

A detailed, high-magnification grayscale image of cannabis trichomes, showing their intricate, hair-like structures and crystalline tips. The image is slightly blurred, creating a sense of depth and texture.

NAVIGATOR

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CANNABIS IN CANADA

The only monthly poll and analysis
exclusively focused on cannabis

Canadians Still Sceptical About Realities of Legalization

Our recent round of polling continues to provide valuable insights into how Canadians feel about legalization.

42% of Canadians currently support the legalization of cannabis for recreational purposes, while 38% oppose it. Support has slowly been decreasing since it peaked in June 2017, when 46% of respondents indicated that they supported legalization. It appears that as we move closer to recreational cannabis becoming a legal reality, Canadians are growing nervous about what that reality might actually look like.

Indeed, we have seen an increase in the number of Canadians that want the government involved in the sale of recreational cannabis. Currently, 47% of Canadians support the idea of cannabis being sold by government operated retailers. One could infer that as Canadians become increasingly concerned about what legalization means for their communities, there is a desire for increased government involvement to offset a perceived distrust of the private sector.

Now that all provinces have announced their provincial frameworks for cannabis legalization, the focus is on municipalities to develop their own bylaws set within their provincial frameworks. Our research found that 43% of Canadians support municipalities having the ability to prohibit legal cannabis stores in their communities, while 32% opposed municipalities having this authority. Canadians also continue to have concerns about the societal consequences of legalization. 82% of respondents indicated that they were concerned about issues associated with individuals driving under the influence of cannabis, and 67% of respondents said that they were concerned that legalization could result in an increase in cannabis consumption by minors. Additionally, 51% of Canadians would oppose a privately-owned cannabis retailer opening in their neighborhood.

Our findings suggest that the cannabis industry must do more to educate the public about the benefits of legalization, prove themselves to be trustworthy stewards and enforcers of cannabis regulations, and help to allay concerns about potential negative ramifications associated with Canada's legal cannabis regime. As we move closer to legalization, fulfilling these components is becoming increasingly urgent, and important, in ensuring a smooth transition to a legal cannabis sector.



Alex Shiff
Senior Consultant

“Canadians continue to have concerns about the societal consequences of legalization”

Key Findings

Our recent round of polling continues to provide valuable insights into how Canadians feel about legalization.



42%

of Canadians support the legalization of cannabis. This is a minor decrease from numbers observed over the last several months.



44%

Support for legalization is highest among men (44%) and those age 19-34 (48%).

Opposition is highest among those age 70+ (44%) and women (38%).



74%

of Canadians believe the sale of recreational cannabis should be limited to individuals who have reached the legal drinking age in their province.



22%

of Canadians believe the appropriate minimum age for cannabis consumption is 18; 21% believe it is 19; 29% believe it is 21; and 28% believe it is 25 years of age.

Canadians clearly want some form of control when selling recreational cannabis.



Canadians are most supportive of the following retail options for recreational cannabis: New government-owned retailers (47%); Existing government-owned liquor retailers (47%); Major pharmacy or drug store chains (46%).

Key Findings

Our recent round of polling continues to provide valuable insights into how Canadians feel about legalization.



43%

of Canadians believe municipalities should have the right to prohibit legal, recreational cannabis stores from operating. 32% oppose the idea.



71%

of Canadians support the introduction of training and certification programs for cannabis retailers. 85% of respondents believe such programs, if implemented, should be mandatory.



51%

of Canadians would oppose a privately-owned recreational cannabis dispensary opening in their neighbourhood.



82%

Impaired driving remains the top concern among Canadians. 82% are concerned about “potential issues associated with driving under the influence of cannabis.”



However, Canadians also see benefits to legalization:

72% believe legalization will bring “an end to clogging up the court system with unnecessary cases and prosecutions for possession of cannabis for recreational use.”

An equal number (70%) believe legalization will “provide those who use cannabis with access to quality-controlled products that meet government requirements for strict production, distribution, and sale.”

Canada's Moment

Could Canada's budding cannabis industry be internationally recognized as quintessentially Canadian?

As the first major industrialized nation to legalize cannabis, Canada is a leader in a growing global industry, exporting not only cannabis and its derivatives, but also public policy and industry best practices.

Canada was one of the first countries to permit licensed companies to cultivate and sell cannabis products for medical purposes, and today it is home to the largest federally licensed cannabis growing facility in the world. Over the past 17 years, we witnessed the development of a sophisticated cannabis industry in Canada, and Canadian companies are now turning their attention to international markets. As they grow and expand globally, so does Canada's reputation as a leader in the legal cannabis space.

Other countries are beginning to walk down the same path towards legalization, and Canada is becoming their preferred supplier. Our industry expertise, strong regulatory oversight and innovations in cultivation make Canadian cannabis attractive to countries that have just begun the process of legalization. These countries often lack the capacity and industry know-how to supply their new cannabis regimes.

While other jurisdictions are working to ensure a safe, regulated product is available to their consumers, Canada has been steadily growing its industry for years. Only Uruguay, the Netherlands, Australia and Canada have legalized the export of medical cannabis, with Canada far surpassing the capacity of its competitors. We have a competitive advantage in that our laws have long facilitated growth in the industry. Our strict regulations and government oversight ensure product safety and, because cannabis is legal federally, companies can raise significant amounts of capital to finance production, innovation and global expansion.



Jenessa Crognali
Associate Consultant

All this represents an opportunity for Canada to advance beyond its traditional trade partnerships. Canada is the 12th largest export economy in the world, falling behind every other major country, with more than 75 per cent of our products going to the US. Our cannabis industry is on track to represent Canada in markets across the world, giving us exposure and recognition unlike anything we've experienced before.

Beyond supplying a physical product, Canada is in a position to shape public policy abroad. Our understanding of challenges and potential solutions associated with legalization could garner us a reputation as an international thought leader. Because Canada will be the first industrialized nation to legalize recreational cannabis consumption, many other countries in the process of legalizing the substance are waiting to see how we fair.

As we move closer to legalization becoming a Canadian reality, the world is watching. Will Canada become the gold standard for cannabis legalization? Will Canadian businesses succeed in solidifying their position atop the global marketplace?

**“Global leadership is ours
for the taking, if we are
willing to own the space.”**

Cannabis : la spécificité du Québec encore de mise ?

Le Québec a toujours su revendiquer et jouer de sa spécificité au sein du Canada.

Le Québec a toujours su revendiquer et jouer de sa spécificité au sein du Canada. Cela sera-t-il encore une fois le cas ces prochains mois, alors que l'Assemblée nationale du Québec adoptera le projet de loi 157 concernant la légalisation du cannabis ?

Oui, si l'on considère notamment l'approche revendiquée par le gouvernement. Il y a eu une claire volonté de ne pas s'inspirer des projets de loi en cours d'élaboration dans les autres provinces canadiennes. La ministre déléguée à la Santé publique, Lucie Charlebois, a choisi le format des consultations publiques durant l'été 2017 pour commencer à baliser un terrain potentiellement miné politiquement. En effet, près de 54 % des Québécois sont contre la légalisation et 65 % expriment des craintes très claires quant aux répercussions possibles sur la sécurité routière. Ces chiffres sont les taux d'approbation les plus faibles au Canada.

La pression exercée par le gouvernement fédéral sur les provinces — et par extensions, sur les municipalités — afin de légiférer rapidement sur un sujet aussi complexe ne fait évidemment rien pour calmer ces craintes. D'autant plus que beaucoup de pédagogie, et de sang-froid sont en réalité nécessaires alors que chacun découvre un peu plus chaque jour les ramifications complexes d'un tel projet de société.

Ceci étant dit, cette dynamique est également une opportunité pour le gouvernement Couillard de blâmer, à moindres frais, le gouvernement fédéral. Une occasion trop rare pour ne pas en profiter, alors même que les prochaines élections provinciales sont dans 7 mois... C'est donc certainement au travers de ce prisme qu'il faut analyser les différentes prises de bec relatives au champ de compétence des uns et des autres, notamment au sujet de la possibilité de cultiver des plants de cannabis chez soi (ce que Québec refuse catégoriquement). Et c'est ce qui explique très certainement la récente déclaration du gouvernement souhaitant confier à l'Autorité des marchés publics (AMP) la possibilité de révoquer tout contrat de fournisseur de cannabis suspecté d'être financé par l'entremise de paradis fiscaux ou le crime organisé. Cela revient, dans la réalité, à brandir une épée de Damoclès au-dessus de l'ensemble l'industrie du cannabis, tant cette déclaration est porteuse d'incertitudes.



David Millian
Senior Consultant

Ce qui est certain par contre, c'est que Québec appliquera, le même modèle d'affaire que celui de la vente et la distribution d'alcool dans la province : un monopole géré par l'entremise d'une société d'État. La Société québécoise du cannabis (SQC), créée en novembre dernier, sera une filiale de la Société des alcools du Québec (SAQ). En cela, pas d'exception québécoise, mais bien un alignement sur la plupart des projets en cours dans les provinces comme l'Ontario.

Le gouvernement du Québec prévoit l'ouverture d'une quinzaine de succursales en 2018 (et environ 150 à moyen terme) pour gérer un marché évalué, selon certains joueurs de l'industrie, à environ 1,2 milliard de dollars. La SQC se tourne actuellement vers 6 compagnies de cannabis pour assurer ses approvisionnements de sa première année de fonctionnement et prévoit acheter près de 62 000 kg de cannabis. Reste à savoir si les récentes déclarations du gouvernement au sujet de l'AMP seront suivies d'effets. Dans l'affirmative, la SQC pourrait avoir quelques difficultés à s'approvisionner dans les prochains mois...

“Ce qui est certain par contre, c'est que Québec appliquera, le même modèle d'affaire que celui de la vente et la distribution d'alcool dans la province : un monopole géré par l'entremise d'une société d'État.”

Cannabis: Quebec's Unique Landscape

Quebec always wants to differentiate itself from other provinces and play a distinct role within Canada's federation.

Quebec always wants to differentiate itself from other provinces and play a distinct role within Canada's federation. The National Assembly's cannabis legalization legislation, Bill 157, follows this narrative.

Similar to other provinces, the minister responsible for public health, Lucie Charlebois, initiated public consultations, launching the province's legalization process in Quebec, last June. What differentiates Quebec, however, is the intention behind the consultation is to navigate a potential political minefield. Fifty-four per cent of Quebecers are against legalization, and 65 per cent have concerns about the impact on road safety. These figures represent the lowest approval rates in Canada.

The tight timeline given to the provinces and municipalities to legislate on such a complex issue has done little to alleviate the public's concerns. Especially since critical education and public safety components of legalization have not been communicated in a significant way. Quebecers are discovering the complex ramifications of legalization from secondhand sources rather than government institutions.

This unpopular federal directive for Quebec to develop a policy infrastructure for legal, recreational cannabis has created an opportunity for Premier Couillard to blame any perceived failures on the federal government with minimal cost to his party's reputation. It is a rare and attractive opportunity.

It adds intrigue to the next provincial election, set for this coming November. Through this lens, the rationale for several of Quebec's limiting policy decisions becomes clear. It is evident on the question of growing cannabis plants at home, which Quebec rejects, or mandating the Autorité des Marchés Publics to revoke any supplier suspected of being financed through tax havens or organized crime. While unclear at this point, it is possible that the latter could see the Société Québécoise du Cannabis (SQC) run into difficulties in obtaining additional supply contracts.



David Millian
Senior Consultant

Similar to alcohol, cannabis will be a government monopoly managed by a newly established crown corporation. The SQC, created last November, will be a division of the Société des Alcools du Québec (SAQ), which is the one area where we see alignment with several other provinces who have also opted for a public-run cannabis retail model.

The Québec government plans to open 15 retail outlets in 2018, with approximately 150 to follow in the medium-term, to supply a consumer market estimated at approximately \$1.2 billion. SQC currently has supply contracts with six cannabis companies to secure nearly 62,000 kg of cannabis product in its first year of legalization.

Given Quebecers sentiment towards legalization, the government's focus on re-election and the unique nature of the province's legalization framework, this August will measure the effectiveness of Quebec's unique cannabis landscape.

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Legalization planning must press forward despite Senate deliberations.

Cannabis legalization was never going to be easy.

Cannabis legalization was never going to be easy. Pundits predicted its disruptive impact on our judicial system, law enforcement and political institutions from the moment Prime Minister Trudeau committed to it.

The sweeping reforms required to end prohibition have expectedly been met with legislative and political hurdles. The government's ability to respond to these challenges in a timely, expedient fashion will test its commitment to the health and safety objectives that underpin legalization.

On Feb. 22, Canadian Senators agreed to a firm timeline to debate and study Bill C-45, the Cannabis Act, before its final Upper Chamber vote. It ended months of squabbling between critical Conservatives, who argued the bill advanced too quickly, and Liberal proponents, who focused on meeting the government's July deadline, and Independent Senators, who held views everywhere in between.

While the agreement, which schedules a final vote on June 7, sets a predictable timeline, it also confirms that the Canadian government will not meet its July deadline. As Senate debate and committee study take place, Health Canada and other government actors cannot take their feet off the gas pedal on the path to legalization.

Significant work involving impaired driving, seed-to-sale tracking and collaboration with provincial counterparts must carry on as senators study and debate the bill.

Many Conservative senators may see this delay as validation of prior criticism that the July deadline was arbitrary and political. However, they would be wrong.

Canada has long been a patchwork of different regional, ethnic, religious and cultural interests, where national consensus can only be achieved with enforced deadlines. Setting a clear timeline is pushing provincial governments and their municipal counterparts to develop solutions to accommodate Canada's diverse interests.

While premiers from across Canada initially pushed back against the July 2018 legalization timeline, this firm commitment has since served as a motivating factor in their preparation. All ten provinces have put aside their reservations and announced legalization frameworks.



Jeff Costen
Consultant

Now that Canada's July timeline has been compromised, there will be a temptation amongst federal officials and parliamentarians to continue delaying. But an inability to legalize cannabis on a reasonable timeline may undermine confidence in our institutions.

Provincial governments are currently planning or negotiating contracts with licensed producers and technology developers. These efforts cannot be compromised by further delay. With Canadians heading to the polls in October 2019, the political headwinds will not get any lighter.

All three levels of government face unanswered legalization questions. Canadians can reasonably expect the legalization framework in 2030 will be drastically different from the system we proceed with this year. Simply put, uncertainty doesn't justify further delay.

As the first western nation to legalize and regulate recreational cannabis on a national level, Canada is entering uncharted territory. Best practices can only be determined by moving forward with a legal framework and correcting errors as they arise. For this reason, tax policy and rules governing distribution must be implemented with an appropriate level of flexibility to respond to illegal market conditions.

With that said, Canada is not marching blindly towards legalization. The framework is informed by years of licensed medical cannabis production and regulation, a task force reporting on best practices abroad and a growing contingent of academics and thought leaders willing to contribute their research to support regulatory efforts.

Legalization will not be perfect, but it is an important commitment from the Trudeau government. Further delay can only undermine the integrity of legal institutions, giving the existing black market a leg up. It's time to push forward.

“All ten provinces have put aside their reservations and announced legalization frameworks.”

What Business are you *really* in?

As we approach the legalization of recreational cannabis, Canada's roughly 90 licensed producers are preparing to enter a legal market for the first time. They should all ask themselves a critical question: What business are they really in? There are a few other variations of this question, including "who are we?" or "what makes us unique?" However framed, the answer should be central to any strategic business plan.

If your company is a licensed producer, how would you answer the question? You might say "we are in the recreational cannabis business." You might also try to differentiate your company based on the quality of your product by saying "we are the highest-quality grower" or "we have the most innovative growing process." However, none of these answers make you unique. All your competitors are saying the same thing. How much strategic clarity you have about what makes you different in the cannabis industry will have an impact on how quickly you generate sales in what will be a highly competitive marketplace.

Below is Blueprint's Clarity Test. The purpose of the test is to understand the clarity of your organization's strategic vision at all levels of your organization.



Ken Aber & Ian Charmandy
Blueprint Business Architecture

1

IS THE CEO CLEAR IN THEIR MIND ABOUT "WHO" THE COMPANY IS?

If yes, go to the next question.

If no, it is likely because the CEO believes there are numerous strategic directions their company can go, especially if they are new to the position. On top of that, every board member and executive employee may have ideas about where the company should go and actively lobby the CEO to follow their recommendations. How do they decide which one is right? Whatever confusion the CEO is feeling in this situation, it is important to determine one strategic direction to take the organization when faced with many attractive and achievable options.

2 IF THE CEO HAS A CLEAR UNDERSTANDING OF THE COMPANY'S BUSINESS, IS IT ARTICULATED IN A CLEAR, CONCISE AND COMPELLING WAY SO IT IS UNDERSTOOD AND EMBRACED BY THE ENTIRE BOARD OF DIRECTORS?

If yes, go to the next question.

Board governance is becoming more stringent. The increased responsibility of individual board members heightens the pressure on them to ensure there is accountability to shareholders and regulators. However, how can the board judge the performance of a CEO without sharing a vision for the business? The clearer a CEO makes the company's strategic direction, the easier it will be to attain buy-in from the board and gain its ongoing support.

3 IF THE CEO HAS A CLEAR UNDERSTANDING OF "WHO" THE COMPANY IS, IS IT ARTICULATED IN A CLEAR, CONCISE AND COMPELLING WAY SO THAT IT IS UNDERSTOOD AND EMBRACED BY THE ENTIRE EXECUTIVE TEAM?

If yes, go to the next question.

If the executive team is not clear about the CEO's strategic direction, it will make it difficult for other leaders in the company to effectively communicate and implement said strategy.

4 ARE MIDDLE MANAGERS CLEAR ABOUT THE CEO'S STRATEGIC DIRECTION AND HOW IT INFLUENCES PROJECTS DEVELOPED UNDER THE LEADERSHIP OF THE EXECUTIVE TEAM?

If yes, go to the next question.

If no, middle managers will be confused about how to execute projects developed by the executive team. Middle managers constantly adjust to how they accomplish tasks based on day-to-day challenges. The link between major initiatives and the CEO's strategic direction gives them context for how to most effectively perform their role.

5 ARE RANK AND FILE EMPLOYEES CLEAR ABOUT THE CEO'S STRATEGIC DIRECTION, THE MAJOR INITIATIVES CREATED AT THE EXECUTIVE LEVEL AND WHAT THEIR RESPONSIBILITIES?

If yes, go to the next question.

If no, there is a good chance that even the most brilliant of strategies will die on the shop floor. To effectively implement the company's plans, employees need to be clear on the company's strategic direction. Clarity gives them a sense of purpose and an understanding of how each of their roles makes a material difference in achieving the organization's strategic direction.

6 ARE CUSTOMERS CLEAR ABOUT THE PURPOSE OF THE ORGANIZATION?

If yes, you passed the test and have clarity at all levels of your organization. Your company is likely firing on all cylinders! If no, all of the clarity you have created internally is compromised by your customers' confusion about what you do and why you do it. Being clear about this makes it far easier for them to answer the question: what's in it for me? It's an essential consideration for any consumer contemplating your product or service. If your value proposition is clear, it will be easier for you to make the sale.

If you don't have strategic clarity at all six levels, your company will likely struggle attaining sales traction in the emerging recreational cannabis market.

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Ian Chamandy and Ken Aber are the principals of Blueprint Business Architecture, a strategic planning firm that helps companies define "who" they are – in 7 words or less – where they are going and how they will get there.



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Navigator is a team of experienced professionals with backgrounds in public affairs, public opinion research, journalism, marketing, law, government relations and politics. Our passion and expertise lead to creative insights and fresh perspectives. Together we are able to offer clients integrated solutions based on sound research and in-depth analysis that explores issues in new ways.

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Leave bias and gut-thinking at the door, and drive to the heart of your issue through focused research. Whether you need to understand consumer attitudes and preferences or grasp nationwide opinion on issues and policy, Navigator has a highly experienced team of research professionals to design and execute research programmes that respond to your unique needs.

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We formulate crisp messaging, handle media inquiries and provide media training. Once the crisis has passed, we develop strategies to quickly rebuild and recover.

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