



Office of Hon Bill English

Deputy Prime Minister
Minister of Finance
Minister Responsible for HNZC

- 7 JUL 2016

Sue Grey
suejanegrey@gmail.com

Dear Sue Grey

Thank you for your Official Information Act request, received on 7 June 2016. You requested:

"any information held by you or on your behalf by your officials or treasury on any assessment of the economic cost of prohibiting access to Cannabis plant and cannabis medication in New Zealand. If possible please include information and assessment about:

- 1) the potential saving for the NZ government on imports of pharmaceuticals if cannabis were able to be lawfully grown and used for medical purposes in Nz including any assessment of*
 - a) the direct cost of painkillers and any substances that could be replaced by cannabis products and*
 - b) the direct and indirect cost (estimated if necessary) of other pharmaceuticals that are currently used to address side effects of chemotherapy and other drugs that might be avoided by the use of cannabis*
 - d) the cost of policing current cannabis laws*
 - e) the estimated tax and GST take (and any reduction in benefit payments) if the trading of cannabis were legalised in New Zealand."*

Information Being Released

Please find enclosed the following documents:

Item	Date	Document Description	Decision
1.	29 January 2013	Drug Classification note	Release in full
2.	11 February 2013	Speaking notes - Analyst Forum. Improving public sector spending	Release in part

I have decided to release the relevant parts of the documents listed above.

These documents were prepared for an internal forum at the Treasury that was designed to test policy thinking on a range of issues in the public domain. They are not official Treasury opinion. Further, the documents were never sent to my office as they were not intended to be distributed more widely than as speaking notes for the forum. However, I note that your request asks for any information "*held ... on your behalf by your officials or treasury*", and Treasury officials have now passed them on to me for the purpose of responding to your request.

Information Publicly Available

The information listed in the table below is also covered by the request and available on the Ministry of Health's website. Accordingly, I am declining the request for this information under section 18(d) of the Official Information Act – the information requested is or will soon be publicly available.

Item	Date	Document Description	Website Address
1.	7 April 2016	Research Report: The New Zealand Drug Harm Index 2016	http://www.health.govt.nz/publication/research-report-new-zealand-drug-harm-index-2016

This fully covers the information you requested. You have the right to ask the Ombudsman to investigate and review my decision.

Yours sincerely



Hon Bill English
Minister of Finance

MOIA 20160197

Information for Release

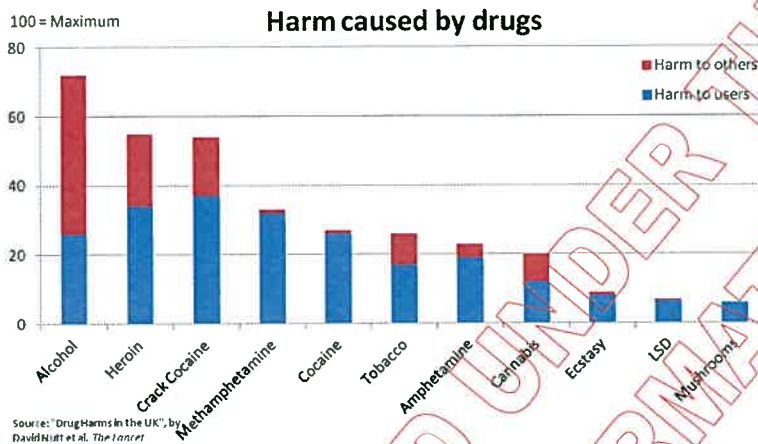
1. [Drug Classification note](#) 1
2. [Speaking notes - Analyst Forum. Improving public sector spending](#) 2

IN-CONFIDENCE

Drug Classification Reform

The current drug classification system does not relate closely to the relative harms caused by drugs. Reforming drug policies would result in fiscal savings, ease pressure on justice sector resources, and result in fewer criminal convictions for disadvantaged groups, youth and Maori.

New Zealand’s drug classification system does not align closely with the relative levels of personal or social harm caused by drugs. In particular, Alcohol and Tobacco are consistently found to be more harmful than some illegal drugs¹:



Current policies do not appear to be effective at reducing the rate of illicit drug use. The Christchurch Health and Development study found that only 6 percent of cannabis users came to police attention, and 95 percent of users who were arrested continued with or increased their use². Evidence doesn't support the 'Gateway Hypothesis' that Cannabis use leads to use of harder drugs³.

Punitive approaches to drugs have adverse social consequences. Criminal convictions negatively affect earning potential and travel opportunities, as well as carrying social stigma.

Drug prohibition disproportionately affects males, Maori and youth. In 2001, Maori made up 14.5 percent of the population, but received 43 percent of the convictions for cannabis use⁴

Drug Prohibition has high fiscal costs. The cost of enforcing drug prohibition laws in 2005/06 was around \$300 million, and police spent around 600,000 hours on illicit drug enforcement. Taxing Cannabis could generate around \$150 million revenue per annum.

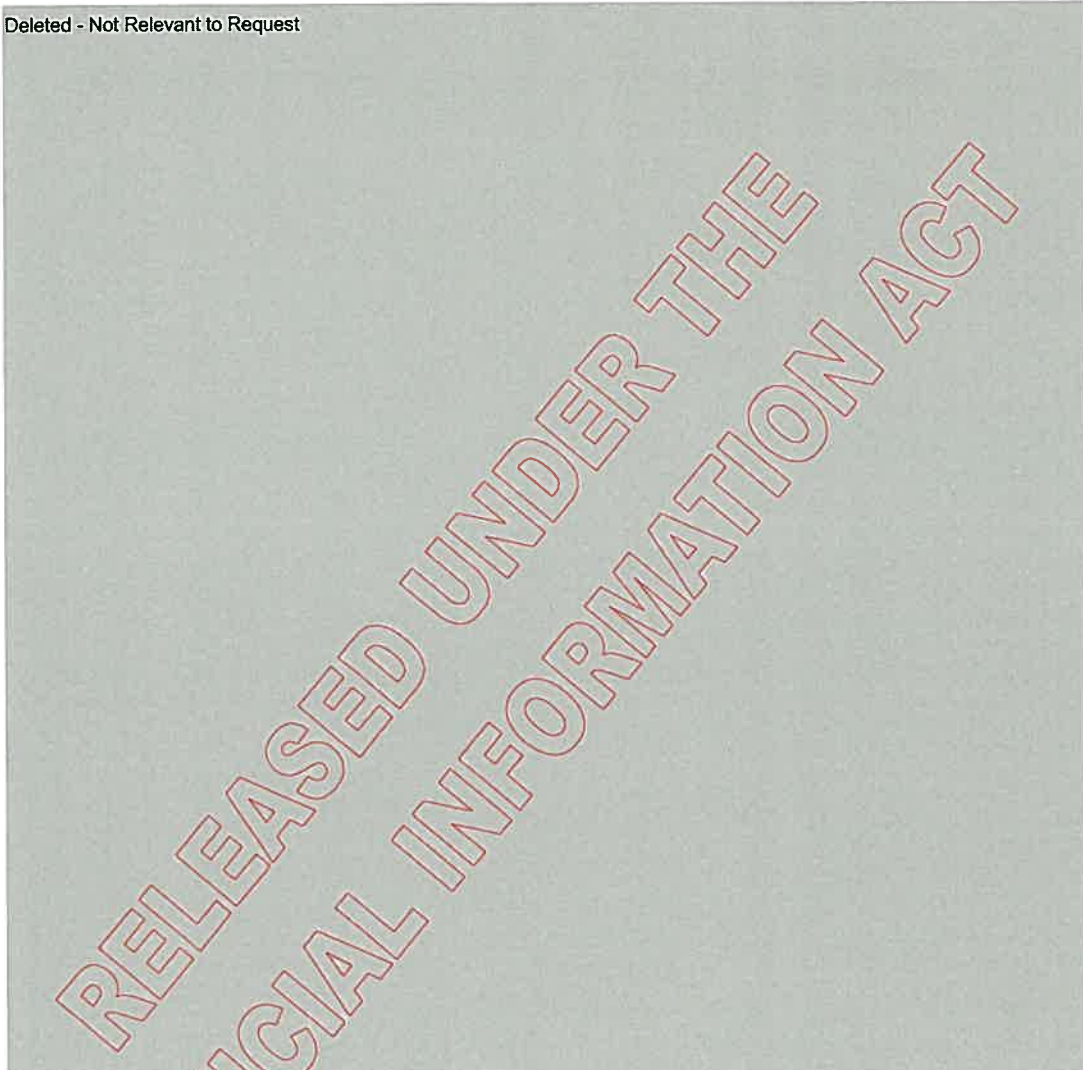
Reform Options – Estimated Fiscal Impacts⁵



¹ "Drug Harms in the UK". David Nutt, *The Lancet*. 2010
² "Inquiry into the public health strategies related to cannabis use and the most appropriate legal status", Report of the Health Committee, 2003
³ "Marijuana and Medicine: Assessing the Science Base". National Academies Press. 1999"
⁴ "Inquiry into the public health strategies related to cannabis use and the most appropriate legal status", Report of the Health Committee, 2003
⁵ Need to say something about the estimates

IN-CONFIDENCE**Speaking notes – improving public sector spending**

Deleted - Not Relevant to Request

**And our final suggestion on public spending is Drug law reform**

Our drug classification system doesn't align well to the relative harms caused by drugs. In particular, Alcohol and Tobacco are consistently found to be more harmful, than some illegal drugs, such as cannabis.

Reforming drug policies would save money, ease pressure on the justice sector, and lead to fewer criminal convictions for youth and Maori.

Giving criminal convictions to drug users doesn't seem to be a good deterrent.

Only around 6 percent of cannabis users come to police attention, and 95 percent of those that do continue using.

There are also adverse social consequences from using the criminal justice system to try and reduce drug harm. Criminal convictions hurt peoples' employment opportunities and earning potential, and disproportionately affect Maori. Maori make up around 15 percent of the population, but get almost half of the convictions for cannabis

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use. This might not reflect active discrimination by police, but it does show that Maori take the brunt of current policies.

Of course, prohibition is also expensive. We spend about \$400 million per year enforcing prohibition, and we could generate around \$150m a year in revenue from taxing Cannabis.

There are also a range of relatively palatable reform options. Drug use can be kept illegal, satisfying international treaties, but with criminal penalties swapped for civil penalties, like rehabilitation treatment for people who need it.

Going further, legalising the sale and production of some drugs would generate revenue, and reduce enforcement costs further. Particularly for lower harm drugs, that are widely available, this wouldn't have any big negative impacts.

And a number of countries are moving in this direction. Denmark, Germany, Portugal, parts of Australia and the US have all decriminalised possession of cannabis to varying degrees. Their experiences have been positive, and don't seem to have increased drug use.

My final point on this is that drug reform isn't a particularly radical idea these days. It's supported by The Economist and the Global Commission on Drug Policy, as well as reports by our Health Select Committee and the Law Commission.