

SUMMARY OF CURRENT POLICY POSITIONS

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

High-level policy work

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

Regulatory objectives

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

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Key regulatory settings

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

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

Detailed policy work

Overarching purpose statement for the Bill

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

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

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

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

Timing of introduction

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

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

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

Statutory review of the operation of the Act

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

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

Definition of cannabis

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

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

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

The definition excludes:

- Cannabis regulated under the medicinal and hemp schemes.

Cannabis product means any product manufactured from or containing cannabis.

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

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Establishment and role of the regulatory authority

The Bill establishes a regulatory authority.

Objective statement of the regulatory authority

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

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

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

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

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

Functions of the regulatory authority

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

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

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

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

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

Preparation of a national plan

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

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

Independent advisory group to be consulted on national plan

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

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

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Controls in relation to licensed activities

Overarching purpose statement for the licensing regime

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

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

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

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

Controlled activities within the regulatory regime

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

- a) importing cannabis seeds;*

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

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

Establishing a state licensing system via legislation

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

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

Controlling the market size

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

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

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

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

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

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

Restrictions on the scope of activities by a single entity

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

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

Provisions to help establish a legal commercial supply of cannabis

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

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

Restrictions on working in the regulated market

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

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

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

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

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

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

Establishing dedicated cannabis retailers

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

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

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

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

22. The Bill will restrict trading hours for retailers.

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

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

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

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

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

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

Setting a potency limit for all licensed products

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

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

Regulating the sale of cannabis accessories

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

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

Banning advertising and restricting marketing activities

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

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

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

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

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

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

Regulating licenced consumption premises

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

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

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

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Independent appeals mechanism

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

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

Controls in respect of unlicensed activities

Limiting the number of plants grown at home

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

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

Restrictions on the location of plants

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

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

Encouraging the responsible production of cannabis-infused products

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

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

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Promoting safe storage practices

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

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

Limiting the amount of cannabis that can be shared

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

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

Prohibiting sale and supply of cannabis

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

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

A public possession limit

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

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

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

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

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Offences and Penalties

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

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

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

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

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

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

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

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

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

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

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

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