

REPUBLIC OF VANUATU

BILL FOR THE INDUSTRIAL HEMP AND MEDICAL CANNABIS (AMENDMENT) ACT NO. OF 2025

Explanatory Note

This Bill amends the Industrial Hemp and Medical Cannabis Act No. 31 of 2021 (“the Act”). This amendment caters for the management of financial matters in relation to the development of the Industrial Hemp and Medical Cannabis industry.

For the past years it has been difficult for the Government to develop this industry as these two crops are categorized as dangerous drugs. This classification makes it difficult for license holders:

- i. to open bank accounts at local commercial banks here in Vanuatu; and
- ii. to transfer money from the overseas originators commercial bank via to corresponding banks overseas to the reserve bank here in Vanuatu.

The two crops particularly Medical Cannabis is highly valuable on the market. However, there is an increase of Anti-Money Laundering and Counter Terrorism Financing (AMLCTF) activities within the industry. This is the main reason why banks are not comfortable to open business dealings with the industry.

After several consultations with the finance sector, including the Ministry of Finance, the Reserve Bank of Vanuatu, the Financial Intelligence Unit, commercial banks, and Industrial Hemp and Medical Cannabis license holders, it was agreed that this amendment must address financial matters related to Industrial Hemp and Medical Cannabis to ensure financial dealings in this industry are carried out in a formal and transparent manner.

This amendment:

- (a) will allow the Government to impose measures to manage financial issues related to Industrial Hemp and Medical Cannabis; and
- (b) will increase compliance measures of the Government to manage Industrial Hemp and Medical Cannabis. Part of this measure is setting up a dedicated Unit under the Ministry of Agriculture, Livestock, Forestry and Biosecurity and the Office of the Coordinator to assist the Advisory Committee to actively monitor the development of the two crops.

Minister of Agriculture, Livestock, Forestry and Biosecurity



REPUBLIC OF VANUATU

**BILL FOR THE
INDUSTRIAL HEMP AND MEDICAL CANNABIS
(AMENDMENT)
ACT NO. OF 2025**

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REPUBLIC OF VANUATU

BILL FOR THE INDUSTRIAL HEMP AND MEDICAL CANNABIS (AMENDMENT) ACT NO. OF 2025

An Act to amend the Industrial Hemp and Medical Cannabis Act No. 31 of 2021.

Be it enacted by the President and Parliament as follows-

1 Amendment

The Industrial Hemp and Medical Cannabis Act No. 31 of 2021 is amended as set out in the Schedule.

2 Commencement

This Act commences on the day on which it is published in the Gazette.

SCHEDULE

AMENDMENTS OF INDUSTRIAL HEMP AND MEDICAL CANNABIS ACT NO. 31 OF 2021

1 Section 2

Insert in their correct alphabetical positions:

“**Coordinator** means the Coordinator of Industrial Hemp and Medical Cannabis appointed under section 9A;

Director General means the Director General of the Ministry responsible for Agriculture;”

2 Part 2 (Heading)

Repeal the Heading, substitute

“PART 2 INDUSTRIAL HEMP AND MEDICAL CANNABIS ADVISORY COMMITTEE AND COODINATOR

Division 1 Industrial Hemp and Medical Cannabis Advisory Committee”

3 Paragraph 4(h)

Delete “.”, substitute “; and

- (i) Director of the Financial Intelligence Unit.”

4 After paragraph 5(e)

Insert

“(ea) to establish systems of compliance and payment; and

- (eb) to make recommendation to the Minister, on the advice of the Coordinator, for approving Industrial Hemp and Medical Cannabis policy, strategy, and other policy related documents; and”

5 Subsection 8(3)

Delete “Ministry of Agriculture”, substitute “Coordinator”

6 After section 9

Insert

“9A Subcommittees

- (1) The Committee may establish subcommittees to assist it in carrying out its functions under this Act.
- (2) The Committee is to determine the functions and procedures of the subcommittees.”

7 At the end of Part 2

Add

“Division 2 Industrial Hemp and Medical Cannabis Coordinator

9A Office of the Coordinator

- (1) The Office of the Coordinator is established.
- (2) The Office is established within the Ministry of Agriculture.

9B Appointment of the Coordinator

- (1) The Public Service Commission is to appoint a person, as the Coordinator.
- (2) The Coordinator is to hold Office for a term of 5 years and is eligible for re-appointment for 1 term.

9C Functions of the Coordinator

The Coordinator has the following functions:

- (a) to manage and control the affairs of the Office of the Coordinator including planning and reporting, staff management and providing regular reporting to the Director General on matters relating to the administrative work of the Office of the Coordinator; and
- (b) to promote and facilitate the development and review of the Industrial Hemp and Medical Cannabis legislative frameworks, policies, strategies, management practices and any other policy related matters; and

- (c) to manage all daily affairs of Industrial Hemp and Medical Cannabis to ensure they meet requirements of national legislative frameworks, policies, strategies, management plans, standard operating procedures, good management practices and any other policy related matter; and
- (d) to manage and coordinate the monitoring, control, and surveillance of all Industrial Hemp and Medical Cannabis developments; and
- (e) to coordinate the monitoring and control of license holders and their associates; and
- (f) to ensure that all license holders abide to all the national laws and requirements; and
- (g) to assist the Director General on any matter relating to Industrial Hemp and Medical Cannabis; and
- (h) to work with the Director General to establish an Anti-Money Laundering and Counter Terrorism Financing Unit within the Office of the Coordinator; and
- (i) such other functions that may be imposed on the Coordinator by the Advisory Committee in relation to this Act or any other Act.

9D Staff of the Office of the Coordinator

The Public Service Commission is to appoint the staff of the Office of the Coordinator.

8 After subsection 12(2)

Insert

“(2A) In addition to subsection (2), the Committee must be satisfied that the Financial Intelligence Unit have screened and carried out due diligence checks on the applicant, and the Director of the Financial Intelligence Unit is satisfied:

- (a) of the source of funds used to pay the capital for the applicant; and
- (b) that the key person is a fit and proper person.

- (2B) In assessing whether a key person satisfies the fit and proper criteria, the Director of the Financial Intelligence Unit must consider the following matters:
- (a) whether the person has been convicted of an offence or is subject to any criminal proceedings; and
 - (b) whether the person is listed on a United Nations Financial Sanctions list, or a financial sanctions list under the United Nations Financial Sanctions Act No. 6 of 2017 or a financial sanctions list under a law of any jurisdiction; and
 - (c) any other fit and proper criteria prescribed by the Regulations.

(2C) For the purpose of this section:

key person means:

- (a) for an individual – the applicant;
- (b) for a company - a shareholder, a beneficial owner or director;

beneficial owners means a natural person who is the ultimate owner or ultimate controller of a company.”

9 Paragraph 20(d)

Delete “.”, substitute “; and

- (e) an Immigration Officer; and
- (f) the Coordinator; and
- (g) any staff of the Office of the Coordinator.”

10 Part 5 (Heading)

Repeal the Heading, substitute

**“PART 5 OFFENCES, PENALTIES AND PENALTY
NOTICES”**

11 At the end of Part 5

Add

“24A Penalty Notice

- (1) An enforcement officer may serve a penalty notice on a person if it appears to the enforcement officer that the person has committed an offence under any provision of this Act.
- (2) A penalty notice is a notice to the effect that if the person served does not wish to have the matter determined by a Court, the person may, within a time and to a person specified in the notice, pay the amount of penalty stated in the penalty notice.
- (3) A penalty notice may be served personally or by post.
- (4) If the amount of penalty prescribed for the purposes of this section for an alleged offence is paid under this section, no person is liable to any further proceedings for the alleged offence.
- (5) Payment under this section is not to be regarded as an admission of liability for the purpose of, nor in any way affect or prejudice, any civil proceeding arising out of the same occurrence.
- (6) The Regulations may prescribe the amount of penalty payable for the offence if dealt with under this section.
- (7) The amount of a penalty prescribed under this section for an offence must not exceed the maximum amount of penalty provided for in this Act.
- (8) This section does not limit the operation of any other provision of, or made under, this or any other Act relating to proceedings that may be taken in respect of offences.”