

Global Food Forum: Consolidation calls for cannabis

By SARAH-JANE TASKER, REPORTER

12:00AM MARCH 21, 2019 •  NO COMMENTS

The medicinal cannabis sector is ripe for consolidation with leading industry figures tipping it is a matter of when, not if, companies join forces.

Allan McCallum, chairman of Australian-listed Cann Group, said yesterday that the company was on the lookout for potential takeover targets.

He also told the 2019 Global Food Forum, which is supported by *The Australian* and Visy, that he was not concerned about the number of medicinal cannabis companies listed on the Australian market, or talk of the industry being in a speculation bubble.

“I’m not too worried ... we have just been pressing on and not looking over our shoulder too much,” he said. “We do have a look occasionally to see if there’s any consolidation activities there that could enhance our position.”

Diane Scott, chief executive of Canada’s Jamaican Medical Cannabis Collective, said there was no question the industry would need to consolidate.

“The big boys have already started it and it’s a healthy thing for the industry,” she said. “When you look at the initial public offerings that have happened, they are listing at 11, 12, 15 times book value, which is somewhat crazy when some of these companies do not even have revenue.”

Ms Scott told the forum that while medicinal cannabis was becoming more widely accepted globally, there was still a stigma.

She said she was an adviser to the UK Centre of Medicinal Cannabis, which was shaping the UK legislation, adding that there were strict on guidelines around how you could speak about cannabis.

“In a forum like this, you could never advocate for the use,” she told delegates at the Sydney event.

“You can talk about research, you can talk about the science, but it’s still got a degree of stigma to it.

“I think it’s changing. I was here in October and there was some discomfort, and while there is still some, as I can tell, that in itself has changed significantly in the short period of time.”

Cann Group is banking on that stigma shifting as regulator support for the industry increases. It announced to the market yesterday updated plans to build its planned huge marijuana greenhouse.

The company revealed it now planned to build the facility in regional Victoria, rather than near Melbourne’s Tullamarine Airport. It said it had entered into a non-binding agreement to buy a site in Mildura for \$10.75 million and plans to build a 3.4ha state-of-the-art greenhouse there.

The company said it would be the largest purpose-built medical cannabis production facility in Australia, capable to producing up to 50 tonnes of dry flower a year.

Mr McCallum said the cost of building the \$130m facility and the timeline to develop the new greenhouse were both likely to blow out if the company proceeded with the airport location option.

“We wanted to be building today and we will probably be starting tomorrow with that shift to Mildura, plus we will save 15 per cent in electricity costs in less power,” he said.

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Sarah-Jane Tasker has been a journalist for more than 20 years, having started her career on The Sunday Times in Perth. Her previous roles include deputy editor of the Kalgoorlie Miner in regional Western Austr... [Read more](#)



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