is based on evidence regarding its effectiveness, and measures its results to improve its efficacy; and

(ii) shares the costs associated with cannabis use and its regulation in an equitable and non-regressive manner among those who buy, sell, and produce cannabis; and

(iii) is capable of being adapted to—

(A) changes in the Authority's knowledge and understanding of the regulated cannabis market and harm from cannabis; and

(B) variations in costs and levels of demand for the harm reduction activities specified in the harm reduction strategy; and

(f) the Authority has in place adequate systems of accounting to persons who are responsible for paying the levy; and

(g) all other relevant matters known to the Minister have been properly considered.

(3) 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.

(4) In this section,—

annual, in relation to the imposition of levies, means levies to be paid each financial year

cannabis has the same meaning as in **clause 19(ba)** in Schedule 3 of the Customs and Excise Act 2018

261 Levies for cannabis-related purposes

(1) Levies may be imposed for the purpose of enabling the Authority to recover costs it incurs—

(a) in addressing cannabis-related harm; and

(b) in its other cannabis-related activities.

(2) **Schedules 9 and 10** apply for the purposes of this section.

262 Levy regulations are confirmable instruments

The explanatory note of regulations made under **section 260** must indicate that—

(a) the regulations are a confirmable instrument under section 47B of the Legislation Act 2012; and

(b) the regulations are 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 the Legislation Act 2012.

Compare: 2018 No 32 s 454(2)

263 Excise duties in respect of cannabis

(1) The Governor-General may, by Order in Council made on the recommendation of the Minister of Justice, impose excise duties in respect of cannabis (other than seeds or growing stock) to ensure that the price of cannabis remains at a level consistent with the purpose of this Act, including (but not limited to) specifying—

(a) the methods for determining whether the price of cannabis, including any levy and GST, is appropriate:

(b) the excise duties that apply to cannabis each financial year (if any), including the rates that apply to any particular class or classes of cannabis on the basis of weight of cannabis and weight of potency:

(c) the principles on which the method or methods are based, including ensuring that the determinations—

(i) are not unduly regressive, especially for those who are already disproportionately harmed; and

(ii) are supported by evidence, including the social costs associated with cannabis consumption; and

(iii) have a verifiable effect on reducing problematic cannabis consumption or cannabis-related harm; and

(iv) support the viability of a lawful cannabis market; and

(v) reflect the risk of harm arising from over-consumption or consumption of cannabis of increasing potency; and

(vi) are made in a manner that is easily understood:

(d) the points in the distribution process at which excise duties are to be paid, which must be consistent with the requirements for Part A goods under the Customs and Excise Act 2018:

(e) the uses to which the excise duties paid may be put, which must be consistent with the purposes of this Act.

(2) Despite **subsection (1)**, if the price for cannabis drops below the level consistent with the purpose of this Act, owing to an oversupply of cannabis or the availability of less expensive cannabis, the Governor-General may, by Order in Council made on the recommendation of the Minister of Justice, make emergency regulations increasing the excise duties that apply to cannabis for a specified period not exceeding 12 months.

(3) Before making a recommendation, the Minister must consult the Minister of Finance.

(4) A excise duty prescribed by regulations made under this section is exclusive of goods and services tax.

(5) In this section,—

cannabis has the meaning set out in **clause 19(ba)** of Schedule 3 of the Customs and Excise Act 2018

GST means a tax on the supply of goods and services imposed under section 8 of the Goods and Services Tax Act 1985.

Part 13
Other matters

Information sharing

264 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) Environmental Protection Agency:

(b) Fire and Emergency New Zealand:

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

(d) Ministry of Health:

(e) Ministry for Primary Industries:

(f) Ministry of Transport:

(g) New Zealand Police:

(h) New Zealand Transport Agency:

(i) Oranga Tamariki:

(j) WorkSafe New Zealand:

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

(l) a local authority:

(m) a medical officer of health.

Regulations

265 Regulations

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

(a) providing for matters relating to terms defined in this Act including specifying offences as infringement offences for the purposes of **section 45**:

(b) applying provisions of the Food Act 2014 or the Agricultural Compounds and Veterinary Medicines Act 1997 or any regulations made under, or standards referred to in, either of those Acts to the cultivation or processing of cannabis and cannabis products for the purposes of **section 7(2)**:

(c) prescribing procedures, requirements, and other matters for the register of licence holders kept under **section 15**, including matters that relate to—

(i) the operation of the register:

(ii) the form of the register:

(iii) the information to be contained in the register:

(iv) access to the register:

(v) search criteria for the register:

(vi) circumstances in which amendments must be made to the register:

(d) prescribing forms of infringement notices for the purposes of **section 43**:

(e) prescribing other matters for the purposes of **section 43(2)**:

(f) prescribing forms of reminder notices for the purposes of **section 53**:

(g) regulating the maximum amount of annual production permitted for the holder of a cannabis production licence with a micro-cultivation activity authorisation:

(h) prescribing a tracking and recall system for tracing retail cannabis from growing stock until the cannabis is sold to a member of the public, destroyed, or transferred to the holder of a cannabis production licence with a research activity authorisation or a person authorised by regulations as a final end user:

(i) prescribing record keeping requirements for licence holders, including for the purposes of—

(i) ensuring that a licence holder can reconcile its own inventory records with any tracking and recall system prescribed by regulations; and

(ii) ensuring that records are kept of—

(A) what cannabis and cannabis products a licence holder has acquired; and

(B) what the licence holder has sold or supplied (whether to another licence holder or to a member of the general public); and

(C) what happened (including records of destruction) to any cannabis or cannabis product that the licence holder did not sell or supply to another licence holder or to a member of the general public:

(iii) prescribing the form in which records must kept and collected:

(j) prescribing matters and requirements in respect of—

(i) the publications specified in **section 158(1)(a) and (e)** :

(ii) the actions of licence holders specified in **section 158(1)(g)**:

(iii) the information and notices specified in **section 159**:

(k) classifying cannabis products and cannabis packages as standard risk products for the purposes of **section 160(3)**:

(l) prescribing forms of visible delivery for the purposes of **section 160(4)**:

(m) prescribing packaging and labelling requirements for growing stock sold to the public by a person who holds a cannabis production licence with a nursery retail activity authorisation:

(n) prescribing requirements for things to be displayed on packaging of cannabis products and information to be included in packages of cannabis products for the purposes of **section 172**:

(o) prescribing when cannabis can be transported by mail or other delivery service for enforcement, testing, or recall purposes, including—

(i) persons or classes of persons authorised to transport by mail or other delivery service:

(ii) circumstances in which an authorisation applies:

(iii) any conditions of an authorisation:

(p) prescribing requirements for the safe and secure destruction of cannabis and cannabis products:

(q) prescribing requirements with which food edibles must comply under **section 207**:

(r) authorising additives, nutritive substances, or novel foods that may be contained in cannabis products that are cannabis edibles:

(s) approving classes of cannabis listed in **Schedule 7** for sale:

(t) prescribing the applications and matters for which fees are payable under this Act:

(u) prescribing fees and charges payable in respect of any matter under this Act or the manner in which fees and charges may be calculated:

(v) authorising the Authority to waive, reduce, or postpone the payment of a fee or charge required in connection with an application or matter, or to refund in whole or in part a fee or charge that has already been paid, if prescribed criteria are satisfied:

(w) prescribing standards and requirements for an accredited laboratory:

(x) prescribing the form of licences and authorisations used under this Act:

(y) providing for any other matters contemplated by this Act, necessary for its administration, or necessary for giving it full effect.

266 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

267 Review of Act

(1) The Minister must—

(a) initiate a review of the operation of this Act when it has been fully in force for 5 years; and

(b) present a report on the review, including recommendations for amendments to this Act (if any), to the House of Representatives as soon as practicable after the review is completed.

(2) The Minister must appoint an independent panel of academics, scientists, and researchers, including iwi and Māori representation, with appropriate expertise to carry out the review.

(3) The review must 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.

Amendments to other enactments

268 Amendments to Customs and Excise Act 2018

(1) This section amends the Customs and Excise Act 2018.

(2) In section 5(1), definition of **manufacture**, after paragraph (c), insert:

(d) in relation to goods that are cannabis, means any operation or process that is involved in the packaging and labelling of the goods for sale and supply to an entity with a distribution licence

(3) In section 11(2), after "alcohol,", insert "cannabis,".

(4) In section 11(3), after "alcohol,", insert "cannabis,".

(5) In section 11(4), after "alcohol,", insert "cannabis,".

(6) In section 67(4)(a), after "tobacco", insert "or cannabis".

(7) Replace section 67(4)(a)(i) with:

(i) the individual,—

(A) in the case of tobacco, is 18 years or older:

(B) in the case of cannabis, is 20 years or older; and

(8) In section 67(4)(a)(ii), after "tobacco", insert "or cannabis".

(9) In section 67(4)(a)(iii), after "tobacco", insert "or cannabis".

(10) After section 121, insert:

121A Duty on cannabis

The chief executive's rules must prescribe, for the purposes of this Act, the means of ascertaining the weight of cannabis and the weight of potency of cannabis.

(11) In section 371(3), after "tobacco", insert "or cannabis".

(12) In section 371(4), after "tobacco", insert "or cannabis".

(13) In section 372(3), after "tobacco", insert "or cannabis".

(14) In section 373(3), after "tobacco", insert "or cannabis".

(15) In Schedule 3, after clause 19(b), insert:

(ba) **cannabis** means cannabis that falls within one of the following classes of cannabis—

(i) dried cannabis:

(ii) fresh cannabis:

(iii) cannabis extract:

(iv) cannabis topical:

(v) cannabis edible:

(16) In Schedule 3, heading to clause 21, replace "**products and tobacco products**" with "**products, tobacco products, and cannabis**".

(17) In Schedule 3, clause 21(1), replace "product or a tobacco product" with "product, a tobacco product, or a cannabis product".

(18) In Schedule 3, clause 21(3), replace "product" with "product or cannabis product".

(19) In Schedule 3, clause 21(4), formula, item e, paragraph (b), replace "product" with "product or cannabis product".

(20) In Schedule 3, clause 21(6), after the definition of alcoholic product, insert:

cannabis has the same meaning as in **clause 19(ba)**

(21) In Schedule 3, after clause 23, insert:

23A Power to change rates of duty on cannabis

(1) The Governor-General may, by Order in Council, amend the Excise and Excise-equivalent Duties Table so as to change a rate of duty that applies to cannabis, including (without limitation)—

(a) the rate per gram of cannabis:

(b) the rate per milligram of THC in cannabis:

(c) the rate for cannabis edibles.

(2) A change in a rate of duty under this section that applies to cannabis may come into force only in the first calendar year that follows the financial year in which the current rate came into force.

(3) In this clause,—

cannabis has the same meaning as in **clause 19(ba)**

calendar year means a period of 12 months ending with 31 December or any other date determined for the purposes of this clause by the Minister of Finance and notified in the *Gazette*.

(22) In Schedule 3, heading to clause 24, replace "**21, and 23**" with "**21, 23, and 23A**".

(23) In Schedule 3, clause 24(1)(b), replace "23" with "23 or **23A**".

269 Amendments to Excise and Excise-equivalent Duties Table

(1) This section amends the Excise and Excise-equivalent Duties Table referred to in clause 19 of Schedule 3 of the Customs and Excise Act 2018 (the **Table**).

(2) In the Table, after the last item, insert:

Table A

Item	Class of cannabis	$ amount of tax of weight of cannabis in grams	$ amount of tax of THC content in milligrams	Method of calculating excise
1	Dried cannabis	$A per gram	$F per mg	$A × grams of cannabis + $F × milligrams of THC = total excise
2	Fresh cannabis	$B per gram	$G per mg	$B × grams of cannabis + $G × milligrams of THC = total excise
3	Cannabis extract	$C per gram	$H per mg	$C × grams of cannabis + $H × milligrams of THC = total excise
4	Cannabis topical –solid	$D per gram	$I per mg	$D × grams of cannabis + $I × milligrams of THC = total excise
5	Cannabis topical – liquid	$E per gram	$J per mg	$E × grams of cannabis + $J ×

Table A

Item	Class of cannabis	$ amount of tax of weight of cannabis in grams	$ amount of tax of THC content in milligrams	Method of calculating excise
				milligrams of THC = total excise

When calculating the excise duty for classes 1, 2, 3, 4, and 5, the formula to use is—

$$(V \times W) + (X \times Y) = Z$$

where—

V is the applicable dollar value of the weight of cannabis in grams

W is the total weight of cannabis in grams (weight of cannabis)

X is the applicable dollar value of a milligram of THC

Y is the total milligrams of THC (weight of potency)

Z is the excise payable.

Table B

Item	Class of cannabis	$ amount of tax on cannabis edibles (fixed rate applied on mg of THC/grams of total cannabis)	Method of calculating excise
6	Cannabis edibles	$K per THC mg/cannabis gram	(milligrams of THC ÷ grams of cannabis) × $K = total excise

When calculating the excise duty for cannabis edibles, the formula to use is—

$$(W \div X) \times Y = Z$$

where—

W is the total milligrams of THC (weight of potency)

X is the total weight of cannabis in grams (weight of cannabis)

Y is the applicable dollar value

Z is the excise payable.

Producers must convert their testing results from THC expressed as a percentage of weight to THC as expressed as a number of milligrams for the following classes of cannabis:

(a) dried cannabis:

(b) fresh cannabis.

For the purposes of **Tables A and B**, unless the context otherwise requires,—

class of cannabis means cannabis that falls into one of the following classes:

(a) dried cannabis:

(b) fresh cannabis:

(c) cannabis extract:

(d) cannabis topical–solid:

(e) cannabis topical–liquid:

(f) cannabis edible

weight of cannabis means the total weight of cannabis in grams of a class of cannabis

weight of potency means the total weight of THC in milligrams in a class of cannabis (milligram of THC).

Schedule 1
Transitional, savings, and related provisions

ss 3(18)(a), 8

Part 1
Provisions relating to this Act as enacted

1 Interpretation

In this Part, unless the context otherwise requires,—

qualifying person means a person who holds a licence authorising them to carry out 1 or more of the following activities:

(a) a nursery activity:

(b) a cultivation activity:

(c) a micro-cultivation activity:

(d) a research activity

transitional period means the period starting on the date when this Part comes into force and ending on the date that is to be determined by the Authority as being the end of the transitional period.

2 Declaration of cannabis seed for purposes of authorised activities

(1) A qualifying person who has cannabis seed in their possession for the purposes of carrying out 1 or more of the activities authorised under their licence may possess and use the seed for those purposes provided that—

(a) they have declared to the Authority that they possess the seed; and

(b) the declaration is made—

(i) in the manner approved by the Authority; and

(ii) within the transitional period.

(2) A qualifying person may make 1 declaration only under this clause.

(3) This clause applies despite any condition contained in the person's licence or any provision in this or any other enactment that would, but for this clause, have prohibited the person from possessing or using the seed.

Schedule 2
Cannabis production licences: Restricted activity combinations

ss 3(18)(b), 61(2)

1 Certain combinations of activity restricted

(1) The Authority may not issue a cannabis production licence that authorises a combination of activities unless that combination of activities is permissible under **Table 1**.

(2) Although a nursery authorisation, a nursery retail authorisation, a processing authorisation, and a wholesale distribution authorisation also allows a licence holder to have either a cultivation authorisation or a micro-cultivation authorisation, the licence holder may not have both.

Table 1—Permissible combinations of activity

	Nursery	**Micro-cultivation**	**Cultivation**	**Processing**	**Wholesale and distribution**	**Nursery retail**	**Research**	**Destruction**
Nursery	n/a	Permissible	Permissible	Permissible	Permissible	Permissible	Non-permissible	Non-permissible
Micro-cultivation	Permissible	n/a	Non-permissible	Permissible	Permissible	Permissible	Non-permissible	Non-permissible
Cultivation	Permissible	Non-permissible	n/a	Permissible	Permissible	Permissible	Non-permissible	Non-permissible
Processing	Permissible	Permissible	Permissible	n/a	Permissible	Permissible	Non-permissible	Non-permissible
Wholesale and distribution	Permissible	Permissible	Permissible	Permissible	n/a	Permissible	Non-permissible	Non-permissible
Nursery retail	Permissible	Permissible	Permissible	Permissible	Permissible	n/a	Non-permissible	Non-permissible
Research	Non-permissible	Non-permissible	Non-permissible	Non-permissible	Non-permissible	Non-permissible	n/a	Non-permissible
Destruction	Non-permissible	Non-permissible	Non-permissible	Non-permissible	Non-permissible	Non-permissible	Non-permisible	n/a

Schedule 3
Persons ineligible to be fit and proper persons

ss 3(18)(c), 81, 82(2)

A person is ineligible to hold a licence, or be a director, partner, responsible person, key person, duty manager, or acting manager of an entity that holds licence under this Act if any of the following apply:

(a) the person has had a licence under any of the following enactments revoked within the last 7 years:

  (i) the Cannabis Legalisation and Control Act **2020**:

  (ii) the Misuse of Drugs Act 1975 or regulations made under that Act:

  (iii) the Medicines Act 1981:

  (iv) the Psychoactive Substances Act 2013:

  (v) the Sale and Supply of Alcohol Act 2013:

  (vi) the Smoke-free Environments Act 1990:

  (vii) the Wine Act 2013:

  (viii) the Food Act 2014:

  (ix) the Customs and Excise Act 2018:

(b) the person is—

  (i) an undischarged bankrupt:

  (ii) prohibited from acting as a director under the Companies Act 1993 or the Insolvency Act 2006:

(c) the person has been convicted of any of the following offences within the last 10 years:

  (i) an offence under this Act:

  (ii) an offence for importing or exporting cannabis or cannabis products including, but not limited to, an offence under section 6(1)(a) of the Misuse of Drugs Act 1975:

  (iii) an offence relating to sale or supply of cannabis to a minor including, but not limited to, an offence under section 6(1)(d) of the Misuse of Drugs Act 1975:

  (iv) an offence relating to dealing in controlled drugs (excluding cannabis) including, but not limited to, an offence under section 6 of the Misuse of Drugs Act 1975:

  (v) an offence for participation in a criminal group including, but not limited to, an offence under section 98A of the Crimes Act 1961:

  (vi) an offence relating to money laundering including, but not limited to, an offence under any of sections 243 to 245 of the Crimes Act 1961 or an

offence under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 or any regulations made under that Act:

(vii) any other offence resulting in a sentence of 7 years' or more imprisonment:

(viii) an offence committed outside New Zealand that, had it been committed in New Zealand, would have been an offence under any of **subparagraphs (i) to (vii)**:

(d) a person who is—

(i) on parole after release under subpart 2 of Part 1 of the Parole Act 2002; or

(ii) subject to an extended supervision order under Part 1A of the Parole Act 2002; or

(iii) subject to a community-based sentence under subpart 2 of Part 2 of the Sentencing Act 2002; or

(iv) subject to home detention under subpart 2A of Part 2 of the Sentencing Act 2002; or

(v) subject to a public protection order under the Public Safety (Public Protection Orders) Act 2014.

Schedule 4
Cannabis Appeals Authority

ss 3(18)(d), 121

1 Cannabis Appeals Authority

(1) This clause establishes the Cannabis Appeals Authority.

(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 appointed by the Minister.

(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) One of the members must be appointed as the appeals authority's chairperson and another member as the appeals authority's deputy chairperson.

(6) The deputy chairperson, when acting as the chairperson, has the same responsibilities as the chairperson.

(7) The chairperson may delegate a responsibility or function of the chairperson to the deputy chairperson.

(8) 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.

2 Term of office of members

(1) Every member (except so far as this Act provides otherwise)—

(a) holds office for a term of up to 5 years; and

(b) may be reappointed.

(2) A member continues in office despite the expiry of his or her term of office until—

(a) the member is reappointed; or

(b) the members's successor is appointed; or

(c) the member is notified that a replacement member will not be appointed; or

(d) the member vacates or is removed from office.

(3) A member who continues in office for any period under **subclause (2)**, unless they were removed from office, may act as a member during that period for the purpose of—

(a) completing any appeal partly or wholly heard by the appeals authority before the expiry of the member's term of office:

(b) hearing any other appeal.

(4) A member who has resigned, or whose successor is appointed or who will not be replaced (unless he or she was removed from office), may continue in office for the purpose of completing any appeal that is partly or wholly heard.

3 Extraordinary vacancies

(1) A member may at any time be removed from office by the Governor-General for all or any of the following, proved to the Governor-General's satisfaction:

(a) inability to perform the functions of the office:

(b) bankruptcy:

(c) neglect of duty:

(d) misconduct.

(2) A member may at any time resign office by written notice to the Minister.

(3) If a member's office becomes vacant by death, resignation, or removal from office, the vacancy so created must be filled in the way in which the appointment to the vacant office was originally made.

(4) Every person appointed to fill an extraordinary vacancy holds office for the rest of the term for which that person's predecessor would have held office if the vacancy had not occurred.

(5) The appeals authority's powers are not affected by a vacancy in its membership.

4 Appointment of temporary acting chairperson, deputy chairperson, or member

(1) If the chairperson, the deputy chairperson, or a member becomes incapable of acting by reason of illness, absence, or other sufficient cause, or if the chairperson, the deputy chairperson, or a member considers it is not proper or desirable that he or she should adjudicate on a specified matter, the Governor-General, on the recommendation of the Minister, may appoint a suitable person as the acting chairperson, the acting deputy chairperson, or an acting member for the period or purpose stated in the appointment.

(2) No person may be appointed as the acting chairperson, the acting deputy chairperson, or an acting member unless he or she is eligible for appointment to the relevant position.

(3) The acting chairperson, acting deputy chairperson, or acting member is, while acting in that position, to be treated as the chairperson, deputy chairperson, or member of the appeals authority.

(4) No appointment of an acting chairperson, acting deputy chairperson, or acting member, no act done by an acting chairperson, acting deputy chairperson, or acting member, and no act done by the appeals authority may be questioned in

any proceedings on the ground that the occasion for the appointment had not arisen or had ceased.

5 Orderly and efficient operation

The chairperson of the appeals authority is responsible for making any arrangements as are practicable to ensure that he or she and each member perform their functions—

(a) in an orderly and efficient manner; and

(b) in a way that achieves the purpose of this Act.

6 Remuneration and travelling and other expenses

(1) The appeals authority is, for the purposes of the fees framework, a statutory body in which the Crown has an interest.

(2) Members—

(a) may be paid remuneration at a rate and of a kind determined in accordance with the fees framework; and

(b) are entitled to be reimbursed for actual and reasonable travelling and other expenses in accordance with the framework.

7 Secretary to, and secretarial and administrative services for, appeals authority

The chief executive of the Ministry of Justice must—

(a) designate an officer of the Ministry of Justice to be secretary to the appeals authority; and

(b) provide the secretarial and administrative services necessary to enable the appeals authority to discharge its functions.

8 Seal

(1) The appeals authority must have a seal.

(2) The appeals authority's seal must be judicially noticed—

(a) by all courts or persons acting judicially; and

(b) for all purposes.

9 Sittings: location, quorum, and appeals authority's decision

(1) Each sitting of the appeals authority is to be held in the place it considers convenient having regard to the nature of the matters to be decided.

(2) The presence of the chairperson or deputy chairperson and 1 other member is necessary to constitute a sitting of the appeals authority.

(3) The decision of a majority of the members present at a sitting of the appeals authority is the decision of the appeals authority.

(4) If those members are equally divided in opinion, the chairperson's or deputy chairperson's decision is the decision of the appeals authority.

10 Sittings: in private or public

(1) Every sitting of the appeals authority is to be held in private.

(2) **Subclause (1)** does not apply to the extent that the appeals authority under this clause orders that all or a part of the sitting is to be held in public.

(3) The appeals authority may in any case order that all or part of a sitting is to be held in public, if the appeals authority considers that doing so will not adversely affect—

(a) the interests of the parties to the appeal; and

(b) the interests of all other persons concerned.

11 Hearing on papers

(1) Despite anything in this Act to the contrary, the appeals authority may determine an appeal on the papers if the appeals authority considers it appropriate.

(2) Before doing so, the appeals authority must give the parties a reasonable opportunity to comment on whether the proceeding should be dealt with in that manner.

12 Use of electronic facilities to hear matters

The hearing of a matter or any part of it may be conducted by telephone, audio-visual link, or other remote access facility if the appeals authority or the chairperson or deputy chairperson considers it appropriate and the necessary facilities are available.

13 Appeals authority may strike out, determine, or adjourn appeal

(1) The appeals authority may strike out, in whole or in part, an appeal if satisfied that it—

(a) discloses no reasonable cause of action; or

(b) is likely to cause prejudice or delay; or

(c) is frivolous or vexatious; or

(d) is otherwise an abuse of process.

(2) If a party is neither present nor represented at the hearing of an appeal, the appeals authority may,—

(a) if the party is required to be present, strike out the appeal; or

(b) determine the appeal in the absence of the party; or

(c) adjourn the hearing.

14 Practice notes

(1) The appeals authority's chairperson may issue practice notes as he or she thinks fit.

(2) The practice notes must not be inconsistent with this Act or any regulations made under it, and are for the guidance of other members of the appeals authority, officers of the appeals authority, and parties before the appeals authority.

15 Online publication of information about procedures, time frames, and progress of decisions

The following information must be published on an Internet site maintained by or on behalf of the chief executive of the Ministry of Justice:

(a) information about the purpose of the appeals authority and how to commence an appeal:

(b) any requirements that must be met for an appeal:

(c) guidelines on how and when parties may obtain information.

(d) any practice notes issued by the authority.

16 Publication of proceedings

(1) No person may publish without the appeals authority's authorisation all or a part of any proceedings before the appeals authority.

(2) The appeals authority's authorisation is not given unless it makes (under this subclause, on an application for the purpose, or on its own initiative) an order for that purpose.

(3) Every person who contravenes **subclause (1)** commits an offence.

(4) Every person who commits an offence against **subclause (3)** is liable on conviction to a fine not exceeding $3,000.

17 Authority has powers under Inquiries Act 2013

(1) The appeals authority is, within the scope of its jurisdiction, deemed to be a commission of inquiry under the Inquiries Act 2013.

(2) The provisions of that Act apply accordingly, subject to the provisions of this Act.

18 Contempt of appeals authority

(1) A person commits an offence if the person—

(a) wilfully insults or obstructs the appeals authority or any member of it, a witness or an officer of the appeals authority during a sitting of the appeals authority or while a member, a witness, or an officer is going to, or returning from, a sitting of the appeals authority; or

(b) wilfully insults or obstructs any person in attendance at a sitting of the appeals authority; or

(c) wilfully interrupts, or otherwise misbehaves at, a sitting of the appeals authority; or

(d) wilfully and without lawful excuse disobeys any order or direction of the appeals authority in the course of the hearing of any appeal.

(2) A person who commits an offence against **subclause (1)** is liable on conviction to a fine not exceeding $1,000.

(3) The appeals authority may order the exclusion from a sitting of the appeals authority of any person whose behaviour, in the opinion of the appeals authority, constitutes an offence against **subclause (1)**, whether or not the person is charged with the offence; and any officer of the appeals authority or constable may take any steps that are reasonably necessary to enforce the exclusion.

Schedule 5
Health warnings

ss 3(18)(e), 230(d)

This is where health warnings for cannabis and various cannabis products are to be set out once they are developed.

Schedule 6
Equivalences for cannabis products in non-dried form

ss 3(18)(f), 6(1), Sch 8

Item	Column 1 Class of cannabis	Column 2 Quantity equivalent to 1 g of dried cannabis	Column 3 Quantity equivalent to 14 g of dried cannabis
1	Dried cannabis	1 g	14 g
2	Fresh cannabis	5 g	70 g
3	Seed	1 seed	14 seeds
4	Solids containing cannabis	15 g	210 g
5	Liquids containing cannabis	70 g	980 g
6	Cannabis concentrate	0.25 g	3.5 g

Schedule 7
Classes of cannabis and cannabis products that licence holders may sell

ss 3(18)(g), 202(4), 213(1)(a), 265(s)

Item	Class of Cannabis	Approval status
1	Dried cannabis	Approved for sale
2	Fresh cannabis	Approved for sale
3	Cannabis plant	Approved for sale
4	Cannabis seed	Approved for sale
5	Cannabis extract	Not approved for sale
6	Cannabis edible	Not approved for sale
7	Cannabis topical - solid	Not approved for sale
8	Cannabis topical - liquid	Not approved for sale

Schedule 8
Potency limits for cannabis that may be sold

ss 3(18)(h), 202(1)(e) and (f), (5)(a)(i) and (ii), (7), cls 1(1) and 3(3) of Sch 9

Item	Class of cannabis	Form of potency limit	Maximum potency limit
1	Dried cannabis	THC strength expressed as percentage of weight of THC over total weight of product	15% THC
2	Fresh cannabis	THC strength expressed as percentage of weight of THC over total weight of product after fresh cannabis is dried	15% THC
3	Cannabis edible	THC strength expressed as total weight of THC in product	5 mg of THC per package
4	Cannabis extract	THC strength expressed as total weight of THC in product	10 mg of THC per unit and 1000 mg per package
5	Cannabis topical	THC strength expressed as total weight of THC in product	1000 mg per package

The range of THC limits is subject to change. The potency limits for the classes of cannabis in **Schedule 6** must be developed, modified, and reviewed by the Authority, in consultation with the Cannabis Advisory Committee, and approved by the responsible Minister. The potency limits must conform with the forms of the potency limit specified in **Schedule 6**.

Schedule 9
Provisions relating to imposition and payment of cannabis levies

s 3(18)(i)

1 Interpretation

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

aggregate expenditure figure, in relation to any financial year, means the aggregate expenditure figure assessed in respect of that year by the Minister under **clause 2(1)**

aggregate levy figure, in relation to any financial year, means the aggregate levy figure determined in respect of that year by the Minister under **clause 2(2)**

class of cannabis means a class of cannabis as identified in the table in **Schedule 8**

class of cannabis product means a class of cannabis products as identified in the table in **Schedule 8**

preceding statistical year means the latest complete period of 12 consecutive months in respect of which, at any material time, there is available to the Minister information about the total quantity (weight of cannabis and weight of potency) of each class of cannabis or each class of cannabis products produced in New Zealand during that period.

(2) For the purposes of **clause 2**, where any cannabis or cannabis product produced in New Zealand is sold to a holder of a cannabis production licence with a process activity for processing (including blending with other cannabis or cannabis product, packaging, and labelling), the cannabis or cannabis product so sold is deemed to be produced by the person who processes it (including packaging and labelling) and not by its original maker.

(3) For the purposes of **clause 2(2)**, the total quantity (weight of cannabis and weight of potency) of cannabis processed in New Zealand during any statistical year is deemed to be the same as the total volume of cannabis sold by holders of cannabis production licences with a processing activity during that year.

(4) For the purposes of **clauses 4 and 5**, the total quantity (weight of cannabis and weight of potency) of cannabis sold in New Zealand during any financial year is deemed to be the same as the total volume of cannabis sold in New Zealand during the preceding statistical year.

2 Minister to determine amounts of levy for each class

(1) For each financial year, the Minister, acting with the concurrence of the Minister of Finance, must assess the aggregate expenditure figure for that year that, in the Minister's opinion, would be reasonable for the Authority to expend during that year—

(a) in addressing cannabis-related harm; and

(b) in meeting its operating costs that are attributable to cannabis-related activities.

(2) Having assessed the aggregate expenditure figure for any financial year under **subclause (1)**, the Minister must determine the aggregate levy figure for that year, being an amount equal to the aggregate expenditure figure less the amount that, in the Minister's opinion, is likely to be received by the Authority during the financial year by way of interest on money invested by the Authority or from third party or other revenue.

(3) Nothing in this clause obliges the Authority to expend in any financial year the whole of its income received in that year, and the Authority may accumulate any part of its income in any financial year and expend it as it sees fit for any of its purposes in any subsequent financial year.

(4) Despite **subclause (2)**, if the Authority carries forward any such amount to a subsequent financial year, the Minister may, in determining the aggregate levy figure for that year, take into account the whole or any part of that amount.

3 Rate of levy fixed by Order in Council

(1) The Governor-General may, by Order in Council, fix for the next financial year, by reference to each class of cannabis, the amount of levy payable under **clause 4**.

(2) The amount of levy for each class of cannabis must be as determined by the Minister in accordance with **clause 2(2)**.

(3) If a rate for a class of cannabis is described in the table in **Schedule 8** as a variable rate, the Order in Council must identify the rate determined by the Minister under **clause 2(3)** and used for the purpose of **clause 2(2)**.

4 Levies payable by cannabis license holders

(1) In every financial year, a levy of the amount set by Order in Council made under **clause 3** is payable by every cannabis license holder who—

(a) enters for home consumption (as that expression is used in the Customs and Excise Act 2018) any imported cannabis or cannabis products; or

(b) produces in New Zealand any cannabis or cannabis products; or

(c) sells any cannabis or cannabis products produced by that person in New Zealand.

(2) No levy is payable under this Act in respect of any cannabis or cannabis product that is not subject to or is exempt from Customs duty under the Customs and Excise Act 2018.

(3) If any person may be allowed, under the Customs and Excise Act 2018, any drawback in respect of any cannabis or cannabis product, that person may also

be allowed a refund of any levy paid by that person under this Act in respect of the cannabis or cannabis product.

(4) In this section, **Customs duty** has the meaning given to the term duty by section 5(1) of the Customs and Excise Act 2018.

5 Payment and collection of levies in respect of cannabis and cannabis products

(1) All levies payable under this Act in respect of cannabis and cannabis products are payable to the Customs in addition to any duty payable to the Customs in cannabis and cannabis products under the Customs and Excise Act 2018.

(2) The levies are payable to the Customs at the same time as the excise duty or excise-equivalent duty is payable under the Customs and Excise Act 2018 in respect of the cannabis or cannabis products concerned.

6 Powers of the Customs

The powers and authorities of the Customs under the Customs and Excise Act 2018, with any necessary modifications, apply in the same manner to the collection of a levy under this Act as they apply to the collection of duty under that Act.

7 All levies collected to be paid to Authority

(1) The Customs must pay to Authority all levies received under this Act by the Customs.

(2) This clause is subject to **clause 8**.

8 Crown may be reimbursed for collection of levies

(1) For the purpose of reimbursing the Crown for any expenses incurred by the Customs in collecting any levies under this Act, the Customs may retain any percentage of every levy collected by it that may be determined by the Minister of Finance after consultation with the Authority.

(2) The amount of any levy retained under **subclause (1)** must not exceed 5% of the amount of the levies collected by the Customs.

(3) The Crown is entitled in every financial year to recover from the Authority out of the fund any sum in respect of the costs incurred by the Ministry of Justice in administering this Act that may be determined by the Minister of Finance after consultation with the Authority.

Schedule 10
Rates for each class of cannabis and cannabis products

s 3(18)(j)

Class	Class of cannabis	Rate
	Cannabis or cannabis products which, if imported, would be classified within the following tariff items	*Rates to be determined in accordance with* ***section 263(1)****, new section 23A of the Customs and Excise Act 2018*
1	Dried cannabis	*Rate*
2	Fresh cannabis	*Rate*
3	Cannabis extract	*Rate*
4	Cannabis edible	*Rate*
5	Cannabis topical – solid	*Rate*
6	Cannabis topical – liquid	*Rate*

Method for determining variable rates

For a given financial year, the variable rate for a class is the average cannabis content by volume of all the cannabis of that class that was imported into or processed in New Zealand in the preceding statistical year.