

An industry makes its mark
The economic and social impact
of Canada's cannabis sector

About our methodology

Our study uses an input-output methodology to estimate the economic contributions of the Canadian cannabis sector, including those of licensed cultivators, processors, and retailers of both recreational and medical cannabis, between October 2018 and 2021 for Canada and the province of Ontario. The estimates in this report are based on the methodology and data described below. Some other sources and Statistics Canada programs provide data about the cannabis industry that differs from that presented; this may reflect differences in methodology and scope as well as the fact that a consistent statistical portrait of this nascent industry has yet to emerge.

Our methodology traces how revenues and expenditures associated with cannabis-sector operations and capital investments ripple through the Canadian and Ontario economy, capturing *direct*, *indirect*, and *induced* economic contributions.



Direct economic contributions are associated with the cannabis sector's revenues and operating expenditures. This includes wages and salaries paid to employees and economic value added from the industry's own operations and investments.



Indirect economic contributions are associated with supplier activity arising from the cannabis sector's demand for goods and services. This includes economic activity in the manufacturing, transportation, and financial services sectors—in particular, the construction sector, which has been deeply involved in building cultivation, processing, and retail spaces.



Induced economic contributions are associated with the spending of wages and salaries earned because of cannabis-sector activities. This includes, for example, purchases of goods and services by employees of the cannabis industry or employees of industry suppliers.

These economic contributions are themselves measured in terms of value added (gross domestic product, or GDP), labour income, employment, and government revenue.



Value added (GDP) refers to the total unduplicated value of goods and services produced in the territory of a country or region during a given period.¹ It includes household income from wages, salaries, and unincorporated business income, profits and other income earned by corporations, and some forms of taxes.



Labour income represents the total earnings of employees—wages, salaries, and employers' social contributions (e.g., pension funds, employment insurance, workers' compensation)—as well as labour income of self-employed individuals.



Employment is estimated in terms of employee and self-employed jobs performed for pay or profit, including unpaid family work.



Government revenue refers to federal, provincial, and municipal product and production taxes such as harmonized sales taxes (HST), import duties, payroll and property taxes, excise taxes, and corporate and personal income taxes. Our analysis does not include annual cannabis licensing fees, nor does it distinguish revenue from Crown distributors.

Revenues associated with cannabis-sector operations are based on retail cannabis sales data (including e-commerce) sourced from Statistics Canada² and Health Canada data. Medical cannabis figures are based on market size data from Prohibition Partners, Cowen & Co., and Brightfield Group. Cannabis sector capital expenditures were derived using Statistics Canada business count data, Health Canada business size data, and Deloitte subject matter data on average construction and retrofitting costs in the cannabis industry.



In October 2018, the Canadian federal government legalized recreational cannabis for adult use to protect the health and safety of Canadian cannabis consumers, to curb the illicit trade of the drug—and to launch a new source of economic growth for the country.

Three years later, in 2021, the industry is in robust health and consumption is broadly accepted across the country. But has the sector delivered the economic impact that governments and other observers anticipated? And what impact has the cannabis industry had on Canada's social fabric?

Deloitte and the Ontario Cannabis Store recently set out to answer these questions together.

In this report, we gather data to estimate the direct, indirect, and induced economic contribution of the cannabis sector—comprising cultivators, processors, medical sales holders, and retailers—from legalization to 2021. Economic contribution for the year 2021 was annualized using data from the first six months of the year. Our analysis focused on cannabis sold to households for medical and recreational use in Canada; we did not measure the economic impact of exports or licensed producers' inventories.

We found that the Canadian cannabis sector has made a significant economic contribution to both Canada and Ontario in the three short years since legalization. The industry has generated \$11 billion in sales nationwide and made \$29 billion in capital expenditures—in no small part due to its significant demands on the construction industry

as production facilities were built across the country. Overall, the cannabis industry has contributed \$43.5 billion to Canada's GDP—and \$13.3 billion to Ontario's GDP—since legalization. Moreover, the industry has sustained 98,000 jobs annually across Canada and put \$15.1 billion into government coffers. In Ontario alone, 31,000 jobs annually have been sustained since legalization. From an economic perspective, it seems clear the cannabis industry has been a great success, with more to come as it continues to grow.

Our analysis also shows there are important opportunities for the cannabis sector to make a greater social contribution to Canada and Ontario. Governments and cannabis companies alike must take action to improve diversity, equity, and inclusion across the sector, building on and expanding existing efforts to enable more racialized Canadians and women to participate in the industry's success. So too must the industry address its considerable environmental footprint, from energy usage and carbon emissions to waste production.

We believe the cannabis industry is capable of addressing these issues—and of delivering a social impact as great as or even greater than its already considerable economic contribution. We hope this report will spark important conversations among both industry participants and observers.

Already making a significant contribution to our economy

Just three years after recreational cannabis was legalized for adult use, Canada's cannabis industry is generating billions for the country's economy and government coffers.

Rising revenues and significant capital spending

In both Canada and Ontario, cannabis industry revenues have grown at a steady rate. Total recreational and medical sales between 2018 and 2021 are estimated to be \$11 billion in Canada overall, two-thirds (67.8%) of which was for recreational cannabis. In Ontario, sales of

recreational and medical cannabis over the same period are estimated to total \$3.8 billion, with recreational cannabis responsible for more than half (57.5%) of sales within the province.

The industry has also made considerable capital expenditures, as companies established and set themselves up for continued growth, investing in real estate, infrastructure, and technology. Capital expenditures between 2018 and 2021 totalled \$29 billion across Canada and \$9.2 billion in Ontario, in no small part due to significant demands on the construction sector and the initial building of production facilities.



\$11 billion

2018-2021 cannabis sales
67.8% were recreational sales



\$29 billion

2018-2021 capital expenditures

Figure 1 Conceptual framework of the cannabis sector



Cannabis retailers include physical and online retailers of recreational cannabis

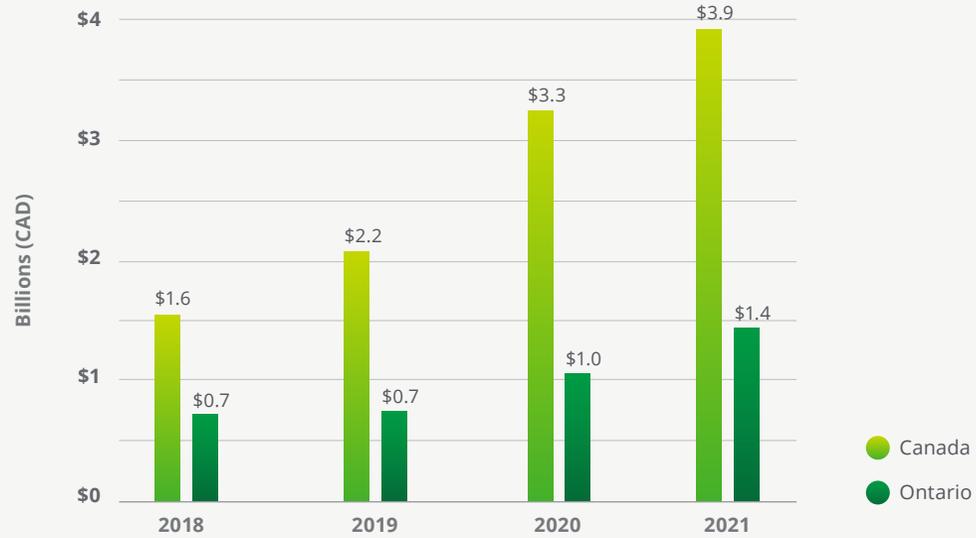


Cannabis producers include businesses that harvest, process, or manufacture dried flower and '2.0' products



The **domestic supply chain** includes Canadian businesses that supply goods and services to cannabis producers and/or retailers

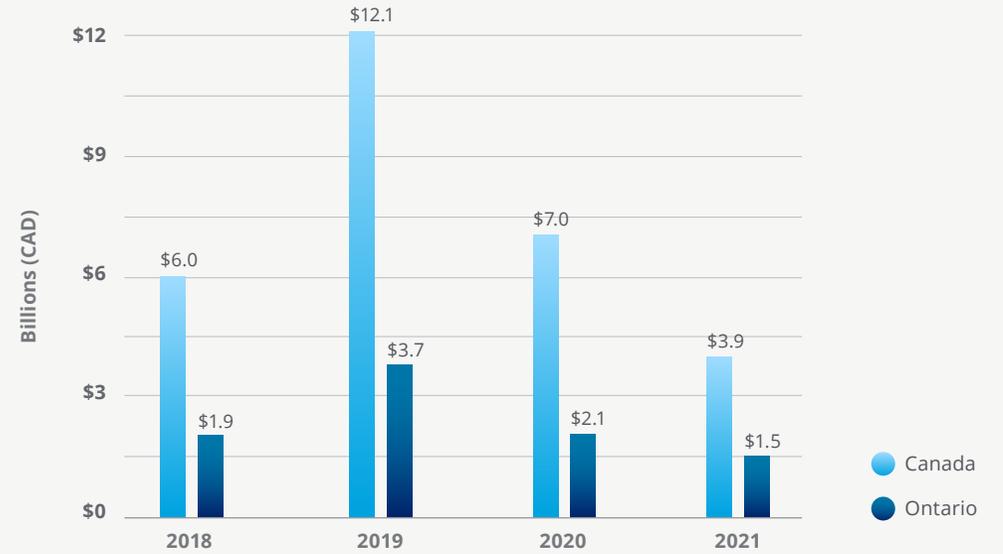
Figure 2 Cannabis sales in Canada and Ontario



Cannabis revenues have been growing steadily in Canada and Ontario. Since legalization, total sales across the country is estimated at \$11.0 billion.

Source: Statistics Canada; Deloitte Analysis | Figures are rounded

Figure 3 Capital expenditures by the cannabis sector



As a nascent industry, the cannabis sector made considerable capital expenditures to set up, placing demand on the broader Canadian and Ontario economies.

Source: Statistics Canada; Deloitte Analysis | Figures are rounded

A \$43.5-billion boost for Canada's GDP

Taking into account direct, indirect, and induced economic activity, we estimate the industry has contributed \$43.5 billion to Canada's national GDP between legalization and 2021. Approximately \$25.2 billion of this has taken the form of labour income, directly and indirectly sustaining approximately 98,000 jobs annually (on average over the four-year period). On a cumulative basis, the direct employment sustained by the cannabis sector over the four years exceeds 43,000 FTE-years (full time equivalent).

In Ontario, we estimate the cannabis sector has contributed \$13.3 billion to provincial GDP over the same period. Labour income is responsible for about \$8.0 billion of this, directly and indirectly sustaining approximately 31,000 jobs annually (on average over the four-year period). On a cumulative basis, the direct employment sustained by the cannabis sector over the four years exceeds 14,000 FTE-years. Nearly one in three jobs directly sustained in Canada's cannabis sector are located in Ontario.

Another way of looking at the economic contribution is this: for every dollar of revenue and capital expenditure, the industry adds approximately \$1.09 to Canada's GDP and \$1.02 to Ontario's GDP. For every million dollars in revenue the cannabis sector sustains approximately four jobs in Canada and Ontario.

Figure 4 Canadian cannabis sector economic contributions | 2018–2021

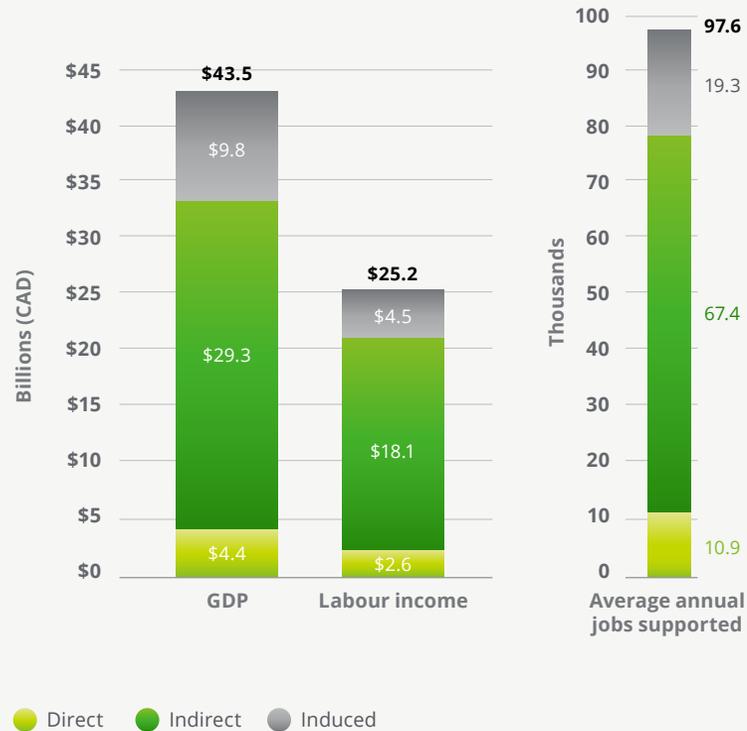


Figure 5 Ontario cannabis sector economic contributions | 2018–2021



Note: The sector's indirect impacts are larger than its direct impacts due to significant capital expenditures on construction and retrofitting-related activities.

Source: Statistics Canada; Deloitte Analysis | Figures are rounded

\$15.1 billion in government tax revenue

The cannabis sector has also been responsible for significant government tax revenue since legalization, particularly in terms of indirect tax revenue. The tax revenue driven by the cannabis industry ultimately finds its way back to the people of Canada and Ontario, as federal, provincial, and municipal governments reinvest in programs that benefit our communities.

Overall, we estimate the cannabis industry has supported \$15.1 billion in government tax revenues for Canada and \$3.0 billion in tax revenues for Ontario between 2018 and 2021. Across Canada, retailer and producer expenditures generated \$1.0 billion in direct taxes, \$7.3 billion in indirect taxes, and \$3.9 billion in induced taxes. On top of this, consumers' purchases generated \$2.9 billion in sales and excise taxes.

At the Ontario level, we estimate cannabis retailers and producers generated approximately \$142 million in direct taxes, \$1.2 billion in indirect taxes, and \$673 million in induced taxes, while consumer purchases contributed \$1.0 billion in sales and excise taxes.

Already an important source of economic growth

In the span of three years, the Canadian cannabis sector has found its footing and emerged as a thriving new source of economic growth, creating and supporting tens of thousands of jobs in communities nationwide. It's also proving to be an important source of government tax revenue for both Canada and Ontario. As the sector grows and matures, realizing the return on its significant capital investments to date, we should expect it to make an increasingly strong and positive impact on national and provincial economies.

But does the industry make social contributions to Canada? We'll explore two important opportunities in the pages that follow.



\$3 billion
2018-2021 tax revenue generated by the Ontario cannabis industry

Figure 6 Government tax revenues supported by Canada's cannabis sector | 2018-2021



Note: Direct and indirect tax revenue refers to direct and indirect economic contributions to government revenues (see page 2 for details on the definitions of direct and indirect economic contributions) and should not be interpreted as direct and indirect types of taxes.

Source: Statistics Canada; Deloitte Analysis | Figures are rounded



Next opportunities: Improving diversity, equity, and inclusion across the industry

Our analysis shows that the cannabis sector has rapidly grown to become a key economic engine for Canada and Ontario. In three years, the industry is already making a significant contribution to the national and provincial economies—we anticipate that this contribution will continue to grow in the years to come.

As the industry matures, it will be increasingly important that it also turn its attention to its social impact and contributions. Improving diversity, equity, and inclusion (DEI) represents one of the most significant social contributions the industry can make for all Canadians.

The lack of representation in the cannabis industry has historical roots

Our industry doesn't reflect Canadian society

There continues to be a general lack of diversity among Canada's cannabis workforce and licence holders. Before legalization in October 2018, nearly all the 45 federally licensed cannabis producers were run by Caucasian men, some of whom had prior experience in the cannabis 'grey market.' The situation hasn't changed much in the years since legalization: a 2020 study found that racialized men and women were significantly underrepresented among cannabis company executives and directors, 72% of whom were Caucasian men.

The lack of representation in the industry is historically rooted in society. Racialized communities in Canada have been disproportionately impacted by arrests for cannabis possession, despite similar—or lower—rates of consumption compared to non-racialized communities. For example, in Toronto between 2003 and 2013, Black Canadians with no criminal record were three times more

likely to be arrested for cannabis possession than Caucasian Canadians. Black Canadian youths were five times more likely to be arrested.

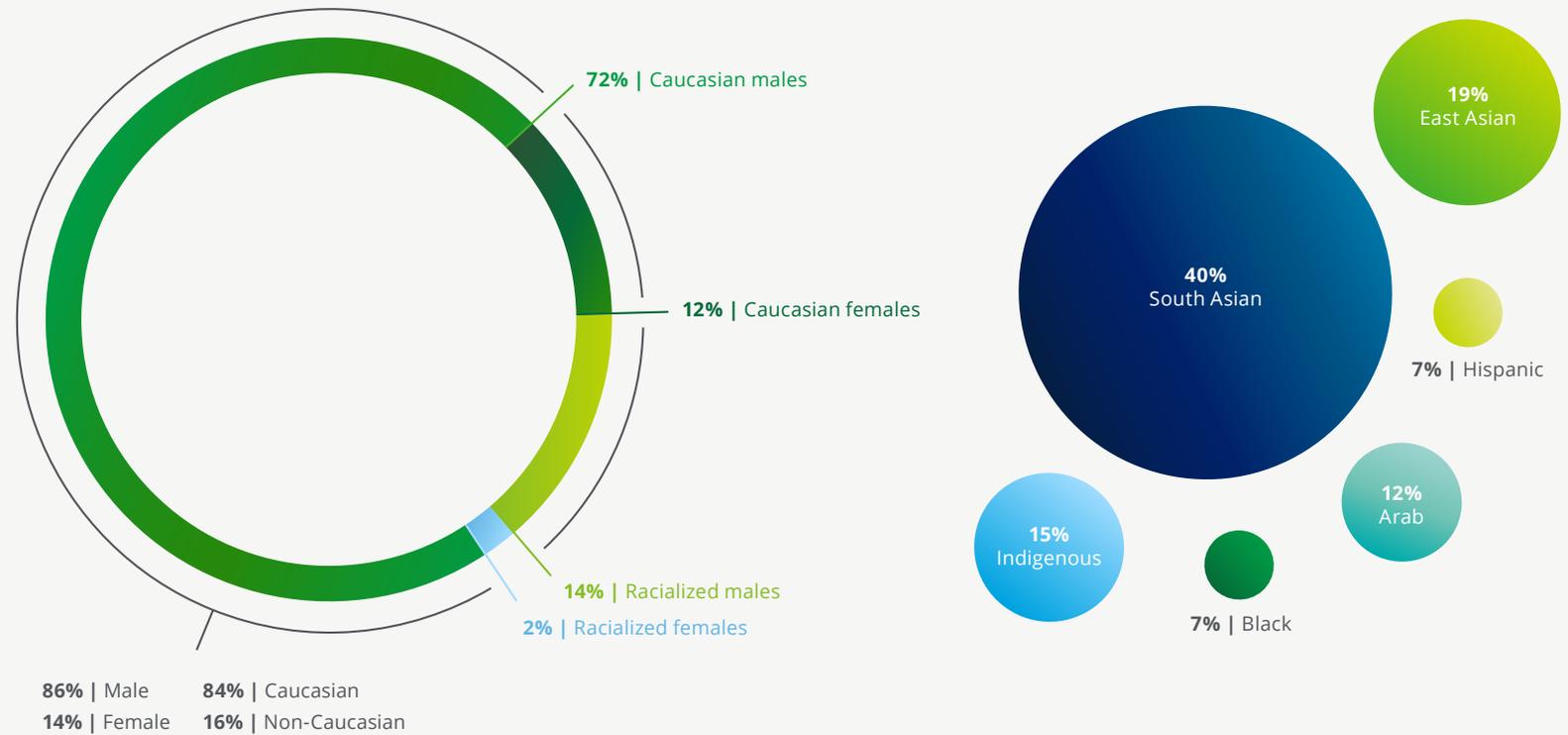
This disparity, together with a lack of access to capital, has made it challenging for racialized communities to take part in the growth and success of the legalized recreational cannabis industry. While progress is being made to prevent targeted discrimination for post-legalization possession, producers and retailers—together with federal and provincial licensing bodies and other industry players—must collaborate to ensure we create a more diverse, equitable, and inclusive industry.

Representation: there's more work to do

Federal and provincial governments, licensing agencies, and cannabis companies are all taking their first steps to address the cannabis industry's historical shortcomings on DEI.

Health Canada, for example, has instituted various initiatives to increase Indigenous representation among federal licence holders, including the Indigenous Navigator and Licensing Portal,³ which provides ongoing support to Indigenous cannabis licence applicants. Health Canada has also signed a memorandum of understanding with a Quebec First Nation community that allows the council to

Figure 7 Racial disparity and composition in Canadian cannabis industry



Note: 2020 sample of 700 executives and directors at 222 cannabis companies (incl. licence holders)

Source: Centre on Drug Policy Evaluation and the University of Toronto, "How Diverse is Canada's Legal Cannabis Industry?" | *Figures are rounded

establish its own laws and regulations regarding the production and sale of cannabis within their territory. This agreement will allow businesses within the area to pursue cannabis cultivation and processing licences.

Many provincial retail licensing bodies and retailers have also made efforts to increase the diversity of cannabis retail ownership. The Ontario Cannabis store has formed partnerships with First Nations sellers in Indigenous communities that have approved cannabis retail to support them commercially. In certain areas of British Columbia, the licensing process requires applicants to consult with Indigenous nations and gain their approval. And in Saskatchewan, First Nations determine where cannabis retail outlets can be located within their territories and establish rules for sellers.

In Saskatchewan, First Nations determine where cannabis retail outlets can be located within their territories

Some major industry players in Canada have also taken initial steps to improve diversity, equity, and inclusion. A vertically integrated cannabis company recently announced the creation

of a new vice president position to enhance awareness and develop programs around DEI issues. Another Canadian cannabis producer was named in Bloomberg's 2020 Gender Equality Index, which tracks the performance of companies committed to achieving gender equality within their organizations.

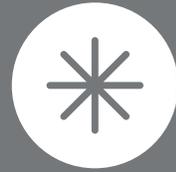
Bill C-93 waives record-suspension wait periods and fees for simple cannabis possession convictions

The Canadian federal government has also enacted legislation to address prior cannabis convictions. Bill C-93, introduced in August 2019, waives record-suspension wait periods and fees for those only convicted of simple possession of cannabis. The government estimated that approximately 10,000 Canadians would be eligible for this type of record suspension, with the legislation expected to largely benefit racialized communities. However, few have pursued the long and complex application procedure, which has been further delayed by the COVID-19 pandemic. As of October 1, 2021, the Parole Board of Canada had received just 780 applications and 484 record suspensions had been approved.



Building momentum for DEI

The DEI issues in our domestic cannabis industry won't be resolved overnight. But these issues must remain on the agenda for stakeholders. The opportunities to build a more diverse, equitable, and inclusive cannabis industry are significant. So too are the benefits. We encourage all to accelerate their efforts in this area.



DEI in the cannabis industry: the US model

Canadian governments and licensing authorities may wish to look to the United States for ideas on how to build on existing efforts to improve DEI across the domestic cannabis industry. The US 'war on drugs,' now 50 years old, has had a significant impact on racialized communities. This has compelled US states that have legalized cannabis to put far more emphasis on DEI. Most of them have implemented decriminalization and pardon programs for prior cannabis convictions, and some are incorporating DEI considerations into licensing decisions.

The California Cannabis Equity Act⁴ of 2018 and the Budget Act of 2019⁵ provided funding to develop and operate local cannabis equity programs. In Long Beach, applicants whose family income is below 80% of the regional median income are provided support in finding an industry job or in obtaining a cannabis business licence. The City of Los Angeles's Department of Cannabis Regulation⁶ offers priority application processing and business support to

individuals who have been disproportionately affected by the prior criminalization of cannabis-related activities.

Illinois recently implemented the Social Equity Justice Involved Lottery,⁷ which selects and grants 55 conditional, adult-use cannabis dispensary licences. To qualify for the lottery, applicants need to meet social equity status, either because they had an eligible conviction or because they resided in a disproportionately affected area. The lottery process attracted 589 applicants in 2021.

In New Jersey, individuals with past convictions for most cannabis-related offences (e.g., possession, small-scale distribution) are eligible for expedited expungement of the conviction from their record with no waiting period. Over 362,000 cases have been expunged from court records.

States where cannabis is legal have implemented decriminalization and pardon programs for prior cannabis convictions

And in New York, the Marijuana Regulation & Taxation Act (MRTA)⁸ addresses the negative effects of cannabis prohibition by supporting communities that have been most impacted. Some initiatives include removing penalties for personal possession, and sealing or wiping records of offences for individuals who were convicted of marijuana charges that would be deemed legal today. The act also allows eligible convicted felons to participate in the cannabis industry and uses industry revenue to repair communities harmed by the war on drugs and mass incarceration through job training, economic empowerment, and youth development programs.

Next opportunities: Tackling the sector's environmental impact

As the cannabis industry grows and matures, its environmental impact will be increasingly scrutinized. Energy use and greenhouse gas emissions (GHG) are just one of the issues that the sector must reckon with. It must also deal with water usage issues, waste production, air quality, and plastic production. Addressing the huge environmental risks associated with illegal cannabis production is also paramount for private- and public-sector players.

Currently, cannabis raw material and 'cannabis 2.0' consumer packaged goods are produced and manufactured under both standard and micro cultivation/processing licensing regimes. While there are no environmental regulations specific to the industry at the federal level, facilities are subject to federal, provincial, and municipal laws related to environmental matters. The Province of Quebec, for example, requires licence applicants to forecast grey water and other harmful waste outputs before it will grant a licence.

Energy use and GHGs

Commercial cannabis production, like other forms of industrialized agriculture, requires a lot of energy and generates significant carbon and other GHG.

Indoor cultivation facilities require extensive infrastructure to create stable artificial growing environments. This can include high-intensity lighting, HVAC systems, and supplementary carbon dioxide (CO₂) production to aid in plant growth. This means the environmental impact of indoor facilities exceeds both greenhouse-based or outdoor production sites. (Canada has approximately 772 hectares of land licensed for outdoor cultivation, and these facilities consume 30% to 60% less energy than indoor facilities.)

Regardless of the cultivation method, the life cycle of cannabis production generates an astonishing amount of GHG. Each kilogram of dried cannabis flower produces up to 5,184 kg in average life cycle CO₂ emissions, largely due to electricity and natural gas consumption.

Figure 8 Key areas of environmental consideration



Energy use and greenhouse gas emissions: Energy consumption and carbon footprint of cannabis production activity



Water use: Water consumption in production of cannabis, including potential diversion and pollution



Waste production: Creation of various waste streams from production and sale of cannabis



Air quality: Impact on air quality and volatile organic compounds from cannabis production and extraction activity

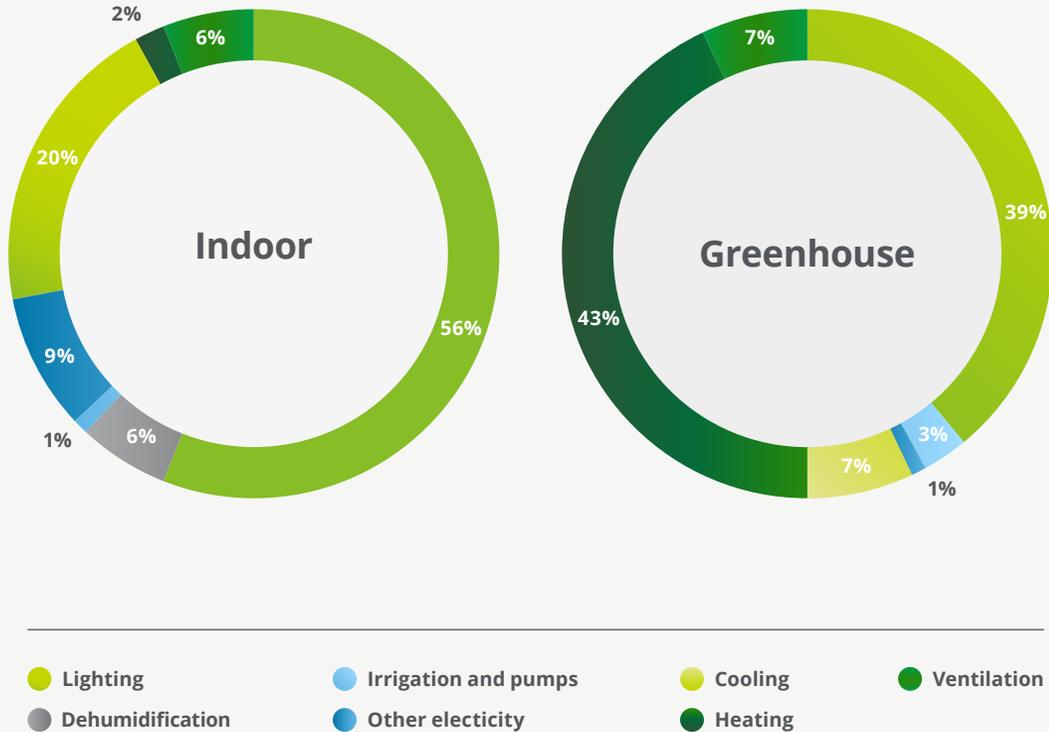


Illicit production: Impact on environment due to lack of regulations and standards for illegal grow operations



Plastic packaging: Packaging waste production and diversion from landfills

Figure 9 Share of energy consumption by use in Ontario | Indoor and greenhouse



Source: [Energy Management Best Practices for Cannabis Greenhouses and Warehouses](#) | Figures are rounded

For comparison, beef production—cited as a key factor in rising GHG worldwide—produces 99.48 kg of CO₂ per kilogram of food product.⁹

Incredibly, the Canadian cannabis industry's carbon footprint is comparatively low because 82% of electricity production in this country comes from non-carbon-emitting sources such as hydroelectric, nuclear, and wind. Efforts are being made towards further decarbonization. For example, a state-of-the-art facility in Canada is covering its entire roof in solar panels, hoping to meet about 5% of its electricity needs while reducing emissions by 8% to 10%.

Can the industry rein in its water use?

Cannabis production, whether indoor or outdoor, requires significant amounts of water. Indoor production facilities—with the ability to support multiple crop cycles—generally use more water annually than outdoor facilities. However, precision irrigation, closed-loop facility design, and implementation of water recapture, reuse, and treatment best practices can help indoor producers achieve more efficient growing cycles and reduce usage. Water use at outdoor production facilities, on the other hand, tends to be less efficient on a per-crop basis due to greater plant transpiration, respiration, and evaporation. Improper water and soil management can also increase local erosion.

Wrestling with waste and packaging

Commercial cannabis production generates significant liquid and solid waste, and retail itself is responsible for enormous amounts of plastic packaging. Some progress is being made, but this is clearly an area of opportunity.

Currently, there are no regulations to offer clear guidance on how the industry's several streams of waste product should be treated or disposed of. Between 10% and 30% of the nutrient-rich water used in crop irrigation is expelled as over-drain, leachate, or flush water and flows back into the water system. Over the past few years, many producers have sent the by-products of their organic plants to landfills, often mixing them with kitty litter or other substances—even though this plant waste could be composted. There are also non-organic waste products, such as the non-recyclable mineral wool that's often used as a growing medium. A 100,000 square foot facility can generate 85,000 to 200,000 cubic feet of mineral wool waste annually, which is often moved offsite by hazardous waste firms. There's also a large amount of solid waste from manufacturing and processing. This can range from growing containers to plant stakes, string, and netting.

And then there's plastic packaging. Government regulations require secure, childproof packaging for cannabis products. The industry—facing tight operating margins—has turned to easy-to-use, cost-effective plastic packaging, producing mountains of plastic waste as a result. It's estimated that 5.8 million to 6.4 million kilograms of cannabis packaging were sent to landfills from 2018 to 2019 alone. Efforts to reduce packaging waste have failed to address the problem—for example, non-recyclable plastic pouches, or biodegradable plastics that produce harmful microplastics.

The cannabis sector produced an estimated 5.8-6.4 million kg of plastic waste from 2018 to 2019

Air quality raises some concerns

Federal regulations exist to ensure cannabis facilities are properly ventilated to prevent odours or air contamination. However, there are still several air quality concerns. Primarily, they involve volatile organic compounds (VOCs) produced by cannabis production, whether from the plants themselves or as the result of solvents used during post-harvest processing activities. There is no evidence that VOCs in the form of cannabis terpenes are detrimental to human health. Under certain conditions, however, VOCs

can react with other atmospheric pollutants to form ground-level ozone or particulate matter. Vented air around cannabis facilities may pose some risk of health hazards, such as exposure to moulds, bacteria, or chemical or pesticide vapour. And in some municipalities, the odours emitted from cannabis facilities are becoming an issue for neighbouring properties.

The environmental risks of illicit cannabis production

The illicit cannabis market operates outside the regulatory frameworks that govern the legalized sector. These illegal grow-ops, indoor or outdoor, pose serious environmental concerns.

Illicit outdoor grow-ops often use banned pesticides, insecticides, and other chemicals that can pose health risks to those applying the substances and those consuming the product. Covert outdoor cultivation can contribute to land degradation, water diversion, and excess nutrient runoff that can contaminate habitats or create potential ozone risks.

Illicit indoor cultivation operates without any health regulations or building codes. This can lead to excessive mould growth in homes, warehouses, and other structures. It also has an enormous carbon footprint, and some operations even steal electricity from the grid and pose a risk to public safety.



Expect the industry to act

The cannabis industry is already beginning to respond to rising concerns about climate change, carbon emissions, waste, and other environmental issues. We should expect—and encourage—industry players to build on existing progress in the next few years. As demand for environmental action grows, we are likely to see cannabis licence holders assess their production methods and carbon footprints, adopting or even developing sustainability and efficiency best practices to reduce the environmental impact of their facilities. Some may turn to carbon offsets to mitigate their organization's emissions.

Extended producer responsibility (EPR) programs require package producers to be fully responsible for the cost of recycling or disposing of their products

On the waste front, most provinces, including Ontario, have introduced extended producer responsibility (EPR) programs, which require package producers to be fully responsible for the cost of recycling or disposing of their products.

Cannabis producers have already begun to adapt to EPR requirements by forming partnerships and pilot projects with a number of Canadian recycling partners. In Alberta, (Re)Waste, a plastic recycling company, has partnered with several cannabis retailers to provide packaging collection and recycling services. These recycled plastics are sold back to the industry as consumption and display accessories. Terracycle, another waste management company, has teamed up with Tokyo Smoke and Tweed, two retailers affiliated with cannabis company Canopy Growth, to offer a national recycling program for any brand of cannabis packaging, as well as Canopy Growth-produced vape products. And Quantum Lifecycle Partners, a company that operates state-of-the-art reuse and recycling systems, is working with the Cannabis Council of Canada to launch a pilot recycling program for vape hardware. Canopy Growth, Tilray, HEXO, Aurora Cannabis, and Cronos Group are all participants.

These initiatives demonstrate that the cannabis industry is increasingly aware of its environmental responsibilities. As the sector matures, its actions on climate and other environmental matters will be an integral part of its contribution to the social well-being of the country.

Examples of cannabis EPR programs



(Re)Waste partnered with select Alberta cannabis retailers—including Nova Cannabis and Value Buds—to provide packaging collection and recycling services. Recycled plastics are sold back to the industry as consumption and display accessories.



Terracycle partnered with Canopy Growth's retail arms, Tokyo Smoke and Tweed, to offer a national recycling program for any brand of cannabis product packaging and Canopy Growth-produced vape products.



Quantum Lifecycle Partners is working with the Cannabis Council of Canada in a pilot recycling program aimed at recycling vape hardware. This includes participation by leading cannabis producers—Canopy Growth, Tilray, HEXO, Aurora Cannabis, and Cronos Group.



A great start—with more to come

Canada's cannabis industry has made an unequivocally positive contribution to the national economy since recreational cannabis was legalized for adult use in October 2018. Tens of thousands of jobs across the country have been created, along with billions in GDP. The industry has generated considerable funds through tax revenue, which is then reinvested by federal and provincial governments into public programs for citizens. As the cannabis industry continues to grow and thrive in the years to come, we are confident that it will make important contributions to our shared prosperity.

It's now time for its social impact to start matching its economic contribution. Cannabis stakeholders must do more to reflect Canadian society within the industry. The good news? They can achieve this by investing in strategies that improve diversity, equity, and inclusion across the sector. And like every other industry across Canada, the cannabis sector will need to take determined action to reduce its environmental impact, carbon emissions, and waste. It's a challenge we are sure the industry can overcome.

The cannabis industry has work to do to accurately reflect Canadian society. It must invest in efforts to improve diversity, equity, and inclusion.

Notes

1. Statistics Canada, "Glossary," <https://www150.statcan.gc.ca/n1/pub/13-605-x/gloss/gloss-g-eng.htm#Grossdomesticproduct>, accessed January 19, 2022
2. Statistics Canada, "Retail trade sales by province and territory (x 1,000)," <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=2010000801>, accessed January 19, 2022
3. Government of Canada, "Cannabis-related resources for First Nations, Inuit and Métis," <https://www.canada.ca/en/health-canada/services/drugs-medication/cannabis/resources/first-nations-inuit-metis.html>, accessed December 9, 2021.
4. California State Legislative Information, "SB-1294 Cannabis: state and local equity programs," https://leginfo.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB1294, accessed December 9, 2021
5. California State Legislative Information, "AB-74 Budget Act of 2019," https://leginfo.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB74, accessed January 20, 2022
6. City of Los Angeles Department of Cannabis Regulation, <https://cannabis.lacity.org/>, accessed January 20, 2022
7. Illinois.gov, "Gov. Pritzker Announces Lottery Dates for 185 Cannabis Dispensary Licenses and Notifies Over 200 Awardees of Craft Grow, Infuser, and Transporter Licenses," <https://www.illinois.gov/news/press-release.23577.html>, accessed January 20, 2022
8. New York State, "Marijuana Regulation and Taxation Act (MRTA)," <https://cannabis.ny.gov/marihuana-regulation-and-taxation-act-mrta>, accessed January 20, 2022
9. Our World in Data, "Greenhouse gas emissions per kilogram of food product," <https://ourworldindata.org/grapher/ghg-per-kg-poore>, accessed January 20, 2022

Contact

Rishi Malkani

Partner, M&A Advisory
Cannabis Leader
Deloitte
rmalkani@deloitte.ca

Cobi Lechem

Director, Corporate Affairs
Policy & Business Support
Ontario Cannabis Store
cobi.lechem@ocs.ca

Contributors

Slavi Diamandiev

Partner, Economic Advisory
Deloitte

Dmitry Lysenko

Manager, Economic Advisory
Deloitte

Simon Geoghegan

Senior Manager, Climate & Sustainability
Deloitte

Tyler Standing

Senior Consultant, Risk Advisory
Deloitte

Sid Hathiramani

Partner, Risk Advisory
Deloitte

Jayson Goodale

Senior Lead, Risk Advisory
Deloitte

Chris McGrath

Senior Manager, Financial Advisory
Deloitte

Lara Gaede

Partner, Assurance Services
Deloitte

David Johnston

Manager, Risk Advisory
Deloitte

This publication contains general information only and Deloitte is not, by means of this publication, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor. Deloitte shall not be responsible for any loss sustained by any person who relies on this publication.

Deloitte.

About Deloitte

Deloitte provides audit and assurance, consulting, financial advisory, risk advisory, tax, and related services to public and private clients spanning multiple industries. Deloitte serves four out of five Fortune Global 500® companies through a globally connected network of member firms in more than 150 countries and territories bringing world-class capabilities, insights, and service to address clients' most complex business challenges. Deloitte LLP, an Ontario limited liability partnership, is the Canadian member firm of Deloitte Touche Tohmatsu Limited. Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Our global Purpose is making an impact that matters. At Deloitte Canada, that translates into building a better future by accelerating and expanding access to knowledge. We believe we can achieve this Purpose by living our shared values to lead the way, serve with integrity, take care of each other, foster inclusion, and collaborate for measurable impact.

To learn more about Deloitte's approximately 330,000 professionals, over 11,000 of whom are part of the Canadian firm, please connect with us on [LinkedIn](#), [Twitter](#), [Instagram](#), or [Facebook](#).

© Deloitte LLP and affiliated entities.

Designed and produced by the Agency | Deloitte Canada. 21-4545201