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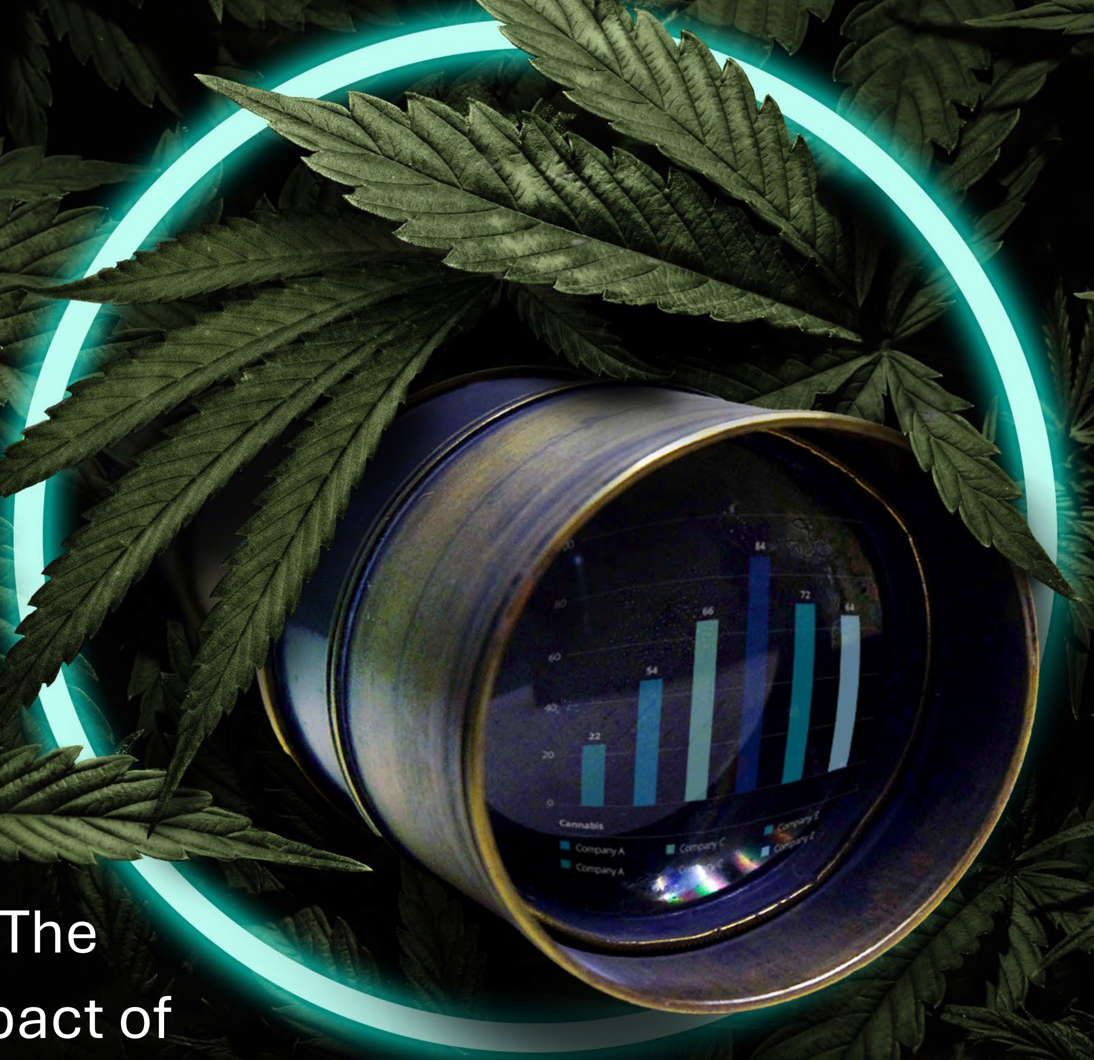
OCS



# Six Years of Legalization: The Economic and Social Impact of Canada's Cannabis Sector

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Contents

# Executive summary

## Ontario

Economic impact of the cannabis industry on the Ontario economy (2018-2024)

| | |
|---|---|
| Sales | $11.0B |
| Capital Expenditures | $11.6B |

| | |
|---|---|
| GDP | $23.1B |
| Employment (Average annual FTEs) | 31,900 |
| Labour Income | $14.0B |
| Government Revenues | $5.3B |

## Canada

Economic impact of the cannabis industry on the Canadian economy (2018-2024)

| | |
|---|---|
| Sales | $28.7B |
| Capital Expenditures | $42.0B |

| | |
|---|---|
| GDP | $76.5B |
| Employment (Average annual FTEs) | 98,200 |
| Labour Income | $43.0B |
| Government Revenues | $29.6B |

**Note**: The economic impact figures presented include the contributions of both the medical and recreational cannabis industries.

# Introduction

## Six years after Canada legalized recreational cannabis, the steadily maturing cannabis industry is playing a significant role in supporting the country's economic growth.

In 2021, the Ontario Cannabis Store (OCS) partnered with Deloitte to produce its first economic and social impact report, *An Industry Makes Its Mark*, which assessed the legal cannabis industry's contributions to the economies of Ontario and Canada, three years post-legalization. Deloitte collaborated with the OCS to collect and analyze industry data, estimating the direct, indirect, and induced economic contributions of the cannabis industry, which includes cultivators, processors, medical sales holders, and retailers, from the onset of legalization up until the end of 2021.

This report builds on the insights from the first report to assess the impact of the legal cannabis industry six years after legalization.

In this latest report, we estimate the direct, indirect, and induced economic contributions of the cannabis industry—from legalization in 2018 to 2024—focusing on cannabis sold to households for medical and recreational use in Canada. This analysis still includes cultivators, processors, medical sales holders, and retailers and excludes the economic impact of exports and licensed producers' inventories.

Our analysis found that the Canadian cannabis industry has significantly contributed to both Canada's and Ontario's economies between 2018 and 2024. Over the six-year period, **the industry invested $42.0 billion in capital expenditures**, and **generated $28.7 billion in sales nationwide**, primarily driven by the sales of recreational cannabis products. Overall, **the cannabis industry contributed $76.5 billion to Canada's gross domestic product** (GDP)—and **$23.1 billion to Ontario's GDP**—since legalization in 2018.

Additionally, the industry **sustained approximately 98,200 jobs annually across the country** and **31,900 jobs in Ontario**. Over six years, the industry **contributed $29.6 billion in government tax revenue for Canada** and **$5.3 billion in tax revenues for Ontario**.

This report also examines the impact of the legal cannabis industry on local economies, with a case study on the City of Mississauga—which chose to opt in to permit legal cannabis stores in 2023. The analysis delves into the implications for the city and examines the effects on the consumption patterns and the illicit market.

Additionally, the report highlights broader socioeconomic benefits associated with the industry and presents an overview of the participation of equity-deserving groups and Indigenous representation within the industry.

Our analysis reveals the continued growth of the cannabis industry in Canada, its substantial economic impact on the nation and Ontario's economy, and its potential to foster economic growth for Indigenous communities and equity-deserving groups.

# Overview of the cannabis industry

In October 2018, the Canadian federal government legalized recreational cannabis for adult use with the objectives of protecting the health and safety of all Canadians and curbing the illicit trade of the drug.[1] Six years later, in 2024, the cannabis industry is still expanding, continuing to provide safe legal retail options to consumers, displacing the illicit market, and realizing resulting sales and economic growth across the Canadian economy.[2,3,4]

## Sustained sales activity

Following the legalization of cannabis, the industry has experienced substantial sales activity and notable growth in most years. In Canada, total cannabis sales have increased significantly between 2018 and 2024, growing more than sixfold from an estimated $0.9 billion to $5.8 billion.[5] This growth is largely driven by legal recreational cannabis sales as medical cannabis sales have slowed since legalization. Over the six-year period, the industry has generated an estimated $28.7 billion in sales nationwide, with recreational sales accounting for a substantial share (86.6%).[6] In Ontario, a similar trend is observed—the Province's sales of legal recreational and medical cannabis are estimated at $11.0 billion between 2018 and 2024, representing 38.4% of the national market.

**$28.7 billion**

2018-2024 cannabis sales in Canada

86.6% were recreational sales

**Figure 1 Cannabis recreational and medical sales in Canada (in $2024)**

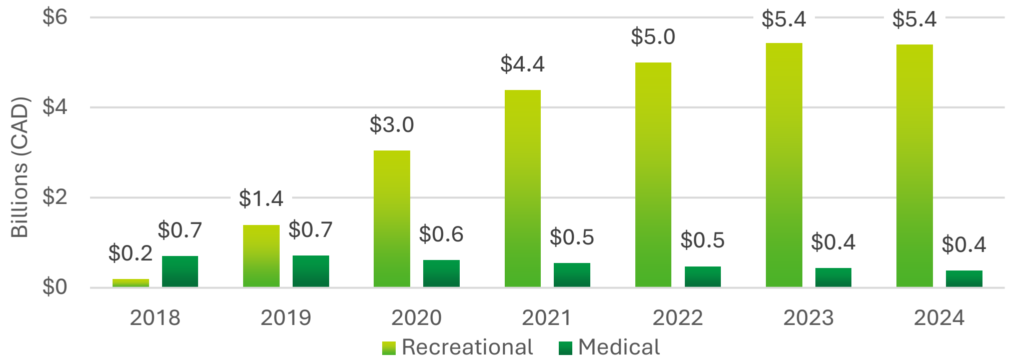
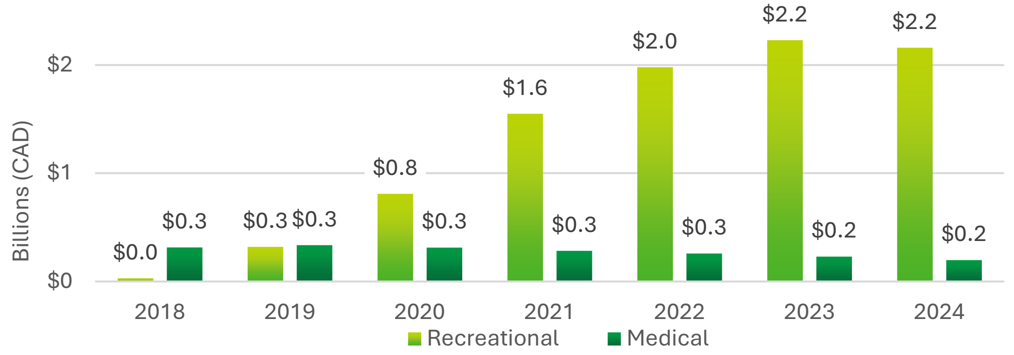



**Figure 2 Cannabis recreational and medical sales in Ontario (in $2024)**




Since legalization, cannabis revenues have been increasing in Canada and Ontario with cumulative sales across the country estimated at $28.7 billion—a 25-fold increase over six years. The surge in revenues has been largely fueled by the recreational cannabis sector which accounts for about 87% of total cannabis sales in Canada as of 2024, as compared to 20% in 2018. With medical sales remaining relatively stable since legalization, the growth in recreational sales can be attributed, in part, to the regulated sector's success in shifting consumers away from the illicit market.

Source: Statistics Canada; Deloitte Analysis | Figures are rounded | 2024 dollars

## Shifting investment dynamics

In the three years following the legalization of cannabis, the industry made significant capital expenditures to establish its foundations, including real estate and infrastructure investments (e.g., greenhouses, irrigation systems, and packaging equipment) to build and renovate production facilities. However, in the subsequent years, capital spending has significantly slowed down, driven by constrained capital availability and a strategic pivot towards maximizing profitability among investors.

Over the past six years, total capital expenditures have reached an estimated $42.0 billion nationwide, with $11.6 billion spent in Ontario.[7]

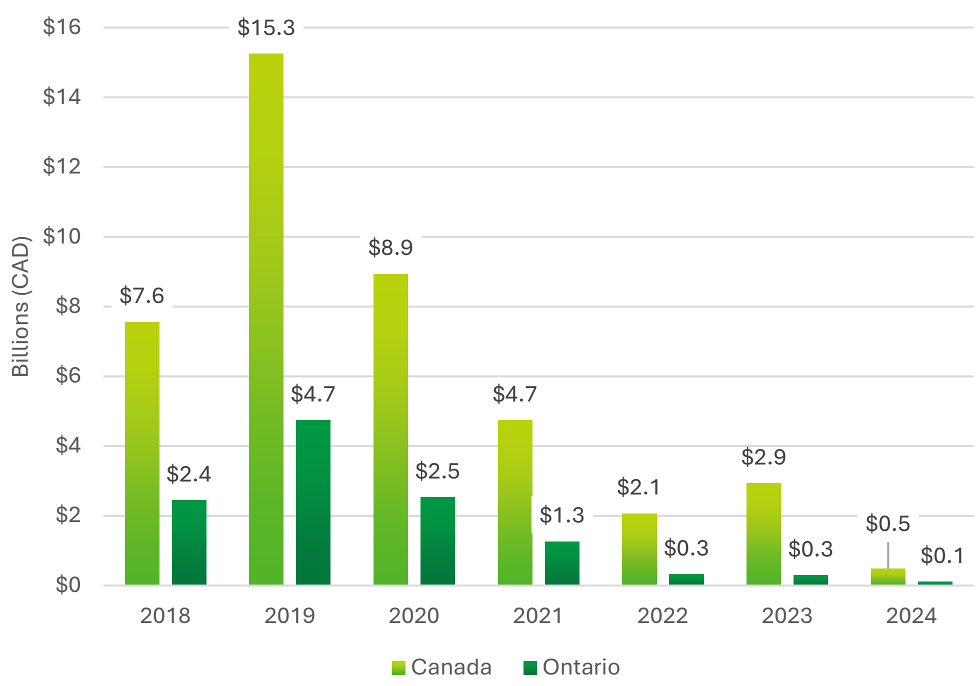
**$42.0 billion**

2018-2024 capital expenditures in Canada

**$11.6 billion**

2018-2024 capital expenditures in Ontario

**Figure 3 Capital expenditures by the cannabis sector in Canada and Ontario**




Following legalization, significant capital expenditures were made to set up the cannabis industry, driving strong demand on the broader Canadian and Ontario economies. Since 2021, the capital constraints and a shift to profitability had driven down capital investment in the industry.

Source: Statistics Canada; Deloitte Analysis | Figures are rounded | 2024 dollars

# Economic impact to the national and provincial economy

## $76.5 billion in GDP gains for Canada

Taking into account direct, indirect, and induced economic activity, the industry has cumulatively contributed an estimated $76.5 billion to Canada's national GDP since legalization. $43.0 billion of this has taken the form of labour income, directly and indirectly sustaining approximately 98,200 jobs annually (on average over the six-year period). Cumulatively, the industry directly sustains approximately 22,900 jobs annually, on average, over the six-year period.

In Ontario, the cannabis industry is estimated to have contributed $23.1 billion to provincial GDP over the period. Labour income accounts for about $14.0 billion of this, directly and indirectly sustaining an average of 31,900 jobs annually over the six-year period. Cumulatively, the industry directly sustains approximately 8,600 jobs annually, on average, over the six-year period. This means approximately one in three jobs directly sustained in Canada's cannabis industry are located in Ontario.

The economic contribution of the cannabis industry to the Canadian and Ontario economy can also be articulated as follows: for every dollar of revenue the industry adds approximately $1.08 to Canada's GDP and $1.01 to Ontario's GDP. For every million dollars in revenue, the cannabis industry sustains approximately two jobs in Canada and Ontario.

**Figure 4 Canadian cannabis sector economic contributions | 2018 -2024**

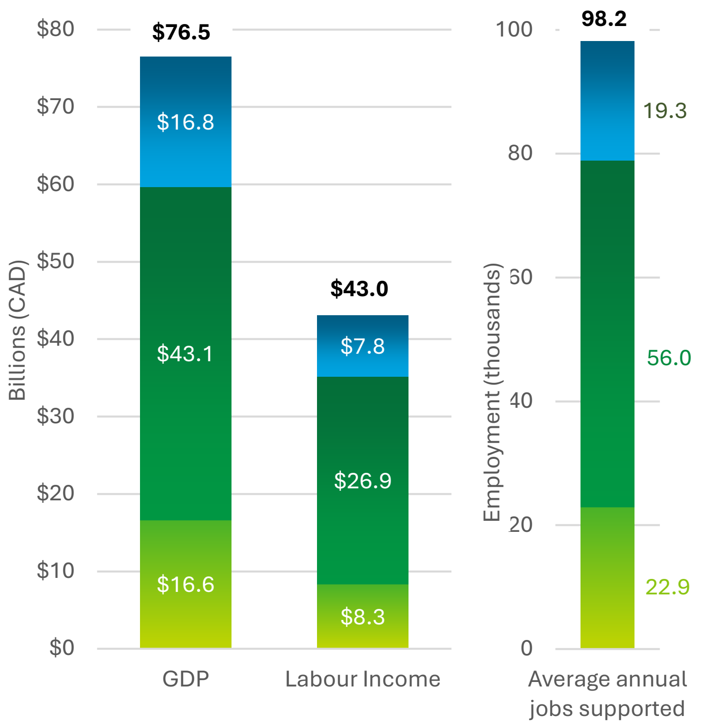
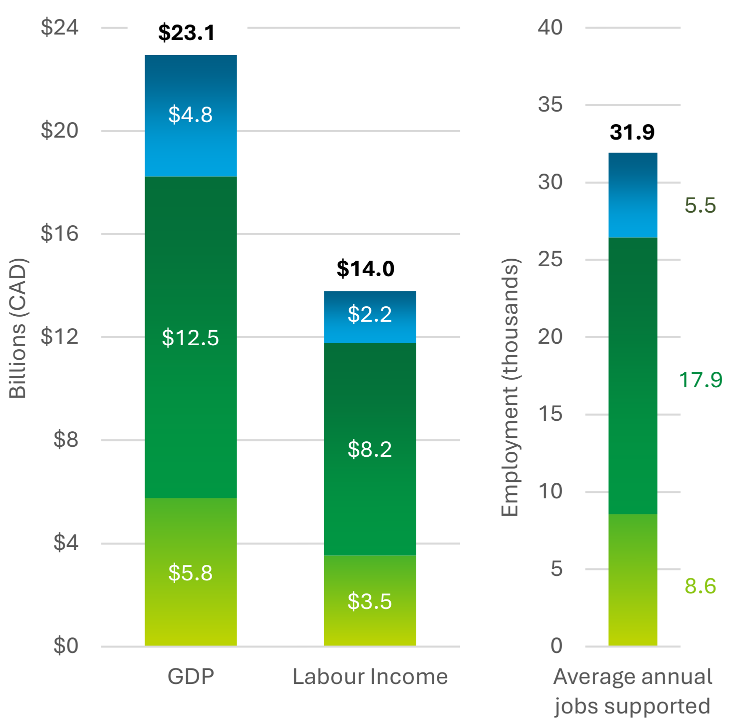



**Figure 5 Ontario cannabis sector economic contributions | 2018 -2024**




Direct Indirect Induced

**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 | 2024 dollars

## $29.6 billion in government tax revenue

The cannabis industry continues to generate substantial tax revenues for Canada and Ontario six years after its legalization in 2018. Overall, it is estimated that the cannabis industry has supported $29.6 billion in government tax revenues for Canada and $5.3 billion in tax revenues for Ontario between 2018 and 2024. This influx of tax revenue plays a crucial role in helping fund priorities, such as public services and infrastructure, for communities nationwide and in Ontario.

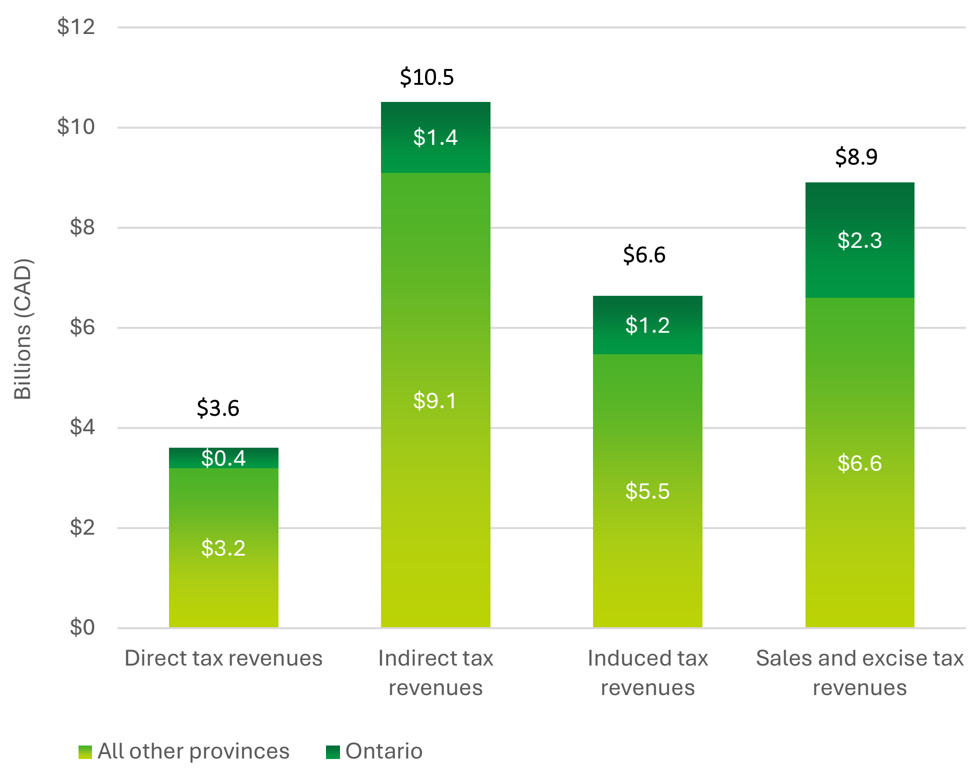
Across Canada, expenditures by retailers and producers have generated $3.6 billion in direct taxes, $10.5 billion in indirect taxes, and $6.6 billion in induced taxes. Additionally, consumer purchases have contributed $8.9 billion in sales and excise taxes.

In Ontario, cannabis retailers and producers have generated approximately $0.4 billion in direct taxes, $1.4 billion in indirect taxes, and $1.2 billion in induced taxes, while consumer purchases and cannabis producer spending contributed $2.3 billion in sales and excise taxes.

**$5.3 billion**

2018-2024 tax revenue generated by the cannabis industry in local and provincial taxes in Ontario.

**Figure 6 Government tax revenues supported by Canada's cannabis sector | 2018 -2024**




**Note**: Direct and indirect tax revenue refers to direct and indirect economic contributions to government revenues and should not be interpreted as direct and indirect types of taxes. Further details regarding the definitions can be found on page 28 of this report.

Source: Statistics Canada; Deloitte Analysis | Figures are rounded | 2024 dollars

# Case Study – Impacts of legal cannabis on local economies: City of Mississauga

# Case study – Impacts of legal cannabis on local economies: City of Mississauga

With the legalization of recreational cannabis, provincial governments were empowered to regulate its retail sale, deciding between privately owned stores or government-operated models. Ontario initially adopted a government-run approach via the Ontario Cannabis Retail Corporation.

In April 2019, the province shifted to permitting privately owned cannabis retail stores and offering municipalities the choice to “opt in” to this new model. This shift reflects a strategic move to support a safe private retail system through a government-operated wholesale model while diverting sales from the illegal market.

At that time, the City of Mississauga chose to opt out of the new model, citing significant concerns regarding the rapid evolution of the retail cannabis model and limitation in municipal oversight.[8]

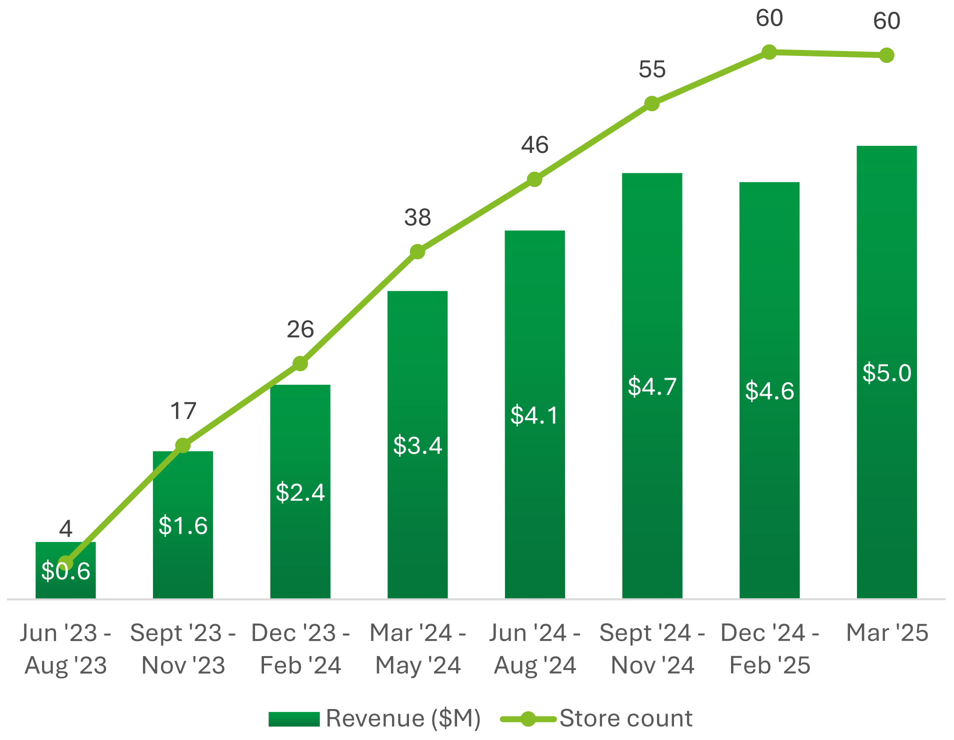
Four years later, in April 2023, Mississauga opted in, permitting legal cannabis retailers – a decision driven by evidence of positive outcomes in other municipalities and a strategic opportunity to dismantle the persistent illicit market that had been more prevalent among Mississauga residents compared to residents of municipalities that had opted in.[9,10,11]

Around the same time, other municipalities, including Ingersoll, Muskoka Lakes, and Chapleau, also opted in, bringing the total number of participating Ontario municipalities permitting legal cannabis retailers to 392, or approximately 94% of the province.[12] As one of the largest municipalities to recently opt-in, and with comprehensive pre- and post-decision data available, Mississauga provided a strong basis for robust analysis of the resulting outcomes and impacts.

## Fast-paced growth to maturity

Within the first year following Mississauga's decision to permit legal cannabis retail stores, approximately 40 stores opened their doors, collectively accounting for $24.1 million in wholesale sales.[13]

**Figure 7 Mississauga Store Count and Wholesale Sales, 3-month average**




**Note:** A store is counted if they have both onboarded and placed an order with OCS .

Source: Ontario Cannabis Store | Unadjusted dollars

By March 2025, this figure expanded to approximately 60 stores. Between June 2023 and March 2025, cumulative OCS wholesales sales to cannabis retailers in Mississauga exceeded $69.0 million.[14] This growth trajectory in both store numbers and wholesale sales underscores robust consumer demand and highlights the strategic interest in fostering local enterprises within the cannabis industry.

Recently, the rate of new store openings has shown signs of stabilization, indicating that Mississauga's privately owned cannabis retail industry may be approaching a state of equilibrium. This more tempered growth phase reflects a market that has potentially adapted to consumer demand.

As of December 2024, the city is also home to five cannabis product manufacturing businesses, representing 9% of the total cannabis manufacturing businesses in the province of Ontario.[15] This concentration solidifies Mississauga's role in the regional cannabis supply chain, enhancing local economic diversification and industrial development.[16]

The expansion of Mississauga's cannabis industry plays a crucial role in strengthening the municipal economy while providing broader community benefits. Retail stores contribute to local job creation and generate vital municipal revenue, which could support the development of local infrastructure and the delivery of essential services.

Furthermore, the rise of cannabis manufacturing promotes industrial diversification, potentially reducing reliance on traditional industries and enhancing economic resilience.

This diversification could attract investment and help position Mississauga as an influential player in the evolving provincial and national cannabis industry, potentially supporting its competitiveness and economic stability.

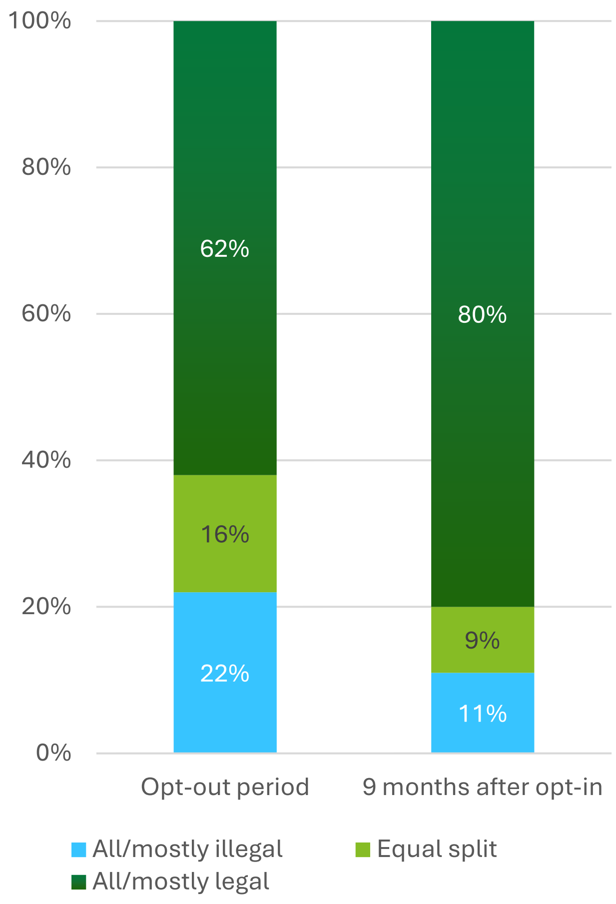
## Facilitating the transition from illicit to legal cannabis markets

Despite cannabis legalization and concerted efforts to promote safe consumption through quality-controlled, regulated products, the illicit cannabis market remains an ongoing concern. In Ontario, OCS estimates 27.8% of sales continue to remain in the illicit market as of 2024-2025.[17]

Recent studies conducted on the City of Mississauga, which examined periods before and after the opt-in decision, suggest that the establishment of legal privately owned retail stores may contribute significantly to reducing the prevalence of Illicit sales.

A survey conducted in Spring 2023 among Mississauga residents aged 19 and over, who had consumed cannabis in the previous 12 months, revealed that over 62% purchased cannabis from entirely or mostly legal sources, 22% from entirely or mostly illegal sources, and approximately 16% from a combination of both.[18]

**Figure 8 Legal and Illegal Cannabis Purchasing in Mississauga**




Source: OCS

A follow-up survey, conducted nine months after the opt-in decision, demonstrated a substantial shift: 80% of consumers were purchasing from the legal market, while those buying from illegal sources declined to 11%.[19]

These findings seem to indicate that the introduction of local legal retailers in communities that did not participate in the legal market has a significant impact on consumer behavior, effectively steering them away from the illicit market.

This trend is further emphasized by additional results from the study, which show that legal retail stores remain the most popular channel, surpassing both legal (e.g., legal retailer website, OCS.ca) and illegal (e.g., dealers, illegal websites) alternatives for purchasing cannabis and cannabis products. Both before and after Mississauga opted-in, approximately 42% of Mississauga consumers purchased some or all of their cannabis products from retail stores. Following the opt in decision, all other channels, including legal websites and illegal sources, saw a significant decline.[20] Prior to the municipal opt-in decision, many Mississauga residents reported purchasing from legal retailers in other cities that had already opted in.

## Unchanged consumption pattern amidst the expansion of legal retail stores

Since the City of Mississauga's decision to opt in, consumption patterns among residents have remained notably stable.

Surveys conducted with residents aged 19 and over, both prior to and following the opt-in decision, indicate a minimal impact on overall consumption rates. In spring 2023, before the opt-in period, approximately 40% of respondents reported cannabis use within the past year.[21] This proportion remained stable, at 39%, nine months post the introduction of legal retail stores.

Additionally, cannabis consumers have exhibited consistent consumption and purchasing patterns, which seem unaffected by the increased availability of retail options.

These numbers underscore that the presence of local retail stores had not significantly influenced or altered existing consumption habits among the city's residents.

This analysis highlights that the introduction of retail stores in Mississauga in April 2023 has impacted the city's economic landscape, fostering business growth and generating municipal revenue. While consumption has remained stable, the shift to legal retail options has led to the diversion of sales from the illicit market to the legal market, enhancing consumer safety.

# Beyond the quantified economic contributions

Beyond stimulating the Ontario and Canadian economies through GDP growth, job creation, and tax revenues, the cannabis industry generates a range of additional socioeconomic benefits. Below we outline some of these significant impacts.

## Catalyzing economic growth across sectors

The cannabis industry has shown to be a catalyst for growth across multiple industries of the economy. The industry fuels demand for utilities such as electricity and natural gas, essential for production at facilities across Ontario and Canada. Additionally, to move products - including dried cannabis flowers, extracts, edibles and other cannabis commodities - from producers to consumers, the industry leans on the transportation and warehousing industry to support efficient distribution. The cannabis industry also supports the finance and insurance industry, and the professional services industry, through its need for legal services, advertising, public relations, and related services to support cannabis investors and overall business operations.[22] In this regard, the cannabis industry encourages cross-industry partnerships and supports new avenues for Canada's long-term economic growth.

## Driving global growth as a cannabis industry leader

Streamlining operations and fostering innovation will be essential to enhancing productivity in the cannabis industry and enabling Canada to retain a competitive edge in a transforming global cannabis industry. Canada stands as a global leader in the cannabis industry, being the first member country in the Organization for Economic Co-operation and Development (OECD) to legalize recreational cannabis and the largest legal national cannabis market. With $5.9 billion generated in sales in 2023, Canada's cannabis industry is the second-largest market globally, behind the United States at $38 billion in total sales in that year. Outside of Canada and the United States, the global market is still relatively untapped, capturing only $3.1 billion out of an estimated $47 billion in total sales (in 2024 dollars). Therefore, as more countries move towards legalization (e.g., Germany, France, Mexico), Canada has a unique opportunity to set the standard for emerging markets in terms of cannabis policies, research and other areas as a key player in the global industry.[23,24,25]

## Supporting innovation and technological development

Six years post-legalization, the market continues to evolve, creating opportunities for investors with well-researched and innovative strategies to build value and drive growth. [26,27] Several companies are leveraging innovative approaches to improve cannabis production, crops yields and overall efficiency in operations.

A notable example is the use of precision agriculture techniques, such as satellite imagery and drone-based sensors, that provide real-time insights into crop health and soil moisture levels.[28] Additionally, the use of LED lighting and climate control systems are also being implemented to optimize growing conditions and improve the quality of cannabis yields.[29]

Together, these methods hold the potential to not only advance cannabis cultivation practices but can also help unlock new opportunities for Canada's agricultural sector.

## Shifting the market from illicit to legal

The legalization of cannabis in Canada has provided a unique opportunity to transition activities away from the illicit market to a regulated industry that prioritizes public safety and responsible cannabis use. The federal government has established and currently oversees the following regulatory measures with respect to the cannabis industry: licensing requirements for cannabis producers and retailers, types of cannabis products available for sale, packaging and labelling requirements for cannabis products, mandatory testing, and potency limits.

Additionally, the federal and provincial governments have implemented strategies to combat the illicit cannabis market and provide adult consumers with the ability to purchase cannabis from authorized retailers and producers.[30,31] Since the legalization of recreational cannabis in Canada, the number of legal cannabis stores has increased to over 3,000 (as of December 2024), up from less than 200 stores at the end of 2018.[32]

The improved access to regulated products has translated to a greater share of Canadian cannabis consumers obtaining their cannabis products from a legal source and shifting away from the illicit market.

According to the 2023 Canadian Cannabis Survey, 73% of cannabis consumers reported obtaining at least some of the cannabis they consumed from a legal source in the past 12 months, up from 64% in 2021 and 37% in 2019.[33]

Moreover, by the fourth quarter of 2024, over 70.1% of the total value of medical and recreational cannabis consumed in Canada was from a licensed retailer or producer, an increase from 21.6% in the fourth quarter of 2018, after recreational cannabis was legalized.[34]

# Diversity, equity, and inclusion in the Canadian cannabis industry

## Six years have passed since the legalization of cannabis in Canada, and the industry could benefit from more efforts to mirror the diverse fabric of the nation.

In 2020, a study looking at publicly listed licensed producers, shed light on the composition of the cannabis industry, revealing that 72% of executives and directors were white males, 12% were white females and only 16% were non-white.[35] These numbers underscore an underrepresentation of non-white individuals in the cannabis industry, as they constituted approximately 30% of the population according to the 2021 Census.[36]

While limited research has been done since the 2020 study, a recent 2021 study from the Centre for Drug Policy Evaluation, leveraging a Health Canada survey of licensed producers, revealed that only 13% of respondents indicated that the majority of leadership positions within their organizations were held by women. Additionally, recent studies lack comprehensive data on the representation of other equity-deserving groups, making it challenging to assess changes in their participation in the industry over the past six years.[37, 38] Closing these data gaps will be essential to accurately assess the impact of diversity and inclusion efforts.

The path to entering and sustaining a business in the cannabis industry can be challenging, particularly for equity-deserving groups. Interviews with cannabis producers and retailers revealed the key barrier to ownership remained limited access to capital.[39] Starting and maintaining a cannabis business in a rapidly consolidating industry and with large players emerging requires significant financial investments. The high costs of entry and lengthy administrative processes to become a licensed producer necessitates access to substantial and sustained  funds. With the Canadian banking system still slow to support the cannabis industry, players in the industry often turn to private capital, which is can be less accessible to entrepreneurs from equity-deserving groups.[40,41]

Employment within cannabis businesses tends to reflect similar practices of more established industries, which are still working on increasing the diversity of their workforce and be representative of the Canadian population.

Provincial governments and entities, including Ontario and British Columbia, alongside the federal government, have spearheaded initiatives to enhance the representation of equity-deserving groups. To further progress towards a more inclusive and equitable Canadian cannabis industry, ongoing efforts should focus on deepening engagement of equity-deserving groups to build upon current initiatives to enhance diversity, equity, inclusion, and accessibly. By continuing to identify, understand and address existing barriers through ongoing research, analysis and policy, the industry can further support a more inclusive and representative environment for all.

# Indigenous participation in the cannabis industry

## An evolving relationship with cannabis

Historically, some Indigenous communities in Canada have used the cannabis plant for medicinal and ceremonial purposes. This relationship with the plant was rooted in healing practices, tradition and cultural heritage.[42]

However, the prohibition of the sale and use of cannabis, which spanned several decades, drastically altered this relationship to the plant. The criminalization of cannabis led to the disproportionate prosecution and incarcerations of Indigenous individuals, exacerbating systemic inequalities.[43] The landscape shifted once again with the passing of the *Cannabis Act* in 2018, which legalized and regulated the cannabis industry in Canada.

## Several barriers hindering Indigenous participation

Despite the growing regulated cannabis market, many Indigenous individuals and communities have faced significant barriers to participating in the legal cannabis market, as both retailers and producers.

As of September 2024, Indigenous producer licence holders represented 5.6% of 916 licence holders in Canada.[44] Although the proportion of Indigenous licence holders aligns with their representation in the total population, the license types are mostly concentrated in micro and nursery cultivation and processing sites, signaling a much smaller share of the overall market.

**Notably, 67.4% of licences held by Indigenous peoples are for micro and nursery cultivation and processing sites (smaller-sized sites), while 47.2% of all licences in Canada are for these types of sites.[45]**

Similarly, less than 1% (11 stores) of the 1,818 Authorized Retail Stores in Ontario are Indigenous owned.[46,47] These numbers underscore the ongoing challenges that Indigenous entrepreneurs may encounter in accessing and thriving in the legal cannabis market. The limited participation of Indigenous entrepreneurs in the legal cannabis market represents a missed opportunity to foster economic equity and empowerment in a growing industry of our economy.

The current legal framework offered by the *Cannabis Act*, grants federal and provincial governments authority over production and sales, creating a complex landscape for Indigenous entrepreneurs and Indigenous participation in the industry.[48,49]

Access to capital has been identified as another major barrier by First Nations and Métis communities. Restrictions associated with Section 89(1) of the Indian Act, which hinders loans for on-reserve businesses, and broader systemic issues related to funding access for Indigenous entrepreneurs exacerbate these challenges.[50]

**Note**: A micro-cultivation licence allows to produce cannabis plants, seeds, pollen and fresh and dried cannabis in a grow surface area of up to $800m^2$. A micro-processing licence allow to produce all type of cannabis, other than synthetizing, cultivating, propagating or harvesting, for up to 2,400 kg of dried cannabis or equivalent in a calendar year.

The costs associated with the provincial regulatory frameworks for Authorized Stores, along with the federal regulations and substantial start up cost for cannabis producers further deter participation in the market.  Lastly, many communities continue to seek a balance between the economic benefits of authorized cannabis retail and the need to prioritize health, safety and harm reduction.[51] This balance often requires comprehensive community education, engagement and planning.

## Current and future opportunities to improve access to the cannabis industry

To support Indigenous participation in the industry, and understand barriers, several initiatives have been undertaken in the six years following cannabis legalization:

- The federal Community Opportunity Readiness program offers project-based funding for First Nations and Inuit communities, including projects related to cannabis businesses.

- The AgriDiversity program provided by Agriculture and Agri-Food Canada focuses on supporting Indigenous Peoples and other underrepresented groups in Canadian agriculture, including cannabis producers. Under this funding program, selected recipients can receive a non-repayable contribution of up to $200,000 per year, or a total of $1 million over the duration of the program.

- Health Canada offers the Indigenous Navigator Service to support and guide Indigenous applicants seeking licences, as well as access to Cannabis Licensing Advisors.

- In 2022 the Government of British Columbia launched the B.C. Indigenous Cannabis Fund (ICBF) to support Indigenous participation, and the B.C. Indigenous Cannabis Product (BCIPC) program to highlight cannabis products from B.C.-based Indigenous producers in private cannabis retail stores.

In parallel, several studies have been undertaken to identify and address the existing barriers to Indigenous participation in the industry. In 2022, Health Canada engaged with First Nations, Inuit and Métis peoples to understand Indigenous perspective on cannabis regulation and legalization. In 2023. the Senate examined Indigenous participation in the industry and developed 13 recommendations. The recommendations emphasize the need for substantive consultations, legislative amendments and collaborative efforts to address jurisdictional, regulatory and enforcement challenge, ensuring Indigenous inclusion and equitable participation in the cannabis market. It also calls for adequate funding, updates to tax-sharing framework and research initiatives to address the specific needs and concerns of Indigenous communities.[52]

However, a more comprehensive approach focused on reconciliation and addressing systemic barriers will be essential to ensure long-term, successful Indigenous participation in the legal cannabis market. By fostering an inclusive environment that respects Indigenous sovereignty and supports economic empowerment, Canada can work towards meaningful and sustainable integration of Indigenous communities within this growing industry.

# Case study - The Reef Store By The Lake

**Located within Treaty #3 territory in northwestern Ontario, within the Anishinabe of Wauzhushk Onigum Nation, the Reef Store By The Lake, an Authorized retail store operating under the Ontario framework, opened its doors in December 2020.**

This First Nation owned and operated Authorized Retail Store and first cannabis retail store of the three existing in the Kenora area, and the only one situated within the Anishinabe of Wauzhushk Onigum community. The store offers a diverse array of craft cannabis products, ranging from flowers, pre-rolls, vapes, and edibles to oils and topicals.[53]

## Empowering the community through an innovative cannabis retail model

Envisioned in the early days of Canada's legalization of recreational cannabis, the establishing of The Reef Store By The Lake was driven by the leadership of Wauzhushk Onigum Nation and community members. The initiative was viewed as an opportunity not only to capitalize on a new and fast-growing market, but also a strategic opportunity to provide sustainable employment for the community and generate revenue to fill social and economic gaps within the community.[54]

Guided by the culture and values of Wauzhushk Onigum Nation, The Reef Store By The Lake is owned by the Nation and operates within the Ontario provincial framework and the standards by the community.[55] This model of community ownership of businesses within the community allows for job creation for community members and for the reinvestment of profits back into Wauzhushk Onigum Nation.

The store's profits support various community initiatives, such as sports and recreation for children and youth, fishing derby's both on the ice and on the water for land connection, funding support for the annual community powwow, and hosts painting nights with local Indigenous artists to facilitate wellness for the community.[56]

This approach empowers the nation and surrounding communities to have a direct stake in the success and sustainability of their local cannabis businesses.

## Cultivating knowledge and safety

Culture, safety, and education around cannabis use are few of the core values that shape the store's philosophy. The Reef Store By The Lake offers annual training to its employees, enhancing their knowledge of cannabis products and their uses, which in turn supports informed conversations with customers.[57] The Reef Store By The Lake is also dedicated to educating its consumers and addressing the stigma surrounding cannabis and its uses. Initiatives which support consumer education range from discussions at point of sale drawing on educational resources provided by the OCS as well as engaging in-store activities like Cannabis Jeopardy. The emphasis is on the safe access to tested and traceable recreational cannabis products offered in the legal market.

Opportunities to support and enhance Indigenous participation in the cannabis industry were identified, such as the importance of including Indigenous communities in all industry-related conversations at the provincial and federal level.

# Methodology and notes

# About our market impact methodology

This study uses an input-output methodology to estimate the cumulative economic contribution of the Canadian cannabis sector between 2018 and 2024. The estimates account for the contributions of licensed cultivators, processors and retailers, in both the recreational and medical cannabis markets, for Canada and the Province of Ontario. The estimates in this report are based on the methodology and data described below. Additional sources and Statistics Canada programs provided data about the cannabis industry that may differ from that presented; this may reflect differences in methodology and scope.

Our methodology traces how revenues and expenditures associated with cannabis-sector operations and capital investments ripple through the Canadian and Ontario economies, 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 sector.

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

These level of economic contributions are 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. 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 earning of employees – wages, salaries, and employer' social contribution (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-employment jobs performed for a 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 sales data (including e-commerce) sourced from Ontario Cannabis Retail Corporation, Statistics Canada and Health Canada. Medical cannabis figures are based on market size 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.

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