

A&NZ-report-AHC RELEASE

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## **New report finds industrial hemp in Australia and New Zealand approaching a coordinated growth phase**

Industrial hemp in Australia and New Zealand is entering a more coordinated stage of development, with clearer demand signals from construction, fiber and food – alongside increasing pressure for regulatory alignment and expanded processing capacity.

A new report by the Australian Hemp Council (AHC) and the New Zealand Hemp Industries Association (NZHIA) outlines how both countries are approaching a pivotal phase in sector development.

“The foundations are there, and the momentum is real, but the sector needs coordinated development to achieve meaningful commercial scale,” said Bernard Thomson, Executive Officer of the AHC.

### **Australia: Strong demand, thin processing, uneven rules**

In Australia, survey responses show a sector that is ready to scale but constrained by regulatory fragmentation and insufficient processing capacity. More than 60% of Australian respondents identified hemp building materials as the strongest current market interest, and over half expect moderate growth in the next three to five years. The most urgent infrastructure need is decortication and fibre processing (55.8%), followed by drying and storage.

Researchers at Australia’s La Trobe University, which recently published a study about modular hempcrete technology, said the hemp sector has shown notable readiness for expansion, particularly in hempcrete and other low-carbon construction materials.

“With agronomy and carbon benefits well established, the priority is validating standards and national consistency to drive regional manufacturing and deliver real economic and environmental returns,” said Dr Ernesto Valenzuela, Senior Lecturer in Agricultural Economics at La Trobe University.

“Progress now depends on coordinated action from governments, researchers and industry to develop standards, infrastructure and integrated supply chains for domestic production at scale,” said Dr Julio Mancuso Tradenta, Senior Lecturer in Economics at La Trobe Business School.

## **New Zealand: Value-first, policy-limited**

Survey indicators from New Zealand show a sector that is tightly focused on value but constrained by fragmented rules.

Nearly half of respondents (46%) said licensing complexity or delays create the largest regulatory barrier, while more than one-third (37%) pointed to product-classification issues—a pattern that aligns with long-standing concerns about inconsistent access to full-plant utilization.

“We’re seeing a shift from aspiration to practical development, particularly in fibre, building systems and regional processing,” said Richard Barge, Chair of NZHIA.

While industry interest is strong, operators say clearer government policy and evidence of proven demand—key accelerators for scale—are necessary to encourage more investment.

## **A regional industry taking coherent shape**

Taken together, the two markets show a shared structural challenge: scaling will depend on predictable regulation, reliable processing capacity and consistent product specifications.

“This report validates a critical inflection point for our region,” said Guy Wills, CEO of New Zealand-based natural-materials maker Rubisco, and author of the report’s foreword. “Global industries are seeking high-performance natural materials, and Australasia is well-positioned to supply them.”

“We’re now seeing the early shape of a true industrial ecosystem for hemp,” Wills added.

“With aligned regulation, consistent quality and the right processing capacity, our region can lead in natural-fibre innovation.”

## **Report partners**

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