



Australian Government

Department of Health

# FACT SHEET

## Reforms to the Medicinal Cannabis Scheme

### Fees and Charges

Reforms to cost recovery arrangements for the Medicinal Cannabis Scheme (the Scheme) under the *Narcotic Drugs Act 1967* (the ND Act) will commence on 15 July 2020. This is the result of an extensive activity based costing exercise undertaken by the Office of Drug Control (ODC) within the Australian Government Department of Health (the Department).

#### *Background information*

**Fees** – Charged when a good, service or regulation is provided directly to a specific entity or organisation. The *Narcotic Drugs Regulation 2016* was amended allow for the reforms to fees under the Scheme to come into force.

**Charges** – Also known as levies, are charged when a good, service or regulation is provided to a group of individuals or organisations. The *Narcotic Drugs (Licence Charges) Regulation 2016* was amended allow for the reforms to charges under the Scheme to come into force.

**Planned Inspection** – An inspection associated with an application. This was previously described as a pre-commissioning inspection.

**Anniversary date** – The date a licence came into effect.

**Licence year** – This is the year for which the annual charges are applied and it applies to period from the anniversary date of a licence.

**First Permit** – The first permit to be granted to a licence holder that allows for activities authorised under the licence to commence.

## What has changed

- Increase in **fees** to reflect the effort involved and account for indexation.
- Implementation of **new fees** for applications to vary licences and permits related to the complexity of the variation. These changes reflect the effort involved in assessing the application.
- Change to the Planned Inspection (formerly named a pre-commissioning inspection) **fee** from an hourly rate to a flat rate.
- Change the structure of the Annual Licence charge so it now has three components.
  - A **Licence charge** is imposed on all licence holders on the anniversary date of the licence.
  - A **Site charge** is imposed from the date the first permit is granted to a licence holder, and then each year thereafter on the anniversary date of the licence.

- A series of **Compliance Follow Up Charges** that allows the ODC to recover costs for addressing compliance monitoring and specific matters of non-compliance directly from those that are the subject of such activities.
- **Reimbursement of reasonable travel costs** from licence holders for follow up and investigation inspections.

## Licences and permits for manufacture not included at this time

The extension of cost recovery arrangements to licences and permits for the manufacture of medicinal cannabis is under consideration and it is anticipated that a decision on this matter will be made later in 2020. The ODC will inform all licence holders of the outcome of this decision at the appropriate time.

## Comparison table

The table below provides an outline of the new fees and charges in comparison to the historical costs, (where relevant).

Fee / Levy	Historical fees and charges	New fees and charges 15 July 2020 – 30 June 2021
<b>Licence Application Fees</b>		
Single Licence Application	\$5,040	<b>\$7,960</b>
Double Licence Application	\$6,300	<b>\$8,580</b>
<b>Permit Application Fee</b>		
Permit Application	\$1,830	<b>\$3,410</b>
<b>Licence Variation Fees</b>		
Licence Variation - Simple	\$3,900	<b>\$1,090</b>
Licence Variation - Complex	\$3,900	<b>\$5,460</b>
<b>Permit Variation Fee</b>		
Permit Variation - Simple	\$1,730	<b>\$120</b>
Permit Variation - Complex	\$1,730	<b>\$2,870</b>
<b>Planned Inspection Fee</b>		
Pre-Commissioning Inspection	\$470 per hour	<b>\$3,650</b>
<b>Charges</b>		
Annual Licence Charge	\$27,380	<b>\$11,570</b>
Annual Site Charge	N/A	<b>\$19,160</b>
<b>Follow-up of non-compliance charges</b>		
*Indicative only. Charge will be applied at \$107 per person per hour plus reimbursement of reasonable travel costs		
Follow-up Audit	N/A	<b>\$3,092</b>
Follow-up Inspection	N/A	<b>\$6,537</b>
Follow-up Sampling Assessment	N/A	<b>\$1,201</b>
Investigations	N/A	<b>\$8,799</b>

Fee / Levy	Historical fees and charges	New fees and charges 15 July 2020 – 30 June 2021
Investigation Inspections	N/A	<b>\$7,810</b>
Investigation - Sampling Assessment	N/A	<b>\$1,201</b>
Enforcement Action - Minor	N/A	<b>\$4,396</b>
Enforcement Action - Moderate	N/A	<b>\$5,099</b>
Enforcement Action - Major	N/A	<b>\$6,942</b>

## Simple and complex variations

Through the activity based costing exercise it was determined that the effort required to assess an application to vary a licence or permit can differ depending on the complexity of the variation. As such, new categories of fees were developed to account for these differences. The explanation of simple versus complex applications to vary a licence or permit are outlined in the document titled '*Specification of variation applications*'.

This document lists the applications that are considered simple and states that any type of application that is not listed is therefore a complex application.

The following is a non-exhaustive list of examples of what would be an Application to vary a licence – Complex.

- Application to vary a licence to add a new site, facility or premises.
- Application to vary a licence to extend or alter an existing site, facility or premises.
- Application to vary a licence to add new director or shareholder to the company, which requires re-assessment of the company as a fit and proper person to hold a licence.

The following is a non-exhaustive list of examples of an Application to vary a permit – Complex.

- Vary the types and strains of cannabis plants that may be cultivated.
- Vary the maximum number of cannabis plants that, in the opinion of the Secretary, having regard to Australia's obligations under the Convention, it is necessary for the licence holder to have in the holder's possession or control at any time for the normal conduct of business.
- Vary the maximum quantity of cannabis or cannabis resin that, in the opinion of the Secretary, having regard to Australia's obligations under the Convention, it is necessary for the licence holder to have in the holder's possession or control at any time for the normal conduct of business.

In some circumstances, the substance of the Application to vary a permit may be of such significance that the application may not be accepted and the applicant must submit a new permit application instead.

## What these changes mean for you from 15 July 2020

- Any new application submitted to the ODC will be subject to the new fees.
- Any planned inspection undertaken will be subject to the Planned Inspection fee.
- If a licence holder paid the previous annual charge of \$27,380 before 15 July 2020, no annual charges will be imposed until the anniversary date of the licence.
- Once a licence expires, it will be subject to the new annual charges.
  - If the licence does not have any associated permits, only the Licence Charge will be imposed

- If the licence has associated permits, the Site Charge will also be imposed.
- When the first permit is granted part way through a licence year, the licence holder will receive an invoice for the Site Charge which is a pro rata amount, determined using the formula below.

## Contact the ODC

Licence holders are encouraged to email any queries, including transitional arrangements, relating to these amendments to the ODC at [MCS.Application@health.gov.au](mailto:MCS.Application@health.gov.au).

Number of days in the part of the licence year starting on the earliest day any of the permits comes into force and ending at the end of the licence year

\$19,160 X

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Number of days in the licence year