



December 7, 2017

Department of Finance Canada  
14<sup>th</sup> floor  
90 Elgin Street  
Ottawa, ON K1A 0G5  
Email: [fin.cannabis-taxation-cannabis.fin@canada.ca](mailto:fin.cannabis-taxation-cannabis.fin@canada.ca)

**Re: Proposed Excise Duty Framework for Cannabis Products**

We are writing on behalf of the members of the Ottawa Council on Smoking or Health (OCSH) regarding the federal government's public consultation on the proposed excise duty for cannabis products.<sup>1</sup>

The OCSH is a volunteer organization that was established in 1978. Our goals are to: create a social environment where non-smoking is the norm; to assist in establishing smoke-free environments; to prevent youth from starting to smoke; to encourage smokers to quit; and to advocate for better smoking cessation resources.

The OCSH submits the following recommendations, comments and concerns:

**Section 5: Duty Rates and Federal-Provincial-Territorial Taxation Coordination:**

The federal government has proposed federal duty rates and provincial-territorial taxes of \$1 per gram of marijuana or 10 per cent of the final retail price, whichever is higher. The OCSH recommends that the federal government provide a greater share of the revenue to provincial and territorial governments in order to fund:

- A public education campaign about the health risks associated with cannabis use.
- A public education campaign about the health risks associated with exposure to second-hand cannabis smoke.
- Cannabis addiction treatment programs.
- Ongoing scientific research into the health effects of cannabis use in the population.

- Enforcement of *Bill 174, An Act to enact the Cannabis Act, 2017, the Ontario Cannabis Retail Corporation Act, 2017 and the Smoke-Free Ontario Act, 2017* at the provincial and municipal levels to ensure that all indoor and outdoor public places and workplaces are protected from second-hand cannabis smoke.

### Section 7: Licensing and Registration Requirements:

The OCSH supports requiring all cannabis cultivators and manufacturers to obtain a licence from Canada Revenue Agency. However, the OCSH recommends that cannabis licenses be issued for a maximum of **one year**, instead of the proposed maximum of two years. The OCSH recommends that cannabis licence requirements align with stricter tobacco licence requirements in other jurisdictions. For example, the tobacco vendor licence issued by the City of Ottawa expires after one year.<sup>2</sup> The OCSH supports the strongest possible licensing regulations for cannabis retailers in order to prevent youth access to cannabis and to protect youth from the harmful effects of cannabis.

Last week, the OCSH submitted comments<sup>3</sup> to the province of Ontario regarding *Bill 174, An Act to enact the Cannabis Act, 2017, the Ontario Cannabis Retail Corporation Act, 2017 and the Smoke-Free Ontario Act, 2017*. The OCSH recommended that the province of Ontario:

- Update the Municipal Act, 2001 to require all municipalities to **regulate the distance of cannabis and electronic cigarette vendors** from schools, colleges, universities, beaches, playgrounds, sports fields, community centres, sport or leisure facilities, and other locations as designated from time to time by the municipality.
- **Limit the number of cannabis and electronic cigarette vendors within geographic areas** of a municipality.

### Section 8: Excise Stamping Requirements:

The OCSH supports requiring all cannabis products to have an excise stamp similar to the tobacco stamping program.

### Section 9: Reporting Requirements:

The OCSH supports requiring cannabis licensees to submit a monthly duty and information return to the Canada Revenue Agency. The OCSH urges the federal government to align all cannabis regulations with proposed tobacco regulations under *Bill S-5 An Act to amend the Tobacco Act and the Non-smokers' Health Act and to make consequential amendments to other Acts*. Some of the proposed amendments to the *Tobacco Reporting Regulations* under Bill S-5 would require manufacturers to:<sup>4</sup>

- Report the total sales, as well as the sales by brand and package type, monthly for cigarettes and cigarette tobacco, and quarterly for all other tobacco products.
- Report their records on research and development activities for all tobacco products every six months (any documentary material, regardless of medium or form, would constitute a record).
- Provide complete reports to the Ministry of Health. The Minister of Health would have the authority to prohibit the sale of tobacco products including the ability to suspend the sale of a tobacco product when the manufacturer fails to submit the required information.
- Report any information on tobacco promotions.
- Disclose information collected under the *Tobacco Reporting Regulations* to the general public, researchers and the public health community.

The OCSH recommends that the federal government apply these proposed amendments to all cannabis products due to their health risks.

#### **Section 10: Coming into Force:**

The OCSH is opposed to the proposed July 1, 2018 implementation date of Bill C-45, “an Act respecting cannabis and to amend the *Controlled Drugs and Substances Act*, the *Criminal Code*, and other Acts” (referred to as the “*Cannabis Act*”). The OCSH continues to receive complaints from the public regarding exposure to second-hand smoke from tobacco and cannabis products on outdoor federal government property in Ottawa during public events (e.g. music concerts, Winterlude). We are very concerned about families with young children and individuals with chronic health conditions who will likely be exposed to second-hand cannabis smoke at Canada Day events if Bill C-45 comes into effect on July 1, 2018.

The OCSH supports an earlier implementation date for licensing and stamping requirements.

#### **Section 14: Application of GST/HST:**

The OCSH supports applying the GST/HST to the sales of cannabis products, including edible cannabis products.

#### **Additional Comments and Concerns:**

The OCSH urges the federal government to institute the strongest measures possible under the *Proposed Excise Duty Framework for Cannabis Products* in order to protect public health. The OCSH is very concerned that the legalization of cannabis will inevitably result in:

- Increased rates of both tobacco and cannabis smoking. There is already scientific evidence that daily cannabis use is higher among current smokers, including youth.<sup>5,6</sup>
- Increased exposure to second-hand cannabis smoke, especially in multi-unit housing. This uncontrolled public health problem already affects thousands of individuals and families who live in multi-unit housing in Ontario. The OCSH continually receive complaints from vulnerable individuals in our community who are adversely affected by second-hand cannabis smoke in their apartment unit, including families with young, asthmatic children and seniors with lung disease.
- Increased rates of cancer, heart disease, lung disease, and mental illness. Second-hand cannabis smoke contains 33 of the same carcinogens<sup>7</sup> in second-hand tobacco smoke, as well as hydrogen cyanide and ammonia.<sup>8</sup> Also, “cannabis use during adolescence can cause functional and structural changes to the developing brain, leading to damage.”<sup>9</sup>
- Increased financial costs to provinces and municipalities for community-based and hospital-based health care services to treat individuals who are adversely affected by cannabis misuse, by cannabis and tobacco addiction, and by exposure to second-hand smoke from cannabis and tobacco products.

Thank you for considering our recommendations and comments.

Sincerely,

Carol McDonald, President  
Carmela Graziani, Secretary  
Ottawa Council on Smoking or Health  
Email: [info@smokefreeottawa.com](mailto:info@smokefreeottawa.com)  
[www.smokefreeottawa.com](http://www.smokefreeottawa.com)

/CBG

## REFERENCES

---

- <sup>1</sup> Department of Finance. Government of Canada. Proposed Excise Duty Framework for Cannabis Products. [http://www.fin.gc.ca/n17/data/17-114\\_1-eng.asp](http://www.fin.gc.ca/n17/data/17-114_1-eng.asp). Accessed December 5, 2017.
- <sup>2</sup> City of Ottawa. Business licensing. <https://ottawa.ca/en/business/business-resources/business-licensing>. Accessed December 7, 2017.
- <sup>3</sup> Ottawa Council on Smoking or Health. Letter to the Clerk of the Committee, Standing Committee on Justice Policy, Legislative Assembly of Ontario, re: *Bill 174, An Act to enact the Cannabis Act, 2017, the Ontario Cannabis Retail Corporation Act, 2017 and the Smoke-Free Ontario Act, 2017*. November 30, 2017. [http://www.smokefreeottawa.com/uploads/1/1/7/4/11742147/ocsh\\_recommendations\\_bill\\_174\\_november\\_30\\_2017.pdf](http://www.smokefreeottawa.com/uploads/1/1/7/4/11742147/ocsh_recommendations_bill_174_november_30_2017.pdf)
- <sup>4</sup> *Canada Gazette. Department of Health*. Notice to interested parties — Proposals to amend the *Tobacco Reporting Regulations. December 2, 2017*. <http://www.canadagazette.gc.ca/rp-pr/p1/2017/2017-12-02/html/notice-avis-eng.php#nb1>
- <sup>5</sup> Goodwin R, Pacek LR, Copeland J, et al. Trends in Daily Cannabis Use Among Cigarette Smokers: United States, 2002–2014. *American Journal of Public Health*. November 21, 2017. <http://ajph.aphapublications.org/doi/abs/10.2105/AJPH.2017.304050>
- <sup>6</sup> Propel Centre for Population Health Impact, University of Waterloo. Tobacco Use in Canada. Special Supplement: Cannabis in Canada. Page S2-4. 2017. [https://uwaterloo.ca/tobacco-use-canada/sites/ca.tobacco-use-canada/files/uploads/files/cannabissupplement\\_2017\\_final\\_accessible.pdf](https://uwaterloo.ca/tobacco-use-canada/sites/ca.tobacco-use-canada/files/uploads/files/cannabissupplement_2017_final_accessible.pdf)
- <sup>7</sup> Tomar RS, Beaumont J, Hsieh, J. Evidence on the Carcinogenicity of Marijuana Smoke. California Environmental Protection Agency. August 2009. <https://oehha.ca.gov/media/downloads/proposition-65/chemicals/finalmjsmokehid.pdf>
- <sup>8</sup> Laura Fraser, Alexandra Sienkiewicz, CBC. April 20, 2017. Health, legal implications of weed still murky this 420. Effects of second-hand marijuana smoke still unclear, CAMH senior scientist says. <http://www.cbc.ca/news/canada/toronto/toronto-marijuana-420-1.4078378>
- <sup>9</sup> Canadian Paediatric Society. Cannabis and Canada’s children and youth. Position Statement May 3, 2017. <https://www.cps.ca/en/documents/position/cannabis-children-and-youth>