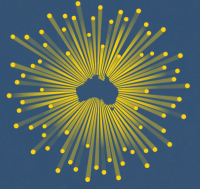


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# REASSESSING THE STRATEGY

A MARKET-CENTRIC APPROACH TO AUSTRALIA'S DRUG POLICY



POLICY BRIEF - LUKE O'DONNELL

# EXECUTIVE SUMMARY

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Australia is facing a national drug crisis, with law enforcement agencies having little impact in curtailing the rapid expansion of Australia's growing market for illicit drugs. Southeast Asia, in particular, is affording a favourable landscape for the production of illicit drugs destined for Australia. Some of the world's least developed economies are positioned in this region, which also plays host to the Golden Triangle, a major illicit-drug manufacturing hub where the borders of Myanmar, Thailand, and Laos intersect. Cheap labour, intersecting borders, harsh mountainous jungle terrain, and an extremely viable Western market nearby has made drug-related law enforcement efforts in the region an uphill battle, as international crime syndicates outpace the capabilities of the domestic agencies tasked to deal with them.

Australian state and federal agencies are now facing the reality of their limited success with supply-side tactics and are now moving to a heavier focus on strategies targeting demand. This is especially true as illicit drug markets continue to expand, with significant manufacturing and supply operations thriving both domestically and internationally.



*Image credit: United Nations Office on Drugs and Crime*

In considering this lack of supply-side success, black market disassociation strategies are now being viewed as a relevant way forward. Diverting people away from the black market acts to prevent exposure, and can potentially afford governments a significant degree of market control, which in turn grants them the ability to gain insights into associated public health issues, and the opportunity to influence them.

This policy brief proposes the following recommendations to complement Australia's supply and harm reduction strategies regarding illicit drug use:

### **Legalise non-medicinal use –**

- Legalise the production and sale of cannabis for non-medicinal (i.e. recreational) use.

### **Create a regulatory body –**

- Create an industry-specific government body equipped with the ability to regulate the recreational cannabis industry and provide adequate oversight of cannabis operations in the private sector.

# BACKGROUND

Cannabis is still the most widely used illicit substance across the globe.[1] In Australia, the National Drug Strategy Household Survey highlighted that in 2016, 35 per cent of people aged 14 and over (approximately 6.9 million) had used cannabis in their lifetime, and 10.4 per cent (approximately 2.1 million) had consumed cannabis in the previous 12 months.[2]

A report from the Australian Institute of Health and Welfare affirmed that users of ecstasy and other stimulants, including injecting drug users, reported that cannabis was either 'easy' or 'very easy' to obtain in Australia. This illustrates the free-flowing nature of illicit drug networks and domestic sub-markets, and how users of one drug can transition to another.[3]

Due to its entirely unregulated nature, Australia's domestic black market for illicit drugs should therefore be viewed as a single entity, comprising numerous interrelated sub-markets for different illicit drugs.

Western democracies such as Canada are leading the charge in legitimising domestic cannabis markets via legislation that permits cannabis to be cultivated and sold for non-medicinal (i.e. recreational) use, as evidenced in the Cannabis Act. In doing so, Canada is attempting to break some of these interconnected links of domestic black markets for illicit drugs through targeting the world's most popular recreational drug. [4]

Separating not only cannabis but cannabis consumers from the black market is increasingly seen as an innovative approach to bolstering national drug strategies from a demand-side aspect. In transitioning the cannabis market to the private sector where it can be subjected to government regulation and oversight, Canadian authorities are seeking to reduce the rates of youth drug use and divert the public away from the black market. This, in turn, prevents both domestic and international crime syndicates from benefiting from the sale of cannabis within a black market context, thereby disrupting their ongoing operations. [5]

# THE PROBLEM

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Without adequate demand-side policies, Australia is providing the Asia-Pacific region and Southeast Asia in particular, with a burgeoning domestic black market in which illicit drug syndicates can invest and make a significant return.

With current levels of domestic cannabis consumption, millions of Australians each year are engaging and interacting with the black market and have the potential to be exposed to other much stronger drugs such as methamphetamine, due to the fluidity and interconnectivity of domestic black market operations.

This policy brief identifies the primary issue as being the implementation of Australia's 'Three Pillars of Harm Minimisation', which forms part of the nation's broader National Drug Strategy[6] (NDS), published by the Department of Health in 2017.

The Three Pillars of Harm Minimisation is a sound theoretical basis for the NDS, incorporating supply, demand, and harm reduction initiatives that together form a robust and multifaceted approach to tackling Australia's illicit drug use. However, when looking to its practical implementation, an excessive amount of attention is afforded to supply reduction, with only a moderate amount of attention paid to harm reduction, and almost no significant policy measures addressing the reduction of demand.

# POLICY RECOMMENDATIONS

## 1 Legalise non-medical use

Legalise the production and sale of cannabis for non-medical (i.e. recreational) use. This bolsters the demand-side aspect of the 'Three Pillars of Harm Minimisation' within Australia's National Drug Strategy.

- The legal and regulatory frameworks can be informed by already established frameworks surrounding the production and sale of alcohol.
- This increases the feasibility of such a recommendation, particularly considering general costs associated with developing new frameworks.
- Market-competition mechanisms will act to reduce the cannabis supply within the Australian black market, working in conjunction with legal and regulatory frameworks to prevent cannabis use amongst adolescent youth.
- Creates significant government taxation opportunities, that can potentially be utilised to offset the costs of harm reduction initiatives, including treatment and rehabilitation services.



## 2 Create a regulatory body

Create an industry-specific government body under the Department of Health, equipped with the ability to regulate the recreational cannabis industry, and to provide adequate oversight of cannabis operations in the private sector.

This organisation can also be tasked with undertaking research into short, medium and long-term outcomes of legalisation and by extension, recreational cannabis use.

Through this regulatory body, issues such as price mechanisms, advertising restrictions and other associated marketing functions can be monitored and influenced in the interests of public health and safety.

This also affords the ability to engage potency-control measures in order to regulate consumption more effectively. Controlling the potency of recreational cannabis products, similar to the way in which alcohol content is controlled in the alcohol industry, will be crucial to the effective management of public health and safety.

Both of these recommendations are considered to be complementary but also necessary, if Australia is to effectively manage post-legalisation outcomes.



## CONCLUSION

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Western democracies such as Canada and the US are now turning their attention towards black market disassociation strategies. This includes developing and implementing demand-side policies such as legalising the production and sale of recreational cannabis, in order to divert consumers of cannabis away from domestic black markets, and to reduce rates of youth drug use.

Australia should look to the examples of its North American allies where legitimate cannabis markets have already been established. These measures would help move Australia towards a better and more sustainable future, where cannabis no longer provides the most common point of entry into the black market for illicit drugs.

### ***Luke O'Donnell***

*Luke is currently in his final year of a Master of International Affairs and Security at Murdoch University. He has also completed a Diploma of Law Enforcement, and a Bachelor of Legal Studies accompanied by a Minor in Politics. Luke's interests include Australian public policy, macroeconomics, and geopolitical relations in the Asia Pacific.*

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[POLICY@YOUNGAUSINT.ORG.AU](mailto:POLICY@YOUNGAUSINT.ORG.AU)