



## **Cannabis Legalization Report Card**

### ***Background Notes***

#### **SUPPORT FOR CANNABIS LEGALIZATION**

Robust public support for legalization has remained largely consistent since the enactment of the *Cannabis Act*, with the percentage of Canadians in opposition diminishing modestly year-over-year to only 24%. With the support of Abacus Data, the Cannabis Council of Canada has worked to benchmark prevailing public sentiment in this regard. In August 2018, 30% of Canadians disapproved of Canada legalizing cannabis. This diminished to 27% in 2019 and sits at 24% presently. Looking to approval rates, 46% of Canadians voiced approval of legalization in 2018, rising to 50% in 2019, and falling slightly to 48% in 2020. The remainder of Canadians expressed neutrality, or tolerance, of Canada's legalization experience. This rate sat at 24% in 2018, decreased to 23% in 2019, and now accounts for 28% of overall public sentiment.

#### **KEEPING CANNABIS AWAY FROM CHILDREN AND YOUTH**

While Canadians remain concerned about risks of youth consumption, preliminary estimates from Statistics Canada suggest cannabis use among 15- to 17-year-olds to have fallen over the first year of legalization by 9.4%. Statistics Canada Senior Analyst Michelle Rotermann told the *Calgary Herald*, "The youth estimate for 15- to 17-year-olds during [the] 2018 pre-legalization period was 19.8 per cent, while the corresponding post-legalization 2019 estimate was 10.4 per cent." Statistics Canada has also tracked the age at which cannabis consumers first tried or started using cannabis for non-medical purposes. The average age of initiating cannabis use was 19.2 years, a small increase from 18.9 years in 2018. Despite this, 40% of Canadians believe youth consumption to have increased post-legalization, while 57% believe youth to be consuming the same amount of cannabis as they were prior to legalization. Only 4% of Canadians perceive youth to be consuming less cannabis. This dichotomy between rate of use and public sentiment is what informed the Council's grade in this regard.

#### **COMBATTING THE ILLICIT MARKET**

Uncompetitive pricing, namely due to excise taxation and wholesale markups, presents a barrier to further integration of the illicit market. As a result, recent estimates show the legal market accounts for only 50.5% of all cannabis-related spending country-wide. The most recent estimate from Ontario, Canada's most populous province, notes adult-use consumers are only purchasing cannabis from legal channels 25.1% of the time. Although household expenditures on illicit cannabis have fallen by approximately 37% (over a 2-year period from Q2 2018 – 2020), Statistics Canada data in this regard suggests some Canadians were unable to distinguish authorized dispensaries or points of purchase from illegal ones. This considered, the Cannabis Council of Canada remains encouraged by data from the Ontario Cannabis Store, which, for the first time, suggests the price per gram for dried flower in the legal market has fallen below the illicit market price for the first time. Given price remains a primary factor guiding consumer's purchase decisions, the Council hopes to see this trend continue in Ontario and within other jurisdictions across Canada.



### CONSUMER AWARENESS

Bound by regulation mandating plain packaging, and that which greatly limits marketing and branding, industry remains limited in its ability to communicate product attributes, effects, and composition directly to consumers. An unintended consequence of these policies is that consumers are reduced to differentiating between products based solely on potency and price. To this end, 62% of Canadians support increased communication capability for license holders. On the flip side, only 37% of Canadians are in opposition. This overwhelming majority in support indicates a strong desire from consumers to engage more fulsomely in product education, both at the point of purchase and beyond, as is convention for other adult-use products.

### GOVERNMENT LEADERSHIP

In partnership with Abacus Data, the Cannabis Council of Canada posed the following question to a select group of Canadians. “Please indicate if you strongly agree, agree, disagree, or strongly disagree with each of the following statement: I am proud that Canada is a global leader in the cannabis industry and I support government efforts to help the cannabis business succeed in international markets.” Per the results, we can infer that Canadians are generally aligned with the nation’s leadership role in the sector. We learned that 41% of respondents were supportive of Canada taking a greater role in promoting the industry globally, and fewer than ¼ of respondents expressed opposition to global market outreach. Canada was only the second nation in the world to legalize adult-use cannabis at a national level, and the first G8 country to do so. This feat likely influenced the results presented above, though the Council notes a greater sense of encouragement, not permissiveness, will be necessary for this grade to improve.

### CANNABIS AMNESTY

Upon the launch of the Cannabis Record Suspension Program, the federal government estimated that approximately 10,000 Canadians would be eligible for pardons. Recent application statistics have showcased an incredibly poor uptake in the Program. Of the 458 people that applied to the Program, only 257 of those applications were granted. Unfortunately, this equates to just under 3% of eligible Canadians having received record suspensions. This result calls for a marked change in approach, particularly given 70% of Canadians support deletion of criminal records for personal possession. As well, it is recognized that cannabis prohibition disproportionately impacted communities of colour. A recent study from the University of Toronto’s Centre on Drug Policy Evaluation, which analyzed 700 executives and directors from across 166 licensed cannabis producers and 56 parent companies, showed that 84% of leaders are white. The Cannabis Council of Canada commits to supporting efforts to diversify the industry more broadly. Similarly, both in turn and in tandem, the wrongs of prohibition as well.

### JOBS AND ECONOMY

Private industry has invested billions in growing Canada’s cannabis industry. This investment has spawned both direct and indirect employment (i.e.: in construction) and across most regions of the country. With Canada passing the milestone for 1,000 operational cannabis retail stores this Summer, it reasons that sustained growth in retail employment has offset production-related job reduction – the



latter of which has declined by approximately 31% from January – July 2020. Reassuringly, Indeed Canada reports a modest rebound in cannabis-related job postings, similar to the trajectory of the broader economy. However, the Council would be remiss not to note that continued illicit market operations and structural barriers to exports suppress the sector's full economic impact – particularly for Indigenous and diverse communities.

#### **MEDICAL PATIENT ACCESS**

Cannabis medicine, unlike other medicines, is subject to an excise tax. This contributes to an affordability problem, resulting in 60% of patients feeling as though they must buy cannabis from the illicit market. In tandem, 70% of Canadians support adding medicinal cannabis products to public and private drug plans – coverage currently out of reach for Canadian patients. Health Canada data also paints a stark portrait of the current state of affairs for patients. Active client registrations with federal license holders has fallen by nearly 17% from June 2019 – 2020, while personal or designated production registrations have increased by approximately 16% in the same period. Though the majority of patients report that the use of cannabis for medical purposes helped decrease their use of other medications, the same survey purports the top source for patients to secure their medical cannabis to be legal storefronts – not requisite medical channels. This stark contrast indicates improvement with respect to access is sorely needed.

#### **JUSTICE AND LAW ENFORCEMENT**

Broad community compliance with legislation is recognized, with 85% of Canadians demonstrating a strong awareness of the risks of driving under the influence. The increase in awareness prior to legalization and following its enactment is impressive, having risen sharply by 81% over a one-year period. Similarly, fewer cannabis consumers report an interaction with law enforcement related to driving under the influence. Per the Canadian Cannabis Survey, this figure is also very low to begin with – decreasing from 3% to 2% from 2018 – 2019. While it remains wholly difficult to determine the impact of legalization on law enforcement resource allocation – given investment in technology and training has yet to elicit a discernible return – the Cannabis Council of Canada will continue to monitor this issue closely in collaboration with our law enforcement partners the country over.

#### **RESEARCH DEVELOPMENT AND INNOVATION**

The Task Force on Cannabis Legalization and Regulation, that which supported the federal government's legalization efforts and public health approach, noted further research into cannabis is "needed urgently." Recent changes to research study requirements and persistent delays in the issuance of Research Licenses are threatening Canada's global leadership in cannabis research. To illustrate this, CBC News reported total government funding for cannabis research totaled \$5.6 million in the 2018-19 fiscal year. This is a decrease from the roughly \$7.6 million reported in the 2017-18 fiscal year. Further, the Controlled Substances and Cannabis Branch of Health Canada has only issued 350 research licenses since its inception. The department self-reports meeting a service standard for issuance only 70% of the time. Increased funding, incentivization toward researching the benefits of cannabis instead of just the harms, and increased reliability and support on the part of the regulator would contribute to an improvement in this grade.



## **Secondary Research Sources**

### **COMBATTING THE ILLICIT MARKET**

- Number and percentage of consumers who accessed cannabis from each source, by before or after legalization and province, household population aged 15 or older, Canada (provinces only), 2018 and 2019
  - Canada (provinces only)
    - Illegal:
      - Before legalization: 51.7%
      - After legalization: 40.1%
    - Legal:
      - Before legalization: 22.7%
      - After legalization: 52 %
    - \* A higher than expected number of cannabis users reported having accessed cannabis from a legal source prior to official legalization (*Cannabis Act*). This suggests some Canadians were unable to distinguish authorized dispensaries from illegal ones.
  - Source: National Cannabis Survey first, second and third quarters 2018 and first, second, third, and fourth quarters 2019.
- Detailed household final consumption expenditure, Canada, quarterly (x 1,000,000)
  - Canada
  - Cannabis products for non-medical use (unlicensed)
  - Q2 2018: \$1,257 → Q2 2020: \$785
  - Difference (Dollar Amount): \$472
  - Difference (Percentage): - 37.5497%
  - Source: Statistics Canada. [Table 36-10-0124-01 Detailed household final consumption expenditure, Canada, quarterly \(x 1,000,000\)](#)
- Illegal market price per gram for dried flower (April 1, 2020 – June 30, 2020)
  - \*Note: OCS.ca and retail stores are weighted by sales and include taxes. Illegal market prices are unweighted and sourced through Weedmaps.com and mail-order-marijuana sites.
  - Q1 2020 marks the first time that price per gram in the legal market proved competitive with the illicit market.
    - Legal: \$7.05 / g
    - Illicit: \$7.98 / g
  - Source: [OCS Insights Report Q1 2020](#)

### **JOBS AND ECONOMY**

- Employment and average weekly earnings (including overtime) for all employees by industry, monthly, seasonally adjusted, Canada
  - Employment for all employees - Cannabis product manufacturing [3123]
    - January 2020: 3,483 → July 2020: 2,293
    - Difference (Employees): 1,190



- Difference (Percentage): - 34.1659%
  - Source: Statistics Canada. [Table 14-10-0220-01 Employment and average weekly earnings \(including overtime\) for all employees by industry, monthly, seasonally adjusted, Canada](#)
- Retail trade sales for the cannabis industry (x 1,000)
  - Data are presented in unadjusted form as there is no seasonal pattern established by official statistics yet.
  - Cannabis stores [453993]
    - July 2019: 106,064 → July 2020: 231,608
    - Difference (Dollars): 125,544
    - Difference (Percentage): + 118.366%
  - Source: Statistics Canada. [Table 20-10-0008-02 Retail trade sales by industry \(x 1,000\)](#)
- Wholesale trade, sales (x 1,000)
  - Data are presented in unadjusted form as there is no seasonal pattern established by official statistics yet.
  - Cannabis merchant wholesalers [4134]
    - July 2019: 60,997 → July 2020: 103,423
    - Difference (Dollars): 42,426
    - Difference (Percentage): + 69.5542%
  - Source: Statistics Canada. [Table 20-10-0074-01 Wholesale trade, sales \(x 1,000\)](#)
- Consumer Price Index, monthly, percentage change, not seasonally adjusted, Canada, provinces, Whitehorse and Yellowknife - Alcoholic beverages, tobacco products and recreational cannabis
  - Recreational cannabis (201812=100)
    - August 2019: 97.7 → August 2020: 88.3
    - Difference (Percentage): - 9.6%
  - Source: Statistics Canada. [Table 18-10-0004-10 Consumer Price Index, monthly, percentage change, not seasonally adjusted, Canada, provinces, Whitehorse and Yellowknife - Alcoholic beverages, tobacco products and recreational cannabis](#)
- Household final consumption expenditure, quarterly, Canada (x 1,000,000)
  - Cannabis [C123]
    - Q2 2018: 6,232 → Q2 2020: 7,559
    - Difference (Dollars): 1,327
    - Difference (Percentage): + 21.2933%
  - Source: Statistics Canada. [Table 36-10-0107-01 Household final consumption expenditure, quarterly, Canada \(x 1,000,000\)](#)
- Number of federal license holders
  - Oct. 2018: 132 → Aug. 2020: 467
  - Difference (#): 335
  - Difference (Percentage): + 253.788%
  - Source: Health Canada. [Licensed cultivators, processors and sellers of cannabis under the Cannabis Act](#)
- Cannabis-related postings eventually peaked at 0.54 per cent of all Canadian job postings in late July 2019. Momentum then reversed and postings started to drop, falling 40 per cent as a share of total activity to below 0.32 per cent in early March 2020.
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- As the pandemic's initial shock on job postings has faded, cannabis sector postings have rebounded modestly, similar to the trajectory of the broader economy.
- Source: [Indeed Canada](#)

#### MEDICAL PATIENT ACCESS

- Active client registrations with a federal licence holder
  - Canada
  - June 2019: 363,917 → June 2020: 303,221
  - Difference (# of Patients): 60,696
  - Difference (Percentage): - 16.6785%
  - Source: Health Canada. [Data on cannabis for medical purposes](#)
- Personal or designated production registration with Health Canada
  - Canada
  - June 2019: 28,869 → June 2020: 33,614
  - Difference (# of Registrations): 4,745
  - Difference (Percentage): + 16.4363%
  - Source: Health Canada. [Data on cannabis for medical purposes](#)
- Total number of shipments of cannabis for medical purposes from a federal licence holder, by province and territory of destination
  - Canada
  - June 2019: 118,758 → June 2020: 104,500
  - Difference (# of Shipments): 14,258
  - Difference (Percentage): - 12.0059%
  - Source: Health Canada. [Data on cannabis for medical purposes](#)
- Kilograms of dried cannabis imported and exported
  - Total quantity imported
    - Oct. 2018 → Mar. 2019: 0 kg imported
    - \*Data from April 2019 to June 2020 will be published at a later date.
  - Total quantity exported
    - Oct. 2018: 23.20 kg → Mar. 2019: 178.67 kg
    - Difference (kg): 155.47 kg
    - Difference (Percentage): + 670.129%
  - Source: Health Canada. [Data on cannabis for medical purposes](#)
- Litres of cannabis oil imported and exported
  - Total quantity imported
    - Oct. 2018 → Mar. 2019: 0.07 L (\*occurred in Dec. 2018)
    - \*Data from April 2019 to June 2020 will be published at a later date.
  - Total quantity exported
    - Oct. 2018: 11.98 L → Mar. 2019: 250.45 L
    - Difference (L): 238.47 L
    - Difference (Percentage): + 1990.57%
- Changes in use of other medications
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- The majority of people who used cannabis for medical purposes reported that cannabis use helped decrease their use of other medications (**61%, a decrease from 68% in 2018**). Twenty-two percent (22%, unchanged from 19% in 2018) reported that this question was not applicable.
- Source: [Canadian Cannabis Survey 2019 - Summary](#)
- Sources used to obtain cannabis products for medical purposes
  - In 2019, the top five sources to obtain cannabis for medical purposes were from a legal storefront (27%), a Health Canada licensed producer (23%, unchanged from 2018), a friend (21%, a decrease from 30% in 2018), a legal website other than a Health Canada licensed producer (20%), and an illegal storefront (12%).
  - Of those who obtained cannabis from a Health Canada licensed producer, **76% reported they will continue to access cannabis from a licensed producer** now that legal retail sales of cannabis for non-medical purposes are available.
  - Source: [Canadian Cannabis Survey 2019 - Summary](#)

#### JUSTICE AND SOCIETY

- People who operated a vehicle after using cannabis
  - Among people who had used cannabis in the past 12 months, **26% reported that they had ever driven within two hours of smoking or vaporizing cannabis**, and of those who had driven after smoking or vaporizing cannabis, **43% did so within the past 30 days, 31% within the past 12 months, and 25% more than 12 months ago**.
  - Source: [Canadian Cannabis Survey 2019 - Summary](#)
- Interaction with law enforcement related to driving
  - **Two percent (2%) of people who had used cannabis in the past 12 months reported having an interaction with law enforcement related to driving under the influence while they were the driver of a vehicle, a decrease from 3% in 2018**.
  - Source: [Canadian Cannabis Survey 2019 - Summary](#)
- Opinions on cannabis use and driving
  - More than **eight in ten (85%) people reported that they think that cannabis use affects driving**; this is an **increase from 81% in 2018**.
  - Source: [Canadian Cannabis Survey 2019 - Summary](#)
- Cannabis Record Suspension Program Statistics
  - Since its inception, **458 people** have applied to the program. Of those, 259 were accepted for consideration, with **257 granted and two discontinued**. Another **194 applications were returned** because the person was ineligible or the file was incomplete, while five more are still in the works.
  - Upon launch 1 year ago, the federal government had estimated that about **10,000 Canadians would be eligible for the pardons** which, in this instance, are officially known as "record suspensions."
  - Percentage (successful applicants): 2.57%
  - Percentage (remaining eligible Canadians): 97.43%
  - Source: CBC News. [Just 257 pardons granted for pot possession in program's 1st year](#) (August 9, 2020)



**RESEARCH, DEVELOPMENT AND INNOVATION**

- Health Canada has issued **350** research licenses.
  - Service standard for issuance is **42 business days** (single-site, new application).
  - The Department is **meeting the standard 70%** of the time.
  - Its target is to meet the standard 80% of the time.
  - Source: Health Canada Bilateral Meeting with Cannabis Council of Canada (Oct. 6, 2020)
- CIHR Cannabis-Related Grant Programs (Pre-and Post-Legalization)
  - Pre-Legalization
    - Team Grant: Substance Abuse Prevention and Treatment (2008)
    - [Catalyst Grant - Prevention and Treatment of Illicit Substance Use \(2008\)](#)
    - [Catalyst Grant - Prevention and Treatment of Illicit Substance Use \(2009\)](#)
    - Knowledge Synthesis Grant - Prevention and Treatment of Illicit Substance Use (2009)
    - [Catalyst Grant - Prevention and Treatment of Illicit Substance Use \(2010\)](#)
    - [Knowledge Synthesis Grant - Prevention and Treatment of Illicit Substance Use \(2011\)](#)
    - Healthcare Renewal Policy Analysis (2012)
    - Catalyst Grant: Population Health Intervention Research on Legalization of Cannabis (2017)
    - Other: SGBA Health Policy-Research Partnerships (2017)
    - [Other - Travel Awards - Institute Community Support \(Summer 2017\)](#)
    - **Average = 1 / year**
  - Post-Legalization
    - Catalyst Grant: Cannabis Research in Urgent Priority Areas (2018)
    - Other: Cannabis & PTSD Treatment in Military Personnel & Veterans (2018)
    - Project Grant: Spring 2019 Priority Announcement (Specific Research Areas) (2019)
    - Team Grant: Cannabis Research in Priority Areas (2019)
    - Team Grant: Partnerships for Cannabis Policy Evaluation (2019)
    - Catalyst Grant: Health Effects of Vaping (2020)
    - Catalyst Grant: Cannabis and Mental Health (2020)
    - **Average = 2.3 / year**
  - Source: [ResearchNet](#)
- Total government funding for cannabis research was \$5.6 million in the 2018-19 fiscal year. This is down from roughly \$7.6 million in the 2017-18 fiscal year, but up from roughly \$4.5 million in 2016-17.
  - Source: [CBC News](#)