

# TRANSCRIPT

## LEGISLATIVE COUNCIL LEGAL AND SOCIAL ISSUES COMMITTEE

### **Inquiry into the Use of Cannabis in Victoria**

Melbourne—Wednesday, 19 May 2021

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**Necessary corrections to be notified to  
executive officer of committee**

**WITNESS**

Professor Simon Lenton, Director and Program Leader, National Drug Research Institute (*via videoconference*).

**The CHAIR:** Welcome back, everyone. Thank you for watching. Thank you for joining us. As many of you know, this is the Legislative Council Legal and Social Issues Committee's public hearing for the Inquiry into the Use of Cannabis in Victoria.

We are very pleased to be joined today by Professor Simon Lenton, who is the Director and Program Leader of the National Drug Research Institute. Welcome, Simon.

If I may introduce you to our members here today, to my far left I have Sheena Watt, David Limbrick and Georgie Crozier, and I am Fiona Patten, the Chair of this committee.

If I could just let you know that all evidence taken today is protected by parliamentary privilege, and that is within our *Constitution Act* but also within the standing orders of the Legislative Council. Therefore any information you provide during this hearing is protected by law. However, if you were to go elsewhere and repeat the same things, you may not have the same protection. Any deliberately false evidence or misleading of the committee may be considered a contempt of Parliament.

I do not know whether you can see it on the screen, but we have a cast of thousands recording and hanging onto every word you say. That will be produced into a transcript, which will be sent to you in the next little while, and we would encourage you to have a look at that because ultimately that will go onto the committee's website and will form part of our report.

Thank you again for the submission that you provided to the committee. It seems like an age ago now—I think it probably was in 2020. We would really welcome some opening remarks from you, and then I will open it up for a broader committee discussion.

**Prof. LENTON:** Thanks, Fiona. Yes, I am the Director of the National Drug Research Institute. We have got a long history of conducting policy-relevant research in the cannabis law space, which you have seen from our submission. There was a lot of input from other experts at the Institute around school programs and the cost of drugs, including cannabis, and I am not going to focus on those things in my evidence with you today but rather focus on the issue of different international models for managing cannabis in the community, which is really my particular area of expertise.

In summary, what I would say is that most of the international evidence around the newer models of cannabis regulation really comes out of the Americas, primarily North America, the US states—I think it is now 17 who have legalised recreational cannabis in some form—plus Canada, which introduced legal recreational or non-medical cannabis, if you like, in 2018, plus of course Uruguay, which in 2013 was the first country to legalise cannabis for recreational use. Most of the evidence really comes from the fully commercial, profit-driven models out of North America, and I think that the evidence is still emerging. It is going to take some years for the impact of these schemes to emerge, but in a nutshell what we have seen are early indications that we are sort of heading down the same path that we have done with alcohol and tobacco in terms of the problems associated with industry-driven, profit-oriented strong marketing and the impacts that that has on substance use and harm in the community. While there has certainly been a significant reduction—down to zero, if you like—in terms of the impacts of a criminal record and criminal conviction on adults at least that use cannabis in those jurisdictions, there have been some worrying trends. The industry's involvement in influencing regulations and so on going forward is one of those.

I can talk to some of the evidence around the profit-driven models, but the thing is that there is a large spectrum of different kinds of regulatory models, from strict prohibition, which we are all familiar with, at one end right the way up to free-market availability at the other, and there are many other options in between. Most of the discussion publicly has been around the problems of strict prohibition, which I spent the first 10 or 15 years of my career documenting and providing evidence on. We know what those problems are. They are significant.

Prohibition and criminal records do not effectively affect the cannabis use of most people that use cannabis in the community, but it does produce significant social harms on them, their families, their careers going forward and so on. But at the other end we have got the problems associated with free market availability and profit-driven models and problems with promotion, spillover to young people and so on. There are a whole lot of options in the middle, and I would like to talk to you about some of those.

My reviews of the literature and those of my colleagues suggest that we should be cautious in terms of going forward and we should be taking gentle steps in terms of perhaps liberalising laws around cannabis—those that are less likely to result in the kinds of problems that we have seen with alcohol and tobacco—and we want to be taking those steps cautiously and looking at the benefits and the costs of those and be in a position where we can tweak and change those regulations going forward. So I think the evidence is pretty clear that criminalising people does not work, but we do not want a model that replicates the issues that we have had with alcohol and tobacco. So we think gentle, carefully considered, middle-ground steps are the way to go.

I think part of the challenge has been, particularly in the US, governments got very excited about the potential revenue-raising possibilities of a legal cannabis market, and just as governments get addicted to taxation revenue for gambling and so on, there has been a problem there and there has been a lot of focus on the potential tax gains, which actually have not been quite what was expected, but public health has not been strong in the debate and the consideration.

So, it is a nuanced area. It is an area where the evidence is still emerging. We have got a long way to go, but we need to be as informed as we can be by the evidence and taking cautious steps, in my view. I think that is about all I would like to say as an opening statement, and I would welcome your questions. Thank you.

**The CHAIR:** Thank you, Simon. And yes, you talk about from prohibition to a free market, and you could almost argue that right now we have a free market for our cannabis industry. It does not seem to be affected by the prohibition laws. Everyone seems to be accessing cannabis and providing it despite our prohibition, but obviously those that get caught up in the criminal justice system are very negatively impacted.

Can I just explore where that middle ground is? We have just spoken to the ACT and looked at their model, and while removing the users of cannabis out of the criminal justice system I think everybody agrees is beneficial, they are still accessing the criminal element of it because they are still purchasing. So is there any modest middle ground that would remove the criminal element, take away the incentives for crime gangs to be involved in this, while not going down the path of alcohol and tobacco?

**Prof. LENTON:** Sure. This certainly is, and I will talk to you about them in a minute, but just to get clear: we have an illicit cannabis supply market across Australia. And as you allude to, Fiona, there is currently no regulation of that market. It exists despite the criminal penalties, but that is not a free market. That is not a free, legal market—and I know that you know that, but I just want to get that on the record.

So yes, there is a whole range of things. At the end closest to prohibition, we have got things like continuing prohibition but reducing sanctions. We have got what is called ‘prohibition with civil penalties’, which is what has been in place in South Australia since 1987, in the ACT since 1992, in the Northern Territory since 1996. We had a brief period of it under the Gallop government in this state—but I had a lot to do with the 10 years of research that led up to and was involved in the design of that scheme, so I need to declare a conflict of interest. Those schemes are not bad at reducing the impact of a criminal record on people, but what they do not do is they do not address the supply side, they do not address the market.

It is still illegal to consume cannabis, it is still illegal to grow cannabis and it is illegal to access cannabis under those schemes, and that is a problem because we have still got the illicit market supplying cannabis use in the community. We made extensive submissions to the ACT inquiry because in our view what they were proposing, while it was making it no longer an offence for people to consume cannabis, really had not addressed the supply side, and that is a problem. It is a problem because it means the illicit trade continues. It is a problem because it means that people are breaking the law when they access cannabis, when they provide cannabis and so on, so it is very much a half-baked solution. Some people would see it as a step along the way. But addressing the supply side is critically important, and there are a number of models that do that beyond the sort of free market one.

One that we are very interested in is called cannabis social clubs, which first emerged in Spain almost 20 years ago now and have been in place in a number of other countries, including Belgium, other European countries and some parts of Germany and in a regulated form in Uruguay as one of the three ways that people can get access to cannabis. Under the Uruguayan scheme, which came into being in 2013, they can get it by growing their own, they can get it through pharmacies and they can get it through cannabis social clubs. Cannabis social clubs are legal entities. They are not-for-profit legal entities that are registered with the government which are able to cultivate cannabis on behalf of their members. The members are registered with the clubs, and the clubs register with government. They have a whole lot of regulations they have to comply with: no promotion, no outdoor smoking. Some of them allow smoking on the premises, some of them do not. They have got very tight regulations around growing in terms of quality control, in terms of not using harmful pesticides and other chemicals that produce problems, in terms of not allowing children to have access and so on.

But we know from our evidence that most people that consume cannabis are unable to grow their own cannabis: either they do not know how or they do not have the physical means to do so. Based on evidence, our work, we found that only 30 per cent of regular cannabis users grew their own cannabis. The national drug household survey looks at people who have used cannabis in the last 12 months—that is, people who are regular and infrequent users. About 3 per cent grow their own cannabis, so there is a huge gap. Probably 80 per cent or more of people that consume cannabis do not grow their own, so you have got to find some way for them to get cannabis that does not involve going to the illegal market. We believe cannabis social clubs, with their ability to tightly control—government control, regulation, limited, no advertising, no promotion, lose their licence to grow if they provide it to others and all that kind of thing—provide a model that could meet the needs of at least a significant proportion of that 80 per cent of people that do not grow their own cannabis. So there is that.

There are also things like government-operated supply chains. When you think about the supply chain from production—that is, growing—through the wholesale aspect, packaging, drying, processing, testing for THC content, CBD content, impurities, pesticide contamination and all that kind of stuff, there is a whole lot of stuff that happens in the middle of the market. Then there is distribution to legal vendors in a legal market, the vending, the selling, under all the conditions that you would want to have, issues around how it is packaged, no promotion and all that kind of stuff. There is a model that has been put forward in Mexico where essentially the government is controlling that middle phase. There has been a lot of talk over the years about having a legal market for cannabis to produce a quantity of known potency, purity and dose and all that kind of stuff, and that is easy to say. But what we have seen in North America in Colorado, where a PhD student of mine did a lot of early work, was that that is easy to say but it is a difficult job to actually set up systems that do that, that provide product testing, that provide potency assurances, that can monitor the whole supply chain and so on.

So the Mexicans in their proposal have looked at government occupying that space. They have a big illicit cannabis market. The whole history of cannabis is a lot of it in recent times grew out of the Mexican system. They have people growing, who were in the illicit market, selling to the government monopoly, which does all the product testing, packaging and all that kind of stuff and then sells on to registered sellers. That is the model that they are looking at, and that is something that has some merit.

In New Zealand we have seen the referendum that did not pass just recently. One of the models there was to have non-profit organisations, community-controlled organisations, organisations based in the local community, sometimes Maori organisations, actually having control of the production, sale and supply. So there are a number of other options in the middle. We should be exploring and talking about those.

**The CHAIR:** Thanks, Simon. Georgie.

**Ms CROZIER:** Thank you very much, Chair. And thank you very much for that—a lot of information you have just provided us in a very short period of time—Professor Lenton. You made the comment that evidence is still emerging, and I am interested in that because I think what we have been able to obtain through this inquiry is a lot of different information from not only around Australia but internationally. I am interested in what is happening in the United States. As you said, they have been legalising cannabis for some time, and Uruguay has since 2013. So out of that, in terms of understanding some of those jurisdictions that have had cannabis legalised or decriminalised, there are still many issues, from my understanding. When you say baby steps—or ‘gentle steps’, I think you said—with that in mind, with the evidence that is still emerging, because I

have issues around the links between cannabis use and mental health, particularly with young people, I am just wondering if you could perhaps provide perhaps a little bit more detail around some of those aspects.

**Prof. LENTON:** Sure. I appreciate your question. Look, the evidence around cannabis use and mental health has got a lot clearer, but it has been there for a long time. The evidence is that heavy, regular use beginning early is a risk factor for increasing a range of mental health problems. That is unsurprising. I mean, there are also problems when young people use alcohol at an early age and so on. We should not be surprised by that. You have probably heard from a range of experts who are more expert on this than me, but the evidence looks to be that heavy early use beginning in the early- to mid-teens and continuing raises the risk of things like psychosis—roughly doubles the rate of psychosis among people—and is a clear risk factor for problems. And if you have got a genetic susceptibility to that and so on, then it might unmask a psychotic illness that otherwise would go without manifesting itself.

But the important thing to remember is that the rate of those illnesses in the community is particularly low; it is probably in the range of 1 to 2 per cent, I think, on the last data. So we are talking about doubling a very low number to another low number. Is it concerning? Absolutely. Should we be doing everything we can to prevent heavy, regular cannabis use by people in those early years of brain development? Absolutely. Is it the number one issue in terms of cannabis and health? I do not think so.

**Ms CROZIER:** Why not?

**Prof. LENTON:** Because I think a bigger issue—I mean, let me say, I think it is important, but I think one of the other issues is about dependence. I think that what we know is that for people that use on a regular basis, roughly one in 10 of them will develop cannabis dependence, and that is a much higher rate and a concerning thing. So just like all substances, you know, the legal drugs—alcohol, tobacco, pharmaceuticals, the whole range of substances—there are costs and there are benefits. We need to have our eyes open about those things. And we need to set the regulatory system and levels based on the best known evidence about what those risks and benefits are. When you have an illegal market, your ability to pull the levers of control is limited. A lot of people talk about the powers of education in changing drug-related behaviour—alcohol use, tobacco and other things. And, you know, while there is some evidence around school drug education and so on having an impact in terms of people knowing about what the risks are and maybe delaying use, the evidence is that actually it is the other levers that we have in terms of price control, in terms of availability, in terms of product and so on that are much more powerful than education, for example.

**Ms Crozier** interjected.

**Prof. LENTON:** Just let me finish, sorry. At the moment we do not have the capacity to do that with regard to illegal drugs, and that is an issue.

**Ms CROZIER:** I was going to ask about education and your views on that, so you have just answered that by saying that you have got different levers and it is price. But we have also heard evidence that in some parts of the US only 30 per cent of access is legal—that most of it is through the black market.

**Prof. LENTON:** Yes.

**Ms CROZIER:** We heard that again, I think, in the bit I tuned into, from the ACT. There is still this black market going on even though it is regulated or legalised in some form. So why are we not putting more emphasis on education to speak about the addictions and the harms and the possibility for some to have this as a gateway drug?

**Prof. LENTON:** There is no question that education has an important role, and I would not want to minimise it, but it is one of the strategies in a range of strategies, and in terms of impacts on behaviour, there are probably other levers that are much more powerful. And you are right. The evidence is from the early markets, both in North America and also in Uruguay, that the shift from the black market to the legal market has probably been at this stage around about 50 per cent, and part of the reason for that is that there are certain controls, so some people are always excluded, and it is also about price and about the black market trying to survive and undercutting prices in the legal market.

So it is complex and it is difficult. I think the reality is that there always is going to be a black market, if you like, for cannabis, even if a legal market occupies the greatest proportion it probably could. There are always people who are going to be excluded from that market. There is always going to be some illegal market happening. The question is: what is the best balance and have we got the balance right now? Is there another model that brings more people into a legal system where they do get education at the point of sale—they get education in terms of the products—and the products are of known potency, purity and availability. You know, in the cannabis social club market, what has been happening in a number of those countries is that the consumers develop a relationship with the people in the club who advise them and talk to them about issues around dependence, refer them to treatment and all that kind of stuff, which did not happen in the illegal market.

So, yes, there are all different advantages and disadvantages wherever we put it, and my view is that the best mix at the moment is in the middle rather than at each end of that spectrum. I do not know if I have answered your question.

**Ms CROZIER:** No, you have not. I have got lots more, but I will go to other members and then I might come back.

**The CHAIR:** Okay, Georgie, thank you. We will go to David, then Sheena.

**Mr LIMBRICK:** Thank you very much, Professor Lenton, for appearing today and for your submission. I quite like this discussion around different market models. We have heard it proposed a number of times, this idea of a government monopoly somehow managing wholesale production and then selling on. We have heard a number of proposals like this. My first question on that: is there anywhere that is actually doing that at the moment? And secondly, I think my comment on that, that I would be interested in your response to, is the idea that state monopolies can somehow innovate and cater to customers' needs and will not end up in competition with the black market, who can easily outdo them—I mean, anyone who has dealt with Australia Post will have experience of this—this idea that government monopolies can somehow supply consumer requirements. I am very sceptical that that is even possible. What is your response to that?

**Prof. LENTON:** Yes, look, the first thing I would say is that we do not have examples of that in the cannabis area as yet. And I also think that it is one that we need to see more evidence of before we see it in place in the cannabis world. I am not advocating for that; I am just saying that is one of the models. What I would say is that there has been a long history of government monopoly of alcohol sales in Scandinavia, and I assume that you have heard about some of those. The evidence there was that when it was operating, before it got kind of quasi commercialised, it did have a downward pressure on use and harm but still provided access. They used to be—it was plain packaging with stern people providing bottles over the counter. Now they look much like your local liquor outlet here with advertising and promotion and all that kind of stuff. So that model we have seen work in alcohol and it does put a downward pressure on use and harm, but we have not yet seen it in the area of cannabis use. I think it is worth considering, and I would be really keen to see what happens with the Mexican proposal because that would be I think the first.

**Mr LIMBRICK:** I actually had a friend who lived in Sweden for some time, and he said that the way that they deal with the state monopoly is get on a bus to Germany at every opportunity to stock up.

**Prof. LENTON:** Yes. That is right, and to be clear, none of these models are without their loopholes and downsides. We are very familiar with what the problems are with the prohibition scheme; we have all been living with it forever. So that has its problems; we know what they are. We know what the problems are with free market driven, profit-driven commercial models, and some of these proposals for the intermediate models, we are yet to kind of see them in operation, apart from in Uruguay.

**Mr LIMBRICK:** Could you outline some of those problems with the free market model? We have seen lots of potential benefits here because it is probably the maximum way of reducing organised crime participation. It would allow people to participate in the market in the easiest way—there is a bunch of benefits—but you have spoken about these potential problems with a free market approach, like in parts of the US.

**Prof. LENTON:** Sure. So first of all what we saw is a rapid decrease in price of cannabis in the market. In Colorado, for example, the price of an average serving of THC—and this is in our proposal—dropped 50 per cent in the first three to four years. So very quickly we saw market competition, and we saw price going down.

**Mr LIMBRICK:** That is good, isn't it?

**Prof. LENTON:** Well, what we know from alcohol and tobacco is that price is the number one lever in terms of effectiveness for reducing use and harm. The reason why a packet of cigarettes costs whatever they cost now—is it \$30?—is because it works: it stops people from buying tobacco. It is much more effective than telling them that tobacco will harm their health—much more effective. It is the same with alcohol as well. We have lots of evidence with alcohol that as the price of a unit of alcohol goes down, consumption and harm goes up—and it also goes up in the most marginalised communities who also experience all sorts of catastrophic levels of harm as a result. So price is an extremely important lever, and when price drops by 50 per cent that is a real worry. That is an indication that we are heading for public health problems. That is the first thing.

The second thing that happens, what we have seen, is that in the marketplace there is a range of products you probably would have heard about. There is obviously cannabis flower, heads, cannabis that we are familiar with, but there are also edibles—so chocolate, sweets and so on—that are infused with cannabis. There are vape cartridges that contain THC, there are oils and a whole range of products. What we have seen in those states, particularly the ones that have been doing it for a while, is that the proportion of consumption—and we know it now because we have got the market data—that comprises those high-potency products has rapidly increased. There has been a move away from flower, if you like—from heads—to the more potent products. And while some people would say from a harm reduction perspective that is good because they are not smoked and so on, it would be as if we all of a sudden shifted our alcohol market away from beer and wine and had 50 or 70 per cent of people consuming spirits all the time. We can anticipate what those problems will be.

The other thing is that the industry does what industry does—and that is, they are about making a profit. Good on them; that is what their role is in the community. But one of the things that they recognised very early—and we published a letter to the editor back in 2016 because my student got access to some of the cannabis industry documents early on—was that the industry knows that most of their market is really the people who are regular, daily, heavy users, and they recognise that if they want to make a profit, they need to meet the needs of those consumers. So what have we seen is that 70 per cent of the consumption of cannabis in the legal markets, particularly in Colorado, is due to the top 22 per cent of the heaviest users of cannabis. That is a problem because we know that regular heavy use produces dependence, produces problems and so on. The industry knows that is where they make their money, and they target it. That is of concern.

The other thing that has happened is that while many of those markets are purported to have controls on advertising and promotion—great stuff from a public health point of view; we know that advertising works and so we want to make sure that is well controlled—what has happened of course is that the companies have moved into social media. So we get YouTube videos, we get strain reviews, we get stuff on Facebook and Instagram and all that kind of stuff. And there has been some new research that was just published this year which looked at young people under the age of 18 and their exposure to cannabis-related media and promotion, and it looks like both in the states that have recreational markets and some of the longstanding medical markets that young people are getting access to promotion of cannabis through social media—really difficult to regulate, and that is a problem.

The other thing that has been clear is that a lot of the regulators, particularly the Canadians, recognised early on that limiting the impact of industry was going to be important in terms of reducing harm—minimising the problems associated with criminality but reducing harm in the community—and what happened was immediately on the introduction of the laws in Canada in 2018 we had multinational liquor companies, tobacco companies, soft drink companies buying into the market. I think just in March this year apparently British American Tobacco bought a 20 per cent share—\$175 million—in one of the biggest cannabis-producing companies. And in 2018 the brand that is responsible for Corona beer, Constellation Brands, bought a US\$5 billion share in the biggest cannabis retail company in Canada—a 38 per cent share. That should be of concern to anyone who understands the impact of industry in terms of tobacco, alcohol and other drug-related harm. The Canadians thought they had the system set up to minimise that, and guess what? It got turned over pretty quickly.

I mean, I can go on and talk about other evidence—it is all in our submission—but I think there is enough there for you to get a bit of a sense of what it is that we are concerned about. And again, I am someone who fully understands the problems associated with criminalising cannabis use and criminalising cannabis users and the

limited regulatory control we have in the illicit market, but what I am also saying is there are problems with free-market availability and we need to be looking in the middle ground.

**Mr LIMBRICK:** Thanks.

**The CHAIR:** Thank you. Sheena. Please, take a sip, Simon. You are going at a thousand miles an hour.

**Prof. LENTON:** Yes. I will.

**The CHAIR:** It is amazing.

**Ms WATT:** Thank you, Professor Lenton. I just had a question about this sort of middle-ground approach. You have talked about the social clubs as one particular model. Do you have any other models within the scope of that middle ground that you thought would be worth consideration for the committee today? We have heard a little bit about social clubs, but I understand there are probably some other models worth consideration.

**Prof. LENTON:** Yes. Sure. I think allowing adults to grow their own is an obvious thing. So self-cultivation is an obvious thing. It is also possible to look at small-scale supply among peers, that kind of thing, so that there was that kind of sharing of cannabis at that low end. There is the Dutch system, where you have what are called the cannabis coffee shops, which have been in operation for three decades or more now. You have retail outlets where there are strict controls on how they sell, what they sell, how much they sell and minimising public disruption, having age limits and all that kind of stuff, and that has worked pretty well in terms of the front door. The problem with the Dutch system has been what is called the back door, which is the supply side, and they have never really tackled the issue of providing a regulatory framework for the cultivation and supply of cannabis to the coffee shops.

So in a sense what some people would call organised crime, or at least illicit industry, has existed, supplying the coffee shops. I have spoken to people who work in that industry at international meetings, and those guys are wanting to be able to get superannuation and insurance and be able to bank and all that kind of stuff and they cannot because what they are doing is classed by the Dutch government as illegal even though it is required in order to make the coffee shops work. So the coffee shop model that dealt with the supply side is another one of those middle-ground options. We have talked about non-profit. We have talked about non-profit organisations like what has been proposed in New Zealand. We have talked about public regulation. I guess the other thing is a blended model, so this is what we are seeing in Uruguay, where we have got self-supply—so people being able to grow their own—we have got pharmacy sales, and that has been a bit problematic in the Uruguay system and we can talk about that, and then they have got the cannabis social clubs. So they are trying a number of different ways of doing it.

The pharmacy sales thing has been problematic because I do not think there was a lot of consultation with the pharmaceutical council of Uruguay before that was proposed and put into place. So the number of pharmacies, as I understand it from a colleague who is one of the senior researchers in Uruguay, that are actually involved in the scheme is limited; it is not geographically spread enough. So while in theory it looked like it was a good solution, they did not have people on board. So many people are in areas where they would have to drive for 3 or 4 hours in order to get cannabis from a pharmacy and they do not and the illicit market is right there, so that is a bit of an issue.

The other thing with the Uruguay scheme is that they required all users or people who were part of that scheme to be registered, and you can understand why in many countries, perhaps including our own, people are unwilling to sign their name and so on and give their details to authorities, particularly when the winds of government policy can change and people worry about that, so that has been a bit of an issue. But at least the Uruguayans have tried to address the supply side, and they have got three parts to their model. I will stop talking; I know I can keep talking for too long.

**The CHAIR:** Thank you, Simon. That has been really thorough, as has your submission. Just following on that point of looking at these middle grounds and looking at something like the social clubs or, as New Zealand was putting forward, not-for-profit community organisations—just touching on that registration, would those models always require registration of members?

**Prof. LENTON:** I mean, the answer to that is no. The second thing is where they are registered. The cannabis social club model has registration at the social club level, but the names of the participants are not then shared with government. So the government regulates the operation of the social club and they are required to have all these commitments and one is to hold a register of owners, but that is kept within the club. The Uruguay system requires people to register with the government, and I think that is a real disincentive, unsurprisingly, for people to participate.

**The CHAIR:** Thank, Simon. Georgie.

**Ms CROZIER:** Just very quickly, just on the social clubs, what does that look like? Is that a room? Is it a community hall? How are they set up, and how would you do it in a statewide fashion, for instance?

**Prof. LENTON:** Yes, they have sort of evolved over time, and they have varied. In the Spanish example, which is where it started, they did not actually have effective government regulation and so they got out of control and you had clubs with 3000 members and so on, which was just a farce and organised crime got involved. You do not want to go down that path, so there needs to be appropriate regulation. But what they have looked like is, yes, a small venue which is controlled in terms of access, and then they usually have either onsite or separate a grow facility and there is—

**The CHAIR:** So they grow on behalf of the members.

**Ms CROZIER:** Right. Well, I suppose that has its limitations in the middle of the CBD or somewhere in suburban Melbourne.

**Prof. LENTON:** Yes, and would you have one in the middle of the CBD? I would not have thought so, but there might be areas, like industrial areas on the fringe—you can think of a place where it would be less problematic rather than more problematic to put them, and you would want to give careful consideration to that. The good thing about it is that for regular users it means they do not have to go to the illicit market and they do have quality control over their plants and they have access to those and we do not have promotion. And if there is any slippage into the market, then the whole social club is at risk of being shut down. So it is kind of self-policing, if you like, among members when they know they get the benefit of having a controlled supply of cannabis, but there is not the advertising and there is not the promotion. There is quality control, and there is a lot to lose if they do not abide by the rules.

**Ms CROZIER:** Interesting.

**The CHAIR:** Really interesting. Simon, thank you very much. It has really added to the conversation today. We very much appreciate you making the time for us and the substantial submission from the institute. As I mentioned at the outset, you will receive a transcript of today. You will have time to actually read what you said. Thank you very much. Ultimately, please do have a look at that, because it will form part of our report, as will your submission today. Thank you again. We will just take a short break to reset. Thanks, committee.

**Prof. LENTON:** Thanks for the opportunity.

**Witness withdrew.**