

Submission
No 285

INQUIRY INTO IMPACT OF THE REGULATORY FRAMEWORK FOR CANNABIS IN NEW SOUTH WALES

Organisation: Australian Natural Therapeutics Group (ANTG)

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Submission to the NSW Government on the Impact of the Regulatory Framework for Cannabis

Introductory Comments

1. The Australian Natural Therapeutics Group (ANTG) welcomes the opportunity to make a submission to this inquiry into the regulatory framework for cannabis in New South Wales (NSW).
2. We represent numerous industry stakeholders, including cultivators, manufacturers, importers, distributors, researchers, medical practitioners, nurses, pharmacists, patients, and consumers.
3. Our submissions address the terms of reference set out for this inquiry, incorporating insights from international models and ANTG's experience in the global cannabis market.

Background to the Inquiry

4. To provide the appropriate context, this section includes information about the medicinal and socio-economic benefits of cannabis, its demand in Australia, and regulatory frameworks both within Australia and internationally, particularly focusing on recent developments in Germany and ANTG's contributions to the global cannabis market.
5. We believe existing barriers include medical and social stigma, onerous licensing regulations for Australian growers required to support the cultivation and manufacturing of high-quality medicinal cannabis on Australian soil, and the lack of testing on the high volume of imported products that continue to heavily service this country's import-reliant market.

Terms of Reference

(a) Historical Development and Implementation of the Regulatory Framework for Cannabis

5. The regulation of cannabis in NSW has evolved significantly over the years. Initially, cannabis was strictly prohibited, with harsh penalties for possession, use, and distribution. Over time, legislative changes were made to allow the medicinal use of cannabis under strict regulatory conditions, reflecting broader changes in societal attitudes and scientific understanding.

6. In Australia, medicinal cannabis use was legalised following the passing of the Narcotic Drugs Amendment Act 2016ⁱ. This was further supported by the Office of Drug Control, which oversees the issuance of licenses to growers and regulates medicinal cannabis crops. The legalisation allowed clinicians to prescribe medicinal cannabis products to patients after notifying the Office of Drug Control and obtaining permission from the federal government.

(b) Socioeconomic Impact of the Current Regulatory Framework for Cannabis

6. **Framework limitations:** The current regulatory framework has had mixed socioeconomic impacts. While the medicinal cannabis industry has grown, creating jobs and fostering innovation, stringent regulations and high compliance costs have posed challenges. The framework has protected public health by ensuring quality and safety standards but has also limited broader economic benefits that a more liberal approach could offer.
7. **Societal stigma:** The therapeutic use of cannabis dates back several thousand years. However, the early 20th century saw the emergence of a global trend toward cannabis prohibition, leading to nearly a century-long gap in clinical use and research advancements.
8. **Prohibition laws:** Prohibition fostered significant societal stigma and a lack of understanding within the medical community, which persisted as barriers to the socio-economic and politico-social acceptance of cannabis.
9. **Human rights:** We strongly believe that access to comprehensive healthcare and cannabis-based therapy is a fundamental human right. Patients should have the ability to explore all available healthcare options to manage their conditions effectively and improve their quality of life.
10. **Cost of Medicinal Cannabis:** The high cost of medicinal cannabis remains a significant barrier for many patients. Unlike other medications, most medicinal cannabis products are not covered by the Pharmaceutical Benefits Scheme (PBS), making medications expensive. This has led to financial strain on patients who rely on cannabis for chronic conditions.
11. **Closed Marketing Loop Agreements:** Many Australian suppliers have established closed marketing loop agreements that undercut

patients by creating monopolies and limiting competition. This practice restricts patient access to a variety of products and keeps prices high.

Recently, the Therapeutic Goods Administration (TGA) has taken steps to address these anti-competitive practices. We welcome more regulatory action and reform that aims to ensure that patients have access to a diverse range of products at competitive prices.ⁱⁱ

12. **Compassionate Access Schemes:** Across Australia, compassionate access schemes have emerged to provide more affordable cannabis-based therapy to patients in need. These schemes highlight the community's commitment to patient welfare. Programs include educational resources for patients to help them understand their treatment options and manage their conditions more effectively.

The Australian Medicinal Cannabis Association (AMCA) has introduced a scheme COMPASS that aims to foster cross-industry collaboration, calling on financial support from the Federal Government to administer the scheme.ⁱⁱⁱ ANTG supports the compass scheme initiative.

(c) Historical, Current and Future Financial Cost of Cannabis Prohibition to the Government and the Economy

Historically, the financial cost of cannabis prohibition to the NSW Government and economy has been substantial. These costs have included expenses related to law enforcement, judicial processing, and incarceration.

The enforcement of cannabis prohibition has required significant police resources to arrest, process, and detain individuals for cannabis-related offences. Judicial costs have also been high, with courts handling a large volume of cases involving cannabis possession and use.

Former Police Commissioner Mick Palmer adopts the view that the financial and social costs of prohibition far outweigh any perceived benefits. He states, "The damage done by arrest and sanction for 'use and possession' of cannabis far outweighs any public good likely to be achieved by the arrest, or the possible harm or damage caused to the offender by the use itself."^{iv}

In Australia, the shift towards medicinal cannabis has somewhat mitigated these costs. Legalising medicinal cannabis has reduced the

number of arrests and prosecutions, leading to lower enforcement and judicial expenses.

However, the economic burden of cannabis prohibition remains significant. The high costs of regulating and controlling the medicinal cannabis market, including the prosecution of patients on prescription medicinal cannabis who are detected driving with traceable amounts of THC, maintains a substantial financial strain on the government.

As the German government has recently acknowledged, the prohibition of cannabis has inhibited the potential economic benefits that could arise from a regulated cannabis market. The legal cannabis industry, if fully embraced, could contribute significantly to the economy through job creation, tax revenues, and business opportunities. ^v

The experience of other jurisdictions, such as Germany, demonstrates the potential for economic growth and public health benefits from a regulated cannabis market. Germany's recent reforms, effective April 1, 2024, highlight a non-profit approach that prioritises public health and safety, potentially offering a model for NSW to consider.

The current regulatory framework, while a step forward, still incurs costs due to ongoing enforcement against illegal cannabis activities and the need for regulatory oversight. Trialling decriminalisation and carefully regulating the cannabis industry could yield both economic and social benefits, reducing harm and improving public safety.

A regulated market would allow for better control of product quality and distribution, reducing the risks associated with illegal cannabis and ensuring that users have access to safe, quality-assured products.

(d) Impact of the Current Regulatory Framework on Various Sectors

11. **Young People:** The current framework aims to protect young people from the potential harms of cannabis use but also limits educational and harm reduction opportunities.
12. **Health System:** Medicinal cannabis has been shown to alleviate symptoms for various conditions, potentially reducing healthcare costs associated with these conditions.

13. **Personal Health:** The therapeutic benefits of cannabis for conditions such as chronic pain, epilepsy, and multiple sclerosis are well-documented, improving the quality of life for many patients.
14. **Employment:** The cannabis industry has created numerous jobs across cultivation, manufacturing, and distribution.
15. **Road Safety:** Ongoing concerns about cannabis use and road safety necessitate further research and effective policy measures.
16. **Crime and Criminal Justice System:** The shift towards medicinal cannabis has reduced some criminal justice burdens, though the illegal cannabis trade remains an issue.
17. **Department of Veterans Affairs (DVA):** The DVA has played a crucial role in providing access to medicinal cannabis for veterans suffering from PTSD. This initiative has been instrumental in improving the mental health and quality of life for many veterans.

(e) Impact on Marginalised Communities

18. The regulatory framework has had varying impacts on different communities. Aboriginal, LGBTIQ+, regional, multicultural, and lower socioeconomic groups have experienced negative effects. Ensuring equitable access to cannabis-based therapy and mitigating any adverse impacts remain key challenges.

Former Australian Federal Police Commissioner Mick Palmer has highlighted the ineffectiveness and harm caused by cannabis prohibition. He noted that criminal sanctions disproportionately impact Indigenous and minority communities, the homeless, and those with mental health issues, without achieving significant deterrence.^{vi}

(f) Alternative Approaches to Cannabis Regulation in Other Jurisdictions

19. Germany's recent reforms, effective April 1, 2024, represent one of the most liberal approaches to cannabis regulation in Europe. Germany's model prioritises a non-profit approach and precludes legal market mechanisms, focusing on public health goals. ANTG's partnership with Cannamedical Pharma has positioned ANTG as a key player in this market, contributing significantly to Germany's cannabis imports.
20. **Comparison with Canadian and US Models:** Unlike Germany, Canada and many US states have adopted commercial models that have led to increased availability, reduced prices, and the

introduction of new cannabis products. These models have shown both positive and negative public health outcomes, highlighting the need for careful regulation.

(g) Provisions of the Drug Misuse and Trafficking Amendment (Regulation of Personal Adult Use of Cannabis) Bill 2023

- 21.** The provisions of the 2023 Bill propose significant changes, including the legalisation of personal use and cultivation of cannabis. These changes align with trends in other jurisdictions, suggesting a shift towards more progressive cannabis policies aimed at reducing the illegal market and promoting public health and better policy outcomes.

ANTG supports recommendations from Harm Reduction Australia (HRA) strongly supports the decriminalization and regulation of personal adult use of cannabis stating that regulation provides a controlled framework that can ensure product safety, quality, and accessibility, thereby protecting public health.^{vii}

ANTG supports the following measures outlined by HRA, including recommendations the Bill should incorporate specific harm reduction strategies, including:

- Providing access to accurate information and education about the effects and risks of cannabis use.
- Ensuring the availability of support services and treatment for individuals experiencing cannabis-related health issues.
- Implementing policies that allow for safe consumption spaces and guidelines to minimise the risks associated with cannabis use, such as impaired driving.

Monitoring and Evaluation: HRA recommends that the implementation of the Bill include mechanisms for ongoing monitoring and evaluation. This process should assess the public health, social, and economic impacts of cannabis regulation, identify areas for improvement, and ensure that harm reduction remains a central focus. Data collection and research should be supported to inform evidence-based policy adjustments and to track the long-term outcomes of cannabis regulation.

Addressing Stigma and Discrimination: The Bill presents an opportunity to address and reduce the stigma associated with cannabis use. HRA

stresses the importance of public education campaigns to shift societal attitudes and promote understanding of cannabis use as a health issue rather than a criminal one. Reducing stigma can encourage individuals to seek help and support without fear of legal repercussions or social judgment.

22. (h) Any Other Related Matters

22. Ongoing research, public education, and stakeholder engagement are crucial to the successful implementation of any regulatory changes. Collaboration with international experts and learning from other jurisdictions, such as Germany, will be essential.
23. To effectively harness the potential benefits of cannabis regulation and address socio-economic and public health challenges, we recommend the NSW Government support a stronger research model in Australia.
24. This can be achieved by encouraging initiatives that bolster infrastructure for domestic cannabis production and enforcing more stringent testing standards for imported products.

Key Points:

1. Enhancing Research Infrastructure:

Support for Clinical Trials and Research: Allocate funding to universities and research institutions for clinical trials and research into the therapeutic benefits and potential risks of cannabis use. Focus on conditions such as chronic pain and epilepsy where preliminary evidence indicates potential benefits. It is worth noting that ANTG has been actively involved in research, collaborating on several research trials including a partnership with the University of Newcastle for pre-clinical studies on cannabis in models of acute myeloid leukemia, showing promising results that may lead to human clinical trials. In Armidale

For more information on our research projects, access this link:
<https://antg.com.au/research/>

Collaboration with Industry: Foster partnerships between academic institutions, government agencies, and the cannabis industry to drive innovation and knowledge sharing. This collaboration can help bridge the gap between clinical research and practical applications,

ensuring that findings are effectively translated into safe and effective treatments.

Data Collection and Monitoring: Establish a national registry to collect data on patient outcomes, product efficacy, and adverse effects. This registry can inform future policy decisions and contribute to a growing body of evidence supporting the safe use of cannabis in medical settings.

2. **Supporting Domestic Production:**

Investment in Production Facilities: Provide grants and incentives to support the development and expansion of state-of-the-art cultivation, manufacturing, and distribution facilities. Emphasise the importance of adhering to Good Manufacturing Practices (GMP) and Good Agricultural and Collection Practices (GACP) to ensure high-quality products.

Local Job Creation: Encourage the growth of the cannabis industry in regional areas to create jobs and stimulate local economies. Programs should include training and education initiatives to build a skilled workforce capable of supporting the industry's needs.

Sustainable Practices: Promote sustainable cultivation practices, including the development of renewable energy sources for production facilities. Encourage the use of best-practice farming methods and environmental stewardship within the industry.

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3. **Stringent Testing Standards for Imported Products:**

Mandatory Quality Control: Implement stringent testing requirements for all imported cannabis products to ensure they meet the same safety and quality standards as domestically produced products. This includes testing for contaminants such as heavy metals, pesticides, and mold.

Transparency and Traceability: Require detailed labelling and traceability for all cannabis products, including information on the origin, cultivation methods, and cannabinoid content. This transparency will help consumers make informed choices and build trust in the legal market.

Regulatory Oversight: Strengthen the role of regulatory bodies such as the Therapeutic Goods Administration (TGA) to enforce compliance with testing and labelling standards. Regular audits and inspections of both domestic and imported products can ensure ongoing adherence to these standards.

Further context:

Strategic Growth Initiatives by ANTG

23. **Significant Facility Expansion:** ANTG is expanding its state-of-the-art facility in Armidale, NSW, to increase production capacity. This expansion includes advanced greenhouse infrastructure, increased cultivation areas, and upgraded processing facilities.
24. **Sustainable Operations:** Development of a new solar farm to power operations sustainably, reducing carbon footprint and promoting environmental responsibility.
25. **Job Creation:** Creation of numerous job opportunities within the region, contributing to the local economy, with up to 45 new roles in cultivation and manufacturing.
26. **Technological Investment:** Investment in cutting-edge technology to enhance production efficiency and product quality, ensuring the highest standards of medicinal cannabis.
27. **Increased Orders and frequency** to meet growing demand in both domestic and international markets.
28. **Proprietary Strains:** Development of new proprietary cannabis strains specifically for the EU market, tailored to meet regulatory requirements and patient needs.

Market Expansion and Global Impact

29. ANTG's exclusive partnership with Cannamedical Pharma has solidified its presence in the flourishing German market, positioning ANTG as the largest exporter of medicinal cannabis from Australia.
30. With medicinal cannabis now legalised in over thirty countries, the global cannabis market is estimated to be worth more than US\$101 billion by 2026.

Closing remarks

ANTG believes that adopting a balanced and evidence-based approach to cannabis regulation in NSW can yield significant public health, economic, and social benefits.

By learning from international models, such as the German approach, and considering the Senate recommendations, NSW can develop a regulatory framework that addresses current challenges and leverages opportunities for growth and innovation in the cannabis industry.

ANTG remains committed to advancing the industry through innovation, sustainability, and excellence, ensuring that patients worldwide benefit from high-quality therapeutic solutions.

ⁱ Australian Government (2016). *Narcotic Drugs Amendment Act 2016*. Available at: <https://www.legislation.gov.au/Series/C2016A00012> [Accessed 11 June 2024]

ⁱⁱ *Sasha McCarthy, Tom Joyner. (2020). Medicinal cannabis regulation costing patients \$600 a month, forcing some to turn to the black market. [Online]. www.abc.net.au/news. Last Updated: 20 February. Available at: https://www.abc.net.au/news/2020-02-20/medicinal-cannabis-cost-forcing-patients-to-black-market/1197 [Accessed 11 June 2024]*

ⁱⁱⁱ Martin Lane. (2022). AMCA calls on industry to get behind compassionate access scheme. [Online]. www.cannabiz.com.au. Last Updated: May 24, 2022. Available at <https://www.cannabiz.com.au/amca-calls-on-industry-to-get-behind-compassionate-access-scheme/> [Accessed 11 June 2024].

^{iv} Palmer, M. (2023). *'Prohibition is failing': Ex-AFP boss says criminalising cannabis use does more harm than good*. The Age, hosted by Pennington Institute. Available at: <https://www.pennington.org.au> (Accessed: 11.6.24).

^v *Library of Congress (2024). Germany: New Cannabis Act Enters into Force. Available at: https://www.loc.gov/item/global-legal-monitor/2024-04-18/germany-new-cannabis-act-enters-into-force (Accessed: 11.6.24).*

^{vi} Palmer, M. (2024). *Neil Mitchell: Leading cannabis reform advocate steps up campaign for legalisation*. 9News. Available at: <https://www.9news.com.au> (Accessed: 11.6.24).

^{vii} Harm Reduction Australia. 2024. Available at: <https://www.harmreductionaustralia.org.au/> (Accessed: 11.6.24).