

# Decriminalization of Cannabis Delayed Yet Again – Who's to Blame?

There's another delay in cannabis legalization. This time, it was because of the Liberals' failure to manage the Senate.

One of the Liberals' key campaign promises in 2015 was the decriminalization of cannabis. Off that promise, billions in stock market value has been created. A failure to deliver on that promise will wipe billions off. If decrim has not taken effect by the next federal election in 2019, expect this to be a painful campaign issue. The other parties know this.

In February, the government finally admitted it would miss its own July target date (See Smoked!) with a new soft target date of sometime in autumn. The precise date is still unclear. The Senate is partially responsible for that.

The Senate is the Upper House in the Canadian Parliament. Each Senator is appointed by the Governor General, on the advice of the Prime Minister. In theory without loyalty to any party and appointed to serve until 75 years of age, a Senator is supposed to bring sober second thought to legislation proposed by the ruling party of the day. Think of a Senator as your smart grandmother who has been there, done that, and is ready to tell you.

It doesn't always work that way. Senators have long memories and most of them have a history in politics, whether on the front lines or behind the scenes. "Independent" is a fiction when you're still bearing a grudge against another political group from when you were appointed by your own party 20 years ago. Payback's a bitch.

Last week the Senate, dominated by members who historically

were part of the right wing parties in Canada, got a chance to stick it to the Liberals.

Here's the background. Decriminalizing cannabis is governed by Bill C-45. That bill is winding its way through the system. At the same time, Parliament is considering Bill C-46, which creates new impaired driving charges related to cannabis. You can't have one without the other. Law enforcement needs Bill C-46 to pass. The Liberals have pushed Bill C-46 as hard as they can – the Senate is creating a roadblock.

The Senate, as part of its function to review proposed legislation, has held hearings and heard from roughly 40 persons related to C-46. What it has not done is begun its painstaking line-by-line analysis of C-46 and how it meshes with other existing legislation. It won't do that until at least May AFTER it finishes with C-45. Even at breakneck speed, C-46 will not go back to the House of Commons for 3<sup>rd</sup> Reading until June at the earliest.

The next part of the math is the new impaired driving regime as proposed will stagger into law over a six month period to allow for law enforcement to catch up. June (at the earliest) plus six months is December, 2018 (at the earliest).

December, 2018 is the earliest you will see cannabis decriminalized in Canada. If the more conservative members of the Senate really want to see the Liberals squirm, they will try to use Parliamentary procedures to delay decrim until Parliament is prorogued for the next election. C-45 and C-46 would then die.

Map this out if you're a conservative Senator with party loyalties. You get to be seen as doing your job re-considering two major pieces of legislation, you get paid until you're 75 no matter what, you can't get fired, and you get to stick it to the hated Liberals. Do you think any of them will do that? Right.

What should the Liberals have done? Most of governing, true politics, happens behind the scenes. The Liberals failed to execute on true politics. If you want a give on something, you need to give on something. How do we know they failed? The Senate isn't sticking to the Liberals' script. The current state of affairs tells us they failed.

Decrim will happen, whether in this parliamentary term or next (assuming Canada can withdraw from the international treaties that govern cannabis). It should happen. Most Canadians either want it to happen or don't care. I fall into the "Don't Care" camp. But I care about the precise date for decrim because it affects market valuation. It affects cash flow. It affects human resources decisions. It affects investment banking decisions. Some of the licenced producers will not be able to survive into 2020 following the federal election if decrim does not happen as the Liberals promised it would. And imagine the limitations that would be on decrim if the Liberals were defeated in 2019 and the Conservatives were back in power.

As we've said before, this is a trader's market, not an investor's market. We're on the record as having only two longterm picks to thrive in the inevitable carnage: Canopy Growth Corporation (WEED:T) and Aurora Cannabis Inc (ACB:T). Aphria Inc. (APH:T) is a distant third. Everyone else is a different flavour of fourth.