Legislative Review of the *Cannabis Act*

Final Report of the Expert Panel

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Final Report of the Expert Panel

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Chapter 1:
Executive summary

Context

After almost a century of prohibition, Canada became the first major developed country to legalize and regulate cannabis when the *Cannabis Act* (the Act) came into force in 2018. Canada's approach to cannabis shifted from prohibiting and criminalizing activities with cannabis to one grounded in regulated and controlled access to minimize the risks and harms for individuals and communities.

In view of the wide-ranging impacts of the change from prohibition to legal, regulated access, Parliament established a requirement for the Act to be reviewed 3 years after its coming into force.

In September 2022, the Minister of Health and the Minister of Mental Health and Addictions and Associate Minister of Health appointed us as an independent Expert Panel to conduct a review. The mandate for the review, set out in section 151.1 of the Act, was to assess the administration and operation of the legislation, particularly:

- impact of the Act on public health and, in particular, on the health and consumption habits of young persons with respect to cannabis use
- impact of cannabis on Indigenous persons and communities
- impact of the cultivation of cannabis plants in a dwelling-house

The Ministers also asked us to consider the following:

- economic, social and environmental impacts of the Act
- progress towards providing adults with access to strictly regulated, lower-risk, legal cannabis products
- progress made in deterring criminal activity and displacing the illicit cannabis market
- impact of legalization and regulation on access to cannabis for medical purposes
- impacts on Indigenous Peoples, racialized communities and women, who might be at greater risk of harm or face greater barriers to participation in the legal industry based on identity or socio-economic factors

We were supported by the Legislative Review Secretariat, housed in Health Canada, whose role was to provide administrative and research support. We would like to thank the team for their invaluable assistance through this process.

Engagement process

We were provided with a report from Health Canada summarizing information and stakeholder perspectives it had collected in the lead up to the review. This report was published on Health Canada's website along with an invitation to submit written comments. With the help of the Secretariat, we developed a comprehensive engagement strategy to allow experts and people with relevant lived and living experience to provide more detailed guidance on particular topics and to answer specific questions. We held nearly 140 engagement sessions and heard from over 600 participants. We employed a distinctions-based approach for our engagement with First Nations, Inuit and Métis.[1]

Principles and approach

Consistent with the purpose of the legislation, as stated in section 7 of the Act, we kept the protection of public health and public safety at the forefront of our review.

We took an evidence-informed approach, incorporating research findings, statistics and data, as well as the insights shared with us by stakeholders, experts, and those with lived and living experience. We applied a Sex and Gender-based Analysis Plus (SGBA Plus) lens in our work, recognizing that policies can have varying impacts on different subpopulations and communities.[2]

It has only been 5 years since the Act came into force. It has been difficult to fully assess the impacts of legalization, given the limited time to collect data and evaluate outcomes and ongoing barriers to research. Despite these caveats, we aimed to identify dominant trends and themes, while also exercising caution when the evidence was not able to support a recommendation.

Key issues

Based on the evidence presented to us, we believe that there has been significant progress made on several of the key objectives of the legislation. Notably, these include:

- the establishment of a licensing framework supporting a legal industry that is providing adult consumers with a quality-controlled supply of a variety of cannabis products
- steady progress in shifting adult consumers to the legal cannabis market
- for the most part, adherence to rules on promotion, packaging and labelling, including prohibitions about making claims about health or lifestyle benefits
- a significant reduction (95% between 2017 and 2022) in the number of charges for the possession of cannabis and minimizing the negative impact on some individuals from interactions with the criminal justice system

However, it would be a mistake for governments to adopt an attitude of complacency with the current regime or move away from a public health and public safety approach to cannabis. Continuous assessment of what works and what needs to change is necessary in a framework that is a radical shift from an era of prohibition, which limited research and evidence-based policy. Our consultations have uncovered the following areas of concern.

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1 A distinctions-based approach acknowledges that each community has a unique culture, territory, history and relationship with the Government of Canada, as well as unique strengths to build on and challenges to face. A distinctions-based approach means working independently with First Nations Peoples, Inuit, Métis Peoples and Intersectional Peoples in recognition of their unique attributes.

2 SGBA Plus is an analytical process that uses an intersectional approach to assess how factors such as sex, gender, age, race, ethnicity, socioeconomic status, disability, sexual orientation, cultural background, migration status and geographic location interact and intersect with each other and broader systems of power.

Youth and children

We are concerned with trends related to youth use of cannabis. While the data indicates that youth use has remained relatively stable since legalization, Canada continues to report among the highest rates of youth cannabis use in the world, and cannabis use among young adults has increased (for example, as described in our *What We Heard Report*, surveys now suggest that more than 4 in 10 Canadians aged between 20 and 24 report using cannabis in the past year). We find that the inadequate support for some interventions, particularly youth prevention initiatives, has contributed to this trend. Further, increasing reports of poisonings among children who have unintentionally consumed cannabis are troubling.

High-potency products

We are also increasingly concerned with the apparent shift toward the consumption of higher-potency cannabis products, since these products carry greater health risks, and there have been recent reports suggesting increases in cannabis-related health care presentations.

First Nations, Inuit and Métis communities

We acknowledge the barriers and challenges First Nations, Inuit and Métis communities have experienced with respect to the cannabis framework. We have heard consistently that First Nations, Inuit and Métis were not adequately consulted when the Act and related measures were developed. This has led to significant public health and public safety challenges in many communities and inequitable economic development opportunities. There is an urgent need to re-engage on these issues consistent with the Government of Canada's commitment to recognize the rights of Indigenous Peoples, and with a shared commitment by all parties to protecting public health and public safety.

Industry challenges

The legal cannabis industry has made substantial progress in shifting adult consumers to the legal cannabis market, although progress has been uneven across the country. The illicit cannabis market remains entrenched, and too many illicit retailers continue to operate both online and physical stores.

There are challenges for the sustainability of companies, particularly smaller-sized licensed cultivators and processors.

Industry representatives expressed concerns about the cost burden that the excise tax imposes on them, particularly the excise tax for dried cannabis, as well as the costs associated with regulatory fees and regulatory requirements that are imposed at both the federal and provincial and territorial levels.

The information available to us also suggests a lack of diversity in the sector, and that communities that were disproportionately harmed when cannabis was criminalized continue to face barriers to participation in the legal market.

Reduced interactions with the criminal justice system

We are encouraged by the significant decrease in Canadians' interactions with the criminal justice system related to cannabis; however, there is a need for more data on the extent to which racial bias continues to exist in law enforcement activities related to cannabis.

Need for more enforcement

While the Act contains serious offences and penalties to deter criminal activities with cannabis (such as unauthorized production and sale to youth), enforcement action has been limited due to shifting police priorities, inadequate resourcing and gaps in authority. A greater commitment to enforcement is needed to avoid undermining the integrity of the regime. Inadequate enforcement emboldens criminal actors and may be interpreted by some that illicit cannabis activity does not pose health or safety concerns.

Access to cannabis for medical purposes

The legalization of cannabis did not substantially facilitate research and there has been limited progress on evaluating the therapeutic benefits of cannabis. Patients continue to report many challenges obtaining reasonable access to cannabis for medical purposes, as well as difficulties finding reliable information, specific products, and supportive and knowledgeable health care professionals. The current lack of high-quality evidence can create difficulties for health care professionals and insurance providers faced with patient requests about the use of cannabis for medical purposes. Our consultations have helped us to identify several promising reforms to improve how patients access cannabis for medical purposes.

Filling research gaps

Deficiencies in the evidence available impeded our ability to fully assess the impacts of legalization on public health and public safety. To address critical knowledge gaps, sustained investment in surveillance and research in a range of disciplines will be required.

Nature of our advice

Achieving the public health and public safety objectives of the Act requires a multi-faceted approach relying on several policy instruments. Most of our recommendations involve targeted changes to policies and regulations, and bolstering support for research, surveillance and enforcement. We also propose new initiatives related to prevention and enhanced consumer information.

We have limited our formal recommendations to areas within the mandate of the Government of Canada. However, given that responsibilities in some areas of cannabis control rest with other levels of government and that other actors play important roles (such as law enforcement and health care professionals), we have made some observations in areas outside the purview of the federal government.

Moving forward, it will be important for the Government of Canada to allocate appropriate funding and resources to ensure the effective implementation of the cannabis framework. This will need to include allocating resources in areas that did not initially receive dedicated funding, such as research on the therapeutic potential of cannabis and prevention and treatment programming. In some circumstances difficult decisions will need to be made about when, or the extent to which, our recommendations can be implemented. While some new investments may be required, we encourage all levels of government to consider how existing resources can be redirected, and to consider how cannabis fits into broader priorities (for example, investment in mental health and addictions services, prevention programs, consumer information, and research and surveillance).

Summary of advice

Public health: Youth

Youth and young adults are more vulnerable to the adverse effects of cannabis. More needs to be done to drive change in youth behaviour to reduce prevalence of use and discourage harmful use. There may be lessons from the success in reducing youth use of other substances, such as tobacco, that can be applied to cannabis. Greater efforts towards increasing evidence-based prevention programs, and monitoring and enforcing laws against promotion and the sale of cannabis to young people, could help to address this concern.

Public health: Children

Increasing reports of poisonings among children who have unintentionally consumed cannabis, notably edible cannabis, were troubling. Children should never be able to access cannabis and these exposures should never occur. More research is needed to understand what products are involved in these incidents, as well as renewed efforts to educate consumers, including parents and caregivers, about ways to prevent these poisonings.

Public health: Adults

For adult consumers, we are concerned about the emerging shift toward increasingly potent cannabis products in the legal market (that is, products with high quantities or concentrations of delta-9-tetrahydrocannabinol [THC]), and recent studies suggesting increases in health care presentations, including for psychosis.

A mix of policy instruments should be used to mitigate the risks posed by higher-potency and novel cannabis products, including better research, making a wider variety of lower-potency products available to consumers, enhancing information for consumers, and ongoing regulatory compliance and enforcement efforts by Health Canada. If the current trend toward higher-potency cannabis cannot be halted or reversed, then Health Canada should be ready to restrict or prohibit certain products to protect Canadians from the associated harms. To be effective, such regulatory measures should be accompanied by strategies to prevent the illicit market from taking over this market segment.

Maintenance of public health measures

The evidence suggests that the framework includes appropriate controls and measures to manage the risks associated with the exposure to and consumption of cannabis, while providing adults who choose to use cannabis with access to a wide variety of quality-controlled products. That said, there are areas where implementation can be improved and where more effort is needed. This is particularly true of efforts to reduce the consumption of products with higher quantities or concentrations of THC.

After reviewing available evidence and the core health and safety-focused rules, we recommend that the majority should be maintained (including restricting promotion to environments where it is not visible to youth, requiring plain packaging and prohibiting products that are appealing to youth). That said, there are areas where greater clarity can be provided to industry about permissible promotion, packaging and labelling practices, and areas where certain changes could be made that would not impact the protection of public health.

First Nations, Inuit and Métis communities

Many First Nations, Inuit and Métis communities reported challenges in providing services for their people related to cannabis, given the many priorities they must address with limited resources. We recommend support for distinctions-based health, public health and mental health initiatives in communities, as well as support for evidence-based materials and programs to disseminate distinctions-based cannabis-related health information.

While the Act defines the authorities of the federal government and provincial and territorial governments, it is silent on the authority of First Nations, Inuit and Métis governments with respect to cannabis. This is a significant gap that negatively impacts the public health, public safety and equitable treatment of Indigenous communities and individuals seeking to participate in the cannabis industry.

We acknowledge the Government of Canada's commitment to align Canada's laws with the *United Nations Declaration on the Rights of Indigenous Peoples* through the *United Nations Declaration on the Rights of Indigenous Peoples Act*. However, given the uncertainties respecting the timelines and ways the Declaration will be implemented, and the public health and public safety challenges that are present in Indigenous communities, more immediate changes are necessary.

We call for amendments to the *Cannabis Act*, facilitating a collaborative process with Indigenous communities that would allow those who wish to exert more control over cannabis-related activities in their territories to enter into nation-to-nation agreements with the Government of Canada based on agreed-upon minimum standards to protect public health and public safety. We also recommend that Health Canada, as well as provinces and territories, take steps to improve their licensing processes to better support Indigenous applicants who wish to participate in the legal cannabis market.

Economic, social and environmental impacts

Industry representatives raised urgent concerns about their financial viability in the highly competitive market that exists today. These concerns are well-founded; however, any efforts to support the industry must be consistent with the public health and public safety objectives of the Act and not aim to increase the amount of cannabis consumed or the number of Canadians who use cannabis.

The Government of Canada should support continued displacement of the illicit market, while maintaining measures that protect public health and public safety. Continued monitoring of the legal share of the total market, relying on a combination of information sources that are sensitive to emerging trends, will be important to guide policymaking and priority-setting across all levels of government.

Health Canada should reduce the financial and administrative burden it places on participants in the legal industry. We recommend Health Canada accelerate its work to reduce unnecessary regulatory burden, informed by the experience gained over the last 5 years. It appears there is room to revise certain regulatory requirements without compromising public health or public safety.

Industry players have repeatedly called on the Government of Canada to reform the excise tax regime, particularly for dried cannabis where price decreases have substantially increased the tax burden for industry. We recognize that Finance Canada has committed to monitoring this issue, but we see an opportunity to update tax policy to reflect the current reality and to encourage positive changes in cannabis use behaviour by developing a progressive excise tax regime. This would involve higher-potency products being subject to more tax than lower-potency products.

Diversity

At the outset of legalization, there was a missed opportunity to address the harms of prohibition. The Government of Canada has a role to play in encouraging the participation of marginalized and racialized groups in the industry, and to support inclusivity and remove barriers to success. Health Canada and its partners should take a comprehensive approach that looks beyond the issuance of a licence, to include pre- and post-licensing supports, and take a broad view of diversity so that policies and programs consider how to support the inclusion of smaller-sized businesses across the country.

We would like to see substantial improvements in the state of knowledge about the differential impacts of legalization on equity-deserving groups, as well as measures taken to address identified issues.

Adult access

The available information indicates that access to legal cannabis has improved since the Act came into force in October 2018. It appears that most adult Canadians who wish to obtain cannabis can do so from legal sources. However, we observed some geographical differences in ease of access, notably in the North.

One of the issues we heard most about was the amount of THC permitted in edible cannabis products. While industry stakeholders favoured increasing the limit to encourage consumers to shift to the legal market, public health stakeholders opposed this, citing concerns about the potential impact on child poisonings, cannabis-related emergency room visits and mental health impacts. Given these concerns, we believe Health Canada should maintain the current limit of 10 milligrams of THC per package in edible cannabis products and continue to develop the knowledge base in this area to determine whether there are conditions under which the limit could be raised without unduly impacting public health.

Criminal activity and displacement of the illicit market

Consumers who wish to access legal, regulated cannabis can do so, and we are encouraged by the evidence we have seen on the transition of adult consumers to the legal cannabis market, but more needs to be done.

We are also encouraged that legal access has reduced some of the negative social impacts on individuals, especially in terms of interactions with the justice system for the possession of cannabis.

However, we are concerned with the criminal activity that persists outside of the legal framework. The illicit production and sale of cannabis poses dangers to public safety (for example, illicit cannabis sales support other activities of organized crime, such as money laundering and possession of firearms) and to public health (for example, illicit products can carry greater risks than those available in the legal market because of inaccurately labelled cannabinoid content and the presence of contaminants).

We are also struck by the limited enforcement action. We appreciate that law enforcement does not have unlimited resources to address criminal activity and must prioritize; however, the integrity of the regime depends on deterring criminal activity and effective enforcement. Notwithstanding other priorities, we encourage law enforcement to focus their efforts on the involvement of organized crime, the diversion of cannabis from personal and designated production sites (where individuals register with Health Canada to produce their own cannabis for medical purposes), the proliferation of unauthorized retail stores on First Nations reserves (that is, stores that operate without approval from community leadership, or a provincial or territorial authorization) and the activities of illicit online sellers (who promote and sell with relative ease to youth and adults).

We also believe that the burden of enforcement should not fall entirely on the police. Health Canada, Public Safety Canada, provincial and territorial regulators and the Canadian public have a role to play in deterring illegal activity. There needs to be more collaboration between regulators and police forces to develop a comprehensive strategy to address illicit activity. Canadians also need information about the broader social harms they unintentionally encourage when they purchase from the illicit market.

Medical access

The legalization of cannabis has had a profound impact on how Canadians access cannabis. However, patients, health care professionals, medical regulatory bodies, municipalities and law enforcement have all voiced concerns about how the system of access to cannabis for medical purposes is working. Many patients are concerned that they do not have reasonable access to cannabis for medical purposes from licensed sellers, while health care professionals and medical regulatory bodies continue to have concerns about the lack of evidence to guide clinical decisions. Municipalities and law enforcement have serious concerns about the abuse of the personal and designated production program, and how cannabis is diverted from this program into the illicit market. We heard that some health care professionals authorizing cannabis for medical purposes accept financial incentives from industry, a practice that would be considered unacceptable in the context of prescription medications.

We see a need to maintain a distinct medical access program, with improvements, to better support patients and to better address the problems caused by bad actors in the personal and designated production program.

We appreciate that there are still significant gaps in the evidence base and recognize that cannabis is not a suitable treatment for all individuals and all health conditions, nor is its use risk-free. At the same time, there is a need to continue to support patients to access cannabis for medical purposes. Clinical guidance is required to increase the knowledge and understanding of health care professionals related to cannabis for medical purposes.

In our view, an important improvement to the medical access regime would be the establishment of an in-person pharmacy access channel. We recognize that establishing a pharmacy access channel cannot happen overnight. It would require regulatory changes from Health Canada and consultation with interested provinces and territories and regulatory authorities for pharmacists. Pharmacy access would have benefits for patients by addressing concerns about delays with mail delivery and product shortages and would allow patients to consult with a pharmacist and discuss potential drug interactions or side effects.

We recognize that Health Canada has made progress in reducing the number of registrations in the personal and designated production program, and the number of plants grown under these registrations. We encourage the department to continue to carefully scrutinize applications and to refuse or revoke those that pose risks to public health and public safety. Limiting the ability of multiple individuals to grow plants at the same site would also reduce the risks associated with this program.

Research and surveillance

Five years after the legalization of cannabis, many critical knowledge gaps remain. Priorities must be set to guide investments in research, helping to fill gaps in the evidence base and guide future policy decisions. We encourage this priority-setting to be done quickly, and for the necessary funding to be made available to support this research.

In addition to research to fill knowledge gaps, there must be continued surveillance of cannabis-related behaviours and cannabis-related health effects.

Looking ahead

Our review fulfills the requirement in section 151.1 of the Act, but the Act refers only to a single review. We believe there should be similar reviews at regular intervals to ensure the impacts of the framework are assessed over time. While mandated reviews of the Act would provide important opportunities to take stock, we also encourage federal, provincial and territorial governments to evaluate their frameworks, including laws, regulations, policies, programs and interventions, on an ongoing basis.

Chapter 2:
Recommendations and observations

Recommendations

Recommendation 1: The Government of Canada should allocate sufficient funding and resources to ensure the effective implementation of the cannabis framework, including the ability to address emerging public health and public safety issues.

Public health

Recommendation 2: Health Canada should set and monitor targets for reducing youth and young adult cannabis use and cannabis-related harms.

Recommendation 3: Health Canada should redouble its efforts to inform Canadians about the potential risks to children that can arise from accidental exposure to cannabis products (irrespective of the product's origin) and provide advice to consumers on where and how to store cannabis safely.

Recommendation 4: Health Canada should take a leadership role, working in collaboration with provinces and territories, to support the development and implementation of evidence-based school prevention programs and other interventions to reduce the prevalence of youth cannabis use. Federal, provincial and territorial governments should consider committing a portion of cannabis revenues to fund evidence-based public health interventions, including prevention programming for youth and young adults.

Recommendation 5: Health Canada should establish a representative youth advisory board on cannabis to provide a mechanism to engage with youth and young adults on cannabis and related issues. This forum should allow young Canadians to share their knowledge, insights and feedback on cannabis policy, regulatory initiatives and non-regulatory programs that would affect them and their peers.

Recommendation 6: Health Canada should take steps to mitigate the risks associated with cannabis products that contain higher quantities or concentrations of delta-9-tetrahydrocannabinol (THC), including working to establish a definition of higher-potency cannabis products and applying additional health warnings that inform consumers about the elevated risks of these products. We offer a separate recommendation on the use of tax policy to disincentivize the consumption of higher-potency cannabis products. If the current trend towards consuming higher-potency cannabis cannot be halted or reversed, then Health Canada should be ready to implement additional product regulations. To be effective, such regulatory measures should be accompanied by strategies to prevent the illicit market from occupying this market segment.

Recommendation 7: Health Canada should maintain key promotion and plain packaging and labelling requirements, including restrictions on characteristics that are appealing to youth, child-resistant packaging and limits on the use of logos, colours and branding, that are aimed at protecting children and youth, and prohibitions on promotions that imply wellness or lifestyle enhancement.

Recommendation 8: Health Canada should ensure the cannabis industry is provided with clear guidance on the promotion restrictions and packaging and labelling requirements, including correcting misperceptions about what information is, and is not, allowed on product labels (or in cannabis promotions).

Recommendation 9: Health Canada should regularly revise health warning messages to ensure they are appropriate to the product, reflect up-to-date evidence on the health risks associated with cannabis and are impactful in communicating these risks. Additionally, Health Canada should reinstate health warning messages that pertain to serious cannabis-related mental health risks, including psychosis and schizophrenia.

Recommendation 10: Health Canada should revise the packaging and labelling rules that apply to all cannabis products to more clearly convey information on delta-9-tetrahydrocannabinol (THC) and cannabidiol (CBD) quantity or concentration to adult consumers, by simplifying product labels and allowing the display of only "total THC" and "total CBD" for each unit and for the package, and by requiring larger font sizes to display THC and CBD quantity (or concentration).

Recommendation 11: Health Canada should consider allowing some portion of a cannabis package (for dried cannabis and fresh cannabis only) to be transparent, without undermining the intent of plain packaging requirements and other labelling rules to protect children.

Recommendation 12: Health Canada should revise the packaging and labeling rules to allow for the display of certain symbols that convey useful information to the consumer (for example, symbols related to organic certification or recycling), ensuring that permitted symbols do not serve as an inducement to youth or non-consumers.

Recommendation 13: Health Canada should revise packaging and labelling rules to allow the use of QR codes on product labels to convey factual information to consumers, within the constraints of what is currently permitted on labels or in cannabis promotions.

Recommendation 14: Health Canada should develop a "standard dose" or "unit dose" (as appropriate for different classes of cannabis). The development of a standard dose should be prioritized and accompanied by regulatory amendments to require it as an element on cannabis product labels.

Recommendation 15: Health Canada should be vigilant with its regulatory enforcement efforts, with priority given to taking action against regulated parties who do not comply with rules that protect youth and to taking action when regulated parties repeatedly demonstrate non-compliance.

First Nations, Inuit and Métis

Recommendation 16: The Government of Canada, including Indigenous Services Canada, should continue to enhance and expand distinctions-based health, public health and mental health wellness supports, that are culturally appropriate, trauma-informed and in partnership with First Nations, Inuit and Métis communities.

Recommendation 17: We agree with the Standing Senate Committee on Indigenous Peoples that Health Canada and Indigenous Services Canada should work with Indigenous Peoples and communities to establish and fund a research strategy on cannabis and its effects on Indigenous Peoples and communities, recognizing that this research should be led, owned and used by First Nations, Inuit and Métis communities.

Recommendation 18: Health Canada should commit to co-developing culturally appropriate, evidence-based materials and programs to disseminate cannabis-related health information on a distinctions-basis with First Nations, Inuit and Métis.

Recommendation 19: The Government of Canada should take steps to amend the definition of intoxicant in the *Indian Act* to enable First Nations band councils to enact bylaws regarding cannabis.

Recommendation 20: We agree with the Standing Senate Committee on Indigenous Peoples that the Government of Canada, as it develops legislation in collaboration with the provinces and the territories, and First Nations governments, should establish legislative mechanisms for the enforcement of band bylaws and other laws related to cannabis by all police services, and to ensure that related offences can be investigated and prosecuted effectively.

Recommendation 21: We agree with the Standing Senate Committee on Indigenous Peoples that the Government of Canada should ensure adequate funding and training is available to First Nations communities for the policing and enforcement of band bylaws related to cannabis to better protect public health and public safety. We also encourage the Public Prosecution Service of Canada and other agencies at the provincial and territorial level to support training efforts for prosecutors on the laws of First Nations communities.

Recommendation 22: Health Canada should better advertise and evaluate existing supports for Indigenous licence applicants to determine if they are meeting needs in an effective way. Health Canada should also apply the recommendations we have made on broader measures to support equity-deserving groups and micro-licence applicants and holders to Indigenous applicants.

Recommendation 23: Health Canada should take immediate steps to co-develop, with First Nations, Inuit and Métis, amendments to the *Cannabis Act* to better protect public health and public safety in Indigenous communities. These amendments should authorize the Minister to enter into nation-to-nation agreements with interested First Nations, Inuit and Métis to control commercial cannabis activities in their communities, when certain minimum standards are met. Over the longer-term, it is our hope that learnings and outcomes from these agreements and other processes could be used to inform the United Nations Declaration on the Rights of Indigenous Peoples implementation work for cannabis.

Recommendation 24: We agree with the Standing Senate Committee on Indigenous Peoples that Finance Canada should work with First Nations to identify options for the development of an excise tax-sharing framework as part of its discussions on fuel, alcohol, cannabis and tobacco taxes.

Economic, social and environmental impacts

Recommendation 25: Health Canada should prioritize and accelerate its work on regulatory streamlining to reduce the administrative burden on federal licence holders, while ensuring that the public health and public safety objectives of the *Cannabis Act* are not compromised.

Recommendation 26: Health Canada should amend the regulations to allow cultivators, including micro-cultivators, to sell packaged and labelled dried or fresh cannabis directly to distributors. Cultivators should be required to follow the same quality assurance and testing requirements for dried cannabis that apply to processors.

Recommendation 27: Finance Canada should consider a review of the excise tax model, recognizing that it was originally designed when the average price of dried cannabis was significantly higher than it is today. Further, Finance Canada should consider making reforms to the excise tax regime that would discourage the consumption of higher-risk cannabis products, for example, by applying progressively larger duties on cannabis products with higher quantities or concentrations of delta-9-tetrahydrocannabinol (THC) (or other intoxicating cannabinoids).

Recommendation 28: Health Canada should be more transparent with the data it holds on the state of the cannabis market and ensure that prospective licence applicants are provided with this information, in sufficient detail, to allow them to assess the feasibility of their business plans based on current market conditions.

Recommendation 29: Health Canada, in consultation with Agriculture and Agri-Food Canada, should establish and support an expert advisory body to conduct a timely review of the regulation of industrial hemp and make recommendations about the most appropriate regulatory framework.

Recommendation 30: Health Canada should carefully examine, and where appropriate revise, its approach to regulatory fees for equity-deserving groups and micro-licence holders. This examination should include an assessment of how regulatory fees could be modified to promote greater diversity among participants in the legal cannabis market.

Recommendation 31: Health Canada should work with relevant departments to ensure that federal licence holders and businesses, particularly small and equity-deserving businesses, are informed of existing programs (such as for grants and loans), incentives and supports that may assist them in establishing and running their businesses. Health Canada should offer post-licensing supports to help these companies navigate regulatory compliance and other business-related responsibilities.

Recommendation 32: The Government of Canada should consider whether offences under the *Cannabis Act* should be considered under the automatic record sequestration process that will come into force in November 2024.

Recommendation 33: Health Canada should enhance and expand informational materials and educational programs related to cannabis for equity-deserving groups and subpopulations, in partnership with these communities, to ensure they are non-stigmatizing and culturally appropriate.

Recommendation 34: Health Canada should regularly collect and analyze demographic data from licence holders to assess diversity in the industry (including ownership, leadership and the workforce). Health Canada should publish this information in a timely manner to allow the public to monitor the diversity of representation in the industry.

Recommendation 35: The Government of Canada should make substantial improvements in the systematic collection and publication of data related to cannabis that is disaggregated by relevant demographic indicators, such as race. Appropriate data safeguards must be in place to protect privacy and prevent further stigmatization.

Recommendation 36: The Government of Canada should establish indicators related to the environmental impacts of the cannabis industry, collect baseline data and continue to monitor these indicators and their trends. The Government of Canada should publish this information in a timely manner to allow the public to monitor progress.

Adult access

Recommendation 37: Health Canada should maintain the current limit of 10 milligrams of delta-9-tetrahydrocannabinol (THC) per package in edible cannabis products and continue to develop the research in this area to determine whether there are conditions under which the limit could be raised without unduly impacting public health.

Recommendation 38: Health Canada should provide Canadians who choose to grow cannabis at home with information on the potential risks associated with home cultivation, as well as practical advice on how to grow and store cannabis safely.

Criminal activity and displacement of the illicit market

Recommendation 39: The Government of Canada should work with provincial and territorial governments to help consumers identify legal retailers and products, especially online, and prioritize public communication on the health risks associated with illicit products.

Recommendation 40: The Government of Canada should consider creating authorities to compel Internet service providers to block illicit cannabis websites and to compel financial service operators to provide financial information that helps identify illicit online operators.

Medical access

Recommendation 41: In order to provide access and continued support to patients who rely on the medical access program, Health Canada should maintain the program under the *Cannabis Regulations*, with the improvements set out in this report.

Recommendation 42: To improve patient access to cannabis for medical purposes, Health Canada should permit pharmacies to distribute cannabis products to individuals holding a medical authorization from a health care professional. Provinces and territories and the regulatory authorities for pharmacists should consider supporting this new access channel for patients once federal changes are made.

Recommendation 43: Health Canada should encourage additional research on the therapeutic use of cannabis in Canada, without compromising the frameworks established for the review and authorization of clinical trials and health products. Health Canada should support a transparent process to identify the specific potential therapeutic applications of cannabis that would benefit most from additional study.

Recommendation 44: Health Canada should establish and maintain a knowledge hub that provides up-to-date evidence and information on the use of cannabis for medical purposes for health care professionals and the public.

Recommendation 45: Health Canada, in partnership with provinces, territories, patients and health care professionals, should support the development and dissemination of national clinical guidance documents related to cannabis for medical purposes to increase the knowledge and understanding of health care professionals. These documents should cover issues such as: indications for which there is a sufficient evidence base of effectiveness, how to monitor patients, and how to track and report adverse reactions.

Recommendation 46: Health Canada should prioritize efforts to move beyond a distinct medical access program so that cannabis is considered within standard drug approval pathways and part of conventional medical care. This should start with the rapid advancement of a pathway for cannabis health products containing cannabidiol (CBD). The department should also establish a science advisory committee to review the evidence related to delta-9-tetrahydrocannabinol (THC).

Recommendation 47: To support patient care, Health Canada should amend the regulatory requirements related to the medical document to allow health care professionals to include specific information about the product format and dose of cannabis for the patient, similar to prescriptions for other substances.

Recommendation 48: To address public safety concerns, Health Canada should limit the number of registrations for personal or designated production of cannabis for medical purposes at a single site (where 4 are currently allowed, decrease to 1 registrant per site).

Recommendation 49: Health Canada should build on its recent efforts to seek additional clinical justifications from health care professionals authorizing high daily amounts and consider whether and how additional scrutiny could be applied. Health Canada should use its regulatory authorities to refuse and revoke applications that are deemed to pose a risk to public health or public safety.

Recommendation 50: Finance Canada should review whether the excise tax should be applied to cannabis for medical purposes products.

Research and surveillance

Recommendation 51: Health Canada, Public Safety Canada, Statistics Canada, the Canadian Institutes of Health Research and other partners should work with stakeholders, including those with lived and living experience and from marginalized communities, to identify key research priorities. This prioritization effort should guide ongoing investment in cannabis-related research.

Recommendation 52: Health Canada, Public Safety Canada, Statistics Canada and other partners should support ongoing surveillance and monitoring activities for cannabis that are responsive to the variety of potential impacts of cannabis and cannabis legalization, including monitoring the state of the cannabis market, social equity impacts and environmental consequences of cannabis legalization.

Recommendation 53: Health Canada should take steps to develop an amendment to the *Cannabis Act* to mandate periodic independent reviews of the legislation to regularly monitor its impacts. Consideration of the social equity impacts of the legislation should be mandated as an element of future reviews.

Recommendation 54: In addition to regular independent reviews of the *Cannabis Act*, Health Canada should conduct ongoing evaluation of the cannabis program, and implement any necessary changes.

Observations

Observation 1: Federal, provincial and territorial governments should allocate a portion of cannabis revenues to fund cannabis-related public health and public safety initiatives.

Public health

Observation 2: Distributors and retailers should stock cannabis products with diverse ranges of delta-9-tetrahydrocannabinol (THC) quantities or concentrations and take steps to encourage customers to choose lower-THC products whenever appropriate.

First Nations, Inuit and Métis

Observation 3: Provinces and territories should allow more flexibility in their distribution and retail systems, both through incentives (lower mark-ups, for example) and, for those provinces with publicly-controlled retail, creating space for Indigenous owned and operated retail stores.

Economic, social and environmental impacts

Observation 4: Provincial and territorial governments should consider permitting direct-to-consumer sales from smaller cultivators and processors (farmgate, or mail order within a jurisdiction), in a way that allows smaller players to generate and keep more revenue than they would by selling cannabis through distributors.

Observation 5: Provincial and territorial distributors should consider regularly reviewing their mark-ups, fees, purchasing practices and the amount of shelf space they allocate to different products and different licence holders, including those from equity-deserving groups, to improve the prospects for the many smaller-sized companies that are currently struggling.

Criminal activity and displacement of the illicit market

Observation 6: Law enforcement should focus its efforts on the activities of organized crime and criminal networks, the diversion of cannabis from sites registered for personal and designated production, the proliferation of retail stores on First Nations reserves operating without provincial, territorial or community authorization and illicit online sellers. There is also a role for regulatory authorities to play in combatting the illicit market.

Observation 7: Provincial and territorial governments should consider creating authorities to compel Internet service providers to block illicit cannabis websites and to compel financial service operators to provide financial information that helps identify illicit online operators.

Observation 8: Parliamentarians should consider how the proposed *Online Harms Act* could be used to protect children and youth from the harms associated with exposure to substances, including cannabis.

Observation 9: Law enforcement should prioritize enforcement of cannabis-impaired driving, supported by appropriate resources and additional training of officers, particularly for rural and remote police services.

Medical access

Observation 10: The regulators for health care professionals should use their authorities to investigate and sanction health professionals with problematic authorization practices.

Observation 11: Provincial and territorial regulatory authorities should require health care professionals (including physicians, nurse practitioners, and, if applicable, pharmacists) to disclose financial relationships with licence holders. This work could build on existing policies governing health professional relationships with the pharmaceutical industry.

Chapter 3:
Introduction

Setting the context for the legislative review

The control framework under the *Cannabis Act* (the Act) marks a radical departure from a century of prohibition. The decision by Parliament to require an independent review 3 years after the Act's coming into force is an implicit acknowledgement that there would likely be gaps between what Parliament intended to achieve with the legislation and other supporting measures, and the practical implementation of those elements.

In legalizing and regulating cannabis, Parliament opted to replace the regime of prohibition with one based on the protection of public health and public safety. The rationale for this approach was to better protect youth, displace the illicit market and provide adults with a legal source of quality-controlled cannabis. Legalization also results in societal benefits, including lessening the harms of convictions for simple cannabis possession, disrupting the control of cannabis trade by organized crime and minimizing the danger this trade poses to communities, and addressing the health risks associated with using illicit supply. We feel it is important to emphasize that the message of the Act is not that cannabis is harmless, but that Parliament chose an approach based on public health and public safety, rather than prohibition. We believe the focus should remain on the public health (including mental health) and social consequences of regular and heavy use of cannabis, as well as the impact on vulnerable populations.

It has been 5 years since the Act came into force and Canada's experience with this new public health approach to cannabis is still in its early days. Given this, there has been limited time to collect data and evaluate results, and barriers to research remain. These limitations hindered our efforts to assess the impacts of legalization, and they also negatively impact the collective understanding about the potential risks and benefits of cannabis use.

Throughout the review, it became clear that stakeholders have different understandings of the definition and application of "public health" and "public safety". Generally, public health stakeholders were less willing to accept any relaxation of public health controls to transition consumers from the illicit to the legal market. They were primarily focused on public health objectives and accept that certain consumers will continue to purchase from the illicit market. Industry stakeholders, however, were generally of the view that the illicit market poses a significant problem for public health and public safety. They advocated for measures that would attract more consumers to the legal market and greater enforcement against illicit actors. We believe that the current framework is a balanced combination of these perspectives; it implements a range of controls and enables other measures, while also allowing for the sale of a wide variety of cannabis products to adults who choose to use cannabis.

Examining the foundational objectives of the Act

We recognized that the core of the regime, and thus the starting point for this review, is the purpose set out in section 7 of the Act. It sets out that the objectives of the legislation are to protect public health and public safety and, in particular, to:

- protect the health of young persons by restricting their access to cannabis
- protect young persons and others from inducements to use cannabis
- provide for the licit production of cannabis to reduce illicit activities in relation to cannabis
- deter illicit activities in relation to cannabis through appropriate sanctions and enforcement measures
- reduce the burden on the criminal justice system in relation to cannabis
- provide access to a quality-controlled supply of cannabis
- enhance public awareness of the health risks associated with cannabis use

All the elements of section 7 can be viewed as the means by which the Government of Canada aims to protect public health and public safety. These are the overarching objectives of the Act. We note the specific reference to the protection of the health of young persons.

Section 7 also specifies that providing for a legal supply of cannabis is a means of achieving the public safety objective of reducing illicit activity in relation to cannabis, as well as the public health goal of providing access to a quality-controlled supply of cannabis for those who choose to consume it. The commercial market permitted by the cannabis framework must therefore be viewed in terms of supporting the public health and public safety goals of the Act.

We carefully considered issues related to the sustainability of the legal industry and its ability to provide a quality-controlled supply of cannabis for adults, as well as issues related to social equity and diversity in the industry. However, in formulating our advice on how to better achieve a sustainable cannabis industry, we took care not to compromise the overarching objectives of the Act.

In supporting the objectives of the Act, deterring illegal activity requires both appropriate sanctions (that is, offences and penalties) and enforcement. The Act sets out appropriate sanctions; however, the legislation itself cannot mandate enforcement. Sanctions without effective enforcement risk undermining the objectives of the Act.

Section 7 also notes that an objective is to enhance public awareness of the health risks associated with cannabis use. We feel that such activities require the ongoing provision of information, supported by the best available evidence, as well as prevention initiatives, supported by sustained investment. Improving the awareness of the health risks associated with cannabis for different segments of society is important.

Many risks of cannabis use are well known. For example, there is substantial evidence that early initiation and frequent use of cannabis, especially high-potency products, can lead to addiction, that use during pregnancy is associated with low birth weight and that frequent use and use of high-potency products are associated with the development of schizophrenia or psychosis.

However, there remain very significant knowledge gaps on the risks and benefits of cannabis use. This is also true of the impacts of the new framework, and it may take many years to fully assess its impacts. Section 7 of the Act is silent on the need for continuous research and surveillance. Yet without continued investments in these areas, future efforts to evaluate the impacts of the new approach will be hindered. This is a theme that emerges throughout this report and has led to several of our recommendations.

Finally, we note that section 7 does not include the generation of revenue as an objective of the Act. We agree with the Task Force on Cannabis Legalization and Regulation (a group of experts that advised the Government of Canada on the design of the framework in 2016) that "revenue generation should be a secondary consideration for all governments, with the protection and promotion of public health and safety as the primary goals".[3] Yet, we note that governments have been the primary beneficiaries of revenue generated from the sale of cannabis.

We believe that Parliament's objectives for the legislation, set out in section 7, will not be achieved without sustained resources.

In preparing this report, we sought to identify key issues and make recommendations in areas where we felt reforms or additional resources were needed. We did not undertake cost analyses or specify the appropriate level of investment or funding. We recognize that in some circumstances difficult decisions will need to be made about when, or the extent to which, our recommendations can be implemented. While some new investments may be required, we encourage all levels of government to consider how existing resources can be redirected, and to consider how cannabis fits into broader priorities (for example, investment in mental health and addictions services, prevention programs, consumer information, and research and surveillance).

Recommendation 1: The Government of Canada should allocate sufficient funding and resources to ensure the effective implementation of the cannabis framework, including the ability to address emerging public health and public safety issues.

Observation 1: Federal, provincial and territorial governments should allocate a portion of cannabis revenues to fund cannabis-related public health and public safety initiatives.

3 The Task Force on Cannabis Legalization and Regulation. (2016). *A Framework for the Legalization and Regulation of Cannabis in Canada*. Retrieved from https://www.canada.ca/content/dam/hc-sc/healthy-canadians/migration/task-force-marijuana-groupe-etude/framework-cadre/alt/framework-cadre-eng.pdf.

Chapter 4:
Summary of engagement

We engaged with stakeholders and experts between December 2022 and January 2024 to gather evidence and perspectives related to the areas we were asked to review. We approached stakeholder engagement with humility; we listened and learned from the perspectives shared with us, including those from people with lived and living experience. We acknowledge that barriers exist for many groups in engaging in processes like this review, including historical power imbalances, resource or capacity limitations and access issues. We took measures to address some of these barriers, including offering various modes of participation and making use of trusted interlocutors, such as community leaders and youth advocates, to help facilitate conversations and hear diverse voices.

We hope that we have captured the breadth and nuances of these perspectives and acknowledge that any errors are our own.

Summary of engagement process

We engaged with:

- researchers and academics in various fields (including public health, public safety, criminal justice and economics)
- health care professionals, organizations and regulatory authorities
- people working in the areas of public health and harm reduction
- youth and youth advocates
- First Nations, Inuit and Métis (including leaders, governments, community organizations, representatives from National Indigenous Organizations, police and health services, industry members and Elders)
- the cannabis industry (including federal licence holders, distributors, regulators, retailers and industry associations)
- equity-deserving groups
- people with diverse lived and living experience
- international policy leaders
- various levels of government
- law enforcement representatives
- stakeholders involved in the use of cannabis for medical purposes (including patients and their caregivers, patient advocacy groups, researchers, health care professionals, cannabis clinics and those operating outside of the medical access system)

In our engagement with First Nations, Inuit and Métis, we adopted a distinctions-based approach.[1] This included tailoring aspects of our discussions to the unique goals and priorities of First Nations, Inuit and Métis, recognizing each has different ways of knowing. We sought to engage at the individual, community, regional and national levels, and were honoured to have been invited to visit some communities in person. We acknowledge that we were only able to meet with a small fraction of nations.

Before we were appointed, Health Canada launched an online engagement process, supported by 2 engagement papers: *Taking stock of progress: Cannabis legalization and regulation in Canada* and *Summary from engagement with First Nations, Inuit and Métis Peoples: The Cannabis Act and its impacts*. Health Canada received over 2,100 responses to their online questionnaires and over 200 written submissions. We received a briefing on the results of this online engagement process and were provided access to the submissions received. We thank all those who took the time to submit their views in that process.

Overview of engagement activities

We used a range of methods to conduct our engagement. These activities occurred with stakeholders throughout Canada, through in-person meetings, videoconferences and in a hybrid format. As described in our *What We Heard Report*, we initially engaged with stakeholders on a one-on-one basis and by sector. This afforded stakeholders the opportunity to provide us with comprehensive perspectives on their key issues.

In total, we:

- met with over 600 individuals from over 250 organizations in nearly 140 meetings
- completed 10 sector-based roundtable meetings (public health, justice and public safety, industry, 3 meetings with patients and advocates, 2 meetings with youth and young adult advocates, multi-sectoral roundtable on public health and industry issues, multi-sectoral roundtable on medical access)
- completed 5 roundtables focused on issues related to diversity, equity and inclusion (women in the industry, issues specific to Black Canadians, social equity issues, harm reduction measures, learnings from other jurisdictions)
- undertook distinctions-based engagement activities with First Nations, Inuit and Métis (this included meetings with: British Columbia-based First Nations, organized in partnership with the First Nations Leadership Council; representatives of the 4 Inuit regions, organized in partnership with Inuit Tapiriit Kanatami and Pauktuutit Inuit Women of Canada; the Manitoba Métis Federation; the Métis National Council; the Assembly of First Nations; the Anishinabek Nation; the Mohawk Council of Akwesasne; the Mohawk Council of Kahnawà:ke; Samson Cree Nation; Shxwhá:y Village; Six Nations of the Grand River; Tyendinaga [Mowaks of the Bay of Quinte]; Williams Lake First Nation)
- visited sites of licence holders involved in cultivation and processing, retail stores, harm reduction sites and cannabis clinics
- engaged with stakeholders operating outside of federal, provincial or territorial licensing frameworks
- heard from the Students Commission of Canada, which facilitated roundtables with youth on our behalf
- received over 250 written submissions

A full list of the stakeholders we engaged with is in Appendix B. While significant effort was made to ensure we heard from a broad range of voices, we acknowledge that some viewpoints may be more limited. In keeping with our commitment to those we engaged with, we have not attributed comments to specific individuals or organizations, unless their views are in the public domain or the stakeholder requested it.

We would like to thank everyone who generously gave us their time and energy in sharing their perspectives, whether in writing or in a discussion. We hope that this first review marks the beginning of a continuing review process where diverse groups are engaged regularly to assess the cannabis legislative framework and its implementation.

Chapter 5:
Overview of the cannabis framework

On October 17, 2018, Canada became the first major developed nation in the world to legalize and regulate cannabis when the *Cannabis Act* (the Act) and its regulations came into force. The purpose of the Act is to protect public health and public safety, including by providing access to a quality-controlled supply of cannabis, and by enhancing public awareness of the health risks associated with cannabis use.

The Act recognizes federal, provincial and territorial authorities with respect to the production, distribution and sale of cannabis. These include authorities that enable the Government of Canada (the Minister of Health) to issue licences and permits authorizing activities such as production, import, export and sale. The provinces and territories have all exercised authority over the distribution and sale of cannabis under provincial and territorial law. The Act does not set out authorities related to First Nations, Inuit or Métis governments.

The federal framework

Under the Act, the Government of Canada is responsible for licensing various activities with respect to the production of cannabis (including industrial hemp), including cultivation, processing and testing, as well as associated activities, such as possession, distribution, sale and research with cannabis. The Government of Canada also establishes and oversees compliance with the rules that apply to cultivating and manufacturing cannabis for commercial sale, including:

- the requirements to obtain a licence (for example, physical and personnel security measures)
- the types of cannabis products that can be made available for sale
- the rules that apply to the production and formulation of cannabis products, including mandatory testing requirements and delta-9-tetrahydrocannabinol (THC) quantity or concentration limits
- the packaging and labelling requirements for cannabis products
- the tracking requirements that apply to those authorized to produce and sell cannabis to prevent diversion and inversion of cannabis out of or into the legal system

The Government of Canada is also responsible for overseeing a framework to provide access to cannabis for medical purposes under the Act. This framework enables Canadians, including young persons, to access cannabis for their medical needs from commercially-licensed sellers or through personal or designated production.

The Act prohibits the promotion of cannabis, cannabis accessories or related services, except in limited circumstances. Prohibited promotions include those that:

- are considered appealing to young persons
- are false, misleading or deceptive
- are likely to create an erroneous impression about the health effects of cannabis or evoke a positive emotion or image of a way of life (for example, glamour)
- use sponsorship, testimonials or endorsements
- depict a person, celebrity, character or an animal

The Act does permit promotion, under specific conditions, to help adult consumers make informed decisions about cannabis. For example, it allows for informational promotion, such as price and availability (that is, information about how it can be obtained), as well as brand-preference promotion (such as promotion on attributes of the cannabis like "sun grown" or "organic"), in material addressed to adults over the age of 18 or in places where youth are not permitted by law.

The Act contains a series of criminal offences and sanctions (for example, ticketing and imprisonment) to deter illicit activity related to cannabis, with exceptions for certain individuals and authorized parties.

Control measures in the Act include:

Restricting youth (people below 18 years of age) from accessing cannabis

- Prohibiting youth from possessing more than 5 grams of dried cannabis (or its equivalent in other classes of cannabis)

Controlling access to cannabis for adults of legal age

- Prohibiting individuals and organizations from selling cannabis, unless authorized to do so under the Act
- Limiting adult possession in public to 30 grams of dried cannabis (or its equivalent in other classes of cannabis)
- Limiting home cultivation to 4 plants per dwelling-house

Protecting public safety

- Prohibiting production, distribution and sale, unless authorized
- Prohibiting distribution and sale to youth
- Prohibiting import and export, with exceptions for licence holders with a permit and only for a scientific or medical purpose (or in respect of industrial hemp)

The implementation of the Act and its regulations is supported by various activities related to licensing, regulatory compliance and enforcement, criminal enforcement, research and surveillance, and public education, such as:

- issuing and renewing licences and security clearances
- promoting and monitoring regulatory compliance, including through risk-based inspections of federal licence holders to determine whether requirements are being met (for example, whether cannabis products have been tested, if appropriate records are kept about production and sale)
- investigations, charges and court proceedings related to infractions of the criminal offences in the Act
- monitoring data to identify and track emerging trends and risks (for example, risks posed by new cannabis products)
- funding research on the public health and public safety impacts of legalization, the therapeutic potential of cannabis, the cannabis plant and its components, and social science research on topics such as stigma, diversity and inclusion
- providing public education to Canadians to educate and raise awareness of the health and safety risks associated with cannabis use, prevent problematic use and promote informed choices

Other elements of the federal cannabis framework are found in other pieces of legislation, including:

- *Criminal Code*: Laws related to impaired driving
- *Excise Act, 2001*: Laws related to the duty payable on cannabis products by federal licence holders

Provincial, territorial and municipal roles and authorities

Provinces and territories are responsible for overseeing the distribution and sale of cannabis within their jurisdictions. They have established a range of distribution and retail models (public, private and hybrid), and must have legislation that subjects authorized sellers to the measures set out in section 69 of the Act. These measures are that the cannabis sold or distributed must be supplied by a federal licence holder, there be no sale to minors, there be appropriate records of their activities and they take adequate measures to protect against diversion of the cannabis to the illicit market.

Provinces and territories have the authority to establish additional controls, such as:

- increasing the minimum age for adult possession, but not lowering it (all provinces and territories have increased the minimum age to 19, except Alberta where the minimum age is 18 and Quebec where the minimum age is 21)
- lowering the personal possession limit (no provinces and territories have elected to do this)
- creating additional rules for growing cannabis at home, such as lowering the number of plants per residence (for example, home cultivation of cannabis is prohibited in Quebec and Manitoba)
- restricting where adults can consume cannabis, such as in public or in vehicles (all provinces and territories have placed prohibitions or limits on public consumption, with most aligning with their existing rules related to tobacco)
- limiting access to certain types of products (for example, Quebec has restricted certain types of edible cannabis products)

Local governments and municipalities may develop bylaws on issues such as zoning, public consumption and fire prevention.

First Nations, Inuit and Métis

While the Act addresses the role and authorities of federal, provincial and territorial governments, there is no similar recognition of First Nations, Inuit and Métis governments. Under other established legislation and authorities (for example, the *Indian Act* or municipal authorities), some additional laws or requirements can be created (for example, zoning bylaws), provided they do not conflict with the Act.

Social equity considerations

While the framework takes into account societal behaviours and social factors (for example, reducing harms for adult consumers and youth, reducing criminal activity and allowing adult access to quality-controlled cannabis), there are no social equity objectives or explicit measures for marginalized or disadvantaged groups, with the exception of certain flexibilities for licensing applications and supports for Indigenous and Indigenous-affiliated applicants.[4]

4 Indigenous affiliation can include: any person or persons of First Nation, Inuit or Métis descent and any community, corporation or business associated with a First Nation, Inuit and Métis government, organization or community.

Chapter 6:
Public health

Introduction

The framework implemented by the *Cannabis Act* (the Act) sought to balance multiple objectives, notably to protect public health and public safety while also providing access to a quality-controlled supply of cannabis. In providing their advice to the Government of Canada, the Task Force recognized that a balanced approach was most likely to achieve the government's public policy goals, and that both highly permissive and highly restrictive regimes would lead to health and social harms that would be unacceptable to Canadians.

The framework was designed to minimize the harms associated with cannabis use. A variety of instruments were used to achieve this, including legislative and regulatory controls on issues such as: production practices, product composition, ingredient standards and limits, delta-9-tetrahydrocannabinol (THC) limits, and promotion, packaging and labelling requirements, among others.[5,6] Non-regulatory tools, including the dissemination of evidence-based information, research and surveillance activities, and financial support for community-based programs, also play important roles in minimizing the harms associated with cannabis use and protecting vulnerable populations.

The legalization of cannabis was a major policy shift in Canada, and the consequences of this change continue to emerge. In view of the ongoing evolution of cannabis use behaviours and the cannabis market, the limited time that has passed since legalization and the shortcomings in the evidence base, we have exercised caution in making our recommendations.

Concerning public health trends

Throughout our review, concerns were raised about the impacts of legalization on Canadian children and youth. Increasing reports of poisonings of children who have unintentionally consumed cannabis are troubling. While pre-legalization fears about increased use by adolescents have not materialized, use has not decreased in the same way that youth smoking and alcohol use have, and cannabis remains easy to access for those under the legal age.[7]

There is a concerning shift toward increased prevalence of cannabis use and increasingly potent cannabis products in the legal market, including dried cannabis, vaping products and infused pre-rolled joints (that is, products with high quantities or concentrations of THC). As well, while the dramatic reductions in the price of cannabis seen over the past 5 years may be driven by economic forces, we worry that lower retail prices will likely contribute to increased consumption of cannabis and elevate the risk of cannabis-related harms (for example, addiction, psychosis, depression, anxiety).

5 THC refers to delta-9-tetrahydrocannabinol, the cannabinoid mainly responsible for the psychoactive and intoxicating effects of cannabis.

6 More information on the legislative and regulatory controls designed to minimize the harms associated with cannabis use can be found in Chapter 5.

7 The *Cannabis Act* defines a young person as an individual who is under 18 years of age and establishes criminal prohibitions for possession of more than 5 grams of dried cannabis (or its equivalent in other classes of cannabis) by a young person. Provinces and territories can establish higher age limits; most jurisdictions have established a minimum legal age of 19, except Alberta (age 18) and Quebec (age 21).

Risks to youth and children

The research is clear that exposure to cannabis can disrupt normal brain development, which continues up to the age of 25. Earlier use and more intensive patterns of cannabis use increase the risk of serious adverse effects. The social and cultural normalization of substances, such as tobacco and alcohol, increases curiosity about these products, lessens the perceived risks and may influence individuals, especially youth, to underestimate their potential harm. Cannabis-related behaviours and perceptions should be monitored across all age groups to ensure that normalization of cannabis use among youth does not become an unintended consequence of legalization. There is a role for the Government of Canada to play in protecting youth from the harms of cannabis by discouraging normalization of cannabis use, fostering informed decision-making and helping youth to develop skills that will better protect them from the early use of substances (including cannabis).

While mass marketing campaigns may help to raise general awareness or provide basic, factual information, efforts to delay the start of cannabis use, and to encourage safer use among those young people that do use cannabis, should be thoroughly evaluated and based on solid evidence. Interventions (such as youth-focused interventions offered in schools relying on both evidence-based content and approaches) can be effective at addressing substance use among youth.

Academic studies and reports demonstrate increases in the number of children being poisoned as a result of accidentally consuming cannabis. Our *What We Heard Report* summarized several studies, and a more recent article provides updated figures on emergency department visits and hospitalizations for cannabis poisonings among children aged 0 to 11. The study found significant increases in emergency department visits for cannabis-related poisonings between 2015 and 2021 in Ontario and Alberta. Hospitalization data, available from all provinces and territories except Quebec, also showed significant increases in the rate of cannabis-related poisonings, from 0.5 per 100,000 in 2015 to 6.4 per 100,000 in 2021.[8]

We are deeply concerned about this trend. Children should never be able to access cannabis and these poisonings should never occur. In a series of recommendations throughout this report, we emphasize the importance of maintaining key measures that protect children (for example, child-resistant packaging and a prohibition on products that appeal to youth, among others), call for more research in this area and recommend redoubled efforts to educate consumers, including parents and caregivers, about ways to prevent these poisonings. We also call on retailers and provinces and territories to provide information to consumers about how to safely store cannabis in their homes (discussed further in Chapter 9).

Protecting children, youth and young adults from the harms of cannabis

Balancing responsible and informed access to cannabis for adults while prioritizing the protection of youth is critical. We feel that it is important to avoid normalizing or glamorizing cannabis. While most Canadian youth do not use cannabis, a social norm which should be noted, rates of cannabis use among Canadian youth are among the highest in the world, and youth are more vulnerable to cannabis-related harms. While cannabis use among youth has been relatively stable, the 2023 Canadian Cannabis Survey noted an increase in use among youth aged 16 to 19 compared to the previous year (although the result was similar to 2019 and 2020).[9]

8 Varin, M., Champagne, A., Venugopal, J., Li, L., McFaull, S. R., Thompson, W., Toigo, S., Graham, E., & Lowe, A.-M. (2023). *Trends in cannabis-related emergency department visits and hospitalizations among children aged 0–11 years in Canada from 2015 to 2021: spotlight on cannabis edibles. BMC Public Health (23, 1).* https://doi.org/10.1186/s12889-023-16987-9.

9 Health Canada. (2024). *Canadian Cannabis Survey 2023: Summary.* Retrieved from https://www.canada.ca/en/health-canada/services/drugs-medication/cannabis/research-data/canadian-cannabis-survey-2023-summary.html.

To ensure the Government of Canada is clear about its goals and to reduce cannabis-related harms experienced by youth, Health Canada should establish targets to reduce the prevalence of cannabis use among youth, drawing from lessons learned in tobacco control.

Ongoing monitoring of youth cannabis use, cannabis-related poisonings and other cannabis-related harms is necessary to avoid unintended and undesirable consequences of legalization. To identify important differences in the impact on different subpopulations, monitoring should include collection of disaggregated data and consider a variety of factors (for example, age, sex, gender, sexual orientation, race/ethnicity and types of cannabis products used). To support reductions in youth use and the harms that result from use, the Government of Canada should work with partners and implement a multi-faceted strategy to support prevention, encourage less harmful use and ensure availability of treatment to those that need it. Approaches that aim to reduce cannabis use and harms should include the development and implementation of targeted health interventions that meet the needs of specific populations, and that are responsive to emerging trends.[10]

Recommendation 2: Health Canada should set and monitor targets for reducing youth and young adult cannabis use and cannabis-related harms.

Addressing accidental exposures to cannabis

There are substantial knowledge gaps about cannabis-related poisonings, including the relative contribution of legal cannabis, homemade cannabis products and illicitly sourced cannabis. Irrespective of where they obtain it, adults must always store cannabis in locations that cannot be accessed by children. We recognize Health Canada has made efforts to inform the public of these risks and to educate consumers on the importance of safe storage, but with the rising number of childhood poisonings, we believe these efforts should be redoubled.

Additionally, we encourage other levels of government, distributors and retailers to also encourage consumers to store cannabis safely.

Recommendation 3: Health Canada should redouble its efforts to inform Canadians about the potential risks to children that can arise from accidental exposure to cannabis products (irrespective of the product's origin) and provide advice to consumers on where and how to store cannabis safely.

10 Health Canada monitors the percentage of youth (grade 10–12) who report frequent (daily to weekly) cannabis use in the past 30 days as part of *public reporting of departmental results*. However, this reporting does not identify or establish targets to reduce youth and young adult cannabis use.

Informing consumers about the risks associated with cannabis

There is room for improvement in how Health Canada and other authorities disseminate cannabis information, both for youth and for the broader population. Initial federal communications efforts after legalization largely aimed to disseminate information about the legal regime (for example, what was and was not legal and rules on impaired driving and crossing borders), as well as to communicate the health risks of cannabis and how to lower risks associated with consumption (for example, the Lower-Risk Cannabis Use Guidelines published in 2017 and updated in 2021).[11,12] Health Canada has also supported targeted efforts to reach certain populations (for example, youth and parents), although certain risks (for example, cannabis-related psychosis) and certain populations (for example, people with a family or personal history of mental health disorders) have not received sufficient attention, in our view.[13]

There is an opportunity to refocus these communication efforts by taking a more evidence-based approach to disseminating information on cannabis use and the associated risks and harms. More focus should be placed on the unique interests and needs of different consumer populations. Informational materials and other measures should be co-designed with the intended target group or population to help make the information accessible, relevant and reflective of their needs and lived experiences. Informational and education programs need to be fact-based, non-stigmatizing, culturally sensitive, regularly evaluated and adjusted accordingly.

Emphasizing the need for prevention programs

Providing information about cannabis to the general public, or to certain communities, is necessary but not sufficient. Further research is needed on the most effective ways to increase awareness, inform and educate as part of a broader strategy. Specifically, more research is needed on more intensive interventions like targeted prevention programs (for example, brief, personality-targeted, cognitive-behavioural interventions) and other interventions for frequent consumers and those at risk (for example, screening, referral to treatment).[14] Such measures also have important roles to play in reducing harms from cannabis at a population level.

We recommend that federal, provincial and territorial governments come together to fund and support the development and implementation of evidence-based school prevention programs and other interventions that equip youth to make better decisions about substance use (including cannabis), to avoid or delay the use of cannabis and other substances, and to engage in lower-risk substance use behaviours. We acknowledge the complexity of implementing these measures, and the need for collaboration and coordination among the educational system, researchers and organizations with expertise in developing, implementing and evaluating these kinds of programs.

Recommendation 4: Health Canada should take a leadership role, working in collaboration with provinces and territories, to support the development and implementation of evidence-based school prevention programs and other interventions to reduce the prevalence of youth cannabis use. Federal, provincial and territorial governments should consider committing a portion of cannabis revenues to fund evidence-based public health interventions, including prevention programming for youth and young adults.

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11 Fischer, B., Russell, C., Sabioni, P., van den Brink, W., Le Foll, B., Hall, W., Rehm, J., & Room, R. (2017). Lower-Risk Cannabis Use Guidelines: A Comprehensive Update of Evidence and Recommendations. *American Journal of Public Health* (Vol. 107, Issue 8, pp. e1–e12). https://doi.org/10.2105/ajph.2017.303818.

12 Fischer, B., Robinson, T., Bullen, C., Curran, V., Jutras-Aswad, D., Medina-Mora, M. E., Pacula, R. L., Rehm, J., Room, R., Brink, W. van den, & Hall, W. (2022). Lower-Risk Cannabis Use Guidelines (LRCUG) for reducing health harms from non-medical cannabis use: A comprehensive evidence and recommendations update. *International Journal of Drug Policy* (Vol. 99, p. 103381). https://doi.org/10.1016/j.drugpo.2021.103381.

13 More information on efforts to disseminate information can be found in Chapters 5 and 6 of our *What We Heard Report*.

14 Brief, personality-targeted, cognitive-behavioral interventions refer to therapeutic approaches that focus on addressing specific aspects of an individual's personality, often in a time-limited and structured manner. These interventions combine principles from cognitive-behavioral therapy with a targeted emphasis on personality traits and patterns.

Ensuring youth have a voice

We sought the perspectives of youth during our engagement and were impressed by the knowledge and insights that young Canadians shared with us. For example, we heard from youth that there is not enough reliable, unbiased, accessible and accurate information on cannabis that is tailored to them (such as the long-term effects of cannabis use, how it affects people differently and guidance on how cannabis can be used to respond to a medical condition).

Even though youth protection is a key objective of the cannabis framework, Health Canada does not have an established mechanism for engaging youth about cannabis. The Tobacco Youth Leadership Team is a model that could be adopted for cannabis. We encourage Health Canada to prioritize engagement with youth on cannabis, using a Sex and Gender-Based Analysis Plus lens.

Recommendation 5: Health Canada should establish a representative youth advisory board on cannabis to provide a mechanism to engage with youth and young adults on cannabis and related issues. This forum should allow young Canadians to share their knowledge, insights and feedback on cannabis policy, regulatory initiatives and non-regulatory programs that would affect them and their peers.

Addressing high-potency cannabis products, novel products and their risks

The Act and its regulations permit the production of a wide range of cannabis products to allow the legal industry to innovate and compete with the illicit market. While the Task Force recognized the risks of consuming high-potency products, it ultimately recommended that these products be included as part of the regulated market and be subject to safety and quality-control measures to offer consumers a less harmful choice. The Task Force also noted that production practices for high-potency cannabis concentrates (for example, shatter) in the illicit market often involved toxic and flammable solvents that create risks of fires and explosions. In addition, the Task Force noted that without appropriate safeguards, harmful residues from these solvents could end up being concentrated in the illicit products and consumed. Health Canada regulates how licence holders manufacture such products to mitigate these risks.

The products available in the cannabis market today are different than the products that were used historically in cannabis research or that some groups of consumers may recall using in the past. In addition to increasing quantities or concentrations of THC, there are product innovations (for example, "fast-acting" edible cannabis), newer product formats and changing patterns of use. Products with large amounts of cannabidiol (CBD) are also available.[15] There are also unknown health risks related to the use of different types of cannabis products, including emissions from smoked and vaped cannabis.

15 THC is an intoxicating cannabinoid, whereas CBD is not intoxicating but does have psychoactive effects. See Appendix A for more information.

Risks of high-potency cannabis products and novel products

While continued product innovation is expected, there must be recognition of the risks associated with high-potency products and with some novel products, particularly for youth. There has been a shift toward the sale and use of higher-potency cannabis products. For example, the majority of dried cannabis sold contains greater than 20% THC, and high-potency vaping products and infused pre-rolled joints appear to be gaining market share. The use of higher-potency cannabis products is likely to increase exposure to THC, which can increase the risks of adverse mental and physical health effects. Two recent studies (one examining emergency department visits in Ontario, and another examining hospitalizations in Alberta, British Columbia, Ontario and Quebec) describe increases in the rate of health care incidents for cannabis-related psychosis coinciding with the legal sale of additional classes of cannabis products (that is, cannabis extracts, edible cannabis, cannabis topicals) and commercial retail expansion.[16,17] Additional research is needed to investigate the relationship between the use of higher-potency cannabis products and cannabis-related harms, including psychosis.

We also note that while certain synthetic cannabinoids (for example, spice) are controlled by the *Controlled Drugs and Substances Act* and not by the *Cannabis Act*, they could pose a problem in the future and should be monitored.

Interventions to address high-potency products and novel products

We deliberated extensively on the topic of higher-potency cannabis products, taking into account all the evidence available, the data gaps and the differing points of view. Like the Task Force, we had to contemplate the unintended consequences of possible measures, including product regulation to limit THC quantities or concentrations in different cannabis products.

Ultimately, we feel that at this time, the best course of action is a combination of measures that aim to nudge consumers away from higher-potency cannabis products, while supporting research to better characterize the risks associated with these products and their use. First, research on the health effects of high-potency products and novel cannabinoids is necessary to further characterize the health consequences for different subpopulations.[18] Second, consumers need to be provided with options to choose lower-potency products, and with better information about the risks posed by high-potency products and novel cannabinoids. Third, Health Canada should exercise vigilance in its review of new cannabis product notifications to ensure the current rules are being followed. Finally, if the current trend toward higher-potency cannabis cannot be halted or reversed through labelling, consumer information, price disincentives and moral suasion (discussed below), then more aggressive product regulation should be considered. In Chapter 8, we offer a recommendation to use tax policy to encourage lower-risk cannabis consumption, calling on Finance Canada to consider applying progressively larger duties on cannabis products with higher quantities or concentrations of THC (or other intoxicating cannabinoids).

16 Myran, D. T., Pugliese, M., Roberts, R. L., Solmi, M., Perlman, C. M., Fiedorowicz, J., Tanuseputro, P., & Anderson, K. K. (2023). Association between non-medical cannabis legalization and emergency department visits for cannabis-induced psychosis. *Molecular psychiatry*, 1–10. https://doi.org/10.1038/s41380-023-02185-x.

17 Myran, D. T., Gaudreault, A., Konikoff, L., Talarico, R., & Pacula, R. L. (2023). Changes in cannabis-attributable hospitalizations following nonmedical cannabis legalization in Canada. *JAMA network open*, 6(10), e2336113-e2336113. https://doi.org/10.1001/jamanetworkopen.2023.36113.

18 Cannabinoids are a group of structurally-related chemical compounds initially identified in the Cannabis sativa plant.

Advancing research on high-potency and novel products

Determining the appropriate interventions to address high-potency and novel products requires a better understanding of the effects of these products. However, research has not kept pace with the evolution of cannabis products, nor with changes in cannabis-related behaviours. The Government of Canada should provide adequate and ongoing support for research on the health effects of high-potency cannabis products and novel cannabinoids. There are many unknowns about certain cannabinoids (such as intoxicating cannabinoids like cannabinol [CBN] or delta-8-tetrahydrocannabinol), combinations of cannabinoids and formulations that are intended to increase the intoxicating potential of products (such as those that are "fast-acting"). In view of emerging concerns about increased use of higher-potency cannabis products and the corresponding health consequences, it is important that current gaps in knowledge be addressed through timely investment in research.

Providing consumers with information and lower-risk options

Steps should be taken to increase consumer awareness about the potential risks of consuming large quantities of THC, and to assist consumers in making decisions about lower-risk cannabis use. We see merit in establishing an appropriate definition for high-potency products and implementing 1 or more new health warning messages to inform consumers about the elevated risks of these products. Other labelling initiatives, including the establishment of a standard dose discussed later in this chapter, may also help to convey the intoxicating potential of a given product to consumers and nudge consumer behaviour towards lower-potency and lower-risk products. We advise Health Canada to think carefully about the terminology in this area, and in the design of any additional labelling, to avoid any unintended consequences where these measures become a promotional tactic for companies attempting to promote the THC content of their product, or to imply that lower-potency products are "safe".

While Health Canada regulates the production of cannabis, it does not control the purchasing policies of provincial and territorial distributors or the product mix that is made available to adult Canadians in legal retail stores and online.[19] We appreciate that distributors and retailers aim to meet customer demands; however, we would like to see distributors and retailers take steps to diversify their product offerings to include a greater selection of lower-potency cannabis products. This may nudge consumers to choose lower-potency cannabis products.

Monitoring the introduction of new cannabis products

The federal cannabis compliance and enforcement framework enables surveillance and provides tools to take action to address issues with products already on the market (such as warning letters, public advisories, product recalls, administrative monetary penalties, licence suspensions and licence revocations). There are a number of legislative and regulatory requirements that licence holders are subject to, including restrictions on the use of certain ingredients. However, we believe that Health Canada needs to be more vigilant in monitoring new products and should be ready to implement new controls where necessary to address innovations that increase risks to health. The recent example of companies formulating products with intoxicating cannabinoids other than delta-9-THC is a case in point. Health Canada should determine whether regulatory controls that are currently specific to delta-9 THC (for example, the maximum quantity or concentration of THC in a product) should be modified to include other cannabinoids as well.

19 More information on the provincial, territorial and municipal roles and authorities can be found in Chapter 5.

Stand ready to introduce product regulation

If the current trend toward higher-potency products and their resulting harms continues, we would encourage Health Canada to examine measures that would place more restrictive limits on the cannabinoid content of legal cannabis products, or to implement additional limitations on the appeal of these products (for example, prohibiting flavours). If additional restrictions are contemplated in the future, Health Canada should recognize that regulatory measures that limit or prohibit consumer access to products that have been legally available may have the unintended consequence of pushing some consumers to the illicit market. To avoid unintended consequences, the introduction of any additional restrictions or prohibitions should be combined with enforcement and education strategies that address the supply of, and demand for, illicit high-potency cannabis products.

Recommendation 6: Health Canada should take steps to mitigate the risks associated with cannabis products that contain higher quantities or concentrations of delta-9-tetrahydrocannabinol (THC), including working to establish a definition of higher-potency cannabis products and applying additional health warnings that inform consumers about the elevated risks of these products. We offer a separate recommendation on the use of tax policy to disincentivize the consumption of higher-potency cannabis products. If the current trend towards consuming higher-potency cannabis cannot be halted or reversed, then Health Canada should be ready to implement additional product regulations. To be effective, such regulatory measures should be accompanied by strategies to prevent the illicit market from occupying this market segment.

Observation 2: Distributors and retailers should stock cannabis products with diverse ranges of delta-9-tetrahydrocannabinol (THC) quantities or concentrations and take steps to encourage customers to choose lower-THC products whenever appropriate.

Maintaining the majority of promotion, packaging and labelling requirements, while improving certain aspects

In light of the concerning public health trends discussed in this chapter, there is a need to maintain the elements of the framework that protect youth from accessing cannabis, while providing adult consumers with information to make informed decisions.

We believe that the core elements of the framework dealing with promotion, packaging and labelling must be maintained to protect youth and non-consumers.

We acknowledge that there are areas where greater clarity can be provided to the industry about what is allowed, thereby providing more certainty for their promotion, packaging and labelling practices. There are also some adjustments to the regulations related to packaging and labelling that we believe can be made without posing undue risks. We address other potential adjustments to the regulations to reduce regulatory burden in Chapter 8.

Upholding promotion, packaging and labelling controls

The core promotion, packaging and labelling controls (such as limiting promotion to age-restricted environments, requiring plain packaging and prohibiting products that are appealing to youth) should be maintained to prevent inducements to use cannabis, particularly among youth.[20] Experience with the cannabis framework is limited, and lessons from tobacco suggest that robust controls are needed to protect youth and others from inducements to use addictive, mind-altering substances. While the Government of Canada should always be responsive to new evidence, maintaining the current controls is prudent at this time. In general, the evidence available to us suggested that the current regulations related to promotion, packaging and labelling

20 More information on the core promotion, packaging and labelling controls can be found in Chapter 5.

do not compromise public health and public safety, although some stakeholders raised concerns to us about the use of company names to convey notions of wellness or lifestyle enhancement, which would otherwise be prohibited on product labels or in promotions.

Recommendation 7: Health Canada should maintain key promotion and plain packaging and labelling requirements, including restrictions on characteristics that are appealing to youth, child-resistant packaging and limits on the use of logos, colours and branding, that are aimed at protecting children and youth, and prohibitions on promotions that imply wellness or lifestyle enhancement.

Clarifying current restrictions and requirements

Some of the reforms requested by the cannabis industry on packaging and labelling relate to practices that do not actually contravene the current controls. These include presenting factual information on product labels about the product (for example, that a product was "sun grown" or "hand trimmed"). While changes that increase the appeal to youth or those who do not use cannabis should not be allowed, providing some additional information on a product's characteristics or its origin to people who use cannabis may help to reduce the emphasis on THC quantity or concentration as a marker of quality or value. Health Canada should provide clear guidance to industry on the promotion restrictions and packaging and labelling requirements to allow industry to communicate more effectively with consumers in age-restricted environments and on product packages, resulting in more informed consumer choice.

Recommendation 8: Health Canada should ensure the cannabis industry is provided with clear guidance on the promotion restrictions and packaging and labelling requirements, including correcting misperceptions about what information is, and is not, allowed on product labels (or in cannabis promotions).

Improving health warning messages

While the key promotion and packaging and labelling restrictions should be maintained, improvements could be made to product labelling rules to convey health risk information. It is our view that health warning messages that relate to a specific route of consumption (for example, smoking) would be more effective if they appear on products that are consumed in that manner (for example, pre-rolled joints). However, some health warnings could continue to be applied to any cannabis product (for example, messages about the risks of using while pregnant). As well, there are some well-substantiated risks that are not included in the current health warning messages, including the risk of cannabis-induced psychosis and schizophrenia.

Health Canada should update the content of the health warning messages and commit to regularly revising them as new science emerges.

As Health Canada pursues reforms to health warning messages, it should engage with the research community to ensure that the content reflects the latest science, and that the approaches to messaging are as evidence-based, effective and impactful as they can be.

Recommendation 9: Health Canada should regularly revise health warning messages to ensure they are appropriate to the product, reflect up-to-date evidence on the health risks associated with cannabis and are impactful in communicating these risks. Additionally, Health Canada should reinstate health warning messages that pertain to serious cannabis-related mental health risks, including psychosis and schizophrenia.

Making information on labels easier to understand

Both public health and industry representatives advocated for changes to the elements of the current framework that might be causing confusion for consumers. The framework lays out a series of requirements that are intended to provide adult cannabis consumers with accurate information on the products they consume. In their current form, the labels of certain cannabis products must display at least 8 numeric values: the quantity or concentration of THC per unit, the "total THC" per unit (taking into account the conversion of THCA into THC), the quantity or concentration of THC per package, the "total THC" per package, and the 4 corresponding values for CBD.[21] This can be difficult to interpret for some consumers and is an area where simplification may improve comprehension and support healthier decision-making.

Recommendation 10: Health Canada should revise the packaging and labelling rules that apply to all cannabis products to more clearly convey information on delta-9-tetrahydrocannabinol (THC) and cannabidiol (CBD) quantity or concentration to adult consumers, by simplifying product labels and allowing the display of only "total THC" and "total CBD" for each unit and for the package, and by requiring larger font sizes to display THC and CBD quantity (or concentration).

Targeted changes to packaging and labelling

Industry representatives advocated for transparent windows in product packages, and on this matter some nuance seems appropriate. While we have great concern about a cut-out window for edible cannabis products (revealing gummies, cookies or brownies to children who might see the package), we do not have the same concern for dried cannabis products. A small cut-out window for dried cannabis products would allow consumers to see the plant material before they purchase the product, which may aid in shifting the perception of high THC quantity or concentration as the primary marker of quality.

Recommendation 11: Health Canada should consider allowing some portion of a cannabis package (for dried cannabis and fresh cannabis only) to be transparent, without undermining the intent of plain packaging requirements and other labelling rules to protect children.

Industry stakeholders advocated for regulatory changes that would provide consumers with more information about the product. Such information would need to be consistent with the restrictions and requirements in the Act and the regulations with respect to promotion, packaging and labelling. For example, we received suggestions for regulatory changes that would allow for the use of certain symbols (such as organic certification or recycling) on product labels.

Some latitude in this regard may help reduce the focus on THC quantity or concentration as the primary product characteristic or indication of quality, while providing factual information to consumers.

Industry stakeholders also advocated for the ability to use "QR codes" on product labels. Examples of information that could be accessed via a QR code include: the quantity or concentration of other cannabinoids, terpene profile, analytical testing results and production practices (such as "sun-dried" or "organically grown").[22]

21 THCA (delta-9-tetrahydrocannabinolic acid) is the non-active cannabinoid precursor to THC found in raw cannabis, which converts to THC when heated.

22 In this context, terpenes are naturally occurring aromatic chemical compounds found in cannabis plants. Terpenes contribute to the smell and taste of different strains of cannabis.

Some Panel members expressed concern about the potential for QR codes to increase the exposure of youth and non-consumers to promotions. These Panel members were concerned that such a change could lead to unsolicited promotions or online marketing. These members suggested that, if adopted, the outcomes of the change should be closely monitored for unintended consequences and reversed if evaluation suggests any unintended harms.

A majority of the Panel was in favour of the use of QR codes to provide the type of factual information described above as a way to reduce the focus on high THC content as the key characteristic of a cannabis product. They felt that the issue of online targeting of youth or new consumers is a serious one, but that the use of QR codes would not materially contribute to the problem.

Recommendation 12: Health Canada should revise the packaging and labeling rules to allow for the display of certain symbols that convey useful information to the consumer (for example, symbols related to organic certification or recycling), ensuring that permitted symbols do not serve as an inducement to youth or non-consumers.

Recommendation 13: Health Canada should revise packaging and labelling rules to allow the use of QR codes on product labels to convey factual information to consumers, within the constraints of what is currently permitted on labels or in cannabis promotions.

Moving toward a standard dose

We also see the need for a simpler way to communicate a "standard dose" or "unit dose" to cannabis consumers, to help convey the amount of a product that should be considered a single serving. This could be an effective nudge for cannabis consumers to move towards lower-risk cannabis use behaviours, through clearer communication and messaging. The concept of a standard dose for cannabis has been elusive for several years due to the complexity of establishing comparable units in different product classes, as well as the large individual differences in how cannabis can be consumed, metabolized and experienced. Nonetheless, this initiative could facilitate additional research on cannabis and its effects. Health Canada should undertake the research and consultation necessary to move forward with the establishment of a standard dose and corresponding labelling requirements.

Recommendation 14: Health Canada should develop a "standard dose" or "unit dose" (as appropriate for different classes of cannabis). The development of a standard dose should be prioritized and accompanied by regulatory amendments to require it as an element on cannabis product labels.

Enhancing regulatory compliance and enforcement

Another important aspect of labelling is the accuracy of the information presented. Several stakeholders raised concerns about "lab shopping", where claims about the THC quantity or concentration of a product are inflated as part of an effort to appeal to consumers seeking higher levels of THC. While there would be some benefit from additional empirical data to help characterize the extent of the issue, a product should contain, within reasonable variances, what the label says it does. The Act already includes provisions that prohibit false or misleading claims; these measures do not appear to be enforced in the context of inflated claims about THC content. Health Canada should take steps to remedy the issue through regulatory enforcement.

We appreciate the need for product and brand differentiation in a competitive market and believe that some degree of promotion could be beneficial to reduce the focus on THC quantity or concentration as one of the markers of a product's characteristics. Promotional activities that would comply with the current rules and that might be helpful to adult consumers could include in-store displays of information about how products from a particular company were produced (for example, "hand trimmed") or where they were made. Such information could also be displayed on product labels to help adult consumers differentiate between products and brands.

Health Canada explained that it conducts some monitoring of the promotional activities of cannabis licence holders and other regulated parties (for example, authorized retailers), largely based on complaints it receives (for example, lifestyle promotion, promotion that is appealing to youth), and that some compliance and enforcement activities have occurred. But often non-compliance (such as engaging in prohibited promotion practices) results only in warnings without meaningful penalties. Since the department continues to receive information on examples of activities that are non-compliant, this suggests that warnings are not sufficient. We also encountered examples of non-compliant advertising and promotional activity, which raises concern about the effectiveness of the current approach to enforcement. In future, Health Canada should be vigilant and consider more decisive enforcement actions against those engaging in prohibited cannabis promotions, including issuing administrative monetary penalties and revoking the licences of those that repeatedly or egregiously violate promotional restrictions.

No one we met with advocated for promotion outside of age-restricted environments. We feel strongly that age-restriction is a measure that must be maintained. However, there is a marked difference between approaches to verifying age in physical stores and online. It appears that, for the most part, brick-and-mortar retailers are adequately enforcing age requirements.

On the Internet, it is a different story. The current approach to verifying age in most cases (that is, ticking a box to confirm the purchaser is over the age of majority or inputting a date of birth to gain access to a website) is weak and ineffective. While the issue of online age verification is not unique to cannabis, measures should be explored to make it harder for youth to access cannabis websites and social media platforms where cannabis is promoted. Private companies and Crown corporations (that is, distributors and publicly-owned retailers) operating in the legal cannabis market should do more than require "click yes to enter" or "enter a birth date". Examples of age verification strategies include validating identification documents or cross-checking consumer details against third-party data from public databases.

We recognize that there are broader issues involving the protection of minors online, which may warrant attention and collaboration by regulators and enforcement agencies. We also recognize that the most egregious promotions are typically posted by illicit players, and there are challenges associated with finding and identifying unregulated parties. We discuss these matters further in Chapter 10.

Recommendation 15: Health Canada should be vigilant with its regulatory enforcement efforts, with priority given to taking action against regulated parties who do not comply with rules that protect youth and to taking action when regulated parties repeatedly demonstrate non-compliance.

Chapter 7:
First Nations, Inuit and Métis

Introduction

We were given a mandate to consult broadly with First Nations, Inuit and Métis on the impacts of cannabis and the *Cannabis Act* (the Act). We took a distinctions-based approach to our meetings, understanding that each community had specific concerns and experiences related to cannabis and its legalization.[1] We would like to thank everyone we met with for sharing their time and answering our questions.

We acknowledge that some of the recommendations we are making relate to shared priorities for First Nations, Inuit and Métis, but we emphasize that they should be adopted and implemented through a distinctions-based approach that includes nation-to-nation consultations. We also recognize that some of these recommendations may not be applicable to all communities.

While the Act represents a paradigm shift in the government's approach to cannabis, for many First Nations, Inuit and Métis leaders, it is a reminder of the systemic barriers they face in their dealings with governments. A common theme we heard throughout our consultations was a sense of frustration with the lack of opportunity to provide input into the design of a legislative framework that would have a profound impact on their peoples. While the Act defines the authorities of the federal government and provincial and territorial governments, it is silent on the authority of First Nations, Inuit and Métis governments with respect to cannabis.

First Nations, Inuit and Métis leaders and communities have responded to the public health and public safety concerns related to cannabis and cannabis legalization using the resources, tools and law-making authorities they have at their disposal. These responses range from efforts to fully prohibit cannabis within their territory, to operating within federal, provincial and territorial legislative frameworks, to establishing their own laws and governing bodies to oversee production and retail sale, consistent with their expression of their inherent rights and sovereignty.

In developing our advice, we considered the recommendations of the Standing Senate Committee on Indigenous Peoples (the Standing Senate Committee) report *On the Outside Looking In: The Implementation of the Cannabis Act and its effects on Indigenous Peoples* and have included reference to them where applicable. We also considered findings from Health Canada's *Summary from engagement with First Nations, Inuit and Métis Peoples: The Cannabis Act and its impacts*.

Our overall assessment is that there are significant gaps in the cannabis framework that negatively impact the public health, public safety and equitable treatment of Indigenous communities and individuals.

We heard concerns from Indigenous leadership about the absence of any authority in the Act for Indigenous communities to govern activities relating to cannabis in their communities. Other issues raised by First Nations, Inuit and Métis Peoples include:

- insufficient and outdated research on the impact of cannabis on First Nations, Inuit and Métis
- lack of investment in culturally appropriate public health interventions (for example, harm reduction, mental health and prevention) and in culturally appropriate information about cannabis
- the proliferation of unauthorized retail stores in some First Nations communities (that is, stores operating without approval from community leadership, or without provincial or territorial authorization)
- inadequate ability to address criminal activity in communities
- barriers to participating in the legal cannabis market

We understand that issues related to cannabis legalization and the control of cannabis-related activities are linked to broader issues of self-determination and reconciliation. We also recognize the Government of Canada has made a commitment through the *United Nations Declaration on the Rights of Indigenous Peoples Act* to take measures to ensure the laws of Canada are consistent with the *United Nations Declaration on the Rights of Indigenous Peoples*. Over the long-term, we expect the broader effort to implement the Declaration to include consideration of cannabis and resolve what self-determination means in the context of cannabis. This will be important work, and we encourage public health and public safety considerations to be at the forefront. This work may lead to significant changes; in the meantime, action is needed now to help communities address the situation on the ground.

Given this context and the public health and public safety challenges that are present in Indigenous communities, notably First Nations communities, it is clear to us that changes are required. We also see these changes, and others, as providing better opportunity to support participation in the legal market, and thus economic development in communities.

This chapter makes recommendations that aim to improve outcomes in 3 areas: health (including public health and mental health); public safety and law enforcement; and economic participation.

Our recommendations depend on appropriate resources being in place to be effective. Interested First Nations, Inuit and Métis should have the funding necessary to be full partners in working to make the recommended amendments to the Act and to build the capacity to take on the responsibility of overseeing commercial cannabis activities in their communities, alongside supports for public health interventions and police services, to better protect public health and public safety.

Investing in health, public health and mental health supports, and research

There are already significant demands on health, public health and mental health services in many First Nations, Inuit and Métis communities. We acknowledge that the capacity and resource issues in these areas are broader than the scope of our review; however, they cannot be disregarded as they are interconnected with cannabis legalization.

Many communities are dealing with a multitude of health and public health challenges, including mental health issues, polysubstance use and problematic substance use (including the use of cannabis). In addition, experiences of discrimination, racism and intergenerational trauma arising from Canada's history of colonialism continue to affect the health of First Nations, Inuit and Métis. These challenges require an integrated approach to provide effective health services that are culturally appropriate and trauma-informed, including prevention interventions and treatment supports.[23]

Recommendation 16: The Government of Canada, including Indigenous Services Canada, should continue to enhance and expand distinctions-based health, public health and mental health wellness supports, that are culturally appropriate, trauma-informed and in partnership with First Nations, Inuit and Métis communities.

Supporting the development of distinctions-based, culturally appropriate research and health information

We understand that many communities are seeking more resources and supports to lead their own research and surveillance activities, as the Standing Senate Committee also noted. We recommend that research about the impacts and effects of cannabis and legalization on First Nations, Inuit and Métis be Indigenous-led. The research must reflect the priorities of First Nations, Inuit and Métis communities and recognize data sovereignty and ownership.

Recommendation 17: We agree with the Standing Senate Committee on Indigenous Peoples that Health Canada and Indigenous Services Canada should work with Indigenous Peoples and communities to establish and fund a research strategy on cannabis and its effects on Indigenous Peoples and communities, recognizing that this research should be led, owned and used by First Nations, Inuit and Métis communities.

Distinctions-based, culturally appropriate cannabis information and education efforts are critical, and must consider the knowledge and experience that exists in communities. Generic public information materials are often not reflective of the reality in First Nations, Inuit and Métis communities, nor based on evidence or data that included adequate First Nations, Inuit and Métis representation.

Some First Nations, Inuit and Métis organizations have developed their own culturally appropriate public information material. For example, Pauktuutit Inuit Women of Canada published Let's Talk About Ujarak: a Cannabis Harm Reduction Toolkit, which was guided by Inuit values and created to help Inuit increase their knowledge about cannabis use and how to reduce harms. These types of resources are important and needed; Health Canada should commit to co-developing them on a distinctions-basis with First Nations, Inuit and Métis.

The Manitoba Métis Federation indicated that their priorities continue to be focused on the protection of public health and public safety. We heard very clearly that research, education and interventions for Red River Métis must always be Métis-specific and developed and informed by consultations with communities.

Recommendation 18: Health Canada should commit to co-developing culturally appropriate, evidence-based materials and programs to disseminate cannabis-related health information on a distinctions-basis with First Nations, Inuit and Métis.

23 Trauma-informed refers to approaches that recognize the connection between trauma and negative health outcomes and behaviours. These approaches aim to minimize the potential for harm and re-traumatization, and to enhance safety, control and resilience for those involved.

Defining cannabis as an "intoxicant"

An important element in giving communities control over public health and public safety is the opportunity to prohibit the possession or sale of cannabis for non-medical purposes. While the *Indian Act* allows First Nations governments to ban alcohol, this is not the case for cannabis. This could be remedied with a simple amendment to the definition of "intoxicant" in the *Indian Act*.

Recommendation 19: The Government of Canada should take steps to amend the definition of intoxicant in the *Indian Act* to enable First Nations band councils to enact bylaws regarding cannabis.

Community public safety and enforcement

The rise in cannabis retail stores not sanctioned by communities operating on Indigenous land, largely First Nation reserves, is a significant problem. We heard and saw first-hand how these stores, some of which we understand are supported by criminal organizations from outside the community, have taken advantage of the jurisdictional complexity associated with legalization to operate against community wishes and without any protection for public health and public safety. These stores sell products that do not comply with product, packaging or labelling rules, creating public health risks for both residents of the community and those from outside the community who purchase the products. Community leadership also told us that these stores present significant public safety challenges, given the amount of cash involved on site and the actors who support the operation of the stores.

It must be emphasized that these unauthorized stores are different than stores that are sanctioned by community leadership. Stores sanctioned by the community may be operating outside of the provincial or territorial frameworks, but we understand that in these cases, the communities largely have the same public health and public safety objectives as in the Act. We saw several examples of community laws that articulate this commitment to public health and public safety and heard from some communities about the steps they have taken to set up licensing and oversight bodies. From our perspective, the real concern is retail outlets on Indigenous territories that are operating without any authorization and that may be affiliated with organized crime groups.

While communities are often supportive of enforcement actions being taken to disrupt unsanctioned, illicit operations on reserve, police actions have been limited. Given the large number of these stores in some communities, First Nations community leadership expressed fears about the prospect of never seeing change. They noted that their own police services do not have the capacity to tackle the problem and that there needs to be more assistance from and coordination with other police services such as the Royal Canadian Mounted Police or provincial police services. As a result, public health and public safety risks continue to grow unchecked.

Support for enforcement

We believe that recognition of community authority to control cannabis activities would help to address this challenge, since it would draw a clear line between authorized and unauthorized activities and provide clarity for enforcement purposes. We also recognize that First Nations police services must contend with many priorities, similar to other police services. They also face the challenge of operating in a context of time-limited and insufficient funding, as well as more limited access to training and other supports. Inadequate resourcing and training of First Nations police services is not restricted to enforcement of the Act. However, the lack of progress in this area negatively impacts public safety in First Nations communities.

We also note the recommendation from the Standing Senate Committee that the Royal Canadian Mounted Police provide dedicated space for First Nations police services to undertake Drug Recognition Expert Training, and that Public Safety Canada provide additional funding to First Nations to support this work to address cannabis-impaired driving.

Where First Nations communities do not have their own police services, we believe there should be further training for the non-Indigenous police services in relation to First Nations community laws and bylaws to better support their enforcement. We encourage these police services to prioritize building relationships with the First Nations communities within the territories where they work.

Longstanding challenges to public safety in Indigenous communities will require sustained attention by all governments and the development of strategies in collaboration with Indigenous leadership. They include training and capacity building for community police services, better coordination with non-Indigenous police services and with Crown prosecutors, and greater priority given by all governments to public safety in Indigenous communities. All of these issues need to be addressed; failing to do so will mean there is unlikely to be any improvement in public safety generally, nor specifically in relation to criminal activity with cannabis.

Recommendation 20: We agree with the Standing Senate Committee on Indigenous Peoples that the Government of Canada, as it develops legislation in collaboration with the provinces and the territories, and First Nations governments, should establish legislative mechanisms for the enforcement of band bylaws and other laws related to cannabis by all police services, and to ensure that related offences can be investigated and prosecuted effectively.

Recommendation 21: We agree with the Standing Senate Committee on Indigenous Peoples that the Government of Canada should ensure adequate funding and training is available to First Nations communities for the policing and enforcement of band bylaws related to cannabis to better protect public health and public safety. We also encourage the Public Prosecution Service of Canada and other agencies at the provincial and territorial level to support training efforts for prosecutors on the laws of First Nations communities.

Economic participation

Throughout our discussions, many First Nations representatives expressed disappointment in the lack of opportunity to participate in the legal cannabis industry, noting that governments missed an opportunity to advance economic reconciliation by bringing jobs and tax revenue to communities.

We heard from many First Nations leaders and entrepreneurs and some Métis individuals who are interested in participating in the cannabis industry. Some view the ability to have commercial cannabis activity within communities as an important element of economic reconciliation and a means to create a more equitable industry. Others felt that the establishment of legitimate retail outlets would help counter the proliferation of illicit operations in their communities, many of which have links to organized crime.

We believe there are 2 approaches to improve economic participation. First, more support should be provided for those interested and willing to participate in the existing licensing frameworks. There should also be authority under the Act for nation-to-nation agreements that would provide greater community control of commercial activities with cannabis. This second approach would require the Government of Canada to collaborate and co-develop these legislative amendments with First Nations, Inuit and Métis, with the aim of enabling agreements that provide for Indigenous government authority. This would require agreement on requirements or standards that protect public health and public safety. This work would also require the parties to answer important questions including: the degree of harmonization between federal, provincial and territorial requirements and Indigenous government laws, responsibility for enforcement of Indigenous laws and how to best address illegal activity that harms Indigenous communities.

Economic participation in cannabis production via federal licensing

Some communities have made the decision to participate in the framework under the Act and acquire federal licences to produce cannabis. As of September 2023, there were a total of 907 licence holders authorized to cultivate or process cannabis, of which 50 (6%) were self-identified Indigenous licence holders.[24] However, similar to others in the industry, Indigenous entrepreneurs and leaders told us there are many barriers that impede them from successfully participating in the legal industry as federal licence holders. These issues include:

- financial barriers to entering the legal industry, including difficulties in accessing capital to build a site
- competition from the illicit market
- regulatory burden of information requested by Health Canada and the Canada Revenue Agency related to licensing and excise tax licensing
- issues related to accessing basic business services, such as banking and insurance
- challenges selling product to provincial and territorial distributors (for example, volume requirements from distributors, reliance on competitors to sell product to distributors and restrictions on cultivators from selling dried cannabis directly to distributors)

Health Canada must take immediate steps to address these issues to better support those who wish to participate in the federal framework. Chapter 8 lays out a series of recommendations that could apply to Indigenous federal licence holders. These include possible revisions to regulatory fees charged to equity-deserving licence holders and micro-licence holders, providing these applicants with information on grants, loans and other programs that may be available to them, and offering post-licensing supports to help them navigate regulatory compliance and other business responsibilities.

We note that Health Canada provides certain services to support Indigenous applicants in navigating the licensing process under the Act, including a Navigator Service, a Licensing Advisor and a 2-stage review process. We understand that the Navigator Service, which supports general inquiries about licensing, has helped nearly 170 self-identified Indigenous-affiliated commercial licence applicants since 2017, while the Licensing Advisor, who provides more detailed application development support, has only had 2 clients.[25] The 2-stage review process allows Indigenous and Indigenous-affiliated applicants to have their applications reviewed before requiring a built site (which is a requirement for all other applicants). This allows for early feedback on an application and is intended to help facilitate access to capital to finance site construction.

Recommendation 22: Health Canada should better advertise and evaluate existing supports for Indigenous licence applicants to determine if they are meeting needs in an effective way. Health Canada should also apply the recommendations we have made on broader measures to support equity-deserving groups and micro-licence applicants and holders to Indigenous applicants.

Economic participation in distribution and retail

As noted in our *What We Heard Report,* a February 2023 article in an industry periodical suggested that less than 1% (24 of more than 3,300) of the provincially or territorially authorized retail stores were operating on First Nations reserves.[26]

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24 Health Canada. (2023). *Data on commercial cannabis licence applications and licences*. Retrieved from https://www.canada.ca/en/health-canada/services/drugs-medication/cannabis/research-data/commercial-applications-licences.html.

25 Indigenous affiliation can include: any person or persons of First Nation, Inuit or Métis descent and any community, corporation or business associated with a First Nation, Inuit and Métis government, organization or community.

26 Lamers, M. (2023, February 24). Indigenous cannabis entrepreneurs underrepresented in Canada, data suggests. *MJBizDaily*. Retrieved from https://mjbizdaily.com/indigenous-cannabis-entrepreneurs-underrepresented-in-canada/.

We heard from some communities that they are interested in obtaining provincial or territorial licences to operate retail stores. British Columbia, Ontario, Quebec and Saskatchewan have enacted legislation that provides authority for the government to enter into agreements with First Nations to sell cannabis on their territories. However, as the Standing Senate Committee report points out, some First Nations expressed concerns that participating in provincial licensing regimes can be costly. We also learned from some communities that there are inadequate incentives to enter into such agreements (for example, they do not get any discounts on licensing fees or product mark-ups) and that they are still required to participate in a provincial licensing process (Saskatchewan's legislation is the exception, as it allows First Nations to establish their own licensing regimes).

In provinces and territories where there is public control of retail sale, there appears to be less progress towards arrangements for First Nations retail. As an example, a First Nations community in Quebec expressed concern that if the provincial government does not provide regulated retail access to community members, illicit sales will proliferate, along with the attendant harms from illicit products (that is, products that do not comply with the product, packaging and labelling rules posing health risks and the potential for more dangerous criminal activity posing public safety risks).

Observation 3: Provinces and territories should allow more flexibility in their distribution and retail systems, both through incentives (lower mark-ups, for example) and, for those provinces with publicly-controlled retail, creating space for Indigenous owned and operated retail stores.

Indigenous jurisdiction and control of cannabis activities in Indigenous communities

There is no one-size-fits-all approach. As noted above, some communities simply want the authority to prohibit activities related to cannabis for non-medical purposes in their communities, including prohibiting commercial activities. Others are prepared to work within federal and provincial and territorial frameworks. Some want to assert full control.

Certain communities have created their own cannabis frameworks, including their own cannabis laws. We understand that these generally reflect the public health and public safety requirements and product standards found in federal, provincial or territorial laws. We reviewed some examples, including from Six Nations of the Grand River and the Mohawk Council of Akwesasne. Some of these communities have developed their cannabis frameworks as an assertion of their inherent rights and reject the need for federal, provincial or territorial licences. Others have done so due to provincial or territorial unwillingness to authorize retail stores in their communities.

Despite being lawful from the community's perspective, the lack of recognition of First Nations, Inuit and Métis authority under the Act means that production and sale activities conducted pursuant to these, or other, community laws are not legal under the Act and may result in legal challenges for those engaging in them.

Notwithstanding the desire of these communities to protect public health and public safety, there are questions about the quality of the products being sold and the health risks they might pose (for example, being contaminated with pesticides), given that community-sanctioned retail stores cannot access cannabis from federal licence holders or testing from licensed analytical testing companies. The lack of recognition of First Nations authority also limits the ability of the communities and entrepreneurs involved to be recognized as legitimate businesses by banks, insurance companies and others. We believe that these public health and public safety issues, and others, can be better addressed by providing for greater Indigenous community control under the Act.

Providing for greater Indigenous community control under the *Cannabis Act*

The issue of bringing the Act into compliance with the *United Nations Declaration on the Rights of Indigenous Peoples* needs to be addressed, but this will take time. However, there are pressing public health, public safety and economic equity reasons for acting now to provide more control to Indigenous communities over economic activities involving cannabis. This would require amendments to the Act to create a viable pathway for interested First Nations, Inuit and Métis communities to assume more control over commercial cannabis activities. This work would need to include a process to develop, with First Nations, Inuit and Métis, requirements or minimum standards to protect public health and public safety (for example, the types of products that could be made and sold, the testing standards for cannabis products, the minimum age to purchase cannabis and measures to protect against diversion to the illicit market). One of the issues to be determined is what role the provincial and territorial governments would have with respect to the development of these standards.

One promising approach is that taken by the Government of Saskatchewan. In 2023, it amended its *Cannabis Control (Saskatchewan) Act* to create a legal framework for First Nations in Saskatchewan to licence and regulate the distribution and retail sale of cannabis on reserve. By having an agreement with the provincial cannabis authority, a First Nations cannabis authority can issue permits for the sale and distribution of cannabis on reserve, including charging fees and setting terms and conditions for permittees. The Saskatchewan legislation sets out mandatory requirements for these permits (including that the cannabis sold or distributed must be supplied by a federal licence holder, that there be no sale to minors, that there be appropriate records of their activities and that they take adequate measures to protect against diversion of the cannabis to the illicit market). We note these are the same measures set out in section 69 of the *Cannabis Act* that provinces and territories must apply to authorized sellers. We encourage Health Canada and Indigenous leadership to review the agreements implemented as a result of this legislative change in Saskatchewan. As this is a cannabis-specific development, it may prove useful as a positive step to provide greater control.

Recent federal legislation on child welfare and on drinking water, co-developed with First Nations, Inuit and Métis and which address recognition of Indigenous authority and rights, are examples that could be useful for considering how to address cannabis in the context of the *United Nations Declaration on the Rights of Indigenous Peoples*.[27,28] A recent decision by the Supreme Court of Canada upheld the constitutionality of the child welfare legislation, and noted that the effort to "braid" together the legislative authority of Indigenous Peoples, the international standards in the Declaration and the provisions enacted by Parliament on national standards or principles provided "a framework for reconciliation when it comes to Indigenous child and family services, in the spirit of the Declaration".[29]

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27 The child welfare legislation (*An Act respecting First Nations, Inuit and Métis children, youth and families*) affirms the rights of First Nations, Inuit and Métis to self-government, which includes jurisdiction in relation to child and family services. The legislation ensures that decisions or actions in respect of providing child and family services must be done in accordance with principles set out at the national level, including the principle of the best interests of the child. It includes a set of factors to be considered when making this determination, including the child's needs and the child's preferences. This child welfare legislation is an example of legislation that supports Indigenous groups, communities or people to determine their own solutions for their children and families. It provides for the exercise of this jurisdiction, resulting in First Nations, Inuit and Métis laws prevailing over federal laws and laws of provinces and territories (in situations where the group, community or people requests to enter into a tripartite agreement with the federal government and the relevant provinces and territorial governments). For further detail, see: *Affirming and recognizing Indigenous jurisdiction over child and family services: An Act respecting First Nations, Inuit and Métis children, youth and families*.

28 New proposed legislation (*Bill C-61, An Act respecting water, source water, drinking water, wastewater and related infrastructure on First Nation lands*) affirms the inherent right of First Nations to self-government, which includes jurisdiction in relation to drinking water, wastewater and related infrastructure on First Nation lands. This proposed legislation sets out principles, such as reliable access to water services and substantive equality, to guide the provision of clean and safe drinking water for First Nations and the effective treatment and disposal of wastewater on First Nation lands. It would establish minimum national standards for the delivery of drinking water and wastewater services on First Nation lands, based on First Nation choice (that is, the First Nations governing body can choose to meet the Guidelines for Canadian Drinking Water Quality or the drinking water standards of the province or territory where their lands are located). For further detail, see: *Bill C-61: First Nations Clean Water Act (short title), or an Act respecting water, source water, drinking water, wastewater and related infrastructure on First Nation lands*.

29 *Attorney General of Québec, et al. v. Attorney General of Canada, et al., 2024 SCC 5*.

The Supreme Court's language on the development of the national standards or principles in relation to child welfare has resonance when it comes to thinking of an approach to developing public health and public safety standards for cannabis in the context of nation-to-nation agreements. The Court makes it clear that Parliament's intention with respect to national standards was not to impose them unilaterally, without regard to the perspectives of Indigenous groups, communities or peoples. Rather, it said the Government of Canada committed to engaging with Indigenous peoples and provincial governments to support a comprehensive reform of child and family services that are provided in relation to Indigenous children.

Recommendation 23: Health Canada should take immediate steps to co-develop, with First Nations, Inuit and Métis, amendments to the *Cannabis Act* to better protect public health and public safety in Indigenous communities. These amendments should authorize the Minister to enter into nation-to-nation agreements with interested First Nations, Inuit and Métis to control commercial cannabis activities in their communities, when certain minimum standards are met. Over the longer-term, it is our hope that learnings and outcomes from these agreements and other processes could be used to inform the United Nations Declaration on the Rights of Indigenous Peoples implementation work for cannabis.

Taxation and revenue sharing

The question of authority over taxation was one that the Standing Senate Committee heard about, and an issue that arose repeatedly in our engagement with Indigenous communities, particularly First Nations communities, who also shared a variety of preferred approaches. The range of positions is captured in Chapter 7 of our *What We Heard Report*: "While select First Nations governments have negotiated agreements to allow them to control the sale of cannabis, they are still required to collect sales tax for other levels of government. Many continue to advocate for arrangements in which they would receive all, or a share of, cannabis sales and excise tax revenues generated from within their communities in order for the revenues to be reinvested. Some seek tax-sharing agreements with federal or provincial and territorial governments, while others seek amendments to tax laws to provide opportunities for interested First Nations to levy their own cannabis excise tax in their communities. Many argue that federal or provincial and territorial sales tax revenue should be directed back into their communities."

Recommendation 24: We agree with the Standing Senate Committee on Indigenous Peoples that Finance Canada should work with First Nations to identify options for the development of an excise tax-sharing framework as part of its discussions on fuel, alcohol, cannabis and tobacco taxes.

Chapter 8:
Economic, social and environmental impacts

Introduction

Successful implementation of the cannabis control framework depends on many factors, including a reliable supply of regulated, quality-controlled cannabis. While the *Cannabis Act* (the Act) does not explicitly list ensuring the viability of the industry as an objective, the commercial production model implemented via the Act relies on financially viable private sector participants to supply the legal cannabis market.

Throughout our review, industry representatives raised urgent concerns about their financial viability in the current highly competitive market. We believe these concerns are well-founded; however, we are of the view that efforts to support the industry need to be done in a manner consistent with the overarching public health and public safety objectives of the Act.

Notwithstanding the difficulties faced by individual licence holders, experience to date suggests that, overall, the market share of legal cannabis has increased substantially over time and compares favourably with U.S. states that have legalized cannabis. Displacement of the illicit market is discussed further in Chapter 10. There are a wide variety of legal cannabis products available through retail stores and websites. While there are price differences between legal and illicit cannabis, and displacement of the illicit market differs regionally, the data available to us suggests that the gap has narrowed, and cannabis consumers are increasingly acquiring cannabis from legal sources.

Creating economic conditions for a viable cannabis industry

Challenges for smaller licence holders

Cannabis is not like other products; a large illicit cannabis market existed in Canada before legalization, and that history, and the people that were part of it, must be factored into the continued implementation of the Act. Through the cannabis framework, the Government of Canada sought to encourage a diverse, competitive market, with smaller and larger players distributed across the country. We understand that through the creation of "micro" class licences and other measures, the federal government had hoped to facilitate the transition of individuals who had been involved in illicit cannabis production (but without links to organized crime or histories of violent criminal activity) into the legal cannabis market.[30]

In principle, small-scale cultivators and processors distributed throughout the country could increase consumer access to a greater variety of cannabis products (for example, "craft" products manufactured by small, local businesses, more opportunities for innovation). In practice, however, the majority of micro-class licence holders appear to be struggling to gain a foothold in the legal market.

30 A micro-cultivation licence allows licence holders to produce cannabis plants and seeds, fresh and dried cannabis within a grow surface area (plant canopy) of up to 200 square metres. A micro-processing licence allows licence holders to produce all types of cannabis; these licence holders can possess up to 600 kilograms of dried cannabis (or its equivalent amount) in a calendar year.

It will be very challenging for smaller companies to succeed without some government intervention and measures that provide some specific advantages or flexibilities. Over the last 18 months, we met many people from the cannabis industry who exhibited an obvious passion about the quality of their product and a clear desire to participate in the legal industry. In the best-case scenario, the legal market might provide these individuals with an opportunity to find a niche for themselves and their businesses. But we fear it currently does not. If barriers to success are not addressed, many small legacy producers will see no advantage to joining the legal market, and some of those who have done so may decide to return to the illicit market.

Current market conditions

Cannabis companies of all sizes are struggling. The last 5 years have been a tumultuous period for participants in the legal cannabis market. The market today is crowded, and production capacity greatly exceeds demand. Without material changes in the economic conditions, it is reasonable to anticipate that some portion of the current cannabis businesses will continue to downsize or cease operations. Depending on the extent of this shift, the diversity of cannabis products offered in the legal market may decrease while prices may increase.

It is clear that excess production and over-supply have contributed to decreased wholesale prices (that is, the price paid by provincial and territorial distributors to licensed processors). Canada has among the lowest cannabis prices in the world. Low prices have economic consequences for participants in the legal market as well as health consequences for consumers. There is concern that a market with abundant, cheap cannabis will likely contribute to increased cannabis consumption and exacerbate the negative public health impacts.

Over-supply is not the only issue. In the current model, there are many sellers (that is, licensed processors) and few buyers (that is, distributors). Provincial and territorial distributors hold a great deal of influence over the success of prospective suppliers, as they are the main purchasers of cannabis. Provincial and territorial distributors must make choices about how they operate, and in most jurisdictions they have exercised their monopsony power (that is, being the sole buyer in a market) in a way that we see as detrimental to those licensed by Health Canada to make and sell cannabis. This scenario, where provincial and territorial distributors can dictate terms, often leads to adverse effects, including lower prices for cannabis producers, reduced incentives for innovation and an overall imbalance in the bargaining power between distributors and producers.

That said, we recognize that distributors cannot reasonably purchase cannabis from every company that has a product to sell. The large number of cannabis licence holders vying for market share also contributes to the challenges being experienced by those operating in the legal market. Consolidation may lead to business failures, investment losses and job losses, which are all regrettable for those affected.

Our review of the Act reflects a particular point in time in a market that is continuing to evolve. We encourage the Government of Canada and its provincial and territorial partners to closely monitor the financial health of the cannabis sector. The Cannabis Industry Forum established by Innovation, Science and Economic Development Canada may provide an important venue for continued discussion of the factors affecting the viability of the legal cannabis market. As the market and consumption patterns continue to change, the framework will need to evolve to keep pace.

At the present time, Canadians spend more than $5 billion per year on legal cannabis.[31] This level of revenue should be sufficient to support a robust domestic market, albeit with no guarantees that every company that chooses to enter the market will be viable. Currently, cannabis revenues are not divided in a way that allows licensed cultivators and processors to be consistently profitable. In particular, smaller licence holders appear to be struggling as they cannot compete with larger companies on price and have less ability to secure shelf space with provincial and territorial distributors (who often look for large quantities of product).

Reducing regulatory burden on industry

Health Canada can, for its part, reduce the financial and administrative burden it places on participants in the legal industry. The department recently consulted on potential regulatory streamlining. If implemented, this initiative would have benefits in reducing the costs of compliance for licence holders and the regulatory costs Health Canada seeks to recover through fees charged to licence holders. As Health Canada and the regulated industry have gained experience with the framework, it appears to us that there is room to relax or update certain regulatory requirements without compromising public health or public safety.

For example, we suggest that current personnel security requirements might not be needed for some types of employees, some controls related to physical security may not be essential (such as visual monitoring of areas not in use), and some record-keeping and reporting requirements could be streamlined (such as harmonizing reporting between Health Canada and the Canada Revenue Agency to avoid duplication, reducing the reporting burden for some lower-risk activities such as waste and destruction, and reducing the length of time required to store certain records, especially visual records).[32]

Recommendation 25: Health Canada should prioritize and accelerate its work on regulatory streamlining to reduce the administrative burden on federal licence holders, while ensuring that the public health and public safety objectives of the *Cannabis Act* are not compromised.

Measures to support cultivators and processors

Cultivators are currently not permitted to sell cannabis directly to provincial and territorial distributors. Rather, they must engage a processor to package and label the cannabis. As part of the regulatory streamlining amendments, we advise Health Canada to allow companies holding a cultivation licence to sell dried or fresh cannabis (that complies with all requirements for packaging, labelling and quality control) directly to distributors. We feel that this is within the spirit and intent of the cultivation licence class; it would also remove an unnecessary step in the supply chain.

Recommendation 26: Health Canada should amend the regulations to allow cultivators, including micro-cultivators, to sell packaged and labelled dried or fresh cannabis directly to distributors. Cultivators should be required to follow the same quality assurance and testing requirements for dried cannabis that apply to processors.

31 Statistics Canada. (2023). *Detailed household final consumption expenditure, provincial and territorial, annual (x 1,000,000)*. Retrieved from: https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=3610022501.

32 Separate from Health Canada's cannabis licensing regime, under the excise duty framework, companies that cultivate, produce or package cannabis must obtain a Canada Revenue Agency cannabis licence, with corresponding obligations to report and pay taxes. For more information, see: https://www.canada.ca/en/revenue-agency/campaigns/cannabis-taxation.html.

Reforms at the provincial and territorial level that accommodate additional direct-to-consumer sales outside of the physical retail environment may create opportunities for smaller cannabis cultivators and processors to establish a niche for their products and generate revenue. While assessing distribution and retail sale is beyond the scope of our review, we note how important direct-to-consumer sales are for craft breweries. To have a positive impact, we believe any province or territory that sees benefit in allowing direct-to-consumer sales (for example, farmgate programs, or mail order within a province or territory) would also need to allow cultivators and processors to retain a larger share of revenue (for example, reducing or eliminating mark-ups and fees).[33] Jurisdictions exploring direct-to-consumer sales should consider whether and how these programs could be targeted so that they support independent micro-scale licence holders (sometimes referred to as "craft" producers) and equity-deserving groups, to promote the market diversity that was envisioned at the time of legalization.

Observation 4: Provincial and territorial governments should consider permitting direct-to-consumer sales from smaller cultivators and processors (farmgate, or mail order within a jurisdiction), in a way that allows smaller players to generate and keep more revenue than they would by selling cannabis through distributors.

There is also an opportunity for provincial and territorial distributors to reserve space for and highlight products from small licence holders and those from companies owned by members of equity-deserving groups. We are aware of some initiatives of this nature (for example, British Columbia's Indigenous Shelf Space program) and think additional ones could be important to sustaining diversity in the legal cannabis market.

Observation 5: Provincial and territorial distributors should consider regularly reviewing their mark-ups, fees, purchasing practices and the amount of shelf space they allocate to different products and different licence holders, including those from equity-deserving groups, to improve the prospects for the many smaller-sized companies that are currently struggling.

Excise tax structure

Industry players concerned about their own viability have called on the Government of Canada to reform the excise tax regime.[34] In particular, they are seeking relief from the minimum duty of 10% or $1 per gram, whichever is greater, on dried or fresh cannabis (as well as plants and seeds). Some industry players called for reform because the excise tax formula was set at a time when the price was much higher than it is today.[35] At current cannabis prices, the excise tax is a substantial burden. Industry representatives also questioned whether the excise tax is serving its intended purpose of moderating consumption, given that licence holders are largely bearing the cost rather than passing it on to the consumer.

33 Farmgate programs allow a licensed processor of cannabis to operate a retail storefront that allows customers to purchase cannabis products directly from the processor.

34 Tax policy, including excise taxes, is developed and evaluated by Finance Canada.

35 At the time of legalization, the retail price of dried cannabis was approximately $10 per gram. Retail prices have decreased substantially over time and consequently, the excise tax represents a larger share of the price.

The challenge of designing an effective tax regime under the highly competitive market conditions that exist today is that any reductions in the excise tax on dried cannabis would likely translate to reductions in the wholesale price (that is, the price paid to licence holders by provincial and territorial distributors) and the retail price (that is, the price paid by consumers). Given the priority we place on the protection of public health, we would not want to see further reductions in the retail price of dried cannabis in the legal market, nor would we want any changes to make it more attractive to purchase products in the illicit market. Any redesign of the excise tax framework for cannabis should keep these considerations in mind and will need to be evaluated regularly and adjusted depending on how the market reacts.

Addressing potency through a progressive tax

There is a trend in market data that is troubling from a public health perspective. It appears that more and more consumers are purchasing cannabis products with increasingly higher quantities or concentrations of delta-9-tetrahydrocannabinol (THC). Researchers and industry representatives told us that restrictions on labelling and promotion have led consumers to fixate on THC content as a marker of quality or value. Elsewhere in this report (Chapter 6) we outline recommendations to clarify the information that should be permitted on labels and in promotions and for targeted regulatory reforms that would allow licence holders to communicate factual information about their products. While we hope this nudges consumer behaviour and reduces the emphasis on THC, we also encourage Finance Canada to consider developing a progressive excise tax regime for all cannabis products that increases the amount of tax owed based on the quantity or concentration of THC (or other intoxicating cannabinoids). Products with lower quantities of THC should have less tax.

An ideal regime would disincentivize the manufacturing and sale of higher-risk products and incentivize the production of lower-risk cannabis products. For a reform of this type to disrupt the current trend toward higher-potency products, relatively higher taxes on higher-risk products would need to translate to higher retail prices; it would be ineffective if companies simply absorbed the added cost from the higher tax. Distributors would also have to pay more for higher-risk products, as would consumers. If this model were to be implemented, there would be a need for a monitoring mechanism to examine the extent to which consumers are moving to the illicit market to purchase lower-priced products. Such monitoring should also consider any impacts on the purchasing and consumption behaviour of youth and other population subgroups.

Recommendation 27: Finance Canada should consider a review of the excise tax model, recognizing that it was originally designed when the average price of dried cannabis was significantly higher than it is today. Further, Finance Canada should consider making reforms to the excise tax regime that would discourage the consumption of higher-risk cannabis products, for example, by applying progressively larger duties on cannabis products with higher quantities or concentrations of delta-9-tetrahydrocannabinol (THC) (or other intoxicating cannabinoids).

Improving transparency

The federal licensing program has resulted in an over-supply of cannabis in Canada and concerns about the financial viability of many licence holders. As of September 2023, 907 companies held federal licences for cultivation and processing.[36] While we understand the Minister of Health has the authority to place a limit on the number of licences issued, we heard little support for this kind of intervention. Such a measure could also lead to unintended consequences (for example, discouraging geographic and demographic diversity in the legal cannabis market). However, Health Canada should continue to closely monitor the state of the legal cannabis industry.

36 Health Canada. (2023). *Data on commercial cannabis licence applications and licences*. Retrieved from https://www.canada.ca/en/health-canada/services/drugs-medication/cannabis/research-data/commercial-applications-licences.html.

Licence applicants and licence holders would benefit from greater transparency about the state of the cannabis market. Health Canada should provide prospective licence applicants with data that would enable them to make informed decisions about the feasibility of entering the market.

There are other measures that Health Canada could take if over-supply threatens the viability of the industry (for example, production limits on standard class licences). However, this type of measure should be contemplated only after full consultation and consideration of any unintended consequences.

Recommendation 28: Health Canada should be more transparent with the data it holds on the state of the cannabis market and ensure that prospective licence applicants are provided with this information, in sufficient detail, to allow them to assess the feasibility of their business plans based on current market conditions.

Reviewing the regulation of industrial hemp

Industrial hemp (that is, varieties of cannabis with 0.3% THC or less in their leaves and flowers) is also regulated under the Act. Representatives of the industrial hemp industry noted that while cannabis and hemp come from the same plant family, the products that result from their cultivation are entirely different and carry very different risks. They told us that the industrial hemp industry in Canada has been negatively impacted by the legalization of cannabis, with less industrial hemp production and sales today than in 2017. They advocated for a new approach to the regulation of industrial hemp that sees it treated as an agricultural commodity, with changes that would increase the maximum allowable limit of THC in industrial hemp and associated derivatives. The industry also raised other issues related to potential uses of industrial hemp (including industrial hemp-derived cannabinoids or biomass).[37]

We did not have an opportunity to delve deeply into the regulation of industrial hemp, but we recognize this is a topic that deserves careful and detailed consideration.

Recommendation 29: Health Canada, in consultation with Agriculture and Agri-Food Canada, should establish and support an expert advisory body to conduct a timely review of the regulation of industrial hemp and make recommendations about the most appropriate regulatory framework.

Building social equity into the framework

While the Act does not contain any explicit social equity objectives, the Ministers broadened the scope of our review to include some social equity considerations. Clearly there were wide-reaching social impacts from the prohibition of cannabis and the discrimination experienced by some groups in the criminal justice system. In addition, we heard concerns about how the current regime has led to under-representation of equity-deserving communities in the cannabis industry and a lack of economic opportunities for some.

Researchers at the Centre on Drug Policy Evaluation recently published a report that reviews evidence and best practices in social equity from other jurisdictions with legal cannabis markets; we encourage policymakers to examine their report, *A Roadmap for Cannabis Equity in Canada to Inform the Legislated Review of the Cannabis Act*.

In our consultations, many equity-deserving individuals described how the legal cannabis industry is not inclusive. They expressed frustration about the barriers faced by entrepreneurs from their communities and the obstacles confronting community members already in the industry, including challenges with financing (such as raising affordable capital) due to current and historical discrimination.

37 Cannabis biomass generally refers to the stalks, stems and leaves of the plant.

Community representatives highlighted the limited diversity in leadership roles in the cannabis industry, and their belief that there is less minority representation in this industry than in others. Stakeholders noted that people who are Black, Indigenous and from other racialized groups were subject to discrimination under prohibition and continue to be disadvantaged and under-represented under legalization.

The following paragraphs make a number of recommendations aimed at improving social equity. The objective is to make progress in undoing decades of discrimination. This will require sustained commitment over many years. Therefore, it will be important that there be ongoing, long-term attention to social equity issues. We believe that the future independent reviews that we call for in Chapter 12 should explicitly provide for an assessment of the progress made in advancing social equity, both with respect to participation in the cannabis industry and in relation to addressing disparities in interactions with the criminal justice system related to cannabis.

Supporting a diverse legal cannabis industry

We support the Government of Canada's goal of having a diverse legal industry, specifically, one that creates space for women, racialized communities, 2SLGBTQIA+, First Nations, Inuit, Métis and those disadvantaged by the historical harms of cannabis prohibition. We believe that at the outset of legalization there was a missed opportunity to address the harms of prohibition. However, that should not prevent action now. The federal government has a role to play in encouraging the participation of marginalized and racialized groups in the industry.

The current market conditions, as discussed, are challenging for most involved in the industry. Equity-deserving applicants seeking to enter the cannabis industry need to be provided with appropriate information and support. In developing programs and measures to increase the participation of these groups in the cannabis sector, Health Canada and its partners should take a comprehensive approach that looks beyond the first step of issuing a licence.

Health Canada should develop a specialized program for applicants from under-represented communities that provides pre- and post-licensing supports. This should include information about opportunities other than cultivation and processing licences, such as licences for industrial hemp and analytical testing.[38] Acknowledging the submission by the Competition Bureau entitled *Planting the seeds for competition: Competition Bureau submission to Health Canada and the Expert Panel to support the Cannabis Act legislative review*, which dealt with this issue, we believe that Health Canada should consider whether the requirement that applicants for licences have a pre-built site could be eliminated for equity-deserving and small business applicants.[39]

We heard about difficulties that equity-deserving groups experience when attempting to secure loans, given their lack of existing networks and relationships with banks, lenders and investors. Health Canada could do more to make these applicants aware of business supports (for example, grants or loans) that may be available to them from other government departments and agencies (for example, the Black Entrepreneurship Loan Fund).[40] Similarly, we heard about the challenges micro-class applicants face, such as limited access to capital, regulatory burdens and difficulties navigating the licensing process.

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38 In developing this program, the department should establish social equity eligibility criteria to ensure the program is not exploited (such as through the provision of false information or the misrepresentation of eligibility) by those not from under-represented groups.

39 Health Canada requires applicants to submit evidence that demonstrates that they have a site which is fully built and meets all applicable requirements of the *Cannabis Regulations* at the time of application.

40 The Black Entrepreneurship Loan Fund is a partnership between the Government of Canada, Black-led business organizations and the Business Development Bank of Canada providing a total of $160 million to support Black entrepreneurs and business owners. For more information, see: https://ised-isde.canada.ca/site/black-entrepreneurship-program/en/black-entrepreneurship-loan-fund-frequently-asked-questions.

During the licensing phase, Health Canada should consider reducing the costs it imposes for equity-deserving and micro-class applicants, including by reducing or eliminating regulatory fees related to applying for a licence.

After licensing, Health Canada should take a broad view of the supports that can be offered, including raising awareness about resources or educational opportunities offered by other departments or organizations that may help licence holders establish and run their businesses. For Health Canada this could include reviewing the annual regulatory fees charged to licence holders and providing more dedicated training and support to assist companies to comply with the requirements set out in the Act and its regulations.

Recommendation 30: Health Canada should carefully examine, and where appropriate revise, its approach to regulatory fees for equity-deserving groups and micro-licence holders. This examination should include an assessment of how regulatory fees could be modified to promote greater diversity among participants in the legal cannabis market.

Recommendation 31: Health Canada should work with relevant departments to ensure that federal licence holders and businesses, particularly small and equity-deserving businesses, are informed of existing programs (such as for grants and loans), incentives and supports that may assist them in establishing and running their businesses. Health Canada should offer post-licensing supports to help these companies navigate regulatory compliance and other business-related responsibilities.

Social equity and the criminal justice system

Many community representatives voiced their concern that disadvantaged and marginalized groups, especially racialized groups, continue to be disproportionately impacted by over-policing and interactions with the criminal justice system because of disparities in cannabis enforcement. There are gaps in knowledge about the impact of cannabis on specific groups, and the extent of ongoing racial discrimination in law enforcement, particularly with youth. It is well understood that charges or convictions related to cannabis offences cause enduring adverse social outcomes, such as stigmatization, negative impacts on family structures, job losses, difficulties in securing employment and restrictions on travel and housing access.

As of August 1, 2019, a distinct application process was implemented for those seeking a record suspension for historical convictions for cannabis possession.[41,42] This process was meant to be fairer and to better ensure the reduction of stigma and barriers experienced by those with such convictions. With this new process there is no fee or waiting period before an application can be submitted for many individuals. While a small proportion of people have made use of this distinct application process, access to this stream is expected to improve, as Public Safety Canada has funded non-governmental organizations to help individuals apply, including assisting with compiling all necessary documentation.[43] This process is not automatic and applicants must submit an application along with required documentation, which can be a barrier; it is an improvement over the regular record suspension process. However, the revised program only applies to those solely with simple cannabis possession convictions. Individuals with convictions for other cannabis offences (for example, production) must apply through the regular process, with its attendant costs and waiting periods, which can be as long as 10 years.

41 The legislation that made these amendments is entitled *An Act to provide no-cost, expedited record suspensions for simple possession of cannabis*.

42 A record suspension is a means of keeping records separate and apart from other criminal records so that they will no longer show up in a criminal record search.

43 As of December 2023, the Parole Board of Canada had ordered 798 suspensions, out of approximately 1200 applications received. The Government of Canada had previously estimated that 10,000 Canadians would be eligible.

An automatic record sequestration process will come into force in November 2024 that will address all simple possession offences for all controlled drugs and will apply even if there are other non-drug offences involved.[44,45] We are encouraged to hear about this development; however, this new process only addresses offences under the *Controlled Drugs and Substances Act* and not those under the *Cannabis Act*. It is our understanding that the new process will be reviewed in November 2026; we encourage analysis and scrutiny of the efficacy and outcomes of the new process as it relates to cannabis convictions.

Recommendation 32: The Government of Canada should consider whether offences under the *Cannabis Act* should be considered under the automatic record sequestration process that will come into force in November 2024.

Improving information about cannabis for equity-deserving groups

As discussed elsewhere in this report (such as in Chapter 6), Health Canada should ensure that it follows an evidence-based approach when disseminating information on cannabis use and the associated risks and harms to consumers, or the public at large. As equity-deserving communities have their own interests and needs, informational materials should be co-designed with the intended audiences. Informational and educational programs need to be fact-based, non-stigmatizing, culturally appropriate, regularly evaluated and adjusted accordingly.

Recommendation 33: Health Canada should enhance and expand informational materials and educational programs related to cannabis for equity-deserving groups and subpopulations, in partnership with these communities, to ensure they are non-stigmatizing and culturally appropriate.

Enhancing data collection

Our efforts to assess the social equity impacts of legalization were hindered by a lack of data. There is no systematic collection of data on the diversity of the cannabis industry. In some surveys and other information collected by government, key sociodemographic data (for example, ethnicity or race) has not been collected, or, in some instances where this information is collected, it is not adequately disaggregated in the analysis or reporting of findings (including population surveys, health data, and data collected on police-reported incidents and criminal charges related to cannabis). While some progress has been made in recent years toward disaggregating data, more progress is required, including making this data publicly accessible.

Recommendation 34: Health Canada should regularly collect and analyze demographic data from licence holders to assess diversity in the industry (including ownership, leadership and the workforce). Health Canada should publish this information in a timely manner to allow the public to monitor the diversity of representation in the industry.

Recommendation 35: The Government of Canada should make substantial improvements in the systematic collection and publication of data related to cannabis that is disaggregated by relevant demographic indicators, such as race. Appropriate data safeguards must be in place to protect privacy and prevent further stigmatization.

44 The enabling legislation for this process is *An Act to amend the Criminal Code and the Controlled Drugs and Substances Act*.

45 A record sequestration is similar to a record suspension, in that it keeps records separate and apart from other criminal records so that they will no longer show up in a criminal record search. However, sequestrations are automatic; that is, they do not require applications.

Improving the monitoring of environmental impacts

While the Act and its regulations do not have any explicit environmental objectives, the Ministers broadened the scope of our review to include environmental impact.

Although the environmental impact of cannabis was not raised often during engagement, some participants highlighted concerns about cannabis product packaging. They raised issues about single-use plastic packaging and the limited use of packaging composed of cannabis and industrial hemp plant by-products. We also heard about the high rates of energy required for indoor cultivation. Some stakeholders discussed innovative approaches to reducing the environmental footprint of cannabis cultivation, such as the use of organic and regenerative farming practices, using cannabis as a bio-accumulator to help remediate the soil, making use of solar energy and the secondary use of cannabis by-product waste.

It is difficult to comprehensively assess the environmental impact of the cannabis regime, given the lack of data available. However, cannabis cultivation, processing and distribution across the supply chain undoubtedly have environmental impacts, including energy and water consumption, greenhouse gas emissions, air pollution, cannabis-derived odours, packaging waste and disposal of vaping devices, among others.

Recommendation 36: The Government of Canada should establish indicators related to the environmental impacts of the cannabis industry, collect baseline data and continue to monitor these indicators and their trends. The Government of Canada should publish this information in a timely manner to allow the public to monitor progress.

Chapter 9:
Adult access

Introduction

One of the objectives of the *Cannabis Act* (the Act) is to provide adults who choose to use cannabis with access to a quality-controlled supply of strictly regulated, legally produced cannabis. The goal of legalization was not to increase the number of people using cannabis. Rather, it was intended to provide those who already used cannabis with a regulated supply, complemented by a range of measures (including promotion restrictions, plain packaging requirements, labelling requirements and dissemination of information) that sought to discourage youth, and those who do not use cannabis, from initiating use.[46]

Access to legal cannabis has improved since the Act came into force in October 2018. While there were supply chain issues in late 2018 and early 2019, it now appears that most adult Canadians who wish to obtain cannabis are able to do so from legal sources.

The distribution and retail sale of cannabis is controlled by provinces and territories. It is apparent that physical retail stores are the dominant means by which consumers access legal cannabis; however, retail density varies across the country. Some stakeholders highlighted challenges faced in rural and remote communities, particularly in the North, where retail store access is limited to larger population centres. In addition, Inuit communities also face unique challenges in accessing legal product due to limited access to credit cards and the Internet to buy legal products online.

Another element of access is the ability for consumers to legally obtain different types of cannabis products. Since late 2019, licensed processors have been able to develop and sell a wide range of cannabis products, with a variety that is generally comparable to the illicit market. However, in balancing its public health and public safety objectives, the framework does not provide unfettered access to all possible forms of cannabis. For example, there are restrictions that prohibit the sale of cannabis products (and accessories) that would be considered appealing to children. In addition, the current regulations on edible cannabis products (for example, beverages, gummies, chocolate) set a limit of 10 milligrams of delta-9-tetrahydrocannabinol (THC) in a package to address concerns about over-consumption and accidental consumption. Other forms of cannabis are also subject to restrictions, such as the limits on the ingredients that can be used to make cannabis vaping products and cannabis topical products.

Perspectives on the THC limit for edible cannabis products

Throughout our engagement, we heard calls from industry, and some consumers, to increase the amount of THC permitted in edible cannabis products. This issue was raised frequently, and our own deliberations around this topic exemplified a broader debate about balancing the protection of public health with the desire to provide adults who use cannabis with legal access to the products they want.

46 More information on the legislative and regulatory measures that control access to cannabis for adults of legal age can be found in Chapter 5.

The general view of industry stakeholders was that the objectives of the Act would be best served by raising the THC limit for edible cannabis. They believe that making more potent edible products available in the legal market would encourage further displacement of the illicit market, and as a result, a greater share of the edible cannabis would be in child-resistant packaging (which is a requirement for legal products). As well, they argue there would be a reduced presence of illicit edible products that mimic common candies and foods that are enticing to children, and consequently there would be fewer unintentional exposures to children. Industry representatives also stated that the potential risks to adult consumers would be reduced by shifting more consumer to the legal market because illicit products may be contaminated or contain extremely high amounts of THC (for example, products on the illicit market often claim to contain between 500 to 1,000 milligrams of THC).

Public health stakeholders, on the other hand, supported maintaining the current limit on the THC content of edible cannabis. The public health community argued that legal products are likely contributing to the observed increase in the frequency of unintentional cannabis poisonings among children (for example, they noted higher rates of pediatric exposures in jurisdictions with greater availability of legal edible products). Public health representatives were also concerned that a higher THC limit would increase the severity of these unintentional exposures to children, citing research that suggests the threshold for severe or prolonged adverse effects on young children is quite low (1.7 milligrams of THC per kilogram of bodyweight, or about 20 milligrams of THC for a toddler).[47]

Representatives from the public health community also noted that under the current limit, the majority of edible cannabis products offered include multiple units in each package (for example, 2 units with 5 milligrams of THC each), and argued that these smaller portions send an important signal to adults about appropriate dosing. Some in the public health community stated that while they support measures to increase displacement of the illicit market, it is not justifiable to undermine public health controls to accelerate the transition to the legal market.

These are conflicting points of view from stakeholders, and there are also shortcomings in the available evidence. While there are studies demonstrating increases in the incidence of child poisonings (see Chapter 5 of our *What We Heard Report*, as well as a recent study by Varin et al.), there is limited information available on the origin of the cannabis products involved in these events, and whether homemade edibles, illicit edibles or legally produced edibles were involved.

There is also uncertainty about the level of demand in the market for legal edible cannabis products with more THC. Industry representatives pointed to the sale of ingestible cannabis extracts as evidence of demand, but tended to disregard the price differential between these products and conventional edible products and the role that a lower price-per-unit may play in driving demand for a lower-cost product.[48] Notably, unlike dried cannabis where legal prices are increasingly competitive with the illicit market, illicit edible cannabis products may be up to 90% cheaper than legal products. Price will remain an important consideration for some consumers who are purchasing larger quantities or seeking larger doses of THC. However, in many provinces and territories, there are legal edible products containing 10 milligrams of THC that are available for as little as $3.

47 Pepin, L. C., Simon, M. W., Banerji, S., Leonard, J., Hoyte, C. O., & Wang, G. S. (2023). Toxic Tetrahydrocannabinol (THC) Dose in Pediatric Cannabis Edible Ingestions. *Pediatrics,* 152(3). https://doi.org/10.1542/peds.2023-061374.

48 Ingestible cannabis extracts refers to a subcategory of products with some characteristics that are similar to edible cannabis products. In 2023, Health Canada issued guidance for licence holders to help them determine whether products are considered edible cannabis, and thus subject to a limit of 10 milligrams of THC per package, or extracts, which have a limit of 1000 milligrams of THC per package, but more restrictions on the ingredients that can be used to manufacture them. See *Classification of edible cannabis* for more information.

Industry also noted U.S. state markets, where edible cannabis comprises a greater share of the legal cannabis market, as well as estimates of illicit spending on edible cannabis products in Canada that suggest millions of dollars in revenue may currently be captured by the illicit market. Industry representatives also shared anecdotes about customers seeking larger amounts of THC, and some submissions we received referred to consumer research that suggests some cannabis consumers are critical of the current limit.

Public health researchers pointed to recent survey findings that suggest that only 12% of respondents, and 18% of cannabis consumers, were opposed to the THC limit on edible cannabis.[49] As well, public health stakeholders highlighted research (described in Chapter 10 of our *What We Heard Report*) that found more than two-thirds of people who consume edible cannabis products reported sourcing them legally (in 2021, 68% reported buying exclusively from the legal market, 15% reported buying exclusively from the illicit market and 17% reported mixed sourcing).[50] Based on this evidence, they suggested that for most edible cannabis consumers, the current limit is sufficient and is not an impediment to legal sourcing. However, it is also apparent that there is a minority of edible cannabis consumers who wish to purchase edible products with more THC in them.

We deliberated extensively on the issue of the THC limit for edible cannabis products. The critical gaps in the current evidence made our efforts to reach a consensus position very difficult. There was a shared view that protection of children from accidental consumption is the paramount concern. Edibles come in forms that are much more attractive to children than dried cannabis and other cannabis products, therefore, the risk of ingestion is greater. This is reflected in the more stringent approach Health Canada took to regulating edible cannabis when these products were permitted in 2019, as compared to the higher amounts of THC permitted in other products.

We also agreed that any increase in the THC content of edible cannabis products would need to be coupled with additional controls to reduce the risk of accidental consumption (or over-consumption by adult consumers). Any additional controls would likely add to manufacturing costs for licence holders. Ultimately, we felt that there are too many unknowns and too much uncertainty about the likely consequences of increasing the amount of THC in these products. Therefore, we are of the view that prudence is warranted here and accordingly, we recommend that the current limit be maintained, and that research be undertaken that will fill critical knowledge gaps related to this issue. We also note that consumers wishing to ingest higher doses of THC continue to have access to oral oils and capsules, as well as a range of other cannabis products that do not resemble foods and do not pose the same risk of accidental consumption for children.

We encourage Health Canada to incorporate emerging evidence into future decisions related to the regulation of edible cannabis (which may suggest that THC limits could be increased or that additional controls are needed). This research needs to help characterize the likely impacts of a potential change at the individual and population levels, and on adult consumers, as well as those at risk of being unintentionally exposed, especially children.

Recommendation 37: Health Canada should maintain the current limit of 10 milligrams of delta-9-tetrahydrocannabinol (THC) per package in edible cannabis products and continue to develop the research in this area to determine whether there are conditions under which the limit could be raised without unduly impacting public health.

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49 Hammond, D., Corsetti, D., Fataar, F., Iraniparasat, M., Danh Hong, D., Burkhalter, R. (2023). *International Cannabis Policy Study – Canada 2022 Cannabis Report*. June 2023. Retrieved from https://cannabisproject.ca/wp-content/uploads/2023/06/2022-Canada-Report-June-26.pdf.

50 Wadsworth, E., Rynard, V., Driezen, P., Freeman, T. P., Rychert, M., Wilkins, C., Hall, W., Gabrys, R. & Hammond, D. (2023). Legal sourcing of ten cannabis products in the Canadian cannabis market, 2019–2021: a repeat cross-sectional study. *Harm Reduction Journal*, 20, 19. https://doi.org/10.1186/s12954-023-00753-6.

Maintaining home cultivation rules

While home cultivation was a controversial topic at the time of legalization, it was not raised as a priority during our engagement. Most stakeholders who spoke to the issue of home cultivation supported the current approach (that is, the ability of adults to grow up to 4 plants in their residence). Some called for additional information to be made available on the health and safety risks associated with growing cannabis in or around a person's home (for example, detrimental effects on indoor air quality, electrical hazards, increased risk of fires).

There was no evidence that suggested reforms are needed to the federal rules on home cultivation. We do encourage continued efforts to raise awareness and provide information about potential risks, including safe storage of cannabis products in the home.

Recommendation 38: Health Canada should provide Canadians who choose to grow cannabis at home with information on the potential risks associated with home cultivation, as well as practical advice on how to grow and store cannabis safely.

Chapter 10:

Criminal activity and displacement of the illicit market

Introduction

The federal framework for cannabis includes various measures aimed at protecting public safety and discouraging activities conducted outside the legal regime.[51] Central to the approach to displace the illicit cannabis market is providing adult consumers with the ability to purchase cannabis from legal, regulated sources, while setting out offences and sanctions to deter criminal activity and supporting law enforcement action against those who engage in illicit activities.[52]

We note considerable progress has been made in achieving some of the important objectives of the legislation. It is clear that consumers who wish to access legal, regulated products can do so, and we are encouraged by evidence regarding the displacement of the illicit market.

As described in our *What We Heard Report*, there was a 95% reduction in the number of charges for cannabis possession between 2017 and 2022. We are encouraged that the provision of legal access to cannabis has reduced the negative impacts of prohibition which resulted from interactions with the criminal justice system.[53]

We are concerned, however, with the criminal activity that persists. Of particular concern are the activities of organized crime and criminal networks (which often involve trafficking other substances and firearms, the use of firearms and the use of proceeds from cannabis to fund other serious criminal activities), the diversion of cannabis by some of those who are registered with Health Canada to produce cannabis for medical purposes as a source of illicit supply, the proliferation of unauthorized retail stores on First Nations reserves (that is, stores operating without community approval, or a provincial or territorial authorization) and the relative ease with which unauthorized online sellers operate.

We are also struck by the limited enforcement action against these criminal activities. We were provided with some examples of large-scale investigations leading to charges and convictions, especially for the import and export of cannabis. But overall, enforcement of the regime does not appear to be a priority. We appreciate that law enforcement does not have unlimited resources to address criminal activity and must prioritize its efforts; however, the integrity of the cannabis regime depends on deterring criminal activity. The absence of consequences, or any fear of consequences, will lead criminal actors to continue their activities, resulting in harm to individuals and communities. We also heard that the lack of law enforcement action leads some consumers to believe that illicit cannabis does not pose health or safety risks, or that the illicit cannabis is in fact legal. In this chapter, we offer recommendations to improve consumers' ability to distinguish between legal and illicit cannabis, as well as a series of observations that relate to the leading cannabis-related enforcement issues.

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51 More information on these measures can be found in Chapter 5.

52 Law enforcement is responsible for enforcing the criminal offences set out in the *Cannabis Act*, such as offences related to unauthorized sale or unauthorized production. These criminal offences carry the full range of criminal sanctions, including incarceration, as described in Chapter 5. In comparison, Health Canada is responsible for regulatory enforcement, which involves monitoring the compliance of licence holders and other regulated parties with rules that relate to their authorized activities (for example, rules related to how products must be labelled). Regulatory enforcement tools include warning letters, public advisories, product recalls, administrative monetary penalties, licence suspensions and licence revocations.

53 According to the *Canadian Substance Use Costs and Harms 2007-2020* report, cannabis-related costs of policing, courts and correctional services fell from $1.6 billion in 2017 to just over $1 billion in 2020.

Addressing the illicit market

The evidence available to us indicates that there has been substantial displacement of the illicit market. While there are different approaches to assessing the extent of displacement, and some debate over individual estimates, it is clear that meaningful progress has been made over the first 5 years of legalization at the national level. For example, the latest estimate from Statistics Canada suggests that in the third quarter of 2023, 73% of household expenditures on non-medical cannabis was from legal sources, while the latest findings from the Canadian Cannabis Survey suggest 79% of cannabis consumers reported always or mostly obtaining cannabis from legal sources.[54,55]

However, these reports and surveys about displacement rely on self-reported data, and some participants in our review cautioned that they do not tell the full story, which may lead to an underestimation of the size of the illicit market. Some survey respondents may not be truthful about the source of their purchases, for example, or may believe that they have purchased cannabis legally, given the efforts some illicit sellers take to make their products and presence look legitimate.

Some stakeholders have questioned recently published findings from the 2023 Canadian Cannabis Survey that indicated only 3% of cannabis consumers reported usually obtaining cannabis from illicit sources (that is, an illegal store, illegal website or dealer), although notably an additional 15% of consumers reported usually obtaining cannabis from social sources (that is, acquaintances, friends or family members). In response to a separate question, 15% of consumers indicated that they rarely or never buy from legal sources.[55]

Continued monitoring of the legal share of the total market, along with regular public reporting on the extent to which the illicit market has been displaced, will be important to help guide policymaking and priority-setting by all levels of government. We caution against relying on a single measure of displacement and advise examining multiple indicators together when trying to gauge progress. This effort should include disaggregating by type of cannabis product (for example, examining dried cannabis and cannabis vaping products separately), assessing differences in the extent of legal sourcing in different regions and considering different types of consumers. National estimates, and those that rely on one type of indicator, lack nuance and obscure important trends. For example, we heard from some First Nations communities who have seen organized crime groups move into their territories and increase the illicit trade of cannabis locally. Such activities are not detectable in national, provincial or territorial spending figures.

We also caution against setting a displacement target. We believe that a target would be arbitrary and may lead to unintended consequences (for example, after the target is reached, criminal enforcement activities may be deprioritized and resources redirected, which could be exploited by illicit operators and organized crime). Rather, the Government of Canada should strive to displace the illicit market to the extent possible and implement measures that promote a continued transition toward a legal, regulated cannabis market.

54 Statistics Canada. (2024). *Detailed household final consumption expenditure, Canada, quarterly (x 1,000,000).* Retrieved from https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3610012401.

55 Health Canada. (2024). *Canadian Cannabis Survey 2023 Data Tables*. Retrieved from https://epe.bac-lac.gc.ca/100/200/301/pwgsc-tpsgc/por-ef/health/2023/149-22-e/index.html.

The Government of Canada should support continued displacement of the illicit market, relying on strategies that prioritize the protection of public health and public safety. To support further displacement, the government should employ measures that both "push" and "pull" consumers to the legal market and consider initiatives that address both supply and demand. Examples include permitting product types and formats that are reasonably competitive with those on the illicit market (while maintaining safeguards to mitigate risks to public health and public safety), disseminating information for consumers in an effort to discourage demand for illicit cannabis products and taking enforcement actions against illicit producers and sellers to reduce the supply of illicit cannabis.

Key issues

Organized crime and criminal networks

Law enforcement highlighted the ongoing involvement of organized crime in the production and supply of illicit cannabis. They noted investigations have established linkages between organized crime suppliers and online sellers. Illicit supply may end up being distributed and sold in different places (for example, the export market). We heard concerns about the illicit market supplying products to unauthorized stores on First Nations reserves (that is, stores operating without approval from the community, or a provincial or territorial authorization) and to unauthorized retail stores that are re-emerging in major cities and to illicit online sellers.

Diversion of cannabis from personal and designated production for medical purpose sites

As discussed in Chapter 11, some law enforcement officials pointed to the abuse of the personal and designated production of cannabis for medical purposes program as a contributor to illicit supply. Some criminal actors seek registrations for large plant counts without having any medical need and solely as a means to provide cover for their illicit production activities. We also heard concerns about the resulting threat to public safety for residents near areas where this large-scale, organized criminal activity takes place.

Health Canada must do more to address the practices that lead to registrations that produce large amounts of cannabis for the illicit market. This needs to involve action on a number of fronts, including restricting the number of registrations on a single site, seeking additional justifications from authorizing health care professionals about the amounts of cannabis they are recommending and refusing or revoking applications where there are risks to public health or public safety (including the risk of cannabis being diverted). See Chapter 11 for a broader discussion and recommendations related to the personal and designated production program.

Unauthorized retail stores on First Nations reserves

As discussed in Chapter 7, illicit cannabis operations on First Nations reserves that are not authorized by the community pose many health and safety problems for residents. These stores sell unregulated products that do not comply with product, packaging or labelling rules, including products designed to be attractive to youth. Community leaders believe that many of these stores are supported by criminal elements from outside of their communities. We heard that community leadership and police services often do not have the capacity to shut down these stores, and there needs to be more assistance from, and coordination with, other police services that are responsible, such as the Royal Canadian Mounted Police or provincial police services.

Illicit online sales

We heard about illicit sales of cannabis on both the dark web and the surface or traditional web, including how illicit sellers use websites and social media to facilitate their sales. These sites and platforms offer anonymity and ease of access (including for youth) and offer products that are not available in the legal market (for example, edible products with higher amounts of delta-9-tetrahydrocannabinol [THC], or products that are designed to be attractive to youth).

Sites on the surface web often appear to be legal, offering a variety of payment methods (including Interac and credit card), which may cause consumers to believe they are legitimate. Law enforcement indicated that investigating illicit online sellers is a significant challenge due to the complexity and time involved in locating, identifying and tracking the host of the websites. Illicit operators often use virtual private networks or route their address through multiple jurisdictions to camouflage their locations. Further, even if an illicit site has been identified and shut down, it is relatively simple for the criminal actors to launch another site.

Addressing illicit market actors

Enforcement action to address the criminal activity of illicit market actors is essential to achieving the *Cannabis Act*'s (the Act) public safety objectives.

Law enforcement has a vital role to play in enforcing the criminal offences in the Act. Notwithstanding the other priorities they must manage, we encourage law enforcement to increase their focus on cannabis-related criminal activity, especially when organized crime is involved. Since the burden of enforcement should not fall entirely on the police, we encourage Health Canada, Public Safety Canada and regulators in the provinces and territories to work with law enforcement to develop a comprehensive strategy to address illicit activity.

However, we also recognize there is an opportunity for other (non-criminal enforcement) activities to address both demand and supply, to deter criminal activity and support further displacement to the legal market.

Observation 6: Law enforcement should focus its efforts on the activities of organized crime and criminal networks, the diversion of cannabis from sites registered for personal and designated production, the proliferation of retail stores on First Nations reserves operating without provincial, territorial or community authorization and illicit online sellers. There is also a role for regulatory authorities to play in combatting the illicit market.

On the demand side, we emphasize the need to collect better information about the motivation of consumers for buying from illicit sources, as this will shape the direction of policy in the future. In the interim, continued dissemination of practical information for occasional consumers about how to recognize legally produced cannabis and authorized retailers may better equip them to recognize and choose legal products (for example, looking for excise stamps, child-resistant packaging or the standardized cannabis symbol). We understand that both Health Canada and some provincial and territorial distributors have done this. For legacy consumers, price declines in the legal market may also influence their choice of markets, especially for product formats other than dried cannabis where price differences remain. However, as noted in Chapter 8, we would not want to see lower prices encourage consumption.

While Health Canada's primary role is to licence and oversee the legal industry, we understand it works closely with law enforcement and may refer suspected illicit activity for investigation (for example, complaints received about illicit sellers or information about unauthorized production for medical purposes). We encourage the department to continue this and to work with law enforcement and provincial and territorial partners to issue public advisories or other forms of communication about illicit products and the harm they pose. This could involve regularly testing seized products and releasing information about the presence of contaminants and THC quantities or concentrations.

Recommendation 39: The Government of Canada should work with provincial and territorial governments to help consumers identify legal retailers and products, especially online, and prioritize public communication on the health risks associated with illicit products.

On the supply side, we see potential for the use and enforcement of municipal zoning bylaws, or business licensing rules, to discourage the proliferation of illicit physical stores. We note provisions in British Columbia legislation, for example, which enable charges to be laid against the landlords of illicit physical stores. In our view, landlords should not profit from leasing to businesses selling illicit cannabis, nor should illicit sellers be able to use these stores and the signage associated with them to encourage consumption and entice youth.

We recognize that police investigations into illicit online sellers are time consuming and require specialized competencies and tools which may not always be available, especially for smaller police services. We encourage governments to consider the approach of British Columbia's Community Safety Unit, where civilian investigators coordinate enforcement actions with law enforcement partners locally and across Canada. We understand that this Unit has access to tools to investigate potential illicit operators (sellers and producers). It is authorized to demand and inspect records, seize and destroy illicit cannabis products and other items, and impose monetary penalties against illicit operators.

British Columbia has had some success in disrupting the activities of illicit online sellers. Over 1,500 sites were investigated as of January 2024, with almost 1,000 disrupted. Nonetheless, we heard that there are limitations due to the lack of legal authority compelling Internet service providers to remove illicit content.[56] Similarly, there is no requirement for financial institutions to track and prevent illicit actors from using their services. We understand some provinces are considering measures in this area, by amending laws to provide authority for judicial orders, to compel the removal of illegal sites from online platforms and to compel financial service operators to provide financial information that helps identify illegal online cannabis operators and to stop providing services to those operators. We feel it would be in the best interests of public health and public safety for various levels of government to consider new tools aimed at shrinking the amount of harmful criminal activity online.

In this regard, we note that the Government of Canada recently introduced Bill C-63, the *Online Harms Act*. The purpose of this proposed legislation is to, among other things, promote online safety and to reduce harms caused as a result of harmful content (such as hate speech, or content that insights violence). It would create a Digital Safety Commission to administer and enforce the Act, including requirements for the operators of social media services to implement measures to mitigate the risk that users will be exposed to harmful content on their services, and to integrate features to protect children. We encourage parliamentarians to consider how the proposed legislation could be used to better protect children and youth from the harms associated with exposure to substances, including cannabis.

Recommendation 40: The Government of Canada should consider creating authorities to compel Internet service providers to block illicit cannabis websites and to compel financial service operators to provide financial information that helps identify illicit online operators.

Observation 7: Provincial and territorial governments should consider creating authorities to compel Internet service providers to block illicit cannabis websites and to compel financial service operators to provide financial information that helps identify illicit online operators.

56 Government of British Columbia. (2023). *Community Safety Unit - cannabis enforcement*. Retrieved from https://www2.gov.bc.ca/gov/content/safety/public-safety/csu.

Observation 8: Parliamentarians should consider how the proposed *Online Harms Act* could be used to protect children and youth from the harms associated with exposure to substances, including cannabis.

Cannabis-impaired driving

We heard that cannabis-impaired driving continues to be a significant concern that requires ongoing enforcement efforts. Law enforcement officials, especially those in rural and remote communities, told us that they face challenges accessing the tools, training and personnel required to detect cannabis use and confirm impairment in drivers. Cannabis-impaired driving is an area that deserves priority attention because the actions of impaired drivers can result in serious injury or loss of life to the drivers and others.

We appreciate that governments at all levels, as well as civil society actors, have made efforts to emphasize the importance of not driving while impaired by cannabis. Given the significant shifts in social norms with respect to driving while impaired by alcohol, there are likely lessons that can be applied to prevent cannabis use and driving.

Observation 9: Law enforcement should prioritize enforcement of cannabis-impaired driving, supported by appropriate resources and additional training of officers, particularly for rural and remote police services.

Chapter 11:
Medical access

Introduction

Access to cannabis for medical purposes was one of the more complex issues we were asked to review. We recognize that there are longstanding court-affirmed rights to reasonable access to cannabis for medical purposes. However, legalization changed the context for this form of access; there is no longer an absolute prohibition on cannabis, as was the case when the medical regime was developed in the early 2000s. This initial regime provided a way for people to legally possess and produce cannabis, and later to legally purchase cannabis, for their own medical use without the fear of being investigated, charged and possibly jailed.

The medical regime now exists within a broader legal framework where all adult Canadians can legally purchase and possess cannabis, and in most provinces and territories, also legally grow up to 4 plants.[57] Patients who wish to use the medical access program, including young persons, must have a medical document from a health care professional, which includes an authorized daily amount based on medical need (set out in grams of dried cannabis per day); however, there is no limit to how much cannabis a health care professional can authorize.[58] In the medical access program under the *Cannabis Regulations*, individuals have the option to register with a seller licensed by Health Canada to purchase cannabis products that are then shipped to them or to register with Health Canada to grow cannabis or designate someone to grow it on their behalf (this is referred to as personal or designated production).

In 2016, the Task Force acknowledged that a separate system would be necessary to preserve medical access for patients at a time of unprecedented change. It recognized that the medical access system would need to be reviewed in light of legalization and recommended that the Government of Canada evaluate the framework within 5 years of legalization.

The Task Force also acknowledged that while a regulatory pathway existed for the approval of cannabis medicines (that is, pharmaceutical drugs with a Drug Identification Number), uptake was limited. It noted that the Government of Canada needed to do more work to promote and support pre-clinical and clinical research to facilitate the approval of cannabis-based medicines held to pharmaceutical standards, recognizing that research and drug development processes take many years. It also noted the federal government's efforts to explore a different pathway for "wellness" products (for example, products containing cannabidiol [CBD] or non-psychoactive cannabinoids), such as those modelled on natural health products. Notwithstanding the Task Force's recommendations, limited progress has been made to improve medical access through either the pharmaceutical drug (drugs with a Drug Identification Number) or health product streams.

57 The public possession limit for medical purposes is up to 150 grams of dried cannabis or its equivalent in other classes of cannabis, compared to the 30 gram public possession limit for adults.

58 In this case a health care professional means a medical practitioner or nurse practitioner.

Throughout our review, we heard a range of perspectives on the future direction of access to cannabis for medical purposes, as well as an underlying sentiment of frustration with the current state of access. The legalization of cannabis has had a profound impact on how Canadians access cannabis. However, patients, health care professionals, medical regulatory bodies, municipalities and law enforcement have all voiced concerns about how legalization has impacted access to cannabis for medical purposes. Further, legalization has not resulted in the desired improvement to the clinical knowledge about cannabis for medical purposes, and there continues to be stigma around its use.

We heard from many patients and their caregivers, as well as patient advocacy groups, harm reduction groups, cannabis clinics and compassion clubs, and recognize the desire of many people to have access to cannabis for medical purposes to manage their symptoms and conditions. Given the lack of progress towards the approval of cannabis as pharmaceutical drugs and of health products containing cannabis, we see a need to maintain a distinct medical access program, with improvements, to better support patient care and to address abuse of the personal and designated production program. Currently, the medical access program is the only system that offers patients using cannabis for medical purposes oversight from a health care professional.

Despite limited clinical evidence regarding the therapeutic benefits of cannabis, individuals suffering from a variety of medical conditions report deriving therapeutic benefits from cannabis. Many Canadians use the medical access program, and many more report using cannabis for medical purposes outside the medical access program.

As of September 2023, there were approximately 203,000 individuals registered to obtain cannabis for medical purposes. This includes the 188,000 Canadians registered with licensed sellers and the 15,000 Canadians registered with Health Canada for personal and designated production. Registrations for personal and designated production are almost all for personal production, with only 300 registrations for designated production. In contrast, at the time of legalization, some 371,000 Canadians were registered to access cannabis for medical purposes: 345,000 with licensed sellers and 26,000 with Health Canada for personal and designated production (of which 1,300 were for designated production).[59]

Those involved with the medical program shared numerous suggestions for improvements, including supporting greater recognition of cannabis as a harm reduction tool, greater access to knowledgeable health care professionals, more reliable and affordable product options, and improved eligibility for insurance coverage.

We appreciate that there are still significant gaps in the evidence in this area and recognize that cannabis is not a suitable treatment for many individuals, nor is it risk-free. At the same time, there is a need to continue to support the 203,000 currently registered patients who rely on the medical access system, as well as enhancing the program for future registrants. This chapter details ways to better support patients within the parameters of the program and the evidence that exists today. As our proposed changes are implemented, we hope that there would be an assessment of their impact, as well as any additional evidence developed. This would help guide future decisions related to medical access.

Recommendation 41: In order to provide access and continued support to patients who rely on the medical access program, Health Canada should maintain the program under the *Cannabis Regulations*, with the improvements set out in this report.

59 Health Canada. (2024). *Data on cannabis for medical purposes.* Retrieved from https://www.canada.ca/en/health-canada/services/drugs-medication/cannabis/research-data/medical-purpose.html.

Enabling pharmacy access

In our view, an important change to improve access to cannabis for medical purposes would be to allow patients to obtain cannabis in-person from pharmacies. Some jurisdictions that permit medical access (such as Australia, France, Germany, Israel, Italy and the United Kingdom) use pharmacies as the means to distribute cannabis through prescriptions. While the individual regimes vary (some make very limited product forms available and some offer insurance coverage), the pharmacy distribution model recognizes there are benefits to cannabis being provided in a manner similar to pharmaceutical medications.

Pharmacies are equipped to manage many types of products. We believe pharmacy systems and infrastructure can be adapted to handle cannabis, given they already manage controlled substances, such as narcotics. Enabling this form of access would address patient concerns about the delays with mail delivery and product shortages they encounter today. It would also provide patients with an opportunity to consult with pharmacists and be counselled on effects on mental health (such as psychosis) and issues of medication management (for example, getting advice about contraindications and interactions with other substances).

We understand that the *Cannabis Regulations* already enable distribution of cannabis by hospital pharmacists so that patients can continue to have access to cannabis while seeking treatment at a hospital. While this is not a major element of the current regime, we believe the current regulations and recent experience could help inform a system that enables wider pharmacy access.

While we believe there would be overall benefit to enabling pharmacy access to cannabis for medical purposes, we understand that some pharmacists and pharmacy regulatory authorities are concerned about the potential for unintended consequences. They have shared concerns that some people may believe cannabis is a prescription medication that meets rigorous safety, quality and efficacy standards because of the involvement of pharmacists in providing it. This issue could be addressed in part by providing better information for health care professionals and for patients.

Establishing a pharmacy access channel cannot happen overnight. It would require regulatory changes from Health Canada, consultation with interested provinces and territories, and regulatory authorities for pharmacists, as well as potential changes at the provincial and territorial level related to the scope of practice of pharmacists. Enhanced cannabis-specific training and education supports would be required to prepare pharmacists for this new role. We note there is already some cannabis-related training available for pharmacists, notably those in Ontario.

Further, we acknowledge that pharmacy access would not address issues of affordability (including the sales and excise taxes that are applied to cannabis products sold for medical purposes). Finally, it is unlikely that every pharmacy would choose to participate in providing cannabis for medical purposes, or that individual pharmacies would stock hundreds or thousands of different cannabis products.

Notwithstanding these issues, we believe Health Canada should take the first steps to create this access channel. This should include establishing requirements for pharmacies to manage the safe storage and handling of the products.

Consultation with relevant parties would be required to ensure the effective development and implementation of access to cannabis for medical purposes in pharmacies. Health Canada should work closely with interested provinces and territories to establish pharmacy access, and to evaluate these efforts for the benefit of other jurisdictions that may be considering similar models.

We also believe that the current mail order delivery system should be maintained for the benefit of patients who prefer that form of access. The mail order access system would also continue to play an important role for patients in areas without pharmacies, or in provinces and territories where pharmacy involvement might be more limited. We understand that the current system also authorizes health care professionals, such as nurse practitioners, to receive cannabis from licensed sellers and to distribute it to patients; these provisions could be expanded to enable the shipment of cannabis from pharmacies to health care professionals, thereby supporting patients in rural or remote regions (for example, those receiving care at nursing stations in the North).

Recommendation 42: To improve patient access to cannabis for medical purposes, Health Canada should permit pharmacies to distribute cannabis products to individuals holding a medical authorization from a health care professional. Provinces and territories and the regulatory authorities for pharmacists should consider supporting this new access channel for patients once federal changes are made.

Research on the use of cannabis for medical purposes

Despite recommendations made more than 7 years ago by the Task Force to promote and support pre-clinical and clinical research into the use of cannabis for medical purposes, little progress has been made.

We believe more needs to be done to study the therapeutic uses of cannabis to better understand both the potential benefits and the potential risks. We feel that beliefs held by many Canadians on the use of cannabis for medical purposes, or as a substitute for the use of other substances, are not generalizable across health conditions, or specific cannabis products. Further, these beliefs are not based on reliable, high-quality evidence for specific health conditions. Additional research is needed to better guide the use of cannabis for medical purposes.

That said, we feel that cannabis products should follow the same regulatory pathways as other health products in order to obtain a Drug Identification Number and make health claims. Health Canada has established robust systems for evaluating the safety, quality and efficacy of a range of health products, and the evidentiary standards set in these systems should be maintained for cannabis. In our view, advancing research on the use of cannabis for medical purposes hinges on identifying and removing the barriers that currently impede good quality research, and not relaxing standards in the case of cannabis.

Addressing barriers to research

A key barrier that researchers identified to us was difficulty accessing cannabis products manufactured according to Good Manufacturing Practices, which refers to a system of processes, procedures and documentation that ensure a product (for example, a pharmaceutical drug) meets appropriate quality standards for its intended use. Canadians who use cannabis for medical purposes consume a wide array of product types, and the research materials used in clinical studies should reflect this variety. However, some Canadian cannabis licence holders manufacture cannabis products compliant with Good Manufacturing Practices predominantly for export markets (that is, to countries that require this standard for cannabis products, including Australia, Israel and Germany). It may be possible to increase Canadian researchers' access to quality cannabis that meets the requirements under the Good Manufacturing Practices to conduct clinical trials.

Obtaining access to cannabis that meets the requirements under Good Manufacturing Practices is a necessary step to conducting clinical trials with cannabis, but funding is another significant barrier. Given the widespread availability of cannabis and existing beliefs about the medical benefits of products already available, many pharmaceutical companies may not see sufficient return on investment in research and product development, although some companies and academic researchers continue to conduct clinical research with cannabis. Therefore, public investment may be required to make meaningful advances in research on the therapeutic uses of cannabis.

The Government of Canada has an opportunity to encourage researchers to undertake studies on the medical use of cannabis by making research priorities clear and providing targeted funding opportunities. Cannabis, in many different forms, is currently used to treat a range of symptoms and conditions, and prioritization of research needs is important. To that end, we encourage Health Canada to support a transparent process to identify the specific potential therapeutic applications of cannabis that would benefit most from additional study.

Recommendation 43: Health Canada should encourage additional research on the therapeutic use of cannabis in Canada, without compromising the frameworks established for the review and authorization of clinical trials and health products. Health Canada should support a transparent process to identify the specific potential therapeutic applications of cannabis that would benefit most from additional study.

Facilitating better information, guidance and education for health care professionals

Throughout our review, we heard that the lack of clinical information, guidance and training for health care professionals on the use of cannabis for medical purposes has a negative impact on patient care. Health care professionals find the medical authorization process (that is, the document required by the regulations that forms the basis of a patient's registration for medical access) difficult to navigate. Many health care professionals are also uncomfortable with the lack of clinical evidence that is available for many uses of cannabis.

In addition, many patients report difficulty finding a health care professional with sufficient knowledge and interest in overseeing cannabis-based therapies. In the absence of knowledgeable health care professionals, some patients obtain their authorizations through cannabis clinics with whom they have little to no prior relationship or history.

We endeavored to consult broadly with the medical community throughout our review but were largely unsuccessful. While we did receive some written submissions, and some physicians attended our roundtables on cannabis for medical purposes, the limited engagement meant that our deliberations on this important issue did not have the benefit of the full perspective of all parts of the medical community.

It is our understanding that many medical professionals are reluctant to recommend that their patients use products that have not gone through a rigorous review process to evaluate their safety, quality and efficacy. However, the reality is that approximately 203,000 Canadians are registered in the medical access program, while many others are using cannabis they obtain from recreational stores or from the illicit market to treat a variety of medical conditions. Most of these people are receiving advice from friends and family members, sales personnel in retail stores ("budtenders") and the Internet. The paucity of health care professionals with knowledge of cannabis therefore leads to a situation where many of these medical consumers are putting themselves at risk.

There should be more education for health care professionals. Some health care professions, including nursing and pharmacy, have taken steps to educate their members. The Canadian Nurses Association, with funding from Health Canada's Substance Use and Addictions Program, developed a national cannabis framework called *Non-Medical Cannabis: A Nursing Framework* and a nursing e-learning course, *Understanding Cannabis in Clinical Practice*. The Ontario College of Pharmacists requires practicing pharmacists who provide patient care to complete mandatory cannabis education. We also understand that some medical schools include course modules and information on cannabis, including the Cannabis Education for Health Care Providers Toolkit from the University of British Columbia. However, much more needs to be done to improve the knowledge of health care professionals, especially physicians.

There is an opportunity to improve how knowledge about the use of cannabis for medical purposes is collected and shared. In 2018, Health Canada published *Information for Health Care Professionals: Cannabis (marihuana, marijuana) and the cannabinoids* which described the evidence available at that time about various conditions and diseases. We encourage Health Canada to update this document and take steps to keep the information up-to-date, such as creating a knowledge hub that can provide health care professionals, researchers and interested members of the public (including patients) with current, reliable information to guide decision-making.

There is also a need to develop and disseminate national clinical guidance documents to increase the knowledge and understanding of health care professionals related to cannabis for medical purposes. These documents should be informed by experts, available scientific research and build on information already available from other jurisdictions. For example, Israel's national cannabis authority has developed clinical guidance for cannabis for medical purposes that covers topics such as: approved clinical indications, products, quantity or concentration, dosing, and abuse and addiction. This material, which was developed with medical associations, gives health care professionals information on which to base their decisions as clinicians.

Recommendation 44: Health Canada should establish and maintain a knowledge hub that provides up-to-date evidence and information on the use of cannabis for medical purposes for health care professionals and the public.

Recommendation 45: Health Canada, in partnership with provinces, territories, patients and health care professionals, should support the development and dissemination of national clinical guidance documents related to cannabis for medical purposes to increase the knowledge and understanding of health care professionals. These documents should cover issues such as: indications for which there is a sufficient evidence base of effectiveness, how to monitor patients and how to track and report adverse reactions.

Advancing cannabis-based health products

In 2019, Health Canada created an independent Science Advisory Committee on Health Products Containing Cannabis to examine the evidence on the use of cannabinoids to treat short-term minor ailments without health care practitioner oversight. In February 2022, the committee published its *Review of cannabidiol: Report of the Science Advisory Committee on Health Products Containing Cannabis*.

We understand Health Canada is building on this work and exploring the potential for cannabidiol (CBD) to be used as a medicinal ingredient in certain non-prescription health products authorized under the *Food and Drugs Act* (for example, products suitable to be used for symptomatic relief of stress or promotion of sleep). Other cannabinoids, including delta-9-tetrahydrocannabinol (THC), are not being considered for non-prescription use at this time.

Increased availability of cannabis-based health products that have been reviewed and authorized under the existing framework for non-prescription or natural health products would mark an important advancement, because it would provide Canadians with access to legal products that have been reviewed for safety, quality and efficacy.

Health Canada should also establish a scientific advisory committee to review the science on THC and assess the current evidence (including risks and benefits) on the use of THC for medical purposes. This work should be accompanied by targeted research related to THC and its combination with other cannabinoids, in partnership with agencies such as the Canadian Institutes of Health Research. This would help to move beyond the current situation where cannabis for medical purposes is not subject to standard drug approval processes and is viewed by many in the health sector as being outside of evidence-based or conventional practice.

Recommendation 46: Health Canada should prioritize efforts to move beyond a distinct medical access program so that cannabis is considered within standard drug approval pathways and part of conventional medical care. This should start with the rapid advancement of a pathway for cannabis health products containing cannabidiol (CBD). The department should also establish a science advisory committee to review the evidence related to delta-9-tetrahydrocannabinol (THC).

Amending the medical document

There are other issues within the medical access program that we believe should be addressed, with the medical document being a high priority. To support better understanding among patients, the medical document should include specific information from health care professionals related to product format and dose, similar to other substances.

The current requirement that the authorization is provided only in number of grams of dried cannabis per day that can be consumed by the patient is not adequate. It does not provide any guidance on what product format to use (for example, cannabis oil capsule compared to an oral spray), the cannabinoid profile of the product (for example, THC dominant, CBD dominant) or how many times a day the patient should use cannabis. It leaves patients to interpret too much on their own and may encourage patients to use combustible products rather than non-combustible products (such as edibles or topicals). We recognize that permitting greater specificity in the medical document may present challenges for some health care professionals, and not all may opt to be that specific. However, for those that do choose to provide more specificity, knowledge gaps could be addressed by clinical guidance built from existing information on the use of cannabis for medical purposes.

Recommendation 47: To support patient care, Health Canada should amend the regulatory requirements related to the medical document to allow health care professionals to include specific information about the product format and dose of cannabis for the patient, similar to prescriptions for other substances.

Addressing abuse of the personal and designated production program

The personal and designated production program provides individuals the option to register with Health Canada to grow cannabis or designate someone to grow it on their behalf. The authorization amount on a person's medical document determines how many plants they can grow. In accordance with a formula in the *Cannabis Regulations*, this generally translates to 5 plants per gram for indoor growing and 2 plants per gram for outdoor growing.

There is currently no limit to how many plants a registered person can grow, as long as it aligns with the authorization amount set out on their medical document. Additionally, the regulations permit up to 4 individuals to grow cannabis for medical purposes at a single site, which has resulted in locations with thousands of plants.

Some patients who rely on personal or designated production to access cannabis for medical purposes consider it to be a more affordable option than purchasing cannabis from licensed sellers. However, for those who choose to grow cannabis for medical purposes, there are cost implications (such as purchasing starting materials, electricity). Others told us that they rely on personal or designated production because it provides them with reliable access to particular strains of cannabis and avoids situations where licensed sellers stop producing the products they want or stop selling entirely.

We believe that patients should continue to have this form of access available to them; however, it is also clear that additional measures are necessary to prevent abuse of the program and reduce its contribution to illicit supply. Law enforcement, municipalities and patients have all raised concerns about abuse of the personal and designated production program, particularly when individuals have authorizations for large plant counts. They indicated that this abuse is a significant contributor to the supply of illicit cannabis in Canada. We note that law enforcement shared this same concern with the Task Force in 2016. We also heard from municipalities about risks to community safety from such criminal activity taking place in residential areas.

The extent of the abuse of the program is unclear as the evidence is not comprehensive. There have been some large-scale police efforts against these activities, with some leading to charges and convictions. However, as noted in Chapter 11 of our *What We Heard Report*, the number of charges and convictions related to illicit distribution and sale activities has declined every year since legalization.

While the total number of active registrations for personal and designated production has declined in recent years, there are still thousands of locations where cannabis is being grown under this program. Further, the ability for multiple individuals to locate their production at a single site leads to situations that are comparable to commercial cultivation operations, yet without any of the safeguards applied to commercial licence holders (for example, security requirements and odour control measures). We understand that these types of sites pose particular challenges for law enforcement because of the size of the activities and difficulties in assessing whether individual registrants are complying with the law. We believe that Health Canada should restrict the number of registrations at a single location from 4 to 1, building on information from law enforcement partners about the risks posed by co-location and the extent of illicit activity occurring at these sites.

Recommendation 48: To address public safety concerns, Health Canada should limit the number of registrations for personal or designated production of cannabis for medical purposes at a single site (where 4 are currently allowed, decrease to 1 registrant per site).

In addition to risks associated with co-location, the ability to obtain authorizations to grow large quantities of cannabis creates an avenue for patients to use quantities of cannabis that are well over clinical guidance and may be harmful to their health. These health harms may include short-term adverse effects such as cannabis poisoning, or long-term effects such as addiction or impacts on mental health. Additionally, cannabis grown under personal or designated production registrations is not subject to quality controls or mandatory testing. Registered persons could consider making use of licensed analytical third-party testing facilities to ensure the quality and safety of their cannabis.

As of September 2023, the average amount of cannabis authorized for daily use by those buying from licensed medical sellers was 2.3 grams per day. This amount has remained relatively constant since October 2018. In comparison, the average daily amount authorized for those registered for personal or designated production was 33 grams per day as of September 2023, a 28% decrease from the peak of 45 grams per day in September 2021. We note that the average daily amount in British Columbia is well above this, at 59 grams per day.[59]

Health Canada has made progress in addressing high authorization applications (that is, where a health care professional has authorized an amount that would lead to a large number of plants being grown) by seeking additional justification from the health care professional for the amount in question. In the absence of additional evidence or information to support the amount, the department can refuse or revoke the application on the grounds it poses a risk to public health or public safety. However, while Health Canada has held these authorities since 2018 when the *Cannabis Regulations* came into force, it only began to seek additional justifications in 2021.

Health Canada officials indicated that as of November 2023, there have been 2,942 refusals and revocations, compared to 431 in September 2021, with the majority having been refused or revoked on the basis of risks to public health or public safety.[60]

Health Canada also provides regular reports to provincial and territorial regulatory authorities on health care professionals authorizing over 25 grams per day. Notably, as of September 2023, there were 226 health care professionals associated with authorizations between 25 and 100 grams per day, concentrated in Ontario (104) and British Columbia (72).[59] While there may be a legitimate medical need for larger amounts, such exceptional cases should be investigated by the relevant regulatory authorities for physicians and nurse practitioners in these provinces. It is our understanding that some regulatory authorities have followed up on the reports and started investigations into the practices of the physicians and nurse practitioners.

The added scrutiny appears to have reduced both the number of individuals registered for personal and designated production of cannabis, and the average amount authorized by health care professionals. Health Canada should continue this work, and extend this additional scrutiny to more registration applications to deter and reduce abuse.

Health Canada should continue to conduct inspections of sites with registrations for personal or designated production. Inspections are an important oversight tool for the department. We understand that findings from inspections can support revocations of registrations and referral to law enforcement (for example, situations where the registered person is growing more plants than they are authorized for).

In our review, law enforcement representatives suggested the elimination of the personal and designated production program. However, we also heard from patients and health care professionals about those who rely on it and carry out their production activities without risk to public health and public safety. If Health Canada contemplates significant changes or elimination of the program in the future, it should carefully consider the potential impacts on patients and have measures in place to address concerns about affordability. It would also need to consider the interests of patients who reside in provinces where the cultivation of cannabis outside the medical access program is prohibited (such as in Quebec and Manitoba).

60 Health Canada. (2023). *Unpublished analysis of data on cannabis for medical purposes.*

Recommendation 49: Health Canada should build on its recent efforts to seek additional clinical justifications from health care professionals authorizing high daily amounts and consider whether and how additional scrutiny could be applied. Health Canada should use its regulatory authorities to refuse and revoke applications that are deemed to pose a risk to public health or public safety.

Observation 10: The regulators for health care professionals should use their authorities to investigate and sanction health professionals with problematic authorization practices.

Supporting innovative approaches within the current system

The current medical access system does offer some flexibility for innovation, enabling support for harm reduction and vulnerable or marginalized populations, when under health care professional supervision and using regulated products. We hope that in the near future, models such as the High Hopes Foundation will be the subject of more evaluation and research.

The High Hopes Foundation is a non-profit initiative focused on harm reduction programming for substance users in Vancouver's Downtown East Side. In 2022, the Foundation was issued a medical sales licence from Health Canada. High Hopes offers compassionate cannabis pricing and aims to minimize costs to patients. The Foundation is the pickup site for individuals who are authorized to use cannabis for medical purposes but who do not have a fixed address or who experience homelessness. We had the opportunity to visit High Hopes in March 2023 to see their model in action.

Ensuring affordability of cannabis products for medical purposes

The cost of cannabis for medical purposes continues to be a major concern for patients. We heard that in some cases, products in the medical market are more expensive than in the non-medical market. This may encourage patients to buy cannabis from a retail store or an illicit source rather than through the medical access program. In doing so, they may not seek out medical oversight and put themselves at risk of receiving products that may cause harm.

Patients want cannabis for medical purposes to be treated like prescription drugs, which are generally covered by insurance or benefit programs and are exempt from excise and sales taxes. Finance Canada should examine the excise tax as it relates to cannabis for medical purposes, especially if pharmacy access is permitted as recommended.

Recommendation 50: Finance Canada should review whether the excise tax should be applied to cannabis for medical purposes products.

Most patients who use cannabis for medical purposes do not have insurance coverage. Approximately 3% of respondents who completed the medical portion of the 2023 Canadian Cannabis Survey indicated they had full insurance coverage and 4% said they were partially covered.[61] We heard from several patients that the lack of coverage created a significant cost burden for them. As discussed earlier in this chapter, cannabis for medical purposes does not meet the same standards as prescription medications that are routinely covered under drug insurance plans and is generally not covered by private insurers.

61 Health Canada. (2024). *The Canadian Cannabis Survey 2023*. Retrieved from https://epe.bac-lac.gc.ca/100/200/301/pwgsc-tpsgc/por-ef/health/2023/149-22-e/index.html.

Some participants in our consultations noted the insurance coverage for cannabis for medical purposes for Canadian veterans provided by Veterans Affairs Canada. We also heard about the lack of coverage for First Nations and Inuit under the Non-Insured Health Benefits program, which is administered by Indigenous Services Canada.

The impact of Veterans Affairs Canada's program on the health and well-being of veterans is unclear, and we also heard about the rapid increase in the costs of this program. In 2021–2022, benefits of over $153 million were paid for cannabis, which is nearly double the amount paid for all prescription drugs combined ($79 million). The department has forecast that costs for cannabis for medical purposes will rise to over $380 million by 2026–2027, compared to prescription drugs costs which are forecasted to rise to $124.5 million.[62] We understand that Veterans Affairs Canada is looking into cost-effective ways to manage the growth in the program.

The Standing Senate Committee on Indigenous Peoples (the Standing Senate Committee) published a report on the implementation of the *Cannabis Act* and its effects on Indigenous Peoples, and recommended that Indigenous Services Canada cover cannabis for medical purposes under the Non-Insured Health Benefits program. The Standing Senate Committee gave several examples of potential harm reduction initiatives involving cannabis and how lack of access to cannabis for medical purposes may hamper these initiatives. The Standing Senate Committee also reported that individuals may not have the resources to purchase cannabis for medical purposes, which can detrimentally impact their substance use treatment.

Some members of the Panel were supportive of the Standing Senate Committee's recommendation related to benefit coverage for cannabis for medical purposes through the Non-Insured Health Benefits program. These Panel members recognize that many Indigenous Peoples assert that health benefits are an inherent Aboriginal and Treaty right. Without deciding the scope or validity of this assertion, they recognize the Government of Canada's fiduciary duties to Indigenous Peoples generally, and that the program is a means of better ensuring registered First Nations and recognized Inuit achieve an overall health status that is comparable to other Canadians. Understanding the impacts of historical colonialist policies upon Indigenous Peoples, the resultant losses to traditions, cultures, identities and languages, and the ensuing intergenerational traumas, they recognize that many Indigenous People experience disproportionate levels of negative health outcomes. Efforts to redress these health inequities should employ all available and indicated treatments, including cannabis as deemed appropriate by a health care professional. It is the position of these Panel members that it would be an unjustifiable and inequitable error for the Non-Insured Health Benefits program not to provide coverage. These inequities are magnified when compared with the Government of Canada's current coverage for veterans. Acknowledging the concerns presented in the Veterans Affairs Canada coverage model, these members believe coverage as part of the Non-Insured Health Benefits program could be provided on an exceptional basis, rather than as an open benefit.

62 Veterans Affairs Canada. (2022). *Veterans Affairs Canada Statistics – Facts and Figures, Health Care Programs*. Retrieved from https://www.veterans.gc.ca/eng/about-vac/news-media/facts-figures/5-0.

Other members of the Panel felt it is premature to recommend benefit coverage for cannabis for medical purposes under this program, or any other Government of Canada insurance program. First, as officials noted to the Standing Senate Committee in 2018, there are gaps in the evidence about the use of cannabis for therapeutic reasons. Second, effort needs to be made to understand why the Veterans Affairs Canada insurance program grew so quickly and what this might mean for other benefit programs that might consider providing coverage of the costs of cannabis for medical purposes. Third, further consideration would need to be given to the projected costs and the impacts on the overall budget for the Non-insured Health Benefits program. Fourth, the federal government provides insurance coverage to other groups, including members of the Canadian Armed Forces and the Royal Canadian Mounted Police; Panel members questioned if it would be feasible to extend coverage under the Non-Insured Health Benefits program without accounting for and considering these other federal programs.

All Panel members agree that there are both equity and state of evidence considerations related to the issue of insurance coverage for cannabis for medical purposes. However, we could not find consensus on the issue of whether the Non-Insured Health Benefits program should provide coverage for cannabis for medical purposes.

All Panel members agree that more information would be helpful in finding a way forward. In this regard, the Panel supports further analysis of the recommendation from the Standing Senate Committee, on a priority basis, with Indigenous representatives being meaningfully involved in this work. The Panel also welcomes Veterans Affairs Canada's effort to review ways to manage the growth in its program. Both of these initiatives would also help inform the larger question of whether and under what conditions there should be insurance coverage for cannabis for medical purposes more broadly.

Improving oversight of licence holder and health care professional financial relationships

We heard concerns about conflicts of interest between health care professionals and cannabis clinics receiving funding from the cannabis industry, including federal licence holders. For this reason, provincial and territorial regulatory authorities should require health care professionals to disclose any financial relationships with licence holders (for example, whether they receive payments from licence holders in exchange for authorizing specific products).

Observation 11: Provincial and territorial regulatory authorities should require health care professionals (including physicians, nurse practitioners, and, if applicable, pharmacists) to disclose financial relationships with licence holders. This work could build on existing policies governing health professional relationships with the pharmaceutical industry.

Chapter 12:
Research and surveillance

Introduction

A century of prohibition significantly limited cannabis research. While some initial investment was made and there have been meaningful improvements in the state of knowledge about cannabis, we believe that insufficient attention and resources have been committed to support research, surveillance and monitoring.[63] Five years after the legalization of cannabis in Canada, many critical knowledge gaps remain, and some gaps may take decades to close. These gaps will only be filled through continued study of Canadians' experience with legal access to cannabis and of the evolution in social norms associated with this dramatic shift in drug policy.

Identification of knowledge gaps

Some of the knowledge gaps that were raised with us, as noted throughout this report, include:

- cannabis-related poisonings among children (including the source of the cannabis)
- the amount of cannabis that constitutes a single serving (that is, a standard dose) to guide consumer decision-making
- the impacts and effects of cannabis and legalization, including high-potency and novel cannabis products, on mental health (such as psychosis) and substance use in diverse populations
- the health risks associated with the use of different types of cannabis products, including the emissions of smoked and vaped cannabis
- the impacts of cannabis use or exposure during different stages of life (including prenatal, perinatal and neonatal exposure; among individuals who are pregnant, breastfeeding or chestfeeding; and among seniors)
- long-term or longitudinal studies examining consequences of cannabis and legalization (including a focus on youth)
- the prevalence of people living with cannabis use disorders, and, for those wishing to seek help, their ability to access different types of interventions, including targeted prevention and treatment programs
- the impact of delivering different types of interventions, including targeted prevention and treatment programs and interventions for frequent consumers and those at risk
- the impact and effects of cannabis and legalization on First Nations, Inuit and Métis, as well as equity-deserving groups and different subpopulations (including disparities in enforcement)
- the impacts of different policy approaches by provinces and territories on cannabis use and harms
- the impacts associated with possible changes to product regulations, including potential modification to the delta-9-tetrahydrocannabinol (THC) limit for edible cannabis products, including the effects on adult consumers, those who might be unintentionally exposed (especially children), and the displacement of the illicit market
- the use of cannabis for medical purposes, including the benefits and harms associated with using cannabis for different conditions

63 In this context, the term surveillance refers to the systematic collection, analysis and reporting of data (including data about the market and industry) related to public health and public safety consequences of cannabis and cannabis use.

An additional area for research that was not raised extensively in our consultations but we feel is important to note, is the lack of supports and services for individuals with problematic use or who have cannabis use disorder. We anticipate a need for improved services and treatment, but recognize that cannabis is one of many substances that can lead to problematic use, and that data is lacking on the extent of demand for treatment, the use of treatment services and the efficacy of different interventions. To support further improvements in this area, we would encourage further research on best practices for screening, interventions and treatment for problematic cannabis use and cannabis use disorder.

All of these areas are important. However, we recognize that choices need to be made about which research needs should be prioritized for investment. We encourage the federal departments and agencies involved in funding and using the results of research to work with stakeholders, including those with lived and living experience and from marginalized communities, to identify priorities to guide research activities over the next few years. We understand that the Canadian Centre on Substance Use and Addiction will be convening a workshop with experts in 2024 and suggest that this may be a good place to start a discussion on this topic. Of all these areas, we feel there is an urgent need to examine the factors that are contributing to the observed increases in child poisonings.

Recommendation 51: Health Canada, Public Safety Canada, Statistics Canada, the Canadian Institutes of Health Research and other partners should work with stakeholders, including those with lived and living experience and from marginalized communities, to identify key research priorities. This prioritization effort should guide ongoing investment in cannabis-related research.

Bolstering surveillance and monitoring

In addition to supporting research to fill knowledge gaps, it is important that a robust surveillance system be maintained to monitor the impacts of legalization. This includes the ability to access and use different sources of data, including population surveys, health data, findings of research projects, market data and other information sources that can provide insights into cannabis-related behaviours and cannabis-related health effects over time.

In population surveys and other sources, data on differences between sexes, across age groups and between regions was generally available. However, there was a lack of data available to assess the effects of the new cannabis framework on different racial and ethnic groups, gender minorities, sexual minorities and other subpopulations. We note that additional demographic questions have been, or will be added to some of the data collection tools used by Health Canada and Statistics Canada so that these gaps will be filled to provide better information in the future.

Our understanding of the impacts of cannabis on subpopulations and communities will not improve until sufficiently detailed data is made available to inform research and interpretation of findings.

Surveillance and monitoring activities should also be responsive to the variety of potential impacts of cannabis legalization, including monitoring the state of the cannabis market, social equity impacts and environmental consequences of cannabis legalization (see Chapter 8).

Recommendation 52: Health Canada, Public Safety Canada, Statistics Canada and other partners should support ongoing surveillance and monitoring activities for cannabis that are responsive to the variety of potential impacts of cannabis and cannabis legalization, including monitoring the state of the cannabis market, social equity impacts and environmental consequences of cannabis legalization.

Emphasizing the need for regular reviews of the *Cannabis Act*

Section 151.1 of the *Cannabis Act* (the Act) only requires the Minister to cause a single review and does not mandate any future reviews of the implementation or administration of this important piece of legislation. However, it will take years to understand the impact of the Act and other elements of the cannabis framework.

Therefore, we believe the Act should be reviewed at regular intervals by independent experts, to ensure the impacts of the framework are assessed over time. We suggest a 5-year interval for these reviews, and that the Government of Canada amend the Act to require such reviews. Moreover, we believe that there should be some continuity from one review to the next. Our review addressed a number of areas where we made recommendations for reform. The starting point for the next independent review should be to assess the degree of progress made in implementing the recommendations of this review. We would expect Health Canada, in collaboration with other federal departments, to keep track of work done to implement our recommendations and to share this work with the experts leading the next independent review.

As noted in the discussion on social equity in Chapter 8, we believe that an examination of the impact on social equity should be given particular attention in future reviews, in light of historical disparities in cannabis criminalization and the ongoing challenges and inequities faced by marginalized communities.

Recommendation 53: Health Canada should take steps to develop an amendment to the *Cannabis Act* to mandate periodic independent reviews of the legislation to regularly monitor its impacts. Consideration of the social equity impacts of the legislation should be mandated as an element of future reviews.

While periodic reviews of the Act would provide important opportunities to assess progress, we also encourage federal, provincial and territorial governments to evaluate, on an ongoing basis, their cannabis frameworks, including laws, regulations, policies, programs and interventions. Regular evaluation and changes are important to ensure the successful implementation of any initiative. In some instances, it may be appropriate for the monitoring and evaluating to be performed by an independent body. Regardless of the nature of the evaluation, reviews should adequately assess the effectiveness of a given program or initiative to determine if its intended objectives are being met. These evaluations should be made public to ensure transparency and accountability.

Recommendation 54: In addition to regular independent reviews of the *Cannabis Act,* Health Canada should conduct ongoing evaluation of the cannabis program, and implement any necessary changes.

Appendix A:
Glossary

Adults: Individuals who are 18 years of age or older.

Cannabidiol (CBD): A non-intoxicating (does not produce a "high") cannabinoid found in cannabis. It has been associated with certain effects on the brain including modifying blood flow in the brain and some types of brain activity.

Cannabinoid: Groups of structurally-related chemical compounds initially identified in the *Cannabis sativa* plant and from which the name "cannabinoid" derives. Some of these cannabinoids are known to bind and interact with "cannabinoid receptors" that are distributed throughout the body and responsible for mediating some of the effects of cannabis. Delta-9-tetrahydrocannabinol (delta-9-THC) and cannabidiol (CBD) are 2 of the most well-studied and abundant cannabinoids in cannabis products.

Cannabis: The *Cannabis sativa* plant, as well as all products that contain cannabis, such as edible cannabis and cannabis extracts. Under the *Cannabis Act*, the definition includes all parts of the cannabis plant as well as any cannabinoids produced by or found in the cannabis plant, including derivatives of those cannabinoids, irrespective of their origin (for example, cannabis cannabinoids synthesized outside of cannabis plants). The legal definition of cannabis excludes the control of certain parts of the cannabis plant that contain very low quantities of cannabinoids, such as non-viable seeds, roots and stalks. Also known as "marijuana" or "marihuana".

Cannabis for medical purposes: Cannabis that is consumed with the intent to treat a disease/disorder or to improve symptoms. Individuals who use cannabis for medical purposes may or may not have a medical authorization from a health care professional, and cannabis used for medical purposes can be acquired in a number of ways, depending on whether the individual has a medical authorization. If purchased from a legal source, cannabis for medical purposes conforms to the same standards as the cannabis products sold to adults in provincially and territorially authorized stores. These cannabis products are distinct from prescription drugs containing cannabis (that is, products that have a Drug Identification Number) since they have not been reviewed for safety, quality or efficacy, and cannot make therapeutic claims.

Cannabis for non-medical purposes: Cannabis that is consumed for enjoyment, pleasure, amusement or for spiritual, lifestyle, social or other non-medical reasons. This is sometimes referred to as recreational cannabis or recreational use.

Delta-9-tetrahydrocannabinol: See THC.

Distinctions-based: Acknowledges that each community has a unique culture, territory, history and relationship with the Government of Canada, as well as unique strengths to build on and challenges to face. A distinctions-based approach means working independently with First Nations Peoples, Inuit, Métis Peoples and Intersectional Peoples in recognition of their unique attributes.

Distributor: The entities that sell cannabis products to legal retailers for sale to adult consumers, and which are under provincial and territorial control. All provinces and territories except Saskatchewan and Nunavut operate distributors.

Drug Identification Number (DIN): An 8-digit number found on the label of prescription and over-the-counter drug products that have been evaluated and authorized for sale in Canada. A DIN uniquely identifies the following product characteristics: manufacturer, product name, active ingredients, strengths of active ingredients, pharmaceutical form and route of administration.

Equity-deserving groups: Groups that identify barriers to equitable access, opportunities and resources due to historical, social, or environmental disadvantage, marginalization and/or discrimination, such as, but not limited to, women, racialized persons, persons with disabilities, persons with mental illness or impairment, persons that are economically disadvantaged, First Nations, Inuit, Métis and 2SLGBTQIA+.

Illicit market/source: Cannabis that is obtained from a source that is not authorized under the *Cannabis Act,* a provincial or territorial act, or that was illegally imported. This includes buying cannabis from a person or organization that does not hold a federal licence under the *Cannabis Act,* or that is not a provincially or territorially authorized distributor/retailer (for example, buying cannabis from the "grey market", dealers, unlicensed cannabis dispensaries, illicit online stores).

Patient: In the context of this report, refers to someone who uses cannabis for medical purposes and is often under the care of a health care professional. A patient may or may not be registered under the access to cannabis for medical purposes system set out in the *Cannabis Regulations*.

Personal or designated production: The legal cultivation of cannabis for medical purposes. Patients with a medical authorization from a health care professional may register with Health Canada to legally produce a certain amount of cannabis for their own medical purposes ("personal production") or they may designate an adult to produce it for them ("designated production").

Potency: The quantity or concentration of delta-9-tetrahydrocannabinol (THC) or cannabidiol (CBD) (or other cannabinoids) in cannabis. In dried cannabis, this is often cited as a percentage of THC or CBD (or other cannabinoids) by weight. In cannabis extracts, this is often cited as the quantity of THC or CBD (or other cannabinoids) per unit volume, and in edible cannabis by the amount of cannabinoid per unit.

Promotion: Any method that a company, organization or individual with a commercial or financial interest in cannabis may use that is likely to influence and shape attitudes, beliefs and behaviours related to cannabis, including anything on the label of a product. Promotion is generally prohibited, with specific, limited exceptions under the *Cannabis Act.*

Sex and Gender-based Analysis Plus (SGBA Plus): SGBA Plus is an analytical process that uses an intersectional approach to assess how factors such as sex, gender, age, race, ethnicity, socioeconomic status, disability, sexual orientation, cultural background, migration status and geographic location interact and intersect with each other and broader systems of power.

Tetrahydrocannabinol (THC): Also referred to as delta-9-tetrahydrocannabinol. While there can be many forms of THC, such as delta-8-tetrahydrocannabinol, the *Cannabis Regulations* define THC as the delta-9 form. THC is the cannabinoid mainly responsible for the psychoactive and intoxicating effects of cannabis. Among other things, THC has effects on the brain and nervous system, including on memory, mood, thinking, concentration, coordination, and sensory and time perception.

Young adults: Generally used to refer to individuals aged 20 to 24 years old.

Young person: Under the *Cannabis Act*, a young person is someone younger than 18 years old, except for certain possession, distribution and production offences, which only apply to someone at least 12 years old and less than 18 years old.

Youth: In the context of this report, generally refers to individuals between the ages of 15 and 19. The definition of youth is distinct from the legal definition of "young person".

Appendix B:
Stakeholder list

Summary of engagement

We engaged with stakeholders between December 2022 and January 2024. We used a range of methods to conduct our engagement. These activities occurred with stakeholders throughout Canada, through one-on-one, sectoral and multi-sectoral meetings conducted in-person, via videoconference and in a hybrid format. We also heard from individuals and organizations who took the time to put their views in writing. While significant effort was made to ensure a broad range of voices were incorporated in our engagement activities, we acknowledge that not all perspectives were heard.

We would like to recognize the many individuals and organizations who shared their time and expertise with us. To protect privacy and confidentiality, individual names will not be disclosed, unless otherwise stated.

We met with over 600 individuals from over 250 organizations in nearly 140 meetings.

The names of all the organizations and experts we engaged with are listed below:

- 1286455 BC Ltd
- 420 Cannabis Court
- Adams Lake Indian Band
- Afro BudSistas
- Aitchelitz First Nation
- Alberta Alliance Who Educates and Advocates Responsibly
- Alberta Gaming, Liquor and Cannabis Commission
- Alberta Municipalities
- Alcohol and Gaming Commission of Ontario
- All Nations
- Anishinabek Nation
- Antidote Processing
- Aqualitas
- Dr. Michael Armstrong, Brock University
- Arthritis Society
- Assembly of First Nations
- *Association pour la santé publique du Québec*
- *Association québécoise de l'industrie du cannabis*
- Atlegay Fisheries
- AUBE Patients
- Aurora
- Auxly
- Dr. Lynda Balneaves, University of Manitoba
- Dr. Daniel Bear, Humber College
- Dr. Neil Boyd, Simon Fraser University
- British Columbia Assembly of First Nations
- Dr. Paula Brown, British Columbia Institute of Technology
- Dr. Jason Busse, McMaster University
- C-45 Quality Association
- CAFCAN: Caribbean African Canadian Social Services
- Canada House Wellness Group Inc.
- Canadian Association of Chiefs of Police
- Canadian Association of Elizabeth Fry Societies
- Canadian Centre for Policy Alternatives
- Canadian Chamber of Commerce
- Canadian Health Food Association
- Canadian Hemp Farmers Alliance
- Canadian Hemp Trade Alliance
- Canadian Mental Health Association
- Canadian Paediatric Society
- Canadian Pharmacists Association

- Canadian Police Association
- Canadian Psychological Association
- Canadian Public Health Association
- Canadian Students for Sensible Drug Policy
- Canadian Therapeutic Cannabis Partners Society
- Canadian Vaping Association
- Canadian Women in Cannabis
- Cannabis Council of Canada
- Cannabis Health Products Coalition
- Cannabis NB
- Cannaworld Ventures
- Cannibble Foodtech Ltd.
- Canopy Growth Corporation
- Dr. Alexander Caudarella, Canadian Centre on Substance Use and Addiction
- Centre for Addiction and Mental Health
- Centre on Drug Policy Evaluation
- Certicraft
- Chiefs of Ontario
- City of Calgary
- City of Toronto
- City of Yellowknife
- Dr. Hance Clarke, University Health Network
- CommPharm Consulting
- Community Futures Central Kootenay
- Dr. Cecilia Costiniuk, McGill University
- Council of Yukon First Nations
- Covenant House
- Data Communications Management
- Dr. David Décary-Hétu, *Université de Montréal*
- Diplomat Consulting
- DiversityTalk
- Dr. Jennifer Donnan, Memorial University of Newfoundland and Labrador
- Ekosi Health
- Faded Living 420
- Federation of Sovereign Indigenous Nations
- Final Bell
- Dr. Yaron Finkelstein, University of Toronto, The Hospital for Sick Children
- Fire & Flower Holdings Corp.
- First Nations Leadership Council
- Food, Health & Consumer Products of Canada
- Dr. Chelsea Gabel, McMaster University
- Government of Alberta
- Government of British Columbia
- Government of Canada (Canada Border Services Agency)
- Government of Canada (Canada Revenue Agency)
- Government of Canada (Canadian Institutes of Health Research)
- Government of Canada (Department of Justice Canada)
- Government of Canada (Finance Canada)
- Government of Canada (Health Canada)
- Government of Canada (Innovation, Science and Economic Development Canada)
- Government of Canada (Privy Council Office)
- Government of Canada (Public Health Agency of Canada)
- Government of Canada (Public Prosecution Service of Canada)
- Government of Canada (Public Safety Canada)
- Government of Canada (Royal Canadian Mounted Police)
- Government of Canada (Statistics Canada)
- Government of Canada (Veterans Affairs Canada)
- Government of Manitoba
- Government of New Brunswick
- Government of Newfoundland and Labrador
- Government of Northwest Territories
- Government of Nova Scotia
- Government of Nunavut
- Government of Ontario
- Government of Prince Edward Island

- Government of Quebec
- Government of Saskatchewan
- Government of Yukon
- Great Gardener Farms
- Dr. Lorraine Greaves, Centre of Excellence for Women's Health
- Green Wynds Farm Ltd
- Greenleaf Medical Clinic
- GreenPort Global
- Greentone Cannabis
- Gwa'sala-Nakwaxda'xw
- Habitus Consulting Collective
- Haisla Nation
- Dr. David Hammond, University of Waterloo
- High Hopes Foundation
- High Tide Inc.
- Dr. Carol Hopkins, Thunderbird Partnership Foundation
- Amy House, York University
- HRVSTR Cannabis Inc.
- Dr. Elaine Hyshka, University of Alberta, Royal Alexandra Hospital
- Indiva
- *Institut national de santé publique du Québec*
- Inuit Tapiriit Kanatami
- Inuvialuit Regional Corporation
- Israeli Medical Cannabis Agency
- IWK Health Centre
- John Howard Society of Canada
- John Howard Society of Ontario
- Justice for Children and Youth
- Dr. Didier Jutras-Aswad, *Centre hospitalier de l'Université de Montréal*
- Kahnawà:ke Policing Functions
- Kahnawà:ke Shakotiia'takehnhas Community Services
- Dr. Lauren Kelly, The Canadian Collaborative for Childhood Cannabinoid Therapeutics
- Khowutzun Development Corporation – Cowichan Tribes
- Dr. Beau Kilmer, RAND Drug Policy Research Center
- Kootenay Aeroponic
- Kwaw-kwaw-Apilt First Nations
- Labstat International
- Lasqueti Cannabis Corp
- Claude Lavoie
- *Les Femmes Michif Otipemisiwak*
- Liquor, Gaming and Cannabis Authority of Manitoba
- London Drugs Commission
- Los Angeles Department of Cannabis Regulation
- Dr. James MacKillop, McMaster University
- Manitoba Liquor and Lotteries
- Manitoba Métis Federation
- Media Smarts
- Medical Cannabis Canada
- Mental Health Commission of Canada
- Métis Nation – British Columbia
- Métis Nation of Alberta
- Métis Nation of Ontario
- Métis Nation – Saskatchewan
- Métis National Council
- Mohawk Council of Akwesasne
- Mohawk Council of Kahnawà:ke
- Munsee-Delaware Nation
- Mynd Life Sciences
- Nanoose First Nation
- Nathan Richards Legal
- National Association of Pharmacy Regulatory Authorities
- National Indigenous Economic Development Board
- Neskonlith Indian Band
- New Jersey Cannabis Regulatory Commission

- New York Office of Cannabis Management
- Nipissing First Nation
- NORML Canada
- Nunalituqait Ikajuqatigiitut Inuit Association
- Nunatsiavut Government
- Nunavik Health Board
- Nunavik Police Services
- Nunavik Regional Board of Health and Social Services
- Nunavut Tunngavik Incorporated
- Oceanic Releaf
- Okanagan Indian Band
- Okpik Consulting
- Ontario Cannabis Store
- Ontario Provincial Police
- Ontario Public Health
- Organigram
- *Origine Nature*
- Eugene Oscapella, University of Ottawa
- Ottawa Inner City Health
- Ottawa Public Health
- Dr. Akwasi Owusu-Bempah, University of Toronto
- Dr. Rosalie Pacula, University of Southern California, International Society for the Study of Drug Policy
- Partners for Youth Inc.
- Pauktuutit Inuit Women of Canada
- Penticton Indian Band
- Pine River Institute
- Premo Packaging and Design Co.
- Pure Sunfarms
- Qarjuit Youth Council
- Québec Craft Cannabis
- Dr. Andrew Reid, Douglas College
- Retail Cannabis Council of Ontario
- Retired Ontario Court of Justice
- Rosebud Cannabis Farms
- Royal College of Physicians and Surgeons of Canada
- Samson Cree Nation
- *Santé Cannabis*
- Saskatchewan Liquor and Gaming Authority
- Secluded Wellness Centre
- *Service de police de la Ville de Gatineau*
- SheCann
- Shoppers Drug Mart Inc.
- Shxwhà:y Village
- Shxw'ōwhámel First Nation
- Siska Indian Band
- Six Nations Cannabis Commission
- Six Nations of the Grand River
- Six Nations Police
- SNDL
- SOLID Outreach
- Squamish Nation
- *Sûreté du Québec*
- Sweetgrass Trading
- Tantalus Labs
- The Cannabis Nurses
- The Cronos Group
- Dr. Phil Tibbo, Dalhousie University
- Timixw Holdings
- Tl'azt'en Nation
- TRACE Youth Cannabis Research Program
- Transform Drug Policy Foundation
- Ts'il Kaz Koh First Nation
- Tyendinaga (Mohawks of the Bay of Quinte)
- Tyendinaga Police Service
- Union of British Columbia Indian Chiefs
- Upstream Ottawa
- Valhalla Craft Cannabis
- Victoria Cannabis Buyers Club
- Victoria Cannabis Company
- Village Bloomery
- *Ville de Laval*

- VoxCann
- Washington State Liquor and Cannabis Board
- We Wai Kai Nation
- Weaving Wellness Centre
- Western Arctic Youth Collective
- Wholeland Enterprises
- Wikwemikong
- Williams Lake First Nation
- World Class Extractions
- YMCA Youth Cannabis Awareness Program
- Youth Leadership Team (Tobacco Control and Vaping)
- YouthRex
- Zelca

Appendix C:
Panel member biographies

Morris Rosenberg (Chair)

Morris Rosenberg, C.M., is a Canadian lawyer and former senior civil servant with the Government of Canada.

Mr. Rosenberg served as Deputy Minister of Foreign Affairs (2010–2013), Deputy Minister of Health (2004–2010), and Deputy Minister of Justice and Deputy Attorney General of Canada (1998–2004). He began his public service career with the Department of Justice in 1979. From 1989–1993, he served as Assistant Deputy Minister in the Department of Consumer and Corporate Affairs. From 1993–1996, he served as Assistant Secretary to the Cabinet, Economic and Regional Development Policy, Privy Council Office. He was appointed Deputy Secretary to the Cabinet (Operations) in 1996. After retiring from the government in 2013, Mr. Rosenberg served as President and CEO of the Pierre Elliott Trudeau Foundation from 2014–2018.

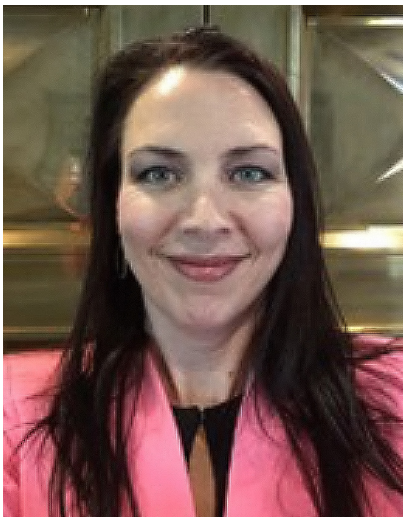
Mr. Rosenberg holds a B.A. from McGill University, an LL.L. from the *Université de Montréal* and an LL.M. from Harvard University. He was appointed Member of the Order of Canada in 2015.

Dr. Oyedeji Ayonrinde

Dr. Oyedeji Ayonrinde is an Associate Professor in the departments of Psychiatry and Psychology at Queen's University. He is also a Consultant Psychiatrist and Clinical Director at Providence Care, where he has provided community mental health care over the past five years. Prior to these roles, he was a consultant at the Bethlem Royal and Maudsley Hospitals (UK) and lectured at the Institute of Psychiatry for nearly 20 years. He holds a specialist Fellowship in both general Psychiatry and Addictions from the Royal College of Psychiatrists (UK), an MSc (Research in Psychiatry) from University College London, and an Executive MBA from Imperial College, London. Dr. Ayonrinde is a member of the Canadian Psychiatric Association, Fellow of the American Psychiatric Association and Royal College of Psychiatrists. His peer-reviewed publications focus on risks with gestational cannabis use, cannabis and psychosis, and safety issues with cannabinoid-based medicines. Dr. Ayonrinde has received healthcare and university education awards, as well as national and international awards for cannabis-related scholarship.

Dr. Patricia J. Conrod

Dr. Conrod is a registered clinical psychologist, a Full Professor in the Department of Psychiatry and Addiction at the University of Montreal, and researcher at the Sainte-Justine Mother and Child University Hospital Centre (CHUSJ), where she holds a Tier 1 Canada Research Chair in Preventative Mental Health and Addiction and runs a research laboratory focusing on understanding, preventing and treating neurodevelopmental risk factors and consequences of substance use and misuse. She co-leads the Fonds de recherche du Québec (FRQS) Research Network on Suicide, Mood Disorders and Related Conditions, the Canadian Institutes of Health Research (CIHR) Canadian Cannabis and Psychosis Research Team, and the CHUSJ IMAGINE Centre for pediatric neuroimaging. She is also Director of the University of Montreal Neuroscience and Mental Health Strategy. She holds a PhD in Psychology (clinical) from McGill University and has published over 247 articles.



Lynda L. Levesque

Lynda Levesque is a proud nehiyaw iskwew and member of the Fisher River Cree Nation in Manitoba, Treaty Five territory.

Ms. Levesque is a criminal lawyer, with experience practicing from both the prosecution and defence perspectives. Since 2018, she has worked as a Crown Prosecutor in Calgary and surrounding rural areas. From 2014–2018, she worked as a duty counsel lawyer with Legal Aid Alberta, serving Calgary and surrounding rural areas. From 2005–2014, she worked as a duty counsel lawyer with Legal Aid Ontario in Toronto. Throughout her legal career, she has maintained a passion for Indigenous justice issues and an interest in better ensuring access to justice for marginalized persons.

Ms. Levesque holds a B.A. from the University of Calgary and an LL.B. from the University of Windsor.

Dr. Peter Selby

Dr. Selby is the Giblon Professor, Vice Chair of Research, and Advisor to the Head of the Mental Health and Addictions Division in the Department of Family and Community Medicine, University of Toronto. He is cross appointed in the departments of Psychiatry and the School of Public Health. As a Senior Scientist at CAMH, his research focuses on innovative methods to understand and treat addictive behaviours and their comorbidities. To support these research initiatives, Dr. Selby has received grants totaling over 100 million dollars from the Canadian Institutes of Health Research, the National Institutes of Health, the Ministry of Health, as well as others. Dr. Selby has held more than 145 grants as Principal or Co-Principal Investigator. He has more than 150 peer-reviewed publications, including 74 as first or senior author. He is also an expert presenter and educator in addiction and mental health especially in primary care and community settings.