



## **Canada’s licensed producers and processors call on OCS for immediate action to protect the health and safety gains of cannabis legalization**

*Latest OCS supply chain disruption sheds light on urgent need for changes to the Ontario Cannabis Stores’ operations.*

Ottawa, ON, August 23, 2022 – The Cannabis Council of Canada is calling on the Ontario Cannabis Store to immediately implement changes to its management of the cannabis supply chain needed to protect the health and safety of Ontarians and the province’s cannabis consumers. The recent cyber-attack on the OCS has crippled Ontario’s cannabis supply chain and will drive cannabis consumers back to the illicit market for their cannabis products, threatening the social and economic gains from adult-use cannabis legalization.

The Cannabis Council of Canada is seeking three changes that will restore Ontario’s ability legal adult-use cannabis supply chain:

1. Deploy the overdue “flow-through system” to allow cannabis licence holders to ship products to retailers;
2. Implement the GS1 product onboarding system, to eliminate the bottleneck and costs of new product listings;
3. Reduce the OCS’ product mark-up rates to allow legal cannabis products to compete with illicit cannabis products.

“Ontario’s legal cannabis industry has worked tirelessly to compete with the illicit market and to attract and retain the cannabis consumer. The repeated operational challenges plaguing the high-cost low-performance OCS are undermining the efforts of Ontario’s legal cannabis industry to keep cannabis away from children and youth and the profits of cannabis out of the hands of criminals,” noted George Smitherman, President and CEO of Cannabis Council of Canada.

“Numerous studies have demonstrated that illicit cannabis products contain toxic pesticides and unsafe levels of mold, bacteria and other toxins. Moreover, the efforts of the OPP have demonstrated that the illicit cannabis market is run by criminal enterprises who use the profits of cannabis to spread violence and crime in our communities,” said Smitherman.



In the space of three and a half years, Ontario’s legal cannabis sector has created close to 50,000 jobs and contributed \$3 billion to Ontario government revenues. As noted in a May 2022 report by EY Parthenon on the taxation and mark-up of cannabis products by the OCS, Ontario’s cannabis producers and processors are fighting for their financial survival. “Legal cannabis has created jobs and helped revitalize rural and small communities across Ontario. We need the OCS move quickly to protect the livelihood of the tens of thousands of Ontario families that count on our industry,” concluded Smitherman.

**For background please see:**

An industry makes its mark – The economic and social impact of Canada’s cannabis sector (Deloitte, 2021)

Economic Analysis of Cannabis Excise Duties, Mark-Ups and Regulatory Fees, Phase 1 Report (EY Parthenon, May 2022)

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