

November 21, 2022

Cannabis Act Legislative Review Secretariat
Health Canada
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RE: Health Canada's Statutory Review of the Cannabis Act

Overview

The Ontario Chamber of Commerce (OCC) appreciates the opportunity to participate in Health Canada's statutory review of the *Cannabis Act*.

For more than a century, the OCC has supported economic growth in Ontario by advocating for business priorities at Queen's Park on behalf of our 60,000 members, including local chambers of commerce and boards of trades in over 157 communities.

In the three years since recreational cannabis has been legalized in Canada, it has quickly emerged as one of Canada's fastest-growing sectors, uniquely positioned as a home-grown industry with an entirely domestic supply chain from seed to sale.

During that time, and against the backdrop of a pandemic, the cannabis sector contributed \$43.5 billion to Canada's GDP, generated \$15.1 billion in government tax revenue, and sustained 151,000 jobs. Yet major hurdles – including an overly restrictive regulatory regime – are inhibiting economic growth, deterring investment, and squeezing margins for producers and retailers alike.

This submission includes recommendations intended to address some of those barriers. It is broken down into three sections: minimizing harm to protect Canadians; education and awareness to support informed choices; and strengthening the responsible supply chain. It has been informed by the OCC's [Ontario Cannabis Policy Council](#).

Theme 1: Minimizing harms to protect Canadians

In Ontario, the illicit market still accounts for [nearly half of all cannabis purchased](#), posing an ongoing threat to public health and safety. Research from [the National Research Council of Canada](#) has shown dangerous levels of pesticides, harmful fillers and contaminants in illegal cannabis that was seized by police across Ontario, underscoring the risks to public safety of leaving this issue unaddressed.

The federal and provincial governments' current approach to addressing the illicit market has largely relied on the private sector to compete with the illegal sector for market share. Yet restrictions imposed by the *Cannabis Act* on packaging, labelling, promotion, and THC potency limits on edibles

have made it difficult for the legal sector to compete effectively with illegal actors. **We urge the Government of Canada to consult with stakeholders on amending restrictions relating to packaging, labelling, promotion, and THC limits on edibles to ensure regulations strike the appropriate balance between safeguarding public health and ensuring cannabis companies can develop a distinct brand and product offerings that can effectively compete with illegal actors.**

Theme 2: Education and awareness to support informed choices

Given the ongoing prevalence of illicit cannabis, and the risks associated with its consumption, it is clear that public education efforts have fallen short and awareness gaps remain among cannabis consumers. At the provincial level, the situation has been compounded by a lack of government action. A recent report from [Ontario's Auditor General](#) noted that the Ontario Cannabis Store (OCS) “has not engaged in much, if any, public education on responsible consumption, the differences between regulated cannabis products and products sold in the illegal market, or health risks associated with the consumption of illegal products.”

The *Cannabis Act* should protect public health and safety without preventing cannabis companies from providing information about their products to their consumers. The current restrictions around marketing, promotion, packaging, and labelling have contributed to an environment where consumers aren't properly informed about the dangers of illegal cannabis or the potential harm reduction differences between combustible and non-combustible THC products. **The *Cannabis Act* should be reformed to ensure that cannabis companies can provide consumers with evidence-based information to educate and inform them about their choices.**

Beyond this, it is also important for governments and sector stakeholders to engage in more robust efforts to educate the public on the differences between legal and illegal sources of cannabis. **To fund these efforts, we suggest the government consider utilizing the 2.3 percent regulatory fee imposed on the revenues of license holders. The fees could support a range of activities that would help improve public education and awareness on the impacts of cannabis through research, clinical trials, and consumer education programs.**

Theme 3: Strengthening the responsible supply chain

As the legal cannabis sector continues to mature and develop, it is incumbent on the federal and provincial governments to support the sector's growth by better harmonizing and coordinating their regulatory policies and approaches. Under the current regulatory and tax structure, it is difficult for legal retailers and producers to be profitable, threatening the long-term viability of the legal sector.

Better coordination between federal and provincial governments could be particularly helpful for companies that lack access to capital. For instance, the Canada Revenue Agency (CRA) requires licensed producers to pay excise duty payments within 30 days upon sale of the product to the OCS, whereas the OCS has a 60-day period to remit payment to suppliers, creating liquidity problems for

retailers. **Greater consistency and coordination between the remittance requirements of the CRA and payments terms of the OCS would help producers with access to capital.**

Reforms to the federal government's excise stamp and tax will also help establish a more responsible supply chain. **The rigid minimum per-gram tax structure of the federal government's excise duty on cannabis must be reassessed as it undermines the private sector's ability to compete effectively against prices in the illegal market.** Further, the current national excise stamp is an administratively cumbersome and inefficient process as it needs to be applied each time a product enters a new jurisdiction. Instead, the OCC recommends the government **develop a single, common excise stamp that can be adhered to cannabis products regardless of province or territory** to reduce the administrative burden of requiring producers to manually apply an excise stamp when the product enters a new jurisdiction.

There are also various tools at the federal government's disposal that can help ensure consistency and standardization across the sector. For instance, there is no consistent industry standard under the *Cannabis Act* relating to lab testing and analysis, or labelling requirements for concentration of THC and CBD – making it difficult for consumers to make an informed comparison between two distinct product types. **Health Canada should develop and implement a standardized procedure for analysis, validation, and testing, as well as labelling requirements across different cannabis classes.** These reforms would help foster consumer trust and build product standardization and consistency to strengthen supply chains within the legal market.