



## **Economic and International Affairs Scrutiny Panel**

### **Regulations for Medicinal Cannabis**

## **Witness: The Minister for Economic Development, Tourism, Sport and Culture**

Friday, 19th November 2021

#### **Panel:**

Deputy D. Johnson of St. Mary (Chair)

Deputy S.G. Luce of St. Martin (Vice-Chair)

Senator S.W. Pallett

#### **Witnesses:**

Senator L.J. Farnham, The Minister for Economic Development, Tourism, Sport and Culture

Mr. P. McCabe, Chief Pharmacist

Mr. D. Houseago, Group Director, Economy and Partnerships

Mr. S. Meadows, Head of Biosecurity

Deputy R.J. Renouf of St. Ouen, The Minister for Health and Social Services

[12:03]

#### **Deputy D. Johnson of St. Mary (Chair):**

Good morning, everyone, and welcome to this hearing of the Economic and International Affairs Scrutiny Panel, in relation to our review on the medical cannabis industry. I will begin by introducing the panel, which consists of myself, Deputy David Johnson.

#### **Deputy S.G. Luce of St. Martin (Vice-Chair):**

Deputy Steve Luce of St. Martin, vice chair of the panel.

#### **Senator S.W. Pallett:**

Senator Steve Pallett, member.

**The Deputy of St. Mary:**

Minister, would you like to introduce yourself and your team?

**The Minister for Economic Development, Tourism, Sport and Culture:**

Thank you, Chair. Senator Lyndon Farnham, the Minister for Economic Development, Tourism, Sport and Culture.

**Group Director, Economy and Partnerships:**

Dan Houseago, Group Director, Economy and Partnerships.

**Head of Biosecurity:**

Scott Meadows, head of biosecurity.

**Chief Pharmacist:**

Paul McCabe, chief pharmacist.

**The Deputy of St. Mary:**

Anyone in online? Okay. Well, by way of refresh, as it were, you will recall you have kindly attended public hearings before, based on which we began our report, and it is only because we received additional information subsequently that we sought clarification, and the purpose of this hearing is to obtain that clarification. My first question is a very general one. In the draft report, which you saw, Minister, we did refer to the term “medicinal cannabis” which we understand is not strictly correct. Is there a term we can use or are you able to give us an easy reference where we can alternate something?

**Chief Pharmacist:**

The term “medicinal cannabis” means a number of things to different people, so I think the important thing, if you are going to use the term, is to be clear exactly what it relates to. Medicinal cannabis would be the finished medicinal products that can be prescribed and given to patients. Everything leading up to that are ingredient precursors, but it is that final product. I think as long as we clear that when we say medicinal cannabis we are talking about what we can give to patients then I think we will be fine.

**The Deputy of St. Mary:**

Again, from your earlier comments, you point out there is a clear distinction between cultivated cannabis and a finished cannabis-based medicinal product. If we make that statement at the beginning of our report will that be enough for you?

**Chief Pharmacist:**

I think so. I think the general terminology that is used, because cannabis-based medicines can be the flower, they can be oils, they can be capsules, they can be a range of different formulations, in general terms the use of the cannabis-based product for medicinal use, or C.B.P.M. (cannabis-based product for medicinal use) for short, so that would be a good phrase to use when we are talking about medicinal products.

**The Deputy of St. Mary:**

Maybe C.B.P.M. might be a useful acronym, thanks.

**The Deputy of St. Martin:**

Technically, even if the crop is to be used for medicinal cannabis purposes it is still cannabis until it turns into a product?

**Chief Pharmacist:**

Yes, because it is only that final product that can be prescribed as ...

**The Deputy of St. Martin:**

I think that is where there is some confusion.

**Chief Pharmacist:**

Yes.

**The Deputy of St. Mary:**

Okay, I think that clears that one up, and we will have a series of questions on the cultivation and exportation. Rather than me ask detailed ones, and as the chief pharmacist it is probably your area, can you just run through the process from a grower to export?

**Chief Pharmacist:**

Perhaps starting with export first, so cannabis is a controlled drug just like any other controlled drugs under the Misuse of Drugs Law and the Misuse of Drugs Law provides in general that the import or export of controlled drugs is prohibited unless in accordance with a specific licence for that import or export. Imports or exports of cannabis or cannabis material or finished C.B.P.M. would need to be in accordance with a specific licence granted for that purpose under the Misuse of Drugs Law. That is independent of any other licences that may or may not be in play in regard to the manufacture of the products and things like that. So in order to export anything from the Island there would need to be a specific licence for that specific consignment to be exported out of Jersey. International

conventions would say that we cannot just issue export licences for the same stuff for wherever we want. We need to be sure that the destination jurisdiction has authorised the importation, so they are under some international conventions that no jurisdiction would ever issue an export licence for products unless the competent authority's destination jurisdiction has issued an import licence. That is what governs the import or export of all controlled drugs, and cannabis is no different in that regard and the cannabis-based medicines are no different to morphine tablets within the terms of the import and export under the Misuse of Drugs Law.

**The Deputy of St. Mary:**

So starting at the very beginning, when Jersey imports the basic product, you will have sought the export licence from the U.K. (United Kingdom) if that is where the cannabis is coming from?

**Chief Pharmacist:**

We would issue a licence to permit the importation into Jersey. It would be for the Home Office and the U.K. to issue an export licence to the exporter in the U.K. to enable them to lawfully export from the U.K. We would work in collaboration with the Home Office so that the 2 licences tally. The export licence is required by the exporter in wherever it is coming from, from the competent authority. In the case of the U.K. that would be the Home Office.

**The Deputy of St. Martin:**

Just to be clear, when a producer in Jersey starts the cultivation of a crop, does he import plants or does he import seeds?

**Chief Pharmacist:**

It could be either. It depends on what they want to do. Generally for medicinal products you want to be able to grow a plant consistently to the same specification every time. That tends to be from clones or plant cuttings in order to do that, rather than seed. I think if you use seed you get a much more variable crop and it is more difficult to control the quality and consistency so you would generally grow from plants. What would probably happen normally would be the cultivator would import a range of different cultivars, depending on the specification of the plant they wanted to grow and they would have a room where they would propagate those plants to give themselves clonal cuttings to plant out for cultivation but the plant material is a controlled substance.

**The Deputy of St. Martin:**

Sorry, just to be clear, is the grower in Jersey importing the plants or is he importing a plant and then cloning the plant in Jersey?

**Chief Pharmacist:**

It could be either.

**Head of Biosecurity:**

It could be either. So people could import live plants as happens in the tomato industry. They can import bare-rooted cuttings or cuttings ready to root or tissue culture or seed. Seed is more applicable to the field-grown crops and the interior-grown crops would be cuttings, clones and other plants, and tissue culture.

**The Deputy of St. Martin:**

Are there specific cultivators of these plants, cuttings, roots in the U.K. who just grow cannabis plants for medicinal purposes?

**Head of Biosecurity:**

Not yet, but I think it is probably a sector that will develop as the European markets mature. I think there are people who will move into that supply slot to just specialise in that area.

**The Deputy of St. Martin:**

But they do not exist at the moment?

**Head of Biosecurity:**

Not to my knowledge, no.

**The Deputy of St. Martin:**

So if a Jersey cultivator was ready to start growing cannabis for medicinal purposes next year where would he source his original material?

**Head of Biosecurity:**

The single supplier we have got at the moment is Canada for 6,000 plants to come in via the U.K.

**The Deputy of St. Martin:**

In Canada do they have a specific laboratory or cultivator who does that job, or would they just import a plant or plants from an existing cannabis grower?

**Head of Biosecurity:**

They would import plants from an existing cannabis grower who is suitably licensed at the Canadian end.

**The Deputy of St. Mary:**

So taking that through, then, the starting basis would be that the Jersey cultivator would be in touch with his supplier, whoever it might be, and when they get to the point of transfer over they apply to you for a licence?

**Chief Pharmacist:**

Yes, they would apply for an import licence.

**The Deputy of St. Mary:**

With the information and the references that he has provided you with, you would contact your counterpart in whatever country it was?

**Chief Pharmacist:**

Yes, so for importation the importer or the local grower, for want of a better expression, would be issued with the import licence because you have got specification of the plants they want to import. They then have to supply that to the exporter in Canada who would then apply to the Canadian authorities for an export licence to mirror the import licence, and that is how it would work.

**The Deputy of St. Mary:**

So how would imports work, then?

**Chief Pharmacist:**

Really just to add that seed sales are not controlled substances, and there is no import/export licence required for seeds.

**The Deputy of St. Mary:**

Okay, so turning to export then, the reverse process, you are contacted by the importing country for that. What inspection do you carry out at that stage or on whose behalf?

**Chief Pharmacist:**

So the importer, say it was in the U.K., it would not matter where it was because the same principles would apply, the company wanting to import it to the U.K. would first apply to the Home Office for an import licence. The Home Office would share that. If they grant that licence they would share that with me and the local exporter would apply, would be provided a copy by the importer so then the local would then apply for an export licence, which I can reconcile against the Home Office import licence and if it all tallies then issue an export licence. We would also want to know to whom it is going, because we would want to be assured that it is a finished cannabis-based medicinal product. Only specialist importers can import that in the U.K. so we would check that as well.

**The Deputy of St. Mary:**

As Jersey is then exporting the crop, what inspection of that crop is made?

**Chief Pharmacist:**

We have not done it yet. I think there would not necessarily be an inspection. That potentially, because it is an import and export, it would fall to customs to be assured about, that what is being exported is if it says there are 100 plants that there are 100 plants that is moved. You would not go physically inspect every consignment that is going to be exported, from our perspective anyway.

**The Deputy of St. Mary:**

Would such an inspection be taken of a sample of the consignment?

**Chief Pharmacist:**

For a finished medicinal product obviously that has to be manufactured to the same standard as the medicine so in order for that product to be released into the supply chain for patients it would have to be signed off through quality control and batch released.

[12:15]

So you do not just make a product and then send it. They would have to go through quality control to ensure it is to the right specification, because if it fails specification it cannot be supplied. That is all part of their G.M.P. (Good Manufacturing Practice) accreditation certification, so the U.K. Medicines and Healthcare Products Regulator would have gone through these processes and procedures with the producer to ensure that their systems that are in place guarantee any products they want to release to the market, be it locally or into the U.K., had been manufactured in accordance with G.M.P. and had passed the relevant quality control checks to ensure that if it says it is 10 per cent T.H.C. (Tetrahydrocannabinol) it is in fact 10 per cent T.H.C.

**The Deputy of St. Martin:**

Just jumping ahead, then, if a product has not been processed and is grown wherever but it has not been processed to ascertain those levels and it is still to be processed, can it be exported in an unprocessed stage to a processor in the U.K., for example?

**Chief Pharmacist:**

Potentially, yes. There are effectively 3 products that can be produced from a crop. We have talked about the end product, which is the cannabis-based medicinal product, C.B.P.M. There is an intermediary product which is called an active pharmaceutical ingredient, which is the starting material that manufacturers of medicines require to incorporate into their medicine. The A.P.I.

(active pharmaceutical ingredient) also needs to be produced in accordance with G.M.P. otherwise it does not qualify as an A.P.I. There would also potentially be scope for people to contract grow for a G.M.P.-certified company as happens in the U.K. so you could have a cultivator growing to G.A.C.P. (Good Agricultural and Collection Practices) standards to ensure consistency and quality as a raw material, so they could cultivate under contract to a G.M.P.-certified producer so that they could supply the raw material to that other producer, who would then put it through the G.M.P. process to produce either an A.P.I. or a finished C.B.P.M.

**The Deputy of St. Martin:**

So the unprocessed crop is exported to a processor who has G.M.P. status?

**Chief Pharmacist:**

Correct.

**The Deputy of St. Martin:**

Is there a requirement on the cultivator and grower of the cannabis - unprocessed - to come up to G.M.P. standards?

**Chief Pharmacist:**

There is no requirement as a single cultivator, if that is all you are producing, for the raw starting material to be G.M.P. but in the manufacture of an A.P.I. medicinal product there is a requirement that that crop is produced to G.A.C.P. standards. In other words, you cannot introduce it into the manufacture of an A.P.I. in the first place.

**The Deputy of St. Martin:**

Can you explain the difference between G.A.C.P. and G.M.P., then please?

**Chief Pharmacist:**

I am not familiar with G.A.C.P. so I will not be able to answer that one. G.M.P. is specifically around the manufacture of medicinal products to ensure the consistency and quality of medicinal products or the final raw material that is used to incorporate it into a medicinal product. G.M.P. is all around the quality of the medicine, the quality of the product that you supply to patients. G.A.C.P. is around the quality and consistency around the crop cultivation.

**Head of Biosecurity:**

G.A.C.P. is a set of guidance that stipulates how a crop should be grown before it gets to a product point, so that is all about crop site, health, hygiene, phytosanitary conditions, crop cleanliness, pesticides approved for use or not approved for use, so it is the kind of stuff that is firmly embedded

in things like the L.E.A.F. (Linking Environment and Farming) audit and stuff like that, so it is the agricultural process of producing the plant.

**Senator S.W. Pallett:**

Who carries out those checks? There have got to be certain checks there.

**Head of Biosecurity:**

G.A.C.P. is a self-filling audit system that is covered by external bodies. So to qualify for G.A.C.P. there is a remote inspection.

**Senator S.W. Pallett:**

So the producer would do a self-audit. Are there any spot checks?

**Head of Biosecurity:**

Not by us, but then that leads into a conversation about a proposed Jersey standard later. So would we be looking to go higher than the standards that are prescribed by industry? That is a separate debate.

**Senator S.W. Pallett:**

On the medicinal cannabis side from the G.M.P. point of view, although you are not at that point yet, in terms of quality checks, in terms of the product, because it will be a finished product that is going to go for sale potentially as a drug that people take, what is the checking process for that?

**Chief Pharmacist:**

We do not have the expertise locally to do that, so we have an arrangement with the U.K. M.H.R.A. (Medicines and Healthcare products Regulatory Agency) so they will come and undertake any G.M.P. inspections where appropriate and issue internationally-recognised G.M.P. certificates and they would also advise on allowing the production of the finished medicinal product as well. We use the internationally-recognised M.H.R.A. to do that for us so that we can be assured, because we do not have that expertise locally.

**Senator S.W. Pallett:**

As the process that Scott mentioned, would that be a self-audit with companies as well? What normally happens with it?

**Chief Pharmacist:**

With G.M.P. the M.H.R.A. would visit, would be on site and take out a site inspection, and they have done so already for one of the licence holders. They have done part 1 of a 2-part inspection process,

so they would do that and then come back to reaudit to make sure the standards are fit and proper. There is a requirement under G.M.P. for a producer to undertake internal audits annually and produce an action plan for anything they find in the report. If they do not do that then that puts their G.M.P. certificate at risk.

**The Deputy of St. Mary:**

Can I reiterate that for clarity? For the raw product, the G.A.C.P., that is done internally. There is no outside influence. When we get on to a product involving a medicinal aspect that is the G.M.P. certification and when that happens an inspection will be conducted by the M.H.R.A. and they come over specially for that purpose?

**Group Director, Economy and Partnerships:**

Yes, there is an M.O.U. (memorandum of understanding), so we have got a formal arrangement with them to do that.

**The Deputy of St. Mary:**

It just occurs to me, if this business gets off the ground as well as we are told it is going to, this poor inspector is going to be over here quite a lot.

**Chief Pharmacist:**

They have a pool of inspectors. It is the same team that inspects the client companies, so it is the same people who come and do it over here. They have a whole crew of people that we can pull from. It is a case of contacting them and then scheduling in the inspection, so it is not an immediate jump on the plane and come over. It can often take 2 to 3 months to schedule an inspection and to get on the inspection rota.

**The Deputy of St. Mary:**

So they are coming over in any event for other reasons, probably?

**Chief Pharmacist:**

With the one inspection we have had so far we invited them over specifically to do that inspection and there was a lead time for that.

**The Deputy of St. Mary:**

That is not relevant for now, but do you anticipate getting to a stage where there might be some arrangement where we have our own here, or will that never happen?

**Chief Pharmacist:**

I think potentially you could have your own inspector here, but I think it would have to be under the umbrella of the M.H.R.A. because the M.H.R.A. is an internationally-recognised medicines regulator and the G.M.P. certificates say that they are internationally-recognised. We then have that international recognition so I do not see a stage where we would ever issue our own G.M.P. certificates.

**The Deputy of St. Martin:**

Is it possible to be a processor off-Island without G.M.P. certification? Is it possible to be a processor of a raw product in a jurisdiction away from Jersey where you do not need to have G.M.P. certification?

**Chief Pharmacist:**

I do not know what is around in other jurisdictions but what could not happen is you could not use the active pharmaceutical ingredient to produce to G.M.P. standards. Part of the process of validating your production cycle, if you like, would be where you get your starting material from and if it is not to the requisite standard you will not be able to introduce that into the supply chain.

**The Deputy of St. Martin:**

Say we export potentially an unprocessed crop from Jersey which has been produced under G.A.C.P. It arrives in a processing centre wherever and it is not up to the required standard; what happens then?

**Chief Pharmacist:**

It would only go to a processor who is G.M.P. so their G.M.P. compliance certification means that they would not take the product if it is not up to the standard specified.

**The Deputy of St. Martin:**

Yes, so what would happen if the product arrived at the processing centre and it was not up to the standard?

**Chief Pharmacist:**

That would be a matter for that jurisdiction but if it happened at this end that would be destroyed, because it is not up to scratch.

**The Deputy of St. Martin:**

So potentially it is possible to export a product grown under G.A.C.P. from Jersey where the producer is not G.M.P. and it goes to a processing centre in whatever jurisdiction that is G.M.P. but

the product that arrives at the processing centre is not of sufficient quality to be processed into medicinal cannabis?

**Chief Pharmacist:**

I guess it depends what it is being used for. If it is being used for extraction of T.H.C. and C.B.D. (Cannabidiol) from the plants then you are not as concerned about the exact quantities of T.H.C. and C.B.D. in the plant material itself, because you can extract those as individual substances which then become the A.P.I. It would depend. I think if you are supplying flower, a packaged flower which is going to be subsequently processed and cured and packaged into a product that is the flower then you would be sending that with a certificate of analysis confirming that it is specified, so it would not an analysis confirming that it meets the specification that was intended, and the export licence would be clear about what would be exported.

**Head of Biosecurity:**

That conversation about E.U. (European Union) G.M.P. accreditation and the individual characteristics of that batch would have occurred between the seller and the buyer already, so the buyer would not be buying non-E.U. G.M.P. or would not be receiving non-E.U. G.M.P. accredited product if they did not want it, so that interaction and the clarification of what the order was, essentially, would have occurred already. It is unlikely that anyone purchasing materials that are pushed on further into the manufacture chain would be purchasing substandard non-E.U. G.M.P. material.

**Senator S.W. Pallett:**

Because it would be picked up in the internal audit process?

**Head of Biosecurity:**

The buyer would not want non-E.U. G.M.P. material. That would be fundamentally established right at the beginning of the process.

**Senator S.W. Pallett:**

In that G.A.C.P. internal audit process would that be picked up?

**Head of Biosecurity:**

Yes.

**Chief Pharmacist:**

I would expect, if I am a customer and I want a product that is 10 per cent T.H.C., that my supplier produces a certificate of analysis concurring that is the case before they ship it. If we get an export

licence to ship a quantity of flower that is 10 per cent T.H.C. the certificate concurs that that is what it is.

**The Deputy of St. Mary:**

Who does that analysis?

**Chief Pharmacist:**

That is for the producer to engage with the laboratories and to take that analysis. They will allow perhaps to have a laboratory on-Island to do that.

**Senator S.W. Pallett:**

Will that be a States-run laboratory or would it be a privately run commercial laboratory?

**Chief Pharmacist:**

It would be a privately-run commercial laboratory.

**Senator S.W. Pallett:**

Is that something that is needed, that the growers or cultivators are already considering? I know that there are groups that are looking at that.

**Chief Pharmacist:**

It is, yes.

**Group Director, Economy and Partnerships:**

It might be worth noting, Chair, that there are local legislative controls that we can put on to imports and exports that currently exist. I think it is important to say that this is an iterative process so, as we have said, we have not had any exports yet, but we do have the ability to control this in an enhanced way, should we want to have that conversation about the red tape versus the ability to meet the pace of the market. We do have the Agricultural Marketing Law where we have conditions on lots of other things before it leaves the Island and we also have got other pieces of legislation that can help control production through the Protection of Agricultural Land Law as well. We have not deployed those, but they are in existence, so there is a balancing act around do we think that the current regulatory regime is adequate? If it is not we do have the existing legislation that we can enforce through an order to add additional controls on export should we see fit.

**The Deputy of St. Mary:**

We go on about the quality of the product from here. I would like to think that there are various varieties that the cultivator can cultivate.

**Chief Pharmacist:**

In broad terms there are 3 types of products. There is a product which is high in T.H.C. and low in C.B.D. There is a product that is high in C.B.D. and low in T.H.C. and then there is a balanced product that has roughly equal quantities of both. The market is broadly for those 3 ranges of products, but there are variations between the concentrations of the active substances in each batch. Those are the essential products that will be produced.

**The Deputy of St. Mary:**

Okay, so in a way what we are talking about is a contract between the exporter, if that is what the Jersey cultivator is, and what the person wants on the other side.

**Chief Pharmacist:**

Yes. Certainly to date the 2 local suppliers have indicated that they will only be supplying G.M.P. quality product anyway.

[12:30]

**The Deputy of St. Mary:**

Which is where the high value is, one hopes?

**Chief Pharmacist:**

Exactly that, yes.

**Senator S.W. Pallett:**

You spoke about internal audits and G.A.C.P. but in terms of what will be required from those producing it, in terms of qualified people or support within their own companies, we are going to go on to qualified persons and control later but in terms of the qualifications and expertise these companies will need, what will you be expecting from them or insisting from them?

**Chief Pharmacist:**

They will have to demonstrate that they have the appropriate people in M.H.R.A. in order to get their G.M.P. certificate, so they need people who have got a knowledge of manufacturing and production of medicines and producing finished medicinal products. A lot of the companies who are looking to start are contracting in specialists to provide that support. My guess would be they will probably use that external expertise to train up local people to be able to take over certain functions in due course.

**The Deputy of St. Martin:**

To be clear, we have established that they do not need to be G.M.P. certificated to grow cannabis in Jersey?

**Chief Pharmacist:**

No, G.M.P. certification is not required to grow the product.

**The Deputy of St. Martin:**

It is not required to export either?

**Chief Pharmacist:**

No, G.M.P. relates to the quality of the product.

**Senator S.W. Pallett:**

That audit of the quality of the product you are producing, that is what you would need those qualified persons within those persons to ...

**Chief Pharmacist:**

Certainly in terms of producing the finished medicinal product, if someone is going to authorise that product to be released for supply to patients they need to understand fully the risks and responsibilities around that. So we need to import people with that sort of expertise.

**Senator S.W. Pallett:**

So initially there is going to be a high likelihood that we are going to have to import some of these skills?

**Chief Pharmacist:**

Agreed, yes.

**The Deputy of St. Martin:**

If we did not have any producers in Jersey up to G.M.P. certification, though, would we still need to import expertise in the same way?

**Chief Pharmacist:**

I am not aware of what expertise would be required for the G.A.C.P. side. If they are not producing an active pharmaceutical ingredient they are producing literally the starting material, then the G.M.P. does not apply, so all the people you need around the G.M.P. side of producing the broad active pharmaceutical ingredient or finished medicine would not apply if it is just simple cultivation.

**The Deputy of St. Martin:**

The point that I am getting at is we have the potential in Jersey to have all our cannabis growers non-G.M.P. certificated and all the crop could be exported off the Island without any G.M.P. certification?

**Chief Pharmacist:**

Yes, or conversely we could insist that everything is grown to G.M.P. so that nothing leaves the Island unless it is G.M.P.

**The Deputy of St. Martin:**

That is not the proposal on the table at the moment?

**Chief Pharmacist:**

At the minute that is not what is required. Internationally that is not what is required, so the big growers around the world that supply pharmaceutical companies grow to G.A.C.P. and it is the pharmaceutical company that then take that raw material and process it in accordance with G.M.P. What you are describing is not an uncommon thing for other jurisdictions that grow cannabis for medicinal use.

**Head of Biosecurity:**

But it would limit the final destination market if something was not E.U. G.M.P. accredited. It would severely limit its saleability in the international medicinal markets.

**Senator S.W. Pallett:**

To exactly that point, are there countries that if your product was not all to E.U. G.M.P. standard might not accept product from here?

**Head of Biosecurity:**

Not so much country but the purchaser. It is all about the requirement of the purchaser, very similar to a supermarket with its tomatoes. It wants tomatoes that are 10 cm wide and a certain shade of red and are grown from Piccolo, so these cannabis buyers will be stipulating very much the same: "I want 20 kg packages to this specification with this terpene profile grown from this variety and with a proven analysis certificate to travel with it" and if it does not meet the specification of the buyer that is at the producer's risk.

**Senator S.W. Pallett:**

So there is no potential negative impact on growing some E.U. G.M.P. standard and some not? It is clearly a reputational issue around not growing E.U. G.M.P.?

**Head of Biosecurity:**

At the moment I cannot see why there would be a reason to grow non-E.U. G.M.P. cannabis in Jersey.

**Senator S.W. Pallett:**

You would not sell it?

**Head of Biosecurity:**

We would not be able to sell it. It would not be saleable into the markets we are aiming for.

**Senator S.W. Pallett:**

That is clear.

**Chief Pharmacist:**

I think the places that do grow non-G.M.P. crops are grown under contracts to a G.M.P.-certified producer, so they are not just growing it and looking for a market. They are grown to a specification under contract for a G.M.P. company.

**Group Director, Economy and Partnerships:**

Chair, if I may add to that, again it is rated here and working with industry and regulation with the Government as well, but the point about where we should be producing crops to the minimum standard is G.A.C.P. Whether we should be producing to G.M.P. standard is a question that we are considering at the moment, because if this crop monetises, how do you differentiate yourself in the market? One way, for example, is to increase the minimum standard to a higher standard to effectively create the Jersey standard. I think that commoditisation point where we cannot scale up very easily relates back into producing the equivalent of a single malt whisky ourselves in Jersey, and that is what we always find ourselves talking about, whether it be potatoes or cannabis. We cannot do commodities very easily so we have to find a way of adding value to that product. I suspect that will be through this sort of stuff, by increasing the minimum standard and saying that this is a gold standard and that is what we do in Jersey.

**The Deputy of St. Martin:**

Would it not have been better saying this is where we are going to go from the outset? At the moment we are heading down the road of, as has been discovered this morning, where you could export product G.M.P. or you could export it under G.A.C.P.?

**Group Director, Economy and Partnerships:**

Personally, I think that is legitimate and it is just not very economically sensible, but it is not for me to, in any way, say it is not something we can do, although I just do not think there will be any downsides to produce that, adding value to the G.M.P. stuff.

**The Deputy of St. Martin:**

Taking 2 steps back, were you expecting all or the majority, or some of the cannabis growing in Jersey to be processed on-Island?

**Group Director, Economy and Partnerships:**

I think some will.

**The Deputy of St. Martin:**

Some?

**Group Director, Economy and Partnerships:**

Yes.

**The Deputy of St. Martin:**

So are we expecting some to be processed and some to be exported to processors?

**Group Director, Economy and Partnerships:**

The reality is we have identified what European markets we want to sell G.M.P.-accredited product to and there is a supply and demand issue for G.M.P.-certified product in Europe. That is what we are aiming at, effectively. So we have not put any effort into trying to create the Jersey standard. I think that is a conversation that is happening now with the industry body that has established itself recently. We are talking not just about how do we define this Jersey standard, but how that group can add voluntary initiatives as standards to again try to differentiate, a bit like the Portman group does in alcoholic products. I think the direction of travel is quality and that is what the framework is trying to encourage, but we do have additional tools and we could insist on that. This is a collaborative industry development project and at this stage I think the target is high value, not low value.

**The Deputy of St. Martin:**

In ratio without specifying numbers, if a lorry load of unprocessed product is worth X, once that lorry load is processed what is the value in terms of X? Is it 5X, 10X, 100X, 1,000X?

**Group Director, Economy and Partnerships:**

I do not know. Nobody knows exactly what the end usage is.

**The Deputy of St. Martin:**

In real terms, then, what is the average value of an unprocessed kilogram of cannabis?

**Group Director, Economy and Partnerships:**

Because this is a nascent sector, there is very little reliable data. We have looked very carefully and hard at this. What we do have is strong evidence associated with the business plans that have been submitted as part of the licensing programme. Effectively what is being anticipated is that these products are high value products that are being sold based on most of the business plans, and so we have used our estimate across the database upon those. We have got, effectively, 3 companies that are interested in cultivating, 2 of which have been issued licences. From that information we can get an understanding of where their businesses are and we have made some cost assumptions based on those business plans per hectare. We can effectively make some predictions and forecasts against what we think the return to those businesses are in the Island as a consequence of that cultivation but also a scale of the fiscal receipts we might receive on the basis of an anticipated 20 per cent tax rate.

**The Deputy of St. Martin:**

In those calculations have you factored in the possibility that some of that crop will not be processed on Jersey and some will?

**Group Director, Economy and Partnerships:**

Paul probably has to talk more specifically about the processing stuff. For example, you could typically grow a flower and export it as a medicine, or you could extract it in C.B.D. and use that as a precursor to a medicine. At the moment we do not have any companies with a licence to produce a medicine, so it is all going to be product for medicine that gets sold to somebody either as a flower for immediate use or as a flower for processing who wanted to add to it.

**Chief Pharmacist:**

I think processing can be a whole range of things. If you take the flower plant, you take the flower off, which is what you want. If you are going to then convert that everything that applies to that point forward has to be certified with G.M.P. The processing could be controlled by drying the product to maintain the consistency of the cannabinoids in there, packaging and the nitrogens, to make sure it does not deteriorate. Having quality control checks, because you need to be able to give it a shelf life, because you need to be able to guarantee that after a certain period of time the same quantity is in there. That is the initial process that would be required around the A.P.I. Another form of processing would be to use the plant and then extract the cannabinoids from it. That is more of an industrial extraction-type process, so that is slightly different. That requires additional infrastructure

I guess in terms of an extraction kit and things like that. Then you produce T.H.C. and C.B.D. as individual components, which can then be used as the active pharmaceutical ingredients for the production of medicine. Then there is the further processing of either the flower or the C.B.D. or T.H.C. A.P.I.s into a (Inaudible) which is governed by medicines legislation. You could do the first stage of the processing on-Island to produce the A.P.I. and then supply that to an off-Island licensed medicine manufacturer. It does depend on the business model about what the company wants to do. So far they have indicated that they want to produce at least A.P.I. which is G.M.P. No one has indicated they want to produce anything less than that.

**The Deputy of St. Martin:**

So the process is generally either the cultivation company or is it usually a separate entity?

**Chief Pharmacist:**

It is probably a mixture. A lot of manufacturers of A.P.I. medicines will contract with companies specifically just to cultivate and they will take the raw material and then they will do all the G.M.P. stuff from that point. That is the contract grower, and obviously the cultivator is not producing to G.M.P. standards but they are producing a quality product to the specification of the medicine manufacturer, so that they can then produce medicinal products.

**The Deputy of St. Martin:**

You do not have many numbers about the value of the processed product. How are we going to calculate an export value if the company that is exporting is also part of a company that is processing away from the Island? How will we calculate an export value of any crop if there is no sale from the producer from the cultivator to the processor?

**Chief Pharmacist:**

There is a wholesale price for the active pharmaceutical ingredient and then probably a price for the finished medicinal product which is higher again. Both of those would be higher than the raw material itself. The finished medicinal product could be anything between £5 and £10 per gram.

**The Minister for Economic Development, Tourism, Sport and Culture:**

Maybe Dan could explain a little bit more around the figures, because there has been quite a lot of work done. It is difficult to speculate because it is a commodity with changing values depending on demand.

**Group Director, Economy and Partnerships:**

That is absolutely the point. We are basing our expectation for medicinal cannabis on our current wholesale price. Paul is talking about in old money, it has been £4,000 per kilogram to £4,500 per

kilogram at the moment for the wholesale price of medicinal cannabis. As the market develops those prices will start to fluctuate. At the moment there is more demand than there is supply so prices are high. Eventually this will commoditise. It depends, as a lot of different business models, we have not put a product into the marketplace so these are forecasts and are not real at this stage, on the basis that no one has produced a crop yet.

[12:45]

**The Deputy of St. Martin:**

Surely you will see where I am coming from. There is going to be a big difference between a grower in Jersey exporting to a separate company outside of the Island, because there will be a commercial transaction. If the grower in Jersey is part of a bigger company with a processing plant also owned by the same company outside of the Island there will not be a transaction, because it is part of the same process.

**The Minister for Economic Development, Tourism, Sport and Culture:**

But presumably you are processing to add value.

**The Deputy of St. Martin:**

The point I am making is if there is no transaction where is the tax take?

**The Minister for Economic Development, Tourism, Sport and Culture:**

On the profit.

**The Deputy of St. Martin:**

The profit of the company outside of the Jersey jurisdiction?

**The Minister for Economic Development, Tourism, Sport and Culture:**

No. Everything that is produced in Jersey will be sold.

**The Deputy of St. Martin:**

But it is not sold when it moves to Jersey for the U.K., for example. As an example, I have got a greenhouse in St. Martin. I grow some cannabis. I also own a processing plant on the south coast of England. I send in my product, I am exporting it but I am not selling it, I am sending it to the U.K. for processing. I have not sold it. Is there a taxed income there?

**The Deputy of St. Mary:**

As I understand it there is, not necessarily to avoid transfer of price or whatever it is called, that the Treasury would know the value of a crop and even if it was ... there are meant to be anti-avoidance provisions in force to stop sale between a related company at an undervalue. Is that right?

**Group Director, Economy and Partnerships:**

To receive a licence, in your example, you would have to be a Jersey-based company. I think that is what the tax proposals are saying, so that company would be taxed at 20 per cent profit.

**The Deputy of St. Mary:**

If there is a transaction within a group, for instance, how would we know what the profit element was here?

**The Minister for Economic Development, Tourism, Sport and Culture:**

Yes, of course and you want to avoid a parent company putting through excessive charges to reduce profitability in the jurisdiction.

**The Deputy of St. Mary:**

As we know it can happen.

**The Minister for Economic Development, Tourism, Sport and Culture:**

You probably need someone from Treasury to answer exactly how that is dealt with.

**Group Director, Economy and Partnerships:**

The other thing is the licences are not transferable either so there are controls on that. This has been through the necessary tax policy panels and so on and so forth, and has been kicked about in our groups where we have considered that.

**Chief Pharmacist:**

We would know exactly what had been exported in terms of quantity.

**The Deputy of St. Martin:**

If it is an internal transaction between the Jersey company and the U.K. company owned by a bigger company the Jersey company may say value is X and they may say value is 20X and there is nothing much we could do about how they work out their valuation inside the company.

**Group Director, Economy and Partnerships:**

The other point is one of the aspirations for this project was to be able to produce for a local market that is prescribed. But there are obviously big knock-on effects in the future of that group to allow

us to develop tourism and that sort of stuff, which can have big knock-on effects for the hospitality sector through being able to allow people to come here and be prescribed good quality high value product, which at the same time could support other sectors of the economy, such as hotels and hospitality as well. That is a bit of a Holy Grail. Also, as was discussed yesterday at the briefing, reduce cannabis miles in terms of product travelling into Europe and the rest of the world. There could theoretically be a strong market here, not just for medicinal products but for also wellness products that are not regulated in the same way, which are ultimately going to be coming ubiquitous and potentially a lucrative spin-off.

**The Deputy of St. Martin:**

I was trying to work out in my head where those products, which are not regulated in the same way, sit between the hemp oils and the medicinal cannabis. Are you say it is a halfway house between the 2 which is not regulated?

**Group Director, Economy and Partnerships:**

Effectively it is the same plant but it can go 2 different routes. So you can produce medicinal cannabis or you can produce low T.H.C. plants for wellness products, C.B.D. products effectively. If you can imagine the medicinal market being, to some extent, limited because it is for medicinal purposes, the C.B.D. market is not limited in that way and the market will become ubiquitous, and we are starting to see that happening already.

**The Deputy of St. Martin:**

Is that the market that Jersey Hemp are growing for?

**Group Director, Economy and Partnerships:**

Yes.

**The Deputy of St. Martin:**

Is there any value of going to the expense of growing crops under cover when you can grow them in fields outdoors?

**Group Director, Economy and Partnerships:**

I think the thing about cannabis is it is, as a plant, quite plastic. There is sort of plasticity in the plant so if you are growing a plant outside maybe for C.B.D., it is less important than if you are trying to produce a medicine that has very specific ratios of C.B.D./T.H.C. I think for that medicinal product you have to do it in very controlled conditions.

**Head of Biosecurity:**

It is hematic and huge variation in morphology and ...

**The Deputy of St. Martin:**

I appreciate that. I was just trying to work out whether you are suggesting that people growing cannabis under glass or in sheds or protected in a secure environment would be growing for C.B.D. but you are suggesting that we would have a bigger outdoor industry going for the C.B.D. market.

**Group Director, Economy and Partnerships:**

Potentially but you could still use C.B.D. for medicinal purposes so if that was the case you would be growing it under the glass.

**The Deputy of St. Mary:**

Going back to an earlier question by Deputy Luce, I would assume that the value in the process when there is medicinal added value but from what you are saying, and the conversation yesterday, there is value to cultivate between getting the crop in its basic form and growing it; is that substantially?

**Group Director, Economy and Partnerships:**

For ...?

**The Deputy of St. Mary:**

Just for growing it, full stop.

**Group Director, Economy and Partnerships:**

For C.B.D. yes. I mean historically it was not C.B.D. and hemp is grown for other products. When we started the conversation with representatives from Jersey Hemp many years ago they were interested in things like hempcrete and culinary oils. That just shows how much the industry has moved in the last 3 years to a point where, yes, we can do that. But we can also do C.B.D. products for wellness, either ingestibles or topical creams and things like that, or you can do C.B.D. and T.H.C. for medicines. What we are trying to establish is a core range of opportunities for businesses, whichever one they want to do.

**The Deputy of St. Martin:**

Can I then ask the chief pharmacist, when do these hemp plants become controlled drugs? Because obviously hemp is ... is hemp a controlled drug?

**Chief Pharmacist:**

Yes, it is a controlled drug. Cannabis is a controlled drug and the definition of cannabis in the Misuse of Drugs Law is any plant that produces cannabis so hemp is a ...

**The Deputy of St. Martin:**

It is a controlled ...

**Chief Pharmacist:**

Exactly. It is a controlled drug but it is designed and bred over the years to produce very low levels of T.H.C.s. There is no risk in terms of ill, psychotropic, psychoactive ...

**The Deputy of St. Martin:**

That is clear.

**Chief Pharmacist:**

Then cannabis regardless is a controlled drug.

**Group Director, Economy and Partnerships:**

Perhaps I could qualify what I said. It is not controlled in exactly the same way, which is why you can grow it outside in the fields without all the security that you would require for medicinal products. So it is controlled but it is kind of controlled in a different way. If you are producing C.B.D.s, for those of you who watched the video yesterday, it is secure but it can be grown out in the fields as well.

**The Deputy of St. Martin:**

Can we move on to the controlled ...

**The Deputy of St. Mary:**

Just before we do that, going back to the licences. I appreciate there is one form of licence for pure cultivation, full stop. How many other forms of different licences are there beyond cultivation?

**Chief Pharmacist:**

If you want to cultivate cannabis there is a provision in the Misuse of Drugs Law for licensing cultivation in and of its own. Clearly, if you cultivate you need to be able to lawfully possess that plant as well. If you want to remove the flowers from the plant you need to be lawfully able to produce cannabis, because that is the legal definition of producing cannabis, is separation of flowers from the plant. Obviously if you want to supply any controlled substances you need to be licensed for supply. Effectively the applicants will have one licence granted under different provisions of the Misuse of Drugs Law to cover the activity they have indicated they want to undertake. A typical cultivator might have a licence to cultivate under one Article of the law but on the same licence it

could say you are also licensed to produce essence supply under the other Article of the Misuse of Drugs Law.

**The Deputy of St. Mary:**

Would it be more specific than just supply or would it do other things too or will you go into various sectors it might end up in?

**Chief Pharmacist:**

A Minister can place any conditions on the licence they would wish. If it is desired, it could specify on the conditions circumstances under which supply may or may not take place. That is entirely possible because any conditions could be attached to the licence which are deemed to be appropriate.

**The Deputy of St. Mary:**

So it is one formal licence to cultivate, full stop, and one to supply and process?

**Chief Pharmacist:**

You would never simply get a cultivation licence because you also have to be able to possess the plant. So cultivation and possession would be the minimum steps of licences you require. For example, a laboratory who is going to undertake testing, they do not need to grow the plant, they do not need to supply the plant, but they need to be able to possess it to do the test. So they will just have a licence to possess.

**The Deputy of St. Mary:**

Understood.

**Chief Pharmacist:**

So it depends on the activity and the licence pertaining to the activity of the company applying.

**The Deputy of St. Mary:**

There is no one to 5 types of licence then.

**Chief Pharmacist:**

No, this is very generic in terms of produce, possess and supply the controlled drug; in this case specifically cannabis.

**The Deputy of St. Mary:**

Phraseology would all be there in one licence.

**Chief Pharmacist:**

Yes.

**Group Director, Economy and Partnerships:**

There would be additional licences for export and additional licences should you wish to produce a medicine.

**The Deputy of St. Mary:**

Thank you.

**The Deputy of St. Martin:**

I just want to understand perhaps what the difference is between a control person and a qualified person.

**Chief Pharmacist:**

In terms of manufacturing a finished medicinal product you need to have a manufacturing licence under the medicines legislation. Some jurisdictions have 2 types of manufacturing licence: a manufacturing specials licence and a full manufacturing licence. We only have one, which is the full manufacturing licence. In legislation it specifies that in order to release finished medicinal products to the market, that must be released by a qualified person. A qualified person is defined in legislation. It is somebody with certain qualifications; a pharmacist or a chemist who has experience in production and release of medicinal products. There is a register of qualified persons. Under a full manufacturing licence, which is what we have, any batch of finished medicinal products must be released into the market by a qualified person and then they are accepting responsibility that that medicine is safe and fit for proper use for patients. Under a manufacturing specials licence, which the non-European countries have and the U.K. has, you do not require a qualified person to release the product. It is released by your quality control processes and quality assurance, so it is a quality controller that can release the product. Again, it would be making sure the product complies with specification, making sure the certificate analyses are in order but it does need a qualified person to release the products if you are in other jurisdictions where they have a manufacturing specials licence. Our control here is at the higher end in terms of releasing products into the market because we require the qualified person to release the product.

**The Deputy of St. Mary:**

That is only for finished products?

**Chief Pharmacist:**

That is for a finished product, yes. Active pharmaceutical ingredient is something different because that pharmaceutical ingredient does not get to the patient, it is processed further by a licensed medicines manufacturer into a medicinal product, which then gets to the patient.

**The Deputy of St. Martin:**

So somebody growing to G.A.C.P. standards and exporting to a process off-Island does not need either a qualified or a control person to start?

**Chief Pharmacist:**

I do not know what they need under G.A.C.P. but in terms of the medicinal supply chain starts at A.P.I.

[13:00]

**The Deputy of St. Mary:**

That control person; are they interchangeable terms? Does the control person have a definition?

**Chief Pharmacist:**

I am not familiar with the phrase "control person" so I am not quite sure ...

**The Deputy of St. Mary:**

Is that more to do with general regulation to make sure that a company is ... basically regulations are enforced?

**The Deputy of St. Martin:**

Is it a requirement under the licence to cultivate that the company has to have a suitably ... what is the definition, for example, of the person responsible for the disposal of a crop in Jersey?

**Chief Pharmacist:**

They would be an authorised witness under the Misuse of Drugs Law to witness the destruction of a controlled substance.

**The Deputy of St. Martin:**

They do not need any qualifications to do that other than being an authorised witness?

**Chief Pharmacist:**

Correct, yes.

**Head of Biosecurity:**

Regarding professional qualifications or trade qualifications, there are a raft of those types of things that occur in agriculture already so you will be familiar with B.A.S.I.S. (British Agrochemicals Safety Inspection Scheme) and F.A.C.T.S. (Fertiliser Advisers Certification and Training Scheme) and N.R.o.S.O. (National Register of Sprayer Operators), so they would all be not prerequisite but you could argue that they would be required within the organisation to be able to achieve G.A.C.P. One would have thought that you would have people having those skillsets onboard to help you achieve the G.A.C.P. but that is not prescribed. You do not have to have those people.

**Senator S.W. Pallett:**

I think I can remember seeing something in the application process that talks about disposing of waste and having a control person to do that. Would that be where that control person ...

**The Deputy of St. Martin:**

It is not the same person that we have just spoken about?

**Chief Pharmacist:**

In order to destroy the controlled drugs you need to have somebody who is authorised to witness that and validate that the destruction took place. That is an authorised witness or authorised person, not a control person.

**Senator S.W. Pallett:**

In terms of the terminology that maybe is being used.

**Head of Biosecurity:**

In reality the material that is being disposed of in the operations will not be controlled drugs, it will be waste materials. So very woody, semi, good biological material that can simply be powered back to land as well or utilised in other areas but not a risky material. Unless there was a batch rejection of course and then you are talking about a highly potent piece of material that does need to be disposed of properly but presumably that would occur at the other end of the supply chain.

**Chief Pharmacist:**

You could grow something which fails the quality controls and therefore needs to be destroyed. Something we can destroy locally.

**Senator S.W. Pallett:**

When you say "destroyed", it would have to be presumably burnt or whatever.

**Chief Pharmacist:**

It would be insulated, some insulation.

**Senator S.W. Pallett:**

You do not want to be too near that when it goes up.

**The Deputy of St. Mary:**

If that is dealt with I have a very brief question or 2 on office security. We are aware that at the outset the U.K. Home Office have got to approve security, et cetera. Is there a follow-up to that once they have approved before they start operating, as it were?

**Chief Pharmacist:**

There would be a final inspection to make sure that everything is in place before cultivation. The Home Office are party to that as well.

**The Deputy of St. Mary:**

The U.K. Home Office has been party, again does a representative from the Home Office come over or is that done ...

**Chief Pharmacist:**

Yes, they come over twice a year and can also come over additionally if we need to, but generally twice a year is sufficient to manage things as they are currently.

**The Deputy of St. Mary:**

Again, are any spot checks carried out thereafter?

**Chief Pharmacist:**

Yes, certainly our place is to check record keeping, to check crops are being managed and obviously the company itself will have an internal audit process of those as well. I would ask to see their internal audits and what they have done as part of a routine compliance visit.

**The Deputy of St. Mary:**

So there is ongoing security check from your end?

**Chief Pharmacist:**

Security is twofold; it is not just security against external threat. It is internal threats as well from operators, how they manage the risk of theft internally. Not just people getting in from the outside.

**The Deputy of St. Mary:**

I am straying slightly now but there is I think ... I read through some material they are suggesting that growers are under an obligation to employ their own security people or outside firms.

**Chief Pharmacist:**

They need to initially have appropriate measures in place which can detect and monitor the secure storage of their crops and a lot of them will use 24-hour security presence on sites.

**The Deputy of St. Mary:**

The 2 companies that have licences so far, do they have independent security?

**Chief Pharmacist:**

None of them are growing anything yet so there is nothing there to protect.

**The Deputy of St. Mary:**

Understood, but you have to expect they will do.

**Chief Pharmacist:**

Yes.

**Head of Biosecurity:**

That is correct. Certainly they are talking about having in-house security present.

**The Deputy of St. Mary:**

I just need to check something.

**The Deputy of St. Martin:**

We are just trying to look back for anything that we have not covered.

**The Deputy of St. Mary:**

Sorry, can we just go back to my question about control person, maybe I got the word wrong. The licence requires a responsible person to do this, that and the other.

**Chief Pharmacist:**

Someone responsible for regulatory affairs.

**The Deputy of St. Mary:**

That is what I was thinking of, regulation rather than anything else.

**Chief Pharmacist:**

They will be the contact for myself and the Home Office with regard to the regulation and the licence application, make sure they are compliant with legislation and monitor its conditions. So they have to have a nominated person who understands what is required.

**The Deputy of St. Martin:**

Do we have to check that person, that they have the ... do they have to pass a test to be a responsible person to demonstrate they have the knowledge?

**Chief Pharmacist:**

No, there is no test but when the Home Office come across to consider the licence application in the first place we can meet with them and the Home Office will provide a view on whether the personnel are appropriate, so we take advice from the Home Office. If they do not think someone is appropriate ... we did reject one application last year because they did not have the requisite knowledge and experience.

**The Deputy of St. Mary:**

So that responsible person effectively has an interview on day one, does he?

**Chief Pharmacist:**

When we reviewed the application, yes. We meet with the personal responsible for regulatory affairs, anybody responsible for quality management systems within the operation as well as other key personnel. So that is part of the process of the initial review of the application by the Home Office.

**The Deputy of St. Martin:**

Will that person qualify because they have been a really good and experienced grower over many years or would they need a specific amount of time working in the cannabis industry?

**Chief Pharmacist:**

It is not so much around the growing, it is a knowledge of legislation, regulations around the activities they want to do. That is what will be tested when we speak to them so we want to know ... we test them to see whether they understand about G.M.P. so they would be the person the M.H.R.A. would liaise with around G.M.P. certification as well.

**The Deputy of St. Martin:**

Getting back to our original questions, if you are not coming up to G.M.P. standards would the policy, for want of a better word, the quality of that regulated person or regulation person change, be different? Would you need less experience and knowledge to run a G.A.C.P. cultivating unit than you would a G.M.P. cultivating unit?

**Chief Pharmacist:**

You would need an understanding G.M.P. as somebody who is growing to G.M.P. standards. You would expect them to have some understanding of that because they would be growing, with effect, to order by G.M.P. companies. So you certainly would have some understanding but it would not be for the same extent as operating at that level.

**The Deputy of St. Mary:**

On the basis that you quite rightly want a “responsible” person at the outset and you take your measures to ensure, is there an ongoing requirement to notify you if such a responsible person changes? Technically, he could leave the day after, could he not, and there would be no one there? Is it an ongoing requirement?

**Chief Pharmacist:**

I think implicitly there is that requirement that we probably have not explicitly stated, it is something that we should do.

**Senator S.W. Pallett:**

In terms of Government’s approach, Ministers’ approach, when you are getting applicants coming to you now, what sort of advice are you giving in regards to ... obviously they are going to have a business case and what they think is an appropriate way forward but are you trying to in any way maybe suggest they go down a certain route. Obviously there is potentially more income to be made in processing than there is in pure cultivation. What type of advice are you giving them in regards to that? Are you just relying on the business cases that they give you?

**The Minister for Economic Development, Tourism, Sport and Culture:**

I think in sort of preliminary discussion when people generally approach the Economy Department, when they are thinking about entering the market, so they get the basic advice. A lot of people I think initially misunderstood the complexities of the industry. But I find that the thinking when they come to us is pretty developed. There are 3 business models: there is cultivation, there is extraction, and manufacturing. Some will just go to cultivation, some will go into cultivation and extraction. We do not have any, I think, manufacturers. Manufacturing medicine is some way off.

**Chief Pharmacist:**

It is, yes.

**The Minister for Economic Development, Tourism, Sport and Culture:**

But the thinking is pretty advanced by the time they get into the stage of taking it seriously so we fairly quickly pass it on to the Minister for Health and Social Services' domain and the licensing process when they go into a lot more of the technical detail and requirements.

**Senator S.W. Pallett:**

You now have this trade body so presumably you have an opportunity to have a 2-way conversation with them and what you, as a Government, would prefer to see and like to see and what might be more beneficial to the taxpayer in the long term.

**The Minister for Economic Development, Tourism, Sport and Culture:**

The trade body is extremely useful in monitoring global activity and advising where we need to be to stay ahead. But the global markets, because it is quickly appears to be establishing itself from the operators and the potential operations that Jersey should be focusing on high quality; lower production quantities but higher quality product.

**Senator S.W. Pallett:**

Could I just ask a question around the importance of this 6-month window that came in the other day? Do you have all the same view?

**Group Director, Economy and Partnerships:**

The purpose of the industry advisory body is governments are not, in usual times, close to markets. It is the businesses operating within those markets who are close to it and they perhaps get the market intelligence well before us. So the interplay between the policy development staff and regulatory staff and what the markets require, requires that arrangement and that communication. There are 2 big parts to the cannabis business for me. One is what can we do and what can we get from having a robust well-regulated cultivation sector and what can we get from inward investment that comes from effectively opening up ... this is unprecedented stuff. We are having to sell this. The first jurisdiction in the world to be open for business, probably not just in terms of cultivation but in terms of attracting funds, investments, companies from our financial services sector. So if you can imagine this is a sort of post-prohibition type thing where historically this has not been legal. Our Proceeds of Crime legislation prohibited it. Now we have 2 things in place which is an ability to issue licences from the Home Office and we have our own cannabis agency which can issue those licences. But also made amendments last June I think to Proceeds of Crime to decriminalise that activity and allow companies that want to invest either directly in cultivation or through headquartering companies or locating funds. We can do that and that in itself is highly lucrative as

well. I think the point that was made yesterday was that lots of other countries are not going to miss this boat and there are competitive jurisdictions that are a little bit behind us still. But if we want to stay ahead of them we have to send a message to the world where there is ... so we have money circulating, we are trying to fund some activity legitimately. Jersey is now one of those jurisdictions. The message that needs to go out into the outside world is do you have - a bit like the financial services sector - you can be comparable and expected institutions that we currently do not have at the moment, i.e. what sort of equipment do you have in the cannabis sector? What sort of equipment do you have in terms of the J.F.S.C. (Jersey Financial Services Commission) in the cannabis sector, so its own independent marketing regulatory function. I think that is sensible. It is going to be hard to do and we are going to have to put some commitment but I am doing that.

[13:15]

But that sends a real message to the world that we have got the basics in place, now we are selling ... it is not just good enough to say we are a banking outfit, what we need to say is we are the only jurisdiction in a global market with the right institutions, we have to cement this thing.

**The Deputy of St. Martin:**

It is interesting you say that because as you were talking I was thinking about the financial services sector and the J.F.S.C. but we do not in our cannabis industry have any proposals at the moment for a J.F.S.C.

**Group Director, Economy and Partnerships:**

I think that is where we need to go personally.

**The Deputy of St. Martin:**

At the moment we have the advisory body who seem to have a direct line into the Minister, surely there must be something regulatory in between whose oversight and regulation in the industry is vital.

**The Minister for Economic Development, Tourism, Sport and Culture:**

The industry is regulated through the Health Department and the licensing process but we are having conversations now. I think it is absolutely vital that we introduce independent regulation that protects the processes and scrutinises the processes. That is certainly on the agenda. We need to get that operational sooner rather than later and that is one of the points that has been made. Jersey is synonymous with first-class regulation of financial services and first-class agricultural.

**The Deputy of St. Martin:**

The problem is though is we appear to have started an industry without any regulation at all or very little.

**The Minister for Economic Development, Tourism, Sport and Culture:**

I think we have good regulation and we have a really good licensing process. What the regulation will look like we are discussing now, that is top priority.

**Group Director, Economy and Partnerships:**

The Minister is right, we do have, when we discussed it for an hour and half, the extent of the regulation. It is I think in a good place. I think there is stuff we need to continue to do to polish that and as the market develops we will - a bit like the financial services sector - have to change those into all sorts of things.

**The Deputy of St. Martin:**

You would accept though that the regulation that we do have at the moment - and I accept there is some - is spread across a whole range of departments and does not sit in one specific law or set of regulations or Articles where it is much easier to work?

**Group Director, Economy and Partnerships:**

Exactly. I think personally, from an officer perspective, we need to dedicate teams to the next phases now.

**The Minister for Economic Development, Tourism, Sport and Culture:**

That is what we are doing, is establishing a political oversight group to oversee the process and that is a work in progress but we are under no illusion that that needs to be done. That needs to be done quickly and then allowed to evolve as we develop our industry. That is one of the ways we have been advised that we can stay ahead globally, by making sure we have the very best regulation.

**The Deputy of St. Mary:**

Just to pick up a point, you talk about the oversight group. That oversight group is made up of officers from various departments, there is no Minister at the top of it who attends those meetings. Is that a problem?

**Group Director, Economy and Partnerships:**

One of our superpowers as a jurisdiction should be agility and, as you can see, this is a complicated piece of work. Lots of different departments involved. The group I am most involved with is kind of this co-ordination group, which is an officer group, but we have also had the first meeting of a political

oversight group, to call it that, it is not, but officially there are 2 Ministries. I have been tasked with terms of reference for that group so it exists.

**The Deputy of St. Mary:**

So not sure where that is ... is the political oversight group now covering the co-ordination group effectively?

**Group Director, Economy and Partnerships:**

Exactly.

**The Deputy of St. Mary:**

That consists of?

**Group Director, Economy and Partnerships:**

The Minister for External Relations, the Minister for Economic Development, Tourism, Sport and Culture, the Minister for Home affairs, the Minister for Health and Social Services and the Minister for Treasury and Resources.

**The Deputy of St. Mary:**

So there are 5 Ministers involved, thank you. That is useful.

**The Deputy of St. Martin:**

I note there was no Minister for the Environment mentioned.

**The Minister for Economic Development, Tourism, Sport and Culture:**

There is a potential conflict but perhaps ...

**The Deputy of St. Martin:**

But he will be represented?

**Group Director, Economy and Partnerships:**

He will be.

**The Minister for Economic Development, Tourism, Sport and Culture:**

I am trying to remember what we did with that.

**Group Director, Economy and Partnerships:**

He was invited and did not ... effectively in essence we have now recognised that to move at the pace we moved at now requires much more political oversight across Ministries because you can imagine a situation where we are not moving fast enough but the outside world in a certain area and a Minister will need to encourage his officers to prioritise in that work.

**The Minister for Economic Development, Tourism, Sport and Culture:**

Because it touches so many different areas. The emerging political oversight group is going to be the key driver, I think.

**The Deputy of St. Mary:**

Final points, in a way. This is growing, et cetera, now I get the impression that we have 2 licences so far, if there are more then our poor chief pharmacist is going to be overwhelmed, is he not?

**The Minister for Economic Development, Tourism, Sport and Culture:**

We have had conversations with the chief pharmacist, he has plenty of spare time.

**Chief Pharmacist:**

I am gainfully employed, Minister.

**The Minister for Economic Development, Tourism, Sport and Culture:**

The chief pharmacist is gainfully employed but I think that is up to the chief pharmacist and the Minister for Health and Social Services what you do about your resources in this and other areas as your portfolio develops.

**Chief Pharmacist:**

We have obviously just spoken about we need to have a centralised function in some way, you know, a single piece of legislation around the whole area might simplify that as well. So I think if this industry grows we need to think about how we are going to support that and be able to maintain in that sector. For me that is a key piece of work.

**The Deputy of St. Martin:**

Would any enhanced function be funded through the industry?

**Chief Pharmacist:**

Certainly, yes. Some of it will come through licence fees, absolutely. Obviously if we know what we are looking to set up we can review the licence fees to make sure they accommodate.

**Group Director, Economy and Partnerships:**

We are finessing the cultivation piece but it has kept us ahead of the rest of the world. We have strong private investment in cultivation. We have 3 high-quality companies considering growing cannabis in Jersey. The next focal point is around the inward investment from the rest of the world in terms of funds, company headquartering and all that stuff, which obviously brings potentially significant benefits to the financial services sector. If we model our cannabis institutions on those that are well-recognised globally in the financial services sector then I think we have a potential head start to keep us ahead of the rest of the world.

**The Deputy of St. Mary:**

A note from yesterday's presentation that there is in prescriptions to the local market, that is perhaps more for the pharmacist. Is that something that comes into your way of thinking in any way?

**The Minister for Economic Development, Tourism, Sport and Culture:**

I think the whole principle of developing products for well-being and medicines are to help people wherever they are in the world, including our own Islanders here. We currently have in the region of 2,000 Islanders receiving cannabis on prescription. I think that is currently more than the whole of the U.K. because we have legalised it here and we saw an example yesterday in our presentation of film of just how beneficial it can be for people suffering with various ailments. We want to produce an industry that ultimately helps people.

**The Deputy of St. Mary:**

Just to clarify, those 2,000 people, they get their prescriptions through a private benefit and they pay privately for it.

**The Minister for Economic Development, Tourism, Sport and Culture:**

Then there are also challenges about the cost and the availability because we want to make sure that people who it can help are firstly able to financially afford it and they can feel confident that they are not breaking any laws and, of course, there is a change in culture because cannabis has always been, up until recently, an illegal substance.

**The Deputy of St. Mary:**

That is not for this panel but that is a line that has been taken through the Minister for Health and Social Services presumably.

**The Minister for Economic Development, Tourism, Sport and Culture:**

The Minister for Health and Social Services is online with us now so maybe he could comment on that. I think speculating that it will not be too long before the States are perhaps asked to consider whether they want to extend the use of cannabis as a recreational area, which some other

jurisdictions around the world are doing. That is certainly not a conversation now or a decision for this Government but I predict it will be a future ... I will give way for Richard.

**The Deputy of St. Mary:**

I see the Minister for Health and Social Services smiling. I am not sure if he wanted to contribute or not.

**The Minister for Economic Development, Tourism, Sport and Culture:**

I predict that future States, perhaps the next States, will be asked to consider it.

**The Minister for Health and Social Services:**

Chair, do you have a specific question? Is it about the recreational use of cannabis?

**The Deputy of St. Mary:**

No, I do not think we do for this panel. It did come up yesterday in the conference and I inferred from that there were discussions going on but I will leave that for another panel is the answer.

**The Minister for Economic Development, Tourism, Sport and Culture:**

I was wondering if the Minister for Health and Social Services might comment about how we might develop the service of prescriptions to provide the cannabis to Islanders for medicinal reasons, if I have articulated the question correctly that you asked earlier. How the on-Island usage will develop and become more mainstream.

**The Deputy of St. Mary:**

If the Minister for Health and Social Services wants to volunteer some opinion on that, that is fine but it is not within the scope of this panel's review so I think we ought to be quite disciplined.

**The Minister for Health and Social Services:**

Yes, the Minister for Economic Development, Tourism, Sport and Culture has raised it I think I should just say there is no limitation on G.P.s (general practitioners) or doctors in the Island who may wish to prescribe a cannabis product for their patients. They are authorised to do so and can do so. As to the detail of issuing prescriptions, I think the chief pharmacist could answer that. But the Minister has also raised the question of recreational cannabis. I want to make clear there are no discussions I am aware of within H.C.S. (Health and Community Services) that are pushing that forward. I said in a recent Ask the Ministers that was held that I think Jersey should only adopt that if and when our fellow British jurisdictions are doing the same. I do not think Jersey could stand alone on that. The difficulty is if our neighbouring jurisdictions are not legalising the use of recreational cannabis I think

would be significant for Jersey. It is an ongoing discussion. No doubt the next Assembly and next Ministers will be engaged in it.

**The Deputy of St. Mary:**

Thank you, Minister, for your comment and opinion on that. As I say, it is not something for this panel to consider within the context of this review but I am sure others will be interested to hear your view. Colleagues, nothing else? We will wind up by thanking the Minister and colleagues for your explanations, which will help us to complete our report. If we need to we will be in touch.

**The Minister for Economic Development, Tourism, Sport and Culture:**

Thank you, Chair. We undertake to continue to work closely with your panel moving forward, thank you.

**The Deputy of St. Mary:**

Thank you.

[13:27]