



# CertiCraft

COMPLIANCE SOFTWARE

Presents

## The Dire **State of Craft** Cannabis in Canada

A white paper by Sami Majadla

Published January 10, 2025



Canada has one of the richest cannabis cultures in the world. Historically, tens of thousands of farmers grew cannabis illicitly and sold to underground markets both local and international. In BC’s interior and gulf islands, the weed was so stellar that “BC Bud” became a globally renowned brand. When all this is paired with the fact that Canada was *the* first country to create a medical cannabis program and the second country to legalize cannabis outright, the cannabis industry here should be thriving, right? Unfortunately, it’s not. In fact, the cannabis industry has been struggling massively for many years.

This white paper serves to explore the myriad of challenges and barriers to success that exist in today’s regulated Canadian cannabis market. Each topic explored is listed in the table of contents below, and these topics will become episodes in Season 4 of [The State of Craft](#), a podcast that explores the state of the legal craft cannabis industry. In each episode, relevant guests will be invited to dive deep into a solutions-focused discussion on topics that last only a few paragraphs in this document. This white paper explores:

|   |    |
|---|----|
| <a href="#">Stigma</a>  | 2  |
| <a href="#">Overtaxation: Excise Duty &amp; Distribution Boards</a>                     | 5  |
| <a href="#">Commodification: How Big Corporations Screwed Everyone</a>                  | 13 |
| <a href="#">Indigenous Cannabis</a>   | 16 |
| <a href="#">Cannabis’ Regulation</a>  | 23 |
| <a href="#">Medical Patients Have Been Forgotten</a>                                    | 31 |
| <a href="#">Agricultural Status, Cannatourism, &amp; Environmental Unsustainability</a> | 42 |
| <a href="#">Solving All These Problems</a>  | 50 |



## Stigma

In our opinion, the single biggest challenge that the cannabis industry faces is stigma. Stigma—i.e. an association of disgrace or public disapproval with something—has plagued the Canadian cannabis industry. All the other issues faced by our industry (e.g. overtaxation and overregulation) stem from stigma. Cannabis was legalized in Canada in a political environment that largely misunderstood the plant, its benefits & risks, and especially its surrounding culture. With a huge amount of stigma-driven political opposition throughout the country, the regulatory framework was doomed to fall far short of what it needed to be from the very start.

Anti-cannabis stigma meant that cannabis operators couldn't open bank accounts and couldn't get insurance. Anti-cannabis stigma meant that farmers got rejected by their city councils and regional districts. Anti-cannabis stigma meant that cannabis was regulated far more strictly than tobacco or alcohol, despite tobacco & alcohol killing tens of thousands of Canadians every year and cannabis barely killing anyone. In fact, it is worth noting that there is [not a single known case of death due to cannabis overdose](#); all deaths associated with cannabis are indirect.

Let's compare alcohol, tobacco, and cannabis with some data. According to the Canadian Centre on Substance Use and Addiction—an organization created by Parliament in 1988—[alcohol and tobacco combined to kill 63,464 people in 2020](#). In total, 73,994 people died that year due to substance use, so alcohol and tobacco were responsible for 85.77% of all substance use related deaths in the country. Cannabis, by comparison, was

responsible for 335 deaths that year, or 0.45% of all those deaths. The remaining deaths—10,195 (13.78%)—were attributed to opioids, cocaine, other central nervous system depressants & stimulants, and a generic “other.” Most of these categories caused an order of magnitude more deaths than cannabis.

Using the [Canadian Substance Use Costs and Harms Visualization Tool](#), we can also get data on hospitalizations related to these various substance types. In 2020, there were 262,494 total in-patient hospitalizations resulting from substance use. 233,898 (89.1%) were due to alcohol and tobacco use. 5318 (2.02%) were due to cannabis, with the remaining 23,278 (8.87%) due to the various other substances listed in the last paragraph. The numbers are similar when we look at emergency room visits: of a total of 1,008,674 visits, 817,584 (81.06%) were due to alcohol & tobacco, 37,341 (3.7%) were due to cannabis, and 153,749 (15.24%) were due to everything else.

We have well-documented hard evidence that tobacco & alcohol cause almost *3 orders of magnitude more death* than cannabis and 2 orders of magnitude more hospitalizations. But it doesn't stop there: cannabis also costs the public **way less money** than alcohol and tobacco. In 2020, [substance use cost taxpayers \\$49.1 billion](#), which translates to \$1291 per Canadian. Alcohol and tobacco accounted for 62.8% of that cost. The various opioids & stimulants accounted for another 32.4%. Cannabis, meanwhile, accounted for 4.9% of that total.

So if we have hard data put together by an organization created by the Canadian Parliament that shows us that cannabis causes far less death, far less harm, and costs taxpayers far less money than alcohol and tobacco, why is it that cannabis has far stricter regulations and far higher taxes? Why do we have bars—which regularly lead to fights, sexual harassment, and drunk driving accidents—but not cannabis lounges? The answer is simple. Stigma.



**Our governments did not create an evidence-based framework for cannabis legalization. Rather, they created a stigma-based framework.**

For entrepreneurs operating within the cannabis space, however, the unjustified demonization of the cannabis plant isn't necessarily the worst aspect of stigma. There is a pervasive perception amongst government agencies and service providers that cannabis producers are all making money hand over fist, which leads to a consistent [“Green Tax” on cannabis operations across the world](#). Unfortunately, this perception is so far from the truth that it would be funny if only licensed producers weren't struggling so much.

Whether this stigma comes from the many unethical corporations with zero background in cannabis that preyed on public investors (and did actually make billions of dollars; [see section 3](#)) or from the collective imagination on what it means to run an underground cannabis operation that doesn't pay taxes, we can't really say. But what we do know is that every non-producer stakeholder in the cannabis industry wanted a fairly big piece of the pie, and paid *zero* attention to how many other slices were being taken. Death by a thousand cuts, unfortunately apt for the hundreds of cannabis businesses that have already been forced to close.

This brings us to the first big issue that stems from stigma that many in the cannabis industry consider to be the biggest barrier to success today: overtaxation.





## Overtaxation: Excise Duty & Distribution Boards

The Canadian craft cannabis industry is being slowly taxed to death. [To quote Dan Sutton](#), the CEO of Tantalus Labs—a [licensed producer that entered insolvency](#) primarily as a result of overtaxation: “no other nation or state taxes cannabis so substantially, and we do not tax any other product in Canada to this extreme.” On top of all the regular taxes that every business pays, cannabis has excise duties that *on their own* can exceed 100% of the revenue that a farmer will make in a season.

**Let’s repeat that: excise duties on their own can exceed 100% of the revenue that a farmer will make in a season.** The words that we at CertiCraft have to describe this reality include “shameful,” “completely unacceptable,” and “a national and international embarrassment.”

On top of these already ludicrous excise duties, there are “sneaky taxes” that aren’t technically called taxes but *really are taxes*. These “sneaky taxes” that we speak of are violating legal agreements (we’re looking at you, provincial distribution board markups)—more on this later.

When all is said and done, **the amount of money that the government receives in taxes on a typical crop that an outdoor farmer grows could easily exceed 200% of the farmer’s entire revenue.** Don’t believe us? Let’s do some calculations:

According to the [July 2024 CCX Canadian Bulk Wholesale Cannabis Pricing Report](#), the average price of dried flower sold in Canada was

\$1.27/gram. In today's market, outdoor flower generally sells for less than indoor flower, even if it's ultra-premium organic permaculture cannabis bred specifically for the local bio-region and grown by outdoor growers with decades of experience.

For the purpose of this exercise, let's assume that this flower is meant to be sold to end-consumers as dried flower (which is exactly what outdoor flower in BC has been historically grown for). Let's also assume that this grower has a facility to dry, trim, and cure their cannabis on their property, but that they weren't able to afford a processing license. Because the cannabis regulations require such cultivators to sell their product to competitors *just to put their finished product inside a package*, these cultivators end up selling their product at a measly price of \$0.75/gram—thank you [commodification](#). For what it's worth, [the expert panel that reviewed the Cannabis Act advised](#) "Health Canada to allow companies holding a cultivation licence to sell dried or fresh cannabis ... directly to distributors. It would ... remove an unnecessary step in the supply chain."

Let's explore together what happens as this product moves through the supply chain using realistic numbers.

We'll assume that the cannabis was sold to a processor that seeks out cultivators willing to accept prices that are lower than the actual value of their flower to maximize their own profit margins—which in fairness to the processor, would only *potentially* make their operation profitable. Having found amazing flower that they were only able to buy for \$0.75/g because it was grown outdoors, the processor then adds \$1.50/g to the price of the flower once it's packaged, bringing us to \$2.25/g. We also need to add \$1/g for excise, and to keep it simple we'll assume that we are in BC (in other words, we aren't in Ontario, Alberta, Saskatchewan, or Nunavut, where an "[adjustment rate for the additional cannabis duty](#)" makes excise duty even more expensive). This means that the final sale price to the next operator in the supply chain will be \$3.25/g.



Let's say the processor is selling the product to a retail store down the street using BC's direct delivery program. Even though they are responsible for all the logistics & related costs and the BCLDB does not play a role in the transaction, they still have to pay a 15% "**proprietary fee**" to the BC Liquor Distribution Board. You'd have to pay this even if you are selling your product yourself via a farm gate license. These distribution board fees are taxes in everything but name, which is why we call them "sneaky taxes." This "sneaky tax" brings us to \$3.74 so far, and yes, *provincial distribution boards calculate their "sneaky tax" on a price point that already includes a different tax*, instead of just the base price of the cannabis.

Now, this local retail store wants to keep their doors open, so let's say they bump that price up another \$1.50/g, bringing the price of the flower up to \$5.24/g. Finally, we have sales tax added—which is, like before, being calculated from a base price that already includes \$1.49 in duties & sneaky taxes. In BC, sales tax will typically be a GST + PST combo of 12%, meaning our final consumer price is \$5.87/g.

Let's what each party in the supply chain walks away with:

**Farmer:** \$0.75

**Processor:** \$1.50

**Retail store:** \$1.50

**Government:** \$2.12\*

*\*Important note - in reality, the government is actually making much more money, since there are also property taxes, corporate taxes, income taxes, sales taxes on supplies & services, etc. that each of the farmer, processor, and retailer are paying.*

So in our example—which, as a reminder, uses realistic numbers—the government makes 283% more money than the farmer and 141% more money than each of the processor and retailer, while the processor and retailer each made twice as much money as the farmer. This is a pretty



disgusting reality, considering that in terms of value created in this supply chain:

1. The farmer did by far the most work (typically an outdoor farmer will spend at least 8 months of the year growing, harvesting, drying, trimming, and curing their product).
2. The processor and retailer did some work, though relatively miniscule compared to the farmer.
3. The government did nothing.

(Yes, we get that licensing and regulatory oversight costs money, but nothing of value was contributed to the specific value chain that we outlined in the preceding paragraphs)

As a reminder, all these numbers are just revenue. The farmer still has to pay for all their employee salaries, supplies, debts, taxes, etc. with this puny revenue. Meanwhile, without doing anything, the government has made 2.8x as much money as that farmer did *in their entire year*, though it's likely more than 4-5x as much money once you consider all the other taxes that we did not include in our calculations.

**To sum this reality up quite crudely: this is absolutely fucked.**

This situation results in well-loved and commercially popular brands, like Tantalus Labs, being forced into bankruptcy. Now, Tantalus Labs is quite a different player from the small outdoor craft grower that we detailed in our example. Tantalus is a larger-scale greenhouse operator (so they benefited from some economies of scale) and they had their own processing license (so they were not required to sell their product to a competitor prior to distribution). Despite excise being closer to 30% of their revenue (compared to 283% of revenue for our outdoor craft cultivator), [Tantalus Labs' excise duty bill each month was 3x bigger than their entire staff salary](#). Three times as much as the salary for an entire 65-person team.



Again, this is absolutely fucked, and it is no surprise that they became insolvent when [the CRA began aggressively pursued payment on outstanding excise debt](#).

And it isn't just Tantalus Labs being affected in this way. In fact, the rate of cannabis insolvencies seems to be several orders of magnitude higher than the rate of insolvencies for the broader business world. When looking at insolvency filings using the [Companies' Creditors Arrangement Act](#), in 2022, [14 out of 35 insolvencies](#) were in the cannabis space, and in 2023, [7 out of 57 insolvencies](#) belonged to cannabis operators. Now consider that by the end of FY 2023, there were [901 cannabis licenses](#) compared to [4.74 million businesses in Canada as a whole](#). Using the less extreme year of 2023,  $7/901 = 0.78\%$ , whereas  $50/4,740,000 = 0.001\%$ —almost 3 orders of magnitude worse for cannabis. In 2022, the insolvency rate was 0.0004% for general businesses compared to almost 2% for cannabis companies.

It's obvious that this isn't good for the cannabis industry. But it's also clearly horrible for Canada too. Policies that directly lead to insolvency rates several orders of magnitude higher than the national average means that there is a constant loss of tax revenue sources and that tens of thousands of Canadians are losing their jobs (and going on Employment Insurance). This also means that the illicit market has not gone anywhere, since the prices in the legal market are artificially inflated by the government. One of the primary goals of the cannabis act was to keep "[profits out of the pockets of criminals and organized crime](#)," but this goal can never be achieved while cannabis is taxed how it is today.

Unfortunately for operators in the industry, the various governments complicit in this reality today avoid taking any accountability for their role in this continued financial disaster. The federal government is quick to point fingers at the provinces, and the provinces are quick to point fingers at the feds. What are the facts?

The provinces, territories, and federal government all signed an agreement called the [Federal-Provincial-Territorial Agreement on Cannabis Taxation](#),



which included goals such as coordinating taxation across various levels of government and, ironically, “[keeping] taxes on cannabis ... low to support the objectives of its legalization: keeping ... profits out of the hands of criminals.” How funny. The government knew that they had to keep taxes low in order to eliminate the illicit market, but have done the exact opposite in practice. The government assumed that the roughly \$5/g average price of cannabis at that time was going to increase until it exceeded \$10/g, built an entire framework around this unproven assumption, and did not include any mechanism by which to alter their framework and achieve their first stated goal should their assumptions turn out to be incorrect.

Now in this agreement, the various governments in Canada (excluding indigenous governments, who, of course, were not included in this conversation; see [section 4 of this white paper](#) for more) agreed to charge a \$1 duty on every gram of cannabis sold. Importantly, *they also agreed to not tax cannabis in any other way, shape or form*. They even addressed the issues of provincial distribution board markups head-on. To quote:

“Where provinces and territories impose a cannabis-specific tax, margins and/or mark-ups may be applied to cover operating costs and capital expenses, and generate a normal rate of return.” Every single province and territory other than Manitoba imposes a cannabis-specific tax (that’s the 75% of excise duty that the non-Manitoban provinces are getting), so to use the example of BC again, their 15% “proprietary fee” that they charge for direct delivery and farm-gate products completely violates this agreement that BC is legally bound to. Should anybody choose to take the province of BC to court over this (or any of the other provincial governments doing comparable things), they will win. There is no court in Canada that will consider charging a 15% markup *when doing literally nothing* to meet the criteria that this markup solely “cover operating costs and capital expenses and generate a normal rate of return.”

Despite this, the vast majority of distribution boards—which are government-mandated monopolies—charge “proprietary fees” which smell and act like taxes *because they are taxes*, just labeled in a way to let the



provinces illegally double dip. Is it any surprise that [the only profitable businesses in cannabis are these law-breaking monopolies?](#)

To add insult to injury, these monopolies are operating at a pretty horrible service standard. For example, from our understanding, none of the distribution boards have temperature-controlled warehouses, despite cannabis being a perishable good with many degradable compounds, and despite these boards having a history of holding onto inventory for many months. This is particularly horrible for extracts, which need to be at freezer temperatures to maintain quality.

Even worse, the government monopolies do not take any accountability for the poor business decisions they make, [forcing producers to buy back inventory that they are unable to sell](#). Talk about taking *all* of the reward without *any* of the risk, all while charging arguably illegal fees in the process.

What we have today is a landscape where:

- A. many small-to-medium businesses across the country are shutting down operations, causing 10s of thousands of Canadians to lose their jobs,
- B. the government-mandated monopolies are making [100s of millions of dollars in profits](#) every year, and
- C. the provinces and federal government are making [even more money in excise duties](#) and other taxes.

This is an absurd and completely unsustainable reality. And we aren't the only ones that think so. Earlier this year, the Parliament-mandated three year legislative review was finally concluded for the Cannabis Act (two years later than it was supposed to). The [expert panel flagged many of the issues discussed in the preceding paragraphs](#) as problematic.



In relation to excise duty, they said that “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.”

In relation to the provincial distribution board markups, they said “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.**” The emphasis is ours. They also said “provincial and territorial distributors should consider regularly reviewing their mark-ups, fees, [and] purchasing practices ... to improve the prospects for the many smaller-sized companies that are currently struggling.”

There are two easy, ethical decisions that can be made in order to create a just taxation framework.

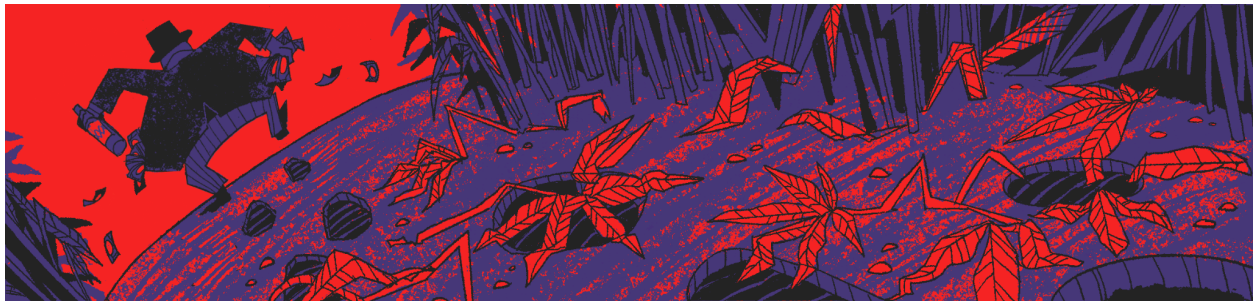
First, the non-Manitoban provincial governments need to choose to be better than they are right now and **stop violating the agreement they made.** It’s disgusting to see our governments collectively raking in billions of dollars in taxes and duties while hundreds of businesses are closing their doors and [many thousands of Canadians are losing their jobs](#). Provinces could have reasonable markups that are solely at-cost, or follow in Manitoba’s footsteps and willingly give up all or part of their 75% of the excise duty. Any non-Manitoban provincial government that points fingers at the federal government when asked about excise duty is being dishonest, since the vast majority of excise money goes to them. Unfortunately, it seems that most provinces are either incapable of thinking about long-term benefits over short-term gain, or they are simply driven by stigma and therefore don’t care about creating a sustainable industry.

The second thing that should happen is to change one word in the excise duty policies: “the greater of 10% or \$1” could just become “the **lesser** of 10% or \$1.” In one fell swoop, we would have a reasonable 10% duty that



scales up and down with product value, instead of unreasonably harming small-to-medium businesses that the government of Canada likes to say it supports. Even better than this would be a graduated taxation system ([which is how alcohol is taxed in Canada](#)) so that larger companies that benefit from economies of scale pay more duties, as [proposed in the Stand for Craft Excise Reform white paper](#) in 2022.

Just about the only companies that can ride through this taxation reality without worrying about closing their doors are the super-mega-corps that not only benefit massively from their enormous operational scales, but also have huge bank accounts from pulling a fast one over the general public. Hmm... what role might they have played in the creation of today's dismal cannabis reality? 🤔



## **Commodification: How Big Corporations Screwed Everyone**

In the leadup to legalization, a bunch of new corporations emerged with plans to dominate the industry. These corporations were massive and well-funded by institutional money with zero background in cannabis. With public perception of cannabis rapidly changing there was an undeniable gigantic monetary opportunity, and unlike the historic craft cannabis industry, these new entrants to cannabis understood both money and politics.

The regulations and policies that emerged in cannabis were heavily influenced by these giant corporations. One can [run a search for “Tilray,” “Canopy Growth,” etc. on Canada’s lobby registry](#) to see the hundreds of registered lobbyist interactions on behalf of these giants in the leadup to legalization.

Let’s make sure the implications of that sink in: cannabis, an incredible medicine that allowed countless patients struggling with severe conditions to live in peace, was [demonized by bankers and industrialists in the early 1900s that didn’t want competition from hemp](#) in order to make it illegal. (There was also a pretty massive racist element to illegalization too, [discussed by John Conroy in \*The State of Craft\* Episode 4](#)). Then in the later 1900s and early 2000s, political activists constantly put their freedom on the line and went to both jail and court to force the government to legalize cannabis (see [The State of Craft Episode 38 with Ted Smith](#), founder of Canada’s first and last compassion club). However, as cannabis finally approached legalization, the primary voices that influenced the creation of policies in the cannabis industry were bankers and industrialists who had zero background in cannabis, but plenty of background in playing political games and making lots of money. Heck, [one of the founders of Canopy Growth was the former CFO of the Liberal Party of Canada](#).

It’s really hard to claim any intent in the actions that have taken place in the cannabis industry. But we do know that how cannabis legalization rolled out has heavily favored these large corporations and the institutional investors behind them. Here are the objective facts as we know them:

1. These corporations raised billions of dollars in money from public investors, promising a huge ride where everybody would get rich together. (Spoiler alert: the executives of these companies all got rich at the expense of [regular Canadians, who lost over \\$131 billion](#) when they realized they were sold a false promise that never panned out.)
2. These big corporations grew terrible weed\*. When legalization day arrived, many long-time cannabis lovers were excited to buy legal



weed, and pretty much all of them didn't walk into a legal store again for years since what they tried was universally agreed to be garbage. *\*And yes, this is objective. Every cannabis lover in Canada shared the same opinion that the weed was terrible.*

3. Since the weed was terrible, demand for the literal tons of cannabis grown by these corporations plummeted, and simultaneously the underground industry continued to thrive, since much higher quality cannabis was available there for much better prices.
4. This led to a huge glut and oversupply of legal cannabis. Since these corporations were already rich from all the public investor money, they just slashed their prices to the point that people were actually willing to buy their garbage cannabis.
5. This completely screwed over the small but rapidly growing set of companies that actually brought craft to cannabis, who could no longer maintain prices that allowed them to be profitable. This commodification of cannabis combined with a fixed-price excise duty policy snowballed into the myriad of closures we've seen over the past few years.
6. The corporations that are directly responsible for causing these issues were forced to close many of their top-of-the-line facilities due to their missteps, and as a result of both this and overspending now have billions of dollars of losses on their books, while still maintaining gigantic cash reserves. Since the biggest corporations continually reported losses, it will likely be many many years until they pay corporate taxes once they do eventually turn a profit.

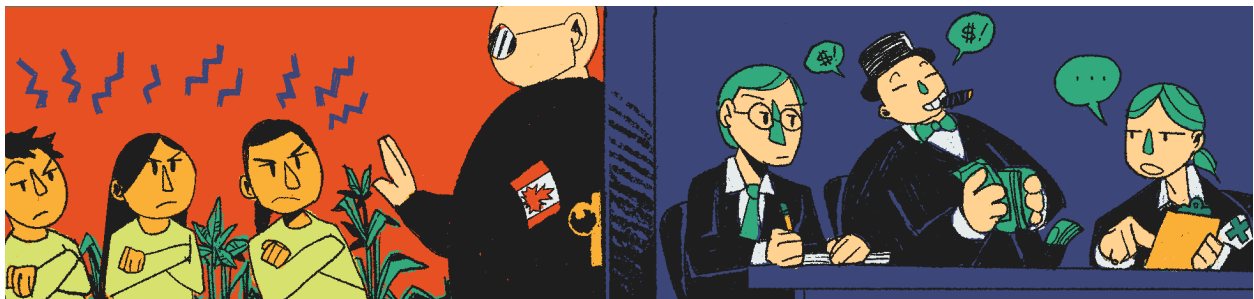
Whether or not this was an intentional strategy undertaken by these big corporations, nobody can truly say. However, we do know that these people weren't idiots; they knew that they couldn't compete with craft cannabis on a product level. We also know that the reality we find ourselves in is one where:



1. commodification has made it near-impossible for craft cannabis companies to survive, let alone thrive, and
2. these corporations have giant losses on their books carrying over each year that allows them to not pay taxes, while
3. simultaneously having a huge cash reserve from their (completely screwed over) public investors and writedowns that allow them to survive indefinitely no matter how bad the situation they've caused becomes.

Prior to legalization in 2018, the CEOs of some of these companies went on the record to say that they expected cannabis to be commodified in just the way it has been. Coincidence? Intentional strategy by long-time capitalists without morals? Who knows! ͇\_(ツ)\_/͇

So, we had rich financiers with zero background in cannabis influencing the creation of a regulatory and taxation framework that has screwed regular people over. Can you guess who wasn't included in the conversation?



## Indigenous Cannabis

Hoo boy, this is a big topic to unpackage! In this white paper, we will only scratch the surface, as the issues discussed here go much deeper than

cannabis. Given the cannabis-centric nature of this paper, let's start with some history about cannabis & hemp use in indigenous cultures in North America.

Many people assume that European colonists brought cannabis and hemp to North America in the post-Columbus era. However, it isn't actually clear exactly when these plants actually arrived in North America and when local indigenous cultures began using them. In fact, there are quite a few pieces of evidence that suggest that cannabis was present in North America for much longer.

For example, multiple European explorers in the century before the first colonies were established in North America (1607 in Canada, 1608 in the US) recorded their observation of hemp growing in the wild or its use by indigenous people. Florentine Giovanni Da Verrazzano [wrote about the clothing of two children he attempted to kidnap](#) (he successfully kidnapped one of them) in modern day Virginia in 1524, saying they were "wearing a covering made of certain plants, which hung down from the branches of the trees, tying them together with threads of wild hemp." Frenchman Jacques Cartier [documented finding wild hemp](#) on each of his three voyages to Canada in 1535, 1536, and 1541, with one of his many journal entries that reference hemp saying that "the land groweth full of hemp which groweth of itself, which is as good as possibly may be seen, and as strong."

In 1605, Samuel de Champlain (who later founded Quebec) [logged a few different indigenous uses of wild hemp](#) in modern day Massachusetts, writing that "their robes are made of grasses and hemp" and that "they gave me one of their [fish] hooks, which I took as a curiosity. In it the bone was fastened on by hemp, like that in France, as it seemed to me, and they told me that they gathered this plant without being obliged to cultivate it; and indicated that it grew to the height of four or five feet." There are many more such records by other explorers, e.g. Gabriel Archer writing in 1607 that [hemp was grown in a Powhatan village](#) he visited in present-day Virginia, or Samuel Argall recording in 1613 that wild hemp "better than that in England" grew along the Potomac river.



It's important to note that it wasn't until [1606 in present-day Nova Scotia](#) that Champlain's botanist, Louis Hebert, is credited with planting the first hemp plant from European seed stock in North American soil as a botanical experiment. In other words, with the possible (but quite unlikely) exception of Argall's record, these journal entries feature plants that were already indigenous to North America.

Another example comes from W. H. Holmes, ethnologist for the Smithsonian Institute, who wrote in his [1891 monograph "Prehistoric Textile Art of Eastern United States"](#) about a well preserved hemp bag discovered in an archaeological site rich with potassium nitrate and other preserving salts:

"As if to convey to the curious investigator of modern times a complete knowledge of their weavers' art, the friends of the dead deposited with the body not only the fabrics worn during life but a number of skeins of the fiber from which the fabrics were probably made. This fiber has been identified as that of the *Cannabis sativa*, or wild hemp."

Some people today argue that all of these records are actually referring to *Apocynum cannabinum* i.e. dogbane when they say "hemp," but we feel that it's quite a stretch to make the claim that *literally everyone* (including botanists) mislabelled the plant. Here are three other realistic candidates for how *Cannabis sativa* could have arrived in North America:

- 1) The Vikings, who [used hemp for their sails and ropes](#), would have brought seeds with them to North America to be self-sufficient should they need to build new ships. They established a settlement in Vinland (likely present-day Newfoundland & New Brunswick) [half a century before Columbus](#).
- 2) It's quite possible that humans crossing the Bering Strait land bridge would have brought seeds with them. We have [dated fossilized cannabis pollen in Central Asia to 32,000 years ago](#), which gives us a



[20,000 year window](#) where humans from Asia could have carried cannabis and hemp with them to North America.

- 3) Birds. Certain species of [birds eat seeds and fly across oceans regularly](#), bringing genetics with them to new lands. Here's a relevant article from the date of this writing (December 30, 2024) about a "[giant sea eagle \[visiting Canada\] from the other side of the world.](#)"

It is quite unlikely that we'll ever *truly* know exactly when hemp and cannabis began being used by indigenous cultures in Canada, nor which specific First Nations used these plants first. Most First Nations didn't have writing systems, and their continual oral flow of heritage and culture across generations was completely disrupted by [colonial genocide, forced sterilization, and the kidnapping of countless children](#) from their families. Regardless of when hemp first made it to North America, we have many records of First Nations using hemp well before the establishment of Quebec—the first North American colonial settlement—in 1608.

What is the significance of sharing all this? It establishes that indigenous cultures used *Cannabis sativa*, the species that both hemp and cannabis are part of (though what we colloquially call "cannabis" can also be part of two other species—*Cannabis indica* and *Cannabis ruderalis*). This is important because it provides evidence to establish cannabis cultivation & use as [a potential Aboriginal right](#) for First Nations—though of course, as previously stated, it's impossible to definitively prove whether or not most individual First Nations had a history with cannabis given the genocide that has completely decimated the ability for records to be passed down traditionally.

[Section 35 of the 1982 Constitution Act](#) guarantees First Nations, Inuit, and Métis people in Canada certain unique rights. It doesn't actually give indigenous people rights, but rather affirms that Aboriginal rights and treaty rights determined elsewhere are valid and guaranteed by the Canadian government. In the time since this Act was passed into law, [the "duty to consult" was established by Canadian courts](#), as was the requirement for



the government to consult Aboriginal peoples on potential Aboriginal rights, for which [“the threshold to trigger the Crown’s duty to consult is low.”](#)

Additionally, Canada endorsed the *United Nations Declaration on the Rights of Indigenous Peoples* (hereinafter *UNDRIP*) [in 2010](#)—after initially being one of only 4 countries in the world to vote against it [in 2007](#)—, announced full support [in 2016](#), and then formally brought it into Canadian law [in 2021](#). *UNDRIP* “emphasizes the rights of indigenous peoples to live in dignity, to maintain and strengthen their own institutions, cultures and traditions and to pursue their self-determined development, in keeping with their own needs and aspirations” and ensures that [“indigenous peoples have the right to self-determination.”](#) In other words, starting in 2016, Canada agreed on the international stage to allow indigenous people within Canada to have the right to self-governance, and then took this a step further in 2021 when *UNDRIP* was legally turned into [“an international human rights instrument that can help interpret and apply Canadian law.”](#)

So, we exist in a reality where Canada has made legal commitments to:

- A. ensure that indigenous people are consulted if any actions the government takes might impact potential and/or established Aboriginal rights, and
- B. “consult and cooperate with Indigenous peoples on certain matters, such as [‘legislative or administrative measures that may affect them,’](#) in order to obtain their free, prior and informed consent.”

In our opinion, the creation of a new licensing framework related to the production and distribution of cannabis should result in consultation with the first peoples of Canada as a result of *each* of those legal commitments independently. And yet, no such meaningful consultation took place. This lack of meaningful consultation led to the creation of the National Indigenous Medical Cannabis Association in 2017, which [submitted a letter to the House of Commons](#) pointing out how there had been zero



consultation of indigenous people, and how they expected Bill C-45 to affirm indigenous peoples' right to self-governance as it relates to cannabis.

Perhaps this led to Health Canada announcing a focus on indigenous communities when they undertook a public consultation later that year. Today, the high level information about this consultation [highlights indigenous involvement in this process](#)... yet when one opens the [consultation summary](#), it solely says that nine meetings were held with representative First Nation, Inuit, and Métis organizations, and that representative organizations were invited to provide submissions to the consultation. There is zero information whatsoever about what was discussed with or expressed by indigenous communities.

Six years later, these issues are unchanged. In [a 2023 press release](#), the BC Assembly of First Nations stated:

“In 2018, cannabis was legalized without meaningful engagement or consultation with First Nations. ... Despite persistent advocacy, First Nations' distinct rights and unique needs were ignored by colonial governments during the legalization of cannabis. Five years later, Canada's legislative framework for cannabis still does not provide appropriate avenues for coordination between jurisdictions or appropriate fiscal relationships that reflect the recognition of First Nations' jurisdiction over cannabis.”

Let's illustrate the lack of “appropriate fiscal relationships” with one example: [excise duty](#). With legal cannabis, at least 75% of excise revenue goes to the province or territory that the cannabis is sold in, and at most 25% goes to the federal government. Neither First Nations nor the Métis Nation were included in discussions to create the excise program. There's an argument to be made that Inuit people were indirectly included by virtue of [Nunavut being a territory created to provide Inuit people with the ability to self-govern](#), though there are many Inuit people that live in their traditional lands outside of Nunavut. Outside of Nunavut, First Nations, Métis Nation, and Inuit people would not automatically receive any excise



duty revenue should they open a Cannabis Act licensed store on their land. Given this reality, why would indigenous people ever want to participate in the legal market when the colonial governments around them get tax money while their nations never see a cent? The First Nations Tax Commission published [an informative article](#) on this very issue in early 2018, and we'd like to quote some of the relevant history on First Nation taxation that they share there:

“Over a century ago, First Nation communities understood and paid taxes. ... The erosion of First Nation tax jurisdiction began with a series of policies, regulations and legislation between 1883 and 1927. First Nation sun dances and potlaches were banned. First Nation governments were prohibited from raising revenue through property and railway taxation. The policy culminated in the 1927 Indian Act Amendment, which prohibited First Nations from hiring lawyers to defend their claims. In 1951, this policy was reversed but the damage was done. All tax jurisdiction had been assumed by other governments and we have struggled to restore our jurisdiction ever since.”

Canada, unfortunately, has a rich history of prohibiting indigenous people from self-governance and excluding them from participating in taxation revenue, and this troubling trend has continued with the legalization of cannabis. It's also worth noting that we and the indigenous people of Canada aren't the only people that think the current taxation framework is problematic. Both the [Standing Senate Committee on Indigenous Peoples](#) and the [expert panel that undertook the Legislative Review of the Cannabis Act](#) agree that “Finance Canada should work with First Nations to identify options for the development of an excise tax-sharing framework.”

As a reminder, this taxation issue is *just one* issue affecting indigenous communities that we've chosen to unpack a little bit more in relation to the Cannabis Act. There are many more.

With this understanding, is it any surprise that countless First Nations across Canada have chosen to completely ignore the colonial framework



and to instead create their own (generally far more reasonable) cannabis regulations?

We know that [many people](#) with cannabis licenses today are pretty upset with the competition from First Nations operators (known collectively as “[the red market](#)”). But is it fair to direct your anger at these First Nation cannabis stores? First Nations created regulations that make a lot of sense and many of these stores are abiding by the laws of *their* nation. (It’s worth noting that there are [some stores on reserves](#) that are operating without the approval of their nation, though we have no sense of how many such stores operate relative to those that receive community approval.) If First Nations were meaningfully included at the table from the start, *as required by law*, perhaps the Canadian cannabis regulatory framework would be far more reasonable than this mess that we find ourselves within today.

How is cannabis regulated in Canada anyway? Could there be anything problematic there? Why don’t we take a look at the role that regulators play in the Canadian cannabis landscape.



## Cannabis’ Regulation

The primary regulator of the cannabis industry today, as we will demonstrate throughout this section of the white paper, has been anti-cannabis for decades. Health Canada, being the administrator of the [Controlled Drugs and Substances Act](#) (CDSA), was involved with the [R. v.](#)

[Parker court case](#) that found the prohibition on cannabis in the CDSA to be unconstitutional due to its lack of an exemption for medical patients. This finding by the court system ultimately led to the creation of the [Marihuana Medical Access Regulations](#) (MMAR), which updated the CDSA to provide medical patients with an avenue by which to access medical cannabis. However, the original regulations were severely limited, and over the next decade, [quite a series of court cases](#) forced changes to the policies and regulations that governed cannabis. Perhaps unsurprisingly given the stigma around cannabis (see this paper's [opening section](#)), at every single step of the way, the federal government, often represented by Health Canada, created policies that had three effects:

1. Putting up significant barriers to the access of medical cannabis for patients.
2. Putting up significant barriers to the legal production of cannabis by small scale craft growers.
3. Pushing the production of cannabis towards the much-more-familiar-to-Health-Canada pharmaceutical model.

In fact, Health Canada policies are directly responsible for the “corporatization” of cannabis discussed in [section 3](#) of this paper. In 2012, they enacted their [Marihuana for Medical Purposes Regulations](#) (MMPR), which limited cannabis production to facilities that were effectively able to operate at a near-pharmaceutical level. In other words, Health Canada’s MMPR essentially made it so that you *needed to be* a large well-funded corporation in order to be able to get licensed. Companies like Aphria (Tilray today), Tweed (Canopy Growth today), and Aurora [received licenses under these regulations](#). Simultaneously, the MMPR made it so that all the individuals who were previously licensed through the MMAR program and grew on smaller scales for individual medical patients would soon be on the wrong side of the law. This was successfully challenged in the [Allard et al v. Canada court case](#), which forced Health Canada to continue honoring previously issued MMAR licenses. It also led to Health Canada replacing



the MMPR regulations with the [Access to Cannabis for Medical Purposes Regulations](#) (ACMPR), which basically had the MMPR regulations as a “Part 1” and the MMAR regulations as a “Part 2.” The [Cannabis Regulations](#) that the recreational industry is regulated by today have tons of overlap with Part 1 of the ACMPR, and licenses granted under the MMPR and ACMPR frameworks that were still valid in October 2018 were transitioned to licenses under the Cannabis Regulations.

It’s critical to note that Health Canada created these policies from a stigma-driven anti-cannabis perspective. They created these regulations *because they were forced to by the courts*, not because they wanted to provide necessary medical access for Canadians. In fact, after they released the MMPR, they [spent \\$5 million running anti-cannabis campaigns](#), plus who knows how many millions more on all the various court cases where they tried time and time again to limit access to cannabis for medical patients.

One especially poignant example of their anti-cannabis attitude came in 2015. In the [R. v. Smith Supreme Court case](#), Health Canada’s position boiled down to “smoking cannabis is healthier than edibles, topicals, suppositories, etc.,” and that it should therefore be illegal for patients to have access to any form of cannabis other than dried flower. That’s right: Health Canada, the federal ministry in charge of public health, seriously tried to argue that smoking is better for your health than drinking an infused tea. This obviously laughable position ensured that they [lost the case by a unanimous ruling](#). As a point of hilarity, we must bring to light that [the Supreme Court noted](#) “even the Health Canada materials filed by the Crown’s expert witness indicated that oral ingestion of cannabis may be appropriate or beneficial for certain conditions.” After the Supreme Court of Canada unanimously agreed that all forms of cannabis should be legal for medical patients to use, the Health Minister was quoted as saying [“frankly, I’m outraged by the Supreme Court”](#) and vowed to combat normalization of pot.



Let's let that sink in... An organization that has vehemently fought to limit cannabis for decades and has spent millions of dollars on legal fees in that endeavour was tasked with regulating a new recreational industry centered around the very plant that it deeply believes should be illegal... Sheesh!! What could ever go wrong with that!?

Not only does Health Canada have, as shown in the preceding paragraphs, a well-documented anti-cannabis history, but as a ministry, [they do not have an economic mandate](#) to support business in any way, shape, or form. They are regulating an industry full of start up companies with zero requirements to care for the business impacts of their regulations, all while coming from a perspective of "this thing should be illegal anyway." Is it any surprise that the regulatory environment was so full of barriers that the vast majority of traditional cannabis operators balked and said "screw this, we aren't going legal?"

The most ironic part about this stigma-driven approach to legalization is that the Canadian government has completely ruined any chance of achieving one of the primary goals of legalization: rendering the illicit market obsolete. The federal and provincial governments of Canada have created a market that is so overregulated and overtaxed that the majority of traditional cannabis operators don't even try to enter. The few that did have struggled so much that anybody that was on the fence has been scared squarely back into the underground and/or medical markets. In other words, as a direct result of stigma-driven regulations and policies, the underground market has continued to effectively compete with the legal market, with Deloitte finding that [5 years after legalization, the illicit share of the market could be as large as 52%](#).

In March 2024, the [legislative review of the Cannabis Act](#) that we've referenced in previous sections of this paper stated:

"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.”

A few months later, [Health Canada announced a variety of proposed amendments to the regulations](#) that will admittedly make things a bit more streamlined for licensed cannabis producers and create better opportunities for new applicants. However, from our perspective, the vast majority (if not all) of these proposed changes are fairly surface level, generally within the realm of “what policies can we change that won’t require us to make any changes to how we operate.” And they don’t really address the biggest issue with Health Canada: the fact that a historically anti-cannabis ministry with zero economic mandate is regulating activities that they have no expertise in.

For clarity, when we say “activities that they have no expertise in,” we are specifically referring to cultivation. What do we mean by this? Health Canada has created multiple regulations (MMPR, ACMPR Part 1, and the Cannabis Regulations) that require operators to exist at a near-pharmaceutical level. This makes sense if somebody is creating pharmaceutical products (which is definitely a possibility with extracted & formulated cannabis derivatives), but makes zero sense if somebody is just cultivating, processing, and selling dried cannabis flower. Why would Health Canada set up regulations in this way? The explanation is actually quite simple: *this is what they have experience with*. They understand the world of pharmaceuticals deeply. Rather than creating regulations that are appropriate for the agricultural portions of the cannabis industry, they’ve forced an entire industry *built around a herb that is grown by farmers* to be regulated in a manner akin to pharmaceutical drugs synthesized in world-class laboratories

We believe that we should all be asking the following questions: Is Health Canada the right organization to regulate cannabis? Is an organization that has historically prioritized stigma over evidence (e.g. “smoking pot is better for you than putting a cannabis cream on your body”) the right organization



to regulate an industry they never wanted to exist? Is an organization that has zero background or expertise with agriculture the right organization to regulate agricultural license holders? (If you're wondering about Health Canada's involvement in tobacco regulation: the [Tobacco Act](#) doesn't mention "cultivation," "farming," or "growing" once. Health Canada solely regulates the "manufacturing" of tobacco products—equivalent to "processing" in the cannabis world—, with the cultivation of tobacco being regulated provincially.)

Here is a quote from the recent [Health Canada proposed amendments](#):

"Currently, cannabis pollen (which is required for plant breeding) cannot be obtained, sold or distributed by nurseries or other cultivation licence holders, or sold by research licence holders. Pollen does not fall under the existing categories of dried cannabis, fresh cannabis, cannabis plants or cannabis plant seeds, thus creating an inadvertent regulatory gap for the intra-industry sale of pollen."

Wow. The current organization that regulates an agricultural industry had no idea that pollen could be important for genetic breeding programs, completely omitting it from their regulatory categories, and thus *making it illegal to obtain, sell, or distribute*. That's wild!! There are more omissions like this that they did not acknowledge (e.g. tissue cultures).

So we ask the question: why do we as a cannabis industry need to waste all this time, energy, and money with regulators who 1) did not want this industry to exist in the first place, 2) do not have the relevant expertise to regulate the industry effectively, and 3) do not have a mandate to ensure that their regulations are viable for the businesses they regulate? Why waste taxpayer resources educating and training this organization that is not a good fit on many levels? And especially, why do all this when there are far better fitting governmental agencies already in existence?

Many [licensed producers are calling for the cultivation of cannabis to be regulated by Agriculture and Agri-Food Canada](#) (AAFC), a proposal that we



fully support. (*Note: we would also support cultivation becoming a provincial concern, matching how tobacco is regulated.*) Such a shift addresses the three issues that we brought up in the previous paragraph: 1) AAFC does not have a history of actively opposing cannabis—quite the opposite; they have [made funding available to cannabis farmers](#), 2) they have the relevant expertise to regulate an agricultural industry, and 3) they have an economic mandate and understand the reality of farmers. This would also presumably open the doors for outdoor farms to grow more than one crop, something that is not possible today with Health Canada regulating the industry and an issue that [farmers are extremely frustrated about](#).

We see no reason why we can't have a multi-ministry regulatory framework for cannabis where each regulating organization has *actual deep expertise* in the domain that they are regulating. Health Canada can—and should—be regulating the manufacturing of any product that involves the use of dangerous and harmful volatiles, such as butane and ethanol. Likewise, they are best suited for regulating both labs that produce pharmaceutical or near-pharmaceutical products (of which there are plenty), as well as labs that test cannabis—something that is [sorely missing in the regulatory framework](#) today. But, outside of standardizing legal limits to various compounds in cannabis products to be determined through lab tests, we believe that they should not be regulating the agricultural process or the production of cannabis products that do not use dangerous compounds. There are numerous ministries far better equipped to do so in Canada at both federal and provincial levels *with* the appropriate expertise.

One other thing that we need to touch on before moving on to the next section is the secondary regulator of the cannabis industry: the CRA. From afar, the CRA seems to be more supportive of the cannabis industry. They do not have an anti-cannabis history, and more than anything else, their perspective seems to be best summarized as “Yay! More money for us to collect!” However, the actions of the CRA indicate that, like Health Canada, [they do not have an economic mandate](#) to take business needs into account. Their interactions with license holders can often be quite



burdensome on operations that really can't afford any extra stress. Some licensed producers are inspected by the CRA upwards of six times a year, which is quite unreasonable and really limits a startup company's ability to get through its nascent stages. Additionally, the CRA's recent more aggressive approach to collecting outstanding excise duties (as discussed in [section 2](#)) has directly led to an increase in failed cannabis operations.

With all this being said, we get the sense that the CRA have made some mistakes due to the general stigma around cannabis and the cannabis file being completely new to them. We also imagine that they were pressured to collect more revenues from other parts of the government and that this led to the recent change in their aggression around collecting excise, though this is just a suspicion on our part. Regardless of the challenges that do exist with the CRA, they do feel like the appropriate organization to administer the excise duty components of the regulatory framework around cannabis—though [as established earlier](#), the excise duty program is problematic and needs to be overhauled.

Let's touch back on Health Canada to wrap up this section. Unfortunately, their regulations and policies don't solely impact cultivators of cannabis. As we established earlier in this section, cannabis only became increasingly legal in Canada due to the political activism and legal action undertaken by medical patients who wanted legal access to the medicine they needed. A major irony of legalization of cannabis under Health Canada's watch is that these very same medical patients who need cannabis to treat health complications are having a much harder time getting access to their prescribed medicine today than prior to legalization.





## Medical Patients Have Been Forgotten

As established in the previous section, cannabis is legal in Canada today because of its [well-documented incredible medical benefits](#). All of the policy changes that have enabled cannabis to come out of the underground over the past few decades have all happened as a direct result of political activism and legal action undertaken by medical cannabis patients and the producers and distributors that supported them.

As of the time of editing of this paper (January 9, 2024), there are [49,732 different scientific papers that discuss cannabis on PubMed](#), a free resource supporting the search and retrieval of biomedical and life sciences literature maintained by the US government's [National Library of Medicine](#). Let's take a moment to list some of the documented therapeutic benefits of cannabis that some of these studies focus on. Cannabis has been shown to treat, support, slow the onset of, and/or relieve the symptoms of [cancer](#), [epilepsy](#), [multiple sclerosis](#), [Parkinson's disease](#), [Alzheimer's disease](#), [ALS \(i.e. Lou Gehrig's disease\)](#), [HIV/AIDs](#), [gastrointestinal disorders \(including Crohn's disease and IBS\)](#), [Autism Spectrum Disorder](#), [post-traumatic stress disorder \(PTSD\)](#), [serious chronic pain](#), [diabetes](#), [fibromyalgia](#), [hepatitis C](#), [hypertension \(i.e. high blood pressure\)](#), [arthritis](#), [Huntington's disease](#), [incontinence](#), [insomnia](#), [MRSA](#), [migraines](#), [pruritis \(i.e. itching\)](#), [sleep apnea](#), [tourettes](#), [drug addictions](#), [bone fractures](#), [asthma](#), [dystonia](#), [anxiety](#), [depression](#), and it can greatly reduce the negative side effects of [chemotherapy treatments for cancer](#).

This list that we just shared is not exhaustive. With globally shifting attitudes and policies towards cannabis, there have been an enormous number of recent scientific studies on cannabis ([~4000 a year for a few years running](#)) that would have been illegal and/or unable to receive funding/approval in years past. The scientific body of hard evidence around the therapeutic benefits of cannabis is slowly catching up to the anecdotal evidence that has long been espoused by medical users of cannabis. With all this being said, it is important to note that [cannabis has detrimental effects for many people](#) around the world; it is not without its downsides. However, by extracting specific therapeutic compounds from the literal hundreds of cannabinoids and terpenes within cannabis, medical formulations can be created that completely avoid these detrimental effects. Alternatively, for most physiotypes, when [cannabis is administered in suppository form, THC no longer has psychoactive effects](#), greatly mitigating the worst of the detrimental effects.

### Medical Cannabis Throughout History

Cannabis has been used as medicine by many cultures around the world for millennia. It is unknown *exactly* when cannabis was first used for medical purposes, and realistically, we will never know. In terms of records or archaeological evidence for medical cannabis use, there are three likely candidates for earliest known therapeutic cannabis use: the Ancient Egyptian, Chinese, and Bell Beaker cultures.

The earliest known and dated record of cannabis used for medical purposes comes from the [Ebers Papyrus](#), a 110-page (20 meter) record of Ancient Egyptian herbal medicine knowledge written in 1550 BCE that is believed to have been copied from earlier text. [This scroll includes the topical application of cannabis](#) as an anti-inflammatory medicine. But there is evidence that cannabis was used medically earlier.

Some people associate the Ancient Chinese emperor [Shén Nóng \(c. ~2700 BCE\)](#) with the [discovery of the therapeutic benefits of cannabis](#). However, he lived a millennium before the Ancient Chinese started using [durable](#)

[media for writing](#), so the pharmacopeia associated with him (the [Shennong Bencaojing](#); the oldest Chinese pharmacopeia) isn't known to have been written until sometime around 100 CE. This document recorded cannabis as an anesthetic, and the early Chinese surgeon Hua Tuo (c. 140-208 CE) is credited with being the [first known medical practitioner to use cannabis as an anesthetic](#).

There is also evidence that cannabis was used medically in the Ancient Netherlands' Neolithic Beaker culture. A grave dated to 2459-2203 BCE was found to have a huge amount of cannabis pollen (determined after [5 years of study by the archaeologists](#)) within it. Due to there also being meadowsweet (known to reduce fever) within the grave, the researchers believe that the person buried there was sick and that the cannabis was used for therapeutic purposes.

Some other ancient cultures that recorded medical use of cannabis include:

- Ancient Assyrian culture, where in [~1400 BCE](#) hundreds of clay tablets were produced recording their pharmacopoeia. [Cannabis was one of the medicines recorded](#). Interestingly enough, they seem to have had different names for it depending on how it was being used—*qunnabu* (sound familiar?) for spiritual uses; *azallu* for medical use; *gan-zi-gun-nu* for recreational use.
- Ancient Indian culture, with one of the earliest known medical works, the *Sushruta Samhita* (unknown date of writing; sometime between 400 BCE - 600 CE) listing [cannabis as an antiphlegmatic, and other Indian records listing it as a medicine to aid with digestion](#) and appetite.
- Ancient Greek culture, where [writers in the 1st century CE](#) reported using cannabis to treat sores & wounds on horses and nosebleeds & tapeworms in humans. The most common records of Ancient Greek use of cannabis involve using it as a remedy for pain and inflammation. It's thought that cannabis was used medically by the



Greeks since far before this (there are [Greek records of recreational cannabis use from the 4th century BCE](#)), but it's impossible to know definitively.

- Many graves from the ancient Subeixi (western China) and Pazyryk (southern Siberia) cultures all dated to before the common era (BCE) [contained significant amounts of cannabis](#). The researchers working on these archaeological sites wrote that “apparently, medicinal—and possibly spiritual, or at least ritualistic—cannabis use was a widespread custom among Central Eurasian peoples during the first millennium before the Christian era.”
- A grave from 4th century CE Palestine near Jerusalem (a time with heavy [Roman Christian influence on the region](#)) was discovered to have a 9-month pregnant 14 year old girl within it, who Israeli scientists determined had been [given cannabis to smoke as a painkiller during childbirth](#).

Moving from ancient cultures to more recent cultures, we'll also mention Islamic culture, which had extensive medical texts that recorded the therapeutic benefits of cannabis. There are [more than fifty known texts written by Arab scientists and physicians between the 8th and 18th centuries CE that reference cannabis](#). Such medical texts describe cannabis as a diuretic, digestive, anti-flatulent, antiepileptic, and analgesic, and more. Some [specific records from medieval Islam include](#) using cannabis as: an ear disease remedy (857 CE), an anthelmintic (9th century CE), a diuretic (907 CE), a treatment for skin disease (925 CE), and an antiepileptic (10th century CE).

Even more recently, in 1937 in the USA—when cannabis was vilified and made illegal through the [Marihuana Tax Act](#)—the American Medical Association (AMA) opposed this act, with the [legislative counsel for the AMA stating that the claims](#) about marijuana addiction, violence, and overdose were not supported, and that the law should not burden further investigation into medical use.



## Medical Cannabis in Canada Today

To circle back to present day Canada: cannabis' incredible medical health benefits *are* the reason that it is legal today. Despite this, the idea of cannabis as a medicine seems to be a complete afterthought in today's policy landscape. Let's list a few of the issues:

1. The provincial distribution boards have created a market where THC—the psychoactive cannabinoid that is primarily responsible for many of cannabis' adverse effects for many individuals (e.g. paranoia, anxiety, etc.)—is the only thing valued within a product. With their monopolies and relative ignorance of cannabis, they have greatly exacerbated a “stronger is better” attitude in retail shops everywhere. In the US, there's a [rapidly growing low-potency cannabis market](#), and these products are [completely missing in the Canadian market](#) where these government monopolies act as gate keepers. Could you imagine walking into a liquor store where only the highest proof alcohols were stocked—regardless of quality? Where the only options on the shelves ranged from 42%-70% ethanol? This is the reality that provincial distribution boards have created.

Hey distribution boards!! Not all of us want hard liquor and hard liquor only. Some of us might want a lighter liqueur or port, or maybe some red wine, or god forbid somebody might want to just enjoy a beer after work. 🙄 The provincial distributions are quick to say “we've done our market research, and consumers only want high THC products!”, to which we say “well, duh! Your monopoly resulted in stores where that is *the only option*, and anybody who cared about cannabis in the early days *was not* buying from your stores because you had no good options.” When you have a monopoly and completely control the supply of a product within a province, it is your responsibility to educate new consumers to cannabis that THC is a small part of the overall plant experience, and that many other attributes arguably matter much more.

We're not gonna lie, it feels kind of weird to have to tell the government that

creating a market that exclusively values “how fucked up can you get?!?” is incredibly shortsighted and completely negates the medical benefits of cannabis for many (if not most) consumers. The prevalence of high-THC products at the expense of everything else was discussed extensively in the [legislative review of the Cannabis Act](#), where they request that distributors and retailers “take steps to diversify their product offerings to include a greater selection of lower-potency cannabis products.”

**2.** Another issue is that the federal regulations and provincial policies [prohibit budtenders from discussing medical or therapeutic effects of cannabis](#) with store patrons. If a new-to-cannabis consumer comes into a store because they have serious chronic pain and heard that cannabis could help alleviate their symptoms, they are obviously going to ask the staff what might help them with that. Technically speaking, discussions to help this customer out will put the budtender, at best, in a legal grey zone. If they were to say: “you know, I tried this strain here once when I was in pain, and I felt a lot better afterwards,” that could be construed as “misleading advice” as per [18 \(1\) of the Cannabis Act](#).

In our opinion, there needs to be an avenue by which somebody who isn’t trained as a pharmacist can help a customer while discussing the medical conditions that the patron brought up. There needs to be some kind of middle ground where budtenders are legally able to give their perspective on possible medical effects. Perhaps budtenders could take an optional second-level course from the provincial regulators to learn how to effectively support medical patients while avoiding giving medical advice that they really don’t have the expertise for. Perhaps there need to be caveats that are always expressed, such as “the same cannabis product can affect four different people four different ways,” “this is not actual medical advice,” and “cannabis can have unintended interactions and effects when combined with other medicines—are you taking any other medicines?”

Historically, community-based wellness centers AKA compassion clubs have provided this kind of service very successfully. The now defunct BC



Compassion Club Society and Vancouver Island Compassion Society released a “[Guidelines for the Community-Based Distribution of Medical Cannabis in Canada](#)” document in 2006 that shows how they approached patient support. The Victoria Cannabis Buyers’ Club (the last remaining compassion club in Canada) released the [latest version of their operations manual](#) in 2020, and their processes represent an evolution of that early guideline on how to effectively help patients find the right medicine. The Senate Special Committee on Illegal Drugs has long believed in compassion clubs, and has gone as far as to say that “measures should be taken to support and encourage the development of alternative practices, such as the establishment of compassion clubs” in [reports that they’ve published](#). These recommendations have been ignored by Health Canada.

Right now, there are no legal brick & mortar medical cannabis dispensaries (a major gap discussed in the next point). This means that many medical cannabis users are turning to retail stores. [A study from 2023](#) showed that 87.7% of budtenders and managers at retail stores field regular questions about cannabis use for medical purposes, with 45% of respondents saying they get 6-10 such questions a day and 40% saying they get 1-5 such questions daily. In other words, *the vast majority of budtenders across Canada are being asked for medical advice every single day by multiple customers* walking into their stores.

There is a clear gap in the market due to the lack of actual medical cannabis dispensaries. However, until that gap is addressed, there needs to be a better solution than simply banning every employee at a retail store from talking about the potential therapeutic effects of different products. New consumers are often overwhelmed by everything in the cannabis space, and being able to talk about the products *including how it might help them* is so critical for creating a good experience for everybody involved. There is certainly a realistic middle ground solution that allows Canadians struggling with medical conditions to receive helpful and thoughtful suggestions from staff who are not pharmacists.



3. The compassion clubs that we touched on in the previous point played a critical role in legalizing cannabis in Canada. Compassion clubs were created to provide a safe location where marginalized communities had affordable access to the medicine they needed. Cannabis was available in many varieties (including the oft-forgotten suppository, an incredible medical form that you certainly won't find at any legal stores today), and patients could talk to knowledgeable experts to find exactly the right thing to help them with whatever condition or ailment they were suffering from. Store staff developed professional relationships with patients, and regularly had follow-up conversations to ensure they had the right product for their medical needs ([a documented gap in the current legal medical framework](#)).

These compassion clubs did incredible work, and historically, they have helped *far more people* than the Health Canada medical regulations. [A 2008 study summarized their findings](#) by stating that “there is a growing body of evidence that Health Canada's program is not meeting the needs of the nation's medical cannabis patient community and that the policies of the Marihuana Medical Access Division may be significantly limiting the potential individual and public health benefits achievable [through] the therapeutic use of cannabis. Canada's community-based dispensaries supply medical cannabis to a far greater number of patients than the MMAD, but their work is currently unregulated by any level of government, leaving these organizations and their clients vulnerable to arrest and prosecution.” [A 2012 survey of medical patients enrolled in Health Canada's system](#) found that 72% of respondents were dissatisfied with the legal medical cannabis program, with over 50% of respondents using compassion clubs to source their cannabis instead.

Unfortunately, despite many studies detailing benefits of compassion clubs and despite the [Canadian Senate lamenting that](#) “no attempt has been made in Health Canada's current research plan to acknowledge the considerable expertise currently residing in the compassion clubs” and telling Health Canada to “at the earliest possible opportunity, undertake a clinical study in cooperation with Canadian compassion clubs,” Health Canada continues to ignore the compassion club model. In fact, these



organizations have become far more ‘vulnerable to arrest and prosecution’ since the legalization of cannabis, since zero consideration was given to compassion clubs.

Today, there is only one compassion club remaining in Canada, the Victoria Cannabis Buyers Club (VCBC), which also happens to be one of the first. The regulatory landscape that emerged post-legalization has made it so that these critical community hubs that enabled vulnerable communities to receive the high quality medicine they needed are no longer viable; only the VCBC has been willing to continue operating despite [continual raids, millions of dollars in fines, lawsuits, and scare tactics](#).

Mind you, this is all despite the City of Victoria being fully supportive of the VCBC and *wanting* them to continue operations due to all the documented benefits they have brought to their community. In fact, the [City of Victoria supported the VCBC in applying for an exemption from Health Canada to continue its operations in both 2020 and 2022](#). In her [letter to Health Canada](#), Victoria’s mayor wrote that “over more than two decades of operations in Victoria, the management, staff and board of directors of the VCBC have proven their commitment to patients and to our community. The City of Victoria is prepared to do its part to ensure that the club can successfully transition into the legalized cannabis system as soon as possible.”

Meanwhile, the Canadian Institute for Substance Use Research wrote that they “urgently call on Health Canada to grant the exemption requested by VCBC and dedicate resources to develop a plan that meets the needs of people who consume cannabis for therapeutic purposes. We also see an urgent need to support rather than punish community-based compassion clubs, buyers clubs, and dispensaries that do not have the resources, staffing, time, and expertise to fulfill all the requirements under the Cannabis Act.” Unsurprisingly enough (given [Health Canada’s anti-cannabis ethos](#)), this hasn’t gone anywhere.

*Sidenote: To hear about the VCBC’s history and ongoing political*

challenges, [check out The State of Craft Episode 38 with VCBC founder Ted Smith](#).

It is gross that the government regulations have forced every single medically-oriented community-centric not-for-profit compassion club to close (excepting VCBC, who are fighting for their life), and have instead replaced them with stores whose products are intended to get consumers as messed up and high as possible. Mind you, there is nothing inherently wrong with getting high out of your mind, assuming that makes you happy and you do it safely. However, that shouldn't be *the only option* in the market as a direct result of government policies.

4. Now, even though compassion clubs are a critically endangered species, there are online medical stores that patients can sign up for. However, there are three specific major problems with the Cannabis Regulations' medical system.

The first two of these issues stem from the fact that licensed producers that are able to take part in this medical system are the same licensed producers that sell into the recreational market. In fact, to legally sell to medical patients, you need to get a [medical sales license](#) as an extra step beyond the [cultivation and processing licenses](#) that allow you to sell recreational cannabis.

**4A.** As a result of the massively growing recreational market (that many medical users are using for convenience due to the lack of compassion clubs) and [simultaneously shrinking medical market](#), many licensed producers have stopped focusing on medical sales. We have heard from numerous patients that the options available to them in online medical stores have decreased over time. **This is a huge problem when a [medical patient can only legally use one supplier](#)**; if a producer stops carrying the product that really helped you with your condition, you are now stuck in a really unfortunate situation.



**4B.** As a result of the buying strategies undertaken by provincial distribution boards (i.e. monopolies that control entry into the recreational market), licensed producers are disincentivized from breeding medically-focused genetics since they would be completely unable to sell such products in the recreational market due to the inherent lower levels of THC. To use a concrete example:

At the time of this writing (December 30, 2024), the BC LDB's online cannabis store has 172 products listed in the [“Dried Flower” inventory category](#). To use a crude comparison to alcohol, of those 172 options, two are non-alcoholic (<1% THC), one is beer (<8% THC), two are wines (<14% THC), 27 are hard liquors (<25% THC), and 140 are *really hard liquors* (>25% THC). With today's dire economic reality, if a craft cannabis producer grew an award-winning genetic that they bred that had 11% THC, 8% CBD, 4% CBG, and 5% terpenes, *they would go out of business because distribution boards would refuse to buy their flower* (and alternatives to central distribution today are [fundamentally flawed](#)).

**4C.** The final major problem with the Cannabis Regulations' medical framework is that the excise duty regime that we discussed [earlier in this paper](#) does not differentiate between medical and recreational cannabis. This means that the absolutely ludicrous duty *is being charged on medicine*, and many patients can no longer afford medical cannabis products as a result. Let's put this into perspective:

[Canada has legislation ensuring that prescription medicines are “zero-rated,”](#) which means that prescribed medicines are exempt from both excise duty and sales tax to keep the costs of medicine as accessible as possible for patients. Cannabis is the sole exception to this rule, where despite being a prescribed medicine, patients are required to pay both excise and sales taxes. This is [due to a technicality](#): cannabis prescriptions are officially “medical documents,” and therefore not “prescriptions.” [Canada is the only North American jurisdiction that taxes medical cannabis identically to recreational cannabis](#), and over 27,000 Canadians have asked for this taxation to end for medical patients.



Again, gross. We need to do better than this on all these points.

It's so counterintuitive: the medical cannabis community forced cannabis legalization through decades of political protests and fights in Canadian courtrooms, but then as soon as legalization arrives, the regulatory landscape—with Health Canada and the provinces (who control distribution) at its centre—undo so much of the progress for medical patients by limiting access to medical cannabis, limiting education, forcing community wellness centers (that have been proven to help vulnerable populations) to close, hugely increasing product prices, pushing drugs with arguably dangerously high levels of psychoactive compounds through government channels, and simultaneously severely limiting the availability of cannabis with therapeutic qualities (which can certainly be enjoyed recreationally) to the public. What ridiculous irony!



## **Agricultural Status, Cannatourism, & Environmental Unsustainability**

### Agricultural Classification of Cannabis

In some places in Canada, such as [BC, Nova Scotia, and New Brunswick](#), the provinces refuse to recognize cannabis farming as agriculture. Being based out of BC, we understand the policy landscape in BC better than other provinces, so we'll focus on our home province with the examples

that we share. In BC, if a cannabis farm exclusively grows plants by farming with the traditional agricultural method of planting seeds in the ground, [their farming activity is considered to not be a farming activity](#), and the agricultural products that they harvest are considered to *not be* agricultural products. Makes total sense, right??? 😬

This means that farmers running farms cannot get farm tax status. They can't get the support or protection that every other farmer in BC receives, nor can they apply for any *federal* programs to support farmers, since [federal programs that support cannabis farmers](#) require the provinces to acknowledge them as farmers first. This puts BC (and NS & NB) farmers at a huge disadvantage when compared to farmers in Alberta, Saskatchewan, Ontario, PEI, etc. who have access to far more resources and support. This is kinda crazy given that BC is the province that is globally renowned for cannabis farming.

BC based policy advocacy groups have been asking the BC Ministry of Agriculture and Food to reclassify cannabis for years. To us, it's wild that any convincing is needed to say that planting a seed in a ground and farming it is agriculture, but what do we know about logic? It seems that this work has resulted in a shift in January 2024, where "[the B.C. government recognizes commercial cannabis as an agricultural commodity](#)." But since cannabis farms are still prohibited from obtaining "farm classification," this doesn't functionally change anything for BC farmers. 🙄

The issues in Nova Scotia and New Brunswick aren't exactly the same, but they are similar, and cannabis farmers there are also [discriminated against and kept away from resources and supports](#) that all other farmers have access to. We hope that these stigma-driven provincial policies are replaced with policies that quite simply classify cannabis flower as an agricultural product and the farming of cannabis as an agricultural activity, since... well... that's literally what they are. 🙄 This is such a low hanging fruit that it's honestly shameful that some provinces have created these arbitrary barriers for farmers.

## Cannatourism

Cannabis tourism could be a huuuuge economic driver in Canada. Historically, the Netherlands has been a major destination for countless cannabis lovers and cannabis curiosos. Over the past few decades, one could take a stroll through Amsterdam’s streets and be guaranteed to see a vast number of tourists entering the different [coffee shops](#) to experience cannabis in a “legally tolerated” manner. These cannatourists are spending far more money than just what they are spending on cannabis, and you just know they are spending quite a bit more on food than the average tourist. 😊 And the number of these cannabis tourists coming to Amsterdam is way higher than what you might think. A Dutch government study found that a whopping [58% of all international tourists who came to Amsterdam did so in order to enjoy cannabis](#).

A few other jurisdictions around the world have started embracing cannabis tourism. A “cannabis tourist” is defined as somebody who decided to visit a destination at least in part because they could easily access cannabis there. It’s been shown that cannabis tourists spend *more* money than regular tourists. A [study done by the Colorado Tourism Office](#) in 2019—six years after Colorado legalized cannabis—found the following: the average tourist to Colorado spent \$1,869 per trip; a tourist that used cannabis while on the trip spent \$1,930 per trip; and finally, a cannabis tourist (meaning, again, that cannabis accessibility was a key reason why they chose to visit Colorado) spent an average of \$2,030.

It’s a real shame that we do not have the policy landscape in any province or territory in Canada ([excepting Nunavut](#)) to allow a cannatourism industry to thrive. Let’s pick on BC again with some [research done in the Kootenay region](#) where CertiCraft is headquartered. A local academic team (with support from [Kootenay Rockies Tourism](#)) found that there were huge benefits to developing cannatourism opportunities in the Kootenays—a region considered by many to be the centre of craft cannabis in BC, with a rich, storied cannabis history going back over 5 decades. However, they



also cautioned against actually attempting to develop this opportunity, since there was far too much risk with such an endeavour, in no small part because it would be [impossible to accomplish with the current regulatory framework](#).

Wine tourism is another highly lucrative industry in the interior of BC. A critical part of the success with wine tourism is that visitors can A) tour facilities and B) sample wine while there. Neither of these are possible with the current policies that exist. Technically speaking, [section 68 \(1\) of the Cannabis Regulations](#) restricts access to operational areas (which includes growing areas) “to individuals whose presence in the area is required by their duties.” Likewise, in order to consume anything, a visitor will need to first buy a retail package from a farm-gate store (which is *actually* a fully licensed retail store) then leave the facility. Visitors would not be allowed to smell or touch—let alone eat, smoke, or vape—any cannabis products in the way that they’d be able to sample wine at a winery.

It goes without saying that the sampling is pretty critical for agritourism like this to work. So many people love going on wine tours *because they can sample the wine*. Take that away, and the wine tourism industry falls apart. It’s also pretty critical for sales. When a wine lover can sample a few different wines and discovers a vintage that they really love, you can be sure that they are buying a few bottles of wine that they most likely wouldn’t have otherwise. In fact, [one study](#) found “a [400%] increase in sales of the wines tasted on the day of tasting, and a small but significant effect on sales during the four weeks afterwards.” This would be no different for cannabis lovers.

On a policy level, this means that provinces and territories need to allow on-site consumption to happen. Farms that want to offer tours should be able to let visitors sample products on-site. Cannabis-loving communities should be able to open consumption lounges. Adventurous restauranteurs should be able to offer cannabis-infused food & beverage options. Spas and bodyworkers should be able to use cannabis-infused creams and oils with their patients’ consent. Festivals and events should be able to have



on-site “cannabis gardens.” And all of these things need to be legally marketable. These are the basic ingredients needed to allow for a viable and hugely economically stimulating cannabis tourism industry to emerge.

We are heartened to see that certain smaller jurisdictions are being more progressive and creating policies that are slowly allowing cannatourism to become a possibility. Some examples include Nunavut—where [policies allow for cannabis consumption at lounges and cafes](#)—or cities like Calgary and Edmonton—where festivals or outdoor events can have a [designated outdoor cannabis consumption area](#). The province of Alberta recently enacted legislation to follow in the footsteps of its two major cities, with the province as a whole now enacting legislation that allows [legal consumption areas at adult-only events and festivals](#).

However, these are all baby steps in the right direction. As it stands today, with the exception of Nunavut, any cannabis tourism experience created in Canada will, quite simply, suck. Given how much safer and less costly to the public cannabis is relative to other forms of consumption (see [first section of this paper](#)), it’s pretty sad to see how little willingness there is for governments to allow cannabis to reach its full economic potential and bring wealth to countless communities throughout Canada.

### The Anti-Environmentalism of Legalization

The final issue that we will touch on in this white paper is the ridiculous amount of wastefulness that exists within the legal cannabis industry. The shift from largely underground and medical industries to a predominantly legal recreational industry has been mostly disastrous for sustainability and environmentalism.

Why? Two main reasons:

First, prior to recreational cannabis legalization, it was common to grow cannabis outdoors. Historically, this was the only method of cannabis cultivation until technological advancements enabled and [US government](#)

[crackdowns incentivized indoor cultivation to emerge in the 1980s and 90s](#) (since, obviously, the smells and sights of cannabis could be hidden from law enforcement). In some rural regions in Canada—in BC, this centered around the Kootenays, the Gulf Islands, Vancouver Island, Kamloops, Lillooet, the Sunshine Coast, and the Okanagan—many growers [cultivated cannabis in hidden forest spots that they'd hike to](#). When the MMAR and ACMPR regulations enabled legal medical grows, many growers began cultivating outdoors on their own property. However, with the tax implications of legalization, it's effectively *impossible* to be a small-scale outdoor cannabis cultivator (as detailed in the [second section of this whitepaper](#)). Want to be sustainable by using the sun to energize your plants and the wind to strengthen them? Too bad. You have to use the electric grid to emulate the outdoor experience with a plethora of lights, fans, air conditioners, humidifiers, dehumidifiers, etc.

**Today, as a *direct result of government policies*, it's impossible to run an organic regenerative permaculture cannabis farm.** Many of our customers have tried and been forced to close their doors. However, it's possible to build and operate a structure that uses [40x as much energy](#). If government policies result in this forced unsustainability, then we have ourselves a pretty serious environmental disaster.

Second, the current regulations around packaging are incredibly wasteful. Historically, cannabis was distributed from the production site to the retail location (be it a drug dealer or dispensary) in bulk form. Containers that could hold the largest viable volume of cannabis were used for transport. When those traditional retailers sold cannabis, purchasers would buy the exact mass that they wanted (“I want an eighth!”, “give me 10 grams please,” etc.), exactly like in any other store that sells bulk produce. This way, the minimum amount of packaging possible was used; you got all your cannabis in one bag (or rather, one bag per cultivar you purchased).

Today, the regulations require tons more packaging than ever before and result in a staggering amount of waste. For every gram of legal recreational cannabis sold, there can be [as much as 70 grams of packaging waste](#). This



meant that in the first 9 months of legalization (through August 2019), between 5.8 million and 6.4 million kilograms of plastic cannabis packaging ended up in Canadian landfills according to [an academic study from 2020](#). This is terrifying when you consider that [Canadian cannabis sales grew from ~\\$80 million in September 2019 to ~\\$320 million in May 2023](#). When you factor in the [average reduction in cannabis price of \\$3/gram](#) over that same period, this means that there was a 5.5x increase in not only cannabis sales, but waste too.

We understand the value of packages, and how convenient they are for certain uses. But, like with alcohol and tobacco, the regulations should permit both bulk and packaged forms. With alcohol, you can buy 6-packs of beer and bottles of wine, but you can also get a growler at a brewery or a pint of draught or shot of liquor at a bar. With tobacco, you can buy a pack of cigarettes or a single cigar, but you can also head into a pipe store and buy tobacco by the gram. Why is cannabis—[by far safer and less costly to the public](#)—treated any differently? Any arguments around the packaging being necessary to keep cannabis out of the hands of children fall flat when alcohol, [the far more lethal, addictive, prevalent, and accessible substance](#), has no such requirements.

Allowing cannabis to be sold in bulk would result in a huge reduction in waste, and additionally create a far better experience for a significant subset of consumers. As of the time of writing (December 30, 2024), the first result on Google for “evaluating cannabis quality” is [a blog post that outlines 15 assessment criteria](#); 6 require sight of the cannabis, 3 require scent, 2 require touch, and 4 are non-sensory data points. A bulk option for cannabis sales would allow customers to see and smell what they are considering purchasing and empower consumers to effectively assess different options and buy a product that truly appeals to them.

With bulk tobacco, you can smell and see the different blends prior to making a decision. With beer, you can taste the options you’re considering before committing to anything. Why is cannabis treated differently? Would



we sound like a broken record if we said “stigma” again? [Because it’s definitely stigma.](#)

There would be no issue in regulating this. Excise duty is based on the mass of flower sold, so the number of packages has nothing to do with duty payments. We also know that the CRA has no problem tracking relevant duties for [alcohol](#) & [tobacco](#) sold in bulk. Likewise, any risk of diversion isn’t altered by doing this, since producers, distributors, and retail stores all need to keep meticulous records and [unpackaged flower is already tracked by mass with numerous distribution categories in mandatory monthly government reports.](#) The only change would be that government distributors and retail stores would have access to bulk cannabis, and we don’t believe that these are high-risk vectors for diversion given how every single gram is accounted for in both [records](#) and [monthly reports.](#)

The federal and provincial governments talk regularly about how important environmentalism, sustainability, and waste reduction is for them, yet the policies, regulations, and taxation framework enacted within the cannabis industry have resulted in the exact opposite of this. George Smitherman of the Cannabis Council of Canada [puts it mildly by saying](#) “the [Cannabis] Act that we operate under was written blind of the consideration for sustainability, which is rather odd. Because it was an act of a government that is at the same time very focused on these things.”

We suspect that the environmental impact of the Cannabis Regulations weren’t seriously considered when they were created, since [environmental impact consideration isn’t one of Health Canada’s mandates.](#) Given A) the growing awareness of the severe regression in environmental sustainability that the Cannabis Regulations and excise duty framework have ushered in, and B) the recognition that the alcohol and tobacco industries have viable, traceable bulk product sales, we encourage the Canadian government to update existing policies so that environmentally sustainable practices can become a real possibility within the cannabis industry.





## Solving All These Problems

Before diving into the solutions, let's take a moment to recognize something incredible: cannabis is legal again in Canada! People aren't going to jail anymore for using a herb that has been critical to spirituality, medicine, recreation, and industry for countless cultures across the planet for many millennia. Since the early 1900s when [racist anti-Chinese sentiments resulted in cannabis becoming illegal](#), Canada has arbitrarily ([literally without any debate in parliament](#)) prohibited cannabis production and use. Though we still have a huge number of barriers to overcome (see: this entire white paper), this is a major step forward after taking a bunch of steps backwards in 1923.

We also want to recognize that legalizing cannabis was a huge undertaking for the government of Canada, and that the provinces were not given anywhere near enough time to create major new policies. We also understand that cannabis legalization was quite tricky politically, where a real tightrope needed to be walked and countless concessions needed to be made in order to simply allow recreational cannabis to become legal.

Despite some fears from people especially influenced by stigma prior to legalization, in the 6 years since legalization, we've seen that cannabis hasn't had a negative impact on the social fabric of society. And the hold that stigma has on society is slowly loosening. According to [a 2024 Health Canada survey](#), a majority of Canadians today believe that it's "socially acceptable to regularly eat, drink, vape, or smoke cannabis," compared to [a minority of Canadians in 2018](#)—though we aren't entirely sure what



“regularly” means and how the average surveyed individual interpreted that term. It’s also worth noting that regular tobacco use (in either vape or cigarette form) is viewed as far less socially acceptable than cannabis by the average Canadian.

These results are comparable to [the findings of an academic team in Ottawa](#) that found that 47% of university students thought that cannabis should be fully legal pre-legalization (2017-2018), compared to 57% post-legalization (2019-2021). We expect that this number has increased since the study. We should also note that the remaining students were divided between thinking that it should be a minor infraction (like a parking ticket), a crime, or not having a strong opinion.

Given that public support of cannabis has been steadily increasing since legalization, we think it’s politically feasible to address some of the major issues that block small-to-medium businesses from being able to survive (let alone thrive) within the legal recreational cannabis market. Importantly, addressing these issues also allows the government to achieve one of their primary goals that they have as yet been unable to achieve: keeping [“profits out of the hands of criminals, particularly organized crime.”](#)

And to be completely honest, we think it’d be quite straightforward to address quite a few of the major problems that we laid out in this paper. The only one that we think would be a truly difficult (but necessary) undertaking is limiting Health Canada’s regulatory role to solely pharmaceutical derivatives of cannabis and processed goods that involve dangerous compounds while [rotating cannabis cultivation and simple low-risk processing to Agriculture and Agri-Food Canada](#).

In the forthcoming season of *The State of Craft*, CertiCraft co-founder and author of this white paper, Sami Majadla, will be facilitating solutions-focused discussions with a myriad of brilliant experts from both the cannabis industry and beyond. These discussions will collaboratively result in a blueprint that various levels of government can follow to not only address the issues that are plaguing the craft cannabis industry today, but



to also achieve the government’s to-date failed “[paramount objective](#)” of keeping profits out of the hands of organized crime.

If you’d like to be kept in the loop about these forthcoming discussions (which you can participate in; they are all streamed live with a Q&A section for our audience), please [use this form to subscribe to \*The State of Craft\* newsletter](#). The first episodes of the season will be announced sometime in February, 2025.

In the meantime, here is a summary of the solutions that we at CertiCraft propose to address the issues detailed in this white paper and the impact that they’d have:

| Action  | Results  |
|---|--|
| <p>Change the word “greater” to “lesser” in the excise duty policies.</p> | <ul style="list-style-type: none"> <li>● Instantly, cannabis becomes viable for small-to-medium Canadian businesses.</li> <li>● Cannabis operations stop going bankrupt and closing their doors.</li> <li>● Canadians stop losing their jobs.</li> <li>● Outdoor craft cannabis &amp; regenerative farms become viable, resulting in greatly increased sustainability and reduced environmental impact.</li> <li>● The illicit market struggles to compete with the legal market, since the risks are now greater than the rewards.</li> <li>● Countless new small-to-medium businesses open their doors, replacing now-struggling illicit operations.</li> <li>● Small scale rural operations become viable, driving economic growth in rural Canada.</li> <li>● Tens of thousands of new jobs are created.</li> <li>● In the long run, the amount of tax revenue for Canada and the provinces</li> </ul> |



|  |  |
|--|--|
|  | <p>actually <i>increases</i>, because even though the slice of pie that the government gets is smaller, the pie itself becomes far more massive.</p>   |
| <p>Go one step further: introduce a graduated excise duty framework akin to the excise duty framework for alcohol.</p> | <ul style="list-style-type: none"> <li>● Small-to-medium businesses can actually be competitive in the market.</li> <li>● Even more jobs are created.</li> <li>● The illicit market is eradicated due to a complete inability to compete with the legal market, since the risks are now much greater than the rewards.</li> <li>● Government revenue increased significantly, both due to increased license holders and due to large enterprises that benefit from economies of scale paying higher excise duty rates.</li> </ul>  |
| <p>Remove the “sneaky taxes” that provincially-mandated monopolies are illegally charging producers.</p>               | <ul style="list-style-type: none"> <li>● Small scale businesses in rural regions can take advantage of programs like BC’s “Direct Delivery,” allowing them to manage shipping and logistics with retailers in their region without having to go through a central distributor. (The illegal “sneaky taxes” currently make programs like these prohibitively expensive.)</li> <li>● Farm-gate operations become more viable.</li> <li>● Provinces stop violating the legal agreement that they made to not tax cannabis outside of duty and to solely have reasonable markups.</li> </ul> |
| <p>Remove excise duty and sales taxes for medical cannabis prescriptions.</p>  | <ul style="list-style-type: none"> <li>● Medical patients can have access to affordable medicine.</li> <li>● Medical cannabis is no longer treated as completely different from other classes of medicine (including opiates, methylphenidates, and amphetamines).</li> </ul>  |

|   |   |
|---|---|
|   | <ul style="list-style-type: none"> <li>● Canada stops being the only jurisdiction in the world that taxes medical cannabis identically to recreational cannabis.</li> <li>● Producers are incentivized to develop medical cannabis products that have more healing properties, rather than solely developing products that get you as high as possible.</li> <li>● Public harm caused by incredibly potent cannabis with little-to-no therapeutic qualities reduced significantly (THC is most typically responsible for inducing psychosis; other cannabinoids mitigate that detrimental effect).</li> </ul> |
| <p>Provincial distribution boards intentionally carry products that are lower-potency (from a THC perspective) and invest resources into educating the public that many people actually have a much better high when there is a big mix of cannabinoids and terpenes, instead of just THC (which can trigger psychosis in many people).</p> | <ul style="list-style-type: none"> <li>● Public harm caused by incredibly potent cannabis with little-to-no therapeutic qualities reduced significantly.</li> <li>● People who have lower tolerances or experience anxiety with high-THC cannabis have options that they can enjoy.</li> <li>● People who just want to have a light high have options that they can enjoy.</li> <li>● Recreational cannabis stops being about getting as high as possible, and starts enabling a wide range of experiences.</li> <li>● Licensed producers are incentivized to develop therapeutic cannabis.</li> </ul>        |
| <p>Include First Nations in the excise tax program, and allow cannabis produced within the Canadian regulatory framework to be sold on indigenous land, and cannabis produced within First Nation regulatory</p>  | <ul style="list-style-type: none"> <li>● First Nations meaningfully included in the cannabis framework for the first time, and help co-create a federated policy landscape that works for everybody.</li> <li>● First Nations are included in the excise program—a first step in undoing the harm of <a href="#">colonial policies that prohibited indigenous people from charging taxes</a></li> </ul>   |

|  |   |
|--|---|
| <p>frameworks to be sold at other participating First Nations and colonial Canadian markets, so long as the final cannabis product meets an agreed-upon quality standard via lab testing.</p>          | <p><a href="#">and hiring lawyers to fight these clearly immoral and wrong laws in court.</a></p> <ul style="list-style-type: none"> <li>• The playing field is levelled for provincially-licensed retail stores that currently have no way of competing with indigenous stores.</li> <li>• Canada stops violating its constitution.</li> <li>• Canada stops violating <i>UNDRIP</i>.</li> <li>• The safety and quality of cannabis doesn't change in the slightest, since the quantifiable-through-testing levels of various compounds within products is the only thing that determines the health &amp; safety of cannabis.</li> </ul> |
| <p>Switch the regulation of cannabis cultivation and simple processing—i.e. anything that doesn't involve dangerous chemicals like solvents—from Health Canada to Agriculture and AgriFood Canada.</p> | <ul style="list-style-type: none"> <li>• The regulators of the cultivation industry now have expertise in the industry they are regulating (agriculture).</li> <li>• The regulators of the industry now have an economic mandate that ensures that the regulations themselves take economic realities and viability into consideration.</li> <li>• Health Canada is now focused on regulating the portion of the cannabis industry that it actually has expertise in: lab-based operations and/or pharmaceutical products.</li> </ul>   |
| <p>Classify cannabis cultivation as an agricultural activity in all provinces.</p>   | <ul style="list-style-type: none"> <li>• Cannabis farmers in BC, NS, and NB gain the protection and support that every other farmer in Canada receives.</li> </ul>  |
| <p>Allow for cannabis to be shipped, distributed, and bought by consumers in bulk form.</p>  | <ul style="list-style-type: none"> <li>• Greatly reduce environmental impact due to packaging waste.</li> <li>• Create a much better purchasing experience for consumers.</li> <li>• Allows cannabis tourism to be more viable.</li> </ul>  |

|  |   |
|--|---|
| <p>Allow for on-site cannabis consumption to take place at select locations with a temporary or permanent permit.</p>  | <ul style="list-style-type: none"> <li>● Enables farm-gate stores to become viable.</li> <li>● Allows cannabis tourism to become viable, and brings many millions of dollars to municipalities and regions that develop cannatourism opportunities.</li> <li>● In addition to cannabis tourism: stimulates economies throughout Canada and creates thousands of jobs at cannabis consumption lounges.</li> <li>● Safer alternatives to bars save taxpayers millions of dollars due to greatly reduced <a href="#">substance use costs</a>.</li> <li>● Significant reduction in alcohol-influenced sexual violence.</li> </ul> |
| <p>Create a compassion club license that allows for retail stores focused on the needs of medical patients. Consult with now-defunct compassion clubs to ensure their extensive experience informs the related policies.</p> | <ul style="list-style-type: none"> <li>● Medical patients who need cannabis can go to a retail store where they can find products that they cannot find in recreational stores (e.g. suppositories).</li> <li>● Medical patients can get advice from cannabis experts who develop long-term relationships with them to determine the right medicine for their needs.</li> <li>● Marginalized communities can have access to medicine that they would otherwise be unable to afford.</li> </ul>  |

