



Compliance and the master grower

Commercial production of cannabis in South Africa faces a raft of legislative issues, and farmers and processors are advised to seek expert help in this regard. Nonetheless, there are opportunities for excellent profits from this crop, says **Thomas Walker**.

Ensuring compliance and having access to the expertise of a master/head grower are the two most important requirements for obtaining a licence and operating a successful cannabis cultivation business.

As is widely known, a licence is required to grow cannabis commercially. The type of licence, and hence the regulations set, depend on the end-form and cannabinoid profile of the product, whether it is flower, oil, biomass or terpenes. This in turn is dictated by the buyer. In summary, the bulk of the facility must be equipped to produce exactly what the buyer requires, with some room for diversification.

Countries that constantly change their legislative policies due to new governance, corruption or instability are not good candidates for growers. Typically, construction phases can range from one to two years, with another year to achieve full production.

Much can change within this time frame. It is almost impossible to assess the potential viability of a cannabis business without expert knowledge of local licensing legislation. Few growers or processors have this knowledge, so it's crucial to use the services of a good compliance consultant.

STARTING OFF

Most countries that legalise the production of cannabis start with medicinal cannabis. The downside of this approach is that rescheduling of the various cannabinoids tends to lag, forcing growers to export products to countries that have descheduled compounds.

The Medicines Control Council of South Africa previously classified cannabis as a Schedule 7 product, making it illegal to cultivate, use or sell. On 22 May 2020, the South African Health Products Regulatory Authority amended the scheduling of cannabis and specific cannabinoids.

Cannabidiol has been descheduled to Schedule 4, while tetrahydrocannabinol, the main psychoactive compound in cannabis, has been descheduled to Schedule 6.

The descheduling allows for private use and personal cultivation. And, in accordance with the 1961 Single Convention on Narcotic Drugs, a permit is required for the manufacture of a Schedule 6 medicinal product.

Countries that have legislated the production of medicinal cannabis have varying qualifying standards. In a young medicinal market, such as Africa, the standards required by the licensing authority will be lower than the standards of the overseas purchaser.

This is important to remember; cultivators and extractors need to satisfy the standard requirements of both the licensing country and the overseas buyer.

On the medicinal market, Good Agricultural and Collection Practices for Medicinal Plants is the required standard for the US, Canada, Australia and Europe.

South Africa still has much work to do on its legislative framework for the commercial production of cannabis.

THE HEAD GROWER

The design and operational success of any cannabis cultivation venture rests almost entirely on the expertise provided by the head grower. This person oversees each step of the design, forecasting, cultivation, vetting, and training processes. The responsibility of making crucial cultivation decisions also rests with the head grower, who could make or break the operation.

A head grower does not require a degree in horticulture, but should have no less than 10 years' commercial cannabis cultivation experience. If the candidate does not have the valid experience, it would be best to hire a consultant to provide the gap in expertise.

The construction of a cultivation facility can take up to two years

Trying to navigate the minefield of legislation and licensing involved in commercial cannabis production without an expert compliance consultant can be (and has been) detrimental to start-ups and operators.

In contrast, appointing a top-calibre commercial cultivation consultant to cover the gap in expertise of your appointed head grower could avert costly delays in acquiring a licence and launching the operation.

With the right backing, South African growers and processors have a remarkable opportunity to realise high profits.

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