



States Greffe

Deputy Kirsten Morel
Minister for Economic Development, Tourism, Sport and Culture

BY EMAIL

6th October 2023

Dear Minister,

Medicinal Cannabis

Thank you for your letter dated 11th September 2023 in response to our letter dated 29th July 2023. The Panel would be grateful if you could answer the following further questions, based on your response. In addition, we have discussed the topic with industry stakeholders and have included a number of questions from industry at the end of this letter.

1. You indicated in our last hearing that a first draft of a cannabis sector strategy and policy recommendations would be ready by July 2023. Can you provide an update on these recommendations?
2. In your response to our last letter, you indicated that the delay in responding was due to Ministerial overlap coupled with Ministerial and officer leave. Would situations like this evidence the need for greater coordination and joint political responsibility through a formal Political Oversight Group for the medicinal cannabis industry?
3. You indicated in our last hearing that you are Chair of the Ministerial Oversight Group but this is not currently identified as a Ministerial Group on the Government [website](#). Can you confirm it is meeting and if formal establishment is required?
4. In our previous letter, we asked if medicinal cannabis is to be treated as an agricultural product, to what extent will the Rural Economy Incentive Scheme apply to it to which you replied that:

Medicinal cannabis producers are eligible under the Rural Support Scheme (RSS), in so far as business growing these crops can benefit from award credits for crop production area in a protected environment. However, it should be noted that payment rates (equivalent to £131 per vergee in 2023) would have limited impact when considering the capital and expenditure costs of these businesses or the income potential from these products. To date, there have been no applications for RSS payments in relation to medicinal cannabis and none are expected to be received before the application deadline of 30th September.

Are we to understand that it is technically possible for growers of narcotics to apply for grants from Government under the RSS and, if this is the case, would you consider this an appropriate application of public funds? If not, will you be seeking an amendment of the RSS?

5. Should companies who are involved in medicinal cannabis products that list shares on the stock market be regulated? If so, how do you propose to impose these regulations and if not, why not?
6. In your letter of 19th May you indicate that the long-term policy implications will be considered following the strategic development work being undertaken and that any medicinal cannabis strategy would be consistent with the Outline Economic Strategy and Future Economy Programme. Can you confirm that any policy or strategy will seek to establish a sustainable medicinal cannabis industry?
7. In our letter of the 29th June, we asked that you identify the process and criteria used for the selection and appointment for the consultants working around the strategic development plan. Please could this be provided with information on the process undertaken to ensure no conflict of interest is held by the consultants?
8. You indicated in your letter of 11th September that the consultancy firm has met with existing members of the industry and stakeholders during their work. Please could you outline how Ministers have ensured that representatives from the industry at all levels have been invited to participate and that their views have been duly considered at this stage?
9. Please could you outline your position on the legalisation of recreational cannabis and the impact upon the Islands medicinal cannabis industry, and wider economy?

Questions from Industry

As mentioned above, we have engaged with industry stakeholders who have submitted some questions to the Panel. Please note these are based upon their wording and do not necessarily convey the thoughts of the Panel.

1. Can you clarify the differences between the United Kingdom and Jersey licensing processes, especially in terms of requiring applicants to demonstrate competence with pharmaceutical quality systems (PQS) before permitting the growing of controlled narcotics intended for use as medicines? Additionally, what equivalent controls are in place in Jersey?
2. How are you engaging with industry representatives interested in producing high-value medicinal cannabis products, i.e., premium grade “craft” cannabis (“raw” unprocessed flower), to ensure that the Island maximises economic growth and adds value to the industry, considering the concerns raised by some industry members?
3. If standards are not premium, lower grade (less profitable) cannabis may be sold to comply with legal manufacturing requirements: how will you ensure established Medicinal Cannabis companies can make a profit legally?
4. Would it be useful to establish an advisory group consisting of all local industry representatives, including patients, some of whom, feel excluded from the policy formulation process, to collaborate with the informal officer group?
5. What work is being undertaken to establish the required amount of land to be allocated to the growing of medicinal cannabis to make the industry economically viable?
6. Given that the policies within the 'People Services Policy Toolkit' were not sufficient to prevent the island's former Chief Pharmacist from unexpectedly leaving his post to take up employment in a local cannabis company for which he had previously been responsible for regulating, and whose production license he recommended for approval, could the Minister verify whether there

are now additional mechanisms in place to ensure the impartiality of the civil servants involved in developing policy in this area going forward? For example, are specific periods of time (i.e., 'cooling-off periods') during which individuals who have left public service are restricted from taking certain roles or positions in the private sector, particularly those they once regulated or oversaw?

7. What work is being undertaken to establish the required infrastructure improvements to make the industry viable, considering the high demand for electricity needed to produce high-quality cannabis? (Roughly 5000 kW/h for every kilogram of finished dried flower)?
8. How high is the risk that continued delay in producing what could be regarded unanimously amongst local industry representatives as an economically productive policy, that conforms with international standards with respect to the production of all grades of medicinal cannabis, risks deterring ongoing investment in the industry to produce a higher grade product while potentially replicating a situation where, in larger jurisdictions, most of the product is unsold and hundreds of billions lost in risk capita?
9. How might this impact investment in the industry, particularly for those interested in producing higher-grade products?
10. Could the publicised loss of investment in any company in which high amounts of investor capital has been raised, such as in scenarios seen overseas,¹ have ramifications for the reputation of this Island including its finance industry?

We understand the detailed content of this letter and would be grateful if you could respond to this no later by 17th October which is an extension to the usual 5 working days approved for responses between Scrutiny Panels and Ministers.

If you have any questions regarding this or our work in general, please do not hesitate to contact me. Please note that unless otherwise stated, all letters will be uploaded to the Scrutiny website as a matter of course.

Yours sincerely,



Deputy Moz Scott
Chair
Economic and International Affairs Scrutiny Panel

¹ <https://www.forbes.com/sites/dariosabaghi/2022/07/25/juicyfields-may-be-the-biggest-scam-in-the-cannabis-industry/?sh=2a289f746293>