



Personal choice and community impacts inquiry submission

a) The sale and use of marijuana and associated products, including any impact on the health, enjoyment and finances of users and non-users;

Nick Wallis

The Eros Association is a membership based organisation, consisting of businesses which provide goods and services to Australian adults.

Our members are mostly small businesses, who are passionate about providing quality goods and services to adult consumers, including sex toys and entertainment, erotic enhancement products, herbal remedies and enhancement products, various adult services and products relating to adult cultures, such as products relating to cannabis culture (t-shirts, books, magazines, etc.).

Regulating the market for cannabis would have many benefits for the community.

- The black market for cannabis would be severely reduced, which would have many flow-on effects, including:
 - Product quality controls
 - Manufacturing standards
 - Thousands of new, legitimate jobs from agriculture to retail
 - Much easier to enforce age restrictions
 - No direct flow-on crimes against the person or property
 - Easier to provide health interventions
 - Large tax income which can be used to fund positive health and education messages

Product quality and manufacturing standards

The levels of certain cannabinoids in cannabis changes the effect that it gives the consumer. Educating consumers about the cannabinoids and their varying effects allows consumers to mitigate their consumption and avoid varieties that they know don't mix well with them.

Like any other farmed product in Australia, a legal market for cannabis would be regulated to ensure that safety in manufacturing and quality and consistency of product are ensured. This would also allow the industry at all levels to work with government toward introducing effective policy for the entire supply chain to operate effectively and safely.

Thousands of new jobs

Close to three million Australians are regular consumers of cannabis¹. The total size of the current black market is estimated at somewhere between \$3 and \$6 billion², depending on how the notoriously difficult-to-quantify black market is measured.

¹ AIHW 2014. National Drug Strategy Household Survey detailed report: 2013. Drug statistics series no. 28. Cat. no. PHE 183. Canberra: AIHW.

A three to six billion dollar industry will need a workforce of thousands of people, from farmers and harvesters to manufacturers of specialised equipment to logistics, transport and retail.

Tax collected from the sale of cannabis, including any levy placed on cannabis in a similar manner to alcohol and tobacco would also be able to expand and extend the functions of harm reduction organisations and education initiatives, targeted at preventing uptake and abuse of cannabis and assisting those with a substance abuse issue or other health problems.

Age restrictions

Alcohol and tobacco are age-restricted products because they have an increased likelihood to harm the health and wellbeing of younger people. Australia has also agreed that the age of 18 is an appropriate age to allow people to make their own choices about risky activities they may wish to engage in.

Cannabis use among young people is concerning, as current research indicates that cannabis use can harm developmental processes in young brains³. There is also research showing that younger people find it easier to access cannabis than tobacco.

Through careful and sensible regulation, Australia has been able to reduce its overall consumption of tobacco and the harms associated with it, without prohibiting it and forming a new black market with its own set of problems. Age restrictions will be much easier to enforce with a hugely reduced black market and a legal market that has proper oversight and accountability.

Flow-on crime

One of the cornerstones of any regulated market is its ability to resolve disputes in a fair, transparent manner in which all parties are accountable to a set of clear and agreed upon terms and conditions.

The black market resolves many of its disputes through violence and intimidation, due to the criminal nature of the enterprise and potential for liberties to be entirely removed from those caught engaging in the market.

- Flow-on crime from the market for cannabis is difficult to quantify but would be significantly reduced under a regulated model. However, the overwhelming majority of government drug expenditure is put toward policing the market itself (customs,

² J. Jiggins, *How Many Cones? How Many Pills? How Many Lines of Coke? Estimating the Size and Value of Australia's Market for Illegal Drugs and Its Potential for Taxation Under a Regulated Market* P4, 2013

³ Lubman DI, Cheetham A, Yucel M, *Cannabis and adolescent brain development*, Pharmacol Ther. 2015 Apr;148:1-16. doi: 10.1016

police, court and prisons), with only a small percentage funding health and social interventions⁴.

- \$1.12 billion on law enforcement – two thirds of the total spend (66%)
- \$361 million on treatment – just over a fifth (21%)
- \$157 million on prevention – just under a tenth (9%)
- \$36 million on harm reduction – 2%
- State and territory government spending accounted for more than two thirds of the spend (69%).⁵

A regulated market would mean that the large expenditure on drug market policing would be saved and could be put toward initiatives such as education, health and welfare. An investment in this area would yield far more positive results for the health and wellbeing of nearly three million cannabis consumers and the rest of the non-cannabis using Australian population.

Health Interventions

Australia is a world leader in providing health interventions around tobacco and alcohol. Several examples of successful health interventions around alcohol and tobacco are:

- Taxation excise
- Removal of advertising, sponsorship and promotion
- Smoke-free environments
- Product and supply regulation
- Cessation services
- Research and monitoring

Since 1980, smoking rates in Australian adults have almost halved⁶ through the implementation of health interventions that do not criminalise or penalise the activity itself. These models for intervention and education provide real-world outcomes for the health of the community and individual, without creating unnecessary burdens that are expensive to police and which make the activity more dangerous.

4 M Downey, *Law enforcement takes the lion's share of illicit drug spend*, NDARC 20th June 2013

5" Ibid.

6 V White, D Hill, M Siahpush, I Bobevski, *How has the prevalence of cigarette smoking changed among Australian adults? Trends in smoking prevalence between 1980 and 2001*, *Tob Control* 2003;**12**:ii67-ii74 doi:10.1136

Taxation

The estimated total size of the market for cannabis in Australia at the moment ranges somewhere between \$3 billion and \$6 billion, depending on what metrics are used to measure the market.

At the most minimal estimation, this represents a potential tax income of \$300 million. Considering alcohol excise is at around 30%, this could quickly jump to around \$900 million and that's using the lowest estimations of the total market.

In Colorado when the cannabis market was legalised, it was stipulated that portions of the tax income would be put toward health and education initiatives, including a large portion going toward school construction.

Current resourcing of proven harm reduction initiatives is low. Legalisation, regulation and taxation of the market will turn this around by removing the current costly policing initiatives and re-distributing those resources to education and harm reduction.

Cannabis regulation is not a matter of if, but when. The UN General Assembly Special Session in April 2016 is likely to recommend changes to the current drug treaties, allowing member states the ability to change the way they approach drug regulation. Twenty years ago, the UN had a message of, "A drug free world – We can do it!"⁷ and during that time, more drugs (including brand new ones) have become available to more people. And during that time, the harms associated with substance abuse have not been reduced.

Australia has an opportunity now to prepare for the treaty changes and start constructing a regulatory system that leaves everyone better off, while casting off the harms of prohibition.

Many members of the Eros Association are interested in the potential for legal cannabis markets for adults and would love the opportunity to up-skill and nurture a successful, safe and regulated industry for cannabis in Australia.

⁷M Jelsma, *The Unwritten History of the 1998 United Nations General Assembly Special Session on Drugs*, Transnational Institute, 2003 <<https://www.tni.org/en/article/unwritten-history-1998-united-nations-general-assembly-special-session-drugs>>, accessed 27/11/2015