

# Terry Lake - Vice President Corporate Social Responsibility, Hydropothecary, Canada

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*Hydropothecary is the leading medicinal cannabis producer in Quebec, founded in 2013 by two brothers-in-law, Sebastien St-Louis and Adam Miron. Terry Lake, former Minister of Health for British Columbia, discusses his new role as Vice President Corporate Social Responsibility, the stigma surrounding the cannabis plant and how to bring innovative products to market, given the rapidly changing Health Canada framework.*

## **What was the motivation for moving from public policy and government positions in British Columbia to the medicinal cannabis industry?**

A series of events in my professional and private life led to my entering the medicinal cannabis industry. As Minister of Health for British Columbia, I was aware of cannabis and its therapeutic uses; however, medicinal cannabis has never been covered under the public drug plans. My daughter is currently pursuing her PhD in science at the University of British Columbia, and she studies cannabis as part of her work. I attended a cannabis science and policy summit with her in New York in September 2016 where I ended up engaging with influential figures in ministries both locally and globally: people who studied cannabis from a medical and policy perspective. Given my background in science (I initially trained as a veterinarian), and my natural interest in physiology, I became extremely interested in the science of the cannabis plant. I wanted to learn the history of

the policy around prohibition as it married my interests in public policy and science.

When I decided not to run for Minister of Health during 2017, I received a call from one of the co-founders of Hydrothecary, Adam Miron, who then invited me to visit the new project. Upon visiting the site, I became interested in the potential of cannabis and decided to join Hydrothecary.

### **What does your role as Vice President of Corporate Social Responsibility entail?**

My role here reflects my ideology of giving back to the community, to our country and to the people we serve; whether they are medical patients or adult-use customers. I was Minister of Environment for British Columbia for two years and have a deep passion for sustainability and sustainable practices. With this role I can integrate public policy, social responsibility and environmental responsibility: it is the combination of many of my worlds of interest.

### **What have been the main milestones for Hydrothecary since 2013?**

The main milestones of the company are primarily related to the award of licenses to cultivate and sell medicinal cannabis. Sebastien St Louis and Adam Miron, the co-founders of Hydrothecary, partnered with a farm owner in Gatineau to develop a regulatory regime to obtain Health Canada approval. The initial business model was to be a high-level concierge service and the first sale was made in 2014. This premiere service involved selling to a limited number of medical cannabis patients and our products were packed in luxurious, high-quality containers.

In 2016, the capacity of our greenhouses grew from 7,000 square feet to 42,000 square feet of greenhouse space, which helped to expand the range of products on offer. We diversified the product line, bringing on board unique products like 'Decarb' which serves cannabis in an activated form. Cannabis activation typically requires heat, and the co-founders devised a way to activate the cannabis ahead of time. The decarboxylated product allows for patients to take cannabis orally. We observe that the majority of people move away from smoking Cannabis to taking it orally.

2016 then featured two significant milestones: listing on the Toronto Stock Exchange (TSX) and developing our pioneering product, Canada's first sublingual oral spray 'Elixir.' Elixir is also a non-smoked product, which has a higher THC level than usual. This peppermint-flavored spray offers a discreet way of using cannabis.

In 2017, the announcement of Bill C-45 (legalization of marijuana) catalyzed our preparation for the adult use industry, including a 250,000 square foot expansion. On top of that, we announced an additional 1,000,000 square foot expansion plan in early 2018. It is in fact an exciting time for Hydrothecary!

### **What are the advantages of being based in Quebec?**

Of the three most significant markets we see in Canada – Ontario, British Columbia, and Quebec – the Quebec market is sizeable. We have a natural advantage in being the first licensed producer in Quebec, and we want to be pioneers in this space, not just in production but leadership. Working with other, smaller interested parties in Quebec such as craft or micro-cultivators that need help in obtaining Health Canada regulations is of interest to us and an attainable goal in Quebec. Upcoming producers may need mentoring or a company to process their product for them, and we intend to be leaders helping the industry grow in Quebec, providing the leg-up to smaller businesses.

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### **What are the challenges you face in creating innovative products?**

The first challenge is knowing what products will be allowed by the regulatory system. People often ask me about my work in the cannabis industry, given the dramatic policy shift. To give you an analogy, it is like running in the forest at night—we do not know where the trees are! Following complete legalization, we assume that Health Canada will announce regulation on a series of different products like edibles, but we are unable to grasp at this point if their regulations will follow what we have in some US states, such as Colorado and Washington State. We will be nimble in reacting to the regulatory environment we face.

**Cannabis usages cover chronic pain management, epilepsy, PTSD to list a few, but the stigma surrounding the plant is very much alive. How do you define the therapeutic value that cannabis based therapies can bring to patients?**

Although I agree that cannabis is without a doubt effective in treating those illnesses, we are cautious to not oversell the plant. We read claims surrounding cannabis' effect on diseases, and the standard answer by the medical community is that there are too few clinical trials, and that there are not enough Random Control Trials to draw concrete conclusions. We have to find a way to support research that answers those questions.

The cannabis plant is sophisticated, with up to one hundred different cannabinoids, flavonoids, terpenes, etc. and each patient reacts differently to the same dose. In contrast to conventional pharmaceuticals, we are not dealing with a single molecule. If you take cannabis, the mix of different chemicals means that one person's reaction varies significantly to the next person's response, based on the cannabinoid.

We need to find a way to study cannabis and its health impacts in a way that has scientific rigor, but we should not hamstring ourselves to the one molecule medical therapeutic system. For example, in the journal of gastroenterology and hepatology, a review carried out on cannabis' impact on inflammatory bowel disease (IBD), Crohn's and Colitis was positive although inconclusive. Patients benefited from cannabis, but it was hard to pinpoint whether the plant has an anti-inflammatory effect or a masking effect. We therefore need more histopathology and more detailed research.

**A lot of General Practitioners hesitate to subscribe and healthcare professionals are unfamiliar with the drug. How can Hydropothecary improve the situation?**

We have to start integration education around Cannabis within medical schools, as currently there is very little information distributed about the endocannabinoid system. Physicians graduating from medical schools across the country should have at least some idea of how cannabinoids respond to the body. And with the help of Cannabis Canada (the industry association for Licensed Producers of cannabis for medical purposes) we want to support physician groups learning more about cannabis.

Lowering the stigma to a level whereby people are comfortable learning about and talking about the drug is essential. The challenge we face is that for physicians the time spent with patients is increasingly decreasing, and cannabis requires a more prolonged discussion before prescription. Providing information to make these conversations easier is one of our goals. On top of that, we would like to ensure that medical officers spend time with patients who have recently been prescribed cannabis.

### **How do you characterize the relationship with traditional pharma?**

There has been surprisingly little overlap so far. Pharma has historically moved away from cannabis, and secondly, the situation in the United States trickles down to Canada. I theorize that given that pharma companies do the vast majority of their business in the US, they may not want to enter what is considered illegal territory, and may worry about what cannabis market activity means for their US activities. Future collaboration between Big Pharma and medical cannabis is contingent on the US' plans, and we are uncertain to how our Southern neighbor intends to advance.

### **How will you remain competitive post-legalization?**

We are already one of the lowest cost per gram producers. We are using the gift of the sun to help us grow, enabling a lower power usage than an indoor facility. Using the sun to develop our products naturally also makes Hydrothecary more environmentally friendly. The downside to greenhouse growing is the lack of control over pests, for example, but our methods ensure high output at low cost, keeping us competitive.

On top of the aforementioned economic advantages to being based in Quebec, we ensure that Hydrothecary staff are happy and motivated at the workplace. When staff turnover is low, costs are equally kept low.

### **What could other countries learn from the pioneering status Canada has earned through its fresh approach to cannabis?**

As relative pioneers in the field of nationwide legalization, I would recommend looking at the normalization and regulation of cannabis as an opportunity to do something good for public health. When you look at the statistics of states in the US that have legalized either a medical or recreational regime, harmful substances are less abused; the number of opioid prescriptions the amount of alcohol consumption are reduced. These indicators, albeit indefinite, are promising for cannabis' future in Canada.

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