



**Cannabis Council
of Canada**

**Conseil du
cannabis canadien**

Cannabis Council of Canada commends OCS reforms and calls on Government of Canada to do its part to support licensed producers and processors of legal cannabis

Transparency and reduced mark-ups provide much needed breathing room

Ottawa, ON, February 16, 2023 - In response to today's long awaited announcement by the Ontario Cannabis Store (OCS), the Cannabis Council of Canada (C3) applauds the excellent step forward taken by the Government of Ontario. "We appreciate and applaud the OCS' commitment to transparent mark-ups and the reduction in its mark-up rates. These changes will provide much needed breathing room for an industry drowning under perilous economic headwinds," said George Smitherman, President, and CEO of the Cannabis Council of Canada. "Minister Bethlenfalvy and the Ford government are to be credited for supporting this step by the OCS," Smitherman added.

The 2022 report by Ontario's Auditor General drew attention to the lack of transparency in the OCS' new product listing process. EY's "Economic Analysis of Cannabis Excise Duties, Mark-Ups and Regulatory Fees", commissioned by C3, focussed attention on excessive OCS mark-up rates. The OCS's "2021-22 Annual Report" highlighted the significant profit, \$184,400,000, generated by the provincial monopoly distributor, noteworthy in an industry where virtually no private sector players are profitable.

When it comes to legal cannabis, the government, and citizens of Ontario benefit from OCS profits, lucrative excise taxes, sales taxes, and income taxes from the tens of thousands of people employed by legal cannabis in Ontario. "Rest assured, the legal cannabis sector will continue to provide hundreds of millions of dollars to the Government of Ontario each year," said Smitherman. "The reduction in mark-ups improve the prospects for Licensed Producers of all sizes located throughout Ontario" he added.

Rick Savone, C3 board chair and Aurora's Senior Vice President of Global Government Relations, echoed the enthusiasm of many across the legal cannabis sector for today's moves. "Transparency and stability are exactly what our sector needs right now. It's a relief that the Government of Ontario has acknowledged that it takes healthier companies to compete with the entrenched illicit market. This will make an important difference for our work," noted Savone.

"The EY Report released shone a light on the scale of the OCS' piece of the pie," said Smitherman. "With Ontario's adjustments, the ball is squarely in Deputy Prime Minister Chrystia Freeland's court when it comes to recognizing that the federal excise tax and Health Canada regulatory fee construct needs immediate adjustment."

Media Inquiries:

George Smitherman

President and CEO

(416) 816 – 7118

george@cannabis-council.ca