



GREEN ISLAND

18th May 2021

Deputy David Johnson
Chair
Economic and International Affairs Scrutiny Panel

Via email: scrutiny@gov.je

Dear Deputy Johnson

**Economic and International Affairs Scrutiny Panel
Medicinal Cannabis**

By way of introduction, Green Island Growers Ltd is a recently formed Jersey business owned by six Jersey residents who have a background in horticulture, finance, engineering and marketing. Green Island have recently submitted a licence application for the cultivation of medicinal cannabis and also have a joint venture with the JMCC Group from Canada to provide a distribution and logistics business from the island.

We hoped it may be helpful to you in your assessment of this new industry to give you some context of our plans, how we believe we will add value to the Jersey economy and the wider community in Jersey.

Green Island plans to start off on a site in St Lawrence, utilising a 30,000 sq ft glasshouse, a newly built 10,000 sq ft indoor building and an existing 2,000 sq ft indoor building. If the business proves successful, we have access to other larger sites which we may expand into in due course.

We set out below our thoughts on some of the advantages we hope to bring to the island, along with the risks and how we plan to manage these as well as a view on the wider industry potential.

Advantages:

- 1) Job creation:
 - a. We expect to hire approx. 15 members of staff. With a budget salary of £900,000 that equates to £180,000 taxes on salaries;
 - b. These are likely to be higher skilled and higher paid jobs than traditional agriculture and we anticipate hiring locally rather than looking to import cheap labour. This should therefore increase job opportunities for locals rather than add to the population pressures.

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2) Improved tax revenue:

- a. With taxes on company profits being assumed to be 20%, we would budget for a tax expense of between £450,000 - £1,000,000 once we get to full production (within 12 months of starting operations);
- b. As mentioned in 1(a) above, additional taxes of approximately £180,000 will be generated through taxing the salaries of the employees;
- c. This is much higher than the tax revenue generated from the site using traditional agriculture, firstly due to the product being higher value but also because we are regenerating the site where most of the site was previously a disused and derelict glasshouse.

3) Regeneration:

- a. As mentioned in 2(c) above, we view this industry as leading to significant regeneration of derelict sites which have been non-productive for many years and a blot on the landscape. For example, on the site we are using, we have replaced a derelict and dangerous glasshouse with a brand new purpose built indoor facility, which will be more productively put to use;
- b. If and when we expand into other sites, the ones which we have identified as potential are either disused and rotting sites or very inefficient and unproductive. We are sure this will also be the case for other businesses setting up in this industry.

4) Ancillary business impact:

There are a number of other businesses on the island who will benefit from the industry developing and we are already using some of these businesses or plan to once we become operational. Some examples of these are as follows:

- a. Building firms for the construction/retrofit of the sites. Significant investment is planned for these sites, so the impact is potentially significant;
- b. Engineers who will be needed to help maintain and operate the sites;
- c. Medical cannabis clinics. We have already seen a few set-up on island and I understand it has so far been a success. We plan to work with them to help bring down the costs for patients on the island;
- d. Security businesses, these sites need appropriate security measures to be put in place and there is a need for employing security businesses to assist with the design, implementation and on-going monitoring;
- e. Other ancillary specialist businesses which will set up to support the cultivation businesses, such as testing labs, genetics businesses, compliance and regulatory businesses.

5) Reduce black market activity:

- a. We anticipate that local production will bring down the prices for local patients and reduce the demand on the black market. We would hope this leads to less criminal activity as a result as it makes this product less attractive to criminals.

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Risks:

We see the following areas as potential risks, however there are robust measures in place already to guard against these as follows:

- 1) Criminal activity:
 - a. Robust site security will prevent/deter criminals accessing the product kept on site. These typically include 2.4m security fencing, security cameras, security lighting and response services from security businesses and the police, plus potential security guards on site;
 - b. High value products will also be kept in very secure vaults on site;
 - c. Access controls with very limited access allowed on site;
 - d. Track and trace systems to measure and monitor the plants from seed to sale to ensure that nothing can filter out to the black market;
 - e. Enhance DBS checks on the key persons operating the businesses and robust checks on employees;
 - f. Stringent measures to prevent employee theft of the product (e.g. no mobile phones within the cultivation site, employees required to change into PPE type clothing with no pockets, all areas within the site monitored with CCTV and the track and trace system identifying any missing plants).

- 2) Environmental Impact:
 - a. The key impacts we see are likely to be energy consumption, light, water, noise and odour pollution.
 - b. We are sensitive to this and plan to minimise our environmental impact by adding solar panels to the new indoor site, using black-out blinds so no light escapes the glasshouse, using the natural sunlight for the vast majority of our light requirement, not using HVAC systems in the glasshouse to keep noise to a minimum, recycling water so runoff is negligible, putting in place odour mitigation measures although we have been informed by air quality specialists that there is only a “slight risk of odour from the site”.
 - c. Overall, the way we plan to cultivate we don’t believe there will be a significant increase in environmental impact compared to growing tomatoes.

- 3) Perception:
 - a. The nature of the product is naturally sensitive given it has been prohibited for so long. This leads to cannabis being associated with illegal hard drugs and criminals.
 - b. Medical Cannabis, which is highly regulated should help to change this perception as it will not feed a criminal network but will help medical patients to move away from more damaging and addictive opioid based medication. Over time the perception should change and this will become more “acceptable”. This is happening very quickly globally as there is a general trend towards legalisation of medical cannabis

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and regulation. We don't believe a high quality, well regulated medical cannabis industry will negatively impact Jersey's international reputation.

What does Jersey need to do?

- 1) Keep it tightly regulated with good quality businesses;
- 2) Government to support the industry and act as an enabler for the private sector. There is tremendous scope for this industry to create employment and tax revenue if nurtured properly to the benefit of the island. Jersey finds itself in a strong position right now, but this early lead could easily be lost if we don't keep the momentum as it is very competitive globally. The industry really needs a supportive government with the right regulations in place or it simply won't take off;
- 3) Government should invest more in a team to oversee and support the industry, it is far from perfect at the moment.

Jersey has proven it can do this in the finance industry by Government creating the right environment for the industry to thrive and in our view should use a similar approach and skillset to develop this industry. If Jersey can become known for a high quality and well-regulated medical cannabis industry with leading edge laws and regulations, then this could become a significant addition to Jersey's GVA.

We would be very happy to provide further information but, in the meantime, hope the above information is helpful.

We would also be happy to arrange for you to speak with the JMCC Group to understand their views on the distribution business should this also be of interest.

Yours sincerely

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