



Submission to the Inquiry into the Legalising Cannabis Bill 2023





About Althea Group Holdings Limited (ASX:AGH)

Althea Group Holdings Ltd ('AGH') is a global leader in the manufacturing, sales and distribution of cannabis-based medicines and recreational cannabis products. AGH services these sectors via two distinct business units. Althea, the company's pharmaceutical business, offers a comprehensive range of cannabis-based medicines which are made available to patients via prescription. Peak Processing Solutions, AGH's recreational cannabis business, produces legal cannabis products purchased by adult consumers in retail stores.

AGH operates in highly regulated and legal cannabis markets across the world with burgeoning operations in Europe, North America, Australia and Africa.

Inquiry into the Legalising Cannabis Bill 2023

Althea Group Holdings Ltd ('AGH') proudly and unequivocally supports The Legalising Cannabis Bill 2023, a significant legislative step that could usher in the responsible and regulated legal use of cannabis for recreational purposes by adults in Australia.

Our unwavering support is rooted in several compelling factors, including, but not limited to:

- **Job Creation:** Legalising cannabis has the potential to generate employment opportunities across various sectors, contributing to the nation's economic growth
- **Tax Revenue:** The regulated cannabis market can be a significant source of tax revenue for the government, benefitting various public services and initiatives
- **Economic Growth:** The cannabis industry has shown immense potential for fostering economic growth, and we believe that legalising cannabis will play a pivotal role in this endeavour
- **Depriving a Black Market :** Legalising cannabis can help reduce the black market by providing a regulated, taxed and safer alternative to illicit cannabis sales.

AGH is proud to highlight our extensive experience and success in the Canadian cannabis market. Our subsidiary, Peak Processing Solutions, has played a pioneering role in the Canadian cannabis industry, where we have honed our expertise in producing high-quality, legal cannabis products purchased by adult consumers in retail stores.

Our achievements in Canada are a testament to the significant economic and societal benefits that can result from a well-regulated cannabis industry.

Job Creation

The legalisation of cannabis has engendered a profound economic transformation, notably distinguished by the proliferation of employment opportunities.

The cannabis industry has played a pivotal role in cultivating a multifaceted job market throughout Canada, encompassing diverse sectors including cultivation, retail, distribution, research, and ancillary services. This spectrum of employment encompasses positions ranging from knowledgeable budtenders who provide





expertise within dispensaries to accomplished scientists pioneering innovative research within well-equipped laboratories.

As of 2021, conservative estimates indicate that the cannabis industry has been instrumental in fostering the creation of over 151,000 employment positions in Canada¹. This substantial expansion of the workforce underscores the positive economic impact and prospective employment advantages intrinsically tied to the regulated cannabis industry within Canada.

Translating this to the Australian context, a similarly regulated cannabis industry has the potential to create a wealth of employment opportunities across a wide spectrum of sectors.

Tax Revenue

The infusion of cannabis into the legal marketplace has notably amplified tax revenue streams for the federal, provincial, and local governments. Taxation is derived from both the sale of cannabis products and the broader spectrum of income and business activities associated with the cannabis industry.

Over the initial three years following legalization, spanning from 2018 to 2021, Canada realised an impressive CAD\$15.1 billion in tax revenues attributed to cannabis, as reported by BNN Bloomberg². These revenues have significantly contributed to government coffers, financing various public services, infrastructure development, and socio-economic initiatives, thereby illustrating the fiscal benefits of a well-regulated cannabis sector.

A similar approach in Australia holds the potential to provide substantial tax revenue, strengthening the country's financial stability. These funds could be directed towards crucial public services, healthcare, education, and infrastructure, benefiting the welfare and quality of life for Australian citizens.

Economic Growth

The cannabis industry has undeniably been a dynamic force for economic growth in Canada, significantly contributing to the nation's Gross Domestic Product (GDP). The thriving domestic recreational market, valued in the billions, is a testament to the industry's substantial economic impact.

Deloitte Canada's 2022 estimation of CAD\$43.5 billion (AUD49.42 billion) added to the country's GDP since legalization reflects resounding success.

Moreover, this success story has extended to investments, which, despite experiencing fluctuations totalling over CAD\$131 billion, have been instrumental in fuelling innovation, fostering diversification, and propelling the industry forward.

These investments have not only strengthened the industry but have also played a pivotal role in supporting Canada's ever-evolving economic landscape. They have stimulated job creation, driven advancements in technology, and invigorated both rural and urban communities. This, in conjunction with the regulatory

¹ <https://globalnews.ca/news/8585983/cannabis-canada-economy-legalization-report/>

² <https://www.bnnbloomberg.ca/pot-sector-nets-15b-in-taxes-151k-jobs-since-legalization-deloitte-1.1716475>





approach that has effectively shifted from an illicit market to a well-regulated one, has allowed consumers access to safer products and a broader range of choices, driving substantial economic growth.

In conclusion, the cannabis industry's substantial contribution to Canada's GDP, reaching CAD\$43.5 billion (AUD49.42 billion), firmly positions it as a primary driver of economic progress and innovation, with investments being a vital part of this positive journey.³

This model of economic growth could similarly benefit Australia by fostering innovation, creating employment opportunities, and invigorating communities, thereby strengthening the country's economic vitality.

Depriving a Black Market

As reported by the Australian Institute of Health and Welfare⁴, provides relevant considerations which support the implementation of a regulated recreational cannabis market for adult user. These considerations include:

- 51% of all national illicit drugs seizures in 2019-20 were for cannabis
- Cannabis is the most widely used illicit drug in Australia
- The average age of a cannabis user is 35
- In 2019, 41% of Australians supported the legalisation of cannabis for personal use

The above considerations show that:

- (i) Cannabis currently contributes in a significant manner to criminal activity. The presents the opportunity for a regulated market to reduce this activity and the social and community dangers associated with it.
- (ii) Cannabis is already widely used and has a high average age. Building on the above, this means that there would be a significant existing adult use market to service. This will provide certainty as to forecasted tax revenues and will divert significant amount of money away from the illicit market.
- (iii) There is significant support from the community for legalising cannabis.

Conclusion

In conclusion, Althea Group Holdings Ltd wholeheartedly supports the Legalizing Cannabis Bill 2023 in Australia.

Our support is based on the potential benefits we've observed in the well-regulated cannabis industry, including job creation, increased tax revenues, and substantial economic growth.

We firmly believe this legislation presents an opportunity for economic progress and innovation while ensuring

³ <https://mjbizdaily.com/legal-cannabis-has-added-ca43-5-billion-to-canadas-gdp-report-says/>;
<https://www.bbc.co.uk/news/world-us-canada-67126243>

⁴ <https://www.aihw.gov.au/reports/alcohol/alcohol-tobacco-other-drugs-australia/contents/drug-types/cannabis>





responsible regulation. It will also assist in depriving black market sources from the lucrative illicit cannabis market, reducing community endangerment and allowing responsible adult users to avoid exposing themselves to the criminal market.

We stand ready to contribute our expertise to foster a thriving, well-regulated cannabis industry that benefits all Australians.

