



PRESS RELEASE

Cannabis industry submission to Cannabis Act Review calls for immediate financial relief and for governments to bring down the walls of stigmatization

Ottawa ON, November 22, 2022 – The Cannabis Council of Canada’s (“C3”) submission to the Cannabis Act Legislative Review public consultation is calling on the Government of Canada to protect the public health and safety gains of legalization, make the changes needed to create a financially sustainable legal cannabis industry, and end the government stigmatization of legal cannabis that limits progress on the key public health aims of legalization.

The submission underscores the urgent need for governments to address the financial viability of current market participants, immediately through a moratorium on Health Canada regulatory fees and through federal and provincial governments to addressing the unpredictably aggressive excise tax and provincial distributor mark-ups. The submission is available on our website at cannabis-council.ca.

“As the world leader in cannabis legalization, Canada is positioned to revisit its financial and regulatory approach to legal cannabis as planned,” said President and CEO of the Cannabis Council of Canada, George Smitherman. “When cannabis legalization was conceived in legislation the precautionary principle was applied deliberately and, in many cases, arbitrarily in ways so risk averse, they have contributed to re – stigmatization and frequently confounded the objective of competing with and eliminating the illicit market, one of legalization’s key public health objectives,” noted Smitherman.

What does stigma look like in the Canadian cannabis environment?

- A retail store that you can’t see into suggesting some nefarious activity.
- A product you can’t talk about even to the adult who is considering a purchase.
- A format you can’t offer because of an arbitrary decision on strength.
- A personal possession limit with arbitrary and uncorrectable perceptions.
- An excise tax on a constitutionally protected recognized medicine.
- A bank account you can’t get at a federally chartered bank.
- A lack of proactive record expungements for simple possession.

The current framework has been a financial success for governments and provincial monopoly distributors who apply mark – ups, but has been a bloodbath for investors of all sizes within the Health Canada licensed producers and processors framework. Meantime, highly regulated and taxed licensed players, often including retailers, are in a crisis due to unbridled competition from an illicit market that does not pay taxes, openly markets, and sells unregulated cannabis to minors and seemingly attracts very little enforcement interest.

The Legislative Review is a needed opportunity to address the unintended consequences of the Cannabis Act and to make the evidence-based changes that will enable the legal industry to be a better partner in helping to achieve legalization’s objectives: efforts to keep cannabis away from youth, protect public health, and keep the profits of cannabis out of the pockets of criminals. “The time has come for our governments to acknowledge Canadians’ support for legal cannabis and to tear down the walls that



prohibit consumers from accessing the information they need to make informed choices about cannabis, “added Smitherman.

C3 is calling on the Government of Canada to address five major priorities:

1. Ensure the financial viability of licensed producers and processors by fixing the federal/provincial/territorial excise tax, government distributor mark-ups, and for Health Canada to immediately end regulatory fees (2.3% of licensed producer and processor revenues)
2. Level the playing field with the illicit market
3. Allow licensed producers and processors to provide consumers with evidence-based information the effects of cannabis
4. Eliminate costly “Nanny State” regulations
5. Strengthen patient access to medical cannabis

As part the Cannabis Act Statutory Review process, C3 presented the Cannabis Act Review Secretariat with a 30-page submission, that included 37 recommendations to minimize harms to protect Canadians, promote education and awareness to support informed choices, create progress towards establishing a responsible supply chain, protect public safety, and increase access to cannabis for medical purposes.

The submission’s recommendations would reduce stigmatization and include:

- **Revise the approach to cannabis taxation, mark-ups, and fees**, so that legal providers can be financially sustainable while competing with the illicit cannabis industry.
- **Increase the nature and availability of consumer-focused information about cannabis products** by allowing cannabis companies and cannabis retailers to provide consumers with evidence-based information about the effects of cannabis products and the harm reduction benefits of lower THC flower and non-combustible product formats.
- **Enforce the laws on the illicit cannabis industry’s brazen use of the Internet** to openly market and sell cannabis to Canadians and Canadian youth.
- **Allow cannabis companies to build brands** to help attract the illicit cannabis consumer into the legal market.
- **Revise the cannabis retail experience to support informed consumer choices.** The current “Nanny State” model, where windows coverings drive stigma, products are behind the counter and consumers’ decisions are based on budtender preferences, ignores the reality of cannabis consumers and Canadians’ acceptance of legal cannabis.
- **Increase the 10 mg THC limit on cannabis edibles** to allow legal edible products to meet market demand and to replace illicit edibles and protect children from copycat illegal edibles mimicking candy.
- **Allow patients to access UNTAXED medical cannabis in pharmacy settings**, so that patients can benefit from practitioner oversight, and include medical cannabis in Pharmacare.

“The resilience of the illicit market continues to threaten the public health and safety objectives of legalization and the ability of Canada’s legal cannabis industry to contribute to these objectives,” added Smitherman. “While the Cannabis Act Review is welcomed by C3, it is incumbent upon the Government of Canada to acknowledge the financial crisis facing Health Canada licensed producers and processors



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and to make immediate changes that will create a sustainable environment for Canada’s legal cannabis industry. We cannot wait for the outcome of the Legislative Review process for action from governments,” concluded Smitherman.

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