



Tasmanian Farmers and Graziers Association

Submission to: Legislative Council Inquiry into Legalised Medicinal Cannabis

August, 2014



AGRICULTURE IN TASMANIA

The total Tasmania gross state product (GSP) was \$23.9 billion for the 2012 year. The GVP of agriculture, forestry and fishing collectively amounted to almost 9% of this total – before input supply services and value-adding, which is well above that for the nation as a whole.

In 2010/11, the farm gate value of production (GVP) of agriculture, forestry and fishing was \$1.98 billion. This comprised:

- agriculture - \$1.150 billion;
- forestry - \$235million; and
- fishing - \$597 million.

This is before considering input supply services and value-adding. Taking into account basic multiplier factors, this means the farm-dependent economy contributes more than \$5.0 billion to the gross state economy - in spite of adverse pressures on the forestry industry.

Over the past 25 years, the average annual rate of increase in farm gate GVP has been close to 4%. Average growth in the farm GVP over the recent past has been slightly slower than average, as a result of reduced export returns due to the high value of the \$A and increasing cost pressures along the value chain.

Milk and milk products followed by livestock and livestock products were the main sector contributors to farm production value. However, this was partly offset by reduced vegetables output associated with severe wet weather at harvest in the first quarter of 2011.

Some 10,500 people were employed directly in agriculture forestry and fishing. A further 8,500 people were employed in services to agriculture and food and fibre value-adding. This is close to 9% of the working population in Tasmania.

The preliminary Tasmanian government Scorecard data for 2010-11 (prepared by DPIPW) indicates the wholesale value of food and beverage production has remained steady, roughly in line with the previous year at \$2.7billion This demonstrates the important role that the processing sector plays in adding value to farm gate returns and the fortunes of those who live and work in the farm dependent sector.

Furthermore, the inclusion of forestry as a long cycle crop enterprise in farming businesses in the state means that the overall economic contribution must include these figures too. Our best estimate is that in 2009/10 this added a further \$400 million to farm gate income. Clearly, as a result of the uncertainty currently evident in this sector, that figure has fallen significantly since then. Nonetheless, on a long term outlook, forestry remains an integral part of a diversified farm business.

Compared to the previous year, growth in agriculture GVP has broadly offset the fall in forestry GVP.

The vast bulk of our agricultural product is sold interstate and overseas.

Farm exports in 2010/11 easily exceeded \$550m (farm gate equivalent value) when account is taken of pharmaceutical products. The share of exports to Asian destination exceeded 50%. In addition, it is estimated that a further \$1.8 billion of raw and value-added product was shipped to the mainland.

In 2011/2012, total exports from Tasmania were valued at \$3.196 billion. Agricultural products represented some 30% of that total – approximately \$1 billion. Almost 25% of total exports (\$502 million) were destined for ASEAN countries. Agricultural products valued at approximately \$121 million represented 25% of that total. ASEAN countries have become increasingly important destinations too, with overall exports increasing marginally over the past three years; and food exports alone increasing significantly from \$71 million to \$96 million over the period 2009/2010 through 2011/2012. Major products exported to ASEAN countries included dairy (\$42 million); seafood (\$32 million) and wood products (\$20 million estimated from private forestry sector). Key destinations included Japan (35%), China (21%), and Hong Kong (21%).

Farmers are also significant land managers in the state, with almost a third of Tasmania's land area of 68,300 sq. km committed to agriculture.

These figures clearly confirm the importance of the sector as an economic driver for the state's economy – and also demonstrate that agriculture is a more significant contributor to the Tasmanian economy than in any other state. With this in mind, it is clear that Tasmania needs to ensure that the agricultural base of the state remains competitive and profitable.

About the TFGA

The TFGA is the leading representative body for Tasmanian primary producers. TFGA members are responsible for generating approximately 80% of the value created by the Tasmanian agricultural sector.

Operationally, the TFGA is divided into separate councils that deal with each of the major commodity areas. As well, we have a number of standing committees that deal with cross-commodity issues such as climate change, biosecurity, forestry, water and weeds. This structure ensures that we are constantly in contact with farmers and other related service providers across the state. As a result, we are well aware of the outlook, expectations and practical needs of our industry.

With our purpose being to promote the sustainable development of Tasmanian primary industries, the TFGA is committed to ensuring that the agriculture sector in Tasmania is profitable and sustainable. We are also committed to promoting the vital contribution the agricultural sector makes to the environmental, social and economic fabric of the Tasmanian community.

COMMENT

The TFGA welcomes the opportunity to provide a submission to the Legislative Council Inquiry into Legalised Medicinal Cannabis. The Tasmanian Farmers and Graziers Association does not have the knowledge or expertise to respond to all the Terms of Reference and, accordingly, we will confine our comments to the areas that we are qualified to comment on.

The potential impact on agricultural or other sectors in Tasmania

The TFGA is supportive of the need to have a mature discussion and debate about the need for the legalisation of cannabis use for medicinal purposes. There is a body of evidence to suggest that such a use has a role to play in the mosaic of potential treatment regimes for a number of medical and terminal conditions.

At some future time, if medicinal cannabis were to be approved for use in Tasmania, then the potential exists for a number of farmers to enter the industry. However, legalisation of the use of cannabis for medicinal purposes would not of itself produce a large sustainable production industry for the Tasmanian economy in the short term.

It needs to be recognised that this opportunity would be ameliorated to a large extent by the fact that it would be a highly regulated industry and that, at least in early stages, it would be very small relative to other cropping options for Tasmanian farmers.

It is possible that the growth of the sector would take some time; as we saw with the opium poppy industry. That process has evolved over 30-40 years to the point where the industry in Tasmania is highly efficient. It now produces about 50% of the world's concentrated poppy straw (CPS) for morphine and related opiates from merely 10.7% of the production area.

Other matters that need to be considered in the current debate are the impacts that may occur if such use of cannabis is approved and the negative impact that the current debate is having on the potential growth of the agricultural sector in Tasmania.

Australia is a signatory to the *United Nations' Single Convention on Narcotic Drugs 1961* and its subsequent amendment in 1972, the *Protocol Amending the Single Convention 1972*. Australia is required to carefully control and supervise all stages of the growing and production of narcotic substances as well as the import and export of narcotic material. Implementation of the Convention is overseen by the International Narcotics Control Board (INCB).

In any approval of the use of cannabis for medicinal purposes and the subsequent growing and cultivation, these Conventions will need to be adhered to as cannabis and cannabis resin are listed on schedule 1 of the Convention.

Of more immediate concern is the adverse impact this debate is having on the attempts to establish a viable and sustainable industrial hemp industry.

Unlike medical cannabis, the immediate potential for industrial hemp is significant and holds the promise of a new horizon industry on the back of the significant irrigation investment in Tasmania over the last two years. When approval is given to allow the growing of industrial hemp for foodstuffs as well as fibre, the potential for industry growth will be substantive. Over time, it may come to equal the poppy industry in its importance to Tasmanian agriculture.

However, many within the media and parliamentary and bureaucratic circles, as well as the broader community, continue to confuse the two separate issues and, indeed, the plants.

This results in those that see the legalisation of cannabis for medicinal purposes as some type of 'soft on drugs' approach also opposing the development of an industrial hemp industry. They clearly fail to comprehend that they are two completely separate crops; and industrial hemp has little or no narcotic components.

Putting this aside, whatever the outcome, nothing can happen until the Commonwealth acts to approve conditions under which production would be licenced, as it has done with for the opium poppy industry. This would ensure consistency and quality of the product. Secondly, in the case of medicinal cannabis, the Therapeutic Goods Administration would need to fast-track change in the classification status of cannabis from illegal to highly controlled.

In our view, regulations surrounding the production and supply of industrial hemp or medicinal cannabis should not differ from processes in other similar botanical medicine products.

It is important to note that there are many regulatory regimes already in existence that could prove useful in developing models for production of industrial hemp and, subsequently, medicinal cannabis.

Our research has not identified another jurisdiction that places as many regulatory hurdles around the production of industrial hemp as are currently in place in Tasmania. An increasing number of countries have legalised cannabis for medical use, including Canada, North Korea, Chile, Brazil, Spain, the Netherlands and a number of other European nations. It is also legal in around 23 of the United States.

The situation in Canada is just one example. Medical marijuana production has been permitted there since 2001. Earlier this year, the rules there were changed significantly. Previously, the 37,000 Canadians licensed to possess cannabis for medicinal use were permitted to grow their own, or purchase from small-scale producers.

Now, medical marijuana users must buy directly from commercial-sized, profit-seeking operations authorized to grow and sell cannabis by Health Canada, in accordance with strict new regulations. Patients still need a document signed by a health care practitioner to buy medical cannabis, but they no longer require a Health Canada permit.

Health Canada cited a number of reasons to favour regulatory reform in a lengthy analysis it prepared in 2012. It noted that recent Canadian court decisions supported its own position,

that dried marijuana for medical purposes should be produced and distributed as much as possible in the same manner as a medication. The analysis mentioned that under the old system, registered users generally dislike the application process, and the fact that only a single strain of marijuana is available for purchase.

The report considered various options for supply, from botanical raw material (eg permission for patients to grow their own plants) to prescribed finished pharmaceutical products. Quality control is imperative. Patient satisfaction from legal self-sourced supplies of home-grown cannabis in Canada was reported as “poor”.

It also raised issues around security and safety for patients who grow their own: The potential for diversion of marijuana to the illicit market due to limited security requirements, the risk of violent home invasion by criminals attempting to steal marijuana, fire hazards due to faulty or overloaded electricity installation to accommodate high-intensity lighting for its cultivation, and humidity and poor air quality.

By Health Canada’s own estimate, it is expected that the number of licensed medical marijuana consumers will increase almost ten-fold in the next decade, to approximately 309,000; as more evidence about the drug’s efficacy emerges, and more doctors become willing to prescribe it to patients. Health Canada estimates that by 2024, the legal marijuana supply industry may have annual revenues of \$1.3 billion.

This more regulated approach delivers a standardised product that spreads benefits through the community. Licensed producers authorised under Health Canada’s new Marihuana for Medical Purposes Regulations (MMPR) legislation will grow, process and package dried cannabis from secure facilities, much as is now done in Tasmania now for opium poppies.

Tasmanian farming enterprises are diverse and highly sophisticated operations. Farmers are keen to expand the range of cropping options available to enhance rotation outcomes in both agronomic and financial terms. Hemp and cannabis would both be valuable additions to the existing crop suite.

Economically, these are attractive – even easy – propositions. Each farm business that grows hemp (or, in due course, cannabis) will pay local rates and taxes, and purchase local power and utility services. They will each require dozens of employees, from white-collar executives to horticulturists and botanists to security staff. There will be specialist services in packing handling and transporting. The list goes on.

However, there are obvious social and emotional issues around the legal cultivation of cannabis, even if strictly for medical use. These need to be addressed before moving down this path.

In our view, the focus should be on first developing a robust production regime for hemp and showing we can make that work. The next step may then be production of cannabis for medical use.

SUMMARY

The TFGA is supportive of the need to have the discussion and debate around the use of cannabis for medicinal purposes. We recognise that in the broader community there are a raft of views on this issue and that the Parliament needs, as a matter of course, to engage in public discourse over such an issue.

The current debate around legalised cannabis for medicinal purposes is thus in many ways a distraction from the very real need for us to remove unnecessary obstacles to the establishment of an industrial hemp industry in Tasmania. Issues of the medical justification for such a proposal are beyond our expertise; and others will not doubt comment on length on these matters.

This is a fraught issue in the community, with many holding entrenched and opposite views. We will only get one chance to get it right. On that basis, we submit that we need to walk before we can run.

The near constant confusion and convergence of the two distinctly different issues is both frustrating and counterproductive to the future expansion of either production sector in Tasmania, thus negatively impacting on both farmers and the wider community.

Wherever possible, we urge the Committee to assist in clearly delineating the two issues. We also seek the Committee's support to move in a sensible staged approach to any trial of cannabis for medicinal purposes.

In our view, the primary priority should be to ensure that the industrial hemp industry receives unqualified support in its attempt to establish a long term industry for the not only the benefit of Tasmanian farmers but the Tasmanian economy as a whole. When that has been successfully achieved, we will be in a stronger position to undertake the move to legal cultivation of cannabis for medical purposes.