After the legalisation of cannabis: the Cannabis Incorporated Society (CIS) regulatory model for recreational cannabis in New Zealand

Chris Wilkins

There is a growing appetite worldwide for alternative policy approaches to cannabis beyond the traditional prohibition with criminal sanctions. This desire has crystallised recently with the full legalisation of cannabis in four States in the US (Colorado, Oregon, Washington, Alaska),\(^1,2\) and in Uruguay.\(^3\) It is important to be aware that the regulatory choices available for cannabis law reform are more than those seen in the profit-driven commercial markets we are familiar with for alcohol and tobacco.\(^2\) Indeed, the historical experience of the alcohol and tobacco sectors is of marketing which targets young and heavy users, expansion of retail availability, normalisation of use, denial of health risks and social harms, capture of regulatory agencies by industry, and ongoing political lobbying by industry for weaker regulation.\(^4-7\)

We recognise that cannabis use is associated with a range of health issues including respiratory illness, low educational achievement, mental illness, drug dependency and vehicle crashes.\(^8\) Approximately 10% of cannabis users develop dependency, and this increases to 17% of adolescent users and one third of daily users.\(^8\) A number of studies have shown a relationship between cannabis use in adolescence and the risk of developing psychotic symptoms.\(^9\) Daily cannabis use in adolescence is associated with a range of negative outcomes including early school-leaving, cognitive impairment, increased use of other drugs, depression and suicidal ideation.\(^9\)

Yet, both alcohol and tobacco use are also associated with serious health risks and they are legally available under a range of restrictions.\(^4,8\) To be consistent, the comparison of health risks between substances has to be between cannabis use under a regulated legal market (ie, age limits, potency control, product tax, etc.) and alcohol and tobacco under their current regulated markets, not between illegal unregulated cannabis and legal regulated alcohol and tobacco.\(^10,11\) There is also the important but under-researched issue of whether legal cannabis use might displace the use of alcohol and tobacco, and even other illegal drugs.\(^12\)

These questions however, are beyond the scope of this viewpoint. Instead we start with the proposition that the decision to legalise cannabis has been made and, consequently, there is a requirement to develop a regulatory regime for legal recreational cannabis. We believe it is important to have this discussion now as recent experience with the Psychoactive Substances Act 2013 shows that once politicians have decided there is a need for policy change, the fundamental aspects of the new approach can be decided quite quickly.\(^13,14\)

The Cannabis Incorporated Society (CIS) model we outline here is an attempt to balance the provision of legal cannabis with promoting healthier and more responsible cannabis use, while also avoiding the expansion of use via a profit driven commercial market. Cannabis clubs have
operated in other countries for a number of years, notably in Spain and Belgium. However, these are informal arrangements set up by users themselves and, consequently, have varying structures and rules, no clear official legitimacy have little engagement with treatment and other health services. They also do not generally involve any official sales of cannabis, and as a result, no tax is collected to support cannabis-related health services and regulatory enforcement.

Cannabis Incorporated Societies, or CIS, are registered clubs which will be permitted to sell cannabis to their members, but must also work toward a number of statutory cannabis health objectives. Incorporated Societies are used to organise a range of sports, music, cultural and activist groups under the Incorporated Societies Act 1908.

New legislation will be required for CIS to establish the additional health and other responsibilities required. As with all incorporated societies, CIS cannot earn profits for their members or other private individuals. Any activity carried out by the Society must fall within the scope of the societies stated purpose and objectives. CIS will be required to meet the following statutory objectives:

- Selling approved cannabis products to their members only
- Promoting awareness of the health risks of cannabis use
- Promoting awareness of local drug treatment services and other health services
- Preventing the sale and use of cannabis by minors
- Minimising cannabis related harm
- Minimising cannabis dependency.

CIS will be required to work toward these health objectives, but will be free to determine how they do this. For example, they can distribute pamphlets on the health risk of cannabis, set up a website which details the health risk of cannabis use, establish online forums to discuss the health risks of cannabis, provide advice about drug treatment and counselling options, and organise social events where members can meet drug councillors and other health experts. These resources and events will be paid for by the CIS from their membership fees and from the sale of cannabis to members. CIS will not be permitted to advertise cannabis products, or sell alcohol or tobacco.

CIS will only be permitted to sell approved healthier versions of cannabis products to their members, such as edibles and cannabis suitable to be used in e-cigarettes and vapourisers (ie, to avoid the health risks related to smoking). Approved products will have a maximum level of THC (the active ingredient which causes intoxication), and must have a minimum level of CBD (the natural anti-psychotic in cannabis). Approved products cannot include alcohol or tobacco or any other psychoactive compounds as ingredients. The semi-processed and packaged form of these products will help distinguish them from natural plant cannabis sold on the black market. They will also reduce third party health risks from smoking, and the public profile of use (ie, edibles and e-cigarettes avoid smell and smoke).

Like all Incorporated Societies, CIS must have a managing committee which administers and controls the Society, including a President, Secretary, Treasurer and at least three committee members. A CIS management committee will be required to submit a written annual plan to the government regulator outlining the activities they intend to undertake to meet their health objectives given their projected budget from membership and cannabis revenues. A government regulator will be established who will initially review and license CIS who meet all statutory requirements, including appropriate objectives and committee membership. The Authority will regularly audit CIS to determine they are working toward their cannabis health objectives. Licenses can be withdrawn if CIS fail to pursue their health objectives or act appropriately.

Cannabis users can legally purchase and use approved cannabis products by joining a CIS. Members of a CIS must be adults aged 18 or older. They will pay a membership fee, receive a membership card and can purchase up to one ounce equivalent of approved cannabis products per month to use as they wish. They must agree to receive information from the CIS on the health risks of cannabis and local treatment and counselling services.
The Government will contract private horticultural and food companies to grow cannabis and process it into approved cannabis products. They will be the sole producers of approved cannabis products and these will then be sold only to licensed CIS. The Government will set a fixed minimum price for cannabis products which will be competitive with the prevailing black market price. This high fixed price will ensure there is sufficient money to ensure security of crops, tracking of individual plants and secure transport, and also to reduce consumption and prevent price competition. The money the Government earns will fund enforcement of the new regime and regulatory authority, as well as investment in drug and alcohol treatment, drug education and drug prevention, etc.

To conclude, CIS offer a middle ground option between prohibition with criminal penalties and a profit-driven commercial market. The advantages of CIS is they avoid making selling cannabis a profit-driven business which necessitates expanding use, do not involve public retail outlets, allow for the promotion of information on health risks from cannabis use, and awareness of drug treatment and other health services. CIS also promote healthier cannabis products and administration practices, and set maximum consumption limits. CIS will permit controlled cannabis sales and the resulting tax revenue can be used to support drug treatment and other health services. Those purchasing cannabis from CIS will no longer be subject to arrest and this will free up some criminal justice resources.

As with all regulatory approaches, CIS have important limitations. Some cannabis users will not want to join a CIS, use approved cannabis products, or only consume 28 grams of cannabis per month. Consequently, the black market for cannabis will continue, albeit in a reduced state. As trust and understanding of the CIS model grows among cannabis users, and they benefit from legal and convenient cannabis purchasing, healthier forms of cannabis, and improved access to health services, there will be further pressure on the black market.

However, while CIS have a number of conceptual strengths, the success of this approach will depend greatly on the effectiveness of its implementation. If restrictions on CIS are too great, cannabis users will not sign up to be members and the black market will continue. If the government cannabis regulator is not effective, then CIS will be seen as promoting cannabis use. The recent experience with the implementation of the Psychoactive Substances Act illustrates all too well that a good idea can become derailed by insufficient planning and resources, and lack of engagement with the general public and local communities.17-20

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**Author information:**
Chris Wilkins, SHORE & Whariki Research Centre, College of Health, Massey University, New Zealand.

**Corresponding author:**
Chris Wilkins, SHORE & Whariki Research Centre, College of Health, Massey University, New Zealand
C.Wilkins@massey.ac.nz

**URL:**
REFERENCES:


