



LEGALIZATION OF MARIJUANA

ANSWERING QUESTIONS AND DEVELOPING A FRAMEWORK

DRAFT - JANUARY 2013

SUBMITTED BY:
LIBERAL PARTY OF CANADA (BC)
STANDING POLICY COMMITTEE



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“Bearing in mind \$1 million/ year buys roughly 12 new cops, 14 teachers or public health nurses, ask yourself: Couldn’t (\$400 million in law enforcement, court and corrections) be better spent? The federal Liberal Party obviously thinks so...”

– Ian Mulgrew, Vancouver Sun, January 18, 2012

“Legalize weed, yes, but the devil is in the details...Although polls suggest Canadians support the idea of legalizing marijuana in general, they’ll want to see a detailed plan before backing the idea unreservedly. That’s where the work needs to be done now by the drug reform proponents.” – Gary Mason, Globe and Mail, Feb 2012

INTRODUCTION

In January 2012, close to 80% of delegates attending the Liberal Party of Canada's Biennial Policy convention in Ottawa voted in favour of a policy resolution co-sponsored by the Liberal Party of Canada - British Columbia (LPC-BC) and the Young Liberals of Canada (YLC) to:

- 🍁 **LEGALIZE** marijuana and ensure the regulation and taxation of its production, distribution, and use, while enacting strict penalties for illegal trafficking, illegal importation and exportation, and impaired driving
- 🍁 **INVEST** significant resources in prevention and education programs designed to promote awareness of the health risks and consequences of marijuana use and dependency, especially amongst youth
- 🍁 **EXTEND** amnesty to all Canadians previously convicted of simple and minimal marijuana possession, and ensure the elimination of all criminal records related thereto
- 🍁 **WORK** with the provinces and local governments of Canada on a coordinated regulatory approach to marijuana which maintains significant federal responsibility for marijuana control while respecting provincial health jurisdiction and particular regional concerns and practices

Since the resolution was approved a growing number of Canadians and community leaders have joined the call to end marijuana prohibition in Canada. At the same time, LPC-BC's Standing Policy Committee has been working with the YLC to prepare this paper.

In addition to capturing progress over the past year, the goal of this paper is to provide some answers to legitimate questions Canadians have about the impact of implementing this policy.

Some questions are answered in one sentence. Others are more complex and require ongoing civil dialogue. In total, close to 40 questions have been identified in five categories:

- 1. Policy**
- 2. International Response**
- 3. Legal**
- 4. Public Health**
- 5. Logistics**

From the answers to these questions, a framework for legalization emerges – which is summarized at the conclusion of this paper with suggested next steps.

This paper is not an academic research essay. It is intended to be a practical, plain language and political document that takes the policy resolution approved by Liberals across Canada in January 2012 to its next logical step.

“After the resolution on marijuana today, there is going to be a group of even happier people in the Liberal Party...If you want to be part of a free-thinking, innovative, thoughtful, pragmatic, hopeful, positive, happy people, come and join the Liberal Party of Canada.”

- Interim Liberal Party of Canada Leader Bob Rae, January 15, 2012

POLICY RESOLUTION 117: LEGALIZE AND REGULATE MARIJUANA

Passed January 15 2012 at the Ottawa 2012 Biennial Convention





WHEREAS, despite almost a century of prohibition, millions of Canadians today regularly consume marijuana and other cannabis products;

WHEREAS the failed prohibition of marijuana has exhausted countless billions of dollars spent on ineffective or incomplete enforcement and has resulted in unnecessarily dangerous and expensive congestion in our judicial system;

WHEREAS various marijuana decriminalization or legalization policy prescriptions have been recommended by the 1969-72 Commission of Enquiry into the Non-Medical Use of Drugs, the 2002 Canadian Senate Special Committee on Illegal Drugs, and the 2002 House of Commons Special Committee on the Non-Medical Use of Drugs;

WHEREAS the legal status quo for the criminal regulation of marijuana continues to endanger Canadians by generating significant resources for gang-related violent criminal activity and weapons smuggling – a reality which could be very easily confronted by the regulation and legitimization of Canada’s marijuana industry;

BE IT RESOLVED that a new Liberal government will:

-  legalize marijuana and ensure the regulation and taxation of its production, distribution, and use, while enacting strict penalties for illegal trafficking, illegal importation and exportation, and impaired driving;
-  invest significant resources in prevention and education programs designed to promote awareness of the health risks and consequences of marijuana use and dependency, especially amongst youth;
-  extend amnesty to all Canadians previously convicted of simple and minimal marijuana possession, and ensure the elimination of all criminal records related thereto
-  work with governments of Canada on a coordinated regulatory approach to marijuana which maintains significant federal responsibility for marijuana control while respecting provincial health jurisdiction and particular regional concerns and practices.

OVERVIEW

A growing number of community and opinion leaders agree the current prohibition of cannabis is only serving to protect the status quo for organized crime of rich profits, stockpiled weapons and public executions.

Opinion polls reaffirm the Canadian public is ahead of the current federal government on this issue. A 2012 poll from Toronto's Forum Research just after the resolution to legalize marijuana was approved at the Liberal Party of Canada's Policy Convention determined:

- ✿ 60% of respondents in every province support reform of marijuana laws - BC is most supportive (73%)
- ✿ the largest demographic group that supports reform of current law is 55 to 64
- ✿ most favour full legalization and taxation over decriminalization of possession (40-26%)
- ✿ NDP supporters were the most likely to say they were for easing of current laws (71%), followed by Liberal supporters (64%) and Conservative supporters (59%)

Subsequent polls have suggested support continues to rise for legalization and regulation.

Here is a summary of other reports that have been published since January:

January 16, 2012 - "A new spirit of openness and a policy in favour of legalizing and regulating pot will help breathe life into the Liberal Party in western Canada, party members said Sunday..." – *Peter O'Neil, Vancouver Sun*

January 17, 2012 – "It is an excellent idea, and the resolution ticks all the correct boxes by way of justifying it: marijuana's widespread and safe use, revenue savings and generation through taxation, and the fact that it would make Canadians safer from criminal violence." - *Chris Selly, National Post*

"Hallelujah! Canadians agree it's time to legalize marijuana"

- January 18, 2012, Vancouver Sun Headline

January 19, 2012 – "The Liberals are right to make it a political issue...One (Liberal) goal must be to better differentiate the party from the ruling Conservatives, and in that respect, a new policy on cannabis legalization represents a start." (*Globe and Mail editorial*)

February 15, 2012 – Four former BC Attorneys Generals write an open letter saying, "The case demonstrating the failure and harms of marijuana prohibition is airtight. The evidence? Massive profits for organized crime, wide-spread gang violence, easy access to illegal cannabis for our youth, reduced community safety, and significant – and escalating – cost to taxpayers."

February 17, 2012 – The *Vancouver Sun* endorses legalizing marijuana.

March 28, 2012 – BC’s Provincial Health Officer and Nova Scotia’s Chief Public Health Officer say Canada should consider the model used to control and tax the sale of tobacco and alcohol with marijuana as a way to crack down on organized crime, control availability and influence “cultural norms”. (*Globe and Mail*)

April 27, 2012 – Eight BC Mayors write a letter to provincial political leaders calling for an end to marijuana prohibition...North Vancouver Mayor Darrell Mussatto says, “We think our communities will be safer and our children better protected from criminal elements if we overturn marijuana prohibition.” Burnaby Mayor Derek Corrigan says, “We put our citizens and communities at risk by not talking action now.” (*Province Newspaper*)

July 2, 2012 – A nationwide survey concludes 66% of Canadians think the law should be changed so people caught with small amounts of marijuana no longer face criminal penalties. Support is strongest in Atlantic Canada (72%) followed by BC, Saskatchewan, Manitoba and Ontario (69%). Support is lowest in Alberta (42%). (*Postmedia, Global TV*)

August 24, 2012 – Due to a lack of resources, “Canadian border agents have been told to stop looking for illegal drugs leaving the country and instead focus on stopping the export of illicit nuclear material and stolen cars. The directive is unlikely to make US and other countries very happy.” (*Postmedia News*)

September 27, 2012 – Hundreds of BC municipal leaders joined a vote for a policy resolution at their annual conference to encourage the provincial government to research the regulation and taxation of marijuana.

December 1, 2012 – A shortage of treatment facilities where drug-addicted parents can stay with their children is having a devastating impact on at-risk youth in BC, advocates say. (*Victoria Times Colonist*)

December 5, 2012 – Health Canada is preparing to publish new regulations to its medical marijuana access program that could make doctors the sole gatekeepers of the drug. The President of the Canadian Medical Association says the proposed changes could see fewer doctors willing to prescribe it. (*Sharon Kirkey, Postmedia News*)

“As Washington State and Colorado voters now have shown, measures for legalizing the recreational use of pot increasingly appear to make sense. They may even help turn some young people off the drug. How then to proceed? Well, we obviously have to sort out the various federal/provincial jurisdictional niceties. And we have to find a workable means of licensing, distributing and selling cannabis. Actually, we in BC already have one – our provincial liquor store system, which for all its faults, appears well-suited to handle the drug and ensure it isn’t sold over the counter to kids.”

– Jon Ferry, Province Newspaper, November 2012

December 7, 2012 – Seattle smokes up – legally. First state to allow personal marijuana use stands to fill coffers. (*Vancouver Sun*)

“The result (of marijuana prohibition) is that thousands of otherwise respectable people, including lawyers, professors, bus drivers and yes, even journalists, engage in a recreational habit that risks a criminal record. But it’s not them I’m particularly concerned with.

Aside from making an ass of the law, the marijuana business – one of the most lucrative in BC – enriches all the wrong people, and at no benefit to the community. The scum who kill in cold blood to protect their turf are the beneficiaries of a gratuitous shower of riches even Croesus would envy.

Would legalization make marijuana more widely available? Rather the opposite if it were subject to proper retail controls, as is liquor.

Would it be safer for white-collar professionals indulging at weekends? Certainly.

Would we have at our disposal greater resources for research into addictions, both alcohol and drug related? Of course. Would legal marijuana put us on a slippery slope to moral decay? I doubt it.

But I do know it would put a crippling dent in the obscene profits of the drug lords and their trigger-happy assassins for whom the present law is just dandy, thank you.”

- **Alan Ferguson, Province Newspaper column, June 3, 2008**

QUESTIONS

As support for the policy to legalize, tax and regulate marijuana has increased over the past year, Canadians have asked legitimate questions about how this policy can be implemented in a practical and organized way. This happened at the end of alcohol prohibition too.

The goal of this paper is to answer common questions and gather the answers into a draft policy framework. The questions are identified in five categories:

- 1. Policy**
- 2. International Response**
- 3. Legal**
- 4. Public Health**
- 5. Logistics**

The answers are based on survey responses, new laws in Colorado and Washington, existing Canadian laws and policies, literature and publication reviews.

“Everyone believes...that the current approach is not working, but it’s not clear what we should do.”

– Prime Minister Stephen Harper, April 17, 2012





POLICY

COMMONLY ASKED POLICY QUESTIONS ABOUT LEGALIZING MARIJUANA:

1. WHY DO WE WANT TO LEGALIZE IT?
2. WHY NOT DECRIMINALIZATION INSTEAD OF LEGALIZATION?
3. WHO WILL BE RESPONSIBLE FOR THE TAXATION AND REGULATION?
4. SHOULD IT BE PART OF A FEDERAL/PROVINCIAL AGREEMENT?
5. WHAT WOULD BE THE LEGAL AGE TO CONSUME IT?
6. WILL PEOPLE BE ALLOWED TO CONSUME IN PUBLIC OR AROUND CHILDREN?
7. SHOULD LEGALIZATION EXTEND TO OTHER DRUGS?
8. HOW WOULD THIS IMPACT PEOPLE AUTHORIZED TO USE IT FOR MEDICAL PURPOSES?
9. WHAT WILL BE THE TOTAL ECONOMIC IMPACT?
10. HOW WILL WE GUARANTEE THAT THERE WILL NOT CONTINUE TO BE A BLACK MARKET?

WHY DO WE WANT TO LEGALIZE MARIJUANA?

While there are many, we focus on **five reasons** Canada should legalize and regulate marijuana.

1. Fight organized crime.
2. Use the new revenue to support important government services.
3. The current law does more harm than good. In addition to filling bank accounts of criminals, prohibition delivers:
 -  uncontrolled access for youth – and first contact with organized crime
 -  no product safety and labeling standards for millions of consumers
 -  criminal records for thousands of average Canadians
 -  a significant burden on government budgets to enforce and prosecute
4. Millions already consume marijuana in Canada each year.
5. Promotion of evidence-based policy instead of political ideology. The current law is not achieving its goal to prevent use – particularly among youth who enjoy uncontrolled access now. A growing number of community leaders, researchers, opinion leaders and voters agree it is time to reconsider prohibition.

WOULD A SYSTEM OF PARTIAL LEGALIZATION LIKE DECRIMINALIZATION BE OPTIMAL INSTEAD?

No. Decriminalization of small amounts would lead to a system where it is legal to possess but not supply. Without legalizing production, sale and consumption together, organized crime will continue to meet the market demand and law enforcement agencies and health care professionals will remain in limbo.

WHO WILL BE RESPONSIBLE FOR THE TAXATION AND REGULATION OF MARIJUANA? SHOULD LEGALIZATION BE PART OF A FEDERAL/PROVINCIAL AGREEMENT?

While the implementation of a regulated system must include collaboration with provincial and local governments, the Government of Canada must demonstrate leadership and take the first step. We recommend this first step to be a legal framework which:

- 🍁 Is led by federal Ministers of Justice and Health
- 🍁 Developed by a special Cabinet Committee on Organized Crime
- 🍁 Reflects feedback from provinces and provides administrative flexibility
- 🍁 Includes a federal/provincial regulatory and revenue-sharing agreement based on models established for the production, distribution and sale of alcohol and tobacco
- 🍁 Establishes an interim authority to oversee implementation
- 🍁 Is subject to review by a House of Commons Standing Committee

Once the law is approved in Parliament, provincial and local governments would be expected to respect its provisions – as they do now with other controlled substances.

WHAT WOULD BE THE LEGAL AGE FOR CONSUMPTION?

We recommend the legal age for consumption be the same as alcohol for each province.

SHOULD LEGALIZATION EXTEND TO OTHER DRUGS?

No. Police, justice and correction resources should be redirected to support violent crime investigations and attack other revenue streams of organized crime.

WILL PEOPLE BE ALLOWED TO CONSUME MARIJUANA IN PUBLIC OR AROUND CHILDREN?

Provincial and municipal governments should have some flexibility within the federal regulatory framework to place reasonable restrictions on where people can consume and purchase cannabis – as is currently done with alcohol and tobacco use. This would include activities to protect the health and well-being of children and employees.

Washington State is proposing to prohibit the consumption of marijuana in public places where alcohol is banned and federal facilities (military bases, national parks, etc). Failure to comply in Washington is subject to a fine of \$100 however police officers are not yet issuing tickets.

WHAT WILL BE THE TOTAL ECONOMIC IMPACT OF LEGALIZATION?

The economic impact of legalizing marijuana in Canada would be very positive for the government and taxpayers. The full scale of this benefit is the only question and it has been the subject of increasing study. Here are some recent examples:

- 🍁 Washington State estimates a fully functioning marijuana market will generate over \$1.9 billion over five years – based on 360,000 annual consumers.
- 🍁 A November 2012 research paper from Simon Fraser University published in the International Journal of Drug Policy concluded legalizing marijuana in BC may generate \$2.5 billion in government tax and licensing revenues over five years – based on a domestic provincial market of over 400,000 annual consumers
- 🍁 A 2009 report from the RAND Corporation for the European Commission concluded global retail expenditures on cannabis ranged from €40-120 billion (\$60-180 billion CDN) – based on a global market of over 200 million consumers.
- 🍁 RAND's 2009 report estimates Canada's annual retail cannabis market at .29% of GDP or €2.769 billion (\$3 – 4 billion CDN) – based on a market of 3 million annual consumers
- 🍁 A 2004 Fraser Institute study estimated BC's marijuana crop's value at 2-4% of the province's GDP.

New revenues will be complemented by the ability to reallocate law enforcement, correction, border and justice resources.

Thousands of Canadians will also find direct and indirect employment. Opportunities include:

- 🍁 agriculture, technology and energy supply
- 🍁 specialty retail stores
- 🍁 transportation, distribution, packaging and manufacturing
- 🍁 inspectors, engineers, quality controllers, licensing officers and health researchers
- 🍁 legal, insurance, financial and accounting services
- 🍁 marketing, communication, tourism and public education
- 🍁 alternative products - non-smokable, cosmetic products, building materials, fabrics

WOULD PEOPLE CONSUMING MARIJUANA FOR MEDICAL PURPOSES CONTINUE TO BE IN A SPECIAL CATEGORY?

The regulations exempting medical use of marijuana are only necessary because of the current law. With the end of prohibition, there will be no need for this legal exemption – which has proven difficult to manage for many patients, doctors, designated growers, municipal authorities and law enforcement personnel.

In addition to saving tax dollars, replacing the federal medical marijuana program with a new legal framework may encourage doctors and researchers to more freely explore health impacts, alternatives to smoking and potential for inclusion of medical use in provincial health insurance programs.

HOW WILL WE GUARANTEE THAT THERE STILL WON'T BE A BLACK MARKET FOR MARIJUANA?

While ending prohibition will put many criminals out of work, it won't end organized crime. That said, black market sales of illegal alcohol and tobacco have not become a problem post-prohibition.

Ongoing vigilance will be required and the federal government should develop a comprehensive set of policies to attach organized crime through the Special Cabinet Committee we have proposed.

However, strategic elements of a legal framework can help prevent a marijuana black market from re-emerging:

- 🍁 ensure the legal price is lower than the current price and quality is equal – or better
- 🍁 ensure packaging reflects consumer demand and product is accessible for adults
- 🍁 establish zero-tolerance on import/export
- 🍁 increase criminal penalties for export, unregulated suppliers and trafficking to minors
- 🍁 reallocate some police and law enforcement resources to border patrol
- 🍁 allow opportunities for Canadians to continue to grow limited amounts of marijuana for personal use

Background – United Nations

Canada is a party to three international conventions that regulate drug control:

- *Single Convention on Narcotic Drugs, 1961* (“1961 Convention”)
- *Convention on Psychotropic Substances, 1971* (“1971 Convention”)
- *1988 United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances* (“1988 Convention”).

Article 3, paragraph 2 of the 1988 UN Convention requires that:

- *“Each Party shall adopt such measures as may be necessary under its domestic law, when committed intentionally, the possession, purchase or cultivation of narcotic drugs or psychotropic substances for personal consumption contrary to the provisions of the 1961 Convention, the 1961 Convention as amended or the 1971 Convention.”* (Marijuana is one such substance)

INTERNATIONAL RESPONSE

COMMONLY ASKED QUESTIONS ABOUT THE POTENTIAL INTERNATIONAL RESPONSE TO ENDING MARIJUANA PROHIBITION IN CANADA:

1. ARE WE ALLOWED TO LEGALIZE IT UNDER INTERNATIONAL LAW? IS IT AGAINST CANADA’S TREATY?
2. HOW CAN WE DO THIS WITH THE UNITED STATES SO OPPOSED?
3. HOW WILL WE CONTROL CROSS-BORDER TRAFFICKING?
4. IS THE ILLICIT MARIJUANA TRADE IN CANADA CONNECTED TO VIOLENT CARTELS IN MEXICO, CENTRAL AND SOUTH AMERICA?

ARE WE ALLOWED TO LEGALIZE IT UNDER INTERNATIONAL LAW? IS IT AGAINST CANADA'S TREATY OBLIGATIONS?

This question is more common with government than the general public. Here are four answers:

1. Canada is a sovereign country - free to make our own laws through a democratically elected government in the House of Commons.
2. Other UN member countries have already improved their marijuana laws without sanction.
3. Canada should lead a movement to amend out-of-date international conventions to reflect changes in medical evidence and international consumption rates. They have been used as an excuse for inaction and regressive thinking for too long.
4. Canada has rights to withdraw from these UN conventions, as granted in the articles of each convention - exercisable by written notification to the UN Secretary-General. Withdrawal would take effect one year after the date notification was received.

While some may still make the case that legalization is *prima facie* inconsistent with Canada's international legal obligations, Canada's Special Senate Committee on Illegal Drugs identified a number of factors in 2002 that provide state parties to these conventions with leeway around strict application. For example:





- 🍁 Review, amendment and withdrawal mechanisms exist in the Conventions. (see answer four above)
- 🍁 The conventions impose moral obligations on states, not legal ones. There are no penalties or sanctions for violating the conventions other than a public rebuke by some of the signatories.

HOW CAN WE LEGALIZE MARIJUANA IF THE UNITED STATES IS SO OPPOSED TO IT?

This is an important question because the US is Canada's most important international ally and trading partner. The issue will continue to evolve against prohibition in the US with successful November 2012 state referendums to legalize, tax and regulate marijuana in Colorado and Washington state. This is reinforced by the subsequent reluctance of the US President to enforce federal laws in these states.

In this light of these recent developments and estimates more than 25 million Americans consume marijuana each year (*RAND 2009*), here are two answers to this question:

1. Public opinion is changing in the United States which does not appear to be as opposed to the idea of legalization as they may have been in the past.
2. Canada is a sovereign country and our domestic policies regarding crime prevention and public health should not be dictated from Washington DC. While, federal Liberal governments have a long history of co-operation with the US on a wide range of social, economic and global issues, we also are not afraid of respectful disagreement. Recent examples include made in Canada decisions to:

-  stay out of the Iraq war
-  recognize gay marriage
-  aggressively label tobacco products with health warnings
-  legalize marijuana for compassionate medical purposes

HOW WILL WE CONTROL INTERNATIONAL TRADE OF CANNABIS? WILL CANADIANS BE ABLE TO TRAVEL WITH IT?

Out of respect to other countries that may not share Canada's progressive views, we recommend the government maintain a zero-tolerance of any import or export of marijuana – including countries and states that have decriminalized or ended prohibition.

To enforce this zero-tolerance policy, we recommend dramatically increasing criminal penalties for the export of marijuana and reallocation of some domestic marijuana enforcement resources to border patrol and intelligence. The vast majority of these resources would be allocated at US border crossings.

IS CANADA'S MARIJUANA TRADE CONNECTED TO VIOLENT CARTELS IN MEXICO, CENTRAL AND SOUTH AMERICA?

Numerous public and public police reports connect Canada's marijuana industry to international drug and weapons smuggling – including violent cartels operating in Mexico, Central and South America. Here are some recent examples:

- 🍁 **April 18, 2012** - Linking the trade in B.C.-grown marijuana to drug violence in Mexico and the United States, a former U.S. federal prosecutor has added his voice to a growing chorus in favour of legalizing pot. “Gangs affiliated with dangerous drug cartels are distributing marijuana grown in British Columbia – it’s being exchanged for guns and cocaine that come up here [to BC]” John McKay, a former U.S. federal prosecutor, said at a press conference in a downtown Vancouver hotel on Wednesday. “So the negative impact of that is more than just proceeds going to Mexican drug cartels, but also what’s coming back to Canada because of this production.” (*Globe and Mail*)
- 🍁 **August 29, 2012** – “A fugitive Hells Angel wanted in connection with an alleged drug-trafficking operation turned himself in at the Burnaby RCMP detachment Tuesday...The charges follow a 21-month investigation into allegations that marijuana grown in BC’s southeast was being sold in BC and elsewhere to fund the import of cocaine to Canada...Mounties seized \$4 million in the weekend raid, including a plastic bag of \$100 bills that was spotted with mould.” (*Vancouver Sun*)
- 🍁 **September 13, 2012** – “The number of gang-affiliate federal prisoners has increased 32% to more than 2300 in the past five years...Considering what smart people around the globe have said for half a century, I say legalize pot. We have created a massive underground global economy that generates billions for organized crime – drug profits are the vital lifeblood of gangs, the primary source of disposable income supporting their lifestyle and conspicuous consumption...The recent spate of killings should trigger a realistic public discussion, one that considers radical solutions and broadens our approach to dealing with gangs.” – *Ian Mulgrew, Vancouver Sun*
- 🍁 **November 21, 2012** – Police allege marijuana grow-ops in the BC Okanagan area were used to fund the importation of cocaine into Canada. They say they seized more than \$4 million in drug money during the 20 month operation. (*Province Newspaper*)

“It is time to stop being dumb witnesses to a global deceit.”

- Guatemala President Otto Perez, April 13, 2012

Over the past year, leaders of Mexico, Central and South America have called on the United States to reconsider the war on drugs and join a growing discussion about a new approach that attacks the profit and business model of organized crime.

LEGAL

COMMONLY ASKED QUESTIONS ABOUT LEGAL ISSUES ASSOCIATED WITH THE LEGALIZATION OF MARIJUANA:

1. WHAT LAW(S) NEED TO BE CHANGED?
2. WHAT HAVE THE COURTS SAID ABOUT THE CURRENT LAW?
3. IS THE CURRENT LAW BEING ENFORCED? HOW MANY RESOURCES ARE ALLOCATED TO MARIJUANA CONTROL NOW AND WOULD THOSE COSTS BE ELIMINATED IF IT WAS LEGALIZED?
4. WILL PEOPLE BE ALLOWED TO GROW IT IN THEIR HOMES IF WE LEGALIZE IT?
5. SHOULD THERE BE LIMITS PLACED ON THE AMOUNT ONE CAN POSSESS AND/OR PURCHASE?
6. WHAT WILL BE THE PENALTIES FOR PEOPLE WHO OPERATE OUTSIDE THE LEGAL SYSTEM?
7. HOW WILL WE ENFORCE IMPAIRED DRIVING LAWS? WILL THEY NEED TO CHANGE?
8. WHAT WILL HAPPEN TO CRIMINAL RECORDS OF PEOPLE CHARGED FOR MARIJUANA RELATED OFFENCES?

WHAT CANADIAN LAWS NEED TO BE CHANGED?

A new legal framework must repeal Schedule II of the *Controlled Drugs and Substances Act*, establish new penalties for operating outside of the legal system, create a new taxation and regulatory structure that reflects discussions with provinces and other stakeholders.

WHAT HAVE THE COURTS SAID ABOUT THE CURRENT LAW?

We feel legalization of marijuana should be achieved through the political process – not imposed by courts. It is important for the Liberal Party of Canada to include ending prohibition in its next platform as a strategy to combat organized crime. This will ensure a mandate for change is offered to the majority of Canadians who want cannabis regulated and taxed.

Most recent court rulings on the legalization of marijuana have been focused on medical use. Judgments have regularly favoured more access over less. Conclusions from these decisions should be considered as a legal framework is developed. These may include:

- 🍁 It is likely possession can't be legalized without provisions for purchase and supply - an argument against a half-measure of decriminalizing possession of small amounts
- 🍁 any new policy framework would likely need to allow for alternative uses and derivatives - including non-smokable and food products
- 🍁 people would likely be free to grow their own for personal use under a legalized system – just as some make their own beer or wine today
- 🍁 the government should not overly limit supply options for consumers

In the absence of a progressive federal government, proponents may continue to initiate expensive court challenges against prohibition in the future.

IS THE CURRENT LAW BEING ENFORCED? HOW MANY RESOURCES ARE ALLOCATED TO MARIJUANA CONTROL AND WOULD THEY BE ELIMINATED OR REDUCED IF MARIJUANA WAS LEGALIZED?

The current law is not being enforced equally across Canada. In some jurisdictions, possession is prosecuted vigorously. In others, charges are often not filed. Sentencing provisions are similarly unequal across Canada.

“Across Canada 28,183 people were charged with possession of marijuana last year, or about 81 charges per 100,000 people. According to a 2011 Health Canada survey, about 9% of Canadians over 15 used marijuana in the past year. That suggests one in 90 pot users was criminally charged.”

- Vancouver Sun, Zoe McKnight, November 2012

Regarding the costs of enforcing the current law, these are often buried in operating budgets of the border agency, police, correction service and courts – making them difficult to calculate.

However, 2005 federal Treasury Board documents published by the Canadian HIV/AIDS Legal Network suggest \$368 million was spent that year on addressing illicit drugs. Of this, 73% (\$271 million) was targeted to enforcement initiatives such as border control (\$80 million), RCMP investigations (\$75 million), drug analysis services (\$8 million) and federal prosecutions (\$90 million).

While a legal framework will not eliminate these costs, we expect they will be reduced significantly with opportunities to redirect savings to youth programs, border protection, addressing violent crimes, attacking other profits of organized crime and community partnerships with provincial and municipal governments.

WILL PEOPLE BE ALLOWED TO GROW IT IN THEIR HOMES FOR PERSONAL CONSUMPTION OR PRIVATE SALE?

Yes. While we expect the interest or need for individuals to grow their own to be greatly reduced post-prohibition, it should not – and likely could not - be eliminated. At the same time, sale of marijuana should be limited to businesses and require proper licensing.

The State of Colorado is planning to impose a limit of six plants per person as part of their legalization plan scheduled to take effect in January 2013. We believe a maximum number of plants for personal use should be determined following consultation with provinces, local governments and other stakeholders.

SHOULD THERE BE LIMITS PLACED ON THE AMOUNT OF MARIJUANA ONE CAN POSSESS AND/OR PURCHASE?

Yes. While we expect there will be little need for Canadian adults to “stock-up” on product if quality cannabis is legal and readily available, we are concerned about the potential for organized crime to easily stockpile legal product for smuggling to other countries.

According to consumption statistics (*RAND 2009*), monthly marijuana users in Canada consume an average of 1 gram per day – or one ounce (28 grams) each month. Washington State plans to allow adults to possess only one ounce of marijuana at a time.

We feel Washington’s one ounce limit may create unnecessary, ongoing enforcement requirements and restrict people growing their own for personal use - where one plant may yield more than an ounce of product.

In this light we recommend a four ounce (.10 kg) limitation be considered for the amount a non-licensed vendor or distributor can purchase or possess without obtaining a special permit, subject to consultation with consumers, distributors, law enforcement and producers. We feel this is reasonable and akin to purchasing a 40 or 60 oz. bottle of vodka or whisky a couple times a year instead of buying a small bottle each month.

Other limits would need to be established for cannabis-infused goods, plants for personal use and marijuana in liquid form. Washington State has established a 16 ounce (.45kg) possession limit on cannabis-infused goods or up to 72 ounces (2.4kg) for cannabis in liquid form.

WHAT WILL BE THE PENALTIES FOR PEOPLE WHO OPERATE OUTSIDE THE LEGAL SYSTEM?

As marijuana will be legal, tougher penalties and sentences are justified for those operating outside the legal system – particularly those attempting to sell marijuana to minors and/or smuggle it into other countries for cash, other drugs and weapons. That said, experience with the end of alcohol prohibition and tobacco regulation suggests few Canadians will be interested in the black market as long as the product is more accessible, as good and less expensive.

HOW WILL WE ENFORCE IMPAIRED DRIVING LAWS? WILL THEY NEED TO CHANGE?

Driving impaired as a result of marijuana use is already against the law in all jurisdictions in Canada. Provincial governments are able to introduce new regulations regarding impaired driving as they choose this should be reaffirmed in a new federal framework.

However, we support increased penalties for all impaired drivers and providing police with more accurate tools to detect when motorists are under the influence of marijuana. With legalization, we recommend the federal government invest revenues to improve detection technology, training support and research regarding effects of cannabis use and intoxication.

We also recommend monitoring the results of Washington State's proposal to establish presumptive levels of intoxication for THC concentration when a driver is arrested for suspicion of being under the influence. These have been set at 0.0 for drivers under the age of 21 and 5 nanograms/milliliter of blood for drivers over 21. Washington's Licensing Department will be able to revoke the driver's license of a person who tests above the presumptive level of THC.

What is THC?

"THC is **Tetrahydrocannabinol** - the principal psychoactive constituent of the cannabis plant. The amount of THC in marijuana ranges from 1% to 20% and depends on how it was grown, the genetic makeup of the plant and the amount of flower parts, leaves, stems and seeds. In hash THC amounts vary depending on the source and how it is prepared. Hash oil generally contains 10% to 20% and considered the most concentrated form of the drug." – *Health Canada | November 2012*

WHAT WILL HAPPEN TO CRIMINAL RECORDS OF CANADIANS CONVICTED OF MARIJUANA RELATED OFFENCES?

A survey prepared for this paper invited federal Liberals and British Columbians to answer this question. Of the 1000 respondents, approximately 80% said Canadians with prior convictions for marijuana possession should have their records cleared. We agree.

Canadians convicted of trafficking marijuana or those who have been charged outside of Canada should continue to have access to exiting processes associated with pardons, clemency and the purging of records where minor infractions are involved.

PUBLIC HEALTH

Common questions about the public health implications of marijuana use and the impact legalization may or may not have:

1. How many Canadians use it, how much do they use and how many are under 18?
2. What are the health implications of chronic, moderate and occasional consumption?
3. What are the public health impacts of legalizing it – or not?
4. Would legalization increase the number of consumers?

HOW MANY CANADIANS CONSUME MARIJUANA ON A REGULAR BASIS? HOW MUCH DO THEY USE AND HOW MANY ARE UNDER THE AGE OF 18?

In its 2011 report, the UN Office for Drugs and Crime estimated 5% of the world's population (230 million) used illegal drugs at least once in 2010. Cannabis was identified as the most widely used illegal drug in the world (estimated at 125 to 200 million people).

A breakdown of 2005 UN figures estimate Canada's consumption rate to be one of the highest in the world at 17% of the population aged 15 to 64 – much higher than Asia (2%), Europe (5%) and the United States (12%). This translates to 3 million Canadians using marijuana each year.

These figures are similar to a 2009 report from the RAND Corporation for the European Commission that generated country-level consumption and retail expenditure estimates for cannabis. Among other things, the RAND report concluded:

- 🍁 global retail expenditures on cannabis range from €40-120 billion (\$50-150 billion CDN) each year
- 🍁 Canada's annual retail cannabis market is best estimated at €2.769 billion (\$4 – 5 billion CDN) or .29% of GDP
- 🍁 An estimated 2 million Canadians over 15 consume cannabis at least once a month and 3.4 million once a year
- 🍁 Monthly users consume an average of 2.5 cigarettes – or 1 gram – each day
- 🍁 Annual users in Canada consume an average of 1.25 cigarettes - or .5 grams – each day
- 🍁 Average total of marijuana in each Canadian marijuana cigarette is just under .5 grams

“A 2010 Health Canada survey indicates that about 366,000 British Columbians use marijuana, almost exactly the number as in Washington State. “

- Province Newspaper, November 21, 2012

HOW MANY CANADIANS CONSUME MARIJUANA HOW MANY ARE UNDER THE AGE OF 18? (CONT.)

Regarding youth consumption, we believe unregulated access to marijuana has contributed to growing rates of use – as opposed to tobacco where regulatory controls have led to declining youth smoking rates. Here are some recent reports:

- 🍁 A 2007 Health Canada report concluded 8.2% of young Canadians used cannabis on a daily basis.
- 🍁 In August 2012, the BC Centre for Excellence in HIV/AIDS reported more than half of adolescent drug users surveyed said they could access marijuana, heroin, cocaine or crystal meth within 10 minutes.

We recommend the new framework include significant direct investments on youth engagement initiatives ranging from prevention, awareness and treatment services to recreation, employment, community and cultural programs.

We also recommend increasing penalties for those convicted of trafficking to minors.

“Numbers supplied by the Toronto-based Centre for Addiction and Mental Health study show the percentage of the population 50 and older indulging (in marijuana) has increased 500% since a 1977 report, with them now making up 14% of dope smokers. When the study looked at the general population, it found puffing pot was going up in almost every age group. People who admitted smoking cannabis in their latest study jumped from just under 9% to more than 13%; 30-49 year olds had doubled their use.”

- Postmedia News, David Sherman, November 24, 2012

WHAT ARE THE HEALTH IMPLICATIONS OF CHRONIC, MODERATE AND OCCASIONAL MARIJUANA CONSUMPTION?

As marijuana has been legalized for medical use and more accepted in general, an increasing amount of research is emerging on its effects. Canadian doctors prescribe marijuana to more than 20,000 people to treat conditions ranging from Alzheimer's, premenstrual syndrome, seizures and migraines to glaucoma, MS, OCD, ADD and HIV/AIDS.

As this paper is not presented as a scientific document, we don't make any conclusions based on recent research findings on the health impacts of marijuana – or lack of them.

Instead we have conducted a scan of media reports over the past year and explored what a few doctors have to say. All demonstrate conflicting views and the need for more research in a regulated legal environment instead of the murky edges of the black market.

Here is a sample of some reports that have appeared in various media over the past couple years about cancer and cannabis use:

- 🍁 2012 US HMO Study of 61,000 insured patients showed no increased risk of lung, colorectal, melanoma, or breast cancers in current or former cannabis smokers versus those who have never smoked or experimenters when controlled for tobacco use, alcohol intake and socioeconomic status.
- 🍁 2012 report from the British Lung Foundation warned smoking marijuana is hazardous to the lungs and can also cause tuberculosis and Legionnaires' disease. The study showed public awareness of the health consequences was low with almost one-third of the British population believing it is not harmful.
- 🍁 2011 University of Colorado Cancer Centre Study concluded that there is little direct evidence that THC or other cannabinoids are carcinogenic.
- 🍁 A 2007 study by Harvard University researchers found that THC in marijuana cut tumor growth in half in common lung cancer tumours and significantly reduced the cancer's ability to spread.
- 🍁 2005 University of California study concluded that smoking marijuana - even regularly and heavily - does not lead to lung cancer.

WHAT ARE THE HEALTH IMPLICATIONS OF CHRONIC, MODERATE AND OCCASIONAL MARIJUANA CONSUMPTION? (CONT.)

Addiction Impact

The Lancet has compared the harm of 20 drugs using a 0-3 scale to measure addiction. The results:

- 🍁 Heroin – 3.00
- 🍁 Cocaine – 2.37
- 🍁 **Tobacco – 2.23**
- 🍁 Barbiturates – 2.01
- 🍁 **Alcohol - 1.93**
- 🍁 Benzodiazepines - 1.83
- 🍁 Amphetamine – 1.67
- 🍁 **Cannabis – 1.51**
- 🍁 LSD – 1.23
- 🍁 Ecstasy – 1.13

“The University of Victoria Centre for Addiction found alcohol causes more than twice as many deaths as all major illicit drugs combined, and tobacco causes on average five times more deaths than alcohol.”

– Globe and Mail, November 4, 2008

IQ Impact

- 🍁 In August 2012, Reuters reported on one of the world’s largest and longest running marijuana research studies that concluded people who wait until they are adults to take up cannabis do not show any significant mental declines in their memory and intelligence. However, the unprecedented study concluded that teenagers who become hooked on cannabis before they reach 18 may be causing lasting damage.

“A recent report in the Proceedings of the National Academy of Sciences about a long-term study of more than 1000 pot-using teens in New Zealand said that those who continued smoking into their 30s suffered significant cognitive deficits related to memory, reasoning and ability to process information.”

- Globe and Mail, November 23, 2012

ASK THE DOCTOR

We decided to get a rural doctor's opinion on the health impacts of marijuana use. Here is what Port Alberni's **Dr. Michael I. McGuire** told us:

"In recent years, pharmaceutical companies have worked to license THC (the active ingredient in cannabis) for medical purposes, in particular Nabilone (an oral medication used for nausea from cancer chemotherapy and as an appetite stimulant in the cancer setting) and Sativex (an oral spray licensed for treating neuropathic pain in multiple sclerosis). In the extensive testing required for licensing by Health Canada, virtually no serious side effects were encountered.

There is addiction potential with cannabis, in fact some authorities estimate as many as 10% of regular users will develop an addiction syndrome and suffer personal, social and occupational harm as a consequence. To keep a proper perspective, the frequency and severity of cannabis addiction is on the low end of the scale compared to alcohol and tobacco. In addition, the withdrawal syndrome resulting from sudden cessation is relatively mild, consisting of drug craving and irritability lasting 3-7 days.

There is an observed statistical correlation between cannabis and the onset of schizophrenia with psychotic symptoms. However, there is no evidence that there is a causal relationship between cannabis and schizophrenia. Over the past 50 years, cannabis use in North America has increased several-fold, whereas schizophrenia rates have remained constant.

Studies have not demonstrated a link between lung cancer and cancers of the neck and throat despite researcher's expectation to the contrary. Cannabis has not been shown to cause chronic lung disease, although it does cause worsening of symptoms in those already suffering from cigarette induced chronic obstructive lung disease.

A Canadian performed study reported in the CMAJ (Dr. Peter Fried 2002) showed that current heavy cannabis smokers demonstrated a 4% drop in measured IQ compared to pre-adolescent testing. Light smokers showed no change, and previous heavy smokers similarly showed no change. Conclusion: you are dumber while you are stoned but there does not seem to be any lasting effects on intelligence. "

DR. MELDON KAHAN, MEDICAL DIRECTOR OF THE SUBSTANCE USE SERVICE AT WOMEN'S COLLEGE HOSPITAL IN TORONTO SAYS, "(BUT) THERE'S NO ROLE, OR HARDLY ANY ROLE FOR SMOKED CANNABIS IN THE TREATMENT OF CHRONIC PAIN. THERE ARE SAFER ALTERNATIVES SUCH AS CANNABIS IN PILL FORM OR INHALERS. THERE ARE TOXINS IN CANNABIS SMOKE THAT ARE CARCINOGEN AND ACCELERATE HEART DISEASE. SMOKED CANNABIS IS ADDICTING, UNSAFE DURING PREGNANCY AND ESPECIALLY DANGEROUS FOR YOUNG PEOPLE IN TERMS OF TRIGGERING PSYCHOSIS, DEPRESSION AND MOOD DISORDERS." - GLOBE AND MAIL, NOVEMBER 2012

WHAT ARE THE PUBLIC HEALTH IMPACTS OF LEGALIZING MARIJUANA – AND/OR NOT DOING IT?

We conclude legalizing marijuana and regulating its sale, distribution, promotion and price will have a positive impact on public health and safety by:

- 🍁 Making it easier to prohibit youth access – as has been the case for tobacco.
- 🍁 Ensuring marijuana is grown in a controlled and regulated setting with strict labeling provisions to better protect the health of consumers and producers.
- 🍁 Delivering billions of dollars in new revenue that government can reinvest in public health care – including mental illness, treatment, education and awareness initiatives.
- 🍁 Encouraging the private sector and academic organizations to expand research into health impacts.
- 🍁 Reducing profits for organized crime which results in safer communities and less opportunity for young people to join gangs.
- 🍁 Forcing fewer Canadians to live with stress and stigma associated with having a criminal record for doing something 3 million other Canadians do each year.
- 🍁 Increasing availability of marijuana for people who use it for medical reasons or already have prescriptions for a doctor.
- 🍁 Increasing availability of police resources to control violent crime and other revenue streams of organized crime.
- 🍁 Reducing disincentives for people to reveal personal use will lead to earlier treatment as needed.
- 🍁 Creating a responsible and accountable industry that becomes a co-regulator and complies with improving regulations.

In contrast, maintaining the current prohibition will protect the status quo for organized crime, guarantee ongoing and uncontrolled access to marijuana for youth and continue to create more harm than good.

“By moving from a violent, unregulated market whose motive is profit to a strictly regulated market whose goals are public health – we can actually reduce rates of use.”

– Dr. Evan Wood, Simon Fraser University researcher, Vancouver Sun, November 21, 2013

WOULD A LEGALIZED SYSTEM OF MARIJUANA REDUCE OR INCREASE THE NUMBER OF CONSUMERS?

There are already a significant number of Canadians consuming cannabis. Studies identified in this paper estimate more than 3 million Canadians use marijuana each year – and 2 million do it every month. Children and youth under 18 are accessing marijuana easily with the current prohibition.

**Students who tried cigarettes in 1998: 56%.
Students who tried cigarettes in 2008: 26%.**

McReary Centre Society, April 15, 2009

Some countries that have introduced decriminalization policies have seen drug use and petty crime rates decline. Since Portugal abolished criminal penalties for possession in 2001, teenage drug use has declined while referrals to addiction treatment have doubled. The rate of cannabis use in the Netherlands is 5% compared to 12% in the United States.

There is little evidence to suggest that consumption rates will rise dramatically if marijuana is legalized – particularly since cannabis is not as addictive as most drugs.

In Canada, some doctors and researchers have said a strictly regulated legal marijuana market has the potential to meaningfully reduce rates of marijuana use, in the same way that regulatory tools have dramatically cut rates of tobacco use.

We recommend that a new federal framework include particular emphasis on restricting access for youth, promoting prevention partnerships with local school districts to educate students and teachers and tough penalties for anyone convicted of selling to minors. This will be particularly important since we expect the price of legal marijuana to be lower than it is now.

“But what about the innocent children who will be exposed to these drugs if they become freely available throughout society? The answer is nothing that doesn’t happen to them now. There is no city and few rural areas in the developed world where you cannot buy any illegal drug known to man within half an hour, for an amount of money that can be raised by any enterprising 14-year old. Indeed, the supply of really nasty drugs would probably diminish if prohibition ended because they are mainly a response to the level of risk the dealers must face.”

– Gwynne Dyer, January 14, 2007

LOGISTICS

COMMON QUESTIONS ABOUT LOGISTICAL CHALLENGES AND OPPORTUNITIES THAT MAY BE ASSOCIATED WITH THE LEGALIZATION OF MARIJUANA:

1. WILL A LEGAL SYSTEM RESEMBLE THE CURRENT WAY WE BUY AND SELL ALCOHOL AND TOBACCO?
2. WHICH FEDERAL AND PROVINCIAL AGENCIES WOULD BE INVOLVED?
3. HOW WILL LEGALIZATION IMPACT CURRENT CONSUMERS AND PRODUCERS?
4. HOW MUCH WILL IT COST? WHERE WILL PEOPLE PURCHASE IT AND HOW WILL IT BE PACKAGED?
5. HOW WILL IT BE TAXED? HOW WILL THE REVENUE BE REALLOCATED?
6. WHAT TERMS AND CONDITIONS WILL BE APPLICABLE TO THE PRODUCERS AND DISTRIBUTERS?
7. HOW MUCH WOULD CANADIAN PRODUCERS NEED TO GROW?
8. WOULD WE LIMIT THE MARKET TO CANADIAN COMPANIES AND DOMESTIC SUPPLIERS?
9. WHO WILL GROW IT?
10. WILL COMPANIES AND INDIVIDUALS BE ABLE TO PUT COMMERCIAL PROTECTIONS ON CERTAIN STRAINS, AND BRANDS? WHAT WILL BE THE POTENCY?

WILL A LEGAL SYSTEM OF MARIJUANA CULTIVATION, DISTRIBUTION AND SALES RESEMBLE ALCOHOL, TOBACCO OR NEITHER? ARE THERE OTHER MODELS TO CONSIDER?

Since marijuana is an intoxicant, we recommend the federal/provincial system of alcohol production, distribution and sale provides the best model for Canada's legal marijuana framework. This approach would include:

- 🍁 consultation with provincial and municipal governments
- 🍁 elements of tobacco control policy – particularly as it relates to packaging, labeling youth strategy and restrictions on promotion, point of sale and marketing
- 🍁 consultation with retailers, producers and consumers
- 🍁 elements of other national regulatory regimes such as natural health products, medical marijuana, fisheries, agriculture and hemp cultivation

WHICH FEDERAL AND PROVINCIAL DEPARTMENTS WOULD BE INVOLVED IN THE REGULATION, INSPECTION AND MONITORING OF PRODUCTION, DISTRIBUTION AND RETAIL SALES?

We recommend federal Ministers of Justice and Health be responsible for leading a policy that would be developed with the support of a Special Cabinet Committee on Organized Crime. The Committee would include Ministers for other federal departments with an interest in the policy:

- 🍁 Solicitor General/RCMP
- 🍁 Ministry of Agriculture
- 🍁 Department of Finance
- 🍁 Department of Foreign Affairs
- 🍁 Canada Revenue Agency
- 🍁 Industry Canada
- 🍁 Human Resources Development
- 🍁 Privy Council Office/Intergovernmental Affairs

These federal agencies will be required to work with provincial counterparts and include an emphasis on municipal affairs. We recommend this work be supported by an interim project management authority and refer items to relevant House of Commons Committees.

Washington State's proposal to transition from prohibition to taxation provides a preview of the some administrative requirements agencies may need to consider in Canada. They estimate a five-year cost of \$65 million to fully implement a licensing, regulatory and taxation plan for a market of 360,000 consumers. Supported by a Dedicated Marijuana Fund, these operating requirements include:

- 🍁 Liquor Control Board (LCB) for rulemaking, licensure and enforcement - \$13.6 million
- 🍁 Departments of Social and Health Services for implementation services - \$10 million
- 🍁 Washington State Patrol for additional training on marijuana impairment - \$2 million
- 🍁 Department of Licensing to revoke licenses for driving under the influence - \$425,000
- 🍁 Office of the Attorney General for legal services to LCB - \$318,000
- 🍁 Washington State Patrol Toxicology Laboratory for blood testing cases - \$125,000
- 🍁 Offices of the Attorney General and Administrative Hearings for appeals - \$125,000
- 🍁 Department of Revenue to administer tax collection from license holders - \$90,000
- 🍁 Washington State Patrol for background checks for LCB license applicants - \$28,000
- 🍁 Department of Agriculture to develop testing laboratory accreditation standards - \$26,000
- 🍁 Administrative Office of the Courts for information technology changes to the Judicial Information System - \$3,000

Washington State is proposing a one-year timeline to fully implement their system.

HOW WILL LEGALIZATION IMPACT CURRENT CONSUMERS?

We believe marijuana legalization will have a positive impact on the 3 million-plus annual adult consumers in Canada. Among other things they will experience:

- 🍁 no more contact with illegal drug dealers and organized crime
- 🍁 access to safer and labeled product
- 🍁 reliable and convenient access
- 🍁 lower prices
- 🍁 increased access to treatment as needed
- 🍁 public benefits associated with reallocation of new government revenues

Non-adult marijuana users will experience significantly reduced access to marijuana and more exposure to more education, awareness and prevention programs.

HOW MUCH WILL LEGAL MARIJUANA COST, WHERE WILL PEOPLE BE ABLE TO PURCHASE IT AND HOW WILL IT BE PACKAGED?

COST

To be successful and prevent organized crime from maintaining a black market, the price of legal marijuana must be lower than it is now. At the same time, the product's quality must be at least as good – if not better.

In Canada, pricing legal marijuana should consider:

- 🍁 the black market cost of marijuana differs from one region to another
- 🍁 bulk purchase is encouraged in the black market - the more you buy, the cheaper it is
- 🍁 consumers commonly purchase either one gram, seven grams (1/4 ounce), 14 grams (1/2 ounce) or 28 grams (one ounce) at a time
- 🍁 very few consumers purchase more than one or two ounces (28-56 grams) at a time
- 🍁 legal growers, distributors and retailers will still need to make a profit in a legal system

The 2009 RAND Corporation Report for the European Commission measured the street price of cannabis around the world. They concluded the average price in Canada per bulk gram was \$6.50. The federal government initially set their price of medical marijuana in Canada at \$5 per single unit gram but with new rules it is expected to increase to at least \$8 per single unit gram.

Meanwhile, Washington State expects their average retail price under their legalized system will be \$12 per gram. They have based this price on medical marijuana dispensaries and do not assume any increased consumption or competition will reduce prices. Washington's estimate assumes a \$3 per gram producer price and a \$6 per gram processor price.

HOW MUCH WILL LEGAL MARIJUANA COST, WHERE WILL PEOPLE BE ABLE TO PURCHASE IT AND HOW WILL IT BE PACKAGED? (CONT.)

COST (CONT.)

Based on these factors, we recommend the price of legal marijuana be lower than what Washington State is proposing and at least 30-35% lower than the current black market price. We think this is achievable because marijuana is relatively easy to produce and process. One of the most significant costs of production now is the risk of being caught by authorities or being robbed by a violent criminal.

We also recommend a new legal framework allow provinces to adopt pricing variations which could facilitate the sale and marketing of “premium brands” – as is the case with alcohol today.

Subject to discussions with provincial authorities, consumers, potential producers and distributors, here is a basic proposed price list for legal marijuana in Canada compared to the current black market rates (all taxes included):

ILLEGAL	LEGAL
ALL PROCEEDS TO ORGANIZED CRIME	ALL PROCEEDS TO TAXPAYERS
➤ 1 gram - \$10-\$15	➤ 1 gram - \$6-\$10
➤ 7 grams (quarter ounce) - \$65-\$80	➤ 7 grams (quarter ounce) - \$40-\$50
➤ 14 grams (half ounce) - \$120-\$150	➤ 14 grams (half ounce) - \$90-\$100
➤ 28 grams (ounce) - \$220-\$260	➤ 28 grams (ounce) - \$140-\$170

PACKAGING

Product packaging will be determined almost exclusively by market research and demand. The vast majority of black market marijuana is sold in dried plant form in bag pouches.

Other than established labeling and product safety requirements, we recommend the new framework allow consumers to have access to a variety of packaging options, which could include rolled cigarettes, bag pouches, plastic jars/bottles, edible products and teas.

HOW MUCH WILL LEGAL MARIJUANA COST, WHERE WILL PEOPLE BE ABLE TO PURCHASE IT AND HOW WILL IT BE PACKAGED? (CONT.)

POINT OF PURCHASE

To many Canadians, point of purchase will be the most visible element of a new legal framework.

For those who chose not to grow their own for personal use, we recommend legal marijuana be sold to the public through specialty private stores and/or anywhere regulated liquor sales take place. Limiting point of purchase to these locations will help ensure minors cannot come in contact with the product.

We do not recommend allowing marijuana to be sold at convenience stores and gas stations as is the case with tobacco, however provincial and municipal governments will have flexibility to place reasonable restrictions on where people can consume and purchase cannabis – as is currently done with alcohol and tobacco use. A license to sell would need to be obtained.

This approach reflects Washington’s State’s plan to require purchase through a Liquor Control Board (LCB) licensee. Their plan makes no assumptions that a portion of users will purchase from the illegal market or from medical marijuana retailers. They also make no assumptions about consumer migration from out of state or the consumption of marijuana-infused products.

Washington’s proposal includes a \$250 application fee and a \$1,000 issuance/renewal fee for each licensee. All fees will be deposited into the state’s Dedicated Marijuana Fund. Some recovery fees will also be applied to licensees for activities related to enforcement of quality control measures such as product sampling, testing, labeling and inspection.

To determine the number of retail outlets/licenses, Washington State plans to allow LCB to cap retail licenses by county, consider population, security issues and discouraging purchases from illegal markets. They expect over 320 retail outlets will serve their domestic annual market of 360,000 consumers – or over 1100 per location.

At the same rate, Canadian businesses and non-profit organizations would need to staff over 2,700 retail locations to serve Canada’s three million annual consumers – creating significant direct and indirect employment opportunities.

“Liquor store locations are usually discreet and not near schools and don’t have the product in window displays and have age-restriction protocols in place. It would be the simplest business model that currently exists to use, so I would recommend it and then gain consumer feedback over three years and see what changes the consumer would like, balanced with any public safety concerns.”

– Marc Emery, Province Newspaper, November 9, 2012

HOW WILL MARIJUANA BE TAXED, HOW WILL THIS REVENUE BE SHARED BETWEEN VARIOUS LEVELS OF GOVERNMENT AND HOW WILL IT BE REALLOCATED?

When considering the taxation rate on legal marijuana, it is worth noting that in some regions of Canada, as much of 45% of the total cost of a package or carton of cigarettes is tax for the government.

Washington State is projecting annual revenue of over \$565 million by 2015 based on 360,000 annual consumers and excise taxes of 25% on the selling price on each wholesale and retail sale of marijuana from a licensed producer, processor or retailer. State business and occupation taxes will also apply to these activities.

Based on Washington State's projections (363,000 consumers = \$565 million annual revenue) and in light of similar consumption and price trends in Canada, we conclude annual government revenue in Canada from legalized marijuana based on 3 million annual consumers would likely exceed \$4 billion/year.

We recommend that 30-35% as the preferred tax rate of legalized marijuana in Canada. This would include HST, GST and PST wherever relevant and some flexibility for provinces to adjust rates.

In addition to the final tax rate, we also recommend local and provincial governments adopt a cost recovery approach to the collection of business, licensing, inspection and workplace safety fees and services.

We recommend the majority of new revenue from legalization be reinvested to strengthen Canada's public health care system in partnership with provincial governments. This should include a special emphasis on mental illness, health promotion, addiction treatment and community youth partnerships.

As an example, Washington State has identified funding priorities for some of their new revenue. These include (figures are annual):

- 🍁 Health Care - \$135 million
- 🍁 General Revenue - \$45.7 million
- 🍁 Initiatives to prevent and reduce substance abuse - \$36.6 million
- 🍁 Marijuana education and public health program - \$24.4 million
- 🍁 University of Washington and Washington State University for research on effects of marijuana use and development of web-based public education materials - \$2.5 million

WHAT TERMS AND CONDITIONS WILL BE APPLICABLE TO THE PRODUCERS AND DISTRIBUTERS?

In cooperation with provincial governments, we recommend the new framework include comprehensive provisions to ensure quality control based on established standards for tobacco, alcohol and hemp production – and compliance with municipal by-laws and business licensing rules.

In addition to site safety requirements and inspection powers for relevant federal agencies, these guidelines should allow for various levels of THC, other cannabinoid content and cannabis strains.

Washington State’s prohibition transition plan acknowledged a lack of sufficient data to estimate the number of marijuana producers and marijuana processors they expect to apply for a license. However, for 363,000 annual consumers they expect 100 marijuana producers and 55 processors. They also assume 50% of marijuana is produced and processed by the same seller - with the rest produced and sold to a processor.

HOW MUCH MARIJUANA WOULD CANADIAN PRODUCERS NEED TO GROW?

Producers will grow as much marijuana as needed to meet public demand – recognizing that cannabis is a storable product that will maintain its quality over extended periods of time.

The 2009 RAND Corporation Report for the European Commission calculated the amount of marijuana consumed in countries around the world. The report concluded that Canada’s 3 million annual cannabis consumers use 410 metric tonnes of marijuana – or 410 million grams.

Washington State measured frequency of consumption using the pattern contained in the UN Office on Drug and Crime. The frequency ranged from a low of 18% using once a year to 3% consuming daily. Applying this pattern and assuming 2 grams of marijuana per use, they estimate 85 million grams are consumed annually per year to serve 360,000 annual consumers.

The same formula applied to Canada’s domestic market of 3 million annual consumers would require the production of at least 800 million grams per year – or 800 metric tonnes.

WOULD WE LIMIT THE MARKET TO CANADIAN COMPANIES AND DOMESTIC SUPPLIERS?

Based on our recommendation to apply a zero-tolerance to import/export of marijuana, we recommend that the new Canadian legal framework limit market access to domestic suppliers.

WHO IS GOING TO GROW IT?

In addition to allowing individual Canadians to grow a limited number of marijuana plants for personal use, we expect Canada's private sector and local non-profit societies will likely be the main producers, distributors and retailers of marijuana products.

We recommend that before final decisions are made about the structure of this new industry, the federal government consult the sector and other interested parties as the new framework is constructed. These discussions should focus on the roles of each level of government, identifying consumer demands and the scope of a new regulatory framework. Among other things, we recommend these discussions include the following policy objectives:

- 🍁 government should regulate but not have any direct ownership in any corporation that produces marijuana
- 🍁 the market should be open to a large range of Canadian businesses from very small farms to medium size and large-scale operations
- 🍁 discretion regarding the purchasing of marijuana rest primarily with entities that have been licensed by provinces to sell it
- 🍁 flexibility for packaging options
- 🍁 establishment and enforcement of quality control and product safety standards by relevant federal health and agriculture agencies
- 🍁 price controls to curtail black market

WILL COMPANIES AND INDIVIDUALS PLACE COMMERCIAL PROTECTIONS ON STRAINS AND BRANDS? WHAT WILL BE THE POTENCY?

The new framework will respect Canada's current laws and processes regarding patent and trademark protection. However, we recommend this issue be explored more thoroughly to consider which protections currently exist and new discoveries associated with a decade of legal medical marijuana production. These discussions may also consider current models applied in the agriculture sector regarding particular strains of products.

With regard to THC levels, as noted earlier in the paper, the new framework must ensure legal marijuana is at least the same quality as to what is found on the street today – if not better. According to the RCMP, Health Canada found an average THC level of 4.8% in marijuana sold on the street in 1988. The average level was 11.1% in 2008.

We recommend the new framework allow for variance in THC rates and be subject to consultation with various levels of government and potential sector partners. Marketing of various premium brands should be allowed with the understanding that growing conditions and THC level must be included on the product label. This can be based on current alcohol content requirements for beer, wine and spirits.

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

1. A growing number of Canadians and community leaders have joined the call to end marijuana prohibition in Canada. However, there are legitimate questions about how legalization would work and what the public impact will be.
2. **The five best reasons to end the current prohibition are:**
 - 🍁 Fight organized crime.
 - 🍁 Significant new revenue will support important government services.
 - 🍁 The current law does more harm than good.
 - 🍁 Commitment to evidence-based policy instead of political ideology.
 - 🍁 Millions are using cannabis now.
3. Decriminalization of small amounts of marijuana is a compromise that will please no one. It would result in a system where it is legal to possess but not to sell or purchase. Law enforcement agencies would remain in limbo.
4. Changing opinions in the United States are weakening a long-standing obstacle to ending the prohibition of cannabis in Canada.
5. **While ending prohibition will require partnership with provincial and municipal governments, the federal government must take the first step by introducing legislation in the House of Commons that would be:**
 - 🍁 led by federal Ministers of Justice and Health and a special Cabinet Committee on Organized Crime
 - 🍁 responsive to feedback from provinces and provide administrative flexibility
 - 🍁 overseen by an interim authority to implement and consult with stakeholders
 - 🍁 subject to review by House of Commons Standing Committee
6. Ending prohibition will have a positive impact on the Canadian economy. In addition to generating an estimated \$4 billion each year in new government revenue, there will be thousands of new direct and indirect employment opportunities.

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS (CONT.)

7. Ending prohibition will have a positive impact on public health and safety in Canada by:

- 🍁 Regulating the sale, distribution, promotion and price of marijuana, making it easier for government to prohibit youth access
- 🍁 Ensuring marijuana is grown in controlled and regulated settings with strict labeling provisions to better protect the health of consumers and producers
- 🍁 Delivering billions in new government revenue which can be reinvested in public health care – including mental illness, treatment, education and awareness
- 🍁 Expanding private sector and academic research into health impacts
- 🍁 Decreasing profit for organized crime, creating safer streets and communities – and less opportunity for young people to join gangs
- 🍁 Increasing availability of police resources to fight violent crime and other revenue streams of organized crime

8. The new federal legal framework should include the following elements:

- 🍁 The minimum age of consumption should be same as alcohol for each province.
- 🍁 A revenue-sharing template with provinces.
- 🍁 Significant investments for youth health promotion initiatives.
- 🍁 Provisions for provincial and municipal governments to place reasonable restrictions on where people can consume and purchase cannabis.
- 🍁 Comprehensive packaging, labeling, promotion, point of sale, price, quality and marketing regulations
- 🍁 Provisions that allow individual Canadians to grow limited number of marijuana plants for personal use.
- 🍁 Establish zero-tolerance and increase criminal penalties for import/export, unregulated suppliers and trafficking to minors.
- 🍁 Reallocate police and law enforcement resources.
- 🍁 Tougher penalties for impaired driving
- 🍁 Limitation on the amount of marijuana a non-licensed vendor or distributor can purchase or possess without obtaining a special permit.
- 🍁 Limit point of purchase to specialty stores and regulated liquor stores.
- 🍁 Enable open marketplace for wide range of Canadian businesses
- 🍁 Flexibility for variety of packaging options.
- 🍁 Process to clear records for Canadians with prior convictions for marijuana possession.

NEXT STEPS

LPC-BC and YLC should distribute this policy paper to:

- 🍁 YLC and LPC-BC members and post on-line for public comment.
- 🍁 Liberal Party of Canada provincial associations across the country.
- 🍁 Federal Liberal Caucus members and invite their response.
- 🍁 Candidates seeking the leadership of the Leader of the Liberal Party of Canada with a recommendation to:
 - include the policy resolution to legalize marijuana that was approved by close 80% of delegates at the January 2012 Biennial Policy Conference in the next election platform
 - consider paper as a foundation for the establishment of new policy framework to facilitate the end of marijuana prohibition in Canada and proactively respond to questions Canadians are rightfully asking about the proposal