

Balancing Enforcement & Access with Cannabis Growing

Prepared for 2021 AMO Virtual Annual Conference

Session: Cannabis Growing in Municipalities - Opportunities and Challenges

A large, stylized cross logo composed of multiple concentric, slightly offset lines, creating a 3D effect. It is positioned in the upper right quadrant of the slide.

ELLISON
STRATEGIES

Speaker Disclosure

Max Monahan-Ellison

Principal - Ellison Strategies | Co-Founder - eCB Consulting Inc.

Board Disclosure

Board Chair – Medical Cannabis Canada

Opinions expressed are my own



Why we are here

Key issues raised

Grow size



Potential criminal activity



Safety and neighbourhood disturbance



Municipal challenges

- Mounting public attention and pressure from public for municipalities to engage
- Large grows have huge potential to be non-compliant with municipal building and safety code, but municipalities have limited financial or jurisdictional resources to intervene in most areas
- Limited understanding of how this program is used and lack of data or reporting on the program to aid in municipal interventions

Why we are here

Designated and personal production are a protected constitutional right, so municipalities have to find a way to balance public pressure and patient access.

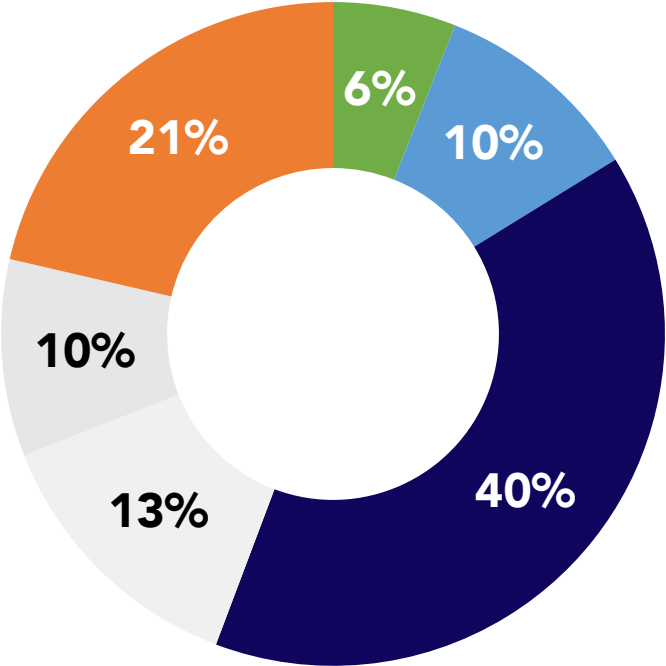
This starts with understanding the market, the patient and what we can reasonably accomplish.

We will cover:

1. The patient landscape
2. The regulatory framework and why patients use this system
3. Limitations and recommendations for municipalities on how to navigate access and oversight

Patient Landscape

Just over half are relatively new to cannabis



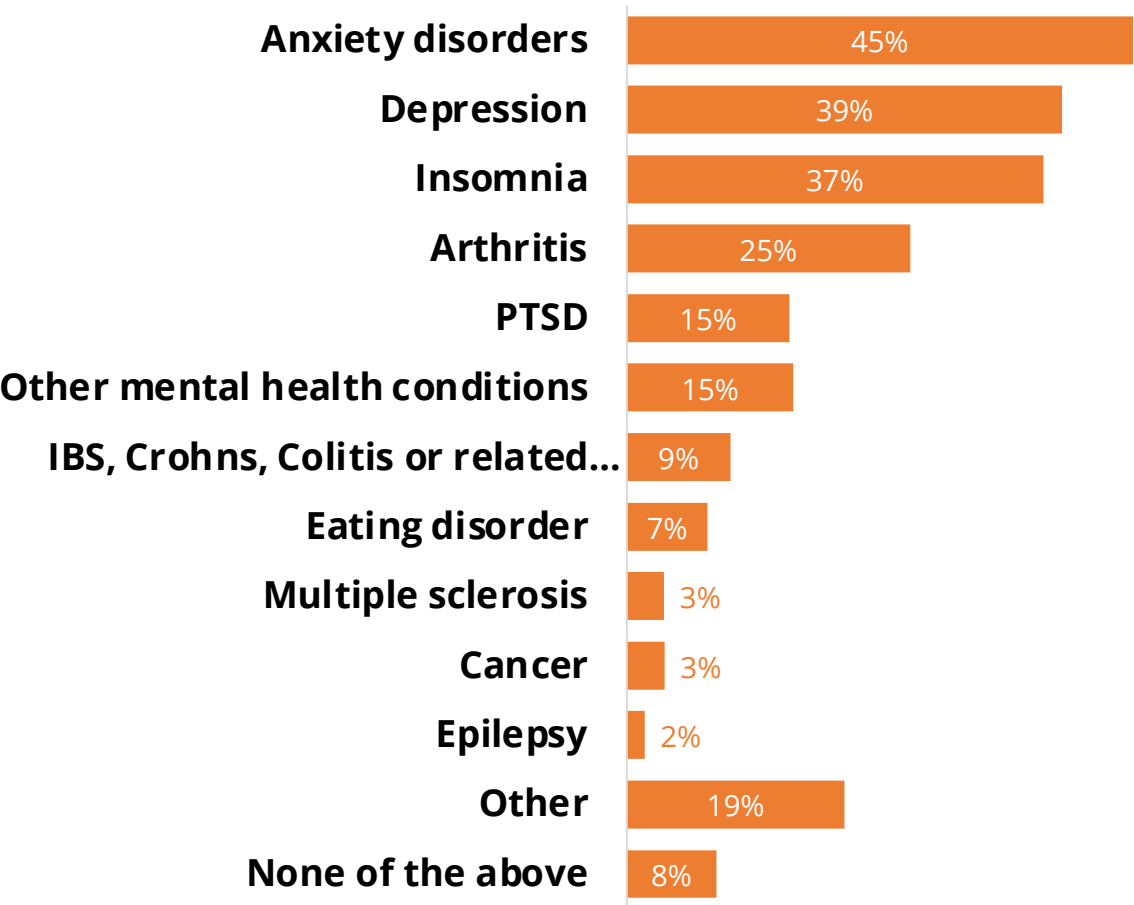
- 6 months or less
- 6 months to a year
- 1 to 3 years
- 4 to 5 years
- 6 to 10 years
- Over 10 years

Just over half of medical cannabis patients are relatively new to medical cannabis, having used it for medical purpose for three years or less.

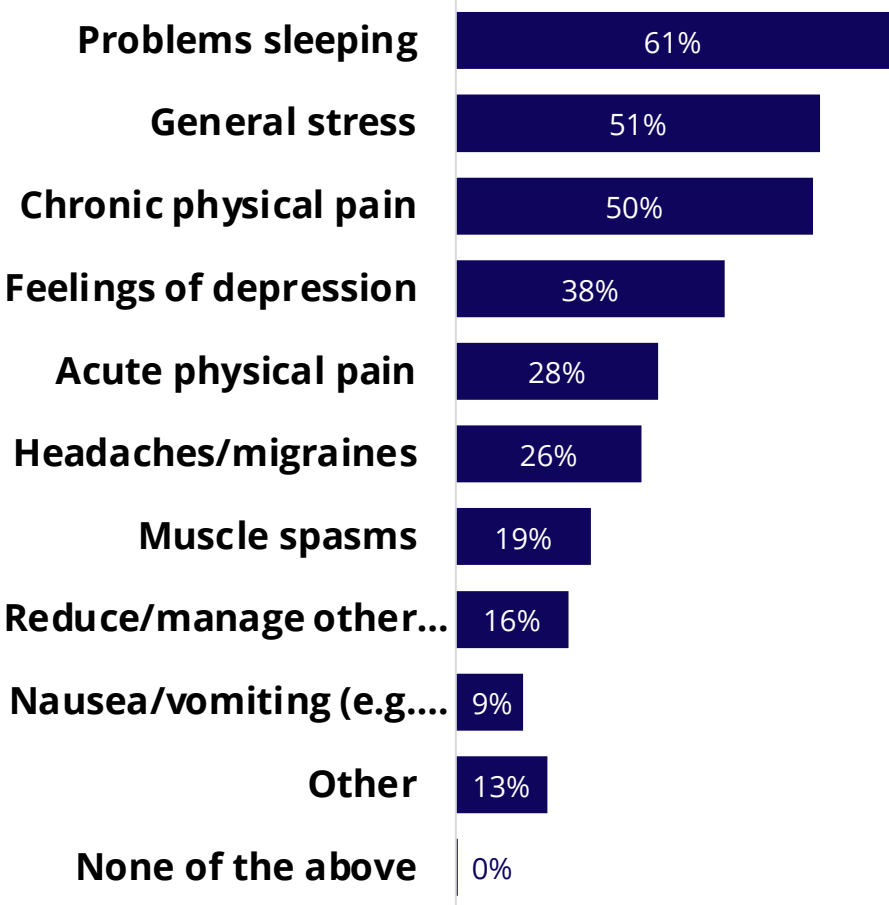
Diversity and variance in patient treatment needs



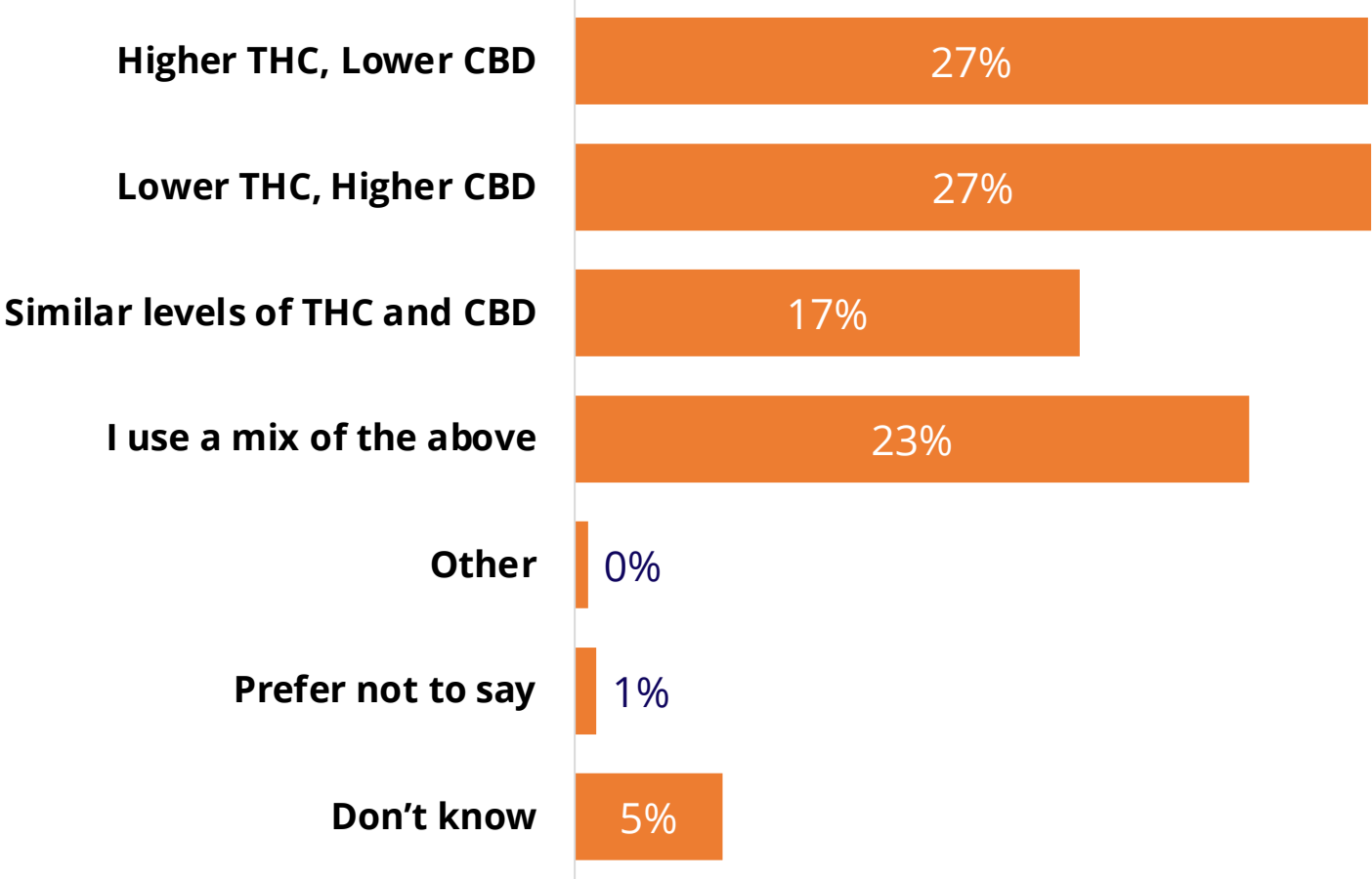
CONDITIONS



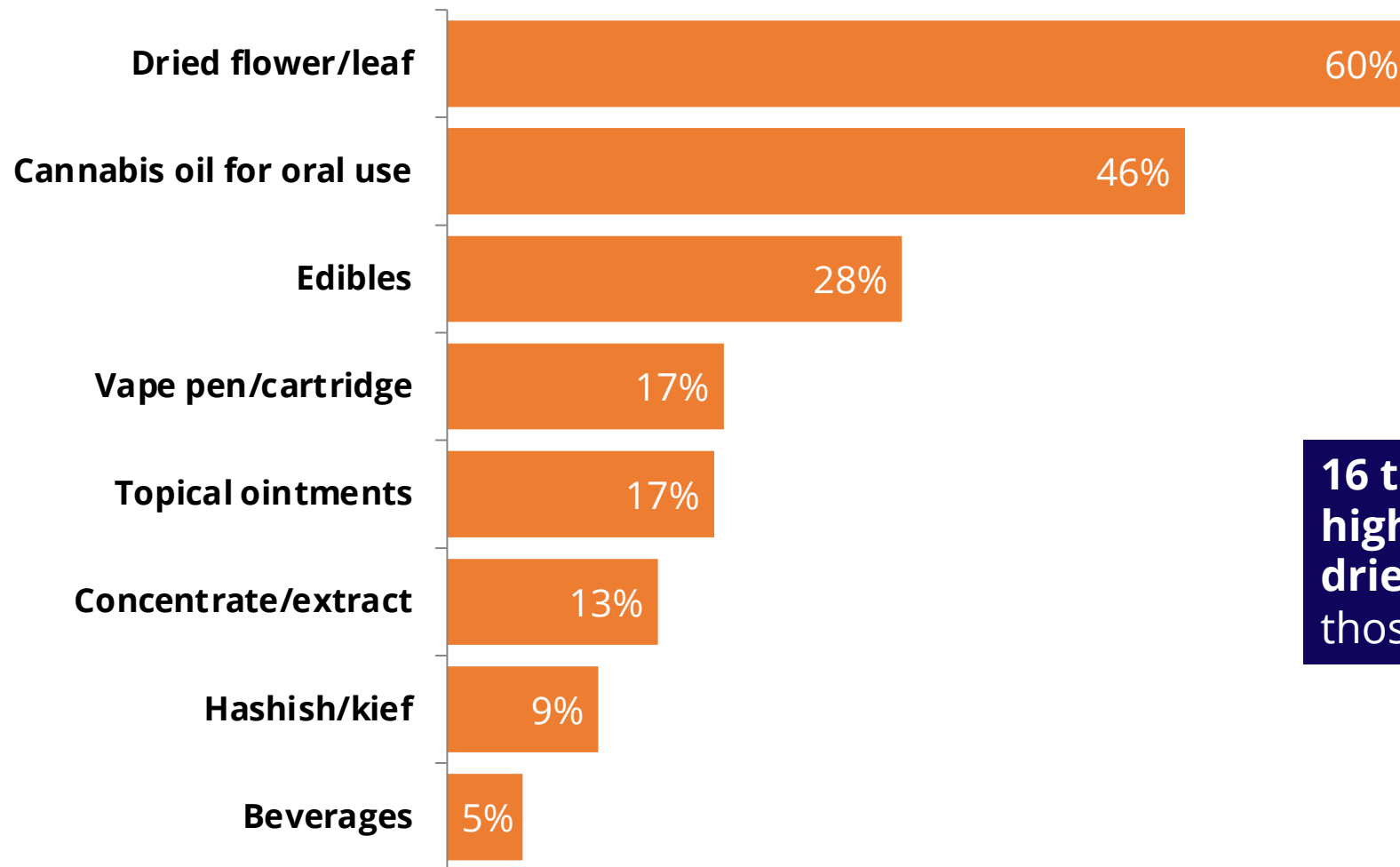
SYMPTOMS



Mix of THC and CBD



Variance in product format use



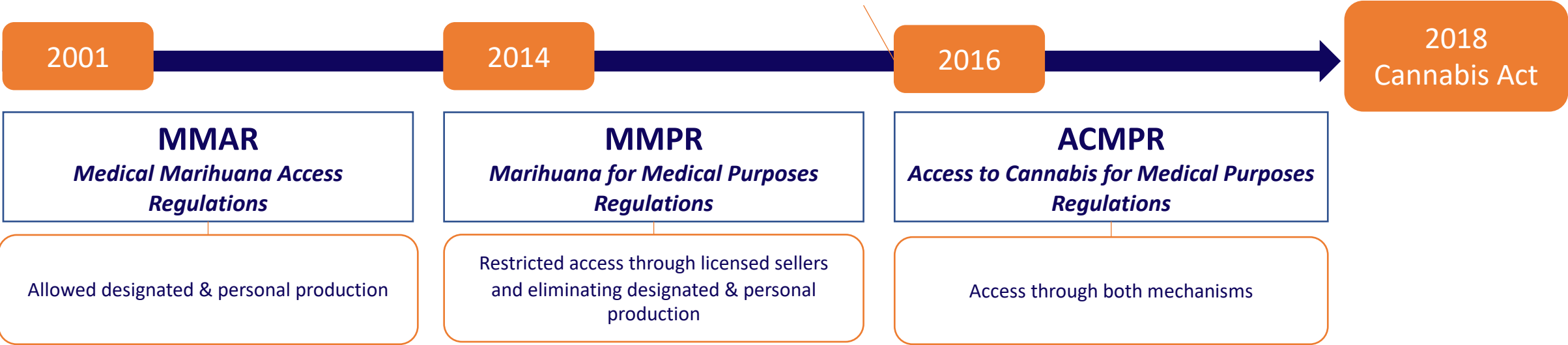
16 to 24 year olds (77%) had a higher prevalence of using dried flower/leaf products than those 25 years and older (54%).

Regulatory Overview

How we got here – balancing restriction and access

Allard V. Canada

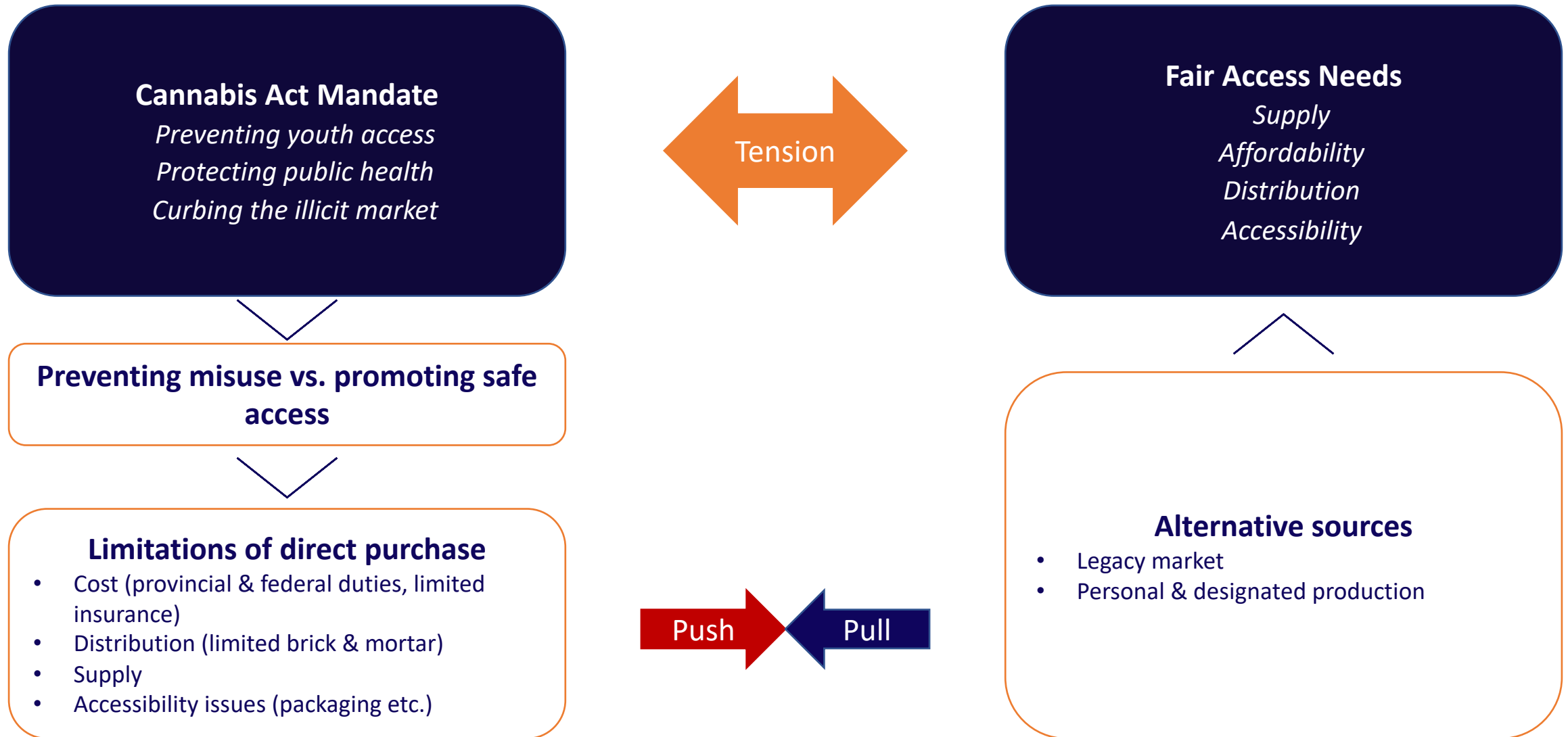
- Lawsuit against Federal government by patients
- Ruled the MMPR unconstitutional & that patients have constitutional right to grow their own cannabis under the Charter



“Moving forward, Health Canada will evaluate how a system of medical access to cannabis should function alongside the Government’s commitment to legalize, strictly regulate and restrict access to marijuana.”

-Statement from Health Canada on newly formed ACMPR

Tension and barriers with direct purchase



Personal cultivation and informal access seen as most affordable

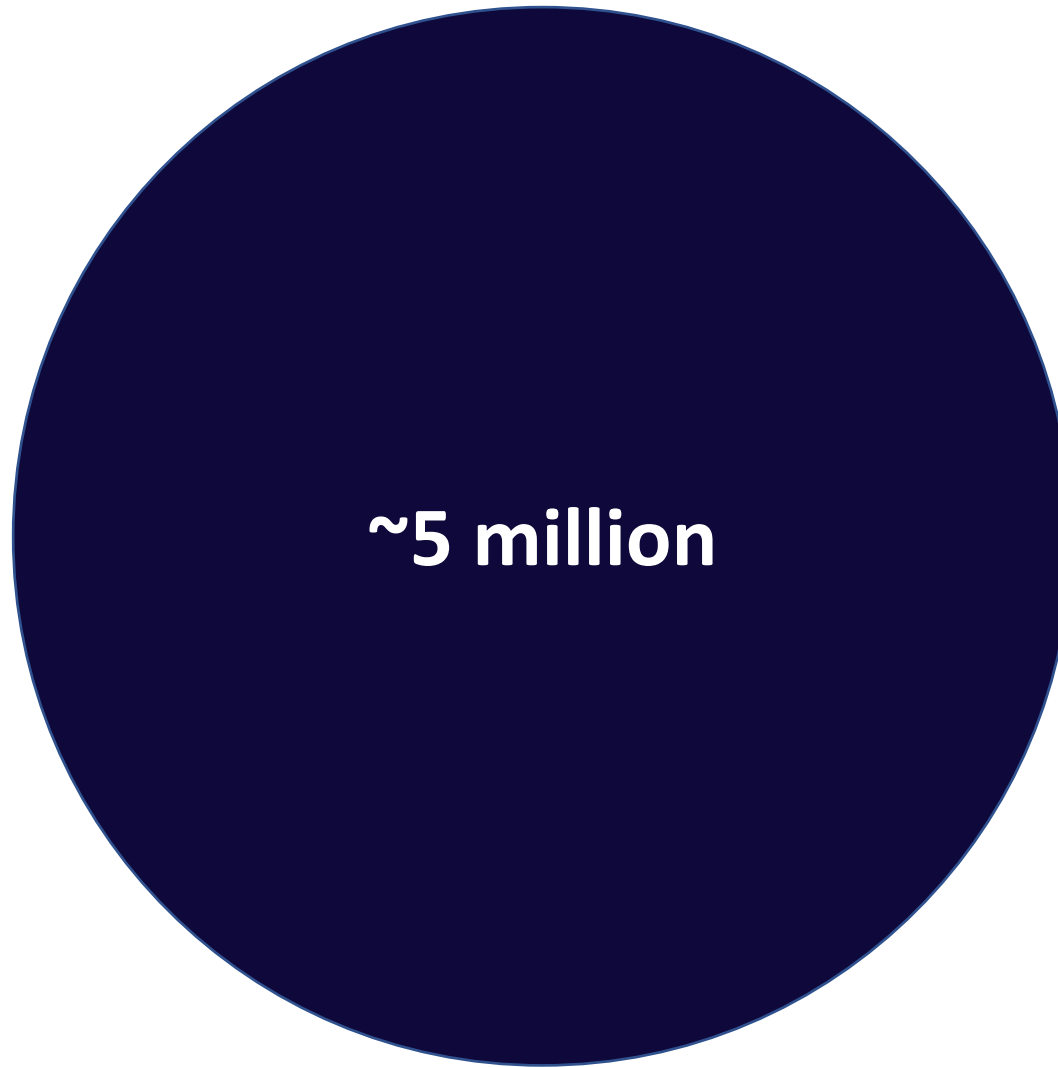
***MOST
AFFORDABLE***

	VERY/ SOMEWHAT AFFORDABLE	NOT THAT/ AT ALL AFFORDABLE
GROWN CANNABIS AT HOME	81%	19%
INFORMALLY THROUGH A FRIEND, FAMILY, ACQUAINTANCE OR DEALER	82%	18%

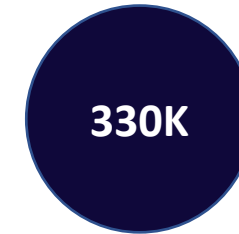
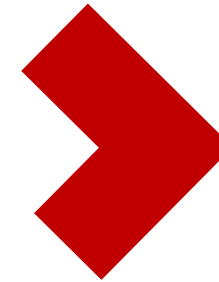
***LEAST
AFFORDABLE***

THROUGH AN UNREGULATED CANNABIS DISPENSARY OR COMPASSION CLUB (ONLINE OR IN-PERSON)	73%	27%
GROWN CANNABIS VIA A DESIGNATED GROWER OR CAREGIVER	71%	29%
DIRECTLY FROM A LEGAL LICENSED PRODUCER (MAIL ORDER)	59%	41%
AT A LEGAL RECREATIONAL STORE (ONLINE OR IN-PERSON)	57%	43%

Minimal use of legal medical access programme



Est. Patients



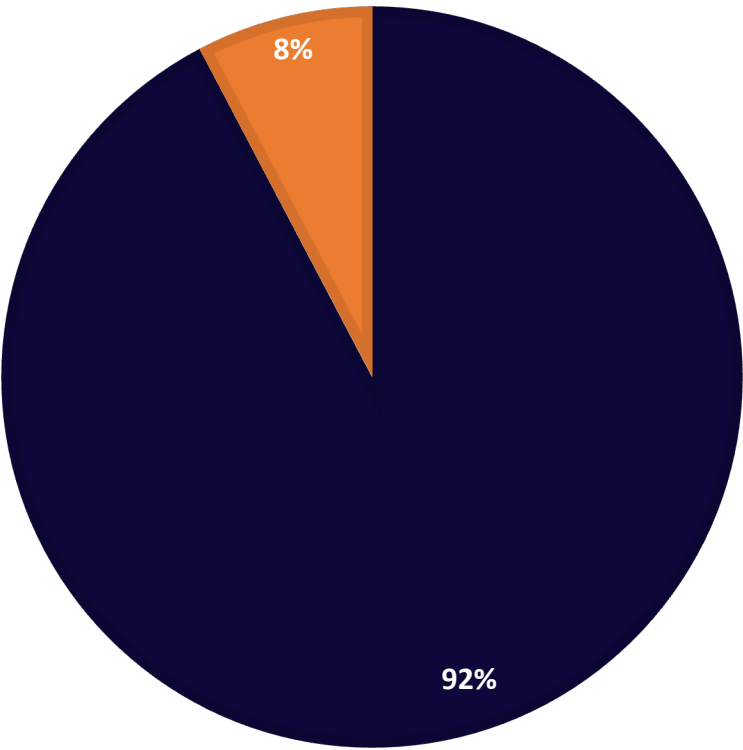
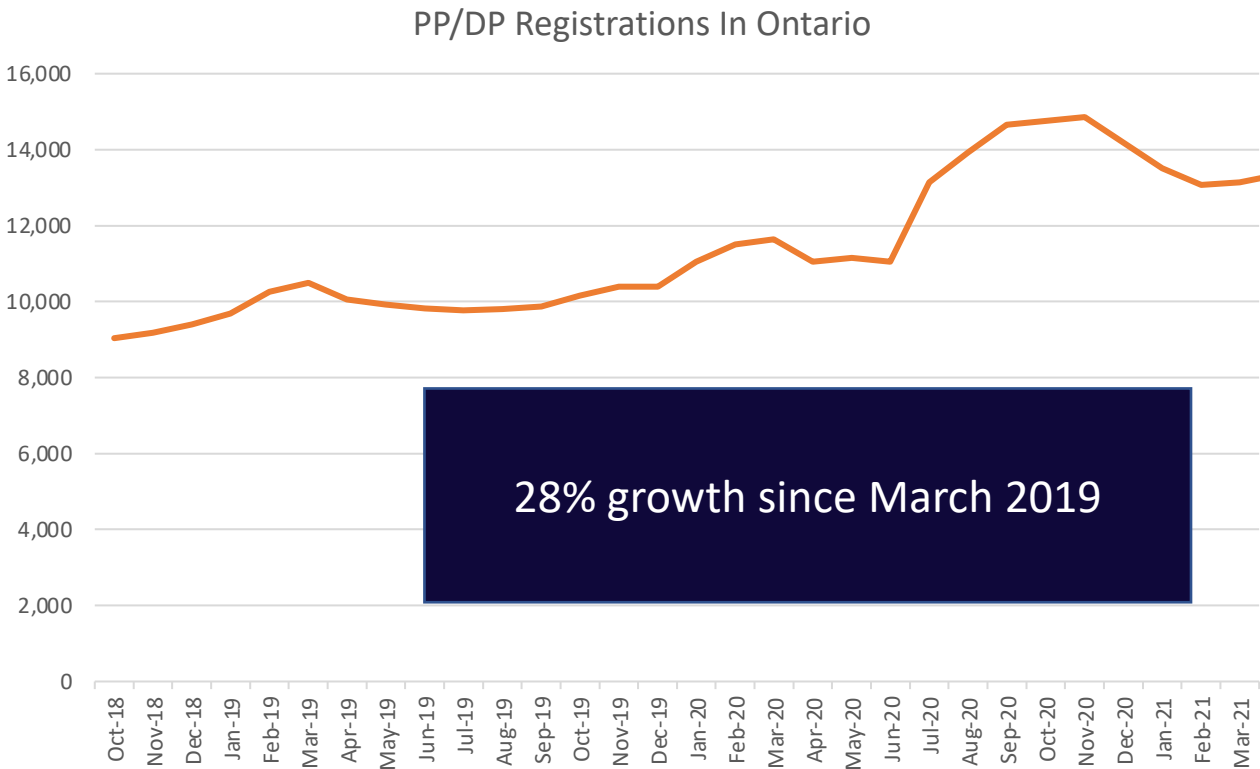
Active Client Registrations

Lowest recorded direct client registrations to date

PP/DG makes up small portion of overall registrations despite growth



■ DLS ■ PP/DG

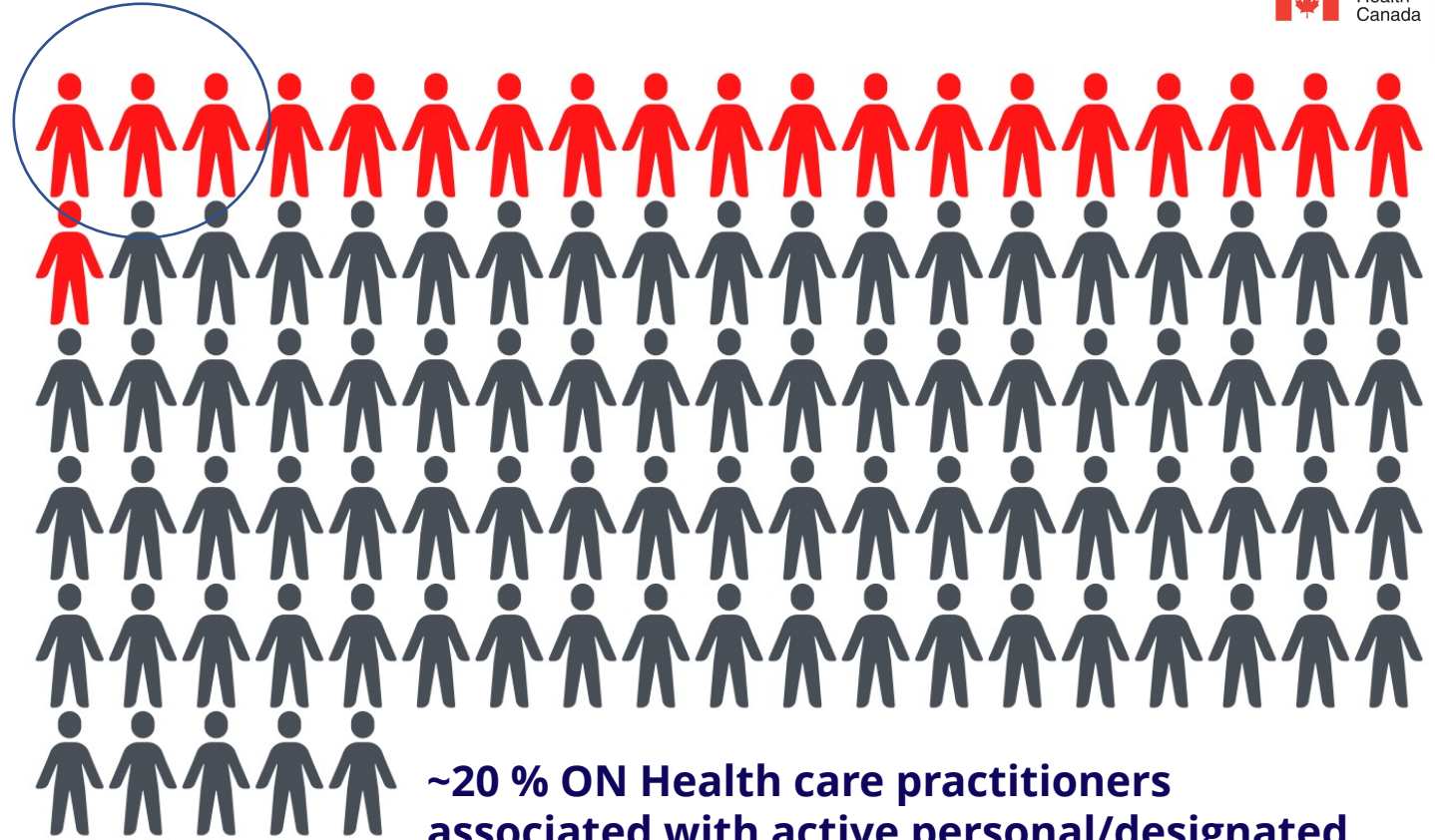


Large ON PP/DG authorizations from around 20% of prescribers

43.9 G

AVG Authorization Amount (ON)

200+
indoor
or 80+
outdoor
plants



~20 % ON Health care practitioners
associated with active personal/designated
registrations who authorized amounts
equal to or above 25 grams per day

~3% equal to or above 100 grams per day

Does someone need this much? - Potentially

- Patients can produce anywhere from ¼ ounce to over 3oz per plant
- Grow time is highly variable
- Even if they have 200+ plants, some may be staggering flowering to have steady supply and only a portion may be successful
- Those doing extractions can produce varying amounts based on skill and type (juicing, oils, topicals etc.)

But we just do not know how patients are leveraging their authorization...



Is there widespread criminal behaviour?

- **Most of the insights we have are anecdotal or limited**
- **Data from the Allard case were not seen as credibly sourced and showed minimal criminal activity as a proportion of total licences**

We just don't know to what extent there is criminal behaviour...

Findings Cited in Allard

Type of risk	Number & %
"Grow rips" at PUPL and DPPL sites in BC in 2013	50 cases .3% of 16,010 PUPLs and DPPLs in BC as of December 2013
"Serious incidents" of violence "related to" grow rips or PUPL / DPPL sites in BC in 2014	14 cases 0.09% of 16,010 PUPLs and DPPLs in BC as of December 2013
Homicides "related to" grow rips in Lower Mainland BC between November 2003 and February 2013	14 cases 0.09% of 886 homicides in BC in the years 2004 through 2012

*Sourced from Affidavit of Susan Boyd

Key takeaways

Designated and personal production is growing

- Direct purchase market stagnant with little incentive to use it
- Affordability is a key driver

Authorization sizes are large on average, but majority of large authorizations coming from a handful of practitioners

There is a lack of data available to fully understand how people use this system or the extent to which we see criminal activity

- Lack of data on compliant registrants use of biomass (for extracts vs. combustion) makes it hard to determine if the grow size is too large
- Lacking data on extent of criminal activity

Recommendations for Municipalities

Core opportunities for municipalities

Canadians place pressure on municipalities to intervene when it comes to designated and personal production, despite limitations on their reach and resources. As municipalities grapple with these challenges, I see three key opportunities to balance oversight and access.

Pressure

Communicate

**Partner with patients to
support municipal policy
interventions**

Pressure Health Canada

➤ To improve data collection and insights on this market

- Data on compliant patients usage behaviours (extractions being used, CBD/THC balance and other cannabinoids), and challenges staying compliant
- Fulsome criminal data analyzing extent to which (by proportion of licensees) any wrongdoing occurs
- Ensure academic rigor and accountability

➤ To intervene based on data

- Evaluate greatest area for intervention based on market analysis and focus enforcement and oversight there
- Consider focus on prescribers over patients for high authorizations
- Avoid broader measures that will impact compliant registrants

➤ To improve the direct purchase market from medical sellers to increase demand

- Removal of excise and sales duties from the medical stream
- Pressure for provincial pharma care coverage of certain indications
- Support for pharmacy dispensing
- Accessible packaging

“If the Cannabis Act has its desired effect, the commercial availability of an adequate, quality supply of cannabis will reduce the need for people to grow the plants themselves.”

- Federal Association of Municipalities

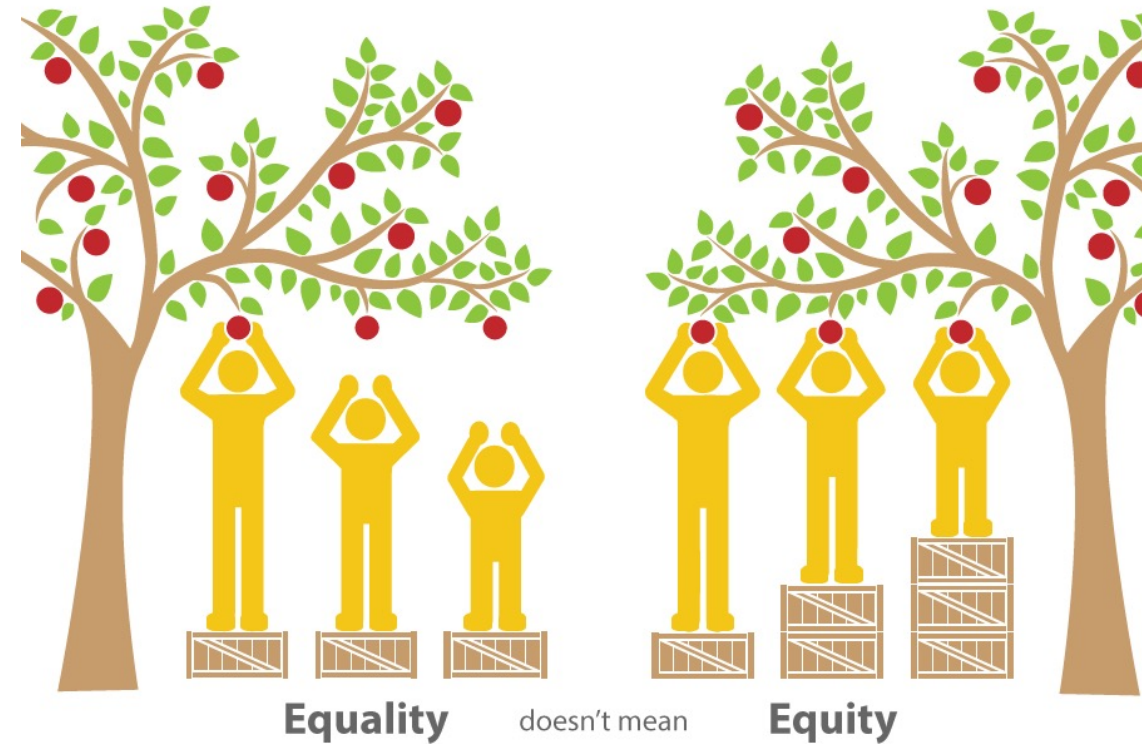
Communicate the whole picture

- Ensure public discourse includes the nuances of the treatment experience, variability in patient needs
- Focuses on available data vs. "drugs on the table"
- Provide education to registration holders on how to stay compliant in your municipality



Partner with patients locally when developing municipal policy

- Include diversity of patient voices in committees and in consultations
- Take an equitable approach to municipal policy process



Thank you



ELLISON
STRATEGIES