

CONSOLIDATED SUBMISSION

Remaking of the Narcotic Drugs Regulation 2016 and the Narcotic Drugs (Licence Charges) Regulation 2016

Regional Medicinal Cultivation Precinct
Gannawarra Shire, Northern Victoria

Prepared by Yandi AG
30 July 2026

CONSOLIDATED RECORD — CONSULTATION CLOSED 19 JULY 2026

Document control and standing

Field	Detail
Document	Yandi AG consolidated ODC submission
Status	Consolidated working record; not evidence of lodgement or acceptance
Prepared	30 July 2026
Consultation	Remaking of the Narcotic Drugs Regulation 2016 and Narcotic Drugs (Licence Charges) Regulation 2016
Consultation period	22 June to 19 July 2026 (closed)
Proponent standing	Yandi AG is developing a proposed project and is not represented in this document as a current medicinal cannabis licensee.
Project geography	Gannawarra Shire, Northern Victoria
Project pathway	50-acre demonstration → 500-acre replication → 5,000-acre regional capacity; each stage conditional on approvals, evidence, market demand and capital.

MERGE NOTE
This document consolidates the cautious public-interest framing of the early ODC draft with the operational recommendations of the later draft. Duplicate passages have been removed and statements that could imply current licensing, approval or operating experience have been corrected.

Executive position

Yandi AG supports the remaking of both legislative instruments so Australia retains strong, lawful and internationally credible controls for medicinal cannabis cultivation and narcotic-drug manufacture. Continuity should preserve public health, diversion control, regulatory integrity, product quality and public confidence.

The remaking also provides a narrow but valuable opportunity to improve clarity and proportionality for staged outdoor cultivation without weakening the objects of the Narcotic Drugs Act 1967. Yandi AG's central proposal is that the remade framework expressly accommodate evidence-led regional demonstrations and risk-based expansion under the existing licensing and permit system.

CORE PROPOSITION
Permit lawful innovation to begin small, prove itself and expand only after evidence — while maintaining the same non-negotiable standards for security, traceability, compliance and public safety.

Recommendations at a glance

No.	Recommendation	Purpose
1	Preserve strong controls	Remake both instruments before sunset and retain rigorous licence, permit, inspection, reporting and enforcement arrangements.
2	Clarify staged variations	Publish a clear, proportionate pathway and evidentiary requirements for licence and permit variations supporting staged expansion.
3	Use risk-based cost recovery	Align fees and charges more transparently with regulatory effort, complexity and risk, including a proportionate pathway for genuine demonstration-scale projects.
4	Address outdoor cultivation explicitly	State outcome-based expectations for open-field and broadacre security, storage, inspection and crop control without prescribing a single facility model.
5	Enable regional demonstrations	Provide a defined demonstration mechanism within the existing framework, subject to all approvals and independently evaluated outcomes.
6	Recognise structured regional context	Allow regional infrastructure, staged production plans and coordinated partners to be recorded where relevant to feasibility, security and compliance assessment.
7	Build an evidence loop	Encourage standardised, privacy-protective reporting of compliance, environmental, agronomic and regional outcomes to inform future policy.

1. About Yandi AG and the proposed project

Yandi AG is developing a proposed regional medicinal agriculture platform for Gannawarra Shire in Northern Victoria. The concept combines a primary licensed operator, secure cultivation and post-harvest systems, coordinated Growing Partners, traceability, research, quality systems and compliant downstream market access.

The proposal is prospective. Yandi AG does not claim in this submission to hold a medicinal cannabis licence, permit or approved cultivation site, and does not claim operational experience under the current framework. Any cultivation, production or manufacture would commence only after all applicable Commonwealth and other approvals are obtained.

Conditional pathway of proof

Stage	Scale	Question to be proved	Gate to progress
Demonstrate	50 acres	Can the proposed system lawfully grow, secure, trace, process and sell an accepted crop?	Approvals, site control, security acceptance, agronomic evidence, quality acceptance, market validation and finance.
Replicate	500 acres	Can the system be repeated reliably across greater throughput and operational complexity?	Independent review, contracted demand, proven controls, infrastructure capacity and acceptable risk.
Regionalise	5,000 acres	Can licensed and contracted production become durable regional capacity?	Government and regulator engagement, buyer-backed demand, approved sites and systems, capital, workforce and infrastructure.

These scales are strategic stages, not promises, current approvals or automatic annual expansions. Major infrastructure and production commitments should be triggered by evidence and contracted throughput rather than ambition alone.

2. Scope and regulatory context

The Office of Drug Control consultation concerned the proposed remaking of two legislative instruments scheduled to sunset on 1 April 2027. The Department indicated that the instruments would be remade with drafting edits and that only necessary changes arising from consultation would be considered. Yandi AG has therefore framed its recommendations as targeted improvements to administration, clarity, proportionality and evidence — not as a request to dilute the governing Act or bypass licensing.

The current Regulation already supports applications for licences and permits and provides for information associated with variations. Yandi AG's recommendation is not to invent an unregulated shortcut. It is to make the staged-variation pathway more explicit, predictable and proportionate for projects whose footprint and throughput are intentionally validated in steps.

3. Preserve rigorous licensing and compliance

Yandi AG supports continuity of the core safeguards that underpin the medicinal cannabis framework. Any remade instruments should continue to require:

- licences and relevant permits before authorised activities commence;
- fit-and-proper-person, financial, site, security and operational information appropriate to the decision;
- effective inspection, monitoring, recordkeeping and enforcement powers;
- controls that satisfy Australia's international obligations and diversion-control responsibilities;
- accurate identification of authorised crops, quantities, locations and activities; and
- clear consequences for material non-compliance.

Proportionality should change how evidence is requested and how regulatory effort is recovered; it should not lower the outcome required for public safety, lawful possession, security or traceability.

4. Clarify staged licence and permit variations

Staged projects need a published route for moving from a validated demonstration footprint to a larger approved footprint. The remade Regulation, associated guidance or both should identify the decision pathway, evidence expectations and likely assessment sequence for material cultivation-area and production changes.

Recommended design features

- A single, clearly identified variation route for an existing licensee proposing an expanded or reconfigured cultivation footprint.
- Published categories distinguishing administrative, moderate and material changes according to risk and regulatory effort.
- A checklist of updated evidence, including site control, security, quantities, infrastructure, personnel, quality interfaces and downstream demand.
- Permission for the regulator to rely on unchanged, verified information already held, while requiring fresh evidence where circumstances or risk have changed.
- Indicative service standards and early pre-lodgement engagement for complex regional proposals.
- No automatic entitlement to expand: every material change remains subject to approval and applicable permit controls.

WHY THIS MATTERS
Predictability lets a proponent cost the next proof stage without asking the regulator to pre-approve it. It improves investment discipline while preserving the regulator's discretion to refuse, condition or seek further information.

5. Make cost recovery transparent and proportionate

The later draft proposed acreage-only bands. On consolidation, Yandi AG recommends a more defensible model: charges should reflect regulatory effort, complexity and risk, with footprint used as one indicator rather than the sole determinant.

A transparent structure could combine:

- a common base component reflecting unavoidable licence administration;
- a variable component linked to the complexity and assessed regulatory effort of the activity;
- published bands or factors for material site, security, permit and inspection work;
- a proportionate demonstration-scale pathway where the regulated activity is genuinely smaller and simpler; and
- clear reasons where unusually complex or high-risk proposals require additional cost recovery.

This approach avoids two errors: imposing full-scale economics on a carefully bounded trial, or assuming that acreage alone predicts the cost of regulating a project. Full compliance and inspection authority should remain intact at every scale.

6. Address outdoor and broadacre cultivation explicitly

Requirements developed around enclosed facilities may be difficult to interpret when applied to open-field cultivation. The remade framework or accompanying guidance should expressly recognise outdoor models and describe the outcomes expected, while allowing the final system to respond to site-specific threat, geography, crop, climate and operating conditions.

Regulatory outcome	Outdoor interpretation should address
Deter and delay	Site design, independent perimeter layers where justified, screening, controlled approaches and barriers appropriate to the threat assessment.

Regulatory outcome	Outdoor interpretation should address
Deny and control access	Authorised entry points, credentialing, restricted zones, visitor and contractor controls, and secure handling routes.
Detect and respond	Alarm coverage, surveillance, event location, communications, escalation and documented incident response.
Record and reconcile	Crop identity, authorised quantities, movements, losses, destruction, access and incident evidence.
Inspect and maintain	Safe regulator access, test records, maintenance, system health and auditable change control.

Detailed security architecture should be supplied through protected licensing and consultation channels, not unnecessarily published. Yandi AG's design concepts, including YandiOS CropSecure™, CropFingerprint™ and GridSecure™, remain proposals subject to specialist engineering and regulatory acceptance.

7. Define a regional demonstration mechanism

The early draft proposed an evidence-based Regional Medicinal Cultivation Precinct demonstration. The later draft suggested a distinct trial licence category. The consolidated position is deliberately narrower: first examine whether a defined demonstration pathway can operate within the existing licensing and permit architecture, supported by proportionate guidance, charges and evaluation.

A demonstration should:

- remain subject to every applicable licence, permit, planning, environmental, workplace, security, quality and other legal requirement;
- have a bounded site, authorised quantities, defined duration and approved activities;
- state hypotheses and measurable outcomes before cultivation begins;
- use independent or suitably qualified evaluation where material;
- include stop, redesign and expansion gates;
- protect commercially sensitive and security-sensitive information; and
- create no presumption that successful demonstration guarantees expansion.

8. Recognise regional context where legally relevant

Economic development should not displace the statutory focus of licensing decisions. However, structured regional information may be relevant to whether a proposal is feasible, secure, properly resourced and capable of sustained compliance. The framework should allow applicants to document:

- land and site control across the proposed stage;
- water, power, communications, roads and emergency access;
- workforce, training and responsible-person arrangements;
- secure post-harvest, storage, transport and downstream interfaces;
- contracted demand and the relationship between authorised quantities and genuine market need;
- governance across the primary licensee, service providers and any future Growing Partners; and
- local emergency, police and government interfaces without seeking endorsement of an unfinished project.

Recording this context would improve the regulator's view of the whole operating system. It should not create a regional-development test that overrides the Act.

9. Evaluation and public-interest evidence

Where a demonstration pathway is used, government and proponents should agree on a compact evidence framework. Public reporting should use aggregated or redacted information and should not disclose material capable of undermining security or legitimate intellectual property.

Domain	Illustrative measures
Compliance	Licence/permit adherence, inspection findings, corrective actions, reconciliation accuracy and report timeliness.
Security	System availability, alarm verification, incident response and maintenance completion; sensitive details restricted.
Agronomy	Establishment, yield, quality acceptance, crop loss, pest/disease outcomes and repeatability.
Environment	Water and energy intensity, soil condition, waste, chemical inputs and climate resilience.
Quality and market	Accepted product grade, batch traceability, downstream acceptance, contracted demand and rejection causes.
Regional value	Local jobs, procurement, grower economics, training, infrastructure use and community confidence.

Expansion should occur only when the previous stage meets pre-agreed legal, security, quality, commercial and environmental gates.

10. Suggested drafting and guidance outcomes

Yandi AG respectfully asks the Department to consider the following practical outputs during remaking and implementation:

1. retain the existing safeguards and remake both instruments before their scheduled sunset;
2. audit defined terms and application requirements for assumptions that unintentionally exclude outdoor cultivation;
3. publish a staged-variation decision map and evidence checklist;
4. explain how charges correspond to regulatory effort, with proportionate treatment for bounded demonstrations where justified;
5. publish outcome-based outdoor security and inspection guidance while protecting sensitive information;
6. offer a structured pre-lodgement pathway for complex regional proposals; and
7. develop an optional evaluation template for evidence-based demonstrations.

11. Matters outside or beyond this submission

This submission does not ask the Department to:

- approve Yandi AG, a site, a crop, a security system or a cultivation scale;
- waive licence, permit, inspection, security or diversion-control requirements;
- treat regional development benefits as a substitute for statutory criteria;
- accept the 50-, 500- or 5,000-acre stages as authorised quantities or dates;
- endorse proprietary YandiOS concepts before independent and regulatory assessment; or
- resolve state planning, environmental, workplace, therapeutic-goods, export or other approvals through the Narcotic Drugs Regulations alone.

12. Conclusion

The strongest regulatory framework is one that maintains non-negotiable safeguards while making the lawful route understandable. Yandi AG supports remaking the instruments and proposes targeted improvements so outdoor regional projects can begin at a bounded scale, generate evidence and seek expansion only after proving their controls.

The Regional Medicinal Cultivation Precinct is offered as a policy and demonstration concept, not a predetermined entitlement. Its value would lie in testing whether Northern Victoria's agricultural capacity can be connected to pharmaceutical discipline under a framework that remains secure, transparent, proportionate and accountable.

Yandi AG would welcome future engagement with the Office of Drug Control and other relevant authorities through the appropriate formal channels.

Maxwell Moore
Founder and Project Director
Yandi AG
Northern Victoria
yandi.com.au

References

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2. Department of Health, Disability and Ageing, "Consultation Paper — Sunsetting of Narcotic Drug Regulations", 2026. https://consultations.health.gov.au/office-of-drug-control/consultation-on-sunsetting-of-narcotic-drugs-regs/user_uploads/consultation-paper---sunsetting-of-narcotic-drug-regulations.pdf
3. Office of Drug Control, "Narcotic Drugs Regulation 2016". https://www.odc.gov.au/resources/legislation/narcotic-drugs-regulation-2016
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Consolidation record

Source draft	Contribution retained	Material correction
Yandi_AG_ODC_Submission_Draft.pdf	Strong-regulation position; public-interest framing; evidence-based demonstration; cautious language.	Expanded into a structured demonstration and evaluation framework.
YandiODCSubmission.pdf.pdf	Staged pathway; variation, charges, outdoor cultivation and regional-context recommendations.	Removed claims of current licensing/operations; reframed automatic annual expansion; changed acreage-only charging to regulatory-effort and risk-based proportionality.

DOCUMENT STATUS
This consolidated edition is suitable as a policy record and a basis for future engagement. Because the formal consultation closed on 19 July 2026, it should not be described as lodged unless Yandi AG has separate evidence of submission or the Department agrees to receive late material.