

Commentary

A ‘community enterprise’ model for recreational cannabis: Lessons from alcohol licensing trusts in New Zealand

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ABSTRACT

The legalisation of cannabis on the American continent in recent years has reinvigorated calls for cannabis law reform in many countries. Yet researchers have described potentially negative public health and social impacts of profit driven commercial markets for cannabis. Consequently, they have suggested exploring a number of alternative regulatory options, such as “not-for-profit” or “for-benefit” organisations. However, many of these new models are yet to be developed in detail. This paper presents a “community enterprise” model for recreational cannabis based on the alcohol licensing trusts which have existed in New Zealand for many decades. Alcohol licensing trusts are community-owned entities which operate alcohol retail outlets and return a portion of their profits back to local communities in the form of grants, loans and donations. The principal benefits of the “community trust” model are suppressing the commercial incentive to expand the market, establishing statutory obligations to distribute revenue back to the community, and establishing community governance over alcohol sales. The removal of a strong commercial incentive and community accountability may also contribute to lower levels of availability, higher prices and less harm. A further benefit is providing the local community with some oversight of a trust’s commercial activities via community elections of the trust board and the ability to call a “community poll” to vote on the future existence of the trust. Our proposed *community cannabis licensing trust* model seeks to address some of the challenges experienced by alcohol licensing trusts in New Zealand, including the lack of general oversight and balancing the commercial and social aims of the trusts. A limitation of this model includes a lack of research and evaluation of the existing alcohol licensing trusts and further research in this area would inform the application of the model to cannabis.

Introduction

As policymakers on the American continent experiment with legal markets for cannabis, researchers have increasingly described potentially negative health and social developments from these new commercial markets. Issues include declining prices (Smart, Kilmer, Davenport, & Midgett, 2017), increasing use of high-potency THC extracts (Davenport, 2018), accidental poisonings from cannabis edibles (Monte, Zane, & Heard, 2015), use of unregulated pesticides (Subritzky, Pettigrew, & Lenton, 2017), aggressive marketing of new cannabis products (e.g. Fiala, Dilley, Firth, & Maher, 2018) and industry influence on regulation-making processes (Subritzky, Lenton, & Pettigrew, 2016). Wary of experiences with profit-driven markets for tobacco and alcohol, health experts have suggested exploring a number of alternative policy models for the regulation of recreational cannabis, including government monopolies, social clubs and other not-for-profit options (Caulkins & Kilmer, 2016; Caulkins, Kilmer, & Kleiman, 2016;

Decorte et al., 2017; Decorte, 2018; Wilkins, 2018). The challenge in designing new legal regimes for cannabis is to capture the benefits of legalisation, while avoiding the health and social problems associated with profit-driven commercial markets.

In this paper we explore a “community enterprise” model for recreational cannabis based on the community alcohol licensing trusts which have operated in New Zealand for over 70 years.

What are community alcohol trusts?

Alcohol licensing trusts are community-owned entities which, among other tasks, operate alcohol retail outlets and return a portion of their profits back to local communities in the form of grants, loans and donations (Auditor General, 2014; Stewart & Casswell, 1987). The trusts’ primary responsibility, as legislated in the very first laws dating back to the 1940s (Invercargill Licensing Trust Act, 1944; Masterton Licensing Trust Act, 1947), has been to “enhance the well-being of their

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communities” (Auditor General, 2014). Born out of the alcohol prohibition era, alcohol trusts initially played an important role in improving the safety of the retail alcohol environment in communities which voted for the restoration of the sale of alcohol after World War II¹ (Stewart & Casswell, 1987).

Key features of the alcohol licensing trust model include: community ownership of alcohol retail outlets in the trust district (i.e. no private ownership and no shareholders), retention of profits from alcohol sales in the trust district, redistribution of profits back to the local community to support social causes, provision of a community vote on the continuation of the trust and community elections of trust board members. Licensing trusts may have an exclusive near-monopoly right to sell alcohol in their districts, or, if the community votes otherwise, trusts need to compete with private alcohol sellers. There are currently 18 licensing trusts in New Zealand, four of which retain the near-monopoly right to sell alcohol (Teahan, 2017).

Under the Sale and Supply of Alcohol Act (SSAA) 2004, the monopoly trusts have an *exclusive* right to hold alcohol retail on-licenses (i.e. licenses to sell alcohol to be consumed on the premises) for taverns and hotels and off-licenses (i.e. licenses to sell alcohol for off-premise consumption) for any premises, with some exceptions (e.g. there are historical exceptions for off-license wine resellers and places where alcohol is produced, i.e. wineries and breweries). In practice, this means that private operators cannot operate taverns or pubs, and alcohol cannot be sold from supermarkets in the monopoly trust areas. Privately-owned restaurants can sell alcohol on site, but this must be in addition to their primary obligation, i.e. service of meals. Licensing trusts are not involved in the brewing and distribution of alcohol, and consequently the alcohol products they sell are supplied from private alcohol companies.

The licensing trust system covers only parts of New Zealand. Most of the alcohol sold in the country is sold from private retail outlets under standard commercial conditions. Trust districts vary significantly in terms of geographical scope and population size and are based on former local council boundaries (Local Government Commission, 2006). For example, the monopoly alcohol trusts in West Auckland cover around 280,000 people (from a city of 1.57 million), while the monopoly trust in Invercargill covers only 55,000 people (the entire population of a small city).

Community agency – a unique feature of the licensing trust model

Licensing trusts offer an alternative to private alcohol sales, and as such, they belong to the broader family of publicly-controlled alcohol regimes, which include government-run monopolies (Stewart & Casswell, 1987). However, unlike government monopoly systems, licensing trusts are managed and controlled at the community level independent from central government (albeit under the wider national legal framework for alcohol). They are confined to community level territories to which they are directly accountable via a unique public voting system, including election of trustees and a community vote on continuance of the trust. This community capacity to act and be the agents of change (i.e. *community agency* (e.g. Eversole, 2011)), is a unique feature of the alcohol trust model. What distinguishes alcohol licensing trusts from other types of community-managed enterprises is their responsibility for the sale of a potentially risky product (i.e.

¹ Although alcohol has never been prohibited at a national level (in 1919 New Zealand avoided becoming completely dry by only 3,263 votes), many local electorates voted to become dry between 1894 and 1908 (Te Ara. *Encyclopedia of New Zealand*, 2018). Some provincial districts remained dry well into 20th century. For example, western Auckland suburbs voted for restoration of alcohol sales only in the early 1970s, when the community opted for establishment of a licensing trust instead of private alcohol sales. The last dry areas went wet in 1999.

alcohol) in the interest of their communities, and a commitment to distribute part of the profits from alcohol sales to support community services and causes (Teahan, 2006).

Governance, functions and performance of licensing trusts

Central to the ideals on which trusts are based is the concept of “disinterested ownership and management”, which refers to the lack of commercial incentive to maximise sales (Licensing Trusts Act, 1949; Teahan, 2017). That is not to say that licensing trusts do not need to be commercially viable; otherwise they will not continue to operate. Indeed, poor management, overinvestment (e.g. opening a luxury restaurant when likely customers seek more modest dining options), and inadequate equity capital (or too much debt) are some of the reasons behind the collapse of 12 alcohol licensing trusts in the past (Teahan, 2017). However, with no financial obligations to shareholders and private owners, commercial performance should (in theory) be no more important than the objective of benefiting the community. While alcohol trusts recognise there can be a conflict of interest between commercial performance and social goals, they acknowledge the “*one thing [they] cannot do, is grow [their] market share at the expense of social responsibility*” (Cooper, 2017).

Alcohol licensing trusts raise funds through operating commercial businesses which sell alcohol and providing other hospitality-related services (e.g. operating hotels) (SSAA, s 305). Decisions about alcohol prices and the location of alcohol retailers are made by the trust management team and signed off by the community elected trustees. Alcohol sales by the trusts are also regulated under national alcohol laws, which means that national-level excise and sales taxes and alcohol licensing scheme requirements continue to apply. For example, like private commercial alcohol operators in other parts of the country, trusts need to apply to the local council authority for each liquor license and must adhere to restrictions on the location of alcohol retail outlets as detailed in Local Alcohol Policies.

Alcohol licensing trusts may distribute net profits for “education, science, literature, art, physical welfare and other cultural and recreational purposes” or philanthropic activities in the trust district (SSAA, s 307, s 350). The past contributions of alcohol trusts have ranged from direct gifts to individual households (e.g. smoke alarms, fire extinguishers), sports activities (e.g. “Kids Learn to Swim” programme), educational and cultural projects (e.g. funding interactive whiteboards in local schools, tertiary scholarships), and investments in major cultural and sports infrastructure in the region (e.g. sponsorship of a stadium). Grants are allocated to organisations in various ways. For example, the West Auckland licensing trusts divide their grant budgets proportionally to public support received via a web-based voting system (The Trusts, 2018). Legislation does not specify what portion of profits from alcohol sales the trusts are required to spend on advancing community goals. In 2014, the 18 community trusts generated \$350 million in revenue, distributed \$27 million on community projects and retained \$46 million in profit (Teahan, 2018). According to the trusts, retained profit is “reinvested in [their] businesses with the goal of helping maintain profitability in future years” (Invercargill Licensing Trust & ILT Foundation, 2018). Figs. 1 and 2 present the amount of funding provided for community purposes and the types of community services supported by the Invercargill monopoly licensing trust over the past five years.

The original idea behind alcohol trusts was that communities would have sole control over the sale of alcohol in their area, for example via the election of community trust members. Until the 1960s, wide powers were given to the trusts, even to the extent that there was no oversight of the Licensing Control Commission (Teahan, 2017). Over the years, however, many communities in New Zealand have restored competitive market conditions through so-called “competition polls”, a feature added to the licensing regime in the process of alcohol law liberalisation in the late 1980s. A competition poll is a community held public

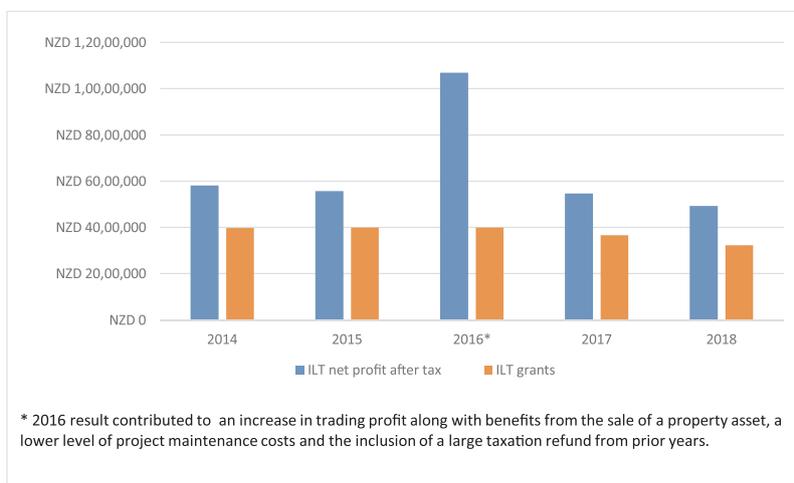


Fig. 1. Ivercargill Licensing Trust (ILT) net profit and community grant allocations in the last 5 years. Source: Ivercargill Licensing Trust Annual Reports 2018 – 2014.

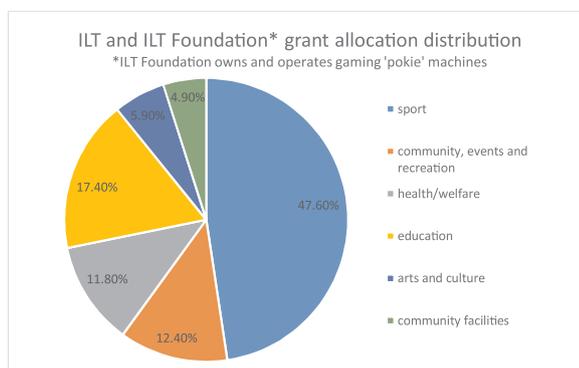


Fig. 2. Community grant allocation by the Ivercargill Licensing Trust (ILT) and ILT Foundation, 2018. Source: Ivercargill Licensing Trust Annual Report 2018.

vote on whether the trust should continue or lose its monopoly rights on alcohol sales. It may be instigated by the trust itself, or by request of at least 15% of voters from the area (SSAA, s 349). Sixteen competition polls have been held to date, and in most cases communities have voted in favour of restoring private alcohol sales. This means that 14 trusts now compete with private enterprise in a fully competitive commercial market. There is no legal mechanism to reverse a community’s decision to dismantle a trusts’ monopoly once it has been successfully challenged via a competition poll.

Four alcohol trusts have retained their monopoly rights. Two of those communities are located in West Auckland (Portage and Waitakere Licensing Trusts), part of the largest metropolitan area in New Zealand². During a competition poll in 2003 (an initiative largely orchestrated by supermarket chains, who wanted to challenge the trusts’ monopoly on alcohol sales (Teahan, 2018), the two communities voted to maintain the trusts’ monopoly on alcohol distribution – an outcome which may be seen as surprising given the perception that trust control had resulted in restricted access and higher prices. Post-campaign research commissioned by the trusts attributed this result to strong support for local ownership in West Auckland, a general feeling that profits from alcohol sales should be retained in the community and partly – an anti-alcohol sentiment (2017). Australian ownership of a major supermarket chain reinforced that profits from a competitive

² The two other trust monopolies include Matakara and Ivercargill (relatively isolated communities located in the south of the South Island of New Zealand), the latter being the oldest licensing trust in the country.

alcohol market would go overseas instead of New Zealand (2017). The fact that the decision about dismantling the community monopoly regime cannot be reversed also appeared to act in the trusts’ favour (2017). Additionally, in the months leading up to the vote, the trusts announced a \$1 million dollar (NZD) donation to local schools and gifted fire extinguishers to individual households (2017).

Alcohol licensing trusts are body corporates, i.e. they can be sued, transfer property, and pay taxes. They are not managed or controlled by a central government agency (although the Auditor General has oversight over financial performance of trusts), but are accountable to their geographically-defined community. One manifestation of alcohol trusts’ accountability to their communities is through “competition polls”. Another manifestation is through triennial elections of trustees, who are chosen by residential electors of the trust’s district on the same day as local elections (SSAA, s 309–314) (Auditor General, 2016). The legislation for alcohol trusts includes conflict of interest policies prohibiting board members from having any involvement with the alcohol industry (SSAA, s 322).

Benefits, criticisms and limitations

Anecdotally, the monopoly alcohol trusts appear to provide more restricted access to alcohol, for example by not allowing sales from supermarkets. There are also claims (by both supporters and opponents) that alcohol prices are higher in the community alcohol trust areas. Trusts have also claimed that alcohol related harm is lower in trust areas than elsewhere, although these claims are hotly contested by opponents and not able to be easily verified by routine health and crime statistics (see e.g. Advertising Standards Authority, 2018). The model has not been formally evaluated to date to identify these wider impacts. Internationally, there is “quite strong” evidence (Babor et al., 2010) that off-premise monopoly systems (which are in operation in a number of countries, including Iceland, Norway, Sweden Finland, parts of Canada and the US) limit alcohol consumption and alcohol-related problems by limiting the number of outlets, hours of sale and removing the profit motive for expanding sales (Babor et al., 2010; Her, Giesbrecht, Room, & Rehm, 1999). Similarly, a systematic review of studies on changes in the opposite direction (that is, replacing a monopoly with private retailers) found “strong evidence” of increases in excessive alcohol consumption (Hahn et al., 2012).

Two common criticisms of monopoly alcohol licensing trusts in New Zealand are that the monopoly model is no longer consistent with today’s open market economy (Slater, 2017), and that trusts fail to live up to their idealistic community motivations (Du Fresne, 2017). Our own review of online community forums suggests that existing

dissatisfaction with the model is focused on restrictions on the availability of alcohol (i.e. that alcohol is not available in local supermarkets), perceptions of higher prices and the unattractiveness of on-license premises run by the trusts. Some opponents of the trust model also challenge the extent of redistribution of profits back to the communities (e.g. in 2017, West Auckland Trusts donated a quarter of their 4.5 million net profit (Smith, 2018)) and view some of the donations as “tokenism” which adds little value to the community overall. Trusts have countered by arguing that community allocations have to be put in the context of retaining sufficient revenue to support the viability of the business.

Our initial investigations have also revealed a close relationship between trusts and the alcohol industry (e.g. alcohol producers sponsoring an annual community grants celebration gala; a licensing trust with investment shares in a brewery). This may undermine the ability of trusts to resist alcohol industry influences.

Official reports on alcohol licensing trusts have focused on the limited accountability and oversight of the trusts (2016, Auditor General, 2014). The Auditor General noted that there is “no comprehensive oversight of the trusts generally, other than their elected trustees on behalf of their communities” (Auditor General, 2016). Some have also expressed concern about the conflict of interest where trustees also act as local MPs or councillors (NZ Law Commission, 2010). The model was reviewed by the New Zealand Law Commission as part of their review of alcohol legislation in 2010. The Commission advised that licensing trusts provide “a useful legal mechanism for control of alcohol outlets” (NZ Law Commission, 2010).

Applying the “community enterprise” model to legal cannabis

Several aspects of the model that we described as problematic should be improved before applying to cannabis. These include establishing a minimum community distribution (i.e. as a percentage of gross sales revenue), increased accountability and governance mechanisms, and a legislative mechanism to conduct the community vote on the continuance and alternatively the reconstitution of the trust. Additionally, when applying the model to cannabis, several specifics that reflect the current level of knowledge about the substance and effective means of regulating it need to be taken into account. These include the change in the legal status of the drug determined on the national level and recommendations with respect to the THC limits, advertising and price control.

If the community alcohol trust model was to be applied to regulate a legal cannabis market, new purpose designed legislation would be required. In a local vote, communities would decide if they want to establish a *community cannabis licensing trust* responsible for meeting, but not stimulating, the demand for cannabis in their district. An essential condition for the regime would be the national legalisation of the use and personal possession of cannabis subject to any local by-laws (e.g. ban on use in public spaces, etc.). In this approach, communities that choose not to establish a cannabis licensing trust would maintain the legality of use and personal possession but there would be no commercial retail outlets. Organisation of the vote to establish a cannabis trust could be delegated to local councils.

The main objectives of cannabis licensing trusts would be to operate cannabis dispensaries (and this could be extended to consumption venues in the future) in the interests of harm minimisation and community wellbeing. As with the alcohol licensing trusts, revenue from the sale of cannabis would be spent for the community benefit, for example the promotion of culture, arts, science and sports within the trust territory. We recommend the cannabis trust legislation defines a minimum percentage of gross cannabis sales revenue to be spent on community purposes. The reason we suggest gross sales (and not “net profits”) as the basis for calculating minimum community distribution is due to the fact that the level of cannabis consumption, not the level of profit cannabis dispensaries are able to earn, is one of the key determinants of

cannabis related harm (Hall & Lynskey, 2016). Calculation on the basis of gross sales also removes the trusts’ incentive to inflate expenses (e.g. overspend on salaries). The regime for gaming machine gambling in New Zealand also mandates that operators must distribute a minimum of 40% of gross proceeds from gaming machines to authorised community purposes (Wilkins, 2018). Given the potential public health impacts of the legal availability of cannabis, we propose that 30% of gross cannabis sales be spent on local drug prevention and treatment services. This would respond to the current deficiencies in drug treatment services in regional New Zealand (Wilkins, Prasad, Wong, & Rychert, 2015). Existing legal commercial cannabis regimes acknowledge the importance of funding drug treatment services. For example in Colorado and Washington, part of the tax revenue from cannabis sales is targeted for drug education and treatment programmes.

Communities would elect trust board members to serve on the *community cannabis licensing trust* and ensure the trust is meeting its statutory and community obligations. To prevent conflicts of interest, legislation would ban trust members (and employees of the trust) from being involved in the alcohol or tobacco sector. Further debate would be required to identify what type of other affiliations would disqualify a person from acting as a cannabis trust board member. For example, although cannabis is currently prohibited in New Zealand, there is an existing private hemp industry including related non-psychoactive products, e.g. hempseed oil and cosmetic hemp products. With the imminent legalisation of medicinal cannabis in New Zealand, there is also an emerging medicinal cannabis industry with significant cannabis growing and processing facilities (2018b, Venuto, 2018a). Furthermore, New Zealand has previous experience with the regulation of a commercial market for new psychoactive substances (NPS, “legal highs”) and it is possible that industry actors previously engaged in this sector would be interested in this new regime (Rychert, and Wilkins, 2016). People with previous cannabis convictions may be interested in working in cannabis trust businesses or serving as trust board members and we would argue that the law should create opportunities for their participation in the legal cannabis market. In the community trust model, local conflicts of interest would also be particularly important. Cannabis trusts themselves would be banned from any commercial partnerships with the alcohol or tobacco industry.

The regime would also include the establishment of a *Cannabis Trusts Advisory Committee* consisting of national experts with medical, drug treatment and business backgrounds, which would provide advice on public health and financial management to individual trusts on an ad-hoc basis. The Committee could be funded through a proportional contribution (e.g. 5%) from trust gross cannabis sales. The rationale for the Advisory Committee is to support the establishment and good business practices of cannabis trusts, something that had been historically lacking in the licensing trust model for alcohol and has resulted in poor financial performance and oversight. Also, such advice is likely to be needed given the novelty of the new cannabis regime and related regulatory compliance and administration. A separate Cannabis Trust Grant Oversight Agency located within the Ministry of Health would be tasked with independently distributing monies from the combined cannabis trust contributions to local community groups. This allocation process would be informed by an independent expert committee who would evaluate proposals based on a predetermined criterion of social benefit. The distribution of grants via a national body would help prevent conflict of interests in funding arrangements at a local level and contribute to greater distance between community grant recipients and the trusts. Such an approach has been recommended in reviews of approaches to distribute funding from addictive consumption industries (including tobacco, alcohol and gambling) to the social sector (Adams, 2007). Enforcement of the regime would generally be left to existing agencies, including the police (e.g. drug driving) and public health inspectors (e.g. controlled purchase operations monitoring sale to underage customers).

Local farmers and horticulturists would be contracted to grow,

process and package cannabis products. The farming industry in New Zealand has previously expressed interest in cultivating cannabis for medicinal and recreational purposes (Fyers, 2017; Hayes, 2017).

The ongoing existence of a cannabis licensing trust would rely on the continued support of their local community. Should a community be dissatisfied with the trust, they could request a “prohibition poll” (through a petition signed by 15% of eligible voters), which may then result in the return to the default nationwide policy where cannabis use and possession is legal but there are no commercial retail sales. There would be some time limit on the frequency of community-initiated polls, e.g. no more than one every three years. As with alcohol trusts, local voting for the cannabis trust could be integrated into local elections. The community would also have the power to vote to reinstate the trust at some future date. This power to reinstate the trust is not available in the current alcohol trust regime.

Balancing commercialisation with public good

As cannabis trusts would need to be commercially viable in order to continue operating, there is a potential conflict of interest between their commercial and social objectives. We suggest a cautionary approach to the regulation of cannabis products and advertising to assist with reaching this balance. For example, under this model, the advertising of cannabis products would be prohibited except for within trust cannabis retail stores, and any labelling of the product would be limited to objective data about the cannabis strain, potency, information about the manufacturer and a health warning message. These suggestions follow public health learnings from research on effective public health regulation of alcohol and tobacco (Babor et al., 2010; Henriksen, 2012). To prevent sale of high-potency THC cannabis (which have been linked to increased risk of psychosis (Di Forti et al., 2015; Gage, Hickman, & Zammit, 2016) and admissions to drug treatment (Freeman et al., 2018)), legislation would also prescribe maximum potency limits. Other public health features of the regime would include setting a minimum price based on THC, a product tax and implementing smoke-free environment policies – all regulated top-down through the national legislation.

The challenge of black market and variations across communities

The proposed framework would potentially result in differences in cannabis retail supply between regions, with retail sales allowed in one district but not allowed in another³. Law enforcement would continue to target illegal cannabis supply and illegal selling practices within trust areas (e.g. diverted sales, underage sales). Any attempt to open a retail outlet in an area that has voted to not have cannabis sales will be quite visible to enforcement agencies and the local community. The operational benefit of the cannabis trust model is that cannabis dispensaries will be managed by a limited number of entities with close ties to local communities, thus decreasing monitoring costs for enforcement agencies.

Overseas experience of cannabis legalisation suggests that a black market for cannabis is likely to persist (Subritzky, Pettigrew, & Lenton, 2016). The challenge is to create a legal cannabis industry that attracts users away from black market overtime via greater convenience, quality and safe products, product innovation, avoiding legal issues, and other perceived benefits (e.g. in the trust regime profits from sales are reinvested back into local communities). The efficiency of the trusts at meeting cannabis users’ preferences could be enhanced by allowing two or three separate trusts to operate in the same territory, similar to

the gambling gaming machine regime (Wilkins, 2018). The resulting competition would ensure a range of products to suit all consumer preferences at competitive prices.

Concluding thoughts

The principal advantages of the community trust model approach to a legal cannabis market are: firstly, suppressing the commercial incentive to expand the market by removing financial obligations to shareholders and private owners; secondly, establishing statutory obligations on trusts to distribute part of the revenue from cannabis sales back to the community for beneficial purposes; and thirdly, establishing community governance over cannabis retail sales via community elected trustees and the ability to call for a community poll on the future of the trust. The removal of a strong commercial incentive and community governance may also contribute to lower levels of availability, higher prices and less harm, although further research is required to explore these claims. An important benefit of community trusts is that they provide the local community with some oversight of their trust’s commercial activities via election of the trust board and the ability to call a community poll on the future existence of the trust. The model therefore promotes the idea of “community agency” rather than a narrower concept of “consumer agency” (Belackova & Wilkins, 2018). This is manifested through provisions that empower the community to call a referendum on whether legal access to cannabis should be allowed in their territory in the first place, and the subsequent power to review this decision through a community vote every three years.

Our proposed community cannabis licensing trust model seeks to address some of the challenges experienced by alcohol licensing trusts in New Zealand, including the lack of general oversight and accountability and balancing the commercial and social aims of the trusts. The proposed “community enterprise” model goes a step further than the “cannabis social club” model by empowering the entire community rather than just cannabis consumers who are club members (Table 1). Cannabis users can participate in the trust model as community elected board members, employees in trust companies, by voting in community polls and as customers of trust retail outlets.

Since the 1970s, the decade when a record number of new alcohol licensing trusts were established⁴, the appeal of the trust model for the sale of alcohol has been declining. Some commentators have attributed this decline to the wider societal movement toward private market approaches in the New Zealand economy during the 1980s and 1990s (Teahan, 2017). However, there is a growing interest in community and social enterprise approaches (Laville & Salamon, 2015; Laville, 2014; UK Department of Trade & Industry, 2002) and this may bring the model back into public and policy favour. Previous experiences with alcohol licensing trusts may also facilitate the utilisation of the model for cannabis in New Zealand. The government has promised to hold a national referendum on recreational cannabis law reform by 2020, and recent public opinion polling has found majority support for some form of reform (i.e. 67% for personal possession, 61% for grow your own and 38% for sales from retail outlets (NZ Drug Foundation, 2018; Young, 2018)).

There are a number of significant gaps in our understanding of the effectiveness of community trusts. For example, the purported public health benefits of alcohol licensing trusts are largely based on anecdotal evidence and are often contested by trust opponents. Similarly, claims of reduced alcohol availability and higher prices are based on the anecdotal views of people living in the trust areas. Further research is therefore required to investigate these issues to inform the future viability and usefulness of a similar community trust model for legal

³ It is not unusual for cannabis policies to vary significantly across different US states (Kilmer & Pacula, 2016). A similar regional variation is being considered in New Zealand in regard to tobacco sales, with one District Health Board recently announcing plans to ban cigarette sales (Wilson, 2018).

⁴ Four licensing trusts were established in the 1940s, six in the 1950s, eight in the 1960s, and 12 in the 1970s, with the last operational trusts established in 1975.

Table 1
Comparison of four conceptual models for cannabis law reform.

	Home growing	Cannabis social clubs	Community cannabis trust	Profit-driven regulated market
Production	Individual consumers	Associations of consumers	Licensed private companies	Licensed private companies
Distribution	Self-cultivation and gifting	Club production to club members only	Community trusts	Licensed private companies
Availability	Self-supply or gifts	Club members only	Via licensed trust-run outlets	Via licensed private retailers
Profit motive	Absent	Absent/cover costs	Secondary (community funding obligations)	Primary
Advertising	Absent	Absent	Regulated	Regulated
Price	N/A (no selling)	Fees set internally	Prices decided by the trust, taxes	Market driven, taxes
Governance	Individual growers	Club members	Community trustees and community vote	Commercial law

cannabis.

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Conflict of interest

Nothing to declare.

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