



# 420 ADVISORY MANAGEMENT

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# THE CANNABIS ACT: WHAT DOES IT MEAN FOR CANADIANS?



**420 CLINIC, LTD.**

# OBJECTIVES

## **At the end of the session, you will be able to:**

- 1) Understand the ramifications of recreational cannabis legalization
- 2) Understand the statistics, studies and sociology of cannabis legalization
- 3) Dispel commonly held myths in regards to cannabis

## OBJECTIVES

**At the end of the session, you will be able to:**

4) Understand the social and economic upsides of cannabis legalization.

# CANNABIS USE IN CANADA



40%

OF CANADIANS HAVE  
USED CANNABIS



10%

OF CANADIANS HAVE  
USED CANNABIS IN  
THE PAST YEAR



20%

OF CANADIANS  
AGED 15-24 YEARS  
USED CANNABIS IN  
THE PAST YEAR



70%

OF CANADIAN  
CANNABIS USERS ARE  
AGE 25 OR OLDER

Canada has one of the highest rates  
of cannabis use in the world.

# MEDICAL CANNABIS USERS IN CANADA 2016

Age (Years)	(%)
18-30	24%
31-40	26%
41-50	23%
51+	27%

Fig. 1. Demographic characteristics of patients seeking first-time certification for marihuana for medical purposes in Canada in 2016

It should also be noted that the number of people age **65+** who said they use marijuana grew **250%** between **2006** and **2013**. The fastest demographic.



# WHY IS CANNABIS USED MEDICALLY?

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**SEDATING  
RELAXING**

- BROAD
- SHORT
- BUSHY



**INDICA**

# CANNABIS TAXONOMY



**UPLIFTING  
ENERGIZING**

- THIN
- TALL
- SPARSE

**SATIVA**

**VARY IN:**

- CANNABINOIDS
- FLAVINOIDS
- TERPENES

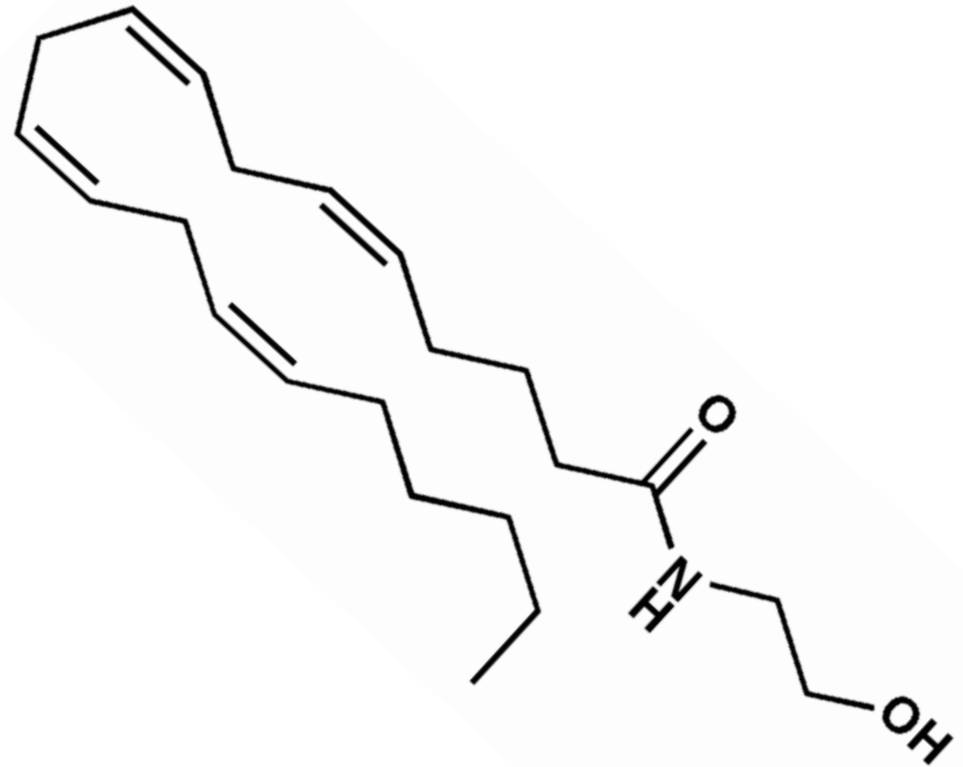




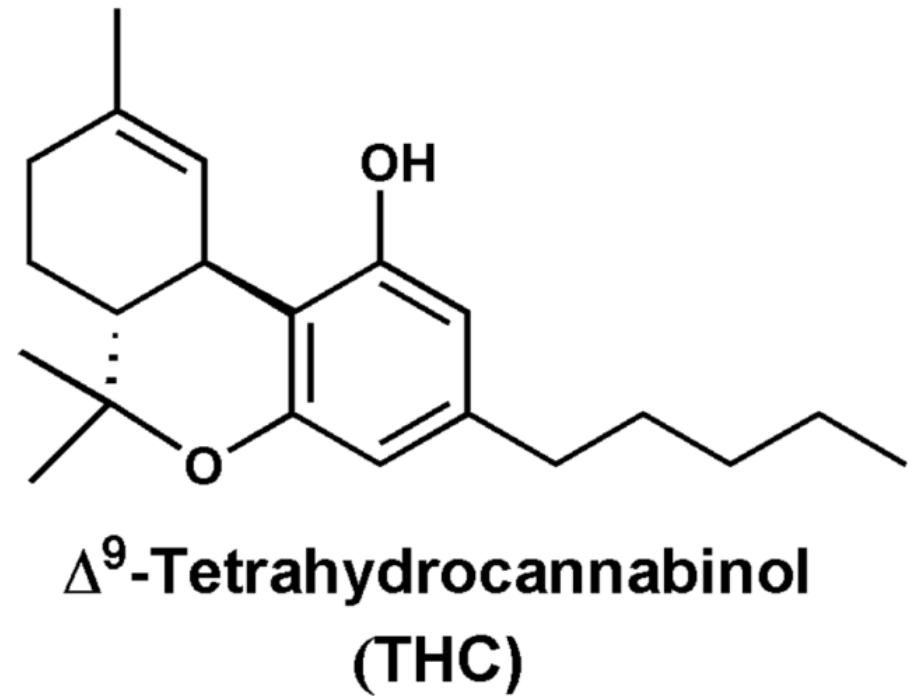
# WHAT ARE CANNABINOIDS?

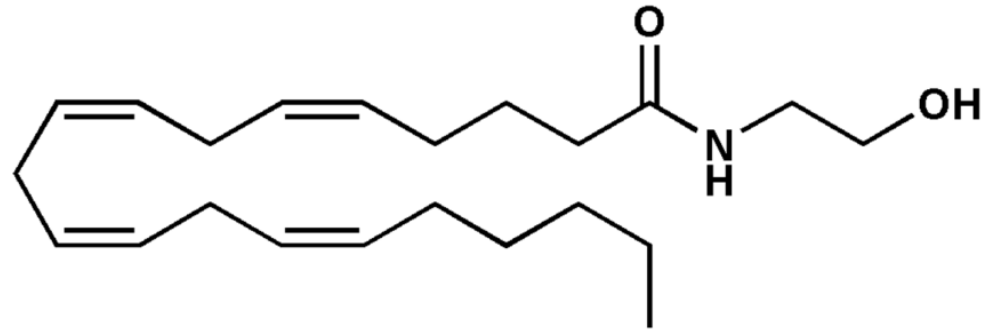
Compounds that modulate the release and balance of neurotransmitters and cellular processes through our endocannabinoid system.

This is **Anandamide**, which can regulate things such as gustatory sensations, feeding behavior, analgesia, elements of mood and innate immunity.

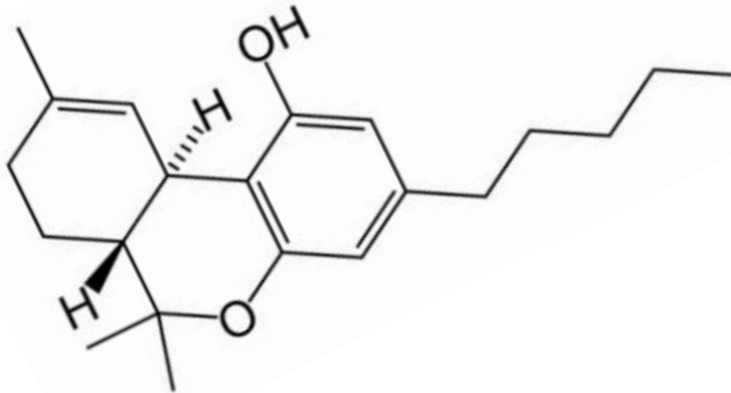


This is **THC**, an example of a phytocannabinoid that is created in the trichomes of a female cannabis plant.

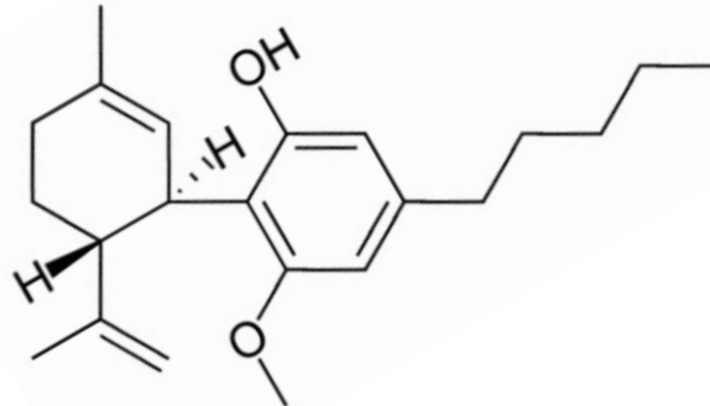




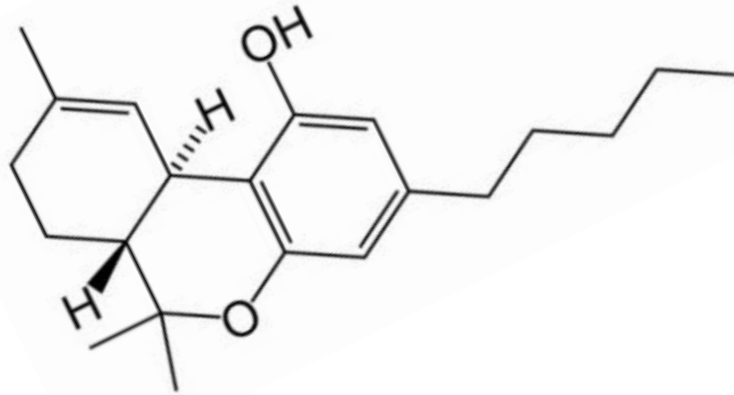
***N*-Arachidonylethanolamine  
(Anandamide, AEA)**



**THC**

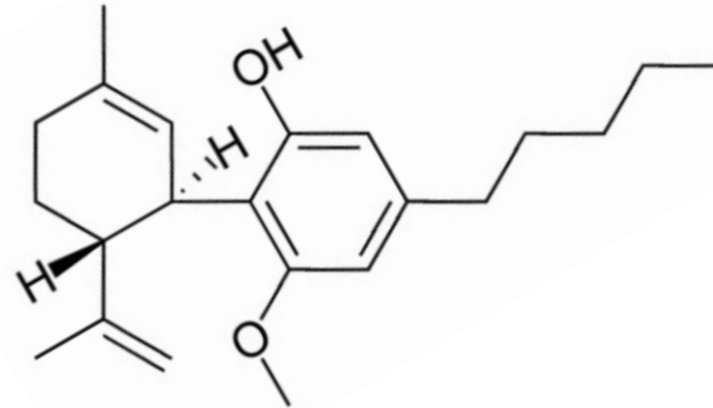


**CBD**



# THC

High with consumption  
**over 2mg** of THC  
(Euphoric)



# CBD

No High  
**Involved** in  
consumption  
(Non-Euphoric)

# SYMPTOMATIC INDICATIONS OF SCE

## THC

- Pain
- Neuropathy
- Nausea and Vomiting
- Insomnia
- Disordered Eating

## CBD

- Inflammatory conditions
- Muscle Spasticity
- Reduced Seizure Threshold
- Anxiety

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# Intention of Marijuana Use in the United States



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# BILL C-45

“THE CANNABIS ACT”



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The *Cannabis Act* provides legal access to cannabis and controls and regulates its production, distribution and sale.

**The objectives of the Act are to:**

- 1) To prevent young persons from accessing cannabis.
- 2) To protect public health and public safety
- 3) To deter criminal activity by imposing serious criminal penalties for those operating outside the legal framework.

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# OBSTACLES & CHALLENGES

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The objectives of the Act were to:

**1) To prevent young persons from accessing cannabis.**

- Obstacle: What is the legal age to purchase cannabis?

**2) To protect public health and public safety**

- Obstacle: To what extent can cannabis be used in public? What should dispensaries be separated from?

**3) To deter criminal activity**

- Obstacle: How can we ensure cannabis is accessible through appropriate Provincial retail strategies and pricing?

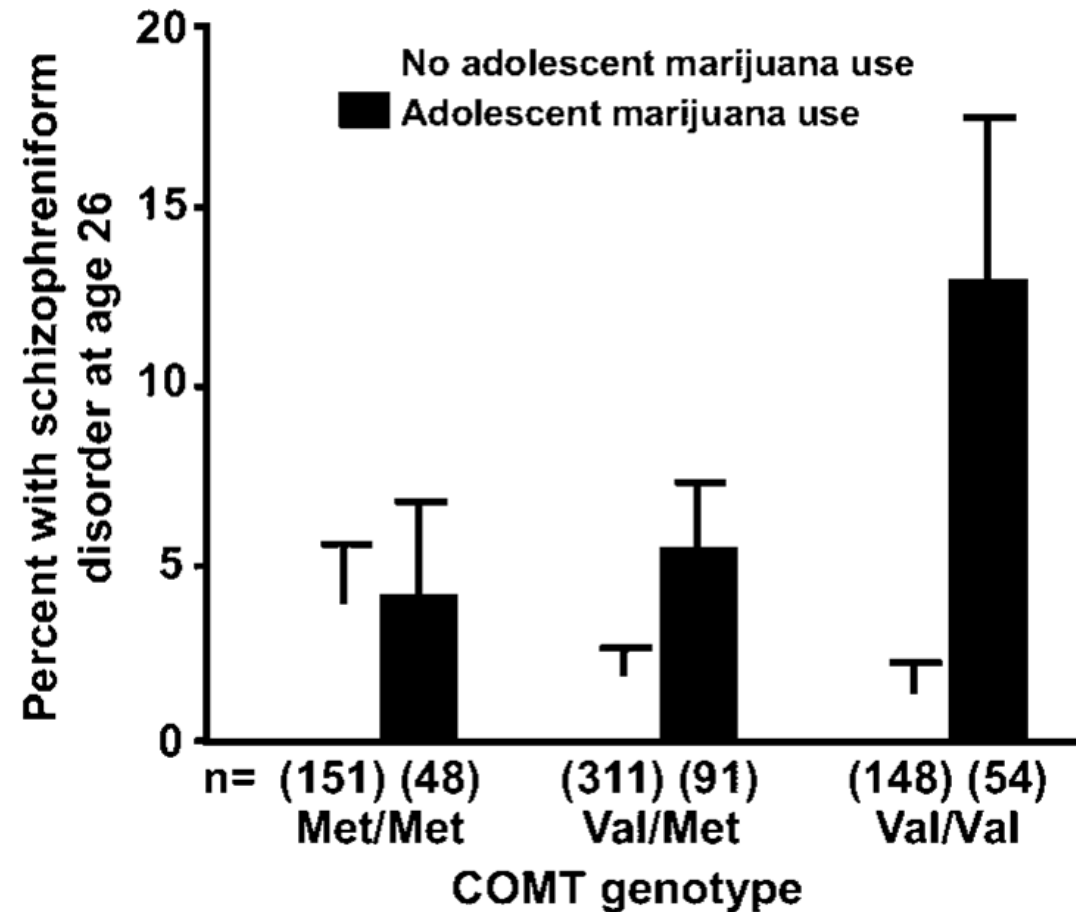
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# What is the minimum legal age to purchase cannabis?

Considerations:

**1)What about adolescent brain development?**

# Genetic Variations in COMT Influences the Harmful Effects of Abused Drugs



# PSYCHOSIS AND CANNABIS: WHAT DOES IT MEAN?

- This means that the link is far more complex and may not simply mean that:

**CANNABIS + ADOLESCENCE ≠  
PSYCHOSIS**

- A combination of genetic and environmental influences are the determining factors.

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# What is the minimum legal age to purchase cannabis?

Considerations:

**2) What is the legal age to purchase other regulated substances (tobacco, alcohol, etc.)**

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# What is the minimum legal age to purchase cannabis?

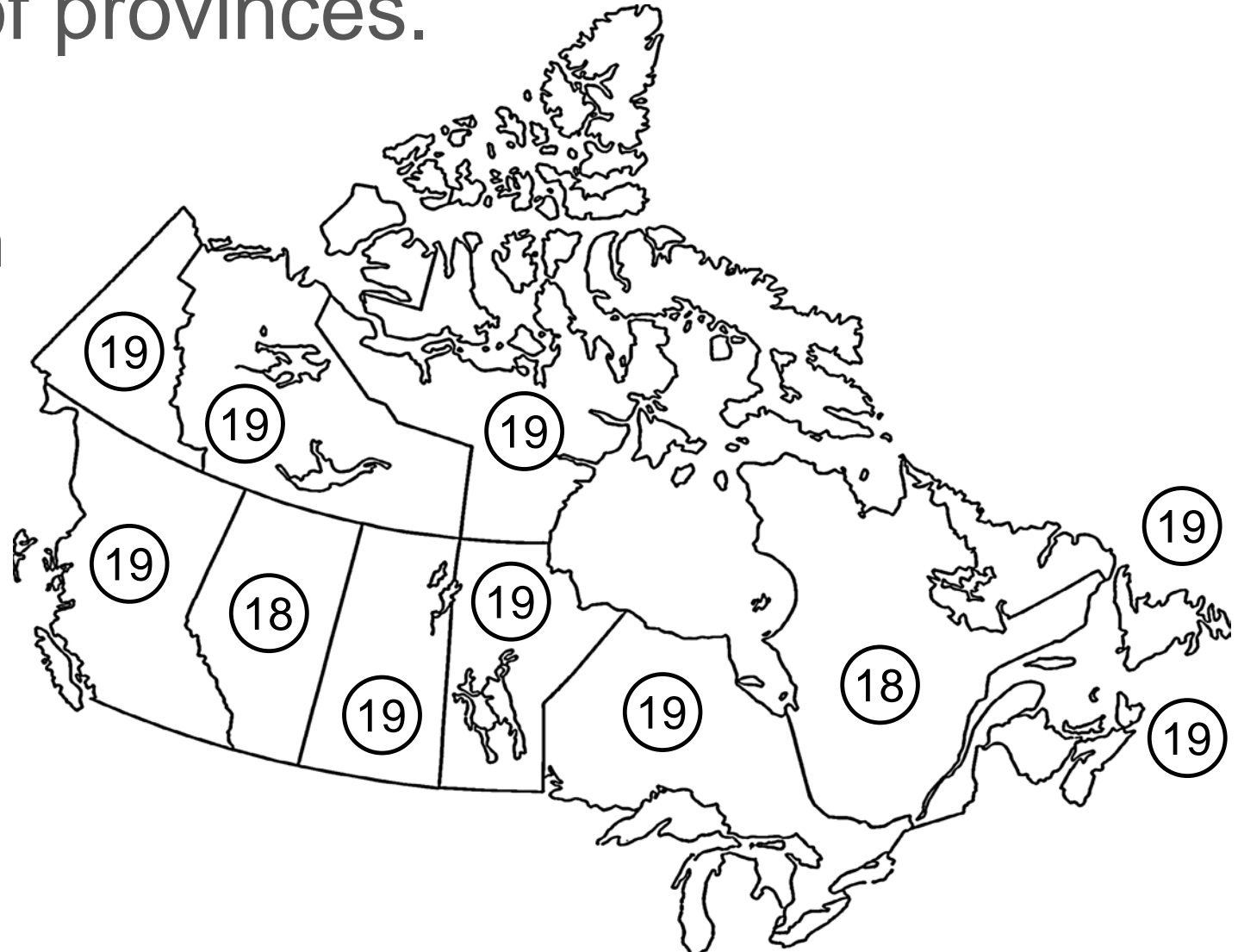
Considerations:

**3) Not giving the black market a foothold by having a cohort of adult users that cannot access cannabis. This would allow the black market to target more effectively and flourish within a certain age group.**



The minimum age to purchase was decided as 19 years in the majority of provinces.

Alberta and Quebec have made the minimum age 18 years.





# DISCREET PROMOTION & PACKAGING

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Licensed Producers and companies will be permitted to brand their products.

But the following are prohibited:

- Images that may attract youth
  - × Cartoon characters
  - × Animals
  - × Celebrity endorsements
- Event sponsorships are restricted



# Cannabis products must have/be:

- Plain packaging
- Child-proof
- Odor-proof
- Cannabinoid levels
- Company name
- Brand Name
- Health risks
- Expiry dates

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Example of **FRONT** (principal display panel) with white/plain background and brand/producer name



Example of **BACK** (secondary display panel) with white/plain background

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- Plain packaging
- Child-proof
- Odor-proof
- Cannabinoid levels
- Company name
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- Health risks
- Expiry dates



Example of **FRONT** (principal display panel) with solid coloured background and brand/producer logo



Example of **BACK** (secondary display panel) with solid coloured background

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# **The Public Consumption Debate**

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- Cannabis cannot be consumed in places of sale or inside apartments or rental properties.
  - Some provinces like Quebec have made provisions for consumption on the street but public consumption and intoxication is illegal in most provinces.
  - To avoid penalties discreet consumption methods such as edibles will be used but are not permitted until Bill C-46 is enacted.





5-10 min for effects  
Effects last 4-6 hrs

**INHALED**

Faster onset



**THC AND CBD**  
Enter the bloodstream  
via the lungs



5-10 min for effects  
Effects last 4-6 hrs

**BENZOPYRENE**  
Is absent in vaporizing

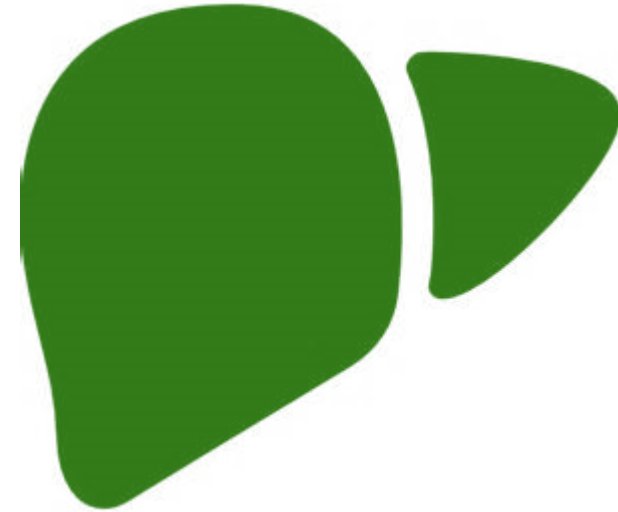
Heated plant particulates  
are absent during  
vaporizing

- No interference with the P53 oncogene
- No risk of acute bronchospasm



30-60 min for effects  
Effects last 6-8 hrs

**INGESTED**  
Increased potency




**THC AND CBD**

Enter after

**First-Pass Metabolism**

Delta-9-THC converts to 11-OH-THC  
with increased potency.

- 
- As a result, citizens will be using illegal, and potentially mislabeled edible products. The metabolism of edibles causes a more pronounced “high” for a longer duration.
  - There is also a greater risk for dysphoria and negative effects with edible products.
  - This could potentially put increased stress on emergency services and law enforcement.

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# WHAT ABOUT THE PRICE?

- 
- Statistics Canada shows a downward trend in cannabis prices in the pre-legalization months.
  - The Province of Ontario was considering pricing dried cannabis at \$10 per gram.
  - The type, THC level, branding and quality will play into the price point but such a high price may allow black market influence.
  - Illicit marijuana's average price was \$8.32 per gram as of March 2017 and the average price from Licensed producers was \$9.12 per gram\*

\* CannStandard, 2017



# THE SOCIAL UPSIDE





# RISK OF DEPENDENCY

Rates of substance abuse disorder for  
individuals between the ages of 15 and 64:

- Nicotine: 32%
- Opiates: 23%
- Cocaine: 17%
- Alcohol: 15%
- THC: ?

Joy, J.E., et al. Marijuana and Medicine:  
Assessing the Science Base, National  
Academy Press, 1999

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# Annual Fatalities from acute overdose in Canada



**Alcohol**  
**1000**



**Opioids**  
**2400**



**Water**  
**6**



**Cannabis**  
**0**

# CANADA'S DEMOGRAPHICS FOR PAIN (2014-2015)

- 20 per 100,000 **Seniors** were hospitalized for opioid overdose
- The largest demographic
- **Youth** (15-24) at 10 per 100,000
- The fastest growing demographic.

States with medical cannabis avenues found an average


**24.8% decrease** in fatal overdose.

Journal of American Medicine (2014)



# THE ECONOMIC UPSIDE



- 
- 78% of those surveyed are aware that medical marijuana can replace certain types of medication.
  - 24% of current and potential users say they will replace alcohol with cannabis.



**MEDICAL  
CANNABIS**

**RECREATIONAL  
CANNABIS**

**COMMON  
CONVERSATION**

# COMPARE AND CONTRAST (MEDICAL VS. RECREATIONAL)

## Medical Marijuana

- Grown in 60-90 days
- Must be cured and dried
- Screened with points of control for adulterants, mold, heavy metals and pesticides
- Can be inhaled or ingested
- Bred to produce specific cannabinoids for its effects
- Contain a specific combination of THC and CBD



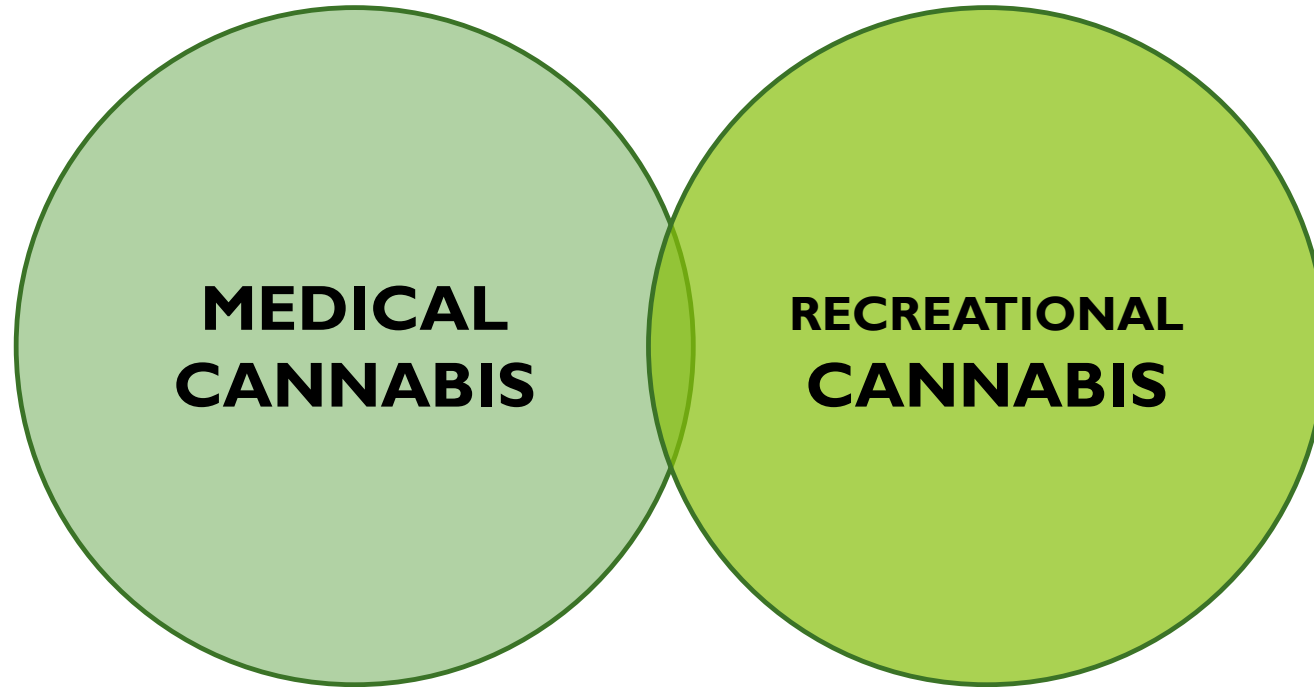
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- Contain a specific combination of THC and CBD

## Recreational Marijuana

- Grown in 60-90 days
- Must be cured and dried
- Screened with points of control for adulterants, mold, heavy metals and pesticides
- Can be inhaled or ingested
- Bred to produce specific cannabinoids for its effects
- Contain a specific combination of THC and CBD



**REALITY**

- 
- The province of Ontario has announced an expected \$100 million in tax revenue from recreational marijuana in the first legalization year.
  - The Federal Government estimates the total tax revenue from marijuana sales could reach \$1 billion per year.
  - Other economic analysts have looked at the positive influence of marijuana in other contexts including the base and ancillary markets.

### Base Market

$$\begin{array}{ccccccc} \text{Icon of three people} & \times & \text{Icon of a person} & \times & \text{Icon of a dollar sign} & = & \$4.9\text{B to } \$8.7\text{B} \\ \text{Population of Adult Consumers} & & \text{Annual Consumption Volume in Grams per Consumer} & & \text{Price per Gram of Marijuana} & & \text{Base Retail Market Value} \end{array}$$

### Ancillary Market

$$\begin{array}{ccccccc} \text{Icon of a leaf} & + & \text{Icon of a factory} & + & \text{Icon of a flask} & + & \text{Icon of a padlock} & = & \$12.7\text{B to } \$22.6\text{B} \\ \text{Growers} & & \text{Infused Product Makers} & & \text{Testing Labs} & & \text{Security} & & \text{With Ancillary Multiplier} \end{array}$$

Potential upside is greater than 20B

### Potential Upside

$$\begin{array}{ccccccc} \text{Icon of an airplane} & + & \text{Icon of a bar chart} & + & \text{Icon of a briefcase} & + & \text{Icon of a shopping cart} & = & > \$22.6\text{B} \\ \text{Tourism Revenue} & & \text{Business Taxes} & & \text{License Fees} & & \text{Paraphernalia} & & \text{Total Market Size Potential} \end{array}$$



# CLOSING THOUGHTS



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