



# Presentation to the Senate Committee on National Finance on Bill C-97, Part 3: Taxation by THC

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## Introduction

Good afternoon, Mr. Chair and members of the Committee. My name is Rebecca Jesseman and I am the Director of Policy at the Canadian Centre on Substance Use and Addiction or CCSA, Canada's only agency with a legislated national mandate to reduce the harms of alcohol and other drugs on Canadian society. We welcome the opportunity to speak to you today about Bill C-97. I will keep my comments brief to respect your time constraints and have provided the committee clerk with links to additional resources.

## A Public Health Approach to Cannabis Regulation

CCSA looks at cannabis regulation from a public health perspective, which seeks to minimize harms, maximize benefits, apply evidence and promote equity. These goals can be achieved by increasing product safety and quality, by decreasing rates of use overall and rates of high-risk use in particular, and by monitoring and evaluating regulatory impact.

Taxation according to the level of tetrahydrocannabinol or THC a product contains, rather than its overall weight, supports a public health approach, and aligns with CCSA's previous recommendations to Parliament on Bill C-45. THC is the component of cannabis responsible for intoxication. Products with higher levels of THC are most strongly associated with health and safety risks. The risks include over-intoxication, experience of psychosis, and development of tolerance and dependence.

Evidence from extensive international studies of alcohol indicates that pricing controls such as taxation are some of the most effective approaches for reducing related health and social harms. Importantly, those most at risk of experiencing the harms associated with both alcohol and cannabis consumption are also most likely to be price sensitive. This demographic includes younger people and those who consume cannabis more frequently and in higher quantities. Taxation by THC level is therefore an opportunity to incentivize the use of products with lower concentrations of THC and reduce the related risks for these groups in particular.

CCSA recognizes that disrupting the illegal market is one of the objectives of the Canadian *Cannabis Act*. Achieving this objective should not come at the cost of compromising public health and safety. Canadians have indicated they are willing to pay higher prices for legal, quality cannabis products of known composition. In fact, the National Cannabis Survey indicated that quality and safety are the



main factors considered by 75.8% of Canadians when deciding to purchase cannabis versus 37.7% reporting price as a deciding factor. Providing that quality assurance should be the focus of both government and industry. Engaging in a price war with the illegal market risks incentivizing consumption and increasing rates of use. This effect is particularly concerning with new product formats where research on health impacts is least developed.

## Conclusion

Taxation by THC level is only one component of a comprehensive public health approach to cannabis regulation that also includes the following considerations:

- Prevention and education, for example, through promoting the *Lower-Risk Cannabis Use Guidelines*;
- Research on the health and social impacts of cannabis use, both positive and negative;
- Refinement and enforcement of quality control standards;
- Evaluation of the impact of regulations at all levels of government; and
- Timely and appropriate policy and regulatory adjustments that are informed by evidence.

In conclusion, along with these other considerations of a public health approach, CCSA supports the use of taxation by THC level as a means of incentivizing the use of lower-risk cannabis products.

Thank for your providing the opportunity to speak with you today. I will be pleased to respond to your questions.



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