

Inquiry into the use of Cannabis in Victoria

[REDACTED]

Organisation Name:
Your position or role:

SURVEY QUESTIONS

Drag the statements below to reorder them. In order of priority, please rank the themes you believe are most important for this Inquiry into the use of Cannabis in Victoria to consider::

Accessing and using cannabis, Education, Mental health, Young people and children, Public health, Public safety, Criminal activity, Social impacts

What best describes your interest in our Inquiry? (select all that apply) :

Individual

Are there any additional themes we should consider?

Opportunities for revenue, tax and employment within sector.

Select all that apply. Do you think there should be restrictions on the use of cannabis? :

Personal use of cannabis should be legal. , Sale of cannabis should be legal and regulated. , Cultivation of cannabis for personal use should be legal.

YOUR SUBMISSION

Submission:

<https://www.vancourier.com/news/canadian-governments-rake-in-186-million-in-cannabis-taxes-between-october-and-march-1.23861768>

Do you have any additional comments or suggestions?:

FILE ATTACHMENTS

File1:

File2:

File3:

Signature:

[REDACTED]

Canadian governments rake in \$186 million in cannabis taxes between October and March

B.C. government tempers its revenue projections

Glen Korstrom / [Business in Vancouver](#)

JUNE 20, 2019 09:06 AM



Vancouver dispensaries such as this one on Burrard Street continue to flourish despite not being provincially licensed. Photo Glen Korstrom

The federal and provincial governments generated \$186.1 million in tax revenue from cannabis sales between Oct. 17, when recreational cannabis sales became legal, and the end of March, [Statistics Canada revealed](#) June 19.

That tax revenue comes from the 10 per cent excise tax that is placed on all sales plus either the five per cent goods and services tax (GST), or the 13 per cent or 15 per cent Harmonized Sales Tax (HST), depending on the province or territory where the product is purchased.

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The B.C. government's most recent tally of money that it has received from the federal government's 10 per cent excise tax is \$3,394,993.40, with that money being generated between Oct. 17 and Dec. 31. It has not yet revealed how much it received in the first quarter of 2019.

The B.C. government's [first-ever projection of its cannabis revenue](#) was made in February 2018, when it said that it expected to generate \$50 million in revenue in the 2018-2019 fiscal year, which ended on March 31. That initial projection forecast that in each of the 2019-2020 and the 2020-21 fiscal years the B.C. government would generate \$75 million per year.

The B.C. government then did a [dramatic downsizing of those projections](#).

Instead of providing a forecast for cannabis revenue in its most recent budget, the B.C. government combined projected revenue from cannabis excise taxes with revenue from federal payments under what it calls Disaster Financial Assistance Arrangements.

Had those two categories been combined a year earlier, the government would have anticipated \$70 million in revenue. The revision in February 2019 showed that the government expected that in the 2018-2019 fiscal year it would only generate \$17 million from those two categories — or \$53 million less than had been expected.

Then, without making any public announcement, the B.C. government quietly started once again making projections for expected revenue from cannabis.

B.C.'s Ministry of Finance sent an email to *Business in Vancouver* on June 11 to say, "The Ministry of Finance expects B.C.'s share of federal excise taxes on legal marijuana sales will be \$10 million in 2019-20, \$38 million in 2020-21, and \$68 million in 2021-22."

One thing that is clear is that those projections are far below what was originally forecast in early 2018.

B.C. is not alone in downsizing its projections, however, as the same thing is happening across the country, as [sales have been on decline](#), according to Statistics Canada.

"The numbers have been lower than expected, thanks in part to the bumpy rollout of legalization last fall," said Conference Board of Canada economist Robyn Gibbard. Indeed, [shortages of legal cannabis products](#) have been a consistent complaint from customers, as have [complaints about the quality of legal cannabis](#).

"We think that as the kinks are worked out, governments can expect strong growth in revenues from cannabis sales going forward," Gibbard added.

The \$186-million figure that Statistics Canada revealed June 18 captures only tax revenues and does not include additional government earnings from the crown corporations in charge of retail and wholesale sales, Gibbard noted.

Statistics Canada numbers also show that cannabis sales on the black market dwarf legal sales, with \$377 million worth of legal products sold in the first quarter of 2019 compared with about \$1 billion in sales for black market products.

Gibbard believes that there are two more reasons for governments to be optimistic about future revenues: some provinces have yet to fully roll out retail stores, and [edible cannabis products are set to become legal as of Oct. 17, with products in stores as early as Dec. 16.](#)

A quarterly breakdown of the June 18 Statistics Canada numbers showed that about \$79 million in tax revenue was generated in the fourth quarter of 2018, while \$107.1 million was generated in the first quarter of 2019. The fourth quarter of 2018 was about half a month shorter than the following quarter because [legalization happened on Oct. 17.](#)

