IHASA

Strategic Plan

for the

South Australian Hemp Industry

2027-2032

The Industrial Hemp Association of South Australia Inc.

Contents

Vision 3

Values 3

Background 3

Situation Analysis 4

Strengths: 4

Challenges: 4

Opportunities: 5

Strategic Objectives 6

Objective 1: Agricultural production 6

Objective 2: Processing and manufacturing 7

Objective 3: Research and innovation 8

Objective 4: Marketing 9

Objective 5: Regulatory change 10

Objective 6: Investment 11

Key Performance Indicators (KPIs) 13

Key priorities 13

Priority 1: Processing & manufacturing 13

Priority 2: Hemp building materials 14

Priority 3: Research, development & commercialisation 14

Priority 4: Market development & export growth 15

Priority 5: Grower expansion 15

Priority 6: Policy & investment 15

Governance 16

Potential members: 16

Responsibilities: 16

Outcomes by 2032 16

Review 17

Vision

To establish South Australia as a leading industrial hemp production state in Australia. To create, innovate and develop opportunities for hemp cultivation, processing, and manufacturing around low-carbon hemp products for domestic and export markets. To create regional jobs and develop a circular economy around hemp, positioning South Australia as a key player in the transition to a low-carbon sustainable economy.

Values

IHASA's core values are:

- **Leadership** – Promoting the growth of South Australia's hemp industry.
- **Collaboration** – Working together across the entire value chain.
- **Innovation** – Creating new products, technologies and markets.
- **Sustainability** – Building a low-carbon, circular economy.
- **Integrity** – Acting ethically, transparently and professionally.
- **Prosperity** – Creating value, jobs and opportunities for regional South Australia.

Background

The Industrial Hemp Association of South Australia Inc. (IHASA) is the peak industry body for the South Australian hemp industry, representing growers, processors, manufacturers, exporters, wholesalers and retailers of hemp products.

IHASA was established a few years prior to 2017 by a group of passionate hemp advocates who recognised significant economic, environmental and social opportunities offered by industrial hemp and to advocate for legislative reform. This culminated in the passage of the Industrial Hemp Act on 12 November 2017 after which industrial hemp could be legally cultivated in South Australia, creating opportunities for the development of a vibrant new industry.

Since its establishment, IHASA has played a leading role in representing the interests of the South Australian hemp industry. The association has promoted the adoption of hemp across food, fibre, building materials, textiles and other emerging products while advocating research, industry development and collaboration across the supply chain. IHASA is affiliated with the Australian Hemp Council (AHC) to advance regulatory change and further develop the hemp industry at a national level.

Situation Analysis

The South Australian hemp industry is a relatively young and developing agricultural sector. Since the introduction of the Industrial Hemp Act 2017, the industry has expanded from a handful of licensed growers to a growing network of producers, processors, manufacturers and retailers. South Australia has excellent conditions for growing both irrigated and dryland hemp, particularly in the Limestone Coast and Riverland regions.

While hemp grain for food production has become the primary commercial focus in South Australia, significant opportunities remain to develop the hemp fibre (biomass) sector, including bast fibre and hurd production for construction materials, textiles, bio-composites and other developing manufacturing opportunities around carbon negative products.

Industrial hemp is regulated in South Australia under the Industrial Hemp Act 2017 and can be cultivated for seed, fibre and processing markets under the Department of Primary Industries and Regions South Australia (PIRSA) licensing arrangements.

Strengths:

South Australia possesses several competitive advantages:

- Large agricultural areas suitable for growing hemp for grain and fibre
- Regions with good climate, latitude and irrigation infrastructure for growing hemp profitably
- Regions suitable for growing hemp under winter dryland conditions during winter/spring
- An excellent reputation for producing premium agricultural products with high food safety standards
- Established research institutions focused on agriculture and manufacturing, with support from SARDI and AgriFutures Australia
- Alignment with South Australia's leadership in renewable energy and sustainability initiatives
- Strong and growing domestic and international demand for sustainable hemp food and fibre products
- Export access through Adelaide ports
- A supportive legislative framework with an established licensing system through PIRSA
- Active industry representation through IHASA and the AHC.

Challenges:

The emerging hemp industry faces constraints such as:

- Limited commercial-scale processing infrastructure for fibre, hurd and value-added manufacturing. Current production remains focused on hemp grain for food production
- Demand for hemp products is growing but remains relatively small compared with more established agricultural commodities
- Although variety selection and agronomic developments have boosted hemp crop yields for grain and fibre, there is still industry uncertainty and limited grower confidence needed to develop hemp into a mainstream crop
- Limited access to capital and uncertainty regarding long-term market demand have restricted investment in processing and manufacturing from government and private sectors

- Although cultivation is legal, regulations surrounding hemp are complex and continue to create confusion among consumers, investors and government agencies due to its association with cannabis
- The relatively small production capacity limits economies of scale and the ability to reliably supply large domestic and export customers
- There is insufficient market development, plus marketing constraints such as social media bans on hemp-related products have restricted the outreach of hemp products into a market demanding environmentally sustainable solutions.

Opportunities:

Several external trends favour industry growth.

- Increasing domestic and international demand for renewable and bio-based materials
- State and federal government support for low-carbon manufacturing and regional development
- Growing investment in the circular economy
- Consumer preference for sustainable, healthy and locally produced products
- Advances in hemp genetics and agronomy, improving productivity
- Continued research into industrial applications for hemp fibre and biomass.

South Australia's hemp industry has moved beyond the establishment phase and is entering a period of commercial growth. The foundations - legislation, research capability, industry leadership and grower expertise - are in place. The next stage of development depends on:

- expanding production
- investing in value-added processing
- strengthening markets and supply chains, and
- leveraging hemp's environmental and economic advantages.

With coordinated action, South Australia is well placed to become a leading producer of industrial hemp and a recognised centre for hemp-based products and sustainable manufacturing.

Strategic Objectives

This strategic plan proposes a coordinated five-year industry development framework centred on:

1. Expanding hemp cultivation in key regional areas
2. Processing and manufacturing development
3. Research and innovation
4. Market development
5. Regulatory change
6. Attracting investment.

Objective 1: Agricultural production

Current Challenge

Most South Australian farmers are unfamiliar with hemp economics, agronomy and market pathways for grain and fibre production. Market volumes are currently small, limiting opportunities for South Australian farmers to diversify by adding hemp to their current crop rotations.

Objective

Increase the scale, productivity and profitability of industrial hemp cultivation in South Australia. Move hemp from a developing crop into a commercially reliable agricultural commodity.

Strategies

- Continue to conduct hemp variety trials across different soil, rainfall and climatic zones. Collaborate with AgriFutures, universities and private breeders to establish trials to investigate winter dryland hemp production and varieties suitable for low rainfall areas
- Develop hubs for fibre production and processing in the South East and Riverland regions which have been identified as best suited to irrigated hemp biomass (fibre) production
- Investigate hemp's role in crop rotations and regenerative farming systems
- Develop guidelines for grain, fibre and dual-purpose varieties with yield and profitability benchmarks, and have clear access to agronomic information for farmers
- Through field days and extension services, encourage adoption of best varieties and farming practices
- Continue to improve harvesting, drying and storage systems.

Targets

KPI	2032 target
SA hemp production area	5,000+ ha
Average commercial grain yield	≥1.8 t/ha
Commercial fibre production	Established
Regional production hubs	Established in the South East and Riverland
Licenced growers	50+
Production guidelines	Industry standard established

Actions
South Australia should build a productive and sustainable agricultural base for the hemp industry by increasing grower participation, providing access to seed and genetics, and improving growers' knowledge, skills and confidence in hemp production. This should include research and field trials to identify varieties and production systems suited to South Australian conditions. Provide grower training, support and extension services; and establish supply chains for seed, agronomy, harvesting, drying and transport. Building a strong agricultural foundation will provide the scale and consistent supply required to support investment in processing and manufacturing.

Strategic measure
Increase the tonnage of hemp grain and biomass grown in South Australia and improve the profitability of farmers.

Objective 2: Processing and manufacturing

Current Challenge
The greatest constraint to industry growth is insufficient local processing capacity. Farmers wishing to grow industrial hemp are constrained by a lack of local processing facilities which in turn reflects a current lack of investor confidence.

Objective
Develop a South Australian hemp processing and manufacturing industry that captures significantly more value from every tonne of hemp produced. To value-add hemp production and create economic growth in the regions.

Strategies
- Develop two commercially viable fibre processing (decortication) hubs in the South East and Riverland regions
- Foster government and/or private investment for regional processing facilities
- Encourage research and innovation into new products that utilize hemp fibre and hurd. Collaborate with South Australian research institutions to create pathways for new product development using hemp
- Partner with established South Australian timber industry stakeholders to develop building products which include hemp fibre and or hurd
- Develop shared processing infrastructure where commercially viable
- Encourage local manufacturing of hemp foods
- Develop products and manufacturing to provide an offtake for hemp stubble from grain crops (biochar, garden mulch, compost, animal bedding etc.)

Targets

KPI	2032 target
SA hemp fibre processing	Establish 2 processing hubs
SA hemp foods processing	Process over 500t per annum
Research and development	Established in existing SA institutions
Manufacturing	Established and producing from SA grown hemp
Partnerships	Co-invest with the SA timber industry

Actions
Create a complete value chain that converts hemp grain, fibre and biomass into high-value products manufactured in South Australia. This aligns with South Australia's manufacturing objectives of increasing value-added exports, regional jobs and innovation.

Strategic measure
Increase the value generated per tonne of hemp produced in South Australia.

Objective 3: Research and innovation

Current challenge
South Australia's industrial hemp industry currently has limited scale of industry-focused research and innovation needed to move hemp from an emerging crop to a large-scale commercial industry. While SARDI has undertaken valuable hemp variety trials in conjunction with Agrifutures, further research is needed across genetics and agronomy through to processing, product development and advanced manufacturing.

Objective
To establish a coordinated, industry-led research and innovation program that improves the productivity, sustainability and profitability of South Australia's hemp industry, and to accelerate the development and commercialisation of new hemp products and technologies.

Strategies
- Establish a coordinated South Australian hemp research program involving PIRSA/SARDI, universities and industry stakeholders. SARDI already has strong crop, food science and regional research capabilities that can be leveraged for this purpose
- Develop and evaluate winter dryland hemp varieties suited to South Australian conditions, with a focus on high-yielding varieties suitable for grain production
- Continue to improve knowledge and production systems through research into sowing dates, nutrition, irrigation, weed and pest management and crop rotation.
- Develop improved harvesting, drying, storage and post-harvest technologies to improve and maintain product quality
- Undertake research into the utilisation of hemp by-products for food and fibre sectors
- Accelerate development of high-value hemp products, including food ingredients, plant-based proteins, textiles, building materials, bio-composites, packaging and other bio-based products
- Quantify the environmental benefits of hemp, including carbon sequestration, soil impacts, water-use efficiency, biodiversity, low-carbon materials and whole-of-life environmental performance
- Create an industry knowledge and data platform to collect and share research results

Targets

KPI	2032 target
South Australian Hemp Research Hub	Established
Research funding	$2m secured

Actions
South Australia should develop a well-resourced research and innovation hub that supports the growth of a competitive hemp industry. This will require strong collaboration between growers, processors, manufacturers, government, research organisations and universities. Investment should be directed towards agronomy, processing, product development and manufacturing. Building on the research capabilities of SARDI, universities and industry partners, the focus should be on translating research into practical outcomes that improve productivity, reduce costs, create new products and support industry growth.

Strategic measure
Increase investment, collaboration and commercialisation of research and innovation to build a productive, sustainable and globally competitive South Australian industrial hemp industry.

Objective 4: Marketing

Current Challenge
Public perceptions towards hemp and its association with high THC cannabis are limiting the growth potential of hemp products, in particular hemp foods. International trade restrictions on cannabis products limit export opportunities to many key Asian countries. Regulatory barriers imposed by the Australian Pesticides and Veterinary Medicines Authority (AVPMA) are severely restricting the sale and use of hemp food processing co-products as animal feeds. Social media bans on hemp-related products stifle accelerated growth the Australian hemp industry needs.

Objective
Build strong domestic and international markets for South Australian hemp products.

Strategies
- Promote the benefits of hemp to a wide audience to create end-user demand through an industry-wide campaign. Educate the general public about the benefits of hemp food and fibre, and dispel adverse public perceptions
- Develop an SA Hemp brand through IHASA and promote "grown and processed in South Australia".
- Identify five highest-value export opportunities and develop export market profiles
- Participate in trade missions and food/industrial trade shows and establish relationships with international buyers
- Develop export-ready product specifications for SA manufacturers
- Support IHASA members with export-ready compliance

Targets

KPI	Target
Export markets	5+
SA hemp products exported	10+
Annual industry export value	$5m+
Major international buyers	10+

KPI	Target
SA hemp brand	Established

Actions
South Australia must have a coordinated and focused marketing program to establish the state as a trusted producer of premium industrial hemp products. This should include developing a South Australian hemp brand and value proposition; undertaking market research to identify priority domestic and international markets. The industry should also establish consistent quality, sustainability and traceability credentials to underpin market confidence. A coordinated approach between growers, processors, manufacturers, government and industry organisations will be essential to increase demand and ultimately convert South Australia's hemp production into higher-value domestic and export sales.

Stategic measure
Increase awareness, demand and sales of South Australian hemp products through coordinated market development.

Objective 5: Regulatory change

Current Challenge
A key challenge for South Australia's industrial hemp industry is that regulation remains complex, fragmented and, in some areas, not well aligned with the development of a commercial hemp industry. South Australian producers and processors operate under state licensing requirements while also being affected by national regulations covering food, agricultural chemicals, biosecurity, medicinal cannabis and other hemp-derived products. PIRSA currently requires separate licensing arrangements for activities including cultivation and processing, with strict requirements around certified seed and THC compliance.
The strategic challenge is therefore to work with state and commonwealth governments to identify unnecessary regulatory barriers, streamline licensing and approval processes, achieve national consistency, and establish clear regulatory pathways that enable commercialisation.

Objective
To create a consistent regulatory framework that clearly distinguishes low-THC industrial hemp from medicinal and illicit cannabis, while maintaining appropriate safeguards. To provide regulatory certainty that encourages investment, innovation and growth, while ensuring that regulation remains proportionate to the actual risks associated with industrial hemp.

Strategies
- Through IHASA and the AHC, advocate for a nationally consistent regulatory framework for industrial hemp that distinguishes low-THC industrial hemp from medicinal and illicit cannabis
- Review South Australian legislation and regulations to identify unnecessary administrative requirements, duplication, compliance costs and barriers to industry development
- Simplify licensing and approval processes for cultivation, processing and research

- Establish science-based and proportionate THC regulations for food and fibre products ensuring testing requirements, THC thresholds and compliance procedures reflect the actual risks associated with industrial hemp.
- Support national legislative changes for industrial hemp including consistent laws over state boundaries, as outlined in the 2026 Senate Enquiry Report
- Clarify regulations for processing and utilisation of the whole hemp plant, including fibre, hurd, leaves, biomass, seed by-products and processing waste, to enable greater utilisation and circular-economy opportunities
- Create a formal industry–government regulatory working group involving IHASA, PIRSA and relevant Commonwealth agencies to identify regulatory barriers and coordinate reform priorities.
- Establish measurable regulatory reform targets, including reduced approval times, reduced compliance costs, greater national consistency, increased product categories and increased investment in South Australian hemp businesses.

Targets

KPI	Target
Regulatory review for the SA hemp industry	Completed
Assist to introduce a national legislative definition of industrial hemp as Cannabis sativa with less than one per cent THC.	Completed
Assist to remove hemp from the national poisons schedule	Completed
Assist to develop a national hemp framework to harmonise hemp regulations between states	Completed
Assist to make regulatory change to facilitate the utilisation of the whole plant.	Completed

Actions

Conduct a regulatory review into licensing, compliance costs and associated market barriers. Work with the AHC, state governments and federal agencies to lobby for legislative change and improve consistency across jurisdictions.

Strategic measure

Improve the regulatory environment for industrial hemp by reducing unnecessary barriers, increasing regulatory certainty and consistency.

Objective 6: Investment

Current challenge

Investors are often deterred by limited industry scale, inconsistent supply volumes, a lack of established processing infrastructure, regulatory uncertainty and the relatively small number of proven commercial success stories within Australia. The industry also faces competition for capital

from more mature agricultural and manufacturing sectors that can demonstrate stronger market data, established supply chains and lower investment risk.

Objective
To attract and facilitate investment across the industrial hemp value chain to accelerate industry growth, increase processing and manufacturing capacity, and establish South Australia as a leading centre for hemp production and value-added products.

Strategies

- Develop a clear and compelling investment proposition that showcases South Australia's competitive advantages in industrial hemp production, processing and manufacturing opportunities.
- Promote South Australia's reputation as a stable, innovative and low-risk destination for agricultural and manufacturing investment.
- Prepare investment-ready business cases and feasibility studies for priority projects including food processing facilities, fibre decortication plants, and manufacturing facilities
- Apply for government funding, grants, concessional loans and co-investment programs that reduce investment risk and encourage private sector participation
- Promote successful South Australian hemp businesses to build investor confidence and showcase industry capability
- Support research, innovation and product development that create new commercial opportunities and attract investors
- Engage with regional development organisations, investment agencies and economic development bodies to promote hemp industry opportunities.

Targets

KPI	Target
Attract private investment	$20m
Create regional jobs	250+

Actions
To attract greater investment, the South Australian hemp industry must demonstrate clear commercial opportunities, reliable returns, scalable production systems and growing domestic and export demand. This will require stronger industry coordination, investment-ready business cases, supportive government policies and a clear pathway for value-added processing and manufacturing. Building investor confidence is critical to securing the capital needed to expand production, develop processing facilities and create a sustainable hemp industry that contributes to regional economic growth and employment.

Strategic measure
Increase private and public investment across South Australia’s industrial hemp value chain to accelerate industry growth, processing and manufacturing capacity. Success will be measured by the value and number of new investments secured, the number of investment-ready projects developed, new processing and manufacturing capacity established, and the jobs and economic activity generated through investment in the industry.

Key Performance Indicators (KPIs)

A summary of key performance indicators for the South Australian hemp industry over the next 5 years is shown in the following table.

KPI	2027 Baseline	2032 Target
Hemp cultivation area	150 ha	400 ha
Number of licenced growers	19	50
Processing facilities	Existing capacity	3-5 new facilities
Industry investment	$0.5m	$20m
Direct jobs	Current level	250+
Hemp-based building projects	Limited	50 projects
Export revenue	Current level	$5m
Research investment	Current level	$2m

Key priorities

Key priorities to achieve the strategic objectives over the next 5 years are:

1. Build hemp processing and manufacturing infrastructure
2. Develop a hemp building materials industry
3. Invest in research, development and commercialization
4. Develop markets and export growth
5. Embark on expanding the grower base
6. Instigate policy change and attract investment.

Priority 1: Processing & manufacturing

Fund:

- Fibre decortication facilities
- Hemp food processing
- Fibre storage

Locations:

- Riverland - Good irrigation capacity and land available from vineyard removal
- South East – Reliable irrigation, good soils, climate and proximity to processing
- Mid North - Large broadacre farming regions

Without processing:

- growers cannot scale
- manufacturers cannot source inputs

- investors cannot see viable returns
  Every successful hemp region globally developed processing before large-scale cultivation.

Priority 2: Hemp building materials

Fund:

- Hempcrete manufacturers
- Insulation production
- Fibreboard production
- Carbon-negative construction products

Locations

Adelaide Northern Growth Corridor – access to labour, manufacturing, construction and transport

South East - access to raw materials and transport

Building materials have:

- higher margins than raw fibre
- greater job creation
- stronger investment appeal
  Industry surveys consistently identify construction materials as one of the strongest growth opportunities.

Priority 3: Research, development & commercialisation

Create a South Australian Hemp Innovation Centre

Partners:

- University of Adelaide
- UniSA
- Flinders University
- SARDI
- PIRSA

Focus areas:

- drought-resistant varieties
- fibre quality
- carbon measurement
- regenerative agriculture
- advanced biomaterials

South Australia can never compete solely on volume against larger global producers. It must compete through:

- innovation
- premium products
- intellectual property.

Priority 4: Market development & export growth

Fund:

- international trade missions
- SA branding
- certification programs
- export market access

Target markets:

- Japan
- South Korea
- Hong Kong and China
- Vietnam

These markets value:

- food safety
- sustainability
- premium agricultural products

Priority 5: Grower expansion

Fund:

- demonstration farms
- extension officers
- agronomic support
- grower training

Importantly, do not over-invest here initially. Growers will respond rapidly once processors and contracts exist.

Priority 6: Policy & investment

Fund:

- regulatory streamlining
- investment prospectus development
- investor engagement
- carbon market integration

This small investment can unlock substantially larger private capital. If the South Australian Government, industry, and investors had a finite pool of capital, spreading it evenly across the value chain would be ill advised. The hemp industry's primary bottleneck is not production. Farmers can grow hemp relatively quickly once there is a reliable market. The real constraint is the absence of processing infrastructure and guaranteed offtake demand.

Summary of priorities

Region	Strategic Role	Priority
Riverland	Fibre processing hub	Very High
South East	Fibre processing hub	Very High
Statewide	Manufacturing and construction	Very High
South East	Food processing	High
Mid North	Broadacre dryland winter cultivation	Medium

Governance

To advance the industrial hemp industry in South Australia and implement the strategies outlined in this plan, instigate a South Australian Hemp Industry Development Council.

Potential members:

- PIRSA
- Department of State Development
- IHASA
- AHC
- Universities

Responsibilities:

- Monitor KPI delivery
- Coordinate funding
- Oversee market development
- Report annually to industry and government.

Outcomes by 2032

By implementing the strategies outlined in this plan, South Australia will become:

- a leading hemp-growing state
- a leading hemp-building materials centre
- a recognised exporter of premium hemp foods
- a national hub for hemp research and innovation
- a major contributor to regional employment and low-carbon manufacturing.

This strategic plan positions industrial hemp not simply as an agricultural crop, but as a cornerstone of South Australia's transition toward a sustainable economy and advanced manufacturing state.

Review

A well-targeted $20m industry development program could realistically generate:

- more than 250 direct regional jobs
- $50m annual industry value
- significant manufacturing investment
- a carbon-negative construction sector
- export growth across food, fibre and building products.

In summary, 70% of available funds should go into processing infrastructure and manufacturing demand creation. Once these assets exist, hemp cultivation will expand naturally to meet demand.