

**Response to Consultation on Bill C-45,
The Cannabis Act**

SUBMITTED BY:

The Western Convenience Stores Association

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On behalf of the 7,000 retailers and 50,000 Canadians working in convenience stores across Western Canada, I would like to submit to you our Association's comments regarding the ongoing consultation on Bill C-45, the Cannabis Act.

Retailers in our industry play a significant role in keeping age-restricted products such as lottery tickets and tobacco out of the hands of minors. We take this responsibility seriously, and are committed to working with all levels of government to maintain controlled access to age-restricted products. In addition to age testing, measures such as display bans, advertising and marketing restrictions, and labeling requirements are in place to ensure that such products are sold legally and that youth consumption is effectively discouraged.

As the Government of Canada turns its attention to what amounts to the creation of a new class of legal products, we encourage the Standing Committee to take note of lessons learned to ensure these products are sold through legal channels and that these channels include convenience stores. To that end, this submission focuses on three topics: Sale, Packaging, Taxation and Enforcement.

Cannabis Sales

Cannabis dispensaries have already appeared across the country as medical dispensaries but many make products available for non-medicinal purposes. Such dispensaries will likely thrive with legalization as boutique shops staffed by individuals qualified in the differentiation of various types and brands of product.

However, with legalization there will likely emerge standardized, pre-packaged products that do not require unique expertise in their handling and sale. Convenience stores should be allowed to sell such products depending on demand in their local markets subject to the regulations Federal and Provincial governments put in place to control their sale.

Product packaging is one area where federal regulation should create common standards to ensure sale of cannabis products will be restricted to the controlled market.

Packaging

Although it may seem logical to apply packaging requirements for tobacco to this new class of legal products, it is important to look to the reasons why such requirements are contemplated for tobacco products, especially in light of the fact that evidence from other jurisdictions of the effectiveness of plain packaging of tobacco is mixed at best.

The premise underlying legalization of Cannabis is that the product is not inherently harmful. What is harmful (and this is what legalization is intended to address) is the societal harm that results from existing illegal trade in Cannabis. The challenge going forward is therefore to support the growth within legal industry and shrinkage of the illegal market.

Pre-packaged products should therefore allow sufficient product differentiation and branding to help distinguish legal from illegal products while at the same time providing some guarantee of product standards of quality and, along with that, safety for consumers.

Taxation

The delicate balancing act around taxation is another example of how governments can ensure that products are sold in the controlled market. As the Finance Minister has already noted, taxes should remain low enough to allow legal sales to displace illegal sales.

Enforcement

As long as governments encourage product branding and standardization and resist the inclination to overtax, the need for enforcement should remain minimal. The alternative is to quickly reach a tipping point toward net revenue loss as the need for enforcement of legal sales escalates.

Regardless of the amount of enforcement required, resources to combat the illegal sales of cannabis products should not simply divert existing resources away from other forms of tax evasion and associated criminal activity.

About the Western Convenience Stores Association

The Western Convenience Stores Association (WCSA) was founded as a not-for-profit organization in 2002 to provide leadership for the industry on key issues affecting owners, operators, employees and customers in Western Canada. The WCSA is affiliated with the Canadian Convenience Stores Association, the National Convenience Distributors Association and regional associations in Quebec, Ontario and Atlantic Canada.

The WCSA is committed to assisting retailers and their staff in upholding the highest standards of professionalism and ethical conduct and to supporting public health and

safety. In 2015, the convenience and gas industry collected over \$21 billion in taxes for Canadian governments and sold over \$56 billion in goods and services. As partners with government in the sale of age restricted products, our members take pride in their contribution to the continuing decline in tobacco consumption, particularly among youth, among whom it is at an all-time low.

Thank you

A handwritten signature in blue ink, appearing to read 'Andrew Klukas', with a long horizontal flourish extending to the right.

Andrew Klukas
President, Western Convenience Stores Association